

# Vermont Housing Finance Agency

Maura Collins, Executive Director

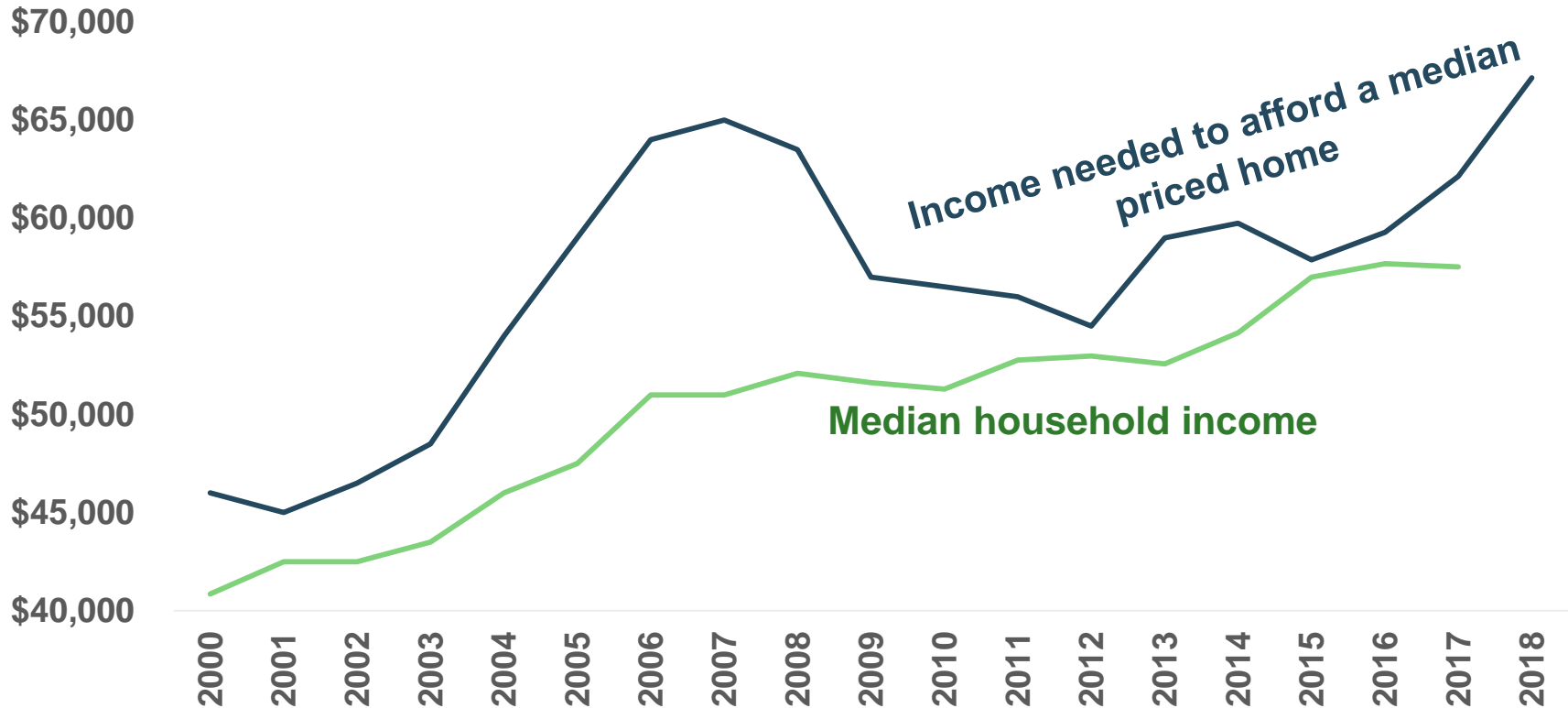
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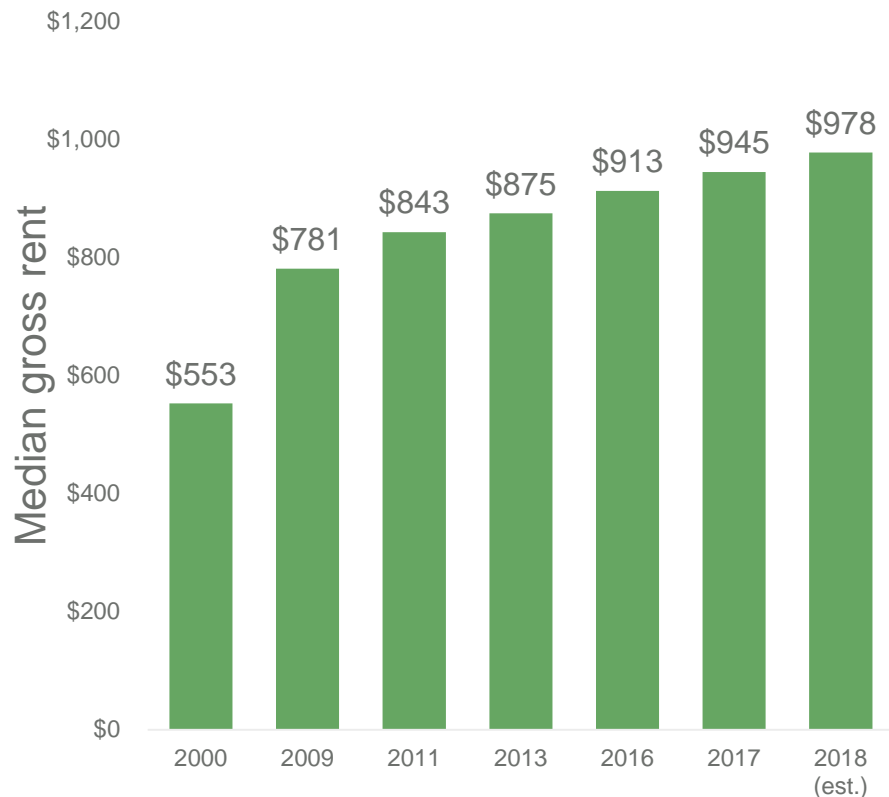
Affordable homes for a sustainable Vermont.

