

VHDA Strategic Direction



Virginia's Housing Partnership

Mission:

Helping Virginians
Attain Quality,
Affordable Housing

Vision:

The Leading
Mobilizing Force for
Affordable Housing
in Virginia





Building a Strong Foundation

Susan Dewey, Executive Director of VHDA

- ▶ **Meeting Virginia's housing needs — it's all about partnership.** When the Virginia General Assembly created VHDA back in 1972, it started a partnership that continues today between our organization and so many others, both public and private. That partnership is the strong foundation supporting affordable housing in Virginia. Virginia's housing needs are significant – and with careful planning, we believe VHDA can accomplish great things through the public-private partnerships we've built.
- ▶ **As we look forward over the next several years, we see challenges.** We anticipate a continuation of a housing and mortgage market environment that will constrain our lending activities. At the same time, the need for federal fiscal constraint may jeopardize the funding and tax code advantages used by some of our programs.
- ▶ **We can address these challenges** through careful strategic planning and by working together with our housing partners. Currently, VHDA is working toward three strategic goals, as well as a fourth internal goal that focuses on making our operations as efficient and effective as possible.
- ▶ **We'll use our internally generated resources through our REACH Virginia program** (also known as REACH). This program is a vital source of funding for our mission, and each year we contribute a substantial portion of our net revenues into it.
- ▶ **Our strategic plan will continue to evolve** as Virginia's housing needs change. That's why the ongoing input we receive from our housing partners is so important. Our advisory boards and our Stakeholder Engagement Series have been invaluable resources in our planning, and we hope you'll continue to share your ideas and feedback with us. Thank you for your partnership!



VHDA's Organizational Philosophy

We support our housing mission by operating as a public-private partnership, delivering superior, long-term financial performance to optimize resources.

STRATEGIC GOAL #1

Address State Housing Needs

*Partnering with the
Housing Delivery Network*



► **Preserve and Strengthen the Housing Delivery Network.**

VHDA will work to better understand and prioritize the capacity building needs of the affordable housing delivery network. There is growing recognition that housing is tied to other public policy priorities such as economic development, education, health, and transportation, which must be addressed on an interagency basis. This reinforces the importance of VHDA's external relationships, and challenges us to strengthen those partnerships as we strive to address more complex policy issues and needs.

► **Use VHDA Resources to Leverage State Housing Initiatives.**

VHDA is a housing partner and works diligently to support state initiatives. Examples include the Settlement Agreement with the Department of Justice, DHCD's Vibrant Communities Initiative and HUD's Rental Assistance Demonstration Program. Our mutual success will require organizational discipline, a strategic focus on risk management and the ability to use our resources, including REACH, in the most impactful manner.



vhda.com

Housing

Counseling

Accessibility

Grants

Planning

Rental

Education

Capacity

Building

Community

Revitalization



STRATEGIC GOAL #2

Address Unmet Rental Needs

*Of Low-Income and
Critical Needs Populations*



▶ **Provide Capital to Preserve and Expand Virginia's Affordable Rental Housing Inventory, to Help Households Avoid Rent Burden.**

The share of Virginia renters experiencing rent burden continues to increase as the inventory of affordable rental units fails to keep pace with rising need. VHDA will continue to develop strategies and programs to promote mixed-income development. We will also partner with other organizations to coordinate investment strategies to support community revitalization and economically integrated communities.

▶ **Use VHDA Financing and REACH Subsidies to Promote Economically Integrated Communities and Address High Priority Rental Needs.**

Increasingly, new strategies are needed to reflect shifting rental market concerns. A one-size-fits-all model no longer works, so flexible guidelines will be employed to maximize the impact of VHDA's REACH program. Priorities include the need for substantial new construction in the Northern Tier region, as well as recapitalizing and preserving the inventory of existing affordable units throughout Virginia — especially in downstate markets where population growth has slowed but affordability challenges remain high.



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Housing

Credits

Universal

Design

Workforce

Housing

Green

Building

STRATEGIC GOAL #3



Strengthen First-time Homeownership

Throughout Virginia



▶ **Increase Homeownership Opportunities
With Specific Emphasis on Underserved Markets.**

With mortgage rates at historic lows, VHDA is directing our REACH focus to down payment assistance grants. One challenge has been that as we bring new products and assistance to the market, public awareness of them lags. Therefore, we will develop campaigns and borrower outreach events to reach specific underserved populations throughout the state.

