



vermont affordable housing coalition



Vermont Coalition to End Homelessness

## 2019 State Legislative Priorities

Safe, stable and affordable housing is the foundation on which successful, independent lives are built. Without a home, children have difficulty learning in school; elders and people with disabilities live less independently; single parents on public assistance cannot become self-sufficient; seniors face greater health challenges; and low-wage working families have difficulty holding onto jobs, let alone moving up the economic ladder. Housing is increasingly recognized as one of the key social determinants of health and well-being. Leading pediatrician Dr. Megan Sandel observes just how intertwined health and housing are, especially for developing children. She calls housing a “health care vaccine,” which helps to enhance the likelihood of more positive outcomes for children in all aspects of their lives.

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 the local economy, and increase state and local revenues. An adequate supply of affordable homes helps employers attract and retain qualified employees. Here are a few indicators of the extent of Vermont’s housing need:

- Vermont has a severe and protracted housing shortage: our vacancy for multi-family housing has ranged from 1% - 2% statewide for many years.
- Housing costs were by far the leading cause of financial stress for Vermonters surveyed by VPR and Vermont PBS. At 32%, housing exceeded the next most commonly cited expense – taxes – by 14 percentage points.
- Though we have seen encouraging progress, homelessness remains a major problem for families with children and for single adults. The 2018 Point In Time Count of the Homeless showed 1,291 Vermonters without housing on a single day in January. 511 were persons in households with at least one adult and one child (40% of the total). At 50 days, the average length of stay in homeless shelters is at its highest level in over 17 years – an indication of how hard it is to find and maintain affordable housing.
- Vermont is the second grayest state and our senior population continues to increase. The greatest growth in households by age is between the ages of 65 and 74.
- The legislatively mandated "Roadmap to End Homelessness" report, conducted by a nationally recognized consulting group, calls for 368 new units of permanent supportive housing and 1,251 new homes made affordable to very low-income Vermonters over the next five years.
- To help end our affordable housing shortage, the "Vermont Futures Project" of the Vermont Chamber of Commerce has set a growth target of 5,000 new and improved housing units annually.
- Though interest rates remain at historic lows, greater barriers to homeownership force young families to postpone buying a home, pushing them out of state and further straining tight rental markets.
- Almost half of Vermont renters pay too much for their housing costs, leaving them with too little to cover other basic needs. The average two-bedroom apartment in Vermont costs \$1,165 a month, which is affordable at an hourly wage of \$22.40 per hour, or \$46,585 annually (the “Housing Wage”). Over 50 percent of Vermont’s workforce works in jobs that pay less.
- The average Vermont renter earns \$12.85 an hour, leaving them almost \$500 a month short for a two-bedroom apartment. With over 75,000 renter households, Vermont has the 5th largest affordability gap for renters of any state in the nation.
- We have the 5<sup>th</sup> oldest housing stock in the nation, with almost 30 percent built before 1939. Many Vermonters live in substandard, unsafe and unhealthy conditions in need of lead paint remediation, energy efficiency and health and safety upgrades.

## HOUSING RELATED INVESTMENTS

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. Rental and other housing-related financial assistance that fills the affordability gap for families working at low-wage service sector jobs or living on fixed incomes, and
3. Supportive services for those with the greatest challenges to finding and maintaining housing.

### Capital Investments

Increase capital investments and tax credits for building and renovating affordable housing:

- **Vermont Housing and Conservation Board (VHCB)** -- Provide full, statutory funding through 50% of the Property Transfer Tax. For FY 20 this would mean approximately \$21.8 million (FY 19 funding was \$15.4 million). Full funding would also offset the \$1.5 million reduction in VHCB base funding that goes to repay the Housing Bond for 20 years.
- **Accessible Housing** – Provide at least level funding for the **Home Access Program** at \$700,000 (\$600,000 from VHCB, \$100,000 from DAIL). Support creation of a tax credit for home modifications.
- **Weatherization:**
  - Reauthorize current revenue sources for the Low-Income Weatherization Assistance Programs to maintain at least level funding for assistance to Vermonters with median incomes at or below 80% of HUD Area Median Income. These sources expire July 1, 2019 and include the 0.75% Gross Receipts Tax on natural gas and coal, 0.5% GRT on electricity, plus 2 cents per gallon tax on fuel oil, propane and kerosene.
  - Double the number of low- and moderate-income homes weatherized per year starting in 2020, as recommended by the Governor’s Climate Action Council, by doubling the amount of funding invested in low- and moderate-income weatherization, focusing on customers earning up to 120% of median income. This would take us from roughly 2,000 homes to 4,000 per year. In order to meet 2025 statutory goals, we would need to weatherize 8,400 homes per year.
- **Downtown and Village Center Tax Credit** – Support the Preservation Trust’s proposal to increase the tax credit from \$2.4 to \$3 million annually, which supports affordable housing in our downtowns.
- **Accessory Dwelling Units** – Create a low-interest loan and technical assistance program to help homeowners create ADUs for rent at affordable prices.
- **Rental Rehabilitation** – Develop resources and incentives for private, for-profit landlords to rehabilitate substandard properties; couple with increased capacity to do minimum housing inspections; fund anti-displacement safeguards such as short term rent stabilization and/or rental assistance.
- **Housing Related Tax Credits** – Preserve all existing tax credits, seek increases where possible.

### Supporting Vermonters: Closing the affordability gap for renters and first-time homebuyers

Seek increases to proven state programs that provide rental and other housing-related financial assistance for low-income & vulnerable Vermonters, as well as helping young Vermonters buy their first homes:

- **Vermont Rental Subsidy Program** – Increase from \$1 to \$2 million.
- **Housing Opportunity Program** – Increase by \$1 million, from roughly \$4M to \$5M (net of federal and General Assistance funding included in HOP); dedicate half of the increase to financial supports.
- **GA Emergency Housing** – Level fund at \$3.1 million for motels and \$1.9 million for community-based alternatives to motels.
- **Mental Health Rental Assistance Vouchers** – Increase by \$200,000 to restore the \$1.4 million funding level of several years ago.
- **Project Based Rental Assistance** -- Create a state program to help provide the additional subsidies needed to make housing affordable to the very lowest income Vermonters.

- **DMH's CRT Housing Support Fund & Corrections Supportive Housing** – Provide at least level funding for these and other housing-related programs and financial assistance.
- **Vermont Affordable Housing Tax Credit** – Increase by \$250,000 to increase support for first-time home buyers: half for VHFA's Down Payment Assistance Program, the other half for a combination of (1) new construction or substantial rehabilitation of owner-occupied homes and (2) the Manufactured Housing Loan Program established in the aftermath of Tropical Storm Irene. Support VHFA proposal for clarifying technical amendments to the tax credit statute.

### Supporting Vermonters: Service supports for those with the greatest challenges

Increase funding for proven programs that provide supportive services to the homeless, seniors and people with disabilities:

- **Family Supportive Housing** – Increase from \$727,000 to \$1 million to expand beyond the current 7 AHS districts served. About \$900,000 would be needed to expand statewide, most of it paid by Medicaid.
- **Housing Opportunity Program** – Increase by \$1 million, from roughly \$4M to \$5M (net of federal and GA funding included in HOP); dedicate half of the increase to supportive services.
- **Support and Services at Home (SASH)** – Increase MCO funding by 3.5%, or \$34,091, for a total FY 19 request of \$1,008,114.
- **Housing First** – Increase by \$500,000 to expand services to Rutland and Bennington Counties.
- **AHS Central Office Direct Service and Service Coordination Grants** – Increase by \$293,000 to restore \$400,000 funding level of several years ago.
- **Assistive Community Care Services (ACCS)** -- Support a \$0.75 increase per diem to ACCS providers.
- **Homeless & Runaway Youth Programs** – Restore \$275,000 program cut.

### Additional housing related investments

- **Municipal & Regional Planning** -- Provide full, statutory funding for the Municipal and Regional Planning Fund through 17% of the Property Transfer Tax. For FY 20 this would mean about \$7.4 million (FY 19 funding was \$3.8M million). Since 2001, roughly \$31.5 million has been diverted from the fund, which could have enhanced local and regional planning capacity, including planning for affordable housing.
- Ensure at least level funding for all other housing related programs, seek increases where possible: **Homesharing** programs, First Stop **Mobile Home Program**, **LIHEAP** and **Crisis Fuel**, and **Legal Services** for low-income Vermonters.
- Seek renewed funding for statewide **landlord-tenant training & technical assistance**.

