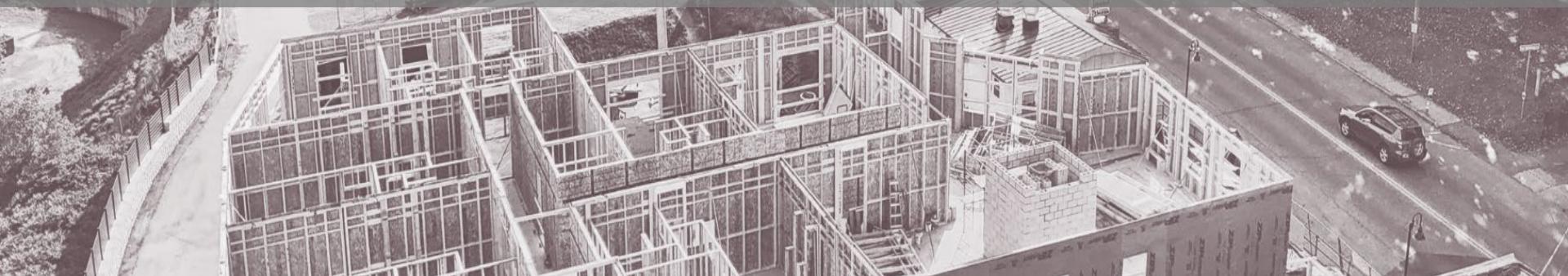


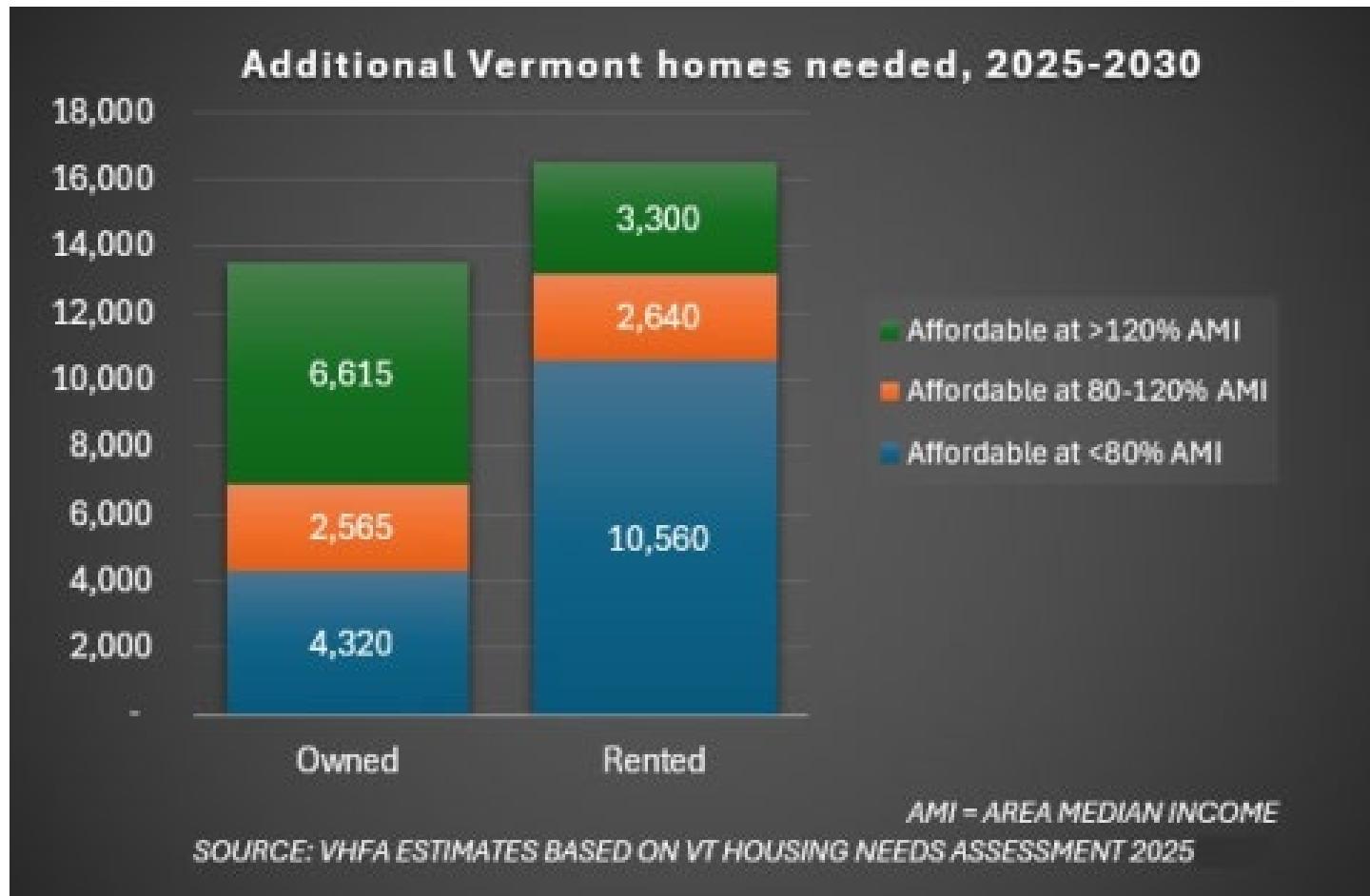


# VHFA Update

Maura Collins | [mcollins@vhfa.org](mailto:mcollins@vhfa.org)



# (What's Needed?)



## 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>
<b>USES</b>				
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?

