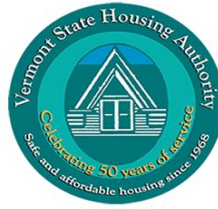


Vermont State Housing Authority
Testimony on Risk Pool Funding
Senate Committee on Economic Development, Housing and General Affairs
February 15, 2023



Thank you for inviting me to testify today on the topic of Risk Pool Funding Section 25 of the Omnibus Housing Bill.

For the record my name is Kathleen Berk and I am the executive director of the Vermont State Housing Authority. Joining me today is Tyler Maas, Director of VSHA's Director of Programs and Housing Development.

Though we administer several funds/grants on the behalf of the State, including our recently launched Landlord Relief Program, a risk mitigation program, VSHA is a quasi-state agency and receives no direct appropriation from state of Vermont.

Risk mitigation funds are a type of insurance for landlords that participate in a subsidized housing program. Housing Choice Vouchers and supportive housing programs are specific types of subsidized housing programs that use these funds. Risk mitigation funds can provide for lost rent, damage to a unit beyond normal wear and tear, repairs to meet Housing Quality Standards, and in some cases, legal fees for landlords. Each housing program that employs risk mitigation funds determines the specific use of their funds and a maximum amount of funding available per landlord and type of claim. Across the countryⁱ, risk pool programs have proven to be an effective piece of an landlord engagement strategy.

Vermont's risk pool program, the "Landlord Relief Program", is made possible by an allocation of \$5 million dollars in general funds to the Agency of Human Services, Office of Economic Opportunity, and granted to VSHA.

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The Goals of the Landlord Relief Program is to:

- Open doors for landlords and tenants to establish successful and trusting relationships that result in successful tenancies and housing stability.
- Increase the inventory of rental units available to Vermonters who are experiencing or at risk of experiencing homelessness; and
- Provide resources to prevent loss of housing opportunities for tenants and prevent vacancies for landlords.

Landlords may file several claims throughout the tenancy for damages but the total award from all claims may not exceed \$5,000 for a single tenancy, \$10,000 per apartment, and each claim must be at least \$500.

The Landlord Relief Program officially launched on January 30, 2023, has received 37 applications for assistance to date. Although it's too soon to report out any data and analysis related to this initiative, it's our expectation that funds will be fully expended within the two-year grant term.

It's our hope that these mitigation funds will have a positive impact on voucher success, currently at an astonishing 22% (meaning out of 100 vouchers issued, 22 households are successful in locating a unit), we need to be mindful that the low vacancy rates and high rental costs around Vermont are largely attributing to the extremely low success use of housing vouchers. There simply is not enough housing.

In August 2022, the Administration announced changes to the Vermont Emergency Rental Assistance Program (VERAP) that stopped benefits for some, and limited benefits for others.

In September 2022, when we began the ramp down of VERAP, 2978 households would be paying more than 50% of their income toward rent. 989 households would be paying 100% or more of their income toward rent. In June, when we anticipate VERAP will end, an additional 882 households will be paying 50% of their income for rent. The combined estimated number of

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tenant households, with no subsidies, but with an unbearable rent burden will be about 10% of all rental households in Vermont.

With inflation on the rise, rapidly depleting federal stimulus funds and thousands of Vermonters still unable to pay their rent, preventing eviction and supporting long-term housing stability are urgent state imperatives. Among many other repercussions for families, eviction results in long-term financial instability and limited access to affordable housing, while also causing psychological strain, depression, physical health problems and child poverty

I urge this committee and the General Assembly to continue to fund the Landlord Relief Program.

In addition, I urge this committee and the General Assembly to create an Eviction Rescue Fund initiative, to prevent non-payment eviction by making funds available for rent arrears where such funds would preserve the tenancy – and keep Vermonter’s stability housed.

Rent assistance can prevent costly eviction before it ever gets to court. The average grant of rent arrears by RHSP was [\$1900] the average amount of rent assistance provided by VERAP was [\$1700]. While VERAP was running 400 fewer eviction cases were filed in court.

Creating a program that can quickly processe requests for payment of rent arrears and Stipulations to Dismiss evictions for non-payment of rent would save a tremendous amount of time and money, keep the court system open for more urgent matters, and keep people safely housed.

Thank you or your time today. Please reach out to me directly for additional information and any follow-up questions.

Respectfully Submitted,

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¹ Specific Examples of Risk Pool Incentive Programs: [The Oakland Housing Authority](#) offers landlords an automatic rent increase on their contract anniversary date. This helps expand housing choice and achieve greater cost effectiveness within the administration of the program by removing the manual application from each participating landlord. [The York Rental Stability Network](#) provides targeted outreach and education, among other incentives, to landlords with the goal of increasing landlord participation in renting to tenants facing barriers to stable housing. The Chicago Housing Authority provides online courses for landlords across a broad range of topics including: landlord-tenant mediation, basic networking with other participating landlords, property weatherization, and explanations on its processes. [Cuyahoga Metropolitan Housing Authority](#) developed a portal to reduce the need for landlords to attend in-person appointments, making it easier and more efficient for landlord participation. The [Housing Authority of the City of York, PA](#), developed a landlord portal to make it more convenient for landlords to find landlord focused-services to interact with the authority, as well as a free rental-listing service to advertise qualifying units. [The Homeless Incentive Program in Norwalk, CA](#), pre-inspects units for landlords who agree to rent to voucher recipients exiting homelessness. Landlords also receive a payment to offset lost rental income while they hold units as prospective tenants are processed and approved. The [Cambridge Housing Authority](#) employs a landlord liaison to maintain and improve relationships with existing landlords, something that has helped maintain landlord participation in the voucher program. The Landlord [Risk Mitigation Fund in Tallahassee](#), Florida allows landlords who rent to at-risk, vulnerable tenants two types of riskmitigation payments - security deposit plus up to \$1,000 for repairing excessive damage after abandonment and/or up to \$2,000 more than the security deposit for any rent lost due to a current tenant in crisis. [The King County Housing Authority](#) provides a damage/risk mitigation incentive that offers up to \$1,000 for upgrades to make a unit move-in-ready, up to 14 days of rent loss value, and up to \$5,000 for qualified damages caused during a voucher-holding tenant's stay.