

Vermont Housing Investment Program

The Vermont Housing Investment Program (VHIP) proposal being put forth for legislative consideration in 2021 is the result of several years of careful collaboration and discussion between housing providers, advocacy groups, and lawmakers. The program is being brought forth in recognition of the incredible need for additional availability of housing that is safe and affordable, particularly in communities that have struggled with disinvestment. Through public-private partnerships, there has been demonstrable success in bringing new units online with modest public investment. The following is a brief outline of the evolution of this proposal.

2017 NeighborWorks of Western Vermont (NWWVT)

NWWVT identified a significant issue in the town of Bennington where necessary property upgrades in privately owned units were not being made largely due to low market rents in the area being insufficient to cover the cost of reinvestment. Recognizing that this situation had led to vacancies and abandonment in Rutland, they established a pilot program to assist private landlords with necessary upgrades to avoid the same fate in Bennington.

- **\$8,000 grants**
- **200% match (often through low-interest loans from NWWVT)**

2018 – Act 188 – Rental Housing Advisory Board (RHAB)

The [Rental Housing Advisory Board](#) was established and tasked with making recommendations to improve health and safety in Vermont’s rental housing stock. The Board consisted of tenant and landlord advocates, representatives of municipalities, and two members at-large, appointed by Commissioner of Department of Housing and Community Development. Representatives of the Department of Health and the Division of Fire Safety were also assigned to assist with the Board’s activities and illuminate discussions. The Board developed a [series of recommendations](#) submitted to Senate and House committees of jurisdiction, in January of 2019. The **recommendations noted the need for landlord assistance** and referenced the above-mentioned NWWVT program as a guide to providing such assistance.

2019 – RHAB 2020 reporting task and 1st VHIP

[S.163 An act relating to housing safety and rehabilitation](#) included numerous recommendations from the RHAB and also tasked the Department of Housing and Community Development with developing a **Vermont Housing Incentive Program:**

- \$7,000 grants
- 200% match
- Solely vacant and blighted units
- No more than 4 units per applicant
- 50% of affected units rented at HUD Fair Market Rent

After considerable discussion in both Senate and House committees of jurisdiction, the bill did not proceed due to controversy over contractor registration. As a result, language was added to a larger housing discrimination and investment bill, Section 8 of [Act 48](#), tasking the Rental Housing Advisory Board with a more detailed proposal to professionalize the administration of the rental housing health code that also tasked municipalities with providing information on their inspection activities of rental units.

2020 – RHAB Report, VHIP and the Re-Housing Recovery Program

Pursuant to Act 48 of 2019, the Rental Housing Advisory Board provided the General Assembly the [required report in January 2020](#). The 2019 and 2020 recommendations from the Rental Housing Advisory Board were largely incorporated into [H.739](#) of 2020, where VHIP was also included in the introductory language. The bill was discussed numerous times in House Committee on General, Housing, and Military Affairs. After considerable stakeholder input within and outside the committee, **several changes and additions** were made to the program requirements represented in [Section 9 of Version 3.1](#) of H.739:

- **Removal of grant cap** (formerly \$7,000)
- **Allowable use of funds to remedy code non-compliance**
- At least 50% of affected units rented at HUD fair market rent *for a minimum of seven years*
- **\$1,000,000 appropriation**

The bill received a walk through in Senate Committee on Economic Development, Housing, and General Affairs on September 2, 2020, but was ultimately not voted out of House General before the end of the Special Session. The proposal succumbed to COVID-19 response.

The evacuation of congregate shelters due to the public health emergency underscored the need to rapidly make available additional units. Hence, the **Re-Housing Recovery Program (RHRP)** was launched using a \$6.2 million appropriation of **Coronavirus Relief Funds (CRF)**. Dept. of Housing and Community Development worked with the five homeownership centers to implement the program with the following parameters:

- Grants up to \$30,000 per unit
- At least 10% match – including in-kind services where needed due to lack of available workers
- Vacant, blighted, or new units prioritized
 - o Code non-compliance remediation considered
- 100% of units rented at or below HUD Fair Market Rent for at least 5 years
- Property owners required to communicate and receive referrals from homeless service provider

Under this program, **218 units** were brought online or had serious structural code deficiencies addressed **within 6 months**. An additional \$1.2 million of CRF was utilized. Total units are expected to reach **250 by the end of March 2021**. Property owners nearly universally exceeded the 10% match.

2021 – VHIP 2.0

Based on lessons learned through the experience of RHRP, the VHIP Rental Unit proposal included in [H.256](#), and similar proposal in [S.79](#) recommends the following program parameters:

- **Assistance¹ up to \$30,000**
- **At least 20% match**
- **Vacant, Blighted, or ADU construction OR Structural/electrical/wastewater code noncompliance**
- **Affordability covenant for 5 years AND renting to a tenant exiting homelessness, OR:**
 - o **Affordability covenant for 10 years**

¹ Grants or 0% interest deferred payment loans