



Vermont Housing Finance Agency

# news release

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## **VERMONT HOUSING FINANCE AGENCY BREAKS \$3 BILLION BONDING MILESTONE**

*Tens of thousands of Vermonters granted affordable housing opportunities*

BURLINGTON—Vermont Housing Finance Agency (VHFA) has passed a major milestone: The Agency has issued more than \$3 billion in bonds to finance homeownership and rental opportunities for low- and moderate-income Vermonters.

Over its nearly-37-year history, VHFA has put that money to use helping approximately 27,000 Vermont households to buy a home and financing the development of approximately 8,400 affordable rental units.

Like other non-profit housing finance agencies across the country, VHFA builds capital by selling tax-exempt bonds, then loans that money at slightly higher interest rates to income-eligible homebuyers and developers creating multifamily projects that offer affordable rents. This self-sustaining model means the agency does not rely on state funding.

“We’re proud of all we’ve accomplished, but know the work is not finished,” said Executive Director Sarah Carpenter. “Access to the capital markets is very difficult right now. We stand ready to help moderate income and first time homebuyers. There are still barriers they face such as increasingly challenging downpayment and mortgage insurance requirements. At the same time, Vermont’s stock of decent, affordable rental units continues to lag way behind demand.”

Most challenged are those on the lower end of Vermont’s earning scale. VHFA is most committed to helping this population. In fiscal year 2010, more than half of VHFA homebuyers (52 percent) earned less than 80 percent of area median income. Eighty-one percent of Vermont renters living in VHFA-allocated Housing Tax Credit units had incomes less than half of the area median.

“VHFA’s success rate is impressive, especially considering recent economic conditions,” according to Chief Financial Officer Tom Connors. “We respect that our mission is made possible by authority to issue tax-exempt bonds given to us by the State and Federal government, and we’re careful with our funds. Three billion dollars is a lot of money. We’re committed to get the most out of it for the people of Vermont.”

VHFA's low delinquency and foreclosure rates outshine the state and national rates. As of June 30, 2010, VHFA home loans delinquent by 90 or more days were just 0.94% of all the Agency's outstanding loans. Vermont's rate was more than twice as high: 2.05%. The national rate was 4.54%.

The number of VHFA loans in the foreclosure process on June 30, 2010, was 1.37% of all VHFA loans, compared to Vermont's overall foreclosure rate of 2.71% and the national rate of 4.57%.

"VHFA's numbers are substantially below others' for a reason," Carpenter adds. "We're focused on responsible lending — solid underwriting combined with homebuyer education. No one wins when a buyer ends up with a house they can't truly afford.

"That's how we've worked to reach the \$3 billion mark," she adds, "and it's how we'll continue doing business in the future."

VHFA is a self-sustaining, non-profit agency created in 1974 by the Vermont Legislature to finance and promote affordable housing opportunities for low- and moderate-income Vermonters. Since its inception, the Agency has helped approximately 27,000 Vermont households with affordable mortgages and financed the development of approximately 8,400 affordable rental units.