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S.100

Introduced by Committee on Economic Development, Housing and General  
Affairs

Date: February 28, 2017

Subject: Commerce and trade; housing

Statement of purpose of bill as introduced: This bill proposes to promote  
affordable and sustainable housing through bonding for affordable housing  
development; through changes to State and municipal land use laws  
concerning affordable and priority housing projects; through education and  
outreach to municipalities concerning municipal authority on water and sewer  
connections; and through allowing captive insurance companies to participate  
in the tax credit for affordable housing.

An act relating to promoting affordable and sustainable housing

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

~~\*\*\* Housing Bond; Property Transfer Tax; Housing Projects \*\*\*~~

Sec. 1. VERMONT HOUSING AND CONSERVATION BOARD;

HOUSING FOR ALL

(a) Findings and purpose.

~~(1) The General Assembly finds that investments are needed to help~~

1 house the most vulnerable as well as creating more homes for workers.

2 (2) The shortage of affordable and available homes has been highlighted  
3 recently by:

4 (A) the Vermont Futures Project of the Vermont Chamber of  
5 Commerce, which set a growth target of 5,000 new and improved housing  
6 units annually;

7 (B) a national consultant's recommendations for a Roadmap to End  
8 Homelessness, which calls for 368 new units for permanent supportive housing  
9 and 1,251 new homes affordable at 30 percent of median or below over the  
10 next five years; and

11 (C) the 2015 statewide housing needs assessment by Bowen National  
12 Research, which found the largest gaps in housing affordable to households  
13 below 30 percent of median and between 85 percent and 120 percent, and a  
14 lack of housing availability across the income spectrum.

15 (3) The purpose of this section is to promote the development and  
16 improvement of housing for Vermonters.

17 (b) The Vermont Housing and Conservation Board shall use the proceeds  
18 of bonds, notes, and other obligations issued by the Vermont Housing Finance  
19 Agency pursuant to 10 V.S.A. § 621(22) and transferred to the Vermont  
20 Housing and Conservation Trust Fund to fund the creation and improvement  
21 of ownership and rental housing for Vermonters with very low to middle

1 ~~income in areas targeted for growth and reinvestment, as follows:~~

2 ~~(1) not less than 25 percent of the housing shall be targeted to~~  
3 ~~Vermonters with very low income, meaning households below 50 percent of~~  
4 ~~area median income; and~~

5 ~~(2) not less than 25 percent shall be targeted to Vermonters with~~  
6 ~~moderate income, meaning households between 80 and 120 percent of median~~  
7 ~~income.~~

8 Sec. 2. 32 V.S.A. § 9610 is amended to read:

9 § 9610. REMITTANCE OF RETURN AND TAX; INSPECTION OF  
10 RETURNS

11 (a) Not later than 30 days after the receipt of any property transfer return, a  
12 town clerk shall file the return in the office of the town clerk and electronically  
13 forward a copy of the acknowledged return to the Commissioner; provided,  
14 however, that with respect to a return filed in paper format with the town, the  
15 Commissioner shall have the discretion to allow the town to forward a paper  
16 copy of that return to the department.

17 (b) The copies of property transfer returns in the custody of the town clerk  
18 may be inspected by any member of the public.

19 (c) Prior to distributions of property transfer tax revenues under 10 V.S.A.  
20 § 312, 24 V.S.A. § 4306(a), and ~~32 V.S.A. §~~ subdivision 435(b)(10) of this  
21 ~~title, one percent of the revenues received from the property transfer tax shall~~

1 ~~be deposited in a special fund in the Department of Taxes for Property~~

2 Valuation and Review administration costs.

3 (d)(1) Prior to any distribution of property transfer tax revenue under  
4 10 V.S.A. § 312, 24 V.S.A. § 4306(a), subdivision 435(b)(10) of this title, and  
5 subsection (c) of this section, \$2.5 million of the revenue received from the  
6 property transfer tax shall be transferred to the Vermont Housing Finance  
7 Agency to pay the principal of and interest due on the bonds, notes, and other  
8 obligations authorized to be issued by the Agency pursuant to 10 V.S.A.  
9 § 621(22), the proceeds of which the Vermont Housing and Conservation  
10 Board shall use to create affordable housing pursuant to 10 V.S.A. chapter 15.

11 (2) As long as the bonds, notes, and other obligations incurred pursuant  
12 to subdivision (1) of this subsection remain outstanding, the rate of tax  
13 imposed pursuant to section 9602 of this title shall not be reduced below a rate  
14 estimated, at the time of any reduction, to generate annual revenues of at least  
15 \$12 million.