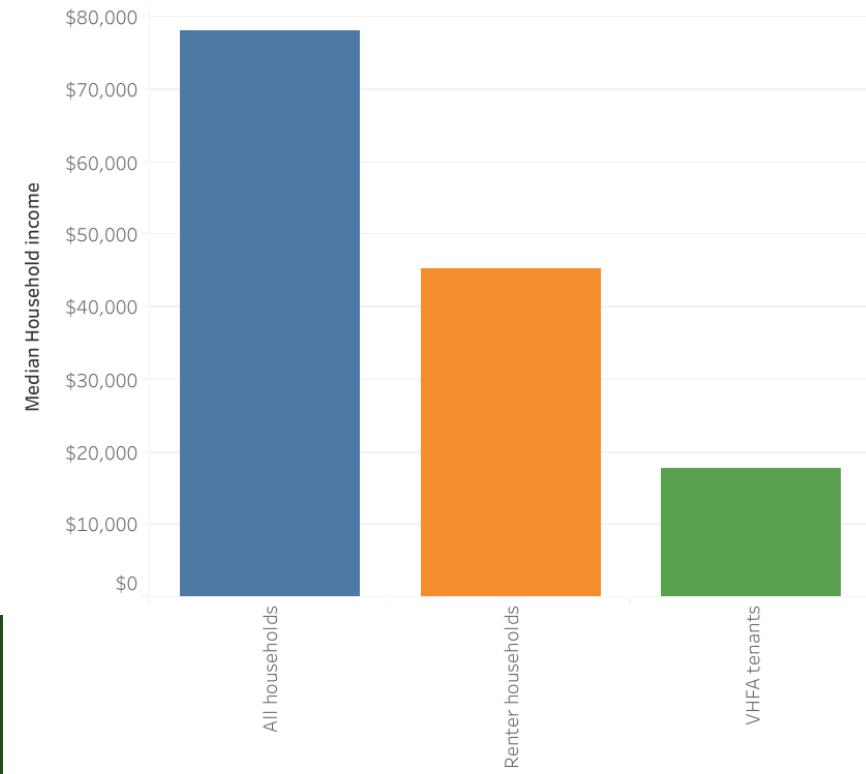
- Vermont's ability to use more tax-exempt financing
  - 2013-2021 Vermont lost \$300M
  - No real losses 2022-2024 when ARPA money was available
  - 2025 – lost some volume cap again
- What are the benefits of tax-exempt financing?
  - Lower interest rates on loans
  - Automatically makes a project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

	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)

