

Support H.829 - A Foundation to Solve Vermont's Housing and Homelessness Crisis

H.829 would create new revenue and direct that revenue to housing programs, housing services and supports, and shelter operations and creation. H.829 would set Vermont on a ten-year path to address the housing crisis and move Vermonters out of homelessness. In year one it anticipates funding for the following programs and entities:

Housing Programs

- \$7.3 million: Permanently affordable rental housing, homeownership and shelter programs through Vermont Housing & Conservation Board
- \$1 million: Vermont Housing Improvement Program
- \$1 million: Land Access Opportunity Board
- \$900 thousand: State Refugee Office

Housing Services and Supports

- \$400 thousand: CVOEO Rental Stabilization
- \$1.025 million: Vermont Legal Aid tenant representation pilot in Lamoille and Windsor counties
- \$2.5 million: Vermont State Housing Authority for the Rent Arrears Assistance Fund
- \$700 thousand: Resident services program to help tenants succeed in housing

Shelter Operations

- \$2.7 million: Office of Economic Opportunity to support shelter operations

The bill changes three different revenue streams (summary below):

- Reduces the Property Transfer Tax for lower valued property and increases the transfer tax for higher valued property as follows (for principal residences):
 - Increases the lowest bracket from \$100,000 to \$200,000 and taxes value up to \$200,000 at 0.5%.
 - Maintains the current 1.25% on the value of property between \$200,000 - \$750,000.
 - Increases the rate to 3.65% on the value of property in excess of \$750,000.
- Extends the Clean Water Surcharge exemption from \$100,000 to \$200,000 in transfer value for principal residences and from \$200,000 to \$250,000 for principal residences financed through certain mortgage programs and adjusts the rate from 0.2% to 0.22% for the transfer value of property above those thresholds.
- Creates a new tax bracket for taxable income in excess of:
 - \$500,000 (filing jointly)
 - \$455,350 (filing as head of household)
 - \$410,650 (unmarried)
 - \$250,000 (married, but filing separately)

Vermont has one of the highest rates of unhoused people in the country. As we learned from the most recent (2023) Point in Time count, Vermont had the 2nd highest rate of unhoused people per capita in the country.ⁱ And, Vermont's crisis is getting worse – with an 18.5 percent increase in unhoused people between 2022 and 2023 and a 218.4 percent increase in unhoused people between 2007 and 2023.ⁱⁱ Vermont has also seen the largest percentage increase in family homelessness since the pandemic began (a 213 percent increase or 794 more people between 2020 and 2023).ⁱⁱⁱ H.829 provides the funding and framework to solve this crisis.

This legislation creates the sustained long-term investments necessary for Vermont to fully address its housing and homelessness crisis. Vermont’s housing and homelessness crisis is the result of multiple factors, the core of which is a lack of affordable and middle-income homes for rent or sale. H.829 would set Vermont on a ten-year path to address the housing crisis and move Vermonters out of homelessness. H.829 would create a framework and revenue sources for sustained, long-term investments across all areas that have contributed to Vermont’s housing and homelessness crisis. This legislation anticipates funding to: construct new permanently affordable housing, rehabilitate existing structures into affordable housing, increase middle-income home ownership, increase eviction prevention initiatives and service programs, increase support for shelter expansion and operations, and more. This legislation is the comprehensive plan that Vermont has sorely needed for years.

H.829 creates a tax break for low- and middle-income Vermont homebuyers. Under current law, there is a 0.5% transfer tax on the first \$100,000 of property sold and a 1.25% transfer tax on the value property sold over \$100,000. Under H.829, the 0.5% transfer tax rate would be extended to the first \$200,000. A 1.25% tax would apply to the value of property sold between \$200,000 and \$750,000, and a new 3.65% transfer tax applied to value property sold over \$750,000. As a result, when also including a 0.22% clean water surcharge, under this legislation all buyers of homes valued less than \$750,000 would see up to an approximately \$900 lower transaction fee. H.829 reduces the tax burden that low-and middle-income Vermonters would face when they purchase a home in Vermont.

The vast majority of Vermont homebuyers would enjoy the transfer tax break. Vermont’s median home price is substantially below the \$750,000 threshold set for an increase in H.829. Under this legislation, the only home purchasers who would see a transfer tax increase would be purchasers of property over \$750,000. This represents a small minority of home purchasers in Vermont. According to data collected from the Tax Department by the Vermont Housing Finance Agency, the median home sale price in Vermont in 2023 was \$315,000, ranging from a median home sale price of \$145,000 in Essex County to \$450,000 in Chittenden County.^{iv} As this data show, the vast majority of home purchasers would see a transfer tax break, not a transfer tax increase. Revenue generated from home sales above the new threshold will provide for critical housing investments in FY25 and support ongoing housing investments through the Vermont Housing and Conservation Board in future years.

H.829 strengthens housing access for people with disabilities. Under this legislation, people with disabilities would be specifically added to the Vermont Housing Improvement Program and the Vermont Housing and Conservation Board's priorities, resulting in more accessible housing in Vermont. H.829 is game changing for housing developers and life changing for Vermonters with disabilities.

Support H.829 - Provide the funding and framework to solve Vermont’s housing and homelessness crisis

ⁱ U.S. Dept. of Housing and Urban Development, The 2023 Annual Homelessness Assessment Report (AHAR) to Congress, Part 1 - PIT Estimates of Homelessness, Dec. 2023, p. 16, available at <https://www.huduser.gov/portal/sites/default/files/pdf/2023-AHAR-Part-1.pdf>.

ⁱⁱ *Id* at p. 113.

ⁱⁱⁱ *Id* at p. 46.

^{iv} Vermont Housing Finance Agency, Primary home sales, available at <https://www.housingdata.org/profile/homeownership-costs/primary-home-sales>.