

Middle Income Homeownership Development Program awards all funds in 2023

2022

Program created to support building & rehabilitating homes for middle and lower income buyers.

March 2023

First set of awards made through \$14.2 million in ARPA funds for 92 homes.

September 2023

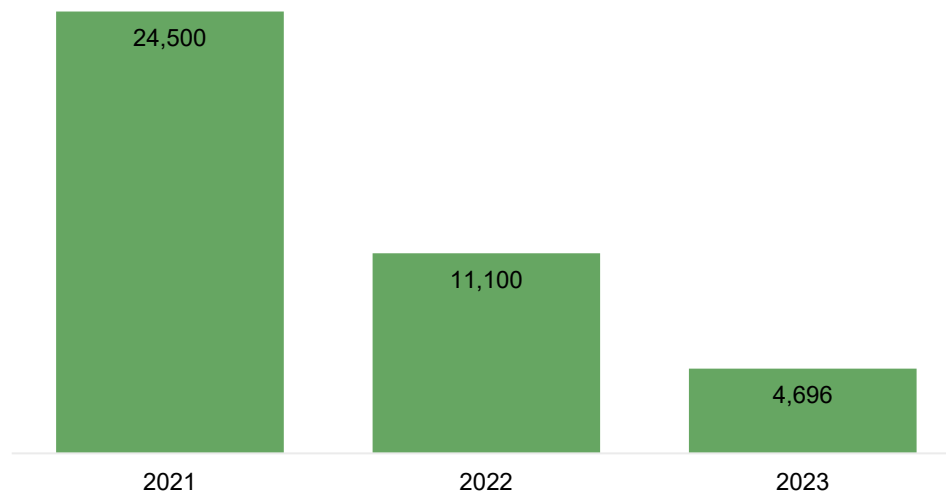
Awards made through \$9 million from 2023 BAA for 180 homes.



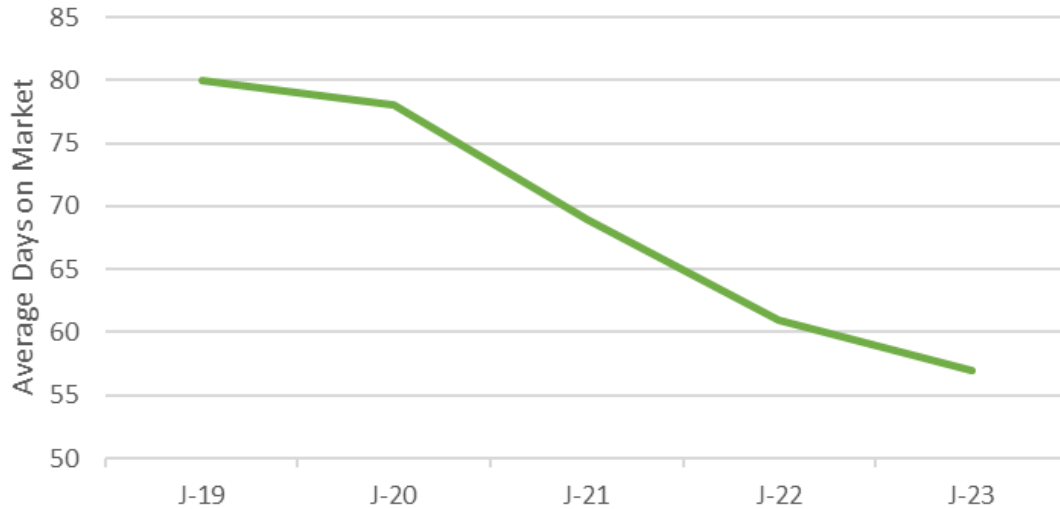
*Homes completed in 2023
in Londonderry and Rutland.*

	January-June 2021	January-June 2022	January-June 2023
Vermont median primary home price	\$259,900	\$295,000	\$315,000
Average interest rate on 30-year mortgage, no points	3.11%	4.72%	6.44%
Monthly mortgage payment (includes mortgage, PMI, insurance, property taxes)	\$1,710	\$2,192	\$2,595
Income needed to afford	\$68,394	\$87,671	\$103,776
Estimated Vermont renters with enough income to purchase median priced home	24,500	11,100	4,696

