

VHFA's 20/20 Vision

The Vermont Housing Finance Agency (VHFA or the Agency) was formed in 1974 by an act of the Vermont State Legislature. **VHFA's mission is to finance and promote affordable, safe, and decent housing opportunities for low- and moderate-income Vermonters.**

To achieve our mission, VHFA has adopted the following goals:

1. To **provide access** to low-cost, flexible, innovative affordable housing programs and maximize the benefit to Vermont Communities.
2. To **work in partnership** with others to:
 - 2.1. Encourage and support **coordinated planning and funding** for affordable housing;
 - 2.2. Facilitate the **expansion of resources** available for affordable housing in Vermont;
 - 2.3. Address the **needs of Vermonters** who have been historically marginalized;
 - 2.4. **Heighten awareness** of housing needs for low- and moderate-income Vermonters; and
 - 2.5. Ensure housing remains **perpetually affordable** where appropriate.
3. To ensure the Agency has a **strong and flexible financial and operational platform** from which to pursue its mission.
4. To **sustain a workplace** conducive to attracting and retaining a highly qualified and motivated staff, equipped with the tools necessary to work efficiently and promote excellence.

As a part of VHFA's strategic planning process – called **VHFA's 20/20 Vision** – the Board and leadership at the Agency reconfirmed its commitment to the mission statement as written and re-wrote the Agency's goals as listed above. Considerable research and analysis were conducted over the past year to ensure our future planning was based on sound programmatic and financial assumptions. This included grounding our plans in the state's [current and projected housing needs](#), conducting a financial study to measure the Agency's projected financial strength over the next five years and under stress-case scenarios, and knowing [that VHFA is just one of several partners](#) working to meet the state's housing needs.

VHFA's Future: 2020-2023

With the long history and success of the Agency, if we are to meet our mission, we cannot relent on most of VHFA's current activities. **The Agency needs to continue to conduct its current business activities to meet its current customers' needs so that new gaps in the state's housing finance system do not form.**

And yet as an organization constantly responding to the affordable, safe, and decent housing needs of low- and moderate-income Vermonters, we also must do more. Using VHFA's goals as a framework, the Agency will continue its existing work in the ways described, while also working towards the following outcomes over the next three years. These new initiatives can be organized into three main categories: (1) investment in the modernization of the Agency's programs and infrastructure, (2) increasing collaboration and efficiency with our affordable housing partners throughout the State and (3) increasing our impact in historically underserved communities and populations. VHFA's leadership will report on the measurements listed as gauges of success or adjustments needed.

1. To provide access to low-cost, flexible, innovative affordable housing programs and maximize the benefit to Vermont Communities.

Since its inception, VHFA has focused on leveraging financial tools to develop and maintain affordable rental housing, and programming to allow Vermonters to obtain affordable mortgage financing for the purchase of a primary residence.

1.1. Outcome: Expanded housing programs for underserved borrowers and communities.

Methods:

- 1.1.1. Secure single family financing that allows for flexible requirements and a stable, low-fixed rate.
- 1.1.2. Develop and implement mortgage purchase programs for targeted communities.
- 1.1.3. Increase language access of VHFA's consumer-facing program information and customize consumer outreach to better serve targeted communities.
- 1.1.4. Launch new partnerships with organizations who serve and are embedded within historically underserved communities to increase the Agency's knowledge of their housing needs and successful methods for engagement.
- 1.1.5. Explore defining and identifying areas of opportunity in Vermont with a goal of targeting affordable rental housing investments in those areas.
- 1.1.6. Establish a specific fund to meet the resource needs of mission-critical initiatives, specifically: JEDI programs, supportive housing, and emerging market needs.

Measurements:

- Housing assistance to under-served Vermonters such as Black, Indigenous, and People of Color (BIPOC), households earning less than 50% Area Median Income, and under-served areas.
- Measures of transparency and knowledge of our products by customers, especially those VHFA may have historically underserved.

1.2. Outcome: Efficient agency applications, underwriting, and approval processes that fit into established market practices for our borrowers.

