

1 Introduced by Committee on Economic Development and Housing and

2 General Affairs

3 Referred to Committee on

4 Date:

5 Subject: Commerce and trade; housing

6 Statement of purpose of bill as introduced: This bill proposes to [promote

7 affordable and sustainable housing]

8 An act relating to [promoting affordable and sustainable housing]

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

10 Sec. H.1. WORKFORCE HOUSING PILOT PROJECTS

11 (a) Definitions. As used in this act:

12 (1) "Improvements" means the installation, new construction, or
13 reconstruction of infrastructure to benefit a workforce housing pilot project,
14 including utilities, transportation, public facilities and amenities, land and
15 property acquisition and demolition, and site preparation.

16 (2) "New workforce housing development" means new construction of
17 owner-occupied housing, rental housing, or both, on a single parcel or multiple
18 contiguous parcels of land, to create 12 or more independent dwelling units,
19 which may be detached or connected.

1 (3) “Related costs” means expenses incurred and paid by the
2 municipality, exclusive of the actual cost of constructing and financing
3 improvements, that are directly related to the creation and implementation of a
4 workforce housing tax increment financing district, including reimbursement
5 of sums previously advanced by the municipality for those purposes, direct
6 municipal expenses such as departmental or personnel costs related to creating
7 or administering the project, and audit costs allocable to the district.

8 (4) “Senior housing redevelopment” means renovation of one or more
9 existing structures on a single parcel or multiple contiguous parcels of land to
10 create four or more independent dwelling units of owner-occupied housing,
11 rental housing, or both, the occupation of which is limited by covenant or
12 restriction to include at least one person who is 55 years of age or older.

13 (5) “Workforce housing pilot project” means a new workforce housing
14 development, a senior housing redevelopment, or a workforce housing
15 redevelopment, subject to the following criteria:

16 (A) The project is:

17 (i) located in a designated downtown development district,
18 designated new town center, designated growth center, or designated
19 neighborhood development area under 24 V.S.A. chapter 76A; or

20 (ii)(I) has a minimum residential density greater than or equal to
21 four single-family detached dwelling units per acre, exclusive of accessory

1 dwelling units as defined in 24 V.S.A. § 4303, or no fewer than the average
2 existing density of the surrounding neighborhood, whichever is greater; and

3 (II) the area in which the project is located represents a logical
4 extension of an existing compact settlement pattern and is consistent with
5 smart growth principles as defined in 24 V.S.A. § 2791.

6 (B) For purposes of calculating density pursuant to subdivision
7 (A)(ii)(I) of this subsection, total acreage includes all of the acreage within the
8 parcel or parcels on which a project is located, regardless of whether any
9 portion of the land may be unsuitable for development.

10 (C) If the project is a new workforce housing development or
11 workforce housing redevelopment:

12 (i) For a minimum of 25 percent of the total units in the project,
13 the total annual cost of owner-occupied housing, including principal, interest,
14 taxes, insurance, and condominium association fees, and the total annual cost
15 of rental housing, including rent, utilities, and condominium association fees,
16 will not exceed 30 percent of the gross annual income of a household at
17 80 percent of:

18 (I) the county median income, as defined by the U.S.
19 Department of Housing and Urban Development; or

1 (II) the standard metropolitan statistical area median income if
2 the municipality is located in such an area, as defined by the U.S. Department
3 of Housing and Urban Development.

4 (ii) For a minimum of 50 percent of the total units in the project,
5 the total annual cost of owner-occupied housing, including principal, interest,
6 taxes, insurance, and condominium association fees, and the total annual cost
7 of rental housing, including rent, utilities, and condominium association fees,
8 will be between 30 percent of the gross annual income of a household at more
9 than 80 percent, and 30 percent of the gross annual income of a household at
10 120 percent, of:

11 (I) the county median income, as defined by the U.S.
12 Department of Housing and Urban Development; or

13 (II) the standard metropolitan statistical area median income if
14 the municipality is located in such an area, as defined by the U.S. Department
15 of Housing and Urban Development.

16 (6) “Workforce housing redevelopment” means renovation of one or
17 more existing structures on a single parcel or multiple contiguous parcels of
18 land to create four or more independent dwelling units of owner-occupied
19 housing, rental housing, or both.

20 (b) Eligible workforce housing pilot projects; approval. The Agency of
21 Commerce and Community Development shall create an application and

1 approval process to authorize a workforce housing pilot project in up to five
2 municipalities, subject to the following limitations:

3 (1) Not more than one project may be located in a municipality with a
4 population of more than 10,000 full-time residents.

