



FOR IMMEDIATE RELEASE

February 26, 2009

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MACARTHUR FOUNDATION AWARDS \$2.6 MILLION TO VERMONT HOUSING INITIATIVES FOR ENERGY EFFICIENCY AND RENTAL PRESERVATION

MONTPELIER—Thousands of Vermonters who live in affordable rental housing will be able to keep that housing, thanks to a \$2.6 million investment by the John D. and Catherine T. MacArthur Foundation. Vermont's longstanding commitment to the preservation of rental housing was recognized by the investment of grants and loans by the foundation, which will be used in conjunction with other private and public investment to preserve thousands of apartments over the next decade.

The demand for affordable rental housing in Vermont already greatly exceeds the supply, which results in Vermont having one of the lowest rental vacancy rates in the nation and makes Vermont the 4th most expensive state in the country for renters. Nearly 72,000 Vermont households are renters.

The MacArthur Foundation investment, announced today, is made up of a \$600,000 grant to the Vermont Housing & Conservation Board (VHCB) and a \$2 million loan to Vermont Housing Finance Agency (VHFA). VHCB and VHFA will use the funding to increase energy efficiency, provide technical assistance, finance predevelopment and bridge loans, and establish a demonstration project using Medicare and Medicaid for supportive services for senior housing.

"Vermont's creative efforts, including support services for the elderly living in subsidized rental housing and energy retrofitting of assisted properties will not only preserve affordable rental units, but also strengthen local communities and economies," said MacArthur President Jonathan Fanton.

"This investment by the MacArthur Foundation brings an innovative new funding source for affordable housing preservation to address the issue of expiring rental subsidies while also improving energy efficiency and increasing technical assistance. It will help us

focus on preserving our historic downtowns and village centers,” said VHCB Executive Director Gus Seelig.

“The MacArthur Foundation’s award is both a recognition of the creativity and effectiveness of Vermont’s affordable housing network and a prudent investment in a critical need here in Vermont,” said VHFA Executive Director Sarah Carpenter. “This will help us promote long-term affordability, in part by reducing energy costs.”

MacArthur’s support for these projects is a part of the Foundation’s Window of Opportunity initiative, a \$150 million, 10-year effort to preserve affordable rental homes across America. By investing in these public-sector efforts, the Foundation hopes to help create a wave of policy reform in cities and states that will make it possible to double the rate of preservation in a decade — to 1 million units.

VHFA and VHCB competed with 80 applicants to be among the 12 awardees to receive funding from the MacArthur foundation under the initiative. Further information is available at: www.macfound.org/housing/vermont.

VHCB will use its \$600,000 grant to provide technical assistance and training workshops to nonprofits working on preserving affordable housing. A standardized appraisal guide for subsidized properties will be created, and developers will be assisted with the costs of required energy efficiency and capital needs assessments for all preservation projects.

VHFA will use its \$2 million loan to capitalize three loan programs, including an ingenious loan product that will convert energy savings into the primary means of loan repayment. VHFA will offer a new equity bridge loan program, lengthening the period over which investors can contribute equity and allowing for higher-valued contributions, in order to bring more equity to preservation products. A third program will expand an existing pre-development loan product.

Given the fact that it generally costs twice as much to build an affordable home as to preserve one, Vermont’s efforts to preserve affordable housing are critically important and serve as a model for other states throughout the country.

Over the next decade, Vermont faces a potential loss of subsidized rental housing that will affect more than 7,000 households statewide. The MacArthur Foundation investment is aimed at ensuring the preservation of between 50 and 75 percent of that affordable housing that is at risk due to expiring private and federal subsidies.

Many rental housing developments were originally financed with private tax credit equity that guaranteed a 15-20 year period of affordability or with federal Section 8 Project-based Housing Assistance contracts that are due to expire within the next several years. Anticipating the potential loss of affordability in these apartments, the agencies are working together to refinance and convert the units to permanently affordable housing.

The Vermont Housing & Conservation Board is a state-funded agency supporting the creation of permanently affordable housing and the conservation of agricultural and recreational land, natural areas and historic properties.

Vermont Housing Finance Agency finances and promotes affordable housing opportunities for low- and moderate-income Vermonters, supporting the development of affordable rental housing and providing affordable mortgages for Vermonters.

The John D. and Catherine T. MacArthur Foundation is a private, independent grantmaking institution helping to build a more just and sustainable world. The foundation fosters the development of knowledge, nurtures individual creativity, strengthens institutions, helps improve public policy, and provides information to the public, primarily through support for public interest media.