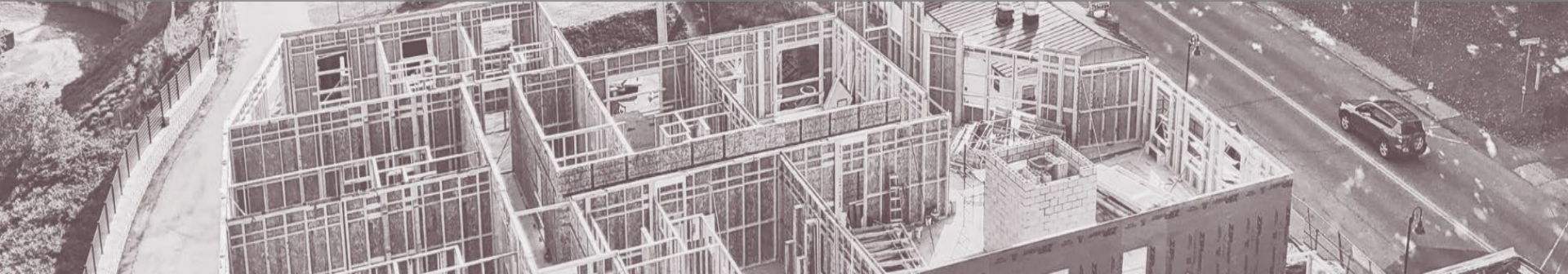


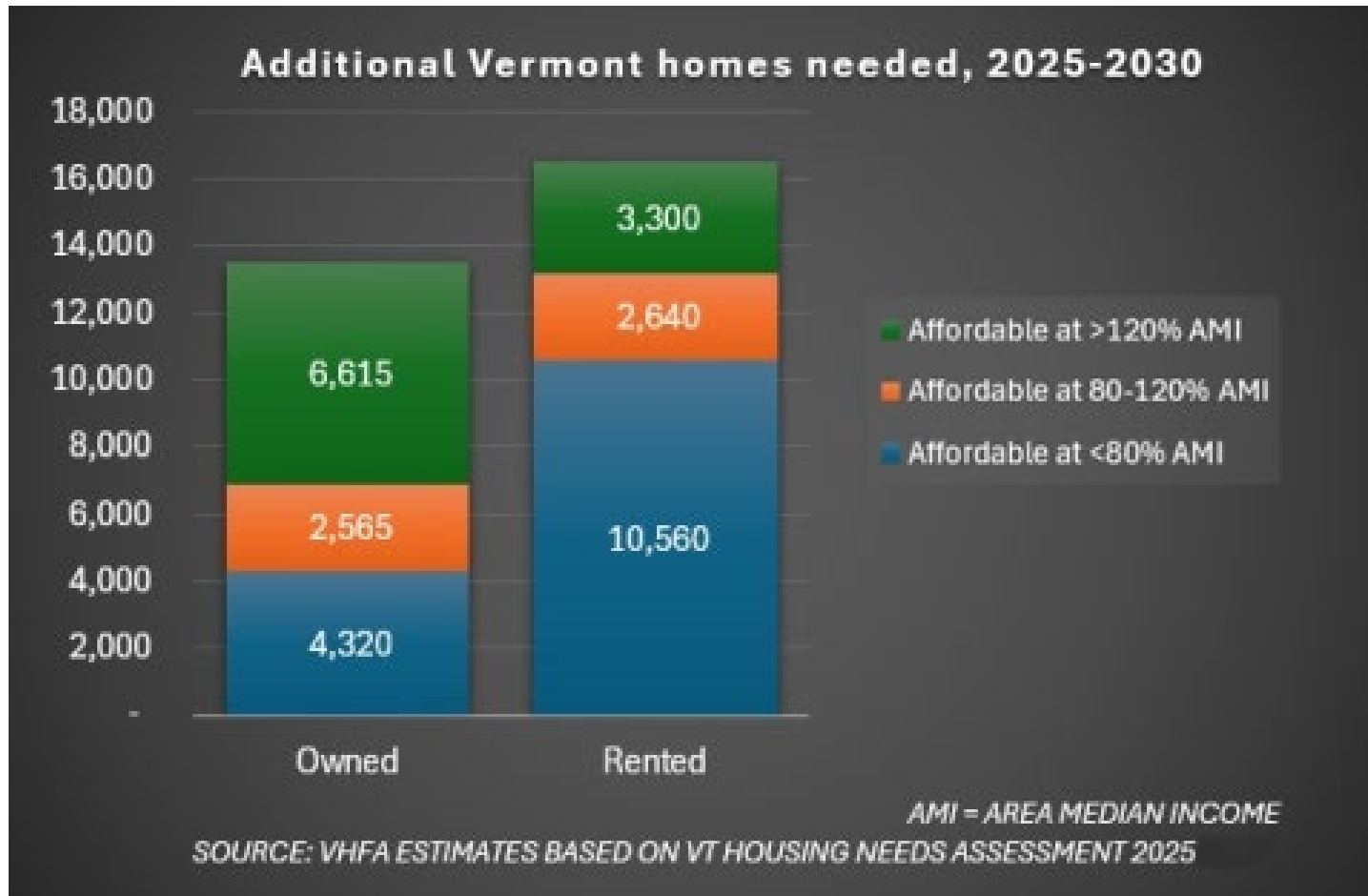


# What's Working, What's Not, and What Should be Done Next?

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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

