

2014 Annual Report



Affordable Homes for a Sustainable Vermont.

FROM THE DESK OF GOVERNOR PETER SHUMLIN

With 2014 marking Vermont Housing Finance Agency's 40th anniversary, this is the perfect opportunity to reflect on the ways it has helped 125,000 low - and moderate-income Vermonters find housing they can afford. The economic fluctuations of the past 40 years remind us of the importance of VHFA's stabilizing presence. It has consistently been the lender that qualified low - and moderate - income homebuyers and developers of affordable rental housing can rely on.

With 40 years' experience, VHFA has developed an unparalleled knowledge base about the underlying, sometimes complex, issues affecting the affordability of housing across the Green Mountain State. Through the Vermont Housing Data website, housing research, collaborative partnerships and policy analysis, VHFA's impact extends far beyond its mortgage programs. I sincerely appreciate the breadth of VHFA's role in helping to house more Vermonters safely and affordably.

By tirelessly searching for new ways to make housing affordable for more Vermonters, VHFA maximizes the positive impact of its own programs as well as those of its partners.

This report clearly shows the great strides VHFA has made toward making housing affordable for more Vermonters. Unfortunately, the ever-present mismatch between the costs of buying and renting homes and the incomes of low - and moderate-income households means there is far more work to do.

I sincerely appreciate VHFA's long-standing commitment to turning knowledge into results through leadership and the unique financial tools at its disposal. I look forward to working with the Agency in the years to come to develop new solutions for housing affordability problems.



Peter Shumlin
81ST GOVERNOR OF VERMONT



OUR MISSION

TO FINANCE AND PROMOTE AFFORDABLE, SAFE AND DECENT HOUSING
OPPORTUNITIES FOR LOW- AND MODERATE-INCOME VERMONTERS.

MESSAGE FROM THE BOARD CHAIRPERSON AND EXECUTIVE DIRECTOR



TOM PELLETIER
VHFA Board of Commissioners



SARAH CARPENTER
VHFA Executive Director

While continuing to serve low- and moderate-income Vermonters through a growing array of lending programs, 2014 was a year of taking stock of VHFA's impact in its 40-year history and for planning next steps. With the pride of having assisted 125,000 Vermonters move into homes they can afford comes the responsibility of working to help even more of the growing number of residents in need.

Over the past 40 years, nearly 1 in 8 of Vermont's owned homes was financed using one of VHFA's mortgage programs. There is no doubt that the current housing market is daunting for many homebuyers, especially those with lower incomes trying to buy their first home. Yet in 2014 VHFA continued to offer new lending tools, providing hundreds of first-time buyers with the financing they needed to make the dream of homeownership a reality.

Since the 1970s, VHFA has helped finance the development of 1 in 9 Vermont apartments. In 2014 alone, 610 affordable apartments were renovated or constructed through loans and housing credit allocations provided by VHFA. Yet tight rental markets and a startlingly high number of Vermonters paying more than half of their income for rent persist in many parts of the state.

There is far more work to be done. For this reason, we know we must continue to look for new partners and strategies like the Housing Acquisition and Rehabilitation Program (HARP) and Vermont mobile home replacement program. These recently-initiated programs continued to expand last year, strengthening communities and providing homeowners with the long term stability that comes from highly energy-efficient, affordable homes.

