



REACH VIRGINIA

Increasing capacity of the affordable housing
delivery network

November 18, 2016



Session Agenda

- Overview
- Strategic Markets Lending
- Homeownership Lending
- Community Outreach
- Wrap-Up

VHDA's Mission

**Helping Virginians attain
quality, affordable housing.**



About VHDA

- Not-for-profit, created by Virginia General Assembly in 1972.
- Consistently ranked among the top HFAs in the US.
- We use no state taxpayer dollars, but raise money in the capital markets to fund our loans.
- 100 percent financing programs available.
- VHDA services our own mortgages.
- Loss mitigation program helps prevent foreclosures.

- Aligning our programs with local /regional priorities
- Encouraging public/private partnerships
- Providing technical assistance
- Demonstrating commitment for mission-driven lending through long term investment



STRATEGIC MARKETS LENDING GROUP

Guidelines

Project must address at least one of the five following Critical housing needs in the Commonwealth:

- **Frail Elderly** (Assisted or Independent Living)
- **Homelessness** (Permanent Supportive Housing Only)
- **Persons with Disabilities** (Housing with Services)
- **Preservation of Affordable Rental Housing** (Expiring Subsidy)
- **Revitalization** (Need \$1,000/unit local match and must be located in a Revitalization Area)

General Standards

<u>Loan Limit:</u>	Flexible depending on need
<u>Loan Rates:</u>	REACH at 2.95% Fixed
<u>Loan Term:</u>	25 - 30 years (depending upon age)
<u>Loan Fee:</u>	0.5% Due at application
<u>Inc. Restrictions:</u>	Varies by program
<u>Loan Security:</u>	First lien deed of trust*
<u>Appraisal:</u>	MAI appraiser required
<u>Environmental:</u>	Phase I/Environmental Screen

General Standards (contd.)

<u>Replacement Reserve:</u>	Min. \$300 PUPA
<u>Debt Service Coverage:</u>	Minimum 110%
<u>Arch. & Engineering Review:</u>	Required
<u>Rehab Investment Minimum:</u>	\$15,000/unit
<u>Property Mgmt. Certification:</u>	Required for LIHTC properties Property Mgmt. Entity accepted on as needed basis
<u>Readiness:</u>	Use and funding in place
<u>Loan Documents:</u>	Non-negotiable
<u>Construction/Perm:</u>	Strategic Markets offers only permanent financing

Application Process

VHDA Website Link to application process:

<http://www.vhda.com/BusinessPartners/MFDDevelopers/Pages/Loan-Processing-Summary.aspx#.V1STB2D2aDY>

- Applications must now be submitted online through a portal system known as Procorem
- Application Checklist directs applicant to documents that will be required

Homeownership Lending



- DPA Grant
- Mortgage Credit Certificates (MCCs)

New !! VHDA DPA Grant

- Up to 2.00 – 2.5% for downpayment
- Available with VHDA FHA and Fannie Mae No MI Products
- Lower Income Limits Apply



VHDA Mortgage Credit Certificates

Unlike an income tax deduction, an MCC is a dollar-for-dollar credit against your federal income tax liability:

- The credit is equal to 20% of the annual mortgage interest paid.
- The remaining 80% is still a tax deduction.
- The MCC is effective for the life of the mortgage, as long as you live in the home.

vhda.com/MCC



VHDA Mortgage Credit Certificates

To be eligible for an MCC, homeowners must:

- Be a first-time homebuyer, or not owned a home as a primary residence within the past three years. (Waived in Federal Targeted Areas).
- Have income at or below VHDA's maximum income limits.
- Purchase a home below the maximum sales price.
- Use the home as their principal residence

