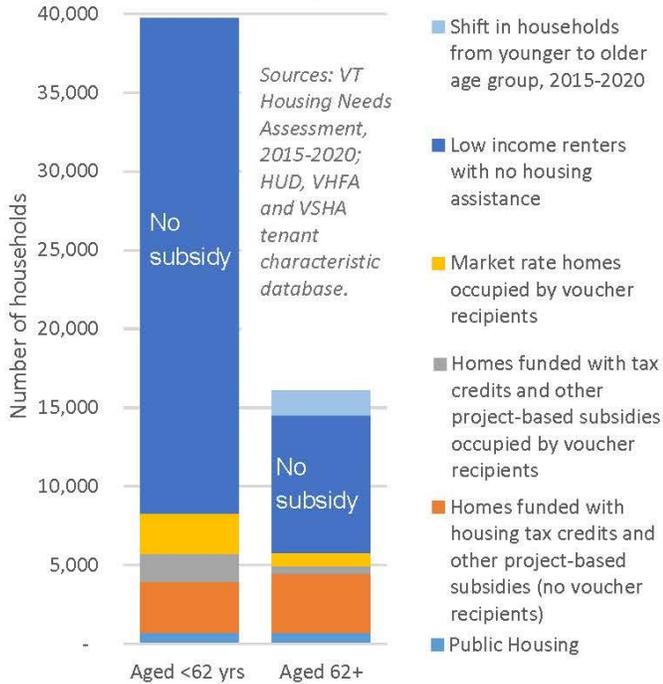


Vermont Affordable Housing Needs

Current distribution of rental housing subsidies among low income households, by age group

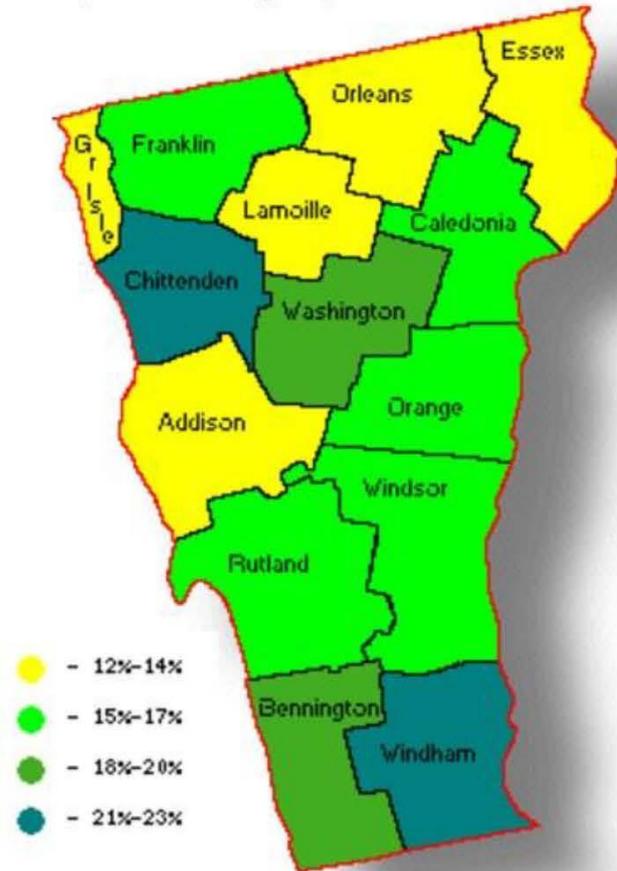


Homelessness

- 1,102 homeless Vermonters in Jan 2016
 - 124 chronically homeless
 - 109 veterans
 - 230 victims of domestic violence
 - 316 with serious mental illness
 - 212 with substance abuse disorder
 - 177 with physical disability
 - 171 aged 55+
- 47% of households were homeless for first time
- 20% of households had children

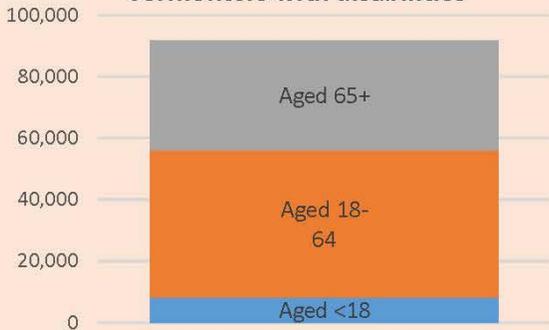
Source: 2016 Vermont Point-In-Time reports.

