

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means 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 House propose to the Senate to amend the bill by striking out all after the  
6 enacting clause and inserting in 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 two 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 allocated to the Vermont Housing Finance  
2 Agency Property Transfer Tax Fund created pursuant to 32 V.S.A. § 585, the  
3 sole purpose of which is to distribute such allocated amounts without further  
4 appropriation to the Vermont Housing Finance Agency to pay the principal of  
5 and interest due on the bonds, notes, and other obligations authorized to be  
6 issued by the Agency pursuant to 10 V.S.A. § 621(22), the proceeds of which  
7 the Vermont Housing and Conservation Board shall use to create affordable  
8 housing pursuant to 10 V.S.A. § 314.

9 (2) As long as the bonds, notes, and other obligations incurred pursuant  
10 to subdivision (1) of this subsection remain outstanding, the rate of tax  
11 imposed pursuant to section 9602 of this title shall not be reduced below a rate  
12 estimated, at the time of any reduction, to generate annual revenues of at least  
13 \$12,000,000.00.

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

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

17 § 621. GENERAL POWERS AND DUTIES

18 The Agency shall have all of the powers necessary and convenient to carry  
19 out and effectuate the purposes and provisions of this chapter, including  
20 without limitation those general powers provided a business corporation by  
21 11A V.S.A. § 3.02 and those general powers provided a nonprofit corporation

1 by 11B V.S.A. § 3.02 and including, without limiting the generality of the  
2 foregoing, the power to:

3 \* \* \*

4 (21) use funds received from real estate trust and escrow accounts  
5 established under 26 V.S.A. § 2214(c), IORTA funds, for down payment and  
6 closing cost assistance with priority given to persons and families at or below  
7 90 percent of median income and to persons and families purchasing  
8 perpetually affordable housing;

9 (22) issue bonds, notes, and other obligations secured by the property  
10 transfer tax revenues transferred to the Agency pursuant to 32 V.S.A.  
11 § 9610(d).

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

13 (1)(1) The bonds, notes, and other obligations authorized to be issued  
14 pursuant to subdivision 621(22) of this title shall be secured by a pledge of the  
15 property transfer tax revenues to be transferred to the Agency pursuant to  
16 32 V.S.A. § 9610(d) and shall mature on or before June 30, 2039.

17 (2) The Agency may issue the bonds, notes, and other obligations in one  
18 or more series at one time or from time to time, provided that the aggregate  
19 annual debt service on the bonds, notes, and other obligations shall not exceed  
20 \$2,500,000.00 at any time.

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

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

11                   \* \* \* Funding for Affordable Housing Bond Program;

12                               Allocation of Revenues; Intent \* \* \*

13          Sec. 7. INTENT; FUNDING FOR AFFORDABLE HOUSING BOND

14                   PROGRAM; ALLOCATION OF PROPERTY TRANSFER TAX

15                   REVENUES

16          (a) Revenues from the property transfer tax, before the passage of this act,  
17          were allocated pursuant to statute as follows:

18                   (1) The first two percent is deposited in a special fund in the Department  
19                   of Taxes for Property Valuation and Review administration costs pursuant to  
20                   32 V.S.A. § 9610(c).

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

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

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

5           (C) 33 percent is deposited in the General Fund created in 32 V.S.A.  
6           § 435.

7           (b) Pursuant to Sec. 4 of this act, in 32 V.S.A. § 9610(d), the first  
8           \$2,500,000.00 of revenue generated from the property transfer tax is allocated  
9           to the Vermont Housing Finance Agency Property Transfer Tax Fund created  
10           pursuant to 32 V.S.A. § 585, the sole purpose of which is to distribute such  
11           allocated amounts without further appropriation to the Vermont Housing  
12           Finance Agency to service the bonds, notes, and other obligations incurred by  
13           the Agency pursuant to 10 V.S.A. § 621(22), the proceeds of which the  
14           Vermont Housing and Conservation Board shall use to create affordable  
15           housing pursuant to 10 V.S.A. § 314.

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

20           (d) To compensate for this reduction of available property transfer tax  
21           revenue, it is the intent of the General Assembly through this act to provide for



1 the transfer of \$2,500,000.00 to the Vermont Housing and Conservation Trust  
2 Fund, as follows:

3 (1) Sec. D.100(a)(2) of H.518 (2017) appropriates \$11,304,840.00 in  
4 fiscal year 2018 from the Vermont Housing and Conservation Trust Fund to  
5 the Vermont Housing and Conservation Board. Upon the effective date of this  
6 act, the amount of \$1,500,000.00 shall revert to the Vermont Housing and  
7 Conservation Trust Fund, resulting in a fiscal year 2018 total appropriation to  
8 the Board of \$9,804,840.00. In fiscal year 2018 only, the amount of  
9 \$1,500,000.00 shall be transferred from the Vermont Housing and  
10 Conservation Trust Fund to the General Fund.

11 (2) As provided in Sec. 9 of this act, from July 1, 2017 until July 1,  
12 2039, pursuant to 32 V.S.A. § 9602a(d), the first \$1,000,000.00 in revenue  
13 generated by the clean water surcharge of 0.2 percent shall be transferred to the  
14 Vermont Housing and Conservation Trust Fund. In fiscal year 2018 only, the  
15 Commissioner shall transfer the amount of \$1,000,000.00 from the Vermont  
16 Housing and Conservation Trust Fund to the General Fund.

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

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

19 2015 Acts and Resolves No. 64, Sec. 39 (sunset of clean water surcharge in  
20 2018) is repealed.

21 \* \* \* Clean Water Surcharge; Allocation of

1 First \$1 Million in Revenue until 2039 \* \* \*

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

3 § 9602a. CLEAN WATER SURCHARGE

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

20 \* \* \* Clean Water Surcharge; Allocation of

21 Revenue after 2039 \* \* \*

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

2       § 9602a. CLEAN WATER SURCHARGE

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

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

20      Sec. 11. REPEAL

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

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

3 (2) 10 V.S.A. § 621(22) (Vermont Housing Finance Agency (VHFA)  
4 authority to issue debt obligations secured by property transfer tax).

5 (3) 10 V.S.A. § 631(l) (debt obligations issued by VHFA).

6 (4) 32 V.S.A. § 9610(d) (property transfer tax priority for affordable  
7 housing debt repayment).

8 \* \* \* Effective Dates \* \* \*

9 Sec. 12. EFFECTIVE DATES

10 This act shall take effect on July 1, 2017, except for Sec. 10 (allocating total  
11 clean water surcharge revenue to clean water fund), which shall take effect on  
12 July 1, 2039.

13  
14 (Committee vote: \_\_\_\_\_)

15 \_\_\_\_\_

16 Representative \_\_\_\_\_

17 FOR THE COMMITTEE