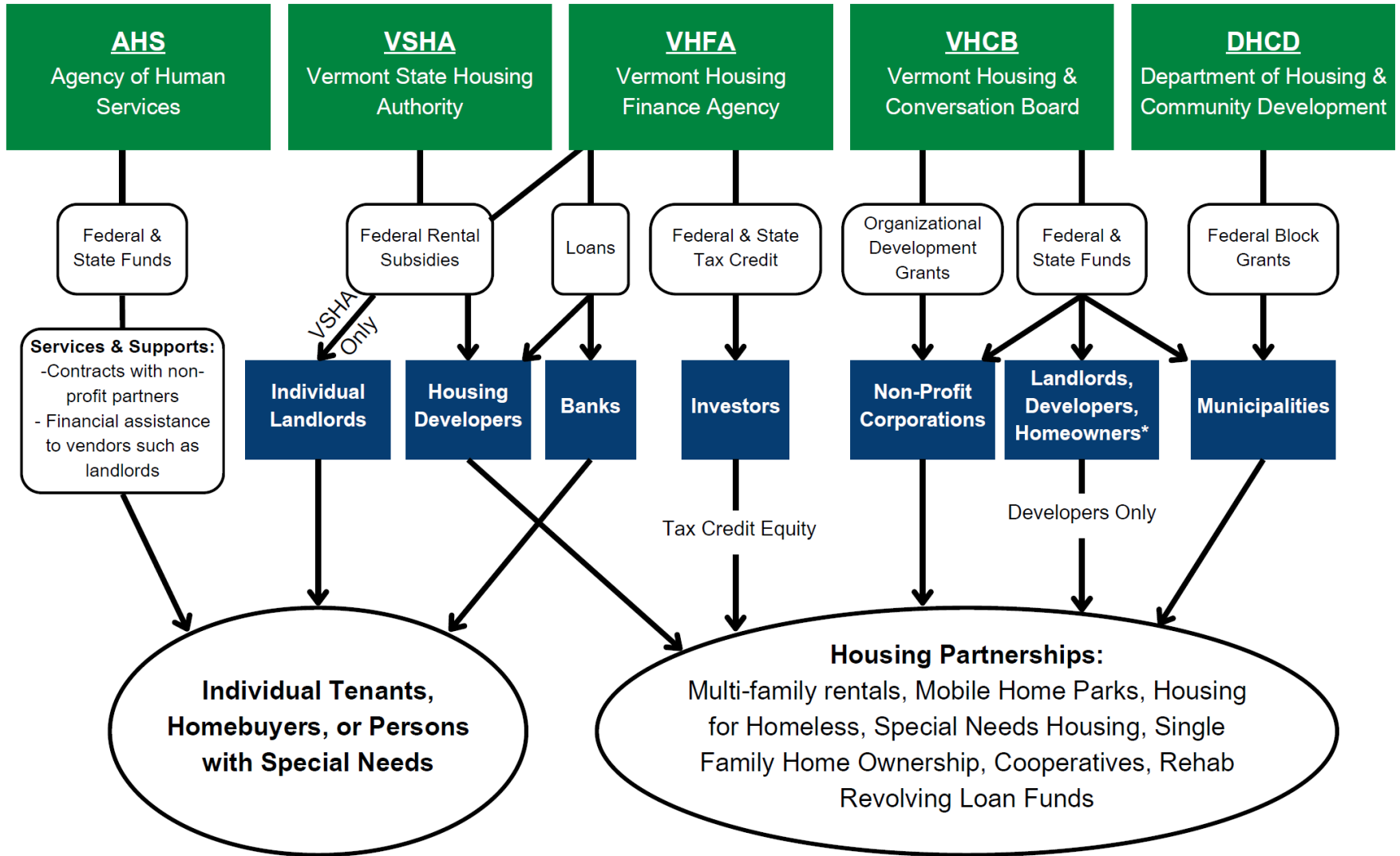


# What's Working?

- 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"> <li>• Chitt, Frank, Gl</li> <li>• Washington</li> <li>• Windham</li> </ul>	<u>Affordable Rental Programs</u> <ul style="list-style-type: none"> <li>• \$83,600</li> <li>• \$79,520</li> <li>• \$74,640</li> </ul>	<u>Affordable Rental Programs</u> <ul style="list-style-type: none"> <li>• \$2,700</li> <li>• \$2,297</li> <li>• \$2,282</li> </ul>
<u>Rental Middle Income</u> <ul style="list-style-type: none"> <li>• Chitt, Frank, Gl</li> <li>• Addison</li> <li>• All other</li> </ul>	<u>Rental Middle Income</u> <ul style="list-style-type: none"> <li>• \$140,280</li> <li>• \$125,400</li> <li>• \$121,248</li> </ul> <div>90+% of renters</div>	<u>Rental Middle Income</u> <ul style="list-style-type: none"> <li>• \$4,050</li> <li>• \$3,622</li> <li>• \$3,484</li> </ul> <div>Luxury prices, few/no listings</div>
