



vermont affordable housing coalition

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## 2016 State Legislative Priorities

**Safe, stable and affordable housing is the foundation** on which successful, independent lives are built. *Without a home, children have difficulty learning in school; elders and people with disabilities live less independently; single mothers on Reach Up cannot move off government assistance; and low-wage workers have difficulty holding onto jobs, let alone moving up the economic ladder. Housing is increasingly recognized as one of the key social determinants of health and well-being. Leading pediatrician Dr. Megan Sandel calls housing a “vaccine.” Housing investments avoid costs throughout the human services budget, from health care to Corrections, mental health, nursing homes, foster care, and motels. Investments in housing create good-paying jobs, stimulate spending in the local economy, and increase state and local revenues. An adequate supply of affordable homes helps employers attract and retain qualified employees.*

*~ Report of the Governor’s Council on Pathways from Poverty*

### **We call on the State to renew its effort to end the housing crisis and reduce homelessness.**

Deep cutbacks at the federal level mean the State must step up its commitments. Vermont’s chronic budget shortfalls cannot be solved by cutting or short changing programs critical to the well being of the most vulnerable Vermonters. The State must use ALL available means to maintain the safety net, including raising revenues. To help reduce poverty in Vermont, we fully support the recommendations of the Pathways from Poverty Council, many of which are incorporated herein. We join the Council in making four basic kinds of recommendations:

1. **Substantial new capital investments** to create permanently affordable housing,
2. **Rental assistance** to house the very lowest income Vermonters,
3. **Supportive services** for those with the greatest challenges, and
4. **Wise Policies** that ensure greater access to affordable housing for people with special needs.

### **HIGHEST PRIORITIES**

#### **Fully fund the Vermont Housing & Conservation Board**

Ease Vermont’s affordable housing crisis and reduce homelessness by providing statutory funding for VHCB at \$19.5 million. Recoup \$41 million in funds diverted from VHCB over the next four years.

#### **Increase rental assistance and supportive services to prevent and reduce homelessness**

Invest \$2.5 million now spent on emergency motels in increases to these proven alternatives: Vermont Rental Subsidy Program (\$500,000), Housing & Opportunity Grant Program (\$1 million), Family Supportive Housing (\$400,000), Mental Health Vouchers (\$400,000), and AHS Flex Funds (\$200,000). Reserve \$1.5 million for crisis motel funding as the State transitions to these more effective solutions. Together these investments represent *no net increase in overall State spending*.

#### **Raise new revenues to pay for the basic needs of vulnerable Vermonters**

Institute a \$2 occupancy fee on motels and hotels and dedicate at least half the projected \$12 million in revenues to affordable housing and homelessness and the remainder dedicated to Weatherization and other anti-poverty initiatives.

#### **Increase rental housing health and safety**

Bring substandard and vacant rental housing up to code and back online by creating a public/private code enforcement system and establishing a pilot Rental Rehabilitation Loan Program.

### DETAILED BUDGET PRIORITIES

#### Vermont must renew its commitment to fully fund VHCB

For years the State has diverted funding from VHCB to help fill budget gaps -- over \$41 million since 2001, which could have leveraged millions more in federal resources to build an estimated 1,000 additional homes. We have a housing and homelessness crisis because we failed to fund what was needed and didn't do what we were directed by law to do.

- **Increase production of permanently affordable housing** by providing statutory funding for VHCB from the Property Transfer Tax, estimated at \$19.5 million for FY 17.
- **Recoup the \$41 million in lost funds** over the next four years, leveraging federal tax credits and other public resources. Together, these investments will create:
  - **Housing for the lowest income and most vulnerable Vermonters**, including permanent supportive housing, coupled with additional investments in rental assistance and supportive services, to ensure housing stability and success for those with the greatest challenges. Explore bringing the Corporation for Supportive Housing to Vermont, so that we can benefit from its proven expertise in creating this type of housing.
  - **Workforce housing** to build homes for Vermonters earning between \$13 and \$25 an hour
  - **Housing for seniors and people with disabilities**, so they can live more independently in less institutional settings they prefer
  - **Preservation of existing assisted housing** at-risk of losing its affordability and/or in need of new capital investments. Over 2,000 homes are in jeopardy over the next five years.
  - **Acquisition of mobile home parks** up for sale and in need of infrastructure improvements

#### Ensure that all families and individuals have access to emergency housing and services

Support DCF/ESD efforts to reform the GA Temporary Housing Program by gradually reducing reliance on motels for housing crises and replacing them with strategic investments in a range of community based solutions. The State has spent an average of roughly \$4 million on Temporary Housing for the last three fiscal years. It must maintain *at least* that level of investments as it transitions away from motels through:

