

Vermont Housing Finance Agency

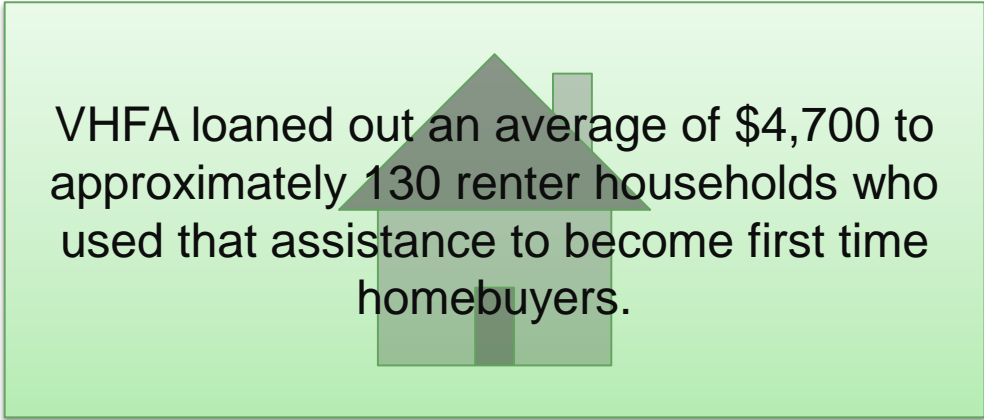
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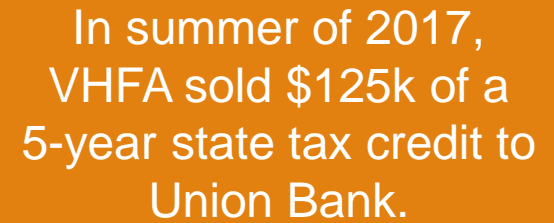


Affordable homes for a sustainable Vermont.

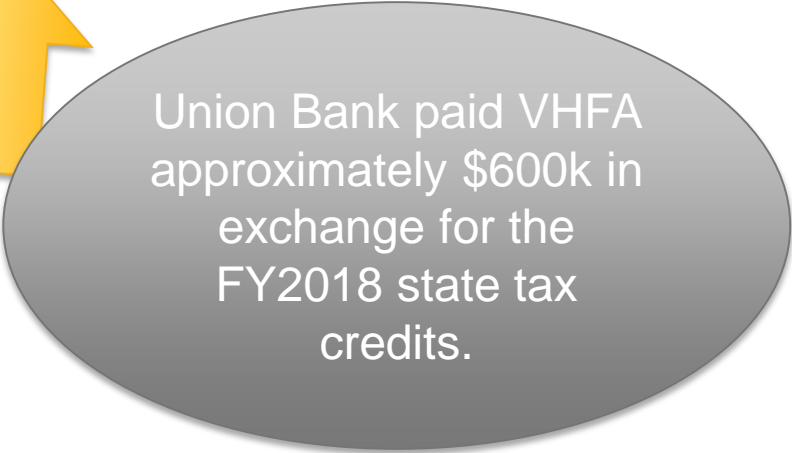
Down payment assistance in FY2018



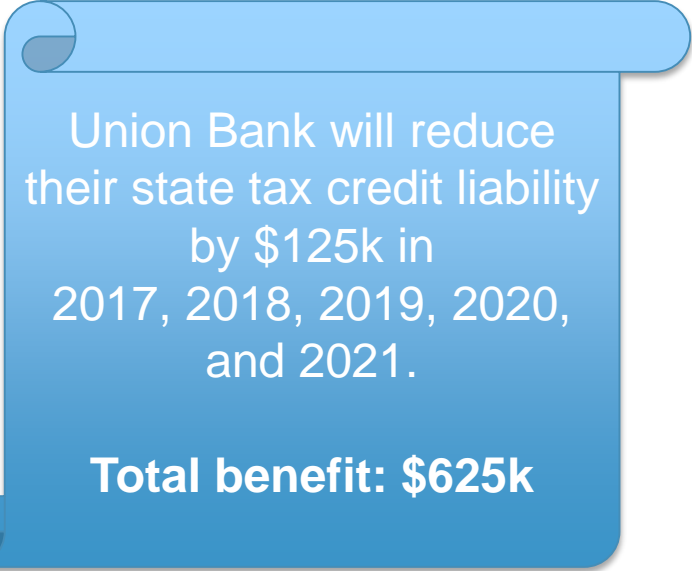
VHFA loaned out an average of \$4,700 to approximately 130 renter households who used that assistance to become first time homebuyers.



