

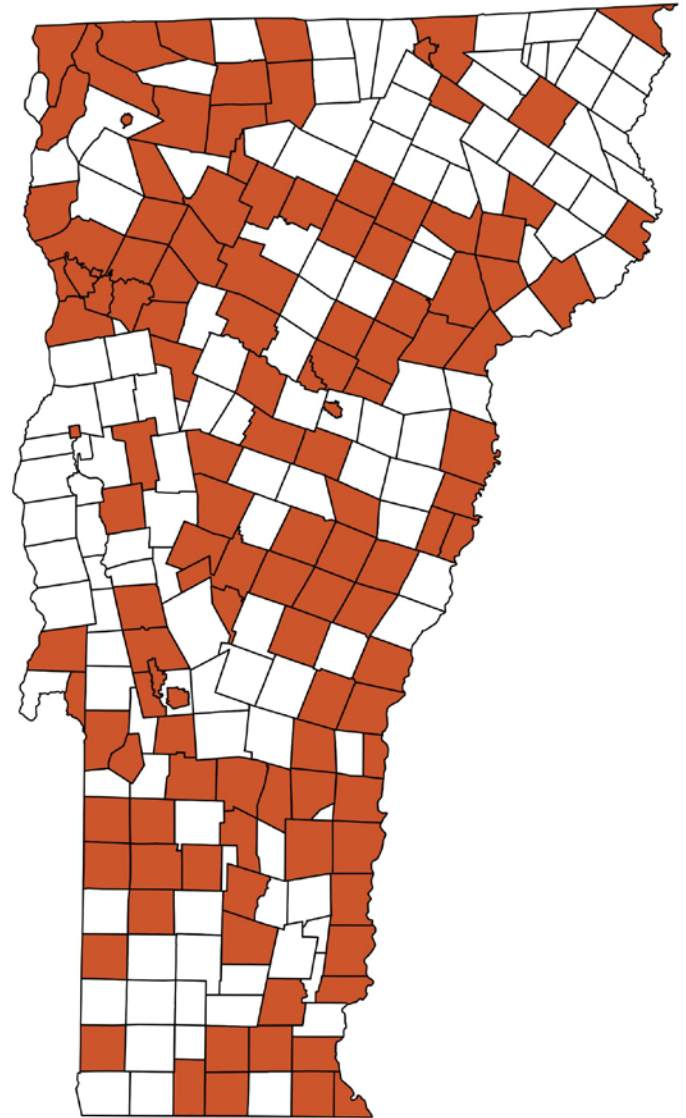
H. 787 - Downtown and Village Tax Credits



Downtown & Village Center Tax Credits

The Basics

- \$2.4 Million in credits annually
- Awarded competitively
- Proven to stimulate investment in commercial centers, large and small
- Projects must be located within the state's 23 Designated Downtowns, 139 Designated Village Centers



Downtown & Village Center Tax Credits



By the Numbers [2013-2017]

