



VERMONT HOUSING and CONSERVATION COALITION

February 13, 2020

Dear Chair Partridge and members of the House Agriculture and Forestry committee,

The needs for Vermont's scarce resources are many. Affordable housing, homelessness, climate action, water quality protection, farm viability, rural economic development, vibrant down towns, and the list goes on. Vermonters need safe and affordable homes in strong, resilient communities surrounded by an intact landscape.

There is one program that effectively delivers on these and many other priorities: the Vermont Housing and Conservation Board (VHCB).

The Vermont Legislature created VHCB 33 years ago. The pace and pattern of development in Vermont in the mid-1980's was threatening historic settlement patterns and the rural character of the state. In 1986, a coalition of affordable housing, conservation, and historic preservation advocates concerned with this rapid change in the character of the Vermont approached the state legislature with a plan to form a unique agency to review and fund projects addressing a range of community needs. The Legislature responded, passing the Vermont Housing and Conservation Trust Fund Act, enacted in June 1987. The Legislature chose the Property Transfer Tax (PTT) as the ideal source of funds for VHCB – granting it through statutory authority 50% of the PTT's annual revenues.

PARTNERS & RESULTS. Since that time VHCB and its many hundreds of partners – towns, organizations, developers, private foundations – have kept the promise of the original vision. Since 1987, VHCB funding working with Vermonters across the state has helped protect, conserve and create:

- 267,820 acres of working forests, natural areas and recreational lands
- 2,927 affordable homes – rental and homeownership
- 164,074 acres of farmland on 746 farms
- 70 historic buildings restored for community use
- 850 businesses enrolled in the Farm & Forest Viability Program
- 550 positions for AmeriCorps members through VHCB AmeriCorps
- 2,550 homes and apartments with reduced lead paint hazards

RESPONSIVE & SUCCESSFUL. Also, when asked, VHCB responds. In 2017, the Governor and Legislature asked VHCB to implement the Housing for All Revenue Bond. And the results are staggering: Bond sale exceeded expectations and raised \$37 million. VHCB's record of investments in permanently affordable, energy-efficient housing in smart growth areas allowed marketing as a sustainability bond. The funding is fully committed to projects and will create or improve 800 homes, far exceeding original estimates.

HIGH RETURN ON INVESTMENT. While meeting the needs of Vermonters, VHCB is leveraging additional dollars from all sectors. Just in the last two years (FY19 and 20), VHCB's \$31 million in state investment leveraged \$162 million in other resources including private equity, federal and philanthropic funding. This means that VHCB's return on state investments for projects average more than 5-to-1, ranging from 4-to-1 to 9-to-1.

During the mid-2000s times were tough, and PTT dollars that were supposed to support outcomes created by the VHCB projects were consistently pulled into the general fund. This trend has continued, and as of this year, VHCB had been underfunded by \$50M during its lifetime. At the level proposed by the Governor for the 2021 fiscal year, VHCB will be operating at a bare minimum, meaning it will be unable to fund critical conservation and affordable housing projects that are transformational in our communities statewide.

Vermonters need a robust VHCB program like never before.

2020 is like 1987 in many ways. Housing prices are beyond the reach of many Vermonters and development pressure on the state's valuable agricultural and natural lands are escalating under sprawl and second homes while our rural communities continue to suffer from economic collapse. Eleven of our 14 counties are still in a recession.

We are asking you and your committee to advocate for a robust VHCB program that can not only leverage additional millions of dollars but creates the results we know Vermonters need: more affordable housing, investment in our rural communities, in our downtowns, climate resilience, water quality protection, and more.

According to JFO, 50% of the Property Transfer Tax in FY21 would be \$22.6M. The Governor's FY21 budget includes only \$10.8M in general fund and \$4.6M in the capital bill. This means VHCB will be operating in FY21 with only \$15.4M. This represents a step backwards to funding at FY17 levels.

EFFECTIVE. To sum up, for more than 30 years VHCB has been the tool the Legislature has used to use to meet changing state priorities like climate resilience, water quality protection, growing outdoor recreation, investing in downtowns and village centers, and housing the most vulnerable. And it has done it while always staying true to its core mission: the dual goals of creating affordable housing and conserving and protecting Vermont's agricultural land, forestland, historic properties, important natural areas, and recreational lands in the best interests of all of Vermont citizens.

We respectfully urge your committee to support an increase to VHCB that is in line with the statutory share of the PTT of \$22.6M which will allow us to help you meet Vermont's important needs.

Thank you,

Co-chairs of Vermont Housing and Conservation Coalition
Phil Huffman, The Nature Conservancy
Tracy Zschau, Vermont Land Trust
Chris Donnelly, Champlain Housing Trust
Molly Dugan, Cathedral Square