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H.702

Introduced by Representatives Baser of Bristol, Botzow of Pownal, Briglin of Thetford, Carr of Brandon, Dakin of Colchester, Eastman of Orwell, Kitzmiller of Montpelier, Lefebvre of Newark, O’Sullivan of Burlington, Parent of St. Albans Town, Scheuermann of Stowe, Sharpe of Bristol, Sheldon of Middlebury, Sibia of Dover, Smith of New Haven, Stuart of Brattleboro, and Willhoit of St. Johnsbury

Referred to Committee on

Date:

Subject: Conservation and development; commerce; housing; neighborhood planning areas; Act 250; local land use regulation; environmental conservation

Statement of purpose of bill as introduced: This bill proposes a demonstration project regarding measures to promote housing for Vermont’s workforce. The bill would authorize planning grants, infrastructure funding, and regulatory benefits to support two workforce housing pilot projects to be sited in neighborhood development areas designated under 24 V.S.A. chapter 76A.

An act relating to a workforce housing demonstration project

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

2 Sec. 1. WORKFORCE HOUSING PILOT PROJECTS;

3 INFRASTRUCTURE IMPROVEMENTS; APPROPRIATION

4 (a) Definition. In this act, “workforce housing pilot project” means a
5 discrete project located on a single tract or multiple contiguous tracts of land
6 that consists exclusively of owner-occupied housing or rental housing, or both,
7 that meets each of the following:

8 (1) The project includes 12 or more independent dwelling units, which
9 may be detached or connected.

10 (2) At least 25 percent of the units will be owned by or rented to
11 occupants whose gross annual household income does not exceed 100 percent
12 of the county median income, or 100 percent of the standard metropolitan
13 statistical area income if the municipality is located in such an area, as defined
14 by the U.S. Department of Housing and Urban Development, and the total
15 annual cost of the housing, including principal, interest, taxes, insurance, and
16 condominium association fees, is not more than 30 percent of the gross annual
17 household income.

18 (3) At least 50 percent of the remaining units will be owned by or rented
19 to occupants whose gross annual household income does not exceed
20 150 percent of the county median income, or 150 percent of the standard
21 metropolitan statistical area income if the municipality is located in such an

1 area, as defined by the U.S. Department of Housing and Urban Development,
2 and the total annual cost of the housing, including principal, interest, taxes,
3 insurance, and condominium association fees, is not more than 30 percent of
4 the gross annual household income.

5 (4) The project will be located in a neighborhood development area
6 designated under 24 V.S.A. § 2793e.

7 (5) The project will have a minimum residential density greater than or
8 equal to four single-family detached dwelling units per acre, exclusive of
9 accessory dwelling units as defined in 24 V.S.A. § 4303, or no fewer than the
10 average existing density of the surrounding neighborhood, whichever is
11 greater.

12 (b) Planning grants.

13 (1) The State Treasurer, working with the Local Investment Advisory
14 Committee created in 2014 Acts and Resolves No. 199, Sec. 24 shall have the
15 authority to allocate up to \$250,000.00 from the credit facility for local
16 investments created in Sec. 23 of that act, for the purpose of funding planning
17 grants to one or more municipalities who wish to pursue a workforce housing
18 pilot project pursuant to this section.

19 (2) The Vermont Housing and Conservation Board, in collaboration
20 with the State Treasurer, the Municipal Bond Bank, the Department of
21 Housing and Community Development, and the Vermont Housing Finance

1 Agency, shall use the amounts available under subdivision (b)(1) of this
2 section, and any additional grants, loans, or other monies, to award a planning
3 grant to one or more municipalities for market studies, planning, and technical
4 assistance related to securing a neighborhood development area designation
5 and authorizing a workforce housing pilot project.

6 (c) Pilot Projects.

7 (1) In fiscal year 2016 there is appropriated from the Capital Fund to the
8 Vermont Housing and Conservation Board the amount of \$1,000,000.00 for
9 the purpose of funding infrastructure improvements benefitting up to two
10 workforce housing pilot projects pursuant to this section.

11 (2) The Vermont Housing and Conservation Board, in collaboration
12 with the State Treasurer, the Municipal Bond Bank, the Department of
13 Housing and Community Development, and the Vermont Housing Finance
14 Agency, shall:

15 (A) create an application and approval process to select up to two
16 workforce housing pilot projects, provided that not more than one project may
17 be located in a municipality with a population of more than 10,000 full-time
18 residents;

19 (B) use the amounts available under subdivision (1) of this
20 subsection (c), and any additional grants, loans, or other monies, to provide the

1 funding for all or a portion of infrastructure improvements that benefit the
2 project or projects; and

3 (C) upon completion of the infrastructure improvements, collaborate
4 with the municipality where a project is located to identify and secure
5 appropriate long-term financing for the infrastructure improvements, which
6 may include one or more bond issues, loans, or other sources of financing.