<u>Homeownership Middle Income</u> <ul style="list-style-type: none"> <li>• Chitt, Frank, Gl</li> <li>• Addison</li> <li>• All other</li> </ul>	<u>Homeownership Middle Income</u> <ul style="list-style-type: none"> <li>• \$195,600</li> <li>• \$174,150</li> <li>• \$144,900</li> </ul> <div>95% of owners</div>	<u>Homeownership Middle Income</u> <ul style="list-style-type: none"> <li>• \$614,000</li> <li>• \$549,500</li> <li>• \$528,500</li> </ul> <div>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
<b>TOTAL SOURCES</b>	<b>\$73,886,919</b>	<b>\$5,503,810</b>	<b>\$47,354,263</b>	<b>\$126,744,991</b>
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
<b>TOTAL USES</b>	<b>\$73,886,919</b>	<b>\$5,503,810</b>	<b>\$47,354,263</b>	<b>\$126,744,991</b>
*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?

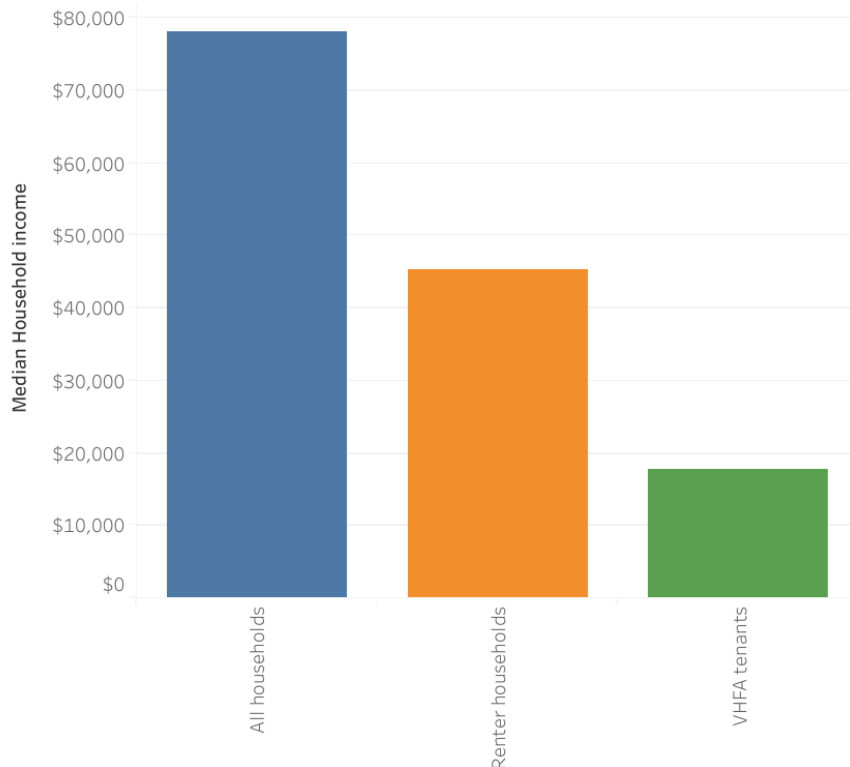
- Vermont's ability to use more tax-exempt financing
  - 2013-2021 Vermont lost \$300M
  - No real losses 2022-2024 when ARPA money was available
  - 2025 – lost some volume cap again
- What are the benefits of tax-exempt financing?
  - Lower interest rates on loans
  - Automatically makes a project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

