

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. 2a. 10 V.S.A. § 315 is added to read:

8 § 315. AFFORDABLE HOUSING FUND

9 There is created the Affordable Housing Fund, the sole purpose of which
10 shall be to serve as the depository of the first \$2,500,000.00 of revenues from
11 the property transfer tax pursuant to 32 V.S.A. § 9610(d), which shall be
12 distributed to the Vermont Housing Finance Agency to service the debt for
13 bonds, notes, and other obligations pursuant to subdivision 621(22) of this title,
14 the proceeds of which the Vermont Housing and Conservation Trust Fund shall
15 use for the creation and improvement of affordable housing pursuant to section
16 314 of this title.

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

18 § 323. ANNUAL REPORT

19 Prior to January 31 of each year, the ~~board~~ Board shall submit a report
20 concerning its activities to the ~~governor~~ Governor and ~~legislative committees~~
21 ~~on agriculture, natural resources and energy, appropriations, ways and means,~~

1 ~~finance, and institutions~~ to the House Committees on Agriculture and Forestry,
2 on Appropriations, on Corrections and Institutions, on Natural Resources, Fish
3 and Wildlife, and on Ways and Means and the Senate Committees on
4 Agriculture, on Appropriations, on Finance, on Institutions, and on Natural
5 Resources and Energy. The report shall include, ~~but not be limited to,~~ the
6 following:

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

11 * * *

12 * * * Allocation of Property Transfer Tax Revenues * * *

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

14 § 9610. REMITTANCE OF RETURN AND TAX; INSPECTION OF
15 RETURNS

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

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

3 (c) Prior to distributions of property transfer tax revenues under 10 V.S.A.
4 § 312, 24 V.S.A. § 4306(a), and ~~32 V.S.A. §~~ subdivision 435(b)(10) of this
5 title, one two percent of the revenues received from the property transfer tax
6 shall be deposited in a special fund in the Department of Taxes for Property
7 Valuation and Review administration costs.

8 (d)(1) Prior to any distribution of property transfer tax revenue under
9 10 V.S.A. § 312, 24 V.S.A. § 4306(a), subdivision 435(b)(10) of this title, and
10 subsection (c) of this section, \$2,500,000.00 of the revenue received from the
11 property transfer tax shall be deposited in the Affordable Housing Fund created
12 in 10 V.S.A. § 315 and distributed to the Vermont Housing Finance Agency to
13 pay the principal of and interest due on the bonds, notes, and other obligations
14 authorized to be issued by the Agency pursuant to 10 V.S.A. § 621(22), the
15 proceeds of which the Vermont Housing and Conservation Board shall use to
16 create affordable housing pursuant to 10 V.S.A. § 314.

17 (2) As long as the bonds, notes, and other obligations incurred pursuant
18 to subdivision (1) of this subsection remain outstanding, the rate of tax
19 imposed pursuant to section 9602 of this title shall not be reduced below a rate
20 estimated, at the time of any reduction, to generate annual revenues of at least
21 \$12,000,000.00.

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

2 (1)(1) The bonds, notes, and other obligations authorized to be issued
3 pursuant to subdivision 621(22) of this title shall be secured by a pledge of the
4 property transfer tax revenues to be transferred to the Agency pursuant to
5 32 V.S.A. § 9610(d) and shall mature on or before June 30, 2039.

6 (2) The Agency may issue the bonds, notes, and other obligations in one
7 or more series at one time or from time to time, provided that the aggregate
8 annual debt service on the bonds, notes, and other obligations shall not exceed
9 \$2,500,000.00 at any time.

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

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

1 * * * Funding for Affordable Housing Bond Program;

2 Allocation of Revenues; Intent * * *

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

4 PROGRAM; ALLOCATION OF PROPERTY TRANSFER TAX

5 REVENUES

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

8 (1) The first two percent is deposited in a special fund in the Department
9 of Taxes for Property Valuation and Review administration costs pursuant to
10 32 V.S.A. § 9610(c).

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

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

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

16 (C) 33 percent is deposited in the General Fund created in 32 V.S.A.
17 § 435.

18 (b) Pursuant to Sec. 4 of this act, in 32 V.S.A. § 9610(d), the first
19 \$2,500,000.00 of revenue generated from the property transfer tax is deposited
20 in the Affordable Housing Fund created in 10 V.S.A. § 315 and distributed to
21 the Vermont Housing Finance Agency to service the bonds, notes, and other

1 obligations incurred by the Agency pursuant to 10 V.S.A. § 621(22), the
2 proceeds of which the Vermont Housing and Conservation Board shall use to
3 create affordable housing pursuant to 10 V.S.A. § 314.

