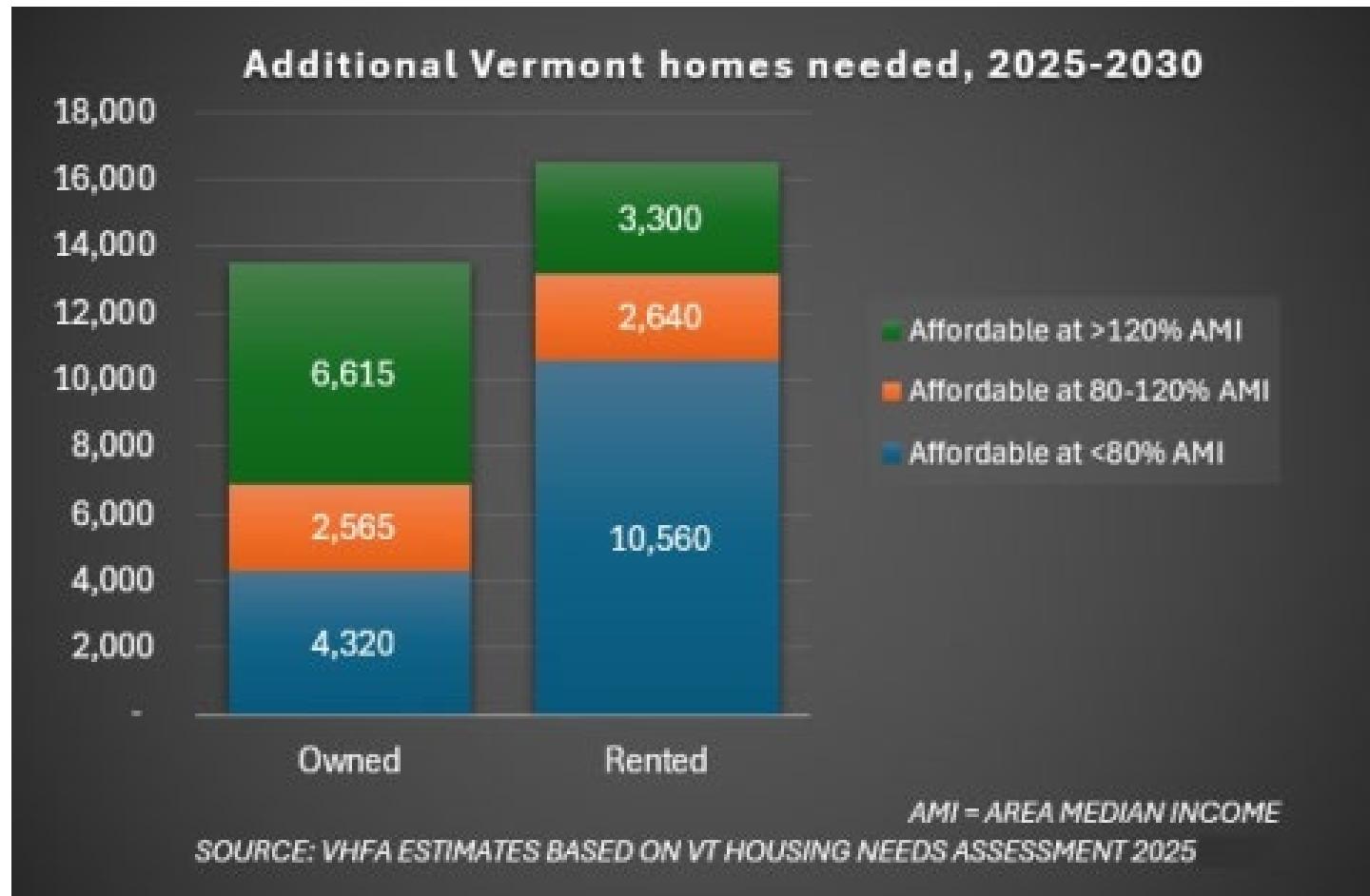


What's Working, What's Not, and What Should be Done Next?

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(What's Needed?)



What's Working?

- New programs focused on those who earn < 80% AMI.
 - The new...
 - [Vermont Housing Improvement Program](#) (VHIP)
 - [Manufactured Housing Infill Program](#) (MHIP)
 - [Homes for sale](#)
 - [Manufactured Home Improvement & Repair Program](#) (MHIR)



LESSONS LEARNED:

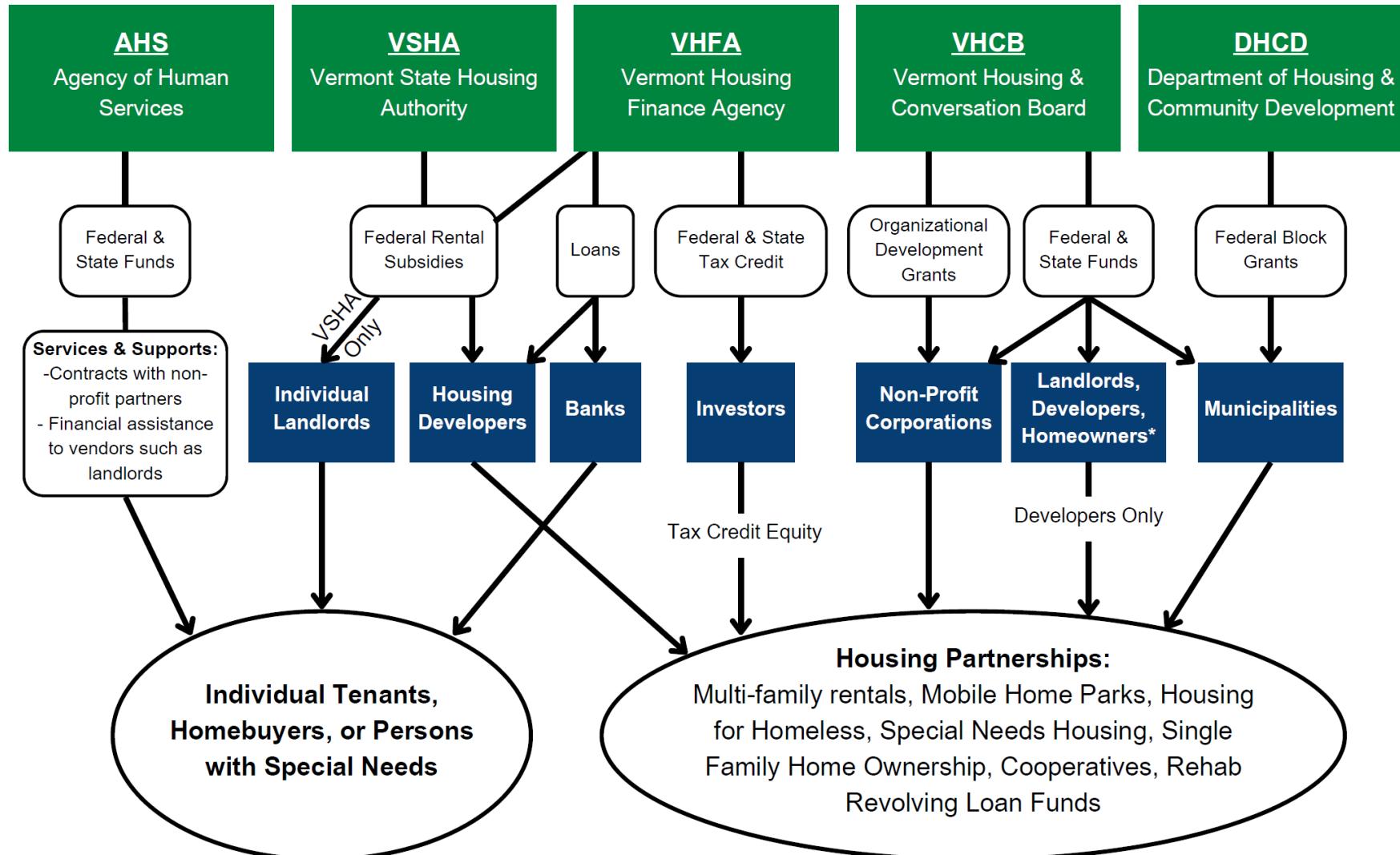
- It's okay to try new things
- It's okay to learn and change
- It's okay when our fears **don't** come true
- Track the data – reporting is key
- Not just outputs, but outcomes

What's Working?

- New programs focused on those who earn up to 150% AMI.
 - Rental Revolving Loan Fund
 - Middle Income Homeownership Development Program

Program	3-Person Income	3 Bedroom Unit
<u>Affordable Rental Programs</u> <ul style="list-style-type: none">• Chitt, Frank, GI• Washington• Windham	<u>Affordable Rental Programs</u> <ul style="list-style-type: none">• \$83,600• \$79,520• \$74,640	<u>Affordable Rental Programs</u> <ul style="list-style-type: none">• \$2,700• \$2,297• \$2,282
<u>Rental Middle Income</u> <ul style="list-style-type: none">• Chitt, Frank, GI• Addison• All other	<u>Rental Middle Income</u> <ul style="list-style-type: none">• \$140,280• \$125,400• \$121,248 <div style="background-color: #ffd700; padding: 5px; display: inline-block;">90+% of renters</div>	<u>Rental Middle Income</u> <ul style="list-style-type: none">• \$4,050• \$3,622• \$3,484 <div style="background-color: #ffd700; padding: 5px; display: inline-block;">Luxury prices, few/no listings</div>
<u>Homeownership Middle Income</u> <ul style="list-style-type: none">• Chitt, Frank, GI• Addison• All other	<u>Homeownership Middle Income</u> <ul style="list-style-type: none">• \$195,600• \$174,150• \$144,900 <div style="background-color: #ffd700; padding: 5px; display: inline-block;">95% of owners</div>	<u>Homeownership Middle Income</u> <ul style="list-style-type: none">• \$614,000• \$549,500• \$528,500 <div style="background-color: #ffd700; padding: 5px; display: inline-block;">80% of homes sold</div>

