

1 Introduced by Senator Ram Hinsdale

2 Referred to Committee on

3 Date:

4 Subject: Housing

5 Statement of purpose of bill as introduced: This bill proposes to increase the
6 supply of affordable housing in this State, promote homeownership, and
7 broaden housing opportunities for Vermonters.

8 An act relating to expanding access to safe and affordable housing

9 It is hereby enacted by the General Assembly of the State of Vermont:

10 * * * Municipal Zoning * * *

11 Sec. 1. 24 V.S.A. § 4414 is amended to read:

12 § 4414. ZONING; PERMISSIBLE TYPES OF REGULATIONS

13 * * *

14 (4) Parking and loading facilities. A municipality may adopt provisions
15 setting forth standards for permitted and required facilities for off-street
16 parking and loading, which may vary by district and by uses within each
17 district. However, a municipality shall not require more than one parking
18 space per dwelling unit or accessory dwelling unit. These bylaws may also
19 include provisions covering the location, size, design, access, landscaping, and
20 screening of those facilities. In determining the number of parking spaces for

1 nonresidential uses and size of parking spaces required under these regulations,
2 the appropriate municipal panel may take into account the existence or
3 availability of employer “transit pass” and rideshare programs, public transit
4 routes, and public parking spaces in the vicinity of the development. ~~However,~~
5 ~~municipality shall not require an accessory dwelling unit to have more than~~
6 ~~one parking space per bedroom.~~

7 * * *

8 Sec. 2. 24 V.S.A. § 4412 is amended to read:

9 § 4412. REQUIRED PROVISIONS AND PROHIBITED EFFECTS

10 Notwithstanding any existing bylaw, the following land development
11 provisions shall apply in every municipality:

12 (1) Equal treatment of housing and required provisions for affordable
13 housing.

14 * * *

15 (D) Bylaws shall designate appropriate districts and reasonable
16 regulations for multiunit or multifamily dwellings. No bylaw shall have the
17 effect of excluding these multiunit or multifamily dwellings from the
18 municipality. In any district that allows residential development, duplexes and
19 accessory dwelling units shall be an allowed use. In any district that is served
20 by municipal sewer and water service that allows residential development,
21 multiunit dwellings with four or fewer units shall be an allowed use.

1 (E) Except for flood hazard and fluvial erosion area bylaws adopted
2 pursuant to section 4424 of this title, no bylaw shall have the effect of
3 excluding as a permitted use one accessory dwelling unit that is located within
4 or appurtenant to a single-family dwelling ~~on an owner-occupied lot~~. A bylaw
5 ~~may~~ shall require a single-family dwelling with an accessory dwelling unit to
6 be subject to the same review, dimensional, or other controls as required for a
7 single-family dwelling without an accessory dwelling unit. The criteria for
8 conversion of an existing detached nonresidential building to habitable space
9 for an accessory dwelling unit shall not be more restrictive than the criteria
10 used for a single-family dwelling without an accessory dwelling unit. An
11 “accessory dwelling unit” means a distinct unit that is clearly subordinate to a
12 single-family dwelling; and has facilities and provisions for independent living,
13 including sleeping, food preparation, and sanitation, provided there is
14 compliance with all the following:

15 (i) The property has sufficient wastewater capacity.

16 (ii) The unit does not exceed 30 percent of the total habitable floor
17 area of the single-family dwelling or 900 square feet, whichever is greater.

18 * * *

19 (12) In any district served by municipal sewer and water infrastructure
20 that allows residential development, bylaws shall establish lot and building
21 dimensional standards that allow five or more dwelling units per acre for

1 allowed residential uses, and no dimensional standard for multiunit dwellings
2 shall be more restrictive than those required for single-family dwellings.

3 (13) In any district served by municipal sewer and water infrastructure that
4 allows residential development, any mixed use developments and affordable
5 housing developments, as defined in section 4303(2) of this title, may exceed
6 building height limitations by one additional habitable floor beyond the
7 maximum height and using that additional floor may exceed density limitations
8 for residential developments by an additional 40 percent, provided that the
9 structure complies with the Vermont Fire and Building Safety Code.

10 (14) No bylaw shall have the effect of limiting the square footage of a
11 duplex that otherwise complies with the applicable building code.

12 Sec. 3. 24 V.S.A. § 4413 is amended to read:

13 § 4413. LIMITATIONS ON MUNICIPAL BYLAWS

14 (a)(1) The following uses may be regulated only with respect to
15 location, size, height, building bulk, yards, courts, setbacks, density of
16 buildings, off-street parking, loading facilities, traffic, noise, lighting,
17 landscaping, and screening requirements, and only to the extent that
18 regulations do not have the effect of interfering with the intended functional
19 use:

20 (A) State- or community-owned and ~~operated~~ operated institutions
21 and facilities;

1 (B) public and private schools and other educational institutions
2 certified by the Agency of Education;

3 (C) churches and other places of worship, convents, and parish
4 houses;

5 (D) public and private hospitals;

6 (E) regional solid waste management facilities certified under 10
7 V.S.A. chapter 159;

8 (F) hazardous waste management facilities for which a notice of
9 intent to construct has been received under 10 V.S.A. § 6606a; and

10 (G) emergency shelters.

11 (2) Except for State-owned and -operated institutions and facilities, a
12 municipality may regulate each of the land uses listed in subdivision (1) of this
13 subsection for compliance with the National Flood Insurance Program and for
14 compliance with a municipal ordinance or bylaw regulating development in a
15 flood hazard area or river corridor, consistent with the requirements of
16 subdivision 2291(25) and section 4424 of this title. These regulations shall not
17 have the effect of interfering with the intended functional use.

18 (3) For purposes of this subsection, regulating the daily or seasonal
19 hours of operation of an emergency shelter shall constitute interfering with the
20 intended functional use.

21 * * *

1 Sec. 4. 24 V.S.A. § 4303 is amended to read:

2 § 4303. DEFINITIONS

3 The following definitions shall apply throughout this chapter unless the
4 context otherwise requires:

5 * * *

6 (38) “Duplex” means a residential building that has two dwelling units
7 in the same building. For purposes of subdivision 4412(E) of this title, in areas
8 of a municipality served by municipal sewer and water infrastructure, each unit
9 of a duplex shall constitute a single-family dwelling unit.

10 (39) “Emergency shelter” means any facility, the primary purpose of
11 which is to provide a temporary shelter for the homeless in general or for
12 specific populations of the homeless and that does not require occupants to
13 sign leases or occupancy agreements.