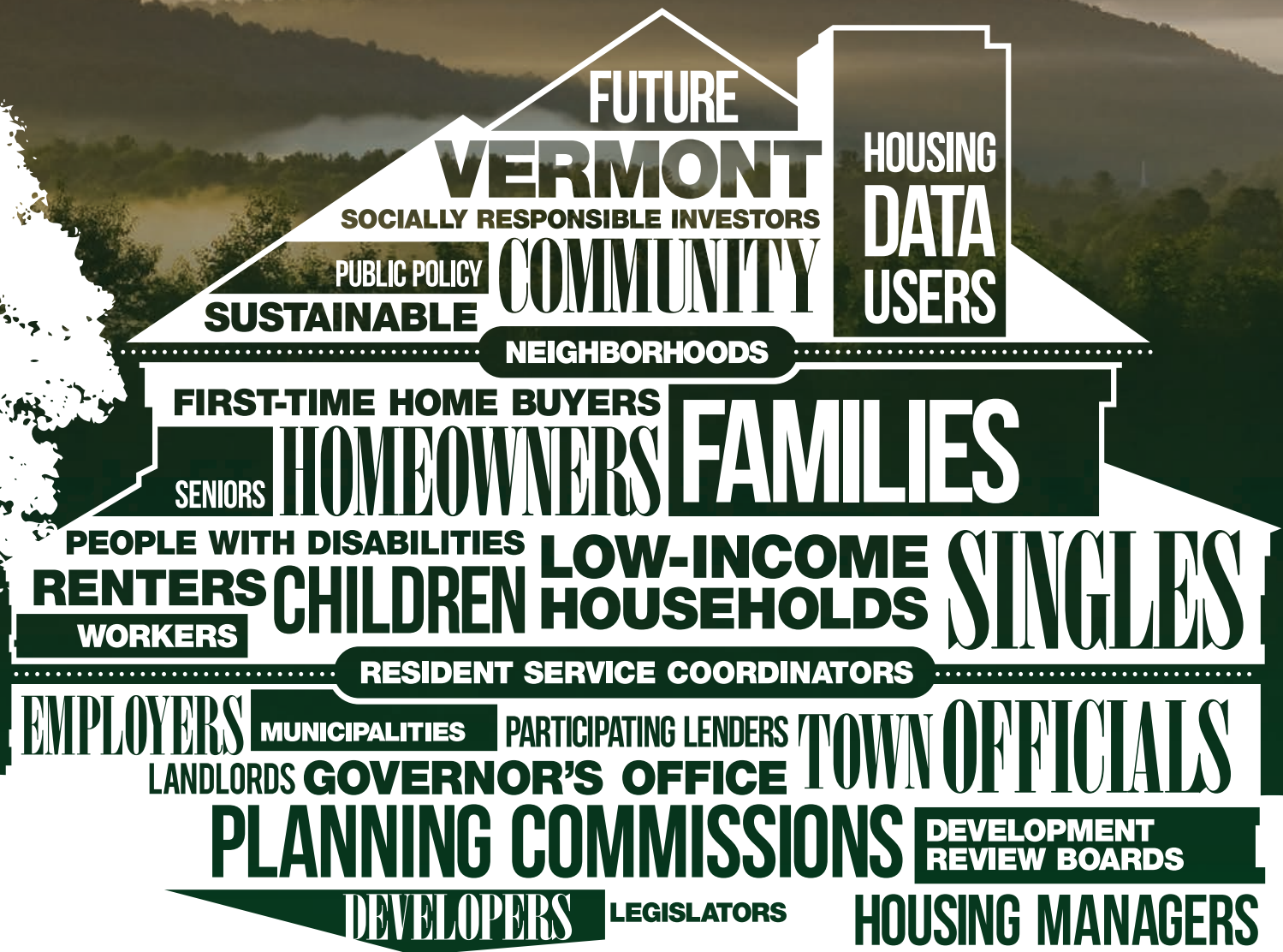
With unwavering commitment to the benefits that our long-standing financing programs provide to homebuyers and renters, we also look forward to finding ways to extend housing affordability to even more Vermonters who need it.

7/2013 8/2013 9/2013 10/2013 11/2013 12/2013 1/2014 2/2014 3/2014 4/2014 5/2014 6/2014

JULY 2013: Jeanne Morrissey of J.A. Morrissey, Inc., a general contractor and construction management company, appointed to VHFA Board of Commissioners.

WHO

DOES VHFA HELP?



7/2013 8/2013 9/2013 10/2013 11/2013 12/2013 1/2014 2/2014 3/2014 4/2014 5/2014 6/2014

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AUGUST 2013: VHFA announces it will purchase a deteriorating farmhouse for \$1 from the town of St. Johnsbury and renovate it through the HARP program.

HOW DOES VHFA HELP?

RESULTS

LEADERSHIP

KNOWLEDGE

First-time home buyers get tax credits for 10 years

Half of all apartments funded in 2014 are for extremely low income renters

Raised over \$8,000 for United Way

Started Mortgage Credit Certificate and Advantage programs

Incentivized developers to target units to extremely low-income households

Ran charitable contribution drive and 5 teambuilding fundraisers

Heard buyers ask for more tools to make ownership affordable

Found highest housing cost burden among the lowest income renters

Saw resources shrinking for local services

7/2013 8/2013 9/2013 10/2013 11/2013 12/2013 1/2014 2/2014 3/2014 4/2014 5/2014 6/2014

SEPTEMBER 2013: VHFA-financed energy improvements and renovations in Brandon create 27 affordable apartments for low- and moderate-income Vermonters.

