Vermont Affordable Housing Coalition
2019 State Legislative Wrap-Up

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 signed by the Governor (Act 72, 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 of an inadequate supply of the required supportive services. It also restores the Governor’s proposed cut to the Support and Services at Home (SASH) program and provides funding to transition to ONE Care Vermont over three years.

In other good news, the Revenue Bill (Act 71, 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, and the Governor signed Act 48/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 State Treasurer with recommendations for how to fund 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 Treasurer delayed any action. Instead, Treasurer Pearce will report to the Legislature as directed in Act 48.

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. Act 62/H.63, the Senate’s weatherization bill, encouraged VLITE to invest up to $1.3 million in Low-Income Weatherization; authorized Efficiency Vermont to use $2.5 million in unspent, unallocated electric efficiency funds to weatherize the homes of people between 80% and 140% of Area Median Income (AMI); and appropriated $350,000 in one-time funds to Efficiency Vermont for more moderate income weatherization.

This having been the first year of the legislative biennium, bills that remained pending at the time of adjournment remain in play and can receive renewed legislative attention next January.
Budget (Act 72, 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 level; 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 General Fund monies each year draws sufficient Medicaid funding to make up he cut; together with remaining DAIL funding, this transitions SASH into One Care Vermont over 3 years
- Includes language creating an AHS work group on specialized voucher/services issue (see below)
- Low-Income Weatherization (WX):
  - Appropriates an additional $990,000 in base funding, including restoring the Governor’s proposed $600,000 reduction, which the administration wanted to use to administer LIHEAP, and appropriates an additional $390,000 raised through language in the Revenue Bill clarifying that the fuel taxes that fund WX apply to nonprofits and municipalities
  - Invests an additional $1.3M in one-time funds in Low-Income Weatherization
  - House proposal to grant $250,000 in one-time investments to NeighborWorks of Western VT’s Heat Squad program to expand statewide did not survive (but may be funded by Efficiency Vermont)
- 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 (RU) 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 had been $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

Housing Bill (Act 48, H.132)
- Protections for Domestic Violence victims:
  - Adds victims of domestic/sexual violence as a protected class for purposes of Fair Housing Law, making it unlawful "to refuse to sell or rent, or refuse to negotiate for the sale or rental of, or otherwise make unavailable or deny, a dwelling or other real estate to any person because of the race, sex, sexual orientation, gender identity, age, marital status, religious creed, color, national origin, or disability of a person, or because a person intends to occupy a dwelling with one or more minor children, or because a person is a recipient of public assistance, or because a person is a victim of abuse, sexual assault, or stalking."
  - Allows DV victims to terminate rental agreements, request lock changes and other safety measures, including installation of a security system or security camera at the tenant’s expense, based on fear or imminent harm to any protected tenant due to abuse, sexual assault, or stalking.
  - Requires the landlord to keep tenant’s DV status confidential
- Rental safety provisions:
  - Makes explicit Dept. of Health as leader on State rental housing health laws
  - Health Dept. shall provide policy assistance and technical support to municipalities regarding code enforcement
  - Directs Town Health Officers to send health inspection report info to Health Dept., in addition to Landlord and Tenant
  - Municipalities must provide summary information on inspection activities between July 1, 2018 and June 30, 2019 to Health Dept. by August 1, 2019
  - Makes explicit that inspection reports shall be made available as public records
  - Increases potential fines for unaddressed health code violations – includes these penalties within jurisdiction of Judicial Bureau
  - Increases potential fines for unaddressed violations from $100 to $200 per day and makes explicit which entities are allowed to adjudicate these penalties with the Judicial Bureau or Superior Court
  - Directs Health Dept. and Public Safety, in collaboration with the Rental Housing Advisory Board, to develop recommendations “for the design and implementation of a comprehensive system for professional enforcement of State rental housing health and safety laws,” due January 2020
  - Directs Health to provide an interim report on progress by September 30
  - No money was 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. alternatives 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 (Act 71, H.541)**

- Makes technical revisions to the Downtown and Village Center Tax Credit and increase the credit by $200K, from $2.4 million to $2.6 million annually
- Increases the 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 technical 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 the unintended nonprofit/municipal “exemption” from fuel taxes that support Low-Income Weatherization 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. This paved the way for the $1M restoration to VHCB.

**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 (Act 62, H.63/S.171)
- Directs Efficiency Vermont to spend up to $2.25 million in unspent, unobligated electrical efficiency savings on thermal efficiency over 2 calendar years (2019 & 2020), with priority for 80% - 140% of AMI and for projects that may result in larger greenhouse gas reductions ($1.5M out of a total of $4M in savings was returned to rate-payers)
- Appropriates $350,000 in one-time funds to Efficiency VT for more moderate income weatherization, with priority for 80% - 140% of AMI, i.e., for residential customers who do not qualify for the Low-Income Weatherization
- Directs Public Utilities Commission to study whether to create an all-fuels utility to accelerate weatherization and carbon reduction at all income levels:
  “(1) Creation of an all-fuels energy efficiency program. The Commission shall consider whether to recommend that one or more entities should be appointed to provide for the coordinated development, implementation, and monitoring of efficiency, conservation, and related programs and services as to all regulated fuels, unregulated fuels, and fossil fuels as defined in 30 V.S.A.” [NOTE: Public Utility Commission meeting on all-fuels utility is Tuesday, September 17 at 9:30 (PUC CASE NO. 19-2956-INV)]
- Encourages VLITE to invest the dividends from its VELCO stock in Low-Income Weatherization, estimated at up to $1.3 million (though VLITE suggests it has much less than that should they decide to invest in WX projects)
- 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.
- Changes the Joint Energy Committee to the “Carbon Emissions Reduction Committee” to provide oversight when the General Assembly is not in session of State policies and activities concerning and affecting carbon emissions from Vermont’s electric, residential and commercial buildings, and transportation sectors

House Weatherization Bill (H.439)
- Bill passed the House but died in the Senate; would have increased fuel tax on oil and propane from 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 agriculture, construction and forestry; bill would have raised $4.5M more for Low-Income Weatherization.

Rural Health Care Bill (Act 26, 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 people without housing, 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