

House General, Housing & Military Affairs Committee
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Good morning! For the record my name is Erhard Mahnke, representing the Vermont Affordable Housing Coalition. I want to start by thanking committee members for your good work on the eviction and foreclosure moratorium bill, which has been our highest priority for responding to the COVID-19 pandemic. As you may know, it went through final passage in the Senate this morning. Congratulations!

I also want to give a huge shout out to AHS, to Commissioner Schatz and his team at DCF, and especially to Sarah Philips at OEO. They've all done an amazing job dealing with the emergency for homeless and vulnerable Vermonters, as have our housing and homeless service providers and community action agencies on the front lines. We were blessed to receive a \$100,000 grant from the National Low Income Housing Coalition last week, which we turned into mini-grants for 20 homeless shelters, service providers and community action agencies around the state to help with their emergency response at the local level.

The statewide response to the COVID-19 emergency makes me proud to be a Vermonter. I have spent countless hours on national calls over the last few weeks, with colleagues around the country. And while we are not unique in our response to the crisis, there are certainly many states that are not doing nearly as well. Vermont's response is a perfect example of what good government leadership can do.

While the last six weeks have brought a sea-change to our lives and the entire world, the solutions to homelessness and our affordable housing problems essentially remain the same and are now more important than ever. It's not rocket science: we need affordable housing, rental assistance, and supportive services -- the proverbial three legs of the three-legged stool of housing investments for low-income, homeless, and other vulnerable people. The pandemic has just shown us the systemic deficiencies that have been there all along.

Even before the stay safe at home order came, the system was completely overstressed and unsustainable: shelters were always full and shelter stays long -- on average over 50 days, sometimes a year or more for some individuals -- because there was not enough safe, affordable housing to move people to; not enough subsidies to help pay the rent; not enough supportive services for those that need them to succeed.

I want to remind you of the *Roadmap to End Homelessness*, which the Legislature mandated and helped fund five years ago. We have the numbers, we know what to do -- but lack the political will to marshal the needed resources.

In this unprecedented time, we find ourselves in a unique position: over the course of several weeks, we have taken virtually the entire state's homeless population -- half again as many people as were counted in the Point in Time count last year--and helped them get into housing. We have effectively ended homelessness in Vermont, at least temporarily. This is something we need to celebrate!!

Obviously we don't want to waste this opportunity to have these folks all forced back into congregate shelters, cars, and encampments when the Governor's emergency order ends on May 15. I am deeply relieved to hear from Ken that motel stays will be extended. To protect public health, physical distancing will be with us for some time to come and economic hardship will last for many months. We need to build a better system that will take us into a better post-COVID world for our state's most vulnerable, most marginalized population.

If there's one thing I want to convey to you, it's a sense of urgency to lay claim to a substantial portion of the federal CARES Act relief dollars for housing and homelessness as soon as possible. As you know the state is facing enormous revenue shortfalls -- \$430M projected by Tom Kavet for FY 21. Even though the federal

funding can't be used to fill holes in the state's existing budget, there is already enormous pressure on the flexible \$1.25B Coronavirus Relief Funds. Please claim as large an amount of this funding as you can.

There are basically three tranches of CARES Act funding:

1. **Categorical funding**, like Community Development Block Grants (CDBG), Emergency Solutions Grants (ESG), Public Housing and Section 8 funding, etc., which are designated for certain eligible expenditures
2. **Coronavirus Relief Funds (CVR)** – These are the relatively unrestricted \$1.25B whose primary restrictions are that they must be spent between March 1 and December 31, must be spent on COVID-19 related expenses, and cannot be used to fill holes in a state budget passed before March 27
3. **FEMA funding**, which require a 25% state match and, with approval, can pay for motel stays

As you probably know, the Joint Fiscal Committee has approved acceptance of the CVR Funds in three tranches:

1. \$75M to be spent by the Administration without further prior approval on COVID-19 related health and safety and other emergency response needs, most of which has apparently already been spent
2. \$150M to be spent subject to Joint Fiscal approval for time-sensitive critical needs that cannot wait for the appropriations process
3. The remaining \$1.025B to be subject to the regular appropriations process

I have provided you with guidance from the Corporation for Supportive Housing, the same folks who brought us the *Roadmap to End Homelessness*. It provides you with a helpful matrix of eligible uses for FEMA, ESG, CDBG, and CVR funds, as well as guidance on how to maximize the different programs. I don't have time to go over this in detail, but just want to highlight that:

- **FEMA** can help pay for things like Personal Protective Equipment (PPE), meals, non-congregate shelter (motels), medical sheltering, and operating costs for non-congregate sites.
- **ESG** can, for instance, pay for motel stays, emergency shelter operations, PPE, street outreach, cleaning supplies, case management, hazard pay, rental assistance, housing navigation, and landlord-tenant mediation. VT is receiving \$2.3M in the first installment of ESG funds, and up to a total of \$4.6M.
- **CDBG** can pay for a broad array of uses, including rental assistance/eviction prevention, operating support for landlords to make up for rental income losses due to COVID-19, tenant support services, meal delivery, capital for acquisition/rehab of motels, and capital for supportive housing creation, among others. VT will receive \$4.7M, including \$450K for Burlington.
- The \$1.25B in **CVR funding** can be used for capital to convert leased hotels/motels to permanent supportive housing, supportive housing operating subsidies, rental assistance to move people from shelters to permanent supportive housing, landlord outreach, supportive services, eviction prevention assistance, and compensation for loss of rental income, to name a few.