Renters who could likely afford to buy median home

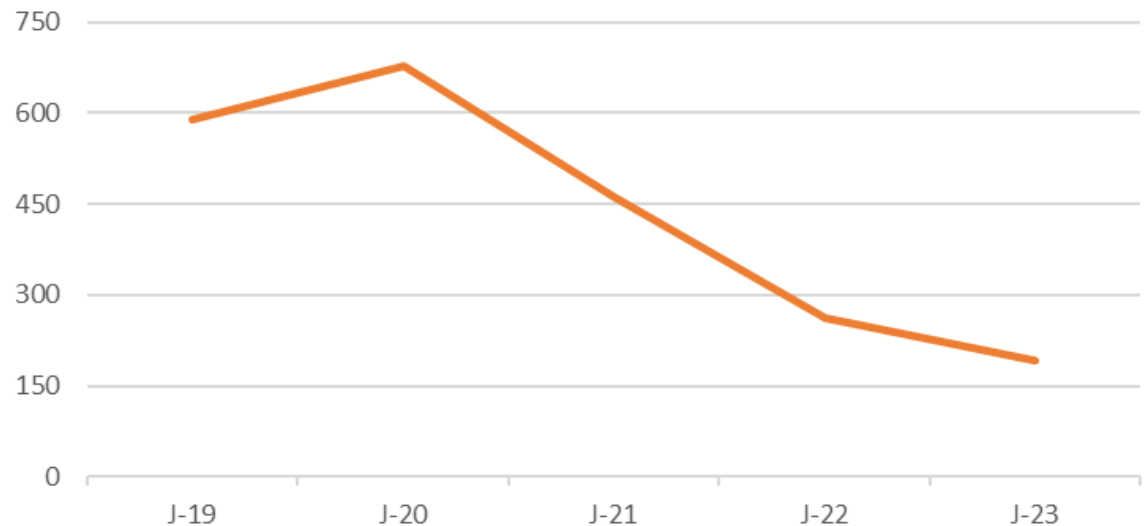


Average number of days homes were listed in the MLS in July of each year

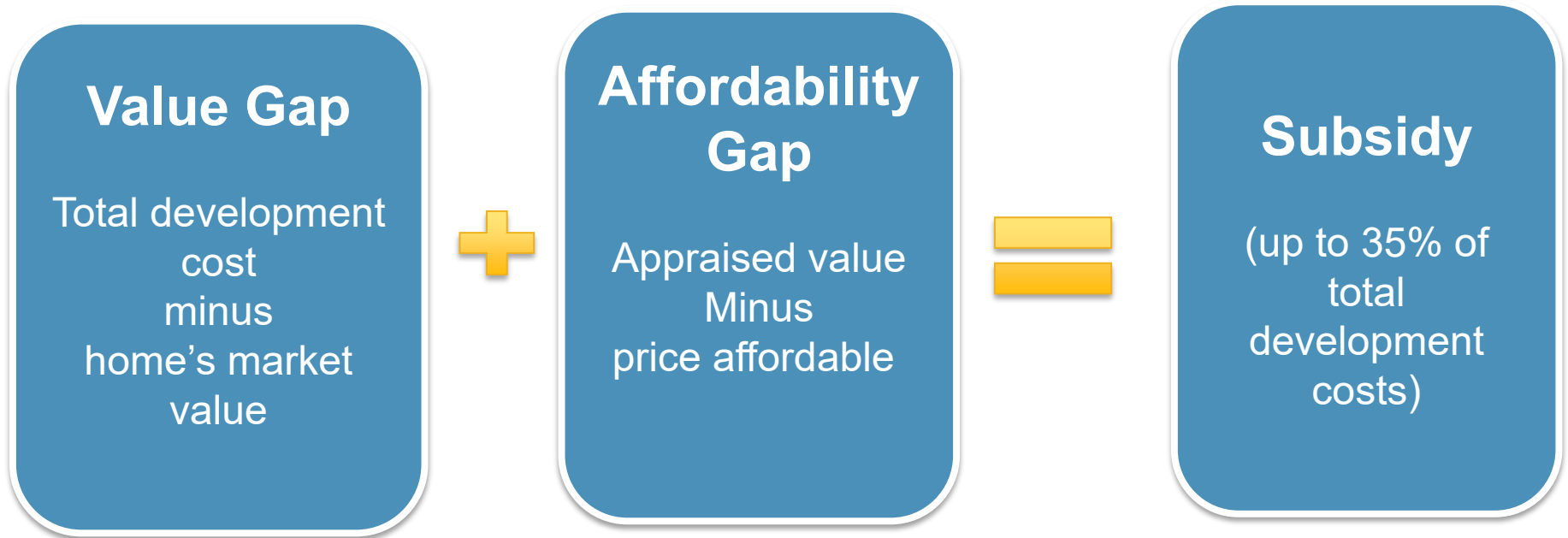


**According to
MLS Realtor
Data...**

Number of homes sold priced below \$300,000 in July of each year



Program fills gaps that hamper creating homes affordable for middle income buyers