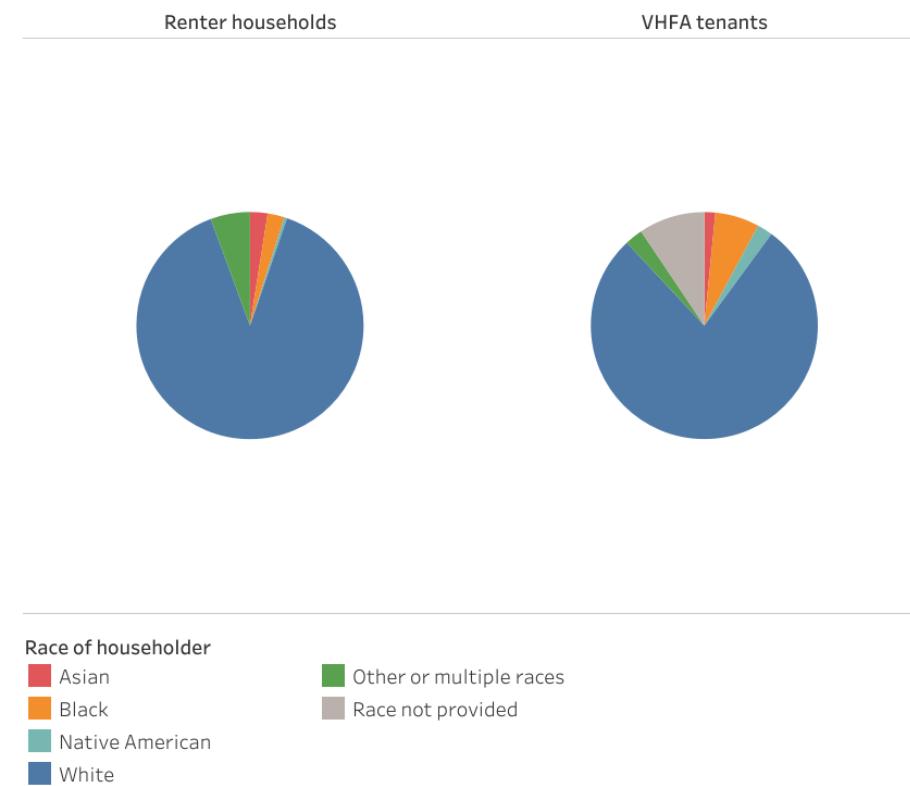
# Benefits of Federal Tax Credits

- 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

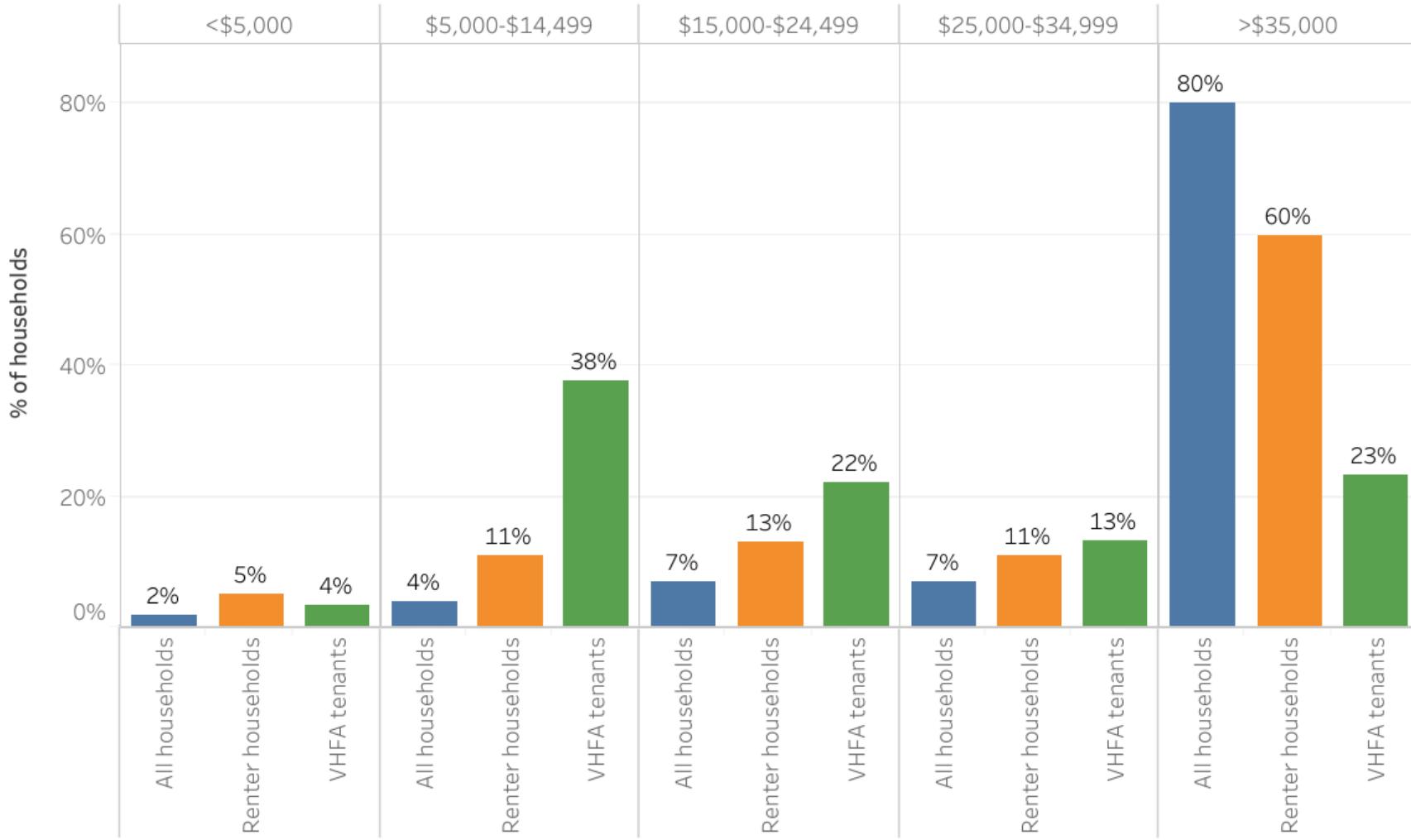


Race of renter households



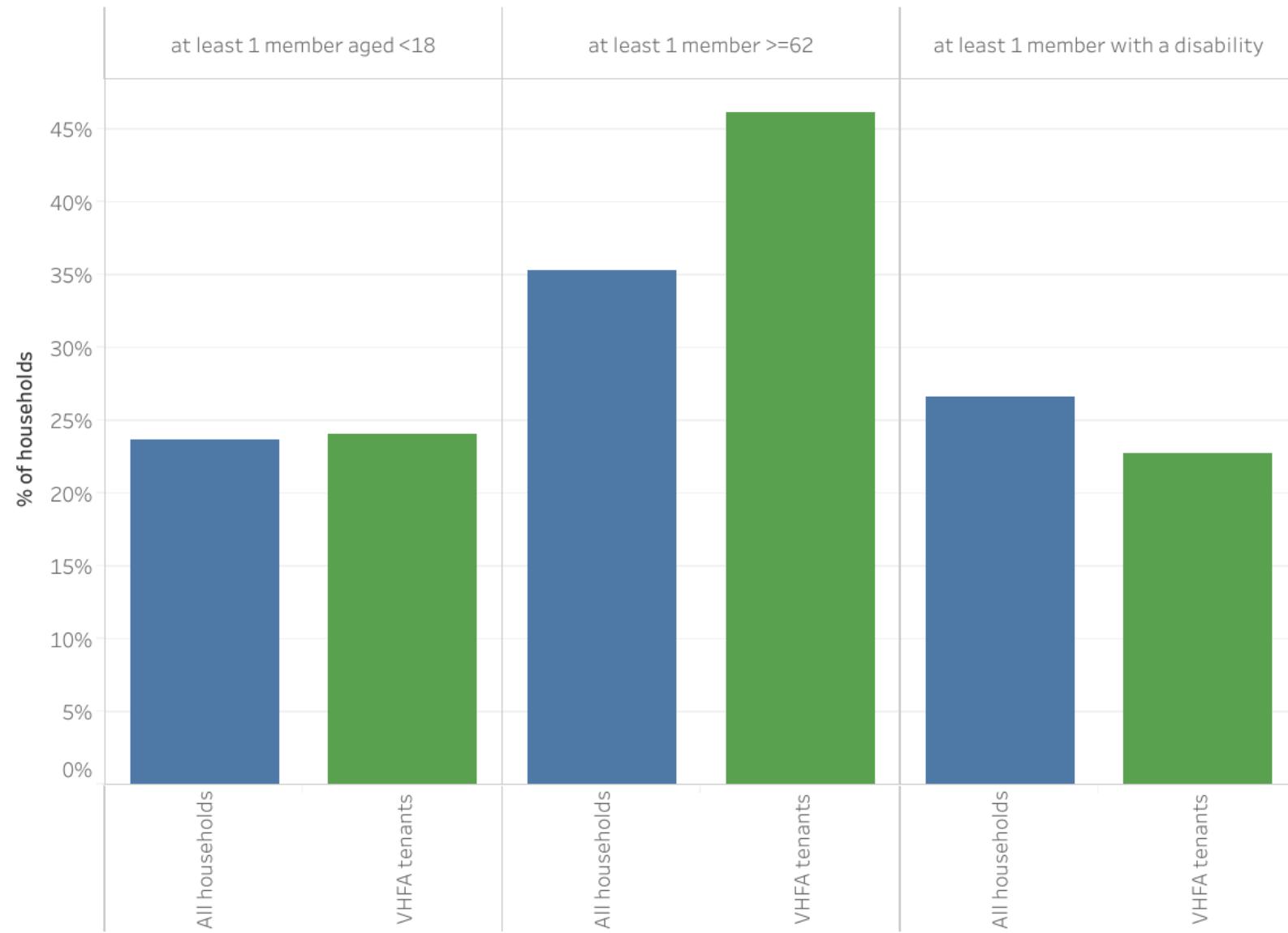
# Who Is Served by Federal Tax Credits

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

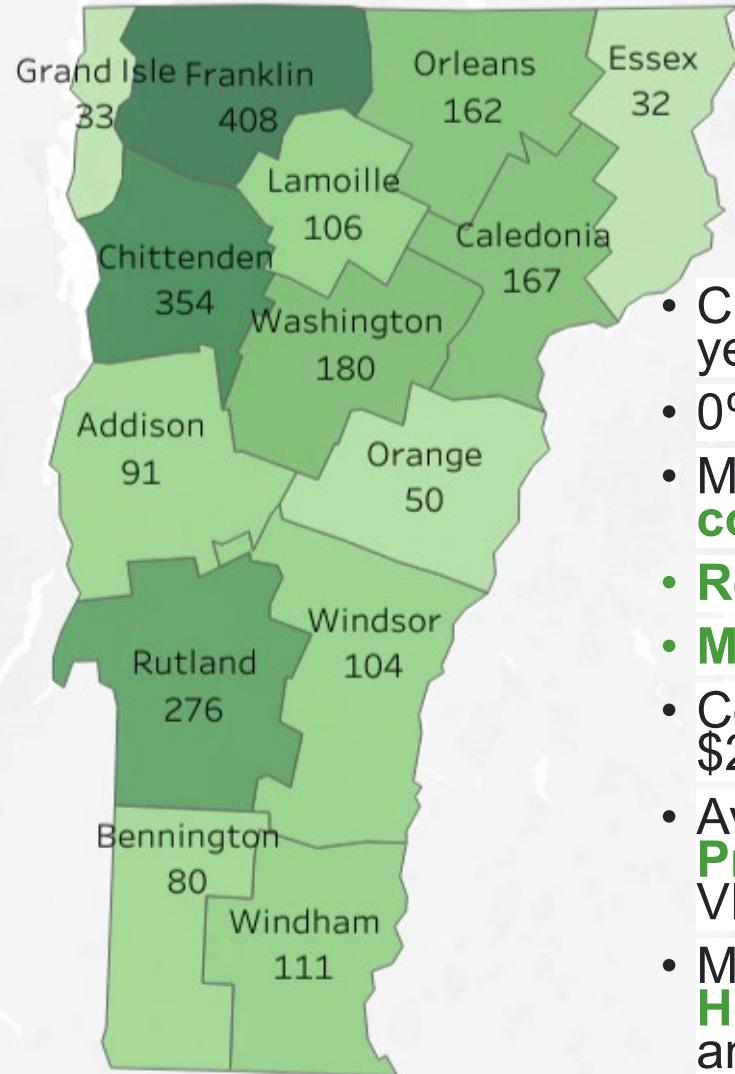


## Specs

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

