



Vermont Housing Finance Agency 2020 Annual Report



LETTER FROM THE EXECUTIVE DIRECTOR

As the world grappled with the fallout from the COVID-19 pandemic, VHFA focused on adapting to the quickly shifting needs of Vermont residents. We continued serving our customers by working with organizational partners to promote housing affordability in the state and by fostering initiatives to assist those struggling to stay safely and stably housed.

Since its establishment in 1974, VHFA has helped over 29,000 Vermonters and their families purchase primary residences, in addition to providing financing, development and management support, subsidy administration and tax credits to approximately 8,800 units of multifamily rental housing.



While 2020 has confronted our society in unfathomable ways, VHFA and its dedicated staff worked harder than ever this year to fulfill the Agency's commitment to low- and moderate-income Vermonters.

A handwritten signature in black ink that reads "Maura Collins". The signature is fluid and cursive, with a long, sweeping underline.

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.

CORONAVIRUS PANDEMIC RESPONSE

"I was to be hired as a full time accountant... but I am now getting 5 to 10 hours a week... I've taken out 4 loans from family just to pay bills. They now are also tapped out and my savings is drained to nothing ... I've worked my whole life and never had assistance before...this is humiliating and humbling."

With the coronavirus pandemic altering almost every aspect of our lives this year, the affordable housing landscape has been no exception. In concert with Governor Scott's Stay Home Stay Safe Order, VHFA swiftly made changes to its operations, including transitioning to an entirely remote workplace in mid-March, with all staff working from home yet continuing full engagement with clients and partners remotely.

The shift to at-home work could not have been possible without the preparedness and dedication of VHFA's IT staff. They quickly ensured safe VPN remote access capability for all Agency employees, secured access to Agency computers, forwarded phone lines, and implemented Teams and Zoom meeting capabilities.

Other Agency changes included supporting VHFA rental property managers as they worked to protect residents from the virus and suspending physical inspections and on-site file reviews. Especially among small rental managers and owners, this required working collaboratively and innovatively to shift to fully digital, secure record-keeping and authorizations. VHFA and partner organizations also made the difficult decision to cancel the biennial Vermont Statewide Housing Conference which was planned for November 2020.

In late March, VHFA announced the award of \$100,000 in grants to the state's nonprofit housing providers and public housing agencies to help meet immediate housing needs arising from the pandemic. Additionally, the Agency set aside \$20,000 for donations to nonprofits selected by staff, many of which are devoted to serving Vermonters experiencing homelessness, hunger and mental health challenges.

As a member of the Governor's Economic Mitigation and Recover Task Force, Executive Director Maura Collins worked with other leaders to identify the state's greatest local needs and steps to address them. VHFA also created a dashboard of [pandemic impact indicators](#), or socioeconomic factors that signify increased risk to Vermonters from the pandemic. This data helps local and state decision makers get answers to questions on community, county and state level effects of COVID-19, such as unemployment rates and Census Bureau estimates about at-risk living situations.

In July, VHFA began operating the Vermont Mortgage Assistance Program (MAP) to help Vermonters pay back mortgage payments missed due to COVID-19 related hardship. We heard from many Vermonters about their experiences navigating new financial roadblocks caused by the pandemic.

"We are still waiting for unemployment to kick in, plus our COBRA payment if we want to keep health insurance is \$627 per person! We are just trying to stay afloat at this point until we can find new jobs."

"We got shortened hours at work and our son's daycare rates have increased due to COVID."

"We have had some great years in the past where we contributed a lot of tax revenue... unfortunately this year we need help."

"Before the pandemic, I was a hair stylist in a nursing home but am now prohibited from entering the building and unable to pay all of my bills with unemployment."

THE VERMONT EMERGENCY MORTGAGE ASSISTANCE PROGRAM

"I'm doing everything I can to support my family, but I have no idea when it will be safe for me to return to work. So many people are dealing with situations like mine right now and I think this program can make a huge difference for lots of families."

