

Virginia Community Capital and National Housing Trust Launch Preservation Acquisition Loan to Safeguard Virginia's Affordable Housing

Preserving existing affordable housing is essential to solving Virginia's housing dilemma

CHRISTIANSBURG, Va. – June 4, 2008 – Virginia Community Capital and the National Housing Trust Community Development Fund, two leading affordable housing lenders, announce today a new preservation acquisition loan pool to help preserve Virginia's affordable rental housing, an essential housing resource for low income families and seniors.

With the help of private capital, VCC and NHTCDF have created a \$30 million site acquisition loan pool to preserve and improve affordable rental homes in the Commonwealth. The Preservation Acquisition Loan (PAL) will provide flexible bridge financing (2-3 years) so affordable housing providers can acquire and hold affordable properties while they secure long-term financing.

"This project represents a significant public-private-nonprofit partnership that will benefit the most vulnerable Virginians," said Jane Henderson, President of VCC. "Safeguarding affordable rental homes is the essential first step in solving Virginia's housing dilemma."

Acquisition funds help mission driven affordable housing preservation developers overcome obstacles and play a critical role in preserving and improving existing affordable housing. Affordable housing providers need quick access to flexible financing in order to act fast to acquire affordable apartments that are at risk of being lost to Virginia's affordable housing inventory.

Existing affordable rental housing is an important resource for Virginia's families. Approximately one-third of Virginians currently rent their homes and nearly all Virginians are renters at some point in their lives. Yet, the supply of affordable rental units is on the decline. According to Harvard University's Joint Center for Housing Studies, from 1995 to 2005, the nation lost 1.4 million apartments that rent for \$600 or less because they were converted to higher priced rentals, federal subsidies waned, or aging properties deteriorated.

Apartment homes created with the help of the federal government provide some of the most affordable housing in Virginia. But much of this housing is at risk. Over the next five years, contracts on more than 17,000 project-based Section 8 units in Virginia will expire, giving owners an opportunity to opt out of the program or sell to market rate developers. Additionally, Virginia has more than 10,000 Section 515 rural housing units. Many owners of these properties are interested in selling due to market forces.

"Not only is preserving affordable apartments essential for improving access to housing opportunities, it is also cost-effective and environmentally sustainable. It costs a third less to renovate an existing apartment than it does to build a new one. Improving an existing building reuses resources and has less of an environmental impact than demolition and new construction," said Michael Bodaken, president of the National Housing Trust.

The Preservation Acquisition Loan (PAL) brings together public, private, and non-profit partners to stem the loss of affordable rental homes. Funders include the Virginia Department of Housing & Community Development, and the Virginia Housing Development Authority, as well as private lending institutions including Bank of America, SunTrust, and Wachovia.

In addition to providing financing solutions, VCC and NHT are sponsoring the Virginia Housing Preservation Symposium on June 18 in Fairfax, Virginia. The one-day symposium will bring affordable housing leaders from across the state to discuss strategies and options to preserve the state's affordable housing stock, as well as share resources, encourage partnerships and bring programs to scale. Registration for the event can be found at www.vacommunitycapital.org.

About Virginia Community Capital:

Virginia Community Capital (VCC) is a multi-million dollar non-profit, community development financial institution (CDFI) and banking entity providing innovative loan and investment solutions for affordable housing and economic development projects in the Commonwealth of Virginia. Our mission is to offer innovative, flexible financial products designed to support housing and community development ventures, increase jobs and build sustainable communities. VCC offers loan capital that is broader than bank lending to projects that have a positive community impact in low- to moderate-income communities in underserved geographies and markets. To learn more about the organization, visit: www.vacommunitycapital.org.

About the National Housing Trust:

The National Housing Trust preserves and revitalizes affordable apartments to better the quality of life for the families and elderly who live there. NHT is the only national nonprofit engaged in affordable housing preservation through real estate development, lending, and public policy initiatives. The National Housing Trust Community Development Fund (NHTCDF), the lending affiliate of the National Housing Trust, is the only certified nationwide Community Development Financial Institution (CDFI) exclusively dedicated to providing predevelopment and bridge financing to preserve and improve affordable homes. Since its inception in 1999, the Fund has made more than \$8.7 million in loans, leveraging \$418 million in private investment, helping to preserve nearly 5,000 affordable homes. To learn more about NHT, visit: www.nhtinc.org.

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