

Vermont Affordable Housing Coalition 2008 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 at \$18.2 million for FY 09. In addition, whenever "one-time" monies permit, the State should invest wisely in permanently affordable housing through VHCB. During the current fiscal year, VHCB will receive just under \$15.5 million. Even with a 4.5% increase in base funding, plus an extra \$1.1 million in one-times, the FY 08 appropriation is still \$2.3 million short. Since 2001 almost \$31 million has been diverted from VHCB to pay for other state priorities. That could have paid for an estimated 830 additional affordable homes for low- and moderate-income Vermonters, 55 farms, and 63 community conservation projects. The transfer tax is a natural reflection of the degree of pressure on housing affordability and land developments. The 60% increase in yearly receipts during the past 7 years is an indicator that we need to invest more in housing and conservation.

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 a \$308,000 increase from the current funding level of \$692,000. The \$150,000 increase received this year is a start, but more is needed to meet rising costs and demand for services. Until this year, state support for shelters and homeless services remained stagnant for many years. Shelters continue to struggle to serve increasing numbers of homeless individuals and families with children and need additional funding 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.

General & Emergency Assistance, Back Rent & Temporary Housing

- Support the Douglas administration's FY 08 Budget Adjustment request for (1) removal of the \$150,000 cap on extended Temporary Housing benefits to avoid shutting down the program in January, (2) a \$300,000 increase to fund motel stays up to 84 days, and (3) the addition of two GA / EA pilots in Rutland and Chittenden Counties, to include expanded Back Rent eligibility for single individuals and households without children.
- For FY 09, support the GA / EA Work Group's recommendations to (1) continue with five pilots, (2) maintain extended Temporary Housing benefits, (3) increase GA / EA to fully fund Back Rent, Temporary Housing and the pilots, and (4) over time, reform the program into a more flexible, comprehensive homelessness prevention and anti-poverty program. In doing so, the state must make sure that GA has sufficient funds for the basic emergency needs of the lowest-income Vermonters. The state should also investigate using GA to create a revolving fund for security deposits and first and last month's rent.

Supportive Housing – Supportive housing is a proven, effective means of integrating families and individuals with multiple barriers to independent living into the community by addressing their basic needs for housing and on-going support. Barriers range from mental illness, chemical dependency, and chronic health challenges to domestic violence, poor life skills, lack of marketable job skills, bad credit, and bad references. Supportive housing is a solution to homelessness because it addresses these barriers. It is also an alternative to the high cost of institutionalization in a nursing home for seniors and younger adults with long term care needs.

- The state should provide funding to maintain and expand proven local partnerships, like Brattleboro's "Pathways to Housing" or Burlington's Rental Opportunity Center, which decrease a landlord's risk by providing one or more of the following: rental assistance, a risk pool for deposits, utilities and repairs, comprehensive case management and supportive services. It should also provide funds to allow other communities to replicate these models or develop their own solutions.
- Vermont should look at models from other states like Connecticut, New York, North Carolina and Washington.
- Vermont should quantify the cost savings realized by preventing homelessness and avoiding higher cost institutional care, both through permanent supportive housing for the chronically homeless, transitional housing for low-income families, and assisted care for elders.

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 \$45.90 in 2008. The \$1 *per diem* increase in the current fiscal year's budget left providers \$11.65 short. A minimum increase of \$3 *per diem* is needed for FY 09, bringing the daily rate for 24 hour around the clock care to \$37.25/day, still well below costs, which continue to outpace increases. For example, while health providers' insurance premiums increased by 19.6% this year, a \$3 increase represents only a 9% increase in rates.

Home Access Program – Support a \$200,000 increase in funding from the Department of Disabilities, Aging and Independent Living. DAIL currently provides only \$100,000 a year, while VHCB provides \$435,000 and United Way from \$8,000 - \$12,000. The HAP Program helps people with disabilities make accessibility modifications to their homes, allowing them to live more independently and avoid the higher cost of living in a nursing home. HAP helped 59 individuals live more independently in 2007, at an average cost of \$10,000 per household. There are approximately 200 households on the waiting list, with 10 - 12 new applicants every month. The average wait is three years, and the program's overall current shortfall is \$2 million, not including the 10 – 12 new applications HAP receives every month.