- **Proven alternative approaches** - Invest \$2.5 million now being spent on emergency motels on:
  - Vermont Rental Subsidy Program (from \$1M to \$1.5M)
  - Housing & Opportunity Grant Program (from \$4M to \$5M)
  - Family Supportive Housing (from \$600,000 to \$1M)
  - Mental Health Vouchers (restore \$400,000 cut and expand eligibility)
  - AHS Central Office Direct Service and Service Coordination Grants (restore \$200,000 cut)
- **GA Emergency Housing** - Reserve \$1.5 million to provide adequate baseline motel funding:
  - Maintain the State's capacity and responsibility for ensuring the availability of emergency housing when there are no appropriate alternatives, for example, for victims fleeing domestic violence or for catastrophic or other crisis needs.
  - Provide local access to funds and decision-making after hours, on weekends and holidays.
  - Provide for even distribution of crisis capacity around the state and ensure an equitable appeals process when assistance is denied.
  - Increase eligibility for the Housing & Opportunity Grant Program from 30% to 50% of Area Median Income to stabilize at-risk households and prevent their spiral into homelessness.
- **Pathways Vermont** - Maintain level funding for Pathways' Housing First services to chronically homeless Vermonters with serious mental health disabilities in six counties (\$2.26 million).

**Provide stable affordable housing and services for people with special needs** to live more independently in settings they prefer, while avoiding the higher cost of institutional care:

- **Home Access Program** - Enable Vermonters living with disabilities to live more independently and avoid the higher expense of living in a nursing home by investing an additional \$200,000 annually to reduce the waiting list. Current base funding is approximately \$675,000 a year and could be increased by leveraging Global Commitment funds or investing Choices for Care savings, as was done in FY 15.
- **Support and Services at Home (SASH)** – Support funding from the State at \$995,163, a 2.2% increase over this year (\$974,023).
- **Assistive Community Care Services (ACCS)** - Support a \$0.75 increase per diem to ACCS providers to bring the daily rate to \$38. This is a modest 2% increase, up from \$37.25 per diem. We need to continue to increase this rate annually as it falls well below the actual cost to serve frail elders.
- **Vermont's home sharing programs** - Support level funding at \$327,163; provide \$30,000 to study the feasibility of expanding home-sharing statewide. The State should also consider providing a tax credit to encourage home sharing.
- **Community Rehabilitation & Treatment (CRT) Housing Support Fund** - Maintain level funding at \$886,809.
- **Transitional Housing for Ex-Offenders** - Support level funding at \$7.2 million. Corrections should use some of its transitional housing dollars to augment funding for the Vermont Rental Subsidy Program to provide housing security for people leaving incarceration and reduce recidivism. When a person's sentence and subsequent DOC support end, people should be seamlessly integrated into the program.
- **Create a "Thrifty" Voucher Program** - Invest \$500,000 in a new State program targeting rental subsidies to apartments in affordable housing developments reserved for extremely low-income Vermonters, with priority for the homeless and at risk, for people with disabilities, and families on Reach Up. These vouchers could either be Project Based or used by homeless service providers to master lease affordable apartments, similar to Sponsor Based Shelter plus Care vouchers.
- **Invest health care resources in housing and services** for people who are frequent users of health services. Devise strategies for using Medicaid to fund housing and supportive services for extremely low-income Vermonters, especially the homeless, at risk, people with disabilities, and families on Reach Up, including expansion of SASH into family housing and for permanent supportive housing.
- **Reinvest Choices for Care savings in improved home and community based services**, as required by Federal waiver. CFC is Vermont's long-term care program for low-to moderate-income elders and adults with disabilities. It provides for both nursing home and home-and-community-based care for people with financial and clinical needs for these services.

**Maintain and increase funding for other key housing related programs:**

- **Municipal and Regional Planning** - Support level funding at \$3,760,599. Over time, return to statutory funding level of 17% of the Property Transfer Tax.
- **Landlord-Tenant Outreach & Education** - Support \$50,000 for continued comprehensive education and outreach for tenants, landlords and town health officers statewide over a two-year period.
- **First Stop Mobile Home Funding** - Support level funding at \$70,000 for CVOEO's Mobile Home Project.
- **Legal Services** - Support adequate funding to help Vermonters in poverty access and maintain affordable housing options.
- **Weatherization Assistance Program** - Re-authorize the Fuel Gross Receipts Tax to preserve core funding for Weatherization. In addition, increase State's funding for energy efficiency for low-income and vulnerable Vermonters. At least \$13 million is needed to maintain recent past capacity and help meet the State's energy goals (current funding is \$9.1 million, including \$1 million in federal funds).

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- **LIHEAP Fuel Assistance** - Increase State dollars in the LIHEAP Fuel Assistance Program to cover more of the average home heating cost. In FY 16, the benefit accounted for 36% of the average cost.
- **Crisis Fuel Assistance** – Fully fund crisis heating needs. Remove the one grant restriction instituted in FY 14 and allow two grants to cover emergency needs.

### ECONOMIC SECURITY & EMPOWERMENT

#### Reach Up

- Restore the FY 16 budget reduction of \$125 a month in Reach Up benefits for families who have a member receiving disability benefits.
- To make work pay, reduce caseloads, and encourage savings and self-sufficiency, increase the earned income disregard by \$50 and raise the asset limit from \$2,000 to \$10,000.
- Increase Reach Up grants to cover more of the family needs budget by adjusting the “ratable reduction” to at least 55% of basic needs and gradually increase over time. The current Reach Up grant meets less than half of the basic need standard. Reach Up benefits have not been increased in years. There is nowhere in Vermont that a family on Reach Up can afford to rent an apartment at the “housing allowance” of \$200 a month (\$238 in Chittenden County).