# Few policy levers to make owning a home more affordable

Affordability of buying a Vermont home



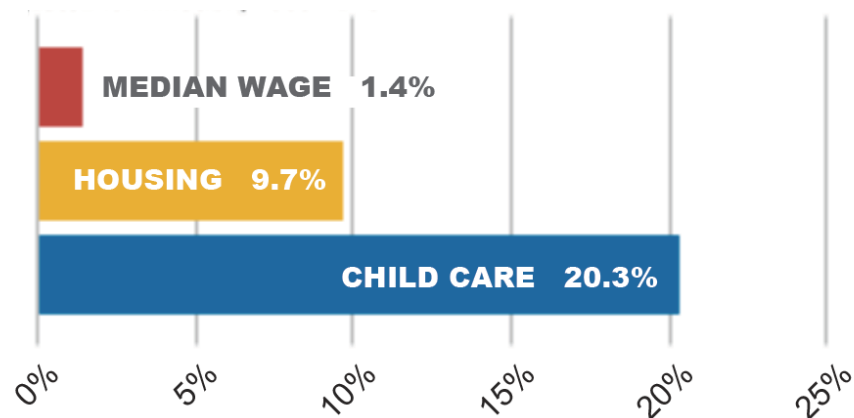
# Housing costs continue to increase



Data source: U.S. Census Bureau

## Wage growth lagged behind costs

Growth in median wage, housing and child care costs, \* adjusted for inflation, 2006-2016



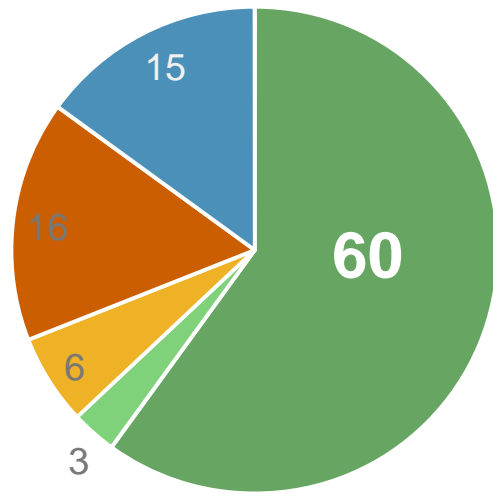
\*The housing cost is for rural housing for a single person; the child care cost is a weighted average of the cost of care in all counties except Chittenden.

