



Vermont Housing Finance Agency

December 30, 2008

Dear Housing Colleague,

At the meeting of the VHFA Board of Commissioners on December 18th, we suspended new activity under the multifamily and single family Ventures pre-development loan program. This program has provided seed money to nonprofits for initial project costs such as appraisals, engineering studies, and site control, and staff anticipate resuming the program as soon as conditions allow. Unfortunately we cannot put a time estimate on when that will be.

This suspension was one of a number of actions by the VHFA Board, all undertaken with the same goal. The reason for the suspension is that the current global financial crisis is hitting all financial institutions. Even good lenders, who have never engaged in high-risk activities, access the same financial markets as all other lenders, and many of those markets are in upheaval. Consequently the cost of doing our regular business and access to capital is now higher than it has ever been, and we need to take steps to maintain agency liquidity. A great many Housing Finance Agencies across the country are curtailing or suspending programs for this same reason. We are working diligently with our congressional delegation and with other financial institutions (as are many at the state and national level) to craft creative solutions, and we are confident we will get through these times.

Pre-development funding is still available from the Vermont Housing and Conservation Board (VHCB) and from the Vermont Community Loan Fund (VCLF). In addition, VHFA and VHCB are finalists to receive an award from the MacArthur Foundation that could provide some funding for pre-development work at projects that involve the preservation of existing affordable housing. If awarded, this funding would be available by September 2009.

Feel free to call Cindy Reid at 652-3462, or me at 652-3432, if you have any questions. Thank you all for your patience and understanding.

Sincerely,

Joe Erdelyi
Director of Development

