

1 TO THE HONORABLE SENATE:

2 The Committee on Appropriations to which was referred Senate Bill No.
3 100 entitled “An act relating to promoting affordable and sustainable housing”
4 respectfully reports that it has considered the same and recommends that the
5 bill be amended by striking out all after the enacting clause and inserting in
6 lieu thereof the following:

7 * * * Vermont Housing and Conservation Board;

8 Housing Bond Proceeds for Affordable Housing * * *

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

10 (a) Findings.

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

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

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

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

1 (C) the 2015 statewide housing needs assessment by Bowen National
2 Research, which found the largest gaps in housing affordable to households
3 with income below 30 percent of median and households with income between
4 85 percent and 120 percent of median, and found a lack of housing availability
5 across the income spectrum.

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

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

9 § 314. AFFORDABLE HOUSING BOND; INVESTMENT

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

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

1 (2) not less than 25 percent of the housing shall be targeted to
2 Vermonters with moderate income, meaning households with income between
3 80 and 120 percent of area median income; and

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

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

8 § 323. ANNUAL REPORT

9 Prior to January 31 of each year, the ~~board~~ Board shall submit a report
10 concerning its activities to the ~~governor~~ Governor and ~~legislative committees~~
11 ~~on agriculture, natural resources and energy, appropriations, ways and means,~~
12 ~~finance, and institutions~~ to the House Committees on Agriculture and Forestry,
13 on Appropriations, on Corrections and Institutions, on Natural Resources, Fish
14 and Wildlife, and on Ways and Means and the Senate Committees on
15 Agriculture, on Appropriations, on Finance, on Institutions, and on Natural
16 Resources and Energy. The report shall include, ~~but not be limited to,~~ the
17 following:

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

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* * * 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

1 property transfer tax shall be transferred to the Vermont Housing Finance
2 Agency to pay the principal of and interest due on the bonds, notes, and other
3 obligations authorized to be issued by the Agency pursuant to 10 V.S.A.
4 § 621(22), the proceeds of which the Vermont Housing and Conservation
5 Board shall use to create affordable housing pursuant to 10 V.S.A. § 314.

6 (2) As long as the bonds, notes, and other obligations incurred pursuant
7 to subdivision (1) of this subsection remain outstanding, the rate of tax
8 imposed pursuant to section 9602 of this title shall not be reduced below a rate
9 estimated, at the time of any reduction, to generate annual revenues of at least
10 \$12,000,000.00.

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

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

14 § 621. GENERAL POWERS AND DUTIES

15 The Agency shall have all of the powers necessary and convenient to carry
16 out and effectuate the purposes and provisions of this chapter, including
17 without limitation those general powers provided a business corporation by
18 11A V.S.A. § 3.02 and those general powers provided a nonprofit corporation
19 by 11B V.S.A. § 3.02 and including, without limiting the generality of the
20 foregoing, the power to:

21 * * *

1 (21) use funds received from real estate trust and escrow accounts
2 established under 26 V.S.A. § 2214(c), IORTA funds, for down payment and
3 closing cost assistance with priority given to persons and families at or below
4 90 percent of median income and to persons and families purchasing
5 perpetually affordable housing;

6 (22) issue bonds, notes, and other obligations secured by the property
7 transfer tax revenues transferred to the Agency pursuant to 32 V.S.A.
8 § 9610(d).

9 Sec. 6. 10 V.S.A. § 631(1) is added to read:

10 (1)(1) The bonds, notes, and other obligations authorized to be issued
11 pursuant to subdivision 621(22) of this title shall be secured by a pledge of the
12 property transfer tax revenues to be transferred to the Agency pursuant to
13 32 V.S.A. § 9610(d) and shall mature on or before June 30, 2038.

14 (2) The Agency may issue the bonds, notes, and other obligations in one
15 or more series at one time or from time to time, provided that the aggregate
16 annual debt service on the bonds, notes, and other obligations shall not exceed
17 \$2,500,000.00 at any time.

18 (3) The Agency shall transfer the proceeds of the bonds, notes, and other
19 obligations, less issuance fees and costs and required reserves, to the Vermont
20 Housing and Conservation Trust Fund established pursuant to section 312 of

1 this title for use by the Vermont Housing and Conservation Board as provided
2 in section 314 of this title.