State Agencies in Vermont



* Federal Lead Hazard Abatement and HOME Programs

Source: 2024 Housing Budget & Investment Report

2024 State and Federal Funds and Private Equity Combined for Housing Development (Amounts Do Not Include Administrative Overhead / Operations)

SOURCES	VERMONT HOUSING AND CONSERVATION BOARD	DEPT OF HOUSING AND COMMUNITY DEVELOPMENT	VERMONT HOUSING FINANCE AGENCY	TOTALS
State Appropriation	\$10,667,175			\$10,667,175
State One-time General Funds	\$43,000,000			\$43,000,000
State sub-award of GF from AHS	\$0			\$0
Federal Housing Program Revenue	\$20,219,744	\$5,503,810		\$25,723,554
Private Equity Generated by Federal Housing Credit*			\$28,560,000	\$28,560,000
Private Equity Generated by Federal Bond Credit**			\$12,871,763	\$12,871,763
Private Equity Generated by State Housing Tax Credit***			\$5,922,500	\$5,922,500
TOTAL SOURCES	\$73,886,919	\$5,503,810	\$47,354,263	\$126,744,991
USES				
Multi-family Rental Housing using Equity from State Housing Tax Credit			\$1,760,000	\$1,760,000
Down Payments for New Energy Efficient Manufactured Homes using Equity from State Housing Tax Credit			\$1,408,500	\$1,408,500
Down Payment Assistance for New Homes using Equity from State Housing Tax Credit			\$1,629,000	\$1,629,000
Down Payment Assistance for First Time Homeowners using Equity from State Housing Tax Credit			\$1,125,000	\$1,125,000
Programs providing grants/loans for affordable housing development projects	\$73,886,919	\$5,503,810	\$41,431,763	\$120,822,491
TOTAL USES	\$73,886,919	\$5,503,810	\$47,354,263	\$126,744,991

*Estimated based on 2024 allocation of \$3.36 million in federal 10-year credits and an average of prices paid by investors in recent years.

**Estimated based on \$1.5 million in federal 10-year bond credits provided in 2024 and average prices paid by investors in recent years.

***Estimated based on 2024 allocation of \$1.375 million in state 5-year credits and an average of prices paid by investors in recent years.

What Did That Added Investment Unlock?

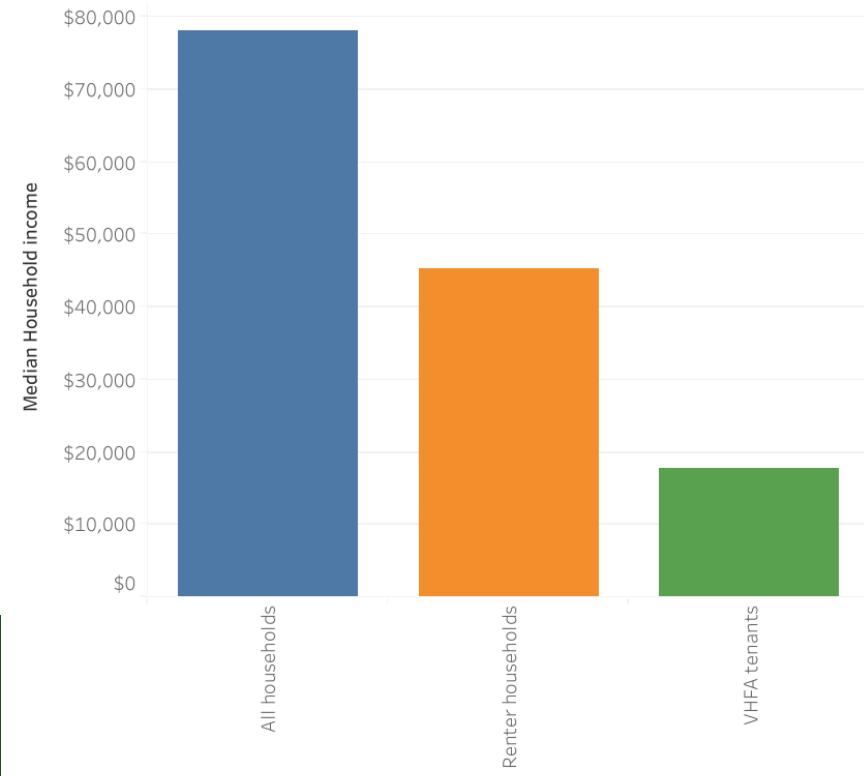
- Vermont's ability to use more tax-exempt financing
 - 2013-2021 Vermont lost \$300M
 - No real losses 2022-2024 when ARPA money was available
 - 2025 – lost some volume cap again
- What are the benefits of tax-exempt financing?
 - Lower interest rates on loans
 - Automatically makes a project eligible for 4% federal tax credits, which can fund 35% of a development