16 \* \* \* Vermont Housing Finance Agency; Authority to Issue Bonds for

17 Affordable Housing \* \* \*

18 Sec. 3. 10 V.S.A. § 621 is amended to read:

19 § 621. GENERAL POWERS AND DUTIES

20 The Agency shall have all of the powers necessary and convenient to carry  
21 out and effectuate the purposes and provisions of this chapter, including

22 ~~without limitation those general powers provided a business corporation by~~

1 ~~11A V.S.A. § 3.02 and those general powers provided a nonprofit corporation~~  
2 by 11B V.S.A. § 3.02 and including, without limiting the generality of the  
3 foregoing, the power to:

4 \* \* \*

5 (22) issue bonds, notes, and other obligations secured by the property  
6 transfer tax revenues transferred to the Agency pursuant to 32 V.S.A.  
7 § 9610(d).

8 Sec. 4. 10 V.S.A. § 631(1) is added to read:

9 (1)(1) The bonds, notes, and other obligations authorized to be issued  
10 pursuant to subdivision 621(22) of this title shall be secured by a pledge of the  
11 property transfer tax revenues to be transferred to the Agency pursuant to  
12 32 V.S.A. § 9610(d) and shall mature not later than June 30, 2038.

13 (2) The Agency may issue the bonds, notes, and other obligations in one  
14 or more series at one time or from time to time, provided that the aggregate  
15 annual debt service on the bonds, notes, and other obligations shall not exceed  
16 \$2.5 million at any time.

17 (3) The Agency shall transfer the proceeds of the bonds, notes, and  
18 other obligations, less issuance fees and costs and required reserves, to the  
19 Vermont Housing and Conservation Trust Fund established pursuant to section  
20 312 of this title, for use by the Vermont Housing and Conservation Board as  
21 provided in chapter 15 of this title.

1 ~~(4) The Agency, the Vermont Housing and Conservation Board, and the~~  
2 ~~State Treasurer may execute one or more agreements governing the terms and~~  
3 ~~conditions under which the property transfer tax revenues that secure the~~  
4 ~~bonds, notes, and obligations will be transferred to the Agency, and any other~~  
5 ~~issues they determine appropriate.~~

6 Sec. 5. REPEAL

7 The following shall be repealed on July 1, 2038:

8 (1) 32 V.S.A. § 9610(d) (property transfer tax priority for affordable  
9 housing debt repayment).

10 (2) 10 V.S.A. § 621(22) (Vermont Housing Finance Agency (VHFA)  
11 authority to issue debt obligations secured by property transfer tax).

12 (3) 10 V.S.A. § 631(l) (debt obligations issued by VHFA).

13 Sec. 6. 10 V.S.A. § 323 is amended to read:

14 § 323. ANNUAL REPORT

15 Prior to January 31 of each year, the ~~board~~ Board shall submit a report  
16 concerning its activities to the ~~governor~~ Governor and legislative committees  
17 on agriculture, natural resources and energy, appropriations, ways and means,  
18 finance, and institutions. The report shall include, ~~but not be limited to,~~ the  
19 following:

20 (1) a list and description of activities funded by the ~~board~~ Board during  
21 the preceding year, including commitments made to fund projects through  
22 ~~housing bond proceeds, and project descriptions, levels of affordability, and~~

1 geographic location:

2 \* \* \*

3 \* \* \* Municipal Outreach; Sewerage and Water Service Connections \* \* \*

4 Sec. 7. AGENCY OF NATURAL RESOURCES; EDUCATION AND  
5 OUTREACH; DELEGATION; SEWERAGE AND WATER  
6 SERVICE CONNECTIONS

7 (a) The Secretary of Natural Resources, after consultation with the  
8 Vermont League of Cities and Towns, shall conduct outreach and education for  
9 municipalities regarding the ability of a municipality under 10 V.S.A. § 1976  
10 to be delegated the authority to permit the connection of a municipal sewer or  
11 water service line to subdivided land, a building, or a campground.

12 (b) The education and outreach shall specify the conditions or requirements  
13 for delegation, how a municipality can seek delegation, and contact  
14 information or other resource to provide additional information regarding  
15 delegation. The education and outreach may include educational materials,  
16 workshops, or classes regarding the ability of a municipality to be delegated  
17 under 10 V.S.A. § 1976 the permitting of sewer and water service connection.

