



Vermont Housing Finance Agency

news release

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TWO NEW VHFA BOND DEALS WILL FINANCE HUNDREDS OF VERMONT HOME PURCHASES AND PRESERVE AFFORDABLE RENTAL HOUSING

BURLINGTON—Vermont Housing Finance Agency (VHFA) has taken two big steps towards making housing more affordable in the Green Mountain State.

VHFA closed two bond deals this week: one will fund mortgages for lower income homebuyers and the other restructures and provides the loans for 25 different multifamily rental projects, lowering their interest rates and extending how long the developments must remain affordable.

The single family bond sale that closed December 18th provides \$50 million in low-interest mortgages to finance between 250 and 350 home purchases. The Agency's interest rate for a government-backed 30-year mortgage is currently 3 percent; and conventional loans are 3.25 percent with one-quarter point.

"We're proud of the role VHFA can play to help make the dream of homeownership come true for more Vermonters," VHFA Executive Director Sarah Carpenter said. "We know how important homeownership is, not only to a family, but to a community."

This bond deal utilizes a unique program available only to state Housing Finance Agencies across the country, called the New Issue Bond Program (NIBP) where the US Treasury purchases the Mortgage Backed Securities backed by these new housing bonds. "We're watching the state's home sales and we know that home prices are inching up across the state, incomes are rising, and yet our interest rates are still as low as ever. It's a great time to buy," Carpenter continued.

Closing the \$26 million multifamily bond deal today restructures certain existing VHFA loans by extending their term and/or lowering their rate in return for an extended period of affordability. In addition, certain properties in this deal were new loans for VHFA, although not necessarily all newly constructed developments. In total, 907 rental units were included in this deal.

"Restructuring this many loans at once is the culmination of over a year of work with individual projects and partners," Carpenter said. "The lower interest costs were aided by the State of Vermont Moral Obligation credit that was added to the bonds. This allows for long term fixed rate financing and will allow some developments to save money that can be re-invested into the housing project."

VHFA is a 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.