

1  
2  
3  
4  
5  
6  
7  
  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20

S.237

Introduced by Senators Sirotkin, Clarkson, Balint and Hooker

Referred to Committee on

Date:

Subject: Housing

Statement of purpose of bill as introduced: This bill proposes to adopt  
miscellaneous provisions to promote access to affordable housing.

An act relating to promoting affordable housing

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

Sec. 1. 24 V.S.A. § 4382 is amended to read:

§ 4382. THE PLAN FOR A MUNICIPALITY

(a) A plan for a municipality may be consistent with the goals established  
in section 4302 of this title and compatible with approved plans of other  
municipalities in the region and with the regional plan and shall include the  
following:

\* \* \*

(4) A utility and facility plan, consisting of a map and statement of  
present and prospective community facilities and public utilities showing  
existing and proposed educational, recreational, and other public sites;  
buildings and facilities, including hospitals, libraries, power generating plants

1 and transmission lines; water supply; lines, facilities, and service areas;  
2 sewage disposal; lines, facilities, and service areas; refuse disposal, storm  
3 drainage, and other similar facilities and activities; and recommendations to  
4 meet future needs for community facilities and services, with indications of  
5 priority of need, costs, and method of financing.

6 \* \* \*

7 (10) A housing element that shall include a recommended program for  
8 addressing low and moderate income persons' housing needs as identified by  
9 the regional planning commission pursuant to subdivision 4348a(a)(9) of this  
10 title. The program ~~should account for permitted accessory dwelling units, as~~  
11 ~~defined in subdivision 4412(1)(E)~~ shall comply with the requirements of 4412  
12 of this title, ~~which~~ to provide affordable housing.

13 \* \* \*

14 Sec. 2. 24 V.S.A. § 4412 is amended to read:

15 § 4412. REQUIRED PROVISIONS AND PROHIBITED EFFECTS

16 (a) Notwithstanding any existing bylaw, the following land development  
17 provisions shall apply in every municipality:

18 (1) Equal treatment of housing and required provisions for affordable  
19 housing.

20 \* \* \*

1           (D) Bylaws shall designate appropriate districts and reasonable  
2 regulations for multiunit or multifamily dwellings. No bylaw shall have the  
3 effect of excluding these multiunit or multifamily dwellings from the  
4 municipality. Within any regulatory district that allows multiunit residential  
5 dwellings, no bylaw shall have the effect of prohibiting multiunit residential  
6 dwellings of four or fewer units as an allowed, permitted use, or of  
7 conditioning approval based on the character of the area.

8           (E) Except for flood hazard and fluvial erosion area bylaws adopted  
9 pursuant to section 4424 of this title, no bylaw shall have the effect of  
10 excluding as a permitted use one accessory dwelling unit that is located within  
11 or appurtenant to an owner-occupied single-family dwelling. A bylaw may  
12 require a single-family dwelling with an accessory dwelling unit to be subject  
13 to the same review, dimensional, or other controls as required for a single-  
14 family dwelling without an accessory dwelling unit. An accessory dwelling  
15 unit means ~~an efficiency or one-bedroom apartment~~ a distinct unit that is  
16 ~~clearly subordinate to a single family dwelling, and~~ has facilities and  
17 provisions for independent living, including sleeping, food preparation, and  
18 sanitation, provided ~~there is compliance with all the following:~~

19           (i) ~~The~~ the property has sufficient wastewater capacity.

20           (ii) ~~The unit does not exceed 30 percent of the total habitable floor~~  
21 ~~area of the single family dwelling.~~

1                   ~~(iii) Applicable setback, coverage, and parking requirements~~  
2 ~~specified in the bylaws are met.~~

3                   (F) Nothing in subdivision (a)(1)(E) of this section shall be construed  
4 to prohibit:

5                   (i) a bylaw that is less restrictive of accessory dwelling units; or

6                   (ii) a bylaw that ~~requires conditional use review for one or more of~~  
7 ~~the following that is involved in creation of an accessory dwelling unit:~~

8                   ~~(I) a new accessory structure;~~

9                   ~~(II) an increase in the height or floor area of the existing~~  
10 ~~dwelling; or~~

11                   ~~(III) an increase in the dimensions of the parking areas~~  
12 regulates short-term rental units distinctly from residential rental units.

