

# Vermont Housing Finance Agency

Maura Collins, Executive Director

*mcollins@vhfa.org | 802.652.3434*

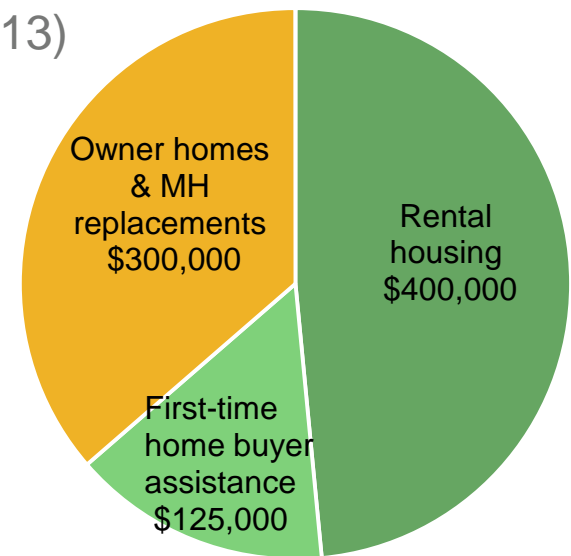


Affordable homes for a sustainable Vermont.

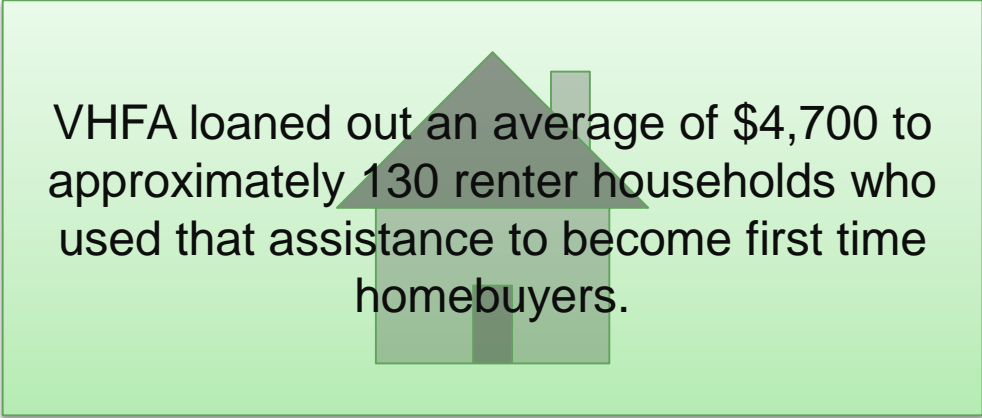
# State Housing Tax Credits

- State tax credit program funds:
  - Rental housing (launched 2000)
  - Homeownership opportunities (added 2009)
  - Manufactured home replacements (added 2013)
  - Down payment assistance (added 2016)

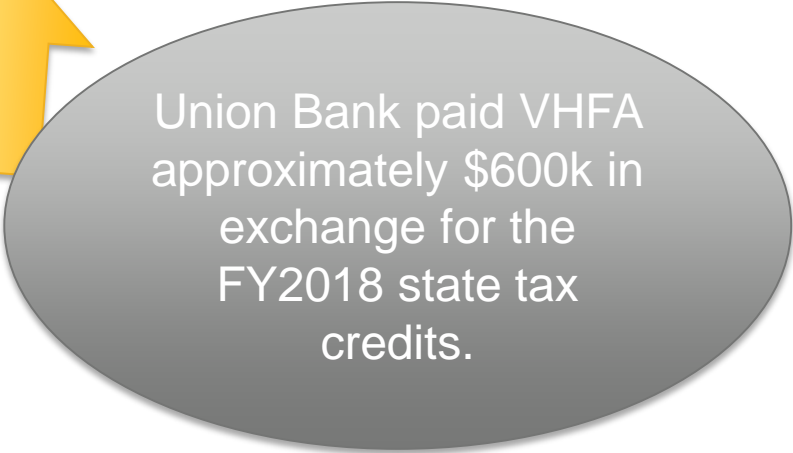
Vermont Housing Tax Credit Annual Allocations



