First Time Homebuyer Tax-Advantaged Savings Account Report
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New York State Homes and Community Renewal

Contents

I. Executive Summary

Achieving the American Dream often includes owning a home. Benefits of homeownership can include building equity, property value appreciation, and pride of ownership. However, barriers to ownership, including saving for a down payment and high closing costs, can often make that dream difficult to obtain for many. New York State is no exception; many counties have residents who are housing cost-burdened – having household expenses that consume more than 30 percent of family household income. For example, between two-fifths and one-half of all households in the Bronx, Kings, Queens, Nassau, and Suffolk Counties have housing costs above the affordability threshold. While our summary on the homeownership landscape in New York State (*see* below in this report) indicates a general divide in affordability between upstate and downstate counties, there are upstate communities that can be strengthened and revitalized with more opportunities for homeownership among residents. New York State continues to be committed to addressing the needs of affordable housing and fair housing opportunities throughout the State. At the forefront of achieving that goal, New York State Homes and Community Renewal (NYSHCR) - the statewide housing agency - has a mission of preserving and creating such affordable housing opportunities and resilient communities across the State. The Division of Housing and Community Renewal (DHCR) is one of five agencies within the NYSHCR umbrella, and is responsible for the supervision, maintenance, and development of affordable low-and moderate-income housing in New York.

Pursuant to Chapter 379 of the Laws of 2018, DHCR has been directed to study opportunities for, and implications of, a first time homebuyer tax-advantaged savings account program in consultation with New York State Department of Tax and Finance (DTF) and the State of New York Mortgage Agency (SONYMA).

This report considers saving for a down payment and high closing costs, which serve as common barriers to homeownership, and examines the programs currently in place to address these barriers. Additionally, this report analyzes the feasibility and sustainability of a tax-advantaged savings program, including its fiscal impact on, and economic benefits for, New York State.

While DHCR supports the goal of improving homeownership opportunities for New Yorkers, after evaluating these factors, the agency has determined that an enactment of a New York State tax-advantaged savings account program for first time homebuyers, without any corresponding federal program, would not be effective in furthering that goal.

II. History of the New York State Legislation

In June 2017, the New York State Legislature passed a bill establishing the New York State first home savings program (A5616-B/S4058-B). The bill was delivered to the Governor for his consideration in December 2017. The Governor agreed to sign the bill (Chapter 472 of 2017) pursuant to a Chapter Amendment that, when enacted, would repeal the original statute and require DHCR, in consultation with DTF and the SONYMA, to study opportunities for, and implications of, a tax-advantaged savings account program for first time homebuyers. This agreement was subsequently included in legislation passed by both houses of the Legislature, and signed by the Governor in December 2018 (Chapter 379 of the Laws of 2018), which also repeals the program first enacted into law in 2017.

The Chapter Amendment (Chapter 379) specifically requires DHCR, in consultation with DTF and SONYMA, to study opportunities for, and implications of, a tax-advantaged first home savings program. The legislation requires that such study includes the feasibility, sustainability of such a program, including the merits of income limitations, challenges faced by first time homebuyers, first time homebuyer programs utilized by other states, as well as the fiscal and economic impacts of such a program, among other things.

III. Background Information on Homeownership in New York State

New York State (NYS) is home to almost 20 million people living in an estimated 7.2 million households. According to the United States Census American Community Survey (ACS), almost 54 percent of households in the state are owner-occupied; the remaining 3.4 million (46 percent) are renter-occupied households.[1] Of these renter-occupied householders, an estimated 1.45 million (43 percent) are within 25-44-year-old age cohort; those who are most likely to be in their first home purchasing years. There are also significant geographic homeownership differences across the State. Unsurprisingly, homeownership is much less prevalent in New York City (31 percent); however, even within the city, the contrasts are striking: Bronx county has a homeownership rate of less than 20 percent, while Richmond County (Staten Island) has a homeownership rate approaching 70 percent.[2] The median value of owner-occupied housing units in the State is estimated by the Census at $286,000;[3] but again, there are stark geographic differences. In areas proximate to New York City, median prices are close to - or above - $400,000. In the upper Hudson Valley, median prices are above $250,000. In contrast, median prices in counties like Chenango, Steuben, Allegany, Chautauqua, Seneca, and Herkimer are all below $100,000.[4]

