



Vermont Housing Finance Agency

news release

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VERMONT NAMED FINALIST IN EXPANSION OF MACARTHUR FOUNDATION HOUSING INITIATIVE; NEW REPORT DETAILS EFFECTS OF FORECLOSURE CRISIS ON RENTAL MARKET

Montpelier—The John D. and Catherine T. MacArthur Foundation has selected a proposal by the Vermont Housing and Conservation Board and the Vermont Housing Finance Agency to compete for up to \$5 million in new funding to support state rental housing preservation efforts. The Vermont agencies would use the funding to restructure financing, increase energy efficiency, and provide support services to frail elders and formerly homeless individuals. The funds would be targeted to preserve more than 8,000 private and non-profit owned rental apartments in 123 towns over the next ten years.

Many of these developments were originally financed with low income housing or historic preservation tax credit equity that guaranteed a 15-20 year period of affordability or with Section 8 Certificates 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. With a nationally recognized network of nonprofit housing development organizations serving all corners of the rural state, Vermont has a strong track record in developing affordable housing.

Gus Seelig, Executive Director of the Vermont Housing and Conservation Board, said, “The affordability of 12,000 apartments is threatened in the next five years. It is critical that we take action to preserve our rental housing assets in smart growth locations around the state. Increasing energy efficiency in our rental housing stock will also be critical to maintaining affordability in the long run.”

A new report released today by Harvard University’s Joint Center for Housing Studies details the devastating effect the mortgage crisis is having on the rental market and proposes the development of a new and more balanced set of housing policy initiatives that would expand opportunities for renters and homeowners alike. [http://www.jchs.harvard.edu/publications/rental/rh08_americas_rental_housing/]

While Vermont had fewer sub-prime mortgages and consequently has suffered fewer foreclosures than other states, 29.4 percent of the state’s households are renters (nearly 72,000 households). In 2007 Vermont’s rental vacancy rate was the second-lowest in the country.

“This new report underscores that the demand for affordable rental housing is increasing at the same time that the supply of low-cost rental is declining,” said Jonathan Fanton, President of the MacArthur Foundation. “The debate on national housing policy must not exclude the more than 35 million renter households. We clearly need policies that honor the role of rental housing as well as homeownership. The diverse cities, counties, and states selected as finalists for MacArthur funding share a commitment to

preserving and improving affordable rental housing and have offered ideas that we believe are creative and potentially very effective.”

Sarah Carpenter, Executive Director of the Vermont Housing Finance Agency, said, “Vermonters who rent are already under serious pressure as costs rise and would take a serious hit if we are unable to refinance thousands of affordable apartments that are due to lose federal subsidies or tax credit income restrictions. The MacArthur Foundation’s support would help us leverage other private and public funds in anticipation of refinancing and creating permanent affordability in units that would otherwise be lost as affordable housing resources.”

This year, affordability was preserved at the 336-unit Northgate Apartments in Burlington when ownership was transferred to the Northgate Residents’ Ownership Corporation, a non-profit consisting of a majority of Northgate residents along with community representatives. The cost to acquire and rehabilitate Northgate in 1989 was \$21.67 million, comprised of state and federal funding and low income housing tax credit equity. In 2006, upon expiration of the tax credit compliance period, an additional \$365,000 created permanent affordability. The replacement cost of a development this size today would be \$80 million. Instead of being faced with displacement, residents who have lived here for decades are celebrating. According to board member Amy Wright, “It’s a little miracle that this is a \$21 million resident-owned community and that Vermont has been able to make that happen.”

The MacArthur Foundation will provide a total of \$35 million in multi-year grants and program-related investments (low-interest loans) to up to ten state and local governments that are demonstrating outstanding leadership through promising, high impact approaches to preserving and improving affordable rental housing. Individual awards, which will be announced in early 2009, will range from \$250,000 to \$5 million and must be used to design, demonstrate or scale up a significant preservation initiative. The 21 finalists announced today were selected from over 80 jurisdictions that applied. These grants and low-interest loans are part of MacArthur’s \$150-million Window of Opportunity initiative, which seeks to preserve 300,000 affordable rental homes across the country. The Foundation also aims to stimulate policy reforms that reverse the loss of existing, affordable rental homes, enabling communities and rental housing owners to preserve at least one million units over the decade ahead.

The Vermont Housing and Conservation Board is a state-funded agency making loans and grants for the creation of permanently affordable housing and the conservation of agricultural and recreational land, natural areas and historic properties. The Vermont Housing Finance Agency VHFA was created by the Vermont Legislature in 1974 to finance and promote affordable housing opportunities for low- and moderate-income Vermonters. Since its inception, the Agency has helped approximately 26,000 Vermont households with affordable mortgages and financed the development of 7,400 affordable rental units.

The John D. and Catherine T. MacArthur Foundation is a private, independent grantmaking institution helping to build a more just and sustainable world. Through the support it provides, 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. With assets of more than \$6.8 billion, the Foundation makes approximately \$260 million in grants annually. More information is available at www.macfound.org.