

To: House General, Housing and Military Affairs
From: Maura Collins, Executive Director, Vermont Housing Finance Agency
Date: April 14, 2022
Re: S.226 amendment dated April 13, 2022

In looking at the committee's "open items" [as posted at 5pm on April 13th](#), I wanted to offer the following language tweaks:

Page 2:

- (a), line 5: ~~consisting~~consistent
- Add to (a): "These grants shall be administered in a manner consistent with the Down Payment Assistance loans described in sections 32 VSA 5930u (b)(3) (A) through (C) except as otherwise provided herein."
- (b)(B) and (C): strike both because our programs already have their own income limits and requires all properties be a primary residence.
- Add a new section (c) that says: "Grants made under this program shall not be required to be repaid."

Page 3:

- (c): strike
- (d), lines 12-17: "...American Affairs, and local racial justice organizations, ~~the~~ Vermont Housing Finance Agency, ~~and the nonprofit homeownership centers,~~ shall develop a plan of active outreach and implementation to ensure that program opportunities are effectively communicated, and that funds are equitably ~~awarded~~available, to communities of Vermonters who have historically suffered housing discrimination."

Page 4:

- Sec 7b, line 2: "grants, outreach, and administrative expenses pursuant to Secs. 7 and 7a of this act."

Reasons for these needed changes

32 V.S.A. 5930u details the uses and eligibility of the state's housing tax credit program. Amending that with a first-generation homebuyer program that is funded outside state housing tax credits is confusing and awkward. For example, this statute requires VHFA to write a Qualified Allocation Plan governing the tax credits and I'm not clear if this new program now needs to be included in that plan or not.

(b)(B) imposes a new income limit for this program that does not apply to the larger DPA program it sits under. The existing DPA program requires that all first-time buyers obtain a VHFA mortgage and as such they are all subject to VHFA's income limits, which are not set as a percentage of Area Median Income (AMI). Since a first-generation homebuyer **must** be within VHFA's income limits to obtain a mortgage, having a second income limit for this grant funding would be duplicative and problematic to administer.

(c) Administration appears to assume that homebuyers will be applying directly for these grant funds as opposed to how the existing DPA program under which this sits works, which is that funds are made available as a part of the standard mortgage application process, which is conducted by a VHFA participating lender, meaning a mortgage loan officer.

There may not be a "standard application form" but instead application for this program would be incorporated into our existing DPA forms and documents completed by the mortgage loan officer. Any "instructions and

examples” would be provided by VHFA to its participating lenders as a part of our ongoing lender trainings and it wouldn’t be applicants navigating these forms directly.

Similarly, we will not be batching these funds and “award” them on a competitive basis but instead they will be made available to buyers on a first-come, first-served basis for all those who are eligible. These will not be “awarded” but instead “funded.”

We would maintain a financial system to account for all funds, but calling it a “loan” management system for “funds awarded” misstates the nature of the program.

As stated in my testimony on April 12th, VHFA welcomes the opportunity to expand our programs to Black, Indigenous, and Persons of Color who have historically not had access to capital for homeownership and been systemically discriminated against. We agree that outreach and collaboration with the organizations you listed and others is critical to our work. That said, as I mentioned, for this outreach to be meaningful it will come at a cost both to VHFA for its administration as well as to the participant organizations who likely would expect compensation for their work in advising this program. Therefore, an explicit reference that VHFA may use some portion of this funding to cover these costs is necessary. Right now the funding on page 4 says it can only be “to provide grants” and not to cover administrative and outreach expenses.

(d) Outreach also requires VHFA to ensure “funds are equitably awarded,” which assumes there would be a competitive awards process where we compare applications by homebuyers and select those based on equity. Instead, these will be funded to all applicants who are eligible until the funding runs out.