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



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



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

Total benefit: \$625k

Ryan & Megan Rush-Booth

- Works in IT at Southwestern Vermont Medical Center
- Lived with family for six years
- 2 kids with a 3rd on the way
- Bought a foreclosed home that needed a lot of work in Stamford, VT
- Worked with People's United Bank and received a VHFA loan with Down Payment Assistance in September 2017



Requests for State Housing Credits

- \$125k in Down Payment Assistance credits, and extend the program from FY22 to FY26
 - Increase is needed to meet need of 275 renters a year who want to become homeowners;
 - Extension is needed to keep program level until loan repayments generate enough revolving loan funds.
- \$125k in homeownership creation and mobile home replacement program
 - Four times as much demand as need, currently.
 - Only program to create affordable homes for ownership, and mobile home replacements
- Language changes that will allow VHFA to batch-sell homeownership credits to generate higher returns for the credits.
 - Selling credits one home at a time can be inefficient and one larger sale might generate higher yields.

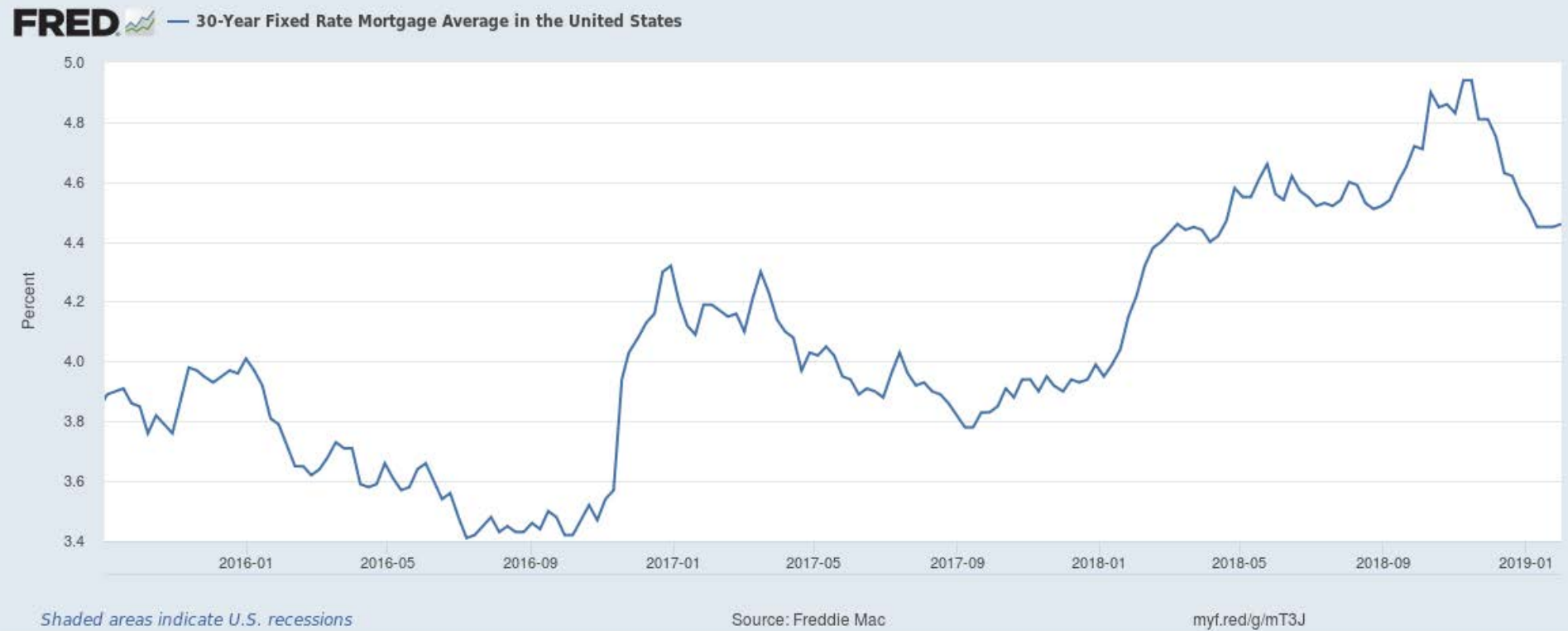
History of First Time Home Buyer Credits