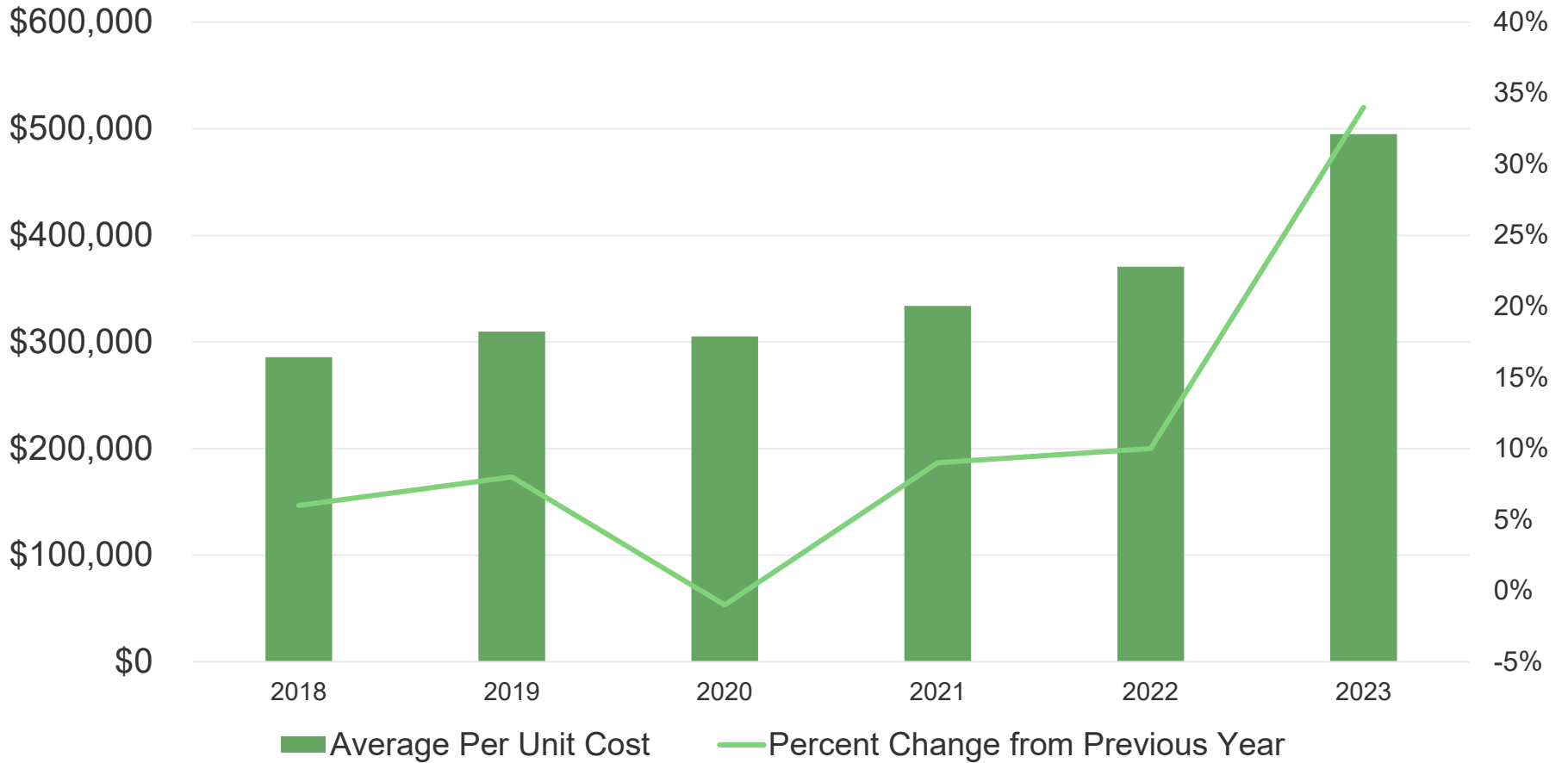


Why do these gaps exist?

