

State of Vermont**Department of Housing and Community Development**

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RE: DHCD Testimony on Sec. 25 of draft Capital Bill, *Housing Development Assistance Grant Program*

Members of the House Committee on Corrections and Institutions:

The Department of Housing and Community Development (DHCD) is grateful to the committee for continuing to engage in the conversation to support housing projects through the Capital Bill. DHCD commends the committee's efforts to learn more about the three projects included in the Governor's recommended Capital Bill.

It is DHCD's position that the three proposed projects – the Village at Winston Prouty in Brattleboro, the Bennington High School Redevelopment in Bennington, and Prospect Heights in Barre City – should remain funded in the Capital Bill as recommended by the Governor. DHCD would be supportive of establishing a *Housing Development Assistance Grant Program* for certain future housing appropriations but does not support excluding the three proposed projects from the Capital Bill.

Regarding the language for the proposed *Housing Development Assistance Grant Program*, DHCD would like to raise the following concerns:

1. The amount appropriated to this program represents a reduction from the proposed \$3,100,000 total appropriation to the three projects to \$2,000,000. DHCD does not support this reduction.
2. Directing these funds to this program, as currently designed, would result in a significant delay in awarding this funding to housing projects. Whereas a process has already identified three priority projects in communities with high flood risk which could benefit from this funding in Summer 2025 as proposed by the Governor, diverting funding to this program would result in a delay of funding awards until Spring 2026 at the earliest.
3. The program, as currently drafted, has the following problematic elements:
 - Sec. 25(c)(5) requires projects to incorporate permanently affordable housing. This is a very restrictive requirement for housing development and will drastically narrow the project that can benefit from this funding. While affordability can be considered in evaluation of projects, communities should have the flexibility to determine the best unit makeup to meet their housing needs. This requirement would be problematic for mixed-income projects like the Village at Winston Prouty and potentially make them ineligible. Further, other substantial housing funding sources already exist with income restrictions to achieve this objective such as Vermont Housing & Conservation Board (VHCB) funds. With an annual statutory allocation of nearly \$40M in General Funds to VHCB, there is substantial funding to support permanently affordable housing in Vermont.
 - Sec. 25(f) requires ACCD to seek approval of the project criteria and application process from the House Committee on Corrections and Institutions and the Senate Committee on Institutions prior to the award of any grants through the program. This would create a substantial delay in awarding funding until the next legislative session at the earliest, it introduces tremendous uncertainty in the process given the potential for program redesign by either or both committees which could result in a full restart of application scoring, further delaying the launch of the

program. Further, a checkback of this nature is not typical of the process for administration of any other housing programs.

I would like to reaffirm my gratitude that the Committee remains committed to including funding for housing in the Capital Bill. DHCD's primary objective is supporting projects that make communities more flood resilient and which advance key goals in housing and community development. It is DHCD's position that the Village at Winston Prouty in Brattleboro, the Bennington High School Redevelopment in Bennington, and Prospect Heights in Barre City are critical projects that meet many of the most important state objectives and must be supported in a timely manner.

Thank you,



Alex Farrell
Commissioner, Department of Housing and Community Development

