

VERMONT HOMEOWNERSHIP PROMOTION PILOT PROGRAM

This **\$21M program** has four components – two of which build upon existing successful programs and the two which are new programs that encourage development and close the affordability gap.

NEW STARTER HOME PRODUCTION (\$6M)

Fund the “**value gap**” between development cost and appraised value for a modestly-sized home that meet criteria including smart growth, energy efficiency, size, etc. Subsidy directly to private or nonprofit developer. No recapture of subsidy – support is purely attempting to spur production of starter homes. Estimate 150-200 homes built.

MISSING MIDDLE SUBSIDY (\$5M)

Permanent subsidy of \$25,000, reducing the mortgage for buyers up to 120% of median income to be paired with “value gap” supported new development or substantial rehab. The subsidy, also called an “**affordability gap**” or “**permanent discount,**” remains with the home for all future buyers, but depreciates over time. Support for 200 buyers.

CREATING PERMANENTLY AFFORDABLE HOMES (\$6M)

Subsidy of not more than 35% of development cost with a max of \$125,000 per subsidy to support **shared equity** and **Habitat for Humanity** production. Estimate 60 homes made permanently affordable.

NEW HOMEBUYER INCENTIVES (\$4M)

Provide all **first-time homebuyers \$10,000** to incentivize homeownership. Provide all **first generation homebuyers an additional \$10,000** (for a total of \$20,000). Estimate 320 homebuyers supported.