Data sources: Joint Fiscal Office; Economic Policy Institute analysis of Current Population Survey data  
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Source: <https://publicassets.org/wp-content/uploads/2019/01/SWVT2018final.pdf>

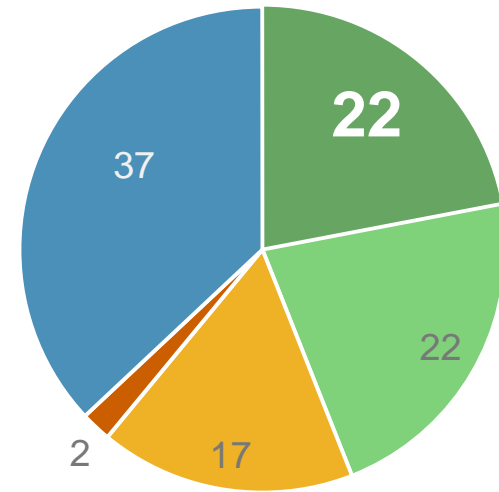
# We can't afford for millennials to wait to buy

Family net worth  
Bottom quintile



- Home equity
- Financial assets
- Retirement accounts
- Vehicles
- Other assets

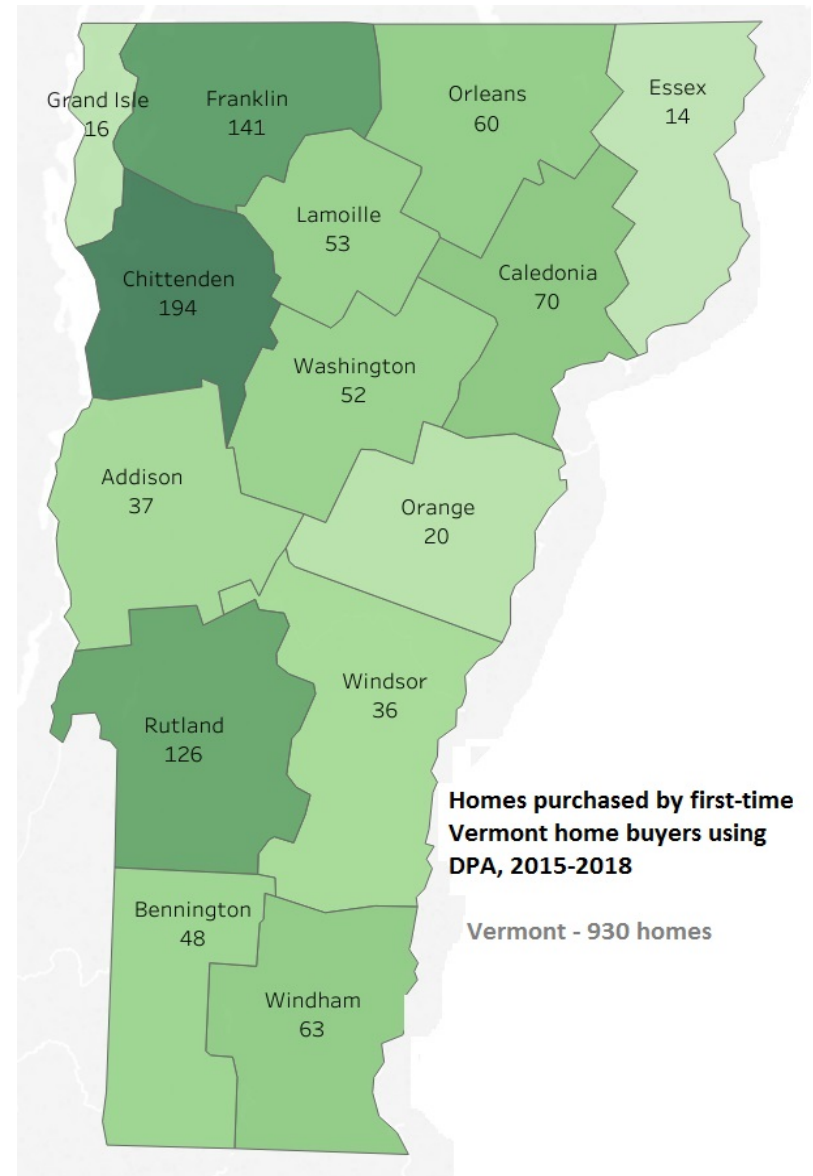
Family net worth  
Top quintile



Source: <https://www.urban.org/sites/default/files/publication/28571/412078-family-net-worth-before-the-recession.pdf>

