



## REPORT TO THE STATE OF VERMONT

To: House Committee on Commerce and Economic Development  
Senate Committee on Economic Development, Housing and General Affairs

From: Sarah Carpenter, Executive Director  
Vermont Housing Finance Agency

RE: Vermont State Housing Credits funding VHFA down Payment Assistance Program  
under the provisions of S-138

DT: September 23, 2015

Under the provisions of S-138, an act relating to promoting economic development, and as passed during the 2015 legislative session, the Vermont Housing Finance Agency (VHFA) was authorized to issue Vermont State Housing Credits in the amount of \$125,000 for each of State fiscal years 2015, 2016 and 2017. The tax credits to be issued by VHFA were to be sold by VHFA to fund a down payment assistance program for first-time homebuyers. S-138 requires VHFA to file semi-annual activity reports to the House Committee on Commerce and Economic Development and to the Senate Committee on Economic Development, Housing and General Affairs, on or before September 30th, and March 31st of each year. This is the first of the required activity reports.

As proposed under S-138, VHFA is to make available down payment and closing cost assistance loans to qualified first-time homebuyers, in amounts up to \$5,000, not to exceed actual cash required to close. The loans will be made at a zero percent interest rate, with repayment of principal due at the time of sale or refinancing of the home.

To fund the program, VHFA solicited offers from three Vermont banks who participate in our single family program. The credits were sold to Union Bank at a price of 95/100 and will generate \$593,750 from the sale of the 2015 credits. Union Bank has also committed to purchase the 2016 and 2017 credits at this same price. The offer from Union Bank was the highest of the offers received and the only offer to commit to purchase the future years' credits. The offer at 95 is roughly 3-5 points above what we have seen in the market for other state credits sold recently. We are very pleased with this type of local investment and commitment.

This summer has been a busy one for all our participating lenders as they have been gearing up for significantly increased disclosure reporting requirements from the Federal government, so adding a new program isn't always as easy as it seems.

VHFA spent much of June-August establishing policies and procedures necessary to implement the program, followed by training sessions with our participating lenders, Realtors and the home ownership centers. The program was first made available effective August 24th.

In addition to training sessions with our housing and lending partners, who are critical to delivering VHFA loans, the Down Payment Assistance Program is being marketed on the VHFA website and with various media as follows:

- A new VHFA webpage where the program is described at: <http://www.vhfa.org/homebuyers/loanprograms/downpaymentassistance>. It is also the primary carousel feature on the main landing page of [www.vhfa.org](http://www.vhfa.org).
- Down payment assistance is addressed in our new consumer video and in our current television/web pre-roll advertising development. Additionally, VHFA hung a 5' by 15' banner on the outside of VHFA's building which will be displayed for the next 30 days advertising the program.
- VHFA places advertising with print and online outlets throughout the state, including the major media players for each regional and local market of Vermont. Down payment and closing cost assistance is now a central piece of those advertising efforts to increase public awareness.
- Marketing at a major conference of statewide employer human resource professionals and the semi-annual Upper Valley business breakfast. We have reached out to the statewide network of Regional Development Councils and plan to attend a joint meeting in early October to present the program, and have been working with several employers (who have a high proportion of younger staff) to do presentations at their places of work to explain the program and increase workers' understanding of it.
- Knowing the power (and relative efficiency in cost) of social media, VHFA has taken several steps to increase our exposure through Twitter and Facebook in preparation for the program's launch. We paid to sponsor several Facebook posts about the program, which increased our exposure to users who may not have already "liked" or been following VHFA. Since the bill was signed, VHFA's Facebook followers increased by 42%. For example, a post we made about our press conference on September 18th has already lead to almost 250 people clicking through to our website for more information, and 74 people "sharing" it with their networks.
- VHFA hosted a press conference on September 18th with the Governor, Rep. Dakin and Sen. Baruth, Union Bank, a local employer, and other champions of the program which generated a tremendous amount of press coverage in the Burlington Free Press, WCAX, FOX/ABC, Rutland Herald, Times Argus, WDEV, and WAMC radio.

Since program inception on August 24th, less than a month ago, VHFA has received 13 requests for down payment assistance loans totaling \$58,477 and representing 29% of all VHFA loan applications. We feel this shows the need and demand for the DPA Program is there and off to a great start. Given the newness of the program none of the loans requesting DPA have closed as of this report date, which is to be expected with such a short timeframe. We expect much more activity will be reportable with our next report at the end of March 2016, and certainly we can update your committees when the legislature starts.

VHFA is happy to respond to any questions you may have or provide in additional information at your request. Again, thank you for your support.