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Memorandum to the Joint Fiscal Committee

From: Kathleen Berk, Executive Director, Vermont State Housing Authority (on behalf of Vermont's Public Housing Authorities)

Date: November 12, 2025

Subject: Request for One-Time General Funds to Stabilize the Loss of Section 8 Housing Choice Vouchers in Vermont

Executive Summary

Vermont's rental assistance system is facing a preventable crisis. Without immediate state intervention, hundreds of families will lose their homes this winter, and the State will forfeit millions in future federal housing funds.

We are requesting a **one-time General Fund appropriation of up to \$10 million** to stabilize Vermont's Housing Choice Voucher (HCV) program and prevent a collapse in federal rental assistance statewide. If approved this appropriation would seek to restore housing leasing rates at January 1, 2025, levels.

This investment is not a bailout, it is a strategic bridge that protects Vermont's most vulnerable residents, safeguards federal funding streams, and strengthens the fiscal base of local housing authorities for years to come.

The Problem: Federal Shortfalls, Local Consequences

Federal underfunding of the Housing Choice Voucher program has left Vermont's housing authorities in a fiscal emergency.

- **December 2025 shortfall:** \$1.2 million
- **Unfunded vouchers (as of 12/31/25):** 1,064
- **Vouchers lost in 2025:** 131 and rising
- **Vouchers leased 1/1/25:** 8272 (8272 households, est. 16,544 individuals)

Without intervention, PHAs will be forced to terminate active vouchers, leaving families without assistance and further reducing future renewal funding from HUD. The downward spiral is clear: each lost voucher today means a smaller federal allocation tomorrow.

Meanwhile, proposed 2026 Congressional appropriations are projected to **further reduce Vermont's voucher allocation by up to 600 households**, affecting as many as 1,200 Vermonters (Center on Budget and Policy Priorities, 2025).

Refer to appendix 3 for estimated reduction of HCVs under House and Senate Appropriation bills.

Why State Action Now Matters

Vermont's Housing Choice Vouchers are an essential part of our affordable housing ecosystem. Each voucher represents not just a family with a stable home but a leveraged investment in Vermont's housing infrastructure.

A one-time \$10 million allocation will:

1. **Prevent voucher terminations** and avoid immediate displacement of families.
 2. **Stabilize federal renewal calculations** by maintaining unit-month leasing levels used by HUD to determine 2027 funding.
 3. **Protect housing authority solvency**, ensuring staff retention and continued program administration.
 4. **Leverage long-term federal dollars**—each state dollar today preserves future federal funds that would otherwise be permanently lost.
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Fiscal Strategy: A One-Time Bridge Investment

Public Housing Authorities (PHAs) can receive funds from outside sources to fund agency shortfalls. Collectively, we estimate that four (4) PHA's have a shortfall in housing assistance payments due in December. This shortfall is estimated to be approximately \$1.2 Million, the rental assistance needed to support 1111 households (or 2222 individuals).

In addition, PHA's have limited **Unrestricted Net Position (UNP)** reserves from prior administrative fees—that can temporarily cover voucher costs and increase leasing. However, using UNP without reimbursement risks operational insolvency.

We propose a **dollar-for-dollar state reimbursement** for UNP deployed to sustain voucher payments through 2026. This ensures:

- PHAs can continue leasing without layoffs or service cuts.
- The State's investment immediately translates into retained federal dollars.
- Vermont's voucher renewal base increases, reducing the need for future state intervention.

While the estimated maximum needed to fully stabilize the program (based on January 2025 enrollments) is between **\$7.5 - \$10 million**, the actual draw may be lower depending on available UNP.

An expanded investment—up to **\$18 million**—would fully fund all authorized vouchers but could require ongoing appropriations. Our proposal is a fiscally disciplined, time-limited solution.

Please refer to appendix 1 and 2 for data analysis.

The Stakes for Vermont

This is not an abstract funding gap—it is a human and economic emergency. Each lost voucher represents:

- A family displaced or forced into homelessness.
- A rental unit removed from Vermont’s affordable housing supply.
- A permanent loss of federal funds tied to that voucher.

Since inception, **1,233 vouchers have already been lost** due to inadequate federal appropriations. Without action, this loss will accelerate in 2026 and beyond.

Recommendation

We urge the Joint Fiscal Committee to:

- **Authorize a one-time General Fund appropriation of up to \$10 million** to Vermont’s Public Housing Authorities.
- **Reimburse PHAs** for any use of UNP deployed to maintain leasing levels through 2026.
- **Ensure federal renewal maximization** by stabilizing the state’s voucher base heading into FY2027.

This investment protects Vermont families, preserves millions in federal funds, and demonstrates fiscal and moral leadership in safeguarding the State’s affordable housing safety net.

Recommendation

Immediately authorize a one-time General Fund appropriation of up to \$10 million to Vermont’s Public Housing Authorities to stabilize the Housing Choice Voucher program, based on 1/1/25 voucher enrollments.

