

Vermont Housing Finance Agency

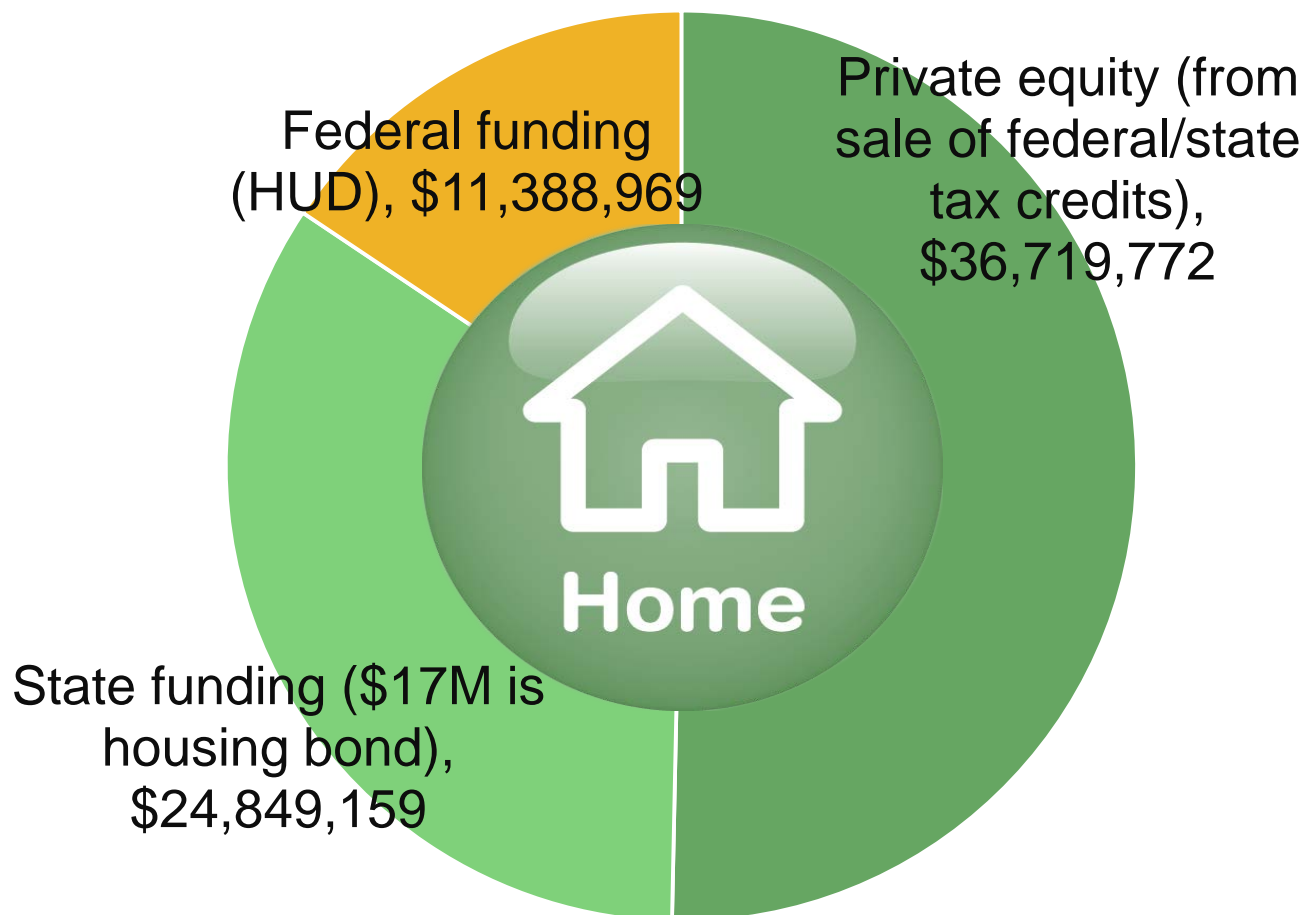
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