5 (2) Not more than two projects may be located in a single county.

6 (3) Not more than one project may be located in a single municipality.

7 (4) At least one project shall be located in a county in which the 2015
8 per capita personal income is equal to or less than \$41,000.00, as determined
9 by the Vermont Department of Labor.

10 (5) If the Agency approves a project in a municipality that is currently
11 authorized to use education tax increment financing under 24 V.S.A. § 1894,
12 the municipality shall segregate all monies and accounts related to the project
13 and to the authorized tax increment financing district.

14 (c) Reports. On or before January 15, 2018 and annually thereafter, the
15 Agency of Commerce and Community Development shall report to the House
16 Committees on Commerce and Economic Development and on General,
17 Housing and Military Affairs and the Senate Committee on Economic
18 Development, Housing and General Affairs on action it has taken pursuant to
19 this act, the status of any municipal action on developing one or more
20 workforce housing pilot projects, and any recommendations for additional
21 administrative or legislative action.

1 Sec. H.2. WORKFORCE HOUSING TAX INCREMENT FINANCING

2 (a) General authority. Notwithstanding any provision of 24 V.S.A. chapter
3 53 or 32 V.S.A. § 5404a to the contrary, upon approval of the Agency of
4 Commerce and Community Development, a municipality may incur debt to
5 provide funding for improvements and related costs and use workforce housing
6 tax increment financing pursuant to this section to repay the debt and related
7 costs.

8 (b) Municipal approval.

9 (1) A municipality may issue a request for proposals from one or more
10 developers to create a workforce housing pilot project within the municipality.

11 (2) The legislative body of the municipality shall hold one or more
12 public hearings to gather information and consider the details of project
13 proposals, including:

14 (A) the type and scope of the workforce housing pilot project;

15 (B) how the project and municipal funding conforms with the criteria
16 and purposes of this act;

17 (C) the current taxable value of the tax parcel or parcels on which the
18 project is planned and the projected value of the parcel or parcels following
19 completion of the project; and

20 (D) a workforce housing tax increment financing plan that includes
21 the type and amount of debt the municipality would incur, projections on the

1 economic feasibility of the project, and an analysis of the ability to repay
2 the debt.

3 (3) Following public notice, hearing, and opportunity to comment, the
4 legislative body of the municipality may grant initial approval to a proposal
5 and pursue approval from the Agency of Commerce and Community
6 Development.

7 (c) Board approval; voter approval.

8 (1) The Agency shall review and approve applications in its discretion
9 based on the overall viability of the project and the extent to which it achieves
10 the efficient creation of necessary housing, promotes economic development in
11 the municipality and the region, and uses smart growth principles.

12 (2) If the Agency approves a project, before the municipality may incur
13 debt for the project, the voters of the municipality shall approve the debt
14 obligation by a majority vote of those present and voting at a regular or special
15 meeting for which voting upon the debt obligation was properly warned.

16 (3) Following final voter approval, the municipality has up to one year
17 to incur debt pursuant to the financing plan, which the Agency may extend up
18 to one additional year for good cause.

19 (d) Life of district. A workforce housing tax increment financing district
20 remains active and subject to this act from the date the municipality incurs debt

1 for the project until the date the municipality repays the debt, including debt
2 that it refinances, or for 20 years, whichever is sooner.

3 (e) Financing. During the life of an active district, the following apply,
4 notwithstanding any provision of law to the contrary:

5 (1) Valuation.

6 (A) Within 30 days of voter approval pursuant to subsection (c) of
7 this section, the lister or assessor for a municipality shall certify to the
8 legislative body of the municipality the original taxable value of a workforce
9 housing pilot project parcel as of the date the voters approved the debt
10 obligation.

11 (B) On or before June 30 following voter approval and annually
12 thereafter, the lister or assessor shall assess and certify to the legislative body
13 the current value of a project parcel.

14 (2) Tax rate.

15 (A) The lister or assessor shall use the original taxable value of a
16 project parcel when computing the municipal tax rate.

17 (B) When calculating the amount of tax due on a project parcel, the
18 treasurer shall apply the municipal tax rate to the current assessed value, rather
19 than the original taxable value.

1 (3) Tax increment.

2 (A) The “tax increment” is the amount of tax paid on a project parcel,
3 as calculated pursuant to subdivision (2)(B) of this subsection using the current
4 assessed value, that exceeds the amount of tax that would have been due if the
5 tax rate were applied to the original taxable value.

6 (B) The tax increment includes both the municipal share and the
7 State share of the tax owed.