This geographic divergence in property values is also evident for household income levels. Data from Census-designated Public Use Microdata Areas (PUMA's) - areas containing at least 100,000 people - indicates a wide range of household income levels and property values.[5] As a result, the household income necessary for pursuing homeownership varies widely by geography, along with the proportion of households earning such an income. If we assume the ratio of a PUMA geography's household median income and median property values as a rough measure of home purchase feasibility for the median NYS household, "affordability" values range from 4 percent to 64 percent around the State. For

[1] United States Census Bureau. 2016 American Community Survey 2016-2012 5 Year Sample.
[2] http://furmancenter.org/files/NYUFurmanCenterCiti_HomeownershipOpportunityNYC_AUG2016.pdf
[3] United States Census Bureau. 2016 American Community Survey 2016-2012 5 Year Sample.
[4] https://www.census.gov/quickfacts/fact/dashboard/NY/HSG495216#viewtop; This tabulation includes only specified owner-occupied housing units--one-family houses on less than 10 acres without a business or medical office on the property. These data exclude mobile homes, houses with a business or medical office, houses on 10 or more acres, and housing units in multi-unit structures.
[5] https://www.census.gov/geo/reference/puma.html

example, the PUMA geography for Herkimer (North & Central) & Oneida (Outer) Counties has a median household income of $62,000 and a median property value of $95,000, thus we would consider the ratio of these figures as an indicator of strong home purchase affordability in this region. At the opposite end of the affordability spectrum, ACS data indicates the median household income in the PUMA geography representing the Bedford-Stuyvesant section of Brooklyn is $30,000 per year, while the median property value is $750,000—a ratio portending low affordability for the residents of this geography. As the end points of this range indicate, there is a wide scope of affordability for residents around the State given their household incomes and typical property values. The average PUMA geography has an affordability measure of 26 percent, representing the ratio of the median household income ($90,000) to the median property value ($350,000) for 2016 ACS data.

A recent report by the Office of the New York State Comptroller (OSC)[6] also indicated a clear divide in affordability between upstate and downstate counties. The counties with the highest share of homeowners that were housing cost-burdened - again, defined as having household expenses that consume more than 30 percent of household income - are all in New York City or Long Island. Between two-fifths and one-half of all households in Bronx, Kings, Queens, Nassau, and Suffolk Counties have housing costs above the affordability threshold. The most housing cost affordable counties are in the State's Southern Tier, Western New York and North Country.

As median property values vary widely within NYS, so do typical mortgage loan amounts. Within the NYC-Metropolitan-Statistical-Area (MSA), the average loan originated was $600,000, while several Upstate NY MSA's averaged loan amounts well below $200,000. These lower cost MSA's included Binghamton, Buffalo, Elmira, Glens Falls, Rochester, Syracuse, Utica/Rome, and Watertown/Fort Drum.

At a statewide level, an estimated 140,000 mortgage loans were originated in 2016 by banks large enough to require Home Mortgage Disclosure Act (HMDA) reporting. These mortgage loans included both manufactured as well as stick-built homes. An estimated 33,000 (24 percent) of the originated loans were for non-conventional mortgage products insured by federal government agencies: 26,500 Federal Housing Agency (FHA)-insured; 1,650 Farm Security Administration (FSA)/Rural Housing Service (RHS)-guaranteed; and 5,300 Veterans Administration (VA)-guaranteed. HMDA data reports 105,900 conventional mortgage loans were originated in 2016, representing three quarters of mortgages originated within NYS during this time.

