



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

From: David S. Adams, VHFA-Chief of Program Operations

RE: VHFA Down Payment Assistance Program – Report to the State 3-31-2016 under the provisions of S-138

DT: March 21, 2016

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 30<sup>th</sup>, and March 31<sup>st</sup> of each year. This is the second of the required activity reports.

VHFA solicited offers for the sale of the credits to several banks who participate in VHFA's single family program. The highest offer came from Union Bank with a commitment to purchase the credits at 95/100 providing \$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. In exchange for their offer price, Union Bank will offset \$125,000 in Vermont state tax liability for five 5 years. VHFA is grateful for the level of interest and support shown by Union Bank, and for the other offers we received.

VHFA implemented the Down Payment Assistance Program as of August 26, 2015. VHFA provides up to \$5,000 per household in the form of a 0% second mortgage, wherein no payments are due until the time of resale or refinancing of each home. Of all loans reserved with VHFA since the DPA program was made available, 41% have requested a Down Payment Assistance Loan. VHFA is very pleased with the demand and is clear is evidence of the need for this program to make homeownership a reality for many first-time homebuyers.

**FUNDS COMMITTED AND REMAINING PROGRAM INCEPTION TO DATE (3-15-2016)**

Proceeds from the sale of 2015 Credits (Union Bank)		\$593,750
Down Payment Assistance Loans Funded (49 loans)	\$221,610	
Down Payment Assistance Loans pending (35 loans)	\$173,769	
Recording Fee Expenses	\$ 1,300	
<b>Total DPA Loans and Funds Committed (84 total loans)</b>	<b>\$396,679</b>	
<b>FUND REMAINING FROM 2015 CREDITS</b>		<b>\$197,071</b>

**BORROWER DEMOGRAPHICS ON CLOSED LOANS**

Of the 84 loans noted above, the following represents selected demographics of the 49 loans that have closed and have been funded:

- **Average Down Payment Assistance Loans is \$4,620**
- **Median purchase price is \$157,250 (range of \$85,000-\$285,000)**
  - **81% single family**
  - **19% condominium**
- **Average Household Income is \$60,700**
- **Average Age of borrower is 30**

**GEOGRAPHIC DISTRIBUTION BY COUNTY**

Addison	2	Essex	0	Orange	0	Windham	6
Bennington	0	Franklin	4	Orleans	3	Windsor	2
Caledonia	6	Grand Isle	0	Rutland	6		
Chittenden	14	Lamoille	1	Washington	4		

**Summary Comments**

With 84 loans committed or closed within the first five months of the program, the need and demand for this program is clear and we will likely exceed initial estimates of 115 loans in year-one. A commitment from Union Bank to purchase the 2016 and 2017 credits assures the program will have the funds needed to continue into the second and third year.

We are looking forward to an extension of the program by the legislature so that this can truly become a revolving loan fund. 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.

Respectfully submitted



David S. Adams  
Chief of Program Operations