TO THE HOUSE OF REPRESENTATIVES:

The Committee on General and Housing to which was referred House Bill No. 775 entitled "An act relating to creating tools for housing production" respectfully reports that it has considered the same and recommends that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Special Assessment Bonds * * *

Sec. 1. 24 V.S.A. § 3257 is added to read:

§ 3257. SPECIAL ASSESSMENT BONDS

(a) Upon approval of the legislative body of the municipality and subject to subsection (c) of this section, a municipality may issue revenue bonds for the purpose of financing a public improvement for the benefit of the limited area of the municipality to be served by the improvement. A revenue bond issued under this section is issued for an essential and governmental purpose.

(b) A revenue bond issued pursuant to this section shall be payable solely and exclusively from the special assessments levied on the properties to be served by the improvement and shall not constitute general indebtedness of the municipality. No holder of a bond issued under this section shall have the right to compel any exercise of the taxing power of the municipality to pay on the bond.

(c) The municipality may issue a revenue bond pursuant to this section only if one or more of the following conditions are met:

(1) one of the following entities provides a commitment letter for the issuance:

(A) the Vermont Bond Bank;

(B) a bank regulated by the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, or the Federal Reserve Board; or

(C) a credit union regulated by the National Credit Union Administration; or

(2) a nationally recognized statistical rating organization that has an active U.S. public finance practice rates the issuance at a minimum credit rating of BBB or equivalent.

* * * Vermont Housing Special Fund * * *

Sec. 2. 10 V.S.A. § 10 is amended to read:

§ 10. VERMONT STATE TREASURER; CREDIT FACILITY FOR LOCAL INVESTMENTS

(a)(1) Notwithstanding any provision of 32 V.S.A. § 433(a) to the contrary and consistent with prudent investment principles and guidelines pursuant to 32 V.S.A. § 433(b) and (c) and the Uniform Prudent Investor Act, 14A V.S.A.

chapter 9, the Vermont State Treasurer shall have the authority to establish on terms acceptable to the Treasurer:

(A) a credit facility of up to ~~10~~ 12.5 percent of the State's average cash balance ~~on terms acceptable to the Treasurer and consistent with prudent investment principles and guidelines pursuant to 32 V.S.A. § 433(b)–(c) and the Uniform Prudent Investor Act, 14A V.S.A. chapter 9~~; and

(B) a credit facility of up to one percent of the State's average cash balance, provided that the credit facility established under subdivision (A) of this subdivision (1) shall be reduced by an equal amount to any credit facility amount established under this subdivision (B).

(2) The credit facility established in subdivision (1)(B) of this subsection may be used only to facilitate housing development through the bulk purchasing of off-site constructed housing and to aid in the purchase of off-site constructed housing units.

(3) Financial losses of the credit facility established in subdivision (1)(B) of this subsection shall be repaid from the Vermont Housing Special Fund established in section 12 of this title.

(b) The Treasurer may use amounts available under subsection (a) of this section to provide financing for infrastructure projects in Vermont mobile home parks and may modify the terms of such financing in the Treasurer's

discretion as is necessary to promote the availability of mobile home park housing and to protect the interests of the State.

(c) Notwithstanding any provision of 32 V.S.A. § 433(a) to the contrary, and in addition to the provisions of subsection (a) ~~on~~ of this section, the Vermont State Treasurer shall have the authority to establish a credit facility of up to two and one-half percent of the State's average cash balance on terms acceptable to the Treasurer and consistent with prudent investment principles and guidelines pursuant to 32 V.S.A. § ~~433(b) (c)~~ 433(b) and (c) and the Uniform Prudent Investor Act, 14A V.S.A. chapter 9. The Treasurer may use amounts available under this subsection only to provide financing for climate infrastructure and resilience projects and may modify the terms of such financing in the Treasurer's discretion as is necessary to protect the ~~interest~~ interests of the State.