7 (d) Report. On or before January 15, 2017, the Board shall report to the
8 House Committee on Commerce and Economic Development and the Senate
9 Committee on Economic Development, Housing and General Affairs, on
10 action it has taken pursuant to this Act, the status of any workforce housing
11 pilot projects, and any recommendations for additional administrative or
12 legislative action.

13 Sec. 2. WORKFORCE HOUSING PILOT PROJECTS; EXPANSION OF
14 NEIGHBORHOOD PLANNING AREA

15 The following shall apply solely for the purpose of designating a
16 neighborhood development area under 24 V.S.A. § 2793e that will include a
17 workforce housing pilot project, notwithstanding any contrary provision of that
18 statute:

19 (1) The outer boundary of a neighborhood planning area shall be
20 determined as follows:

1 (A) for a municipality with a designated downtown, by measuring
2 out two miles from each point around the entire perimeter of the designated
3 downtown boundary;

4 (B) for a municipality with one or more designated village centers, by
5 measuring out one-half mile from each point around the entire perimeter of the
6 designated village center boundary;

7 (C) for a municipality with a designated new town center, by
8 measuring out one-half mile from each point around the entire perimeter of the
9 designated new town center boundary; and

10 (D) for a municipality with a designated growth center, as the same
11 boundary as the designated growth center boundary.

12 (2) The proposed neighborhood development area shall consist of those
13 portions of the neighborhood planning area that are generally within walking
14 distance from the municipality's downtown, village center, or new town center
15 designated 24 V.S.A. chapter 76A or from locations within the municipality's
16 growth center designated under that chapter that are planned for higher density
17 development, or that are the closest available sites within the planning area to
18 the municipality's downtown, village center, or new town center, or to the
19 higher density locations within its growth center, that are suitable for a
20 workforce housing pilot project.

1 (3) The proposed neighborhood development area may include one or
2 more areas of land extending beyond the delineated neighborhood planning
3 area, provided that at least 80 percent but no fewer than seven of the members
4 of the State Board present find that:

5 (A) including the extended area beyond the neighborhood planning
6 area is consistent with the goals of 24 V.S.A. § 4302;

7 (B) residential development opportunities within the neighborhood
8 planning area are limited due to natural constraints and existing development
9 or, if the extension is for a workforce housing pilot project, those constraints
10 and existing development limit opportunities within the planning area for such
11 a project;

12 (C) the extended area represents a logical extension of an existing
13 compact settlement pattern and is consistent with smart growth principles; and

14 (D) the extended area is adjacent to existing development.

15 Sec. 3. REGULATORY BENEFITS

16 (a) Local land use bylaws. The municipality shall allow a workforce
17 housing pilot project as a permitted use under its bylaws. The municipality
18 may specify, in the bylaws, requirements applicable to such a project with
19 respect to size, height, building bulk, yards, courts, setbacks, density of
20 buildings, parking, traffic, noise, lighting, landscaping, and screening, provided
21 such requirements are consistent with the definition of workforce housing pilot

1 project in Sec. 1 of this act and do not have the effect of prohibiting the
2 project.

3 (b) Act 250. With respect to jurisdiction under 10 V.S.A. chapter 151:

4 (1) A workforce housing pilot project shall constitute a development
5 under 10 V.S.A. § 6001 only if the number of housing units in the project
6 meets or exceeds the numerical threshold for a priority housing project set
7 forth in 10 V.S.A. § 6001(3)(A)(iv) applicable to the municipality in which the
8 workforce housing pilot project will be located.

9 (2) The determination of jurisdiction over a workforce housing pilot
10 project shall count only the housing units included in that discrete project.

11 (3) Housing units in a workforce housing pilot project shall not count
12 toward determining jurisdiction over any other project.

13 (4) The word “subdivision” under 10 V.S.A. § 6001 shall not include a
14 lot or lots created for the purpose of resale as part of a workforce housing
15 project, if dwelling units will be sited on the lot that meet the minimum
16 residential density requirements required for such a project in Sec. 1 of this act.

17 (c) Agency of Natural Resources permits. On filing, an application for a
18 permit, certificate, or other approval issued by the Agency of Natural
19 Resources (ANR) pertaining to a workforce housing pilot project shall take
20 priority over all other pending applications for a permit, certificate, or
21 approval issued by ANR except for those pertaining to emergencies. In this

1 subsection (c), “priority” means that an application moves ahead of all other
2 pending applications with respect to determining whether it is complete,
3 issuing decisions, and performing all other actions necessary for ANR to
4 conduct and complete review of the application.

5 Sec. 4. EFFECTIVE DATE

6 This act shall take effect on passage.