



Virginia – Securing the Future

Preserving Affordable Rental Housing



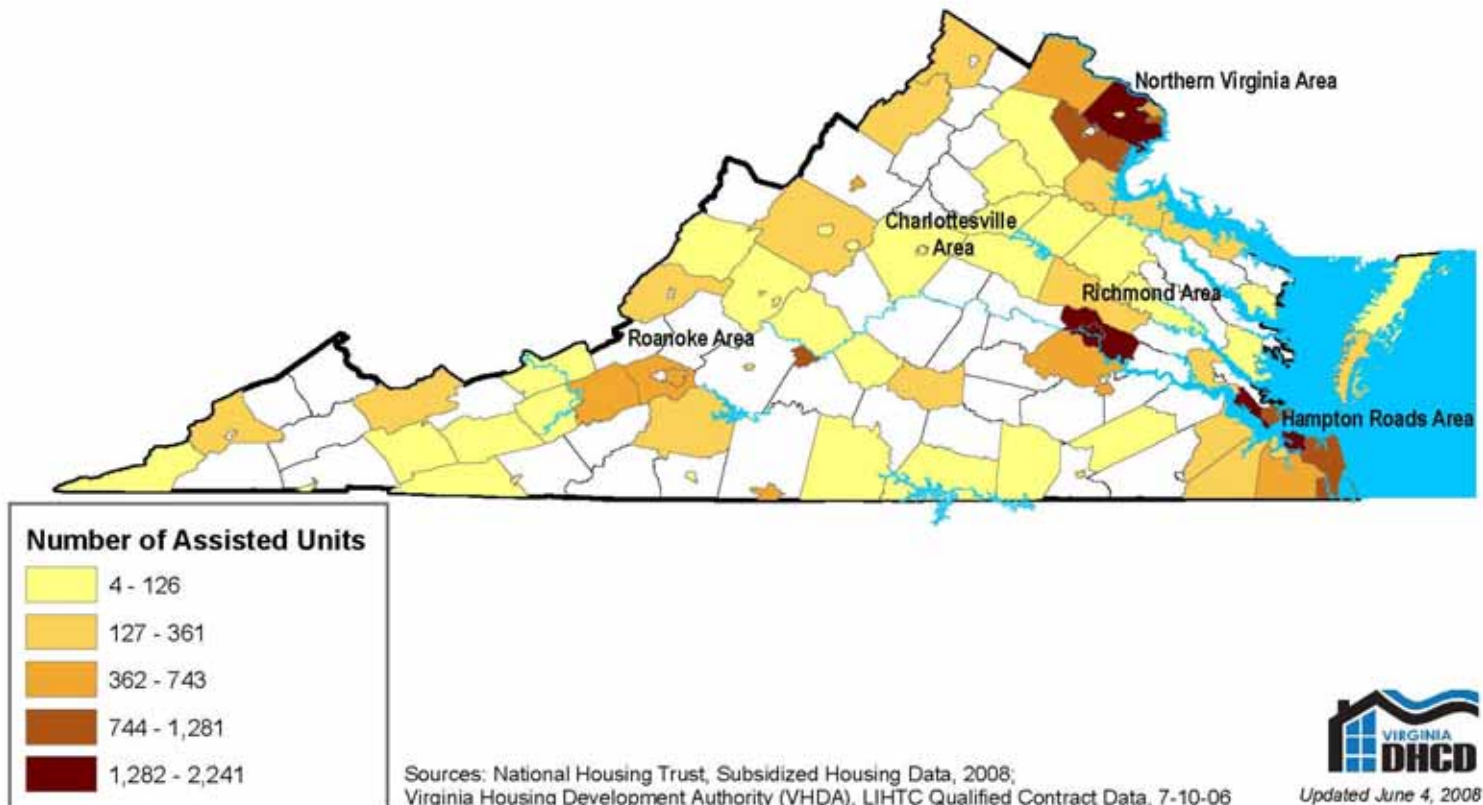
At Risk Affordable Units

The background of the slide is a photograph of a row of three-story houses, likely a row house development. The houses are light-colored with dark trim around the windows and doors. In the foreground, there is a well-maintained garden with various plants and flowers. The entire image is overlaid with a semi-transparent blue filter.

