
From: Maura Collins
Sent: Tuesday, January 11, 2022 11:30 AM
To: John Killacky
Subject: RE: Summary of 3 components

First is a construction capital access program that will lower the cost of the construction loan a builder needs to get by guaranteeing that loan, which will reduce its cost. VHFA has approached VHCBC about funding this through the money they were awarded last year and they are recommending that at their next board meeting.

Secondly, we would set specifications of modest homes to be built and in exchange this program would subsidize those homes so they'd be more affordable. This could happen in two ways: first it would cover the "value gap," meaning the difference between the cost of construction and the appraised value of the home once completed. In addition, if it's in the state's interest to buy down the home's affordability even more, we could provide a further subsidy which would be retained in the home to lower the cost to the initial buyer and future buyers.

Lastly, I talked about individual subsidies to eligible households who would buy the homes created so we could deeply target this program to be more affordable. I was proposing that this last piece would be a forgivable subsidy, and this would be the element that we could focus on specific buyers such as those who are 1st time homebuyers or even first generation homebuyers to target those who have traditionally been left out of the mortgage market.

Does that make sense, or do you have follow up questions? I know you're discussing this later today so I'm available if you want to talk more (802-598-8036). Thanks, John.

Maura.