14 (40) “Multiunit or multifamily dwelling” means a building that contains
15 three or more dwelling units in the same building.

16 Sec. 5. 24 V.S.A. § 4441 is amended to read:

17 § 4441. PREPARATION OF BYLAWS AND REGULATORY TOOLS;

18 AMENDMENT OR REPEAL

19 * * *

20 (c) When considering an amendment to a bylaw, the planning commission
21 shall prepare and approve a written report on the proposal. A single report

1 may be prepared so as to satisfy the requirements of this subsection concerning
2 bylaw amendments and subsection 4384(c) of this title concerning plan
3 amendments. ~~The Department of Housing and Community Development shall~~
4 ~~provide all municipalities with a form for this report.~~ The report shall provide
5 a brief explanation of the proposed bylaw, amendment, or repeal and shall
6 include a statement of purpose as required for notice under section 4444 of this
7 title; and shall include findings regarding how the proposal:

8 (1) ~~Conforms~~ conforms with or furthers the goals and policies contained
9 in the municipal plan, including the effect of the proposal on the availability of
10 safe and affordable housing-, and sections 4412, 4413, and 4414 of this title;

11 (2) ~~Is~~ is compatible with the proposed future land uses and densities of
12 the municipal plan-; and

13 (3) ~~Carries~~ carries out, as applicable, any specific proposals for any
14 planned community facilities.

15 * * *

16 (h) Upon adoption or amendment of a bylaw, the planning commission
17 shall prepare an adoption report in form and content provided by the
18 Department of Housing and Community Development that:

19 (1) confirms that all changes to zoning districts have been uploaded to
20 the Vermont Open Geodata Portal;

1 ~~must designate one person to serve as the representative of the petitioners~~
2 ~~regarding all matters related to the appeal.~~

3 (5) Any department and administrative subdivision of this State owning
4 property or any interest in property within a municipality listed in subdivision
5 (2) of this subsection, and the Agency of Commerce and Community
6 Development of this State.

7 * * *

8 * * * Subdivisions * * *

9 Sec. 6. 24 V.S.A. § 4463 is amended to read:

10 § 4463. SUBDIVISION REVIEW

11 (a) Approval of plats. Before ~~any~~ a plat for a major subdivision is
12 approved, a public hearing on the plat shall be held by the appropriate
13 municipal panel after public notice. A bylaw may provide for the
14 administrative officer to approve minor subdivisions. A copy of the notice
15 shall be sent to the clerk of an adjacent municipality, in the case of a plat
16 located within 500 feet of a municipal boundary, at least 15 days prior to the
17 public hearing.

18 (b) Plat; record. The approval of the appropriate municipal panel or
19 administrative officer, if the bylaws provide for their approval of minor
20 subdivisions, shall expire 180 days from that approval or certification unless,
21 within that 180-day period, that plat shall have been duly filed or recorded in

1 the office of the clerk of the municipality. After an approved plat or
2 certification by the clerk is filed, no expiration of that approval or certification
3 shall be applicable.

4 (1) The bylaw may allow the administrative officer to extend the date
5 for filing the plat by an additional 90 days, if final local or State permits or
6 approvals are still pending.

7 (2) No plat showing a new street or highway may be filed or recorded in
8 the office of the clerk of the municipality until it has been approved by the
9 appropriate municipal panel, or administrative officer if allowed under the
10 bylaws, pursuant to subsection (a) of this section, and that approval is endorsed
11 in writing on the plat, or the certificate of the clerk of the municipality showing
12 the failure of the appropriate municipal panel to take action within the 45-day
13 period is attached to the plat and filed or recorded with the plat. After that
14 filing or recording, the plat shall be a part of the official map of the
15 municipality.

16 * * *

17 Sec. 7. 24 V.S.A. § 4418 is amended to read:

18 § 4418. SUBDIVISION BYLAWS

19 * * *

20 (2) Subdivision bylaws may include:

1 (e) Neighborhood development area. Notwithstanding subsection (a) of
2 this section, a determination by an appropriate municipal panel that a
3 residential development will not result in an undue adverse effect on the
4 character of the area affected shall not be subject to appeal if the ~~determination~~
5 ~~is that a~~ proposed residential development seeking conditional use approval
6 under subdivision 4414(3) of this title is within a designated downtown
7 development district, designated growth center, ~~designated Vermont~~
8 ~~neighborhood~~, or designated neighborhood development area seeking
9 ~~conditional use approval will not result in an undue adverse effect on the~~
10 ~~character of the area affected under subdivision 4414(3) of this title.~~ Other
11 elements of the determination made by the appropriate municipal panel may be
12 appealed.

13 * * * By Right * * *

14 Sec. 9. 24 V.S.A. § 4464(b) is amended to read:

15 (b) Decisions.

16 * * *

17 (7)(A) A decision rendered by the appropriate municipal panel for a
18 housing development or the housing portion of a mixed-use development shall
19 not:

20 (i) increase the minimum lot size required in the municipal
21 bylaws;

1 (ii) increase the minimum parking requirements required in the
2 municipal bylaws and in section 4414 of this title;

3 (iii) reduce the building size to less than that allowed in the
4 municipal bylaws, including reducing the building footprint or height;

5 (iv) reduce the density of dwelling units allowed in the municipal
6 bylaws; and

7 (v) otherwise disallow a development to abide by the minimum or
8 maximum applicable municipal standards;

9 (B) However, a decision may require adjustments to the applicable
10 municipal standards listed in subdivision (A) of this subdivision (b)(7) if the
11 panel or officer issues a written finding stating:

12 (i) why the modification is necessary to comply with a
13 prerequisite State or federal permit, municipal permit, or a nondiscretionary
14 standard in a bylaw or ordinance, including requirements related to wetlands,
15 setbacks, and flood hazard areas and river corridors; and

16 (ii) how the identified restrictions do not result in an unequal
17 treatment of housing or an unreasonable exclusion of housing development
18 otherwise allowed by the bylaws.

19 Sec. 11. APPROPRIATION

1 (xi) Notwithstanding subdivision (iv) of this subdivision (3)(A),
2 the construction of improvements in a designated neighborhood development
3 area for a housing project or mixed-use development, with 10 or more units,
4 constructed or maintained on a tract or tracts of land, owned or controlled by a
5 person.

6 * * *

7 (19)(A) “Subdivision” means each of the following:

8 * * *

9 (iv) A tract or tracts of land, owned or controlled by a person, that
10 the person has partitioned or divided for the purpose of resale into 10 or more
11 lots located within a designated neighborhood development area.

