



# **Vermont's Housing Needs and How the Vermont Housing Finance Agency is Meeting the Challenge**

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# VHFA's Role in Vermont



# Benefits of borrowing from VHFA



## Homebuyers

- Interest rate ~½ point less than others
- \$15,000 in down payment loan
- \$15,000 down payment grant for 1<sup>st</sup> Generation buyers
- Lower Property Transfer Tax

## Rental Developers

- Lower interest rates
- If housing is affordable, VHFA loan could unlock federal tax credits that pay for 35% of the building
- 30- and 40-year financing
- More generous underwriting
- Some loans are subsidized

## 2024 VHFA homebuyers by the numbers

**357** homebuyers used VHFA programs (68 government loans, 289 conventional)

**\$82 million** - total loans (\$17 million government, \$65 million conventional)

**55%** received Down Payment Assistance when using VHFA programs

**90%** - first time home buyers

**95%** - attended homebuyer education

**\$78,102** - median VHFA homebuyer income

**\$260,000** - median home price

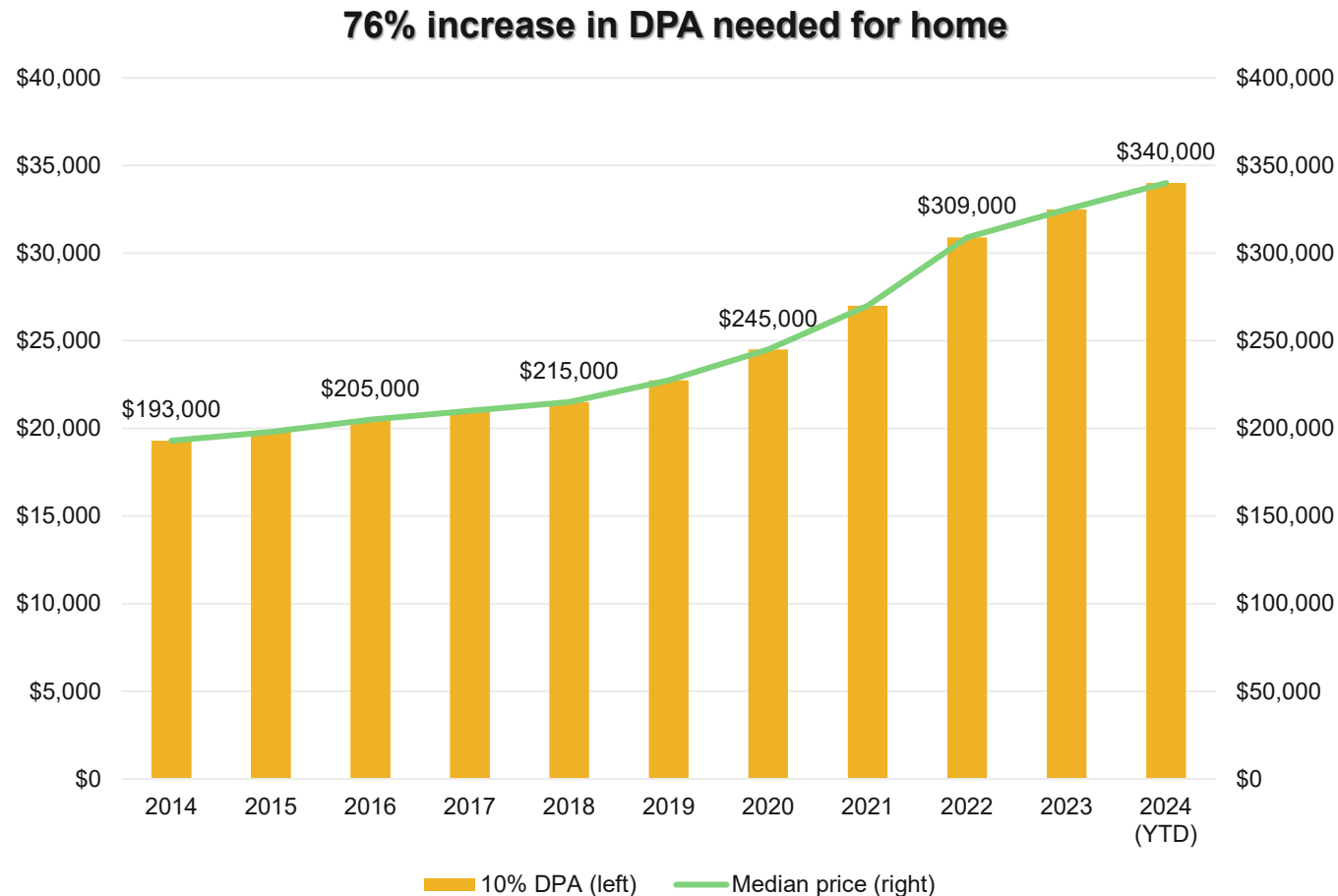
**\$229,904** - average loan amount



# History of State Tax Credit Funded Down Payment Assistance (DPA)



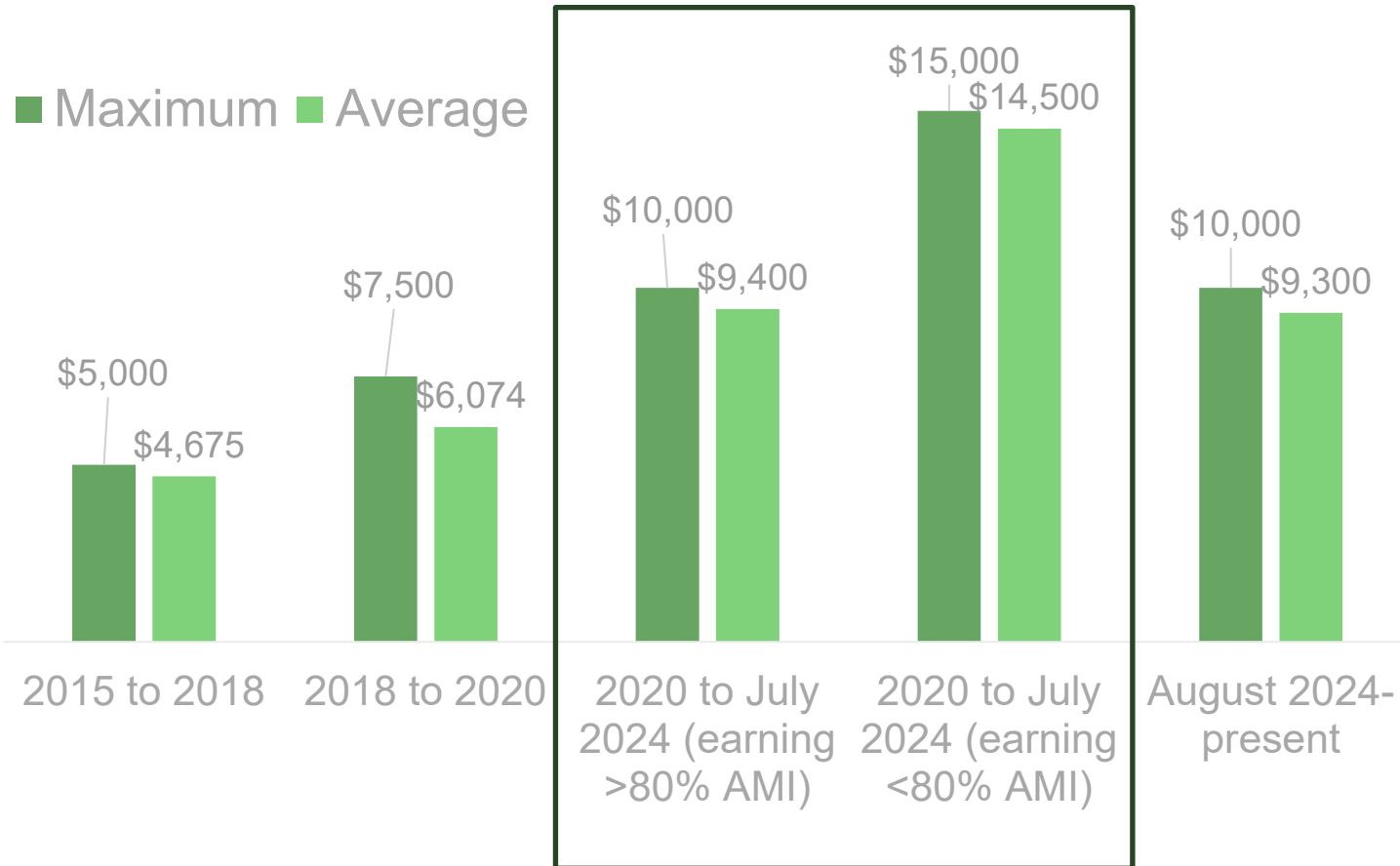
- Legislature created in 2015 ([Act 51](#)) assuming \$5,000 maximum