Across the State, the median loan amount for conventional mortgages originated was $264,000, while non-conventional mortgage products median loan value was estimated at $182,000 - a difference of over $80,000 for the median loan amount for these two mortgage types. Estimated down payment amounts also reflected these different ranges by loan type, with the standard FHA borrower putting down an estimated $9,000, while the median conventional mortgage recipient contributed an upfront payment of $50,000 to achieve their homeownership goals. The typical interval for estimated down payments also differ by loan type, with most FHA loans originated involving down payments between

[6] https://www.osc.state.ny.us/reports/housing/affordable_housing_ny_2014.pdf

$5,000-$18,000, which represents a sharp contrast to the conventional down payment interval of $20,000-$130,000.[7]

The current landscape of New York State homeownership shows that programs designed to boost homeownership rates should be cognizant of a few key variables driving a significant portion of variation in mortgage loan origination trends: loan type and geography. Each factor is related to key parameters such as down payment amount, loan amount, expected buyer income levels, property values, and purchase processes (e.g., condo or co-op boards versus straight forward single-family home financing); factors which have served as challenges to achieving homeownership.

IV. Barriers to Homeownership

There are numerous barriers that people encounter when trying to purchase their first home. Pursuant to Chapter 379, this report focuses mainly on down payment and closing cost affordability. Saving for a down payment is a significant hurdle for first time homeowners, though many potential homeowners are not fully informed of existing down payment options. It is often the case that consumers overestimate how much they need to put down on a home to qualify for a mortgage.[8] Specifically, research has found that consumers either believe a down payment of 20 percent or more is required for homeownership, or consumers do not know what to expect when sizing how much they should save for a down payment. Contrary to consumer perception, borrowers are often not actually putting down 20 percent. According to the National Association of REALTORS (NAR), the national share of all home purchases accounted for by first time homebuyers is approximately 32-35 percent. Of those who financed their home, they did so at 95 percent; meaning their effective down payments were approximately 5 percent of the home value.[9] In fact, the NAR March 2017 Realtors Confidence Index indicated that some 63 percent of first time homebuyers put down a down payment of 6 percent or less of the property (albeit down from 74 percent in 2009). Overall, four-fifths of first time homebuyers put down less than 20 percent (compared to less than two-thirds of all homebuyers).[10] The national median loan-to-value (LTV) ratio is 93 percent, meaning a 7 percent down payment on such loans. Despite this

[7] HCR analysts estimated proxies for typical homebuyer down payment amounts in New York State with the aim of quantifying the consumer savings required for first time home-ownership. A probabilistic estimation process augmented the publicly available Home Mortgage Disclosure Act (HMDA) & Fannie Mae/Freddie Mac (FHFA) data sets, as neither data source explicitly reports down payment amounts. HMDA data features information on mortgage amounts (but not purchase price), while FHFA features down payment rates (but not mortgage/purchase price amount). Estimations of down payment levels around NYS were produced via synthesizing these disparate, complementary data sets. The down payment estimation model indicated variation in down payment amounts for both loan-type (e.g., FHA) and location (Metropolitan-Statistical-Area) of home purchase.

[8] https://www.urban.org/sites/default/files/publication/94801/barriers-to-homeownership-down-payments-credit-access-and-affordability_2.pdf

9 https://www.nar.realtor/research-and-statistics/research-reports/highlights-from-the-profile-of-home-buyers-and-sellers
10 https://www.nar.realtor/sites/default/files/reports/2017/2017-03-realtors-confidence-index-04-21-2017.pdf

evidence, an Urban Institute survey found that only 4 percent of consumers are familiar with low-down payment and no-down payment mortgage products.[11]

While some households have stable incomes, such households pay a significant portion of their income towards rent and utilities, thereby precluding them from not just saving for the purchase of a home, but also for the costs associated with that purchase, including closing costs. Closing costs are the fees for services, taxes or special interest charges that surround the purchase of a home. They include upfront loan points, title insurance, escrow or closing day charges, document fees, prepaid interest, and property taxes. Unless these charges are rolled into the loan, they must be paid when the home is closed. These costs, when added to the above items, can often make first time homeownership seem out of reach.

Another oft-mentioned impediment to homeownership is the increasing burden of student loan debt. Aggregate student debt burdens are at all time highs and total borrowing now exceeds $1.4 trillion. Excluding mortgage debt, student loan debt is the largest type of personal debt in the United States. [12] While college attendance has historically been strongly-correlated with homeownership, college graduates with student loan burdens have significantly lower rates of homeownership than those with no student loan burdens. As the debt burden increases, homeownership declines.[13] Given the ever-increasing level of student debt, government resources may be better directed toward reducing the student debt burden, which will likely increase the rate of homeownership.