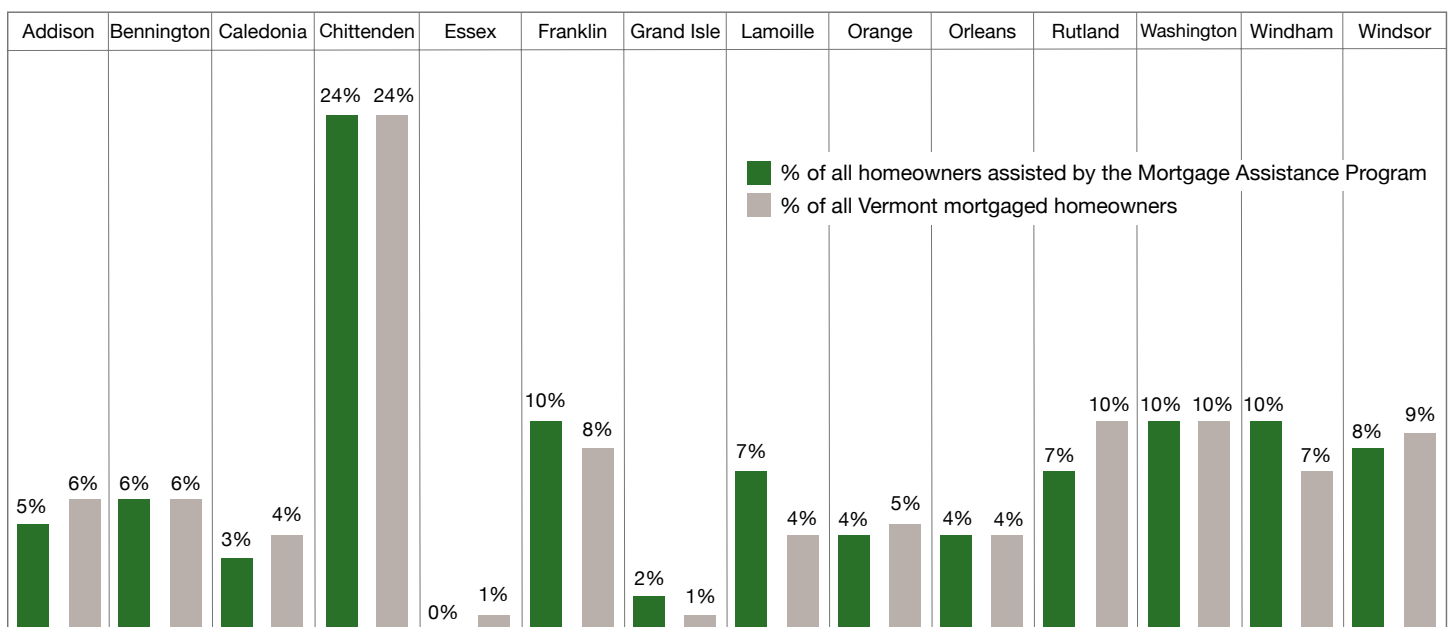
- Kimberly Edgar, a registered nurse in Brattleboro who was forced to leave her job treating COVID patients because she also cared for several high risk family members at home

As soon as the Vermont Legislature finalized allocation of the state's federal CARES Act funds, VHFA got to work standing up the new Vermont Mortgage Assistance Program (MAP) that began accepting applications on July 13. The \$5 million program assisted 645 homeowners across the state remain stably housed even though they had missed mortgage payments due to COVID-related hardships. The program provided assistance in the form of grants for up to 6 months of missed mortgage payments directly to the servicer of the mortgage.

The vast majority of Vermonters who received help with their mortgage faced multiple challenges compounded by the COVID-19 pandemic. Caring for children and family members at home slammed many of these homeowners with new responsibilities and expenses, such as higher utility bills. Other homeowners seeking mortgage help faced challenges such as illness, higher day care costs due to new COVID-19 prevention requirements, and unanticipated car and home repair costs.