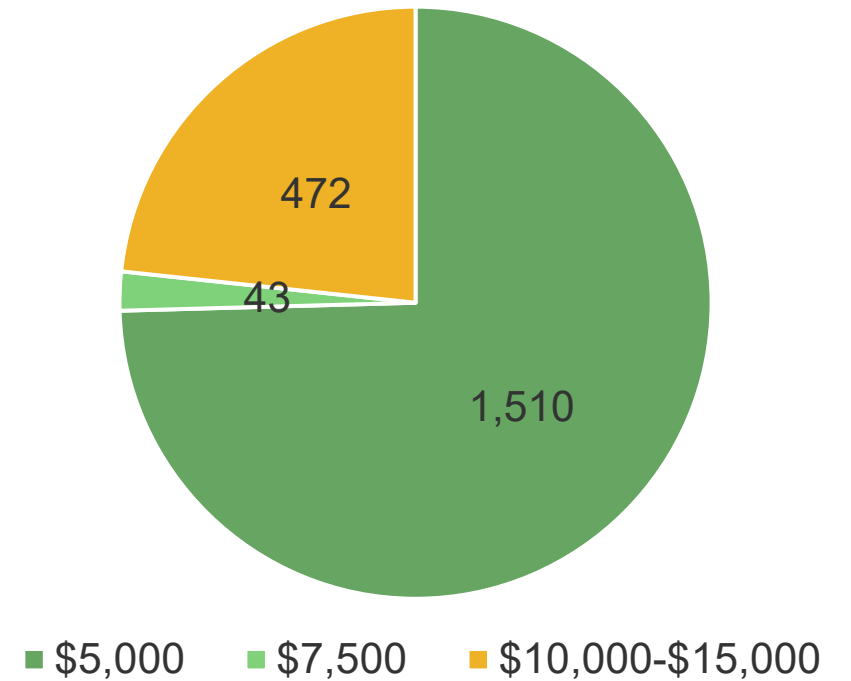
# Amount of DPA Has Fluctuated



## Maximum and Average DPA



## # of Loans @ Each Amount

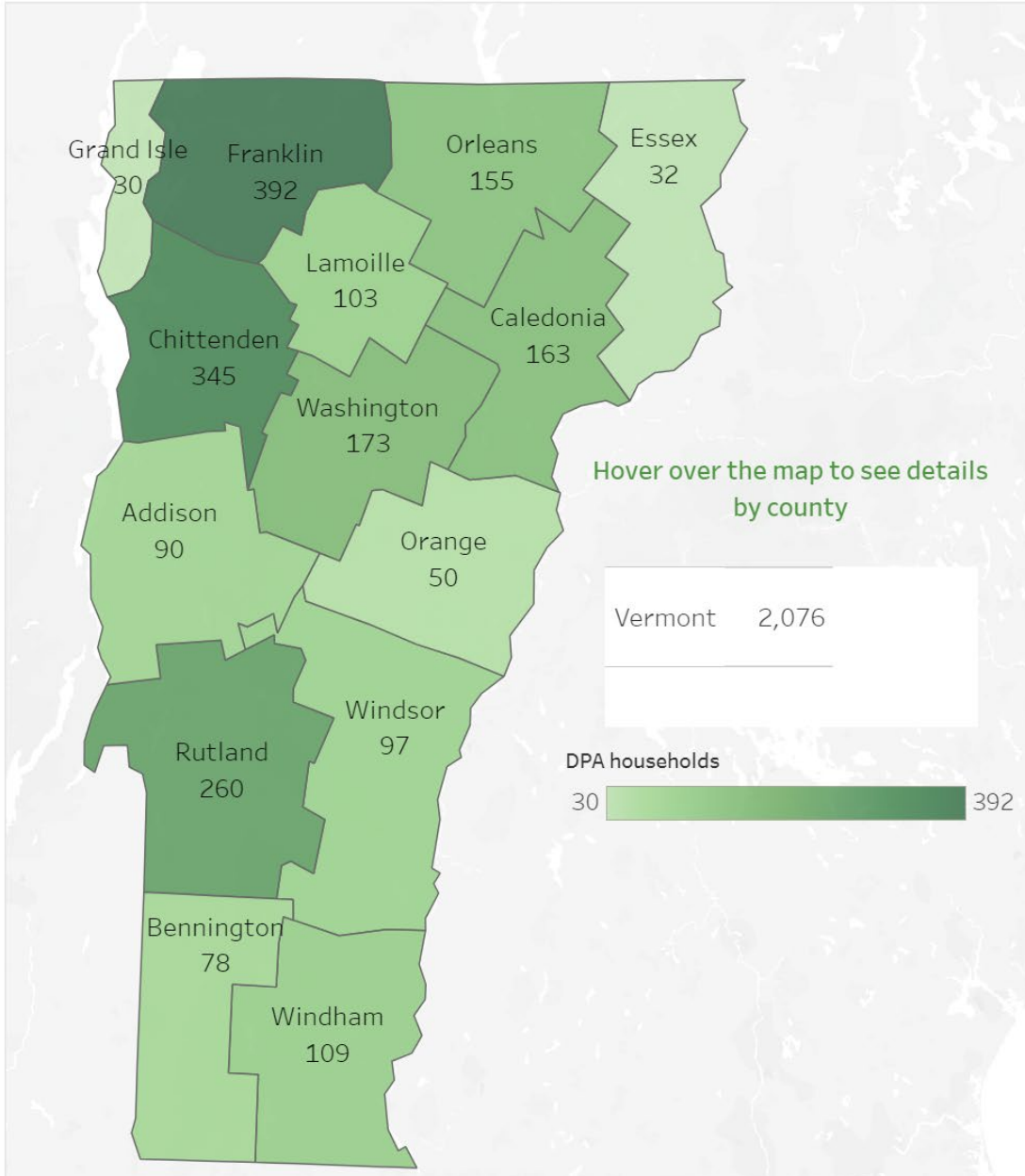


# Structure of Assist Loans



- 0% **deferred loan** with no monthly payments.
- Must be used for **down payment** and **closing costs**.
- **Repaid** at sale, refinance or mortgage payoff.
- Borrowers and non-borrowing spouses **must be true first-time homebuyers**.
- Borrowers and non-borrowing spouses combined **liquid assets** must be less than \$30,000.
- Available only when using a **VHFA Loan Program**. Borrowers and non-borrowing spouses must meet eligibility requirements for a VHFA first mortgage.
- May be combined with **First Generation Homebuyer Program** for additional down payment and closing costs.

# Homebuyers assisted by VHFA's DPA program



Year

County

City/Town

County	Town	Count
Addison	Addison	1
	Bristol	13
	Ferrisburg	2
	Lincoln	1
	Middlebury	14
	Monkton	8
	Orwell	7
	Panton	2
	Salisbury	4
	Shoreham	3
	Starksboro	7
	Troy	1
	Vergennes	12
	Whiting	4
	Bridport	2
	Cornwall	1
Bennington	Bennington	49
	Dorset	1
	Manchester	6
	Pownal	5
	Arlington	6
	Sandgate	1

<https://vhfa.org/partners/initiatives/program-impacts/down-payment-assistance>

Employer	#
State of Vermont	84
UVM Medical Center	58
self employed	32
Howard Center	23
Cox Automotive/Dealer.com	22
Dept of Homeland Security	21
UVM	21
