



vermont affordable housing coalition

VAHC Steering Committee

February 18, 2021

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Representative Tom Stevens, Chair
House Committee on General, Housing and Military Affairs
State House
Montpelier, VT 05602

RE: Recommended Housing Investments in the FY 22 State Budget

Dear Chair Stevens and Members of the House Committee on General, Housing and Military Affairs:

I write to you on behalf of the Vermont Affordable Housing Coalition with our recommendations for the FY 22 State budget. We hope that it is not too late for you to consider these recommendations for inclusion in your budget memo to your Appropriations Committee colleagues.

As you know, the Coalition is a statewide membership organization dedicated solely to ensuring that *all* Vermonters have safe, decent and affordable housing, especially low-income and vulnerable citizens, those without housing, seniors, People of Color, and people with disabilities. Our 90-plus organizational members, representing nonprofit affordable housing developers, homeless shelters and service providers, community action agencies, housing authorities, and public and private funders, among others, provide housing and services to tens of thousands of Vermonters.

I will touch on several priorities that you have taken considerable testimony on and that I understand from committee discussion you will be supporting. There are, however, several budget recommendations that you have not heard much about and that I hope can be incorporated into your recommendations.

VERMONT HOUSING AND CONSERVATION BOARD

We ask you to support the Governor's budget request for a total of **\$34.8 Million to VHCB, including \$20 million in one-time investments, \$10.8 from the Property Transfer Tax, and \$4 million in the Capital Bill.** We also support the flexible use of the \$20 million, primarily for affordable housing initiatives and with up to \$5 million for conservation projects and Farm and Forest Viability Program activities. These are critical investments to (1) help many homeless Vermonters currently sheltering in motels to transition to permanent housing, (2) make further headway on our chronic affordable housing shortage, (3) reduce the backlog of home access modifications for people with disabilities, (4) invest in critical mobile home park infrastructure, (5) improve the quality of state waters, and (6) support our rural economy at a time of extreme economic crisis.

MOBILE HOME PARKS

Mobile Home Parks are a critical component of Vermont's existing affordable housing stock. Their affordability must be preserved and conditions improved. Park needs include major infrastructure improvements; removal of abandoned homes; replacement of dilapidated, energy-inefficient homes; park debt refinancing and forgiveness; project management resources; and co-op/nonprofit buy-outs. Capital needs over the next 3 - 5 years are

estimated at \$31.6 million, with an \$8.9 million funding gap. Brattleboro's Tri-Park, the largest in the state, has an estimated gap of \$2.75 million alone. ***The Governor's proposed \$20 million in one-time VHCB investments can help address the most urgent needs. Additional increases to VHCB in future years can address the rest over time.***

Please also ***support the Governor's proposed \$250,000 annual increase to the Vermont Housing Tax Credit Program*** administered by the Vermont Housing Finance Agency (VHFA), dedicating the increase to the ***purchase and replacement of out-dated mobile homes with new, energy-efficient models.*** Additional support for this program would increase the funding available to eligible homebuyers through the Champlain Housing Trust's statewide Manufactured Housing Down Payment Loan Program. Created in 2012 in response to Tropical Storm Irene's impact on flooded mobile homes, the program provides 0% interest second mortgages to help borrowers place a new, Energy Star home or Zero Energy Modular Home on owned land or in a park, with a maximum loan amount of \$35,000.

RENTAL HOUSING SAFETY

Vermont has some of the oldest housing stock in the nation, with many substandard rentals in need of basic health and safety upgrades. Vermont needs a statewide professional code enforcement system to help tenants who often live in deplorable conditions. Outside of the few towns that have their own housing inspectors, Vermont relies on unpaid volunteer Town Health Officers who are often ill-equipped to do rental housing inspections. Long term rentals convert to largely unregulated short-term rentals, exacerbating the state's housing shortage. The Rental Housing Advisory Board recommends passage H.256 to establish such a system, together with a registry of all rental housing in the state, both long and short term. ***To implement H.256, please support first-year funding of \$980,000, all or part of which could be funded with one-time investments.*** In future years, program cost would be covered by a modest annual fee of \$35 per rental unit.

As part of the Rental Housing Safety bill, we urge you also to ***support the Governor's budget request for \$4 million for the Vermont Housing Incentive Program (VHIP),*** consisting of \$3 million in one-time investments in the renovation of vacant and substandard rental housing, and \$1 million in annual base funding for first-time homeownership and rehabilitation, with up to 25% targeted for Black, Indigenous, and People of Color, who have suffered historic and systematic discrimination through government housing policies.