▶ **Foster Successful Homeownership.**

VHDA will develop a post-purchase education class designed to reduce delinquencies and sustain homeownership.



Homebuyer

Education

First-time

Homebuyer

Tax Credits

vhda.com

Down

Payment

Assistance

Mobile

Mortgage

Office

Affordable Housing is All About Partnerships



What distinguishes VHDA from other organizations is our ability to operate in true public-private partnerships, to remain self-supporting (no state tax dollars are used to fund our programs), and to reinvest much of our net revenues back into our mission. But we can't do what we do without the tremendous support of our many housing partners — nonprofits, local governments, developers, housing counselors, lenders, real estate agents, and so many others.

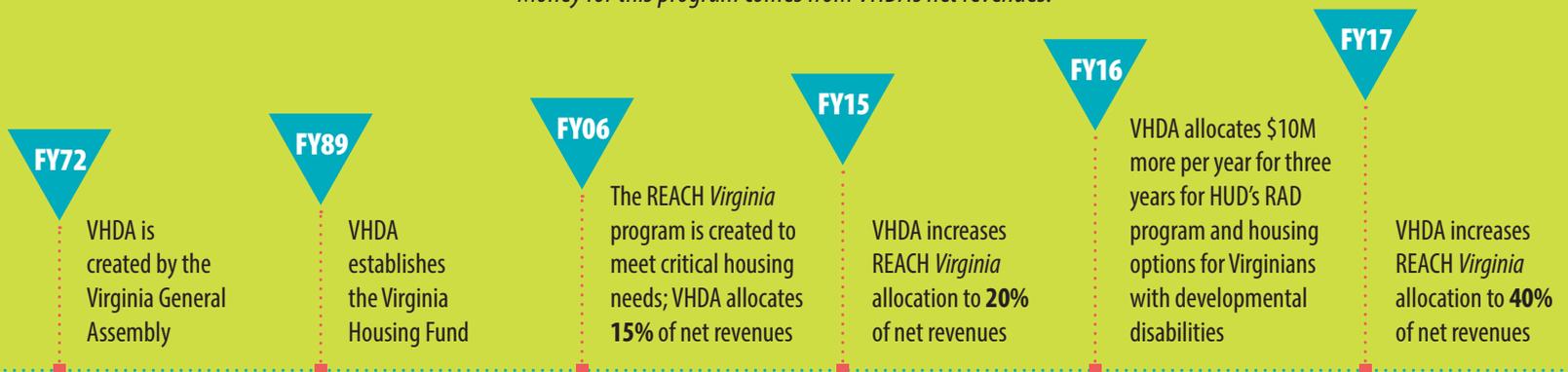
Thank you for sharing our mission of helping Virginians attain quality, affordable housing.

REACH Virginia: Funding Our Mission

To help fund our affordable housing mission, VHDA established the REACH *Virginia* program (also known as REACH) at the start of our fiscal year 2006. Each year since, we've contributed a substantial portion of our net revenues into this resource. Today, REACH is one of our most important tools to fund many of our programs — providing grants to housing counselors, revitalizing communities, making homes more accessible, helping first-time homebuyers with their down payment, increasing capacity for our nonprofit partners, addressing homelessness and much more.

REACH Virginia: Milestones in History

*REACH Virginia is a vital source of funding for our state's critical housing needs.
Money for this program comes from VHDA's net revenues.*





About VHDA

Since our creation in 1972 by the Virginia General Assembly, VHDA has helped Virginians attain quality, affordable housing through public-private partnerships with local governments, community service organizations, lenders, Realtors, developers and many others. We provide mortgages for first-time homebuyers, as well as financing for apartment communities and neighborhood revitalization efforts. We offer free homebuyer classes, support housing counseling, and help people with disabilities and the elderly make their homes more livable. We also administer the federal Housing Choice Voucher and Housing Credit programs in Virginia. VHDA is self-supporting and receives no state taxpayer dollars to fund its programs. Instead, we raise money in the capital markets, and we contribute a significant portion of our net revenues each year to help meet Virginia's housing needs.