Deduction vs Tax Credit

Example based on \$150,000 Loan at 5%	Without MCC	With MCC
Gross Income	\$50,000	\$50,000
Mortgage Interest Deducted	\$7200	\$5760 (80% of interest paid)
Taxable Income	\$34,100	\$35,540
Federal income taxes owed (15%)	\$4,665	\$4,875
MCC Credit applied		\$1,440
Federal Income Tax Due	\$4,665	\$3,435
Taxes With held from paychecks	\$5,300	\$5,300
Tax Refund	\$635	\$1,865



Network Capacity Support

- Capacity Building
- Housing Counseling



Community Market Support

- Pre-development
- Community Impact



Homeownership Market Support

- Community Housing Revitalization Program



Accessibility Grants

- Granting Freedom
- Rental Unit Modification

VHDA Community Outreach Grant Programs



Capacity Building Grant

- **Capacity Building Grant** enhances the capacity and skills of organizations to develop, operate and preserve affordable housing opportunities.
- **Eligible Use of Funds**
 - Mission, Vision, and Strategy
 - Governance and Leadership
 - Program Delivery and Impact
 - Strategic Relationships
 - Resource Development
 - Internal Operations and Management

Capacity Building Grant

- **Strategic Goals**

- Increase an organization's ability to create, preserve, and/or manage affordable housing units
- Expanding or bringing new housing-related services to an underserved area
- Increase an organization's ability to implement community revitalization projects
- Establishes or strengthens a local and/or regional collaboration
- Alignment with specific state policies (e.g. ending veterans' homelessness, etc.)

- **Funding Opportunity**

- Up to Three Years
- \$5,000 - \$60,000



Housing Counseling & Education

- VHDA & HUD Funded Programs
- The intent is to support housing counseling services in the area of:
 - Pre-purchase
 - Mortgage delinquency or default
 - Rental
 - Non-delinquency
 - Post-purchase
 - Homeless prevention
 - Reverse mortgage
 - Fair housing

Community Impact Grant

- Community Impact Grants provide funding resources to localities start the planning and implementation process for development projects including affordable and workforce rental housing.
- Localities are encouraged to utilize this grant to leverage additional funds.
 - **Housing Planning Grants** - up to \$20,000.
 - **Implementation & Action Grants** – up to \$ 250,000.
 - **Vibrant Communities Partnership Grants** – up to \$250,000.



Predevelopment Loan

- 501(c)3 non-profit organizations, for-profit entities; and public entities including local governments and redevelopment and housing authorities are eligible.
- Eligible predevelopment loan costs include, but not limited to:
 - Architectural drawings
 - Permits
 - Environmental investigation
 - Engineering,
 - Market/feasibility analysis
 - Appraisal services
 - Professional fees and site option
- The maximum loan amount is up to \$100,000 for areas outside of Northern Virginia, up to \$200,000 for Northern Virginia.

Community Homeownership Revitalization Program (CHRP)

CHRP provides funding for affordable first mortgages that support a local jurisdiction's efforts for targeted revitalization.

- Set-aside of resources:
 - Local Governments
 - Redevelopment and Housing Authorities
 - Nonprofit Housing Organizations
 - For Profit Developers
- Allocations must be used to fund permanent home purchase mortgages to qualified VHDA 1st time homebuyers.

Granting Freedom

- Granting Freedom provides funding for modifications to make living spaces more accessible for disabled veterans, servicemen and women.
- Service Related Disability
- Eligible Use of Funds
 - Bathroom Modifications
 - Widen Doorways
 - Ramps for accessibility
- Grant assistance up to \$4,000.



Rental Unit Accessibility Modification Grant

- Funds can be used for any renovations that are needed to make the unit accessible for a person who is disabled.
- All applications must be submitted by a VHDA participating agent.
- Tenants with disabilities who earn 80 percent or less of the area median income (AMI) may be eligible for grant assistance up to \$2,800.
- Individuals holding a Developmental Disability Waiver may be eligible for up to \$10,000.

QUESTIONS



VHDA Contacts

Strategic Lending:	chris.hilbert@vhda.com
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Thank
YOU!