12 * * *

13 (35) “Priority housing project” means a discrete project located on a
14 single tract or multiple contiguous tracts of land that consists exclusively of
15 mixed income housing or mixed use, or any combination thereof, and is
16 located entirely within a designated downtown development district,
17 designated new town center, designated village center that has permanent
18 zoning and subdivision bylaws, designated growth center, or designated
19 neighborhood development area under 24 V.S.A. chapter 76A.

20 Sec. 12a. 10 V.S.A. § 6081(p) is amended to read:

1 (p) No permit or permit amendment is required for a priority housing
2 project in a designated center ~~if the project remains below any applicable~~
3 ~~jurisdictional threshold specified in subdivision 6001(3)(A)(iv)(I) of this title.~~

4 * * * Covenants * * *

5 Sec. 13. 27 V.S.A. § 545 is amended to read:

6 § 545. COVENANTS, CONDITIONS, AND RESTRICTIONS OF
7 SUBSTANTIAL PUBLIC INTEREST

8 (a) Deed restrictions, covenants, or similar binding agreements added after
9 March 1, 2021 that prohibit or have the effect of prohibiting land development
10 allowed under 24 V.S.A. § 4412(1)(E) and (2)(A) shall not be valid.

11 (b) Deed restrictions or covenants added after July 1, 2023 shall not be
12 valid if they require a minimum dwelling unit size on the property or more
13 than one parking space per dwelling unit.

14 (c) This section shall not affect the enforceability of any property interest
15 held in whole or in part by a qualified organization or State agency as defined
16 in 10 V.S.A. § 6301a, including any restrictive easements, such as
17 conservation easements and historic preservation rights and interests defined in
18 10 V.S.A. § 822. This section shall not affect the enforceability of any
19 property interest that is restricted by a housing subsidy covenant as defined by
20 section 610 of this title and held in whole or in part by an eligible applicant as
21 defined in 10 V.S.A. § 303(4) or the Vermont Housing Finance Agency.

1 § 1983. AUTHORIZATION FOR MUNICIPAL WASTEWATER SYSTEM
2 AND POTABLE WATER SUPPLY CONNECTIONS

3 (a) A municipality may issue an authorization for a connection or an
4 existing connection with a change in use to the municipal sanitary sewer
5 collection line via a sanitary sewer service line or a connection to a water main
6 via a new water service line in lieu of permits issued under this chapter,
7 provided that the municipality documents the following in a form prescribed
8 by the Secretary:

9 (1) The municipality owns or has legal control over connections to a
10 public community water system permitted pursuant to chapter 56 of this title
11 and over connections to a wastewater treatment facility permitted pursuant to
12 chapter 47 of this title.

13 (2) The municipality shall only issue authorizations for:

14 (A) a sanitary sewer service line that connects to the sanitary sewer
15 collection line; and

16 (B) a water service line that connects to the water main.

17 (3) The building or structure authorized under this section connects to
18 both the sanitary sewer collection line and public community water system.

19 (4) The authorizations from the municipality comply with the technical
20 standards for sanitary sewer service lines and water service lines in the
21 Wastewater System and Potable Water Supply Rules.

1 (F) a building owned or occupied by the State of Vermont, a county,
2 a municipality, a village, or any public entity, including a school or fire
3 district; ~~or~~

4 (G)(i) a building in which two or more persons are employed, or
5 occasionally enter as part of their employment, and where the associated
6 extraction of plant botanicals utilizing flammable, volatile, or otherwise
7 unstable liquids, pressurized gases, or other substances capable of combusting
8 or whose properties would readily support combustion or pose a deflagration
9 hazard; and

10 (ii) notwithstanding subdivision (b)(3) of this section, a building on a
11 working farm or farms that meets the criteria of subdivision (G)(i) of this
12 subsection (a) is a “public building”; or

13 (H) an accessory dwelling unit as permitted under 24 V.S.A.
14 § 4412(1)(E);

15 (2)(A) Use Except as provided in subdivision (B) of this subdivision
16 (a)(2), use of any portion of a building in a manner described in this subsection
17 (a) shall make the entire building a “public building” for purposes of this
18 subsection.

19 (B) As used in this subsection (a), in a building that includes both an
20 owner-occupied single-family dwelling unit and an accessory dwelling unit,
21 only the accessory dwelling unit shall be considered a public building unless

1 the single-family residence is used for a purpose described in subdivision (1)
2 of this subsection (a).

3 (C) ~~For purposes of~~ As used in this subsection (a), a “person” does
4 not include an individual who is directly related to the employer and who
5 resides in the employment-related building.

6 (b) The term “public building” does not include:

7 * * *

8 ~~(4) A single family residence with an accessory dwelling unit as~~
9 ~~permitted under 24 V.S.A. § 4412(1)(E).~~

10 * * *

11 * * *Enforcement * * *

12 Sec. 19. 9 V.S.A. § 4506 is amended to read:

13 § 4506. ENFORCEMENT; CIVIL ACTION; RETALIATION PROHIBITED

14 (a)(1) A person aggrieved by a violation of this chapter may file a charge of
15 discrimination with the Human Rights Commission pursuant to chapter 141 of
16 this title or may bring an action for injunctive relief and compensatory and
17 punitive damages and any other appropriate relief in the Superior Court of the
18 county in which the violation is alleged to have occurred.

19 (2) A charge of discrimination filed pursuant to subdivision (1) of this
20 subsection may, pursuant to the provisions of section 4554 of this title, be
21 referred by the Commission to the Attorney General or a State’s Attorney for

1 either investigation and enforcement or, following an investigation by the
2 Commission, for enforcement.

3 * * *

4 (d) The initiation or completion of an investigation by the Human Rights
5 Commission, the Attorney General, or a State’s Attorney shall not be a
6 condition precedent to the filing of any lawsuit ~~for~~ pursuant to subsection (a) of
7 this section by a person alleging a violation of this chapter.

8 (e) A person shall not coerce, threaten, interfere, or otherwise discriminate
9 against any individual who:

10 * * *

11 (2) has lodged a complaint or has testified, assisted, or participated in
12 any manner with the Human Rights Commission, the Attorney General, or a
13 State’s Attorney in an investigation of acts or practices prohibited by this
14 chapter;

15 * * *

16 Sec. 20. 9 V.S.A. § 4554 is amended to read:

17 § 4554. COMPLAINT; INVESTIGATION AND CONCILIATION

18 (a)(1) Any person who ~~believes he or she~~ has been subject to unlawful
19 discrimination may file a complaint under oath with the Commission stating
20 the facts concerning the alleged discrimination. Every complaint shall be
21 reviewed by the staff of the Commission.