141

projects awarded

52

communities
served

\$12

million awarded
tax credits

\$181.5

million in private
investment

Downtown & Village Center Tax Credits



Aldrich Block

Total Project Cost
\$1,160,000

Tax Credits Awarded
\$112,500



Blanchard Block

Total Project Cost
\$5,500,000

Tax Credits Awarded
\$287,500

Barre

Downtown & Village Center Tax Credits



Dot's Restaurant

Total Project Cost
\$802,000

Tax Credits Awarded
\$92,087



The Village Roost

Total Project Cost
\$575,000

Tax Credits Awarded
\$41,764

Wilmington

Downtown & Village Center Tax Credits



Brattleboro

Applicant Survey*

80 Million Invested

56%

Spent on Labor

98% of materials
purchased in Vermont

44%

Spent on Construction Materials

Businesses and Jobs Created

622

Permanent Jobs Created

754

Temporary Jobs Created

34

New Businesses

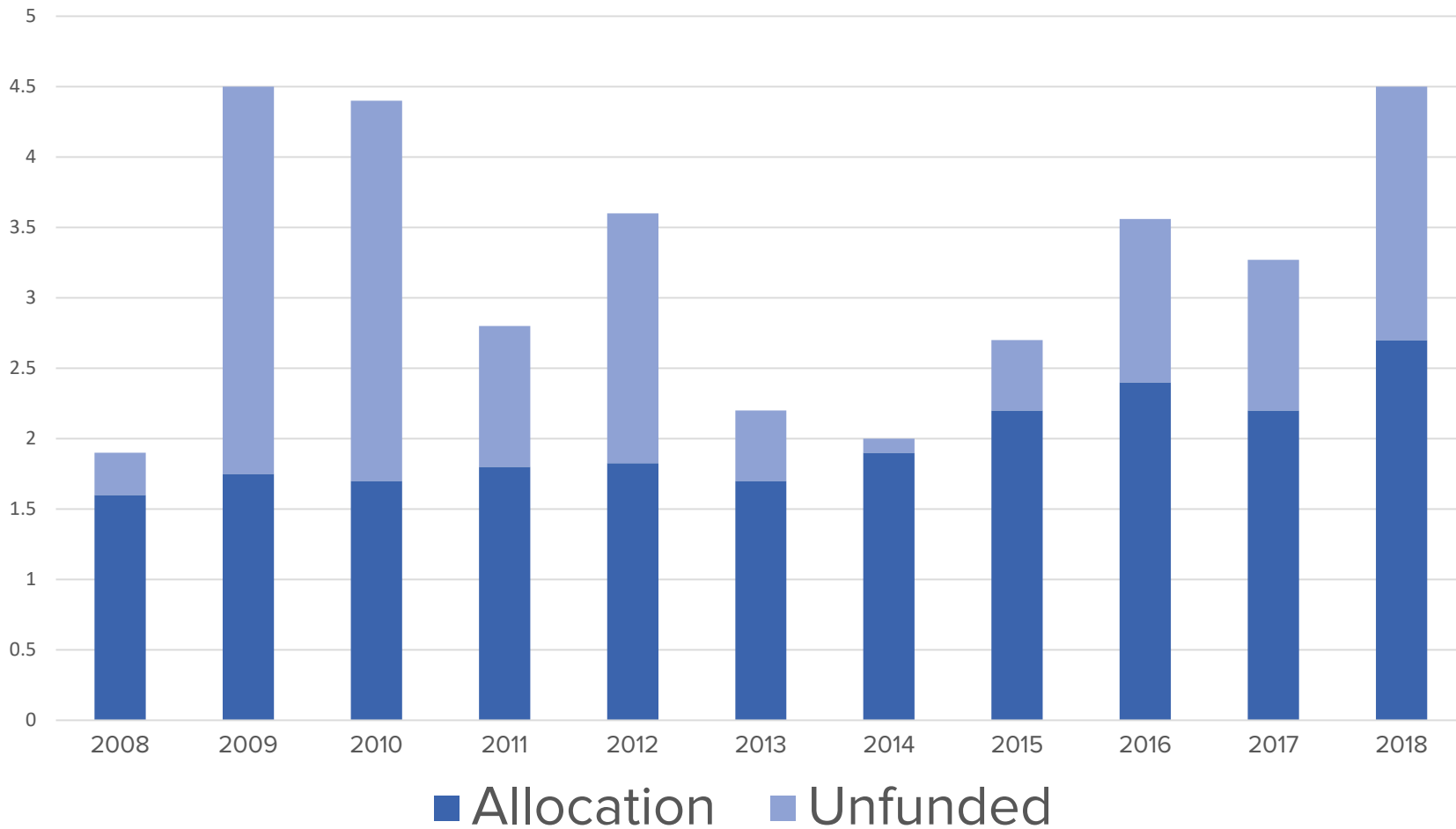
16

Expanded Businesses

* N=59

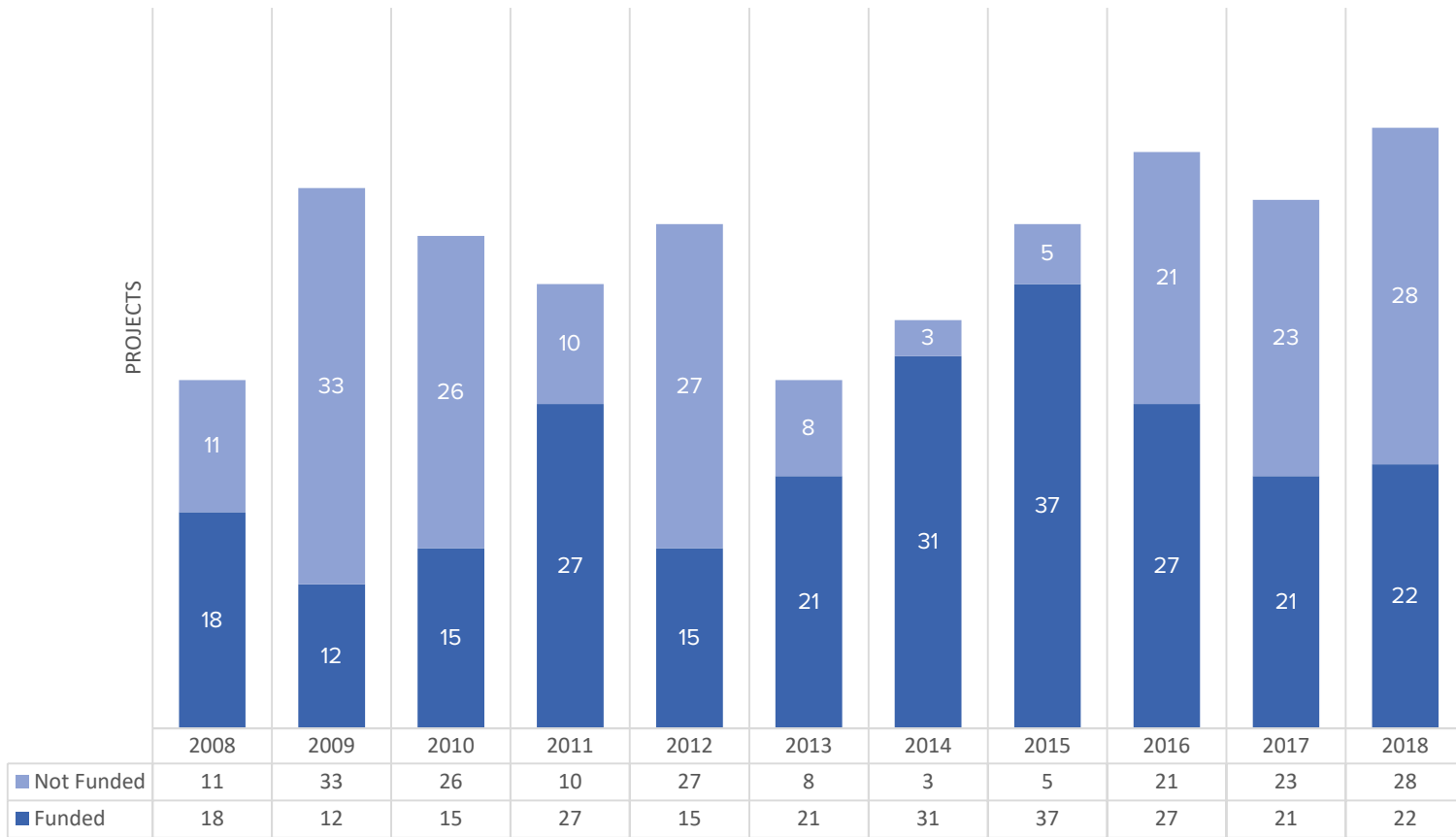
Downtown & Village Center Tax Credits

Funding Demand
FY 2008-2018



Downtown & Village Center Tax Credits

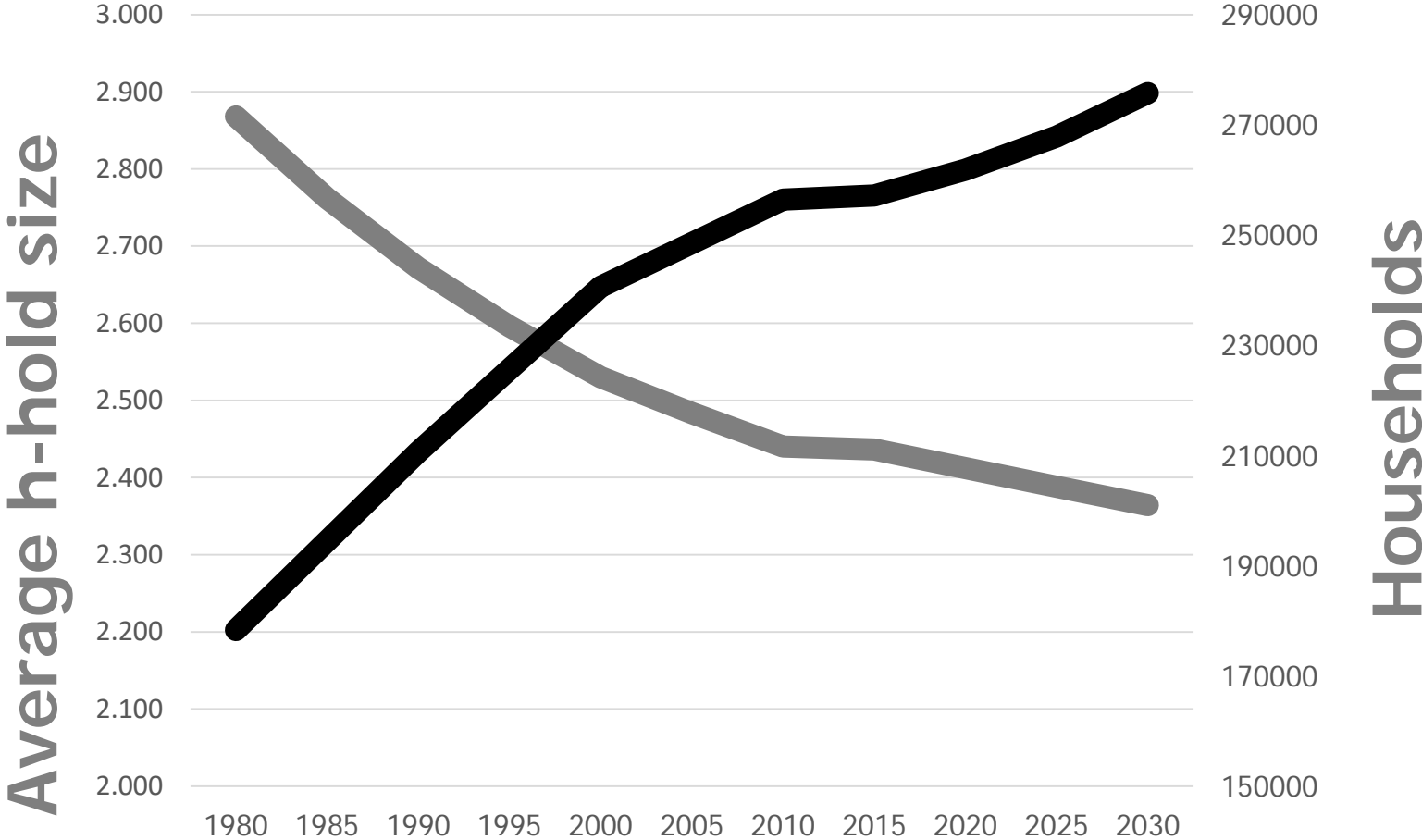
Project Demand
FY 2008-2018



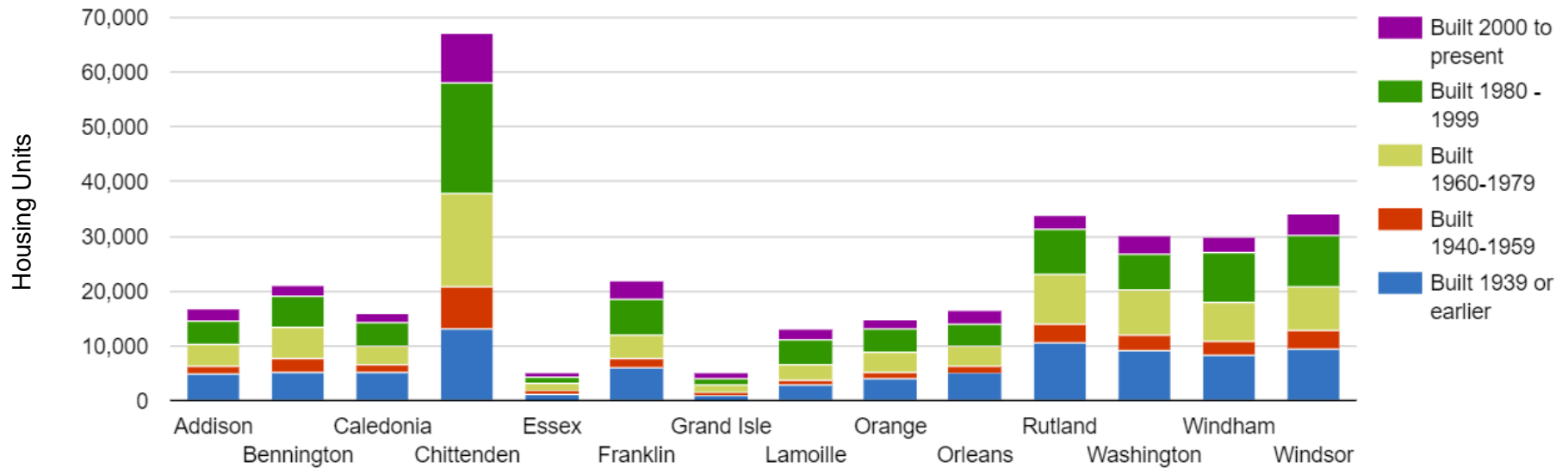
H. 766 - Homeowner Rehabilitation Tax Credit



