

2020 State Legislative Priorities

Safe, stable, and affordable housing is the foundation on which successful, independent lives are built. Without appropriate housing, children have difficulty learning in school; elders and people with disabilities live less independently and face greater health challenges; homeless Vermonters remain homeless; single parents on public assistance cannot become self-sufficient; and working families have difficulty holding onto jobs, let alone moving up the economic ladder. Housing investments avoid costs throughout the human services budget, from health care to corrections, mental health, nursing homes, foster care, and motels. Investments in housing create good-paying jobs, stimulate spending in regional economies, and increase state and local revenues. Insufficient supply of affordable homes affects employers' ability to attract and retain qualified employees. Energy-efficient housing lowers our carbon footprint and is a climate crisis solution.

To alleviate its chronic and substantial housing needs, Vermont must adequately fund all three legs of the three-legged stool of affordable housing investments:

1. **Capital investments** to create more permanently affordable housing,
2. **Housing-related financial assistance** that fills the affordability gap for low-wage working families or those living on fixed incomes, and
3. **Supportive services** for those with the greatest challenges to finding and maintaining housing.

Capital Investments

Increase the quantity and quality of affordable housing through capital investments and tax credits:

- **Vermont Housing and Conservation Board** -- Major new investment in VHCB is needed to address the state's substantial and chronic housing needs. Revenues from the Property Transfer Tax continue to grow to record levels as property values and rents increase, making housing less affordable, while the historic 2017 Housing Bond will soon be fully obligated and reduces VHCB resources by \$1.5 million a year to pay for debt service. We must stop diverting VHCB's dedicated share of PTT revenues to other state priorities (almost \$60 million since 2001). Unless the course is reset, VHCB will be operating at a bare minimum level. Increased investments in VHCB could come through its annual appropriation or a second housing bond or a combination of the two. We support the Vermont Housing and Conservation Coalition's call for \$21 million in FY 21, which is still short of VHCB's statutory share of PTT revenues (\$22.6 million for FY 21).
- **Housing rehabilitation & infrastructure improvements** -- Investments in VHCB and other state resources help with needed upgrades to aging, often substandard, and energy inefficient housing stock, mobile homes and mobile home parks.
 - **Mobile Home Parks** – A statewide study of Vermont's nonprofit and cooperatively owned parks has identified an estimated \$31.75 million in capital needs over the next 3 - 5 years, with a funding gap of \$9.7 million. These include major infrastructure improvements, like water and sewer system upgrades; small scale capital needs like removal of abandoned homes; replacement or upgrades for older, energy inefficient homes; and interest rate subsidies to assist with debt refinancing and co-op and nonprofit buy-outs. Brattleboro's Tri-Park Cooperative Homes, the largest park in the state with 314 lots, 42 of which are in the flood plain and urgently need relocation, has an estimated funding gap of \$3.55 million alone. One-time state investments should be directed to address the most urgent needs. Additional funding will enable VHCB to work on the rest over time, increasing park sustainability.
 - **Physically Accessible housing** – Increase funding for VCIL's Home Access Program, which receives its funding through VHCB and DAIL. Increased funding through the 2017 Housing Bond helped reduce VCIL's perennially long waiting list. With bond funds almost fully allocated, the waiting list will again grow. DAIL has not increased its contribution in many years. The Coalition has also long supported the Multiple Sclerosis Society's call for creation of a **tax credit for home modifications**.
 - **Low- and Moderate-Income Weatherization** – Last session saw reauthorization of the revenue sources for the state's Low-Income Weatherization Assistance Programs, as well as a modest increase. The Coalition will

continue to seek funding increases to lower Vermonters' energy burden, increase housing safety, improve health outcomes while lowering the state's carbon footprint

- **Rental Rehab for private landlords** -- The Coalition supports creation of a statewide program to help private for-profit landlords upgrade substandard properties, along the lines of the Administration's proposal for a Vermont Housing Improvement Program (VHIP), introduced last year.
- **New housing options** – To alleviate the housing shortage at all income levels and needs, create a broad range of housing options: build housing that is accessible and affordable for low-income working Vermonters and those on fixed incomes; incentivize accessory dwelling units; redevelop unused spaces; repurpose existing commercial buildings; create more permanent supportive housing and transitional housing for those with longer term needs; recovery housing; SROs; motel conversions; and tiny homes.
- **Housing Related Tax Credits** -- Protect and preserve Vermont's tax credits that support affordable rental housing and homeownership, including the **Downtown Tax Credit**; support increases wherever possible.