1 materials and take and record the testimony or statements of such persons as
2 are reasonably necessary. The Commission shall make every reasonable effort
3 to interview each relevant and noncumulative witness identified by a party. If
4 a witness is interviewed, a summary of the witness statement shall be included
5 in any report prepared in connection with the complaint. ~~Such~~ The statement
6 shall be taken into consideration in determining whether or not there are
7 reasonable grounds to believe that unlawful discrimination has occurred.

8 * * *

9 (e)(1) If the Commission finds reasonable grounds to believe that unlawful
10 discrimination has occurred, but does not find an emergency, it shall make
11 every reasonable effort to eliminate the discrimination by informal means, such
12 as conference, conciliation, and persuasion. If the case is disposed of by
13 informal means in a manner satisfactory to a majority of the Commission, it
14 shall dismiss the proceeding.

15 (2) If the case is not disposed of by informal means in a manner
16 satisfactory to a majority of the Commission within six months, ~~it~~ the
17 Commission shall either do one of the following within not more than 90
18 additional days:

19 (A) bring an action in Superior Court as provided in section 4553 of
20 this title;

1 and 2461 of this title in an unfair act in commerce. In addition, the Superior
2 Courts may impose the criminal penalty set forth in section 4507 of this title
3 and may impose punitive damages and order other appropriate relief on behalf
4 of an aggrieved person.

5 Sec. 21. 9 V.S.A. § 4507 is amended to read:

6 § 4507. CRIMINAL PENALTY

7 A person who violates a provision of this chapter shall be fined not more
8 than ~~\$1,000.00~~ \$10,000.00 per violation.

9 * * * Building Safety * * *

10 Sec. 22. VERMONT FIRE AND BUILDING SAFETY CODE; POTENTIAL
11 REVISIONS; REPORT

12 (a) On or before January 15, 2024, the Executive Director of the Division
13 of Fire Safety shall submit a written report to the General Assembly that

1 identifies and examines provisions from other jurisdictions’ fire and life safety
2 codes for residential buildings that:

3 (1) would facilitate in Vermont:

4 (A) the increased construction of new residential units;

5 (B) the conversion of existing space into new residential units; or

6 (C) both; and

7 (2) could be incorporated into the Vermont Fire and Building Safety
8 Code.

9 (b) The report shall include recommendations for any legislative action
10 necessary to enable the identified provisions to be incorporated into Vermont’s
11 Fire and Building Safety Code.

12 * * * Project-Based Tax Increment Financing * * *

13 Sec. 23. TAX INCREMENT FINANCING PROJECT DEVELOPMENT

14 (a) Definitions. As used in this section:

15 (1) “Committed” means pledged and appropriated for the purpose of the
16 current and future payment of tax increment financing and related costs as
17 defined in this section.

18 (2) “Coordinating agency” means any public or private entity from
19 outside the municipality’s departments or offices and not employing the
20 municipality’s staff, which has been designated by a municipality to administer
21 and coordinate a project during creation, public hearing process, approval

1 process, or administration and operation during the life of the project,
2 including overseeing infrastructure development, real property development
3 and redevelopment, assisting with reporting, and ensuring compliance with
4 statute and rule.

5 (3) “Financing” means debt incurred, including principal, interest, and
6 any fees or charges directly related to that debt, or other instruments or
7 borrowing used by a municipality to pay for improvements and related costs
8 for the approved project, only if authorized by the legal voters of the
9 municipality. Payment for eligible related costs may also include direct
10 payment by the municipality using the tax increment. If interfund loans within
11 the municipality are used as the method of financing, no interest shall be
12 charged.

13 (4) “Improvements” means the installation, new construction, or
14 reconstruction of infrastructure that will serve a public purpose, including
15 utilities, transportation, public facilities and amenities, land and property
16 acquisition and demolition, brownfield remediation, and site preparation. For
17 remediation of a brownfield, this shall include the cost of the site preparation
18 needed to stimulate development or redevelopment in the TIF Project Zone as
19 identified in clean-up documentation approved by the Vermont Agency of
20 Natural Resources. “Improvements” also means the funding of debt service
21 interest payments.

1 (5) “Legislative body” means the mayor and alderboard, the city
2 council, the selectboard, and the president and trustees of an incorporated
3 village, as appropriate.

4 (6) “Municipality” means a city, town, or incorporated village.

5 (7) “Original taxable value” means the total valuation as determined in
6 accordance with 32 V.S.A. chapter 129 of all taxable real property located
7 within the TIF project zone as of the creation date, provided that no parcel
8 within the project shall be divided or bisected.

9 (8) “Project” means a public improvement, as defined in subdivision
10 (4) of this subsection (a). A project must meet one of the following four
11 criteria:

12 (A) The development includes new or rehabilitated affordable
13 housing, as defined in 24 V.S.A. § 4303.

14 (B) The project will affect the remediation and redevelopment of a
15 Brownfield. As used in this section, “brownfield” means an area in which a
16 hazardous substance, pollutant, or contaminant is or may be present, and that
17 situation is likely to complicate the expansion, development, redevelopment, or
18 reuse of the property.

19 (C) The development will include at least one entirely new business
20 or business operation or expansion of an existing business within the project.

1 and this business will provide new, quality, full-time jobs that meet or exceed
2 the prevailing wage for the region as reported by the Department of Labor.

3 (D) The development will enhance transportation by creating
4 improved traffic patterns and flow or creating or improving public
5 transportation systems.

6 (9) “Related costs” means expenses incurred and paid by the
7 municipality, exclusive of the actual cost of constructing and financing
8 improvements, that are directly related to the creation and implementation of
9 the project, including reimbursement of sums previously advanced by the
10 municipality for those purposes and use of a coordinating agency. Related
11 costs may not include direct municipal expenses such as departmental or
12 personnel costs.

13 (10) “TIF project zone” means an area where approved development or
14 redevelopment is occurring.

15 (b) Program. The Vermont Economic Progress Council is authorized to
16 approve tax increment financing projects, provided, however, that there shall
17 not be more than one project per municipality.

18 (c) General authority. Under the program established in subsection (b) of
19 this section, a municipality, upon approval of its legislative body, may apply to
20 the Vermont Economic Progress Council pursuant to the process set forth in
21 subsection (e) of this section to use tax increment financing for a project.

1 (d) Eligibility.

