

Vermont Affordable Housing Coalition 2019 State Legislative Wrap-Up, Summary & Outline

Legislative Session Ends with Mixed Results: Progress in Some Areas, Disappointment in Others

The 2019 Legislature ended its work officially on Wednesday, May 29 with the adjournment of the Vermont Senate. The House had adjourned earlier, on Friday, May 24, after House Speaker Mitzi Johnson declared an impasse in negotiations between the two chambers on two of their highest priorities: increasing the state's minimum wage and paid family leave. While advocates were deeply disappointed over the lack of progress on these two hugely important issues for low- and moderate-income Vermonters, both of which were among the Coalition's many priorities, the session did result in numerous gains – as well as disappointments – for affordable housing and homelessness.

Housing issues once again saw a great deal of attention this legislative session. The Governor's proposed FY20 Capital Budget included a \$1.05 million funding cut for the Vermont Housing and Conservation Board (VHCB). However, the budget approved by the Legislature and sent to the Governor (H.542) restores \$1 million of that proposed reduction. Housing advocates had hoped for increased funding given the strength of revenues generated by the Property Transfer tax, VHCB's dedicated funding source. Although there were no funding increases for State programs targeting homelessness, the Big Bill includes language instructing the Agency of Human Services (AHS) to recommend strategies that will allow the state to access specialized federal housing vouchers currently not being used because the state is not providing the required supportive services. It also restores the Governor's proposed SASH cut and provides funding to transition to ONE Care Vermont over three years.

In other good news, the Revenue Bill (H.541) includes a \$250,000 increase to the State's Affordable Housing Tax Credit providing three paths to home ownership: downpayment assistance for first-time home buyers, purchase/replacement of mobile homes, and shared equity home ownership with a rehab component. The Legislature also passed H.132, a bill that included three major housing components: increased housing protections for victims of domestic violence, measures to improve the health and safety of the state's rental housing, and a report by the Treasurer with options for funding the creation of 1,000 new homes over the next five years. While the Legislature did consider implementing a second housing bond to support construction of more badly needed affordable housing, concerns raised by the State Treasurer delayed any action. Instead, the Treasurer will report to the Legislature as directed in H.132.

The other major piece of good news was for low- and moderate-income weatherization. The state's Low-Income Weatherization Assistance Programs, administered by four of the five Community Action Agencies and NETO, the Northeast Employment and Training Organization, saw a \$990,000 increase to their base appropriation, including restoring a proposed \$600,000 reduction in the Governor's budget request. They will also receive a one-time investment of \$1.3 million to be spent over two years. Unfortunately, the House-passed fuel tax increase, which would have generated about \$4.5 million in ongoing base funding, did not gain traction on the Senate. H.63, which became the Senate's weatherization bill, encouraged VLITE to invest up to \$1.3 million in Low-Income Weatherization; authorized Efficiency Vermont to use \$4 million in unspent, unallocated electric efficiency funds to weatherize the homes of people between 80% and 140% of Area Median Income; and appropriated \$350,000 in one-time funds to Efficiency VT for more moderate income weatherization.

Here is an outline with more detail:

Budget (H.542)

- Restores \$1M to VHCB; Governor's Capital Bill had proposed a \$1,050,000 cut to VHCB conservation funding; together with Capital Bill, this would have put VHCB at \$50,000 below its FY 19 funding; VHCB also received two one-time investments: \$500,000 for several legacy conservation projects and \$75,000 for a rural economic development grant writer.
- Restores Governor's proposed \$541,000 cut to SASH with \$750,000 in one-time funding over 3 years; \$250,000 in GF each year draws sufficient Medicaid to make up cut; together with remaining DAIL funding, this transitions SASH into One Care Vermont over 3 years
- Includes language creating work group on specialized voucher/services issue (see below)
- Restores Governor's proposed \$600,000 reduction to Low-Income Weatherization
- Invests \$1.3M in one-time funds to Low-Income Weatherization; House proposal to grant \$250,000 in one-time investments to NWWVT's Heat Squad program to expand statewide did not survive
- Increases Assistive Community Care Services by \$5 per day; this helps Cathedral Square and Level 3 residential care providers who have operated at a loss for years
- Reach Up grants will be based on the 2008 standard of need, a \$1.9 million increase, bringing the maximum grant for a family of three from \$640 to \$700 (\$725 in Chittenden County); restores one-third of the remaining deduction to families receiving both RU and SSI, made several years ago during the Shumlin Administration; the remaining deduction was \$115/month per family, net increase is \$38/month, leaving the deduction at \$77/month

Capital Bill (H.543)

- Accepts Governor's proposed Capital Bill budget for VHCB, which included a \$1.05M cut to conservation; final VHCB funding breakdown includes:
 - Agricultural water quality projects: \$1,100,000
 - Land conservation and water quality projects: \$1,700,000
 - For housing projects: \$1,800,000

H.132: An act relating to adopting protections against housing discrimination for victims of domestic and sexual violence

