

TO: Chair Scheu, Chair and Members
House Appropriations Committee

FROM: Marc Mihaly, Chair and Members
House General and Housing Committee

DATE: February 20, 2026

RE: Housing and other G&H Priorities for the FY27 Budget

Here are the Committee's priorities for the proposed FY2027 budget. The order within tiers does not reflect priority. Non-housing and housing issues within tiers are of similar priority.

Tier 1. Highest Priority

HOUSING

These key programs directly produce housing or related infrastructure and serve as a multiplier of federal or private funds.

<u>Element</u>	<u>G&H Proposal</u>	<u>Admin. Budget</u>
<i>VHCB Funding</i>	\$12 million one-time above base	Base only
<i>VHIP Funding</i>	\$4 million in base	\$4 million in base

Comment:

- VHCB asked for \$12 million above base. The Committee realizes that in the current budget environment, this amount will not be possible, but we support as much as can be devoted. Here's why: VHCB funding has the greatest multiplier of any housing program. The multiplier is approximately 4 to 1, perhaps 5 to 1 state funds/Federal tax credit funds and other non-state capital. There is an essentially unlimited supply of 4% tax credits which leverage private sector tax credit purchases. State funds are necessary to access these tax credits; every dollar we do not allocate is \$4 to \$5 of federal funds we leave on the table.
- VHIP is a most successful program with over 1100 units funded in sites in smaller projects around the state at an average cost of \$40,000. State dollars are multiplied at about 1.1 to 1; for each State dollar expended, the subject project owners contribute about \$1.10. The supply of potential units is substantial and the program is perpetually over-subscribed. Its small staff has existed for several years on

limited-service contracts, but indications are that they will be moving on this year unless their positions for this successful program become permanent through base funding.

Extension of the Landlord-Tenant Rental Arears Assistance Fund: \$1,000,000

Comment: This fund is administered by the Vermont State Housing Authority. The Committee recommends funding at \$1 million. Previously funded at \$2 million, this excellent program will run out of funds this year.

OTHER ITEMS APART FROM HOUSING

<i>Human Rights Commission</i>	\$1,423,297- \$1,791,29	\$1,358,757
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Comment: Governor 's budget contains a smaller budget for HRC in FY27 than FY26 budget (by \$27,000). This does not address the loss of HUD dollars and other support from federal civil rights agencies. In addition, the Governor's recommended budget for HRC projects assumes a vacancy turnover savings" of \$64,540, which with the current understaffing (9 staff members) is unrealistic and would mean a reduction in services compounded by the loss of federal funds. The lower number in the range compensates for these two underfunding elements in the Governor's budget.

The higher number in the range is the amount necessary to compensate for the loss of federal funds and address a substantial backlog and inability to meet the inflow of current complaints to the Commission. These include a policy director (\$130,000), a staff attorney investigator (\$130,000), and a paralegal (\$108,000). If budgetary constraints make the three positions impossible, we would prioritize funding at a level compensates for the unrealistic vacancy "savings" and the mediator position lost due to federal funds.

Tier 2. High Priority

HOUSING

Home Ownership Tax Credits:

Although not an appropriation, the Committee supports the Vermont Housing Finance Agency's request to sell \$350,000 of five-year state homeownership tax credits to support VHFA's Down Payment Assistance program for Fiscal Years 2027 through 2031. Manufactured Home Improvement.

Mobile Home Investment (MHIR):

The Committee supports the \$800,000 one-time General Fund for the Manufactured Home Improvement and Repair Program (MHIR) to help preserve and improve manufactured homes for families.

<i>HomeShare Vermont:</i>	<u>G&H Proposed</u>	<u>Admin. Budget</u>
Into NEK & Windom/Windsor	\$235,000	None

Comment: This would allow this extremely efficient program to invest into the Northeast Kingdom and Windsor County.

OTHER ITEMS APART FROM HOUSING

Land Access Opportunity Board: Administration budget: \$1,784,809 million base. The LAOB has adopted an operating budget of \$3,237,734 which would require one time funding in FY27 of \$1,432,925 in addition to the base.

Comment: The Committee supports the LAOB work and recommends one time funding as allowed given budget constraints.

Vermont Labor Relations Board: \$250,000

Mediator position: 1 FTE

Staff attorney: 1 FTE:

Comment: We've seen several legislative proposals to move VLRB functions to unions or the private sector motivated primarily by huge backlogs at this understaffed agency. This is compounded now by reductions at the Federal Mediation and Conciliation Commission including the loss to Vermont of a federally-funded mediators. While both positions are important, the mediator is the most essential.

Proposed Legislation: For Your Information Only at this Point

These are proposed appropriations contained in legislation under consideration or passed by the G&H committee.

Treasurer's 10% for Vermont interest back to housing: Approximately \$700,000.

Comment: Proposed legislation provides that the interest on the low-interest loans under the 10% for Vermont returns to the program for additional investment rather than flowing to the General Fund. Note that the program which provides very low interest loans to primarily affordable housing projects. The leverage here is quite high: The state's cash is invested in short term basis earning less than 4%. The 10% for Vermont funds are invested at a few percentage points less. In return for this modest subsidy, the projects are funded with private capital.

Landlord-Tenant reform elements: \$1.9 million

Comment: Proposed rental reform legislation addresses major problems for both landlords and tenants. The legislation represents a compromise, one that depends on a number of appropriations which are essential to the success of the concept. These include:

- Listed above in the Highest Priority Tier: Extension of the Landlord-Tenant Rental Arears Assistance Fund administered by the Vermont State Housing Authority: \$1 million. Previously funded at \$2 million, this excellent program will run out of funds this year.
- A positive rental payment credit reporting pilot program administered by the Treasurer: \$100,000. This program provides a avenue such that rent payment becomes part of a credit record for individuals who often have no other payment history or assets.
- A statewide landlord and tenant education program focusing on respective rights, responsibilities and remedies administered by the Champlain Valley Office of Economic Opportunity: \$200,000.
- Landlord liaisons in the CAP agencies to work directly with both landlords to navigate difficult situations and assist with timely and effective communications: \$600,000.

Housing Accelerator at DHCD: 2 FTEs

Comment: This program facilitates the aggregation of bulk orders of off-site modular housing paid for by the respective project developers and guaranteed by a credit facility provided by the Treasurer through the 10% for Vermont program. The two positions at DHCD are two grants management specialist housing and community development positions.