

Housing for All Initiative

Governor Scott's FY18 Budget Proposal

Submitted to the

Senate Economic Development, Housing and General Affairs Committee

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Executive Budget

Governor Scott's administration is committed to strengthening the economy, making Vermont more affordable and protecting the most vulnerable. Housing plays an important role in meeting each of those goals. The VHCB annual state appropriation comes mainly from Property Transfer Tax receipts. His budget recommendation is \$12,304,840 for VHCB from the PTT and an additional \$4,000,000 from the Capital Bill. This represents a \$1 million increase from FY17.

In addition, Governor Scott is proposing, in partnership with the Vermont Housing and Conservation Board, a revenue bond that would produce approximately \$35 million for the Housing for All initiative. VHCB will administer the proceeds and \$2.5 million in transfer tax revenue will be dedicated to paying debt service on the bond.

Housing Targets

A minimum of 25% of the housing supported by the bond proceeds is to be targeted to moderate income Vermonters (households between 80 and 120% of median income) and at least 25% will be targeted to very low income Vermonters (households below 50% of median income).

Revenue Bond

Revenue bonds are payable from and secured only by a specific source of revenue and are not a general obligation of the state. The proposed funding source is revenue from the property transfer tax which is dedicated by statute to VHCB, the Municipal and Regional Planning Fund (regional planning commissions, municipal planning grants and the VT Center for Geographic Information) and the general fund. The administration proposes the dedication of \$2.5 million to the payment of the bond through 2038. Based on recent appropriation levels, this will not impact the other specific uses of PTT.

Draft Statutory Language

A statutory change will be required to dedicate the revenue to the bond. The following is a draft pending further consultation with the Treasurer's Office, its bond counsel and Legislative Counsel.

Title 32, Chapter 231 § 9610 - New subsection (d)

(d) Prior to distributions of property transfer tax revenues under 10 V.S.A. § 312, 24 V.S.A. § 4306(a), and 32 V.S.A. § 435(b)(10), \$2.5 million of the revenues received from the property transfer tax shall be used for the purpose of repayment of a housing bond the proceeds of which shall be deposited in the Vermont housing and conservation trust fund. Effective until July 1, 2038.

Planning and Outreach

VHCB will convene a series of stakeholder meetings including but not limited to housing nonprofits, the development community, regional planning and local officials. Needs and housing potential will be identified i.e., areas that need new housing supply and communities seeking reinvestment in existing but distressed housing stock.

As examples of the kinds of housing to be developed, the VHCB Board recently made preliminary awards (dependent upon the FY2018 base appropriation) to a range of projects. These include 39 apartments in the first phase of South Burlington's City Center which is designed to comprise 700 mixed-income new homes; 25 units at Putney Landing; Phase 3 of the Hickory Street redevelopment in Rutland (22 apartments); 25 micro-apartments in Brattleboro including 11 supportive housing units for the homeless; a rehabilitation of the Park House for seniors in Rochester; 17 apartments at Heritage Court in Poultney; and supportive housing in an historic building on Main Street in Randolph.

VHCB also anticipates ramping up its homeownership programs to serve Vermont's moderate income households under this proposal.

VHCB Statute

Vermont statute directs VHCB to make funding decisions according to several factors. In addition to the housing targets, they will guide the use of the bond proceeds.

10 V.S.A. § 322. Allocation system

(a) In determining the allocation of funds available for the purposes of this chapter, the board shall give priority to projects which combine the dual goals of creating affordable housing and conserving and protecting Vermont's agricultural land, historic properties, important natural areas or recreation lands and also shall consider, but not be limited to, the following factors:

- (1) the need to maintain balance between the dual goals in allocating resources;
- (2) the need for a timely response to unpredictable circumstances or special opportunities to serve the purposes of this chapter;
- (3) the level of funding or other participation by private or public sources in the activity being considered for funding by the board;
- (4) what resources will be required in the future to sustain the project;
- (5) the need to pursue the goals of this chapter without displacing lower income Vermonters;
- (6) the long-term effect of a proposed activity and, with respect to affordable housing, the likelihood that the activity will prevent the loss of subsidized housing units and will be of perpetual duration;
- (7) geographic distribution of funds.