Compared to all of Vermont's homeowners, those with COVID hardships helped by the MAP program were more likely to be people of color, more likely to be from large households of 4 or more people, more likely to be under the age of 45 and more likely to report a disability.

Vermont households assisted through the Mortgage Assistance Program



JUSTICE, EQUITY, DIVERSITY, AND INCLUSION (JEDI) INITIATIVE

Following the murder of George Floyd in Minneapolis, issues of racial justice and equity have been brought to national attention in the form of large-scale, unified movements to pursue institutional and social reform. VHFA is committed to combatting institutional racism as a barrier to housing access for Vermonters.

In July, Burlington Mayor Miro Weinberger hosted a press conference decrying racism as a public health emergency. VHFA's Executive Director Maura Collins posed a call to action at this event, in which she addressed the alarming racial disparities in homeownership in our state, and the implications that this has for wealth inequality.



"Only 4% of Burlington's Black households own their home and we know that owning a home is one of the largest sources of wealth for middle-class households."

*—Maura Collins, Executive Director,
Vermont Housing Finance Agency*

The impacts of decades of housing discrimination are clear in Vermont today. Vermont's homeownership rate among White households is 72%, while Black households have a rate of just 21%. This disparity is much larger than seen nationally, where 70% of White households and 41% of Black households are homeowners. People of color are also significantly overrepresented among Vermonters experiencing homelessness. Of the 1,110 homeless individuals counted during the annual One Night Count in January, 12% were non-white, despite accounting for just 6% of Vermont's overall population.

In response the Agency set new commitments this year for improving justice, equity, diversity and inclusion, and we are publicly [tracking our progress on our website](#). Promoting fair and equitable access to housing opportunities has long been a guiding principle for VHFA.

Efforts are underway across the Agency to reach the following goals:

- Work to increase the number of black, indigenous, and people of color on VHFA's staff, in Agency leadership positions and on its Board of Commissioners.
- Disaggregate VHFA's programmatic data to make clear who its lending and assistance programs serve and which neighborhoods may be over/under-represented. This information will be public and we will target future resources in response accordingly.
- Strengthen and improve interpretation services and communication about VHFA's programs to cover more languages.

AFFORDABLE RENTAL HOUSING OPENED IN FY 2020

Vermonters moved into 260 newly developed apartments in 7 communities across the state in FY20 financed with housing tax credits and short and long-term financing provided by VHFA.



Casavant Overlook

In Winooski's Gateway District, includes 39 apartments in a newly constructed building near the city's downtown area.



Laurentide

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



Garden Street Apartments

In South Burlington's City Center, 60 new affordable apartments for renters of all ages within walking distance of schools.