PHOTO BY TAJANA HERBERA



VHDA's Annual Grantee Training

Address State Housing Needs *Partnering with the Housing Delivery Network*

- ▶ **Annual Grantee Training.** VHDA's Community Outreach division provides grant programs and initiatives which support many of Virginia's housing organizations. Each year, as part of our capacity building efforts, we offer a two-day training session where staff from grantee agencies come to learn about statewide housing initiatives, programs and resources available to them. Attendees participate in workshops, hear industry speakers and have opportunities to network with fellow grantees. Our most recent grantee training event had 95 individuals from 70 agencies in attendance.
- ▶ **Community Impact Grants.** Funded by VHDA's own net revenues via REACH *Virginia*, Community Impact Grants provide local governments with resources for community revitalization, and help spur economic growth through mixed-use/mixed-income developments. One example is our partnership with the City of Danville in their revitalization of the Five Forks neighborhood.
- ▶ **Rental Unit Modification Grants.** This grant helps pay for modifications needed to make rental units accessible to low-income, disabled tenants. Applications are taken through partners like Endependence Center, whose philosophy is *Opening Doors to Opportunities with the Disability Community*. Money for this grant comes from VHDA's net revenues, through our REACH *Virginia* program.



43 Capacity Building Grants
in FY17



\$1 Million in Community Impact Grants
Since Program Began in FY16



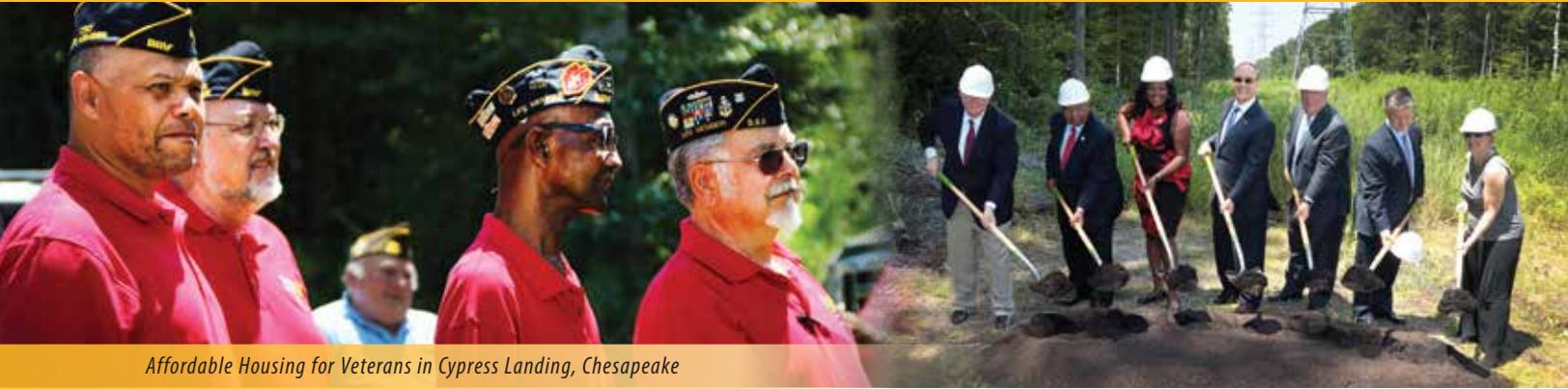
\$2 Million in Accessibility Grants
Since FY06

Address State Housing Needs

Partnering with the Housing Delivery Network



- ▶ **Community Outreach and State Initiatives.** VHDA helps meet the housing needs of underserved Virginians by collaborating with local governments, nonprofits and housing agencies throughout the Commonwealth. We actively participate in high-priority initiatives such as community revitalization, addressing homelessness and improving housing accessibility. Our work also links housing, economic development and transportation planning. vhda.com/CommunityOutreach
- ▶ **Grant Programs.** VHDA awards a variety of grants, using funds from our REACH *Virginia* program. We also administer federal grants such as the HUD Housing Counseling program and support state initiatives. vhda.com/Grants
 - **Accessibility Grants.** These include our Rental Unit Accessibility Modification grant, and the Granting Freedom program, which helps Virginia's disabled veterans make their homes more accessible.
 - **Capacity Support for the Affordable Housing Network.** VHDA's Capacity Building grant helps nonprofits and local governments enhance their ability to address housing needs. Also available are Housing Counseling and Education grants, which provide VHDA and federal funding to HUD-approved housing counseling programs. These programs help educate and provide guidance to families and individuals, to help them make wise decisions about housing and their finances.
 - **Community Market Support.** VHDA's Predevelopment loan/grant provides for technical assistance and below-market financing for predevelopment expenses for developers of high-quality, affordable housing. Our Community Impact grant helps local governments with housing revitalization planning, and the development of mixed-use/mixed-income properties.
 - **Homeownership Market Support.** Our Community Homeownership Revitalization Program (CHRP) provides affordable first mortgages that support local efforts to revitalize and stabilize neighborhoods. Another program helping to make homeownership affordable is The Virginia Individual Development Account, or VIDA-Plus. It provides matching dollars to Virginians saving for a down payment, college tuition, or to start a business. It's administered by the Department of Housing and Community Development (DHCD), and VHDA contributes matching dollars for the down payment portion of the program.
- ▶ **Financing.** VHDA subsidizes loans providing lower interest rates for strategic lending in our homeownership and rental programs. We work to maximize the resources available for Virginia's priority housing needs using REACH *Virginia* funds.