# 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



# Employers of first time home buyers



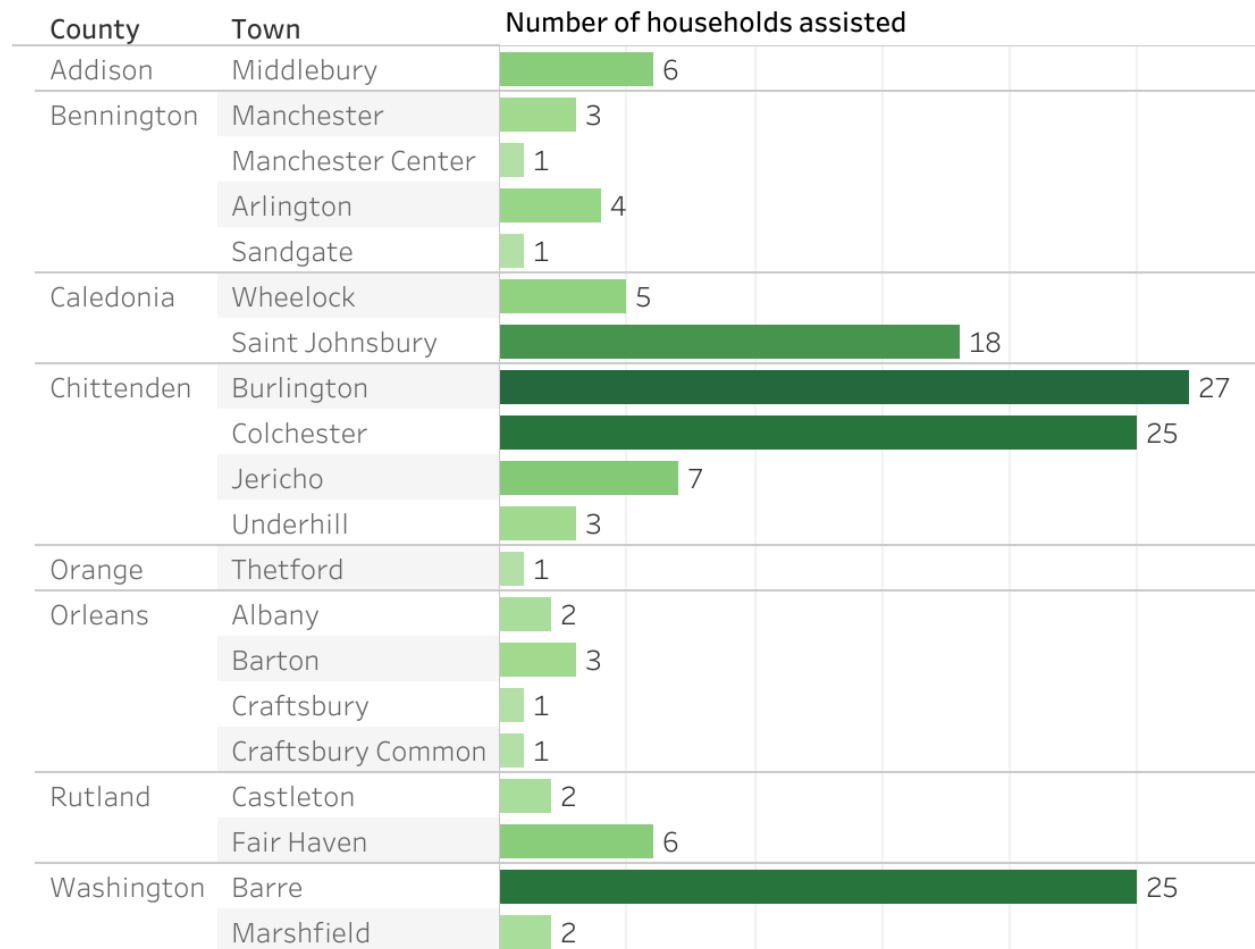
