Downtown and Village Tax Credits

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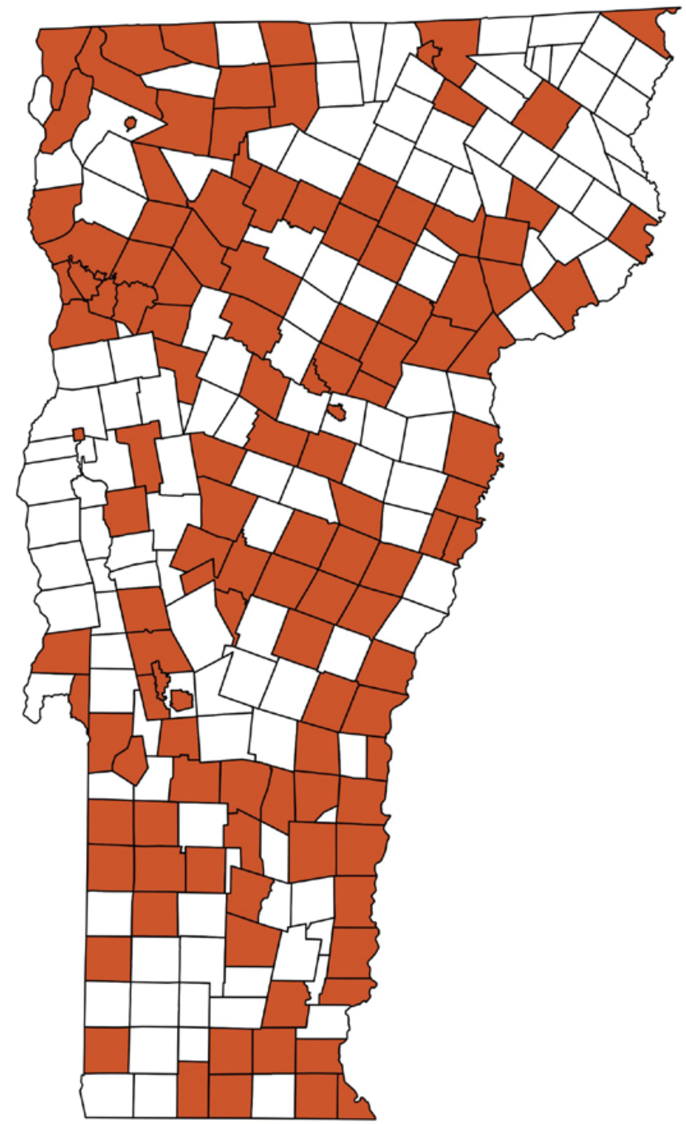
Downtown & Village Center Tax Credits

