

Middle-Income Homeownership Development Program awards all funds in 2023

2022

Program created to support building & rehabilitating homes for middle- and lower-income buyers.



March 2023

First set of awards made through \$14.2 million in ARPA funds for 92 homes.



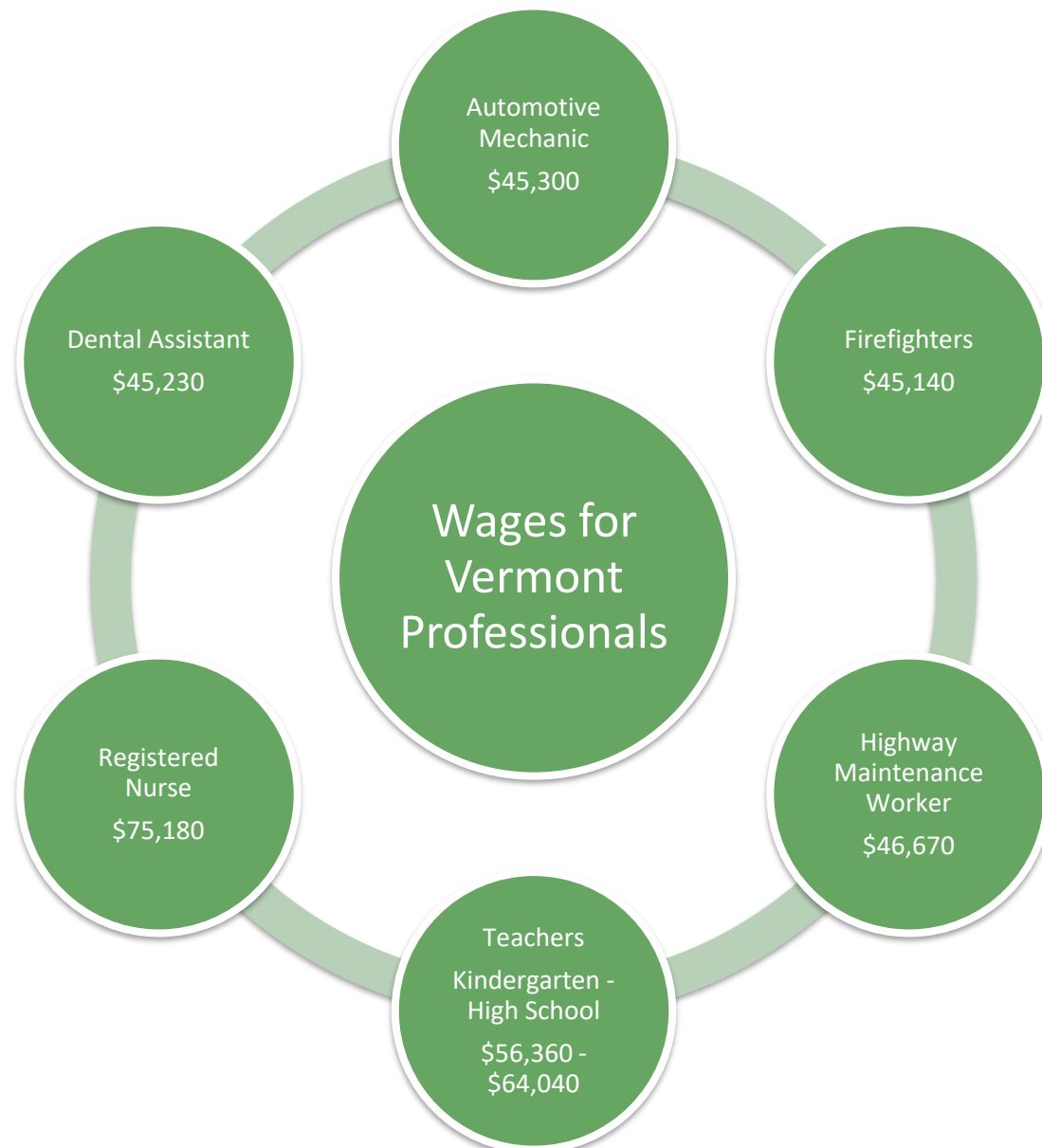
September 2023

Awards made through \$9 million from 2023 BAA to reach a total of 138 homes.



Homes completed in 2023 in Londonderry and Rutland.

