

Alaska Housing Presentation for Commonwealth North

4300 Boniface Parkway, First Floor Training Room
July 26, 2019

MISSION

TO PROVIDE ALASKANS ACCESS TO SAFE,
QUALITY, AFFORDABLE HOUSING.



State Housing Finance Agencies (HFAs) are state-chartered authorities established to help meet the affordable housing needs of the residents of their states. Although they vary widely in characteristics such as their relationship to state government, most HFAs are independent entities that operate under the direction of a board of directors appointed by each state's governor. They administer a wide range of affordable housing and community development programs.

At the center of HFA activity within the states and NCSHA's work in Washington are three federally authorized programs:

- the [Housing Bonds](#),
- the [Housing Credit](#), and
- the [HOME Investment Partnerships \(HOME\)](#) program.

Using Housing Bonds, the Housing Credit, HOME, and other federal and state resources, HFAs have crafted hundreds of housing programs, including homeownership, rental, and all types of special needs housing. Many NCSHA member agencies also administer other federal housing programs, including [Section 8](#) and homeless assistance.

AHFC is an independent agency of the State of Alaska

- Operating dollars are from federal government for public housing activities + mortgage and investment activity;
- AHFC has its own bond ratings and indenture (AA+, AA2);
- Employees are not State of Alaska employees.
- Alaska Housing does fall under Executive Budget Act.

Governance/Board of Directors



Brent Levalley
Board Chair



Alan Wilson
Vice Chair



Haven Harris
St. George Tanaq Corporation



Olen Harris
Executive Director, North Pacific Rim
Housing Authority



Bruce Tangeman
Commissioner, Department of Revenue



Adam Crum
Commissioner, Department of Health
and Social Services



Julie Anderson
Commissioner, Department of
Commerce, Community and Economic
Development

Benefits of an Alaska Housing mortgage for buyers:

- Free homebuyer education and life-of-loan counseling;
- Federally-authorized to offer loans for veterans and first-time buyers that others cannot;
- Competitive interest rates;
- Requires minimum construction standards that enhances the investment and lowers cost of home operations;
- Products appropriate for Alaska's unique housing stock.



(There are limits, even for AHFC).

Benefits of an Alaska Housing mortgage for Alaska:

- AHFC is an investor: a partner with local lenders (banks, credit unions and mortgage companies);
- Local lending/servicing for homebuyers;
- Jobs stay in Alaska;
- Strong portfolio with few delinquencies and foreclosures;
- UAA's CED says in FY18, "Every \$1 spent by AHFC = \$1.60 in new business revenue."
- Annual dividend to State totaling \$39 million in FY20; cumulative \$2 billion.



With the Governor and Legislature's support, AHFC dividends are often reinvested in community projects.

Rating Agency Presentations/Criteria:

- Transfer Plan (75% of adjusted net income);
- Total portfolio performance;
 - Size and strength of portfolio;
 - Delinquencies & foreclosures;
 - Stability in budgets.
- Strength/Tenure of management.

S&P Global Ratings, GO analysis, dated March 15, 2019

Alaska Housing Finance Corp.; General Obligation

Credit Profile

Alaska Hsg Fin Corp GO		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Alaska Hsg Fin Corp gen mtg rev bnds II		
<i>Long Term Rating</i>	AA+/Stable	Affirmed
Alaska Hsg Fin Corp GO VRDB		
<i>Long Term Rating</i>	AA+/A-1+/Stable	Affirmed
Alaska Hsg Fin Corp issuer credit rating		
<i>Long Term Rating</i>	AA+/Stable	Affirmed

The ratings reflect our view of AHFC's:

- Very strong financial position as evidenced by the corporation's net position of more than \$1.5 billion in fiscal 2018;
- Five-year average (S&P Global Ratings-calculated) net equity to total assets of 28.5%, indicating sufficient resources available to sustain operations through volatile or uncertain circumstances;
- Material improvement in operating profit for the past six-consecutive fiscal years ending June 30, 2018;
- Delinquencies, representing less than 2% of loans and real estate owned (REO), which is very low compared with those of other rated housing finance agencies (HFAs);
- An experienced, proactive, and innovative management team with strong legislative support;
- Strong relationships with the state of Alaska's executive branch, line agencies, and legislature; and
- The dividend plan passed by the state legislature in 2003 that limits the transfers of net income from AHFC to the state.

