



Vermont Housing Finance Agency

news release

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NEW FEDERAL HOUSING BILL HAS MANY BENEFITS FOR VERMONTERS

Challenge now is to put new resources to the best use

BURLINGTON—New federal housing legislation signed into law by President Bush this morning is a major step forward for Vermonters and the nation, according to VHFA Executive Director Sarah Carpenter, but the work isn't finished yet.

"The provisions to help homeowners in trouble and to stabilize Fannie Mae and Freddie Mac got a lot of attention recently," Carpenter said, "but the benefits of this legislation reach much farther. A new housing trust fund is created by this bill, and the federal government has given housing finance agencies more resources to support affordable housing. But we need to work on many details with our Congressional delegation and our partners in Washington to make sure we can use these resources most effectively."

The new legislation, the Housing and Economic Recovery Act of 2008, was signed into law early Wednesday morning. The measure represents years of work coming to fruition as the country's housing and credit markets have slowed considerably.

"Big thanks go to Senators Leahy and Sanders, to Congressman Welch, to former Senator Jeffords and to their staffers for all their work on this bill over the years," Carpenter said. "Vermont's Congressional delegation has solid in its support of affordable housing."

The new legislation includes temporary increases in bonding authority and tax credits for housing finance agencies, Carpenter said. VHFA sells bonds to raise the capital it needs to make loans to consumers and developers, and federal housing tax credits help attract private capital into affordable housing developments. At this point, Carpenter added, it is difficult to predict the exact impact these new resources will have.

The bill also includes nearly \$4 billion in grants to states and communities for redevelopment of abandoned and foreclosed properties. Carpenter said Vermont's Senators were instrumental in making sure Vermont would receive a fair share of these grants; however, she added the rulemaking process that would control how these funds are used will be crucial in determining their effectiveness in Vermont.

“We will be working closely with our delegation and with the Department of Housing and Urban Development (HUD) to create the best framework for this program,” Carpenter said. “We would like to be able to use some of this money to help households who are at risk of foreclosure, rather than only looking at properties who’ve already been foreclosed-upon.”

The bill also creates a housing trust fund to provide grants to states to increase rental and home-ownership opportunities for low-income families and a first-time homebuyer tax credit, Carpenter said. There is an increase in homeless assistance and money for housing counseling. Another part of the bill creates a new program to allow some people to renegotiate their existing mortgages and replace them with new, fixed-rate loans. Some homeowners under the new bill will also receive a federal tax deduction of up to \$1,000, and seniors who are considering reverse mortgages will also receive some benefits.

“We have a lot of new tools,” Carpenter said, “now we have to make sure we use them to give Vermont and Vermonters the most benefit.”