

VERMONT LEGAL AID, INC.

264 NORTH WINOOSKI AVE.
BURLINGTON, VERMONT 05401
(802) 863-5620 (VOICE AND TTY)
FAX (802) 863-7152
(800) 747-5022

OFFICES:

BURLINGTON
RUTLAND
ST. JOHNSBURY

OFFICES:

MONTPELIER
SPRINGFIELD

February 12, 2020

House Committee on General, Housing, and Military Affairs
State of Vermont House of Representatives
115 State Street
Montpelier, VT 05633

Re: H.739's recommended appropriation for rental arrears assistance for tenants

Chair Stevens and Members of the Committee:

Draft 1.1 of H.739 (January 28, 2020) includes, in Section 3(e), an \$800,000 appropriation for the Office of Economic Opportunity to increase its assistance for rental arrearages through the Housing Opportunities Grant Program. Thank you for offering me the opportunity to offer testimony to support this appropriation.

Last year, I presented this Committee with the findings from Vermont Legal Aid's report, *Eviction in Vermont: A Closer Look*, and to make recommendations based on the report. Since that time, Vermont Legal Aid initiated several eviction defense clinics of various formats, including the Eviction Prevention Demonstration Project (EPDP) in Franklin County. EPDP is funded through a grant from the Office of Economic Opportunity (OEO). The results we have obtained in EPDP support the recommendations originally made in the *Eviction in Vermont* report: brief legal assistance and rental arrearage funding, like the appropriation in H.739, can reduce evictions and prevent homelessness.

Vermont Legal Aid released our report, *Eviction in Vermont: A Closer Look*, in January 2019. There are around 1700 eviction cases in Vermont every year. We wanted to obtain data about those evictions: what were the causes, and what were the results of the cases? Our report summarized our findings about evictions in Vermont, and positioned us to advocate for data-driven solutions.

As we noted in *Eviction in Vermont*, 70% of the cases studied were based solely on nonpayment of rent, not because the tenant was destroying the property, or throwing loud parties, or otherwise breaking the lease. The cases were just about money. Because most cases are just about nonpayment of rent, *Eviction in Vermont* focused on that issue – cases of families and individuals who need short-term financial assistance to pay off a rental arrearage to avoid eviction and homelessness.

The data gathered for our report showed that a fairly small investment into rental arrears assistance could stave off many evictions. The median amount owed by tenants was only \$2,000, and more than 90% of the cases had arrearages of less than \$5,000. Even though most households owed less than \$2,000, 75% of the tenants were unable to come up with that money

in order to “redeem” their tenancies. They lost their cases and were evicted. Because almost none of the tenants in the counties studied had attorneys, it is unknown what kind of difference representation may have made.

Certainly, we need more affordable housing and long-term rental subsidies to fill the housing affordability gap for low-income households. In Vermont, a household must earn almost \$50,000 annually to be able to afford a modest two bedroom apartment, but over 50% of Vermont workers are in jobs that pay less than that. Many Vermonters are cost-burdened by their rent, paying more than 50% of their income toward housing expenses. That means that one major car repair or a couple of weeks of unpaid leave from work can lead to eviction. A tenant can redeem their tenancy by paying all rent arrears and costs to defeat an eviction action and remain housed in place, but that simply is not possible when tenants are already barely able to keep up with their regular expenses. They need one-time help. By extrapolating the data gathered for Eviction in Vermont, we determined that by offering up to \$2,000 in rental assistance per household facing eviction, we may be able to resolve 42% of eviction cases at a cost slightly less than \$800,000, and grants of up to \$3,000 would resolve 58% of the cases at a cost of \$1.5 million. The Housing Opportunity Grant Program of OEO currently provides around \$400,000 toward rental arrears. This figure should be substantially increased, as proposed by H.739.

Vermont Legal Aid has initiated several eviction defense clinics around the state, including the Eviction Prevention Demonstration Project in Franklin County. EPDP started on October 15, 2019. We offer limited legal representation to tenants facing eviction for nonpayment of rent – around 150 cases per year. The express goal of the project is to prevent eviction whenever possible, and where tenancies are not sustainable, to work out solutions that minimize the adverse effects of eviction.