#### Restore and enhance economic opportunities for low-income Vermont families

Support a total of \$710,000 in additional and new investments in **Micro Business** (\$200,000), **Individual Development Accounts** (\$200,000), **matched savings** (\$135,000), and **financial coaching, credit repair and banking programs** (\$175,000), in order to create new jobs, build assets, and promote financial skills.

#### Support working Vermont families by increasing investment in child care

Increase investment in Vermont’s Child Care Financial Assistance Program through incremental increases raising the base rate to 50% of the current market rate, with the long-term goal of raising the base to 75%. Expand eligibility to 300% of the federal poverty level. Alternatively, implement other feasible measures to increase the affordability of childcare for Vermonters.

### TAX POLICY

#### Raise new revenues to pay for the basic needs of low-income and vulnerable Vermonters

State tax policy must recognize the basic human rights and needs of low-income families, the elderly, people with disabilities and the most vulnerable among us. Adjust Vermont’s tax structure to meet the twin imperatives of increasing revenues sustainably and properly apportioning those revenues based on ability to pay. Tap these new resources to help fund housing and homelessness:

- **Institute a \$2 occupancy fee on motels and hotels**, estimated to raise \$12 million, at least half of which should be dedicated to affordable housing and homelessness, the remainder dedicated to Weatherization and other anti-poverty initiatives. Other states and municipalities charge far greater surcharges and fees on motels and hotels. Exempt GA motel stays. Support, in concept, dedicating up to \$1 million for emergency housing assistance for domestic and sexual violence survivors.
- **Cap the Mortgage Interest Deduction** and dedicate the savings to affordable housing and homelessness. Because Vermont income taxes are based on federal taxable income, state tax payers subsidize mortgages up to \$1 million on first and second homes. Vermont could cap this at \$500,000 without affecting first time homebuyers. Why subsidize someone with a million dollar home when thousands are on waiting lists for affordable housing and rental assistance?

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**Increase the Vermont Affordable Housing Credit** for an additional two years for VHFA's Downpayment Assistance Program for first-time homebuyers. Last session the Legislature increased the Tax Credit by \$125,000 for three years, five are needed to make VHFA's revolving loan fund self-sustaining.

**Maintain investments in tax credits that support affordable housing**, including the Vermont Affordable Housing, Charitable Housing, Historic Buildings, Façade Improvement, and Mobile Home Sale Credits. Increase the Vermont Affordable Housing Credit to provide funding for homeownership and mobile homes.

**Monitor Education Finance reform efforts** to make sure that low-income Vermont renters, homeowners, housing co-op members, mobile home owners, and owners of publicly subsidized housing are treated equitably under any new financing plan.

- **Preserve property tax income sensitivity** for low- and moderate income homeowners and tenants.
- **Maintain the Renter's Rebate** at the current funding level, while reforming the program to make it easier to access and administer. Implement the recommendations of last year's Renter Rebate Report.

**Increase resources for accessibility modifications** – Support H.238, an act creating an income tax credit for home modifications required by a disability or physical hardship. This credit would allow up to a maximum of \$9,000 for making accessible modifications to one's home, allowing elders to safely age in place, reducing falls and health expenditures.

**Support a tax on soda and sugary drinks** - A two-cent per ounce excise tax will help ensure sufficient price increases needed to reduce consumption, while also raising meaningful revenues to fund obesity prevention programs and health care benefits for low income Vermonters.

## LEGISLATION

### **Bring substandard and vacant rental housing up to code and back online.**

- Incentivize private, for-profit landlords to make improvements to distressed rental housing and rent it to low-income and homeless Vermonters at affordable rents. Establish a pilot Rental Rehabilitation Loan Program in five or six towns with active housing inspection programs, low vacancy rates, good knowledge of their rental housing stock, and high homeless numbers. The program should also provide low-interest loans and technical assistance to help homeowners create accessory dwelling units.
- Increase family and children's health and safety by enacting measures to increase compliance with the State's Rental Housing Health and Safety Code.

**Homeless Bill Of Rights** - Support H.211 *in concept*. Patterned after Rhode Island law, the bill establishes an equal right to jobs, housing, services, schools, and public space for all inhabitants, whether they have a home or not. We are seeing increased resistance to serving the homeless in some communities.

**Land Use Reform** - Monitor proposals for regulatory changes that ease the land use review process for affordable housing development.

**Earned Sick and Safe Day Bill** - Support working Vermonters and their families by enacting H.187. This legislation ensures that all workers in Vermont are able to take care of their own health and safety needs and those of their families. It allows employees to accrue a minimum number of paid hours annually so that workers can take paid time from work to address issues related to health care or safety for themselves or a family member without the loss of pay. H.187 has passed the House and awaits action in the Senate.