	Volume Cap Lost
Year	
1998	
1999	
2000	
2001	
2002	
2003	
2004	
2005	
2006	
2007	
2008	
2009	
2010	
2011	-
2012	-
2013	(30,949,525)
2014	(59,668,846)
2015	(10,691,087)
2016	(35,075,000)
2017	(35,205,000)
2018	(45,955,000)
2019	(29,910,001)
2020	(42,200,000)
2021	(12,686,838)
2022	(680,239)
2023	-
2024	-
2025	(11,430,411)

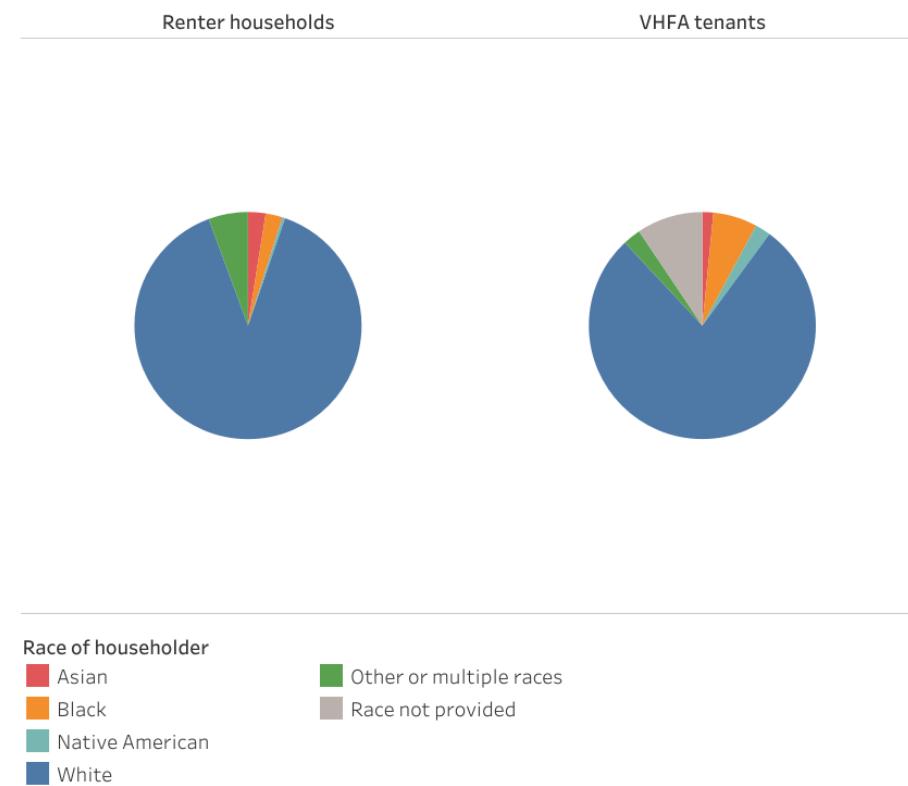
Benefits of Federal Tax Credits

- Pays for 35% to 70% of an affordable housing development.
- Brings in private investments that would otherwise go to pay federal taxes – but invests that in Vermont