Rutland Regional Med Center	20
Northwestern Counseling & Support Services	18
Global Foundries	14
Northwestern Medical Center	14
People's United Bank	14
Washington County Mental Health	13
General Electric	12
Middlebury College	12
Oryza Group	12
Dartmouth Hitchcock Med Ctr	11
Husky Injection Molding	11
Keurig	11
Blue Cross Blue Shield	10
Central Vermont Medical Center	10
NE Kingdom Human Services	10
Walmart	10
Benand Jerrys	9

# Employers

Employer	#
City of Burlington	9
Columbia Forest Products	9
Price Chopper	9
Agri-Mark	8
Casella Waste Management	8
Heritage Motors	8
USPS	8
Dartmouth College	7
Essex Westford School District	7
Farrell Distributing	7
National Life Group	7
Shaws	7
Autumn Harp	6
Bayada Home Health	6
Hannaford	6
Jay Peak	6
Killington Pico Ski Resort	6
Maple Run Unified School Dist.	6
Norwich University	6
Rutland Mental Health Services	6
Timberlane Dental	6
Twincraft	6
Vermont Information Processing	6





# Average Customer

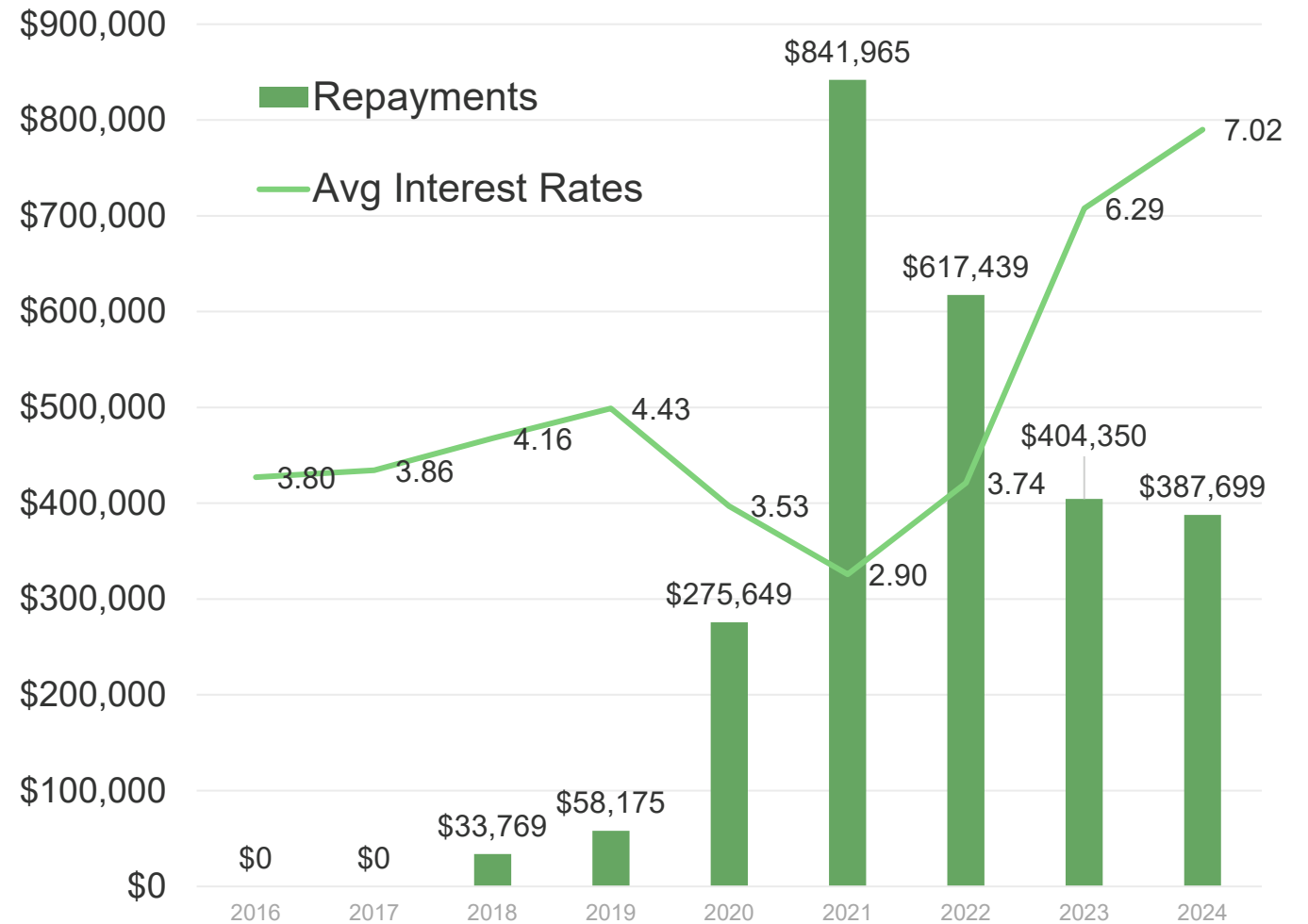


All data are averages	With VHFA DPA	Without VHFA DPA
Appraised Value	\$235,000	\$306,862
Purchase Price	\$220,000	\$299,120
Mortgage Loan Amount	\$211,721	\$251,792
Annual Income	\$85,050	\$95,473
LTV/CLTV	92%	85%
Closing Costs	\$9,507	\$11,243
Credit Score	714	741
Borrower Age	33	35
Family Size	2.19	2
Race	White: 79% BIPOC: 10%	White: 80% BIPOC: 4.5%
First-Time Homebuyer	100%	78%
Student Debt	\$41,114	\$32,221