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

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

12 (1) Sec. D.100(a)(2) of H.518 (2017) appropriates \$11,304,840.00 in
13 fiscal year 2018 from the Vermont Housing and Conservation Trust Fund to
14 the Vermont Housing and Conservation Board. Upon the effective date of this
15 act, the amount of \$1,500,000.00 shall revert to the Vermont Housing and
16 Conservation Trust Fund, resulting in a fiscal year 2018 total appropriation to
17 the Board of \$9,804,840.00. In fiscal year 2018 only, the amount of
18 \$1,500,000.00 shall be transferred from the Vermont Housing and
19 Conservation Trust Fund to the General Fund.

20 (2) As provided in Sec. 9 of this act, from July 1, 2017 until July 1,
21 2039, pursuant to 32 V.S.A. § 9602a(d), the first \$1,000,000.00 in revenue

1 generated by the clean water surcharge of 0.2 percent shall be transferred to the
2 Vermont Housing and Conservation Trust Fund. In fiscal year 2018 only, the
3 Commissioner shall transfer the amount of \$1,000,000.00 from the Vermont
4 Housing and Conservation Trust Fund to the General Fund.

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

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

7 2015 Acts and Resolves No. 64, Sec. 39 (sunset of clean water surcharge in
8 2018) is repealed.

9 * * * Clean Water Surcharge; Allocation of

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

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

12 § 9602a. CLEAN WATER SURCHARGE

13 There shall be a surcharge of 0.2 percent on the value of property subject to
14 the property transfer tax under section 9602 of this title, except that there shall
15 be no surcharge on the first \$100,000.00 in value of property to be used for the
16 principal residence of the transferee or the first \$200,000.00 in value of
17 property transferred if the purchaser obtains a purchase money mortgage
18 funded in part with a homeland grant through the Vermont Housing and
19 Conservation Trust Fund or which the Vermont Housing and Finance Agency
20 or U.S. Department of Agriculture and Rural Development has committed to
21 make or purchase. The surcharge shall be in addition to any tax assessed under

1 section 9602 of this title. The surcharge assessed under this section shall be
2 paid, collected, and enforced under this chapter in the same manner as the tax
3 assessed under section 9602 of this title. The Commissioner shall deposit the
4 surcharge collected under this section in the Clean Water Fund under
5 10 V.S.A. § 1388, except for the first \$1,000,000.00 of revenue generated by
6 the surcharge, which shall be deposited in the Vermont Housing and
7 Conservation Trust Fund created in 10 V.S.A. § 312.

8 * * * Clean Water Surcharge; Allocation of

9 Revenue after 2039 * * *

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

11 § 9602a. CLEAN WATER SURCHARGE

12 There shall be a surcharge of 0.2 percent on the value of property subject to
13 the property transfer tax under section 9602 of this title, except that there shall
14 be no surcharge on the first \$100,000.00 in value of property to be used for the
15 principal residence of the transferee or the first \$200,000.00 in value of
16 property transferred if the purchaser obtains a purchase money mortgage
17 funded in part with a homeland grant through the Vermont Housing and
18 Conservation Trust Fund or which the Vermont Housing and Finance Agency
19 or U.S. Department of Agriculture and Rural Development has committed to
20 make or purchase. The surcharge shall be in addition to any tax assessed under
21 section 9602 of this title. The surcharge assessed under this section shall be

1 paid, collected, and enforced under this chapter in the same manner as the tax
2 assessed under section 9602 of this title. The Commissioner shall deposit the
3 surcharge collected under this section in the Clean Water Fund under
4 10 V.S.A. § 1388, ~~except for the first \$1,000,000.00 of revenue generated by~~
5 ~~the surcharge, which shall be deposited in the Vermont Housing and~~
6 ~~Conservation Trust Fund created in 10 V.S.A. § 312.~~

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

8 Sec. 11. REPEAL

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

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

12 (2) 10 V.S.A. § 315 (Affordable Housing Fund).

13 (3) 10 V.S.A. § 621(22) (Vermont Housing Finance Agency (VHFA)
14 authority to issue debt obligations secured by property transfer tax).

15 (4) 10 V.S.A. § 631(l) (debt obligations issued by VHFA).

16 (5) 32 V.S.A. § 9610(d) (property transfer tax priority for affordable
17 housing debt repayment).

18 * * * Effective Dates * * *

19 Sec. 12. EFFECTIVE DATES

20 This act shall take effect on July 1, 2017, except for Sec. 10 (entire clean
21 water surcharge to clean water fund), which shall take effect on July 1, 2039.

1

2 (Committee vote: _____)

3

4

Representative _____

5

FOR THE COMMITTEE