

Federal Funding for Vermont's Housing System

Presented by:

- Vermont Housing and Conservation Board
- Vermont Housing Finance Agency
- Vermont State Housing Authority
- Vermont Department of Housing and Community Development

Questions from the committee:

- 1) Impact of cuts on federal programs administered in Vermont
 - a) What are the essential government services in the HGH areas of jurisdiction that we need to fund with state dollars in the face of potential federal cutbacks?
 - b) Which programs/services/activities are supported with federal funds?
 - i) How much federal funding do you receive?
 - c) How much of that funding do you consider to be at-risk?
 - i) Are any of the at-risk funds currently obligated?
- 2) Impact on state programs leveraging federal funds
 - a) Which programs/services/activities that are currently supported with federal funds are also supported with State funds? Are there programs/services/activities that would continue in a reduced capacity if federal funds were eliminated or reduced?
 - i) What state funded programs might also face cutbacks because of federal cuts?
- 3) Impact on Policy and Statute
 - a) Are there areas of statute where we rely on federal regulations that we can add to Vermont statute to continue to meet our legislative intent?
 - b) Are there areas of statute that we need to change or clarify to avoid supporting federal policies that the Vermont Legislature does not support?

Objectives

Overview of federal funds in Vermont's housing delivery system

Timeline for federal changes and risk analysis for federal sources

Agency testimony: VHCB, VSHA, DHCD, VHFA

Housing Delivery System – The three-legged stool

- Vermont's housing system is supported by: rental assistance, capital for construction, and social services
- Each sector relies on federal funding:
 - **Rental assistance:** The majority of support for tenants comes through the federal Housing Choice Voucher program.
 - Fy24 Federal funding: \$81.1M
 - **Capital for production:** Federal funds combine with state dollars to leverage tax credits.
 - Fy24 Federal funding: \$27.2M
 - **Social Services:** Programs are heavily designed around Medicaid
 - Fy24 Federal funding: \$10.1M

*FY24 federal funding levels from the [2024 Vermont Housing Budget and Investment Report](#)

**Does not include Burlington HUD allocations or HUD allocations for VT's homeless response system

2024 Federal Funding for Housing Agencies for Housing Development

SOURCES	VHCB	DHCD	TOTALS
HOME Program	\$2,955,000		\$2,955,000
HUD Lead Paint Program / Healthy Homes	\$1,372,730		\$1,372,730
National Housing Trust Fund	\$3,000,000		\$3,000,000
Congressionally Directed Spending***	\$14,000,000		\$14,000,000
CDBG - RHP (included in CDBG)			\$0
CDBG		\$5,931,303	\$5,931,303
TOTAL SOURCES	\$21,327,730	\$5,931,303	\$27,259,033
USES			
Operations*	\$1,107,986	\$427,493	\$1,535,479
Grants/Loans/Direct Program**	\$20,219,744	\$5,503,810	\$25,723,554
TOTAL USES	\$21,327,730	\$5,931,303	\$27,259,033

*VHCB is housing portion only, DHCD is based on 50% of VCDP operating expenses

**Amount available for development. See Sources on Table III

***New CDS in FY24 - 4 awards

- **Key resource:** [2024 Vermont Housing Budget and Investment Report](#)

- The Housing Budget and Investment Report is an annual report created by the Department of Housing and Community Development and presented to the Vermont Legislature. The report describes the combined State and federal funds awarded or appropriated to Vermont agencies for housing, including housing development, assistance, and subsidies, as required by [24 V.S.A. § 4498](#).