# VHFA's Down Payment Assistance Program



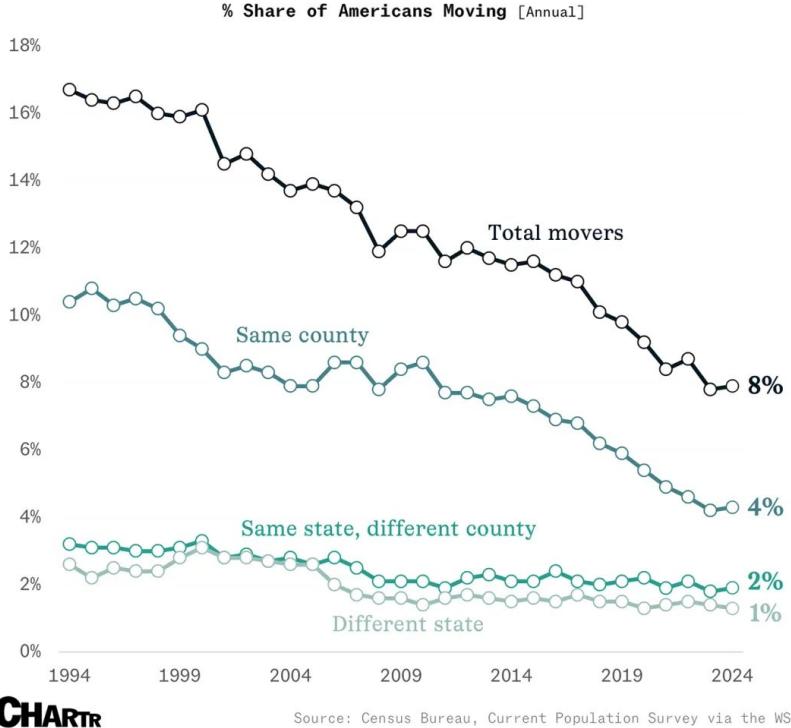
- Created in 2014. Sold the last tax credits this year.
- 0% **deferred loan** with no monthly payments.
- Must be used for **down payment** and **closing costs**.
- **Repaid** at sale, refinance or mortgage payoff.
- **Must be true first-time homebuyers.**
- Combined **liquid assets** must be less than \$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)