**WHERE
DOES VHFA HELP?**

20,000

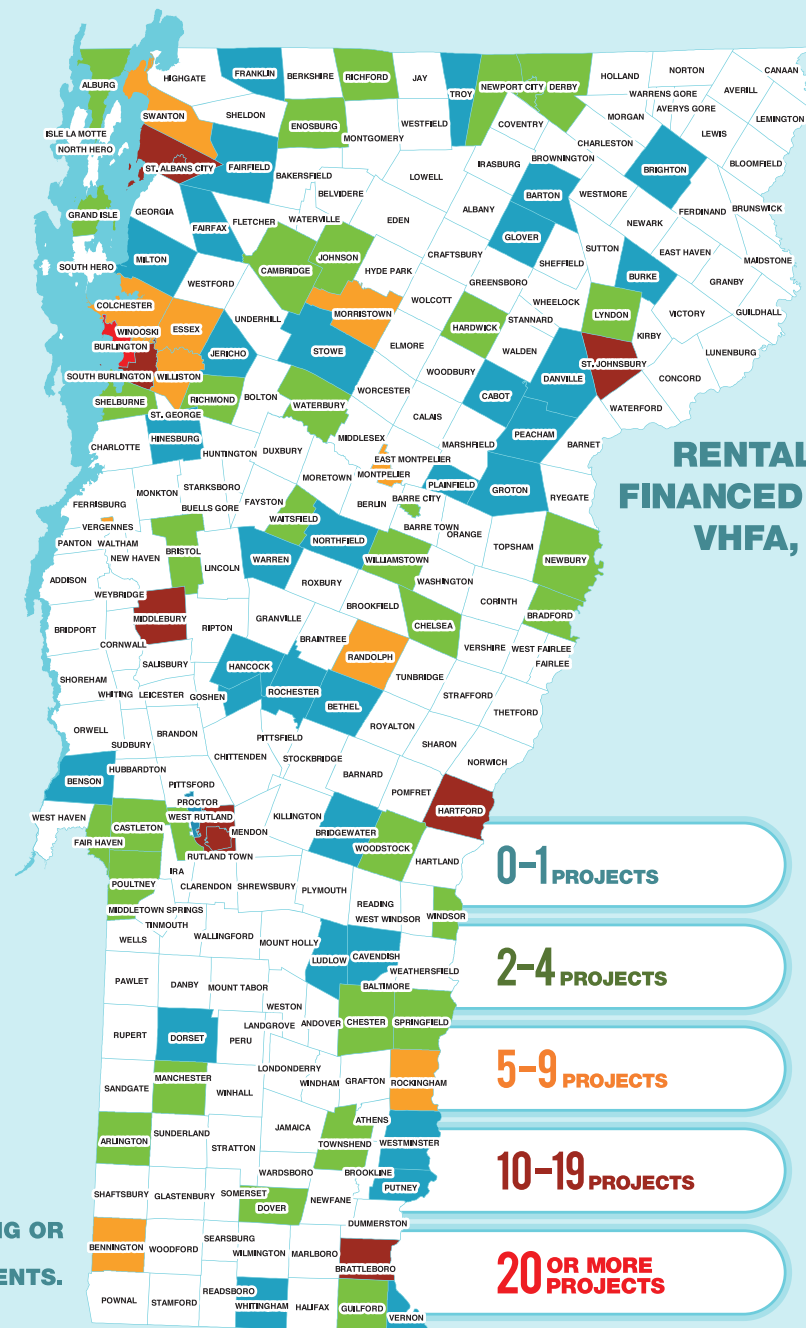
PEOPLE LIVE IN SAFE, DECENT, PERPETUALLY
AFFORDABLE RENTAL HOUSING FINANCED
THROUGH VHFA IN

94

**COMMUNITIES
ACROSS THE STATE**

WE CONTINUED REACHING MORE VERMONTERS IN FY2014 BY RENOVATING OR
CONSTRUCTING 610 ADDITIONAL PERPETUALLY AFFORDABLE APARTMENTS.

**RENTAL HOUSING
FINANCED THROUGH
VHFA, 1974-2014**



7/2013 8/2013 9/2013 10/2013 11/2013 12/2013 1/2014 2/2014 3/2014 4/2014 5/2014 6/2014

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OCTOBER 2013: Twelve new assisted living units, funded largely
through VHFA's allocation of federal housing credits, open in Townshend.

THIS YEAR **1,840**



**MEN, WOMEN AND CHILDREN
MOVED INTO HOMES FINANCED
THROUGH VHFA**

.....*in fact*.....