Homes cost more to build than they will appraise for

Homes cost more to build than middle income buyers can afford

Cost Trends in Affordable Housing Projects



Homes underway in 20 Vermont communities



Home under construction in Burlington's Old North End



Middlebury College-owned land will become 37 homes



Homebuyers and volunteers in front of new Vergennes home



First home completed in Rutland



The Corlew family's new home in Londonderry

"This is incredible... I had a moment of disbelief until the reality set in that we would be able to stay in this area, close to our family. The children's grandparents will be right around the corner, are so involved in their lives and help out a lot with childcare. Being able to purchase this house means the world to all of us."

First year impacts are wide-reaching

Homes funded	138
Bedrooms built	361
Average subsidy per home	\$155,416
Average purchase price to buyers	\$194,321
Shared equity homes	68 (49%)
Neighborhoods expanded	20
Total funding deployed	\$24 million



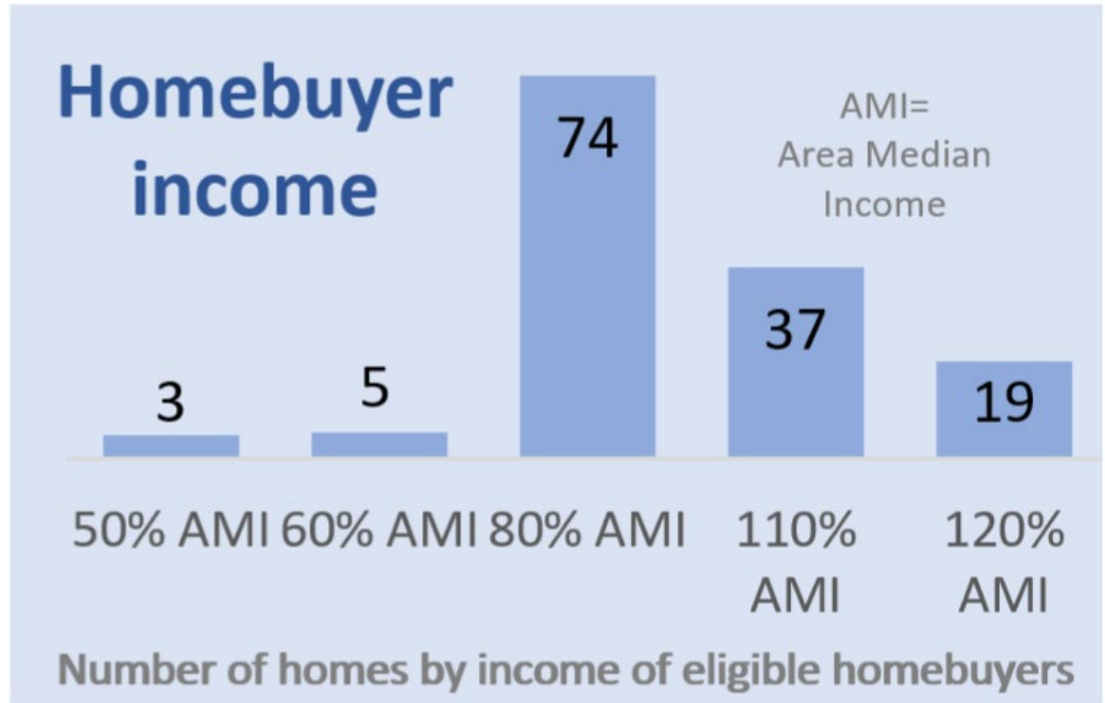
Upper photo: Addison County Habitat for Humanity volunteers and board with the Poquette family outside their home when they took ownership in July 2023.

Lower photo: Homebuyer Elizabeth Poquette, her mother, Janet Brunet, and Elizabeth's son, Thatcher.

