

Vermont Housing and Conservation Coalition Statement Regarding the 2010 State Budget Debate

May 20, 2009

Our communities, and the engines of our state economy, have been made stronger through public investment that builds permanently affordable homes, supports our agricultural economy, protects forests, and provides public access to outdoor recreation. Vermont faces a severe shortage of permanently affordable homes, and construction activity would stimulate the economy. With the farm economy struggling, between 50 and 75 farmers are looking to boost the viability of their operations or transfer the business to the next generation using the proceeds of a conservation investment. The Vermont Housing and Conservation Board (VHCB) is the main source of state investment into these efforts.

Supporters of affordable housing and conservation economic development investments are now confronted by two proposals, one from the Legislature that is disappointing and one from the Governor that is devastating.

GOVERNOR DOUGLAS' PROPOSAL

The Governor's proposal is absolutely devastating. Yesterday the Governor proposed to effectively end Vermont's 22-year long policy of meaningful investment into construction of permanently affordable housing and conservation related economic development. His proposal completely undermines Vermont's shared mission of building affordable housing for working people and vulnerable Vermonters and supporting our vital natural resource based economy. He calls for a VHCB budget of only \$2 million in flexible funds for FY 2010, a tiny percentage of the \$15 million appropriated last year. This is about an 85% reduction to a proven, effective and efficient community development strategy.

For affordable housing development, the Governor's proposal loses the opportunity to produce hundreds of jobs in the construction industry right now and reduces the development of affordable housing to a trickle. His proposal would eliminate almost all investments not meeting the highly restrictive federal criteria associated with a one-time, \$3 million source of funds. The small amount of restrictive federal money, which entirely shuts out over two-thirds of Vermont communities from even proposing projects, does not make up for Douglas' proposed cuts.

The Governor's drastic proposal calls for a total elimination of ALL state conservation investment dollars. This would mean losing \$5 million in federal farmland support that Vermont farmers' need now more than ever. It terminates completely the local community efforts to protect their most valuable local lands. It would also spell the end of the successful farm viability program, which provides technical assistance that helps farmers grow their operations.

Furthermore, his proposal completely eliminates investment in community-based groups working to develop affordable housing and advance community conservation priorities. It would result in the loss of \$1 million in federal funding for lead paint remediation, eliminate 40 Americorps members supporting these organizations, and badly hurt Homeownership Centers and homeless shelters.

PROGRAM CUTS ALREADY CONTAINED IN THE APPROPRIATIONS BILL

Vermont's housing and conservation programs are already facing severe reductions. The following illustrates the highly disproportionate cuts that Vermont communities would experience through the FY 2010 budget passed by the Legislature.

For housing investment efforts, there will be a major slowdown in the construction of permanently affordable housing, which is just the opposite of what the construction economy needs right now and means losing ground in the battle to provide affordable housing for working people. The Legislature's budget reduces state funds invested by around 50%. It does route \$3 million in special, one-time federal housing development funds through the VHCB, but these funds are severely restricted and cannot be invested in two-thirds of Vermont's communities. In recent years, VHCB investments have produced around 425 permanently affordable homes a year. Combining state and federal funds together, this number will be down over 40% to about 250 units this year.

For conservation investment efforts, which by a large measure go to farm viability conservation investments, there will be a more than 50% reduction this year. The positive aspects of the Legislature's budget are that they rejected the Governor's call for a total elimination of the conservation investment program, maintained Vermont's eligibility for federal farmland conservation funding, and kept in place at a reduced level the valuable farm viability program.

The Legislature's budget also routes these one-time investments through the VHCB from special sources for targeted AFFORDABLE HOUSING related purposes:

*Federal stimulus Energy Block Grant
for weatherization of affordable housing units \$2,000,000 *Authorizing VHCB to
administer a portion of the federal Neighborhood Stabilization Program (restricted to
foreclosed or blighted properties in 1/3 of VT) \$3,000,000 *One-time general fund
allocation as pass through to Vermont Center for Independent Living to alleviate backlog
in home access modifications \$1,000,000 *TOTAL \$6,000,000

It is smart to use federal stimulus funds for these valuable uses. That is what the federal government wanted states to do when it passed these economic recovery bills. It is also a good idea to route these funds through the VHCB for administration. VHCB is a strong fund administrator with a proven track record. But, while these funds appear on the VHCB line in the state budget, they should not be viewed as state investments in the core mission, which is the construction of permanently

affordable housing all around the state and the conservation of vital working lands and natural areas.

Ultimately the Legislature's budget includes a very steep reduction in VHCB state investments (>50% reduction; about \$7 million less in state investment). Further cuts will annihilate both the conservation and housing programs that are critical to our state's future.