Year	Volume Cap Lost
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)

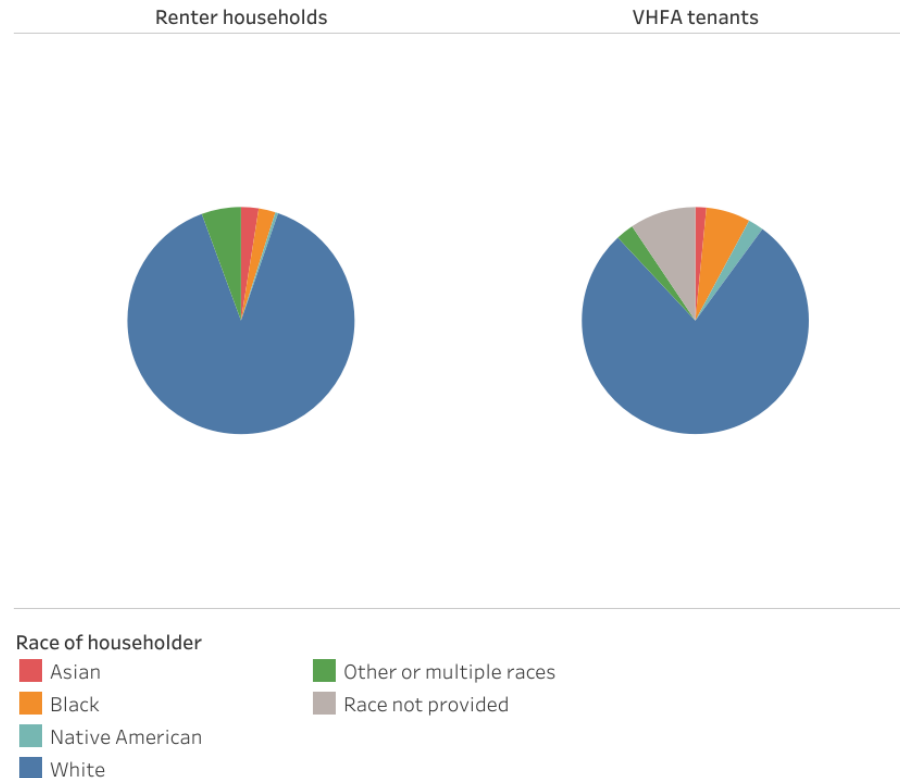
# Benefits of Federal Tax Credits

- 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



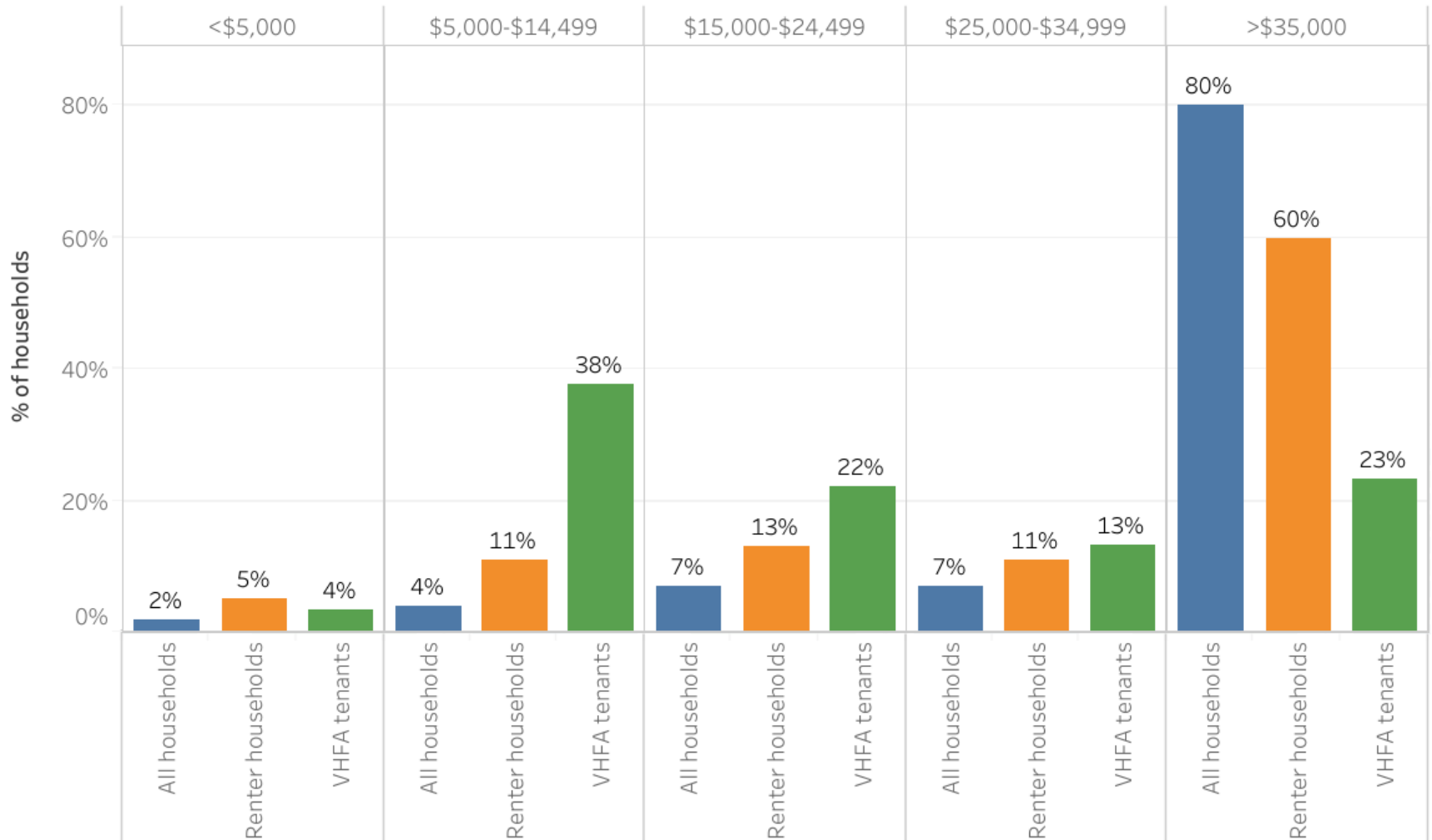
Race of renter households