Vermont Household Size and Number



Housing Units by Age and County



VERMONT
FUTURES
Project



Homeowner Tax Credits



Housing Investment in the Right Places

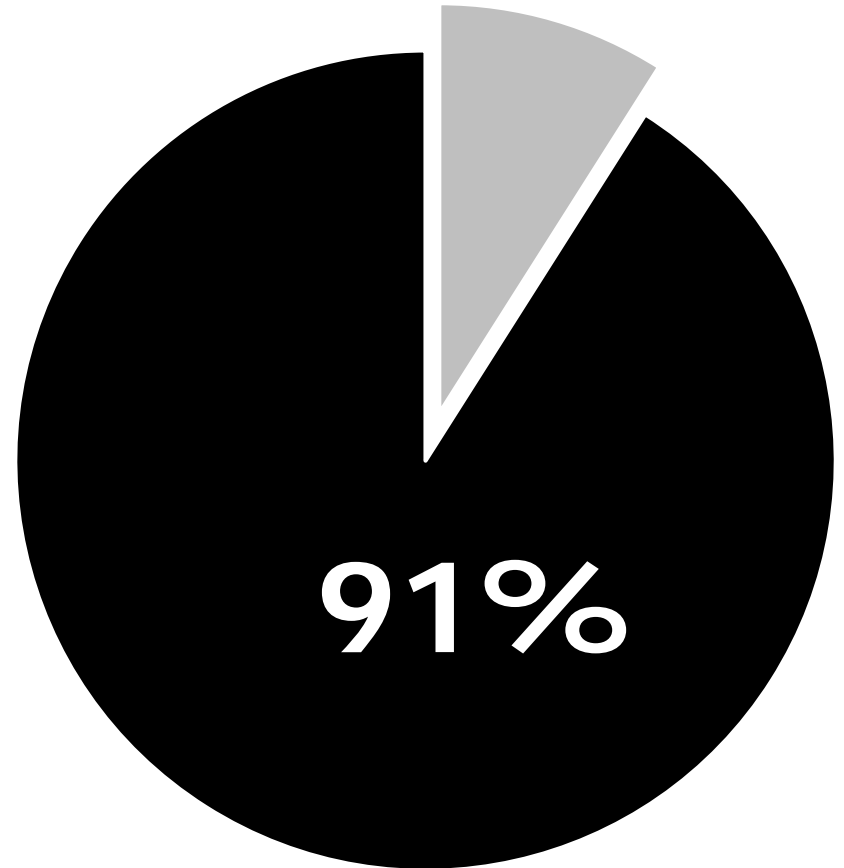
The availability of housing can help or hinder an employer's ability to attract and retain workers

Construction is an important part of the economy that pays living wages and generates tax revenues

Building new and refurbishing housing located in villages and downtowns close to business, stores and schools supports a variety of state and local goals ...