2 (1) A municipality is only authorized to apply for a project under this
3 section if:

4 (A) the municipality needs to make infrastructure improvements to
5 incentivize community development; and

6 (B) the municipality must demonstrate:

7 (i) the proposed infrastructure improvements and the projected
8 development or redevelopment are compatible with confirmed municipal and
9 regional development plans and the project has clear local and regional
10 significance for employment, housing, brownfield remediation, or
11 transportation improvements;

12 (ii) leveraging of sources of revenue from local, State, or federal
13 programs and that additional funding is needed to complete the project;

14 (iii) an ability to manage the project with requisite experience and
15 a plan for fiscal viability.

16 (2) A municipality with an approved tax increment financing district is
17 not authorized to apply for a project under this section.

18 (e) Approval process. The Vermont Economic Progress Council shall do all
19 of the following to approve an application submitted pursuant to subsection (c)
20 of this section:

1 (1)(A) Review each application to determine that the infrastructure
2 improvements proposed to serve the project and the proposed development in
3 the project would not have occurred as proposed in the application, or would
4 have occurred in a significantly different and less desirable manner than as
5 proposed in the application, but for the proposed utilization of the incremental
6 tax revenues.

7 (B) The review shall take into account:

8 (i) the amount of additional time, if any, needed to complete the
9 proposed development for the project and the amount of additional cost that
10 might be incurred if the project were to proceed without education property tax
11 increment financing;

12 (ii) how the proposed project components and size would differ, if
13 at all, including, if applicable to the project, the number of units of affordable
14 housing, as defined in 24 V.S.A. § 4303, without education property tax
15 increment;

16 (iii) the lack of new construction in the municipality, indicated by a
17 stagnant or declining grand list value as determined by the Department of
18 Taxes, considering both the total full listed value and the equalized education
19 grand list value; and

20 (iv)(I) the amount of additional tax revenue expected to be
21 generated as a result of the proposed project;

1 (II) the percentage of that revenue that shall be paid to the
2 Education Fund;
3 (III) the percentage that shall be paid to the municipality; and
4 (IV) the percentage of the revenue paid to the municipality that
5 shall be used to pay financing incurred for development of the project and
6 related costs.

7 (2) Process requirements. Determine that each application meets all of
8 the following requirements:

9 (A) The municipality held public hearings and established a project.

10 (B) The municipality has developed a tax increment financing project
11 plan, including a project description; a development financing plan; a pro
12 forma projection of expected costs; a projection of revenues; a statement and
13 demonstration that the project would not proceed without the allocation of a
14 tax increment; evidence that the municipality is actively seeking or has
15 obtained other sources of funding and investment; and a development schedule
16 that includes a list, a cost estimate, and a schedule for public improvements
17 and projected private development to occur as a result of the improvements.
18 The creation of the project shall occur at 12:01 a.m. on April 1 of the calendar
19 year the municipal legislative body votes to approve the tax increment
20 financing project plan.

1 (C) the municipality has approved or pledged the utilization of
2 incremental municipal tax revenues for the purposes of the project in the
3 proportion set for in subsection (i)(2) of this section.

4 (3) The Vermont Economic Progress Council shall determine there is a
5 relationship between the improvement and the expected development and
6 redevelopment for the project and expected outcomes in the TIF Project Zone.

7 (f) Incurring indebtedness.

8 (1) A municipality approved under the process set forth in subsection (e)
9 of this section may incur indebtedness against revenues to provide funding to
10 pay for improvements and related costs for the project development.

11 (2) Notwithstanding any provision of any municipal charter, the
12 municipality shall only require one authorizing vote to incur debt through one
13 instance of borrowing to finance or otherwise pay for the tax increment
14 financing project improvements and related costs; provided, however, that a
15 municipality may present one or more subsequent authorization votes in the
16 event a vote fails. The municipality shall be authorized to incur indebtedness
17 only after the legal voters of the municipality, by a majority vote of all voters
18 present and voting on the question at a special or annual municipal meeting
19 duly warned for the purpose, authorize the legislative body to pledge the credit
20 of the municipality, borrow, or otherwise secure the debt for the specific
21 purposes so warned.

1 (3) Any indebtedness shall be incurred within five years from the date
2 of approval by the Vermont Economic Progress Council.

3 (g) Original taxable value. As of the date the project is approved by the
4 legislative body of the municipality, the lister or assessor for the municipality
5 shall certify the original taxable value and shall certify to the legislative body
6 in each year thereafter during the life of the project the amount by which the
7 total valuation as determined in accordance with 32 V.S.A. chapter 129 of all
8 taxable real property located within the project has increased or decreased
9 relative to the original taxable value.

10 (h) Tax increments.

11 (1) In each year following the approval of the project, the lister or
12 assessor shall include not more than the original taxable value of the real
13 property in the assessed valuation upon which the treasurer computes the rates
14 of all taxes levied by the municipality and every other taxing district in which
15 the project is situated, but the treasurer shall extend all rates so determined
16 against the entire assessed valuation of real property for that year. In each year,
17 the municipality shall hold apart, rather than remit to the taxing districts, that
18 proportion of all taxes paid that year on the real property within the project that
19 the excess valuation bears to the total assessed valuation. The amount held
20 apart each year is the “tax increment” for that year. Not more than the
21 percentages established pursuant to subsection (i) of this section of the

1 municipal and State education tax increments received with respect to the
2 project and committed for the payment for financing for improvements and
3 related costs shall be segregated by the municipality in a special tax increment
4 financing project account and in its official books and records until all capital
5 indebtedness of the project has been fully paid. The final payment shall be
6 reported to the treasurer, who shall thereafter include the entire assessed
7 valuation of the project in the assessed valuations upon which municipal and
8 other tax rates are computed and extended and thereafter no taxes from the
9 project shall be deposited in the project’s tax increment financing account.

10 (2) In each year, a municipality shall remit not less than the aggregate
11 original taxable value to the Education Fund.

12 (3) Notwithstanding any charter provision or other provision, all
13 property taxes assessed within a project shall be subject to the provision of
14 subdivision (1) of this subsection. Special assessments levied under 24 V.S.A.
15 chapters 76A or 87 or under a municipal charter shall not be considered
16 property taxes for the purpose of this section if the proceeds are used
17 exclusively for operating expenses related to properties within the project and
18 not for improvements within the district, as defined in subdivision (a)(3) of this
19 section.

1 (4) Amounts held apart under subdivision (1) of this subsection shall
2 only be used for financing and related costs as defined in subsection (a) of this
3 section.

4 (i) Use of tax increment.