In our opinion, partially offsetting credit weaknesses include:

- A highly concentrated Alaskan economy that revolves around the oil industry; and
- Aging housing stock across the state and expensive construction costs, exacerbated by rural locations and high cost

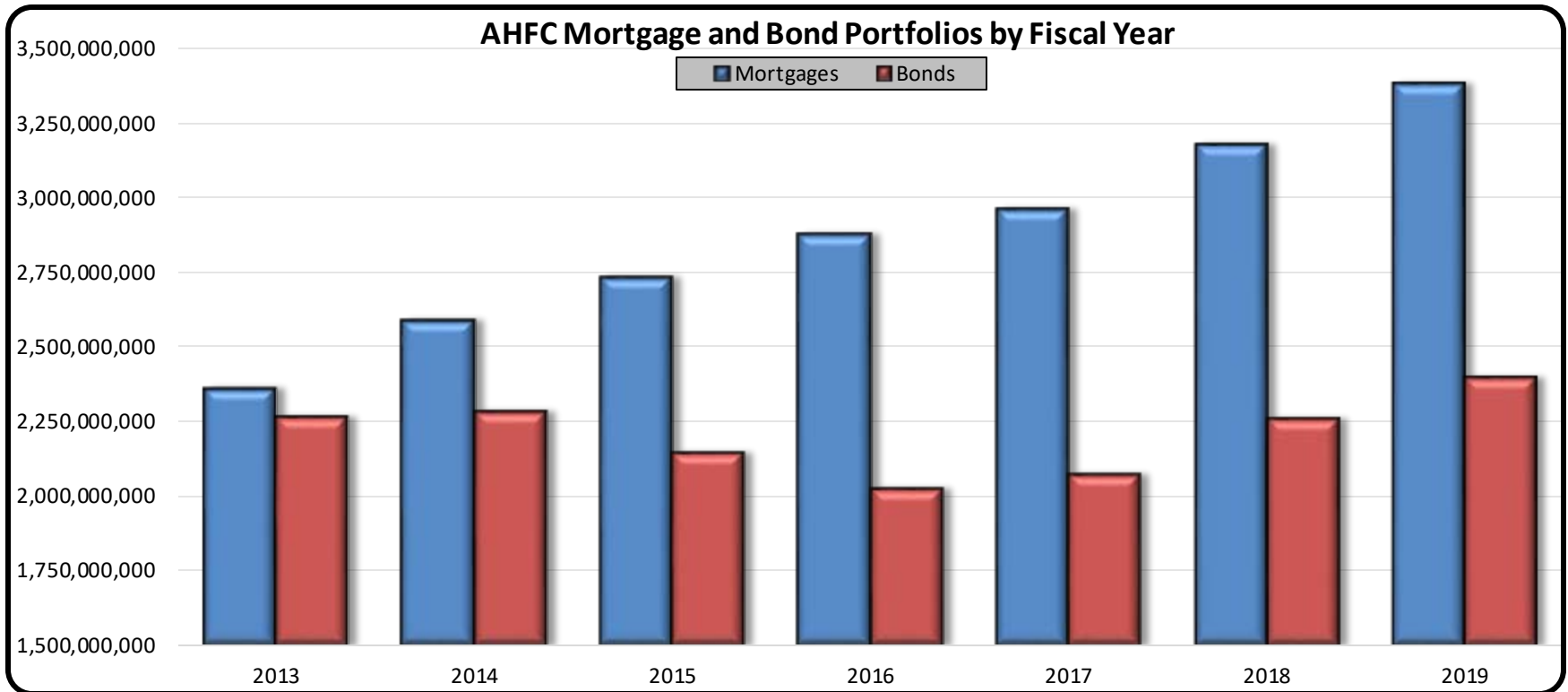
Alaska Housing's mortgage rates; July 19, 2019

RATES VALID FROM 7/19/2019 TO 7/19/2019

LOAN PROGRAMS	30 YEAR	15 YEAR
Closing Cost Assistance Program	5.125	N/A
Rural Owner Occupied ¹	3.500	3.125
Rural Non-Owner Occupied ¹	3.750	3.375
Tax-Exempt First-Time Homebuyer & Veterans Tax-Exempt ²	3.250	2.875
Veterans Mortgage Program ²	3.250	3.000
Taxable	3.750	3.250
Nonconforming I	4.000	3.500
Nonconforming II	3.750	3.250