Affordable Housing for Veterans in Cypress Landing, Chesapeake

Address Unmet Rental Needs Of Low-income and Critical Needs Populations

- ▶ **Affordable Housing for Veterans.** Cypress Landing in Chesapeake will provide quality, affordable housing for 50 disabled, low-income and homeless veterans. VHDA has provided a \$2.6 million loan and allocated federal Housing Credits. Our partners in this effort include Second Act Communities, the Department of Housing and Community Development (Virginia Housing Trust Fund), Federal Home Loan Bank of Atlanta, City of Chesapeake, Home Depot Foundation, Hampton Roads Community Foundation and Chesapeake Redevelopment and Housing Authority.
- ▶ **Mixed-use/Mixed-income Developments.** VHDA continues to support economically diverse communities. Our Mixed-use/Mixed-income loan program gives local governments and developers a variety of options for financing rental properties, allowing them to serve a broad range of income levels.
- ▶ **Supporting Affordable Rental Housing.** VHDA uses funds from our own net revenues (through our REACH *Virginia* program) to buy down interest rates on loans that finance affordable rental housing. One example is Gilliam Place in Arlington, which is being built on land dedicated by Arlington Presbyterian Church. VHDA has committed more than \$8.9 million in VHDA tax-exempt bond financing to Arlington Partnership for Affordable Housing (APAH) for Gilliam Place East and West, plus \$4.3 million in taxable bond financing, plus another \$8.7 million from our REACH *Virginia* program.



1,556 Strategic Units
Apartments for Low-income and
Hard-to-Serve Populations
in FY17



**324 Units in Mixed-Income
Developments**
in FY17



**1,207 Rental Units
in Northern Virginia**
New Construction / Adaptive Reuse
in FY17

Address Unmet Rental Needs

Of Low-income and Critical Needs Populations



- ▶ **Improving the Quality of Affordable Rental Housing.** VHDA works together with our housing partners to support HUD's Rental Assistance Demonstration (RAD) program, to preserve and improve public housing properties. Rental properties being improved through the RAD program include Oyster Point, Brighton and Cypress Terrace in Newport News, and Oldtown Terrace, Pretlow and Berkley Court in Franklin.
- ▶ **Mixed-use/Mixed-income Loans.** When it comes to financing workforce and other affordable housing developments, one size does not fit all. Each locality has its own population characteristics and housing needs. Local governments and developers need to choose financing that fits the housing needs, preferences and demographic mix of their community. To help meet these needs, VHDA's Mixed-income and Mixed-use/Mixed-income programs give local governments and developers more options for financing rental properties. Our program requires that a percentage of units must be reserved for residents whose annual income does not exceed certain limits, and the rest may be rented to residents at any income level. This gives developers and local governments the flexibility they need to serve a wider range of income levels, supporting economically diverse communities.
vhda.com/WorkforceHousing
- ▶ **Housing Credits.** Here's a great example of what government and the private sector can do when they work together. Administered by VHDA in Virginia, the federal Housing Credit program helps developers acquire and rehabilitate or build affordable rental housing. In exchange for producing this housing, developers receive the benefit of tax credits they can sell to investors who use them to offset their federal tax liability. Housing Credits are awarded by VHDA according to our qualified allocation plan (QAP), a competitive system based on the allocation of points earned for meeting various criteria. Housing Credits help encourage green building, universal design, and the creation of quality affordable homes for working families, people with special needs, seniors, veterans and the homeless. They're also good for our economy, since construction and ongoing operations of affordable rental housing can attract significant private investment and generate substantial tax revenue for Virginia's municipalities. Virginia Town & City, the magazine of the Virginia Municipal League, ran a feature story on how communities throughout the Commonwealth have benefited from the Housing Credit program (formerly known as LIHTC).
vhda.com/LIHTC; vhda.com/HousingCredits