70,800

**MOVED INTO HOMES FINANCED
THROUGH VHFA
SINCE 1974**

*but unfortunately
the need continues to be great...*

96,000

**VERMONTERS
STILL LIVE IN
UNAFFORDABLE
HOUSING**

VHFA BY THE NUMBERS

125,000+
PEOPLE SERVED
THROUGH
AFFORDABLE
HOUSING
SINCE 1974:



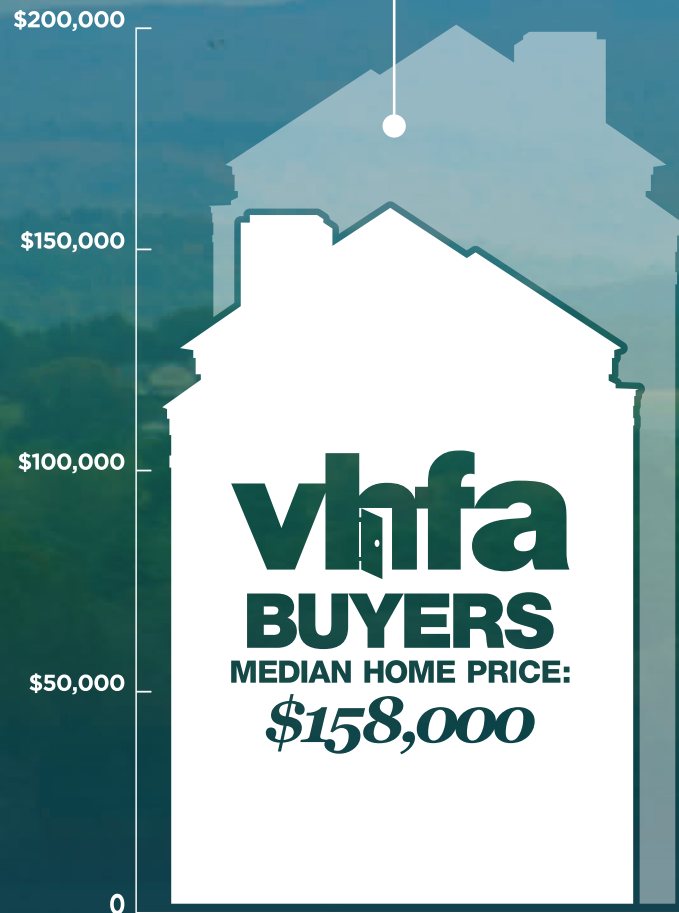
Jen Gagliardi, manager, and Warren Patrick,
103-year old resident, at West River Valley
Assisted Living in Townshend, Vermont.

7/2013 8/2013 9/2013 10/2013 11/2013 12/2013 1/2014 2/2014 3/2014 4/2014 5/2014 6/2014

NOVEMBER 2013: VHFA appetites and culinary skills raise \$400 for the United Way during staff soup cook-off and Thanksgiving pie auction.

ABOUT THE FY2014 HOME BUYER

ALL BUYERS
MEDIAN HOME PRICE:
\$200,000



ALL BUYERS
MEDIAN INCOME:
\$65,000



7/2013 8/2013 9/2013 10/2013 11/2013 12/2013 1/2014 2/2014 3/2014 4/2014 5/2014 6/2014

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DECEMBER 2013: 101 pairs of mittens stuffed with treats for families served by local office of Women Helping Battered Women.

1/2 OF ALL **vhfa** HOME BUYERS
MADE
LESS THAN
80%
OF AREA MEDIAN INCOME

FY2014 Mortgages for Owner Homes

GOVERNMENT
RD, FHA, VA

CONVENTIONAL

MORTGAGE CREDIT CERTIFICATES WERE ALSO USED BY **11%** OF 2014 HOMEBUYERS

\$28.7
MILLION
FOR
184
HOMES

\$14.7
MILLION
FOR
100
HOMES

MEDIAN VERMONT HOUSEHOLD INCOME

\$53,000

FY2014 VHFA HOME BUYER INCOMES



7/2013 8/2013 9/2013 10/2013 11/2013 12/2013 1/2014 2/2014 3/2014 4/2014 5/2014 6/2014

JANUARY 2014: Executive Director, Sarah Carpenter, received the Tim McKenzie Award from Champlain Housing Trust for 30 years of outstanding contributions to permanently affordable housing.