18 (c) On or before January 15, 2018, the Secretary of Natural Resources shall  
19 submit a report to the Senate Committees on Natural Resources and Energy  
20 and Economic Development, Housing and General Affairs and the House  
21 Committees on Natural Resources, Fish and Wildlife and on Commerce and

1 ~~Economic Development summarizing the education and outreach conducted or~~  
2 ~~planned by the Secretary under the requirements of this section and whether~~  
3 ~~any municipality has sought delegation of sewer and water service connection~~  
4 ~~permitting under 10 V.S.A. § 1976 since the effective date of this act.~~

5 \* \* \* Municipal Land Use and Development; Affordable Housing \* \* \*

6 Sec. 8. 24 V.S.A. § 4303 is amended to read:

7 § 4303. DEFINITION

8 The following definitions shall apply throughout this chapter unless the  
9 context otherwise requires:

10 (1) “Affordable housing” means either of the following:

11 (A) ~~Housing that is owned by its inhabitants whose gross annual~~  
12 ~~household income does not exceed 80 percent of the county median income, or~~  
13 ~~80 percent of the standard metropolitan statistical area income if the~~  
14 ~~municipality is located in such an area, as defined by the U.S. Department of~~  
15 ~~Housing and Urban Development, and the total annual cost of the housing,~~  
16 ~~including principal, interest, taxes, insurance, and condominium association~~  
17 ~~fees is not more than 30 percent of the household’s gross annual income.~~

18 Owner-occupied housing for which the total annual cost of  
19 ownership, including principal, interest, taxes, insurance, and condominium  
20 association fees, does not exceed 30 percent of the gross annual income of a  
21 household at 120 percent of the highest of the following.



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

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

6 ~~(iii) the statewide median income, as defined by the~~  
7 ~~U.S. Department of Housing and Urban Development.~~

8 ~~(B) Housing that is rented by its inhabitants whose gross annual~~  
9 ~~household income does not exceed 80 percent of the county median income, or~~  
10 ~~80 percent of the standard metropolitan statistical area income if the~~  
11 ~~municipality is located in such an area, as defined by the U.S. Department of~~  
12 ~~Housing and Urban Development, and the total annual cost of the housing,~~  
13 ~~including rent, utilities, and condominium association fees, is not more than 30~~  
14 ~~percent of the household's gross annual income.~~

15 ~~Rental housing for which the total annual cost of renting, including~~  
16 ~~rent, utilities, and condominium association fees, does not exceed 30 percent~~  
17 ~~of the gross annual income of a household at 80 percent of the highest of the~~  
18 ~~following:~~

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

21 ~~(ii) the standard metropolitan statistical area median income if the~~

1 ~~municipality is located in such an area, as defined by the U.S. Department of~~

2 Housing and Urban Development; or

3 (iii) the statewide median income, as defined by the  
4 U.S. Department of Housing and Urban Development.

5 \* \* \*

6 \* \* \* Act 250; Priority Housing Projects \* \* \*

7 Sec. 9. 10 V.S.A. § 6001 is amended to read:

8 § 6001. DEFINITIONS

9 In this chapter:

10 \* \* \*

11 (3)(A) "Development" means each of the following:

12 \* \* \*

13 (iv) The construction of housing projects such as cooperatives,  
14 condominiums, or dwellings, or construction or maintenance of mobile homes  
15 or mobile home parks, with 10 or more units, constructed or maintained on a  
16 tract or tracts of land, owned or controlled by a person, within a radius of five  
17 miles of any point on any involved land, and within any continuous period of  
18 five years. However:

19 (I) A priority housing project shall constitute a development  
20 under this subdivision (iv) only if the number of housing units in the project is:

21 ~~(aa) 275 or more, in a municipality with a population of~~

1 ~~15,000 or more; [Repealed.]~~

2 ~~(bb) 150 or more, in a municipality with a population of~~  
3 ~~10,000 or more but less than 15,000; [Repealed.]~~

4 ~~(cc) 75 or more, in a municipality with a population of~~  
5 ~~6,000 or more but less than 10,000;~~

6 ~~(dd) 50 or more, in a municipality with a population of~~  
7 ~~3,000 or more but less than 6,000;~~

8 ~~(ee) 25 or more, in a municipality with a population of less~~  
9 ~~than 3,000; and~~

10 ~~(ff) notwithstanding~~ Notwithstanding subdivisions ~~(aa)~~(cc)  
11 ~~through (ee) of this subdivision (3)(A)(v)(I), 10 or more if the construction~~  
12 ~~involves the demolition of one or more buildings that are listed on or eligible~~  
13 ~~to be listed on the State or National Register of Historic Places. However,~~  
14 ~~demolition shall not be considered to create jurisdiction under this subdivision~~  
15 ~~if the Division for Historic Preservation has determined that the proposed~~  
16 ~~demolition will have no adverse effect, will have no adverse effect if specified~~  
17 ~~conditions are met, or will have an adverse effect that will be adequately~~  
18 ~~mitigated. Any imposed conditions shall be enforceable through a grant~~  
19 ~~condition, deed covenant, or other legally binding document.~~

20 ~~(II) The determination of jurisdiction over a priority housing~~  
21 ~~project shall count only the housing units included in that discrete project.~~

1 ~~(III) Housing units in a priority housing project shall not count~~  
2 toward determining jurisdiction over any other project.

