

Senate Economic Development Notes Week of 1/31/23

Omnibus Housing Bill

JFO

-Focused on Money that has been appropriated and is proposed or pending for low and moderate housing development in three focused areas:

- VHCB
- DHCD (Housing and community development)
 - VHIP has gotten significant funds
- VHFA

VHCB (Affordable Housing Development)

- Base dollars are not exclusively housing but housing and conservation
- Capital dollars are for housing, conservation, and water projects
- Clarkson is worried about why they are bothering to spend more money to borrow money that they already have if they gave VHCB the money that they are already due
 - There is less money on the general fund's side for general funds-based items
 - Money that doesn't go to VHCB then becomes available and the Governor assigns the 10 million dollars that were not assigned to VHCB to other items in the budget
- 281 million dollars put into VHCB over 2021 to present is being put solely towards development
 - Includes AARPA funds as well as GF
 - House appropriations in budget adjustment bill is proposing assigning 50 million dollars to VHCP for housing in FY 2023
 - Governor's budget assigning 10 million dollars to make up for the reduction he made in Base PTT
 - If both go through \$281 million → \$341 million

DHCD and VHIP program

Manufactured Home Improvement and Replacement Program

- Act 182 provided \$4 million to DHCF

VHFA Missing Middle Income Homeownership Development Program

Program provides subsidies for new construction or acquisition and rehabilitation of affordable owner-occupied housing for purchase by income-eligible homebuyers

- 141 homes or units across 15 towns in 9 counties

Transitional/Emergency Housing

- Hotel/motel room program
- FEME funding March 2020-June 2023
- ERAP II funding - July 2022 to March 2023, projected
- GF (part of \$15m) - Adverse Weather winter 2023 projected

- Remaining parts of GF dedicated to the additional supply or service needs of capacity in communities
- Significant parts of ER money that is allocated to wrap-around services (\$15m)
 - Not paying for room or paying rent but paying for services needed
- \$174 million total

David Hall, Leg. Council

DR 6 of Omnibus Bill

- Second Half of the bill is “newish” ideas and existing programs that have been modified
 - Both Pilot and permanent programs

Sec. 25 (Risk pool funding)

- Landlord relief program
 - Will launch next month
 - Risk pool
 - \$5 million in the GF
 - Administered by the State Housing Authority
 - money will help provide financial and related securities to landlords who are taking in high-risk tenants
- Sec. 25 stands for a placeholder for a proposition to incentivize landlords to take on high-risk tenants

- BAA is extending emergency program for 3 more months

- In anticipation of program ending, transition people to more permanent housing

Sec. 26 (Employer Housing Partnership)

- The concept is to match funds or otherwise incentivize employers of any size to develop, build, or secure housing for employees

- Happening right now with ski resorts, hospitals, and small employers

- Main idea is to incentivize creation but not maintain

- Committee wants to encourage the creation of employer-provided housing but not be involved in maintaining it

- Rental revolving loan fund

- Help employers pool into getting rental properties that their employees can get a share of

Sec. 27 (Commercial Property Conversion)

- Take vacant commercial properties and convert them to residential use

- There are commercial buildings that are intentionally vacant to prevent others from competing

- A disincentive to keep buildings vacant

- Proposals for vacancy taxes

Sec. 33 (Middle-income rental housing revolving loan program)

- Within VHFA

- Would design and implement middle-income rental housing revolving loan program

- As part of that a revolving loan fund

- Provide subsidized loans for rental housing developments to serve middle-income households
- Create a simple application process that is accessible to small developers, builders, and contractors
 - Small-scale projects that can be implemented throughout the state
- More loan value on favorable terms for the more accessible it is to lower-income households
- Features of the project that would qualify for some enhancement
 - Leveraging other investments that would make this a better value proposition
 - Employer participation
 - Participation by municipal regional housing fund or other affordable housing investment
 - Utilize tax-exempt bond funding or low-income tax credits
 - Provides infill development within historic settlement matter
- This is essentially workforce housing
 - Sen. Clarkson does not see a difference from what they already have
 - Says we already have loan opportunities for developers who want to do this
 - Unfortunately zoom recording glitched, missed most of the conversation

ADU program discussion

- Sen. Brock brings up complication
- Provision included that states that a landlord shall not offer units created through (ADU) program as a short-term rental
 - No time frame for provision
 - Essentially putting “boat anchor” on property
 - Will deter participation in ADU program