- Revitalizes communities
- Improves the value of the grand list
- Supports downtown and villages businesses
- Gets the most out of past investments in infrastructure
- Reduces taxes needed to support town services like fire, police and ambulance
- Improves public health by promoting walking and biking
- Reduces commuting times, saves money, improves air and water quality
- Protects rural working lands from development

**I would walk to
work, school,
shopping or other
activities if they
were close
enough...**



Homeowner Tax Credits

1. Alabama
2. Arkansas
3. Colorado
4. Connecticut
5. Delaware
6. Georgia
7. Iowa
8. Kansas
9. Kentucky
10. Louisiana
11. Maryland
12. Mississippi
13. Missouri
14. New Mexico
15. New York
16. North Carolina
17. North Dakota
18. Ohio
19. South Carolina
20. Utah
21. Virginia
22. West Virginia
23. Wisconsin



Homeowner Rehabilitation Tax Credit

A new initiative to revitalize Vermont's neighborhoods in and around downtown and village centers.



Background

Act 157 directed the Agency of Commerce and Community Development (ACCD) to convene a diverse steering committee of housing, municipal, financial policy experts and ACCD staff to review existing programs and statutes, gather data and stakeholder input and evaluate the housing and infrastructure needs throughout Vermont.

These recommendations helped set the stage for a successful legislative session that streamlined state permitting for housing within state designated centers, created a \$35M bond for affordable and market rate housing, and allowed six new Tax Increment Financing Districts to support new investment in infrastructure. However, several recommendations to address the quality of Vermont's existing housing stock were not taken up.



The Challenge

Despite the \$35M housing bond and the good work of many Vermont-based institutions to improve and increase the supply of housing in Vermont – there's a growing gap between existing housing availability and need. The Act 157 report highlighted the success of state tax investment credits to improve "Main Street" buildings and bring new vitality to Vermont's downtowns and village centers. The report noted a similarly structured homeowner rehabilitation tax credit could do the same to improve the quality of the housing stock that surrounds Vermont's downtowns and villages.

In many communities the cost to repair and update existing housing stock can exceed the appraised value of the building or an owner's ability to borrow. Without tools or funding to close that gap, property values and quality of life continue to decline in many neighborhoods.

The Solution

Policy makers recognize that investing in housing improves our quality of life, creates jobs, leverages private investment, generates local property tax revenues, revitalizes downtowns and villages and builds stronger communities. Targeted rehabilitation tax credits are a proven strategy to spark new investment needed to increase the value of the grand list. H. 766 is modeled after the state's downtown and village center tax credits that have helped transform communities – supporting new rental housing, attracting new businesses, fostering business expansions, and creating good jobs in downtowns and villages across the state.

More public investment in homes that are affordable, desirable and within a reasonable distance of work, schools or shopping, is needed to attract and house the young families and the workforce needed for businesses and communities to thrive. This program will help meet the pent-up demand for walkable housing in and around our centers, it will help reverse grand list declines and transform economies in Vermont's distressed downtowns and villages.

For more information, please contact:
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802.828.3080



Homeowner Tax Credits

Downtown Board

- Develops application process
- Reviews municipal housing improvement proposals
- Allocates credits to municipalities and homeowners

Municipality

- Develops local housing improvement partnerships
- Identifies improvement areas
- Applies to Downtown Board for credits
- Administers local housing improvement program

Homeowner

- Works with local bank and municipality on incentive package
- Develops scope of work to improve home

Homeowner Tax Credits



Homeowner with Rental Unit

Hypothetical Proforma

Grand List Value	200,000
Purchase Price	180,000
House Payment without Incentives	1,473
House Payment with Incentives	428
Renovations	
Roof	10,000
Exterior Paint	8,000
Kitchen	12,000
Insulation	6,000
Accessory Unit	25,667
Design/Permitting	5,000
Total Renovations	66,667
Investment Incentives	
Home Equity Loan	66,667
30% Tax Credit	20,000
ADU Bonus	5,000
Efficiency Vermont	3,500
Municipal Housing Fund	5,000
Reduced Loan Principal	33,167
Homeowner Debt	
Mortgage	144,000
Home Equity Loan	33,167
Total Homeowner Debt	177,167
Monthly Payment	
Mortgage (30 years @ 4.92%)	766
Home Equity Loan (10 years @ 5%)	352
Rental Income	700
Total House Payment	428