TABLE III: State and Federal Funds and Private Equity for Housing Development

2024 State and Federal Funds and Private Equity Combined for Housing Development (Amounts Do Not Include Administrative Overhead / Operations)				
SOURCES	VERMONT HOUSING AND CONSERVATION BOARD	DEPT OF HOUSING AND COMMUNITY DEVELOPMENT	VERMONT HOUSING FINANCE AGENCY	TOTALS
State Appropriation	\$10,667,175			\$10,667,175
State One-time General Funds	\$43,000,000			\$43,000,000
State sub-award of GF from AHS	\$0			\$0
Federal Housing Program Revenue	\$20,219,744	\$5,503,810		\$25,723,554
Private Equity Generated by Federal Housing Credit*			\$28,560,000	\$28,560,000
Private Equity Generated by Federal Bond Credit**			\$12,871,763	\$12,871,763
Private Equity Generated by State Housing Tax Credit***			\$5,922,500	\$5,922,500
TOTAL SOURCES	\$73,886,919	\$5,503,810	\$47,354,263	\$126,744,991
USES				
Multi-family Rental Housing using Equity from State Housing Tax Credit			\$1,760,000	\$1,760,000
Down Payments for New Energy Efficient Manufactured Homes using Equity from State Housing Tax Credit			\$1,408,500	\$1,408,500
Down Payment Assistance for New Homes using Equity from State Housing Tax Credit			\$1,629,000	\$1,629,000
Down Payment Assistance for First Time Homeowners using Equity from State Housing Tax Credit			\$1,125,000	\$1,125,000
Programs providing grants/loans for affordable housing development projects	\$73,886,919	\$5,503,810	\$41,431,763	\$120,822,491
TOTAL USES	\$73,886,919	\$5,503,810	\$47,354,263	\$126,744,991

*Estimated based on 2024 allocation of \$3.36 million in federal 10-year credits and an average of prices paid by investors in recent years.

**Estimated based on \$1.5 million in federal 10-year bond credits provided in 2024 and average prices paid by investors in recent years.

***Estimated based on 2024 allocation of \$1.375 million in state 5-year credits and an average of prices paid by investors in recent years.

TABLE IV: State and Federal Funds Combined for Housing Assistance / Subsidies

2024 State and Federal Funds Combined for Housing Assistance/Subsidies				
SOURCES	AGENCY OF HUMAN SERVICES	VERMONT STATE HOUSING AUTHORITY	VERMONT HOUSING AND CONSERVATION BOARD	TOTALS
State of Vermont General Fund	\$ 46,639,219	\$ -		\$ 46,639,219
Federal Funds	\$ 1,607,346	\$ -		\$ 1,607,346
Medicaid	\$ 8,309,861			\$ 8,309,861
Federal Rental Assistance Program (Project Based)		\$ 34,204,957		\$ 34,204,957
Federal Rental Assistance Program (Tenant Based)		\$ 45,980,336		\$ 45,980,336
HOPWA Program (Federal and Ryan White)	\$ 200,000		\$ 535,000	\$ 735,000
TOTAL SOURCES	\$ 56,756,426	\$ 80,185,293	\$ 535,000	\$ 137,476,719
USES				
Programs providing housing assistance to individuals and rental assistance/supportive housing		\$ 80,185,293	\$ 535,000	\$ 80,720,293
VT Rental Subsidy Program **	\$ 502,000			\$ 502,000
Reach-Up Housing	\$ 148,772			\$ 148,772
Housing Opportunity Grant Program (HOP)	\$ 30,441,664			\$ 30,441,664
Family Supportive Housing	\$ 2,774,330			\$ 2,774,330
Correction Transitional	\$ 6,364,748			\$ 6,364,748
Housing Assistance for HIV/AIDS	\$ 200,000			\$ 200,000
DSU Recovery Housing	\$ 1,996,608			\$ 1,996,608
Youth Housing Development Program Housing Subsidies	\$ 131,165			\$ 131,165
Temporary Housing/General Assistance / Emergency Assistance **	\$ 7,500,000			\$ 7,500,000
Homeshare	\$ 480,000			\$ 480,000
Support and Services at Home (SASH)	\$ 974,023			\$ 974,023
CRT Housing Support Fund	\$ 1,216,519			\$ 1,216,519
DMH Housing Subsidy and Care	\$ 1,040,000			\$ 1,040,000
Homeless outreach for severely mentally ill (PATH)	\$ 452,730			\$ 452,730
Housing First	\$ 2,533,867			\$ 2,533,867
TOTAL USES	\$ 56,756,426	\$ 80,185,293	\$ 535,000	\$ 137,476,719

** 1x VT Rental Subsidy (\$720,000) General Assistance/Emergency Assistance (\$51,897,759). Harbor Place costs are presented combined with General Assistance, as Harbor Place follows the same programmatic rules as General Assistance. Previously General/Emergency Assistance was reported based on paid date; now reported based on date of stay as it is more accurate, and technology now allows us to do so. 1x GF funds for HOP are included in the chart above.