Middle-Income Households



First year impacts are wide-reaching

\$24 million funding deployed

138 Homes Funded

361 New Bedrooms

\$155,416 Average subsidy per home

\$194,321 Average purchase price to buyers

68 (49%) Shared equity homes

20 communities impacted, with 18 partners

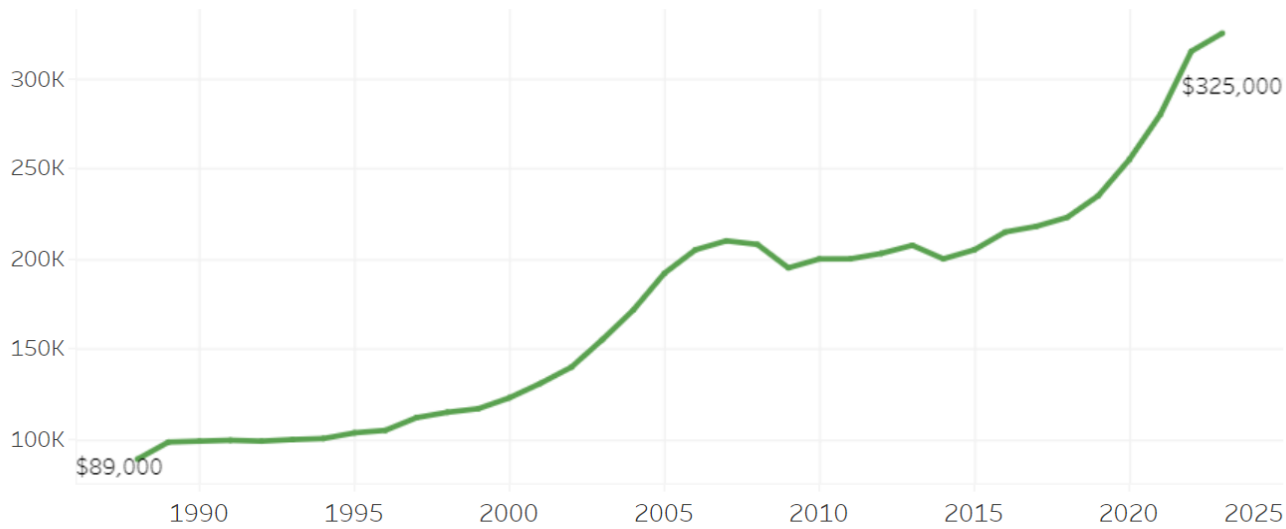


Upper photo: Addison County Habitat for Humanity volunteers and board with the Poquette family outside their home when they took ownership in July 2023.

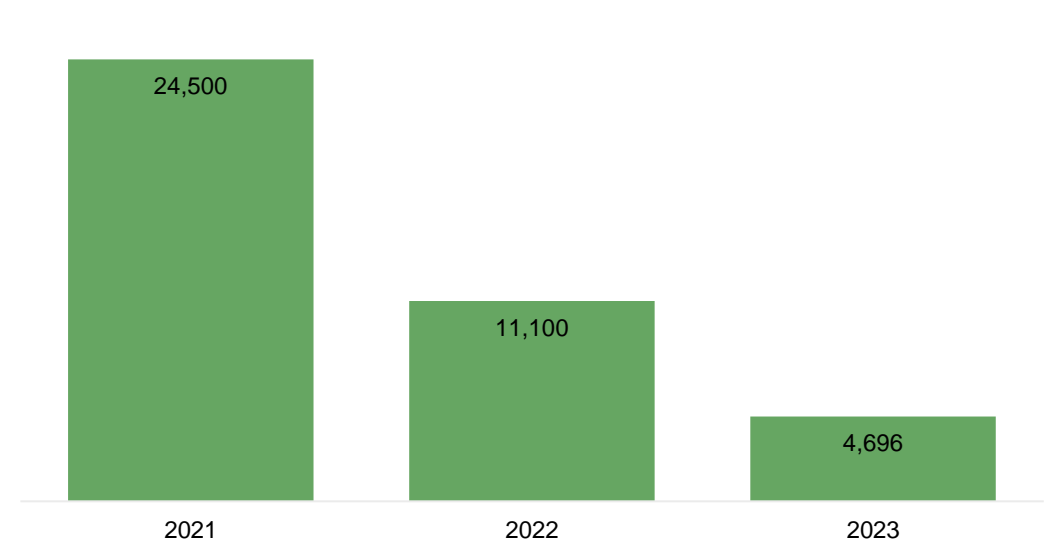
Lower photo: Homebuyer Elizabeth Poquette, her mother, Janet Brunet, and Elizabeth's son, Thatcher.

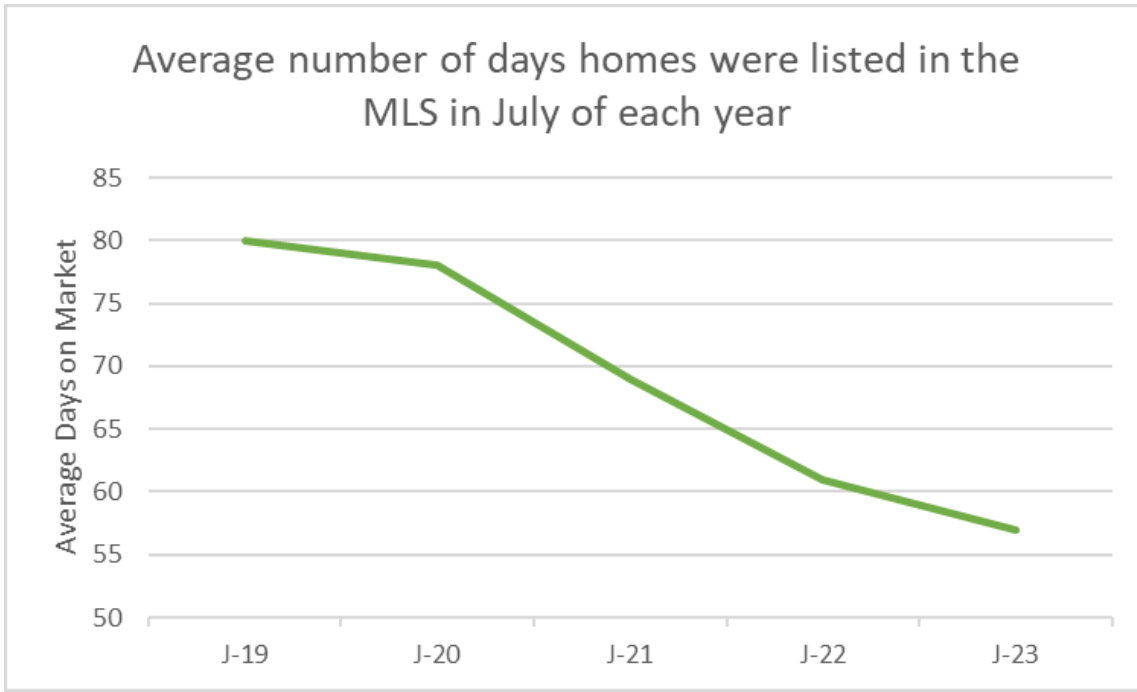
	January-June 2021	January-June 2022	January-June 2023
Vermont median primary home price	\$259,900	\$295,000	\$315,000
Average interest rate on 30-year mortgage, no points	3.11%	4.72%	6.44%
Monthly mortgage payment (includes mortgage, PMI, insurance, property taxes)	\$1,710	\$2,192	\$2,595
Income needed to afford	\$68,394	\$87,671	\$103,776
Estimated Vermont renters with enough income to purchase median priced home	24,500	11,100	4,696