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


Grand List Before: $350,000


Grand List After: $854,100

Aldrich Block

Total Project Cost
$1,160,000

Tax Credits Awarded
$112,500

Grand List Before: $618,600

Barre


Grand List After: $2,125,000

Blanchard Block

Total Project Cost
$5,500,000

Tax Credits Awarded
$287,500

Downtown & Village Center Tax Credits

Dot's Restaurant

Total Project Cost
$802,000

Tax Credits Awarded
$92,087

Wilmington

The Village Roost

Total Project Cost
$575,000

Tax Credits Awarded
$41,764

Downtown & Village Center Tax Credits

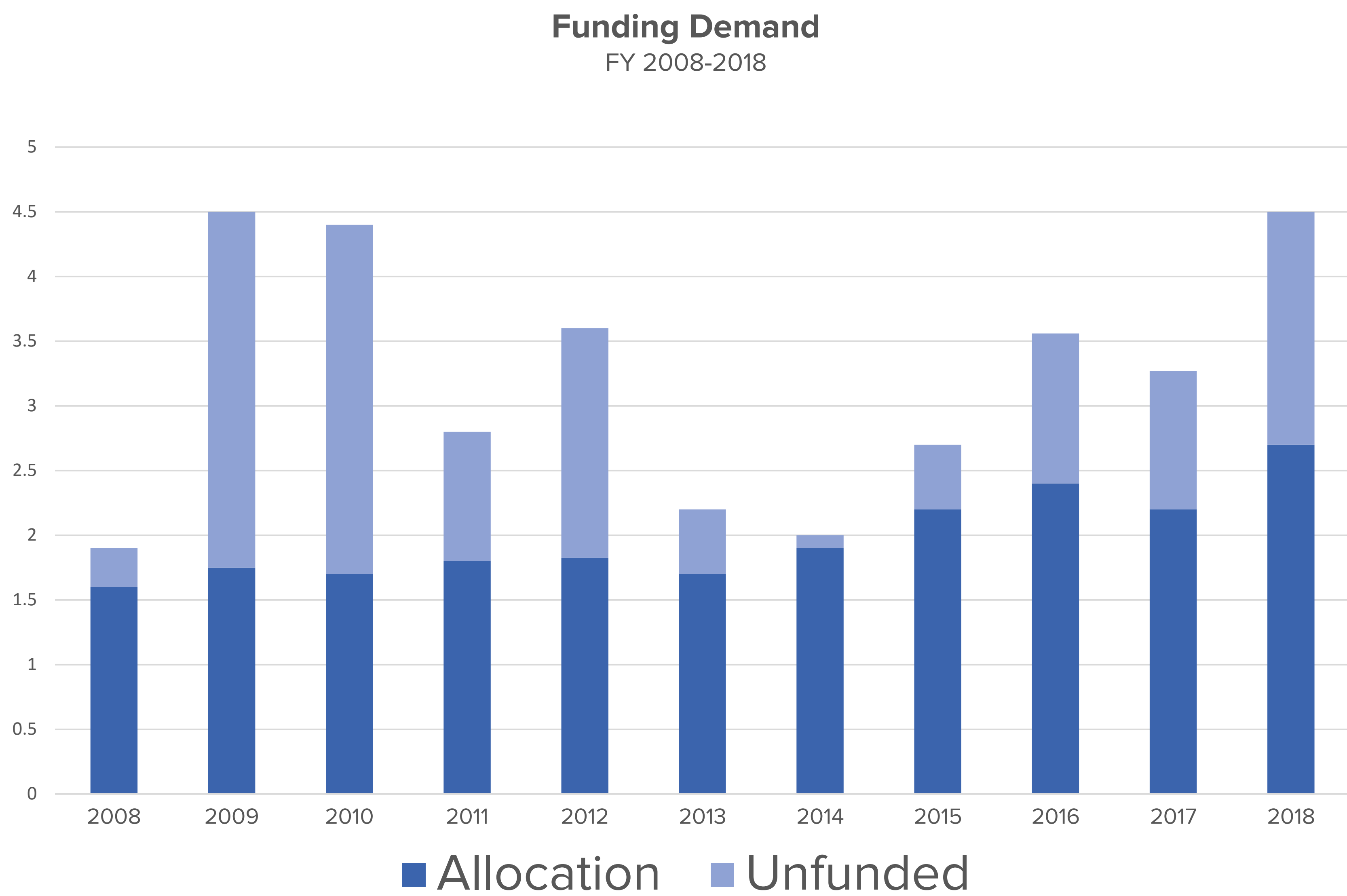
Brattleboro

Applicant Survey*

80 Million Invested