VI. Existing Public Programs to Address these Barriers

The State of New York administers several programs to assist first time homebuyers, including those who are recent graduates, veterans, and low-income, in addition to existing Federal programs. Each year, substantial funds are made available through NYSHCR's grant and loan assistance programs that are tailored to assist New Yorkers enter homeownership; especially low- to moderate-income New Yorkers. Further information about these programs can be found in Appendix A of this report. These programs seek to address barriers to first time homeownership, which include challenges such as saving for a down payment and paying closing costs. In addition to state programs, it is important to note that there is already a Federal income tax benefit available to first time homebuyers that is somewhat similar, but smaller in scope, than the proposed program. Under Federal tax law, taxpayers may withdraw up to $10,000 (potentially $20,000 for married taxpayers) from their Individual Retirement Accounts (IRAs) without penalty for the purchase of a first home for the taxpayer, their spouse, children,

11 https://www.urban.org/sites/default/files/publication/94801/barriers-to-homeownership-down-payments-credit-access-and-affordability_2.pdf

12 https://www.nytimes.com/2018/05/25/business/how-student-debt-can-ruin-home-buying-dreams.html

13 http://libertystreeteconomics.newyorkfed.org/2017/04/diplomas-to-doorsteps-education-student-debt-and-homeownership.html

grandchildren and parents. The funds must be used to pay for qualifying acquisition costs, including buying, building, or restoring a home and paying closing costs.[14]

The State is committed to increasing homeownership opportunities for its residents, and exploring all opportunities to further that goal. Tax incentives, if properly structured, could compliment the programs listed on Appendix A by filling gaps, or reducing the number of people that need to participate in these programs, while helping families and households become economically independent. However, as noted in the following section, a state tax-advantaged savings account is not likely to be a sufficient nor adequate incentive to achieve these goals.

First time homebuyer savings accounts are a relatively new model to assist homebuyers. Several states have already adopted variations of these accounts. These accounts have a been a legislative priority of the NAR and their affiliated state associations in recent years (see Appendix B).

VII. Feasibility of a Tax-Advantaged Savings Program

Unlike other New York savings account programs (e.g. Internal Revenue Code § 529 College Tuition Savings Program, or the ABLE Act), there is no federal counterpart for a state tax-advantaged program. Accordingly, there are no related federal tax benefits, and taxpayers would need to include annual earnings on their first home savings accounts in their Federal Adjusted Gross Income (FAGI). Further, unless a tax-advantaged savings program includes a minimum holding period for monies deposited into a first time homebuyer's savings account, taxpayers could use the accounts to churn deposits in order to create a state tax benefit, such as a deduction for contributions.

The ability of a state tax-advantaged first time home-buyers program to deliver significant financial assistance to low- and moderate-income New York first time homebuyers is limited for several reasons. First and foremost, only those taxpayers who have the means to make contributions to savings accounts will benefit from the proposal. The least affluent taxpayers who cannot participate will receive no tax benefit.

Also, a deduction for contributions may not benefit the very taxpayers it is designed to help because taxpayers with little or no taxable income will receive no tax benefit from the deduction. Even if there is taxable income to offset, it will be subject to lower marginal tax rates. This means that more affluent taxpayers making the same contributions as low- and moderate-income taxpayers will receive signficiantly higher tax benefits.

In order to provide equal tax benefits to all taxpayers making the same contributions, the tax deduction provided in Chapter 379 would need to be amended from a deduction into a refundable tax credit. However, this would both increase the cost of the proposal and raise the possibility of tax fraud.

[14] To discourage the use of retirement funds for other purposes, taxpayers are typically assessed an additional 10 percent tax on early distributions (prior to age 59 ½) from both traditional and Roth IRAs,.

A state tax deduction for contributions and a state tax exemption for earnings on the account are not likely to produce any significant incentive for savings. A refundable tax credit for contributions could provide a valuable incentive, but at a significant cost to the State.