5 (1) Education property tax increment. For only debt incurred within the
6 period permitted under subdivision (e)(3) of this section after approval of the
7 project, up to 80 percent of the education tax increment may be retained to
8 service the debt and related costs, beginning with the first year in which debt is
9 incurred for the project. Upon incurring the first debt, a municipality shall
10 notify the Department of Taxes and the Vermont Economic Progress Council
11 of the beginning of the retention period of the education tax increment.

12 (2) Use of the municipal property tax increment. For only debt incurred
13 within the period permitted under subdivision (e)(3) of this section after
14 approval of the project, not less than 100 percent of the municipal tax
15 increment shall be retained to service the debt and related costs, beginning the
16 first year in which debt is incurred for the project.

17 (3) Retention of tax increment shall continue until all debt is retired.

18 (j) Distribution. Of the municipal and education tax increments received in any
19 tax year that exceed the amounts committed for the payment of the financing
20 for improvements and related costs for the project, equal portions of each
21 increment may be retained for the following purposes: prepayment of principal

1 and interest on the financing, placed in a special account required by
2 subdivision (g)(1) of this section and used for future financing payments, or
3 used for defeasance of the financing. Any remaining portion of the excess
4 municipal tax increment shall be distributed to the city, town, or village
5 budget, in the proportion that each budget bears to the combined total of the
6 budgets, unless otherwise negotiated by the city, town, or village, and any
7 remaining portion of the excess education tax increment shall be distributed to
8 the Education Fund.

9 (k) Information reporting. Every municipality with an approved project
10 pursuant to this section shall:

11 (1) Develop a system, segregated for the project, to identify, collect,
12 and maintain all data and information necessary to fulfill the reporting
13 requirements of this section, including performance measures.

14 (2) Provide, as required by events, notification to the Vermont
15 Economic Progress Council and the Department of Taxes regarding any tax
16 increment financing development project debt obligations, public votes, or
17 votes by the municipal legislative body immediately following such obligation
18 or vote on a form prescribed by the Council, including copies of public notices,
19 agendas, minutes, vote tally, and a copy of the information provided to the
20 public in accordance with 24 V.S.A. § 1894(i).

21 (3) Annually:

1 (A) Ensure that the tax increment financing project account required
2 by subdivision (h)(1) is subject to the annual audit prescribed in subsection (m)
3 of this section. Procedures must include verification of the original taxable
4 value and annual and total municipal and education tax increments generated,
5 expenditures for debt and related costs, and current balance.

6 (B) On or before October 15 of each year, on a form prescribed by the
7 Council, submit an annual report to the Vermont Economic Progress Council
8 and the Department of Taxes, including the information required by
9 subdivision (2) of this section if not already submitted during the year, all
10 information required by subdivision (A) of this subdivision (3), and the
11 information required by 32 V.S.A. § 5404a(i), including performance measures
12 and any other information required by the Council or the Department of Taxes.

13 (1) Annual report. The Vermont Economic Progress Council and the
14 Department of Taxes shall submit an annual report to the Senate Committees
15 on Economic Development, Housing and General Affairs and on Finance and
16 the House Committees on Commerce and Economic Development and on
17 Ways and Means on or before ~~April~~ January 1 each year. The report shall
18 include the date of approval, a description of the project, the original taxable
19 value of the property subject to the project development, the scope and value
20 of projected and actual improvements and developments in the TIF Project
21 Zone, projected and actual incremental revenue amounts, and division of the

1 increment revenue between project debt, the Education Fund, the special
2 account required by subdivision (h)(1) and the municipal General Fund,
3 projected and actual financing, and a set of performance measures developed
4 by the Vermont Economic Progress Council, which may include outcomes
5 related to the criteria for which the municipality applied and the amount of
6 infrastructure work performed by Vermont firms.

7 (m) Audit; financial reports. Annually, until the year following the end of
8 the period for retention of education tax increment, a municipality with an
9 approved project under this section shall on or before April 1, ensure that the
10 project is subject to the annual audit prescribed in 24 V.S.A. § 1681 or 1690
11 and submit a copy to the Vermont Economic Progress Council. In the event
12 that the audit is only subject to the audit under 24 V.S.A. § 1681, the Vermont
13 Economic Progress Council shall ensure a process is in place to subject the
14 project to an independent audit. Procedures for the audit must include
15 verification of the original taxable value and annual and total municipal and
16 education tax increments generated, expenditures for debt and related costs,
17 and current balance.

18 (n) Authority to issue decisions.

19 (1) The Secretary of Commerce and Community Development, after
20 reasonable notice to a municipality and an opportunity for a hearing, is
21 authorized to issue decisions to a municipality on questions and inquiries

1 concerning the administration of projects, statutes, rules, noncompliance with
2 this section, and any instances of noncompliance identified in audit reports
3 conducted pursuant to subsection (m) of this section.

4 (2) The Vermont Economic Progress Council shall prepare
5 recommendations for the Secretary prior to the issuance of a decision. As
6 appropriate, the Council may prepare such recommendations in consultation
7 with the Commissioner of Taxes, the Attorney General, and the State
8 Treasurer. In preparing recommendations, the Council shall provide a
9 municipality with a reasonable opportunity to submit written information in
10 support of its position. The Secretary shall review the recommendations of the
11 Council and issue a final written decision on each matter within 60 days of the
12 receipt of the recommendations. The Secretary may permit an appeal to be
13 taken by any party to a Superior Court for determination of questions of law in
14 the same manner as the Supreme Court may by rule provide for appeals before
15 final judgment from a Superior Court before issuing a final decision.

16 (o) The Vermont Economic Progress Council is authorized to adopt policies
17 that are consistent with the 2015 TIF Rule, as may be modified by subsequent
18 rule, to implement this section.

19 * * * Tax Increment Financing * * *

20 Sec. 24. 2020 Acts and Resolves No. 111, Sec. 1 is amended to read:

21 Sec. 1. TAX INCREMENT FINANCING DISTRICT; TOWN OF

1 HARTFORD

2 Notwithstanding any other provision of law, the authority of the Town of
3 Hartford to:

4 (1) incur indebtedness for its tax increment financing district is hereby
5 extended for three years beginning on March 31, 2024 until March 31, 2026.

6 ~~This extension does not extend any period that municipal or education tax~~
7 ~~increment may be retained.~~

8 (2) retain municipal and education tax increment is hereby extended
9 until December 31, 2036.