3 \* \* \*

4 (D) The word “development” does not include:

5 \* \* \*

6 (viii) The construction of a priority housing project in a  
7 municipality with a population of 10,000 or more. However, if the  
8 construction of the project involves demolition of one or more buildings that  
9 are listed or eligible to be listed on the State or National Register of Historic  
10 Places, this exemption shall not apply unless the Division for Historic  
11 Preservation has made the determination described in subdivision  
12 (3)(A)(iv)(I)(ff) of this section and any imposed conditions are enforceable in  
13 the manner set forth in that subdivision.

14 \* \* \*

15 (27) “Mixed income housing” means a housing project in which the  
16 following apply:

17 (A) Owner-occupied housing. At the option of the applicant, owner-  
18 occupied housing may be characterized by either of the following:

19 (i) at least 15 percent of the housing units have a purchase price  
20 which at the time of first sale does not exceed 85 percent of the new  
21 ~~construction, targeted area purchase price limits established and published~~

1 ~~annually by the Vermont Housing Finance Agency; or~~

2 (ii) at least 20 percent of the housing units have a purchase price  
3 which at the time of first sale does not exceed 90 percent of the new  
4 construction targeted area purchase price limits established and published  
5 annually by the Vermont Housing Finance Agency;

6 (B) ~~Rental Housing~~ housing. At least 20 percent of the housing units  
7 that are rented constitute affordable housing and have a duration of  
8 affordability of ~~no not less than 20~~ 15 years.

9 (28) "Mixed use" means construction of both mixed income housing  
10 and construction of space for any combination of retail, office, services,  
11 artisan, and recreational and community facilities, provided at least 40 percent  
12 of the gross floor area of the buildings involved is mixed income housing.

13 "Mixed use" does not include industrial use.

14 (29) "Affordable housing" means either of the following:

15 (A) ~~Housing that is owned by its inhabitants whose gross annual~~  
16 ~~household income does not exceed 80 percent of the county median income, or~~  
17 ~~80 percent of the standard metropolitan statistical area income if the~~  
18 ~~municipality is located in such an area, as defined by the U.S. Department of~~  
19 ~~Housing and Urban Development, and the total annual cost of the housing,~~  
20 ~~including principal, interest, taxes, insurance, and condominium association~~  
21 ~~fees is not more than 50 percent of the household's gross annual income.~~

1 ~~Owner-occupied housing for which the total annual cost of~~  
2 ~~ownership, including principal, interest, taxes, insurance, and condominium~~  
3 ~~association fees, does not exceed 30 percent of the gross annual income of a~~  
4 ~~household at 120 percent of the highest of the following:~~

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

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

10 ~~(iii) the statewide median income, as defined by the~~  
11 ~~U.S. Department of Housing and Urban Development.~~

12 ~~(B) Housing that is rented by its inhabitants whose gross annual~~  
13 ~~household income does not exceed 80 percent of the county median income, or~~  
14 ~~80 percent of the standard metropolitan statistical area income if the~~  
15 ~~municipality is located in such an area, as defined by the U.S. Department of~~  
16 ~~Housing and Urban Development, and the total annual cost of the housing,~~  
17 ~~including rent, utilities, and condominium association fees, is not more than 30~~  
18 ~~percent of the household's gross annual income.~~

19 ~~Rental housing for which the total annual cost of renting, including~~  
20 ~~rent, utilities, and condominium association fees, does not exceed 30 percent~~  
21 ~~of the gross annual income of a household at 80 percent of the highest of the~~

1 following:

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

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

7 (iii) the statewide median income, as defined by the  
8 U.S. Department of Housing and Urban Development.

9 \* \* \*

10 (35) "Priority housing project" means a discrete project located on a  
11 single tract or multiple contiguous tracts of land that consists exclusively of:

12 (A) mixed income housing or mixed use, or any combination thereof,  
13 and is located entirely within a designated downtown development district,  
14 designated new town center, designated growth center, or designated village  
15 center that is also a designated neighborhood development area under  
16 24 V.S.A. chapter 76A; or

17 (B) mixed income housing and is located entirely within a designated  
18 Vermont neighborhood or designated neighborhood development area under  
19 24 V.S.A. chapter 76A.

20 \* \* \*

21 Sec. 10. 10 V.S.A. § 6081 is amended to read.

~~6001. PERMITS REQUIRED, EXEMPTIONS~~

(a) No person shall sell or offer for sale any interest in any subdivision located in this State, or commence construction on a subdivision or development, or commence development without a permit. This section shall not prohibit the sale, mortgage, or transfer of all, or an undivided interest in all, of a subdivision unless the sale, mortgage, or transfer is accomplished to circumvent the purposes of this chapter.

\* \* \*

(o) If a ~~downtown development district~~ designation pursuant to 24 V.S.A. § ~~2793~~ chapter 76A is removed, subsection (a) of this section shall apply to any subsequent substantial change to a priority housing project that was originally exempt pursuant to subdivision 6001(3)(A)(iv)(I) of this title on the basis of that designation.

