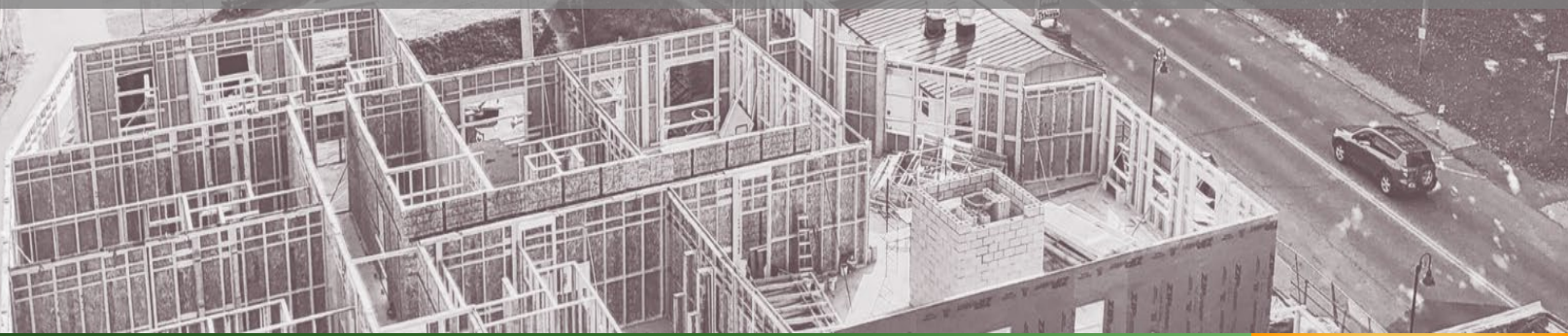




Rental Revolving Loan Fund

Maura Collins, Executive Director



Birth of a New Program

- **HOME Act: \$10 million of FY2024 funding**

- 🎯 Goal: incentivize the creation and preservation of rental housing for middle-income households
- 💰 Structure: Subordinate loan to developers for up to 35% of the cost of development.
- Eligibility: 2+ units, rental, occupancy affordable to 65%-150% AMI

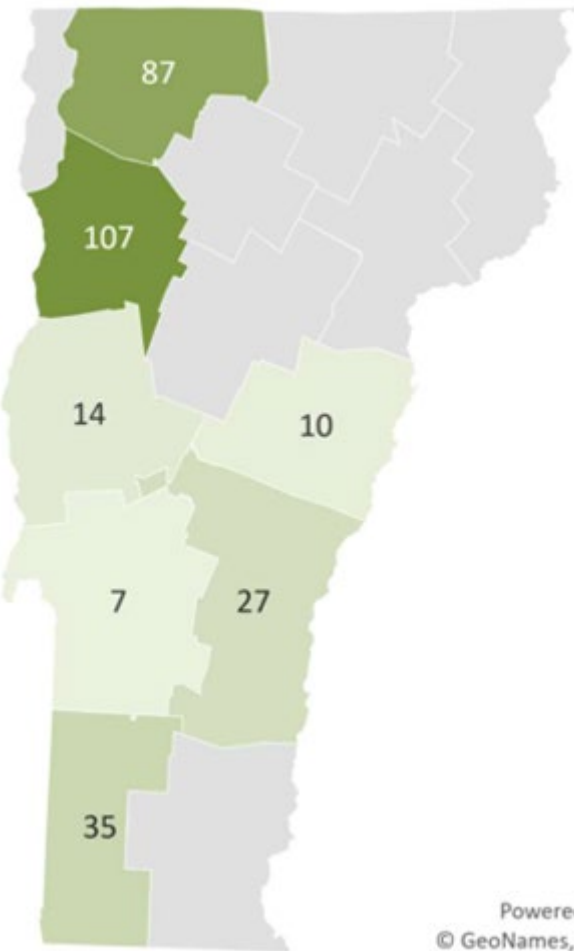
- **Awards**

- 🙏 Demand was 2x available funding
- 📅 All funds awarded in June 2024
- ⚖️ Original applications would have created 265 apartments in nine communities.
- \$14 million more to be deployed