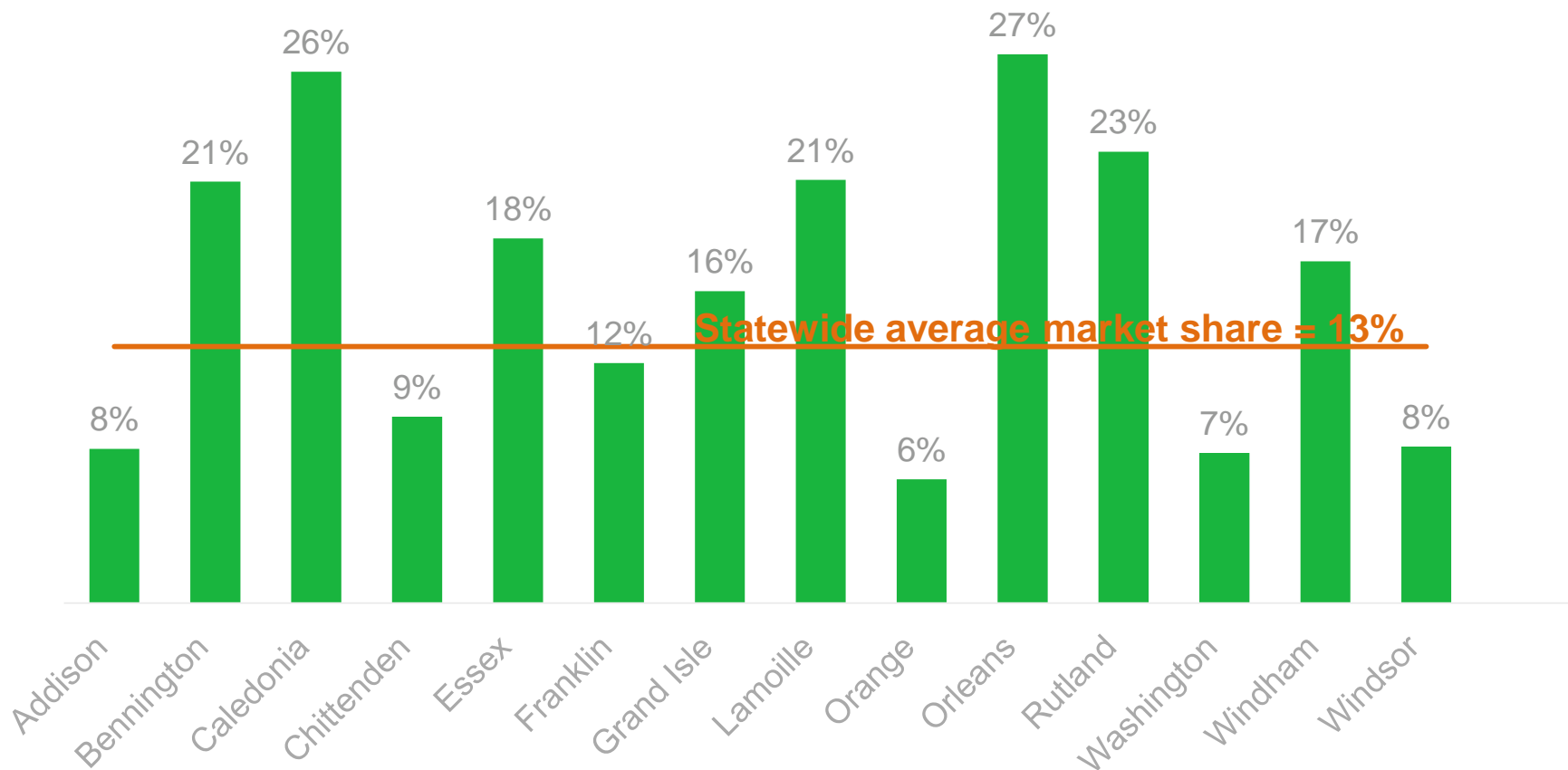
Affordable homes for a sustainable Vermont.