(p)(1) No permit or permit amendment is required for any change to a project that is located entirely within a downtown development district designated pursuant to 24 V.S.A. § 2793, if the change consists exclusively of any combination of mixed use and mixed income housing, and the cumulative changes within any continuous period of five years, commencing on or after the effective date of this subsection, remain below the jurisdictional threshold specified in subdivision 6001(3)(A)(iv)(I) of this title.

(2) No permit or permit amendment is required for a priority housing project in a designated center other than a downtown development district if



1 ~~the project remains below the jurisdictional threshold specified in subdivision~~  
2 ~~6001(3)(A)(iv)(I) of this title and will comply with all conditions of any~~  
3 ~~existing permit or permit amendment issued under this chapter that applies to~~  
4 ~~the tract or tracts on which the project will be located. If such a priority~~  
5 ~~housing project will not comply with one or more of these conditions, an~~  
6 ~~application may be filed pursuant to section 6084 of this title.~~

7 \* \* \*

8 Sec. 11. 10 V.S.A. § 6084 is amended to read:

9 § 6084. NOTICE OF APPLICATION; HEARINGS, COMMENCEMENT OF  
10 REVIEW

11 \* \* \*

12 (f) This subsection concerns an application for a permit amendment to  
13 change the conditions of an existing permit or permit amendment in order to  
14 authorize the construction of a priority housing project described in  
15 subdivision 6081(p)(2) of this title.

16 (1) The District Commission may authorize a district coordinator to  
17 issue such an amendment, without notice and a hearing, if the applicant  
18 demonstrates that all parties to the permit or permit amendment or their  
19 successors in interest have consented to the proposed changes to conditions  
20 relative to the criteria for which the party retained party status.

21 (2) If the applicant is not able to obtain the consent of a party or parties  
22 or their successors in interest with respect to one or more of the conditions

1 ~~proposed to be changed, the applicant shall file a permit application pursuant~~  
2 to this section. However, review by the District Commission shall be limited  
3 to whether the changes to conditions not consented to by the party or parties or  
4 their successors in interest enable positive findings under subsection 6086(a)  
5 and are authorized under subsection 6086(c) of this title.

6 \* \* \* ACCD; Publication of Median Household Income and Qualifying Costs  
7 for Affordable Housing \* \* \*

8 Sec. 12. 3 V.S.A. § 2472 is amended to read:

9 § 2472. DEPARTMENT OF HOUSING AND COMMUNITY  
10 DEVELOPMENT

11 (a) The Department of Housing and Community Development is created  
12 within the Agency of Commerce and Community Development. The  
13 Department shall:

14 \* \* \*

15 (5) In conjunction with the Vermont Housing Finance Agency, annually  
16 publish data and information to enable the public to determine income levels  
17 and costs for owner-occupied and rental housing to qualify as affordable  
18 housing, as defined in 24 V.S.A. § 4303 and 10 V.S.A. § 6001(29), including:

19 (A) the median income for each Vermont county, as defined by the  
20 U.S. Department of Housing and Urban Development;

21 ~~(B) the standard metropolitan statistical area median income for each~~

1 ~~municipality is located in such an area, as defined by the U.S. Department of~~  
2 Housing and Urban Development; and

3 (C) the statewide median income, as defined by the U.S. Department  
4 of Housing and Urban Development.

5 \* \* \*

6 \* \* \* Downtown Tax Credits \* \* \*

7 Sec. 13. 32 V.S.A. § 5930ee is amended to read:

8 § 5930ee. LIMITATIONS

9 Beginning in fiscal year 2019 and thereafter, the State Board may award tax  
10 credits to all qualified applicants under this subchapter, provided that:

11 (1) the total amount of tax credits awarded annually, together with sales  
12 tax reallocated under section 9819 of this title, does not exceed ~~\$2,200,000.00~~  
13 \$2,400,000.00;

14 \* \* \*

15 \* \* \* Tax Credit for Affordable Housing; Captive Insurance Companies \* \* \*

16 Sec. 14. 32 V.S.A. § 5930u is amended to read:

17 § 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

18 (a) As used in this section:

19 \* \* \*

20 (5) "Credit certificate" means a certificate issued by the allocating  
21 ~~agency to a taxpayer that specifies the amount of affordable housing tax credits~~

1 ~~that can be applied against the taxpayer's individual or corporate income tax,~~  
2 ~~or franchise, captive insurance premium, or insurance premium tax liability as~~  
3 ~~provided in this subchapter.~~

4 \* \* \*

5 (c) Amount of credit. A taxpayer who makes an eligible cash contribution  
6 shall be entitled to claim against the taxpayer's individual income, corporate,  
7 franchise, captive insurance premium, or insurance premium tax liability a  
8 credit in an amount specified on the taxpayer's credit certificate. The first-  
9 year allocation of a credit amount to a taxpayer shall also be deemed an  
10 allocation of the same amount in each of the following four years.

