

A New Resource for
Affordable Housing
Finance

HousingForward
Virginia Lunch &
Learn

December 2024

VRA VIRGINIA
RESOURCES
AUTHORITY

CELEBRATING **40** YEARS

Mission, Vision, and Values

Mission: VRA provides infrastructure financing to encourage and support local government investment.

Vision: To enhance the quality of life in the Commonwealth of Virginia.

Values:

- Integrity
- Collaboration
- Equity
- Excellence
- Service



About VRA

- Established by General Assembly, 1984
- Political Subdivision of the Commonwealth
- Infrastructure Financing for Local Governments in 20 defined project areas
- Currently hold \$4.4 billion in several loan portfolios
- \$12 billion financed over 40 years



Virginia Pooled Financing Program

Total Financed: \$6 billion financed (500+ projects) across varied project areas (public safety, water, wastewater, local government buildings, broadband, parks & recreation, etc.)

Eligible: All local governments, including authorities

Timing: 3 Bond Issues per Year

Rates: Competitive Market Rates

(Aaa/AAA 70% and Aa1/AA ratings 30% Blend with 12.5 bps admin fee)

New Project Area: Housing

§ 62.1-199 “Project” Definition: “...The term also means any undertaking by a local government to build or facilitate the production or preservation of housing...”

Next Deadline: February 7, 2025 with funds available in May

Virginia Pooled Financing Program

State and Programmatic Credit Enhancements: High ratings are achieved with the use of the Commonwealth moral obligation and legal framework that involves a state-aid intercept mechanism

Recent All-in Total Interest Cost: 3.95% (Tax-exempt 10/29/2024)

Tax Status: Mostly tax-exempt issuance; can do taxable

Private Activity Bonds: Not available

Loan Structure and Term: Match project needs and up to 30 years (e.g., capitalized interest during construction)

Call Feature: Typical 10-year



Underwriting Criteria

- Affordable and workforce housing-related financings whereby a Virginia local government acts in a sponsorship or developer role and supports the repayment of debt service via locality budget appropriations, a pledge of project-related revenues, or some combination thereof.
- Project-related revenues may be derived from rentals, fees and charges to tenants, developers, or homeowners under mortgage, rental, or other real estate-based contracts.
- Financings may also be secured by a pledge of real estate collateral.



Eligible Borrowers

Local governments as defined in the VRA Act § 62.1-199 of the Code of Virginia.



For start-up affordable and workforce housing programs managed by a local government, a **feasibility report** of a qualified independent consultant acceptable to VRA is required for borrowings in excess of \$25 million.



Moral Obligation Support

A county, city, or town must provide its moral obligation pledge to support the related debt service payments (becomes state-aid intercept eligible)



Affordable and Workforce Housing Underwriting Criteria

- Underwriting standards are adopted by the VRA Board of Directors.
- Other criteria may also be applicable, such as, tax-supported

OPEN to discussing any model

Questions?

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