

Vermont Affordable Housing Immediate COVID-19 Needs

During the COVID-19 pandemic Vermont's affordable housing network is partnering with others to protect, feed, and care for thousands of low-income households. In counties across the State the nonprofit organizations are critical partners and leaders to assure homeless people are safely housed during the *Stay Home, Stay Safe* order.

The low-income residents of affordable housing developments are disproportionately vulnerable to the coronavirus and to its economic fallout, as they have a higher level of underlying health conditions and they have less financial security.

There are three gaps the State can fill in response in the short term: 1) additional rental vouchers, 2) increased permanent housing for people in motels, and 3) more services to low-income Vermonters. Beyond the short term, the nonprofit housing sector is ready to play a central role in the economic recovery of the State. **Funding these gaps will require an investment of total of \$106.5 million** - \$70 million in capital expenses to create new housing, and \$36.5 million of funds committed for the next nine months that will prevent both short term and future outbreaks of COVID-19 by ensuring Vermonters have a safe and healthy home.

1. NINE-MONTH RENTAL ASSISTANCE PROGRAM FOR VULNERABLE HOUSEHOLDS \$23,243,000

The CARES Act did not provide for all low-income or working renters. One-time payments and expanded unemployment benefits will only partially mitigate their economic loss. Some may have jobs eliminated or reduced after the economy is opened up and will face long-term and deep economic consequences. The eviction moratorium helps renters in the short-term but without additional assistance it will leave many renters in debt, perhaps facing bad credit, and coupled with reduced opportunity to work or worse – an imperative to work at greater risk to their own health.

Our recommendation is to for the State to **implement a time-limited rental housing assistance program for renters earning up to 80% median income** to support them in making their rental payments through December 31, 2020. A parallel program is needed for Mobile Home Park residents. These programs would have the double benefit of providing direct economic relief to households in need while sustaining essential infrastructure serving low and moderate-income people.

Unsurprisingly, early data collected from April indicate an immediate and potential growing loss of income for low-income residents living in affordable housing. In total, there are roughly 11,200 apartments and mobile homes owned by the affordable housing sector across the state, and we assume that there are at least another 10,000 privately held apartments serving low-income tenants. Typical rent collection is 97%; a snapshot of several housing organizations from different corners of the state showed an 89% rate in April. As Vermonters were working throughout much of March, many had the income to cover their April rents. We expect this gap to grow.

We project a peak of 20-25% of lost rent in June and July, before slowing returning to normal around the end of the year. These projections assume medium to long term sustained job loss, a slow return to economic activity generally, and possible new waves of COVID-19 as social distancing is loosened, then

tightened. Because of this we expect that renters and mobile home residents will need to be supported with over \$23 million to fulfill their monthly housing payments.

2. CREATE A BRIDGE FOR PERMANENT HOUSING FOR HOMELESS HOUSEHOLDS

\$79,240,000

As of April 20, 1,600+ homeless people from roughly 1,200 households are being safely housed in motels throughout the State, more than four hundred in Chittenden County alone. This is not just a critical temporary response, it is expensive. **It is too big a public health risk to send this vulnerable group back out into the community when we know that the coronavirus is still active.**

This is the time to invest in permanent housing for this population operated by local non-profits. Short term solutions include boosting rental assistance and supportive services for 600 of these households to secure permanent housing. Some markets don't have the vacancy to absorb all of these people; our proposal also includes securing property that can be used transitionally at first for 400 households to ensure a safe home while more permanent solutions are put into place. This will work in Chittenden County, Barre/Montpelier, Northeast Kingdom and Upper Valley regions – and possibly others – where nonprofits are already assessing the feasibility to purchase motels or closed nursing homes to provide supported housing for people who have been homeless. **COVID-19 Relief Fund support could be used for capital to secure these properties, rental subsidies and Housing First supportive services** to prevent a return to homeless shelters that pose a risk of a new coronavirus outbreak.

3. SUPPORTIVE SERVICES & CAPACITY FUNDING

\$3,956,250

Affordable housing providers and other nonprofits need to boost their social services to meet the increased needs of current residents and homeless households transitioning to permanent housing. Affordable housing has proven to be a very efficient and effective delivery system of services to vulnerable Vermonters and should be utilized at this time to help address health and welfare needs. SASH, meal sites and housing retention services programs all have proven to support renters in need, and the need for such assistance has grown exponentially in the pandemic. This higher level of services will continue for up to a year.

Additionally, many homeowners are facing troubles paying their mortgages. As in the Great Recession a dozen years ago, the State's HomeOwnership Centers are ready to support people in avoiding foreclosure. Additional staffing for these regional organizations will be necessary.

The nonprofit and public housing sector acts as the front line of support for our most vulnerable populations. In these times increased communications and outreach, safety precautions, new systems and procedures and more have needed to be put in place that were unbudgeted and unexpected. This is sure to happen in the future. **A dedicated capacity fund should be established at the Vermont Housing and Conservation Board to support these existing and emerging needs.**

CARES Act funding: \$1,250,000,000

% of CARES Act

1. Unpaid Rent Assistance

Apartments and mobile homes - nonprofit portfolio 11,130
Apartments and mobile homes private sector 10,000

Total Rent Assistance 21,130 households \$23,243,000 1.86%

2. Permanent Housing for 1,000 Homeless Households

Subsidized apartments, existing 600
Subsidized apartments, new 400
CRF Capital cost per new apartment \$175,000

Capital for new homes - one time cost \$70,000,000 5.60%

Subsidy cost annual for 400 new apartments \$3,216,000 0.26%

Subsidy cost annual for 600 existing \$4,824,000 0.39%

Services @ \$100 per unit per month \$1,200,000 0.10%

Total Permanent Housing \$79,240,000 6.34%

3. Social Services

Twenty-Five new social workers employed by housing orgs. \$1,406,250 0.11%

Housing First Services \$900,000 0.07%

Foreclosure counselors - six \$450,000 0.04%

Capacity for nonprofit affordable housing orgs \$1,200,000 0.10%

Total Social Services \$3,956,250 0.32%

\$106,439,250 8.52%