Median home sale price
Vermont
Home type: Single family



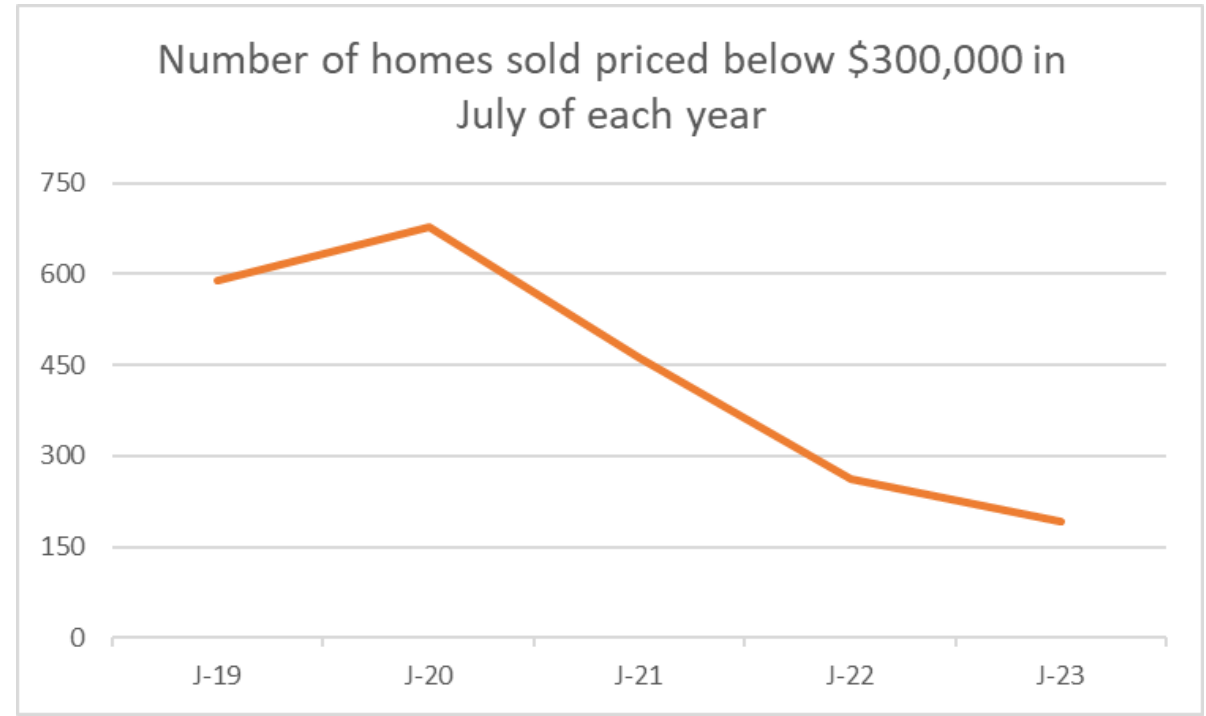
Renters who could likely afford to buy median home