First-time Homebuyers in Hampton, Waynesboro and Richmond

Strengthen First-time Homeownership Throughout Virginia

- ▶ **Down Payment Assistance.** VHDA allocates a large portion of our net revenues through our REACH *Virginia* program to fund our Down Payment Assistance grant, which contributes to the down payment for eligible first-time homebuyers. In FY17, we packaged our Down Payment Assistance grant together with several other programs to create the VHDA Loan Combo (see below).
- ▶ **Loan Combo for First-time Homebuyers.** VHDA's Loan Combo is an affordable VHDA mortgage, plus our Down Payment Assistance grant, plus a Mortgage Credit Certificate (MCC), plus our free First-time Homebuyer class. It's the only mortgage in Virginia that offers this combination of money-saving benefits, designed to help qualified borrowers buy their first home.
- ▶ **Supporting Habitat for Humanity Virginia.** REACH *Virginia* allows us to provide pro-bono servicing and financing programs to Habitat for Humanity Virginia. This enables Habitat chapters to build more affordable housing in Virginia. Those who receive home loans from Habitat for Humanity Virginia also participate in a first-time homebuyer course developed by VHDA, where they learn about the homebuying process and prepare for the responsibilities of homeownership.



4,126
Down Payment Grants
Disbursed in FY17



5,009
Mortgage Credit Certificates
Issued in FY17



17,198 Participants in
VHDA's Free First-time
Homebuyer Class
in FY17

Strengthen First-time Homeownership Throughout Virginia



- ▶ **VHDA Loan Combo.** Our unique package for first-time homebuyers includes a VHDA mortgage, our Down Payment Assistance grant, a Mortgage Credit Certificate and our First-time Homebuyer class. vhda.com/LoanCombo
- **Down Payment Assistance Grants.** This grant program contributes to the down payment for eligible first-time homebuyers, and they do not ever have to pay this money back. vhda.com/Downpayment
- **Mortgage Credit Certificate (MCC).** This federal tax credit from VHDA could save eligible first-time homebuyers thousands of dollars by reducing the amount of federal income tax they owe. Unlike an income tax deduction, an MCC is a dollar-for-dollar credit against federal income tax liability. The MCC is effective for the life of the mortgage, so a homebuyer could potentially save money on their taxes every year, as long as they live in their home. vhda.com/MCC
- **Free First-time Homebuyer Class.** This in-depth course is available to the general public, and it's required if applying for a VHDA loan. It covers topics such as credit, setting up a spending plan, working with a lender and real estate agent, the home inspection and the closing process. VHDA trains lenders, real estate professionals and other housing partners to facilitate classes around the state. The class is offered in English and Spanish, and students can also choose to take the class online. vhda.com/FreeClass
- **Affordable Home Loans.** VHDA offers a variety of mortgages for qualified first-time homebuyers. These are fixed-rate, 30-year mortgages, and some don't require a down payment. All loans have maximum income and sales price limits and/or loan limits, which vary according to where the home is located. All VHDA mortgages are serviced by VHDA, and are available through VHDA-approved lenders. vhda.com/FindALender
- ▶ **Serving Underserved Parts of Virginia.** Southwest Virginia, the Eastern Shore, Northern Neck and Southside Virginia are areas where access to VHDA-approved lenders is limited. To make our affordable mortgages available in these areas, VHDA's loan originators hit the road in our Mobile Mortgage Office vans. vhda.com/MobileOffice
- ▶ **Supporting Habitat for Humanity.** VHDA offers all phases of loan servicing to Habitat chapters in Virginia, including customer service, escrow analysis and loss mitigation. Our pro-bono servicing provides substantial savings to Habitat chapters each year, enabling them to build more affordable housing across Virginia. We also provide office space, supplies and phone service at no cost for Habitat's statewide development office. VHDA associate volunteers work with local Habitat chapters and participate in volunteer builds every year. vhda.com/CommunityService