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H.865

Introduced by Committee on General, Housing and Military Affairs

Date:

Subject: Housing

Statement of purpose of bill as introduced: This bill proposes to authorize and fund infrastructure improvements to support the development of workforce housing through two or more pilot projects; to authorize planning grants to municipalities seeking to create a designated downtown development district, designated new town center, designated growth center, or designated neighborhood development area or amend their bylaws to promote workforce housing and smart growth; and to extend the First Time Homebuyer's Down Payment Assistance Program through the Vermont Housing Finance Agency.

An act relating to promoting workforce housing

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

\* \* \* Purpose and Intent \* \* \*

Sec. 1. PURPOSE

The purpose of this act is to promote the creation of workforce housing:

(1) by creating two or more workforce housing pilot projects in targeted areas that benefit from funding for infrastructure improvements;

1           (2) by funding grants to municipalities so they can pursue designated  
2           downtown development districts, designated new town centers, designated  
3           growth centers, and designated neighborhood development areas, and by  
4           capitalizing on the existing regulatory benefits for these designated areas to  
5           promote the creation of new workforce housing; and

6           (3) by extending the First Time Homebuyer's Down Payment  
7           Assistance Program through the Vermont Housing Finance Agency to provide  
8           loans to more Vermont employees for down payment assistance and closing  
9           costs.

10                           \* \* \* Workforce Housing Pilot Projects \* \* \*

11           Sec. 2. WORKFORCE HOUSING PILOT PROJECTS;

12                           INFRASTRUCTURE IMPROVEMENTS; APPROPRIATION

13           (a) Definition. As used in this act, "workforce housing pilot project"  
14           means a discrete project located on a single tract or multiple contiguous tracts  
15           of land that consists exclusively of owner-occupied housing or rental housing,  
16           or both, that meets each of the following:

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

19                           (2) At least 25 percent of the units will be owned by or rented to  
20           occupants whose gross annual household income does not exceed 80 percent of  
21           the county median income, or 80 percent of the standard metropolitan

1 statistical area income if the municipality is located in such an area, as defined  
2 by the U.S. Department of Housing and Urban Development, and the total  
3 annual cost of the housing, including principal, interest, taxes, insurance, and  
4 condominium association fees for owner-occupied housing, and rent, utilities,  
5 and condominium association fees for rental housing, is not more than  
6 30 percent of the gross annual household income.

7 (3) At least 50 percent of the remaining units will be owned by or rented  
8 to occupants whose gross annual household income does not exceed  
9 120 percent of the county median income, or 120 percent of the standard  
10 metropolitan statistical area income if the municipality is located in such an  
11 area, as defined by the U.S. Department of Housing and Urban Development,  
12 and the total annual cost of the housing, including principal, interest, taxes,  
13 insurance, and condominium association fees, is not more than 30 percent of  
14 the gross annual household income.

15 (4) The project will:

16 (A) be located in a designated downtown development district,  
17 designated new town center, designated growth center, or designated  
18 neighborhood development area under 24 V.S.A. chapter 76A; or

19 (B)(i) have a minimum residential density greater than or equal to  
20 four single-family detached dwelling units per acre, exclusive of accessory

1 dwelling units as defined in 24 V.S.A. § 4303, or no fewer than the average  
2 existing density of the surrounding neighborhood, whichever is greater; and

3 (ii) the area in which the project is located represents a logical  
4 extension of an existing compact settlement pattern and is consistent with  
5 smart growth principles as defined in 24 V.S.A. § 2791.

6 (b) Pilot projects.

7 (1) Of the amounts authorized in fiscal years 2016–2017 for capital  
8 construction and State bonding pursuant to 32 V.S.A. § 701a, the amount of  
9 \$1,000,000.00 is appropriated to the Vermont Housing and Conservation  
10 Board for the purpose of awarding grants to fund infrastructure improvements  
11 benefitting two or more workforce housing pilot projects pursuant to this  
12 section.

13 (2) The Board, in consultation with the Department of Housing and  
14 Community Development, shall create an application and approval process to  
15 select two or more workforce housing pilot projects to provide the funding for  
16 all or a portion of infrastructure improvements that benefit the project or  
17 projects.

18 (c) Eligibility.

19 (1) Not more than one project may be located in a municipality with a  
20 population of more than 10,000 full-time residents.

1           (2) Eligible infrastructure improvements shall include roads, sidewalks,  
2           bridges, culverts, water, wastewater, stormwater, and other utilities.

3           (3) To remain eligible for grant funds, the person developing a project  
4           shall complete the project within two years from the effective date of a grant  
5           agreement with the Board.

6           (4) The Board shall give preference to proposals in which some or all of  
7           the units required by subdivision (a)(2) of this section are subject to covenants  
8           or other restrictions that make them perpetually affordable.

9           (d) Reports.

10           (1) On or before December 15, 2016, the Vermont Housing and  
11           Conservation Board shall submit an initial report to the House Committees on  
12           Commerce and Economic Development and on General, Housing and Military  
13           Affairs and the Senate Committee on Economic Development, Housing and  
14           General Affairs, on action it has taken pursuant to this act, the status of any  
15           workforce housing pilot projects, and any recommendations for additional  
16           administrative or legislative action.

17           (2) On or before December 15, 2016, the Agency of Commerce and  
18           Community Development shall report to the House Committees on Commerce  
19           and Economic Development and on General, Housing and Military Affairs and  
20           the Senate Committee on Economic Development, Housing and General  
21           Affairs on the following:

1           (A) A review of existing statute and programs such as property tax  
2           reallocation as a tool to potentially update existing housing stock.

3           (B) Data from the Agency of Natural Resources, the Agency of  
4           Agriculture, Food and Markets, and the Natural Resources Board with respect  
5           to priority housing projects.

6           (i) For each such project, these agencies shall provide in the  
7           report:

8                   (I) Whether the project received an exemption under 10 V.S.A.  
9                   chapter 151 (Act 250).

10                   (II) The amount of the fee savings under Act 250.

11                   (III) The amount of the fee savings under permit programs  
12                   administered by the Agency of Natural Resources.

13                   (IV) The cost under 10 V.S.A. § 6093 to mitigate primary  
14                   agricultural soils and a comparison to what that cost of such mitigation would  
15                   have been if the project had not qualified as a priority housing project.

16                   (ii) Based on this data, the report shall summarize the benefits  
17                   provided to priority housing projects.

18                   (iii) In this subdivision (B), “primary agricultural soils” and  
19                   “priority housing project” have the same meaning as in 10 V.S.A. § 6001.

20                   (C) The results of a process led by the Executive Director of the  
21                   Vermont Economic Progress Council to engage stakeholders, including

1 representatives of the private lending industry; the private housing  
2 development industry; a municipality that has an Tax Increment Financing  
3 District; a municipality that has an designated downtown, growth center, or  
4 neighborhood development area; a municipality that has a priority housing  
5 project; the Department of Housing and Community Development; the  
6 Department of Economic Development; the Department of Taxes; and the  
7 Vermont Housing and Conservation Board, to investigate alternative municipal  
8 infrastructure financing to enable smaller communities to build the needed  
9 infrastructure to support mixed-income housing projects in communities  
10 around the State.

11 (3) On or before December 15, 2018, the Vermont Housing and  
12 Conservation Board shall submit a final report to the House Committees on  
13 Commerce and Economic Development and on General, Housing and Military  
14 Affairs and the Senate Committee on Economic Development, Housing and  
15 General Affairs on action it has taken pursuant to this act, the status of any  
16 workforce housing pilot projects, and any recommendations for additional  
17 administrative or legislative action.