(d) Annually, on or before November 15, the Treasurer shall submit a report detailing the activities, financing, and accounting of any credit facilities created pursuant to subsection (c) of this section during the preceding calendar year to the Governor; the House Committees on Appropriations, on Commerce and Economic Development, and on Ways and Means; and the Senate Committees on Appropriations, on Economic Development, Housing and General Affairs, and on Finance.

(e) The Treasurer shall retain any interest paid on loans authorized under this section. Interest funds shall be transferred upon receipt to the Vermont Housing Special Fund established in section 12 of this title.

Sec. 3. 10 V.S.A. § 12 is added to read:

§ 12. VERMONT HOUSING SPECIAL FUND

(a) There is established the Vermont Housing Special Fund to be administered by the State Treasurer in accordance with 32 V.S.A. chapter 7, subchapter 5.

(b) The Fund shall consist of the following:

(1) any monies appropriated to the Fund by the General Assembly;

(2) any monies transferred to the Fund from the federal government, State agencies, or other governmental sources; and

(3) any interest paid on loans authorized pursuant to section 10 of this title.

(c)(1) The Treasurer shall use funds under this section to provide capital for housing projects in Vermont that, in the Treasurer's discretion, are necessary to promote the increased availability of housing, including the bulk purchasing of off-site constructed housing as authorized in subdivision 10(a)(2) of this title. This capital may be provided on terms acceptable to the Treasurer, including in the form of grants, interest-free loans, or the investment of equity stakes in housing projects.

(2) The Treasurer may use funds to pay the administrative costs necessary to support the credit facilities created in section 10 of this title.

(d)(1) The Treasurer shall credit to the Fund all interest and income derived from the deposit and investment of monies in the Fund.

(2) Any unexpended and unencumbered monies at the end of a fiscal year shall remain in the Fund.

* * * Off-Site Construction Accelerator Pilot * * *

Sec. 4. OFF-SITE CONSTRUCTION ACCELERATOR PILOT

(a) The Agency of Commerce and Community Development in collaboration with the Department of Buildings and General Services shall develop a pilot demonstration project and study that explores the possibilities of reducing housing development costs through modular construction.

(b) The pilot will consider the following elements:

(1) bulk purchasing for a single development or aggregation of multiple developments;

(2) streamlining regulatory processes by creating preapproved modular designs;

(3) creating a loan loss reserve for construction loans;

(4) off-site construction, including panelized or volumetric modular construction;

(5) establishing a statewide procurement consortium for bulk orders of modular units and materials;

(6) aligning State and local permitting; and

(7) the creation and adoption of off-site building codes.

(c)(1) As part of the pilot, the Agency shall work with the Office of the State Treasurer to identify the feasibility of the State providing a guarantee or other device to facilitate bulk purchasing of the off-site construction of homes.

(2) Prior to distributing any funds under this subsection, the Treasurer shall consult with the Department of Housing and Community Development, the Vermont State Housing Authority, the Vermont Housing Finance Agency, and the Vermont Housing and Conservation Board.

(d) The pilot shall occur in one or more municipalities willing to participate in the regulatory reforms necessary to implement the process and accept the constructed homes.

(e) A municipal planning grant shall be made available to the participating municipalities to assist in enacting the necessary regulatory reforms.

(f) On or before November 15, 2028, the Agency shall submit a written report to the House Committee on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs with its findings and any recommendations for legislative action based on the success

of the pilot. The report shall include information on whether to enact a statewide building code or codes for off-site construction.

* * * VHIP * * *

Sec. 5. 10 V.S.A. § 699 is amended to read:

§ 699. VERMONT RENTAL HOUSING IMPROVEMENT PROGRAM

(a) Creation of Program.

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

(2) The Department shall develop statewide standards for the Program, including factors that partner organizations shall use to evaluate applications and award grants and forgivable loans. The Department may authorize partnership organizations to advance funding at the beginning of a project as part of an award.

