



Vermont Housing Finance Agency 2019 Annual Report



Letter from the Executive Director

FY19 was another busy year for Vermont Housing Finance Agency (VHFA), and my first as Executive Director.

As our state continues to grapple with a severe lack of affordable housing, VHFA is leading the way with solutions, including innovative financing structures, new partnerships between housing professionals and supportive service providers, and data and policy resources to inform and inspire stakeholders.

As we review the events of the past year, I want to thank all of our partners for their support in helping VHFA provide more safe and affordable homes for Vermonters.



A handwritten signature in black ink that reads "Maura Collins". The signature is written in a cursive style.

Maura Collins, Executive Director

Mission

VHFA's mission is to finance and promote affordable, safe, and decent housing opportunities for low- and moderate-income Vermonters.

FY19 Agency Highlights



VHFA celebrated **45 years** of meeting the state's housing needs.

VHFA received an **award** for pioneering the use of **state tax credits** for down payment assistance at a national housing conference.



VHFA redesigned the Vermont Community Profiles on housingdata.org with **65 new interactive data visualizations**.



Over 400 housing professionals gathered at the Vermont Statewide Housing Conference organized by VHFA.



VHFA was **honored by United Way of Northwest Vermont** for its high rate of staff participation in fundraising for community needs.



Affordable Housing Development Projects in FY19

Four Winds

in St. Albans, which has 44 senior apartments, used a VHFA loan to restructure debt and renovate its community center.

Laurentide

in Burlington's new Cambrian Rise neighborhood created 76 new homes using VHFA tax credits and loans.

Allard Square

in South Burlington created 39 new homes for seniors using VHFA tax credits and loans.

Hunt Farm

in Bristol renovated 9 apartments originally built in 1993, with energy efficiency and accessibility updates.

Pleasant Hills

in Bristol rehabbed 16 apartments for seniors, which were originally built in 1980.

Conant Square Inn

in Brandon, which has 19 senior apartments, received a VHFA loan to restructure debt, keeping rents low for at least another 10 years.

Appletree Apartments

in Fair Haven renovated 40 apartments built in 1980, including extensive energy efficiency upgrades.

Johns River

Apartments in Derby rehabilitated 23 apartments situated in a cluster of downtown historic buildings.

Taylor Street

in Montpelier built 30 new apartments, and incorporates a new city transit center on the ground floor.

Winooski River

Apartments in Montpelier preserved 15 apartments in three historic buildings.

Wentworth Community Housing

in Hartford built 30 new apartments using VHFA tax credits and loans.

Bridge & Main

in Hartford received VHFA loans to create 17 new affordable apartments.

East Branch Farms

East Branch Farms in Manchester funded 8 new townhouses for affordable homeownership using state credits and VHFA loans.



