

Subject: Please approve Administration's Emergency Rental Assistance request

Date: 2021-02-09 11:21 AM

From: Erhard Mahnke

Dear Representative Hooper and Joint Fiscal Committee Members,

I am writing in support of the Administration's request regarding the \$200 million in Emergency Rental and Utility Assistance the state has received through H.R.133. While I fully appreciate that you might be reluctant to appropriate this large a sum without knowing all the programmatic details, I urge you to approve the funds and get this money out to help Vermonters in need as soon as possible.

I cannot overemphasize the urgency of getting sufficient funds to the Vermont State Housing Authority (VSHA) so they can structure a successor program to their CRF-funded Rental Housing Stabilization Program (RHSP). Since the end of that highly successful program, Vermont renters again have rent and utility payments accruing that they are unable to pay due to COVID. And landlords -- mostly "mom and pop" owners -- have bills piling up that they can't pay as a result. Our affordable housing nonprofits are also seeing operating losses. One of our members, Twin Pines Housing Trust, which serves the Upper Valley, tells me January was their worst month for rent receipts since the beginning of the pandemic.

While we know that we need bricks and mortar funding to build more desperately needed housing, and we all hope for greater flexibility for the new funds, let's get money out for the things *we know* now are eligible uses: rent and utility assistance. You can hold some portion of the \$200 million in reserve in the event that Treasury provides guidance allowing for the more flexible use of the funds, but please approve enough money to get the essential, desperately needed assistance out to those that need it.

VSHA are THE experts on getting rental relief to desperate Vermont families, individuals, and landlords in the most effective and expeditious manner possible. They stood up the RHSP in ten days and moved \$22 million to needy Vermonters in less than six months. As you know, the new federal program is far more restrictive than CRF-1 and will be more complicated to start up and administer. It requires means-testing, low-income targeting, and income certification -- and 65% of the money must be obligated by September 30 or we run the risk of clawback.

Start-up costs for a new program of this size will be considerable, while federal requirements limit administrative costs to 10% of the total federal award. VSHA will need to hire additional staff and, most likely, contract with 3rd party software vendors, call centers, and procure marketing assistance. VSHA has been in touch with large out-of-state contractors who have moved substantial amounts of rental assistance in other states in a very short time. They are set up to do intake by phone and file applications electronically. They can do intake in many different languages and can also handle utility payments to renters, making delivery of assistance more efficient and cost-effective. They typically charge 4-7% of the overall grant award, up to 9% if the award is only \$10 million.

In addition, some of this money will need to go for case management and supportive services, including eviction prevention and landlord-tenant mediation, in conjunction with the rent and utility assistance. These funds will need to be deployed as soon as possible as well.

Clearly VSHA needs a substantial funding commitment up front to stand up a complicated new program with a rapid turn-around. For the sake of Vermont's hurting renters and landlords, we need to make the gap between the end of the last program and this new one as short as possible. Other states are moving this money out to renters in need. We have been uncharacteristically slow out of the gate this time. Time is of the essence! Please approve the Administration's request.

Thank you for your consideration and, as always, for your strong support for housing!

Best,

erhard

Erhard Mahnke (he/him)

Coordinator

Vermont Affordable Housing Coalition - www.vtaffordablehousing.org