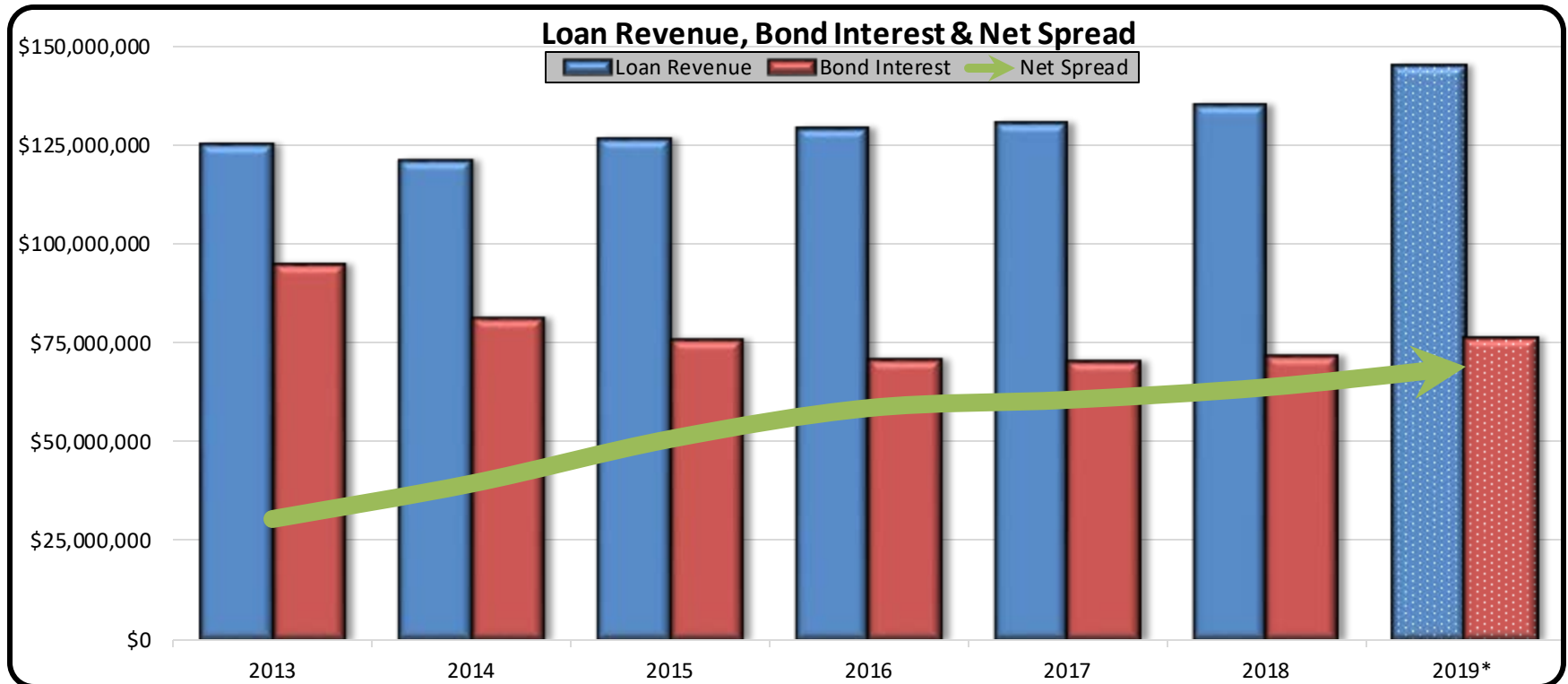
	FY 2019	FY 2018	FY 2017
Total Mortgage Portfolio	3,381,582,000	3,178,607,000	2,959,724,000
Mortgage Purchases	509,922,000	543,290,000	474,917,000
Total Bonds Outstanding	2,392,425,000	2,255,245,000	2,070,965,000
Bond Issuances	227,780,000	463,380,000	150,000,000
Mortgage/Bond Ratio	1.41	1.41	1.43

Strong Credit Ratings (AA+/Aa2/AA+)



