



STATE OF VERMONT
GENERAL ASSEMBLY
LEGISLATIVE JOINT FISCAL COMMITTEE

Tuesday, February 9, 2021

Minutes

Videoconference

Members present: Representatives Ancel, Briglin, Fagan, Hooper, and Kornheiser and Senators Balint, Cummings, Kitchel, Sears, and Westman.

Other attendees: Representatives Pugh and Stevens, Senators Lyons and Sirotkin, Joint Fiscal Office and Administration staff, and various viewers on live stream.

Representative Hooper, Chair, called the meeting to order at 4:17 p.m., and Senator Westman moved to adopt the minutes of January 28, 2021. Representative Fagan seconded the motion. The minutes were unanimously adopted.

B. Grants – JFO#3034—\$200,000,000 to the VT Agency of Administration from the U.S. Department of the Treasury, Emergency Rental Assistance Program. The funds will be used to assist eligible households that have difficulty making timely payments of rent and utilities due to the COVID-19 pandemic. Included in the funding are five (5) limited service positions to administer this grant program.

Susanne Young, Secretary, Agency of Administration, praised the work of the Committee over the past year on the federal CARES Act and introduced the newly transitioned Doug Farnham, Chief of Operations, Agency of Administration.

Mr. Farnham explained that grant JFO#3034 funding was located within the federal Appropriations Act, and therefore the guidelines were different than federal CARES Act funding. The funding guidelines under the Appropriations Act were very prescriptive and less flexible compared to the CARES Act funding guidelines. The expiration date to disburse funds of the Appropriations Act and the accompanying grant was December 2021.

Josh Hanford, Commissioner, Department of Housing and Community Development, stated that the State had developed a plan to address payments to landlords for tenants not able to make rent payments due to COVID-19 by using Coronavirus Relief Funds (CRF) within the CARES Act. The new federal funding for emergency rental housing assistance was included in the Appropriations Act and was in response to states that had not invested early in this issue, unlike Vermont with its rental housing arrearage program. There was a great need to provide funding to landlords who were experiencing an enormous loss from tenants not able to pay rent due to the pandemic.

Commissioner Hanford offered that with the new targeted funding to rental housing, it gave the State an opportunity to coordinate an approach to partner with utility companies as well as landlords. The Department worked collaboratively with the Vermont Delegation to seek answers to the Appropriations Act guidelines for usage as it created the rental arrearage program. The impetus of the grant proposal was to not only prop up the rental housing industry but to assist working Vermonters not able to meet their housing obligations due to the pandemic. In addition, the program supports landlords who have been following the State's moratorium on evictions over the past eight months and counting.

The Commissioner reviewed the components of the proposed rental housing program funded by [Grant JFO#3034](#), found on page 22 of the grant submission. The first component would be administered by the Vermont State Housing Authority (VSHA) as a modified version of its existing Rental Housing Stabilization Program (RHSP). Besides its long history of working within the rental housing sector with the federal government, the VSHA had distributed the first round of federal aid within the CARES Act that Vermont used to stabilize its rental housing for tenants and landlords early in the pandemic.

Commissioner Hanford explained there were an estimated 49,000 Vermont households that were at the 80% median income level threshold or below that could qualify for the federal funding. As an example, for distribution of the grant funding, the rent of 15,000 Vermont households could be covered for 6 months. The Commissioner stressed the need to distribute the funds quickly because of the stringent federal guidelines of disbursing 65% of the funds by September 30, 2021.

The Commissioner stated the second component of the grant was to the Public Service Department (PSD) for a utility assistance program, like the one the Department initiated earlier in the pandemic. The estimated \$16 million for this component was a conservative estimate that was calculated through the Department's experience with its earlier program.

Commissioner Hanford stated the third component of \$30 million was directed to the Agency of Human Service to address homeless individuals and those exiting homelessness, including wraparound services. An area of allowable grant funding was for "other housing services." Although there was limited federal guidance in this area, it could include Vermont's community partners such as Vermont Legal Aid and the Vermont Landlord's Association. The final grant component was a proposal to hold \$26 million until further guidance was given on the federal funding with the anticipation of further flexibility of the funds.

Richard Williams, Executive Director, Vermont State Housing Authority, explained that VSHA's role was to engage in a web-based system to disburse the federal grant funds by way of a public-facing portal. The system would be customized to support multiple language translations, income verification, a robust reporting and auditing capability, and many other functions the VSHA had not been available during its first round of federal funding. Mr. Williams reported that other states had already begun working with a vendor to create a system to disburse funds and he noted that the VSHA was awaiting clarification from the Committee on the amount of funds available in order to begin the process of hiring a vendor. In this grant,

fewer Vermonters would be eligible for funding due to the strict guidelines. It was VSHA's preference to assist individuals who were at or below 50% median income. To complicate the funding disbursement more, there was a federal requirement to review income levels for participants every three months, which increased the need for the system to track information carefully.

