

MEMORANDUM

To: Joint Fiscal Committee
From: Douglas R. Farnham, Deputy Secretary of Administration
Date: December 7, 2022
Subject: Emergency Rental Assistance Approval Request

Over the course of the pandemic, Vermont was awarded \$352 million in federal Emergency Rental Assistance Program (ERA 1 and ERA 2) funding. The federal government provided the funding directly to states. Vermont used the funding to provide assistance to eligible households, including the creation of the Vermont Emergency Rental Assistance Program, the Transitional Housing Program, Reach Up Emergency Rental Assistance, Housing Stability Services, and Utility Assistance. This memorandum is requesting Joint Fiscal Committee (JFC) approval for an updated program allocation based on ERA2 funds available after the ERA1 reconciliation is complete.

Background

For background see attached memo "ERA Situation Report 11092022" and for information on the Department of Children and Families (DCF) \$15 million general fund appropriation please see their accompanying submission.

Item 1. ERA1 Preliminary Reconciliation

| Entity | Obligated | Paid |
|------------|-------------------------|-------------------------|
| VSHA FA | \$117,254,974.35 | \$113,600,352.45 |
| VSHA Admin | \$2,620,274.36 | \$2,620,274.36 |
| PSD FA | \$13,115,516.01 | \$13,083,865.57 |
| PSD Admin | \$1,193,908.33 | \$984,853.05 |
| DCF FA | \$32,648,670.21 | \$31,885,375.49 |
| DCF HSS | \$4,385,373.03 | \$3,253,518.97 |
| DCF Admin | \$2,610,486.28 | \$2,091,941.84 |
| ACCD HSS | \$2,795,616.02 | \$832,146.73 |
| ACCD Admin | \$288,554.16 | \$263,979.72 |
| | \$176,913,372.75 | \$168,616,308.18 |

The Agency of Administration (AOA) requests that the JFC authorize the Agency to reallocate ERA1 between funds between existing programs and expenses to fully expend the ERA1 award of \$168,826,860.80. AOA will be required to present the final report filed with the Treasury in January of 2023 to the JFC. Some expenses will need to be shifted from ERA1 to ERA2 during the final reconciliation.

Item 2. ERA2 Programmatic Structure

This authorization would approve programs operating under the following structures:

Transitional housing will operate through 03/31/23 under current parameters.

Emergency housing through 06/30/23 (reverted to pre-pandemic rules 7/1/22 when transitioning to ERA funds from FEMA).

Housing Stability Services are fully funded for three years at \$15,200,000 to provide wrap-around services through community partners.

VERAP will provide 70% rental benefit through 03/31/23 and 50% rental benefit through 06/30/23 to currently enrolled households under 30% of Area Median Income (AMI).

VERAP-U will provide 70% rental benefit through 12/31/22 to currently enrolled households under 80% AMI, then 70% utility benefit to households under 30% of AMI until 03/31/23 and 50% rental benefit through 06/30/23.

At the administration's request, VHCB has agreed to subgrant remaining funds which are not expended by the programs listed above through a grant for **permanent investments in affordable housing** and expended through 09/30/2025. Because of the shorter timeline, these funds could be used to move forward currently approved projects serving extremely and very low-income households.



Item 3. ERA2 Fund Allocation

\$152,000,000 of ERA2 funds were accepted and distributed to continue programs authorized in the initial JFC authorization for ERA1 and appropriated during the 2021 Legislative session. AOA requests that the JFC approve the following allocation of ERA2 funds to cover FY22 and FY23 activity based on the programmatic structure described above in item 2:

| Program | Agency/Department | Amount |
|--|---|--|
| Housing Stability Services | DCF | \$13,700,000 |
| Housing Stability Services | Housing and Community Development (DHCD) | \$1,500,000 |
| Transitional and Emergency Housing | DCF | \$54,377,500 |
| Reach Up Rental Assistance | DCF | \$11,400,000* |
| Vermont Emergency Rental Assistance Program (VERAP) | Vermont State Housing Authority (VSHA) through a grant from AOA | Approximately \$45,000,000 to \$50,000,000 |
| Vermont Emergency Rental Assistance Program Utility Assistance (VERAP-U) | Public Service Department (PSD) | Approximately \$12,000,000 to \$17,000,000 |
| Existing programs funding eligible under ERA rules | DCF, Corrections, Mental Health | \$4,308,904** |
| Investments in permanent affordable housing | Vermont Housing and Conservation Board (VHCB) through a grant from a state agency | Between \$5,000,000 and \$10,000,000 |

*This money is currently appropriated at the amount of \$15,000,000 and will require adjustment in the 2023 budget adjustment act

**will provide additional capacity within existing programs or allow general fund to be reappropriated in the budget adjustment act to housing-related efforts