VHFA FY19 Development by the Numbers



\$16.4 million in short-term construction loans

\$18.4 million in long-term permanent loans

10 permanently affordable homes for sale

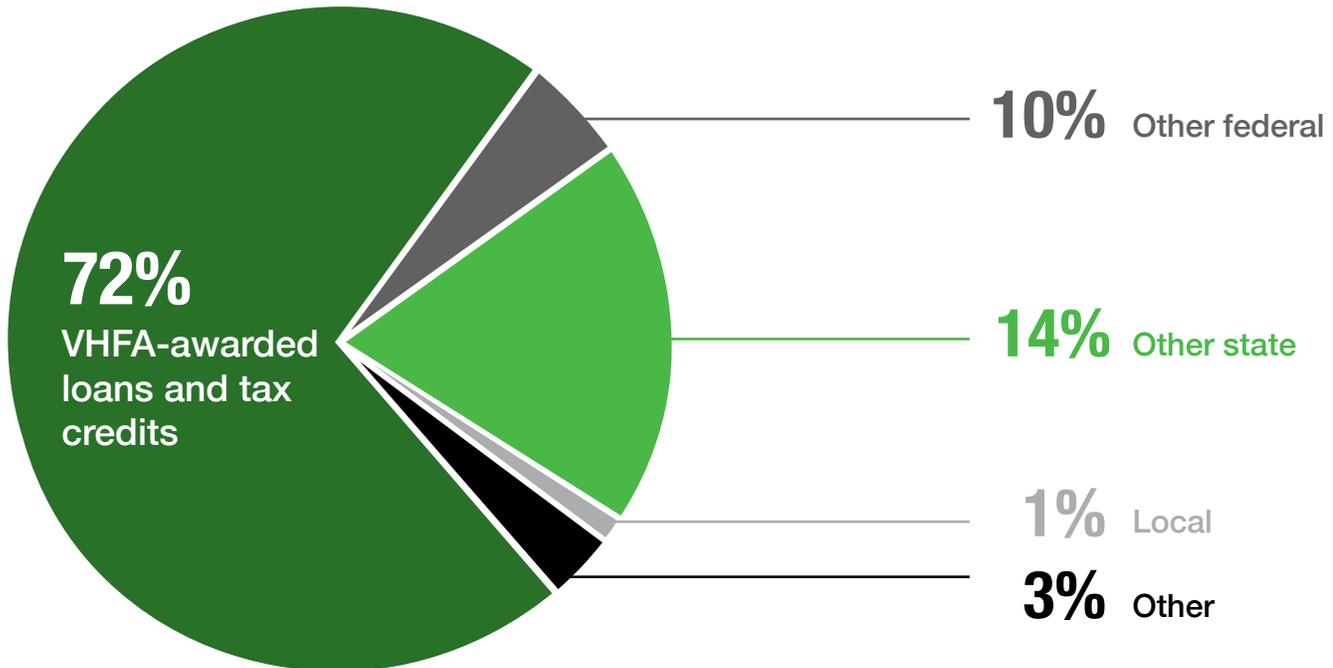
118 apartments with affordability protected through debt restructuring

147 apartments with improved quality and energy efficiency through renovations

202 newly constructed apartments in Vermont downtowns

New Development Project Funding by Source

Of the new rental housing that VHFA funded in FY19, the federal and state tax credits and loans awarded by the Agency supported an average of 72% of total project costs.



State investment was higher than usual in FY19 due to funding available through the Housing For All revenue bond that VHFA issued in January 2018.

November 2018, VHFA received a \$500,000 grant from New England Federal Credit Union (NEFCU). This generous gift allowed VHFA to offer interest-free loans to support new construction at Allard Square in South Burlington and renovations at Pleasant Hills in Bristol.



Allard Square

VHFA's rental programs do more than just house Vermonters.

They benefit the entire Vermont economy.

Affordable housing is workforce housing.

71%

of VHFA working age renters work outside the home.

All of VHFA's newly developed apartments are in

downtown

areas, helping make these communities more economically vibrant.

VHFA's rental housing development supports over

8,300 jobs

every year.