13   \* \* \*

14                   (2) Existing small lots. Any lot that is legally subdivided, is in  
15 individual and separate and nonaffiliated ownership from surrounding  
16 properties, and is in existence on the date of enactment of any bylaw, including  
17 an interim bylaw, may be developed for the purposes permitted in the district  
18 in which it is located, even though the small lot no longer conforms to  
19 minimum lot size requirements of the new bylaw or interim bylaw.

1 (A) A municipality may prohibit development of a lot not served by  
2 and able to connect to municipal sewer and water service if either of the  
3 following applies:

- 4 (i) the lot is less than one-eighth acre in area; or
- 5 (ii) the lot has a width or depth dimension of less than 40 feet.

6 \* \* \*

7 (b) Inclusionary Growth.

8 (1) Except in a municipality that has reported substantial municipal  
9 constraints in accordance with subdivision (b)(2) of this section and  
10 notwithstanding any existing bylaw other than flood hazard and fluvial erosion  
11 area bylaws adopted pursuant to section 4424 of this title, the following land  
12 development provisions shall apply in every municipality:

13 (A) No bylaw shall have the effect of prohibiting the creation of  
14 residential lots of at least:

15 (i) 10,890 square feet or one-quarter acre within any regulatory  
16 district allowing residential uses served by and able to connect to a water  
17 system operated by a municipality; or

18 (ii) 5,400 square feet or one-eighth acre within any regulatory  
19 district allowing residential uses served by and able to connect to a water and  
20 sewer system operated by a municipality.

1           (B) The appropriate municipal panel or administrative officer, as  
2           applicable, shall condition any subdivision approval on obtaining a State  
3           wastewater permit pursuant to 10 V.S.A. chapter 64.

4           (C) No bylaw shall have the effect of prohibiting or requiring  
5           conditional use approval for a two-unit dwelling on any lot within any  
6           regulatory district allowing residential uses served by and able to connect to a  
7           water and sewer system operated by a municipality to any greater extent than a  
8           one-unit dwelling would be prohibited or restricted within such district with no  
9           additional review, dimensional, or other controls than would be required for a  
10          single-family dwelling without a second unit.

11          (D) When a bylaw establishes a parking minimum for residential  
12          properties, each residential parking space that will be leased separately from  
13          residential units shall count as two spaces for purposes of meeting the parking  
14          minimum for any proposed development located within a half mile of a transit  
15          stop. The parking space lease costs shall be reasonably proportional to the  
16          production, operation, and maintenance cost of the space to reduce generalized  
17          subsidy of leased spaces by other residents. A municipality may condition the  
18          municipal land permit on continuation of the separate leasing of parking spaces  
19          and residential units.

1           (2) A municipality may opt out of the requirements of subdivision (1) of  
2           this subsection by filing a Substantial Municipal Constraint Report with the  
3           Department of Housing and Community Development.

4           (A) The Substantial Municipal Constraint Report shall demonstrate  
5           that:

6                   (i) the municipality's bylaws comply with all of the requirements  
7                   of subsection (a) of this section; and

8                   (ii) the municipality has documented substantial municipal  
9                   constraints on its municipal water, municipal sewer, or other services that  
10                  prevent the adoption of bylaws that conform to the requirements of subdivision  
11                  (1) of this subsection (b).

12           (B) On or before January 1, 2021, the Department of Housing and  
13           Community Development shall provide a template and guidance on the form  
14           and content of the Substantial Municipal Constraint Report.

15           (C) The Department of Housing and Community Development shall  
16           post all Substantial Municipal Constraint Reports on the Department's website,  
17           and shall promptly provide a copy to the municipality's regional planning  
18           commission, the State program directors for municipal and water sewer  
19           funding, the Vermont Community Development Board, the Vermont  
20           Downtown Development Board, the Vermont Housing and Conservation  
21           Board, and the Natural Resources Board, as well as any person requesting

1 notice. Any person may provide comment on the municipality's report to the  
2 Commissioner of Housing and Development within 60 days of the filing. The  
3 Department shall post all comments with the Report on the Department's  
4 website.

5 (D) A municipality that has filed a Substantial Municipal Constraint  
6 Report shall update the Report each time it updates its municipal plan or  
7 bylaws. Failure to update the Report shall disqualify the municipality from the  
8 incentives identified in subdivision (3) of this subsection (b) and may subject  
9 the municipality to review by the Commissioner of Housing and Community  
10 Development pursuant to section 4351 of this title.

11 (3) Incentives and funding.