Prepared by:

Kathleen Berk

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(on behalf of Vermont’s Public Housing Authorities)

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Appendix 1: Data Analysis

Data supporting general funds to stabilize Housing Choice Voucher Program on **January 1, 2025, enrollments** of 8272 households (16,544 individuals) **and** maintaining the assistance of 1111 households during calendar year 2027.

Appropriation request: up to \$10,000.000

[calculation: 1111 households x average subsidy of \$1078 for PHAs in shortfall for 12 months]

Developed by Vermont State Housing Authority in collaboration with local PHA Directors								
11/11/2025								
						Calendar Year 25	Calendar Year 26	
				Calendar Year 25	Difference between	General Fund	General Fund	
		Vouchers Leased	Associated	funding provided by	1/1/25 leasing/HAP	Requested	Request to support	
	Vouchers Authorized	1/1/25	leasing/HAP costs	HUD	costs and fund	Confirmed	1/1/25 leasing	Est. Total General Fund
					received	Shortfalls	levels	Request
VSHA - HCV	4067	3507	\$40,442,724	\$38,587,477	\$1,855,247.00	\$654,590.00	\$1,855,247.00	\$2,509,837.00
VSHA - MS	428	401	\$4,167,192	\$3,751,003	\$416,189.00	\$161,467.00	\$416,189.00	\$577,656.00
Burlington HA - HCV	2051	1944	\$25,310,880	\$23,110,252	\$2,200,628.00	\$0.00	2,200,628.00	\$2,200,628.00
Burlington HA - MS	416	420	\$5,503,680	\$4,647,678	\$856,002.00	\$312,000.00	\$856,002.00	\$1,168,002.00
Montpelier HA	125	120	\$1,108,800	\$984,255.00	\$9,733.00	\$20,000.00	\$9,733.00	\$29,733.00
Barre HA	185	99	\$1,043,064	\$1,031,318	\$11,746.00	\$0.00	11,746.00	\$11,746.00
Springfield HA	196	167	\$909,816	\$874,407.00	\$62,409.00	\$0.00	\$62,037.00	\$62,037.00 Avail UNP
Brattleboro HA	419	320	\$2,576,640	\$2,083,953	\$492,687.00	\$0.00	\$166,523	\$166,523.00 Avail UNP
Bennington HA	406	396	\$2,803,680	\$2,603,903	\$199,777.00	\$0.00	\$199,777	\$199,777.00
Winooski HA*	562	466	\$4,537,405	\$4,049,598	\$487,806.72	\$0.00	\$487,806.00	\$487,806.00
Rutland HA* -HCV	382	353	\$2,608,656	\$2,557,877	\$50,778.88	\$19,179.00	\$50,778.00	\$69,957.00
Rutland HA - MS	99	79	\$725,481	\$679,169	\$46,312.00	\$46,312.00	\$46,312.00	\$92,624.00
Totals:	9336	8272	\$91,738,018	\$84,960,890	\$6,689,315.60	\$1,213,548.00	\$6,362,778.00	\$7,576,326.00
						(1111 households)		
Appropriation request	\$7,513,666 - \$10,000,000.							
Outside sources to prevent shortfall /terminations of households can include *any* sources (including general funds)								
The use of UNP *only* can be used to increase leasing.								

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Appendix 2: Data Analysis

Data supporting general funds to *fully fund* all Housing Choice Vouchers that have lost overtime [1233 vouchers] due to insufficient congressional appropriation.

Appropriation request: *approximately* \$18,254,911

	Vouchers under contract (ACC)	Vouchers Eligible for Funding start of CY 2026	Unfunded Vouchers CY 2026	Agency Per Unit Cost (avg subsidy)	Anticipated Costs to Fund Unfunded Vouchers (One Year)
VSHA	4495	3860	635	\$920.19	\$7,011,847.80
Burlington HA	2467	2364	103	\$1,074.52	\$6,111,869.76
Montpelier HA	125	110	15	\$752.20	\$216,633.60
Barre HA	185	99	86	\$868.19	\$1,020,991.44
Springfield HA	196	158	38	\$464.32	\$367,741.44
Brattleboro HA	419	320	99	\$645.15	\$983,208.60
Bennington HA	406	396	10	\$569.76	\$68,371.20
Winooski HA	558	466	92	\$782.41	\$1,173,615.00
Rutland HA	481	326	155	\$615.83	\$1,300,632.96
Totals:	9332	8099	1233		\$18,254,911.80

Appendix 3:

Estimated Reduction of Housing Vouchers Under House and Senate Appropriations Bills				
	Under the House Bill		Under the Senate Bill	
	Reduction in Households Served	People Impacted by Lost Vouchers	Reduction in Households Served	People Impacted by Lost Vouchers
Vermont	600	1,200	300	700
Source: Center on Budget and Policy Priorities, HUD Housing Choice Vouchers Dashboard				