HomeShare Vermont – Support a total increase of \$100,000 for HomeShare Vermont and Home Share of Central Vermont. Current funding is \$142,545 total for both. These effective, low-cost programs save the state significant sums of money while helping vulnerable Vermonters sustain their independence through affordable housing options. The increase will allow Home Share of Central Vermont, a 4½ year old start-up program, to serve the increasing number of individuals seeking help in Washington, Lamoille and Orange counties. It will enable HomeShare Vermont, currently celebrating its 25th anniversary, to expand its care-giving program to help more people who need care in their homes.

Supports for Survivors of Domestic Violence – Create a dedicated funding stream through the Department for Children and Families' Office of Economic Opportunity to create innovative programs for short-term economic supports for survivors of domestic and sexual violence who are homeless or at risk of becoming homeless (\$200,000, which could be administered through the Homeless Assistance Program or another funding stream in OEO or DCF).

AHS Field Services Division Direct Service Funds (Flex Funds) – Support at least \$200,000 in base spending for FY 09. This year's funding includes \$100,000 in the base and \$100,000 in one-times. The AHS Field Service Directors use these funds to help individuals and families through short-term interventions needed to avert a crisis or to help them through a transition for which no other funding sources are available. Relatively small amounts of these state dollars usually help avoid the expenditure of far greater amounts.

Transitional housing for ex-offenders – Support the recommendations of several regional advisory groups to double, over time, the Department of Corrections' (DOC's) transitional housing

budget, currently funded at about \$1.1 million a year. DOC funds a variety of programs and facilities around the state that provide the housing and community-based supports offenders need to succeed once they leave prison. Without these supports, offenders re-entering society often return to jail, at far greater cost to the state. Additional recommendations include:

- Fund capital projects with new resources, not existing, oversubscribed housing funds.
- Funds should be administered by entities with extensive experience in underwriting housing development.
- Corrections must make long-term commitments to help fund supportive services and other operating costs necessary for the success of transitional housing facilities.
- Increased funding for re-entry housing specialists.
- Expand the availability of transitional bed units in correctional facilities.
- Provide comprehensive re-entry planning and supportive programming.
- Enhance collaboration between Corrections, communities and service providers.
- Increase community notification and information sharing.

Recovery Housing and Mental Health Housing Contingency Fund – Support level funding at a combined total of \$850,500 in the base appropriation -- \$450,500 for Recovery Housing and \$390,000 for Housing Contingency. Each of these funds helps cover apartment set-up costs and provides rental subsidies for people with severe and persistent mental illnesses, the latter for community rehabilitation treatment (CRT) clients and the former for people coming out of Vermont State Hospital or another institutional setting.

Housing and Supportive Services Program – Support at least level funding at \$799,000. In collaboration with the HASS providers, DAHL 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. Last year, HASS funds assisted 1,177 seniors at 23 sites around the state to live more independently, avoiding higher cost institutional care.

Planning – Support full funding for the Municipal and Regional Planning Fund, projected to be approximately \$6.2 million for FY 09. 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 \$1.5 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 (preliminary list):

- Maintain current benefit levels in LIHEAP funding and increase emergency fuel assistance to address need.
- Maintain full funding for the VT Weatherization program, oppose raids on funds and remove sunset on gross receipts tax on fuels, which funds Weatherization.
- Support efforts of the VT Childhood Poverty Council to reduce childhood poverty by 50% in 10 Years.
- Increase appropriations for Individual Development Accounts and Micro Business Development.
- Complete transition of the Job Start Program and recapitalize funding.
- Increase Reach-Up (TANF) benefits, which have paid less than 50% of the basic needs budget for several years. Increase the housing allowance, which is just over \$200 outside Chittenden County. Support positive changes for Reach-Up and maintain solely state-funded program elements that assist low-income Vermont families achieve self-sufficiency.
- Secure full funding for Aid to the Aged, Blind and Disabled, childcare, youth in transition, community mental health programs, and transportation for vulnerable Vermonters.
- Monitor Catamount Health implementation and improve full access to health care and prescription drugs for low-income Vermonters.
- Continue to work towards a livable wage standard for all working Vermonters.

LEGISLATIVE PRIORITIES

Rental Housing Health & Safety – As it looks to create new affordable housing, the State of Vermont must preserve its existing rental housing through increased code enforcement. H.419 / S.151 would 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.

