

Housing Colleague

VHFA suspended its pre-development loan program, the Ventures program, in December 2008. We are pleased to announce that we have been able to fund the new **MacArthur Pre-development Loan Program** for preservation projects only. Unlike Ventures, MacArthur Pre-development loans will not be deferred with interest accruing, payable only on construction closing, but instead will require monthly interest payments, with the principal due at construction closing. More details can be found at [www.vhfa.org/developers/loan\\_programs.php](http://www.vhfa.org/developers/loan_programs.php)

In addition to this program, VHFA is making available more funds from the MacArthur Foundation for **Equity Bridge Loans**, and for **Energy Loans / Capital Improvements Loans**. Both of these types of loans also have interest payable monthly, principal due on maturity. Both loans are short term, up to three years, and both are designed to facilitate preservation transactions as well. Energy Loans / Capital Improvement loans are to address immediate capital needs, such as items causing a failing REAC score for a Section 8 development. Equity Bridge Loans are intended to delay pay-ins from equity investors and thereby increase a project's net yield. More on both of these can be found at [www.vhfa.org/developers/loan\\_programs.php](http://www.vhfa.org/developers/loan_programs.php)

VHFA has also adopted **appraisal standards**, which seek to follow best practices for appraising affordable housing as described in USPAP guidance. These can be found at [www.vhfa.org/developers/loan\\_programs.php](http://www.vhfa.org/developers/loan_programs.php). One change from prior Agency practice is that for properties where VHFA will be providing financing, VHFA will now be commissioning the appraisals.

Finally, VHFA has available **tax-exempt bond funds**, at a fixed interest rate of 5.71%, 30-year term. These bonds DO generate the automatic "bond" credits. Any development that seeks to use this funding must close, and have the funds in the development in some way, before December 31 of this year. Due to the time and complexity of bond closings, projects must therefore be ready to start the closing process around September/October 2010. VHFA continues to make short-term construction financing available for projects, with no calendar-year deadline, and staff are always happy to discuss your needs for short or long term financing.

Please feel free to call or email Cindy Reid, Josh Slade, or myself with questions about any of these programs. Thank you.

Joe Erdelyi

Director of Development