Federal tax credits awarded by VHFA have generated over

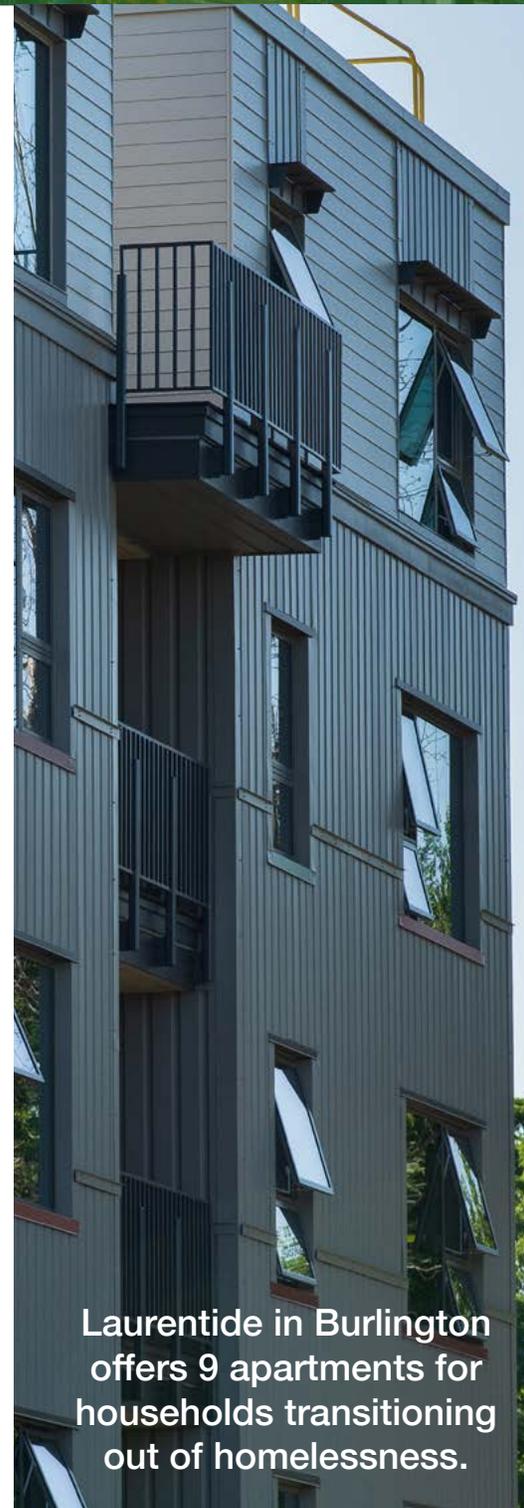
\$791 million

in wages and business income since 1986.

Taylor Street Apartments in Montpelier

Permanent supportive housing leads to long-term success.

For over a decade, VHFA has made housing for people who are homeless a top priority. In FY19, VHFA awardees added 32 new apartments reserved for homeless households to their portfolios. These permanent homes will be paired with rental assistance and supportive services tailored to the specific needs of households.



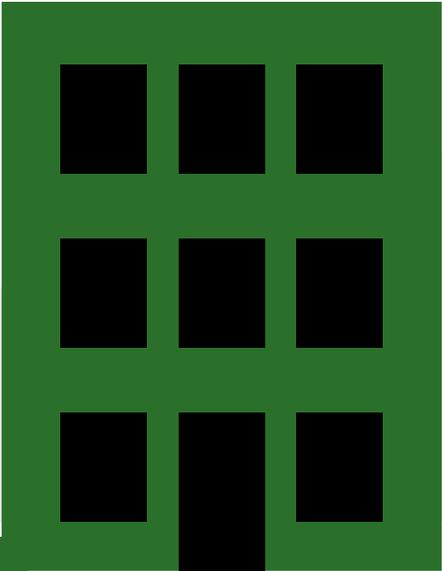
Many Vermonters struggle to afford housing.

25%

of Vermont renters pay over half their income in rent, making it difficult to afford other basic expenses like food and transportation.

\$18.18

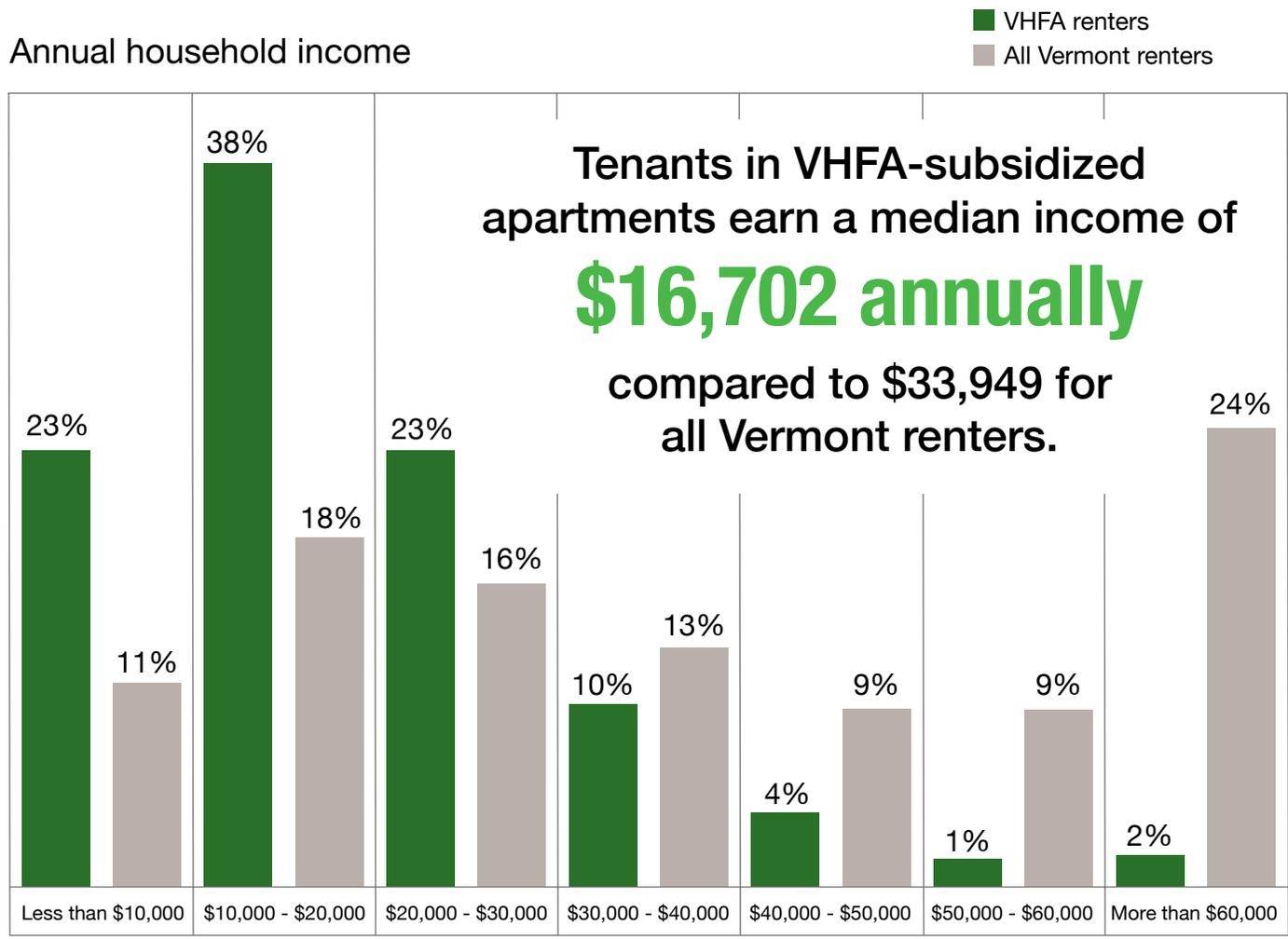
The hourly wage a Vermont worker needs to earn to afford an average 1 bedroom apartment



