

Introduced by: Glick
Date: 10/11/94
Action: Adopted
Vote: Unanimous

**KENAI PENINSULA BOROUGH
RESOLUTION 94-084**

A RESOLUTION SUPPORTING ALASKA HOUSING FINANCE CORPORATION

WHEREAS, Alaska Housing Finance Corporation has a basic mission to provide decent, safe, affordable, energy efficient housing for all Alaskans because it is currently a profit making entity, it can also make available a significant portion of its annual profits to the State General Fund. Both of these services are of major importance to Alaska in the second half of the 1990's; and

WHEREAS, in order for AHFC to continue to serve the housing needs of Alaskans and continue to make significant annual budget dividend contributions, and to fund other basic services, it is necessary for AHFC to be solvent and retain its Bond Rating;

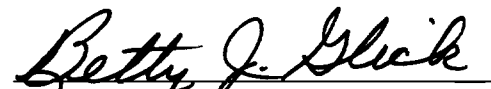
NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That the Kenai Peninsula Borough Assembly supports Alaskans for AHFC in their endeavor to maintain the current structure of AHFC and its' efforts to stop irresponsible legislative raids on AHFC assets. (position paper attached).

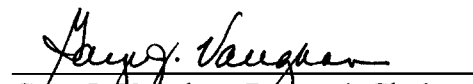
SECTION 2. That upon adoption by the Kenai Peninsula Borough Assembly, a copy be sent to the Alaska Municipal League for consideration of support at its annual meeting.

SECTION 3. That copies shall be distributed to Representatives Gail Phillips, Gary Davis, Irene Nicholia, and Senators Suzanne Little, Judith Salo, Georgianna Lincoln, and Fred Zharof.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS 11th DAY OF OCTOBER, 1994.


Betty J. Glick, Assembly President

ATTEST:


Gaye J. Vaughan, Borough Clerk

ALASKANS FOR A H F C

STATEMENT OF PURPOSE

The Alaska Housing Finance Corporation is a tremendous resource for the state of Alaska. With foresight and prudent management, it is uniquely qualified to provide two crucial services to the state of Alaska for the rest of this decade and into the next century. These are: 1.) Meet the critical housing needs of Alaskans 2.) Provide a significant annual dividend to the state's general fund.

AHFC has a basic mission to provide decent, safe, affordable, energy efficient housing for all Alaskans. AHFC is a publicly owned corporation. It is currently earning a profit and transferring a significant portion of its annual profits to the state general fund. Both of these services are of major importance to Alaska in the second half of the 1990's and beyond.

Housing Needs

Alaskans have critical housing needs to be met. Decent, safe, energy efficient and affordable housing is still not available to many Alaskans. Some areas of the state have critical housing shortages and much of the housing that is available is substandard and unsafe. Additionally, Alaska's geography and remoteness create more challenges to provide a stable housing market. Other financing for housing in rural areas is not readily available. In urban areas, AHFC provides an essential underpinning to the conventional financing market for housing.

In 1992, The state legislature merged AHFC, the Alaska State Housing Authority and the Dept. of Community & Regional Affairs Rural Loan & Energy Programs. The legislature made AHFC the comprehensive housing agency for the state of Alaska. In addition to its traditional role as a mortgage financing agency it is now responsible for providing:

- Rental housing to 1600 low income households
- Rental assistance for low income families
- Assistance for organizations which serve mentally and physically disabled, homeless, and elderly Alaskans
- Rural home loans in areas where conventional mortgage financiers have not provided mortgages because most rural housing does not meet their guidelines.
- Financing for senior housing projects and other special needs housing
- Weatherization of homes for low income families
- Rehabilitation of unsafe and substandard housing in rural areas
- Administration of federal pass-through housing grants
- Financing programs for home owners to upgrade their homes
- Sponsorship of the Alaska Craftsman Home Program which provides mandatory

- continuing education for residential contractors
- Sponsorship of Energy Rated Homes of Alaska, a national award winning residential efficiency program
- The supplemental housing development program for Regional Housing Authorities, which funds water & sewer facilities and other needed improvements

Most of the funding for these programs before the consolidation of housing programs in 1992 was provided annually in the state operating and capital budgets. Since the legislature gave AHFC the responsibility for these new programs in 1992, it has saved the state operating and capital budgets over \$20 million annually (\$27.6 million in FY 95).

AHFC Income To The General Fund

AHFC has for several years put excess profits into the general fund to assist with the funding of important state services faced with drastic cuts. The AHFC State Dividend Plan was established for this purpose. AHFC has supplemented the general fund with \$93 million through its annual dividend since fiscal year 1991.

Additionally, AHFC deposited \$249.8 million in the general fund in 1993 in exchange for a portfolio of rural loans. For fiscal year 1995 another \$200 million transfer is to be made. When added to the legislatively mandated subsidies, operating expenses since 1981, and losses sustained during the 1985 - 90 depression, AHFC has in fact used as directed by the legislature or returned to the general fund all of the money appropriated to it. However, as long as AHFC continues to operate as a profit making entity an income stream to the general fund can be continued.

The Future

The fact that AHFC has any resources left after the general fund appropriations and losses of the late 80's is a credit to the fiscal management of the corporation. If there is any hope that AHFC will survive into the next century to fulfill its housing mission and return a reasonable dividend out of its earnings the excessive transfers of AHFC assets into the general fund must stop. If they don't, the only way for AHFC to fulfill its mission in the future will be to request state appropriations.

Alaskans for AHFC are committed to working to see that AHFC fulfills this two fold purpose: serving the crucial housing needs of Alaska and making a reasonable annual contribution to the general fund. Alaska needs AHFC to continue to serve the housing needs of Alaskans. As Alaska's comprehensive housing agency, it provides a vital social and economic benefit to this state. It also contributes a significant annual budget dividend to fund other basic services. Like the Permanent Fund, Alaskans should be able to rely on the resources of AHFC to cope with the needs of today and of the next century.