10 Sec. 25. 2021 Acts and Resolves No. 73, Sec. 26a, amending 2020 Acts and
11 Resolves No. 175, Sec. 29, is amended to read:

12 Sec. 26a. 2020 Acts and Resolves No. 175, Sec. 29 is amended to read:

13 Sec. 29. TAX INCREMENT FINANCING DISTRICTS; DEBT
14 INCURRENCE PERIODS; EXTENSIONS

15 (a) Notwithstanding any other provision of law, the period to incur
16 indebtedness is extended for the following tax increment financing districts:

17 (1) The Barre City Downtown Tax Increment Financing District is
18 extended to ~~March 31, 2024~~ [INSERT DATE].

19 * * *

20 * * * Single-Room Occupancy * * *

21 Sec. 26. SINGLE-ROOM OCCUPANCY

1 Of the amounts available from State funds and federal COVID-19 relief
2 funds, it is the intent of the General Assembly to appropriate up to \$5,000,000
3 to the Department of Housing and Community Development funding to design
4 and implement a pilot program to provide matching funds for the new
5 development or redevelopment of single-room occupancy facilities.

6 * * Risk Mitigation Pool * * *

7 Sec. 27. RISK POOL FUNDING

8 Of the amounts available from State funds and federal COVID-19 relief
9 funds, it is the intent of the General Assembly to appropriate funding to the
10 Agency of Human Services to provide additional support for housing risk
11 pools and housing mitigation funds.

12 * * * Large Employer Housing Partnership * * *

13 Sec. 28. EMPLOYER HOUSING PARTNERSHIP PROGRAM

14 Of the amounts available from State funds and federal COVID-19 relief
15 funds, it is the intent of the General Assembly to appropriate to the Department
16 of Housing and Community Development funding to design and implement a
17 program to provide matching funds of not more than \$5,000.00 per employee
18 for the costs an employer with 25 or more employees incurs to provide housing
19 for its workforce.

20 * * * Conversion of Commercial Properties to Residential Use * * *

21 Sec. 29. COMMERCIAL PROPERTY CONVERSION INCENTIVE

1 of Housing and Community Development funding to expand safe and
2 affordable housing options through manufactured housing, to improve safety
3 and resiliency of existing mobile home communities, and to support the safety
4 and improvement of mobile home park infrastructure.

5 * * * Vermont Housing Finance Agency * * *

6 Sec. 32. VHFA WHOLE LOAN FUND

7 Of the amounts available from State funds and federal COVID-19 relief
8 funds, it is the intent of the General Assembly to appropriate necessary funds
9 and grant necessary authority to the Vermont Housing Finance Agency to
10 support the creation and implementation of a Whole Loan Fund.

11 * * * Missing Middle-Income Homeownership

12 Development Pilot Program * * *

13 Sec. 33. 2022 Acts and Resolves No. 182, Sec. 11 is amended to read:

14 Sec. 11. MISSING MIDDLE-INCOME HOMEOWNERSHIP

15 DEVELOPMENT PILOT PROGRAM

16 (a) The following amounts are appropriated from the America Rescue Plan
17 Act (ARPA) – Coronavirus State Fiscal Recovery Funds to the Department of
18 Housing and Community Development to grant to the Vermont Housing
19 Finance Agency to establish the Missing Middle-Income Homeownership
20 Development Pilot Program:

21 (1) \$5,000,000.00 in fiscal year 2022; and

1 (2) \$10,000,000.00 in fiscal year 2023.

2 (b) As used in this section:

3 (1) “Affordable owner-occupied housing” means owner-occupied
4 housing identified in 26 U.S.C. § 143(c)(1) or that qualifies under Vermont
5 Housing Finance Agency criteria governing owner-occupied housing.

6 (2) “Income-eligible homebuyer” means a Vermont household with
7 annual income that does not exceed 120 percent of area median income.

8 (c) The Agency shall use the funds appropriated in this section to provide
9 subsidies for new construction or acquisition and substantial rehabilitation of
10 affordable owner-occupied housing for purchase by income-eligible
11 homebuyers.

12 (d) The total amount of subsidies for a project shall not exceed 35 percent
13 of eligible development costs, as determined by the Agency, which the Agency
14 may allocate consistent with the following:

15 (1) Developer subsidy. The Agency may provide a direct subsidy to the
16 developer, which shall not exceed the difference between the cost of
17 development and the market value of the home as completed.

18 (2) Affordability subsidy. Of any remaining amounts available for the
19 project after the developer subsidy, the Agency may provide a subsidy for the
20 benefit of the homebuyer to reduce the cost of purchasing the home, provided
21 that:

1 (A) the Agency includes conditions in the subsidy, or uses another
2 legal mechanism, to ensure that, to the extent the home value has risen, the
3 amount of the subsidy remains with the home to offset the cost to future
4 homebuyers; or

5 (B) the subsidy is subject to a housing subsidy covenant, as defined
6 in 27 V.S.A. § 610, that preserves the affordability of the home for a period of
7 99 years or longer.

8 (3) The Agency shall allocate not less than 33 percent of the funds
9 available through the Program to projects that include a housing subsidy
10 covenant consistent with subdivision (2)(B) of this subsection.

11 (e) The Agency shall adopt a Program plan that establishes application and
12 selection criteria, including:

- 13 (1) project location;
- 14 (2) geographic distribution;
- 15 (3) leveraging of other programs;
- 16 (4) housing market needs;
- 17 (5) project characteristics, including whether the project includes the use
18 of existing housing as part of a community revitalization plan;
- 19 (6) construction standards, including considerations for size;
- 20 (7) priority for plans with deeper affordability and longer duration of
21 affordability requirements;

- 1 (8) sponsor characteristics;
- 2 (9) energy efficiency of the development; and
- 3 (10) historic nature of the project.

4 (f)(1) When designing and implementing the program, the Agency shall
5 consult experts in the field and stakeholders to inform the design of the
6 program.

7 (2) The program shall include a streamlined and minimal application
8 process for applicants to apply.

9 (3) The program design shall establish:

10 (A) an outreach and education plan including specific tactics to reach
11 and support eligible applicants, especially those from underserved regions or
12 sectors;

13 (B) an equitable system for distributing grants statewide on the basis
14 of need according to a system of priorities, including:

15 (i) geographic location;

16 (ii) community size; and

17 (iii) whether an application has already received a grant or is from
18 an applicant in a community that has already received Program funding.

19 (4) The Agency shall use its best efforts to assure:

1 (A) that grant funds awarded are targeted to the geographic
2 communities or regions with the most pressing economic and employment
3 needs; and

4 (B) that the allocation of grant funds provides equitable access to the
5 benefits to all eligible geographical areas.