VIII. Sustainability of a Tax-Advantaged Savings Program

In assessing the sustainability of a tax-advantaged savings program, DHCR considered the estimated fiscal impact on the State (including the effects of varied participation rates in such a program), and the potential for economic benefits as a result of economic activity spurred by people induced to purchase their first home.

A. Fiscal Impact

The Office of Tax Policy Analysis within DTF estimates that a state tax-advantaged program would cause immediate and increasing reductions in state revenues. If the program provided only a deduction for contributions to a first time homebuyer's savings account, in state fiscal year (SFY) 2019-20, direct state revenues could be reduced by some $3.1 million. These reductions would increase to $13.9 million in SFY 2020-21, and $20.5 million in SFY 2021-22. If a refundable tax credit were included in the program, the costs would increase significantly.

The assumptions underpinning these findings are informed by DTF and Division of the Budget analyses of the numbers of closed home sales in the State; the national percentage of homebuyers who are first time buyers; average down payments savings per year (maxing out at the annual cap as per the legislation); homebuyer marital status; revenue lost at an effective tax rate of 6 percent; and other relevant demographic and socio-economic characteristics.

A key assumption is program participation rates. The analyses, outlined above, assume a 50 percent participation rate among potential first time homebuyers per year. However, there is a high degree of uncertainty regarding the attractiveness of this program to first time buyer cohort. There are factors, including those cited above (e.g. lack of pairing with a federal tax savings plan such as the state and federal 529 savings plans, and continued liabilities) that may limit the attractiveness of this program. In addition, while programs like the 529 College Tuition Savings Program may have a relatively long time period to accrue savings, it is likely that first time homebuyers will be looking at shorter time periods to invest in the savings account. Still, tax savvy potential first time homebuyers may be attracted by the potential ability to reduce their taxable income, even if the impact is relatively small at the individual or couple level. To maximize participation in this program among those who need down payment assistance the most, the State may want to consider restricting the program to low- or moderate-income individuals seeking to become first time homebuyers. Participation rates are difficult to extrapolate; however, variations in participation rates affect potential revenue savings to the State. For example, a lower participation rate in a tax-advantaged savings program will likely lead to less revenue lost as there would be less tax exempt income placed in the savings accounts.

	SFY 2019-20	SFY 2020-21	SFY 2021-21
25 percent Participation	$1.6 million	$6.9 million	$10.2 million
50 percent Participation	$3.1 million	$13.9 million	$20.5 million
75 percent Participation	$4.7 million	$20.8 million	$30.8 million

NOTE: This chart shows estimated reduction to state revenues based on potential Program participation rates at various 25 percent intervals. However, it is uncertain how restricting participation to low- or moderate-income first time homebuyers will impact the number of people that take advantage ofa tax-advantaged savings program.

B. Induced Economic Activity

An additional source of uncertainty is whether a tax-advantaged savings program will induce additional first time homebuyers to purchase a home. Given the limited nature of this tax-break, such a program itself is unlikely to create significant additional economic activity in the form of increased home purchases, new construction activity, and associated goods and services. Few, if any, participants are incentivized to purchase a home but for the tax-advantaged savings program. Consequently, a tax-advantaged savings program will not lead to an increase in other state revenues. If, in fact, such a program incentivizes any new activity associated home purchases and construction, second order multiplier effects may come into account. These effects could provide potential economic benefits to NYS and municipalities through sales tax on the purchase of new goods, transfer and recordation taxes, and other potential effects. Still, the secondary multiplier effects will likely be marginal at best.

