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Sent: Thursday, February 01, 2018 5:46 PM
To: helen@helenhead.com
Cc: Ron Wild; Hanford, Josh
Subject: 1.31.18 Testimony Follow Up

Dear Chairwoman Head,

Thank you again for allowing us to provide testimony before your Committee on the issue of rental housing safety. This is an incredibly important issue for the families and individuals who deserve but are struggling to find a safe, healthy, affordable place to live as well as our collective ability to ensure our communities at large are healthy and thriving. As an addendum to our testimony Wednesday, I would like to provide an example of a project occurring in Bennington that brings to light some of the concerns and opportunities we spoke about. Over the past year, NeighborWorks of Western Vermont (NWWVT), the Homeownership Center serving the southwestern region of the state, has been carrying out a promising pilot project aimed at simultaneously addressing the rental safety issues being discussed.

For a number of years it has been increasingly difficult for households that hold housing choice rental vouchers to find units that will pass the required Housing Quality Standards. This experience has been shared by homeless service providers when searching for suitable housing to lift their clients out of homelessness. Recognizing that this barrier was becoming more common in Bennington, NWWVT under the leadership of Luddy Biddle, embarked on a project to assist property owners to make the improvements they needed to ensure safe and healthy rental units. The original goal of the project was to improve up to 10 units in old buildings located in downtown Bennington that were in need of critical repair. These were to be units that were taken off of the rental market due to habitability code issues where the cost of remedying were prohibitive to the property owner. Targeting small-scale, private landlords – those owning fewer than 5 units – NWWVT offered grant funds of up to \$8,500 per unit for rehabilitation. In exchange, eligible landlords were required to invest two times the grant amount into the units or building envelope (roof, heating system, thermal envelope). They were also required to ensure that a majority of the improved units were rented to households making 80% or less of the area median income for at least five years. Interest in this program has been incredibly positive. A matching requirement of 200% would be considered very high for a typical rehabilitation grant program, yet area landlords have been eager to participate. So much so that Luddy's team has requested an amendment to the enabling Vermont Community Development Program grant agreement to expand the program. Additionally, they are actually suggesting in the amendment that the grant amount be lowered to \$7,000 to assist a larger number of units with the same fund. As described in the proposal of amendment "[NWWVT's] on-site project manager has comprised a list of several landlords struggling to meet code requirements who have asked to be included in the second year of the grant. They have indicated that the \$7,000 is a generous subsidy that will in fact encourage their own investment."

The interest in participating in a program that provides a few thousand dollars and requires private investment of double the amount is an indicator of the narrow margins that many small-scale landlords are operating under. These property owners were inclined to take units off the rental market for lack of a relatively small amount needed to ensure proper habitability in aging buildings. It is also an indicator of the potential to assist with the improvement of the estimated 80% of our rental housing stock that is operated outside of our publicly funded housing developments. If the VCDP Board approves the proposed expansion of this pilot project, NWWVT estimates that they will be able to bring 20-25 units in the Bennington area back into the rental market for dramatically less public cost than developing the same number of new units. We would be happy to provide more details about this promising endeavor if desired.

Healthy housing is essential for all. Effective, efficient code enforcement is one critical part of ensuring access to that. Another part is ensuring that there is support for the landlords that are providing “naturally occurring” affordable housing by operating aging buildings on narrow profit margins. It has been clear in the testimony received in your committee on this issue that we lack precise data about the true extent of what we know is a growing issue. The positive response to the project described above is evidence that there are, in fact, units underutilized due to issues with habitability – and that we can have a very positive impact with relatively low public investment by helping these landlords do what they know is right and bring units back online. The Department is excited to explore the possibility of replicating this success elsewhere as we all try to holistically address the problem of substandard housing. Hopefully this real-world example enhances this important discussion. We sincerely appreciate the Committee’s interest in this issue and our ability to participate in deriving a solution.

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