

FY 19 Budget Testimony to Senate Appropriations Committee

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April 4, 2018

Thank you for the opportunity to comment on the FY 19 budget, and thank you for your long-standing support for funding for affordable housing and programs that help alleviate homelessness, especially the \$37M housing bond last year, which will be a tremendous help – though it clearly will not solve the problem. All of these investments help save greater costs elsewhere in the Human Services budget – whether it's keeping people out of motels, emergency rooms, prisons, psych wards, nursing homes or other, higher cost institutional settings.

As you know, Vermont suffers from a continued, protracted housing shortage and affordability gap that disproportionately affects the lowest income, most vulnerable Vermonters: seniors, people with mental health and physical disabilities, families with children and the homeless. Nowhere in Vermont can someone working at a low-wage, service sector job, on disability income, Reach Up or Social Security afford a safe, stable place to live without housing assistance. There are many complicated reasons why Vermonters spiral into homelessness, but first and foremost it's because they can't afford that most important foundation without which none of us would succeed in our lives – a place to call home. I've provided you with fact sheets that detail our continuing affordable housing needs.

Just in terms of homelessness, the 2017 Point-In-Time census counted 1,225 homeless Vermonters, an 11% increase. 180 families were homeless, which included 43% of the persons counted. 306 (25%) were children; 340 (28%) suffered from severe mental illness; 228 (19%) had a substance use disorder. Earlier this year, Wilda White of Vermont Psychiatric Survivors testified in Senate Health and Welfare that 75% of the people she interviewed in-depth who had presented at an ER with a mental health crisis were homeless and came to the ER in large part because of their homelessness.

Two years ago you invested state resources in a Vermont Roadmap to End Homelessness. This key report tells us how we can end homelessness in Vermont in five years, saving money throughout the AHS budget. It tells us, for instance, that a nine-day stay in the ER costs the same as a full year of supportive housing. It recommends increased state investments in three major areas – what has been referred to as the 3-legged stool of affordable housing:

1. Bricks and mortar dollars to create more affordable housing
2. State rental and other housing related financial assistance to fill the affordability gap, and
3. Supportive services to help those with the greatest barriers to accessing and maintaining housing

We recommend the following investments and ask you to include them in your budget:

Affordable Housing Development

- Full statutory funding for the **Vermont Housing & Conservation Board**, estimated at \$20.4 million for FY 19 – a \$4.1 million increase over both the House budget and the Governor's recommend

Rental & Housing Related Financial Assistance

- **Vermont Rental Subsidy Program** – \$500,000 increase (\$1.5M total funding; provides rental assistance for very low-income families who are homeless and would otherwise not be able to afford housing)
- **DMH Subsidy Plus Care Program** – restore \$500,000 FY 16 cut (\$1.5M total funding; provides rental assistance and supportive services to homeless seriously mentally ill and CRT clients)
- **Corrections Supportive Housing** – restore \$300,000 FY 18 cut (\$7.2M total funding; funds a variety of programs around the state that provide the housing and community-based supports offenders need to succeed once they leave prison)

Supportive Services

- **Housing Opportunity Program** – \$1M increase (\$7.2M total funding; program funds operations, staffing, homelessness prevention, and rapid re-housing assistance at emergency shelter, transitional housing, and prevention programs serving all regions of the state)
- **Family Supportive Housing** – \$200,000 increase (\$1M total funding; provides intensive case management and service coordination to homeless families with children)
- **Housing First** – Support House-passed \$276,000 increase for supportive housing services in Rutland County, specify for Housing First (\$3.2M total funding from DMH & DOC; funds permanent supportive housing for people experiencing chronic homelessness and severe and persistent mental illness through long-term, multidisciplinary community supports; estimated cost to expand Housing First into BOTH Rutland and Bennington Counties: \$498,000; estimated savings in hospitalization, Corrections and emergency housing for Rutland expansion roughly \$770,000 (\$496,000 net), for both counties \$514,000 (net \$292,000)
- **Support and Services at Home (SASH)** – Support level funding at \$974,023 in Global Commitment/MCO funds
- **Assistive Community Care Services** – \$0.75 increase per diem to ACCS providers (\$111,459 General Fund, \$241,200 gross; program helps elders and people with physical and mental health disabilities to live in assisted living residencies and residential care facilities; providers are not reimbursed for the full cost of services and lose money on every Vermonter they assist)

Lastly, please support the House budget's restoration of the harmful cuts to Developmental Disability Services, Attendant Care, and Legal Aid. In addition, we are deeply concerned about the Governor's \$2 million in unspecified cuts to AHS grants and the \$1.1 million in unspecified cuts to Reach Up service providers. These cuts potentially threaten grants from the successful AHS programs just mentioned. We also urge you to reinvest Reach Up caseload reduction savings in supports for Reach Up families; restore the cut to families with disability income made a few years ago; and reverse the Administration's proposed cuts to Children's Integrated Services and AHS Direct Service funds.