IN **FY2014**

RENTAL HOUSING FINANCING PROVIDED

PEOPLE
PROVIDED WITH
VERMONT
HOUSING DATA
THIS YEAR:
16,000+

PROJECT NAME	TOWNS	UNITS	2014						ACTIVITY IN A PRIOR FY	
			ACTIVITY IN FY2014	SHORT-TERM / CONSTRUCTION LOAN	PERMANENT LOAN	MACARTHUR LOAN	BOND HOUSING CREDITS	ALLOCATED HOUSING CREDITS	STATE HOUSING CREDITS	
BRANDON SCATTERED SITE	BRANDON	27							2014	
PORTFOLIO ENHANCEMENT PHASE 1	BRATTLEBORO	29	2014					2014		2014
MCKENZIE HOUSE	BURLINGTON	41			2014					
CHESTER ARTHUR APARTMENTS : SENIOR	FAIRFIELD	8				2014				
MAPLE STREET SENIOR APARTMENTS	HARDWICK	16	2014				2014			
HINESBURG VILLAGE HOUSING	HINESBURG	21							2014	2014
BLACK RIVER OVERLOOK	LUDLOW	17							2014	2014
ARTHUR'S MAIN STREET	MORRISVILLE	18							2014	2014
RICHMOND TERRACE APARTMENTS : SENIOR	RICHMOND	16	2014		2014					
BARDWELL HOUSE REDEVELOPMENT : SENIOR	RUTLAND	75				2014	2014			
WATKINS SCHOOL	RUTLAND	15							2014	
WRIGHT HOUSE : SENIOR	SHELBURNE	36	2014		2014				2014	
RAIL CITY FAMILY HOUSING	ST ALBANS	31	2014		2014					
HILLTOP FAMILY HOUSING	ST JOHNSBURY	32					2014			
VALLEY VIEW II : SENIOR	VERGENNES	12	2014					2014		2014
LADD HALL	WATERBURY	27							2014	2014
WILLISTON WOODS : SENIOR	WILLISTON	112				2014				
WINDSOR VILLAGE REDEVELOPMENT	WINDSOR	77	2014							

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OUR MISSION

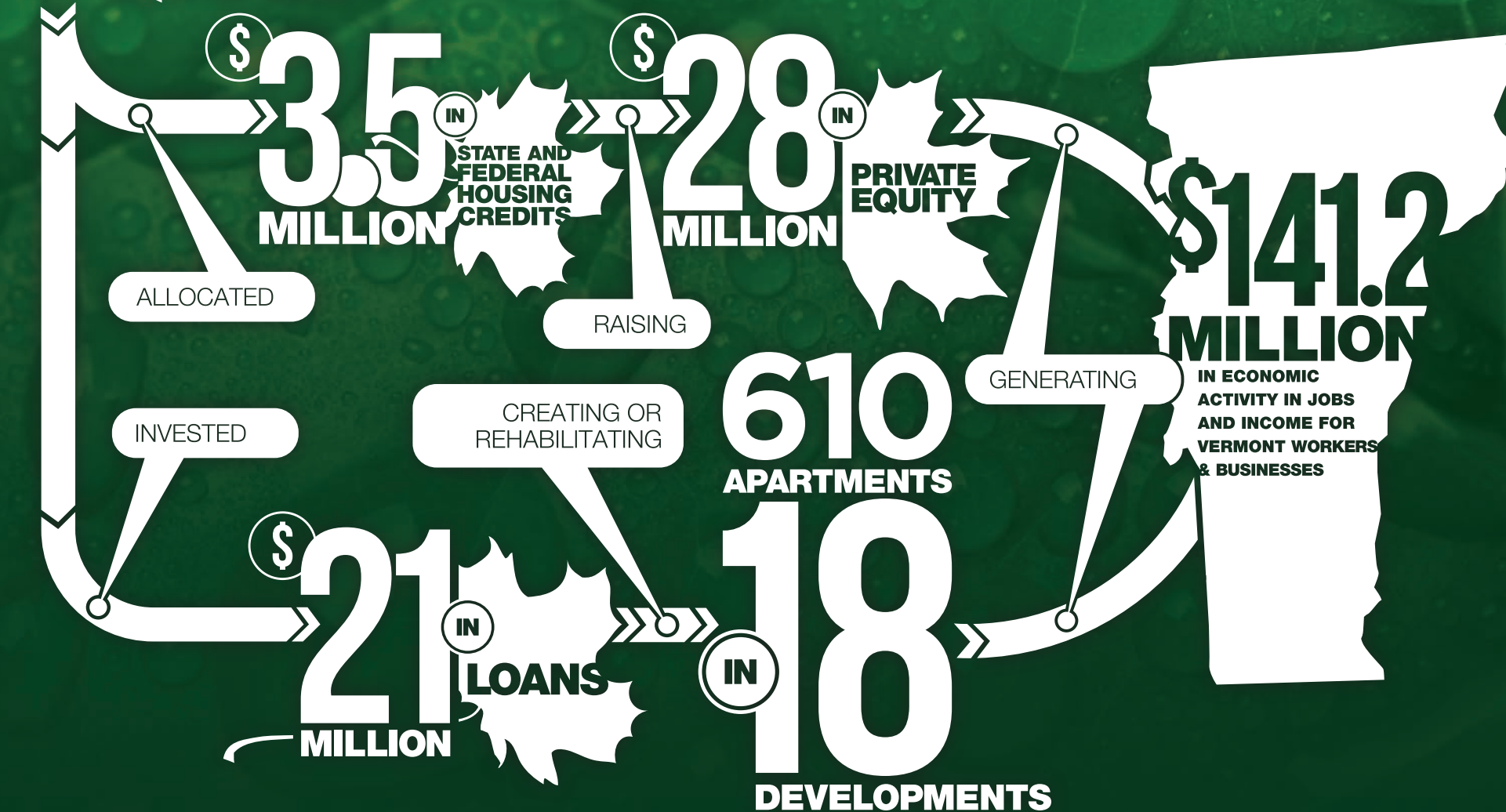
TO FINANCE AND PROMOTE AFFORDABLE, SAFE AND DECENT HOUSING OPPORTUNITIES FOR LOW -AND MODERATE-INCOME VERMONTERS.