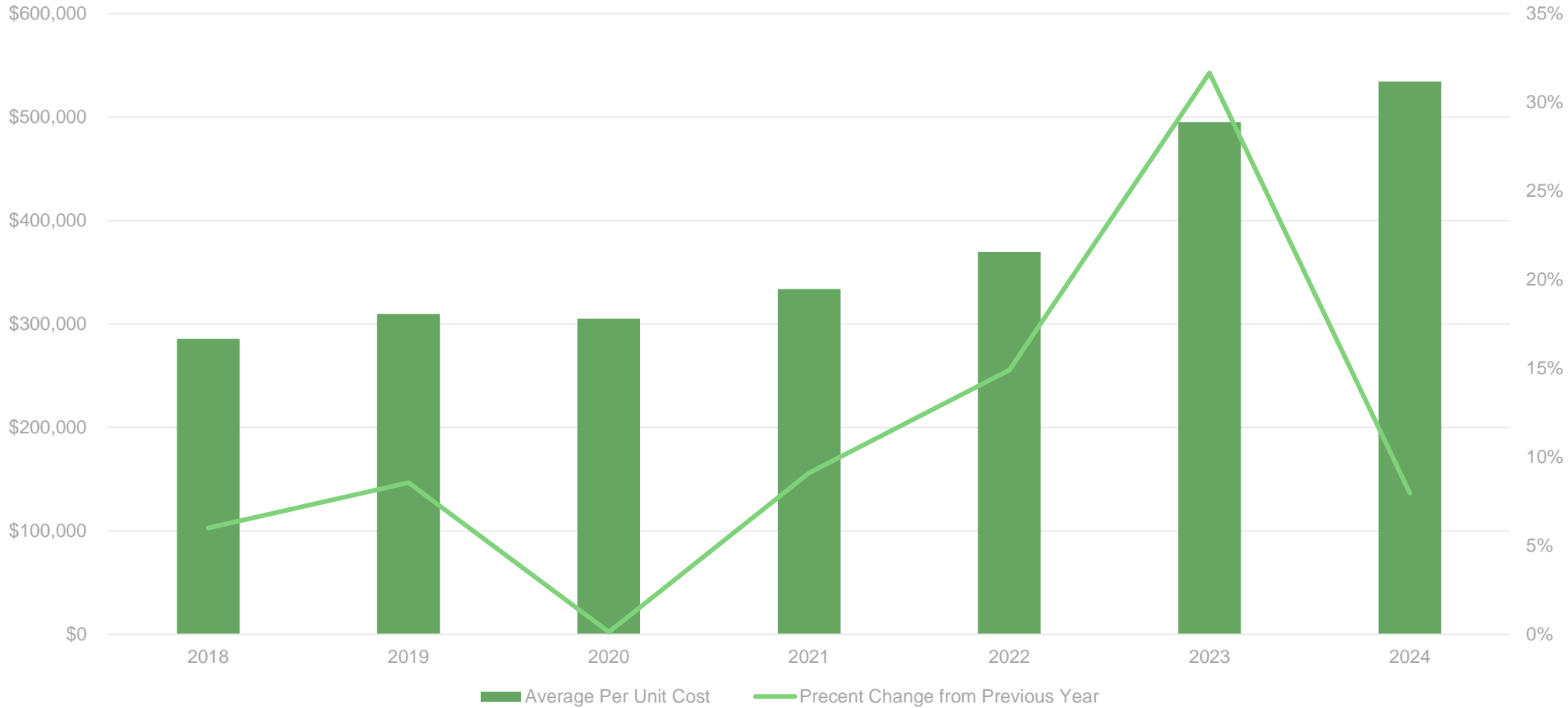
According to MLS Realtor Data...

- Vermont is losing an estimated 300 single-family homes per year due to age/condition
- While permits overall are up, cost pressures make moderately priced, modest homes impractical for builders to construct



Cost continues to be key challenge: 9% Applications + Homeownership

Cost Trends in Vermont 9% LIHTC Projects



Middle-Income Homeownership Cost Experience: \$323 per square foot

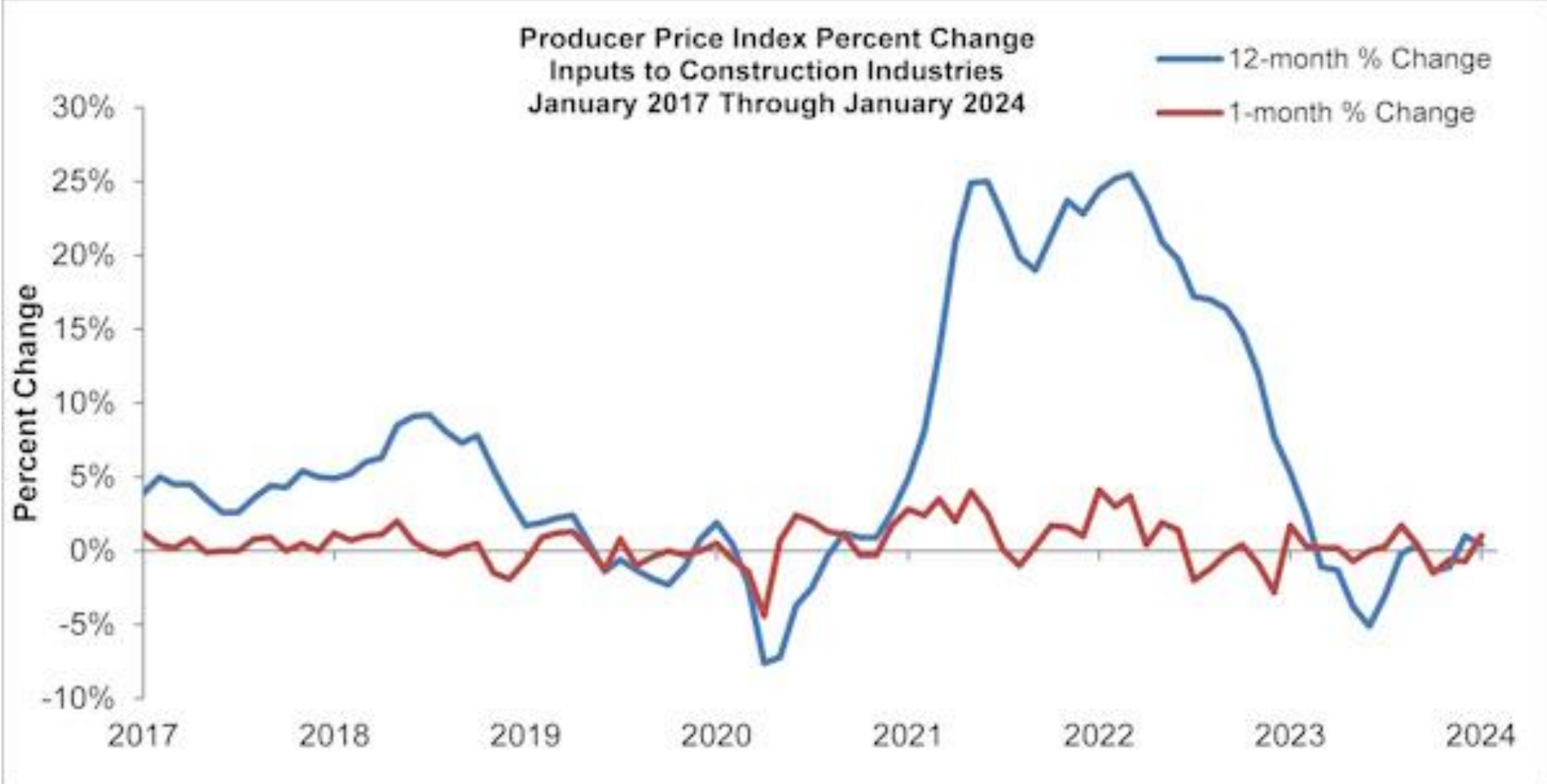
Construction Job Openings Rate and Quits Rate: December 2012 to December 2023