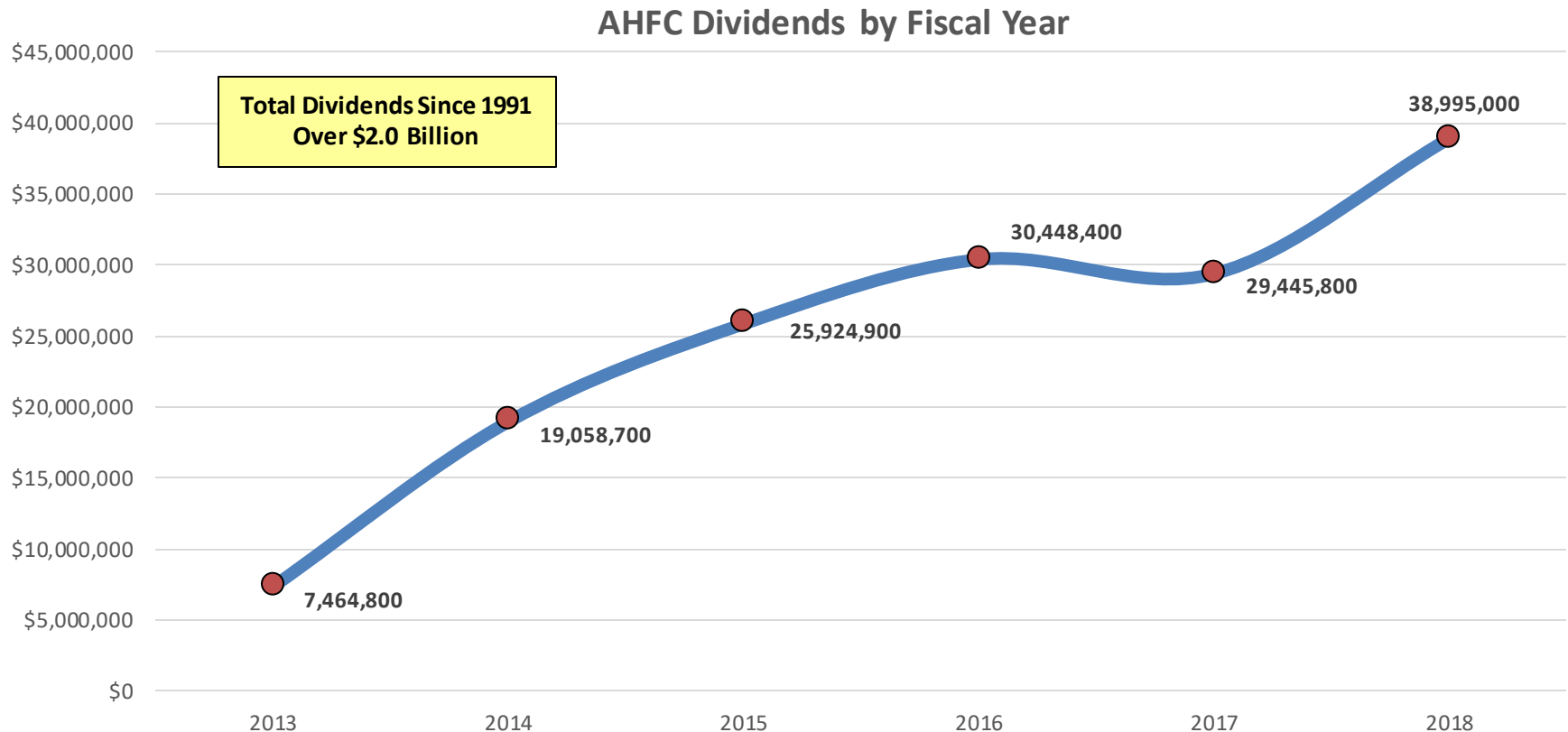
	FY 2019*	FY 2018	FY 2017
Loan Average Rate %	4.54%	4.54%	4.60%
Bond Average Rate %	3.73%	3.65%	3.67%
Loan Revenue	145,000,000	135,055,000	130,538,000
Bond Interest	76,000,000	71,246,000	69,890,000
Net Spread	69,000,000	63,809,000	60,648,000

* Includes projections for fourth quarter.



