



VIA Housing and Homelessness Report April 15, 2021

We call this a research report, but if there is one thing we have learned in our recent research, it is how rapidly the ground shifts with the breath-taking amount of money that is in play this year. First with the CARES Act, then the surprise of the state revenue surplus, the American Rescue Plan Act, and hopefully, still to come, President Biden's huge infrastructure bill, the American Jobs Plan. It has been a tremendously challenging, but pleasant task to begin dreaming of real possibilities for change these funds present. So, at the very start, we take our hats off to you, the members of the House and Senate Appropriations Committees, for vigorously moving ahead and attempting to put together an unprecedented, once-in-a-lifetime state budget to address the backlog of needs in this state, with very little idea of the federal guidelines governing the ARPA funds, and no real certainty that more big money is coming our way. We also thank you for rapidly providing COVID-19 safe shelter in motels across the state for those who had no homes, or were doubled up in friends' homes or in crowded shelters when the Stay-At-Home order was issued. You can take pride in Ben Truman's report from the Vermont Department of Health that there have not been any COVID-19 related deaths among the more than 5700 Vermonters who have spent time in emergency motel or shelter housing in the last year. We are grateful for the 450 units of housing that were created through your distribution of CARES Act funding, and the \$25 million designated for rent and mortgage arrearages to prevent evictions and foreclosures, and the \$15 million for housing retention services, as reported by Rep. Tom Stevens. We stand before you with awe and gratitude at what you have done, and – this should not surprise you - we are going to ask you to do so much more. We are going to ask you to dream big and make it possible for every Vermonter to have permanent, stable, and safe housing. We are going to ask you to make it possible to end homelessness in Vermont. It is within our grasp. We can do this!

Right now, there are about 2700 Vermonters without permanent housing residing in roughly 75 motels across the state. Over 400 of them are children! Imagine the long-term effects of spending a year in a motel room. It could be half your life so far if you are a two-year-old – playing, eating, sleeping, being rowdy, making a mess, testing limits, attending online school if you are an older child - with your stressed-out siblings and parents in the room with you – all the time. 2700 people, over 400 children. The pandemic has brought these numbers to light, but the pandemic did not cause their homelessness. We have known for years that the Point-In-Time count of those experiencing homelessness on just one single night in January has been grossly undercounting the number of people without stable permanent housing. We have

known that the number of people without housing who have enrolled in our Coordinated Entry systems around the state has been much, much higher than the annual Point-In-Time count. The pandemic, and the state's commitment to provide COVID-safe shelter, has brought people out of crowded, doubled-up living arrangements, out of substandard housing with no heat, exposed electrical wiring, and backed up sewage, out of abusive households where they had no choice but to subsist until they could win the lottery on the Coordinated Entry list. Where else could they go? According to the annual [HUD Housing Opportunity Program 2020 Report](#), the shelters were at capacity prior to the pandemic. The average length of stay in homeless shelters was at its highest level in more than 18 years. We were only providing 28 days of emergency hotel shelter, even though we knew that the average length of time from becoming homeless and entering the Coordinated Entry list to entering permanent housing was 125 days.

It is time to ask ourselves: "How did we get where we are?" Why could they not find housing? Housing is one of the most basic needs of life. It is right there at the very foundation of Maslow's hierarchy of needs - air, water, food, and shelter. What are we doing as a state if we are not preserving the systems that meet the most basic needs of our citizens? What the pandemic has brought to light is the degree to which we have negligently underinvested in our housing system. By state statute, 50% of the funds raised through the Property Transfer Tax is designated for use by the Vermont Housing Conservation Board, which is the source of affordable housing in our state. For every VHCB dollar invested, approximately \$4 are invested from other sources, often private investors and lenders, that can then be applied to the development of affordable housing in Vermont. The VHCB can turn \$1 into \$5. [But we have not fully funded this statutory obligation for any of the last 20 years.](#) Yes, we had a \$35 million housing bond in 2017. Yes, there have been general bond funds through the annual state capital budget. If these are added in, they do not come close to matching 20 years of the lost statutory funding. Funds from the Property Transfer Tax come to VHCB free of obligation. Funds obtained through bonding come with all the debt costs attached to a bond, and bonded funds are not able to access the full range of developer financing that is available to unbonded funds. Year after year, we have failed to fully invest in securing safe and affordable housing for our citizens.