In addition to legal representation through EPDP, the Office of Economic Opportunity has eased some of the restrictions on rental arrears funding in Franklin County, making it easier for some tenants to “redeem” their tenancies by paying all amounts due to their landlords. In Franklin County, rental arrearage assistance funded by the Housing Opportunities Grant Program (HOP) is managed by the Champlain Valley Office of Economic Opportunity (CVOEO). Due to limited funds, CVOEO typically caps assistance for rental arrears and security deposits to \$700 per year. To support EPDP, OEO has granted CVOEO the ability to be more flexible in how this funding is used.

EPDP has only been active for a few months, but preliminary results are very positive. To date, 67% of the tenants represented through EPDP have retained their housing, compared to only 25% of the tenants from the cases studied for Eviction in Vermont – tenants without lawyers or rental arrears assistance.

What I have seen to date in my cases in Franklin County is very similar to information we obtained during our research for the *Eviction in Vermont* report: many tenants are just one paycheck or one emergency expense away from eviction. One tenant defendant, being evicted for \$210, was caretaker for her two grandchildren and fell behind when she needed to repair her vehicle after it failed inspection. She was able to redeem her tenancy and remain in place.

Another family fell behind during a brief period of unemployment. They have been able to catch up, paying part of the rent themselves, and getting rental arrears assistance from CVOEO. Again and again, my clients report that just one or two things went wrong, and because their budgets are stretched so tightly from the start, they end up facing eviction.

In the small number of cases done through the Eviction Prevention Demonstration Project to date, we've seen that around half of the evictions are happening within the first year of the tenancy, or within the first year of ownership with a new landlord. With less of a history between tenant and landlord, the landlord is often less willing to give the tenant the benefit of the doubt by waiting for a tax refund, or entering into a repayment plan. Most of the cases involve private landlords, as opposed to landlords whose properties have rental subsidies. Almost all cases are based solely on nonpayment of rent. Most of the tenants have fairly modest rent, at an average of \$978, and are an average of two months behind when the landlord sends notice of termination. And typically, after such a notice is sent, the landlords file almost immediately after the deadline for paying or vacating.

If the tenants can pay their arrearages and their rent going forward, again and again, landlords tell me that they are happy to keep their tenants in place. Just yesterday, on February 11, prior to a hearing, a landlord told me what almost every landlord tells me: "I just want my money." With financial assistance through CVOEO, funded through the HOP Grant, we are often able to make that happen. In one case where my client had a significant balance, my client is in a repayment plan. Every month, when she pays her rent, CVOEO pays a matching grant. She is slowly paying off her arrearage, and we expect the remainder to be paid off when she receives her tax refund. In most of my EPDP cases, absent financial assistance, these families would be evicted and be rendered homeless. The landlords would be unlikely to collect judgments for unpaid rent because many of the tenants are judgment-proof. Everyone ends up better off when the arrearage is paid and the eviction case is resolved with the tenant remaining in possession, and that is often possible with a grant of around \$2,000.

There are some cases that cannot be resolved favorably because the tenants simply do not make enough money to afford to pay their rent, even if the rent is at or below the normal market rate. For instance, if a family receives a Reach Up grant of \$744, even a low rent of \$750 is unaffordable. The only solution for those households is subsidized housing or tenant-based rental assistance. But for most of the cases, a one-time influx of rental assistance would suffice to stave off eviction and homelessness.

The data obtained for Eviction in Vermont and the preliminary data from the Eviction Prevention Demonstration Project both support investing in rental arrearage assistance funding. We believe that \$800,000 would be likely to reduce the number of evictions by half when added to OEO's current expenditure of \$400,000. Although the current draft of the bill does not contain any appropriation for representation of tenants in eviction cases, we also encourage the Committee to amend the language in Section 3 to allow some funding to support eviction prevention clinics. We believe that reducing evictions would reduce the number of families experiencing homelessness, and the myriad human costs and financial burdens that go along with homelessness.

A spectrum of solutions is needed to fully address evictions and homelessness in Vermont. Some tenants will need more than financial supports, but for many individuals and families, a small cash amount of financial assistance to pay off back rent is all that is needed to maintain housing stability. Thank you for considering this cost-effective eviction prevention strategy.

Sincerely,

A handwritten signature in black ink, appearing to read "Jessica Radbord". The signature is fluid and cursive, with a long, sweeping tail that extends to the right.

Jessica Radbord
Staff Attorney