Request	Result
2015 Legislative Session	
7 years of a \$125k credit	3 years of a \$125k credit
2016 Legislative Session	
4 additional years of a \$125k credit	4 additional years of a \$125k credit
2018 Legislative Session	
Increase the credit to \$250k	<i>House:</i> Increased the credit to \$250k <i>Senate:</i> Died

Credits Claimed Each Year

Fiscal Year	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
2016	\$125k	\$125k	\$125k	\$125k	\$125k						
2017		\$125k	\$125k	\$125k	\$125k	\$125k					
2018			\$125k	\$125k	\$125k	\$125k	\$125k				
2019				\$125k	\$125k	\$125k	\$125k	\$125k			
2020					\$125k	\$125k	\$125k	\$125k	\$125k		
2021						\$125k	\$125k	\$125k	\$125k	\$125k	
2022							\$125k	\$125k	\$125k	\$125k	\$125k
Credits claimed	\$125k	\$250k	\$375k	\$500k	\$625k	\$625k	\$625k	\$500k	\$375k	\$250k	\$125k

Interest rates rising since program began



Current Realities



- 275 renters/year become homeowners with Down Payment Assistance
- VHFA will be out of supplemental funding this spring, so we can only serve the 130 renters/year the State Housing Credit supports
- Need to ratchet back the program this summer, during peak homebuying season
- Half as many eligible renters will qualify
- In 2023 when no additional State Credits are available, will have drop off in funds available to re-loan out

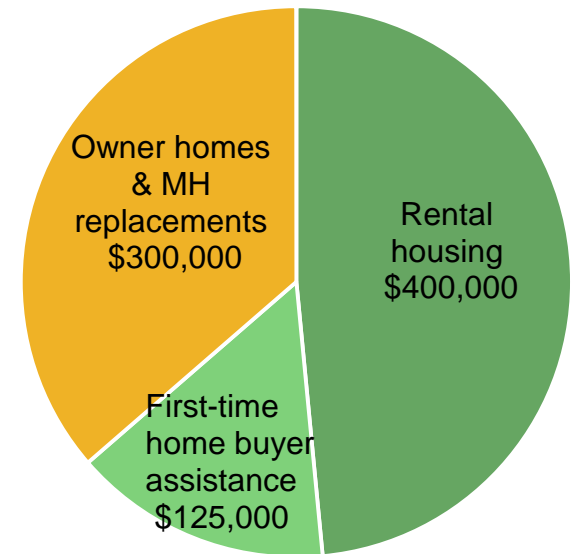
Annual Credits Claimed with Increased Credits

FY	Status	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY 29	FY 30
2016	Sold	\$125k										
2017	Sold	\$125k	\$125k			Approved Credits			Proposed Credits			
2018	Sold	\$125k	\$125k	\$125k								
2019	Sold	\$125k	\$125k	\$125k	\$125k							
2020	Approved	\$125k	\$125k	\$125k	\$125k	\$125k						
	Proposed	\$125k	\$125k	\$125k	\$125k	\$125k						
2021	Approved		\$125k	\$125k	\$125k	\$125k	\$125k					
	Proposed		\$125k	\$125k	\$125k	\$125k	\$125k					
2022	Approved			\$125k	\$125k	\$125k	\$125k	\$125k				
	Proposed			\$125k	\$125k	\$125k	\$125k	\$125k				
2023	Proposed				\$250k	\$250k	\$250k	\$250k	\$250k			
2024	Proposed					\$250k	\$250k	\$250k	\$250k	\$250k		
2025	Proposed						\$250k	\$250k	\$250k	\$250k	\$250k	
2026	Proposed							\$250k	\$250k	\$250k	\$250k	\$250k
Annual claims of approved credits		\$625k	\$625k	\$625k	\$500k	\$375k	\$250k	\$125k	\$0	\$0	\$0	\$0
Increased cost of proposal		\$125k	\$250k	\$375k	\$625k	\$875k	\$1,000k	\$1,125k	\$1kk	\$750k	\$500k	\$250k