Homeowner

Hypothetical Proforma

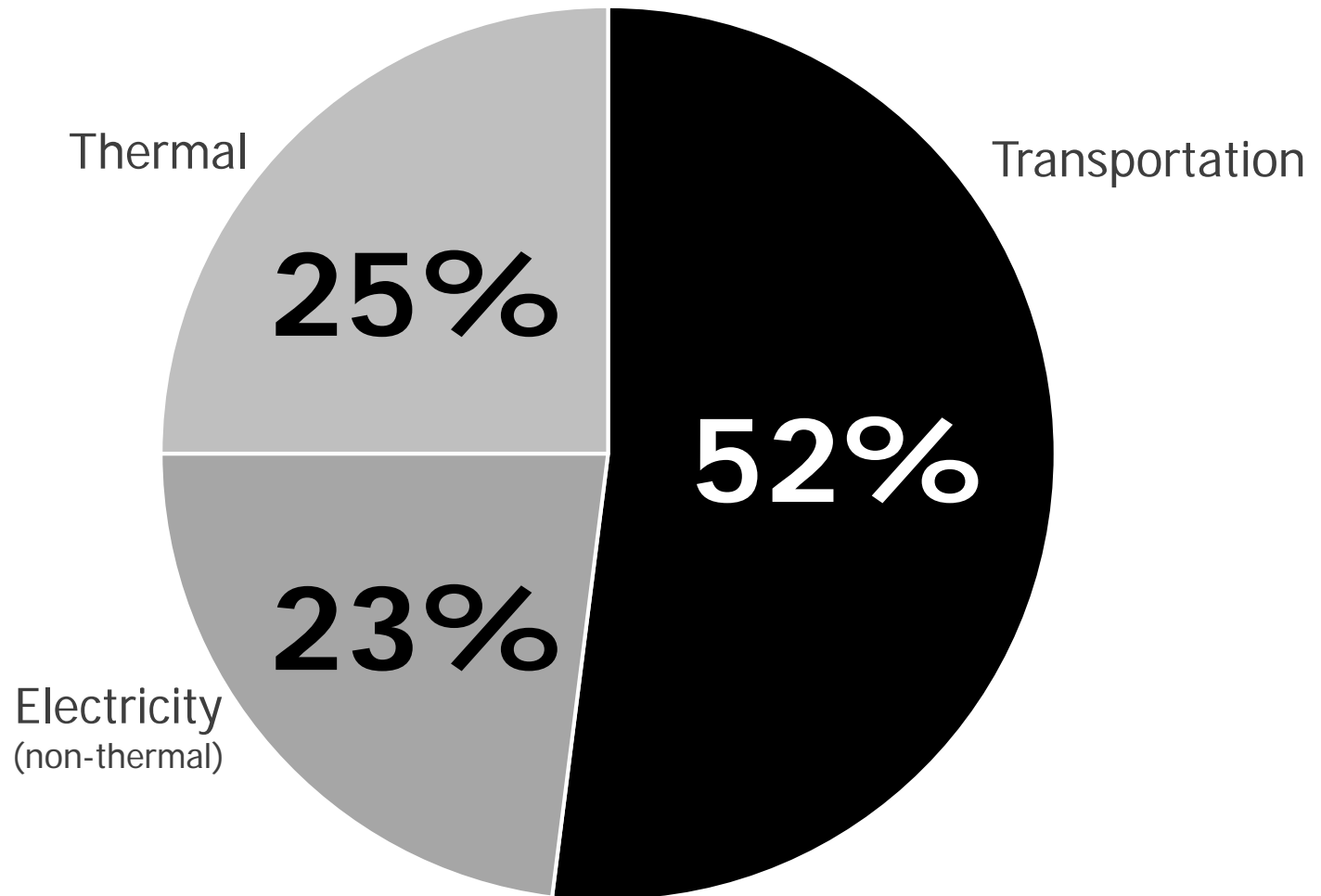
Grand List Value	100,000
Purchase Price	85,000
House Payment without Incentives	1,093
House Payment with Incentives	599
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Total Renovations	75,000
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Investment Incentives	
Home Equity Loan	75,000
30% Tax Credit	20,000
Efficiency Vermont	5,000
Electric Utility Weatherization Fund	5,000
Local Hospital Subsidy	10,000
Municipal Housing Fund	15,000
Reduced Loan Principal	20,000
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Homeowner Debt	
Mortgage	68,000
Home Equity Loan	20,000
Total Debt	88,000
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Monthly House Payment	
Mortgage (30 years @ 6.25%)	419
Home Equity Loan (15 years @ 7%)	180
Total Payment	599



Questions?

Additional slides

Total Energy Cost for Vermont Households



Median Household Annual Vehicle Miles Traveled by Area

