

Achievable Solutions for Vermont's Housing Crises

Executive summary

To address the housing crisis gripping the State of Vermont, we propose a Vermont-sized solution that would rapidly increase affordable housing in Vermont by addressing serious systemic limitations to advancing housing solutions.

1. Subsidies to encourage building and renting Accessory Dwelling Units (ADUs)
2. A Single Resident Occupancy (SRO) Voucher Program
3. A statewide framework for developing SROs
4. Expanded peer support and recovery coaching
5. An equity framework for funding affordable housing development

The problem

Vermont currently has a homelessness and affordable housing crisis. According to official counts, there are currently approximately 2,780 people experiencing homelessness in Vermont.¹ These official counts are woefully inaccurate, counting only those people who are identifiable on a single day in the year, and we know there are many more Vermonters experiencing housing insecurity on any given day. The bulk of the people we do know about are living in hotels and motels participating in the Vermont Agency of Human Services' Transitional Housing Program (THP) and congregate shelter settings. Reports from street outreach staff around the state indicate there are likely at least several hundred additional people across Vermont experiencing homelessness who are unsheltered and sleeping rough outdoors in tents and vehicles.²

Vermont currently has approximately 80,235 rental units.³ Of these, about 8,139 are subsidized to meet affordability standards.⁴ Currently, our vacancy rate is hovering near 2.5%,⁵ meaning there are around 3,450 available units at any given time, including both market rate units, and subsidized, affordable, units.

On paper, there appear to be enough units to house everyone currently experiencing homelessness in our state. But in practice, there are precious few vacant apartments

¹ "2022 Vermont's Annual Point-in-Time Count of Those Experiencing Homelessness," *Vermont Coalition to End Homelessness and Chittenden County Homeless Alliance*, <https://helpingtohousevt.org/wp-content/uploads/2022/05/2022-Vermont-Point-in-Time-Report.pdf> (accessed November 14, 2022).

² Good Samaritan Haven Street Outreach Staff - Dawn Little

³ "Estimated Housing Units by Type," *Vermont Housing Finance Agency*, <https://www.housingdata.org/profile/housing-stock/housing-units> (accessed November 14, 2022).

⁴ "Gap Report," *National Low Income Housing Coalition*, <https://nlihc.org/gap/state/vt> (accessed November 14, 2022).

⁵ "Quarterly Vacancy and Homeownership Rates by State and MSA - People and Households," U.S. Census Bureau, <https://www.census.gov/housing/hvs/data/rates.html>

available in any community in Vermont, and fierce competition for every unit. People experiencing homelessness typically have great difficulty accessing what little available housing does exist due to a perfect storm of insufficient or poor credit, lack of or poor landlord references, past criminal record, and low and unstable income. This has led to very slow movement from congregate shelter settings and THP motels and hotels to permanent affordable housing for people experiencing homelessness in our state. So slow in fact, that it is very unreasonable to imagine the bulk of people currently in the THP finding housing before it ends in the spring of 2023.

We can't build our way out fast enough

It would be tempting to try to build our way out of this predicament, and that is certainly part of the solution, but there are a host of confounding factors: supply chain issues, soaring materials costs, and a pronounced shortage of skilled tradespeople in the construction and engineering industries.⁶ Also, the majority of funding designated for construction of affordable housing units is only available to affordable housing developers who have to work within a very exacting set of requirements which severely limit their ability to build at the scale and pace needed in Vermont.⁷

Limitations of funding and zoning

Most municipalities in Vermont have density restrictions, height limitations, and other restrictions on building sizes, such as single family versus multifamily. The funding used for affordable housing development projects requires a socio-economically diverse composition of residents to avoid concentrating too many vulnerable individuals with the same challenges in one place. This means that a new apartment building will have a mix of “fair market value” apartments, units meant to provide some combination of subsidy either through tenant-based vouchers and/or project based vouchers, and units designated for people experiencing homelessness. A Governor’s proclamation dictates that fifteen percent of units across all Vermont affordable housing developer’s portfolios shall be designated for people experiencing homelessness.⁸

Finally, the mechanisms used to fund these affordable housing developments require that rigorous standards be met in terms of building code, energy efficiency, accessibility, “permanent affordability,” and other variables culminating in a cost of approximately

⁶ “Rising Construction Costs Stall Affordable Housing Projects,” *Pew Charitable Trusts*, <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2022/04/25/rising-construction-costs-s-tall-affordable-housing-projects> (accessed November 14, 2022).

