

Vermont State Housing Authority (VSHA)

Testimony to the House Committee on Housing & General Affairs

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Past, Present and Future

Mission To ensure quality housing opportunities are available to Vermonters statewide.

About the Vermont State Housing Authority

The Vermont State Housing Authority (VSHA) is a state-created public authority, established by the Legislature in 1968 as the first statewide housing authority in the nation. VSHA is governed by a Board of Commissioners appointed by the Governor and administers federal and state housing programs in every Vermont municipality, including communities without local public housing authorities (PHA's).

Local public housing authorities (for example, Burlington HA, Montpelier, HA, etc.) were created by municipal action, and their boards are appointed by local officials.

Public housing authorities report to their boards and Housing and Urban Development.

VSHA plays a unique statewide role, serving as both a direct service provider and an administrative partner to state agencies, municipalities, and landlords to ensure stable housing for Vermont residents across the full housing continuum.

What We Do

VSHA provides direct housing assistance and program administration across the continuum of care—from homelessness prevention to homeownership support. Collectively, our programs serve more than **8,500 Vermont households** and thousands of participating landlords statewide.

Rental Assistance Programs

Federally Funded Rental Assistance

- U.S. Department of Housing and Urban Development (HUD)
- U.S. Department of Agriculture (USDA)

State-Funded Rental Assistance for Special Populations

- Vermont Department of Mental Health
- Vermont Department of Health

Affordable Housing Management

VSHA manages affordable housing communities through its nonprofit affiliate, **The Housing Foundation, Inc.**, including:

- Apartment communities
- Manufactured home park communities

Homelessness Prevention and Housing Stability

- **Rental Arrears Assistance Program (Eviction Prevention)**
- **Landlord Relief Program (Landlord Risk Pool)**

Home Repair and Homeownership Opportunities

- **Manufactured Home Improvement and Repair Program**
- **Mobile Home Infill Project**

Details on all programs can be found by visiting our website: www.vsha.org.

The Housing Choice Voucher Program: Current Challenges

The Housing Choice Voucher (HCV) Program helps low-income families afford safe and stable housing by subsidizing a portion of their rent. However, chronic federal underfunding combined with rapidly rising rental costs has placed the program in sustained decline.

VSHA Voucher Utilization Trends

- **Total Vouchers Awarded to VSHA overtime:** 4495
- **Vouchers available for use (leased) as of December 31, 2025:** 3852
- **Estimated vouchers leased in Calendar Year 2026:** 3731
- **Total Unfunded Vouchers:** 764

The Voucher “Death Spiral”: What It Means

The Housing Choice Voucher program is experiencing a compounding cycle of decline often referred to as the “death spiral.”

Funding Does Not Keep Pace

The program receives a fixed federal allocation each year, while rental costs continue to rise significantly faster. As a result, available funding covers fewer households over time.

Fewer Families Served

Housing authorities are forced to stop issuing new vouchers, reduce payment standards, or terminate assistance. Waiting lists grow longer, and many eligible families never receive help.

Landlord Participation Declines

As market rents outpace voucher payment standards, landlords increasingly exit the program, making it harder for families with vouchers to secure housing.

Housing Instability Increases

Families unable to find housing or absorb higher out-of-pocket rent costs face eviction or homelessness, increasing demand for emergency services and public assistance.

This dynamic is akin to attempting to fill a bathtub while the drain remains open and the faucet only trickles—the water level continues to drop despite best efforts.



Consequences for Vermont Communities

- Growing voucher waiting lists
- Increased housing cost burdens for low-income households
- Reduced spending on food, healthcare, and basic necessities
- Increased homelessness and housing instability statewide

Voucher Funding: 2026

- PHA's will not know their full 2026 housing assistance payment (HAP) funding allocation until Congress passes a full year appropriations bill.
- On December 22, 2025, HUD communicated to PHAs
 - All PHAs who received shortfall funding in 2025 are at risk of a funding shortfall in 2026.
 - HUD tools to address funding shortfalls in 2026 are limited and HUD cannot guarantee that funding will be available to resolve any shortfall.

Key Takeaways for the Committee:

- VSHA is authorized to serve 4495 households but is financially constrained from fully utilizing those vouchers.
- Several hundred additional households are at risk of losing rental assistance in 2026.
- Voucher losses compound annually, permanently shrinking program capacity even as housing need increases.

This trend demonstrates why short-term stabilization tools—such as voucher contingency fund—are necessary to preserve existing federal housing resources and prevent avoidable displacement of Vermont families.

