Response to Proposal for Housing Investment

POTENTIAL BENEFITS OF THIS MODEL:	CONSIDERATIONS NEEDING ATTENTION:
• Creates a large scale additional source of funding for housing and accompanying economic development benefits needed for Vermonters. • Subject to further diligence, this appears to avoid impact on the state's Net Tax Supported Debt based on local appropriation structure. • A flexible funding source could include soft incentives for municipalities to meet their competing bond priorities and supporting capital needs.	• Municipalities are expected to provide and service physical infrastructure and already face challenges with unfunded needs for roads, bridges, facilities, water systems and schools. • Policy requires municipalities to internalize risk that state appropriations will change over the life of the bond. • Policy presents issues related to timing of when a municipality might be open to a housing bond which may not mesh well with housing development opportunities (i.e. negotiating the competing interests of local infrastructure, school and other capital needs that may require public votes). • Policy may face issues of equity in the geographic disbursement of funds where larger or better organized communities may be more apt to receive funding than small, rural areas with different needs (ex. housing for homeless, extremely low income, etc). • Some communities are resistant to affordable housing growth or may reject the kind of housing prioritized in last year's Act 48. Therefore the housing created with this funding could look very different than what was given 2018 bond resources.

Unanswered Questions:

- What is the incentive for municipalities?
    - Can policy accommodate municipalities by providing funds to mitigate appropriation risk while funding infrastructure needs in designated centers.
- What is the flow of decision making, prioritization, and implementation?
- What is the appropriate financing mechanism in light of the need to: borrow money on a taxable basis, achieve the benefits of a loan pool, and minimize the appropriated dollars.
- What kind of housing is prioritized for investment while retaining municipal autonomy in the decision to bond?
- How can VHCB's experience be best leveraged, knowing where and what housing is needed statewide?