

VHFA First-Generation  
Homebuyer Program  
**Vermont Housing Finance Agency**  
Homeownership: Empowering New Buyers

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2023 NCSHA Awards  
Category: Homeownership  
Sub-Category: Empowering New Buyers  
Entry: VHFA First-Generation Homebuyer Program



The Vermont Housing Finance Agency (VHFA) [First Generation Homebuyer Program \(FGHP\)](#) offers a new \$15,000 down payment assistance grant to help eligible first-time, first-generation homebuyers. On January 17, 2023, Zeynab Kouyate became the first Vermonter to purchase a home using the FGHP grant. Zeynab paired the \$15,000 grant with VHFA's other down payment assistance program and received assistance for \$25,000 toward down payment and closing costs.

## Addressing inter-generational inequity

According to the [National Association of Realtors](#), "at just 26%, the share of first-time buyers is the lowest since NAR began tracking the data...*Those who have housing equity hold the cards* and they've fared very well in the current real estate market. First-time buyers tend to be older as a result of saving for down payments for longer periods of time or relying on a *generational transfer of wealth* to propel them into homeownership."

Black, Indigenous, and Persons of Color (BIPOC) are far less likely to have accrued generational wealth due to decades of housing and employment discrimination faced by non-White households, particularly in the mortgage market.

While all states have disparities in homeownership rates, people in Vermont who identify as white own their home at a vastly higher rate than people in Vermont who identify as BIPOC. Just 21% of Black Vermont households own their home, compared to 73% of white households, according to Census Bureau estimates. In comparison, 43% of Black households and 71% of White households nationwide own their own homes.

Household Race/Ethnicity	Homeownership %
Black	21%
Hispanic	39%
American Indian	46%
Asian & Pacific Islander	50%
White	73%
Source: U.S. Census Bureau American Community Survey 5-year estimates, 2021	

First generation homeownership programs can help level the playing field for homebuyers who may have missed out on the benefits of wealth transfer between previous generations, regardless of their race.

## History of the program

On June 7, 2022 Vermont passed [Act 182](#) "relating to expanding access to safe and affordable housing." Modelled after the recently-introduced [Federal Down Payment Toward Equity Act](#), Act 182 set aside funding for a program to help first-generation homebuyers, naming VHFA as the administrating agency. The bill provided \$1 million from the general fund for VHFA to develop a program and disburse down payment assistance to eligible homebuyers.

Recognizing that BIPOC have historically not had access to capital for homeownership and have been systemically discriminated against in the housing market, Vermont legislature called on VHFA to:

"...work with Vermont chapters of the NAACP, AALV, and USCRI; the Executive Director of Racial Equity; the Vermont Commission on Native American Affairs; and local racial justice organizations to develop a plan of active outreach and implementation to ensure that down payment assistance opportunities are **effectively communicated**,

and that funds are equitably available, to communities of Vermonters who have historically suffered housing discrimination.”

## Outreach and development

VHFA spent several months prior to launch meeting with BIPOC organizations, agencies, leaders, and individuals to inform them about the program, gather feedback, and most importantly, to learn about the specific challenges that BIPOC homebuyers face in Vermont. Some of the feedback received included:

- *When it comes to buying a home, systemic discrimination is real, not merely perceived. The system is not designed to work for people of color, and it makes it seem unattainable.*
- *Understanding the homebuying process, who to trust, the steps involved, and the eligibility requirements can be a real barrier.*
- *Real estate professionals in Vermont are almost exclusively white, and it is difficult for BIPOC homebuyers to feel comfortable or form productive relationships.*
- *BIPOC homebuyers, like all homebuyers, are looking for inclusive and welcoming communities. It can be difficult to find a home in a neighborhood or town where they feel welcome and included.*

The feedback VHFA received helped crystallize our awareness that programs like FGHP can only address part of the problem. BIPOC homebuyers, especially first-generation BIPOC homebuyers, face challenges in the market that white homebuyers do not. VHFA knew we needed to share this feedback with the lenders who were going to offer FGHP. Based on the feedback we received from the BIPOC community, and with the help of a consultant specializing in diversity, equity, and inclusion (DEI), we selected a group of lenders from our pool of participating lenders based on the following criteria:

- (1) Dedicated commitment to low-to-moderate income borrowers.
- (2) Demonstrated commitment or willingness to promote identity-based equity in lending.
- (3) Willingness to offer interpretation services.
- (4) Geographical coverage across the state

VHFA and our DEI consultant then met with each FGHP participating lender to discuss ways to promote equitable access for BIPOC and first-generation homebuyers in general. After this outreach and carefully considered program design, VHFA launched the program through selected lenders beginning in November 2022.