Methods:

- 1.2.1. Improve existing technology with a goal of modernizing the lending experience for consumers and lenders.
- 1.2.2. Evaluate the delivery mechanism for delivering products to homeownership participating lenders (and ultimately consumers) efficiently.

Measurements:

- Loan production.
- Homeownership market share.

1.3. Outcome: Increased Agency flexibility in how we produce low-cost profitable loans.

Methods:

- 1.3.1. Leverage loans and grants from external partners including foundations, grant programs, and joint investment partnerships with existing resources to expand resources, flexibility, and meet market demands.

- 1.3.2. Build deeper relationships with non-traditional entities such as philanthropic foundations, Community Development Financial Institutions, and other non-traditional housing investors.
- 1.3.3. Strategically deploy Agency funds to allow the agency to provide below-market interest rate loans.

Measurements:

- Build substantial resource pools that allow for the agency to provide gap lending, below-market rates, and tools like pre-development or bridge loans.
- Consistently maintain a fund that becomes self-perpetuating.

1.4. Outcome: Adaptive Multifamily underwriting practices that expands the agency's ability to meet our mission.

Methods:

- 1.4.1. Enhance our approach to portfolio risk management.
- 1.4.2. Modernize the Agency's underwriting and portfolio lending decisions.
- 1.4.3. Automation of some loan analysis to create consistencies.
- 1.4.4. Share loan analysis platforms with other state housing funding agencies to ensure alignment to the extent possible.

Measurements:

- Increased capacity for VHFA to support uncommon financing models that are prominent in other markets, which include higher leveraging of debt and less scarce resources.
- The number of housing units supported with VHFA investments.

1.5. Outcome: Expanded home weatherization programs that improve home affordability, resident health, lower carbon use, and invests in rural communities with high energy burdens.

Methods:

- 1.5.1. Pursue a multitude of funding opportunities with a goal of pooling resources to leverage for efficiency and invest in weatherization programs. This could include the state's Local Investment efforts, federal funding, one-time state funding, private resources, or other sources.

Measurements:

- Increased number of owned and rented homes that are weatherized compared to the baseline as reported in the Energy Action Network's Annual Report.

2. To work in partnership with others to:

VHFA works in close partnership with a broad spectrum of entities that are responsible for deploying the state's community development and affordable housing resources. Working in close coordination with our partners, VHFA has championed the importance of continued resource investment in affordable housing as a critical building block of Vermont's future. The agency also provides data-driven analysis that informs local, regional, and statewide policy.

2.1. Encourage and support coordinated planning and funding for affordable housing;

2.1.1. Outcome: Local and statewide land use regulation reform that promotes housing development and density.

Methods:

- 2.1.1.1. Increase the tools available for local, regional, and statewide data analysis for housing and community development.
- 2.1.1.2. Lead conversations about best practices, policy initiatives that eliminate barriers to housing, and innovation in housing and community development.

Measurements:

- Measurable improvement in legislation and land use regulation at local levels.
- Work to measure potential time and monetary savings that are realized because of improved land-use regulation and permitting processes.

2.1.2. Outcome: Closer alignment and coordination of affordable rental housing resource awards.

Methods:

- 2.1.2.1. Build funding cycles that create a repetitive schedule year-over-year that streamlines application and award timeframes, taking project needs, costs, and other resource schedules into account.
- 2.1.2.2. Convene or participate in discussions with other housing funders about application cycles and shared policy priorities that may be reflected in decisions.
- 2.1.2.3. Create, in coordination with funding partners, shared underwriting criteria, goals, and project analysis tools that translate into predictable outcomes for affordable housing developments.

Measurements:

- Track the average time between a project's first and final funding commitment.

2.2. Facilitate the expansion of resources available for affordable housing in Vermont;

2.2.1. Outcome: Create more housing by utilizing new and under-used resources such as 4% federal tax credits and VHFA's Vermont Affordable Housing Investment Fund.

Methods:

- 2.2.1.1. Engage with new sources of capital, including the philanthropic and grant programs.
- 2.2.1.2. Establish development community familiarity with funding structures that utilize new and underutilized resources that create new units of affordable housing with minimal pressure on scarce resources.