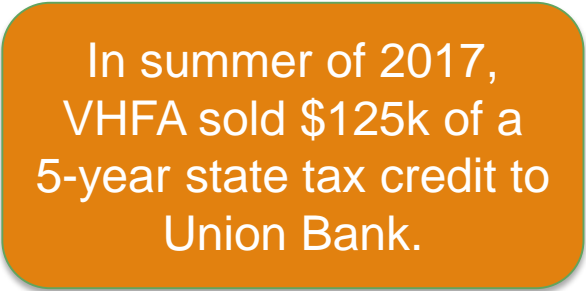
## Example of how the credits work



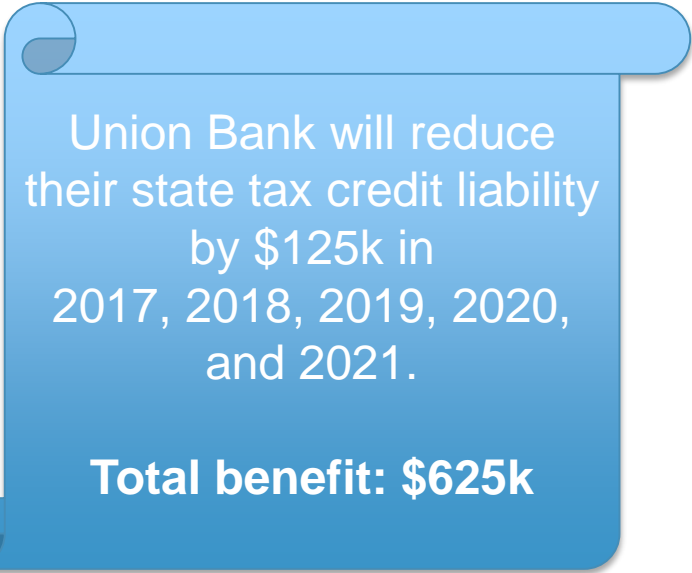
VHFA loaned out an average of \$4,700 to approximately 130 renter households who used that assistance to become first time homebuyers.



Union Bank paid VHFA approximately \$600k in exchange for the FY2018 state tax credits.



In summer of 2017, VHFA sold \$125k of a 5-year state tax credit to Union Bank.

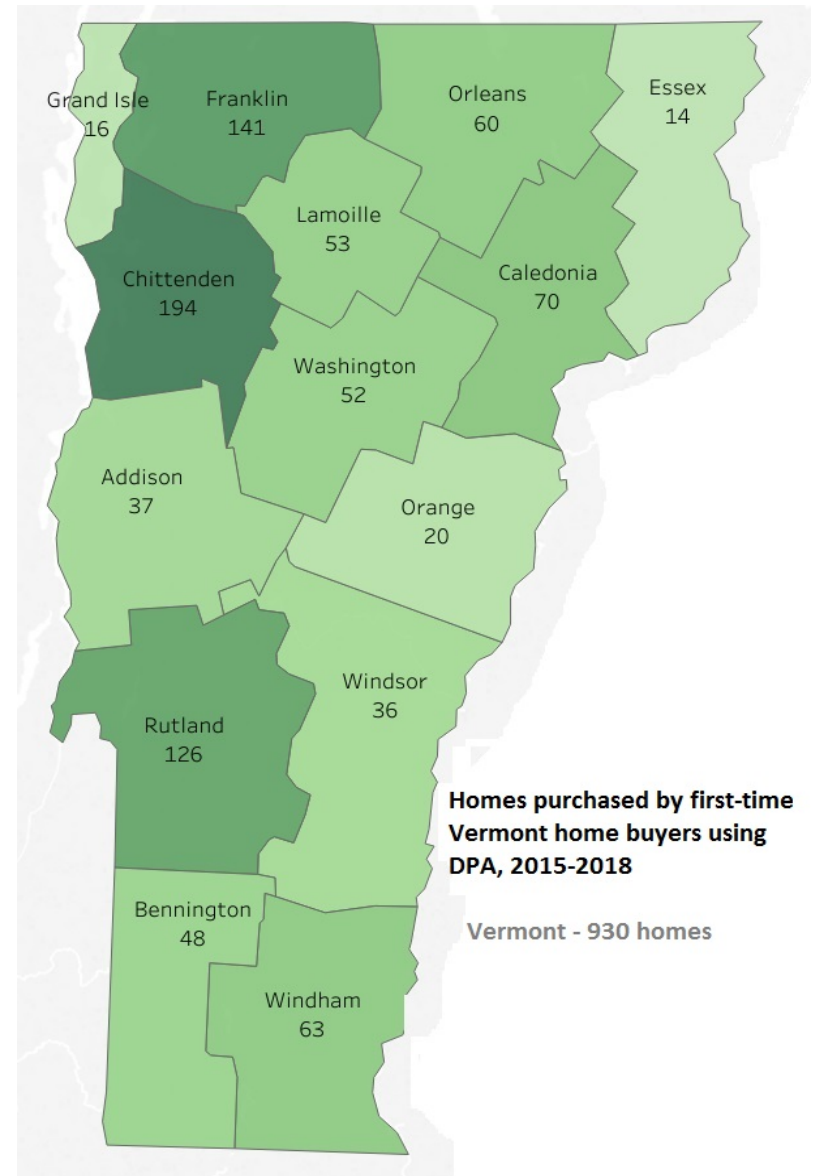


Union Bank will reduce their state tax credit liability by \$125k in 2017, 2018, 2019, 2020, and 2021.

