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STATE OF VERMONT
GENERAL ASSEMBLY
HOUSE COMMITTEE ON GENERAL,
HOUSING AND MILITARY AFFAIRS

MEMORANDUM

To: House Committee on Appropriations

From: House Committee on General, Housing, and Military Affairs

Date: February 24, 2016

Subject: Budget Memo

A handwritten signature in black ink, appearing to be "Helen Head", written over the "From:" line of the memorandum.

The General, Housing and Military Affairs Committee is disappointed in the Governor's FY 2017 recommended allocation to the Housing and Conservation Trust Fund. As you are aware, this amount is over \$8 million less than their statutorily required amount from a fund created from a specific source to conserve land and to build affordable housing. We acknowledge that money from the Capital Fund, the use of which is not nearly as flexible as that from the PTT, will be allocated to VHCB to create a near "level fund" from FY 16. Using the "notwithstanding" clause, the State has already taken \$40 million from VHCB over the last 15 years, which would have created over 1,000 more units of housing for those Vermonters most in need. Taking \$8 million in one year (nearly 20% of the total over 15 years) is unfortunate, especially at a time when we are making a concerted effort to end family homelessness by 2020.

When we apply the concepts of RBA to the funds spent by VHCB on housing and conservation over the years, we can say with confidence that the money has been spent on projects that have made Vermonters better off, and that the money spent has created tangible savings for Vermonters and for the overall Vermont state budget.

GHMA supports fully funding the Vermont Housing and Conservation Trust Fund in accordance with its statutory allocation. Doing so guarantees the progress of programs that have proven their worth to Vermonters for nearly 30 years and makes critical investments toward ending homelessness in Vermont.

We remind the Committee that when asked "where we might find these funds," that the funds originated in the Property Transfer Tax, and so we are of the opinion that the question should be "how will the Governor's recommend find \$8 million from other sources?"

GMHA is, of course, sympathetic to the difficulties of closing yet another budget gap, and acknowledge that “finding” \$8 million will be especially difficult. We feel it necessary to say that choices such as these have consequences. The Vermont Conservation and Housing Trust Fund was nearly fully funded in FY 2014 & FY 2015, and the results are clear — more land was conserved and more affordable housing built.

Regarding the other allocations from the Property Transfer Tax, GHMA took testimony from the Department of Taxes to the effect that the proposed amount to be allocated to them was sufficient. We did not take testimony regarding the Municipal Planning allocation.

Your memo also asked us to weigh in on the language surrounding LIHEAP and Weatherization, as well as General Assistance. The language did not include levels of funding. In general, the unchanged language from FY 2016 with respect to GA is sufficient. We approve of the continuing flexibility allowed for the funds, as we have heard testimony that investments in lieu of motel funding have been successful, in some cases with savings of up to 85%. These are the kinds of successes we can point to as we try to spend our money in better ways.

We do, however, have reservations about the Department’s ask. It is clear to us that until the investments are made statewide, and until the “bottleneck” (the lack of housing beyond the initial sheltering) is resolved, that emergency funding is going to be needed. We hope your committee will be able to right size that appropriation up front, rather than having to consider another “fix” in the Budget Adjustment next year.

We applaud the Department’s work to create a system that moves away from motels and toward more humane and less costly emergency housing. We also need to implement programs to place people into permanent housing as quickly as possible. Therefore, we ask the Department to include planning and evaluation of existing and new programs as developed and to share the results with the committees of jurisdiction in the Department’s annual report.

With respect to LIHEAP and Weatherization, we are sympathetic to the extreme difficulty of understanding fully the complexity of the funding mechanisms involved, and the amount of educated guesswork that is baked into this issue. It is our understanding that because the state is not investing its own funds into LIHEAP in FY 2017, that the funds will only be available for Vermonters up to 150% of poverty level, rather than 185%. We also understand that the ability to exchange funds between LIHEAP and Weatherization is limited and, depending on how much is transferred, may negatively impact the total funding for Weatherization.

We know well the positive impact Weatherization makes in the housing of extremely poor Vermonters. A new boiler or new insulation makes an immediate impact on finances and health. We also know well that the controversy over funding sources has led to what seems a near permanent choice of under capacity for the program, and that we will not reach our goals of the number of homes to be weatherized by 2020 at the current pace. Low prices for heating fuel has helped diminish our capacity as well. We hope that a solution can be found, either in Appropriations or Ways and Means, that will increase funding in a way that is relatively painless. Like housing and like General Assistance, we know that the right investments pay benefits for years to come.