## Program terms

VHFA offers MRB and TBA purchase-money mortgage programs, MCC, and a down payment assistance loan that is funded by the sale of state tax credits. The First-Generation Program grant is available exclusively with a VHFA program loan.

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Like other VHFA programs, FGHP is available to homebuyers exclusively through VHFA participating lenders on a first-come, first-served basis to eligible borrowers. Lenders reserve funds for eligible homebuyers after they sign a purchase and sale agreement and the loan application is approved. FGHP is a true grant and does not count toward the CLTV. Lenders table-fund the grant at closing and VHFA reimburses the lender upon delivery.

## Eligibility

To be eligible for FGHP, homebuyers must meet the following requirements:

- **Income limit:** All borrowers and non-borrowing spouses combined gross annual income must not exceed the limits for the [selected VHFA mortgage program](#).
- **Asset limit:** Borrowers and non-borrowing spouses combined liquid (non-retirement) assets must be less than \$30,000 through loan closing.
- **First-Time Homebuyer:** All borrowers and non-borrowing spouses must have NEVER held an ownership interest in, or received a spousal benefit from, a principal residence.
- **First-Generation Homebuyer:** One borrower's parents or legal guardians do not have a present interest in a principal residence, OR at least one borrower has been placed in foster care at any time in their life.

VHFA does not require documentation to verify first-generation homebuyer status. Instead, borrowers and non-borrowing spouses sign an affidavit attesting that they meet the definition.

More information on the program terms is [available on VHFA's website](#).

## Results and Going Forward

As of May 9, 2023, \$195,000 has been disbursed to 13 first-generation homebuyers, and an additional 13 grants have been reserved. Counting all the grants that have been either disbursed or reserved, approximately 30% of funds have gone to households that identify as BIPOC. This considerably exceeds what would be expected based on Vermont's demographics alone, as only 10% of Vermont renters households identify as non-White, according to Census Bureau estimates.

VHFA's First Generation Homebuyer Grant Program has already proven to be an effective use of resources. Not only has the program helped first-generation homebuyers with important down payment assistance, beginning the long process of addressing opportunity gaps, the BIPOC outreach initiative helped VHFA jumpstart internal and external discussions about ways we can improve equitable access to homeownership that are long overdue.





# FIRST GENERATION HOMEBUYER?

## Grant up to \$15,000

**Down Payment & Closing Costs**

Eligibility requirements apply.

**CONTACT A  
PARTICIPATING LENDER:**

[vhfa.org/firstgen](http://vhfa.org/firstgen)



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

 802-864-5743, opt 2, then 1

 [vhfahomeownership@vhfa.org](mailto:vhfahomeownership@vhfa.org)





## **How can the First Generation Homebuyer Program grant help?**

This program provides a \$15,000 grant for down payment and closing cost assistance to eligible homebuyers, and may also be combined with VHFA ASSIST to receive an additional \$10,000 –\$15,000 for down payment and closing cost assistance!

## **What are the eligibility requirements to be a 'First Generation' Homebuyer?**

All borrowers and non-borrowing spouses must be true first-time homebuyers, AND EITHER

1. The parents or legal guardians of ONE borrower do not currently own a home, OR
2. One borrower has been placed in foster care at any time in their life.

## **Are there other eligibility requirements?**

YES. Other credit, income, asset, and property eligibility requirements apply. This grant may only be paired with a VHFA mortgage program. Contact a VHFA First Generation Homebuyer Program lender at [www.vhfa.org/firstgen](http://www.vhfa.org/firstgen) to determine if you are eligible.

## **Do I need to sign a purchase and sale agreement and be approved before securing the grant funds?**


Yes, you must present a signed purchase and sale agreement to a VHFA First Generation Homebuyer Program participating lender, and the lender must determine that you meet all of the eligibility requirements. Grant funds are credited to buyer at closing.

## **How do I get started?**

Contact a VHFA First Generation Homebuyer Program participating lender at [www.vhfa.org/firstgen](http://www.vhfa.org/firstgen) and ask about a pre-approval or pre-qualification.



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

 802-864-5743,opt 2, then 1

 [vhfahomeownership@vhfa.org](mailto:vhfahomeownership@vhfa.org)







New England Federal Credit Union

January 17 · 🌐

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Congratulations to Zeynab on the purchase of her new home!

As part of the [@Vermont Housing Finance Agency \(VHFA\)](#) First-Generation Home Buying program, Zeynab chose AALV (Association of Africans Living in VT) as her donation of choice - NEFCU will make a \$150 donation on her behalf!



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Sylvain Kessougbo

J'ai aimé l'appréciation. J'ai tout aimez 🥰

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