Hunt Farm Housing

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



Johns River Apartments

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



Taylor Street

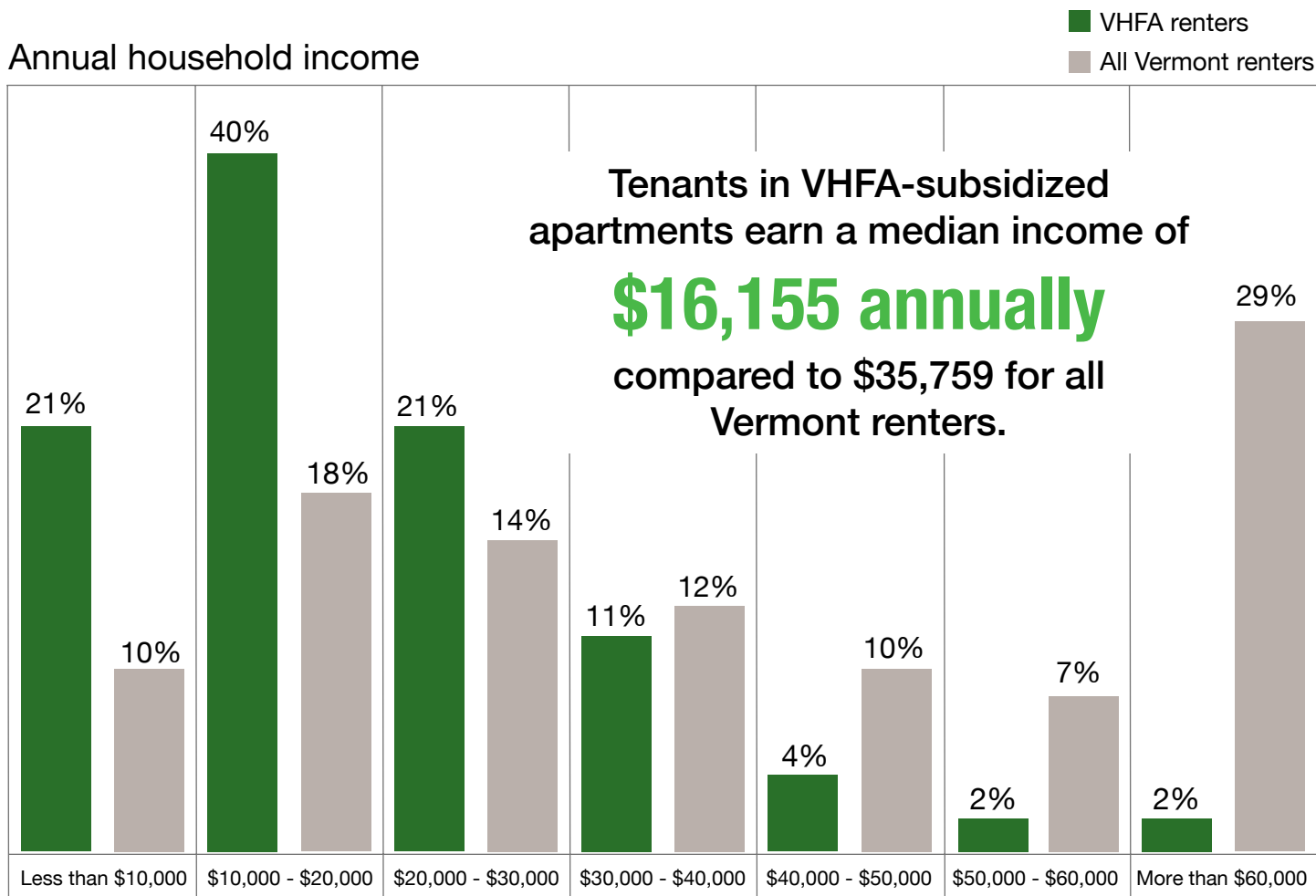
in Montpelier built 30 new apartments, and incorporates a new city transit center on the ground floor.



Snow Block

In Brattleboro, "Passive Housing" energy-efficient building uses no fossil fuels for everyday heating and cooling.

VHFA RENTERS HAVE MUCH LOWER INCOMES THAN MOST VERMONT RENTERS.



VHFA Executive Director Maura Collins joined Representative Peter Welch on July 9, 2020 to promote the federal Moving Forward Act, a \$1.5 trillion infrastructure package. The Act would increase the amount of the Low-Income Housing Tax Credits, such as those funding rental housing properties like Juniper House in Burlington, pictured here. Also pictured: Kim Fitzgerald (Cathedral Square), Jen Holler (VHCB), Eric Farrell (Farrell Properties).