2026 Legislative Priorities

VSHA respectfully requests the Legislature's partnership on the following priorities to stabilize housing for Vermont families and prevent further erosion of critical rental assistance programs:

1. Voucher Contingency Fund

Establish a voucher contingency fund to prevent the involuntary termination of households from Public Housing Authority Housing Choice Voucher programs due to funding shortfalls.

2. Rental Arrears Assistance Fund

Maintain the Rental Arrears Assistance Fund through Fiscal Year 2027 to prevent avoidable evictions, stabilize households, and reduce downstream costs to communities and state systems.

3. Statewide Bridge Rental Assistance Program

Create a statewide, flexible rental assistance program inclusive of all special populations served by the Agency of Human Services. The program should include both tenant-based and project-based rental assistance to respond to urgent gaps and prevent homelessness.

Conclusion

VSHA remains committed to partnering with the Legislature to stabilize existing housing resources, prevent avoidable loss of federal assistance, and ensure that Vermont families have access to safe, affordable housing. Strategic state investments can interrupt the current downward trajectory, preserve critical housing infrastructure, and reduce long-term costs to communities and state systems.

We appreciate the Committee's consideration and look forward to continued collaboration.

Anticipated Q&A

House Committee on Housing & General Affairs

1. Why is Vermont losing vouchers if the program is federally funded?

Answer:

The program is federally funded, but the funding does not keep pace with Vermont's rental market. HUD provides a fixed annual allocation, while rents continue to rise faster than inflation. As a result, each voucher costs more to operate, and housing authorities are forced to serve fewer households even though the authorization level remains the same.

2. Is this a Vermont management issue or a federal policy issue?

Answer:

This is not a management issue. Vermont housing authorities are fully utilizing available funds. The problem is structural federal underfunding combined with rapidly rising rents. Even well-managed programs cannot close that gap without supplemental stabilization support.

3. Why can't housing authorities just issue fewer vouchers until things stabilize?

Answer:

That's exactly what's happening—and that's the problem. Issuing fewer vouchers reduces program scale permanently. Once vouchers are lost, they are extremely difficult to restore, even if conditions improve later. This creates a long-term loss of federal housing resources for Vermont.

4. Why should the state step in if this is a federal responsibility?

Answer:

A relatively small state investment can preserve millions of dollars in federal funding already flowing into Vermont. Without state stabilization, we lose those federal resources, and the costs shift to emergency housing, homelessness services, healthcare, and corrections—areas that are far more expensive for the state.

5. *How would a voucher contingency fund actually work?*

Answer:

The fund would be used only when housing authorities face unavoidable shortfalls due to rent increases—not program mismanagement. It would prevent involuntary terminations of households who are otherwise fully eligible and compliant, allowing the state to preserve existing vouchers rather than losing them permanently.

6. *Who is most affected when vouchers are lost?*

Answer:

Primarily seniors, people with disabilities, families with children, and individuals exiting homelessness. Many of these households are on fixed incomes and cannot absorb even modest rent increases without becoming housing unstable.

7. *How does landlord participation factor into this problem?*

Answer:

When voucher payment standards fall behind market rents, landlords leave the program. That makes it harder for families to use vouchers they already have, increasing turnover and loss. Stabilizing payment capacity helps retain landlords and maintain housing options statewide.

8. *What happens if the Legislature does nothing this year?*

Answer:

Vermont will continue to lose hundreds of vouchers annually. That means fewer families housed, longer waiting lists, increased homelessness, and higher costs to state systems. Once lost, those vouchers—and the federal dollars attached to them—are unlikely to return.

9. *How does Rental Arrears Assistance fit into this strategy?*

Answer:

Rental arrears assistance is a cost-effective prevention tool. It stabilizes households before they enter crisis, keeps people housed, and protects the integrity of the voucher program by preventing avoidable terminations and landlord exits.

10. *What is the advantage of a statewide bridge rental assistance program?*

Answer:

A statewide program allows flexibility to respond to gaps across populations and regions. It provides a short-term stabilizing tool that prevents households from falling into homelessness while longer-term housing solutions or federal assistance are secured.

11. *Is this a temporary problem or a long-term trend?*

Answer:

This is a long-term structural trend. Without intervention, the gap between rents and federal funding will continue to widen. The question is whether Vermont preserves its existing housing infrastructure—or allows it to erode year after year.

12. *What's the bottom line for Legislators?*

Answer:

Strategic, targeted state investments can preserve existing federal housing resources, prevent homelessness, and reduce long-term costs. The alternative is continued erosion of one of Vermont's most effective housing tools.