Source: U.S. Bureau of Labor Statistics

Construction materials & labor costs top consumer inflation

Year-over-year change in producer price index (PPI) for nonresidential inputs, average hourly earnings (AHE) for production employees in construction, and consumer price index (CPI), January 2017 – January 2024

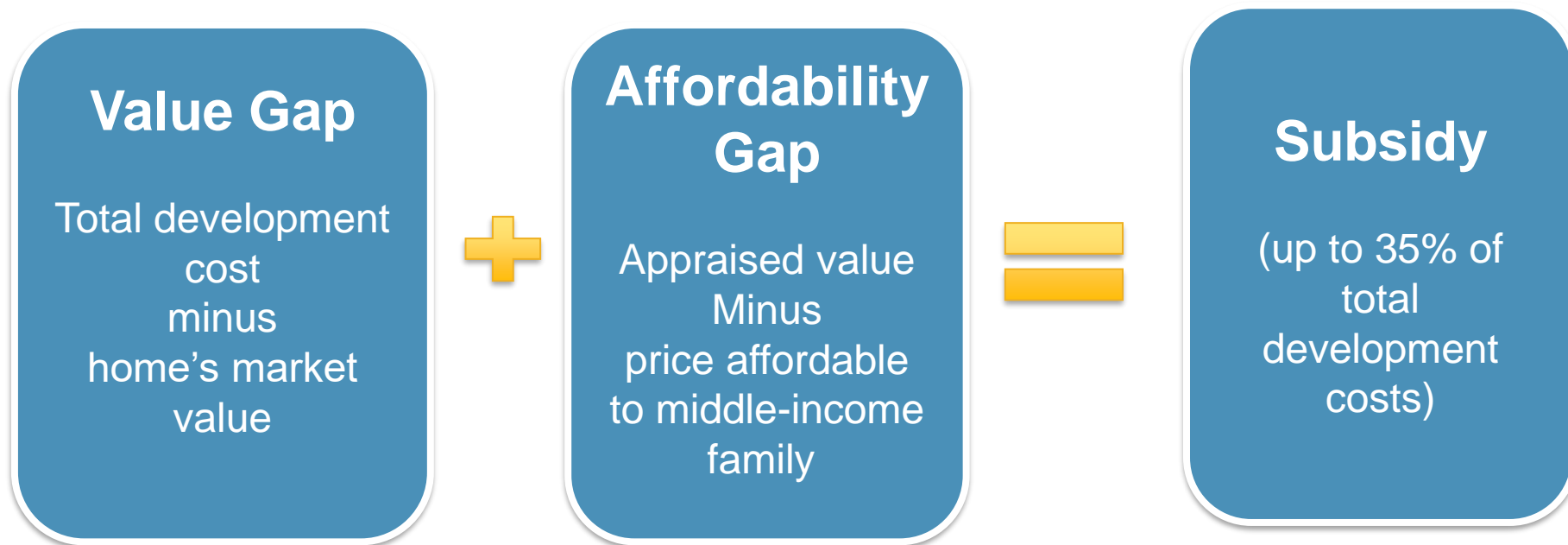


Source: U.S. Bureau of Labor Statistics



Compiled by the The Associated General Contractors of America, Inc.

Program fills gaps that hamper creating homes affordable for middle income buyers



Why do these gaps exist?