Thanks again for your time.

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In **Vermont**, the Fair Market Rent (FMR) for a two-bedroom apartment is **\$1,139**. In order to afford this level of rent and utilities — without paying more than 30% of income on housing — a household must earn **\$3,795** monthly or **\$45,545** annually. Assuming a 40-hour work week, 52 weeks per year, this level of income translates into an hourly Housing Wage of:

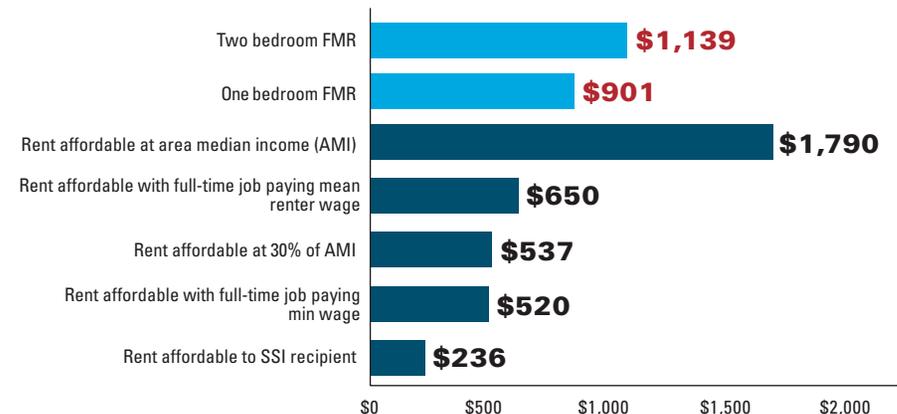
\$21.90
PER HOUR
STATE HOUSING
WAGE

FACTS ABOUT VERMONT:

STATE FACTS	
Minimum Wage	\$10.00
Average Renter Wage	\$12.51
2-Bedroom Housing Wage	\$21.90
Number of Renter Households	74,137
Percent Renters	29%

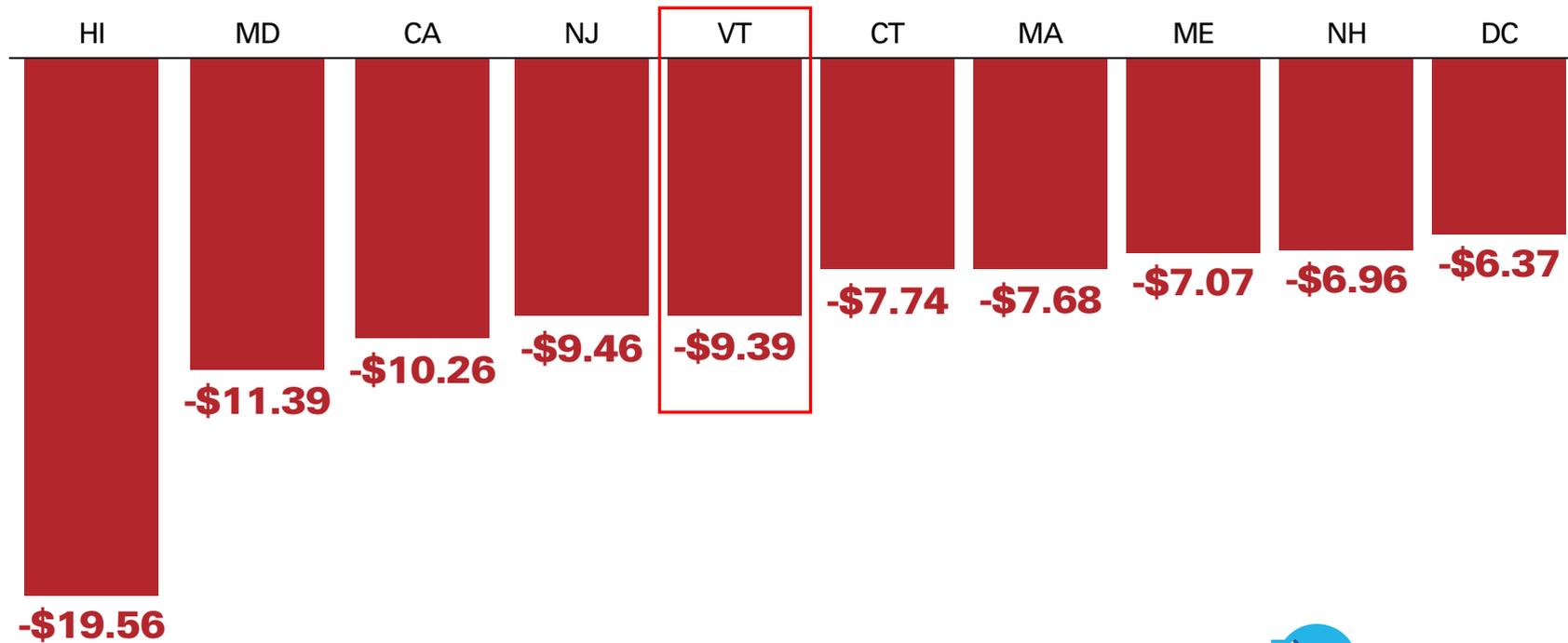
88 Work Hours Per Week At Minimum Wage To Afford a 2-Bedroom Rental Home (at FMR)	69 Work Hours Per Week At Minimum Wage To Afford a 1-Bedroom Rental Home (at FMR)
2.2 Number of Full-Time Jobs At Minimum Wage To Afford a 2-Bedroom Rental Home (at FMR)	1.7 Number of Full-Time Jobs At Minimum Wage To Afford a 1-Bedroom Rental Home (at FMR)