APPENDIX A

Examples of Existing Public Programs to Address Homeownership Barriers

Existing Programs*	Existing Programs*	Existing Programs*	Description
Family Self-Sufficiency Program (administered by the Section 8 Housing Choice Voucher Program)	Provides Family Self-Sufficiency resources to all Section 8 families that desire to become economically independent.	http://www.nyshcr.org/Programs/Section8HCV/about_fss.htm	
Homes for Veterans Program	Allows U.S. military veterans and active duty U.S. military personnel to buy their first home (or move to a different home if they are a U.S. military veteran). Payment Assistance of $3,000 or 3 percent of the home purchase price (not to exceed $15,000). No points or origination fees.	http://www.nyshcr.org/Topics/Home/Buyers/SONYMA/HomesforVeteransProgram.htm	
SONYMA Down Payment Assistance (DPAL)	Down payment assistance capped $3,000 or 3 percent of the sales price of the house up to $15,000. 0 percent interest, no payment, forgiven 1/120 per month over a 10-year period. .375 percent increase in interest rate for borrowers using DPAL. Subject to possible recapture if home is sold.	http://www.nyshcr.org/Topics/Home/Buyers/SONYMA/DownPaymentAssistanceLoan(DPAL).htm	
Community Development Block Grant (CDBG)	In non-entitlement geographies in New York, HCR offers, on a competitive basis, direct homeownership financial assistance including down payment assistance and closing costs.	http://www.nyshcr.org/Programs/NYS-CDBG/	
HOME Homebuyer Purchase Assistance with or without Housing Rehabilitation	Funds assist a homebuyer to provide down payment and/or closing cost assistance to purchase a single family (1-4) unit, non-HOME assisted existing home or newly	http://www.nyshcr.org/Programs/NYSHome/	

	constructed home. Funds may also assist a homebuyer to provide down payment and/or closing cost assistance and funds for housing rehabilitation to purchase a single family (1-4) unit, non-HOME assisted existing home.	
Federal Housing Administration (FHA)	With FHA backing, borrowers can qualify for loans with as little as 3.5 percent down.	https://www.hud.gov/buying/loans
US Department of Veterans Affairs ("VA") Home Loan Guaranty	Offers mortgages with no down payment required.	https://www.benefits.va.gov/HOMELOANS/purchasecashout.asp
USDA Rural Development Section 502 Direct Loan Program	Also known as the Section 502 Direct Loan Program, this program assists low- and very-low-income applicants obtain decent, safe and sanitary housing in eligible rural areas by providing payment assistance to increase an applicant's repayment ability. Payment assistance is a type of subsidy that reduces the mortgage payment for a short time. The amount of assistance is determined by the adjusted family income.	https://www.rd.usda.gov/programs-services/single-family-housing-direct-home-loans
Fannie Mae and Freddie Mac 97 percent LTV Mortgages	Fannie Mae offers 97 percent LTV/CLTV/HCLTV financing options to help lenders serve qualified homebuyers and to support refinance of Fannie Mae loans. Offers mortgages with only 3 percent down payment required.	https://www.fanniemae.com/singlefamily/97-ltv-options
Fannie Mae MyCommunityMortgage	Available to low-income borrowers. Low down payment required.	https://www.fanniemae.com/content/guide/selling/b5/6/02.html#Maximum.20LTV.2C.20CLTV.2C.20and.20HCLTV.20Ratios
Freddie Mac HomePossible	Available to low-income borrowers. Low down payment required.	http://www.freddiemac.com/learn/pdfs/mp/hp_glance.pdf

203k Rehab Loans	The program targets rural areas and allows 100 percent financing by offering lenders mortgage guarantees. Restricted to low- and moderate-income borrowers.	https://www.hud.gov/program_offices/housing/sfh/203k
HUD Good Neighbor Next Door Program	Law enforcement officers, pre-Kindergarten through 12th grade teachers, firefighters and emergency medical technicians can contribute to community revitalization while becoming homeowners through HUD's Good Neighbor Next Door Sales Program. HUD offers a substantial incentive in the form of a discount of 50 percent from the list price of the home. In return the homebuyer must commit to live in the property for 36 months as your sole residence.	https://www.hud.gov/program_offices/housing/sfh/reo/goodn/gnndabot
HUD Dollar Home Program	HUD's Dollar Homes initiative helps local governments to foster housing opportunities for low- to moderate-income families and address specific community needs by offering them the opportunity to purchase qualified HUD-owned homes for $1 each.	https://www.hud.gov/program_offices/housing/sfh/reo/goodn/dhmabout
HomeReady HomePath Mortgage	Fannie Mae's low down payment mortgage is designed to help lenders confidently serve today's market of creditworthy low- to moderate-income borrowers.	https://www.fanniemae.com/singlefamily/homeready#
Native American Direct Loan (VA)	Provides eligible Native American Veterans and their spouses the opportunity to use their Department of Veterans Affairs (VA) home loan guaranty benefit on Federal trust land. No down payment required.	https://www.benefits.va.gov/HOMELOANS/nadl.asp