# Other Sources of DPA



- In addition to state tax credits....
  - \$2 million of VHFA funding
  - \$3 million in First Generation Homebuyer Grant funding
  - IORTA proceeds



# 5 Year Housing Credit Impact



## Cash Flow for Increase in Down Payment Assistance Tax Credits (FY27 to FY35)

Current Commitments

Proposed Additional Credits

Fiscal Year	Status	FY25	FY26	FY27	FY28	FY 29	FY 30	FY31	FY32	FY33	FY34	FY35
2021	Sold	\$250,000										
2022	Sold	\$250,000	\$250,000									
2023	Sold	\$250,000	\$250,000	\$250,000								
2024	Sold	\$250,000	\$250,000	\$250,000	\$250,000							
2025	In Process	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000						
2026			\$250,000	\$250,000	\$250,000	\$250,000	\$250,000					
2027				\$250,000	\$250,000	\$250,000	\$250,000	\$250,000				
2028					\$250,000	\$250,000	\$250,000	\$250,000	\$250,000			
2029						\$250,000	\$250,000	\$250,000	\$250,000	\$250,000		
2030							\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	
2031								\$250,000	\$250,000	\$250,000	\$250,000	\$250,000

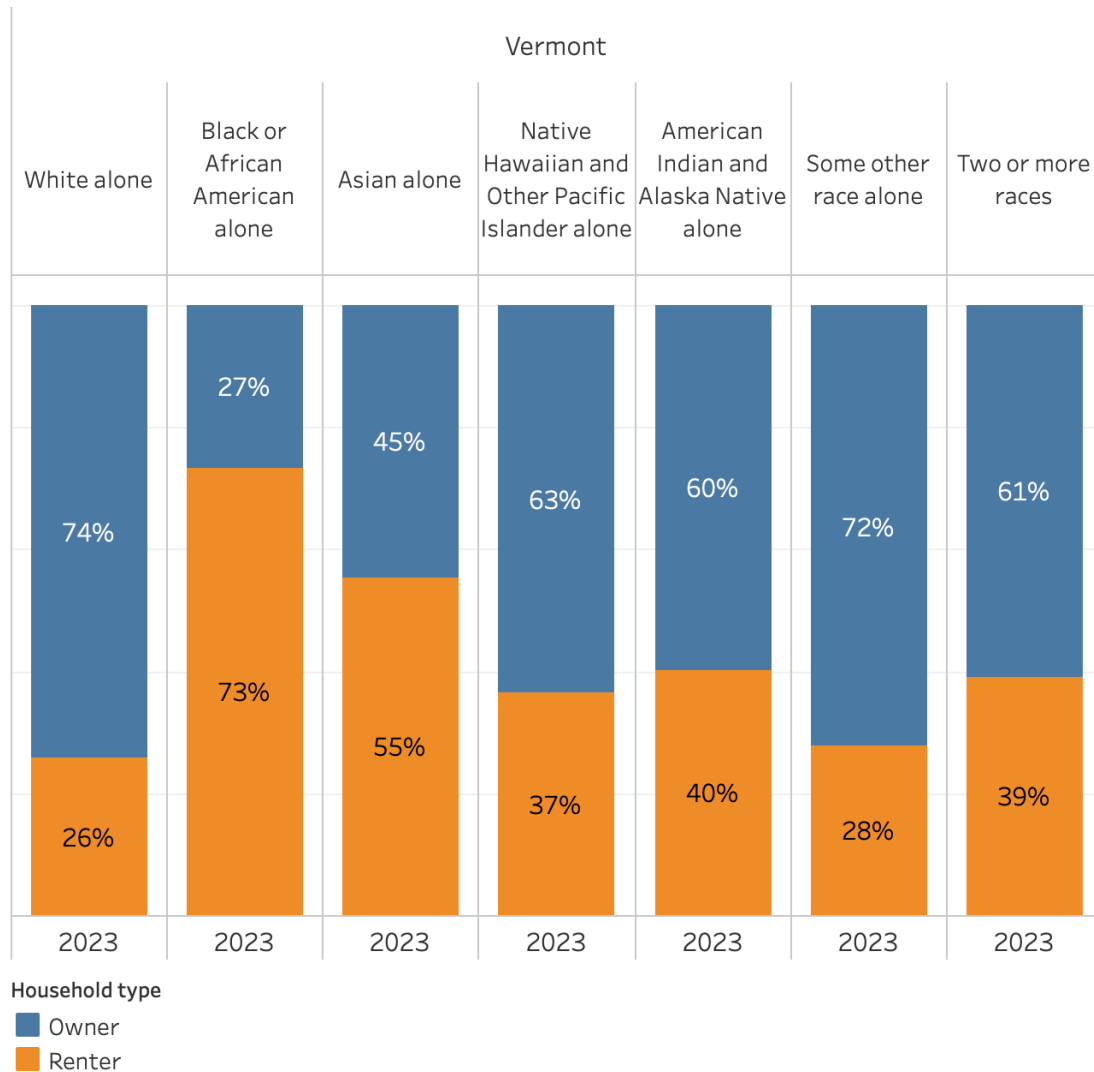
Annual claims of credits already approved	\$1,250,000	\$1,250,000	\$1,000,000	\$750,000	\$500,000	\$250,000	\$0	\$0	\$0	\$0	\$0
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Increased cost to VT of proposal	\$0	\$0	\$250,000	\$500,000	\$750,000	\$1,000,000	\$1,250,000	\$1,000,000	\$750,000	\$500,000	\$250,000
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# First Generation Homebuyer Program



Homeownership rate by race



- ✓ Lowers barriers to homeownership
- ✓ Launched November '22 with \$1M.
- ✓ + \$1M in '23 + \$1M in '24
- ✓ Provides up to \$15,000 grant to qualified applicants

# Who is a 'First-Generation' homebuyer?

Eligibility Requirements:

- ✓ First time homebuyer (no previous ownership); AND
  - Parents/legal guardian of one or more borrower never owned a home or lost their home to foreclosure & not owned again; OR
  - One borrower was in foster care
- ✓ Income eligible
- ✓ Mortgage loan requirements for borrowers and property
- ✓ Must have under \$30,000 in assets