Allen, Ann Wallace, “*Building a Workforce*,” *Seven Days*, October 12, 2022.

⁷ Seth Leonard, Ph.D., Vermont Housing Finance Agency. Interviewed by Susan Romans, October 31, 2022.

⁸ [3 App. V.S.A. ch. 3, § 73](#)

\$350,000 per new unit – and rising.⁹ In addition, affordable housing developers typically have to braid numerous funding sources together to fund any given project - each rife with myriad administrative hurdles. These complex funding mechanisms, plus zoning and permitting complexities and the previously cited supply chain issues and labor shortages, typically make new projects take several years from design to completion of construction.¹⁰

Affordable housing developers play an extremely valuable role - it is critical that they continue to build as many new affordable housing developments as possible to increase Vermont's housing stock and vacancy rates generally. And yet, it is important to understand that reliance on this mechanism of building new units alone will cost significantly more money than we have available and take significantly longer than we have to spare to adequately address our current housing and homelessness crises. This type of construction should not be reduced or abandoned, but it should also not be our only strategy to end homelessness in Vermont - particularly in the short term. The solutions below can rapidly increase the rate at which we add housing.

A Vermont-sized solution

Accessory Dwelling Units (ADU)s and Single Resident Occupancies (SROs) are forms of highly affordable rental housing that are beneficial to a large group of Vermonters including older Vermonters, people in need of workforce housing, students, and people experiencing homelessness.

Accessory Dwelling Units (ADUs)

Currently, through S.237 (ACT 179)¹¹ every property owner in Vermont is statutorily entitled to build an ADU of up to 900 square feet on the property of their primary residence, for their own needs or to utilize as a rental property - regardless of their local municipal zoning requirements. These smaller units are perfectly suited to smaller builders and homeowner DIYers and do not require large construction companies or crews - significantly reducing the wait times associated with securing labor and the costs involved in construction. Vermont's statewide ADU zoning statute also expedites the permitting process, meaning these units can reasonably be built in a matter of months, not years.

⁹ Black-Plumeau, Leonard, and Watson, "[The State of Residential Development in Vermont in 2021.](#)" *Vermont Housing Finance Agency*, December 2021.

¹⁰ Edgar, Chelsea, "[Obstruction Zone: How Vermont's Land Use Regulations Impede New Development – and Complicate the State's Housing Crisis.](#)" *Seven Days*, April 6, 2022.

¹¹ [Act 179, Vermont General Assembly](#), effective October 12, 2020.

Vermont has taken the first bold step in harnessing this tool and should now fully realize its promise by providing homeowners willing to be part of the solution to Vermont’s homelessness and affordable housing crises with financial support for construction of ADUs and ongoing subsidy for renting to tenants who are experiencing homelessness. This would incent widespread, swift, construction of affordable housing units across Vermont.

An added benefit of this approach is that it provides “scatter site” units which prevent people managing difficult issues from having to live in congregate settings which can exacerbate their difficulties. This provides a mechanism for municipalities to create “in-fill” housing in town centers where building lots big enough to build large apartment buildings on can be hard to locate, and transportation and needed services can be more readily accessed.

This is a model which has already been successfully modeled in the epicenter of America’s homelessness crises - Los Angeles whose “*Second Dwelling Unit Pilot Program* provides a subsidy of up to \$75,000 per ADU in the form of a forgivable loan to homeowners who agree to rent to a homeless family or someone with a housing choice voucher”¹² and *ADU Accelerator Program*, which provides ongoing subsidy for rent associated with these units.¹³

Single Resident Occupancies (SROs)

Single Resident Occupancies represent an even easier solution. These are efficiencies or rooms for rent, often with common bathroom and kitchen facilities. Critically, these forms of housing cost a fraction of the price of even the smallest apartments - subsidized or not. Prevailing full-sized apartment rental rates are completely out of reach for most people experiencing homelessness in Vermont, who so often have severely limited financial means. SROs are affordable to people subsisting on social security income or other benefits, part time employment, or other modest means.