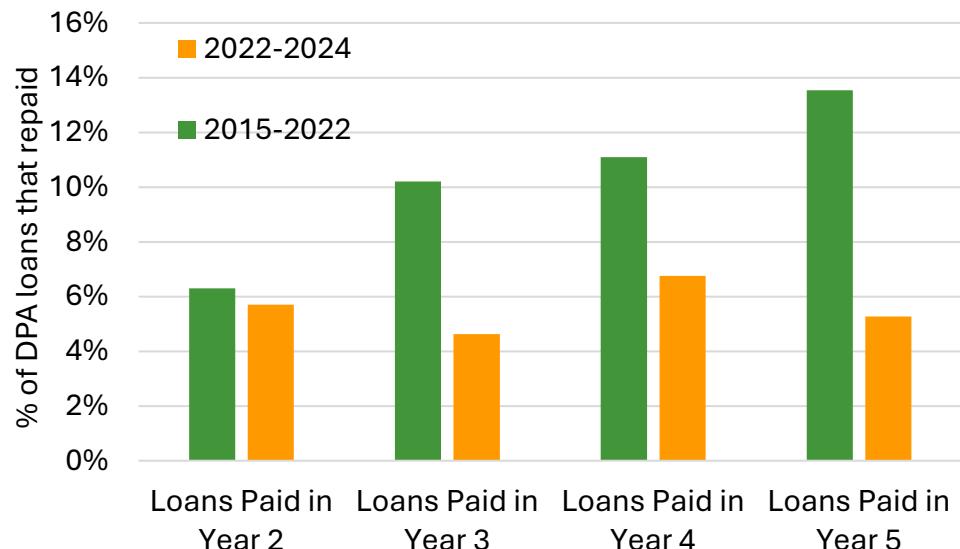
All data are median	With VHFA DPA	Without VHFA DPA
Appraised Value	\$253,000	\$310,000
Purchase Price	\$247,000	\$300,000
Mortgage Loan Amount	\$224,435	\$260,100
Annual Income	\$89,944	\$99,189
Loan To Value	91%	86%
Closing Costs	\$9,573	\$10,576
Credit Score	717	749
Borrower Age	32	35
Family Size	2.2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