* N=59

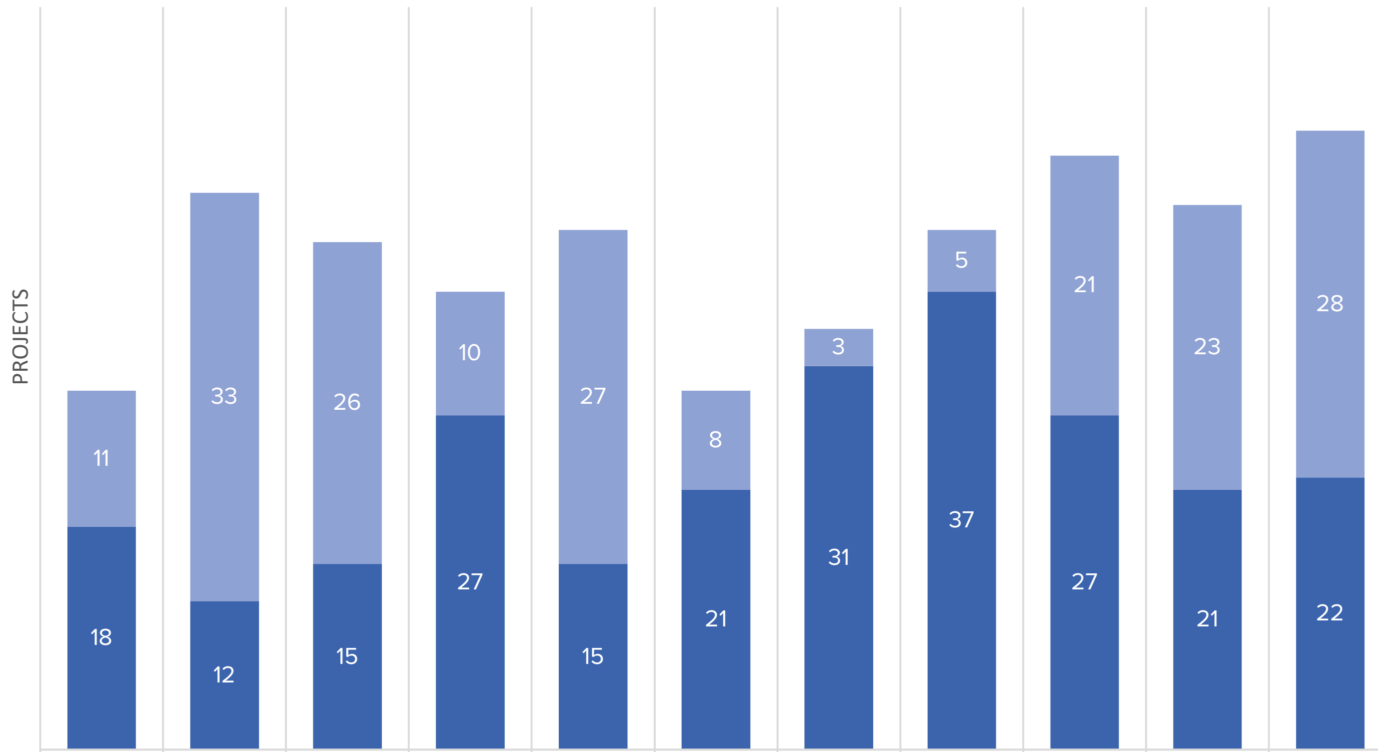
Downtown & Village Center Tax Credits



Downtown & Village Center Tax Credits

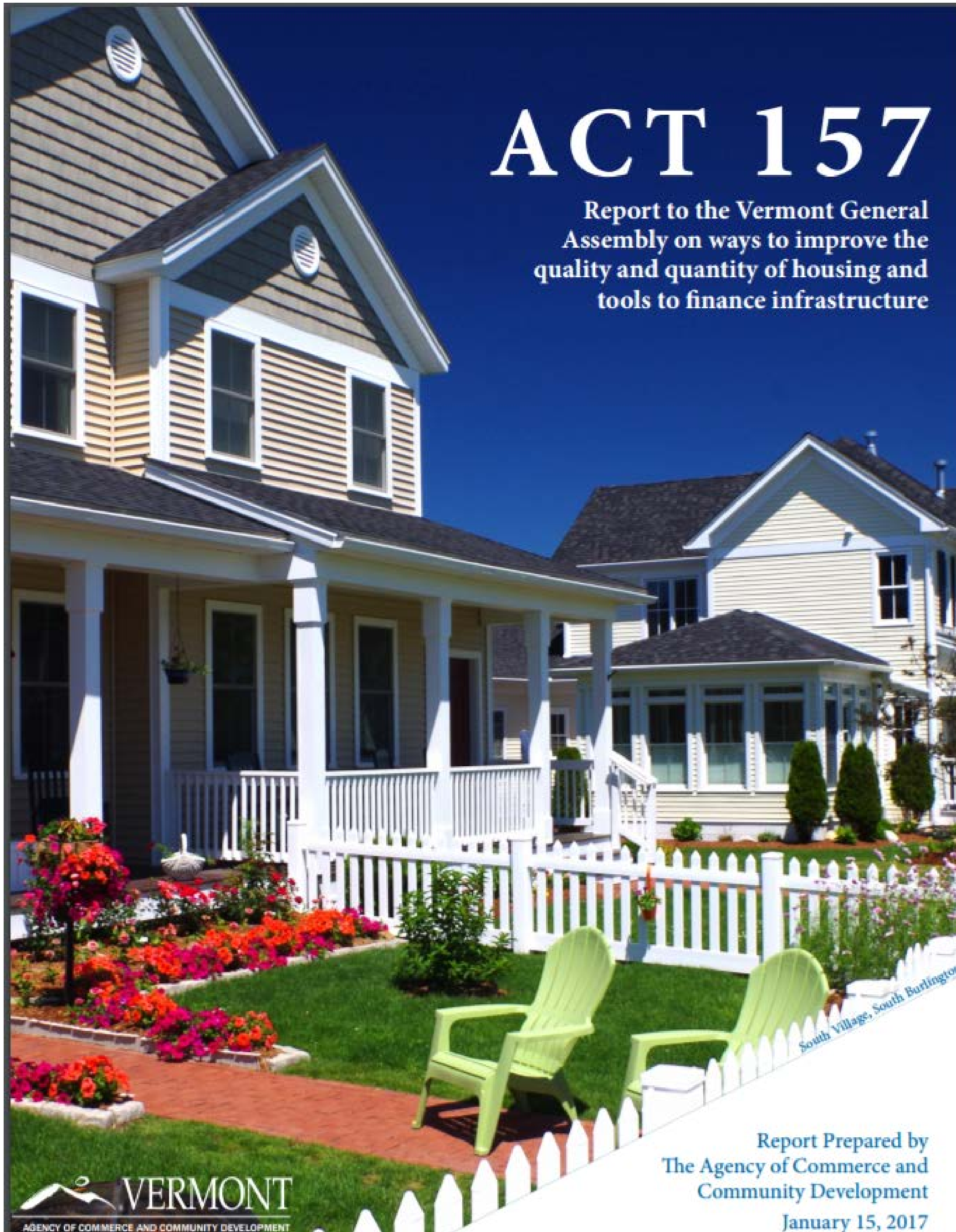
Project Demand

FY 2008-2018



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Not Funded	11	33	26	10	27	8	3	5	21	23	28
Funded	18	12	15	27	15	21	31	37	27	21	22