VHFA'S HOMEOWNERSHIP PROGRAMS IN FY20

312

home loans
made by VHFA

96%

of home loans
were made
to first-time
buyers

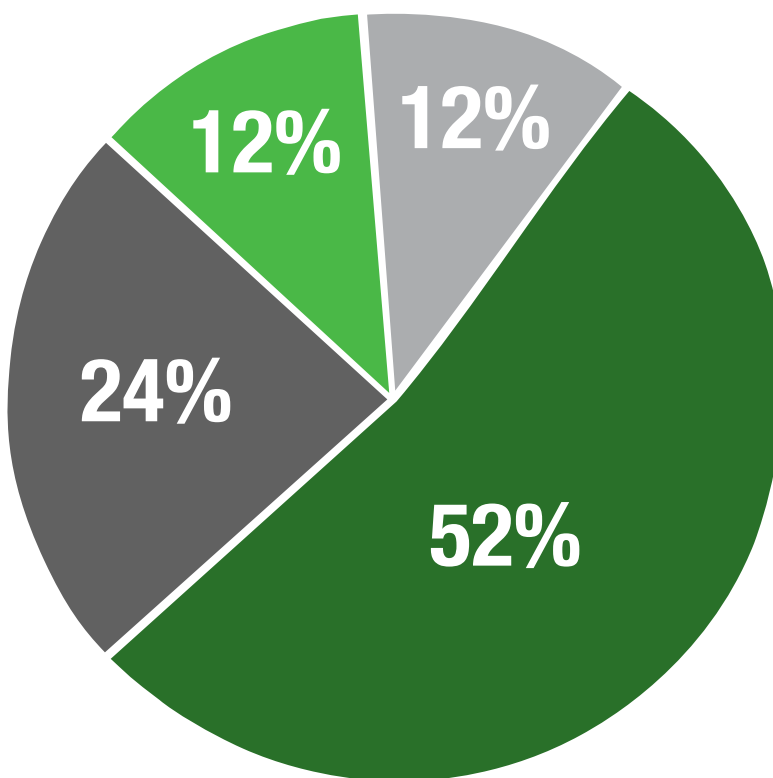
83%

of buyers
received down
payment
assistance

98%

of buyers
received
pre-purchase
education

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



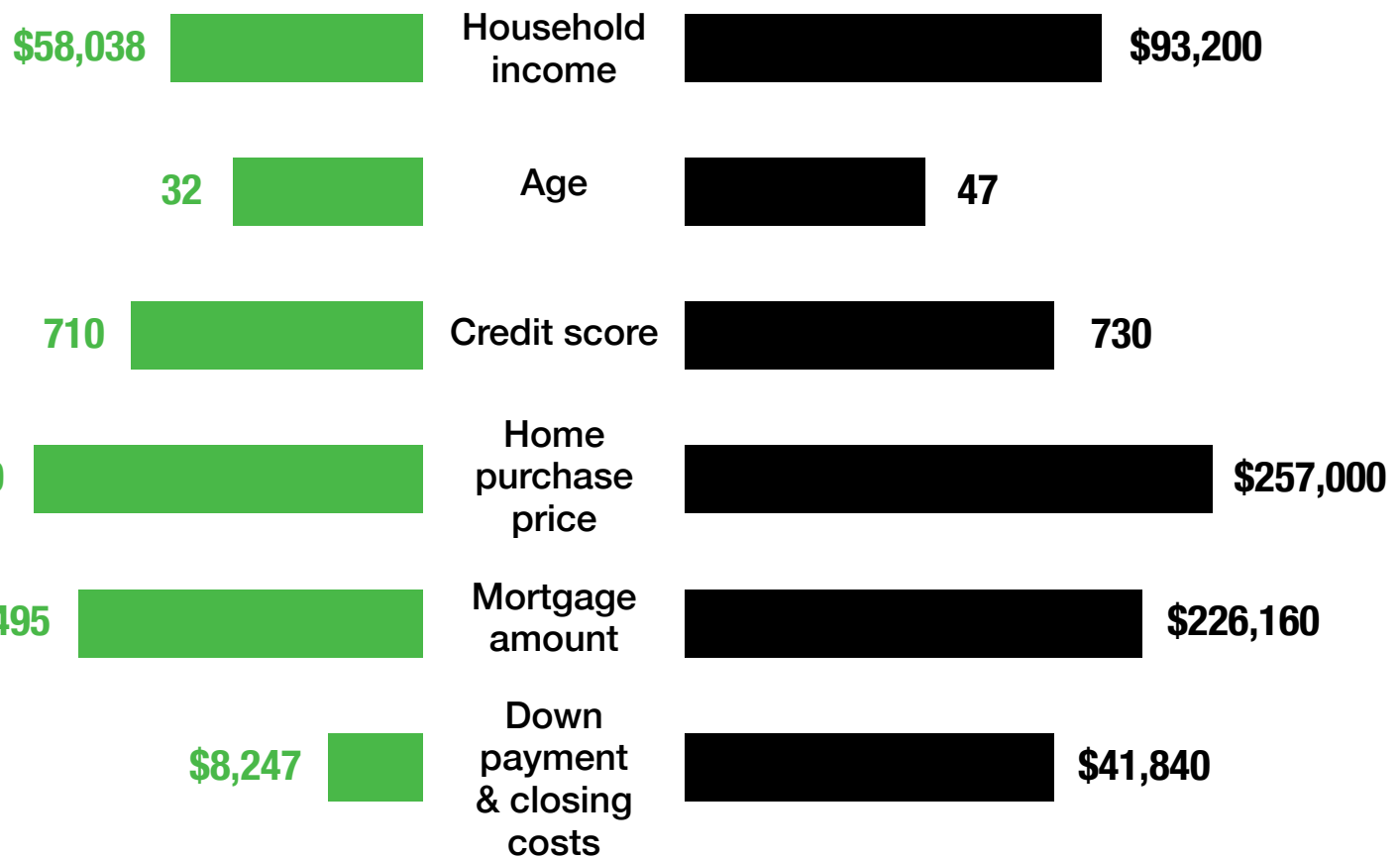
Vermont Area Median Income: \$79,000



HOMEBUYER PROFILE



TYPICAL HOMEBUYER



Source: VHFA, NAR and Freddie Mac

HOMEOWNERSHIP ACTIVITY

Program	Home Loans	Loan Volume
Government	164	\$26,975,027
Conventional	148	\$24,347,323
Total	312	\$51,322,350

Mortgage Credit Certificate (MCC) Program	
Combined MCC with VHFA loan	22
Used MCC with loan from another source	8
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 28 years, funds from the proceeds of IORTA have been dedicated to VHFA for homeownership mortgage down payment or closing cost assistance. In FY 2020, VHFA received \$45,252 in IORTA funds, which were disbursed to the five Vermont Homeownership Centers, which provided 11 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 2020			
Addison County	\$0	Lamoille County	\$1,000
Bennington County	\$0	Orange County	\$1,000
Caledonia County	\$0	Orleans County	\$1,000
Chittenden County	\$0	Rutland County	\$0
Essex County	\$0	Washington County	\$1,000
Franklin County	\$0	Windham County	\$6,000
Grand Isle County	\$0	Windsor County	\$0