Emergency, Rental & Home Ownership Assistance

All Vermonters deserve a place to call home. Support low-income and vulnerable Vermonters by closing the affordability gap for renters and first-time home-buyers. Seek increases to proven state programs that provide rental and other housing-related financial assistance:

- Increase **Housing Opportunity Program (HOP)** funding for a variety of housing related financial supports, including back rent assistance to prevent evictions, short-term rental and utility assistance, security deposits, moving expenses, and the essential cost of shelter operations.
- Fund **Vermont 211** services to provide 24/7 access to Emergency Housing and other resource and referral services 365 days of the year, especially during adverse weather.
- Provide sufficient state funding for General Assistance to meet **Emergency Housing** needs; support regulatory reforms that improve access to assistance and reduce bureaucratic requirements; monitor state proposals to restructure the program.
- Increase and expand **state rental assistance** and other **housing related financial supports**: Vermont Rental Subsidy, DMH Subsidy + Care Program, DMH's CRT Housing Support Fund, and Corrections Supportive Housing. Provide incentives to landlords to rent to special needs populations.

Supportive Housing & Services

Increase supportive services for Vermonters with the greatest needs, especially to make sure Vermont does not leave precious federal rental assistance on the table.

- Support the recommendations of the AHS Specialized Housing Vouchers Working Group to increase access and utilization of federal rental subsidies by addressing services funding; service design, delivery and coordination; housing availability; and barriers to lease up and documentation.
- Expand and increase capacity for programs with proven outcomes that provide support services to Vermonters with special needs and save the state money:
 - **Family Supportive Housing** – Increase funding to expand FSH statewide, beyond the current 7 AHS districts served. Most of the expansion would be paid by Medicaid and would help increase utilization of specialized federal housing vouchers.
 - **Housing Opportunity Program** – Increase funding dedicated to case management and supportive services to homeless families and individuals to help increase utilization of federal housing vouchers.
 - **Housing First** – Increase funding to expand Pathways' services to chronically homeless Vermonters with severe and persistent mental illness and/or co-occurring SUD in underserved counties like Rutland and Bennington, which would also help increase utilization of federal housing vouchers.
 - **Support & Services at Home** – Ensure at least level funding for SASH and monitor OneCare transition.
 - **Assistive Community Services** – Seek further funding increases to cover provider operating costs. Even with the increase for FY 20, providers are still far short of breaking even on services that save the state money in nursing home costs.
 - **AHS Central Office Direct Service & Service Coordination Grants** – Restore former funding levels.
- Increase **landlord liaison** capacity to enhance housing search and retention for those with the greatest barriers to housing success.

- **Recovery Housing** -- Support passage of a compromise version of H.223 exempting state-certified recovery residences from the eviction provisions of landlord-tenant law.
- **HomeShare Vermont** -- Request level funding, which is \$151,411 in General Funds plus a federal match of \$175,752, to support home-sharing in Vermont for a total of \$327,163. HomeShare Vermont serves 7 counties out of two regional offices.

Rental Housing Safety

Support the recommendations of the Rental Housing Advisory Board (RHAB) to increase rental housing health and safety, as follows:

- Establish the **Department of Fire Safety** (DFS) as the lead agency for complaint-driven, statewide, professional rental housing code enforcement. Communities with existing programs would retain those. Town Health Officers will be relieved of most of their responsibilities regarding rental housing inspections.
- Establish a modest statewide **rental registration fee** to fund the increased positions needed for enforcement through DFS, as well as the cost of establishing and maintaining a statewide **rental housing registry**, **rental rehab fund** (like the Governor's VHIP program), increased funding for **Back Rent assistance**, and statewide **landlord-tenant training** & technical assistance.

New Revenues for Housing & Homelessness

Tap sustainable and equitable new revenue sources to help fund the growing housing needs of low-income and vulnerable Vermonters and the state's efforts to address homelessness and housing affordability.

- Enact a **\$2 a night "occupancy fee"** for motel, hotel and short-term rental stays, which would raise \$7.1 million annually and could be used to fund affordable housing and homeless programs. Estimates are that 93% of rooms are paid for by out-of-staters.
- Institute a **"Mansion Tax"** for high priced homes, as has been done in a number of other states. A 1% surcharge on property transfers above \$1 million could provide additional resources to help create more affordable housing and alleviate homelessness.
- Vermont has the second highest rate of second-home ownership in the country, behind Maine. The Coalition calls on lawmakers to research the feasibility of a potential **tax on luxury second-homes**.

Addressing the Climate Crisis

Heating and cooling buildings is the second largest contributor to the state's carbon footprint. Publicly funded affordable housing in Vermont, whether newly constructed or substantially rehabilitated, is built to the highest current energy-efficiency standards, lowering heating and cooling costs and making buildings less costly to operate and more sustainable over the long term. By maximizing thermal efficiency, affordable housing investments lower our carbon footprint and help the state make progress on its climate change goals. Recognizing the urgent need to address the climate crisis with bold measures, the VAHC joins colleagues in the Climate Action Coalition and the Legislature's Climate Caucus to support:

- A **Global Warming Solutions Act**, enacted in other New England states, will turn our aspirational Green House Gas (GHG) goals into binding requirements and focus state agencies on cutting carbon pollution.
- A **Transportation Climate Initiative** will foster regional collaboration to cap emissions from cars and trucks, with proceeds to be invested in clean transportation alternatives, like subsidies for installing electric vehicle chargers in multi-family developments.
- **Workforce Training and Economic Development** that aligns workforce and climate and includes GHG metrics and awareness in all state training and licensure programs.
- A **Transition away from Fossil Fuels** by promoting and removing barriers to in-state renewable energy generation, streamlining incentives for low-carbon technologies, and transitioning to an all-fuels efficiency model. The latter would increase resources for low-income Weatherization, energy-efficiency in affordable housing developments, and could provide new incentives for solar in multi-family housing.

