

To: Senate Appropriations Committee  
From: Maura Collins, Executive Director  
Date: April 2, 2025  
Re: Funding for housing programs in S. 127

### **Vermont Housing & Conservation Board (VHCB)**

With approximately 30,000 homes needed to meet short-term needs, there can be no letting up on the investments to successful housing programs like VHCB, which has decades of proven success serving the lowest income Vermonters. Providing not just base funding but sustained and ample one-time money to VHCB will allow the state to utilize federal tax credits which will otherwise go unused if the state does not provide adequate funding. This should be the state's top priority.

In addition to VHCB's foundational investments, we also need to make investments in newer programs that can supplement that critical work, such as:

### **Middle Income Homeownership Development Program (MIHODP)**

Governor Scott's FY26 budget included \$15 million to re-open this successful program. Originally funded with \$24 million in FY23, over [125 modest homes](#) were – or are being – constructed to increase the supply of affordable housing in towns across Vermont. This program will pay for up to 35% of the cost of development by covering the value gap (the difference between the cost of construction and the appraised value) and an affordability subsidy allows the buyer to earn their full equity during their ownership, but the funding either stays with the property or is repaid to VHFA upon sale. Because the statute requires VHFA to prioritize the most affordable housing, 55% of the homes initially funded were through the Shared Equity program.

### **Rental Revolving Loan Fund (RRLF)**

The Governor's budget also included \$15 million to re-open this program, which originally received \$10 million in FY24. [265 apartments](#) are under development in nine communities. This revolving loan fund provides subsidized interest rates to housing projects. Designed to serve households who do not qualify for deeply subsidized tax credit housing, this program leveraged \$21 million of housing investments from municipalities and employers. This is the best tool for employers to engage in community-based housing development.

*Both chambers passed a policy change in the Budget Adjustment Act ([Sec. 80, page 135](#)) to allow VHFA to approve waivers to the rent cap. Considering the BAA did not pass, please re-insert that language into the budget.*

### **First Generation Homebuyer Grant Program (First Gen)**

For the past three years, the legislature has appropriated \$1 million annually for first-generation first-time home buyers to receive up to \$15,000 grant when buying their first home with a VHFA mortgage. In doing so we've [helped more than 116 first gen buyers](#) move into their homes, at least 17% of which were households led by a person of color. S.127 originally had this funding coming from an expansion of the state housing tax credit program at the cost of \$1.25 million annually. Without its re-inclusion the program will end in the coming year.

### **Land Access Opportunity Board (LAOB)**

VHFA has benefited deeply from partnering with the LAOB since it was formed, and this has shaped our programs and Agency. Sustained funding for LAOB programming will help all housing programs continue to center access and equity.

### **In Recognition of the State's Fiscal Constraints**

1. Merging the MIHODP and RRLF programs into one with a single combined appropriation amount for both – which is what the committee did in the FY25 budget "waterfall" provision – would allow VHFA the flexibility to determine which – or both – programs to re-open. This may be needed if the final funding amounts are too low to warrant soliciting applications from developers for both programs.
2. Consider funding the First Gen program out of VHFA's MIHODP or RRLF.