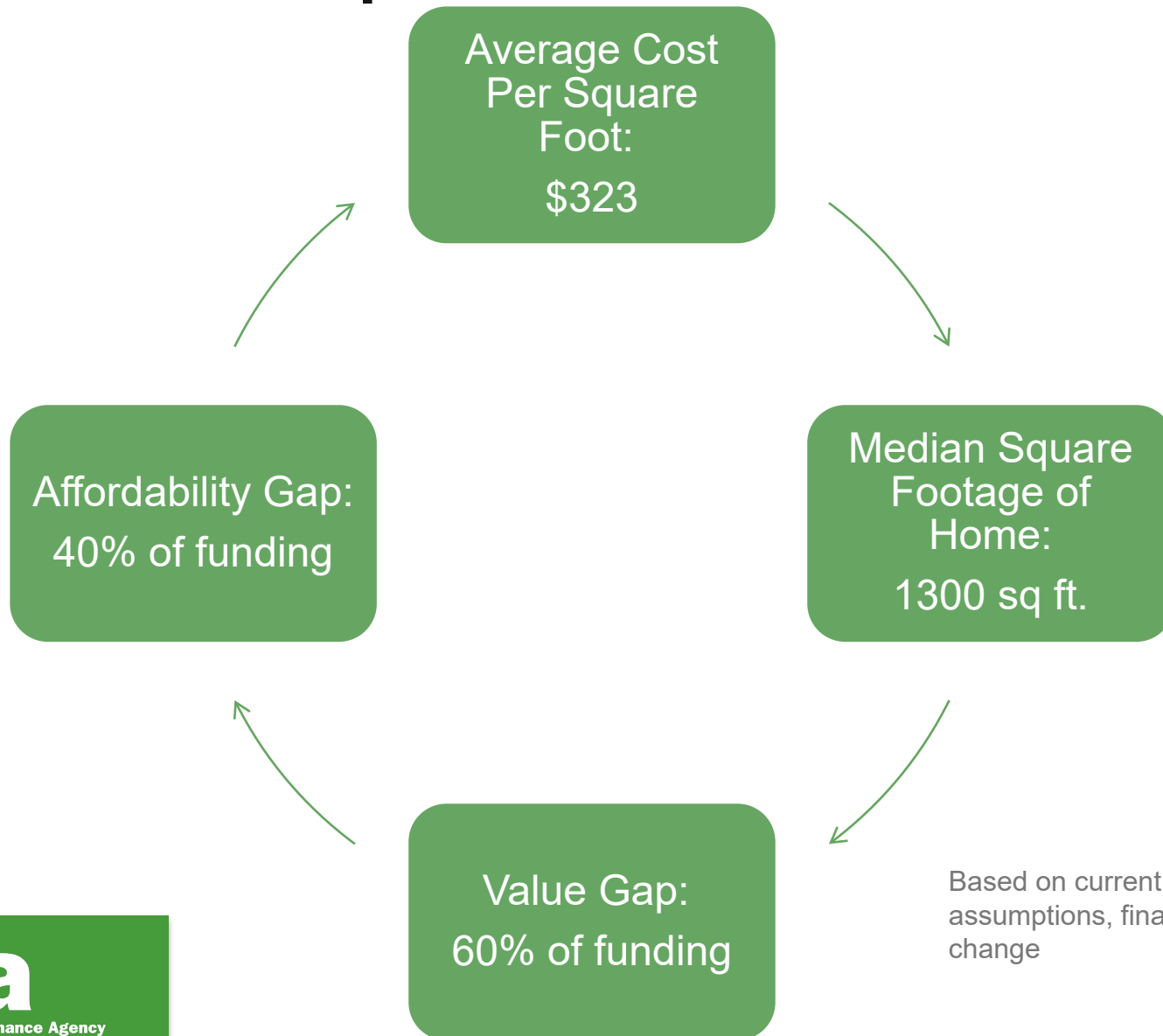


Program builds homes primarily for middle income homebuyers in 2023

- Program provides long-term affordability for future homebuyers
- 49% of all homes funded in 2023 are shared-equity homes
- Subsidy retained for all homes developed through limits on future sales prices.
- Most homes awarded funds in 2023 (86%) will be for homebuyers at or below 110% of the area median income.



Continued construction price inflation led to larger Value Gap



Program tweaks

Original subsidy retention model – Pilot:

- VHFA puts conditions in the subsidy to ensure the subsidy remains with the home to offset the cost to future homebuyers; or
- Use a housing subsidy covenant to preserve the affordability of the home for 99+ years.