WEATHERIZATION

We have failed to mobilize the funding required to invest in weatherization at scale to meet our greenhouse gas reduction goals. Bringing weatherization to scale will involve retrofitting 100,000 low- and moderate-income homes over the next decade, reducing energy burdens for rural and marginalized communities, improving health outcomes, and putting Vermonters to work in good-paying energy jobs. ***The Governor's budget proposes \$25 million in one-time investments*** as follows:

- ***\$4 million*** over two years to increase the Low-Income Weatherization Assistance Programs conducted by our Community Action Agencies and NETO, the Northeast Employment and Training Organization;
- ***\$16 million*** to the Vermont Housing Finance Agency (VHFA) to develop programs that leverage private capital to expand the reach of Vermont's low-to-moderate income weatherization efforts; and
- ***\$5 million*** to enable the expansion of the highly successful State Energy Management Program (SEMP) to municipal buildings.

GENERAL ASSISTANCE EMERGENCY HOUSING INITIATIVE

Through letters and emails, our network of shelter, service and housing providers has expressed deep and almost universal concern about the Administration's proposal to end the GA Emergency Housing motel voucher program as we know it on October 1. We hope you embrace the consensus among community providers throughout the state and reject this proposal at a time when over 2,500 homeless Vermonters are sheltering safely in motels. While there is much to like about eliminating the byzantine GA rules and giving communities resources to better address homelessness at the local level, providers have expressed profound anxiety about:

funding adequacy; the State's devolution of an essential safety net program; the timing during an ongoing pandemic; the shortage of permanent housing for people to move to; inability to stand up a safety net program amid unprecedented crisis; liability issues for under-resourced nonprofits; giving providers the authority to deny assistance; an equitable appeals process; and statewide consistency in access to assistance. In addition, the proposal would eliminate funding for the Champlain Housing Trust's Harbor Place. Thank God we had the motel voucher program in place when the pandemic hit! We have 100% FEMA funding, retroactive to the beginning of the pandemic and forward to September 30. Why do this now?

VERMONT 211

One of the many essential services 211 provides is after-hours and weekend coverage for the GA Emergency Housing program. 211 has full authority to provide access to assistance when DCF Economic Services offices are closed. The Governor's budget cuts the 211 budget in anticipation of ending the motel voucher program on October 1. If you do reject the GA proposal, please also recommend **restoration of full 211 funding so they can continue to provide after hours and weekend coverage for Emergency Housing.**

HOMELESSNESS ASSISTANCE

We ask for the Committee's continued support for the Agency of Human Services programs that prevent and alleviate homelessness through financial supports and supportive services for Vermonters with the greatest challenges. These programs have been essential components of the state's pandemic response. Continued support is essential to supplementing federal Covid-relief funding:

- **Housing First** is an evidence-based practice that provides housing and services to chronically homeless Vermonters with severe and persistent mental illness and/or co-occurring substance use disorder. **A \$2.5 million increase would allow Pathways Vermont to expand Housing First statewide.**
- The **Housing Opportunity Program (HOP)** funds a variety of housing-related financial supports, including back rent assistance to prevent evictions, short-term rental and utility assistance, security deposits, moving expenses, landlord/tenant mediation, and the essential cost of shelter operations. During the pandemic it has become an even more essential conduit for assistance to some of our most vulnerable citizens.
- **State Rental Assistance** helps pay the rent for people on fixed income, who cannot afford housing anywhere in Vermont without a rental subsidy. The **Vermont Rental Subsidy** and **DMH's Subsidy+Care Program** help homeless families on Reach Up and people with mental illness to afford their housing. All families on Reach Up and people on SSI should automatically receive rental assistance so they can afford housing.
- **Family Supportive Housing** provides intensive case management, service coordination and affordable housing to homeless families with children and has provided key support for families transitioning from motels to permanent housing during the pandemic. Currently serving 10 out of 12 AHS districts, **a \$400,000 increase would fund the program statewide.**

Thank you for the opportunity to provide these recommendations and for your committee's long-standing support for affordable housing for all Vermonters, especially our low-income and vulnerable citizens, those without housing, seniors, People of Color, and people with disabilities.

For the VAHC Steering Committee,



Erhard Mahnke, Coordinator