

Vermont Legislative Joint Fiscal Office

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FISCAL NOTE

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H.865 – An Act Relating to Promoting Workforce Housing

As Introduced and as Amended by the House Committee on Corrections and Institutions, and the House Committee on Appropriations:

The purpose of this bill is to promote the creation of workforce housing by;

1. Creating two or more housing pilot projects in targeted areas that benefit from funding for infrastructure improvements by appropriating funds to the Vermont Housing and Conservation Board,
2. Fund grants to municipalities so that they can pursue designated downtown development districts, and,
3. Extending 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.

COST SUMMARY:

- Sec. 2(b)(1) Appropriates \$1,000,000 unused General Funds previously appropriated for the Integrated Eligibility project
- Sec. 3(a) of the bill appropriates \$50,000 general funds **STRUCK BY HOUSE APPROPRIATIONS**
- Sec. 4(g)(2) Extends the authority for first-time home buyer Down Payment Assistance Program tax credit allocations of \$125,000 credit for five consecutive years between 2019 and 2022. This will result in a total of \$2.5 million in additional tax credits in FY 2019 – FY 2022. This is in addition to the existing three years of allocations past last session. These credits are taken primarily against the bank franchise and insurance premiums taxes, although they are also eligible to be claimed against the personal and corporate income taxes.

More Detail:

Sec. 2(b)(1) **As Introduced** this bill contained an appropriation of \$1,000,000 from the fiscal year 2016-2017 Capital Bill 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. **As amended** by the House Corrections and Institutions Committee the funds are appropriated from general funds previously 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.

Sec. 3(a) of the bill **As Introduced** appropriated \$50,000 general funds to the Department of Housing and Community Development to support municipalities in seeking a designated downtown development district, designated new town center, designated growth center, or designated neighborhood development area, or amending their land use bylaws to promote increased supply of housing, or both. **As amended by House Appropriations** this section was struck.

Sec. 4 Tax Credit for Affordable Housing – Chart

Down Payment Assistance Program - Tax Credit Allocation Chart

| | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 |
|--------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Year 1 | (125,000) | (125,000) | (125,000) | (125,000) | (125,000) | | | | | | |
| Year 2 | | (125,000) | (125,000) | (125,000) | (125,000) | (125,000) | | | | | |
| Year 3 | | | (125,000) | (125,000) | (125,000) | (125,000) | (125,000) | | | | |
| Year 4 | | | | (125,000) | (125,000) | (125,000) | (125,000) | (125,000) | | | |
| Year 5 | | | | | (125,000) | (125,000) | (125,000) | (125,000) | (125,000) | | |
| Year 6 | | | | | | (125,000) | (125,000) | (125,000) | (125,000) | (125,000) | |
| Year 7 | | | | | | | (125,000) | (125,000) | (125,000) | (125,000) | (125,000) |
| | (125,000) | (250,000) | (375,000) | (500,000) | (625,000) | (625,000) | (625,000) | (500,000) | (375,000) | (250,000) | (125,000) |

Current Law: \$1.875 million between FY16 - FY22

Proposal: additional \$2.5 million between FY19 - FY26

Total All Credits (4,375,000)