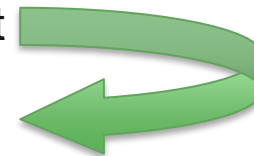
Preferred and more effective subsidy retention model – Future Program:

- VHFA puts conditions in the subsidy to ensure the subsidy remains with the home to offset the cost to future income-eligible homebuyers; or
- ~~○ Use a housing subsidy covenant to preserve the affordability of the home for 99+ years.~~ VHFA recaptures the subsidy upon the sale of the home and uses it for future awards; or
- Use a housing subsidy covenant to preserve the affordability of the home for 99+ years.

Name change:

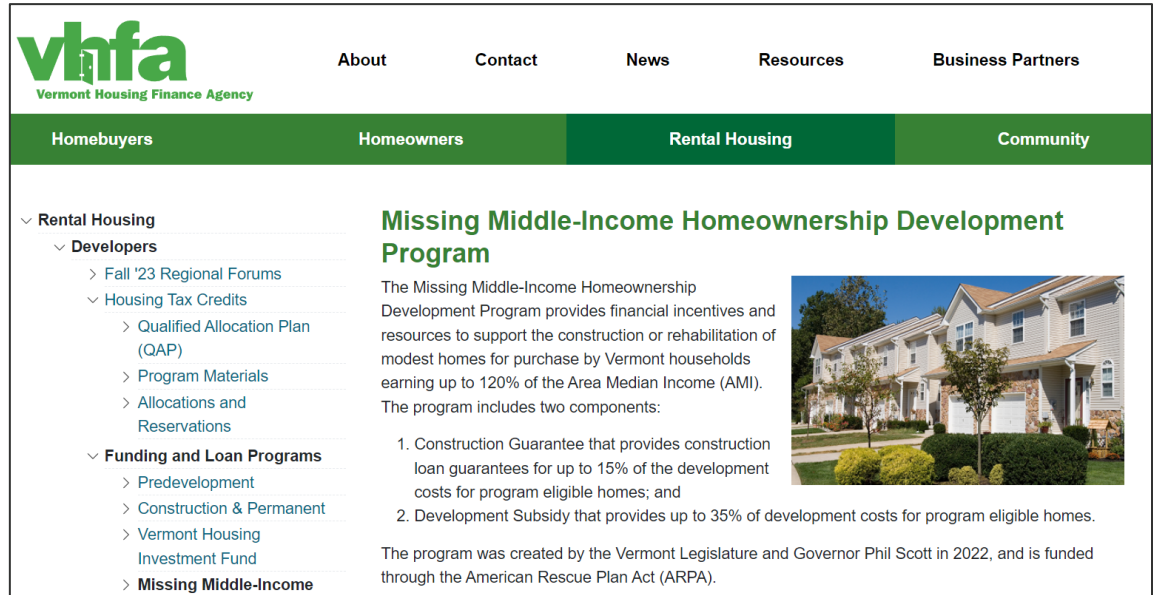
Missing Middle-Income Homeownership Development Pilot

Middle-Income Homeownership Development Program



More information

- Program Guidelines
- Webinar Recording
- Lists of projects awarded in 2023



The screenshot shows the vhfa website with a green header and navigation menu. The main content area is titled "Missing Middle-Income Homeownership Development Program". It includes a description of the program, a list of components, and a photograph of a modern house.

vhfa
Vermont Housing Finance Agency

About Contact News Resources Business Partners

Homebuyers Homeowners Rental Housing Community

▼ Rental Housing


- ▼ Developers
 - > Fall '23 Regional Forums
- ▼ Housing Tax Credits
 - > Qualified Allocation Plan (QAP)
 - > Program Materials
 - > Allocations and Reservations
- ▼ Funding and Loan Programs
 - > Predevelopment
 - > Construction & Permanent
 - > Vermont Housing Investment Fund
 - > **Missing Middle-Income**

Missing Middle-Income Homeownership Development Program

The Missing Middle-Income Homeownership Development Program provides financial incentives and resources to support the construction or rehabilitation of modest homes for purchase by Vermont households earning up to 120% of the Area Median Income (AMI). The program includes two components:

1. Construction Guarantee that provides construction loan guarantees for up to 15% of the development costs for program eligible homes; and
2. Development Subsidy that provides up to 35% of development costs for program eligible homes.

The program was created by the Vermont Legislature and Governor Phil Scott in 2022, and is funded through the American Rescue Plan Act (ARPA).



<https://vhfa.org/rentalhousing/developers/missing-middle-homeownership-program>