

# THE BOND BUYER

## Banks drive Vermont's oversubscribed affordable housing bonds

By

**Andrew Coen**

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Vermont's first sustainability bond sale yielded strong demand to fund new affordable housing throughout the state, according to Gov. Phil Scott.

The Vermont Housing Finance Agency's \$37 million [negotiated bond deal](#) [priced](#) Jan. 12 generated \$2 million more in proceeds that projected aided by support from banks. Scott said People's United Bank was the first institutional investor to commit to the bonds with the Vermont State Employees Credit Union also stepping forward. The Vermont Housing & Conservation Board is administering bond proceeds to create 550 to 650 homes statewide for low- and moderate-income residents.

"The bonds received a very positive response from the market with seven times the amount of orders than the amount of offered bonds," said Geoff Proulx, executive director and head of public finance housing at Morgan Stanley, which was lead manager on the deal with Raymond James. "The mission of VHFA and VHCB really resonated with investors both locally and beyond Vermont's borders."

People's United was selected by Vermont Treasurer Beth Pearce last August to manage the state's core banking services. The Bridgeport, Conn.-based bank has more than 400 branch locations in Vermont, Connecticut, New York, Massachusetts, New Hampshire and Maine.

Scott said the planned new homes represent the state's largest investment for new housing in "several decades." The 20-year bonds are backed with revenue from the Vermont Property Transfer Tax. Moody's Investors Service rated the bonds Aa2 citing Vermont's pledge to pay debt service and the state's healthy Aaa general obligation rating.

The bonds were not externally certified as sustainable, but the transaction's official statement noted that the VHFA will track sustainability guidelines adopted

by the International Capital Markets Association, and post annual updates [on its website](#) until all proceeds have been expended. The VHCB is planning to allocate 25% of the new housing funded by the bonds to those with incomes below 50% of the state's area median. The board will also fund targeted housing projects that incorporate environmental benefits including such as "smart growth" locations as well as projects meeting green building and design standards.