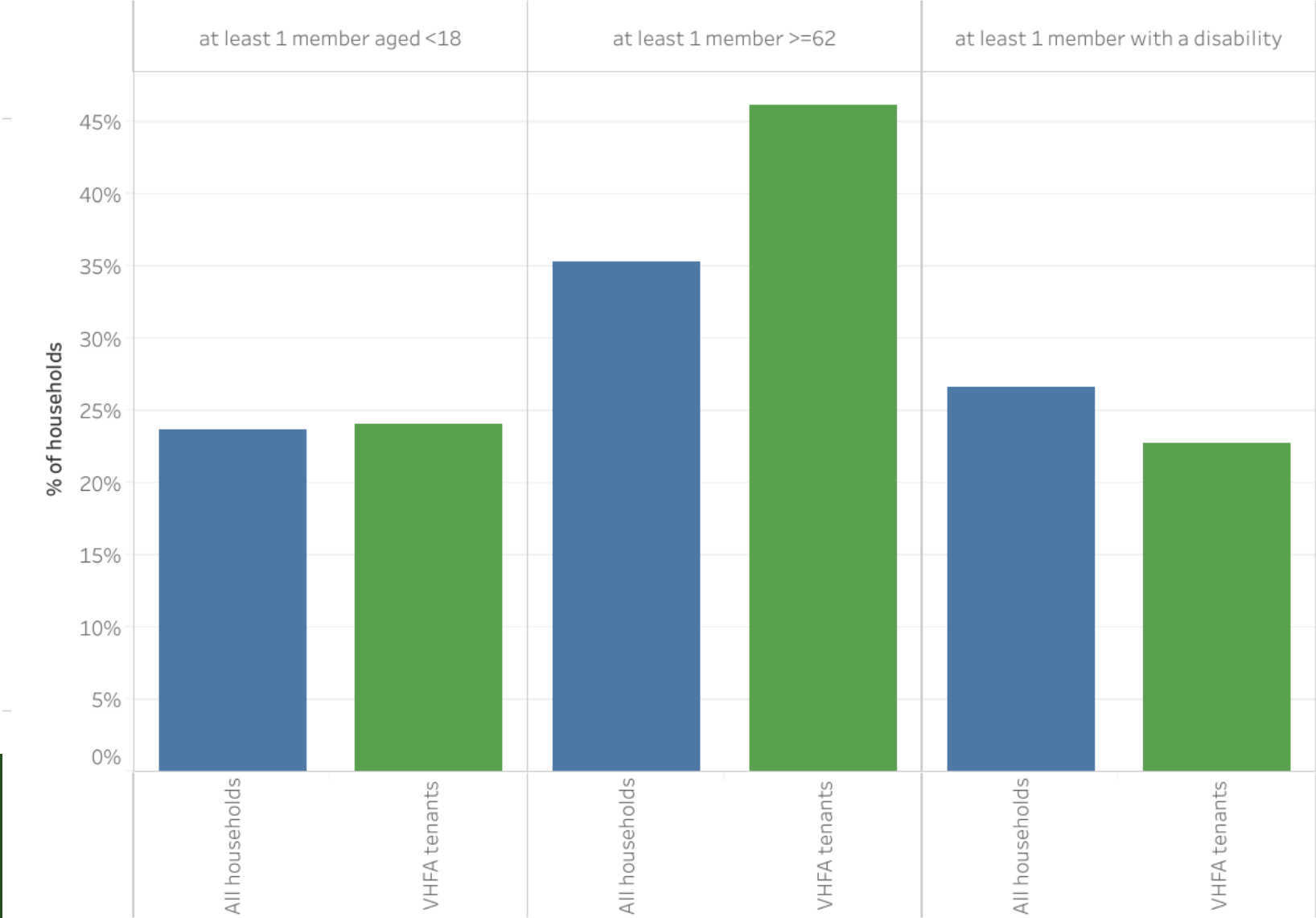
# Who Is Served by Federal Tax Credits

Distribution by annual household income



# Who Is Served by Federal Tax Credits

Age & disability status



# 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

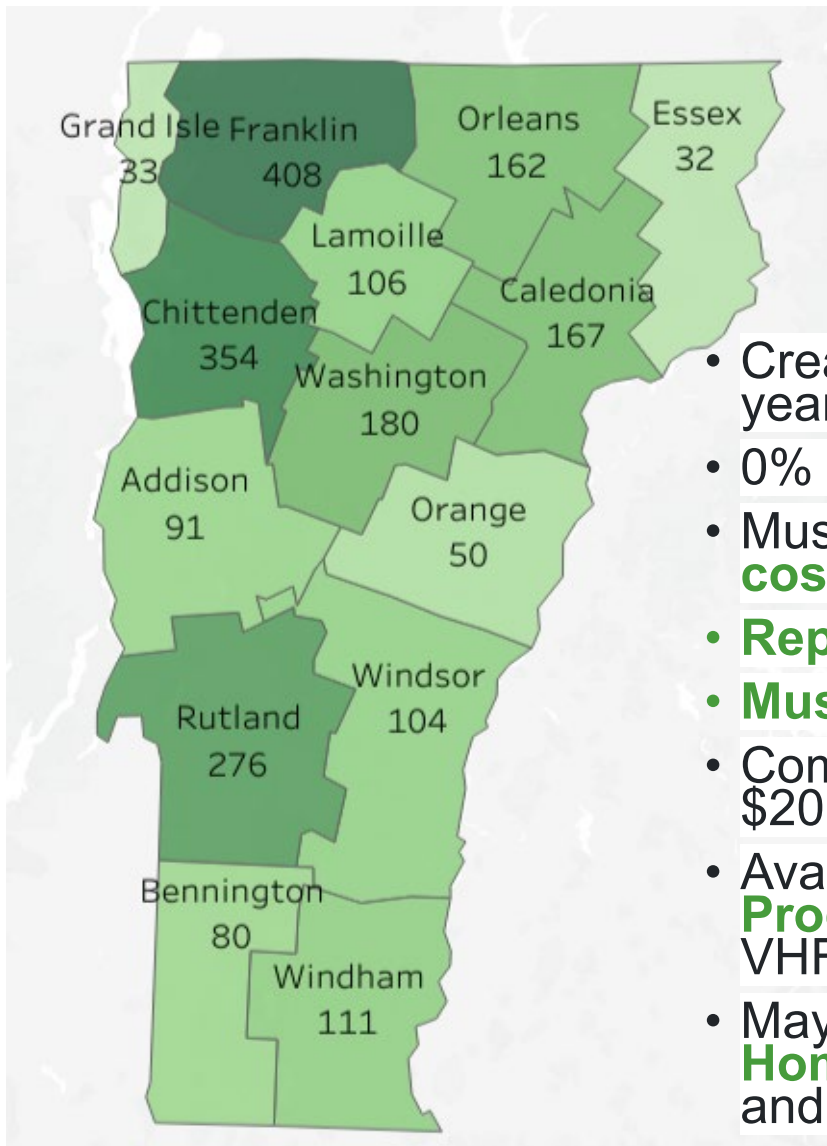