\$13.40

The hourly wage that the average Vermont renter actually earns

VHFA renters have much lower incomes than most Vermont renters.



7,987

Vermont households currently living in apartment buildings funded by VHFA tax credits and loans

4 years, 3 months

average length of tenancy in VHFA-supported apartments

450

apartments physically inspected by VHFA each year to monitor maintenance and safety, affirm financial health, and ensure program compliance

VHFA's Homeownership Programs in FY19

481

home loans
made by VHFA

87%

of home loans
were made
to first-time
buyers

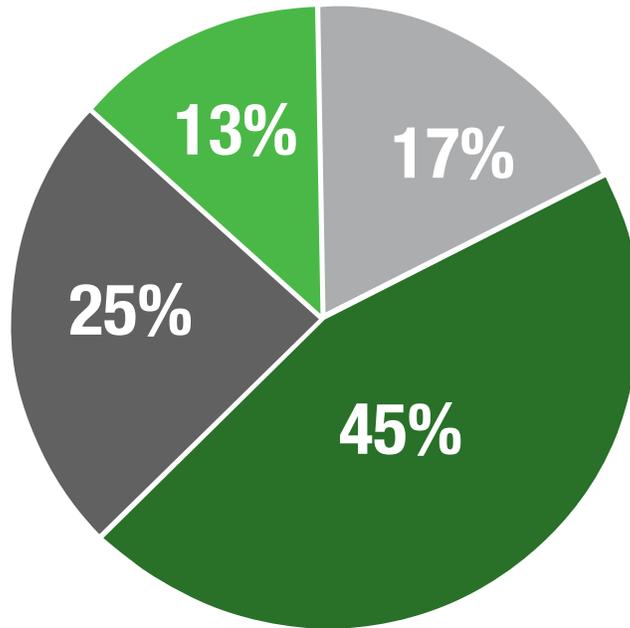
68%

of buyers
received down
payment
assistance

96%

of buyers
received
pre-purchase
education

VHFA mortgages by income as a percentage of Area Median Income (AMI)