- Protections for DV victims:
 - Adds victims of domestic/sexual violence as protected class for purposes of Fair Housing Law
 - Allows DV victims to terminate lease to protect safety and request lock changes or additional security measures, including a security system or security camera, at the tenant's expense
 - Requires the landlord to keep tenant's DV status confidential
- Rental safety provisions added from S.163:
 - Makes explicit Dept. of Health as leader on State rental housing health laws
 - Directs Town Health Officers to send health inspection report info to Dept. of Health
 - Municipalities must make health inspection reports available as public record
 - Increases potential fines for unaddressed health code violations – includes these penalties within jurisdiction of Judicial Bureau
 - Directs Dept. of Health to work with Public Safety and Rental Housing Advisory Board to create recommendations for professionalized Code Enforcement system (due Jan 2020)
 - No money included for the Health Department to implement the RHAB recommendations, or for DHCD to update the Rental Housing Codes website
- State Treasurer summer study to "evaluate options for financing affordable housing" – i.e. alternative to repeat of "Housing for All Bond"
- S.163 did not pass and remains on House calendar. It included the Governor's Vermont Housing Incentive Program proposal (without funding), the contractor registry, and the rental housing data base. DHCD has nonetheless committed to working on the data base with Tax, 911, Health and other relevant agencies

Revenue Bill (H.541)

- Downtown and Village Center Tax Credit tune ups and increase of \$200K, from \$2.4 million to \$2.6 million annually)
- Increases State Affordable Housing Tax Credit by \$250,000 to increase funding for (1) VHFA's Down Payment Assistance Program, (2) the mobile home purchase/replacement program administered statewide by CHT, and (3) for homeownership development and substantial rehab
- Makes revisions to the tax credit to allow bundling of homeownership credits and other technical changes
- Reauthorizes the existing fuel taxes that support Low-income Weatherization Assistance Program for 5 years
- Eliminates unintended nonprofit/municipal "exemption" from fuels taxes created 3 years ago (raises \$390,000 a year)
- Extends the Property Transfer Tax to "controlling interest" property transactions, e.g., changes in ownership that are accomplished through a transfer of a partnership interest or stock; LIHTC partnership transactions are held harmless

Act 250 Bill

- Complex revision to landmark legislation
- Enhances protections for natural areas
- Creates "enhanced" designation areas free of Act 250 review (without requiring affordability)
- Moves appeals to updated, professionalized Natural Resources Board
- Bill did not make it out of committee, holds over to next year

Weatherization Bill (H.63/S.171)

- Directs Efficiency Vermont to spend up to \$4 million in unspent, unobligated electrical efficiency funds on thermal efficiency over 2 years, with priority for 80% - 140% of AMI; \$2.25M to be spent in FY20
- Appropriates additional \$350,000 to weatherization for 80% - 140% of AMI
- Directs Public Utilities Commission to study whether to create an all-fuels utility to accelerate weatherization and carbon reduction at all income levels
- Encourages VLITE to invest \$1.3M a year in Low-Income Weatherization
- House Weatherization Bill (H.439), which would have increased fuel tax on oil and propane 2 to 4 cents a gallon, increased gross receipts tax on natural gas from 0.5% to 0.75%, and exempted red-dyed diesel used for off-road vehicles and equipment in ag, construction & forestry. The bill would have raised \$4.5M more for Low-Income Weatherization, but died in the Senate
- Expands the use of the \$5 million in Treasurer's Community Investment funds for WX, which was passed last year, by getting rid of the income cap and other restrictions.

Rural Health Care Bill (H.528)

- Senate added language directing DMH to work with VHCB and VSHA and stakeholders to increase affordable housing for people with mental illness, including homeless, utilizing Section 8 vouchers to the greatest extent possible and based on the My Pad, Housing First, and other evidence-based supportive housing models

Recovery Housing (H.223)

- Requires a tenant of a substance abuse recovery home that has been certified by the Vermont affiliate of the National Alliance for Recovery Residences to vacate the premises immediately after he or she violates the terms of his or her contract with the home's operator

- Bill saw testimony but no action; stakeholder meetings planned to work out issues over the legislative interim

**EXCERPT FROM H.542, AN ACT RELATING TO MAKING APPROPRIATIONS
FOR THE SUPPORT OF GOVERNMENT, AS PASSED BY HOUSE AND SENATE**

Sec. E.300.4 SPECIALIZED HOUSING VOUCHERS

(a) The Secretary of Human Services shall convene a working group to include one representative from each of the Departments of Mental Health, of Corrections, for Children and Families, of Disabilities, Aging, and Independent Living, and of Housing and Community Development within the Agency of Commerce and Community Development; the Vermont State Housing Authority; and the Vermont Housing and Conservation Board to develop a strategy to fully utilize available federal rental assistance funds for vulnerable populations in Vermont. This rental assistance, in the form of specialized and rapid rehousing vouchers, serves specialized, vulnerable populations, including homeless families with children, homeless youths, chronically homeless individuals with mental illness, and families that have lost or are at risk of losing a child to State custody. The working group shall consult with community-based housing and human services providers and examine the following:

(1) whether existing expenditures on case management or other services for this vulnerable population could be utilized as match to draw federal specialized voucher funds; and

(2) Vermont's current allocation of housing assistance funds to ensure that Vermont maximizes the ability of the State to draw federal voucher funds; and

(3) any other recommendations the working group may make to help avoid further loss of these specialized vouchers.

(b) On or before November 1, 2019, the Secretary of Human Services shall report the findings of the working group to the Secretary of Administration for possible inclusion in the Governor's 2021 budget request and concurrently to the House Committees on Appropriations, on Health and Welfare, and on General, Housing, and Military Affairs and the Senate Committees on Appropriations, on Health and Welfare, and on Economic Development, Housing and General Affairs.