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

8 * * * Funding for Affordable Housing Bond Program;

9 Allocation of Revenues; Intent * * *

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

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

15 (1) The first two percent is deposited in a special fund in the Department
16 of Taxes for Property Valuation and Review administration costs pursuant to
17 32 V.S.A. § 9610(c).

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

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

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

3 (C) 33 percent is deposited in the General Fund created in 32 V.S.A.
4 § 435.

5 (b) Pursuant to Sec. 4 of this act, in 32 V.S.A. § 9610(d), the first
6 \$2,500,000.00 of revenue generated from the property transfer tax is
7 transferred to the Vermont Housing Finance Agency to service the bonds,
8 notes, and other obligations incurred 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. § 314.

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

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

19 (1) Sec. D.100(a)(2) of H.518 (2017) appropriates \$11,304,840.00 in
20 fiscal year 2018 from the Vermont Housing and Conservation Trust Fund to
21 the Vermont Housing and Conservation Board. Upon the effective date of this

1 act, the Board shall transfer the amount of \$1,500,000.00 back to the Fund,
2 resulting in a fiscal year 2018 total appropriation to the Board
3 of \$9,804,840.00. In fiscal year 2018 only, the Commissioner of Taxes shall
4 transfer the amount of \$1,500,000.00 from the Vermont Housing and
5 Conservation Trust Fund to the General Fund.

6 (2) As provided in Sec. 9 of this act, from July 1, 2017 until July 1,
7 2019, pursuant to 32 V.S.A. § 9602a(d), the Commissioner of Taxes shall
8 annually transfer the first \$1,000,000.00 in revenue generated by the clean
9 water surcharge of 0.2 percent to the Vermont Housing and Conservation
10 Trust Fund. In fiscal year 2018 only, the Commissioner shall transfer the
11 amount of \$1,000,000.00 from the Vermont Housing and Conservation Trust
12 Fund to the General Fund.

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

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

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

20 2015 Acts and Resolves No. 64, Sec. 39 (sunset of clean water surcharge in
21 2018) is repealed.

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

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

4 § 9602a. CLEAN WATER SURCHARGE

5 There shall be a surcharge of 0.2 percent on the value of property subject to
6 the property transfer tax under section 9602 of this title, except that there shall
7 be no surcharge on the first \$100,000.00 in value of property to be used for the
8 principal residence of the transferee or the first \$200,000.00 in value of
9 property transferred if the purchaser obtains a purchase money mortgage
10 funded in part with a homeland grant through the Vermont Housing and
11 Conservation Trust Fund or which the Vermont Housing and Finance Agency
12 or U.S. Department of Agriculture and Rural Development has committed to
13 make or purchase. The surcharge shall be in addition to any tax assessed under
14 section 9602 of this title. The surcharge assessed under this section shall be
15 paid, collected, and enforced under this chapter in the same manner as the tax
16 assessed under section 9602 of this title. The Commissioner shall deposit the
17 surcharge collected under this section in the Clean Water Fund under
18 10 V.S.A. § 1388, except for the first \$1,000,000.00 of revenue generated by
19 the surcharge, which shall be deposited in the Vermont Housing and
20 Conservation Trust Fund created in 10 V.S.A. § 312.

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

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

4 § 9602a. CLEAN WATER SURCHARGE

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

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

2 Sec. 11. REPEAL

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

4 (1) 10 V.S.A. § 314 (Vermont Housing and Conservation Board;
5 affordable housing bond and investments).

6 (2) 32 V.S.A. § 9610(d) (property transfer tax priority for affordable
7 housing debt repayment).

8 (3) 10 V.S.A. § 621(22) (Vermont Housing Finance Agency (VHFA)
9 authority to issue debt obligations secured by property transfer tax).

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

11 (5) 32 V.S.A. § 9602a (clean water surcharge).

12 Sec. 12. EFFECTIVE DATES

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

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16

17 (Committee vote: _____)

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19

Representative _____

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FOR THE COMMITTEE