- **Approximately 30,000 federally-assisted affordable rental units in Virginia are at risk of converting to market rate rents**
 - Section 8; 202; 811, and LIHTC
- **Loss of limited supply will exacerbate critical shortage of affordable housing**

At Risk Affordable Units

Composite Map Section 8, Section 202/811, and Low-Income Housing Tax Credit (LIHTC) Expiring Rental Units in Virginia

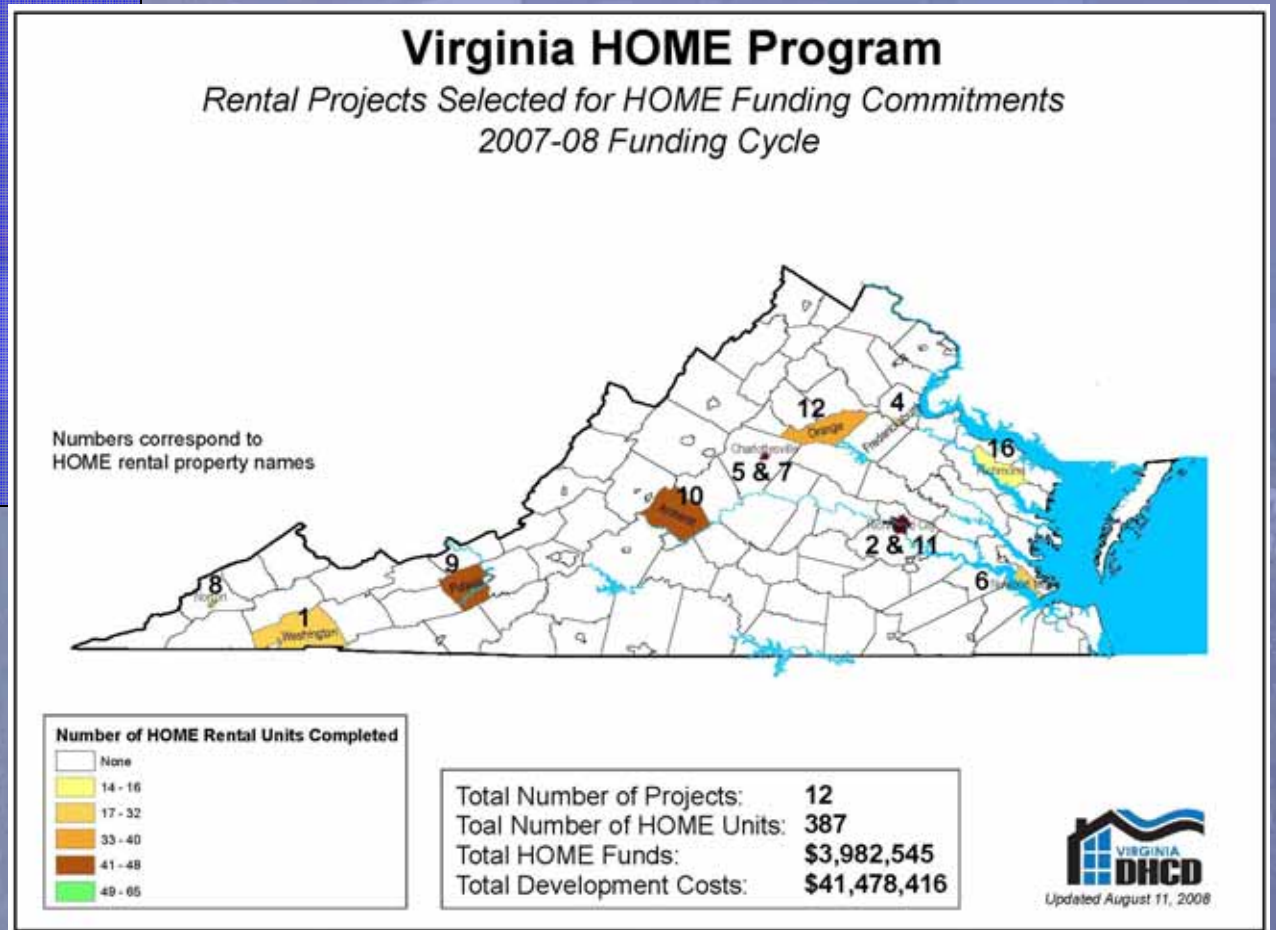


DHCD

- Modification in funding decision for use of HOME funds
 - Revised process (since 2007-08)
 - Need-based
 - Competitive
 - 2008-09 -4.8 million
 - Low Interest, Gap financing
 - Max per project \$500,000
 - For program year 2007-08
 - 12 projects selected
 - Total of 398 units of preserved rental housing
 - Includes a number of expiring rural development projects
 - Priority to project in non-entitlement areas
 - Priority to projects that are apart of a larger revitalization effort
 - Since inception of HOME program, more than 2,000 units of rental housing completed

HOME Rental Preservation 2007-08 Financial Commitments

- 1) Abingdon Green Apartments
- 2) Boaz and Ruth
- 3) College Green II
- 4) Colonial Heights
- 5) Cynthiana Apartments
- 6) Dresden Apartments
- 7) Monticello Vista
- 8) Norton Green
- 9) Pulaski Village
- 10) Rutledge Hills Apartments
- 11) Shockoe Hill II
- 12) Spicer's Mill



Abingdon Green Apartments



- Expiring Rural Development project in Washington County (Southwest Virginia)
- Includes 32 units for low/very low-income older adults