Homeowner Rehabilitation Tax Credit



ACT 157

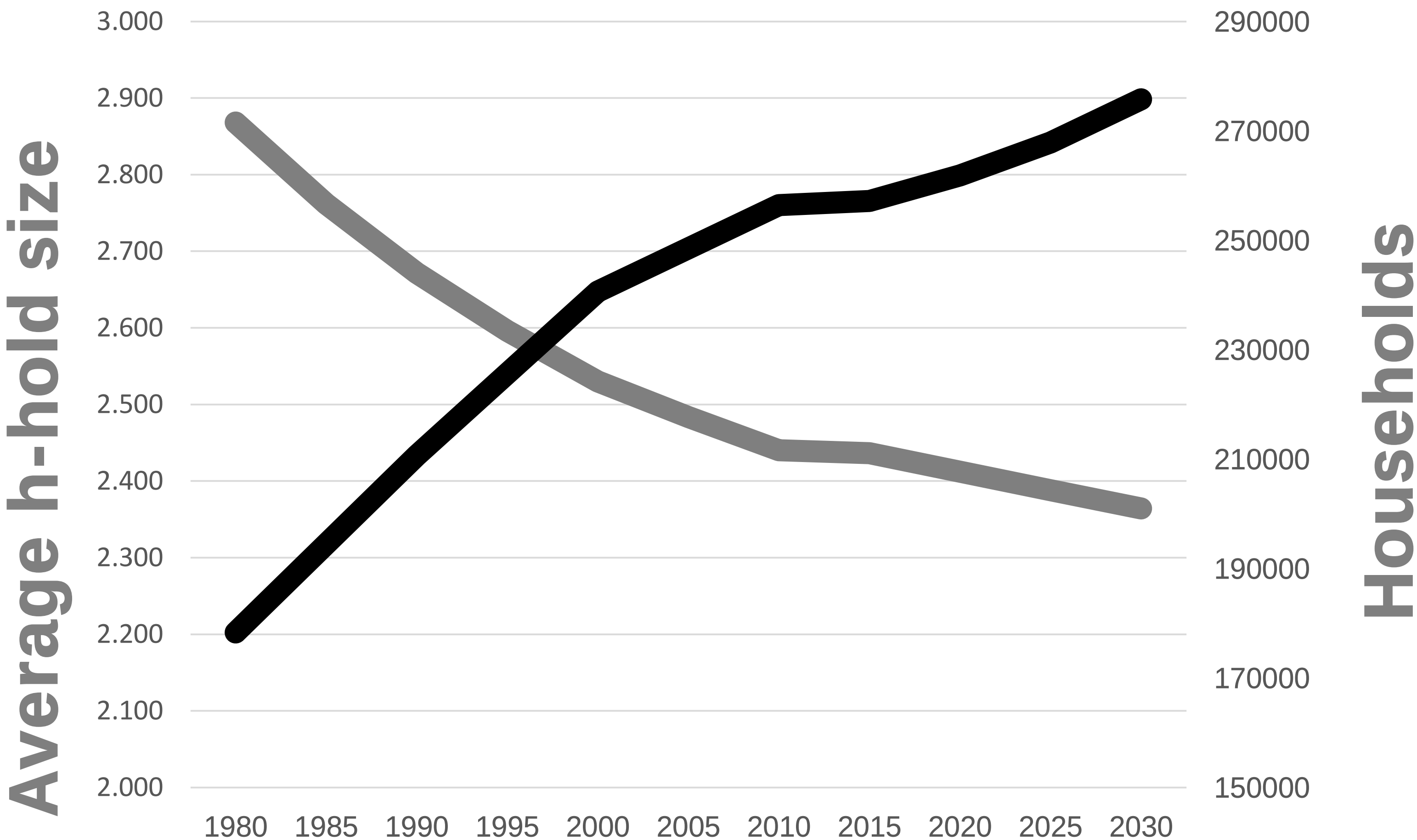
Report to the Vermont General Assembly on ways to improve the quality and quantity of housing and tools to finance infrastructure

South Village, South Burlington

Report Prepared by
The Agency of Commerce and
Community Development
January 15, 2017

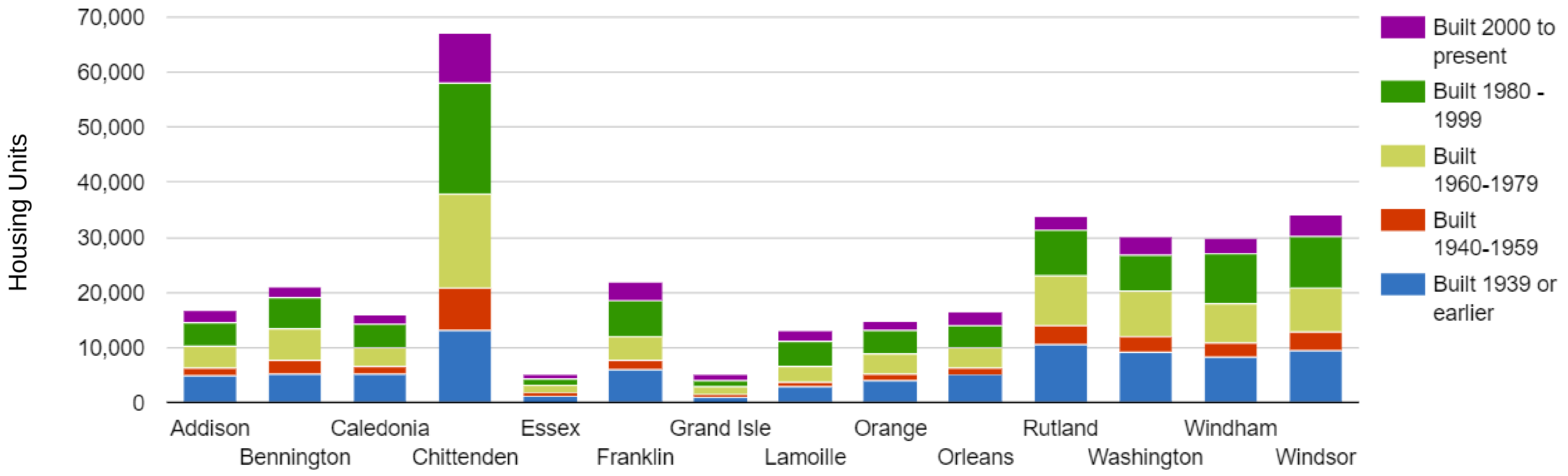
VERMONT
AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT

Vermont Household Size and Number



- Bowen National Research 2015

Housing Units by Age and County



- 2015 American Community Survey, ACS 2016 1-year estimates

Homeowner Tax Credits

Housing Investment in the Right Places

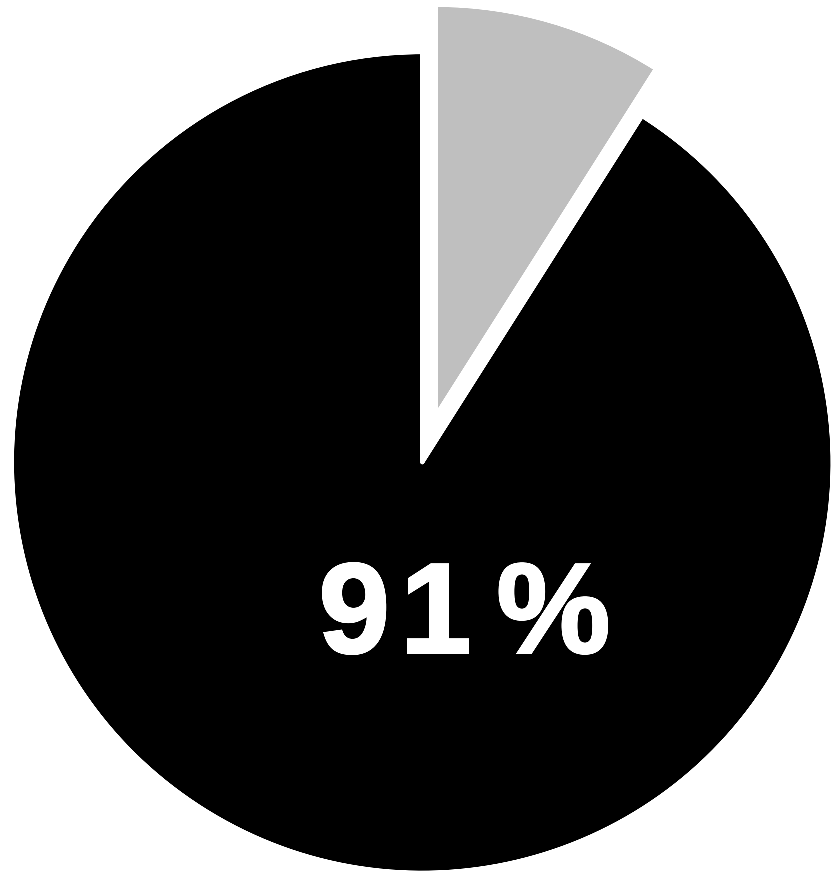
The availability of housing can help or hinder an employer's ability to attract and retain workers

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 communizing 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...



