

# Legislature should resist raiding AHFC for cash

The Alaskan Housing Finance Corp. has played a significant role in stabilizing Alaska's economy since its inception. It has done this by leveling the playing field for home buyers in urban and rural areas even during hard times. The strategy employed by AHFC using the autonomy granted by its legislative mandate has been to nurture an impeccable bond rating, sell bonds and build up the kind of reserves that allow the corporation to enter those housing markets where conventional lenders fear to tread.

As pessimism about the state's economic condition has deepened, the Alaska Legislature has cast covetous eyes on AHFC's multi-million dollar reserves as a way of dealing with budget shortfalls. While this temptation is understandable, and AHFC has felt obliged to try and preserve its independence by declaring "dividends" to the state treasury, this kind of political pressure is bad policy.

We feel strongly that when an institution works as well as AHFC, it's effectiveness should not be compromised to shore up other areas of government that may be falling short. To use an old and appropriate metaphor, if Peter is doing his job and doing it well, why should he have to reduce his level of performance to make Paul, who is loafing, look good?

In an interview with *Tundra Times*, AHFC Executive Director Will Gay stated: "This organization is dependent upon its access to capital, or selling bonds. We're a self-feeding enterprise. When the legislature comes in and wants to take huge sums of money, Wall Street just goes bananas. It's very, very important that we sell a program to the state legislature to keep us whole and keep that independence there so that we can access those markets. Otherwise, our bond rating goes in the tank and we won't be able to sell bonds and we aren't going to be able to operate our programs."

The need for safe, affordable and durable shelter in Alaska is too critical to risk the integrity of AHFC's performance, especially since the legislature has steadfastly refused to examine a whole range of other strategies for closing the state's budget gap, including reasonable forms of taxation. We feel they owe it to current and future generations of Alaskans to at least discuss these options, regardless of perceived political climate, without sacrificing cost-effective programs and organizations that form part of Alaska's economic backbone, such as the Alaska Housing Finance Corp.