Even with all the federal money, there are large funding gaps and, overall, not enough federal money. For example the Cares Act included no funding for the state's more than 1,200 USDA Rural Development funded rentals, or for federal Low Income Housing Tax Credit (LIHTC) developments without rental subsidies.

We are working with the congressional delegation, our national partners at the National Low Income Housing Coalition, and regional allies at the New England Housing Network on priorities to get more housing money into a COVID 4.0 bill.

We fully support the proposal from Housing Vermont and Champlain Housing Trust on behalf of our nonprofit housing members, which Chris Donnelly presented last week. This is a great framework to build on. Everything that's proposed is eligible to be paid for with federal funds. ***If anything we'll need more than \$106.5M.***

CHT/HVT's proposal is very comprehensive, but there are a couple of solutions I want to highlight that he did not focus on. These supplement and build on their proposal:

- **Homeless Shelters** -- There is an array of special funding our homeless shelters and service providers need to help transition homeless Vermonters from motels to permanent housing and to assist those who will have to continue relying on shelters. Federal ESG dollars will likely not cover the need. The cost will have to be added to the CHT/HVT proposal. AND we'll need to increase state investments in the Vermont Rental Subsidy, Family Supportive Housing and Housing opportunity Grants.
- **Pathways Vermont** – Pathways is an underutilized resource that is part of the solution. They have a \$3.5M proposal to house 200 additional chronically homeless Vermonters with mental illness and/or co-occurring SUD and expand statewide. I'm glad you're hearing from Pat Gallagher today on this.
- **Support and Services at Home** – SASH is supporting over 5,000 elders and vulnerable Vermonters in affordable housing developments throughout the state, helping to prevent them from needing higher cost, higher levels of care. We need to expand beyond the current 54 SASH "panels" and into underserved areas of the state to ensure that SASH is available for all new affordable housing developments. We also need to expand SASH into family housing to help keep people successfully housed as our nonprofits serve an increasingly challenging population. I would recommend that you hear from Molly Dugan at Cathedral Square.
- **Rental Housing Rehab & Registry** – I want underline the testimony of Josh Hanford and Sarah Carpenter the other day. We also need rehab funds to bring vacant properties back online and make substandard properties safe. Also, please don't miss this opportunity to finally stand up a system to identify where all the rental housing is in the state – before the next statewide disaster hits.
- **Housing Counseling and Legal Services** will be needed for people facing possible foreclosure or eviction when the moratorium is over.
- **Homeless Encampments** -- Support those who will continue to live in encampments with the services they need to maintain health and safety, and institute a state policy to prevent the clearing of encampments, per Center for Disease Control guidance.
- **Supportive Services & Capacity Funding** – The COVID-19 transition will need to include services that go beyond crisis support, such as financial literacy and household budgeting, tenant readiness skills, and community leadership development. These fundamental elements would help sustain lasting change in our communities.
- **Payroll Protection Program** – As a heads up, I want to let you know that many of our nonprofit housing providers who have applied for and received PPP awards are now being told they do not qualify for the funding because SBA considers them ineligible "passive businesses." VHCB has hired counsel and is working with the congressional delegation on this. We have also brought it to the attention of our national allies. The potential loss statewide is \$5.5M.

We also support VHCB's comprehensive proposal to rebuild a "Safer and Healthier Emergency to Permanent Affordable Housing System," which Gus Seelig presented last week. We stand ready to help with the "ad hoc task force he proposed to redesign the state's emergency to permanent affordable housing system.

We urge you to send a letter to your colleagues on Appropriations as soon as possible to let them know what's needed for the homelessness to housing transition and ask them to set aside a substantial portion of the Coronavirus Relief Funds for housing and homelessness – at least the \$106.5M in the CHT/HVT proposal.

In closing, this crisis is a stark reminder that our health depends on the health of others. When the most vulnerable people in our community are safe, we are all stronger. Shelter providers used to talk about working their way out of business – COTS is the Committee on *Temporary* Shelter. And here we are over 35 years after COTS was founded, with a unique opportunity to move a giant step towards that long-standing goal. We know what to do, now is the time.

Thanks for your time, and I'm happy to answer any questions.