Median household income

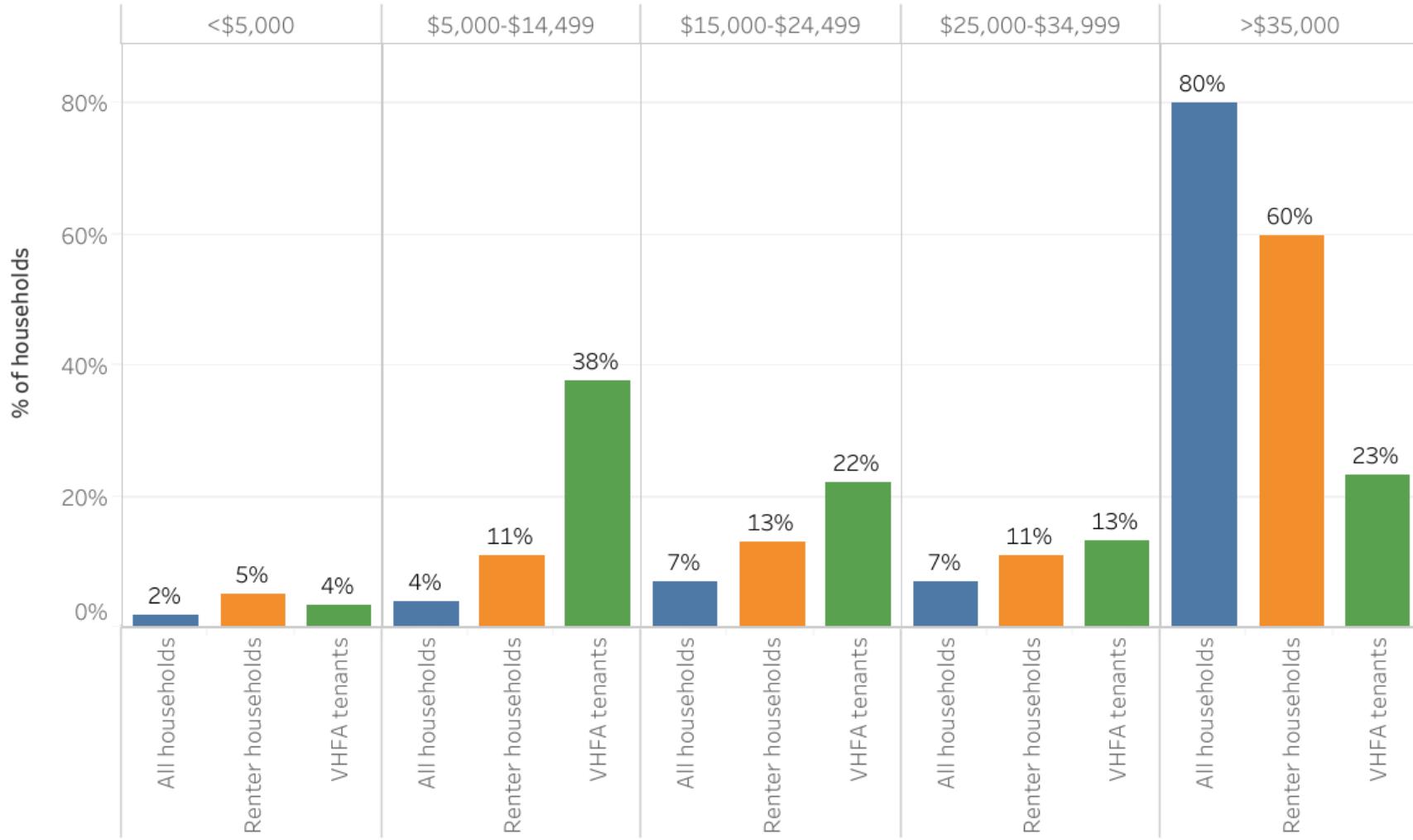


Race of renter households



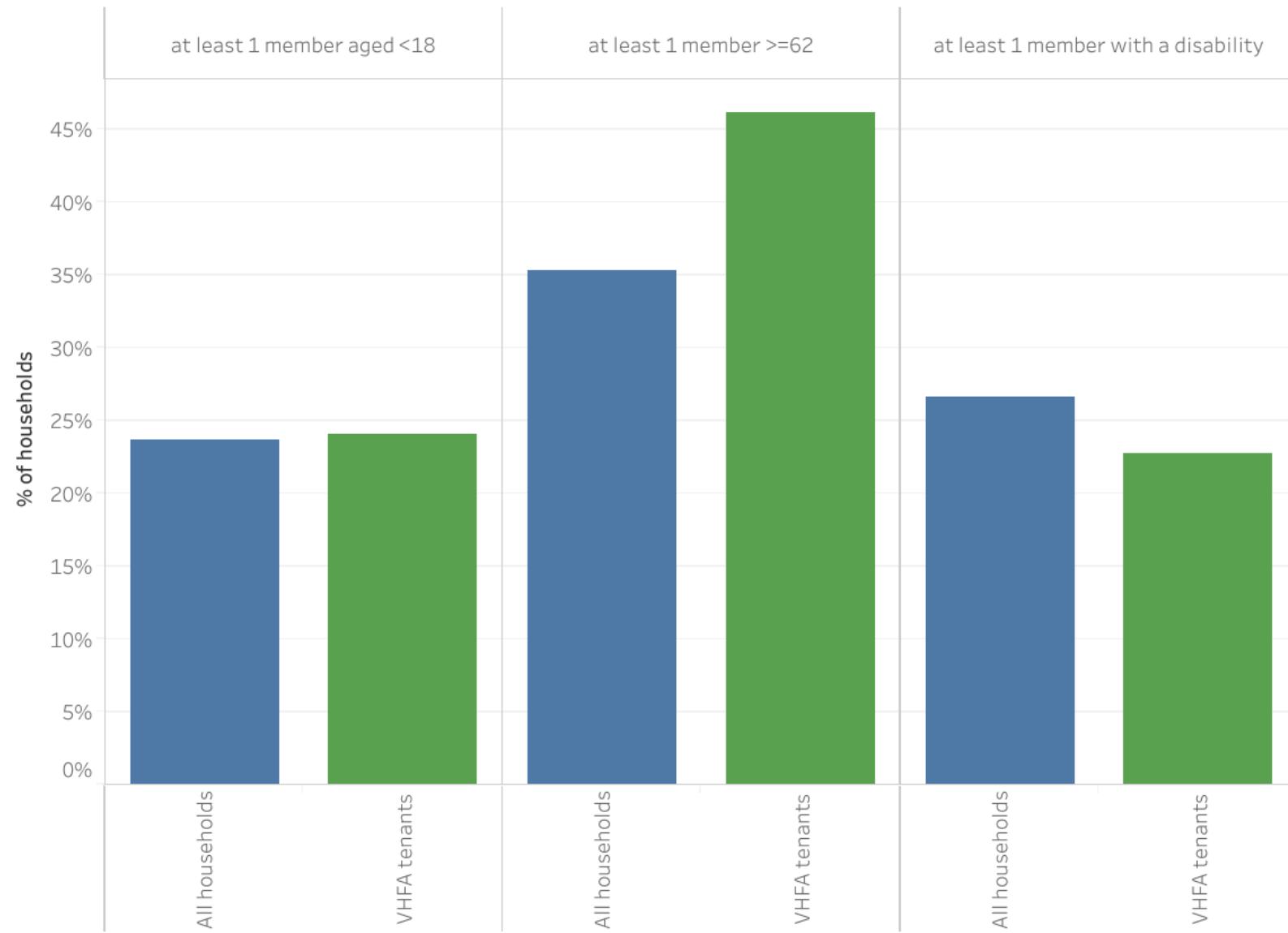
Who Is Served by Federal Tax Credits

Distribution by annual household income



Who Is Served by Federal Tax Credits

Age & disability status



Agency

State Credits Mirror Federal Credits