11 \* \* \*

12 \* \* \* Effective Date \* \* \*

13 Sec. 15. EFFECTIVE DATE

14 ~~This act shall take effect on July 1, 2017.~~

*\* \* \* Vermont Housing and Conservation Board;  
Housing Bond Proceeds for Affordable Housing \* \* \**

*Sec. 1. FINDINGS AND PURPOSE; AFFORDABLE HOUSING BOND*

*(a) Findings.*

*(1) The General Assembly finds that investments are needed to help  
house the most vulnerable as well as creating more homes for workers.*

*(2) The shortage of affordable and available homes has been  
highlighted recently by:*

*(A) the Vermont Futures Project of the Vermont Chamber of  
Commerce, which set a growth target of 5,000 new and improved housing units  
annually;*

(B) a national consultant's recommendations for a Roadmap to End Homelessness, which calls for, over the next five years, 368 new units for permanent supportive housing and 1,251 new homes affordable to families with income that is not more than 30 percent of the median; and

(C) the 2015 statewide housing needs assessment by Bowen National Research, which found the largest gaps in housing affordable to households with income below 30 percent of median and households with income between 85 percent and 120 percent of median, and found a lack of housing availability across the income spectrum.

(b) Purpose. The purpose of this act is to promote the development and improvement of housing for Vermonters.

Sec. 2. 10 V.S.A. § 314 is added to read:

§ 314. AFFORDABLE HOUSING BOND; INVESTMENT

The Vermont Housing and Conservation Board shall use the proceeds of bonds, notes, and other obligations issued by the Vermont Housing Finance Agency pursuant to subdivision 621(22) of this title and transferred to the Vermont Housing and Conservation Trust Fund to fund the creation and improvement of owner-occupied and rental housing for Vermonters with very low to middle income, in areas targeted for growth and reinvestment, as follows:

(1) not less than 25 percent of the housing shall be targeted to Vermonters with very low income, meaning households with income below 50 percent of area median income;

(2) not less than 25 percent of the housing shall be targeted to Vermonters with moderate income, meaning households with income between 80 and 120 percent of area median income; and

(3) the remaining housing shall be targeted to Vermonters with income that is less than or equal to 120 percent of area median income, consistent with the provisions of this chapter.

Sec. 3. 10 V.S.A. § 323 is amended to read:

§ 323. ANNUAL REPORT

Prior to January 31 of each year, the ~~board~~ Board shall submit a report concerning its activities to the ~~governor~~ Governor and legislative committees on agriculture, natural resources and energy, appropriations, ways and means, finance, and institutions to the House Committees on Agriculture and Forestry, on Appropriations, on Corrections and Institutions, on Natural Resources, Fish and Wildlife, and on Ways and Means and the Senate Committees on

Agriculture, on Appropriations, on Finance, on Institutions, and on Natural Resources and Energy. ~~The report shall include, but not be limited to, the following:~~

~~(1) a list and description of activities funded by the ~~board~~ Board during the preceding year, including commitments made to fund projects through housing bond proceeds pursuant to section 314 of this title, and project descriptions, levels of affordability, and geographic location;~~

\* \* \*

\* \* \* Allocation of Property Transfer Tax Revenues \* \* \*

Sec. 4. 32 V.S.A. § 9610 is amended to read:

§ 9610. REMITTANCE OF RETURN AND TAX; INSPECTION OF RETURNS

(a) ~~Not later than 30 days after the receipt of any property transfer return, a town clerk shall file the return in the office of the town clerk and electronically forward a copy of the acknowledged return to the Commissioner; provided, however, that with respect to a return filed in paper format with the town, the Commissioner shall have the discretion to allow the town to forward a paper copy of that return to the ~~department~~ Department.~~

(b) ~~The copies of property transfer returns in the custody of the town clerk may be inspected by any member of the public.~~

(c) ~~Prior to distributions of property transfer tax revenues under 10 V.S.A. § 312, 24 V.S.A. § 4306(a), and ~~32 V.S.A. § subdivision~~ 435(b)(10) of this title, one percent of the revenues received from the property transfer tax shall be deposited in a special fund in the Department of Taxes for Property Valuation and Review administration costs.~~

(d)(1) Prior to any distribution of property transfer tax revenue under 10 V.S.A. § 312, 24 V.S.A. § 4306(a), subdivision 435(b)(10) of this title, and subsection (c) of this section, \$2,500,000.00 of the revenue received from the property transfer tax shall be transferred to the Vermont Housing Finance Agency to pay the principal of and interest due on the bonds, notes, and other obligations authorized to be issued by the Agency pursuant to 10 V.S.A. § 621(22), the proceeds of which the Vermont Housing and Conservation Board shall use to create affordable housing pursuant to 10 V.S.A. § 314.

