

H.865

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;

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

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

* * * Workforce Housing Pilot Projects * * *

Sec. 2. WORKFORCE HOUSING PILOT PROJECTS;

INFRASTRUCTURE IMPROVEMENTS; APPROPRIATION

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

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

(2)(A) A minimum of 25 percent of the total number of units in the project will be owned by or rented to occupants whose gross annual household income does not exceed 80 percent of:

(i) the county median income, as defined by the U.S. Department of Housing and Urban Development; or

(ii) the standard metropolitan statistical area median income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development; and

(B) the total annual cost of the housing, including principal, interest, taxes, insurance, and condominium association fees for owner-occupied housing, and rent, utilities, and condominium association fees for rental housing, is not more than 30 percent of the gross annual household income.

(3)(A) A minimum of 50 percent of the total number of units in the project will be owned by or rented to occupants whose gross annual household income exceeds 80 percent, but does not exceed 120 percent, of:

(i) the county median income, as defined by the U.S. Department of Housing and Urban Development; or

(ii) the standard metropolitan statistical area median income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development; and

(B) the total annual cost of the housing, including principal, interest, taxes, insurance, and condominium association fees, is not more than 30 percent of the gross annual household income.

(4) The project will:

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

(B)(i) have a minimum residential density greater than or equal to four single-family detached dwelling units per acre, exclusive of accessory dwelling units as defined in 24 V.S.A. § 4303, or no fewer than the average existing density of the surrounding neighborhood, whichever is greater; and

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

(b) Pilot projects.

(1) Of the amounts appropriated to the Agency of Human Services to replace legacy technologies pursuant to 2010 Acts and Resolves No. 156, Sec. D.106(c)(1), as amended by 2011 Acts and Resolves No. 63, Sec. C.100, the amount of \$1,000,000.00 is hereby appropriated to the Vermont Housing and Conservation Board for the purpose of awarding grants to fund infrastructure improvements benefitting two or more workforce housing pilot projects pursuant to this section.

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

(c) Eligibility.

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

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

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

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

(d) Reports.

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

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

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

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

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

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

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

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

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

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

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

(C) The results of a process led by the Executive Director of the Vermont Economic Progress Council to engage stakeholders, including representatives of the private lending industry; the private housing development industry; a municipality that has an Tax Increment Financing

District; a municipality that has an designated downtown, growth center, or neighborhood development area; a municipality that has a priority housing project; the Department of Housing and Community Development; the Department of Economic Development; the Department of Taxes; and the Vermont Housing and Conservation Board, to investigate alternative municipal infrastructure financing to enable smaller communities to build the needed infrastructure to support mixed-income housing projects in communities around the State.

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

Sec. 3. [Deleted.]

* * * First Time Homebuyer's Down Payment Assistance Program;

Vermont Housing Finance Agency * * *

Sec. 4. 32 V.S.A. § 5930u is amended to read:

§ 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

* * *

(g)(1) In any fiscal year, the allocating agency may award up to:

(A) \$400,000.00 in total first-year credit allocations to all applicants for rental housing projects, for ~~a total~~ an aggregate limit of \$2,000,000.00 over any given five-year period that credits are available under this subdivision (A);

(B) \$300,000.00 in total first-year credit allocations for owner-occupied unit financing or down payment loans consistent with the allocation plan, including for new construction and manufactured housing, for ~~a total~~ an aggregate limit of \$1,500,000.00 over any given five-year period that credits are available under this subdivision (B).

~~(2) In fiscal years 2016, 2017, and 2018, the allocating agency may award up to \$125,000.00 in total first-year credit allocations for loans through the Down Payment Assistance Program created in subdivision (b)(2) of this section for a total aggregate limit of \$375,000.00 over the five-year period that credits are available under this subdivision.~~

In any fiscal year, total first-year credit allocations under subdivision (1) of this subsection plus succeeding-year deemed allocations shall not exceed \$3,500,000.00.

~~(h) The aggregate limit for all credit allocations available under this section in any fiscal year is \$3,875,000.00.~~

(1) In fiscal year 2016 through fiscal year 2022, the allocating agency may award up to \$125,000.00 in total first-year credit allocations for loans

through the Down Payment Assistance Program created in subdivision (b)(2) of this section.

(2) In any fiscal year, total first-year credit allocations under subdivision (1) of this subsection plus succeeding-year deemed allocations shall not exceed \$625,000.00.

Sec. 5. VERMONT HEALTH BENEFIT EXCHANGE

TECHNOLOGY; SUSTAINABILITY ANALYSIS; REPORT;

(a)(1) The Joint Fiscal Office, in collaboration with one or more independent third parties pursuant to contracts negotiated for that purpose, shall conduct an analysis and provide a report to the General Assembly on or before December 1, 2016 on the current functionality and long-term sustainability of the technology for Vermont's Health Benefit Exchange, including a review of the deficiencies in Vermont Health Connect functionality and the integration, connectivity, and business logic of each as they pertain to both the back-end systems and the user interface of Vermont Health Connect.

(2) The analysis shall provide recommendations for improving the function, efficiency, reliability, operations, and customer experience of the technology going forward.

(3) The report shall include an evaluation of the investment value of existing components of the Exchange technology and the contractor's assessment of the feasibility and cost-effectiveness of leveraging existing

components of the Vermont Health Benefit Exchange as part of the technology for a larger, integrated eligibility system, including reviewing changes other states have made to the Exchange components of their technology infrastructure.

(4) The analysis and report shall provide a comparison of the investments required to ensure a sustainable State-based Exchange through further investment in Vermont Health Connect's current technology, including any opportunities to build on other states' Exchange technology, with the estimated investments that would be required to transition to a fully or partially federally facilitated Exchange.

(b) In conducting the analysis and report pursuant to this section, and in preparing any requests for proposals from independent third parties, the Joint Fiscal Office shall consult with health insurers offering qualified health plans on Vermont Health Connect.

(c) The General Assembly shall provide ongoing oversight and review of the analysis and report.

Sec. 6. FISCAL YEAR 2016; REVERSIONS; APPROPRIATIONS

(a) Notwithstanding any provision of law to the contrary, and in addition to any other reversions in fiscal year 2016, the following amounts appropriated in fiscal year 2016 to the following sources shall revert to the General Fund:

(1) from the Office of the State Treasurer, the amount of \$115,000.00;

(2) from the Green Mountain Care Board, the amount of \$109,320.00.

(b) The amount of \$224,320.00 is appropriated in fiscal year 2016 from the General Fund to the Joint Fiscal Office for the purpose of implementing Sec. 5 of this act.

Sec. 7. FISCAL YEAR 2017; APPROPRIATION; ALLOCATION

(a) Of the amounts appropriated in fiscal year 2017 from the General Fund to the Agency of Agriculture, Food and Markets, the amount of \$175,680.00 is appropriated from the Agency to the Joint Fiscal Office for the purpose of implementing Sec. 5 of this act.

(b) The Commissioner of Finance and Management shall exercise his or her authority pursuant to 32 V.S.A. § 511 (allocation of excess receipts) to allocate \$175,680.00 to the Agency of Agriculture, Food and Markets.

Sec. 8. EFFECTIVE DATES

(a) This section and Sec. 6 (FY 2016 reversion; appropriation) shall take effect on passage.

(b) Secs. 1, 2, and 4 (workforce housing), 5 (health benefit exchange study), and 7 (FY 2017 appropriation; allocation) shall take effect on July 1, 2016.