

Foreclosed properties rehabbed to create affordable housing

VHFA turns foreclosures into affordable housing



Thad and Sarah Launderville with their children pose outside their Pleasant Street home in Williamstown. The Laundervilles were able to purchase the home with the help of a state program that buys and rehabilitates foreclosed properties.

Photo provided

By [Bruce Edwards](#)

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It's a tough time for first-time home buyers.

Consumer confidence isn't high and while mortgage rates are extremely low, banks have tightened up their lending standards.

But thanks to a year-old housing program, some low-income Vermonters are realizing their dream of home ownership.

Using \$7 million in federal funding, the Housing Acquisition and Rehabilitation Program, or HARP, creates home ownership that remains perpetually affordable.

"We work with Realtors throughout the state, financial institutions as well, to purchase properties that have been foreclosed upon," said Sarah Carpenter, executive director of the Vermont Housing Finance Agency.

Carpenter said the homes are unoccupied and are already owned by the bank or financial institution holding the mortgage.

After buying the foreclosed properties, the VHFA works with the regional HomeOwnership Centers around the state to rehab the properties and identify eligible families.

Carpenter said that so far the VHFA has sold four homes with another four homes about to be sold. She said eight more homes are for sale with the VHFA ready to purchase and rehab another 23 homes.

Thad and Sarah Launderville of Williamstown spent three years trying to buy their first home without success.

Sarah Launderville said the couple would still be looking if not for the VHFA program.

“We wouldn’t have been able to come up with the down payment that we really needed to get into a house,” Launderville said.

Thanks to the program, the Laundervilles purchased a four-bedroom home on 1.7 acres for \$140,000.

She said the program allowed the couple and their three children to move into a better home. “If we were able to kind of pull it all together, it would have had to been a house that was in need of a lot more repairs,” Launderville said.

She said the Central Vermont Community Land Trust and its home buyer education workshop was invaluable in making the purchase a reality.

The price of a HARP home is capped at no more than 90 percent of the cost of the acquisition and rehabilitation, or the post-rehab appraisal amount, whichever is lower. Grants of up to \$75,000 make the homes perpetually affordable as the homes are resold each time at substantially below market value.

Carpenter said prospective buyers are required to go through a home buyer workshop put on by one of the HomeOwnership Centers around the state.

She said when a HARP home is sold, the federal subsidy stays in the home with the seller sharing the appreciated value with the local community land trust or Neighborworks office or other HomeOwnership Center.

In Rutland County, Neighborworks of Western Vermont has sold one foreclosed property in Clarendon with another home in Proctor waiting for a buyer.

Two homes in Rutland City will be available to purchase within the next four to eight weeks; a home in Fair Haven is expected to be rehabbed and available within a month; and a home in West Rutland ready in two months, said Tia Poalino, a home buyer education instructor and housing counselor with Neighborworks of Western Vermont (www.nwwwvt.org).

Poalino said eligible applicants need to be at 120 percent of median family income or below and are required to complete a home buyer education workshop, which are offered once a month in Rutland, Addison and Bennington counties.

“We want to make sure that the families that move into the homes are going to do so and be sustainable and maintain that home,” Poalino said, “not just be able to purchase it but be able to maintain it and keep it safe and healthy for their families.”

She said the HARP program does more than just put families into a home of their own. It also helps the neighborhood.

“What I have heard from neighboring homes has been positive,” Poalino said. “They’re happy to see that someone is doing something with those properties.”

Greg Over, who oversees the Neighborworks foreclosure program, said the amount of rehab work depends on the property. He said all homes receive an energy audit and weatherization work.

One city property is getting what Over called a “gut rehab,” with new electrical and heating systems.

VHFA said a secondary benefit of the program is the ripple effect the rehabilitation work generates for contractors and suppliers. The VHFA employed as many as 185 workers last winter.

HARP’s \$7 million budget is funded by the Housing and Economic Recovery Act through the U.S. Department of Housing and Urban development. The money is part of \$19.6 million in HUD funds allocated to Agency of Commerce and Community Development for the Vermont Neighborhood Stabilization Program.

Buyers can browse all HARP properties for sale online at www.vhfa.org/homeownership/houses-for-sale.php.