Economic and Social Justice

Housing investments are not the only way to close the affordability gap for low-income working Vermonters and those living on fixed incomes. Improving economic and social conditions and the safety net are essential, too:

- Protect the constitutional rights of Vermonters without housing by passing a **Homeless Bill of Rights**, adopted by several other states (see House Bill H.492). This would help prevent discrimination based on homeless

- status, reduce efforts to criminalize behavior often associated with homelessness, like panhandling or sleeping in cars, and create greater respect for the meager possessions of the homeless. Towns would have guidelines helping them avoid enacting ordinances targeting the homeless and the litigation that could ensue, for instance, when possessions are discarded illegally.
- Raise the **minimum wage** to \$15/hour by 2024, as proposed by the Raise the Wage Coalition, which would nearly align the minimum wage with the state’s livable wage as defined in statute. Anyone working 40 hours a week ought to be able to afford their basic needs. The State of Vermont should pay all of its workers without sacrificing the quality of social services or access to them.
 - Pass a strong, universal, and inclusive **family and medical leave bill**, as supported by the FaMLI Coalition, to support the health, well-being, and economic security of Vermont’s children and families.
 - **Child Care Subsidies** -- Vermont must continue to make progress on strengthening the Child Care Financial Assistance Program. CCFAP is a critical resource that helps Vermont families afford child care. However, the level of financial assistance offered by the program does not reflect the current cost of child care in Vermont, meaning that eligible families and child care providers still struggle.
 - **Reach Up** -- Increase the Reach Up cash grant to children and families incrementally until it meets 100% of the basic needs of participants, with automatic inflation indexing going forward. Restore full benefits to Reach Up families receiving adult Supplemental Security Income (SSI). Even with last year’s increases, current appropriations still provide less than 40% of a family’s basic needs and continue to reduce Reach Up benefits from families with SSI income. Make work pay by continuing to increase income disregards and asset limits; address benefit cliffs that disincentivize increased work hours and higher pay.
 - Provide greater incentives for low-income Vermonters to save for major essential needs and life goals by increasing investments in **Matched Savings/Individual Development Accounts**.
 - Ensure at least level funding for essential safety net programs like **LIHEAP** and **Crisis Fuel**.
 - Increase **access to Legal Services** for low-income Vermonters, especially in eviction situations.
 - Help low-income Vermonters start small businesses and achieve greater economic self-sufficiency by increasing access to capital and technical assistance through **Micro Business Development Programs**.
 - **Education Finance and Tax Reform** – Preserve income sensitivity and ensure that low-income renters and affordable housing are not adversely affected by tax reform efforts. Support the Tax Department’s proposal to reform and restructure the **Renter Rebate**, in concept, while ensuring that those with the lowest incomes and greatest need are not adversely impacted.

Land Use Planning, Permit Reform & Community Investments

Ease the development review process through land use planning and permit reforms, while ensuring that the provision of inclusive, affordable housing remains a requirement for all of the State’s Designation Programs. The Coalition also calls for **full, statutory funding** through the Property Transfer Tax for the **Municipal and Regional Planning Fund** to increase local and regional capacity to plan for affordable and inclusive housing, including the following proposals. VAHC supports, in concept and with *preliminary* caveats noted, the Administration’s emerging proposed reforms and community investments, which would:

- Eliminate **Act 250 Jurisdiction** in State Designated Downtowns & Neighborhoods (caveat: provisions for inclusive, affordable housing should be included);
- Reduce double-permitting for **state & municipal water/wastewater connection permits**;
- Amending the **Municipal and Regional Planning and Development Act** to expand small-scale residential development opportunities, like small lots, Accessory Dwelling Units (ADUs), and duplexes; help municipalities with by-law updates; and provide training on the new rules to builders and landlords;
- Expand **Downtown & Village Center Tax Credits** for re-investment and flood-safe rehabilitation in designated Neighborhood Development Areas and reduce capital gains on the sale of improved homes located within federally designated **Opportunity Zones**;
- Create a **Vermont Housing Improvement Program** for grants to bring unsafe, blighted, and vacant rental units up to code and back online (caveat: provisions to minimize economic displacement should be included); and
- Establish a **“Better Places” Crowd-Granting Framework** to leverage funding from private foundations for “placemaking” in centers.