Funding to create affordable housing



Source: <https://accd.vermont.gov/sites/accdnew/files/documents/2018-HousingBudget-InvestmentReportA.pdf>

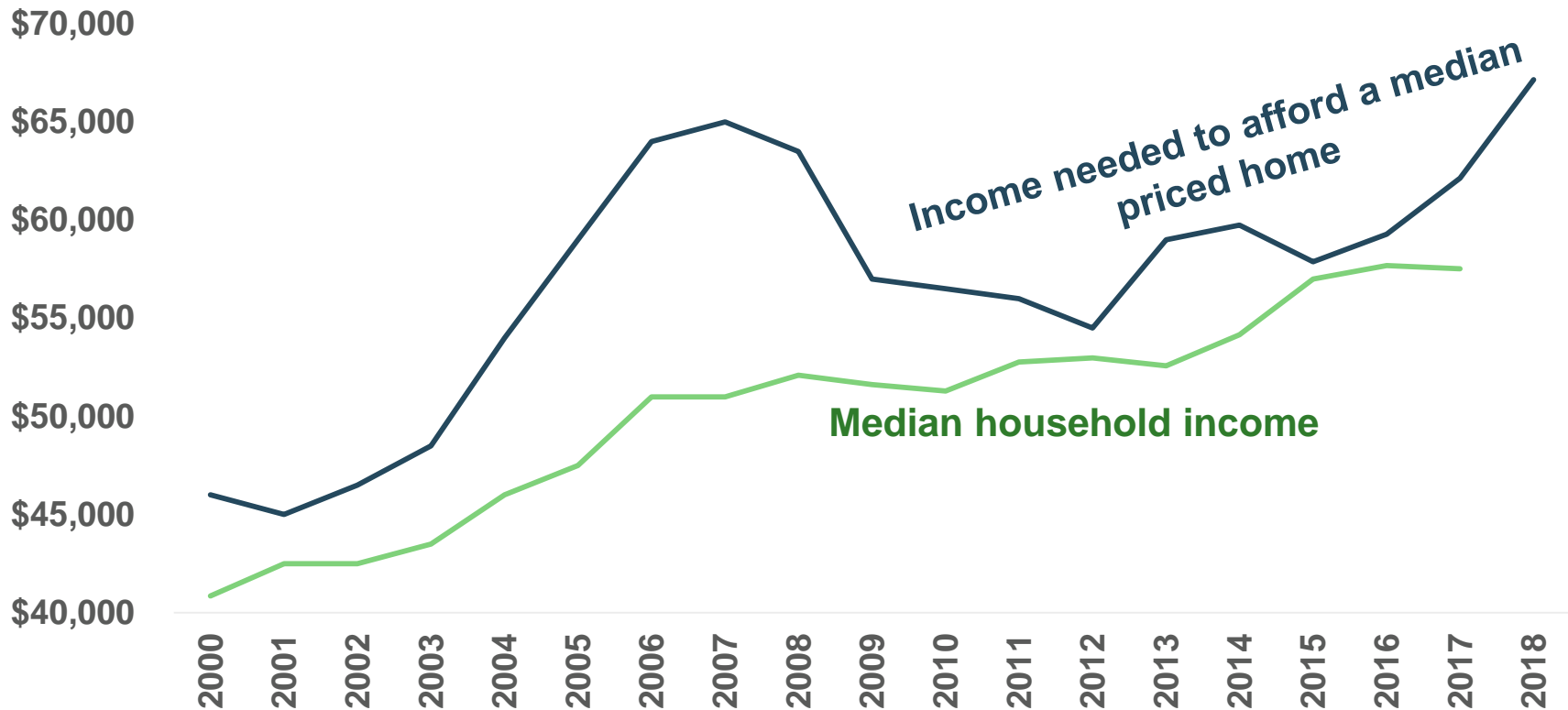
VHFA has highest market share in economically disadvantaged counties