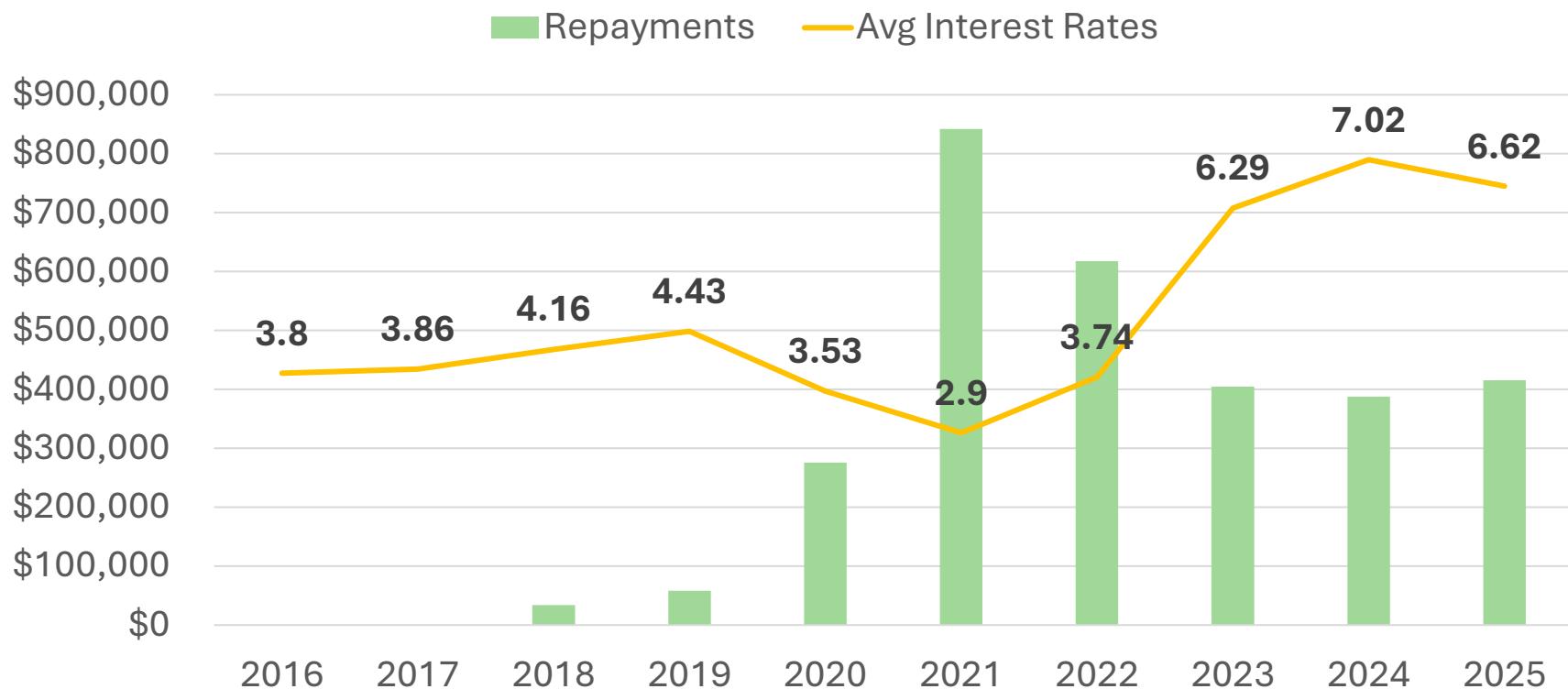
## NOT GOING PLACES Americans Aren't Moving As Much Anymore



## 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



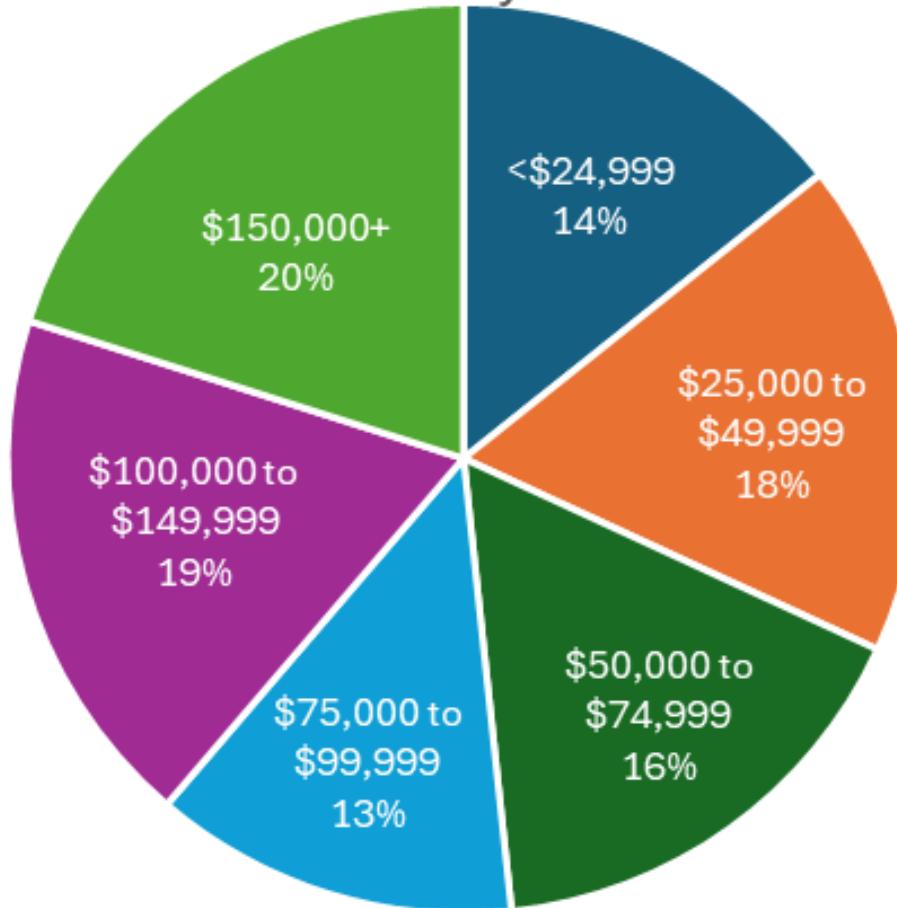
- Over this program's history, VHFA has helped 2,153 households buy their first home.
  - 63% of these loans are still outstanding (\$11.1 M). The estimated median amount their home has appreciated so far is **over \$78,000**.
  - Additionally, 506 loans have been paid back, freeing up **\$3M** for VHFA 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.