Housing Delivery System – The three-legged stool

- Rental Assistance, Production and Services are deeply integrated
- The Housing Recovery Working Group
 - VT's housing agencies from each housing sector regularly coordinate to ensure alignment between programs and to respond to emerging challenges.
 - Started as a response to the pandemic
 - Membership: AHS, DHCD, VHCB, VHFA, VSHA
- The loss of federal funding in any branch of the delivery system will have an impact across the system



Cambrian Rise

- Permanently affordable rental homes developed by Champlain Housing Trust
- 40 new rental homes
 - 3 affordable to 30% AMI
 - 10 affordable to 50% of AMI
 - 23 to 60% of AMI
 - 4 to 80%
- 10 homes with Project Based Vouchers
- 10 homes designated for Vermonters exiting homelessness
- Services provided through an MOU with providers and CHT's resident services program subsidized by the operating budget.

Cambrian Rise continued...

VHFA Tax Exempt Permanent Debt	\$	975,000
VHFA LIAC Perm Debt	\$	1,360,000
Vermont Housing Investment Fund	\$	400,000
VHCB	\$	6,843,469
VHCB HOME-ARP	\$	1,942,531
City HOME- ARP	\$	339,471
City HOME	\$	819,000
City HTF	\$	750,000
City ARPA	\$	950,000
Energy Incentives	\$	148,000
GP Equity - Donation	\$	1,000,000
Deferred Developer Fee	\$	500,000
ITC Equity + 45(L) equity	\$	204,414
VHFA - Federal Tax Credit Equity	\$	7,148,400
VHFA - VT State Tax Credit Equity	\$	90,000
TOTAL SOURCES	\$	23,470,285

Hypothetical federal impact

- Elimination of rental assistance results in lower debt capacity leaving a \$2.7M financing gap.
- Elimination of HOME and HTF leave a financing gap
- Leveraging debt requires setting higher rents, decreasing affordability
- Higher debt service results in less operating capacity to support tenant services
- **End result:**
 - **Higher rents**
 - **No units for households exiting homelessness**
 - **No services**

TIMELINE:

Potential reduction in federal funding

Continuing resolution
March 2025

Reconciliation
Summer 2025

FY26 Budget
Fall 2025

Market Impact



- HUD EDI
- FY25 Rental assistance

- Rental Assistance Program
- Medicaid

- HOME
- HTF
- CDBG
- RD
- HUD 202

- LIHTC



Executive Action

- Executive Order
- Staffing
- Cancelled Contracts

VHCB Federal Exposure

Housing Funding - federal source					Use: State program leverage/ Population			Timeline: Potential federal trigger for reduction						
Source	Rental Subsidy	Services	Capital	Other	Agency	Leverage state funds Yes/ No	State program impact	Population impact	CR (March 2025)	Executive action/ staffing reduction (anytime)	Reconciliation (Summer 2025)	FFY26 Budget (Oct. 1, 2025)	Market	Other
HOME			\$ 2,955,000.00		VHCB	Yes	VHCB rental housing development	<60% AMI		Moderate risk (staffing)	Moderate risk	High risk		
HTF			\$ 3,000,000.00		VHCB	Yes	VHCB rental housing development	<60% AMI		Moderate risk (Executive action)			Moderate risk	Privatization of GSEs: Fannie Mae and Freddie Mac
HUD EDI			\$ 17,000,000.00		VHCB	Yes	VHCB rental and homeownership development	<100% AMI	\$0			High risk		
HOPWA	\$ 535,000.00				VHCB	No		Vermonters living with HIV/AIDS				High risk		
Lead				\$ 1,484,275.00	VHCB	Yes	VHCB/ VHIP	Families in homes with lead contamination		Non issuance of FY25 award				
AmeriCorps				\$ 734,220.00	VHCB	Yes		Service and development organizations		Non issuance of FY25 award				

VHCB Risk Mitigation

- Commit federal funds into project
- Expedite the drawdown of federal funds
- Maintain a supplemental funding pool to ensure projects can reach completion



Impact

- **Impact on housing supply**
 - Fewer homes will be built
 - Fewer deeply affordable homes
 - Increased cost of construction
- **Impact on Vermont households**
 - More severely cost burdened households
 - Reduced ability for low-income Vermonters to afford housing with rental assistance
 - Shifting household resources from essentials like food, medicine and childcare to housing
- **Impact on homelessness**
 - Less funding to support the homeless services network
 - Fewer homes created for Vermonters
 - More households becoming homeless

Agency Testimony

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