

## TESTIMONY

TO: Joint Meeting of Senate Economic Development, Housing and General Affairs and House  
General Housing and Military Affairs Committees

FROM: Brenda Torpy, CEO of Champlain Housing Trust on behalf of Vermont Housing and  
Conservation Coalition

DATE: Wednesday, February 24, 2016

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Thank you for the opportunity to address you today.

It is indeed an honor to represent the coalition today, first to thank you for your past support of the Vermont Housing and Conservation Board and to request that you continue that support this year at the full statutory level.

At nearly 30 years old, VHCB has a proud record of tangible and durable achievements to point to that have added value year on year to Vermont's community and economic development.

VHCB's innovative model of investing to create and preserve affordable homes, and preserving farms, forests, other natural areas and recreational lands along with our historic sites, has achieved something much greater than the sum of its parts. It has been an engine of sustainable and socially equitable development that has managed at once to preserve what we cherish about Vermont while enhancing our ability to adapt to the opportunities of our 21<sup>st</sup> century economy.

Consider the 670 farms that have been preserved and transferred to a new generation of farmers producing value-added Vermont products and farm-to-table dining; and so contributing, among other things to the state's vibrant and environmentally sound tourism industry. Add to that the 264,000 acres of recreational lands conserved and available, not only to the many tourists drawn

to Vermont's beauty, but also to Vermonters who can continue to enjoy access for fishing, hunting, and boating regardless of income.

That social equity component of the VHCB mission is one that is truly a Vermont value, and is exemplified by the 12,000-plus affordable homes serving 30,000 people at any given time and preserved as community assets for future Vermonters through the local non-profits like CHT. In fact, in every instance, VHCB works with local towns and municipalities, citizen group and non-profits to respond to local plans and needs, and support citizen-led efforts.

In many cases, affordable housing groups have also preserved historic properties, adapting them to housing, and other uses. These revitalize our main streets and bring local enterprise and services back into the heart of our communities. Another example of VHCB's broad mission in action are the many housing developments that have teamed up with towns and conservation groups to create or link bike paths, preserve open space and waterfront access as is planned for Burlington at the Burlington college site.

And VHCB adds real economic value to these endeavors, through its tremendous leverage of federal, and public and private funds: in all, to date that's 1.2 billion dollars to Vermont.

In affordable housing, as one example, in every rental development funded by VHCB nearly half of the capital is raised from the private sector (through tax incented investments made generally by Vermont banks).

When VHCB invests in homeownership, each grant is 20 percent of a home purchase that leverages the other 80 percent in a private mortgage. CHT's homeowners alone have accessed over \$100 million in mortgages, from over 41 different lenders (banks, credit unions and mortgage companies).

All of the conservation and farm projects also attract private, foundation and federal matching dollars – and all of this is locked in through VHCB's mission of permanent affordability and the stewardship of local housing conservation groups.

There are also secondary, but significant economic benefits generated by VHCB investment:

- The \$845 million spent on construction jobs in VHCB assisted housing developments have created about 29,500 jobs.
- Every dollar spent on Vermont agricultural and forestry products generates an additional \$1.80 and \$1.70 respectively in gross state products.
- In-state expenditures by hunters, fishermen and wildlife watchers totaled \$357 million according to the US Fish and Wildlife Services most recent report.

There is no doubt that Vermont has received lasting value for every penny of VHCB investment. It is a fiscally sound program that performs socially and economically, and has been very nimble in responding to changing state priorities. And without question we face some big challenges today that VHCB is well-suited to address:

The cost of open land and woodland has jumped by 250 percent since 2000. This same market trend shows up in housing costs: home prices in many regions of Vermont are at an all-time high. In some parts of the state, rents have jumped by 40 percent since the crash, and the need for affordable rental housing is statewide. Fully 47.5 percent of renters in Vermont pay more than 30 percent of income for housing costs – for lower-income wage earners those rents are an even greater percent of income, making them financially at risk. This inflation in land values in Vermont leaves many ordinary Vermonters behind economically, threatens our farms and fuels development of critical open space. This is what drove the creation of VHCB and what led to funding it from the property transfer tax- a vehicle to capture some of that value for Vermonters and the things we value. That intent and solution are even more relevant today.

