



Housing Omnibus

Seth Leonard, 2/16/2022

Resources

Vermont Housing Needs Assessment:

<https://accd.vermont.gov/housing/plans-data-rules/needs-assessment>

Analysis of Vermont Affordable Rental Housing Development Cost Factors:

https://www.vhfa.org/sites/default/files/publications/final_analysis-_vt_affordable_rental_housing_dvt_cost_factors_-_01.15.2020.pdf

Affordable Housing: Barriers and Incentives in Vermont Towns:

https://vhfa.org/sites/default/files/publications/Affordable_housing_VT_towns_1.pdf

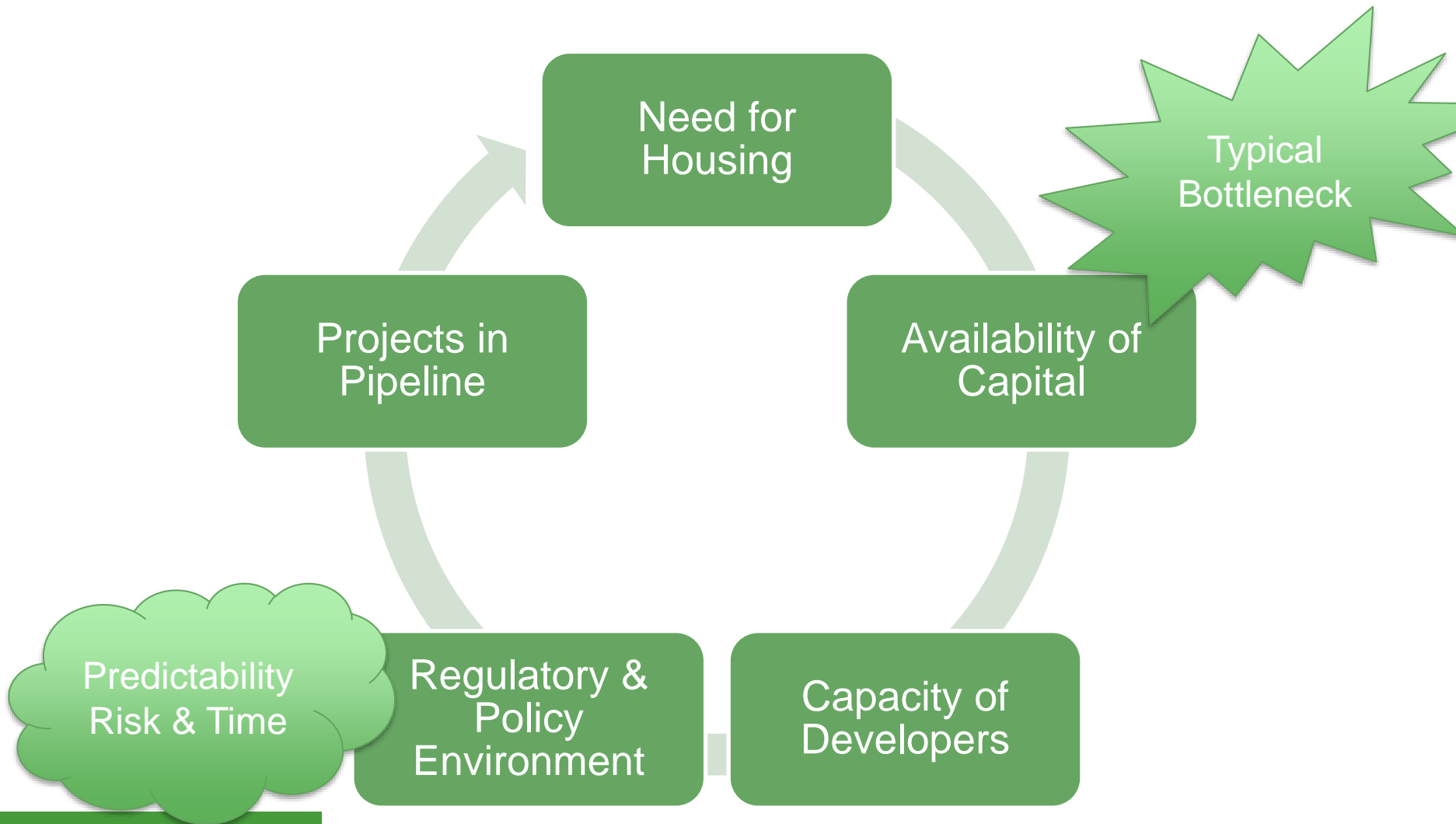
The State of Residential Development in Vermont in 2021:

<https://vhfa.org/sites/default/files/publications/State-Residential-Development-2021.pdf>

HousingData.org: <https://www.housingdata.org/profile/housing-stock>



Capital Absorption & Pipeline



Filling Need and Investing in Equity



Policy & Regulatory

Affordability Language for Priority Housing

Support and Strengthening Designation Programs

Increase opportunities for density

Support Municipalities in updating bylaws



Funding: Meeting Unmet and Underserved Need

First Generation Homebuyer

Missing Middle Homeownership Development

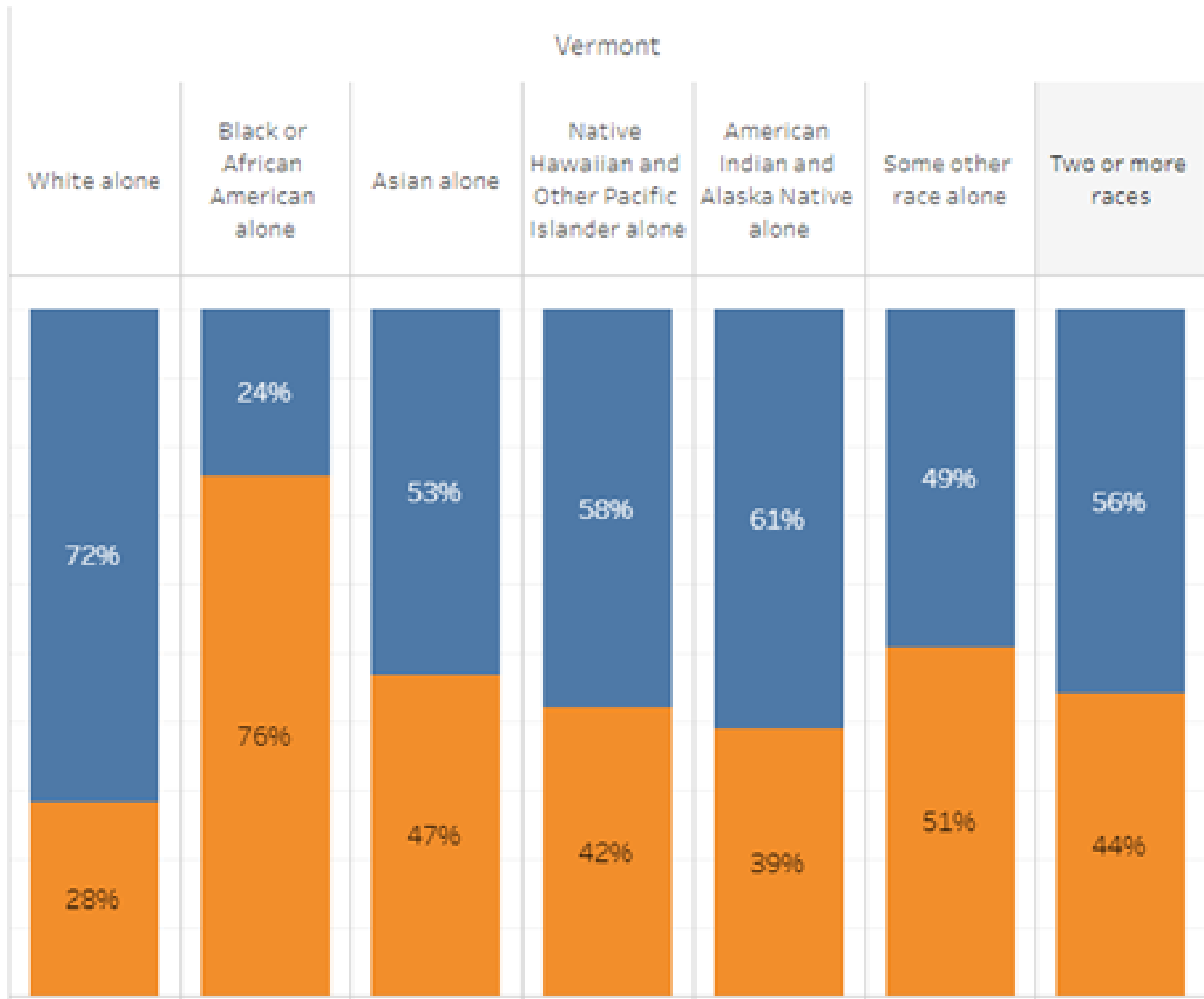
Manufactured Home Community Investments

New Americans Housing Funds

Percentage of homeowners and renters by race

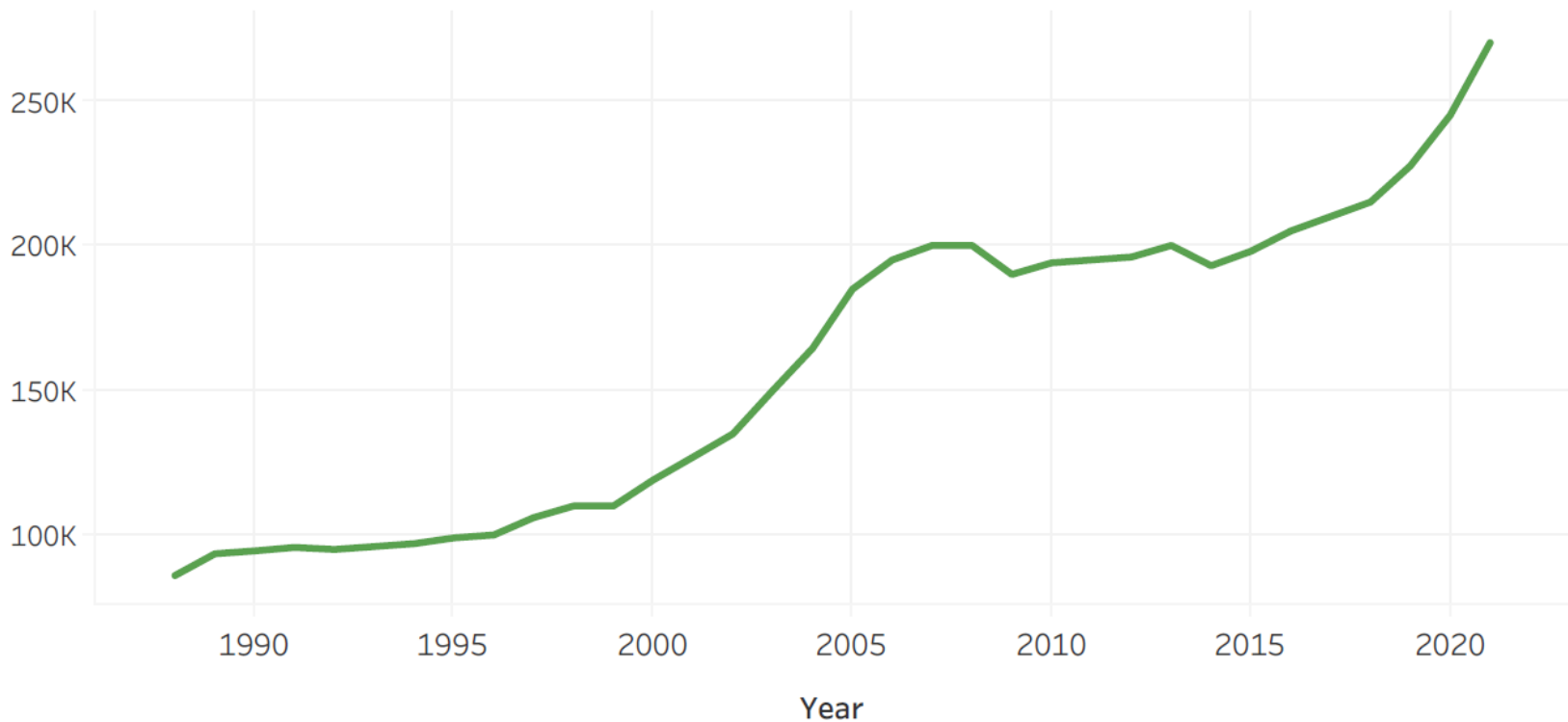
Household type

- Owner
- Renter



Single Family Homes prices are accelerating

Median home sale price
Vermont
Home type: All



Cost of Development: Using 9% LIHTC Applicants as a barometer

Year	Average Cost Per Unit
2018	\$285,705
2019	\$309,740
2020	\$305,188
2021	\$333,774
2022 (early indication)	\$347,793


- Between 2021 and 2020, the proposed average cost of development for a Vermont apartment funded through the Low-Income Housing Tax Credit Program rose 9% to \$333,774, and another 4.1% for 2022 pre-applications.
- Nationwide multifamily construction costs in the third quarter of 2021 were 8% higher than a year earlier, according to the Fisher Price Index.