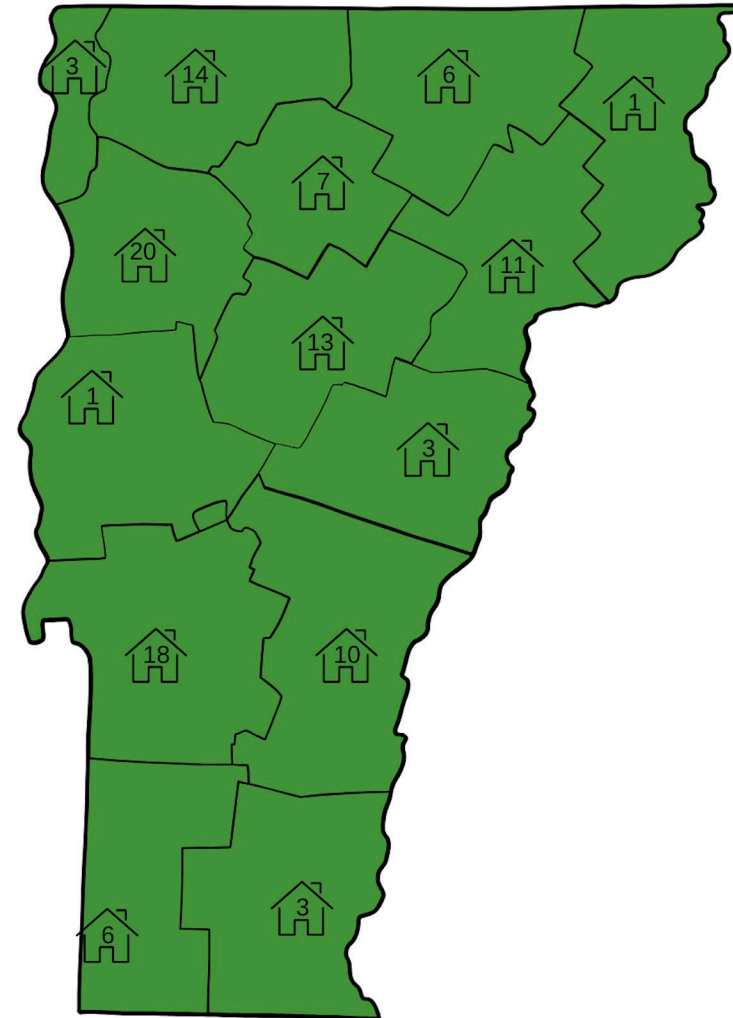
Lindsey Newton

# Program impacts

- ✓ 116 grants funded
- ✓ \$15,000 average grant awarded
- ✓ \$ 75,784 median income of households
- ✓ \$240,000 median purchase price
- ✓ 18% identify as BIPOC



Zeynab Kouyate learn more at: <https://youtu.be/UYCN53HtymU>



# Employers and municipalities want to be part of the solution



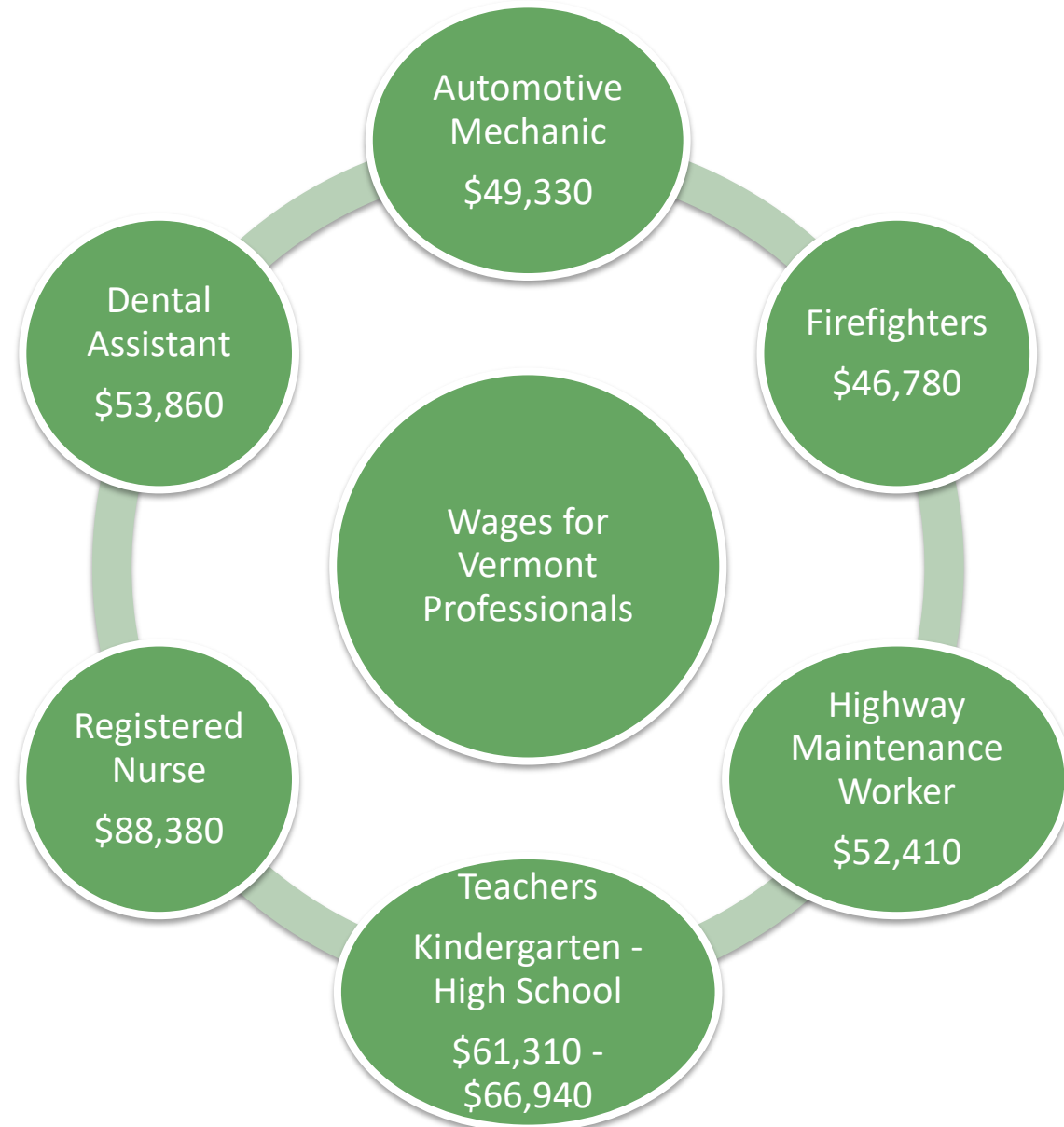
Employers having difficulty attracting and retaining employees are participating in development of new housing or acquiring existing rental properties.



Municipalities have created revolving loan fund or housing development grant pools that are often too small to make a meaningful impact on their own.