(2) As long as the bonds, notes, and other obligations incurred pursuant to subdivision (1) of this subsection remain outstanding, the rate of tax imposed pursuant to section 9602 of this title shall not be reduced below a rate estimated, at the time of any reduction, to generate annual revenues of at least \$12,000,000.00.

*\* \* \* Vermont Housing Finance Agency; Authority to Issue Bonds for  
Affordable Housing \* \* \**

*Sec. 5. 10 V.S.A. § 621 is amended to read:*

*§ 621. GENERAL POWERS AND DUTIES*

*The Agency shall have all of the powers necessary and convenient to carry out and effectuate the purposes and provisions of this chapter, including without limitation those general powers provided a business corporation by 11A V.S.A. § 3.02 and those general powers provided a nonprofit corporation by 11B V.S.A. § 3.02 and including, without limiting the generality of the foregoing, the power to:*

*\* \* \**

*(21) use funds received from real estate trust and escrow accounts established under 26 V.S.A. § 2214(c), IORTA funds, for down payment and closing cost assistance with priority given to persons and families at or below 90 percent of median income and to persons and families purchasing perpetually affordable housing;*

*(22) issue bonds, notes, and other obligations secured by the property transfer tax revenues transferred to the Agency pursuant to 32 V.S.A. § 9610(d).*

*Sec. 6. 10 V.S.A. § 631(l) is added to read:*

*(l)(1) The bonds, notes, and other obligations authorized to be issued pursuant to subdivision 621(22) of this title shall be secured by a pledge of the property transfer tax revenues to be transferred to the Agency pursuant to 32 V.S.A. § 9610(d) and shall mature on or before June 30, 2038.*

*(2) The Agency may issue the bonds, notes, and other obligations in one or more series at one time or from time to time, provided that the aggregate annual debt service on the bonds, notes, and other obligations shall not exceed \$2,500,000.00 at any time.*

*(3) The Agency shall transfer the proceeds of the bonds, notes, and other obligations, less issuance fees and costs and required reserves, to the Vermont Housing and Conservation Trust Fund established pursuant to section 312 of this title for use by the Vermont Housing and Conservation Board as provided in section 314 of this title.*

*(4) The Agency, the Vermont Housing and Conservation Board, and the State Treasurer may execute one or more agreements governing the terms and conditions under which the property transfer tax revenues that secure the bonds, notes, and obligations shall be transferred to the Agency, and any other*

issues they determine appropriate.

*\* \* \* Funding for Affordable Housing Bond Program;  
Allocation of Revenues; Intent \* \* \**

*Sec. 7. INTENT; FUNDING FOR AFFORDABLE HOUSING BOND  
PROGRAM; ALLOCATION OF PROPERTY TRANSFER TAX  
REVENUES*

(a) Revenues from the property transfer tax are currently allocated pursuant to statute as follows:

(1) The first two percent is deposited in a special fund in the Department of Taxes for Property Valuation and Review administration costs pursuant to 32 V.S.A. § 9610(c).

(2) Of the remaining 98 percent of the revenues:

(A) 17 percent is deposited in the Municipal and Regional Planning Fund created in 24 V.S.A. § 4306.

(B) 50 percent is deposited in the Vermont Housing and Conservation Trust Fund created in 10 V.S.A. § 312.

(C) 33 percent is deposited in the General Fund created in 32 V.S.A. § 435.

(b) Pursuant to Sec. 4 of this act, in 32 V.S.A. § 9610(d), the first \$2,500,000.00 of revenue generated from the property transfer tax is transferred to the Vermont Housing Finance Agency to service the bonds, notes, and other obligations incurred by the Agency pursuant to 10 V.S.A. § 621(22), the proceeds of which the Vermont Housing and Conservation Board shall use to create affordable housing pursuant to 10 V.S.A. § 314.

(c) Transferring the first \$2,500,000.00 of property transfer tax revenues to the Vermont Housing Finance Agency for debt service causes a proportionate reduction in the amount of revenues available for allocation to the respective statutory recipients identified in subsection (a) of this section.

(d) To compensate for this reduction of available property transfer tax revenue, it is the intent of the General Assembly through this act to provide for the transfer of \$2,500,000.00 to the Vermont Housing and Conservation Trust Fund, as follows:

(1) Sec. D.100(a)(2) of H.518 (2017) appropriates \$11,304,840.00 in fiscal year 2018 from the Vermont Housing and Conservation Trust Fund to the Vermont Housing and Conservation Board. Upon the effective date of this act, the Board shall transfer the amount of \$1,500,000.00 back to the Fund, resulting in a fiscal year 2018 total appropriation to the Board



of \$9,804,840.00. In fiscal year 2018 only, the Commissioner of Taxes shall transfer the amount of \$1,500,000.00 from the Vermont Housing and Conservation Trust Fund to the General Fund.

