

# Vermont Affordable Housing Coalition 2007 STATE LEGISLATIVE PRIORITIES

## BUDGET PRIORITIES

**Vermont Housing & Conservation Board** – Support full funding at the statutory formula level of 50% of property transfer tax revenues, projected to be just under \$18 million for FY 08. During the current fiscal year, VHCB will receive just under \$14.8 million. Despite a 4.5% increase from FY 06 and \$1 million in FY 06 surplus dedicated to housing, the FY 07 appropriation is still \$4.8 million short of projected full funding.

These lost funds could have been used this year to build or rehab 115 affordable homes, make 20 units accessible to people with disabilities, preserve 7-9 farms, and fund 7-8 community conservation projects. VHCB has not received its full statutory share of the property transfer tax since 2001. Even with the enhancements provided by the Legislature over the last six years, by the end of FY 07 VHCB will have lost a cumulative total of over \$28.5 million. The trail of lost opportunities is substantial: almost 700 affordable homes, over 100 accessible units, 40-50 farms, and 40-50 community conservation projects.

**Homeless shelters & services** -- Support the request from the VT Coalition to End Homelessness for \$1 million for homeless shelter operating costs and prevention services funded through the Office of Economic Opportunity. This represents an increase of \$458,000 from last year's funding level of \$542,000. The increase is needed to meet rising costs and demand for services. The Governor's budget is expected to recommend level funding.

Shelters are struggling to serve increasing numbers of homeless men, women, children and those suffering with mental health disabilities. State support for shelters and homeless services has remained nearly stagnant for years. Applications for shelter funding have consistently exceeded available funds by \$400,000 each year. Shelters are coming up short in their ability to:

- Cover the rising cost of rents, utilities, and other operating costs,
- Offer comprehensive supportive services for homeless families with children and people with mental health disabilities,
- Provide emergency assistance with rent, security deposits and utility expenses, and
- Provide adequate transitional housing.

**Other housing & support services** that prevent homelessness and foster independent living:

- **General Assistance / Emergency Assistance** – Request potential funding increase needed to implement program reforms recommended by the GA/EA work group. Maintain Temporary Housing benefits at up to 84 days.
- **Back Rent** – Expand eligibility to include single individuals and families without minor children, expand benefits to include property tax arrears. It is as yet unclear whether this will require and increase in funding above the FY 06 level of \$577,000.
- **Removing Barriers to Housing** – Many very low-income people have difficulty finding housing because they have insufficient income, bad credit, bad references or other barriers to success. Funding is needed for pilot programs that decrease the landlord's risk by providing one or more of the following: rental assistance, a risk pool for deposits, utilities and repairs, and comprehensive case management and support services, among others. Funders should prioritize/set aside development funding for those who are difficult to house.
- **Mental Health Housing Contingency Fund** – Support continued increases above the current funding level of \$390,000 to meet need. The VT State Hospital Futures Committee has recommended \$1 million in new resources each year for the next three years, starting in

FY 08. It also recommends allocating new resources to establish a capital development fund to support expanded housing options for mental health consumers statewide.

- **Transitional housing for ex-offenders** – Support increase in the Department of Corrections transitional housing budget (currently just over \$1 million) to fund operating costs for additional units, supportive services and housing placement specialists, among others. Without these supports, offenders re-entering society have a low chance of succeeding and often return to jail, at great cost to the State.
- **Assistive Community Care Services Program** – Support continued efforts to increase the ACCS rate so that Residential Care Homes and Assisted Living Residences remain viable options for Medicaid beneficiaries, with the goal of reimbursing providers for 100% of their cost of providing services (estimated at \$44.56 in 2007). The \$3 *per diem* increase in the 2007 budget left providers over \$11 short. Support a minimum increase of \$3 *per diem* in the 2008 budget, at a cost of \$325,500 in general fund moneys.
- **Home Access Program** – Support request for increase in funding from the Department of Aging and Independent Living. DAIL currently provides only \$100,000 a year, while VHCB provides \$420,000 and United Way from \$8,000 - \$22,000. The HAP Program helps people with disabilities make accessibility modifications to their homes, allowing them to live more independently and avoid higher cost nursing home care. At an average cost of \$7,500 per household, the program's current shortfall is \$1.3 million a year. There are over 175 households on the waiting list and 10-12 new applicants every month. The average wait is three years.
- **Housing and Supportive Services Program** – Support at least level funding at \$799,000. In collaboration with the HASS providers, DAIL should examine how program beneficiaries and services have been affected by moving some of the funding into the Choices for Care Waiver and recommend ways to restore lost services.