Measurements:

- Increase in the number of affordable housing units produced each year.
- Increased capacity for VHFA to support financing models which may be prominent or emerging in other states.

2.2.2. Outcome: Streamline compliance requirements for rental housing property owners and managers.

Methods:

- 2.2.2.1. Align asset management and compliance processes across primary funders of affordable housing.
- 2.2.2.2. Create technological platforms that allow for digital submission of all materials related to compliance and management reviews and do so in a way that meets all compliance entities needs.
- 2.2.2.3. Streamline compliance and inspection requirements to allow for one-touch opportunities between VHFA, VHCB, VSHA, HUD, and USDA.

Measurements:

- Number of individual inspections by projects.
- Number of file interactions by projects.

2.2.3. Outcome: Promote and fund projects that demonstrate innovations in design, resource efficiency, and service delivery.

Methods:

- 2.2.3.1. Promote innovative financing approaches, design, and development team compositions, with additional focus on green building and cost/resource efficiency.
- 2.2.3.2. Develop and leverage analysis tools and policies that focus on implementation of the 2019 Vermont Affordable Housing Cost Study. This will include both the development and operational analysis.

Measurements:

- Track ongoing measurable cost data that reflects impact of innovation within our development community.
- Track the impact of cost/resource efficiency analysis.

2.3. Address the needs of Vermonters who have been historically marginalized;

2.3.1. Outcome: Reduce the number of people experiencing homelessness in Vermont each year.

Methods:

- 2.3.1.1. Maintain incentives in the Qualified Allocation Plan for apartments targeted to people experiencing homelessness.
- 2.3.1.2. Target 20% of the net new affordable rental housing units VHFA finances for people experiencing homeless.
- 2.3.1.3. Support and participate in a singular application system that awards funding for services, rental assistance and housing capital resources that creates supportive housing for people experiencing homelessness.

Measurements:

- The number of people experiencing homelessness is reduced as reflected in the annual Point in Time count.

2.3.2. Outcome: Increase quality of housing stock and access for potential tenants of Vermont's affordable rental housing stock.

Methods:

- 2.3.2.1. Improve the common tenant application for housing and support its use.
- 2.3.2.2. Support statewide rental registry and quality improvement initiatives.
- 2.3.2.3. Provide financing models for Vermont's manufactured home park communities, including resources for infrastructure needs.
- 2.3.2.4. Conduct multi-family life cycle investment research recommended in the 2019 Vermont Affordable Housing Cost Study.

Measurements:

- Demonstrated progress of each effort listed above.

2.4. Heighten general awareness of housing needs for low- and moderate-income Vermonters.

2.4.1. Outcome: Publish additional research and analysis that supports VHFA's mission and raises awareness of housing needs.

Methods:

- 2.4.1.1. Support community-based understanding of housing markets by maintaining and enhancing the Vermont Housing Data website.
- 2.4.1.2. Conduct subject-specific research and policy projects.
- 2.4.1.3. Use available research and analysis to increase the value and community impact of affordable housing investments.

Measurements:

- Increased research and data available to communities and policy makers.
- Number of reports and analysis produced and potential impact of each.

3. To ensure the Agency has a strong and flexible financial and operational platform from which to pursue its mission.

The Agency is financially stable with a low level of risk and substantial liquidity on its balance sheet. Credit ratings are improving and as discussed below, may have room to improve further. A variety of financial metrics have been steady or slowly improving since the housing crisis of 2008 and its aftermath. While the current Covid-19 crisis is starting to have some negative effects on the Agency's financial performance (e.g. low investment rates, high prepayment rates), our financial and operational experience thus far has been steady.

3.1. Outcome: Sustain the Agency's financial strength.

Methods:

- 3.1.1. The Agency will adopt a set of financial metrics commonly used by both HFA's and other types of financial institutions (e.g. banks) to monitor the Agency's financial health and set goals for each.

Measurements:

- Measure(s) of balance sheet equity/debt levels.
- Measure(s) of Agency liquidity.

