

## **Ideas for how the CRF money might be used to benefit needy Vermonters**

From Grace Pazdan and Wendy Morgan, Vermont Legal Aid, 1/7/2021

We believe that the philosophy adopted by the Rental Housing Stabilization Program should guide decisions on how CRF housing dollars should be distributed: Will the program increase housing stabilization and prevent homelessness during and after the pandemic? The ideas listed below would further that goal.

**Delinquent Property Tax Fund:** The COVID Mortgage Assistance Program (MAP) provided up to 6 months of delinquent mortgage payments to assist homeowners in avoiding foreclosure. Similarly, the RHSP program assisted renters with back rent payments.

- Homeowners behind on property tax payments could only access assistance if their property was mortgaged and they had a COVID-related financial hardship. VHFA did not extend the benefit to homeowners without a first lien mortgage – thereby excluding those with reverse mortgages, home equity loans and those that own their homes/mobile homes outright.
- Towns and municipalities have broad discretion to use property tax sale as a delinquent tax collection tool. In our practice at Vermont Legal Aid, we have witnessed towns pursuing property tax sales for as little as \$200 in taxes and/or penalties.
- Many of the homeowners who are delinquent in their property tax payments are entitled to a property tax credit to help offset a significant portion of their tax liability, but are unaware of that benefit because they are not required to file income taxes.
- While homeowners can redeem their property by paying the delinquent tax, penalties and fees within a year of the date of the sale, the taxpayer's account accrues 1% interest per month and fees related to the sale. It is often impossible for financially strapped homeowners to redeem their homes from property tax sale and avoid homelessness.

A fund to pay unpaid property taxes coupled with outreach on the property tax credit program would keep people in their homes, benefit the towns, and allow low income homeowners to utilize the property tax credit for future taxes.

**Recovery Residences:** A large stakeholder group is working on a bill to have qualifying sober homes or recovery residences certified in exchange for being able to remove tenants who have relapsed more easily than under the eviction laws. One of the difficult aspects of supporting the proposed law is that while a relapse is completely predictable, there is currently no system to provide a safe place for a tenant to live for a limited period of time. Often tenants are returned to prison, become homeless, or join friends who are using; too often they overdose. CRF dollars used to set up regional options for living and being supervised to prevent adverse consequences during the crucial time when removed from a home would help enormously in moving an important new system forward.

**Rental Rehabilitation:** Additional money to DHCD to continue the Rental Rehab program would quickly and inexpensively bring more units on line and provide housing for our population experiencing homelessness.

**Homeownership:** Monies to help more household to move into their own homes, especially New Americans who lag far behind others in becoming homeowners, would also help in increasing the rental stock in Vermont.

If you desire more information on any of these topics, please be in touch. [wmorgan@vtlegalaid.org](mailto:wmorgan@vtlegalaid.org)