TO: Chair Scheu, Chair and Members
House Appropriations Committee

FROM: Marc Mihaly, Chair and Members
House General and Housing Committee

DATE: March 5, 2026

RE: Revised memo re Housing and other G&H Priorities for the FY27 Budget

Here's a revised version of the memo the Committee sent the Appropriations Committee on February 20th. We've made a few corrections and provided more specific information on a few of the proposed appropriations that we did not have when the original memo was prepared. For your convenience textual changes from the original memo are shown in *italics.*

As before, these are the Committee's priorities for the proposed FY2027 budget. The order within tiers does not reflect priority. Non-housing and housing issues within tiers are of similar priority.

Tier 1. Highest Priority

HOUSING

These key programs directly produce housing or related infrastructure and serve as a multiplier of federal or private funds.

Element	G&H Proposal	Admin. Budget
VHCB Funding	$12 million one-time above base	Base only
VHIP Funding	$4 million in base	$4 million in base

Comment:

- VHCB asked for $12 million above base. The Committee realizes that in the current budget environment, this amount will not be possible, but we support as much as can be devoted. Here's why: VHCB funding has the greatest multiplier of any housing program. The multiplier is approximately 4 to 1, perhaps 5 to 1 state funds/Federal tax credit funds and other non-state capital. There is an essentially unlimited supply of 4% tax credits which leverage private sector tax credit purchases. State funds are necessary to access these tax credits; every dollar we do not allocate is $4 to $5 of federal funds we leave on the table.

- VHIP is a most successful program with over 1100 units funded in sites in smaller projects around the state at an average cost of $40,000. State dollars are multiplied at about 1.1 to 1; for each State dollar expended, the subject project owners contribute about $1.10. The supply of potential units is substantial and the program 3limited-service contracts, but indications are that they will be moving on this year unless their positions for this successful program become permanent through base funding. In that event, the program would be heavily compromised and effectively cease to function.

Extension of the Landlord-Tenant Rental Arears Assistance Fund: *$1,000,000*

Comment: This fund is administered by the Vermont State Housing Authority. *It provides temporary rental assistance where a tenant has experienced a one-time event such as an illness or other mishap but is otherwise able to meet rent. It is an efficient and essential tool in preventing descent into homelessness, a situation that ends up costing the State much more than this appropriation.* The Committee recommends funding at $1 million. Previously funded at $2 million, this excellent program will run out of funds in *April* of this year.

Section 8 Voucher Program Backstop

Section 8 vouchers underpin our public housing program. The program has experienced chronic Federal underfunding that fails to take into account the Vermont rental inflation-driven increase in the cost of each voucher, a situation that has not changed even with the recent HUD allocation. This in turn has created a downward spiral, where housing authorities are forced to retire vouchers in order to avoid a deficit at year end. Then HUD uses the resulting reduction in vouchers to further underfund the subsequent year's allocation.

The proposed $5 million for the FY27 budget will allow housing authorities to avoid voucher retirement. This in turn will increase HUD funding for the 2027 calendar year and subsequent years. This is an excellent example of a strategic one-time funding device that has multiplier effects given the federal funding formula.

OTHER ITEMS APART FROM HOUSING

	G&H Proposal	Admin. Bud.
Human Rights Commission	$1,423,297- $1,791,29	$1,358,757

Comment: Governor 's budget contains a smaller budget for HRC in FY27 than FY26 budget (by $27,000). This does not address the loss of HUD dollars and other support from federal civil rights agencies. In addition, the Governor's recommended budget for HRC projects assumes a vacancy turnover savings" of $64,540, which with the current understaffing (9 staff members) is unrealistic and would mean a reduction in services compounded by the loss of federal funds. The lower number in the range compensates for these two underfunding elements in the Governor's budget.

The higher number in the range is the amount necessary to compensate for the loss of federal funds and address a substantial backlog and inability to meet the inflow of current complaints to the Commission. These include a policy director ($130,000), a staff attorney investigator ($130,000), and a paralegal ($108.000). If budgetary constraints make the three positions impossible, we would prioritize funding at a level compensates for the unrealistic vacancy "savings" and the mediator position lost due to federal funds.

Tier 2. High Priority

HOUSING

Home Ownership Tax Credits:

Although not an appropriation, the Committee supports the Vermont Housing Finance Agency's request to sell $350,000 of five-year state homeownership tax credits to support VHFA's Down Payment Assistance program for Fiscal Years 2027 through 2031.

Mobile Home Investment (MHIR):

The Committee supports the $800,000 one-time General Fund for the Manufactured Home Improvement and Repair Program (MHIR) to help preserve and improve manufactured homes for families.

HomeShare Vermont:	G&H Proposed	Admin. Budget
Into NEK & Windham/Windsor	$235,000	None

Comment: This would allow this extremely efficient program to invest into the Northeast Kingdom and Windsor County.