- Measure(s) of Agency operating performance and efficiency.
- Credit ratings.

3.2. Outcome: Improve Agency’s financial structure to better serve Agency programmatic priorities.

Methods:

3.2.1. Develop the financial capability to support a more flexible and nimbler model of single-family origination and funding.

Measurements:

- Loan volume.
- Market share of single family mortgages within VHFA’s limits.
- Customer data that is disaggregated to look at targeted populations.

3.3. Outcome: Improved information security and technological capability to serve the Agency’s mission.

Methods:

3.3.1. Implement the ongoing Information Technology (IT) Roadmap and supporting work processes, which assesses IT resources (staffing levels and technology) and improves the Agency’s cybersecurity status and practices.

Measurements:

- Percentage of IT Roadmap projects slated for completion that were completed.

4. To sustain a workplace conducive to attracting and retaining a highly qualified and motivated staff, equipped with the tools necessary to work efficiently and promote excellence.

VHFA has a long history as an excellent employer as shown by being named one of the “Best Small/Medium Places to Work in Vermont” for multiple years and maintaining a very low employee turnover ratio. VHFA offers a competitive salary and a wide range of traditional and non-traditional benefits. We encourage a healthy work/life balance and promote a workplace culture which values and respects each staff member.

4.1. Outcome: Remain one of the state’s top employers, able to attract and retain high quality technical staff to serve the Agency’s mission.

Methods:

- 4.1.1. Continue to offer a competitive salary or wage to all staff.
- 4.1.2. Participate in and consult local and national salary surveys to ensure the Agency is providing market-rate salaries.
- 4.1.3. Maintain a competitive comprehensive benefits package, including paid leave and monitor developments to add or refine benefits as needed.
- 4.1.4. Balance the multiple needs of the Agency to promote: a healthy and vibrant culture, strong technical knowledge, capacity to conduct tasks, and financial and political strength.

Measurements:

- Monitor staff's level of satisfaction with our workplace using annual staff survey.
- Maintain a low staff turnover rate.

4.2. Outcome: Develop staff's expertise and improve performance.

Methods:

- 4.2.1. Invest in each staff member by providing them with job-related training opportunities.
- 4.2.2. Provide educational assistance to all staff to encourage personal development through formal education so that they can maintain and improve job-related skills.
- 4.2.3. Supervisors will meet with their staff at least monthly to discuss professional goals and complete a formal performance evaluation annually.
- 4.2.4. Expand the technological tools available to staff, and their knowledge of those tools, so that they can meet their goals.
- 4.2.5. To the extent possible, business needs will be met by current staff to give individuals an opportunity to grow their experience.

Measurements:

- The completed development and training opportunities for each staff member.

4.3. Outcome: Become a more just, equitable, diverse, and inclusive organization.

Methods:

- 4.3.1. Work to increase the number of black, indigenous, and people of color on VHFA's staff, in Agency leadership positions and Board of Commissioners.
- 4.3.2. Disaggregate VHFA's programmatic data to make clear who VHFA's lending and assistance programs serve and which neighborhoods may be over/under-represented.
- 4.3.3. Reduce the barriers and increase opportunities to homeownership for Black, Indigenous and People of Color (BIPOC) and Low-English Proficiency communities.
- 4.3.4. Adopt an Equity, Inclusion and Diversity Policy.

Measurements:

- Beginning with 2019 as a baseline, increase the percentage of BIPOC applicants and staff.
- As noted above:
 - Data on who VHFA's lending and assistance programs are serving.
 - Increased loan production to under-served Vermonters.
 - Improved transparency and knowledge of our products by customers, especially those VHFA may have historically underserved.

Looking Even Farther

The Agency has always strived to be nimble, responding to the markets and Vermonter's needs dynamically. With honest intentions this report holds the best information known at the time of its writing. For these reasons, and for good business sense, this plan is intended to capture what is known today and lay out the Agency's plans for the near future, knowing that flexibility and adaptive responses will be needed now more than ever. This plan lays out a broad path for the Agency from now through 2023 and VHFA plans to conduct a new strategic plan in honor of its 50th anniversary during 2024.