

LOST OPPORTUNITIES FOR HOUSING & CONSERVATION

*We Need to Fully Fund VHCB Investments Next Year
Slippage from the 'formula' amount leaves a measurable trail of lost opportunities.*

For the past six years, Lawmakers have not followed the statutory funding allocation for the Vermont Housing and Conservation Board, which is 50% of the Property Transfer Tax (PTT) receipts. The PTT is a natural reflection of the degree of pressure on housing affordability and land developments and the 63% increase over six years in PTT receipts is a signal about the need to invest more in housing and conservation.

The COST OF WAITING for more significant investments in permanently affordable housing construction and land conservation is high. The main housing construction costs—labor, land and materials—are rising sharply. Specific local land conservation opportunities—a local playing field, a farm or preservation of public access to vital natural areas—are typically one shot deals that disappear forever if investment isn't there.

VHCB Statutory vs. Actual Share of Property Transfer Tax

Fiscal Year	Property Transfer Tax Revenues	VHCB Statutory Share of PTT ¹	VHCB Actual Share of PTT	Revenues Lost from Housing & Conservation
2001	\$21,400,000	\$10,593,000	\$10,593,000	\$0
2002	\$25,015,560	\$12,382,702	\$11,088,000	\$1,294,702
2003	\$27,500,000	\$13,612,500	\$11,088,000	\$2,524,500
2004	\$33,951,657	\$16,806,070	\$12,604,000	\$4,202,070
2005	\$45,200,000	\$22,374,000	\$12,604,000	\$9,770,000
2006	\$43,700,000	\$21,631,500	\$15,671,180	\$5,960,320
2007	\$37,600,000 ²	\$18,612,000	\$14,763,883 ³	\$3,848,117
2008	\$34,800,000	\$17,226,000	\$14,383,258 ⁴	\$2,842,742
Total	\$269,167,217	\$133,237,772	\$102,795,321	\$30,442,452

The failure to fund VHCB at the statutory PTT formula causes lost opportunities

For every VHCB dollar invested, approximately \$4 are invested from other sources, often private investors and lenders.⁵ By the end of the current fiscal year VHCB will have lost \$27.6 million in housing and conservation funds over six years. This represents an additional loss of almost \$122 million that would otherwise have been invested in Vermont. The trail of lost opportunities can be measured in terms of permanently affordable homes created, farms preserved and community conservation projects funded:

Program	Gov. FY 08 Proposed \$14,383,258	Statutory Formula \$17,226,000	FY 08 Lost Opportunities \$2,842,742
Housing	375 Homes	455 Homes	80 Homes & 10 Home Access Units
Agriculture	19 Farms	24 Farms	4-6 Farms
Conservation	16 Community Projects	23 Community Projects	5-7 Community Projects

The CUMULATIVE LOST OPPORTUNITIES are enormous. 750 affordable homes, 50 farms and 58 community conservation projects could have been funded with the \$27.6 million lost over the last six years.

¹ The statutory funding formula for VHCB is just under 50% of the total property transfer tax: one percent is directed to the Tax Department, 50% of the balance goes to VHCB.

² Source: "January 2007 Economic Review and Revenue Forecast Update."

³ For FY 07, the Legislature awarded VHCB 1) a 4.5% increase over the FY 06 base amount, or \$13.8 million in base funding, and 2) \$1 million in one-time 'surplus' funds dedicated to housing projects.

⁴ For FY 08, the Governor has followed the Legislature's recommendation in the FY 07 Appropriations Act to increase VHCB base funding by 4.5%, from \$13.8 to \$14.4 million.

⁵ Source: "Vermont Housing Budget and Investment Report," January 2007, p.25.