With land and housing costs through the roof, it is no wonder we have experienced an increase in homelessness, a situation that is not only morally untenable, but also one that is costing the state a lot of money in social services.

I want to give you some concrete examples of how, with continued VHCB investments, CHT can address these issues, and especially how we can save the state money in healthcare and human services expenses by investing in regular and service- supported housing.

In our 2,600 affordable homes (the vast majority funded in part by VHCB) there are 2,100 rentals. Twenty percent of these serve the very vulnerable – those who would otherwise find themselves living on the streets, which means also cycling between our hospitals and other institutions, jail, and the ER: an inhumane and costly alternative to permanent supportive housing. Our most recent addition to such homes is Beacon Apartments where 19 formerly homeless and chronically ill residents now live in dignity in subsidized efficiency apartments with a health service provider on site 8 hours a day. This is a life-saving addition to our portfolio that will also save the hospital- which has invested in the project along with VHCB, significant dollars in reduced ER visits and hospitalizations. In fact our motel, Harbor Place, where UVM Medical Center funds temporary housing for homeless patients, resulted in a 60% reduction in hospital encounters.

Harbor Place also allows us to boost homeless families and individuals into our regular apartments. Just this month Jennifer and her 5 sons leased up with us after an emergency stay and support from DCF. Another mom, Stephanie and her two children found respite at Harbor Place after a harrowing escape from domestic violence, wrote us a card saying “your assistance guidance and resourcefulness has helped us become more independent and gain a tremendous amount of confidence.”

The majority of our apartments serve the workforce: the home health aides, daycare providers, office, retail and service workers that you interact with every day. Their labor is essential to our economy and quality of life, but their jobs do not pay enough to access market rentals. When I was hospitalized last winter three of the staff on my part of the ward had, or did live in CHT homes, from a nurse to the woman who cleaned the rooms daily. The first family we rented to from Harbor Place was a couple with 3 children who had hit the wall after the mom lost her job and their Burlington rent was raised by \$500. Dad went to work each day from the motel until we established them in a rental. I'd like to underline this point: in our region a couple with both parents making minimum wage cannot afford a market rental. They need the affordable housing that together we have created for this purpose. This is workforce housing, and we need much more of it. We have to turn away 120 of 140 applicants each month. We are adding 40 co-op apartments in Burlington's Old North End this year and 20 apartments in Hinesburg as part of their village development plan but we could easily fill twice as many.

Security and opportunity- that's how we think of our entire portfolio of homes, including the 567 that are in shared equity homeownership. And of course for many owning a home is biggest opportunity of all. Over the last 2 years we have helped 32 families achieve this at South Meadow, a big development of 148 rentals that we've acquired (with VHCB's help) to preserve affordability. The Wagners moved into one of the townhouse style apartments there when it was brand new, 25 years ago. Last year they purchased that same, but newly renovated home and are building equity in their mortgage each month, for the same overall cost as they had paid in rent. (Some of our buyers are paying less than they did renting). You couldn't find prouder homeowners and you couldn't achieve this miracle without shared equity

Because of the VHCB covenants and our stewardship these homes will remain affordable forever. Each year we have about 25 resales and two thirds of sellers are moving up to market homeownership as we resell their home to another buyer getting onto the ladder- without additional subsidy: that's security and opportunity that is sustainable.

Shared equity homeownership is a great example of VHCB's innovation. CHT received a national Award- the "Renewal Award" last month in a program highlighting innovative local solutions that are models for addressing national problems. That is something to be proud of, and it is only one example of the lasting benefits already created by your continued support of VHCB, and of the potential we now have to build on this platform to meet the challenges of the future.

Thank you.