## Specs

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- Floors:
- 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)

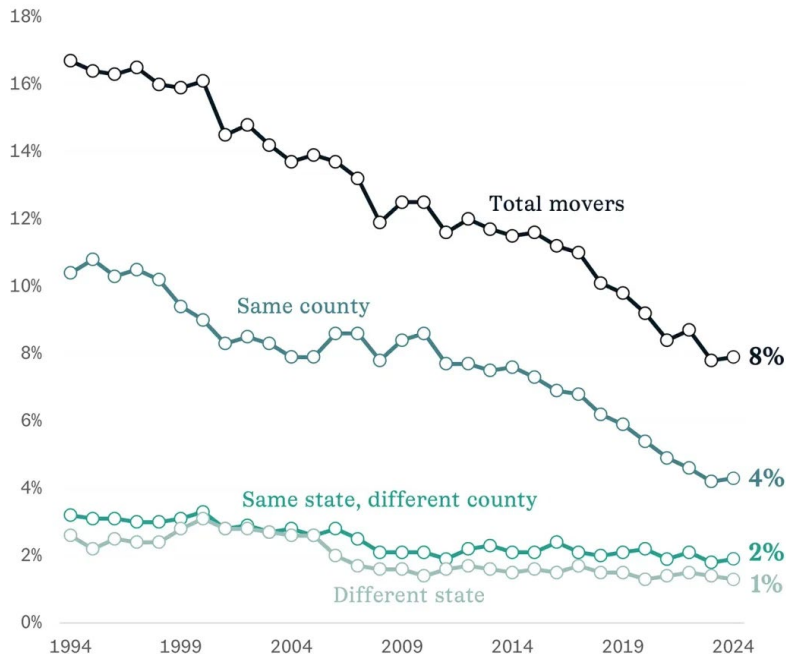
All data are median	With VHFA DPA	Without VHFA DPA
Appraised Value	\$253,000	\$310,000
Purchase Price	\$247,000	\$300,000
Mortgage Loan Amount	\$224,435	\$260,100