Vermont Neighborhoods – Support the consensus recommendations of the VT Smart Growth Collaborative to ease permitting requirements and provide incentives for mixed income housing within well-defined, locally designated areas, thereby creating a more predictable, efficient review process, while maintaining smart growth principles, environmental quality and the opportunity for reasonable citizen input. The bill would:

- Provide for increased density,
- Increase the number of units triggering Act 250 review, ranging from 25 to 200, based on a town's population,
- Eliminate the cumulative development triggers that require Act 250 review of 1-family, duplex and single family developments of fewer than 10 units,
- Preclude appeals of local conditional use approvals based on character of the neighborhood and allow courts to order appellants to post bonds, and
- Exempt eligible development from the state land gains tax and reduce state permit fees.

The Coalition will work throughout the legislative process to achieve the maximum affordability levels possible without jeopardizing passage of the bill: 15-20% of the units in a development should be affordable to people at 80% of area median income (AMI) for homeownership and 70% of AMI for rentals. The duration of affordability should be at least 15 years and permanent, if possible.

Vermont Affordable Housing Tax Credit – Increase the annual allocation by \$100,000, from \$400,000 to \$500,000, earmarking the additional amount for homeownership to stimulate production of single-family homes for first time homebuyers meeting VHFA guidelines. Passage of H.484 / S.162 could help make up to 50 additional homes permanently affordable to working families every year.

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 urges passage of H.352, which would implement most of the recommendations from the "Get the Lead Out of Vermont" task force, including:

- Provide greater enforcement of the existing Essential Maintenance Practices (EMP's) in rental housing;
- Make substantive changes to EMP requirements;
- Require universal screening of one and two year olds;
- Lower the threshold for what are considered elevated blood levels among children;
- Require training for rehab contractors and others disturbing paint in pre-1978 housing;
- Extend a 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...);
- Increase a variety of fees associated with lead hazard remediation and enforcement; and
- Allow municipalities to create their own ordinances and enforcement mechanisms.

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

- Pass H.331, which redefines mobile homes on leased lots as real property, instead of personal property, allowing owners access to conventional mortgage financing.
- Pass H.332, which would 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 the “free standing” mobile home park ordinances for towns without zoning (H.330).

Property Transfer Tax – Support H.485 / S.163 to increase the exemption VHFA first-time homebuyers enjoy from the property transfer tax. For many years, these buyers have had the first \$100,000 of their home value exempted from the tax, helping to decrease their transaction costs at closing and promoting homeownership. VHFA seeks an increase in this threshold from \$100,000 to \$140,000, in recognition of the increase in Vermont’s median home price over the years, which reached \$201,000 in 2007. VHFA also seeks to expand the exemption to include homebuyers who purchase homes using USDA Rural Development loans or Homeland grants from the Vermont Housing and Conservation Board. The expanded exemption would cost the state an estimated \$367,000 in foregone tax revenues. As an offset, the Legislature should consider increasing the transfer tax rate on luxury and/or second homes.

VHFA Debt Limit – Ensure that VHFA's debt limit is lifted and they receive an adequate allocation of tax-exempt bond authority to serve their low and moderate-income clients and produce more new affordable housing. This is critical in the tightening subprime credit environment.

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:

- Reduce the property tax burden on low- and moderate-income homeowners by moving towards an income tax based approach to funding education. Current levels of income sensitivity should at least be maintained and, wherever possible, expanded.
- Hold renters harmless from any shift towards an income tax.
- Preserve and enhance the renters’ rebate by (1) increasing the percentage of rent attributable to property taxes, (2) increasing the \$47,000 income limit, and (3) lowering the maximum percentage of income paid for property taxes.
- Maintain the state program to assist homeowners and renters with their municipal tax burden.
- Maintain the current equitable system of assessing affordable housing. Publicly funded affordable housing developments, which have limited ability to absorb property tax increases, must be held harmless from any changes in the way Vermont funds education.
- Extend the payment in lieu of taxes exemptions for affordable housing developments grandfathered under Act 60.

Tax Increment Financing – Support passage of S.191, which would finally make TIF financing a viable tool to help fund affordable housing development.

Downtown Tax Credits – Support Smart Growth Vermont's proposal to raise the current cap on the Downtown and Village Center Program from \$1.6 to \$2 million. Allocate the increase to permanently affordable housing. 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.

Planning and zoning initiatives

- Clarify and modestly expand the statutory definition of permitted, accessory apartments.
- Adopt statewide inclusionary zoning
- Create a system of incentives for municipalities that adopt inclusionary zoning and other policies that promote affordable housing.
- Require regional housing action/fair share plans; 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.

Utility Diversion – Support H.252 to create 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.

Landlord/Tenant Law – Maintain a reasonable balance between landlord and tenant rights and protections.

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.