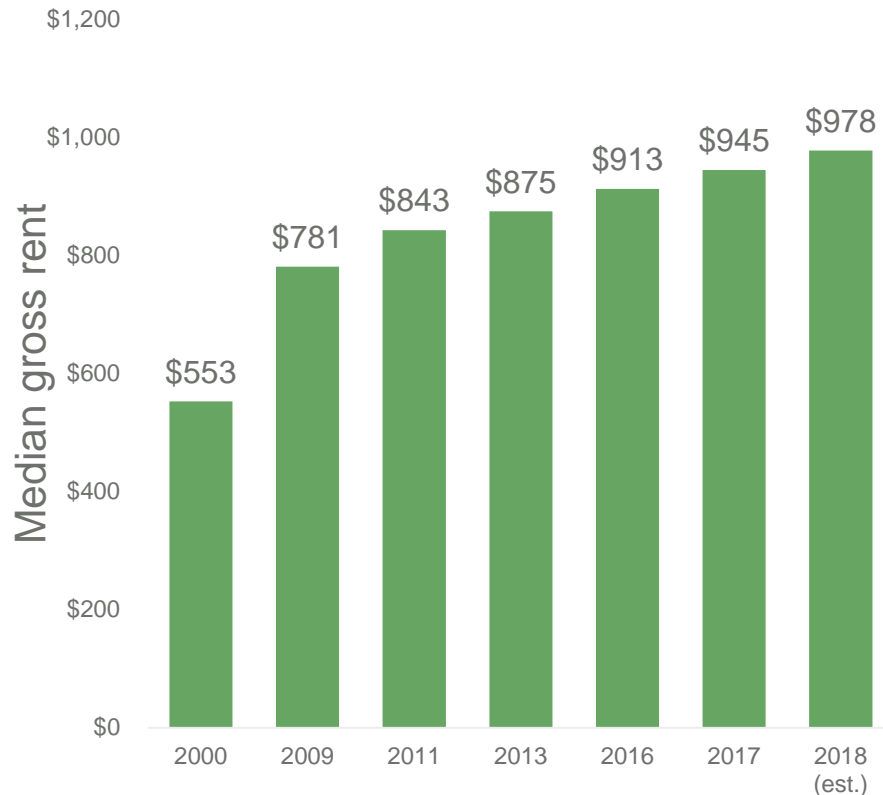
Compares # of VHFA loans to all 1st mortgages for homes <\$300,000 and borrowers earning <\$110,000 (CY18)