12 (A) On or before July 1, 2021, any municipality that requests  
13 technical assistance from a regional planning commission to update local  
14 bylaws to address inclusionary growth as described in subdivision (1) of this  
15 subsection (b) shall receive priority technical assistance through additional  
16 funding made available to the applicable regional planning commission by  
17 section 4306 of this title or municipal funding made available through the  
18 Municipal Planning Grant Program established by section 4306 of this title and  
19 may use resources developed by the Department of Housing and Community  
20 Development to assist with the updates.



1           (B) The following State funding programs shall prioritize funding in  
2           municipalities that have updated their bylaws to comply with this subsection or  
3           are actively pursuing actions that will bring their bylaws into compliance with  
4           this section:

5                   (i) State funding for Municipal Water and Sewer Systems;

6                   (ii) Municipal Planning Grants under section 4306 of this title;

7                   (iii) Vermont Community Development Program under 10 V.S.A.  
8           chapter 29, subchapter 1; and

9                   (iv) Neighborhood Development Area Historic Tax Credits under  
10           32 V.S.A. § 5930cc.

11           (4) A municipality that has adopted bylaws that comply subdivision (1)  
12           of this subsection (b) may adopt bylaws that allow land development that has  
13           been restricted by covenants, conditions, or restrictions in conflict with the  
14           goals of this chapter and duly adopted municipal policies. This subsection  
15           shall not affect the enforceability of any existing deed restrictions.

16           Sec. 3. 27 V.S.A. § 545 is added to read:

17           § 545. COVENANTS, CONDITIONS, AND RESTRICTIONS OF

18                   SUBSTANTIAL PUBLIC INTEREST

19           Deed restrictions, covenants, or similar binding agreements running with  
20           the land added after July 1, 2020 that prohibit or have the effect of prohibiting  
21           land development allowed under the municipal bylaws in a municipality that

1 has adopted a bylaw in accordance with 24 V.S.A. § 4412(b)(4) shall not be  
2 valid.

3 Sec. 4. REPORT ON SUBSTANTIAL MUNICIPAL CONSTRAINTS

4 On or before January 15, 2023, the Department of Housing and Community  
5 Development shall report to the General Assembly on any Substantial  
6 Municipal Constraint Reports received. The report shall address the number of  
7 municipalities that have reported substantial municipal constraints, the nature  
8 of the constraints, the impact on the development of housing in those  
9 municipalities, and any steps the Department recommends towards reducing or  
10 eliminating constraints.

11 Sec. 5. 10 V.S.A. § 6001(35) is amended to read:

12 (35) “Priority housing project” means a discrete project located on a  
13 single tract or multiple contiguous tracts of land that consists exclusively of:

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

19 ~~(B) mixed income housing and is located entirely within a designated~~  
20 ~~Vermont neighborhood or designated neighborhood development area under~~  
21 ~~24 V.S.A. chapter 76A.~~

1 Sec. 6. 10 V.S.A. § 6081 is amended to read:

2 § 6081. PERMITS REQUIRED; EXEMPTIONS

3 \* \* \*

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

9 (p)(1) No permit or permit amendment is required for any subdivision,  
10 development, or change to a project that is located entirely within a downtown  
11 development district designated pursuant to 24 V.S.A. § 2793, ~~if the change~~  
12 ~~consists exclusively of any combination of mixed use and mixed income~~  
13 ~~housing, and the cumulative changes within any continuous period of five~~  
14 ~~years, commencing on or after the effective date of this subsection, remain~~  
15 ~~below any applicable jurisdictional threshold specified in subdivision~~  
16 ~~6001(3)(A)(iv)(I) of this title~~ or a neighborhood development area designated  
17 pursuant to 24 V.S.A. § 2793e. Upon receiving notice and a copy of the permit  
18 issued by an appropriate municipal panel pursuant to 24 V.S.A. § 4460(f), a  
19 previously issued permit for a development or subdivision located in a  
20 downtown development area or a new neighborhood is extinguished.

1 (2) No permit or permit amendment is required for a priority housing  
2 project in a designated center other than a downtown development district if  
3 the project remains below any applicable jurisdictional threshold specified in  
4 subdivision 6001(3)(A)(iv)(I) of this title and will comply with all conditions  
5 of any existing permit or permit amendment issued under this chapter that  
6 applies to the tract or tracts on which the project will be located. If such a  
7 priority housing project will not comply with one or more of these conditions,  
8 an application may be filed pursuant to section 6084 of this title.

