

Testimony for Senate Econ Development and Housing Committee 1.25.24

Molly Dugan, Director of Policy and Strategic Initiatives at Cathedral Square.

Good morning, my name is Molly Dugan and I am the Director of Policy and Strategic Initiative for Cathedral Square. My colleague, Kathryn Titus, and I will do our best to shed some light on the challenges and limitations that our older adult residents on fixed income face and share the policies and oversight environment that our organization operates within regarding the setting of rents and rent increases. I will start us off and then turn it over to Kathryn.

Cathedral Square has been operating for over 45 years and we house primarily low income (93% are low or very low income as defined by HUD) older adults and those with disabilities in 27 different housing communities throughout NW Vermont. Most of our housing communities are independent apartments but we also operate 2 licensed assisted living communities – one that is specific to memory care. These are all affordable to the lowest income Vermonters. We provide the SASH model at all of our independent housing sites to support our residents to stay in their homes.

We have over 1100 apartments that we rent and house 1300 residents. We have about that number (1,324) on our waitlist. 93% of our residents receive rent subsidies or have another type of discounted rent. 35% have a disability. And about 20% (200) of our residents were formerly unhoused.

I will now turn it over to Kathryn to provide you with specific information on how we fund our housing and the rent structures.

Testimony from Kathryn Titus, Director of Operations at Cathedral Square

HUD and LIHTC are our primary federal funding sources and regulate the rents we can charge.

LIHTC has rent caps that come out annual and we charge BELOW those allowed rents. We are allowed to charge \$1278/month for LIHTC apartments in Chittenden/Franklin/Grand Isle and we charge \$950/month for a 1-bedroom apartment with all utilities included. In total this amounts to \$1M we are NOT collecting in rent that we could if we charged the maximum we are allowed to.

We do this because we know our residents are on fixed income with high expenses for medication, insurance, groceries, transportation, etc. Social security is the main source of income for our residents and on average they collect \$17677/year or \$1473/month. Minus \$950 for rent, this leaves \$523/month for insurance, prescriptions, groceries, phone bills, cable/internet if they can afford it and transportation. Our residents claim an average of \$1181 in medical expenses per year, which is just shy of \$100/month.

We do raise rents every year in order to address our increasing operating costs, but we understand the financial challenges our residents face, so it is our internal policy not to raise rents more than one time per year and average rent increase is 3%- \$25- \$30. This increase is

typically in line with the annual SS increase, so we don't have many residents express frustration with the rent increases. They are the same time every year so they can plan for it - what our residents struggle more with is all the paperwork they need to complete to recertify for subsidy and frequent required inspections of their apartments throughout the year required from our variety of funders. The regulatory requirements that are required of us to secure this funding has a direct impact on our residents as well.

Thank you for your time and please reach out with any questions. dugan@cathedralsquare.org