A screenshot of a news article from Middlebury College. The header includes the Middlebury College logo and the name 'Middlebury'. Navigation links for 'Our Schools', 'About Middlebury', 'Offices and Services', and a search bar are visible. The article title is 'Middlebury College Acquires Land for Affordable and Workforce Housing', dated April 8, 2022. A search bar is present above the article content. A vertical list of years from 2016 to 2022 is on the left side of the article. The main image shows a large green field under a blue sky with clouds. A caption below the image states: 'Summit Properties will develop a 35-acre parcel acquired by Middlebury College and pictured above into affordable housing for 250-350 people.'

# Middle-income households

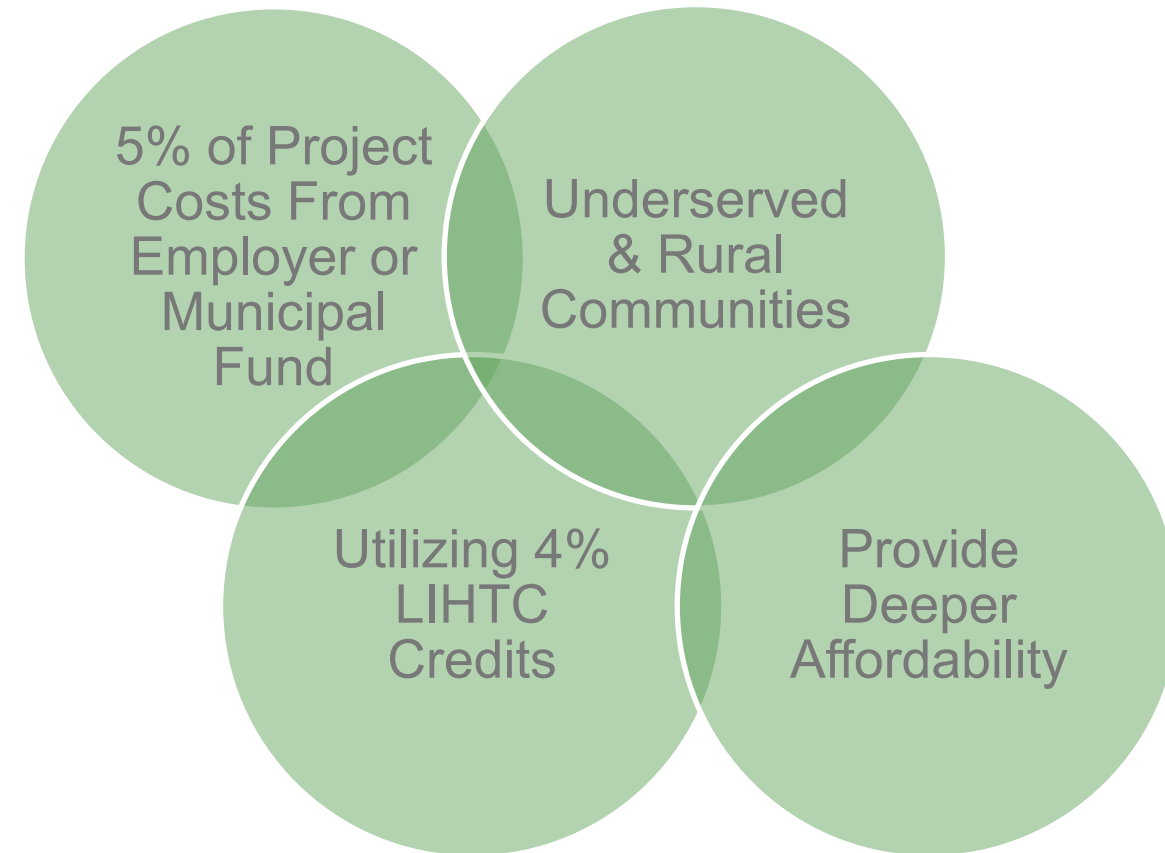




# Rental Revolving Loan Fund: Gap loan program

- ✓ Max loan = 35% of development cost
- ✓ Subordinate construction-to-permanent loan
- ✓ Terms from 3 to 30 years
- ✓ Interest rate as low as 0% for priority projects
- ✓ Interest-only options for projects that need extra support
- ✓ Minimum affordability period: Greater of 7 years, loan repayment, or term of the loan (between 7-30 years)
- ✓ Rent increases capped at **3% annually**, and rents certified annually by the agency
- ✓ Rents may not increase more than **3%** for 3 years after property exits the program
- ✓ Income certification is required only at move-in, tenants may not be displaced for income eligibility reasons
- ✓ Owners/Managers required to demonstrate continued relationships with local employers

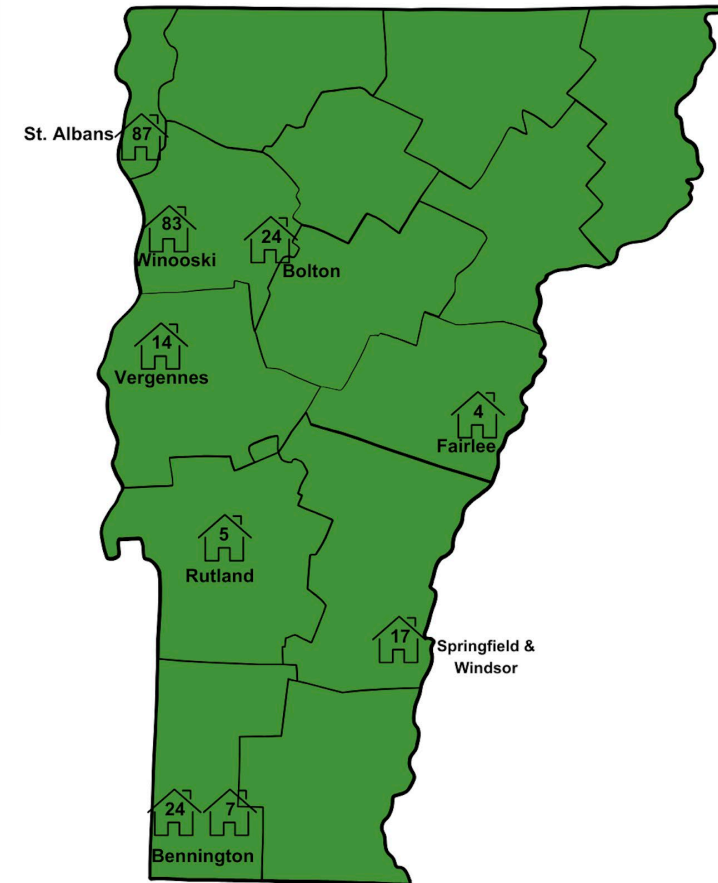
Enhanced subsidy for project that meet one:



# Program impacts



Appropriations deployed	\$10 million
Municipal & employer investments	\$21 million
Apartments funded	292 (259 affordable)
Incomes served (AMI)	85 @ 65%-80% AMI 174 @ 81%-150%
Communities	9