Homes cost more to build than they will appraise for
Homes cost more to build than middle income buyers can afford

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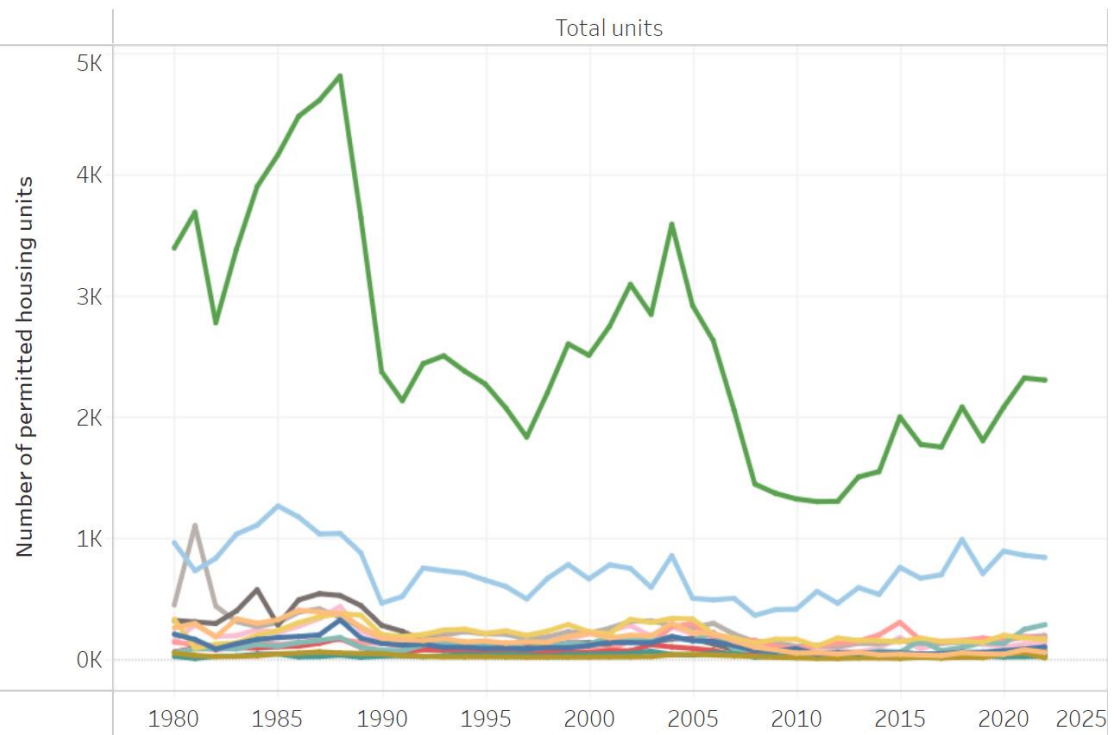
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Lower photo: Homebuyer Elizabeth Poquette, her mother, Janet Brunet, and Elizabeth's son, Thatcher.

Homes underway in 20 Vermont communities



Community	Number of Homes Underway
Newport	24
Greensboro	2
Burlington	4
South Burlington	3
Shelburne	26
Barre	1
Vergennes	2
Middlebury	37
Braintree	3
Randolph	11
Rutland	2
Clarendon	7
Woodstock	4
Springfield	1
Londonderry	1
Manchester	2
Bennington	8

Home under construction in Burlington's Old North End

Middlebury College-owned land will become 37 homes

Homebuyers and volunteers in front of new Vergennes home

First home completed in Rutland

Kara Corlew Londonderry homebuyer

The Corlew family's new home in Londonderry

"This is incredible... I had a moment of disbelief until the reality set in that we would be able to stay in this area, close to our family. The children's grandparents will be right around the corner, are so involved in their lives and help out a lot with childcare. Being able to purchase this house means the world to all of us."

Continued construction price inflation led to larger Value Gap

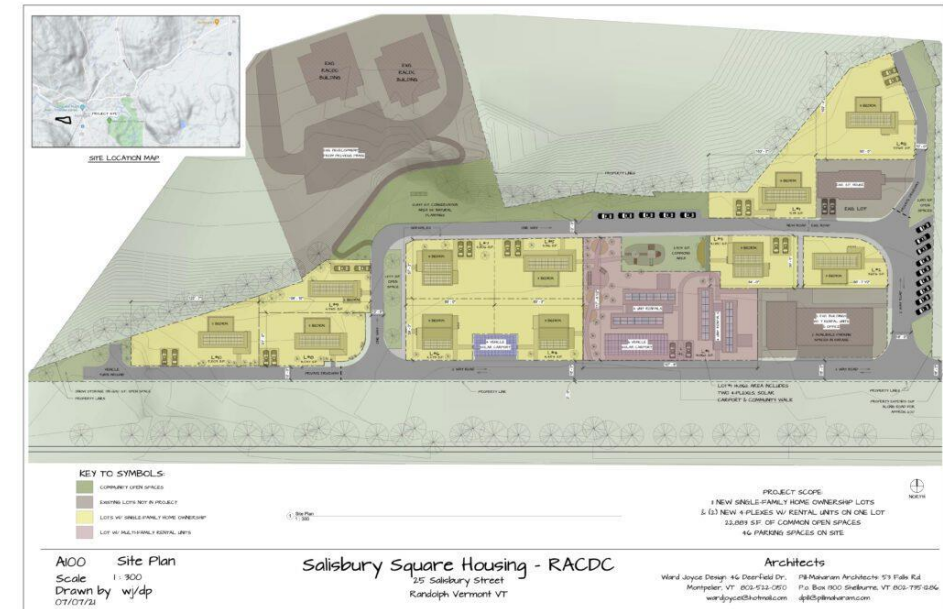
Average Cost Per Square Foot:
\$323

Many new construction projects exceed \$400 per sq ft

Affordability Gap:
40% of funding

Median Square Footage of Home:
1300 sq ft.

