

MEMORANDUM

To: Senator Michael Sirotkin
From: Josh Hanford, Commissioner, DHCD
Date: February 5, 2020
Re: Emergency Rental and Utility Assistance

Dear Senator Sirotkin,

This memorandum is intended to provide details regarding the proposed plan by the Department of Housing and Community Development (DHCD), developed in cooperation with the Department of Public Service (PSD), the Agency for Human Services (AHS), and the Vermont State Housing Authority (VSHA) for using the \$200,000,000.00 in Emergency Rental and Utility Assistance funds, appropriated to Vermont in Division N, Title V., of H.R. 133, of the Federal Consolidated Appropriations Act, 2021 (the Act), which was signed into law on December 27, 2020.

PREFACE:

The Act provides a prescriptive program for emergency rental assistance and emergency utility assistance funds. 90% of the funds must be used toward rental and utility payments. 10% may be used toward case management and other housing services as will be defined by the Treasury. The Act specifically describes how the programs shall be enacted, the limitations of the programs, and the various eligibility criteria. There is little-to-no room to stray from these guardrails.

DHCD has met with representatives of Senators Leahy and Sanders' offices, and Congressman Welch's office, who have indicated that amendments or changes to the enabling legislation are highly unlikely. Therefore, the Act will most likely remain narrowly tailored.

Time is of the essence, as DHCD, Vermont Legal Aid, the Vermont Landlord Association, and other State and local entities have been receiving the calls and messages from renters and landlords across the state who are desperate for relief. In addition, 65% of the funds must be spent by September 30, 2021, or the remaining funds risk recapture by the U.S. Treasury. The entirety of the funds must be obligated by December 31, 2021.

Below are two proposals for use of the funds. The totals below are inclusive of administrative expenses and limited-service needs. Entities are limited by statute to a 10% direct administrative cost, which creates a barrier to quickly building the infrastructure needed to distribute the funds.

The first proposal represents what the various administrating entities have determined they can expend in the time allotted. This is the preferred plan as it will allow the entities to know how to maximize the use of the funds, and what administrative infrastructure is necessary. The second proposal represents the minimum amounts needed to start up the programs listed above due to administrative and infrastructure startup costs, the large backlog of rental and utility arrears, and to ensure the entities can handle any additional funds allocated for distribution after the initial distribution.

PREFERRED DISTRIBUTION PROPOSAL:

\$110,000,000.00 to AOA to grant to the Vermont State Housing Authority (VSHA) to implement a modified version of their existing Rental Housing Stabilization Program (RHSP). This program will be implemented via an MOA between AOA, VSHA, and DHCD. Because the Act allows for forward payment of rent, VSHA projects that it can expend the entirety of this allocation by the end of the year. There are approximately 76,000 renter households in Vermont. Approximately 49,000 of those renter households (60%) meet the initial statutory requirement of being at or below 80% AMI and may be eligible for assistance.

\$16,000,000.00 to PSD to implement a modified version of their existing utility assistance program. PSD's prior utility assistance program was successful, and they are aware of a minimum of nearly \$16,000,000 in arrears currently. The total amount of necessary funds could grow as the year progresses.

\$30,000,000.00 to AHS to assist homeless individuals, those exiting homelessness, and implement other such programming as becomes allowable under federal guidance.

\$18,000,000.00 to DHCD for "other housing services" as defined by the Act, which pending Treasury Guidance, may include tenant and landlord counseling and mediation services such as those administered by Vermont Legal Aid, and the Vermont Landlord's Association, and to other case management programs which may become viable upon further guidance from the U.S. Treasury.

\$26,000,000.00 to AOA to hold in reserve to allocate to programs in need of additional funds, and/or to programs which may become viable pursuant to evolving U.S. Treasury guidance.

MINIMUM STARTUP PROPOSAL:

\$55,000,000 to AOA to grant to the VSHA. VSHA is working towards contracting with a company to provide software and personnel to run this drastically expanded program, which could cost several million dollars to startup and ensure ongoing constituent assistance. A lower startup amount than this could prevent VSHA from finding a contractor who could handle the total capacity necessary to expend the funds by the deadline.

\$8,000,000 to PSD. This represents approximately what PSD distributed in the prior program. As noted above, the current arrears exceed this amount. PSD will also need to bring on additional staff and potentially work with VSHA's contractor to streamline the application process, which will require additional startup cost.

\$15,000,000 to AHS. AHS would use these funds in part to hire two limited-service positions to administer services to homeless and at-risk individuals.

\$2,000,000 to DHCD to provide other housing services and wrap-around support services through the Vermont Landlord Association and Vermont Legal Aid. DHCD will use these funds to hire a limited-service position to track and manage the relief effort, and to help the VLAs

continue their work in supporting Vermonters in accessing the resources available and ensuring local service provision potential.

\$120,000,000 to remain at the direction of the legislature to distribute among the programs as need arises, and to potentially develop additional programs should guidance allow.

CONCLUSION:

DHCD urges swift action and emphasizes that these funds are vital to stabilize the rental housing and utility markets.

Thank you for your attention to this matter.

Sincerely,



February 5, 2021

Josh Hanford, Commissioner, DHCD

Date