Representative Ancel inquired if the federal grant funds would be counted as income toward the recipient (landlord) and whether that would count in the renter rebate program. [This answer was not readily available]. Senator Kitchel asked how the Administration planned to target the households with the greatest amount of need and the total estimated funding amount to meet the system and the disbursement to landlords. Mr. Williams responded that there had not been a focus on the different poverty levels or targeting funds to those different groups, but it was possible to adapt the plan to such a focus. Commissioner Hanford added that the systems that other states were using allowed for moving up applicants to achieve a quicker allocation according to income level. Mr. Williams offered that the utility assistance component of the program could be adapted to the new system as well.

Representative Stevens asked a few questions regarding the grant: if there had been clarity on the definition of "obligate" regarding the guideline for obligating the funds by September 30, 2021; what qualified the 10% of funding for other rental housing expenditures and 10% for administrative costs; and how long would it take to get the web-based system established for usage. Commissioner Hanford replied that there had been no further guidance on the definition for "obligate." The 10% for other housing expenditures had been worked out and explained by the Congressional delegation as 10% for total administrative costs and 10% for other rental housing costs, which dedicated \$18 million to the other rental housing costs, and the administrative costs were divvied up among the different program components, including the cost for the five limited services positions. Mr. Williams responded that the system timeline was about 4–6 weeks before it would be ready for applicants to access.

Representative Fagan requested a breakdown of all the calculations that show how the money would be used from the total \$200 million grant. He asked what the cost was for the system vendor and whether the State could utilize the Agency of Digital Services to implement the new system. Mr. Hanford explained that the system was not new to states and was being used currently by a few states. Mr. Williams clarified that the cost for the start-up of the system was between 5% and 7% of the \$110 million of the rental housing assistance program cost. He added that the vendors would run the program and the State would have oversight and the ability to provide the State's priorities and preferences in the design.

Representative Pugh asked for a description of wraparound services as they related to the program. Riley Allen, Deputy Commissioner, Department of Public Service, explained that one area of wraparound services was utility assistance. The Department had begun to bend the curve for Vermonters in need earlier in the pandemic, but that need was increasing again. Senator Sirotkin inquired about the number of recipients the Department served with CRF and how many did it anticipate would apply for the new federal funds. Mr. Riley responded there were 11,000 recipients for the CRF within the CARES Act. There was no test from the previous disbursement

of funds and, therefore, no qualifying data to determine the number of applicants for the new grant funding. However, the Department estimated there would be fewer individuals than had previously applied in 2020. Senator Sirotkin reiterated Representative Fagan's request for a breakdown of the costs and calculations of the program. Commissioner Hanford offered that the previous program only included electricity and not heating bills. Representative Briglin inquired if the Department planned to remove the moratorium on shutting off utilities of households to encourage individuals to apply for the assistance. Mr. Riley explained that was an option, but currently the moratorium was in place for the foreseeable future. Representative Briglin suggested that if there was money not allocated by September, the department could institute the removal of the moratorium to encourage applicants.

Sarah Phillips, Director, Office of Economic Opportunity, Department for Children and Families, explained that the Department anticipated that the federal guidelines for the \$30 million portion of the grant funding would include households experiencing homelessness. The amount of funding that the Department would be able to provide to households within the Reach Up program would depend on clarity of the guidelines administered by the Treasury. The role of the Department was to reach out to all its community partners to market the available assistance to Vermonters. Another possible role that was dependent on the guidance of the funding would include adding a liaison to reach out to landlords to encourage them to rehouse families who were experiencing homelessness. The Chair requested that the Department provide a spreadsheet of how the funding and services would be administered.

Commissioner Hanford clarified that the VSHA would be the procurer of the vendor and system and not the State of Vermont. This included a call center for people needing assistance in filling out the application. Representative Fagan requested a fact sheet of the options from the vendor that could be included in the system and the most important capabilities that VSHA would request from the vendor.

The Chairs of the policy committee agreed to coordinate with each other and provide the Joint Fiscal Committee its recommendations by the end of the next day. In addition, the Committee asked that all the information requested from witnesses during the meeting be supplied to the Committee by the end of the next day as well. Senator Kitchel stated that there seemed to be consensus on approving the grant due to obvious need within the State, but there was the question of how much the Committee should allocate immediately and what amount should be held for future consideration of needs. Chair Hooper agreed the Committee needed to better understand the consequences of holding funding back.

The Committee adjourned at 5:26 p.m. and agreed to meet next on Thursday, February 11, 2021 at 12:00 noon.

Respectfully Submitted,

Theresa Utton-Jerman, Senior Staff Associate
Legislative Joint Fiscal Office

Link to recording: https://www.youtube.com/watch?v=mfyb_N82lPg