9 \* \* \*

10 (v) ~~A permit or permit amendment shall not be required for a development~~  
11 ~~or subdivision in a designated downtown development district for which the~~  
12 ~~District Commission has issued positive findings and conclusions under~~  
13 ~~section 6086b of this title on all the criteria listed in that section. A person shall~~  
14 ~~obtain new or amended findings and conclusions from the District Commission~~  
15 ~~under section 6086b of this title prior to commencement of a material change,~~  
16 ~~as defined in the rules of the Board, to a development or subdivision for which~~  
17 ~~the District Commission has issued such findings and conclusions. A person~~  
18 ~~may seek a jurisdictional opinion under section 6007 of this title concerning~~  
19 ~~whether such a change is a material change. [Repealed.]~~

20 \* \* \*

21 Sec. 7. REPEAL

1       The following are repealed:

2             (1) 10 V.S.A. § 6083a(d) (neighborhood development area fees).

3             (2) 10 V.S.A. § 6086b (downtown development).

4       Sec. 8. 24 V.S.A. § 4460 is amended to read:

5       § 4460. APPROPRIATE MUNICIPAL PANELS

6   \* \* \*

7       (f)(1) This subsection shall apply to a subdivision or development that:

8                     (A) was previously permitted pursuant to 10 V.S.A. chapter 151;

9                     (B) is located in a downtown development district or neighborhood  
10 development area designated pursuant to chapter 76A of this title; and

11                    (C) has applied for a permit or permit amendment required by zoning  
12 regulations or bylaws adopted pursuant to this subchapter.

13       (2) The appropriate municipal panel reviewing a municipal permit or  
14 permit amendment pursuant to this subsection shall include conditions  
15 contained within a permit previously issued pursuant to 10 V.S.A. chapter 151  
16 unless the panel determines that the permit condition pertains to any of the  
17 following:

18                    (A) the construction phase of the project that has already been  
19 constructed;

20                    (B) compliance with another State permit that has independent  
21 jurisdiction;

1           (C) federal or State law that is no longer in effect or applicable;

2           (D) an issue that is addressed by municipal regulation and the project  
3 will meet the municipal standards; or

4           (E) physical or use condition that is no longer in effect or applicable,  
5 or that will no longer be in effect or applicable once the new project is  
6 approved.

7           (3) After issuing or amending a permit containing conditions pursuant to  
8 this subsection, the appropriate municipal panel shall provide notice and a  
9 copy of the permit to the Natural Resources Board.

10           (4) The appropriate municipal panel's determinations shall be made  
11 following notice and hearing as provided in section 4464(a)(1) of this title and  
12 to those persons requiring notice pursuant to 10 V.S.A. § 6084(b). The notice  
13 shall explicitly reference the existing Act 250 permit.

14           (5) The appropriate municipal panel's decision shall be issued in accord  
15 with section 4464(b) of this title and shall include specific findings with  
16 respect to its determinations pursuant to subdivision (2) of this subsection (f).

17           (6) Any final action by the appropriate municipal panel affecting a  
18 condition of a permit previously issued pursuant to 10 V.S.A. chapter 151 shall  
19 be recorded in the municipal land records.

20       Sec. 9. 24 V.S.A. § 2793 is amended to read:

21       § 2793. DESIGNATION OF DOWNTOWN DEVELOPMENT DISTRICTS

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21

\* \* \*

(b) Within 45 days of receipt of a completed application, the State Board shall designate a downtown development district if the State Board finds in its written decision that the municipality has:

(1) Demonstrated a commitment to protect and enhance the historic character of the downtown through the adoption of a design review district, through the adoption of an historic district, or through the adoption of regulations that adequately regulate the physical form and scale of development that the State Board determines substantially meet the historic preservation requirements in subdivisions 4414(1)(E) and (F) of this title, ~~or through the creation of a development review board authorized to undertake local Act 250 reviews of municipal impacts pursuant to section 4420 of this title.~~

\* \* \*

Sec. 10. 24 V.S.A. § 2793e is amended to read:  
§ 2793e. NEIGHBORHOOD PLANNING AREAS; DESIGNATION OF  
NEIGHBORHOOD DEVELOPMENT AREAS

\* \* \*

(c) Application for designation of a neighborhood development area. The State Board shall approve a neighborhood development area if the application demonstrates and includes all of the following elements:

1           (1) The municipality has a duly adopted and approved plan and a  
2           planning process that is confirmed in accordance with section 4350 of this title  
3           and has adopted bylaws and regulations in accordance with sections 4414,  
4           4418, and 4442 of this title.