According to the [2020 Vermont Housing Needs Assessment Report](#), we have produced only a small number of new homes in the last two decades. In the 1980's, Vermont's housing growth rate was 1.81%, but from 2010 to 2017, it grew by just an average of 419 homes per year, or 0.16%, a tenth of the previous rate. By national standards, Vermont homes are aging and in need of repair. Over 36% of our rental housing was built before 1939. Based on HUD projections, Vermont will lose 2500 units of housing over the next five years, due to destruction or conversion to another use. Close to 20,000 Vermont households live in homes with serious housing quality issues, but we only know that from US Census data. We don't know the true number and condition of our rental housing stock because we have not had a registry of rental

housing or a statewide inspection system to ascertain whether the state code of standards for rental housing are being met. We do know that, whether to purchase or to rent, available housing is very scarce. We have all heard stories of houses that are being purchased sight unseen with bids well above the asking price. It is equally difficult to find a home to rent. In 2010, the Vermont rental vacancy rate was 7%. Seven years later, in 2017, it had dropped to 3.3% statewide, and around 2% in some of our most populous counties. A rate around 5-6% is considered healthy. A low vacancy rate represents housing scarcity and drives the cost of rent upward, and we saw the median gross rent in Vermont climb \$100, a 12% increase, as the rental vacancy rate dropped from 7% to 3.3% over those seven years. Among the people lodged in motels, as many as 200 have rental vouchers in hand, but can find no place to rent. There are vanishingly few rental units open, and even fewer that will accept the level of rent that the vouchers will pay. The vouchers have a maximum payout that is supposedly set at a “fair market rate”, but the voucher payout has not kept pace with the prevailing rents in the community, so that many landlords will not accept them. As housing costs have steadily risen, wages have not. Over one third of all households in Vermont fall into the cost-burdened designation. That is 36% of all households, spending more than 30% of income on their housing, and 16% of Vermont households spend greater than 50% of their income on housing costs. Please remember that, the next time we have a chance to raise the minimum wage.

The 2020 Housing Needs Assessment Report also brings to light the shameful legacy of systemic racism with respect to housing. A disproportionate number of people identified as minorities are homeless in Vermont. A [2019 document from the Chittenden County Homeless Alliance](#) states that “while 3% of Chittenden County residents are black, and 5% of residents living in poverty are black, 14% of those experiencing homelessness are black.” We applaud the legislature for committing itself to searching out the racist policies and decisions that throughout our history have erected barriers to the equitable distribution of wealth and opportunity. Our housing system is a glaring example of the disparities resulting from inequitable policies, from the discovery land claims of the early white settlers, to the racial discrimination of the G.I. Bill and red lining of the 1940’s and 50’s, and discriminatory loan practices of recent decades. We now have the opportunity to make some real gains in not only dismantling unfair practices but ensuring a path forward for those who have been denied opportunity for so long.

Many interest groups come before you with excellent well-supported concerns - such as expanding the reach of broadband, upgrading the unstable IT systems of our state services, preserving the health of our institutions of higher education, all very worthy concerns - but certainly our very first priority must be to ensure that the systems which provide our most basic needs for food, water, and safe shelter are sufficient to provide for all Vermonters. We have been deficient in meeting the need for shelter over the last two decades. We are now blessed

with the opportunity to correct that deficiency. Not only is it the morally right thing to do, but it is also the economically right thing to do. A growing body of evidence has revealed that providing stable housing reduces the downstream costs of poor physical and mental health, substance use disorders, educational support for students whose primary challenge is chaos and trauma, and ultimately, the costs in our criminal justice and corrections systems related to living homeless. [The state will spend twice as much responding to the challenges of people who are chronically homeless, than it will when providing housing and support to assist them in moving from homelessness into permanent housing.](#)

The current budget proposal passed by the House and under consideration in the Senate Appropriations Committee, allocates \$50 million to increase the number of affordable housing units in Vermont. Governor Scott's budget proposal would allocate \$249 million for this purpose. Five times as much. The House budget figure might potentially add 1200 units of housing. The governor's proposal would add 5,000 units. The [Vermont Roadmap to End Homelessness Report](#) which was published over four years ago now, called for the creation of 3,148 units of affordable housing. Considering what we now know about the true number of people living in shelter and motels, as well as the number of units likely to be removed from our occupied housing stock over the next four years, plus the projected growth expected in the number of households in Vermont, the House budget falls far short of the need, and Governor Scott's desire to create 5,000 units is a very reasonable goal.

We ask you to:

- 1. Commit the funds needed to create 5000 units of housing as soon as possible, and then fully fund the Vermont Housing and Conservation Board each year, until we have created enough affordable housing to enable all our citizens to be permanently housed.***
- 2. Address racial disparity in housing distribution by fully funding a pathway for housing opportunities that is inclusive, accessible, and accommodating.***
- 3. Fully fund S.79 to establish a rental housing registry and inspection system throughout the state to ensure the safety of our rental housing stock.***
- 4. Establish and fund a comprehensive plan to support all Vermonters experiencing homelessness, providing them with safe and humane emergency shelter, and the economic and human service support that will allow them to achieve long-lasting stable permanent and safe housing.***