* * *

* * * Vermont Economic Development Authority * * *

Sec. 6. 10 V.S.A. § 212 is amended to read:

§ 212. DEFINITIONS

As used in this chapter:

* * *

(6) "Eligible facility" or "eligible project" means any industrial, commercial, or agricultural enterprise or endeavor approved by the Authority used in a trade or business whether or not such business is operated for profit, including land and rights in land, air, or water; buildings; structures; machinery; and equipment of such eligible facilities or eligible projects, except that an eligible facility or project shall not include the portion of an enterprise or endeavor relating to the sale of goods at retail where such goods are manufactured primarily out of State, and except further that an eligible facility or project shall not include the portion of an enterprise or endeavor relating to housing unless otherwise authorized in this chapter. Such enterprises or endeavors may include:

* * *

(S) After consultation with and deference to the Vermont Housing Finance Agency on applications that are eligible for financing from both the Authority and the Agency, financing for one or more of the following types of long-term care facilities licensed by the State pursuant to 33 V.S.A. chapter 71 and other applicable law, and any independent living facility, as defined in 32 V.S.A. § 9202(18), associated with the licensed facility:

(i) an assisted living residence;

(ii) a home for the terminally ill;

(iii) a nursing home;

(iv) a residential care home; and

(v) a therapeutic community residence.

(T) Any capital improvement; purchase of receivables, property, assets, commodities, bonds, or other revenue streams or related assets; working capital program or liability; or other insurance program.

(U) After consultation with, and with deference to, the Vermont Housing Finance Agency on applications that are eligible for financing from both the Authority and the Agency, multiunit housing developments of five or more units when requested by, and jointly financed with, a financing lender, except that the Authority shall not finance housing developments that utilize funding issued by the Agency.

* * *

* * * Municipal Plans * * *

Sec. 7. 24 V.S.A. § 4388 is added to read:

§ 4388. PLANNING FOR HOUSING TARGETS

(a) A municipality shall:

(1) include within the housing element of a municipal plan an identification and analysis of existing and projected housing needs for the projected population of the jurisdiction, including the housing needs for

individuals with a disability, and provide regulations that allow for the rehabilitation, improvement, or development of the number of housing units needed, as identified in the land use plan and future land use map; or

(2) if the municipality cannot meet the regional housing targets developed pursuant to subdivision 4348a(a)(9) of this title, provide to the Department of Housing and Community Development an analysis of regulatory and physical constraints preventing the municipality from developing sufficient housing to meet the regional housing targets, including:

(A) a quantification of the jurisdiction's existing and projected needed housing types, including location, age, condition, and occupancy required to accommodate existing and estimated population projections;

(B) an inventory of sites, including zoned, unzoned, vacant, underutilized, and potential redevelopment sites, available to meet the jurisdiction's needed housing types;

(C) an analysis of any constraints to housing development, such as zoning, development standards, and infrastructure needs and capacity, and the identification of market-based incentives that may affect or encourage the development of needed housing types; and

(D) a detailed description of what actions the jurisdiction may take to accommodate the projected needed housing types identified in subdivision (A) of this subdivision (2), including:

(i) updates to specific zoning or municipal bylaw provisions or maps; and

(ii) updates to specific infrastructure, including municipal water and sewer capacity.

(b) The housing element of the municipal plan may incorporate by reference any information or policies identified in other housing needs assessments adopted by the governing body, identified in the regional plan, or published in the Statewide Housing Needs Assessment published by the Department of Housing and Community Development in accordance with subdivision 4348a(a)(9) of this title.

(c) The amount of detail provided in the analysis beyond the minimum criteria established in this section is at the discretion of the legislative body.

* * * Positions * * *

Sec. 8. POSITIONS

Two new permanent, full-time Grants Management Specialist Housing and Community Development classified positions are created within the Department of Housing and Community Development.

* * * Effective Date * * *

Sec. 9. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

(Committee vote: _____)

_____

Representative _____

FOR THE COMMITTEE