### New Revenues

It is clear that enormous ongoing, unfunded State needs – last session Senate appropriators identified \$60 - \$80 million worth -- will require new revenue sources or they will remain unmet and become more expensive to fix in future years. The Affordable Housing Coalition looks forward to joining with other partners to push for new revenue sources to pay for the basic needs of low-income and vulnerable Vermonters. Vermont's tax structure must be adjusted to meet the twin imperatives of increasing revenues sustainably and properly apportioning those revenues based on ability to pay.

One such revenue source, estimated to raise \$7.3 million, is a **\$2 occupancy fee** on motel and hotel stays. We continue to support such a fee dedicated to funding housing and homeless programs, but would also support other sustainable sources that don't make Vermont less affordable to average working Vermonters.

## HOUSING LEGISLATION & POLICY

### Rental Housing Habitability

- **Increase rental housing health and safety** by adopting the recommendations of the **Rental Housing Advisory Board** created under Act 188 of 2018, report due in January. Recommendations include: Increase the capacity of the Health Department to provide technical assistance and training for Town Health Officers and gather data on code violations and complaints; facilitate the ability of towns to enforce the Health Code; create capacity for the Attorney General's Office or the Health Dept. to enforce health orders when towns can't; direct state agencies to develop a plan for creating a state rental housing data base; and work towards a professional state inspection system over 3-5 years.

### Land Use Planning

- **Act 250 Commission** – Monitor commission recommendations for impact on development of affordable housing; look for opportunities to enhance the review process for affordable housing.

### Mobile Home Parks

- Support potential change to Mobile Home law to trigger **lot rent mediation** at a lower threshold, current threshold is at CPI plus 1 percent (S.177 of the 2017-18 session would have lowered the threshold to CPI plus 0.5 percent).
- Monitor potential need for **definitional changes to Mobile Home** law to maintain resident rights and protections as older mobile homes are replaced with modular homes.

### Tax Policy

- Monitor potential changes to **Education Finance** to ensure low-income renters and affordable housing are not adversely affected; preserve income sensitivity; maintain the Renter Rebate, monitor potential efforts to convert to rental tax credit.
- **Shared Equity Appraisal Formula** – Act 174 of the 2013-14 legislative session established that a subsidy covenant restricting the resale value of an owner-occupied home shall be deemed to reduce its appraised value to not less than 60% or more than 70% of what its value would be if not subject to the covenant. Every 5 years, starting in 2019, the Tax Commissioner, in consultation with VHCB, is to report on whether the percentage of appraised value should be changed and, if so, why. The report and possible recommended changes to this hard won appraisal formula will need to need monitored.

## ECONOMIC & SOCIAL JUSTICE

- **Minimum Wage** – Support increase to \$15 an hour and measures to reduce benefits cliffs.
- **Family and Medical Leave Insurance** – Support FaMLI Coalition's efforts to secure passage of a strong Family and Medical Leave Insurance program in 2019.
- **Homeless Bill of Rights** -- Support passage of a bill protecting rights of Vermonters without housing
- **Child Care Financial Assistance Program** – Support the Vermont Early Childhood Advocacy Alliance's efforts to increase CCFAP investments to improve the payment rate to providers so that it more closely matches current costs to provide care, and to expand eligibility so that more families in need of assistance can get support to access high quality care for their children.
- Support increased funding for **Micro Business Development Program** and **Individual Development Accounts**; Vermont Matched Savings Account Program; adequate funding for financial education, credit building and repair.
- **Increase Reach Up grants to families.** Reach Up has not has a cost of living adjustment since 2004. Current appropriations provide only 30-50% of the income needed to meet their basic needs. VAHC supports Voices for Vermont's Children's proposal to increase Reach Up grants to children and families incrementally until they meet 100% of basic needs, with automatic inflation indexing going forward. Also, continue to make progress on increasing asset limits and income disregards to make work pay. Restore full benefits to Reach Up families receiving adult Supplemental Security Income (SSI).