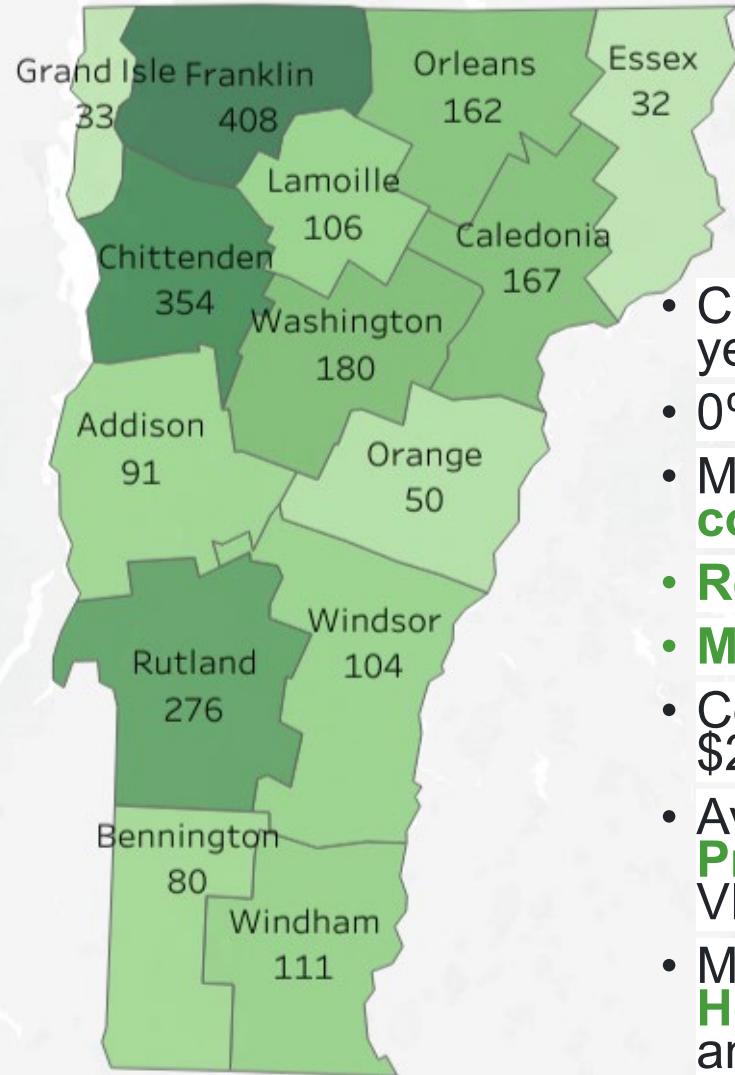
- Up to \$2 million/year to develop affordable rental housing
 - Leverages state investments & federal tax credits that take advantage of the tax exempt financing
- Up to \$3,375,000/year to develop affordable for-sale housing
 - \$1,250,000 of this must be used for manufactured home purchase and replacement