6 (g) The Agency may assign its rights under any investment or subsidy made
7 under this section to the Vermont Housing and Conservation Board or any
8 State agency or nonprofit organization qualifying under 26 U.S.C. § 501(c)(3),
9 provided such assignee acknowledges and agrees to comply with the
10 provisions of this section.

11 ~~(g)~~ (h) The Agency shall ensure that initial investments made under this
12 Program are obligated by December 31, 2024 and expended by December 31,
13 2026.

14 ~~(h)~~ (i) The Department shall report to the House Committee on General,
15 Housing, and Military Affairs and Senate Committee on Economic
16 Development, Housing and General Affairs on the status of the Program
17 annually, on or before January 15, through 2027.

18 Sec. 34. MISSING MIDDLE; FUNDING

19 Of the amounts available from State funds and federal COVID-19 relief
20 funds, it is the intent of the General Assembly to appropriate additional

1 funding to the Vermont Housing Finance Agency for the Missing Middle-
2 Income Homeownership Development Pilot Program.

3 * * * Vermont Rental Housing Improvement Program * * *

4 Sec. 35. 10 V.S.A. § 699 is amended to read:

5 § 699. VERMONT RENTAL HOUSING IMPROVEMENT PROGRAM

6 (a) Creation of Program.

7 (1) The Department of Housing and Community Development shall
8 design and implement the Vermont Rental Housing Improvement Program,
9 through which the Department shall award funding to statewide or regional
10 nonprofit housing organizations, or both, to provide competitive grants and
11 forgivable loans to private landlords for the rehabilitation, including
12 weatherization, of eligible rental housing units.

13 (2) The Department shall develop statewide standards for the Program,
14 including factors that partner organizations shall use to evaluate applications
15 and award grants and forgivable loans.

16 (b) Eligible rental housing units. The following units are eligible for a grant
17 or forgivable loan through the Program:

18 (1) Non-code compliant. The unit does not comply with the requirements
19 of applicable building, housing, or health laws.

20 (2) New accessory dwelling. The unit will be a newly created accessory
21 dwelling unit that meets the requirements of 24 V.S.A. § 4412(1)(E).

1 (c) Administration. The Department shall require a housing organization
2 that receives funding under the Program to adopt:

3 (1) a standard application form that describes the application process and
4 includes instructions and examples to help landlords apply;

5 (2) an award process that ensures equitable selection of landlords,
6 subject to a housing organization’s exercise of discretion based on the factors
7 adopted by the Department pursuant to subsection (a) of this section; and

8 (3) a grant and loan management system that ensures accountability for
9 funds awarded.

10 (d) Program requirements applicable to grants and forgivable loans.

11 (1) A grant or loan shall not exceed \$50,000.00 per unit. In determining
12 the amount of a grant or loan, a housing organization shall consider the number
13 of bedrooms in the unit and whether the unit is being rehabilitated or newly
14 created.

15 (2) A landlord shall contribute matching funds or in-kind services that
16 equal or exceed 20 percent of the value of the grant or loan.

17 (3) A project may include a weatherization component.

18 (4) A project shall comply with applicable building, housing, and health
19 laws.

1 (5) The terms and conditions of a grant or loan agreement apply to the
2 original recipient and to a successor in interest for the period the grant or loan
3 agreement is in effect.

4 (6) The identity of a recipient and the amount of a grant or forgivable
5 loan are public records that shall be available for public copying and inspection
6 and the Department shall publish this information at least quarterly on its
7 website.

8 (e) Program requirements applicable to grants. For a grant awarded under
9 subdivision (b)(1) of this section for a unit that is non-code compliant, the
10 following requirements apply for a minimum period of five years:

11 (1) A landlord shall coordinate with nonprofit housing partners and local
12 coordinated entry organizations to identify potential tenants.

13 (2)(A) Except as provided in subdivision (2)(B) of this subsection (e), a
14 landlord shall lease the unit to a household that is exiting homelessness or
15 actively working with an immigrant or refugee resettlement program.

16 (B) If, upon petition of the landlord, the Department or the housing
17 organization that issued the grant determines that a household exiting
18 homelessness is not available to lease the unit, then the landlord shall lease the
19 unit:

20 (i) to a household with an income equal to or less than 80 percent
21 of area median income; or

1 (ii) if such a household is unavailable, to another household with
2 the approval of the Department or housing organization.

3 (3)(A) A landlord shall accept any housing vouchers that are available to
4 pay all, or a portion of, the tenant’s rent and utilities.

5 (B) If no housing voucher or federal or State subsidy is available, the
6 total cost of rent for the unit, including utilities not covered by rent payments,
7 shall not exceed the applicable fair market rent established by the Department
8 of Housing and Urban Development.

9 (4)(A) A landlord may convert a grant to a forgivable loan upon approval
10 of the Department and the housing organization that approved the grant.

11 (B) A landlord who converts a grant to a forgivable loan shall receive
12 a 10-percent credit for loan forgiveness for each year in which the landlord
13 participates in the grant program.

14 (f) Requirements applicable to forgivable loans. For a forgivable loan
15 awarded under subdivision (b)(1) of this section for a unit that is non-code
16 compliant, the following requirements apply for a minimum period of 10
17 years:

18 (1)(A) A landlord shall accept any housing vouchers that are available to
19 pay all, or a portion of, the tenant’s rent and utilities.

20 (B) If no housing voucher or federal or State subsidy is available, the
21 cost of rent for the unit, including utilities not covered by rent payments, shall

1 not exceed the applicable fair market rent established by the Department of
2 Housing and Urban Development.

3 (2) The Department shall forgive 10 percent of the amount of a
4 forgivable loan for each year a landlord participates in the loan program.

5 (g) Requirements for an accessory dwelling unit.

6 (1) For a grant or forgivable loan awarded under subdivision (b)(2) of
7 this section for a unit that is a new accessory dwelling unit, the total cost of
8 rent for the unit, including utilities not covered by rent payments, shall not
9 exceed the applicable fair market rent established by the Department of
10 Housing and Urban Development.

11 (2) A landlord shall not offer an accessory dwelling unit created through
12 the Program as a short-term rental, as defined in 18 V.S.A. § 4301.

13 (h) Lien priority. A lien for a grant converted to a loan or for a forgivable
14 loan issued pursuant to this section is subordinate to:

15 (1) a lien on the property in existence at the time the lien for
16 rehabilitation and weatherization of the rental housing unit is filed in the land
17 records; and

18 (2) a first mortgage on the property that is refinanced and recorded after
19 the lien for rehabilitation and weatherization of the rental housing unit is filed
20 in the land records.

21 Sec. 36. VHIP; FUNDING