FEBRUARY 2014: VHFA accepted into HUD's 2014 physical-inspection pilot program to help better align requirements of 3 federal agencies involved in affordable rental housing.



RENTAL HOUSING IMPACT

IN **FY2014**



7/2013 8/2013 9/2013 10/2013 11/2013 12/2013 1/2014 2/2014 3/2014 4/2014 5/2014 6/2014

MARCH 2014: VHFA offers new Mortgage Credit Certificate and Advantage programs to help extend affordable home financing to more Vermonters in time for peak home buying season.

HOUSING ACQUISITION REHABILITATION PROGRAM

HOMES RENOVATED THROUGH HARP:



IMPACT SINCE 2009:

1600 CONTRACTORS
AND OTHER SERVICE PROVIDERS EMPLOYED
IN THE REHABILITATION OF HOUSES.

AVERAGE BUYER OF HARP HOMES
IN VERMONT RECEIVES A GRANT OF
\$45,000 OFF
THE PURCHASE PRICE

HARP PROGRAM DUAL GOALS

Provide individual home buyers with homes that will be high quality for years to come and provide communities with renovated homes that were once vacant and foreclosed.

OVER
60
FORECLOSED HOMES

IN
29
TOWNS

10 MORE
RENOVATED HOMES ARE EXPECTED
TO BE SOLD IN FY2015

Funded by HUD's **Neighborhood Stabilization Program**, every one of these homes was rebuilt to a high standard of energy efficiency, safety and integrity.

**WERE PURCHASED, REHABILITATED
AND SOLD THROUGH HARP**

7/2013 8/2013 9/2013 10/2013 11/2013 12/2013 1/2014 2/2014 3/2014 4/2014 5/2014 6/2014