Specs

- Floors: 1
- Bedrooms: 3
- Bathrooms: 1
- Sq. Feet: 960

VHFA's Down Payment Assistance Program



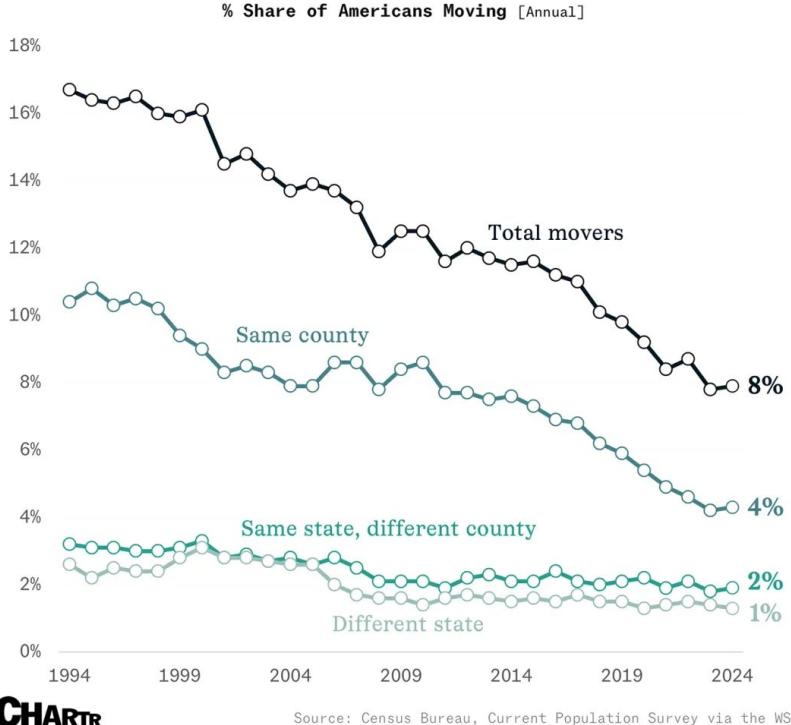
- Created in 2014. Sold the last tax credits this year.
- 0% **deferred loan** with no monthly payments.
- Must be used for **down payment** and **closing costs**.
- **Repaid** at sale, refinance or mortgage payoff.
- **Must be true first-time homebuyers.**
- Combined **liquid assets** must be less than \$20,000.
- Available only when using a **VHFA Loan Program** (Must meet eligibility requirements for a VHFA first mortgage).
- May be combined with **First Generation Homebuyer Grant** for additional down payment and closing costs.

Average Customer (FY 25)

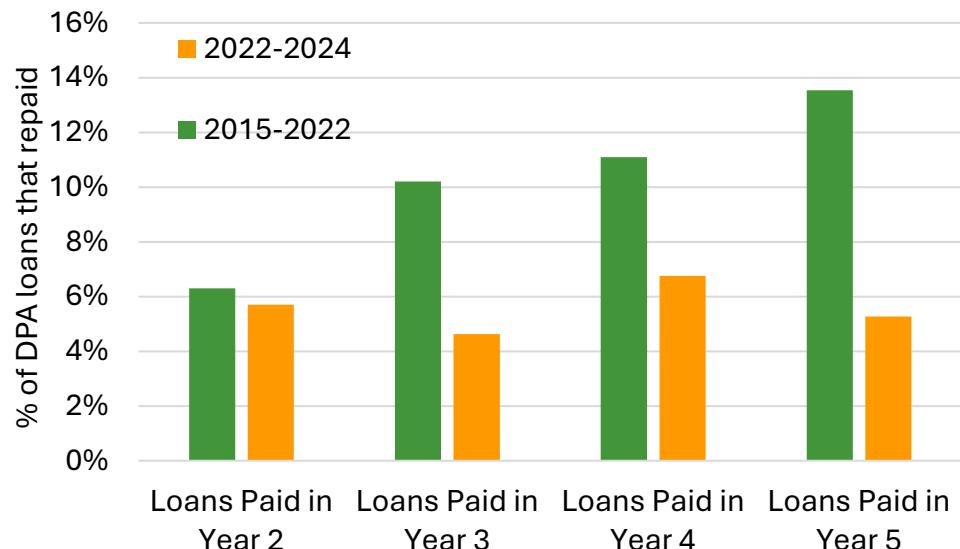
All data are median	With VHFA DPA	Without VHFA DPA
Appraised Value	\$253,000	\$310,000
Purchase Price	\$247,000	\$300,000
Mortgage Loan Amount	\$224,435	\$260,100
Annual Income	\$89,944	\$99,189
LTV/CLTV	91%	86%
Closing Costs	\$9,573	\$10,576
Credit Score	717	749
Borrower Age	32	35
Family Size	2.2	2.0
Race	White: 83% BIPOC: 5%	White: 85% BIPOC: 6%
First-Time Homebuyer	100%	84%
Student Debt	\$45,863	\$52,241