AHFC Dividend:

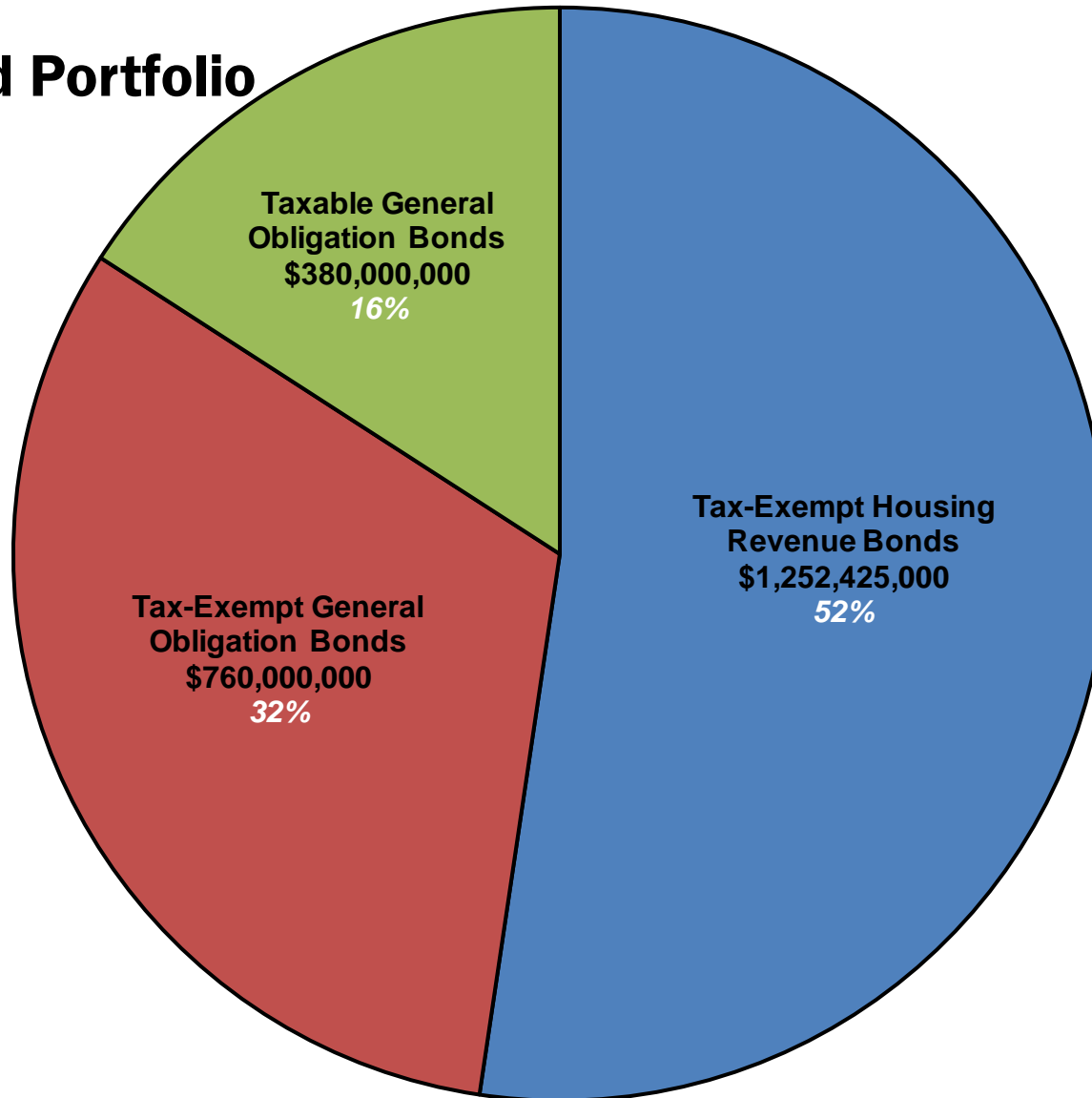
Transfer Plan enacted in 2003 pays dividend to the State based on 75% of adjusted change in net position.