Fewer policy levers to make owning a home more affordable

Affordability of buying a Vermont home



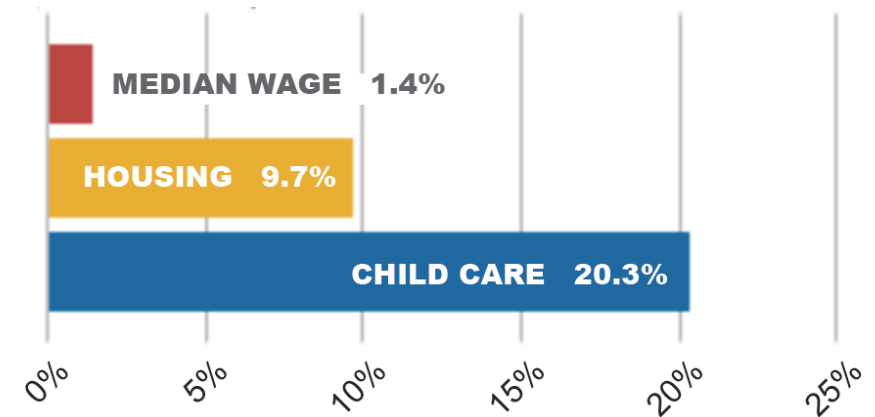
Housing costs continue to increase



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



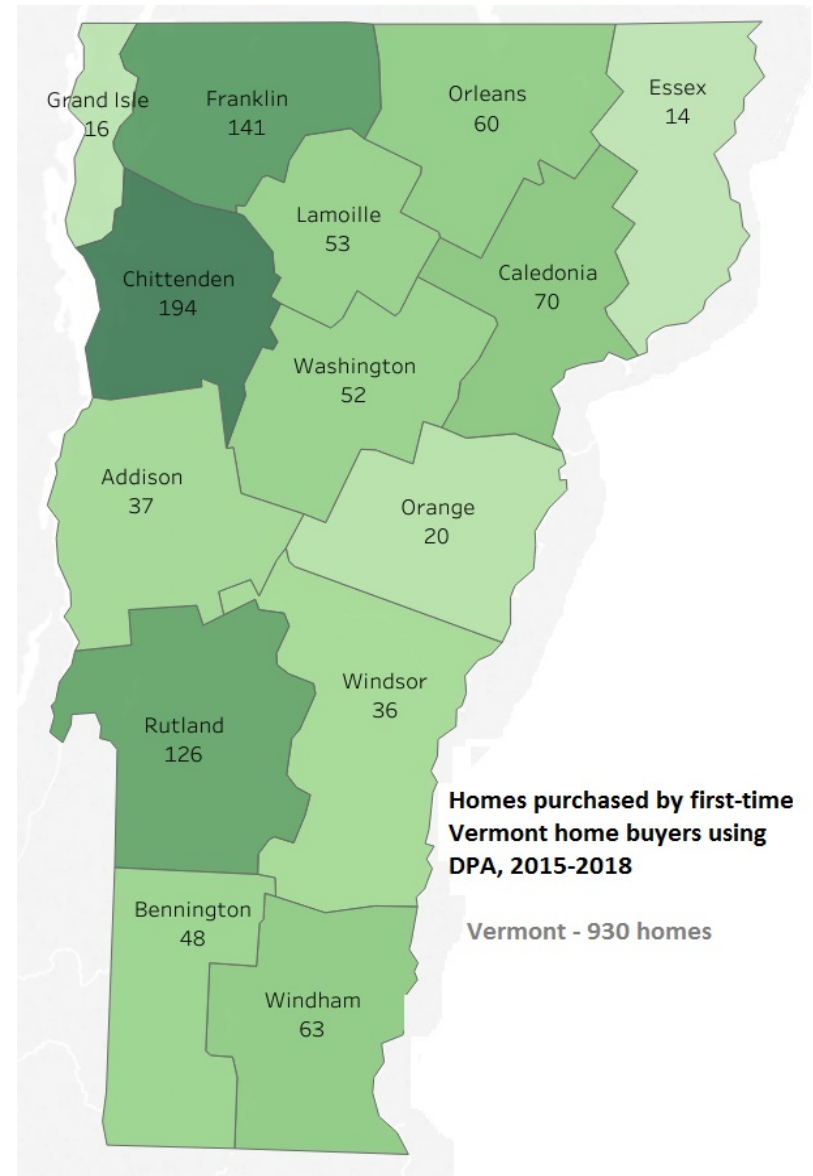
*The housing cost is for rural housing for a single person; the child care cost is a weighted average of the cost of care in all counties except Chittenden.

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>

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




Ryan & Megan Rush-Booth

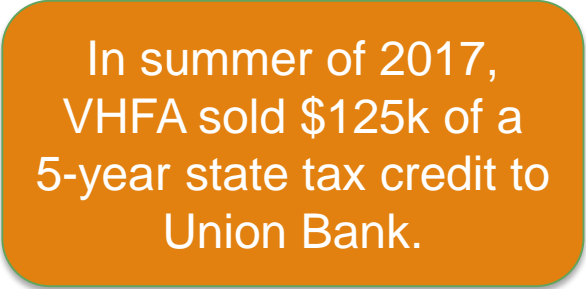
- Works in IT at Southwestern Vermont Medical Center
- Lived with family for six years
- 2 kids with a 3rd on the way
- Bought a foreclosed home that needed a lot of work in Stamford, VT
- Worked with People's United Bank and received a VHFA loan with Down Payment Assistance in September 2017