### Incomes:

65% AMI = ~\$53,000

150% AMI = ~\$120,000

### Rents:

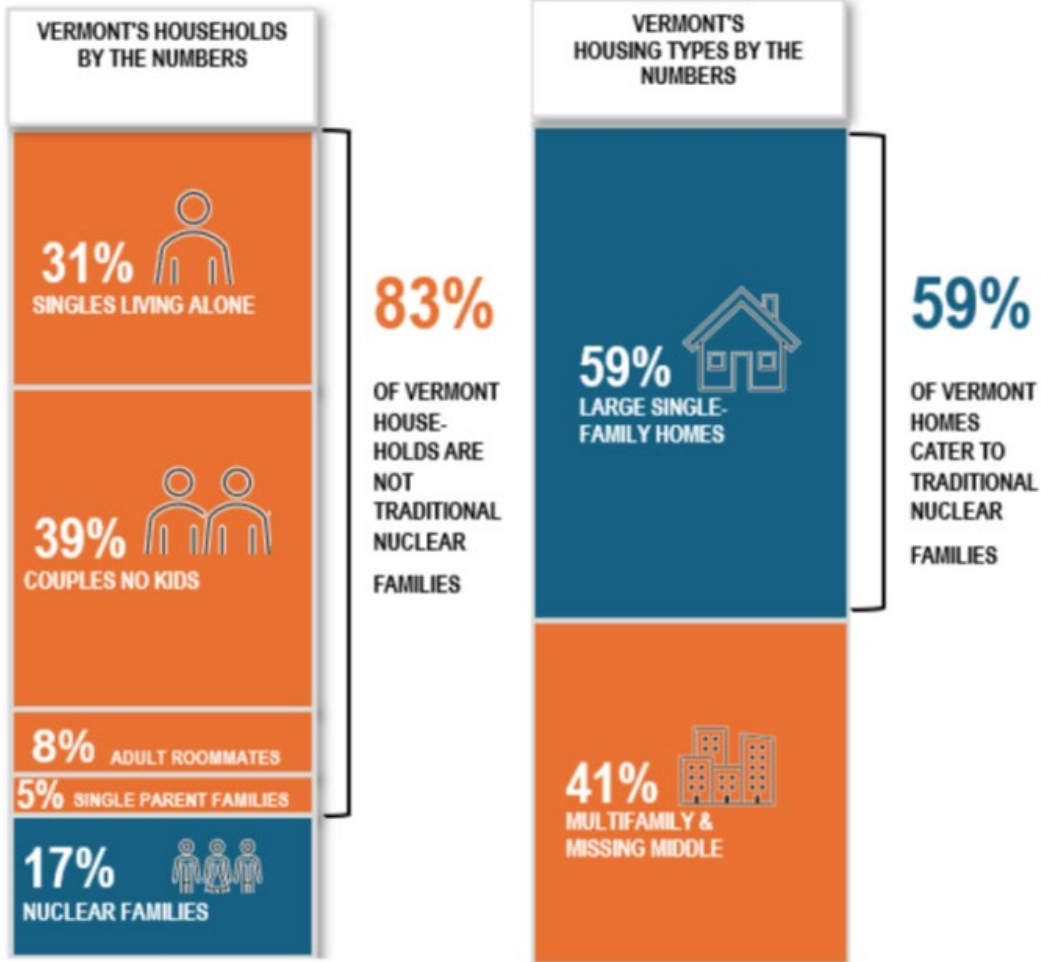
65% - 80% AMI: \$1,200 to \$1,500

90% - 150% AMI: \$1,700 to \$2,500

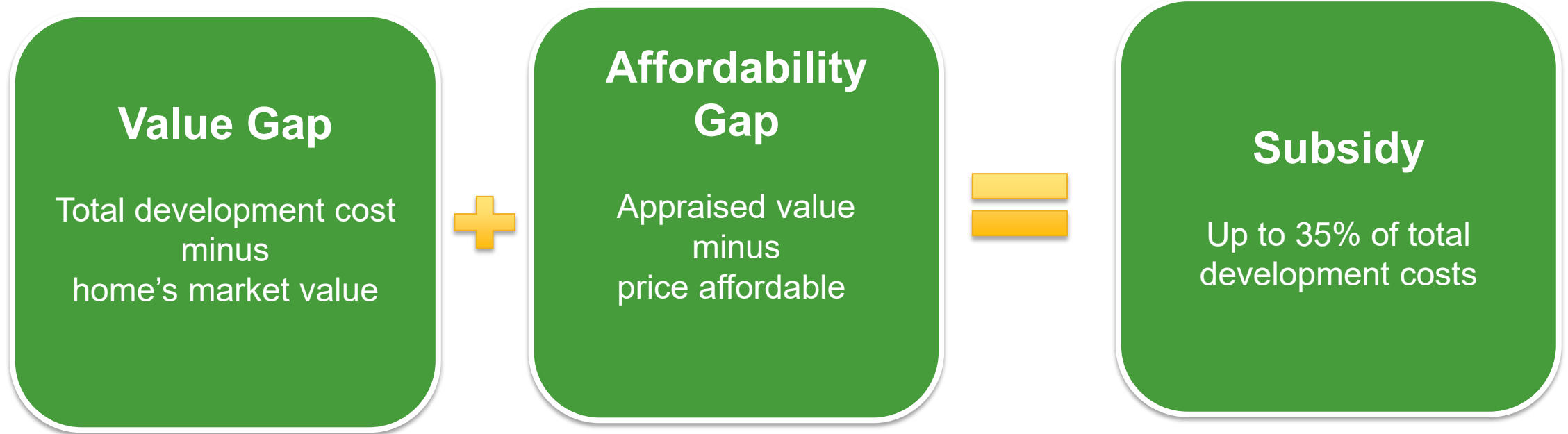
Rehabilitation of Bradford Mill will create 24 apartments in Bennington.

