

# Vermont Housing Finance Agency

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Vermont Housing Finance Agency

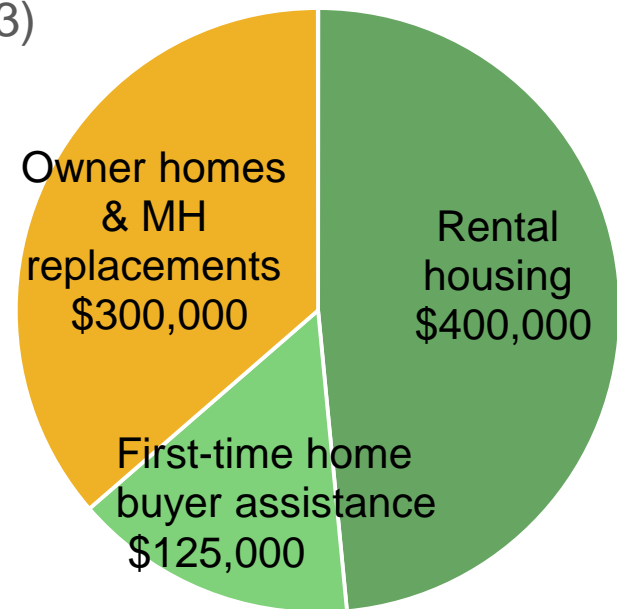
Affordable homes for a sustainable Vermont.

# History of the VT Affordable Housing Tax Credit

- Modeled after the federal housing credit program

- Rental housing (launched 2000)
- Homeownership (added 2009)
- Mobile home replacements (added 2013)
- First time homebuyer down payment assistance (added 2016)

Vermont Housing Tax Credit  
Annual Allocations



# How it works

\$125,000 of  
5-year state  
tax credits  
are sold to an  
investor

Investor reduces  
their state tax  
credit liability by  
\$125,000 each  
year for 5 years  
Total benefit:  
\$625,000

Proceeds from sale of credits funds:

- Down Payment Assistance
- New homeownership
- Mobile home replacements



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# Who is served

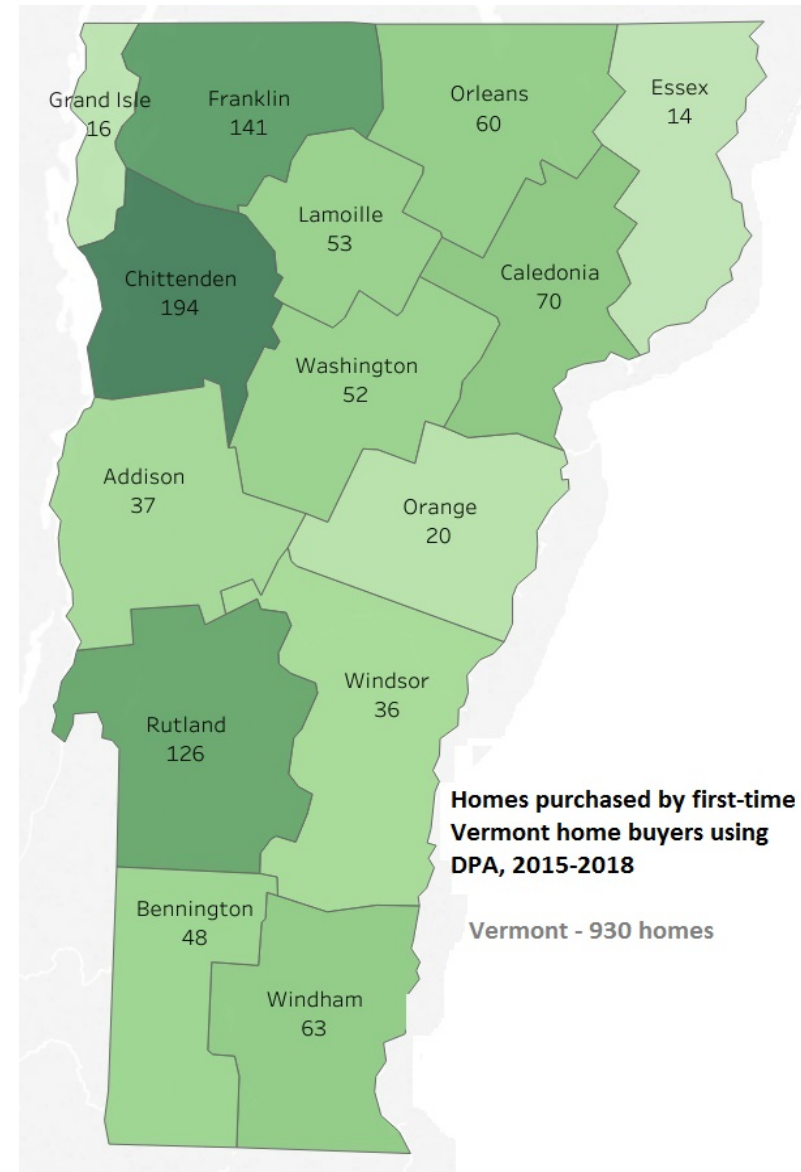
- Ryan & Megan Rush-Booth
  - He works in IT at Southwestern Vermont Medical Center
  - Lived with family for six years
  - 2 kids with a 3<sup>rd</sup> on the way
  - Bought a foreclosed home that needed a lot of work in Stamford, VT
  - Worked with People's United Bank and received a VHFA loan with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





# What is needed

- \$125k in homeownership creation and mobile home replacement program
- \$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.
- 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.



# Current realities



- Need to drop from 275 to 130 renters/year becoming homebuyers
- In 2023 when no additional State Credits are available, will have a dramatic drop off in funds available to re-loan out, will stop marketing and training

# 2 small language changes needed

(6) “Eligible applicant” means any municipality, ~~private sector~~

~~developer~~, State agency as defined in 10 V.S.A. § 6301a, the Vermont Housing

Finance Agency, a for-profit organization, or a nonprofit organization

qualifying under 26 U.S.C. § 501(c)(3) or cooperative housing organization,

the purpose of which is to create and retain affordable housing for Vermonters

with lower income and which has in its bylaws a requirement that the housing

the organization creates be maintained as affordable housing for Vermonters

with lower income on a perpetual basis meeting the application requirements

of the allocation plan.

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(B) Upon receipt of a completed application, the allocating agency

shall award an allocation of affordable housing tax credits with respect to a

project to an applicant, provided the applicant demonstrates to the satisfaction

of the allocating agency all of the following:

(i) The owner of the project has received from the allocating

agency a binding commitment for, a reservation or allocation of, or an out-of-

cap determination letter for, Section 42 credits, or meets the requirements of

the allocation plan ~~for development or financing of units to be owner-~~

~~occupied~~.



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