MOST EXPENSIVE AREAS	HOUSING WAGE
Burlington-South Burlington MSA	\$26.83
Windsor County	\$20.33
Windham County	\$19.90
Washington County	\$19.87
Addison County	\$19.52



* Ranked from Highest to Lowest 2-Bedroom Housing Wage

FIGURE 1: STATES WITH THE LARGEST SHORTFALL BETWEEN AVERAGE RENTER WAGE AND TWO-BEDROOM HOUSING WAGE



Source: NLIHC calculation of Housing Wage; BLS QCEW, 2015; adjusted to 2017 dollars.

STATE-LEVEL RENTER STATISTICS

	Total Renter Households	Severely Burdened Households*	% with Severe Burden		Affordable and Available Rental Units Per 100 Households	Surplus/(Deficit) of Affordable and Available Rental Units
Income at or below 30%** of AMI	18,138	10,595	58%	Income at or below 30%** of AMI	40	-10,866
Income between 31% and 50% of AMI	13,952	3,647	26%	Income at or below 50% of AMI	59	-13,083
Income between 51% and 80% of AMI	17,284	1,097	6%	Income at or below 80% of AMI	93	-3,336
All Renter Households	74,467	15,428	21%	Renters make up 29% of all households in the state		

Source: NLIHC tabulations of 2015 American Community Survey (ACS) Public Use Microdata Sample (PUMS)

REGIONAL RENTAL AFFORDABILITY STATISTICS

Metropolitan Statistical Areas (MSAs) and Counties in Districts	Total Renter Households	AMI	30% of AMI	Rent Affordable at 30% of AMI	One Bdrm Fair Market Rent	One Bdrm Housing Wage	Two Bdrm Fair Market Rent	Two Bdrm Housing Wage	Hours at Minimum Wage for Two Bdrm	Avg Renter Wage
Burlington-South Burlington MSA	27,268	\$82,400	\$24,720	\$618	\$1,080	\$20.77	\$1,395	\$26.83	107	\$13.22
Rutland County	7,621	\$63,400	\$19,020	\$476	\$769	\$14.79	\$948	\$18.23	73	\$10.98
Windsor County	7,358	\$72,600	\$21,780	\$545	\$861	\$16.56	\$1,057	\$20.33	81	\$11.85
Washington County	6,466	\$73,900	\$22,170	\$554	\$781	\$15.02	\$1,033	\$19.87	79	\$12.84
Windham County	5,869	\$65,700	\$19,710	\$493	\$815	\$15.67	\$1,035	\$19.90	80	\$13.45
Bennington County	4,393	\$63,200	\$18,960	\$474	\$833	\$16.02	\$988	\$19.00	76	\$12.58
Addison County	3,693	\$73,400	\$22,020	\$551	\$878	\$16.88	\$1,015	\$19.52	78	\$13.45
Caledonia County	3,240	\$57,400	\$17,220	\$431	\$689	\$13.25	\$916	\$17.62	70	\$12.06
Lamoille County	2,816	\$64,100	\$19,230	\$481	\$844	\$16.23	\$1,006	\$19.35	77	\$10.08
Orange County	2,457	\$66,300	\$19,890	\$497	\$773	\$14.87	\$979	\$18.83	75	\$11.39
Orleans County	2,411	\$55,700	\$16,710	\$418	\$654	\$12.58	\$788	\$15.15	61	\$9.52

Source: Out of Reach 2017. This congressional district includes at least a portion of the Fair Market Rent (FMR) areas listed above. For FMR areas that span more than one state, the data reflect this state's geography.

*Severely Burdened: Households spending more than 50% of income on housing costs, including utilities. **Or poverty guideline, if higher.

AMI: Area Median Income.

Last updated in June 2017. Please contact NLIHC research staff at (202) 662-1530 to request additional information.