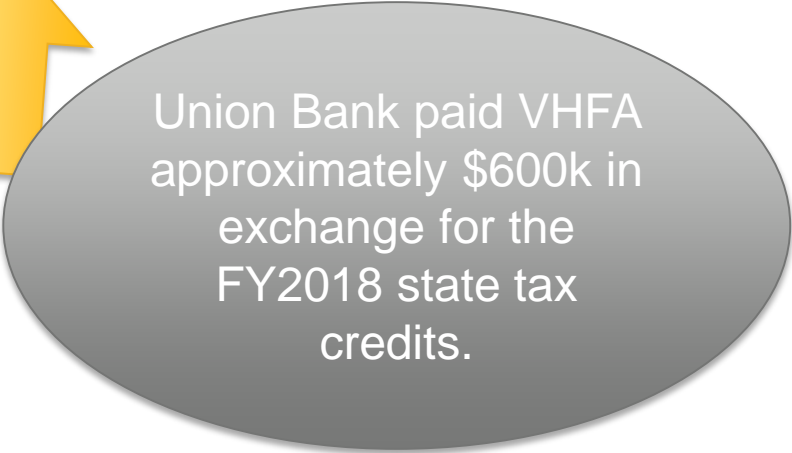
Down payment assistance in FY2018



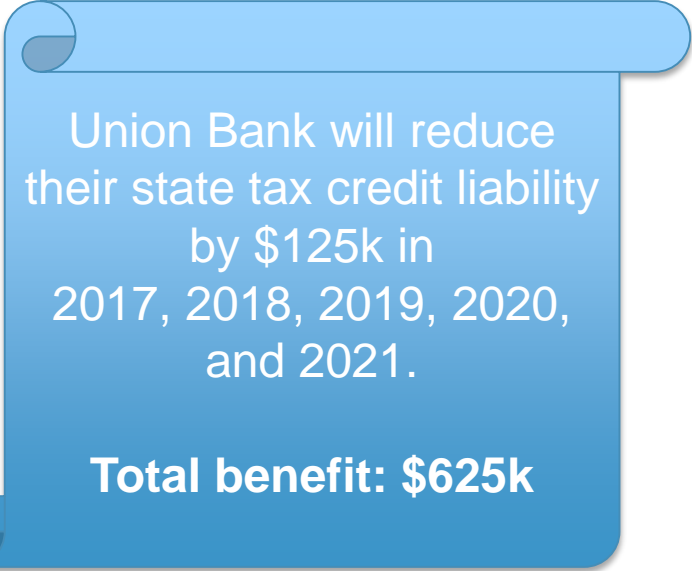
VHFA loaned out an average of \$4,700 to approximately 130 renter households who used that assistance to become first time homebuyers.



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.

