

## **Testimony to Senate Economic Development, Housing and General Affairs**

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Mr. Chairman, Members of the Committee, thank you for the opportunity to comment.

Most of you are familiar with Champlain Housing Trust on some level, so I'll just take a moment for a brief thumbnail of CHT and our current activity before addressing the housing needs that we are dealing with and the opportunities that I see for legislative action. Please jump in with any questions at any point.

We serve the three northwest counties of Vermont and nearly 3,000 affordable homes serving people from homelessness to homeownership. Two thousand three hundred and four (2,304) of these homes are conventional rentals or special needs homes with services attached and 615 are homes in shared equity homeownership. Every one of these homes (except a fraction) are affordable due to investments by the VHCB.

A few other facts about us is that we have 38 commercial and non-profit spaces; that we provide financial counselling broadly to the community- 1,158 households last year. Most then rent or buy a home through CHT, or are current tenants and owners having financial challenges, but others take our homebuyer education classes and purchase in the market. Our shared equity portfolio of 615 homes has served 1,145 families, the majority of sellers having moved on to the market with the equity that they build up in this first step out of renting.

We operate a loan and rehab services program to low income homeowners funded by VCDP that is very important in our rural regions to keep people safe, healthy and warm when major systems fail (98 homes in the past 5 years- 23 disabled, 31 over age of 62). We also help people statewide to secure energy efficient affordable mobile homes through the tax credit program initiated after Irene (152 in all- average income \$39,500). The Homeownership Centers around the state refer buyers and we do the financing.

Sixteen percent of our rentals are occupied by people who were homeless and last year 88 of our 313 vacancies were leased up to people making that step. As part of this - a core CHT strategic plan priority -we also deliver an array of services and programs to help people stay housed- from budget and financial counselling, to loans and rent forbearance, to deep social work and case management in partnership with other agencies.

We just celebrated our past year at Annual Meeting with about 250 members and guests. These were some of the highlights we were proud to report:

We have 136 apartments under construction as we speak: sixty in South Burlington's new city center, and 76 at Cambrian Rise on Burlington's waterfront. This spring we will start building 30 permanently affordable condos at Cambrian Rise- this being the first phase of 96 required by the city's inclusionary ordinance. Last year we also purchased, with help from VHCB and social capital lenders a rental complex of 105 apartments that were unsubsidized but affordable to people at 80% median and less (Naturally Occurring Affordable Housing, or NOAH) to prevent their sale and conversion to higher market rents and the ensuing displacement of working families from the heart of South Burlington as we have recently seen in Essex and elsewhere in Chittenden county.

Coming up in development are Maiden Lane in St. Albans- which Gus described and an evolving homeownership project in Winooski. We are also in conversation with owners of another 88 rentals that are naturally affordable and about to be sold, and exploring a large new construction opportunity in Hinesburg, as well the next phase at Cambrian Rise.

We are close to having all funds in hand- including our capital campaign to complete the old North End Community Center at the former St Joseph School. This center is already serving 4,000 people a year about 800 of whom are refugees and new Americans accessing case work, job training language and citizenship classes, healthcare and just the opportunity to integrate with other seniors and youths at the center's many activities.

We continue to lead in the Chittenden County Homeless Alliance and have secured a 3 year grant from KeyBank foundation to expand our housing retention services – a program that has received national attention and a platform to train providers in other states. But we know that the true solution to homelessness is to have more affordable housing.

We need to do more and have the capacity to produce but are constrained by just one thing: the shortage of capital to build affordably. Each month we get over 70 full applications and have only 10-15 vacancies. Everyone else goes on a waiting list. Our Building Homes Campaign with Housing Vermont calls for 3,500 new homes in Chittenden over 5 years with 700 permanently affordable, which is the number identified by our Regional Planning just to keep up with growth. While we are on track with production overall, we are falling short of the affordable goal – with just 191 in the works for the first two years (out of goal of 280). And the reason we got to 191 is because we had the infusion of bond money available to stretch VHCB and other federal sources. We need more affordable capital to produce homes for those facing the housing-wage gap and we need to keep them affordable to solve the problem long-term.

I am dismayed to see the VHCB funded at less than last year in the Governor's budget. The value of the bond was to supplement a housing pipeline that was well behind need- if it just replaces money we are never going to get ahead. A VPR poll in the fall identified high housing

costs as the number one cause of stress and anxiety among Vermont families- by far. And no wonder: the housing wage gap is high for workers even in semi-skilled and starting professional jobs. People working 40 hours a week should not be insecure about keeping a roof over their heads. People paying 50 and 60% of income to housing costs are unable to save and as such are always close to disaster.

This is not just a Vermont issue- it's a national crisis. But in Vermont - a very high cost market- we have come together to address this crisis in a way that is sought after now all over the country. Permanent affordability is not only the most cost effective way to deliver affordable housing but it is the only durable way- to build affordability into our housing market. And now other states and city governments that are dealing with homelessness and stress on their workforce are figuring this out. Eight hundred eighty cities have implemented Inclusionary Zoning with permanent affordability- but many are just getting started. Most will be using a community land trust (CLT) for stewardship as we do in Vermont. I am a board member and past president the national network serving CLTs and local governments implementing permanently affordable housing initiatives (PAH), called Grounded Solutions Network. GSNs growing staff cannot keep up with the demand for technical assistance now. GSN has long been funded just by Ford Foundation and Lincoln Institute, but now more recently by major bank foundations. CitiBank is supporting efforts in DC and other major metro areas implementing new CLTs at scale. JP Morgan Chase is supporting the new Houston CLT which is planning a thousand homes in its first phase. Denver and Atlanta are implementing large citywide CLTs as part of their mass transit initiative because they realize that if housing is built near transit stops and not preserved as affordable, these will become the most costly locations- defeating the purpose of workforce housing planning.

Here's some recent random examples of how this solution is catching fire, and how much people are looking to Vermont: Shared equity homeownership and Community Land Trusts are incorporated into the Duty to Serve provisions of recent Financial Services Reform; NeighborWorks America has just designated new funding for shared equity homeownership and CHT has been tapped throughout for program advice to their leadership; two weeks ago the Wall Street Journal featured CHT and our model in Market Watch, and the NPR Climate Solutions podcast recently featured CHT and new urban CLTs addressing mass transit.

So, in spite of having a national resource, GSN to refer people to, every week at CHT we hear from practitioners who want to learn about us- no wonder. Vermont is a generation ahead of the country in this. We are the proof of concept. Why in the world would we go backwards? We should proudly continue to lead, and more importantly, if we want to continue to successfully deliver affordability and security here, to Vermonters - and plan our communities well, we need to double down on this, our proven solution. We should be increasing VHCB, not cutting it as we have, -by sixty million dollars over the past ten years! Imagine where we would be had we had funded VHCB at the statutory level over this decade. We should correct this now.

The growth in the Property Transfer Tax revenue is a sign of Vermont's robust real estate economy. But the increased value also prices some out- so using a small portion of the PTT was, and is a brilliant and elegant way to mitigate the downside of gentrification and development pressure by making homes affordable for Vermonters and preserving our land and traditional settlement patterns. This is an investment in our people today and in our future. It is a sound economic investment as well. Every dollar invested in conservation is being doubled, and every dollar invested in housing is creating \$8-12 in investment and construction. Diverting this money elsewhere is not OK. By giving up \$60 million in land conservation and affordable housing in the past decade we have allowed our housing crisis to grow. We'll never know for sure how these diverted funds performed by comparison, but I very much doubt that they have produced the lasting benefits that VHCB funded local projects have for our state.

Thank you very much for your time and attention.