



State of Vermont
Department of Taxes
133 State Street
Montpelier, VT 05633-1401

Agency of Administration

TO: House Committee on Ways and Means
FROM: Craig Bolio, Commissioner
DATE: February 14, 2024
RE: 2024 Report on Covenant-Restricted Housing Valuation Pursuant to 32 V.S.A. § 3481(1)(C)

Vermont law requires the Commissioner of Taxes, in consultation with the Vermont Housing Conservation Board, to report to the House Committee on Ways and Means every five years with a recommendation on the percentage of appraisal value used for owner-occupied housing subject to a housing subsidy covenant. The relevant statute at 32 V.S.A. § 3481(1)(C) reads:

For owner-occupied housing that is subject to a housing subsidy covenant, as defined in 27 V.S.A. § 610, imposed by a governmental, quasi-governmental, or public purpose entity, that limits the price for which the property may be sold, the housing subsidy covenant shall be deemed to cause a material decrease in the value of the owner-occupied housing, and the appraisal value means not less than 60 and not more than 70 percent of what the fair market value of the property would be if it were not subject to the housing subsidy covenant. Every five years, starting in 2019, the Commissioner of Taxes, in consultation with the Vermont Housing Conservation Board, shall report to the House Committee on Ways and Means on whether the percentage of appraised value used in this subdivision should be altered and the reasons for his or her determination.

The Vermont Housing and Conservation Board provided the Commissioner of Taxes with their data and analysis in response to this statutory requirement. See, Attachment A. The data shows the sales of owner-occupied housing that is subject to a housing subsidy covenant, as defined in 27 V.S.A. 610, since January 2019. Of note on the attached spreadsheet:

- The purchase option price column shows the amount that the seller received at sale.
- The unrestricted market value at resale is based on the appraisal that was ordered when the seller decided to put the property on the market (which is required to calculate the option price for the seller).
- The percentage of current appraised value each seller received and the average is at the bottom.

On average, sellers with homes with these restrictions received 65.55% of the home's market value at the time of sale. This percentage accords with the range of 60–70% set in statute under 32 V.S.A. § 3481(1)(C). Accordingly, we do not recommend a statutory change to the appraisal value of these properties at this time.