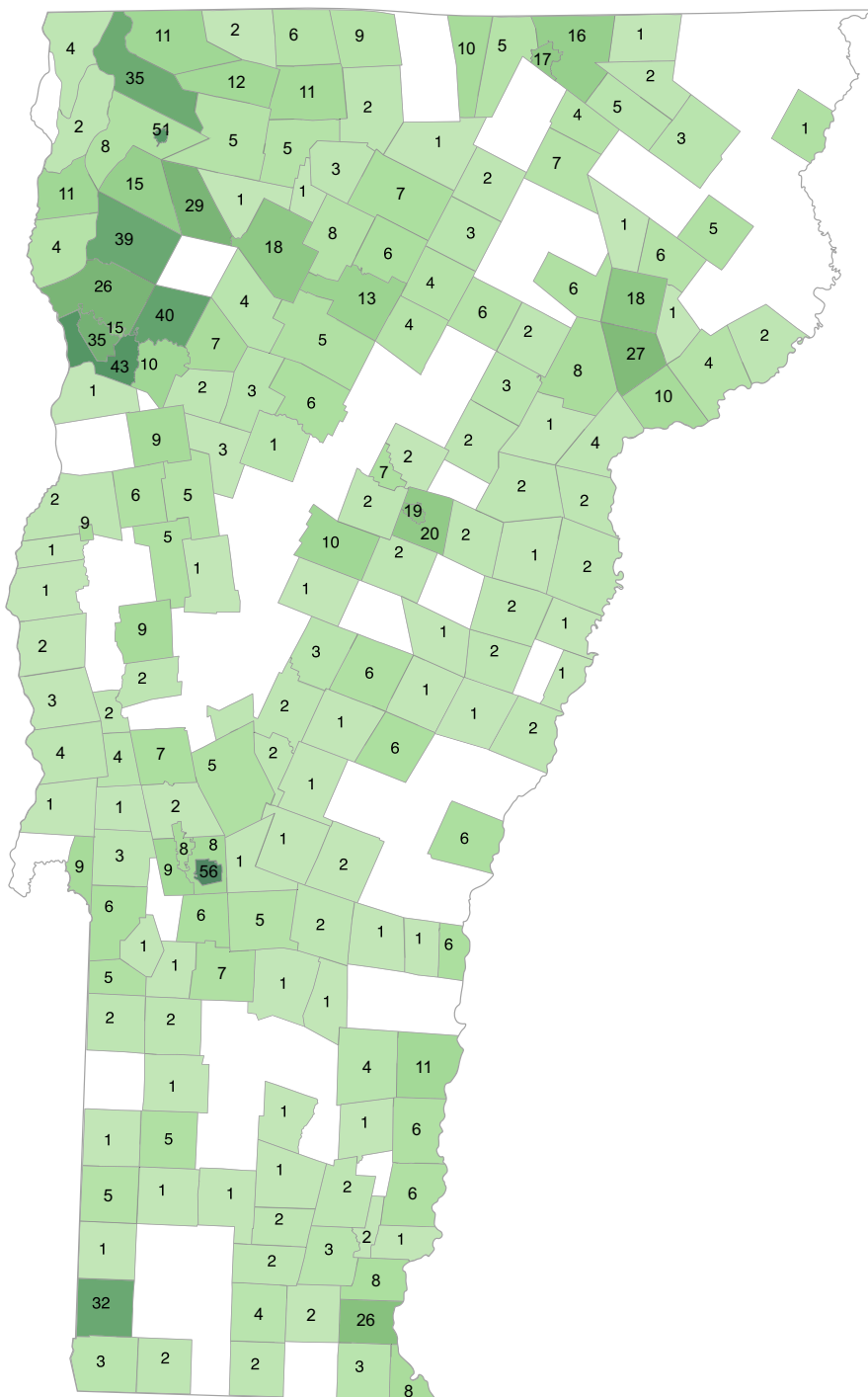
VHFA'S DOWN PAYMENT ASSISTANCE PROGRAM HAS IMPACT ACROSS VERMONT.

Since the Vermont Down Payment Assistance (DPA) program began in 2015, VHFA has helped 1,197 Vermonters and their families use the program to buy their first homes. Home buyers in 189 towns across the state have used Vermont DPA.

Also known as the ASSIST program, the Down Payment Assistance Program provides up to \$5,000 to each qualifying household in the form of a non-amortizing, 0% second mortgage. Only available in conjunction with a VHFA first mortgage, the DPA loan is repaid when the first mortgage is refinanced or the home is sold.

Down payment assistance is a critical tool for reducing the asset gap between races. Home equity is the greatest single source of wealth for most Vermonters. Unfortunately Vermonters of color are far less likely to own their homes than White Vermonters, drastically limiting their potential to build wealth.

Providing government-subsidized DPA can help increase homeownership among Vermonters of color.



