**Re: H.702 February 17, 2016**

***Workforce Housing* is a Barrier to Economic Development in Vermont**

The lack of modern, efficient workforce housing is a barrier to both employers and employees in Vermont. It is an impediment to affordability and economic growth. Affordable ‘workforce housing’ is not available where jobs exist, and where housing is cheaper, jobs are scarce. Further, young Vermonters find it more difficult to remain in the state due to housing limitations.

A workforce housing program should be built on existing principles of ‘smart growth’ and existing law, and be informed by local planning and zoning ordinances that have been approved by voters.

* The lack of adequate housing opportunities is a recognized barrier to economic development.
* The path to a workforce housing solution has already been defined by ‘smart growth’ principles and has been built into existing downtown, village center, and growth centers.
* Workforce Housing is affordable to households earning 150% of the area median income.
* This housing is made affordable not by *income subsidies* or *cost shifts*, but by *reducing the cost of development*.
* Development of new housing can accumulate significant costs to parcels that add no value to the housing market.
  + The permitting process can be expensive, time consuming, and uncertain (more cost).
    - Permitting of projects in community-defined areas of growth (infill, adjacent areas) should be limited and expedited.
  + The cost of ‘community infrastructure’ (roads, sidewalks, water, sewer, etc.) can make a lot too expensive to host an affordable dwelling.
    - Community infrastructure can be capitalized by the community and repaid through existing taxes and user fees.
  + Underserved communities often lack the planning and project-management resources to assist developers in expediting new housing projects.
    - The State has an interest in facilitating the development of workforce housing in communities that have designated downtowns, village centers, and growth centers.
    - Capable, experienced resources already exist within Vermont Housing and Conservation Board and Vermont Housing Finance Agency. No new overhead is required. Legislation is require to expand their realm of operation.

A workforce housing program will have implementation costs to the State, but capital costs can be bonded and repaid through existing taxes and fees. Borrowing costs are low, and Vermont has a strong rating for revenue bonds.

A housing-centered economic development initiative has the advantage that building out the program will have an immediate, positive impact on local and state economic activity.

There is strong evidence that addressing a wider range of housing will relieve pressure on other, tax-supported state programs. Closing the job-to-home gap will shorten commutes for Vermonters and save tons of carbon emissions. Additional residential development will also attract families whose children will attend local schools, spreading the cost of those schools over more students.