Publicly-assisted housing as a percent of all rental stock



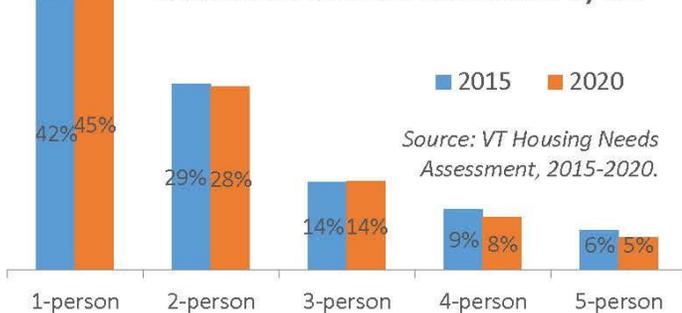
Sources: American Community Survey, 2015 and VT Directory of Affordable Rental Housing.

Vermonters with disabilities

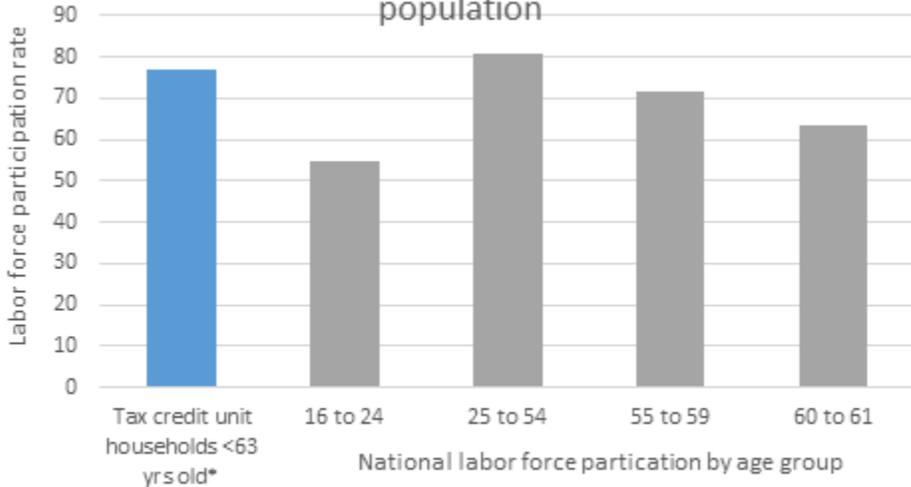


Source: American Community Survey, 2015

Distribution of renter households by size



Tax credit tenants work at similar rate to general population

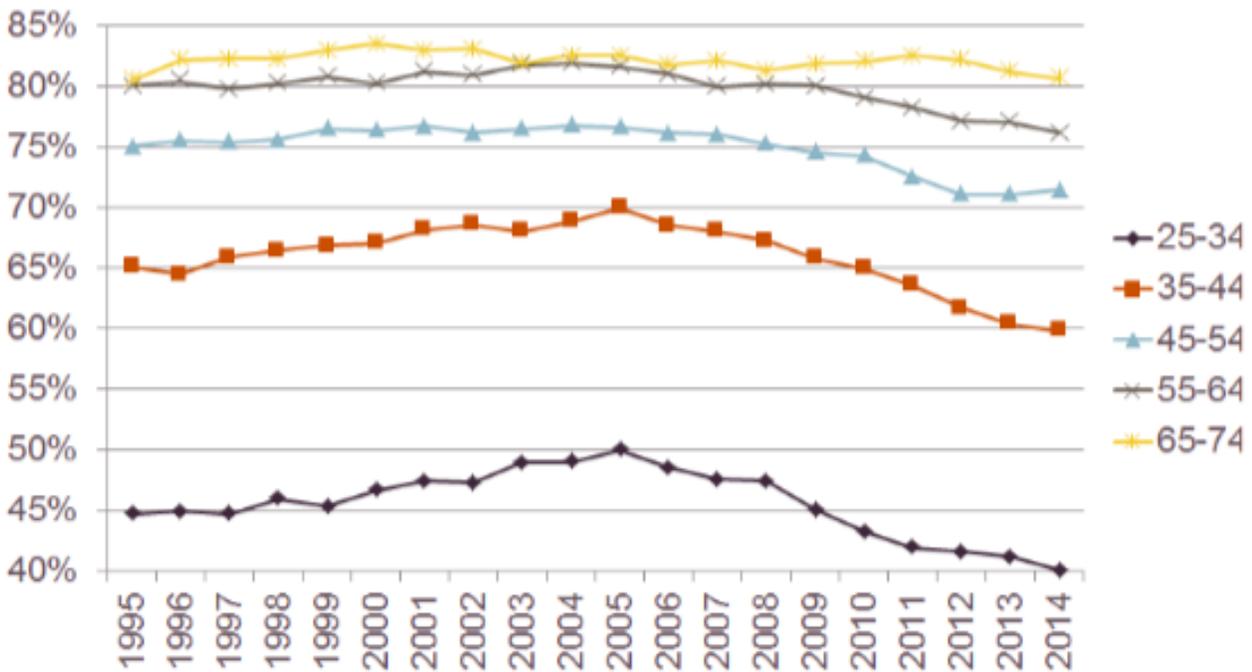


*Excludes units occupied by disabled residents.

Source: VHFA analysis of BLS and VT HDS tenant data

Economic and demographic factors suppress home buying among young people

Homeownership rates by age



Vermont's Affordable Housing Tax Credit

Cumulative impact of credits awarded FY2000-FY2017

	Total Homes	Tax Credit Units	Amount Allocated	Amount Equity Raised	Total Development Costs
New single family owner units	169	105	\$ 871,541	\$ 3,804,649	\$ 20,481,550
Multi-family rental development	2,660	2,291	5,300,000	24,578,233	448,509,506
Mobile home replacements	123	123	1,000,000	4,300,000	4,300,000
Down payment assistance	238		250,000	1,187,500	n/a
Total	3,189	2,519	\$7,421,541	\$33,870,383	\$473,291,056

Economic benefits