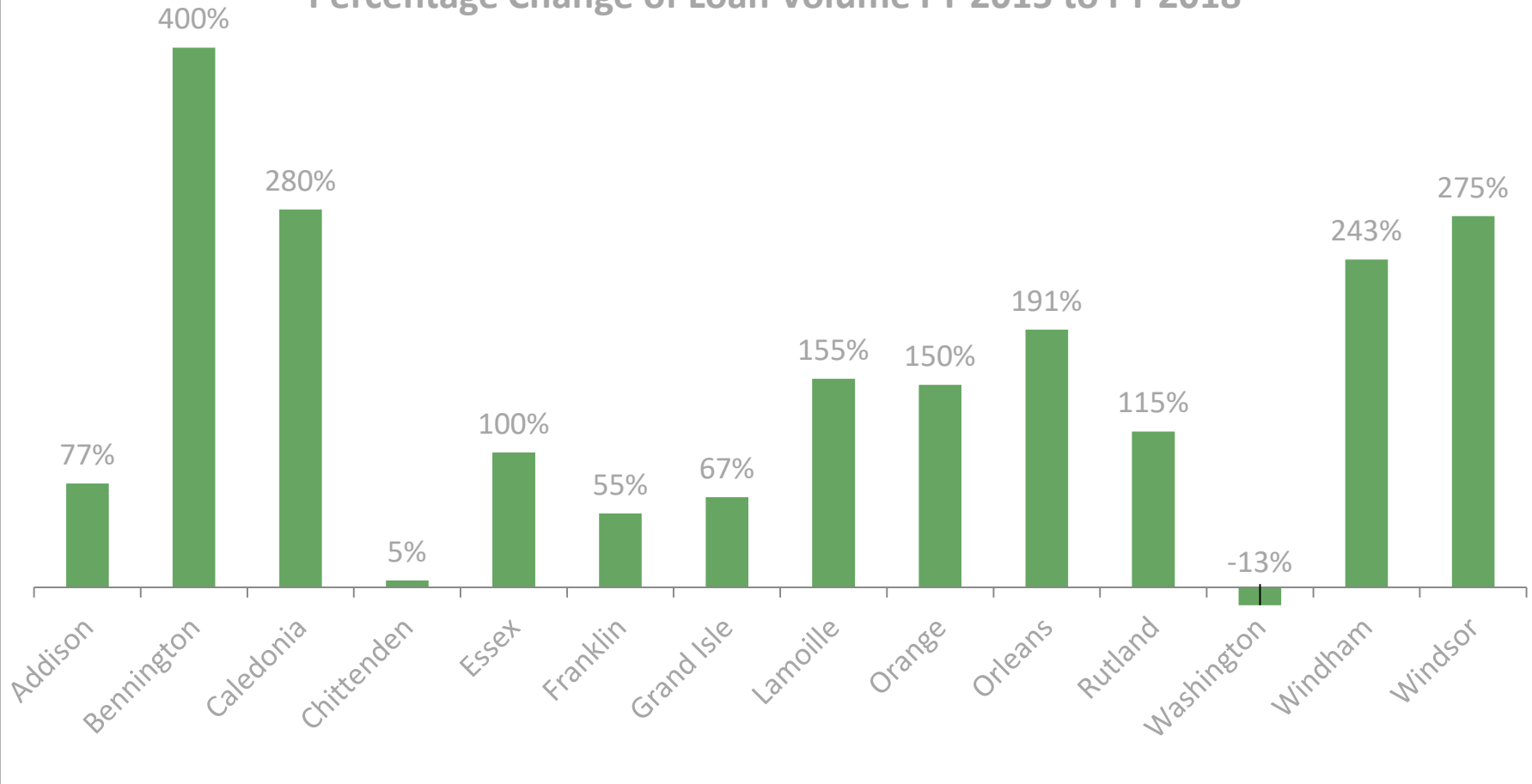


Union Bank will reduce their state tax credit liability by \$125k in 2017, 2018, 2019, 2020, and 2021.

Total benefit: \$625k

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

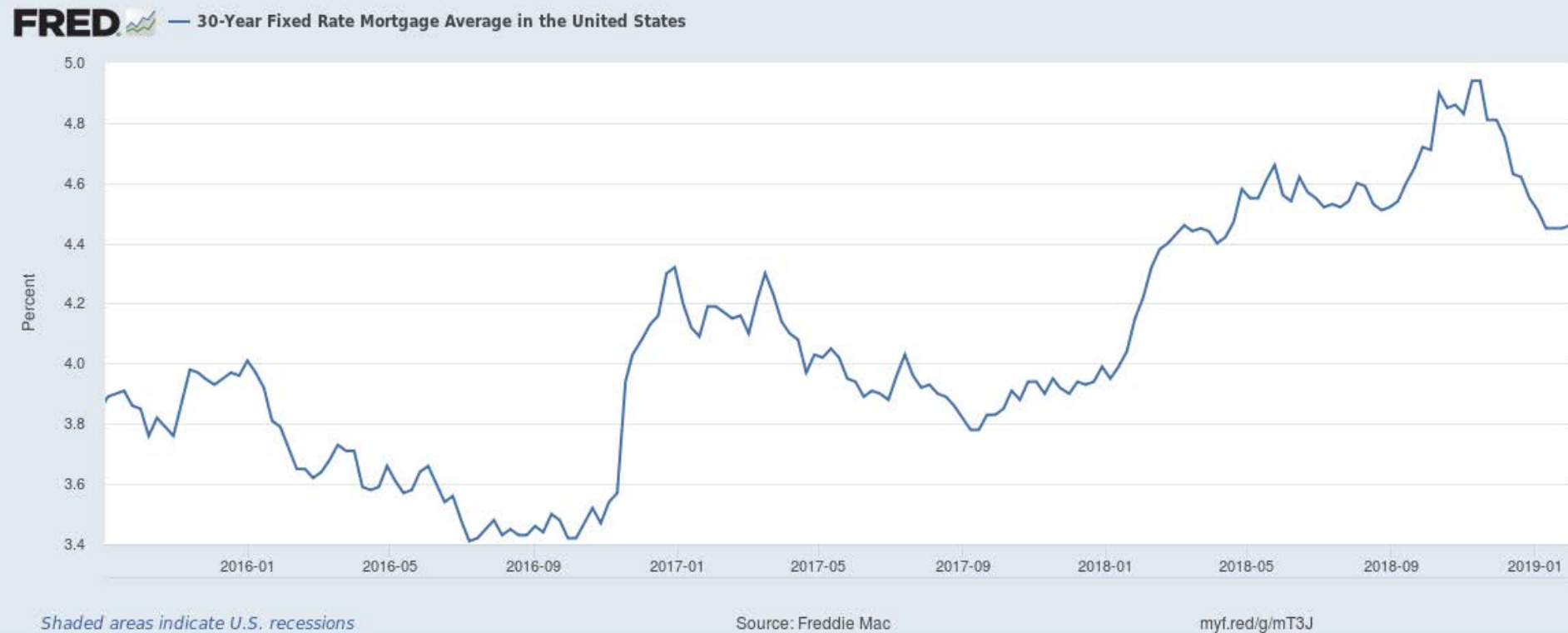
Percentage Change of Loan Volume FY 2015 to FY 2018



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.