Vermont Area Median Income: \$79,500

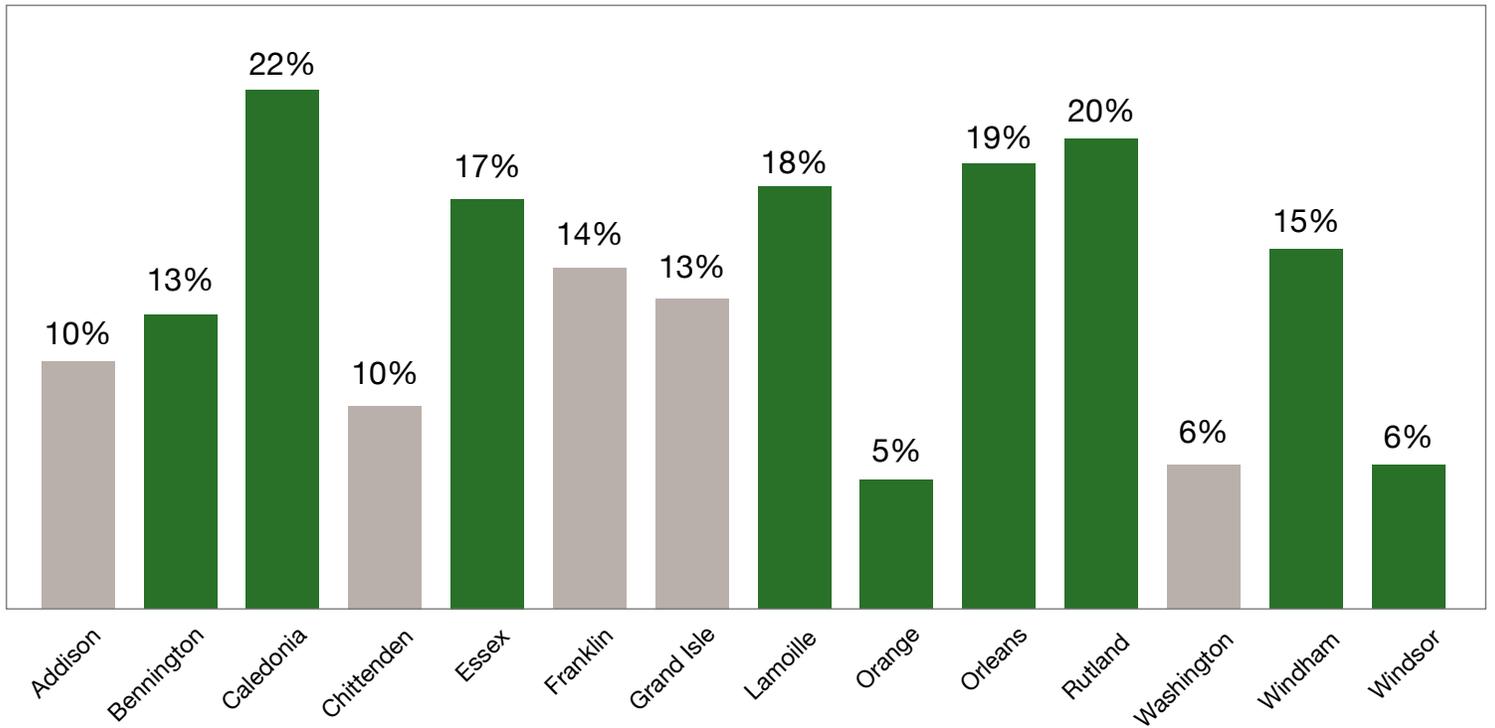


VHFA homebuyers the Martin Family

VHFA's highest mortgage market share was in Vermont's most economically disadvantaged counties.