Increase new home assistance by \$125,000

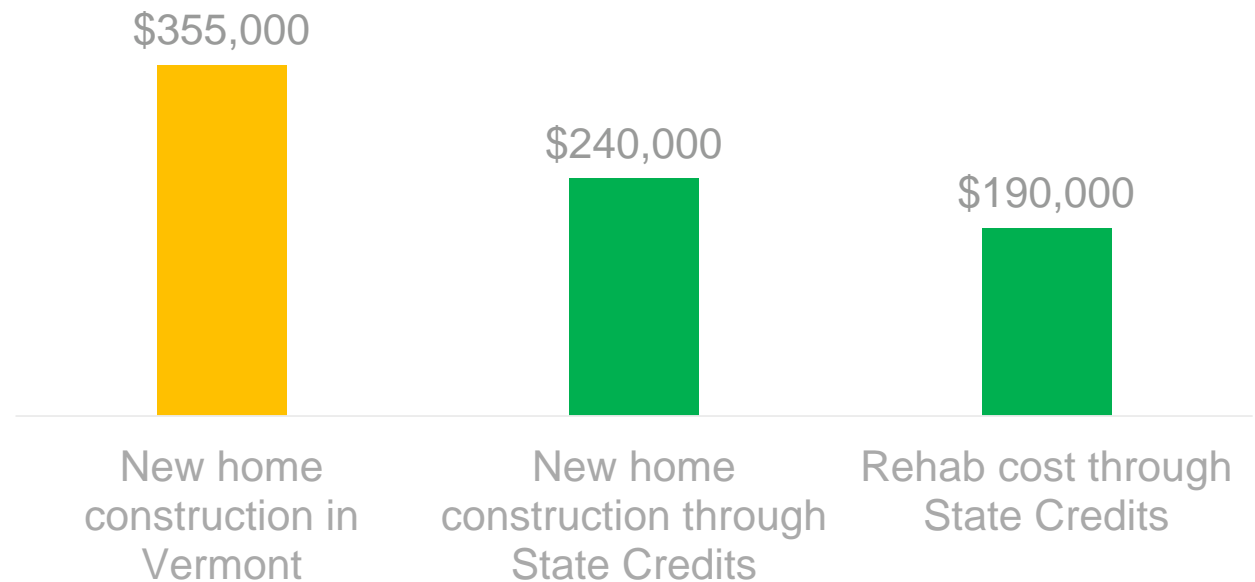
- Pays for new construction or rehabilitation of owner-occupied homes; or
- Purchase of replacement manufactured homes
- Only program of its kind. No other way to CREATE affordable homes for ownership
- 300 households served
- Average income of households: \$40,000
- Manufactured homes replaced in every county
- Program closes within 3 months each year
- 0% deferred second mortgage for high efficiency homes

Vermont Housing Tax Credit Annual Allocations



Making homes more affordable

- Home prices typically reduced by \$33,000
- 54 mobile homes have been replaced with an Energy Star Rated home.
- 12 organizations have administered these funds in 85 towns in every



4 years of pent up demand

- Program in Central Vermont and Windham & Windsor counties to:
 - Buy severely distressed home
 - Rehabilitate homes
 - Sell to lower-income buyer
 - Perpetually affordable



East Branch Farms, Manchester

- 20 newly constructed duplex homes
- 12 built before recession, 8 under construction