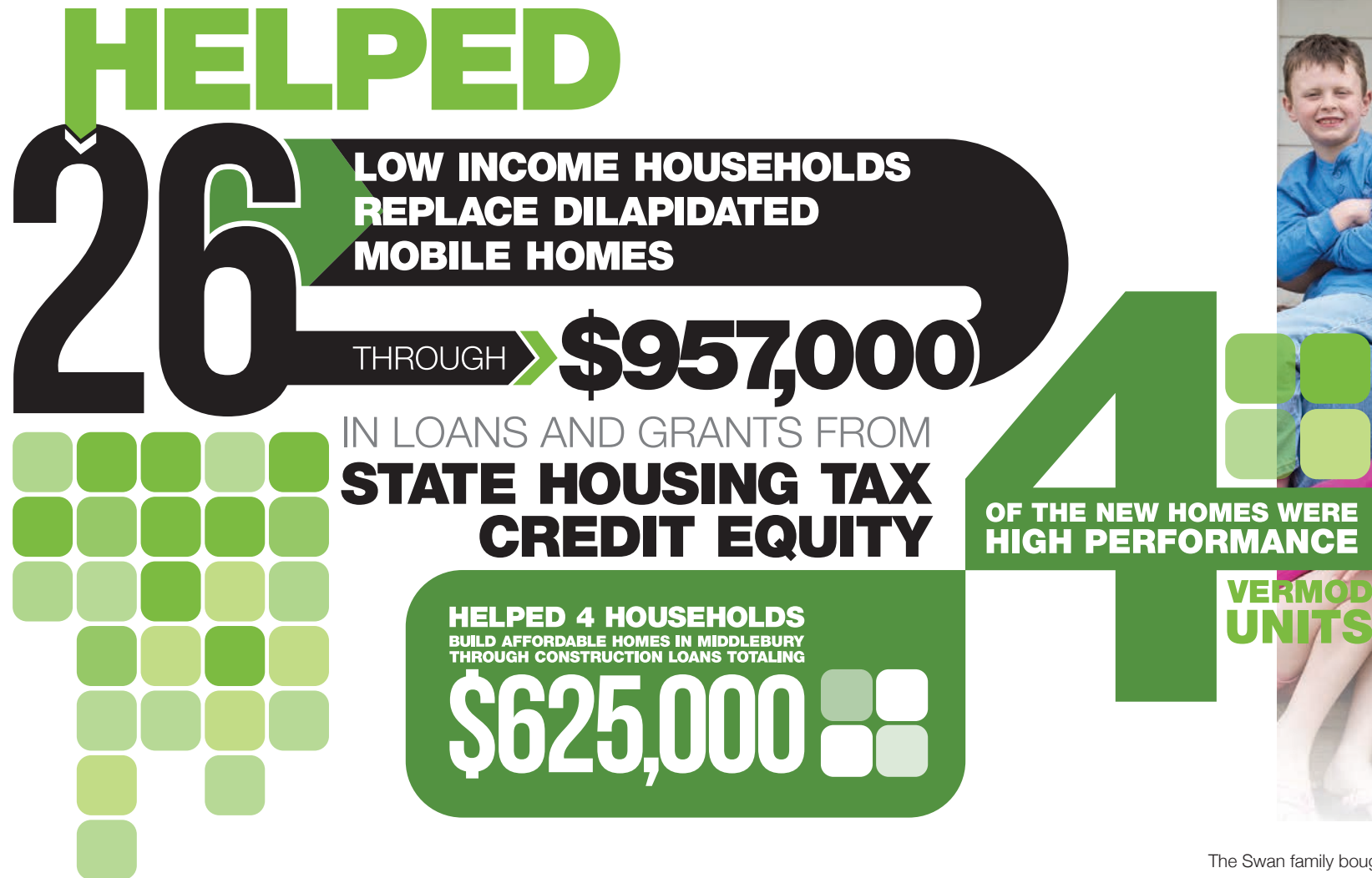
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APRIL 2014: The Vermont Governor's Council on Physical Fitness & Sports awarded VHFA the silver award for its exemplary worksite wellness program.

**INVESTMENTS IN VERMONT'S
AFFORDABLE OWNER HOUSING STOCK**

IN FY2014



The Swan family bought their downtown St. Albans home through the HARP program.

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MAY 2014: Vermont House of Representatives recognized VHFA's 40 year history helping Vermonters through financing, research and partnerships that do not require general state appropriations.

vhfa **2014**
Annual
Report
Vermont Housing Finance Agency

FINANCIAL STATEMENTS

13%
33,000
OF ALL
VERMONT
HOMES
HAVE BEEN
FINANCED
THROUGH
vhfa

Statement of Net Position

JUNE 30, 2014

ASSETS

DOLLARS IN THOUSANDS

Cash and Cash Equivalents	\$46,859
Certificate of Deposit	\$100
Accrued Interest Receivable:	\$3,532
Other Receivables and Prepaid Expenses	\$448
Investments	\$16,339
Mortgage Loans Receivable, Net	\$334,755
Mortgage Backed Securities	\$150,316
Capital Assets	\$679
Real Estate Owned	\$2,609
Due from Other Funds	\$891
Total Assets	\$556,528

DEFERRED OUTFLOWS OF RESOURCES

Interest Rate Swaps	\$8,227
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LIABILITIES

Notes Payable	\$17,663
Accrued Interest Payable	\$3,997
Other Payables	\$461
Funds Held on Behalf of Mortgagors	\$2,996
Bonds Payable	\$453,037
Fair Value of Derivative Instrument - Interest Rate Swaps	\$8,227
Deferred Income	\$350
Due to Other Funds	\$891
Total Liabilities	\$487,622
Net Position	\$77,133

Statement of Revenues, Expenses and Changes in Net Position

YEAR ENDED JUNE 30, 2014

OPERATING REVENUES

DOLLARS IN THOUSANDS

Interest Income	\$27,624
Fee Income	\$1,032
Gain On Sales of Loans and Securities	\$439
Gain (Loss) on Bond Redemptions, Net	\$687
Other Revenue	\$45
Total Operating Revenues	\$29,827

OPERATING EXPENSES

Financing Costs	\$20,633
Mortgage Service and Contract Administration Fees	\$488
Salaries and Benefits	\$3,130
Operating Expenses	\$818
Professional Fees	\$145
Trustee and Assignee Fees	\$153
Provision for Losses on Loans and Real Estate Owned	\$1,798
Total Operating Expenses	\$27,165
Operating Income	\$2,662

NONOPERATING REVENUE (EXPENSES)

Net Appreciation in Fair Value of Investments	\$1,409
Federal Program Revenue	\$4,289
Federal Program and Administration Expenses	\$-4,289
Total Nonoperating Revenue	\$1,409
Increase in Net Position	\$4,071
Net Position at Beginning of Year	\$73,062
Net Position at End of Year	\$77,133

Detailed financial statements are available at www.vhfa.org/partners/investors

7/2013 8/2013 9/2013 10/2013 11/2013 12/2013 1/2014 2/2014 3/2014 4/2014 5/2014 6/2014

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JUNE 2014: VHFA teams up with the Vermont Lake Monsters to sponsor first ever mobile app for minor league fans at the team's Centennial Field.