Landlord liaisons in the CAP agencies: $600,000

These will work directly with both tenants and private landlords to navigate difficult situations and assist with timely and effective communications. *The proposed appropriation would flow to the Department for Children and Families to be granted to the community action agencies to be used to support liaison work with landlords and tenants; Landlord Liaison programs serve as structured partnerships between property owners and Community Action Agencies.*
These programs:

- *Provide education and the Preferred Renter Certificate Program*

- *Mediate tenant–landlord disputes*
- *Support lease compliance and communication*
- *Connect tenants to rental assistance and supportive services*
- *Reduce evictions and unit loss*
- *Incentivize landlords to continue renting to higher-need households*

Without landlord engagement, prevention programs cannot succeed. Landlords must have a reliable partner when renting to households using vouchers or emerging from homelessness. Embedding landlord liaisons within VCAP agencies ensures that mediation, rental assistance, and service coordination operate as a seamless system rather than fragmented interventions.

OTHER ITEMS APART FROM HOUSING

Land Access Opportunity Board: Administration budget: $1,784,809 million base. The LAOB has adopted an operating budget of $3,237,734 which would require one time funding in FY27 of $1,432,925 in addition to the base.

Comment: The Committee supports the LAOB work and recommends one time funding as allowed given budget constraints.

***Vermont Labor Relations Board**:* $250,000

Mediator position: 1 FTE
Staff attorney: 1 FTE:

Comment: We've seen several legislative proposals to move VLRB functions to unions or the private sector motivated primarily by huge backlogs at this understaffed agency. This is compounded now by reductions at the Federal Mediation and Conciliation Commission, including the loss to Vermont of federally-funded mediators. While both positions are important, we believe the mediator is the most essential.

A statewide landlord and tenant education program: $200,000.

This is an element of the G&H Committee's landlord-tenant reform bill. It focuses on respective rights, responsibilities and remedies administered by the Champlain Valley Office of Economic Opportunity: $200,000. *This was previously a federal grant, but unfortunately, the new terms do not allow the work to be done in a way that the Community Action Agencies can agree to. Thus, the request to replace the federal funding with state funds.*

Manufactured Home Resident Services Coordinator and 4 Statewide Manufactured Home Resident Organizers: $500,000**.**

Comment: *These would flow DHCD.* This includes 1 full time Services Coordinator in the main CVOEO office in Burlington and 4 FTE for resident organizer positions in the remaining four community action agencies serving Vermont: BROC, Capstone, SEVCA, and NECKA.

Mobile homes represent one of Vermont's largest sources of naturally occurring affordable housing. Because mobile homes are costly to move and often cannot be relocated, instability in mobile home parks can result in permanent housing loss.
Residents face unique vulnerabilities, including park sale or closure, infrastructure deterioration, lot rent increases, and limited relocation options

Community Action Agencies are well-positioned to provide:

- *Resident organizing and technical assistance*
- *Financial counseling and stabilization services*
- *Mediation between park owners and residents*
- *Coordination with state housing and infrastructure partners*

Preserving mobile home communities prevents displacement into emergency shelter systems and protects one of Vermont's most affordable housing resources.

Proposed Legislation: For Your Information at This Point

These are proposed appropriations contained in legislation under consideration or passed by the G&H committee. Three of the items are extensions of existing programs and are included above.

Treasurer's 10% for Vermont interest back to housing: Approximately $700,000.

Comment: Proposed legislation provides that the interest on the low-interest loans under the 10% for Vermont returns to the program for additional investment rather than flowing to the General Fund. Note that the program which provides very low interest loans to primarily affordable housing projects. The leverage here is quite high: The state's cash is invested in short term basis earning less than 4%. The 10% for Vermont funds are invested at a few percentage points less. In return for this modest subsidy, the projects are funded with private capital.

Landlord-Tenant reform elements: $1.9 million

Comment: Proposed rental reform legislation addresses major problems for both landlords and tenants. The legislation represents a compromise, one that depends on a number of appropriations which are essential to the success of the concept. These include:

- Listed above in the Highest Priority Tier: Extension of the Landlord-Tenant Rental Arears Assistance Fund administered by the Vermont State Housing Authority: $1 million. Previously funded at $2 million, this excellent program will run out of funds in April of this year.

- A positive rental payment credit reporting pilot program administered by the Treasurer: $100,000. This program provides a avenue such that rent payment becomes part of a credit record for individuals who often have no other payment history or assets.

- A statewide landlord and tenant education program focusing on respective rights, responsibilities and remedies administered by the Champlain Valley Office of Economic Opportunity: $200,000.

- Landlord liaisons in the CAP agencies to work directly with both tenants andn private landlords to navigate difficult situations and assist with timely and effective communications: $600,000.

Individually, these initiatives benefit tenants, landlords, municipalities, and the broader housing ecosystem. Without coordination, costs shift downstream—to shelters, hospitals, law enforcement, and municipalities. Together, these funding initiatives form a comprehensive housing stability strategy: Landlord Liaisons preserve rental relationships and prevent eviction; fair housing services ensure lawful access to available units; mobile home stabilization protects long-term affordable housing stock; credit reporting enhances tenant stability and upward financial mobility. Together these appropriations will strengthen landlord participation statewide and prevent avoidable homelessness.

Housing Accelerator at DHCD: 2 FTEs

Comment: This program facilitates the aggregation of bulk orders of off-site modular housing paid for by the respective project developers and guaranteed by a credit facility provided by the Treasurer through the 10% for Vermont program. The two positions at DHCD are two grants management specialist housing and community development positions.