

Fiscal Impact of Down Payment Assistance - Impact of Property Transfer Tax(PTT)

Tax Credit for DPA at \$125,000 year for 5 years

	FY 2016	Year 1	Year 2	Year 3	Year 4	Year 5	phase out	Year 6	Year 7	Year 8	Year 9	Year 10	Total over 10 Years	
		-125,000	-125,000	-125,000	-125,000	-125,000		0	0	0	0	0		
		0	-125,000	-125,000	-125,000	-125,000		-125,000	0	0	0	0		
		0	0	-125,000	-125,000	-125,000		-125,000	-125,000	0	0	0		
		0	0	0	-125,000	-125,000		-125,000	-125,000	-125,000	0	0		
		0	0	0	0	-125,000		-125,000	-125,000	-125,000	-125,000	0		
								0	0	0	0	0		
Tax Expenditure		-125,000	-250,000	-375,000	-500,000	-625,000		-500,000	-375,000	-250,000	-125,000	0	Forgone Tax Revenue	-3,125,000
DPA loans annual outstanding		110	110	110	110	110	**repay/ new loans	17	33	50	66	83	Cumulative DPA Loans	798
Est. PTT revenue*		218,500	218,500	218,500	218,500	218,500		33,165	66,330	99,495	132,660	165,825	PTT Revenue	1,589,975
Net cost to State		93,500	-31,500	-156,500	-281,500	-406,500		-466,835	-308,670	-150,505	7,660	165,825	Net Cost	-1,535,025

* Value of new property transfer tax (PTT) transactions first 5 years

VHFA borrower buys a \$165,800 house (current average):

First \$110,000 value exempted	0
.0125 on the balance	698
	100
	69,750

The seller purchases a \$200,000 house in VT (2014 median):

.005 on the first \$100,000	500
.0125 on the balance	1,250
	1,750
	85
	148,750

Est. PTT Revenue to State 218,500

** This assumes no repayments until the 6th year.

VHFA's whole loan portfolio has a repayment rate of 12-18% a year.

15% repayment was assumed for the second five years new transactions.

This does not include estimates for the additional tax revenues, as well as overall increased economic activity, for home improvements, renovations, furniture and equipment sales generated as a result of first time homebuyer activity. In 2010 the NeighborWorks Alliance of Vermont noted that every new homeowner contributed approximately \$40,500 in economic benefits to the State.