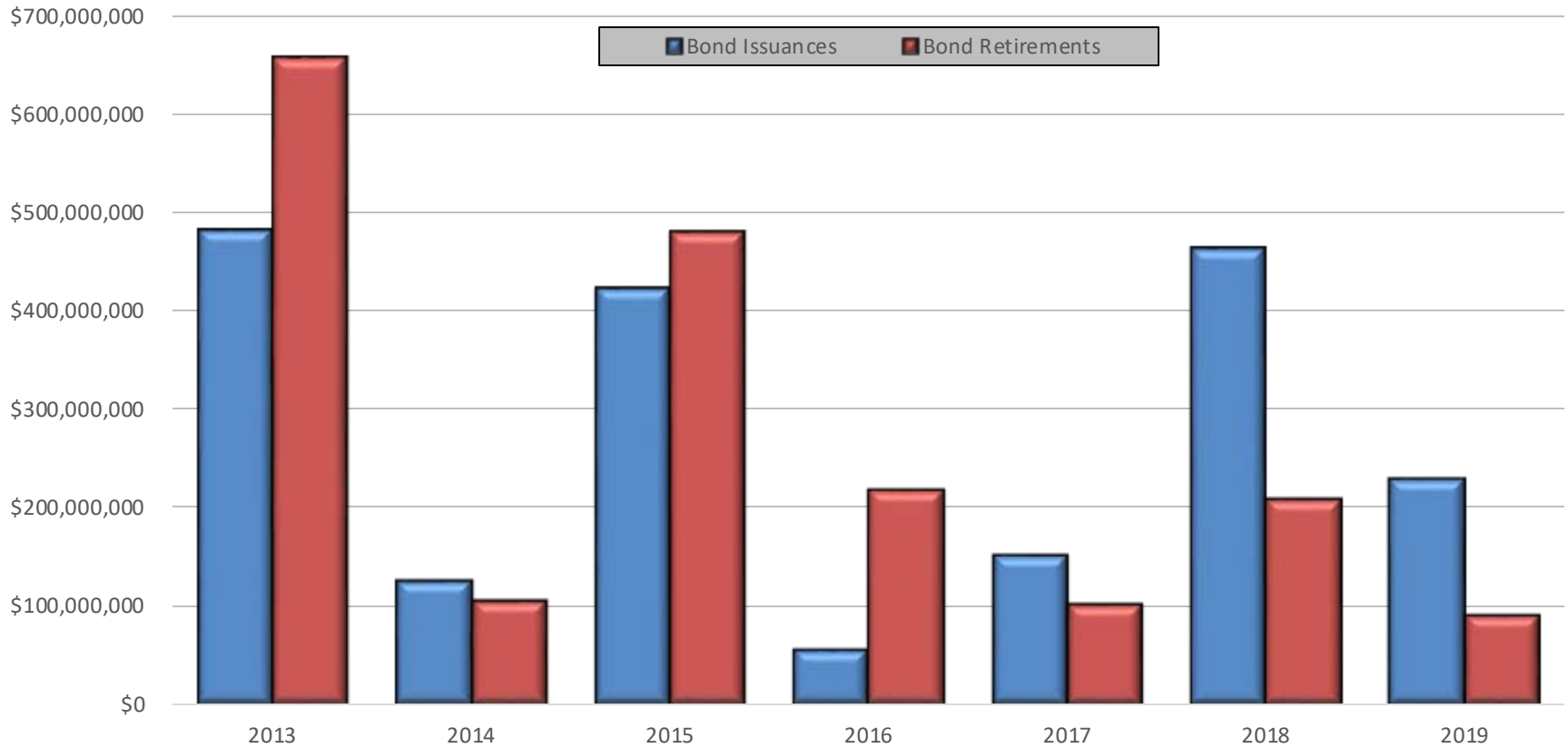
AHFC Bonds:

- Bonds issued to finance single and multi-family mortgages, including first-time homebuyers and veterans, and also for government purposes, including state capital projects and leases.
- AHFC works with private banks by selling bonds through our underwriters, and buying mortgages through our lenders.
- Qualified tax-exempt bonds are limited by federal tax laws.
- Annual bonding capacity limited by state statutes to \$1.5 billion.
- Manage debt to minimize funding costs and offer competitive rates.
- Goal to optimize asset leverage ratios and net interest margin.

AHFC Bond Portfolio



	Bond Issuances	Bond Retirements	Bond Variance
2013	482,015,000	657,765,000	(175,750,000)
2014	124,400,000	104,970,000	19,430,000
2015	423,005,000	479,870,000	(56,865,000)
2016	55,620,000	217,975,000	(162,355,000)
2017	150,000,000	100,365,000	49,635,000
2018	463,380,000	207,250,000	256,130,000
2019	227,780,000	90,600,000	137,180,000



Mortgage Revenue Bonds:

Tax-exempt housing bonds to finance low-cost mortgages for qualified lower-income first-time homebuyers.

Veterans Bonds:

Tax-exempt bonds to finance mortgages to qualified veterans, guaranteed by the State and must be authorized by voters.

State Capital Project Bonds:

Tax-exempt bonds to finance qualified state capital projects or state building leases through state appropriations.

Questions?