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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.

1 * * * Municipal Planning Grants * * *

2 Sec. 3. MUNICIPAL PLANNING GRANTS; HOUSING;

3 APPROPRIATION

4 (a) In fiscal year 2017, the sum of \$50,000.00 is appropriated from the
5 General Fund to the Department of Housing and Community Development to
6 support municipalities in seeking designation of a designated downtown
7 development district, designated new town center, designated growth center, or
8 designated neighborhood development area under 24 V.S.A. chapter 76A, or
9 amending their land use bylaws under 24 V.S.A. chapter 117 to promote
10 increased supply of housing, or both.

11 (b) The Department shall award one or more grants on or before
12 December 31, 2016 through a competitive process that allows an eligible
13 municipality or municipalities to compete regardless of size, provided that to
14 receive funds, a municipality shall be confirmed under 24 V.S.A. § 4350.

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

16 Vermont Housing Finance Agency * * *

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

18 § 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

19 * * *

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

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

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

9 (2) In fiscal years 2016, 2017, ~~and 2018,~~ 2019, 2020, 2021, and 2022,
10 the allocating agency may award up to \$125,000.00 in total first-year credit
11 allocations for loans through the Down Payment Assistance Program created in
12 subdivision (b)(2) of this section for a total aggregate limit of ~~\$375,000.00~~
13 \$625,000.00 over ~~the~~ any given five-year period that credits are available
14 under this subdivision.

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16 ~~in any fiscal year is \$3,875,000.00.~~ [Repealed.]

17 * * * Effective Date * * *

18 Sec. 5. EFFECTIVE DATE

19 This act shall take effect on July 1, 2016.