- Resource Systems Group 2012 [n=519]

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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VERMONT
AGENCY OF COMMERCE & COMMUNITY DEVELOPMENT
DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT

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

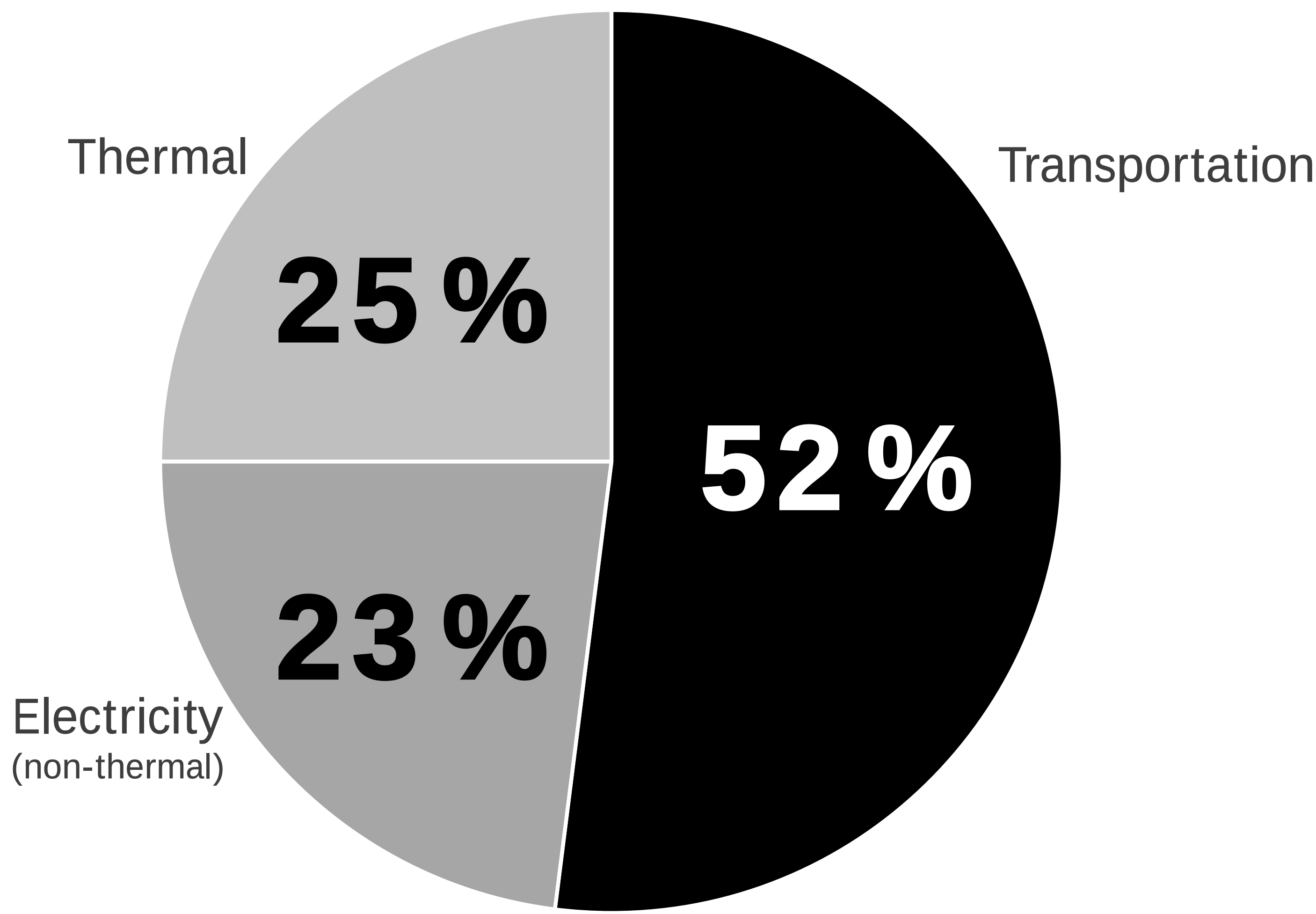
Hypothetical Proforma

Grand List Value	100,000
Purchase Price	85,000
House Payment without Incentives	1,093
House Payment with Incentives	**599**
Total Renovations	**75,000**
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**
Homeowner Debt	
Mortgage	68,000
Home Equity Loan	20,00
Total Debt	**88,000**
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



- Vermont Energy Investment Corporation 2016

Median Household Annual Vehicle

Miles Traveled by Area

- American Household Travel Survey 2009