VHFA Market Share by County

■ Indicates county where median household income is lower than Vermont median

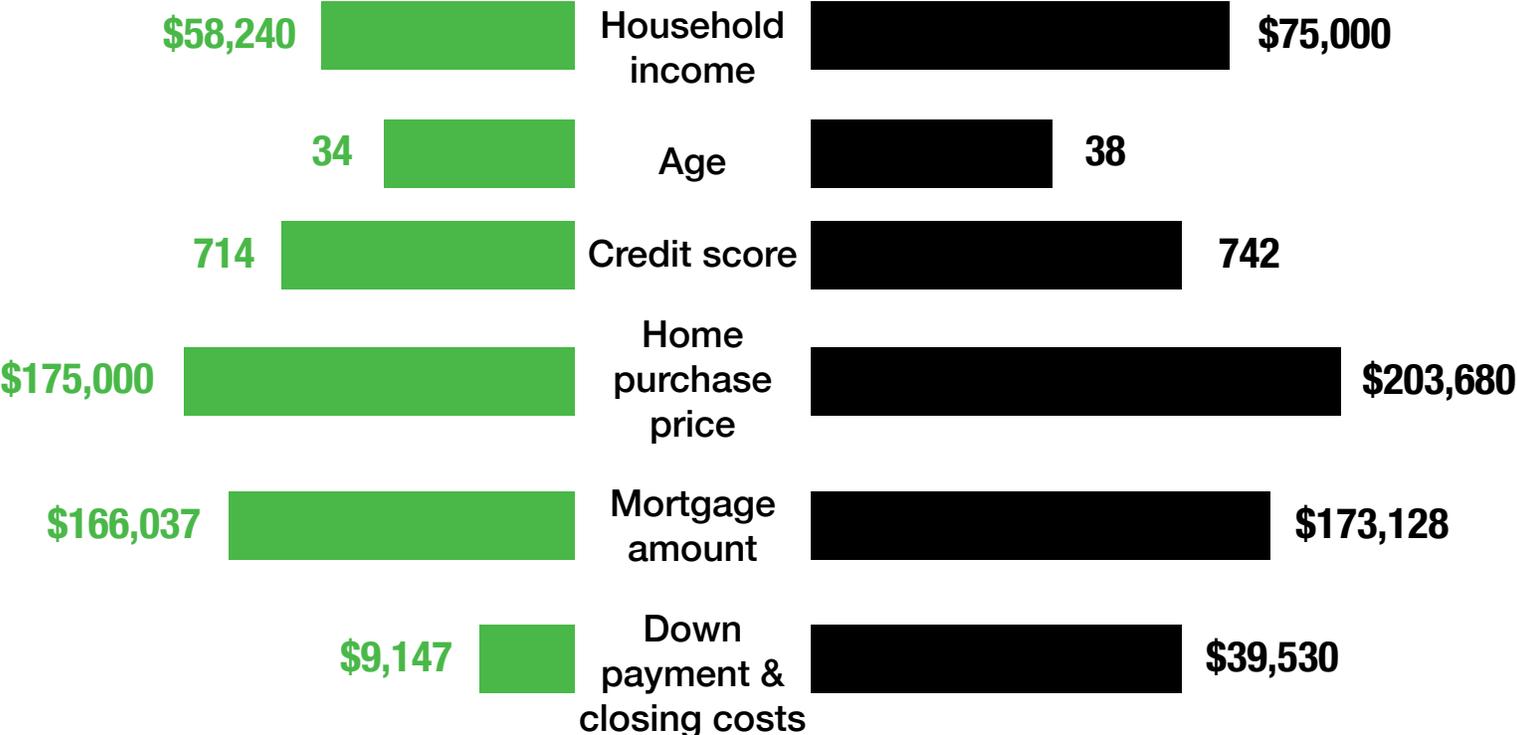


VHFA homebuyers Zach and Kenzi Nelson

Homebuyer Profile



TYPICAL HOMEBUYER



60% of recent Vermont graduates have student loans, with an average \$29,656 in debt, making it hard to save up to purchase their first homes without help.

VHFA homebuyer Matt Poquette

Affordable housing development financed in FY19

Rental Housing: Development and Rehabilitation

Project Name	Town/City	Total Apartments	Short-term / Construction Loans	Permanent Loans	0% Loan (NEFCU grant)	Tax Credit – Allocated (Estimated equity)	Tax Credit – Bond (Estimated equity)	Tax Credit – State (Estimated equity)	Total Development Cost
Allard Square	South Burlington	39	\$5,900,00	\$1,650,000	\$273,000	\$6,676,500			\$10,710,244
Appletree Apartments	Fair Haven	40	\$4,725,000				\$3,000,000	\$685,700	\$685,700
Bridge and Main	Hartford	17	{2017}	\$500,000		{2017}			\$4,519,492
Four Winds	St. Albans	44		\$198,000					\$4,222,027
Hunt Farm Housing	Bristol	9	\$1,160,000				\$734,800	\$247,500	\$2,271,874
Johns River Apartments	Derby	23	\$2,275,000				\$877,000	\$292,500	\$3,751,365
Laurentide	Burlington	76		\$4,100,000		{2018}			\$20,770,300
Pleasant Hills	Bristol	16	\$1,730,000	\$610,000	\$290,000				\$3,004,073
Taylor Street	Montpelier	30	\$900,000	\$500,000		\$4,040,261			\$7,710,625
Wentworth Community Housing	Hartford	30	\$710,000			\$5,786,100			\$9,902,600
Winooski River Apartments	Montpelier	15	{2018}				\$762,102	\$433,615	\$3,686,509