- During that same period, the baseline federal Low-Income Housing Tax Credit small state minimum allocation has generally increased between 1-2% each year.

Missing Middle

Development
Affordability
Access Subsidy:

\$15 million

Maximum subsidy is 35% of Total Development Cost for homes serving households with incomes up to 120% AMI.

- **Value Gap** needed to close gap between development costs and home market price of home
 - Purchase Price **Affordability Gap**
 - Middle-income buyers.
 - Subsidy remains in home, making it more affordable for future buyers.
 - Option to layer with Shared Equity and existing familiar programs.
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Subsidy Example

	Amount	Development Affordable Access Subsidy Provided
Cost to construct home	\$400,000	\$0
Appraised/Market Value	\$375,000	Value Gap = \$25,000
Sales price affordable at 100% AMI	\$319,500	Affordability Subsidy = \$55,500
Final Sales Price/Subsidy	\$319,500	\$80,500

Value Gap: Provided to builder as a fully forgiven subsidy to offset cost of construction, amount is flexible and allows for capture of cost-overruns.

Affordability Subsidy: Retained to provide affordability longer-term. When home is sold, the sales price will be determined by subsidy covenant.

Sales Price in the future = Appraised Value – Affordability Subsidy received

Real World Example: Six Homes

- ✓ Vermont town of 5,000 residents requires that a portion of new housing developments be affordable to households earning 100% of the area median income.