(2) As provided in Sec. 9 of this act, from July 1, 2017 until July 1, 2019, pursuant to 32 V.S.A. § 9602a(d), the Commissioner of Taxes shall annually transfer the first \$1,000,000.00 in revenue generated by the clean water surcharge of 0.2 percent to the Vermont Housing and Conservation Trust Fund. In fiscal year 2018 only, the Commissioner shall transfer the amount of \$1,000,000.00 from the Vermont Housing and Conservation Trust Fund to the General Fund.

(3) After July 1, 2019, pursuant to 32 V.S.A. § 9602a(d) as further amended in Sec. 10 of this act, the Commissioner of Taxes shall annually transfer the \$1,000,000.00 in total revenue generated by the clean water surcharge of 0.04 percent to the Vermont Housing and Conservation Trust Fund.

*\*\*\* Clean Water Surcharge; Repeal of 2018 Sunset \*\*\**

*Sec. 8. REPEAL; SUNSET OF CLEAN WATER SURCHARGE*

2015 Acts and Resolves No. 64, Sec. 39 (sunset of clean water surcharge in 2018) is repealed.

*\*\*\* Clean Water Surcharge; Allocation of  
First \$1 Million in Revenue until 2019 \*\*\**

*Sec. 9. 32 V.S.A. § 9602a is amended to read:*

*§ 9602a. CLEAN WATER SURCHARGE*

There shall be a surcharge of 0.2 percent on the value of property subject to the property transfer tax under section 9602 of this title, except that there shall be no surcharge on the first \$100,000.00 in value of property to be used for the principal residence of the transferee or the first \$200,000.00 in value of property transferred if the purchaser obtains a purchase money mortgage funded in part with a homeland grant through the Vermont Housing and Conservation Trust Fund or which the Vermont Housing and Finance Agency or U.S. Department of Agriculture and Rural Development has committed to make or purchase. The surcharge shall be in addition to any tax assessed under section 9602 of this title. The surcharge assessed under this section shall be paid, collected, and enforced under this chapter in the same manner as the tax assessed under section 9602 of this title. The Commissioner shall deposit the surcharge collected under this section in the Clean Water Fund under 10 V.S.A. § 1388, except for the first \$1,000,000.00 of revenue generated by the surcharge, which shall be deposited in the Vermont Housing and

Conservation Trust Fund created in 10 V.S.A. § 312.

*\* \* \* Clean Water Surcharge; Allocation of  
Total of \$1 Million in Revenue after 2019 \* \* \**

*Sec. 10. 32 V.S.A. § 9602a is amended to read:*

*§ 9602a. CLEAN WATER SURCHARGE*

*There shall be a surcharge of ~~0.2~~ 0.04 percent on the value of property subject to the property transfer tax under section 9602 of this title, except that there shall be no surcharge on the first \$100,000.00 in value of property to be used for the principal residence of the transferee or the first \$200,000.00 in value of property transferred if the purchaser obtains a purchase money mortgage funded in part with a homeland grant through the Vermont Housing and Conservation Trust Fund or which the Vermont Housing and Finance Agency or U.S. Department of Agriculture and Rural Development has committed to make or purchase. The surcharge shall be in addition to any tax assessed under section 9602 of this title. The surcharge assessed under this section shall be paid, collected, and enforced under this chapter in the same manner as the tax assessed under section 9602 of this title. The Commissioner shall deposit the surcharge collected under this section ~~in the Clean Water Fund under 10 V.S.A. § 1388, except for the first \$1,000,000.00 of revenue generated by the surcharge, which shall be deposited in the Vermont Housing and Conservation Trust Fund created in 10 V.S.A. § 312.~~*

*\* \* \* Repeal of Affordable Housing Bond Provisions After Life of Bond \* \* \**

*Sec. 11. REPEAL*

*The following shall be repealed on July 1, 2039:*

*(1) 10 V.S.A. § 314 (Vermont Housing and Conservation Board; affordable housing bond and investments).*

*(2) 32 V.S.A. § 9610(d) (property transfer tax priority for affordable housing debt repayment).*

*(3) 10 V.S.A. § 621(22) (Vermont Housing Finance Agency (VHFA) authority to issue debt obligations secured by property transfer tax).*

*(4) 10 V.S.A. § 631(l) (debt obligations issued by VHFA).*

*(5) 32 V.S.A. § 9602a (clean water surcharge).*

*Sec. 12. EFFECTIVE DATES*

*This act shall take effect on July 1, 2017, except for Sec. 10 (reduction in clean water surcharge percentage), which shall take effect on July 1, 2019.*