# Vermont's homes don't meet needs

## Supply vs Demand: Housing Type



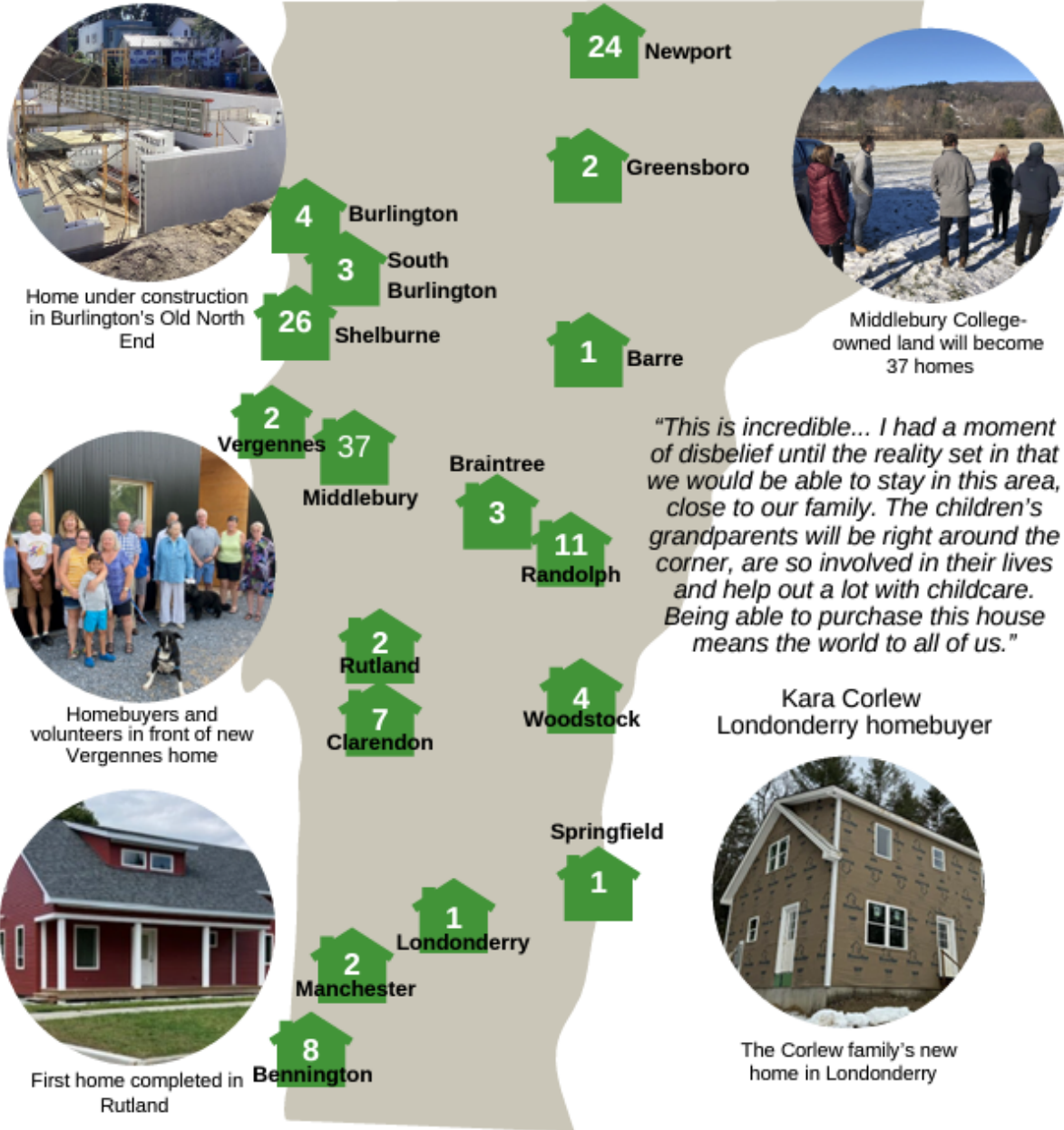
# Program fills gaps that hamper creating homes affordable for middle income buyers



## 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

# Homes underway in 20 Vermont communities



# 125 for sale homes funded



Homes funded	125
Bedrooms built	322
Average subsidy per home	\$130,000
Average purchase price	\$195,000
Shared equity homes	69 (55%)
Neighborhoods expanded	20
Total funding deployed	\$24 million



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

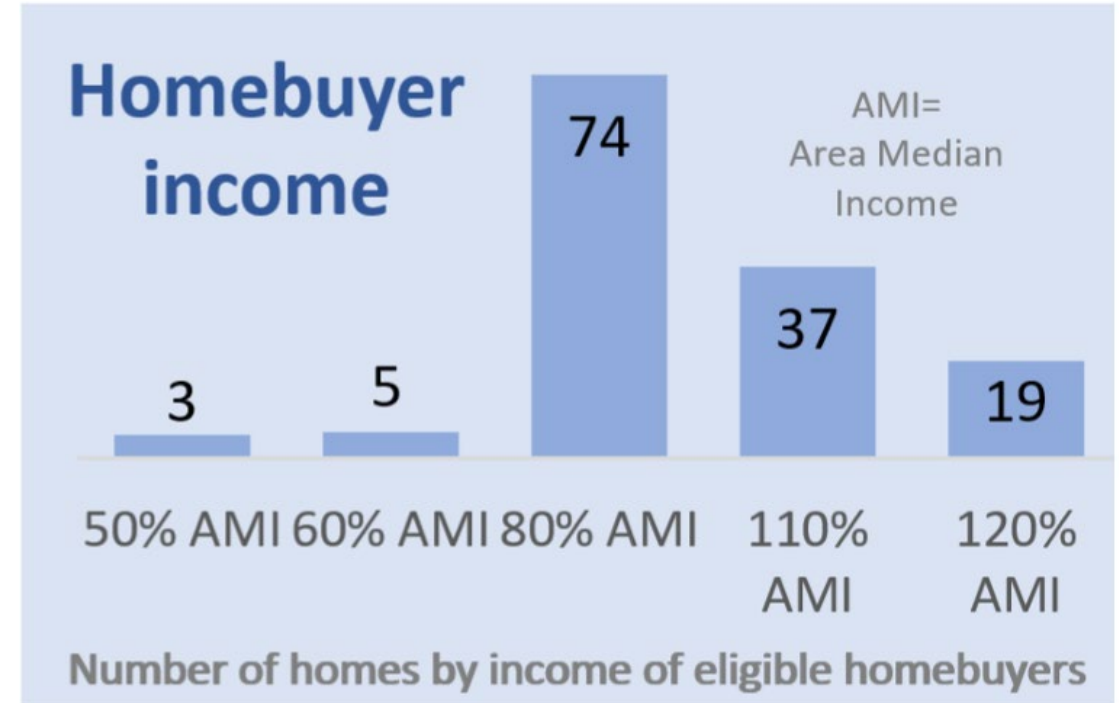


Lower photo: Completed home in Burlington

# Program builds homes primarily for middle income homebuyers



- Program provides long-term affordability for future homebuyers
- 55% of all homes funded are shared-equity homes
- Subsidy retained for all homes developed through limits on future sales prices.
- Average homebuyer household income was just under 100% AMI
- \$82,000 = median income for 2 person household
- They can afford a \$320,000 home



# Other resources available through VHFA

[www.housingdata.org](http://www.housingdata.org)

- ✓ Community profiles
- ✓ Inventory of all affordable housing
- ✓ Housing ready toolkit
- ✓ Affordability calculator

**Employer-Assisted Housing in Vermont**  
Resource Guide  
July 2024



## Assistance to small & emerging developers:

- ✓ Technical assistance when receiving funding;
- ✓ BIPOC developer assistance (in partnership with Land Access Opportunity Board) coming in March;
- ✓ Homes for All TA coming from DHCD



# VHFA's 2025 Legislative Priorities



- Extend the State Housing Tax Credit sales for 5 more years to fund Down Payment Assistance Program
- Tweak the Rental Revolving Loan Fund statute to allow for VHFA to manage rent increases
- Continue & sustain funding for First Generation Homebuyer Grant program
- Extend sunset of group net metering for affordable housing until 2029
- Support PHP-replacement recommendations
- Support off-site manufactured housing next steps
- Support Housing and Homeless Alliance of Vermont's priorities
- Support Let's Build Homes' priorities