- ✓ Proposed development includes 3 duplexes, for a total of 6 homes.
- ✓ Homes would be modestly sized and built using new modular approach to reduce cost.
- ✓ Affordability requirements and lack of a subsidy to support them means the “market homes” in the development must be priced higher to cover total development costs.



Running the numbers (per home)

Land	\$60,000
Development costs (excluding builder profit & soft costs)	\$310,000
Total development costs (excluding builder profit & soft costs)	\$370,000
Maximum purchase price	\$343,500
Gap (in addition to builder's lack of profit and soft costs)	\$26,500

Manufactured Home Community Investment Recommendations:



Small Scale Capital Needs: \$3,000,000 in new funding

Targets filling 51+ abandoned home sites and 343 vacant lots in Vermont communities (funds could impact up to 150 sites)



Homeowner Needs Grants: \$1,000,000 in new funding

Grants for up to 67 households to make substantial repairs, especially focusing on site, foundation, and efficiency needs



Vermont Homeownership Tax Credit: \$250,000 expansion

Expand on manufactured home replacement and purchase program that is currently funded through the state's Homeownership Tax Credit program

Affordability Language

“At least 20 percent of the housing units meet the requirements of affordable owner-occupied housing under subdivision (29)(A) of this section, adjusted for the number of bedrooms, as established and published annually by the Vermont Housing Finance Agency.”