# Statewide benefits

- 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

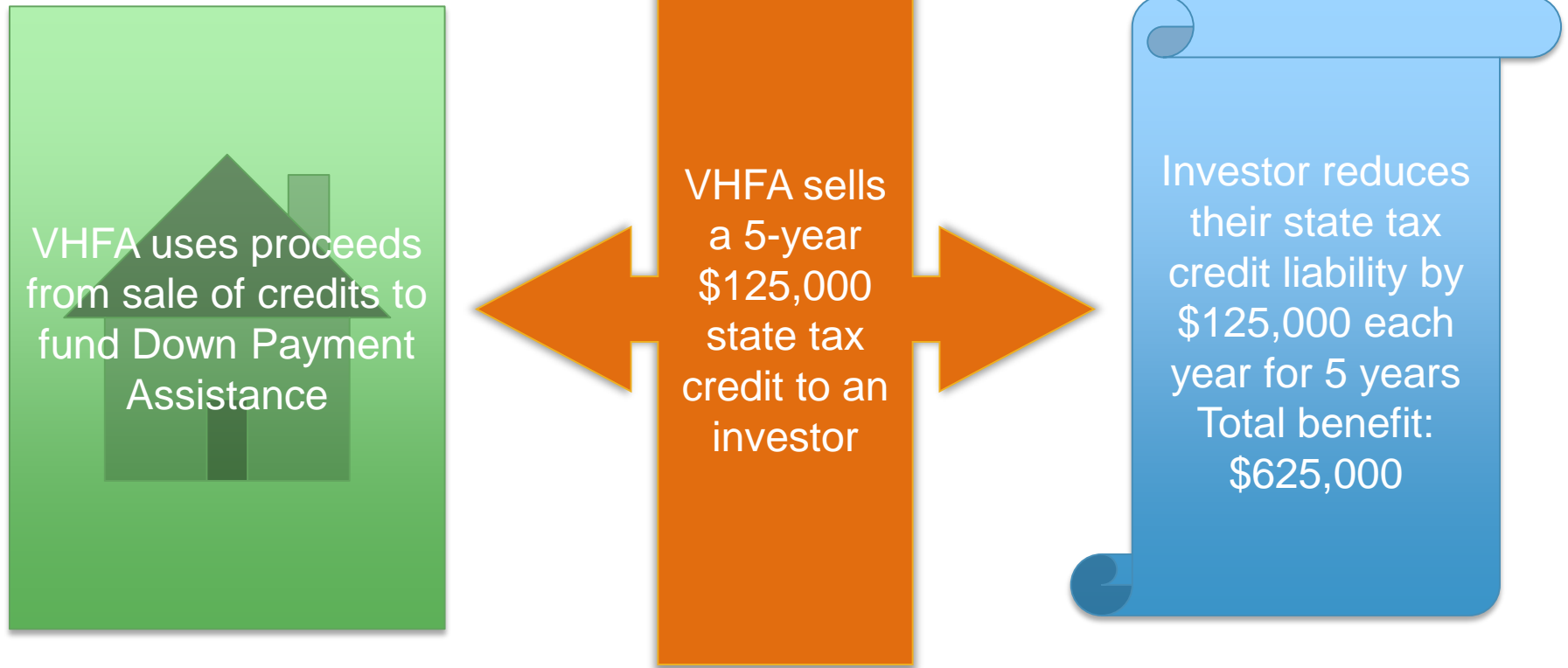
# First time home buyer assistance by town