**Planning** – Support full funding for the Municipal and Regional Planning Fund, projected to be approximately \$6 million for FY 08. Like VHCB, the Planning Fund is supposed to receive a statutory share of the property transfer tax (17%), yet every year it is shortchanged. Even with a 4.5% increase in its base funding for the current fiscal year, the Fund will be \$2.8 million short. Full funding would better enable municipalities to plan for affordable housing, train volunteer board members and provide more timely review of affordable housing proposals.

**Economic Justice Issues** – Support the following VLIAC priorities:

- Protect funding for the VT Weatherization program, maintain 2006 "ramp-up" of services and oppose raids on funds.
- Increase appropriations for Individual Development Accounts and Micro Business Development.
- Recapitalize the Job Start Fund and move program from VEDA to OEO.
- Monitor legislative action concerning the Federal work requirement changes in Reach-Up (Vermont's TANF program), maintain funding for programs that help Vermonters become self-sufficient, and strengthen the childcare subsidy program.
- Secure full funding for essential programs for youth in transition, the blind and disabled (AABD), and to maintain community mental health programs.
- Secure full funding for transportation for vulnerable Vermonters.
- Maintain full access to health care and prescription drugs for low-income Vermonters.
- Seek increase and COLA for tipped minimum wage employees and redefining who is a tipped worker.

**Vermont Human Rights Commission** – Support an increase of \$50,000 in the VHRC's General Fund appropriation in order to help make up for decreasing federal funds and enable it to continue carrying out its Fair Housing Initiative, which includes education and targeted outreach, as well as an awareness campaign involving mass media.

## **LEGISLATIVE PRIORITIES**

**Vermont Affordable Housing Tax Credit** – Increase the annual allocation by \$100,000, from \$400,000 to \$500,000, earmarking the additional credit for homeownership to stimulate production of single-family homes for first time homebuyers meeting VHFA guidelines. This could help make up to 50 homes permanently affordable to working families.

**Rental Housing Health & Safety**– The State of Vermont must create a comprehensive, statewide rental housing code enforcement system and apartment registry. Inspectors would be funded through an annual apartment registration fee. Historically, Vermont has one of the highest residential fire death rates and the second oldest housing stock in the country. The recent Vermont Supreme Court decision clearly places the burden on the State to come up with a credible, effective way to ensure that apartments meet basic requirements for health and safety. As a carrot, the State should create a statewide rehabilitation loan fund to help private sector landlords bring substandard units up to code. The program should clearly exempt municipal programs that meet basic program standards and collect fees locally.

**Lead Safety** – Lead poisoning is generally recognized as the #1 environmental threat to children’s health. Dozens of Vermont children each year are identified with severe lead poisoning. Hundreds more are found with levels known to be detrimental to their development. The Coalition supports the recommendations from the “Get the Lead Out of Vermont” task force, including:

- Enforce the existing Essential Maintenance Practices (EMP’s) in rental housing.
- Build an accurate statewide database of rental housing.
- Require training for rehab contractors and others disturbing paint in pre-1978 housing.
- Extend ban on prohibited work practices (power sanding, burning...) to owner-occupied housing.
- Make resources available to property owners to address lead hazards (loans, tax credits...).
- Make substantive changes to EMP requirements.

**Mobile Home Legislation** – Support selected recommendations from the Governor’s Advisory Commission on Mobile and Manufactured Homes:

- Classify and treat mobile homes on leased lots as real property, instead of personal property, which would allow owners access to conventional mortgage financing;
- Increase protections for park residents by...
  - Prohibiting simultaneous notice of park closure and sale,
  - Preventing retaliatory park closure when residents complain about habitability issues,
  - Preventing punitive lot rent increases during closure, and
  - Allowing the DHCA Commissioner to require a park owner to pay limited relocation costs when a park is noticed for closure following a notice for health, safety, environmental or habitability laws or requirements;
- Repeal “free standing” mobile home park ordinances for towns without zoning;
- Increase access by park owners to Petroleum Clean-Up Fund (ANR proposal);
- Eliminate duplicative regulation of “consecutive water supplies”; and
- Expand the use of alternative septic systems in parks.