{year} = funding in prior year

Homeownership Housing

Project Name	Town/City	Total Apartments	Short-term / Construction Loans	Permanent Loans	0% Loan (NEFCU grant)	Tax Credit – Allocated (Estimated equity)	Tax Credit – Bond (Estimated equity)	Tax Credit – State (Estimated equity)	Total Development Cost
East Branch Farms	Manchester	10	\$950,00					\$384,983	\$2,250,447

Rental Housing: Refinancing

Project Name	Town/City	Total Apartments	Short-term / Construction Loans	Permanent Loans	0% Loan (NEFCU grant)	Tax Credit – Allocated (Estimated equity)	Tax Credit – Bond (Estimated equity)	Tax Credit – State (Estimated equity)	Total Development Cost
Conant Square Inn	Brandon	19	{2006}	\$42,000	{2006}		{2007}	{2007}	\$2,053,000
Eastview	Middlebury	99		\$12,870,000					\$13,371,356

{year} = funding in prior year

Homeownership Activity

Program	Home Loans	Loan Volume
Government	152	\$25,208,048
Conventional	329	\$54,655,977
Total	481	\$79,864,025

Mortgage Credit Certificate (MCC) Program	
Combined MCC with VHFA loan	20
Used MCC with loan from another source	10
Total	30

The Interest on Real Estate Trust Account (IORTA)

The Interest on Real Estate Trust Account (IORTA) program is funded with the interest earned on earnest money and real estate contract deposits. Real estate brokers are required to put most of these deposits into pooled interest-bearing trust or escrow accounts and financial institutions are required to remit the interest made to VHFA for use in its homeownership programs.

For 27 years, funds from the proceeds of IORTA have been dedicated to VHFA for homeownership mortgage down payment or closing cost assistance. In FY 2019, VHFA received \$43,646 in IORTA funds, which were disbursed to the five Vermont Homeownership Centers, which provided 36 Vermont homebuyers with down payment assistance using the funds. The timing of IORTA fund distribution to borrowers depends on the timing of home purchases.

IORTA assistance provided in FY 2019			
Addison County	\$0	Lamoille County	\$0
Bennington County	\$5,646	Orleans County	\$0
Caledonia County	\$500	Orange County	\$0
Chittenden County	\$6,000	Rutland County	\$0
Essex County	\$0	Washington County	\$7,000
Franklin County	\$0	Windham County	\$15,000
Grand Isle County	\$0	Windsor County	\$9,500

Summary of financial statements

Statement of Net Position

June 30, 2019

(All amounts are in thousands of dollars)

ASSETS	
Cash and cash equivalents	55,237
Accrued interest receivable	3,014
Other receivables and prepaid expenses	297
Investments	7,008
Mortgage loans receivable, net	242,220
Mortgage backed securities	241,502
Capital assets	667
Real estate owned	93
TOTAL ASSETS	550,038
DEFERRED OUTFLOWS OF RESOURCES	26,587
LIABILITIES	
Notes payable	50,431
Accrued interest payable	3,062
Other payables	725
Funds held on behalf of mortgagors	3,074
Bonds payable	419,190
Fair value of derivative instrument - interest rate swaps	284
Other liabilities	520
TOTAL LIABILITIES	477,286
NET POSITION	99,339

Summary of financial statements

Statement of Revenues, Expenses and Changes in Net Position

Year ended June 30, 2019

(All amounts are in thousands of dollars)

OPERATING REVENUES	
Interest income	55,237
Fee income	3,014
Sales of state tax credits	297
State reimbursements	7,008
Gain on sales of loans and securities	242,220
Gain on bond redemptions, net	241,502
Other revenue	667
TOTAL OPERATING REVENUES	550,038
OPERATING EXPENSES	
Financing costs	16,414
Mortgage service and contract administration fees	234
Salaries and benefits	3,773
Operating expenses	1,103
Professional fees	213
Trustee and assignee fees	158
Provision for losses on loans and real estate owned	869
TOTAL OPERATING EXPENSES	22,764
OPERATING INCOME	3,098
NONOPERATING REVENUE (EXPENSES)	
Net depreciation in fair value of investments	9,227
Other revenue	1,000
Federal program revenue	2,718
Federal program and administration expenses	(2,718)
TOTAL NONOPERATING REVENUE	10,227
INCREASE IN NET POSITION	13,325
NET POSITION AT BEGINNING OF YEAR	86,014
NET POSITION AT END OF YEAR	99,339