About **3,500 Vermont jobs** were created or supported by the credits during the construction period and an additional **850 permanent jobs** exist because of the ongoing economic benefits of having these housing units in the state, assuming this housing would not have been developed if not for this investment.

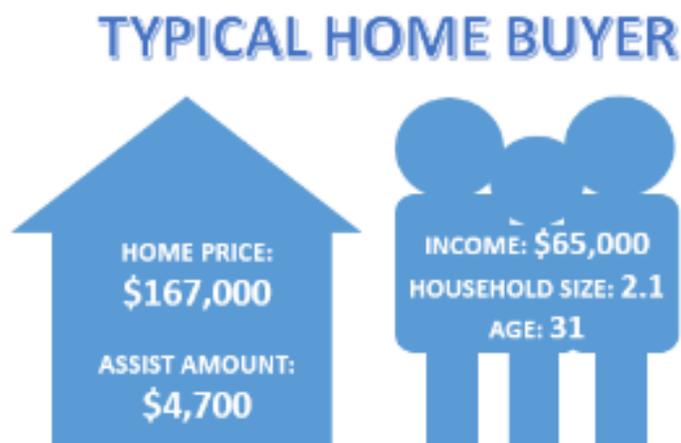
Statewide impact

Vermont's housing credits have been used to develop or renovate homes in 57 towns, including Barre, Bennington, Hartford, Rutland, South Burlington, Stowe, Waterbury and Winooski.

The Down Payment Assistance Program, funded by the Vermont credit, has been used by 238 first-time home buyers in 99 towns, including Barre, Bennington, Bridgewater, Chittenden, Derby, Hartford, Rutland, South Burlington, Stowe, Waterbury, Wheelock, White River Junction, and Winooski.

Spotlight on Down Payment Assistance Program

Since its enactment in late August 2015, the Vermont Down Payment Assistance Program has helped 238 Vermonters and their families buy their first homes. The program provides qualified borrowers who use a VHFA mortgage with up to \$5,000 for down payment costs, to be repaid with zero interest down the road when they sell their home or refinance. Repayments generate new down payment funds for additional home buyers, creating an ongoing funding source for the program.



