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Virginia Housing Development Authority to Receive Bond Allocations for Affordable Housing

— \$396.6 Million to be Available for 2005 Initiatives —

RICHMOND — Governor Mark R. Warner today announced that the Virginia Housing Development Authority has been given the ability to raise \$396.6 million through the issuance of tax-exempt bonds to fund affordable housing initiatives.

In addition to receiving the Governor's discretionary portion of the 2004 Virginia Private Activity Bond Program Volume Cap Allocation (\$100.9 million), VHDA will also receive the remaining allocation from the Local Housing Authority pool (\$65.2 million) as well as the remaining allocation from the Industrial Development Bond pool (\$230.5 million).

"These bond allocations will enable VHDA to continue financing its mortgage lending programs on a tax-exempt basis during the next three years," said Governor Warner. "This means that those buying their first home can benefit from lower rates offered by VHDA. It also means that affordable multifamily housing projects will continue to be built across the state. In addition, these allocations will be used to preserve existing affordable housing, enhance housing revitalization efforts and assist those with disabilities and special needs."

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Each year, Virginia is permitted by the federal government to issue a certain amount in bonds on a federal tax-exempt basis. Virginia state law divides this allocation – totaling \$590.9 million in 2004 – between industrial development and housing, leaving 18 percent (\$106.4 million in 2004) available for allocation at the Governor’s discretion.

Tax-exempt bonds allow VHDA to raise capital for single family and multi-family loans featuring favorable interest rates. Bonds issued by VHDA – which are repaid as borrowers repay their loans – are not a debt of the Commonwealth of Virginia.

“We are pleased that the Governor decided to allocate his tax-exempt bond allotment to VHDA,” said Secretary of Commerce and Trade Michael J. Schewel. “This will allow VHDA to continue its efforts to make housing more affordable for people living in Virginia.”

“One of the benefits of this year’s allocations is that they allow us to continue supporting our innovative mortgage loan products,” added VHDA Executive Director Susan F. Dewey. “For example, our new *1st Choice* product is designed for first-time homebuyers who have the option of making interest-only payments for the first seven years of the loan. Our product is unique because it offers a fixed rate for the life of the loan. This type of unique program, designed to increase homeownership – particularly in areas where housing prices are increasing at a rapid rate – wouldn’t be able to serve as many Virginians without the ability to raise funds through the sale of tax-exempt bonds.”

VHDA is a self-supporting state authority that provides affordable mortgage financing for low- and moderate-income Virginians. VHDA finances loans for homebuyers as well as developers of affordable rental housing. For information about VHDA's programs, call 1-877-VHDA123 or visit www.vhda.com. Affordable Housing Starts Here.™

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