Audited financial statements are available at <http://www.vhfa.org/partners/investors/annual-financial-statements>

Board of Commissioners



Katie Stuart-Buckley, Chair
Development Director
with M&S Development



Gustave Seelig, Vice Chair
Ex Officio, (Executive Director,
Vermont Housing & Conservation Board)



Lamont Barnett
Owner of The Rock and Hammer



Jill Rickard
Designee for Michael Pieciak, Ex
Officio (Commissioner of Department
of Financial Regulation)



Josh Hanford
Designee for Lindsay Kurrle, Ex Officio
(Secretary of Agency of Commerce
& Community Development)



Jeanne Morrissey
President, J.A. Morrissey, Inc.



Michael Clasen
Designee for Beth Pearce,
Ex Officio (State Treasurer)



Thomas Leavitt
President & CEO,
Northfield Savings Bank



Fred Baser
Financial Advisor and Founder
of Bristol Financial Services

VHFA Staff

<p>EXECUTIVE DIRECTOR</p> <p>Maura Collins</p>	
<p>ADMINISTRATION</p> <p>Lori Gilding Office/Facilities Manager</p> <p>Steve Gronlund Director of HR and Administration</p>	<p>LEGAL</p> <p>George Demas General Counsel</p> <p>Brenda Howley Legal Coordinator</p>
<p>HOMEOWNERSHIP</p> <p>Diane Edson Senior Underwriter</p> <p>Heather Kvasnak Business Development Manager</p> <p>Pat LaFond Loan Servicing/Reporting Specialist</p> <p>Jennifer Martin Underwriter</p> <p>Joshua Mead Operations Coordinator</p> <p>Carolynn Mossey Loan Servicing Specialist</p> <p>Zach Nelson Business Development Coordinator</p> <p>Jacklyn Santerre Managing Director of Homeownership</p> <p>Polly Thibault Loan Servicing Manager</p>	<p>COMMUNITY DEVELOPMENT</p> <p>Leslie Black-Plumeau Community Relations and Research Manager</p> <p>Robin Castine Multifamily Operations Analyst</p> <p>Kathy Curley Multifamily Management Officer</p> <p>Victoria Johnson Administrative Assistant</p> <p>Seth Leonard Managing Director of Community Development</p> <p>Ann-Marie Plank Multifamily Housing Management Officer</p> <p>Erin Philbrick Multifamily Housing Management Officer</p> <p>Kimberly Roy Director of Asset Management & Compliance</p> <p>Josh Slade Community Development Underwriter</p> <p>Andrea Tieso Multifamily Housing Management Officer</p> <p>Mia Watson Research and Communications Coordinator</p>

VHFA Staff

FINANCE

Michelle Baird

Manager of Bond Financing and Investments

Lisa Clark

Assistant Director of Finance

Tom Connors

Chief Financial Officer

Brittany Garland

Financial Analyst / Compliance Specialist

Matthew Harder

Staff Accountant

Darren Keniston

Mortgage Loan Analyst

Tom Kimball

Controller

Robert Purcell

Financial Analyst / Investment Specialist

FINANCIAL/LEGAL PARTNERS

Bond Counsel

Kutak Rock LLP

Underwriters

Raymond James & Associates, Inc

Morgan Stanley

Trustees

Bank of New York Mellon Trust Company

Wells Fargo Bank NA

Wilmington Trust

Auditor

CohnReznick LLP

Financial Consultant

Piper Jaffray & Co.

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SQL Server Report Writer and Analyst

Sara Everest

Web Developer

Rick Jean

Manager of Information Systems

Chris MacAskill

System Analyst/Network Administrator



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**Photos: Cathedral Square (pg. 5), Housing Vermont (Cover, pg. 6, 7),
Karen Pike Photography (Cover, pg. 10, 11, 12), Paul Detzer (Back Cover)**



VHFA Staff