

Affordable Housing State Investments

As passed FY21 –FY23, and
Proposed FY23 BAA and FY24

Stephanie Barrett, Joint Fiscal Office - Jan. 31, 2023



Vermont has allocated over \$320 million since the start of the pandemic for the development of low- and moderate- income housing from state and federal sources. New proposals contemplate up to \$100 million additional GF allocations mainly focused on the following three agencies and programs.

VHCB –Various projects for affordable mixed-income income rental housing and homeownership units; improvements to manufactured homes and communities; shelter and permanent homes for those experiencing homelessness; recovery residences; and if eligible, projects that house farm workers and refugees.

DHCD –Vermont Housing Investment Program (VHIP)

VHFA – Missing Middle-Income Homeownership Development Program

There have been many smaller funding allocations related to capacity building, technical assistance, community planning, zoning modernization, infrastructure assessment and other housing development adjacent issues that are not the focus of this presentation.

A summary of the financial assistance programs funded to help at risk Vermonters remain housed since March 2020 is provided on the last slide.

VHCB – Affordable Housing Development

Funding by FY	Vermont Housing Conservation Board (millions)					
	CRF	ARPA - SFR	ARPA - HOME	GF	Base PTT	Capital Funds
	Affordable rental , homelessness, shelter - One time				Base - Housing, Conservation, Water	
FY21	\$32.90	n/a	n/a	\$50.00	\$10.58	\$6.60
FY22	n/a	\$89.00	\$9.56	\$60.00	\$10.80	\$4.00
FY23 - passed	n/a	\$30.00	n/a	\$10.00	\$21.13	\$4.00
Total Enacted	\$281.46					
FY23 - BAA pending House				\$50.00		
FY24 - Gov proposed				\$10.00	\$11.46	\$4.00
Total Enacted and Pending	Up to \$341.46					

Most of the affordable housing projects developed with the onetime funds provided above will incorporate other funding streams. This includes an array of state and federal tax credits such as the Low-Income Housing tax credits, Downtown and Village Center tax credits, Historical Preservation tax credits etc. Other funding streams may also include National Housing Trust Funds, HOME funds, Community Development Block Grant Funds, and other smaller targeted grant funding or funding from private or non-profit sources.

In addition to the funds above \$15,000,000 is appropriated Education Fund in FY2023 to VHCB create and administer the CTE Construction and Rehabilitation Experiential Learning Program and Revolving Loan Fund.



DHCD - Vermont Housing Investment Program (VHIP)

Administered by the Department of Housing and Community Development

Program intended to address the declining quality of rental units and provide supply of units available first to homeless assistance programs struggling to find suitable housing for their clients

- Grants to landlords for rehabilitation of rental units (vacant 90 days prior to application) or creation of new units in an existing building or an accessory dwelling unit.
 - Up to \$30,000 for the of each 0-2 bedroom unit.
 - Up to \$50,000 for the rehabilitation of each 3+ bedroom unit.
 - Up to \$50,000 for the creation of new units in an existing building.
 - Up to \$50,000 for the creation of accessory dwelling units (ADUs).
- Property owners are required to **match at least 20%** of the grant funds, with the option for an in-kind match for unbilled services or owned materials.
- **All VHIP participants must agree to rent units at or below HUD Fair Market Rents for the County for a minimum of five years.**
 - VHIP participants rehabilitating rental units or creating new units in existing, rented buildings must work with Coordinated Entry Lead Organizations to find suitable renters for at least five years. *Participants creating an accessory dwelling unit (ADU) may use their preferred selection criteria in accordance with Vermont's residential rental laws.*
- VHIP - Healthy Homes Initiative (VHIP-HHI) offers supplemental grants ranging from \$500 to \$30,000 to replace and install old plumbing, outdated fixtures, and new water (well, septic) systems

Funding by FY	VHIP - DHCD Appropriations (millions)	
	CRF / ARPA SFR	GF
FY21* (CRF - Rehousing Recovery)	\$7.20	
FY22	\$5.00	n/a
FY23 -as passed	\$20.00	n/a
Total Enacted Funding	\$32.20	
FY23 - BAA pending		\$5.00
FY24 - Gov proposed	n/a	\$15.00
Total Enacted and Pending	Up to \$52.20	

* initial Rehousing Recovery program parameters differed from current

Manufactured Home Improvement and Replacement Program

Act 182 provided \$4.0 million to DHCD (in coordination with VHCB) for this program, the funds are allocated:

- \$2.5 million for small scale capital grants,
- \$750,000 for home repair grants, and
- \$750,000 for new manufactured home foundation grants



VHFA - Missing Middle-Income Homeownership Development Program

Administered by Vermont Housing Finance Agency - Funds are appropriated to the Department of Housing and Community Development and then granted to VHFA

Program provides subsidies for new construction or acquisition and substantial rehabilitation of affordable owner-occupied housing for purchase by income-eligible homebuyers.

- Income-eligible homebuyer is defined as a Vermont household with annual income that does not exceed 120 percent of the area median income.
- The Agency can use funds to provide direct project developer subsidies for up to 35 percent of eligible development costs for developers limited to the 'value gap' between the cost to build and the assessed value.
- Funds not directed to developer subsidy go to the buyers to help reduce the costs of purchasing the home which is subject to a housing covenant that preserves affordability of the home for 99 years or longer.
- An allocation of 33% of the funding must go to projects that include a housing subsidy covenant.

Program formally opened on December 2nd, 2022, submissions due Jan. 28, 2023. As of Jan. 30, 2023, 17 complete applications (16 applicants) are in totaling \$23 million for 141 homes spanning 15 towns across 9 counties.

VHFA expects a slate of projects to be taken up for approval by the VHFA Board in March with process continuing into May.

Funding by FY	VHFA - Missing Middle Homeownership	
	ARPA - SFR	GF
FY23 - As Passed	\$15.00	n/a

New Program – Pending	VHFA - Missing Middle Rental Program	
	ARPA - SFR	GF
FY24 - Pending Gov Proposed	n/a	\$20.00

Other significant VHFA programs include:

- Homeowners
 - Reduced rate mortgages and down payment assistance
- Rental Housing Development
 - Various loan programs
 - Federal and State Low Income Housing Tax Credit programs
 - Vermont Housing Investment Fund which is privately funded



Rental Subsidy Programs (prevent eviction/rental arrearage)

CRF funded in FY21	\$29.80
ERAP I & II July 20121 /Oct 2022 step down thru June 2023	
VSHA - projected	\$167.25
DCF - includes RU thru June 2023 projected	\$44.05
Other Depts – DOC, DMH projected	<u>\$4.31</u>
	\$245.41

Transitional / Emergency Housing (hotel/motel rooms)

FEMA funding - March 2020 – June 2022	\$115.80
ERAP II funding – July 2022 to March 2023, projected	\$54.38
GF (part of \$15m) - Adverse Weather winter 2023 projected	<u>\$4.28</u>
	\$174.46
Pending (HAC BAA proposal)	
GF – transitional all populations thru June 2023	\$20.92
Gov proposed for FY24	\$26.38

Homeowner – Mortgage Arrearage/Foreclosure Prevention

CRF funded in FY21	\$9.70
ARPA Homeowner Assistance funding	\$50.00

Utility Assistance/ratepayer arrearages

CRF funded in FY21	\$8.10
ERAP I & II	\$30.10