<https://vhfa.org/developers/programs/rrlf>



Priorities



- **Allows for enhanced subsidy when:**
 - >5% of funding is from an employer
 - >5% of funding is from municipality or regional housing fund
 - Uses tax-exempt bond funding or 4% LIHTC credits for at least 20% of units
 - Project is small and provides infill development
- **Program needs to:**
 - Streamlined & appropriately scaled application process
 - Outreach & education plan that targeted underserved regions or sectors
 - Equitable system for distribution that considers:
 - Geography
 - Community size
 - Community economic need; and
 - Whether the application already received funding

Status

Rental Revolving Loan Fund Deployment

Closed Loans		# Units			Deployment Status		
Project	Community	New	Rehab	Total	Loan Amt	Disbursed	% Deployed
24 Wales Street	Rutland	6	6	12	\$299,091	\$299,091	100%
Armistice Apartments	Vergennes	14	0	14	\$1,405,000	\$435,000	31%
Bradford Mill	Bennington	30	0	30	\$1,000,000	\$1,000,000	100%
Chapman's Place	Fairlee	8	1	9	\$326,500	\$326,500	100%
Renew Windsor	Springfield	11	0	11	\$789,420	\$789,420	100%
Two Community Way	Winooski	83	0	83	\$1,900,000	\$1,900,000	100%
Subtotal		152	7	159	\$ 5,720,011	\$4,750,011	
Underwriting							
Fonda	St Albans	87	0	87	\$1,800,000	\$-	0%
TOTAL PROJECTED		239	7	246	\$7,520,011	\$4,750,011	63%

Lessons Learned

- “...a simple application process that is accessible to small developers, builders, and contractors.”
 - Using philanthropic funding, Treasurer’s 10% in VT program, and VHFA funding, VHFA created a special second round of RRLF with Technical Assistance (TA) included focused on small-scale and emerging developers
 - Tried to reduce up-front requirements but it sometimes led to issues later
 - Lack of market study
 - Lack of clarity about scope of work
 - Early awards but then terms change dramatically (chronic issue in Vermont)
- **Rents constrained by market not income limits**
 - A 2-person household each earning \$60,000 can afford \$3,000/month using traditional standards of 30% of income for rent. This is above the market in most of VT.
 - <https://housingdata.org/toolbox/affordable-price-and-rent-table>
 - ~\$1800/month for 1 bedroom in NW VT; \$1240 in Windsor County; \$1100 in Rutland County
 - <https://housingdata.org/profile/rental-housing/hud-fair-market-rent-fmr>

Lost Opportunities

- “The project utilizes tax-exempt bond funding or federal low-income housing tax credits for at least 20 percent of the project’s total units.”
 - Goal of this program is leverage with new or unconstrained funding.
- **Vermont’s ability to use more tax-exempt financing**
 - 2013-2021 Vermont lost \$300M
 - No real losses 2022-2024 when ARPA money was available
 - 2025 – lost some volume cap again
- **What are the benefits of tax-exempt financing?**
 - Lower interest rates on loans
 - Automatically makes a project eligible for 4% federal tax credits, which can fund 35% of a development
- **Solutions:**
 - Find a way to do more 80/20 deals

	Volume Cap
Year	Lost
1998	
1999	
2000	
2001	
2002	
2003	
2004	
2005	
2006	
2007	
2008	
2009	
2010	
2011	-
2012	-
2013	(30,949,525)
2014	(59,668,846)
2015	(10,691,087)
2016	(35,075,000)
2017	(35,205,000)
2018	(45,955,000)
2019	(29,910,001)
2020	(42,200,000)
2021	(12,686,838)
2022	(680,239)
2023	-
2024	-
2025	(11,430,411)

Proposed Change

(2)(A) To be eligible for a subsidized loan through the Program, a project shall create two or more new rental housing units, which may include market rate and affordable units, provided that at least 25 percent of the units in the project are affordable to a household earning ~~between 65 and~~ below 150 percent of the applicable area median income.

(B) Projects may include new construction, acquisition with substantial rehabilitation, and preservation of naturally occurring affordable housing.

(3) A loan is available only for the costs of the project allocable to the affordable units.

(4)(A) The Agency shall calculate the maximum amount of a loan, which shall not exceed the lesser of:

(i) 35 percent of the costs of the project allocable to the affordable units; or

(ii) the following amounts based on area median income bands:

(I) \$150,000.00 per unit for each unit that is affordable to a household earning ~~from 65 percent to~~ below 80 percent of area median income; and

(II) \$100,000.00 per unit for each unit that is affordable to a household earning from 81 to 150 percent of area median income.