Slower repayments reflect national trends

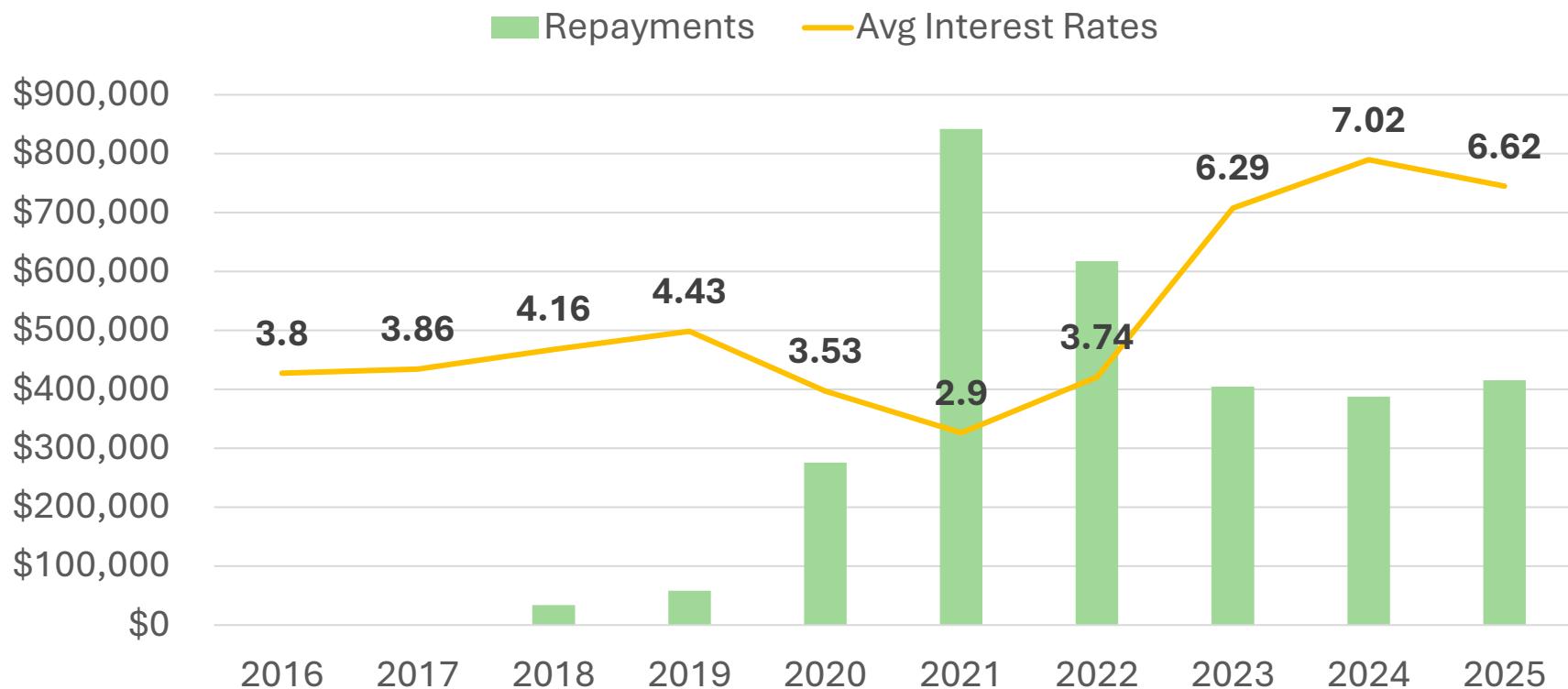
NOT GOING PLACES Americans Aren't Moving As Much Anymore



DPA repayments fell when interest rates rose in 2022



ASSIST DPA Repayments Slowed As Rates Rose



VHFA DPA built wealth for Vermont renters who bought their first homes



- Over this program's history, VHFA has helped 2,153 households buy their first home.
 - 63% of these loans are still outstanding (\$11.1 M). The estimated median amount their home has appreciated so far is **over \$78,000**.
 - Additionally, 506 loans have been paid back, freeing up **\$3M** for VHFA to re-lend. The estimated median amount those homes appreciated was **over \$50,000**.
- DPA spurred generation of **\$137+ million** in wealth for first-time buyers so far at a cost to the state of roughly \$9 million.
- Have been moving 150+ renters into ownership annually. This year that will shrink to ~40.
- Requesting \$350,000 in state tax credits for 5 years to keep program open.

Causes of and Solutions to the Housing Shortage

1. Decades of slow housing construction ➔ Build more housing
2. Rising demand – especially since 2020 ➔ Build more housing
3. Very low vacancy rates ➔ Build more dense housing
4. Rapidly increasing home prices ➔ Make cheaper to build
5. Rising construction costs and labor shortages ➔ Support workforce
6. Regulatory barriers and local zoning restrictions ➔ Ease restrictions
7. Aging and inadequate housing stock ➔ Invest in housing
8. Increased homelessness and unmet affordable housing needs ➔ Build more affordable housing
9. Demand for second homes and short-term rentals ➔ Build more primary residences, discourage non-primary conversions