BOARD OF COMMISSIONERS

VHFA is governed by a nine-member Board of Commissioners. The Board includes four ex officio members and five members appointed by the Governor of Vermont, representing private and public lending, real estate and housing development interests.

TOP ROW:

Lisa Mitiguy Randall

Vice President of Lending, Vermont Federal Credit Union

Thomas N. Pelletier : CHAIRPERSON

President and Chief Executive Officer, Northfield Savings Bank

Dagyne Canney

Principal Broker, Vermont Real Estate Sales Co.

Jennifer Hollar : EX OFFICIO

Deputy Commissioner of Department of Housing and Community Development, designee for the Secretary of Agency of Commerce and Community Development

Sarah Carpenter : EXECUTIVE DIRECTOR & SECRETARY

Thomas J. Candon : EX OFFICIO

Deputy Commissioner of Banking, designee for the Commissioner of Banking, Insurance, Securities and Health Care Administration

Lamont Barnett

Owner of The Rock and Hammer



BOTTOM ROW:

Gustave Seelig : EX OFFICIO, VICE CHAIRPERSON

Executive Director of the Vermont Housing & Conservation Board

Beth Pearce : EX OFFICIO

State Treasurer

Jeanne Morrissey

President of J.A. Morrissey, Inc.



EXECUTIVE DIRECTOR

Sarah Carpenter

ADMINISTRATION

Maura Collins

Director of Policy and Administration

Leslie Black-Plumeau

Research and Communications Coordinator

Brittany Riley

Human Resources/Administration Generalist

INFORMATION SYSTEMS

Rick Jean

Manager

Chris MacAskill

Network Administrator/Systems Specialist

Lucas Henderson

SQL Server Report Writer and Analyst

Sara Everest

Web Developer/Designer

LEGAL

George Demas

General Counsel

Brenda Howley

Legal Coordinator

FINANCE

Tom Connors

Chief Financial Officer

Michelle Baird

Manager of Bond Financing and Investments

Tom Kimball

Controller

Lisa Clark

Finance Operations Manager

Brittany Benton

Accounting Specialist

Darren Keniston

Mortgage Loan Analyst

Brittany Garland

Financial Analyst/Compliance Specialist

Robert Purcell

Financial Analyst

PROGRAM OPERATIONS

David Adams

Chief of Program Operations

Lori Gilding

HARP Program Administrator

DEVELOPMENT

Joe Erdelyi

Director

Joshua Slade

Development Underwriter

HOMEOWNERSHIP

Jacklyn Santerre

Director

Kathy Cawley

Administrative Assistant – Loan Servicing

Veronica DeVos

Operations Coordinator

Diane Edson

Homeownership Specialist

Pat LaFond

Loan Servicing Specialist

Seth Leonard

Outreach Coordinator

Carolynn Mossey

Loan Servicing Specialist

Polly Thibault

Loss Management Specialist

MULTIFAMILY MANAGEMENT

Sam Falzone

Director

Kimberly Roy

Assistant Director

Kathy Curley

Multifamily Management Officer

Robin Howe

Multifamily Operations Analyst

Victoria Johnson

Administrative Assistant

Erin Philbrick

Multifamily Management Officer

Ann-Marie Plank

Multifamily Management Officer

FINANCIAL/LEGAL PARTNERS

BOND COUNSEL

Kutak Rock LLP

UNDERWRITERS

Raymond James & Associates, Inc.
Morgan Stanley

TRUSTEES

TD Bank NA

Bank of New York

Mellon Trust Company, N.A.

Wells Fargo Bank NA

AUDITOR

CohnReznick LLP

FINANCIAL ADVISOR

Piper Jaffray & Co.

ON THE COVER:

Justine Sears, Evan Keech and Aaron Keech purchased their Burlington home with the help of a low fixed-rate 30-year VHFA mortgage.

Leslie Black-Plumeau

Writing

New England Standard

Design

CONTACT:

Vermont Housing Finance Agency

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Burlington, VT 05401
802.864.5743

www.vhfa.org

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