Annual Income	\$89,944	\$99,189
LTV/CLTV	91%	86%
Closing Costs	\$9,573	\$10,576
Credit Score	717	749
Borrower Age	32	35
Family Size	2.2	2.0
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

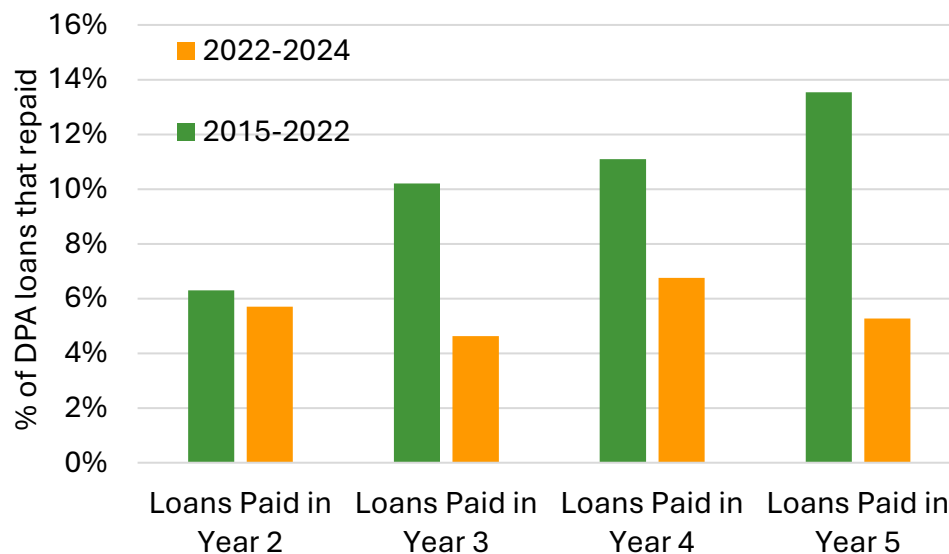
## NOT GOING PLACES Americans Aren't Moving As Much Anymore