# Middle Income Homeownership Development Program

- Available project funds: \$22.8 million
- 2 award cycles in 2024, all funding awarded
  - Awards: \$22.8 million
    - Completed 8 homes
    - 75 more under construction
      - 26 @ Bay Ridge (occupied)
      - 37 @ Stonecrop
      - 1: 6 units completed; 2 December 25 – May 26; 3: Spring 27
    - 10 more in pre-construction
  - Withdrawn: \$7.5 million
    - Largest was condos in NEK. High construction costs, now propose rentals. Expansive site for 120 additional units + future homeownership.
  - Reallocations: \$1 million
  - Available to reallocate: \$6.4 million



## Vermonters by Income



[Households by income | HousingData.org - Directory of affordable rental housing](https://www.housingdata.org/)  
2019-2023 brought to 2023 dollars

# Who Does VHFA Serve? (2025 chart)

County	% Area Median Income (AMI)			
	80%	100%	120%	150%
Addison	\$92,880	\$116,100	\$139,320	\$174,150
Bennington	\$87,440	\$109,300	\$131,160	\$163,950
Caledonia	\$77,280	\$96,600	\$115,920	\$144,900
Chittenden	\$104,320	\$130,400	\$156,480	\$195,600
Essex	Weighted average of 150% AMI is \$169,000			
Franklin	30% of that, monthly is \$4,225 for housing costs			
Grand Isle	(Virtually) no rentals are that high in Vermont			
Lamoille				
Orangetown	An “affordable” mortgage at that income would be			
Orleans	\$591,678 – so a home priced over \$650,000			
Rutland				
Washington	Of the 6,574 homes sold in VT in 2025, 80% cost less than this.			
Windham				
Windsor	\$88,400	\$110,500	\$132,600	\$165,750

<b>Addison County</b>	% Area Median Income (AMI)			
	<b>80%</b>	<b>100%</b>	<b>120%</b>	<b>150%</b>
2 bedroom	\$253,000	\$317,000	\$380,500	\$475,500
3 bedroom	\$293,000	\$366,000	\$439,500	\$549,500
4 bedroom	\$327,000	\$408,500	\$490,000	\$613,000

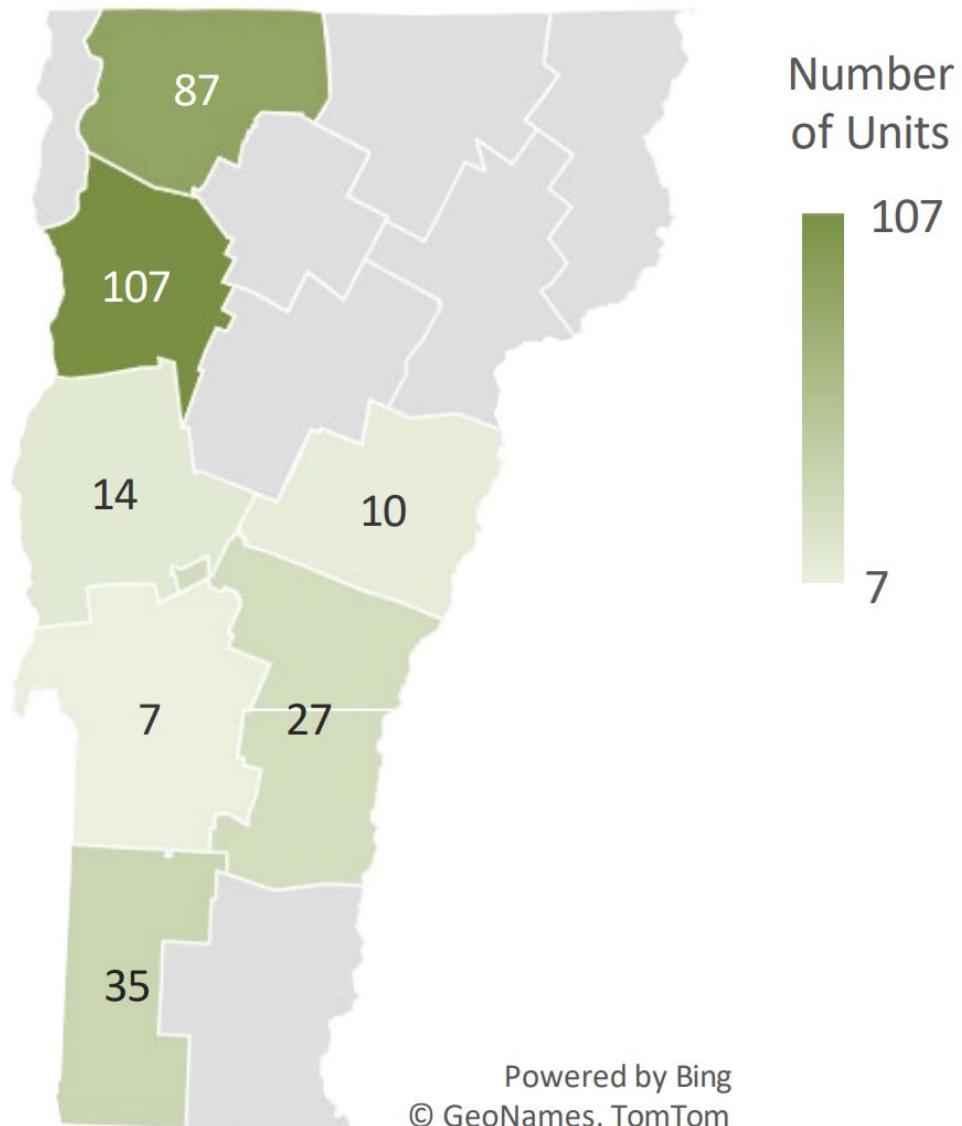
<b>Chittenden, Franklin, Grand Isle Counties</b>	% Area Median Income (AMI)			
	<b>80%</b>	<b>100%</b>	<b>120%</b>	<b>150%</b>
2 bedroom	\$283,500	\$354,500	\$425,500	\$532,000
3 bedroom	\$327,500	\$409,500	\$491,500	\$614,000
4 bedroom	\$365,500	\$456,500	\$548,000	\$685,000