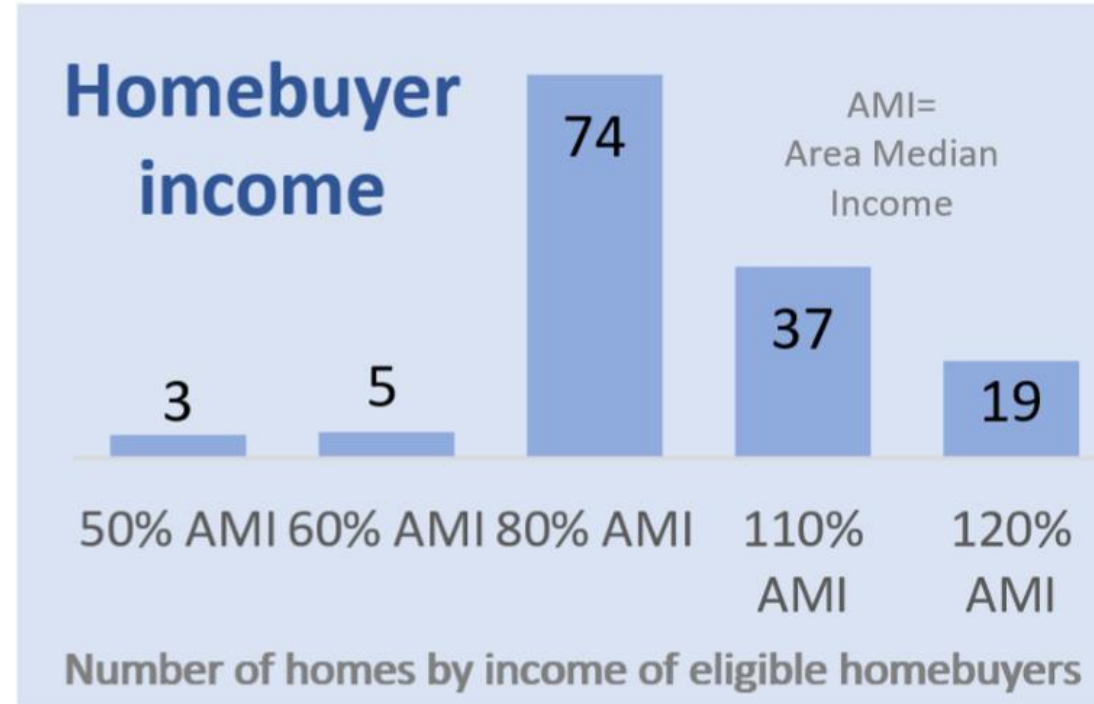
Value Gap:
60% of funding



Based on current awarded project assumptions, final numbers subject to change

Program builds homes primarily for middle income homebuyers in 2023

- Program provides long-term affordability and/or retained subsidy for future pipeline of modest homes
- 49% of all homes funded in 2023 are shared-equity homes
- Subsidy retained for all homes developed through limits on future sales prices
- Most homes awarded funds in 2023 (86%) will be for homebuyers at or below 110% of the area median income.



Pilot to longer-term program changes needed



General language clean up to eliminate duplicative priority language + change program name



Update subsidy model, to allow for recapture and redeployment in some cases



Create limited flexibility to adjust post-award project subsidy level when market conditions impact project financial viability