Energy-efficient mortgage (EEM)	The FHA Energy Efficient Mortgage covers upgrades for new and existing homes and is now available in all 50 states with no additional down payment required.	https://www.hud.gov/program_offices/housing/sfh/eem/eemhog96
IRS exclusions to the Gift Tax	The general rule is that any gift is a taxable gift. However, there are many exceptions to this rule. Including gifts that are not more than the annual exclusion for the calendar year. For 2018, the annual exclusion is $15,000.	https://www.irs.gov/businesses/small-businesses-self-employed/frequently-asked-questions-on-gift-taxes
Mortgage Interest Tax Deduction	Allows taxpayers who own their homes to reduce their taxable income by the amount of interest paid on the loan which is secured by their principal residence	https://www.irs.gov/publications/p936
HomeFirst Down Payment Assistance Program (NYC HPD)	Provides qualified homebuyers with the lesser of $15,000 or six percent of a home's purchase price toward the down payment or closing costs on a single- to four-family home, a condominium, or a cooperative in any borough throughout New York City.	http://www1.nyc.gov/site/hpd/owners/homeowner-downpayment-assistance.page

APPENDIX B

State First time Homebuyer Savings Accounts

State	Effective	Tax Benefit	Eligible Costs	Account Limit	Aggregate Limits
Colorado CRS §39-22-4701 et seq.	2017	Deduct interest, capital gains, and other earnings. No income limitation.	Down payment and any closing costs included on real estate settlement statement – e.g., appraisal, mortgage origination and inspections fees.	$28,000 for marrieds annually $14,000 others.	Contributions - $50,000 all taxpayers. Max. Account - $150,000
Iowa Iowa Code Title XIII, Chapter 541B and Title X, Chapter 422.7	2018	Deduct contributions of up to $4,000 for marrieds ($2,000 others) Deduct account interest and income. No income limitation.	Eligible home costs include down payments, and all costs, fees, taxes or payments required on settlement statement.	None.	None.
Minnesota MN Statutes 462D	2017	Deduct interest, capital gains, and other earnings. No income limitation.	Down payment and allowable closing costs for purchasing or constructing a single family residence.	$28,000 for marrieds annually $14,000 others	Contributions - $100,000 for marrieds ($50,000 others). Max. Account - $150,000
Mississippi Miss. Code §§27-7-15(4)(jj), 27-7-1101, & 27-7-1103	2018	Deduct contributions of up to $5,000 for marrieds ($2,500 others). Deduct account interest and income. No income limitation.	Down payments, loan origination fees, appraisal fees, credit reports, flood certifications, title charges and other costs.	None.	None.

Montana Montana Code Title 15, Chapter 63	1998	Deduct contributions of up to $6,000 for marrieds ($3,000 others). Deduct account interest and income. No income limitation.	Down payment, closings costs, realtor fees, appraisal costs, credit reports, points, property taxes, inspections, and loan origination fees.	None.	None. But principal, interest and earnings not used within 10 years must be reported as ordinary income.
Oregon H.B. 4007 of 2018 Enrolled Version.	2018	Deduct contributions of up to $10,000 for marrieds ($5,000 others). Contribution amounts are reduced as incomes increase and phases-out over $187,000 for marrieds ($131,000 others). Deduct account interest and income.	Down payment and allowable closing costs appearing on the closing settlement statement.	Contribution deduction phases-out with income.	Limit on deductible principal and earnings of $50,000. Legislation sunsets after 10 years
Virginia VA Code §58.1-322.02. (25)	2014	Deduct interest, capital gains, and other earnings. No income limitation.	Down payment and allowable closing costs for purchasing or constructing a single family residence.	None.	Contributions - $100,000 for marrieds ($50,000 others). Max. Account - $150,000