<b>All other counties</b>	% Area Median Income (AMI)			
	<b>80%</b>	<b>100%</b>	<b>120%</b>	<b>150%</b>
2 bedroom	\$243,500	\$306,500	\$367,500	\$459,500
3 bedroom	\$282,000	\$352,000	\$422,500	\$528,500
4 bedroom	\$314,500	\$393,000	\$471,500	\$589,500

# Rental Revolving Loan Fund

- Available project funds: \$9.8 million
- 16 applications for \$21 million
- Most projects not highly ready to proceed
- Several were offered Technical Assistance
  - 265 homes to be created across 9 projects in 7 counties.
  - 6 projects under construction
- 12 of the 16 had a municipal or employer investment.

Recommendation Home Distribution





Household income (median) | HousingData.org - Directory of affordable rental housing

# Who Does VHFA Serve? (2025 chart)

County	% Area Median Income (AMI)			
	80%	100%	120%	150%
Addison	\$92,880	\$116,100	\$139,320	\$174,150
Bennington	\$87,440			
Caledonia	\$77,280			
Chittenden	\$104,320			
Essex	\$56,640			
Franklin	\$104,320			
Grand Isle	\$104,320			
Lamoille	\$78,560			
Orange	\$82,640			
Orleans	\$73,760			
Rutland	\$77,040			
Washington	\$88,320	\$110,400	\$132,480	\$165,600
Windham	\$77,280	\$96,600	\$115,920	\$144,900
Windsor	\$88,400	\$110,500	\$132,600	\$165,750

# Who Does VHFA Serve? (2025 chart)

County	% Area Median Income (AMI)			
	80%	100%	120%	150%
Addison	\$92,880	\$116,100	\$139,320	\$174,150
Bennington	\$87,440	\$109,300	\$131,160	\$163,950
Caledonia	\$77,280	\$96,600	\$115,920	\$144,900
Chittenden	\$104,320	\$130,400	\$156,480	\$195,600
Essex	\$75,040	\$93,800	\$111,960	\$147,300
Franklin			\$84,960	\$106,200
Grand Isle			\$156,480	\$195,600
Lamoille			\$156,480	\$195,600
Orange			\$117,840	\$147,300
Orleans			\$123,960	\$154,950
Rutland			\$110,640	\$138,300
			\$115,560	\$144,450
Washington	\$88,320	\$110,400	\$132,480	\$165,600
Windham	\$77,280	\$96,600	\$115,920	\$144,900
Windsor	\$88,400	\$110,500	\$132,600	\$165,750

Weighted average of 120% AMI is \$135,000. 30% of that, monthly is \$3,375 for housing costs

Not many rentals priced above that right now.

# Who Does VHFA Serve?

- **What do we do best?**
  - Affordable housing – focusing on people paying 30% of income for housing
  - For renters: most earn under 80% AMI.
  - For owners: most earn under 120% AMI.
- **Who is **not** served by VHFA?**
  - Homes for those earning more than 150% AMI
    - This is <20% of Vermonters
    - Should not receive subsidy
    - What state support is appropriate?
  - VHFA focused mostly on majority of market.
    - Do not want to inflate the market << Real risk!

# (What's Needed?)