8 (C) A municipality shall segregate the tax increment in a special
9 account and in its official books and records.

10 (4) Use of tax increment.

11 (A) As of each date the municipality receives a tax payment and
12 retains a portion of the tax increment pursuant to this section, the municipality
13 shall use the portion of the tax increment that is necessary to pay costs actually
14 incurred as of that date for debt service and related costs.

15 (B) If, after paying for improvements and related costs, there remains
16 any excess portion of the tax increment, the municipality shall:

17 (i) allocate 25 percent of the excess portion to a debt service
18 reserve fund for future debt service and related costs;

19 (ii) allocate 25 percent of the excess portion to its general
20 fund; and

1 (iii) transfer 50 percent of the excess portion to the Vermont
2 Housing and Conservation Board for the purpose of supporting affordable
3 housing.

4 (f) Annual audit.

5 (1) The municipality shall ensure that the segregated account for the
6 workforce housing tax increment financing district required by this act is
7 subject to the annual audit requirements prescribed in 24 V.S.A. §§ 1681
8 and 1690.

9 (2) Any audit procedures shall include verification of the original
10 taxable value and current assessed value, expenditures for project debt service
11 and related costs, annual and total tax increment funds generated, and
12 allocation of tax increment funds.

13 Sec. H.3. 24 V.S.A. § 1892 is amended to read:

14 § 1892. CREATION OF DISTRICT

15 * * *

16 ~~(d) The following municipalities have been authorized to use education tax~~
17 ~~increment financing for a tax increment financing district, and the Vermont~~
18 ~~Economic Progress Council is not authorized to approve any additional tax~~
19 ~~increment financing districts even if one of the districts named in this~~
20 ~~subsection is terminated pursuant to subsection 1894(a) of this subchapter:~~

21 ~~(1) the City of Burlington, Downtown;~~

- 1 ~~(2) the City of Burlington, Waterfront;~~
- 2 ~~(3) the Town of Milton, North and South;~~
- 3 ~~(4) the City of Newport;~~
- 4 ~~(5) the City of Winooski;~~
- 5 ~~(6) the Town of Colchester;~~
- 6 ~~(7) the Town of Hartford;~~
- 7 ~~(8) the City of St. Albans;~~
- 8 ~~(9) the City of Barre; and~~
- 9 ~~(10) the Town of Milton, Town Core. [Repealed.]~~

10 Sec. 4. AGENCY OF NATURAL RESOURCES; EDUCATION AND
11 OUTREACH; DELEGATION; SEWERAGE AND WATER
12 SERVICE CONNECTIONS

13 (a) The Secretary of Natural Resources, after consultation with the
14 Vermont League of Cities and Towns, shall conduct outreach and education
15 for municipalities regarding the ability of a municipality under 10 V.S.A.
16 § 1976 to be delegated the authority to permit the connection of a municipal
17 sewer or water service line to subdivided land, a building, or a campground.

18 (b) The education and outreach shall specify the conditions or requirements
19 for delegation, how a municipality can seek delegation, and contact
20 information or other resource to provide additional information regarding
21 delegation. The education and outreach may include educational materials,

1 workshops, or classes regarding the ability of a municipality to be delegated
2 under 10 V.S.A. § 1976 the permitting of sewer and water service connection
3 permitting.

4 (c) On or before January 15, 2018, the Secretary of Natural Resources shall
5 submit a report to the Senate Committees on Natural Resources and Energy
6 and Economic Development, Housing and General Affairs and the House
7 Committees on Natural Resources, Fish and Wildlife and Commerce
8 summarizing the education and outreach conducted or planned by the
9 Secretary under the requirements of this section and whether any municipality
10 has sought delegation of sewer and water service connection permitting under
11 10 V.S.A. § 1976 since the effective date of this act.

12 *Sec. 5–10.*

13 *Land Use and Development Provisions from ACCD Housing Report:*

- 14 • Remove the caps on the number of housing units in a priority housing
15 project
- 16 • Modify the compliance requirements related to “affordable housing”
17 and “mixed income housing” to boost use of the incentive
- 18 • Exempt priority housing projects from having to obtain an Act 250
19 permit amendment for properties that have existing Act 250 permits.
- 20 • Link new housing incentives to updates in local regulations [???

- 1 • Consider increasing the income level used to calculate the maximum
2 price of owner-occupied homes considered “affordable” for purposes of
3 24 V.S.A. chapter 117 from 80% of median income to up to 120%

4 Sec. 11. EFFECTIVE DATE

5 This act shall take effect on July 1, 2017.