% Share of Americans Moving [Annual]

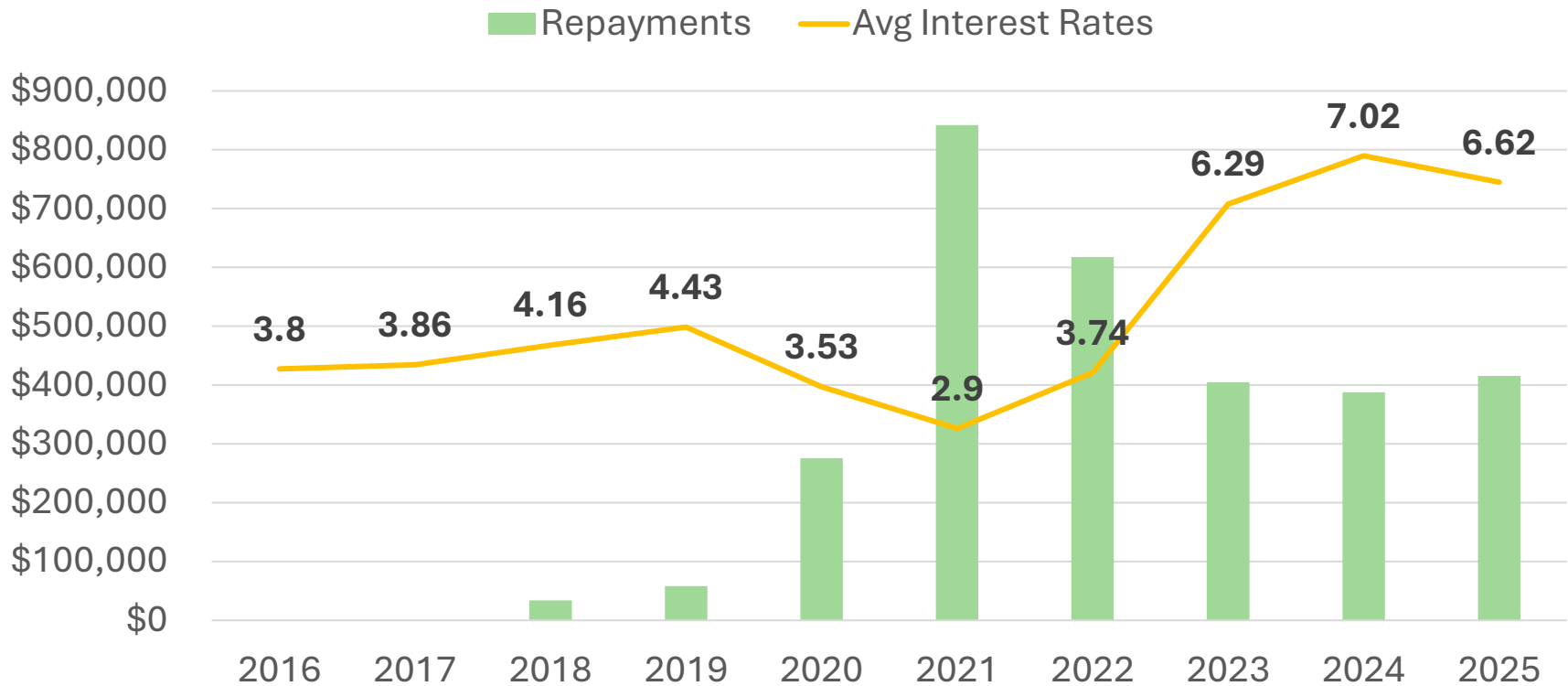


Source: Census Bureau, Current Population Survey via the WSJ

## 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 Solution Shortage 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~~
9. ~~Demand for second homes and short-term rentals~~ ⇒ Build more primary residences, discourage non-primary conversions