



Expanding the State Affordable Housing Tax Credit

Presentation to Senate Committee on Finance

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VERMONT AFFORDABLE HOUSING TAX CREDIT

- Created 20 years ago
- These credits never go unused – four times the demand than availability
- Five year credits
- Three pieces:
 - ▣ Downpayment Assistance
 - ▣ Rental Development,
 - ▣ Homeownership (both shared equity and manufactured homes – added after TS Irene)

BUSINESS NEEDS

“If I had a magic wand with three wishes, I’d ask you for affordable housing, more affordable housing and even more affordable housing.”

*Fran Tobin, Human Resources Director, Lake Champlain Chocolates
January 30, 2019 discussion on New Americans and employment*

VERMONTERS' EXPERIENCE

October, 2018 VPR/Vermont Public TV poll:

- *33% of Vermonters said the cost of housing is the biggest financial stressor in their lives*
- *Taxes were a distant second at 18%*

AFFORDABLE HOMEOWNERSHIP CREDIT

Proposal is to increase the affordable homeownership credit from \$300,000 to \$425,000. This supports two programs, and enables innovation.

- *Shared equity homeownership, with new rehab component*
- *Manufactured home replacement program*

SHARED EQUITY HOMEOWNERSHIP

FAST FACTS

- Roughly 1,200 shared equity homes statewide
- Homes are in every county
- Average AMI is 68.8% (about \$54,800 for family of four)
- 37% of homes have children
- Average length of tenure is about 6 years
- Approximately 300 of these homes have been created with the affordable housing tax credit

SHARED EQUITY HOMEOWNERSHIP

WHO BUYS?

Top five employment sectors:

- ▣ Teacher/Aide
- ▣ Health Care
- ▣ Administrative
- ▣ Manufacturing
- ▣ Customer Service

HABITAT FOR HUMANITY – STATE TAX CREDIT



Brinkley Benson bought a home in 2018 that was made affordable through the VT Affordable Housing Tax Credit, and sweat equity and volunteerism organized by Green Mountain Habitat. He works at Lake Champlain Chocolates. His mortgage is \$300 less than what his rent was.

SOURCES OF SUBSIDY: AQUITION – REHAB



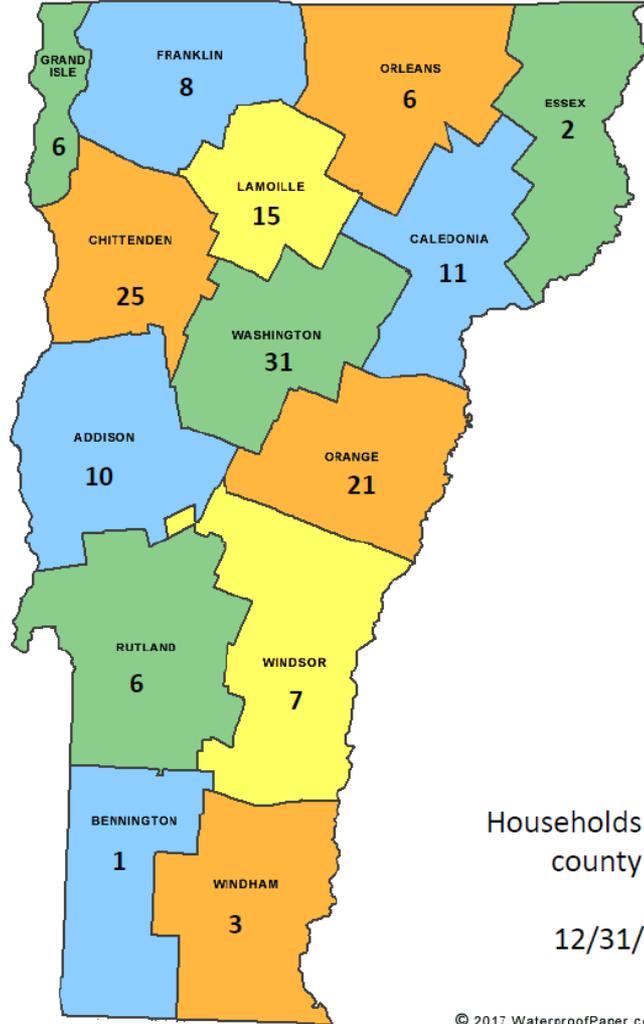
MANUFACTURED HOME TAX CREDIT

- Originated due to need for affordable financing identified during Tropical Storm Irene
- 7% of Vermont households live in mobile homes
- Provides a “silent second” mortgage to help:
 - ▣ Buyers meet steep down payment requirements
 - ▣ Reduce monthly ownership costs
- Loans are \$27,500 for Energy Star models, \$30,000 for Vermods. Buyer needs to contribute \$2,500
- Administered by CHT, available throughout Vermont due to strong collaboration with HomeOwnership Centers who provide housing counseling and education

MANUFACTURED HOME TAX CREDIT

- Average household income of participants is \$39,477
- 152 total homes purchased
- All the homes must be Energy Star rated models
- 23% of participants were elderly or disabled
- Demand is high. In 2017, the annual allocation was committed in two months
- \$4.4m in loans has leveraged \$12.5m in other private sources (borrower contributions, first mortgage, etc.)

MANUFACTURED HOME TAX CREDIT



Households served by
county as of

12/31/2018

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