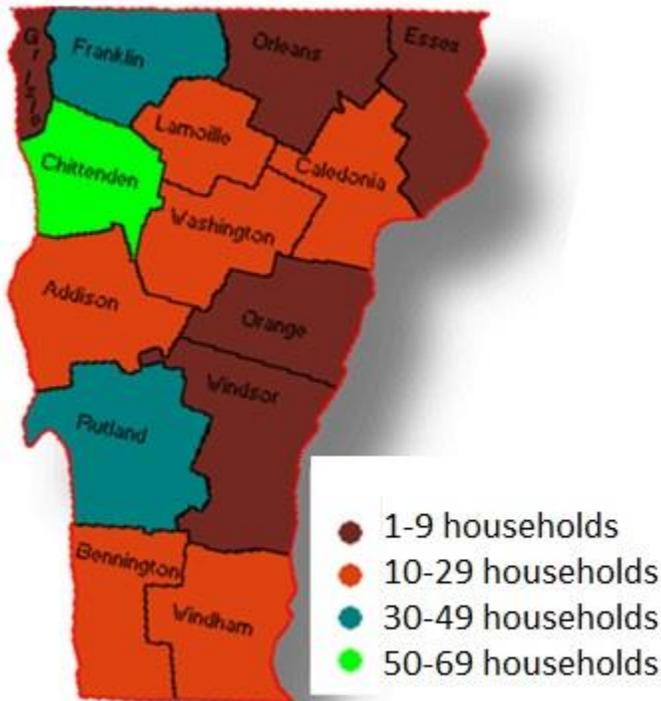
Based on averages for VT Down Payment Assistance Program in 9/1/2015-10/31/2016. "Income" refers to total household income.

The program was created by the Vermont Legislature in Act 51 of 2015, which added \$125,000 to the existing Vermont Housing Tax Credit program for a period of seven years (State Fiscal Years 2016 – 2022). The program was part of a larger economic development package that received overwhelming support from the Vermont Legislature. The program was largely a response to pleas from employers around the state for more tools to help attract and retain workers faced with Vermont’s high housing costs, especially young professionals.

VHFA’s unique, dual role serving Vermont home buyers and overseeing the state’s housing credit program has been key to the program’s success. Union Bank purchased the first two years’ credit allocations and has already agreed to purchase them again for the third year. Originally, policy makers expected that the steady stream of tax credit equity created by seven years of credit allocations would keep pace with needs among the state’s qualified first-time home buyers for down payment assistance. However, due to higher than expected demand for the program, in October 2016 VHFA supplemented the equity from the state tax credit with funds from the Federal Home Loan Bank of Boston’s “Helping to House New England” program.

The program has been used by home buyers in every county in the state. The average home buyer served by the program is 31 years old with a household income of \$65,000 and purchasing a house priced at \$167,000.

Down Payment Assistance Program use, 9/1/2015 - 10/31/2016



Tools to address Vermont's housing needs

The federal Low-Income Housing Tax Credit provides the vast majority of the funds needed to develop additional affordable rental homes in Vermont. Each spring when VHFA allocates a new year's worth of these "capped" credits, there are always proposed projects that can not be funded because the supply of these credits is limited. This occurs because the need far outweighs the supply of affordable units in Vermont's rental housing stock. The wages paid to thousands of Vermonters are not high enough to enable them to afford to pay the relatively high prevailing market rents in many communities in the state.

Vermont took a first step to do more by creating the Vermont Affordable Housing Credit in 2000. These credits have become a critical source of funding for development and rehabilitation of affordable rental housing for low- income working Vermonters, seniors and families with children. In recent projects, they have covered anywhere from 1 to 14% of the total costs of the project.

An untapped source of additional funding for these projects exists—federal bond credits. The reason they are not used more is that they provide only about half of the equity as the "allocated" (i.e. capped) federal low-income housing tax credits. However, the availability of uncapped federal bond credits means that any new sources of funding provided by Vermont for affordable rental housing development could actually leverage significantly more equity.

Typical financing for construction of a 24-unit affordable rental project

Bank financing	400,000
Allocated equity	3,523,148
HOME	575,000
VCDP	675,000
VHCB	475,000
VHFA – State Tax Credit equity	217,500
<i>Total Development Costs</i>	<i>5,865,648</i>

Filling the gap would leverage millions more in bond equity and bank financing

Bank financing	400,000
Bond equity	1,761,574
Gap	3,704,074
<i>Total Development Costs</i>	<i>5,865,648</i>

Note: Green shading indicates uncapped funding sources.

Orange shading indicates financing sources that are very limited in availability.