**Property Transfer Tax Restructuring** – If the Legislature considers restructuring the PTT, it should seek to (1) lower costs for certain first time homebuyers and (2) hold harmless buyers of modest homes, while (3) increasing revenues available to VHCB for housing. For example, the Coalition would support the following, estimated to raise \$4.3 million in net new funds for housing:

- Expand the exemption for VHFA borrowers on the first \$140,000 of the sales price (up from \$100,000) and extend it to USDA Rural Development and Homeland program assisted units.
- Keep the PTT rate the same for all other primary homes under \$300,000 (0.5% on the first \$100,000 of the sales price, 1.25% on \$100,000-300,000)
- Increase the rate from 1.25% to 1.5% on primary homes above \$300,000, all secondary homes, and raw land transfers.

**Property tax reform** – As the Legislature looks at reforming the State’s education financing system, it should keep the following principles and goals in mind:

- Current levels of income sensitivity should at least be maintained and, if possible, expanded.
- Education finance should be based to an even greater degree on income, which is a better measure of ability to pay than property wealth.
- The burden on both low-income renters and homeowners should be reduced.
- Publicly funded affordable housing developments, which have limited ability to absorb property tax increases, must be held harmless.
- The Renters’ Rebate should be enhanced to (1) increase the percentage of rent considered as property taxes, (2) increase the \$47,000 income ceiling, and (3) increase the percentage of income ceiling.

**Downtown Tax Credits** – Support the VT Forum on Sprawl’s proposal to raise the current cap on the Downtown and Village Center Program by \$1 million. Saving our downtowns is key to the future of Vermont. Financial incentives for the redevelopment of old, vacant properties are working and need to be increased to meet demand.

### **Transitional housing for ex-offenders**

- Expansion of transitional bed units in correctional facilities
- Comprehensive re-entry planning and supportive programming
- Collaboration between Corrections, communities and service providers
- Increased community notification and information sharing

### **Energy efficiency**

- Support AARP’s proposal to help seniors and low-income Vermonters with their electric bills.
- Support efforts to expand programs like those of Efficiency Vermont, which lower energy costs for affordable housing and low-income people. Global warming initiatives should help focus energy efficiency assistance on low-income Vermonters and affordable housing.
- Support efforts to upgrade building efficiency standards and institute time-of-sale minimum energy requirements.

**Utility Diversion** – Support legislation that creates clear and equitable legal guidelines for landlords and tenants when the tenant in one unit pays for electricity, or some other utility, which is used by the landlord, in a common area of a rental property, or by a tenant in another unit.

### **Planning and zoning initiatives**

- Clarify and modestly expand the statutory definition of permitted, accessory apartments.
- Adopt statewide inclusionary zoning for large developments of high-end housing.
- Create system of incentives for municipalities that adopt inclusionary zoning and other policies that promote affordable housing.
- Require regional housing action/fair share plans; plan should assist communities that have unused infrastructure capacity with planning for housing.
- Adopt statewide linkage policy to require major commercial developments that create low wage jobs to mitigate their impact on regional housing needs.

**New Neighborhoods** -- Support the Department of Housing and Community Affairs’ initiative in concept, with concerns about levels and length of affordability of the housing produced. This proposal has the potential to stimulate housing construction but needs to be further fleshed out.

**Fair Tax Policy** – Support Vermonters for a Fair Economy and Environmental Protection and Vermont Fairness Alliance in efforts to raise new revenues for housing and other basic needs by:

- Increasing the personal income tax rates on the highest-income taxpayers,
- Taxing the full 100% of capital gains income,
- Repealing, or at least postponing, the corporate income tax cut enacted in 2004, and/or
- Capping the mortgage interest owners of high-end homes can deduct.