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

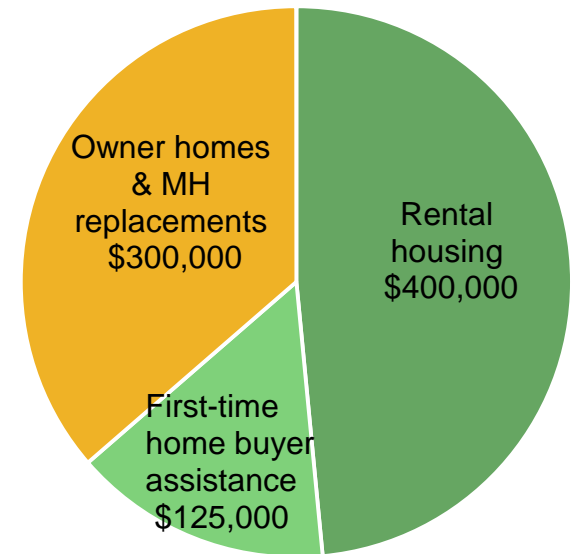
Annual Credits Claimed with Increased Credits

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

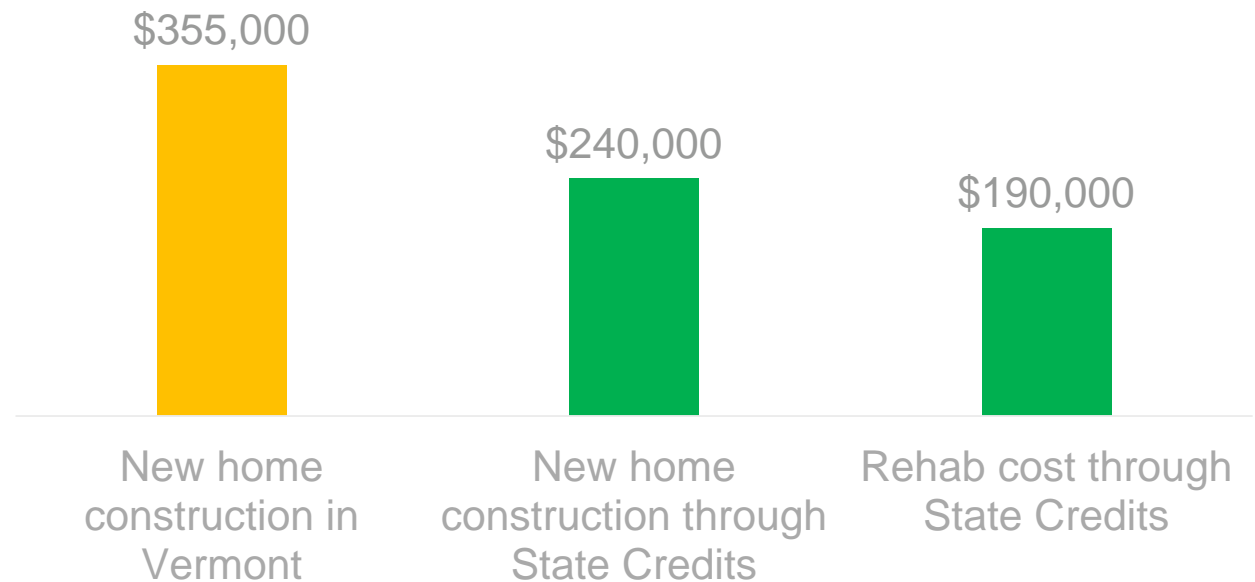
- Pays for new construction or rehabilitation of owner-occupied homes; or
- Purchase of replacement manufactured homes
- Only program of its kind. No other way to CREATE affordable homes for ownership
- 300 households served
- Average income of households: \$40,000
- Manufactured homes replaced in every 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