SUMMARY OF FINANCIAL STATEMENTS

Statement of Net Position

June 30, 2020

(All amounts are in thousands of dollars)

ASSETS	TOTAL PER ANNUAL REPORT
Cash and cash equivalents	68,880
Accrued interest receivable	2,866
Other receivables and prepaid expenses	335
Investments	10,931
Mortgage loans receivable, net	241,823
Mortgage backed securities	258,735
Capital assets	642
Real estate owned	132
TOTAL ASSETS	584,344
DEFERRED OUTFLOWS OF RESOURCES	33,529
LIABILITIES	
Notes payable	60,936
Accrued interest payable	3,286
Other payables	515
Funds held on behalf of mortgagors	3,636
Bonds payable	435,189
Fair value of derivative instrument - interest rate swaps	670
Other liabilities	443
TOTAL LIABILITIES	504,675
NET POSITION	
Restricted net position	104,959
Unrestricted net position	8,239
TOTAL NET POSITION	113,198

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Statement of Revenues, Expenses and Changes in Net Position
Year ended June 30, 2020

(All amounts are in thousands of dollars)

OPERATING REVENUES	TOTAL PER ANNUAL REPORT
Interest income	22,217
Fee income	1,347
Revenue from sales of state tax credits	1,261
State reimbursements	1,091
Grants	500
TBA program revenue	234
Gain on bond redemptions	864
Other revenue	70
TOTAL OPERATING REVENUES	27,584
OPERATING EXPENSES	
Financing costs	16,659
Mortgage service and contract administration fees	215
Salaries and benefits	3,736
Operating expenses	1,065
Professional fees	221
Trustee and assignee fees	83
Provision for losses on loans and real estate owned	977
TOTAL OPERATING EXPENSES	22,956
OPERATING INCOME	4,628
NONOPERATING REVENUE (EXPENSES)	
Net depreciation in fair value of investments	8,988
Other revenue	243
Federal program revenue	2,563
Federal program and administration expenses	(2,563)
TOTAL NONOPERATING REVENUE	9,231
INCREASE IN NET POSITION	13,859
NET POSITION AT BEGINNING OF YEAR	99,339
NET POSITION AT END OF YEAR	113,198

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



Fred Baser

Financial Advisor and Founder
of Bristol Financial Services



Michael Clasen

Designee for Beth Pearce,
Ex Officio (State Treasurer)



Josh Hanford

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



Thomas Leavitt

President & CEO,
Northfield Savings Bank



Jeanne Morrissey

President, J.A. Morrissey, Inc.



Jill Rickard

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

STAFF



VHFA STAFF

EXECUTIVE DIRECTOR Maura Collins	
ADMINISTRATION Lori Gilding Office/Facilities Manager Steve Gronlund Director of HR and Administration	LEGAL George Demas General Counsel Brittany Gonda Legal Coordinator Polly Thibault Loan Servicing Manager
HOMEOWNERSHIP Diane Edson Senior Underwriter Eric Hoffman Business Development Manager Jennifer Martin Underwriter Joshua Mead Operations Coordinator Zach Nelson Business Development Coordinator Jacklyn Santerre Managing Director of Homeownership VERMONT HOUSING FELLOW PROGRAM Emerald Anderson Caroline Rubin	COMMUNITY DEVELOPMENT Leslie Black-Plumeau Community Relations and Research Manager Robin Castine Multifamily Operations Analyst Kathy Curley Multifamily Housing Management Officer Victoria Johnson Administrative Assistant Seth Leonard Managing Director of Community Development Erin Philbrick Multifamily Housing Management Officer Ann-Marie Plank Multifamily Housing Management Officer Megan Roush Community Development Underwriter Kimberly Roy Director of Asset Management & Compliance Bill Schrecker Community Development Underwriter Josh Slade Community Development Underwriter Andrea Tieso Multifamily Housing Management Officer Mia Watson Research and Communications Coordinator

VHFA STAFF

FINANCE

Michelle Baird

Manager of Bond Financing and Investments

Lisa Clark

Assistant Director of Finance

Chris Flannery

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 Sandler

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