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HOUSE COMMITTEE ON GENERAL AND
HOUSING

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MEMORANDUM

To: Rep. Diane Lanpher, Chair, House Committee on Appropriations
From: Rep. Tom Stevens, Chair, House Committee on General and Housing
Date: March 2, 2023
Subject: Provisions in the Governor's Proposed FY 2024 Budget

TSS

Thank you for the opportunity to review the provisions of the Governor's Proposed FY 2024 State Budget that relate to this Committee's subject area.

* * * Vermont Housing and Conservation Trust Fund* * *

The Property Transfer Tax is the primary source of funding for the Vermont Housing and Conservation Trust Fund. Pursuant to 10 V.S.A. § 312, the Fund should be comprised of 50 percent of the revenues from that Tax. However, in many years, a percentage of that allocation is redirected to other uses, resulting in the Housing and Conservation Trust Fund being underfunded. This in turn results in fewer affordable housing units being created, which is contrary to the stated goals of recent administrations to alleviate homelessness and create more middle-income housing.

For FY 2024, the Governor's proposed budget recommends allocating \$11,462,855.00 from the Vermont Housing and Conservation Trust Fund to the Vermont Housing and Conservation Board and we understand that there are funds proposed to be allocated in the Capital Budget. The Governor's proposed budget also recommends \$10M in housing-only money to be added to this amount, still leaving it short, even with the Capital Bill funds, of the statutory amount.

The General & Housing Committee supports funding the Housing and Conservation Trust Fund via the Property Transfer Tax at the full statutory amount.

* * * Vermont Housing Crisis * * *

The Committee heard testimony from many representatives of our housing and housing related organizations. The Affordable Housing Network requested \$175,000,000.00 in funding for the development of additional affordable housing units between the Budget Adjustment Act and FY24 Budget.

The Committee also heard, over the course of the session, the dire needs for support services, the continuation of a number of new programs and the expansion of others. While we support, in general, the work and successes of the programs, we must register some concern about the use of General Fund dollars without applying strict standards for the permanent affordability of the projects being funded. The General Assembly has always regarded GF (taxpayer) dollars as precious, and has required housing built with the help of these funds to remain affordable in perpetuity. The Vermont Housing Improvement Program and the Missing Middle Programs have been piloted with the use of CRF and ARPA funding, and we have approved this use during the Housing Crisis because the funding is federal, and not state.

That said, the Committee is well aware of the needs that stretch across more income levels, and are in the midst of working on policies that will make expenditures in a reasonable manner. We would like to remind your committee that the use of state dollars for housing, historically, was meant for the most vulnerable Vermonters. We ask that you prioritize the funding for programs that continue to create housing for the lowest income Vermonters, and, in conjunction with those priorities, to consider the program proposals that may help spur more construction of homes and rental units for those with higher incomes.

A further reminder: approximately 200,000 Vermont taxpayers file returns of less than \$60,000 per year, which is, on average, just over 80% of the statewide area median income (except in Chittenden County). It is this range we seek to prioritize without ignoring those Vermonters in the next highest income brackets.

* * * Vermont Housing Improvement Program * * *

VHIP is a recently developed program that rehabilitates vacant or substandard rental properties to bring additional apartments online. It has been used for the creation of Accessory Dwelling Units and we are considering the expansion of the program to support single family homes in rural communities, shared living homes and other possible scenarios.

Along with the \$5M in BAA, the Committee supports the \$15M in FY24.

* * * Healthy Homes Program * * *

The Healthy Homes Program provides needed supports for infrastructure (water, sewer, site work) primarily for manufactured home communities, and in the right situations may support rural neighborhoods as well.

The proposed allocation in the Governor's FY24 budget is \$10M. The Committee supports this allocation.

* * * Middle Income Rental Revolving Loan Program * * *

This is a new program proposal that does not yet have policy that is law. The concept is contained in H.111 and S.100, which will be considered in further detail this session. As proposed, the program would provide additive low-cost lending to help private developers build housing for middle income households that earn too much to qualify for traditional affordable rental housing. Funds used for this purpose would have limited affordability covenants depending on the length and amount of loans.

The Governor's budget proposal recommended \$20M. In general, the Committee supports the deep discussion of this proposal and considers it a tool to combat a particular niche of the Housing Crisis.

* * * Middle Income Homeownership Program * * *

This program was funded in FY23 with ARPA to encourage development of homes to purchase for middle income people, with the proviso that at least a third must be through a permanently affordable/shared equity program, and the remaining homes must retain subsidy over time. The program can buy down the cost of a home for purchasers of particular income demographics, and help developers build homes that appraise for less than the cost to build. The program was appropriated \$15M and it is oversubscribed.

The General Assembly has approved allocating funds in the BAA to match the subscription rate.

While the Governor's budget proposal for FY24 did not include funding for this program, the Committee feels it was successful enough to support with another one-time appropriation of \$20 M

* * * Vermont Housing & Conservation Board * * *

Due to the recent success of using both GF and federal dollars to accelerate the development of permanently affordable rental units and investments in homeownership the Committee supports continued investment of one-time funds to the Vermont Housing and Conservation Board. An allocation above and beyond what is in the Governor's budget proposal will allow for further preservation or acquisition of affordable housing, permanent supportive housing, recovery residences, farmworker housing, support for new shelter beds, and other emerging needs such as employer-supported initiatives or housing for adults with developmental disabilities.

The Committee supports a budget request of one-time funds of that, in combination with the amounts in the BAA, would total \$120M (\$27.5M in the BAA, and \$92.5M in FY24).


* * * Other Items * * *

1. **SASH for All:** The Committee supports the expansion of the programming considered by Cathedral Square and others for SASH for All. Originally funded by a federal grant, the request is for a two-year appropriation of \$5.4M. Committee members expressed questions as to whether this is the right number, but remained supportive of the program overall as a way to provide essential services to residents and families who live in affordable housing and who tend to have fewer resources when trying to access the services.
2. **Pathways:** The Committee strongly supports the budget requests made by Pathways to both expand their program statewide and to provide funds for the purchase of a building that would expand their Soteria House programming. Using the Housing First model, Pathways programming, when available, provides integral services in our constant desire to diminish the number of Vermonters experiencing homelessness. They are currently offering services in nine counties, and their request for \$2.13M would allow them to expand statewide. The request for funding to purchase the building would nearly double the number of beds available to young adults experiencing mental health issues in a nonhospital setting.
3. **Land Access Opportunity Board:** The Committee is supportive of the budget request made by the LAOB. This board was created last year and was tasked with planning for the future of the board, and what it will take to fulfill the goals outlined in their report, which is available on our website. The Committee expressed strong support for, at the least, an appropriation of \$1.2M, and support for the larger ask of \$4.8 that would fund the Board for 4 years. We did not, however, have a clear enough picture of the budgeting process to know the appropriateness of such a request. If it is possible, the Committee supports it.

* * * Conclusion * * *

This memorandum is necessarily incomplete, as potential budget requests cannot be made quite yet. Policy is still being developed and may be contained in bills coming over from the Senate. We are still working on study committees and other bills that we are looking to pass prior to crossover, and we will keep you up-to-date on their progress.

With respect,

Rep. Tom Stevens 
Chair, General & Housing