Dresden Apartments

- Rental Acquisition/rehabilitation project in Newport News (Tidewater Virginia)
- Includes 32 units currently vacant to be targeted to disabled households at or below 60 percent AMI



Norton Green

- Expiring Rural Development project in city of Norton (Southwest Virginia)
- Includes 40 units for low/very low-income older adults



Shockoe Hill II

- Preserves 64 rental units for very low-income older adults in the Richmond area
- Units in need of substantial rehabilitation





Virginia Housing and Development Agency

VHDA's Structure and Role

- Virginia Housing Development Authority (VHDA) was created in 1972 as Virginia's housing finance agency.
- VHDA is structured as an independent self-supporting public lending authority governed by a Board appointed by the Governor subject to legislative approval.
- VHDA provides long-term mortgage financing for affordable multifamily and single-family housing through the issuance of tax-exempt bonds and taxable mortgage securities.
- VHDA also administers the federal Low Income Housing Tax Credit and Housing Choice Voucher programs.
- Since its inception, VHDA has been a leader among state housing finance agencies in the scope of its lending programs and the volume of lending activity.
- In FY 08, VHDA originated \$1.3 billion in mortgage loans supporting over 6,500 homeowner and over 3,500 rental housing units.

VHDA's Multifamily Lending

- VHDA has operated a substantial multifamily lending program since its inception.
- Currently, VHDA services a multifamily loan portfolio of 1,245 developments containing over 106,000 rental units with an outstanding balance of \$3.1 billion.
- A substantial share of VHDA's multifamily portfolio is made up of developments currently or originally financed with federal subsidy assistance through the Section 236 221d3, Section 8, Section 515 and LIHTC programs.
- VHDA offers both construction and permanent mortgage financing that is supported with substantial internally generated interest rate subsidies.

VHDA has 20-years involvement with housing preservation

- Starting in the late 1980's, VHDA worked with the Virginia Housing Commission to respond to the first wave of pre-payments and opt-outs from federal rental subsidy programs.
 - VHDA provided mortgage financing to preserve the affordability of expiring use and other "at-risk" properties.
 - VHDA developed a state-wide database of "at-risk" federally subsidized properties and tracked changes in the portfolio over time.
 - VHDA partnered with the Virginia Poverty Law Center to provide technical assistance and outreach to a wide array of local stakeholder groups throughout Virginia.

VHDA has 20-years involvement with housing preservation

- Since those initial efforts, VHDA has continued to strengthen the preservation focus of its multifamily lending and subsidy programs.
 - VHDA has steadily increased its level of preservation financing so that, today, a large of share of VHDA's multifamily loan production supports preservation activities.
 - VHDA has put in place a special allocation pool in the LIHTC Qualified Allocation Plan to support preservation activity.

VHDA has 20-years involvement with housing preservation

- VHDA has also continued to strengthen its preservation partnerships and to be proactive with developers on preservation issues.
 - VHDA proactively works with owners of VHDA-financed properties to recapitalize their developments and extend affordability restrictions.
 - VHDA is actively engaged with local public and private stakeholders to craft local preservation strategies.
 - VHDA continues to monitor preservation needs throughout the state and to respond proactively to properties that are "at-risk".

VHDA has 20-years involvement with housing preservation

- VHDA's various program efforts culminated in 2005 in the adoption of a formal strategic, multi-faceted approach to preservation in Northern Virginia
 - VHDA's Board held a retreat in NoVA focused on the preservation needs and issues in that region
 - At that time, the Board adopted a multi-faceted preservation strategy involving expanded, subsidized lending programs, a special set-aside of LIHTCs, and the hiring of a full-time NoVA outreach associate to build and strengthen local and regional affordable housing partnerships.
- This initiative has won an achievement award from the National Council of State Housing Agencies.



Window of Opportunity
Preserving Affordable Rental Housing

MACARTHUR
The John D. and Catherine T. MacArthur Foundation

The John D. and Catherine T. MacArthur Foundation will provide a total of \$35 million in multi-year grants and program-related investments 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.

- ❑ 80 cities, counties, and states submitted letters of interest
- ❑ 21 finalist were invited to submit full proposals
- ❑ 10 will be selected for funding (early 2009)
- ❑ Virginia is one of these finalist

State of Virginia



Window of Opportunity
Preserving Affordable Rental Housing

MACARTHUR

The John D. and Catherine T. MacArthur Foundation

Applicant:

Department of Housing and Community Development, in collaboration with Virginia Community Capital and Virginia Housing Development Agency

Proposal:

- Combination of Program Investment and grant funding (\$3.6 Million)
- Technical Assistance
- Preservation Action Council (local and state policy work group)
- Study/Evaluation
- Loan Loss Reserve for Predevelopment Fund
- Project Financing