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



# Vermont began helping first time home buyers with down payment assistance in 2015



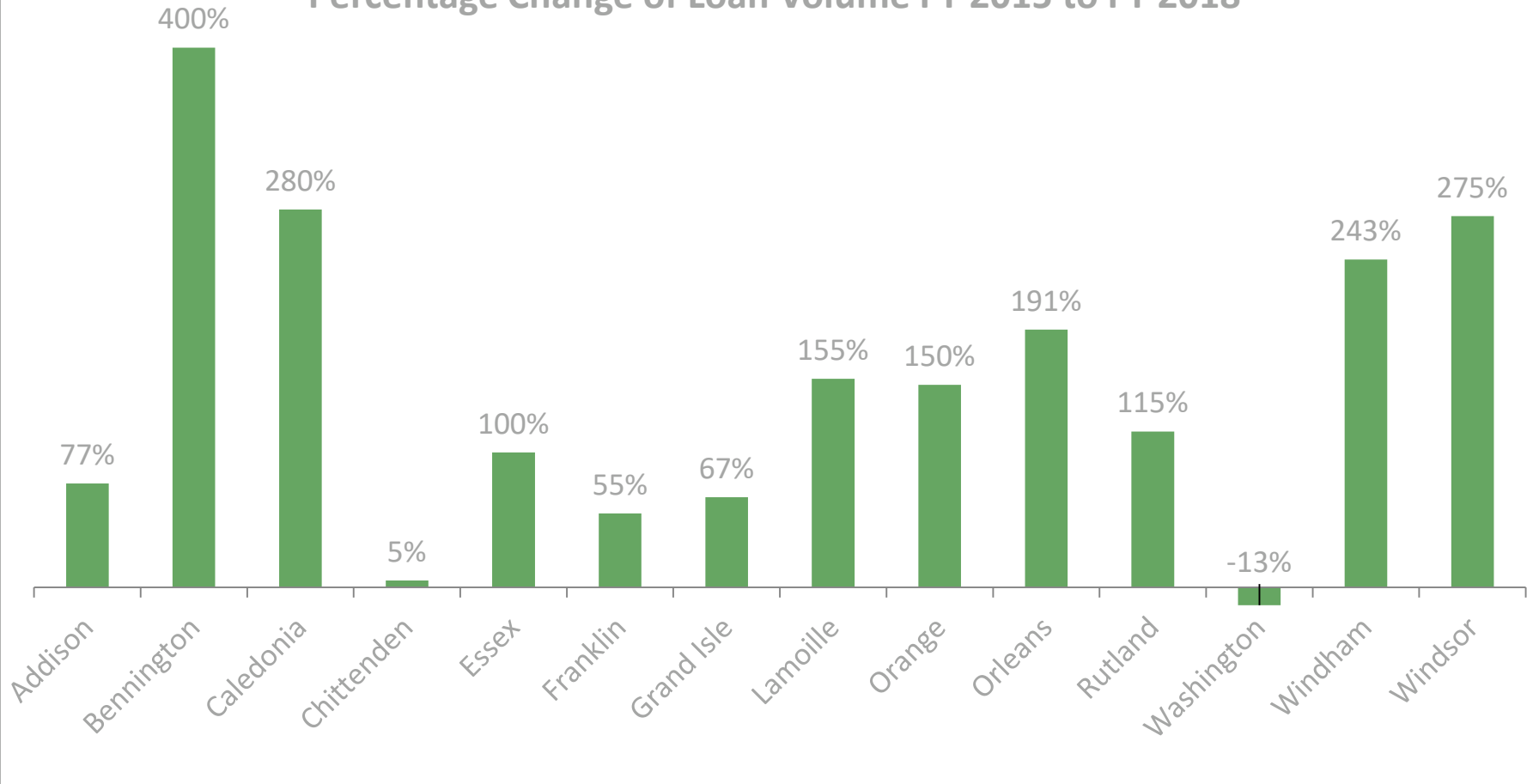
# Award winning program

- Took existing state tax credit program, which creates:
  - Rental housing (launched 2000)
  - Homeownership opportunities (added 2009)
  - Manufactured home replacements (added 2013)
- And added a new feature:
  - Down payment assistance (added 2016)



# VHFA able to better serve rural areas since launch of first time home buyer program

Percentage Change of Loan Volume FY 2015 to FY 2018



# Program history

*July 2015:* VHFA creates program rules, eligibility, etc

*August 2015:* VHFA sells state tax credits to Union Bank

2015 Legislative Session  
Economic Development  
Bill passes

*Summer 2015:* VHFA creates system for program (IT, forms, procedures)

*Summer 2015:* VHFA trains lenders – promotes with mortgage originators

*Fall 2015:* VHFA markets the program to first time buyers

*September 2015:* Loans begin

*Approx. April 2016:* State funding runs out... right before home buying season

# What can be done?



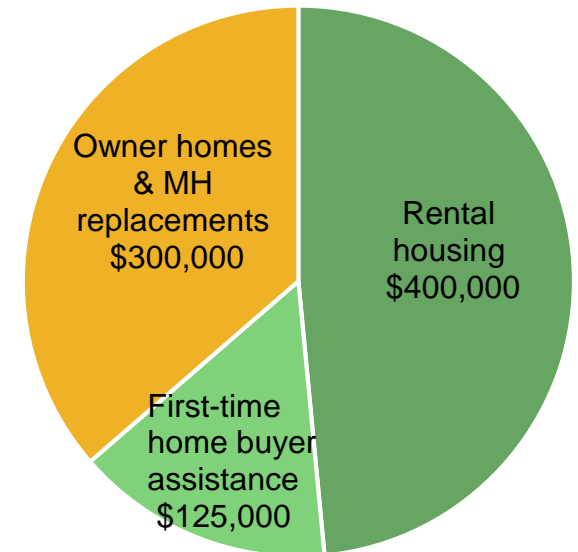
# Maintain first time home buyer program

- 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

# Increase new home assistance by \$125,000

- Program funds the construction or rehabilitation of owner-occupied homes or purchase of replacement mobile home
- 300 households served
- Home prices typically reduced by \$33,000

Vermont Housing Tax Credit Annual Allocations



- Average borrower income: \$40,000
- 54 mobile homes have been replaced with an Energy Star Rated home.
- 12 organizations have administered these funds in 85 towns in every county