Vermont should create a Single Resident Occupancy Voucher Program to provide subsidies for people experiencing homelessness or otherwise meeting income requirements to rent out rooms in people’s homes. Additionally, Vermont should provide funding for people interested in converting their large homes or apartments into smaller SRO-style accommodations to allow more people to be housed in existing buildings. To do this, Vermont should produce a statutory framework to allow this in every municipality, like it has done with ADUs.

¹² [Los Angeles County Department of Regional Planning](#) (accessed November 14, 2022).

¹³ “LA ADU Accelerator Program,” *City of Los Angeles*, adu.lacity.org (accessed November 14, 2022).

Expansion of Peer Support and Recovery Coaching Services

People experiencing homelessness are often facing co-occurring challenges like mental health issues, substance use disorders, trauma backgrounds and other forms of acute adversity. Peer Support and Recovery Coaching provide the opportunity to get support and guidance from other people who have been through those experiences and are now doing well.

To have the best chance of not just housing people experiencing homelessness, but keeping them housed, Vermont should significantly increase its investment in Peer Support and Recovery Coaching and ensure both of these forms of ongoing support are available in every community.

Peer Support and Recovery Coaching help people maintain housing, employment, recovery from substance use disorders and mental health crises, good health, and the achievement of human potential.

An Equity Framework for Affordable Housing Development

Currently, major housing investments in Vermont flow through The Agency of Commerce and Community Development, the Vermont Housing Finance Authority, and the Vermont Housing Conservation Board. These entities make concerted efforts to allocate funding for affordable housing developments in an equitable manner, but when monies become available for development projects, they are deployed through a statewide RFP process. Theoretically these funds are available to any region of the state. In practice, funds often get allocated to the regions of Vermont with the most seasoned, sophisticated, and largest affordable housing development entities. If a region has pronounced need but lacks the infrastructure to present a sufficiently compelling project, this region will often not receive funding, despite its high volume of homelessness and acute need for new affordable housing resources.

Vermont should adopt an equity funding framework to formally link the demonstrated need in a region, as evidenced by its Coordinated Entry list of people experiencing homelessness, with the funding designated for housing developments in each county of Vermont.

Under an equity framework, if a region was found to have significant need for more units, while lacking local infrastructure to navigate the myriad systems and processes involved in affordable housing development, it would still receive state funding to create new affordable housing resources while also receiving sufficient technical assistance

and auxiliary support from subcontracted entities with the requisite expertise to successfully complete affordable housing development projects - wherever they might be located in the state. This would ensure that the regions of our state with the greatest concentration of homelessness and the most acute need for new affordable housing resources would receive an equitable allocation of funding and would help Vermont begin to ensure it has equitable homelessness-related infrastructure in every county.

Conclusion

While each of the strategies pursued in isolation would produce positive benefits and should be implemented immediately, Vermont can only reasonably expect to significantly address its homelessness and housing crises by implementing all of them concurrently.

Citations have been provided where quantitative data and relevant reports and studies are readily available. Qualitative data comes from upon my decade of experience working closely with numerous partners across Vermont's system of care helping to resolve Vermont's most acute and complex cases involving homelessness and co-occurring barriers as an AHS Field Director, an Executive Director and peer support counselor at a mental health drop-in center, and a youth homelessness street outreach worker and mentor.

This analysis and recommendations are also deeply informed by my own lived experience. As a person who has overcome childhood and adult homelessness, trauma, poverty, unemployment, social isolation, and mental health and addiction challenges who is now leading a productive and happy life and playing a key role in Vermont's system of care, I speak from experience when I say housing and supports save and change lives and these investments are worth it.

Please do not hesitate to reach out for any additional information or testimony you feel would be helpful in transforming these recommendations into legislation, policy, and budgets.

Respectfully submitted,

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Pending Endorsements

Vermont Coalition to End Homelessness

Washington County Homelessness Action Team

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Vermont Interfaith Action