**Total benefit: \$625k**

# VHFA's First Time Homebuyer Program

- 930 renters and in-migrants now own in Vermont!
- Median income: \$60,000
- Median home price: \$165,000
- Borrowers received just \$4,700 in assistance
- Average buyer is 31 years old and has 2 people in their home



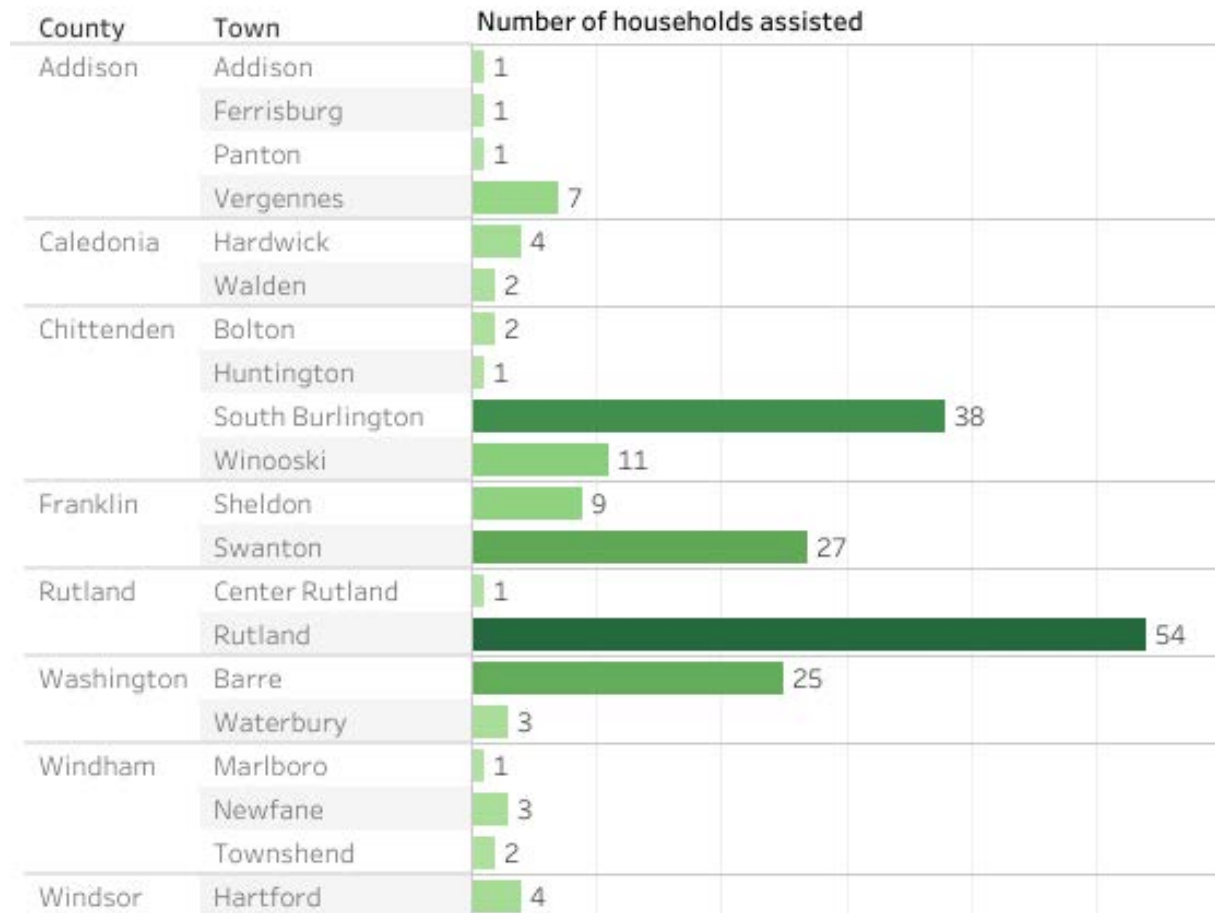
# Statewide benefits

- Each buyer generates **\$40,500** for the state via property taxes, spending on home improvements, renovations, furniture, and equipment.
- **789 employers** have benefited. Top employers are healthcare, government, and schools.
- New homeowners in every county, **190 towns** and counting...



Andrew, Julia and baby Leo Parise at their South Burlington home, purchased with a VHFA mortgage.  
Photo by Danielle Landryew

# First time home buyer assistance by town



Source: [www.housingdata.org/profile/housing-programs/dpa](http://www.housingdata.org/profile/housing-programs/dpa)

# What can be done?



# Maintain first time home buyer program

- Double amount of state tax credit for down payment assistance from \$125,000 to \$250,000/year
- Extend the program until FY2026 so that it can be self-sustaining as designed
  - Program began in FY2016 and will sunset in FY2022
  - Original assumption:
    - Enough loans will be paid back within 7 years to keep the program open
    - Loan pay backs create revolving loan proceeds
  - Current reality:
    - Raising interest rates are slowing refinancings
    - Pace of resales is low because when home values don't rise beyond loan amount, owners stay put to avoid having to pay cash to sell.
    - We've been funding 270 loans/year, but only half are state tax credit funded so repayments can't keep up with current demand