More information

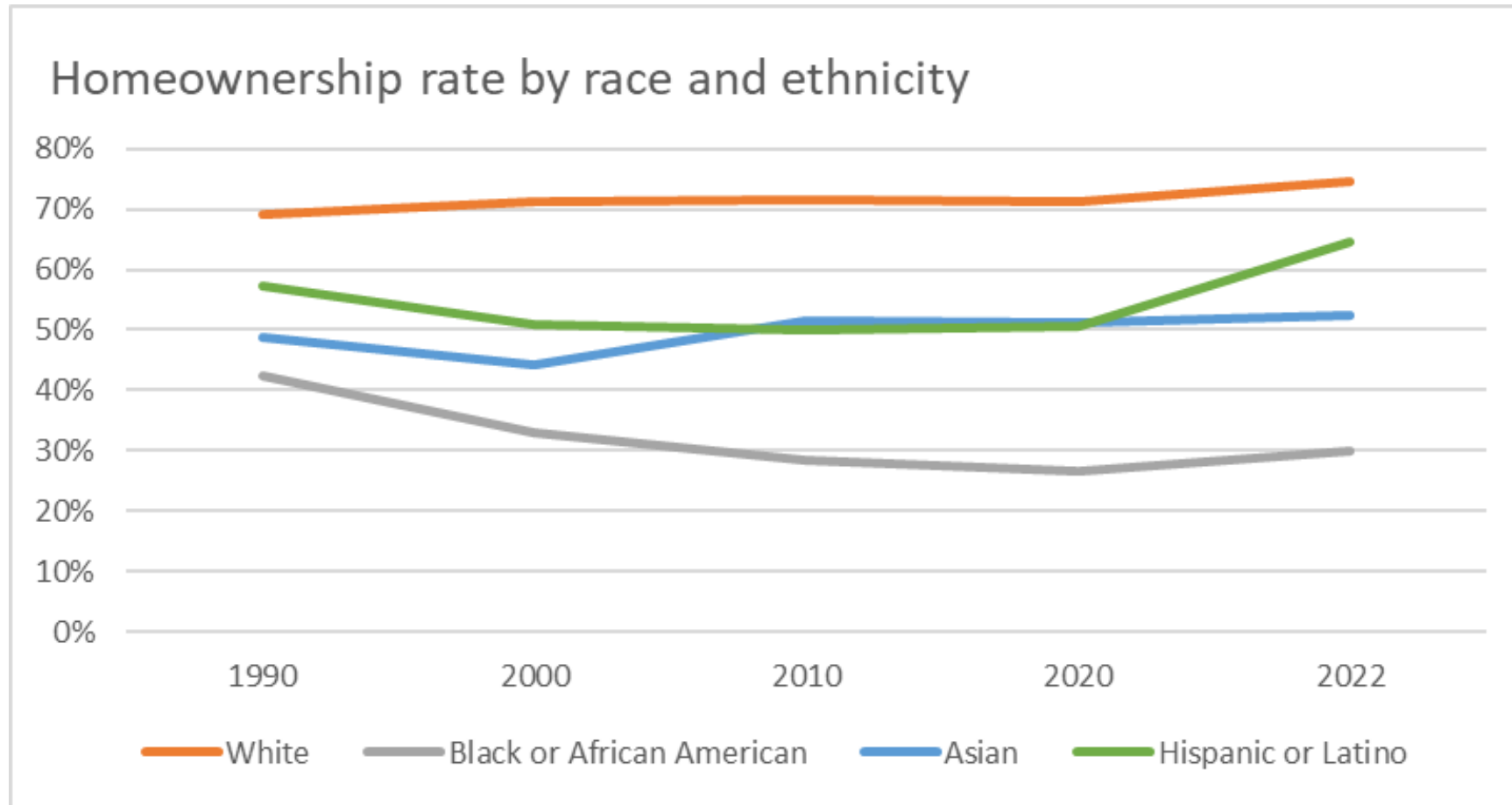
- Program Guidelines
- Webinar Recording
- Lists of projects awarded in 2023



The screenshot shows the website for the Vermont Housing Finance Agency (vhfa). The navigation bar includes links for About, Contact, News, Resources, and Business Partners. Below this is a secondary navigation bar with categories: Homebuyers, Homeowners, Rental Housing (which is highlighted), and Community. The main content area features a sidebar menu on the left with categories like Rental Housing, Developers, Housing Tax Credits, and Funding and Loan Programs. The main article is titled "Missing Middle-Income Homeownership Development Program" and includes a photograph of a modern, multi-story residential building. The text describes the program's purpose and components, such as Construction Guarantee and Development Subsidy.

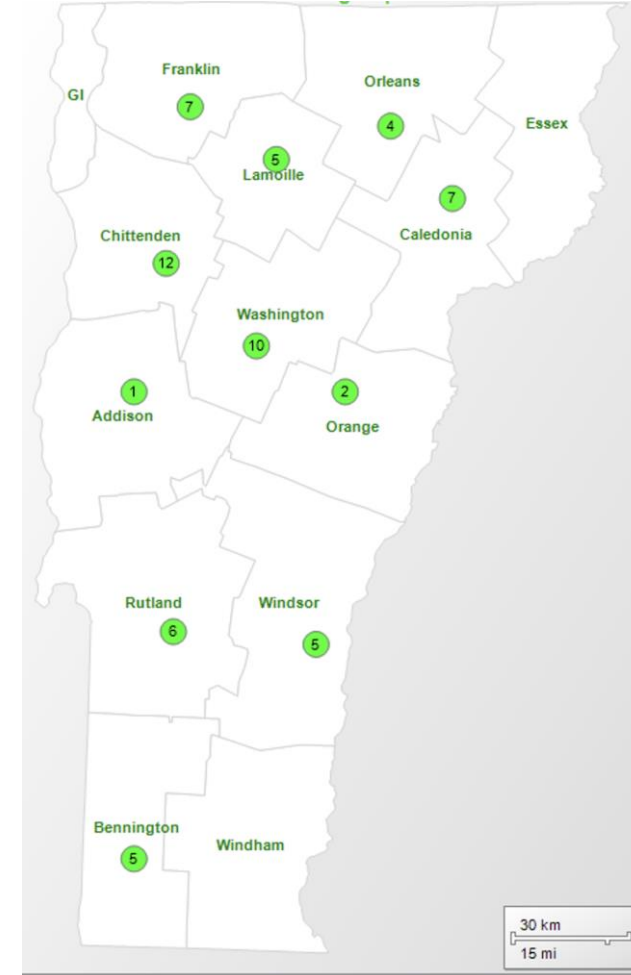
<https://vhfa.org/rentalhousing/developers/missing-middle-homeownership-program>

Large disparities remain



First Generation Homebuyer Grant Program outcomes

- ✓ 64 grant applications
- ✓ 59 grants funded
- ✓ \$14,991 average grant awarded
- ✓ \$70,647 median income of households
- ✓ \$225,000 median purchase price



Leveraging &
Inspiring Lender
investments!