5           (2) A preapplication meeting with Department staff was held to review  
6           the program requirements and to preliminarily identify possible neighborhood  
7           development areas.

8           (3) The proposed neighborhood development area is within a  
9           neighborhood planning area or such extension of the planning area as may be  
10          approved under subsection (d) of this section.

11          (4) The proposed neighborhood development area consists of those  
12          portions of the neighborhood planning area that are generally within walking  
13          distance from the municipality's downtown, village center, or new town center  
14          designated under this chapter or from locations within the municipality's  
15          growth center designated under this chapter that are planned for higher density  
16          development.

17          (5) The proposed neighborhood development area consists of those  
18          portions of the neighborhood planning area that are appropriate for new and  
19          infill housing, excluding ~~identified~~ undeveloped flood hazard and fluvial  
20          erosion areas. In determining what areas are most suitable for new and infill  
21          housing, the municipality shall balance local goals for future land use, the



1 availability of land for housing within the neighborhood planning area, and the  
2 smart growth principles. Based on those considerations, the municipality shall  
3 select an area for neighborhood development area designation that:

4 (A) Avoids or that minimizes to the extent feasible the inclusion of  
5 “important natural resources” as defined in subdivision 2791(14) of this title.

6 If an “important natural resource” is included within a proposed neighborhood  
7 development area, the applicant shall identify the resource, explain why the  
8 resource was included, describe any anticipated disturbance to such resource,  
9 and describe why the disturbance cannot be avoided or minimized. If the  
10 neighborhood development area includes flood hazard areas or river corridors,  
11 the local bylaws must contain provisions deemed adequate by the Agency of  
12 Natural Resources to ensure that new infill development within an existing  
13 settlement occurs outside the floodway, new development is elevated or flood  
14 proofed at least two feet above Base Flood Elevation, or otherwise reasonably  
15 safe from flooding, and will not exacerbate fluvial erosion hazards within the  
16 river corridor.

17 (B) Is served by planned or existing transportation infrastructure that  
18 conforms with “complete streets” principles as described under 19 V.S.A. §  
19 309d and establishes pedestrian access directly to the downtown, village  
20 center, or new town center.

1 (C) Is compatible with and will reinforce the character of adjacent  
2 National Register Historic Districts, National or State Register Historic Sites,  
3 and other significant cultural and natural resources identified by local or State  
4 government.

5 (6) The neighborhood development area is served by:

6 (A) municipal sewer infrastructure; or

7 (B) a community or alternative wastewater system approved by the  
8 Agency of Natural Resources.

9 (7) ~~The~~ Within the neighborhood development area, the municipal  
10 bylaws allow as of right minimum lot sizes of one-quarter of an acre or less  
11 and minimum net residential densities within the neighborhood development  
12 ~~area~~ greater than or equal to four single-family detached dwelling units per  
13 acre, exclusive of accessory dwelling units, or no fewer than the average  
14 existing density of the surrounding neighborhood, whichever is greater.

15 (A) The methodology for calculating density shall be established in  
16 the guidelines developed by the Department pursuant to subsection 2792(d) of  
17 this title.

18 ~~(A)~~(B) Regulations that adequately regulate the physical form and  
19 scale of development may be used to demonstrate compliance with this  
20 requirement.

1           ~~(B)~~(C) Development in the neighborhood development areas that is  
2 lower than the minimum net residential density required by this subdivision (7)  
3 shall not qualify for the benefits stated in subsections (f) and (g) of this section.  
4 ~~The district coordinator shall determine whether development meets this~~  
5 ~~minimum net residential density requirement in accordance with subsection (f)~~  
6 ~~of this section.~~

7           (8) Local bylaws, regulations, and policies applicable to the  
8 neighborhood development area substantially conform with neighborhood  
9 design guidelines developed by the Department pursuant to section 2792 of  
10 this title. These policies shall:

11           (A) ensure that all investments contribute to a built environment that  
12 enhances the existing neighborhood character and supports pedestrian use;

13           (B) ensure sufficient residential ~~density~~ uses and building heights;

14           (C) minimize the required ~~lot sizes~~, setbacks, ~~and~~ parking  
15 requirements, and street widths; and

16           (D) require conformance with “complete streets” principles as  
17 described under 19 V.S.A. § 309d, street and pedestrian connectivity, and  
18 street trees.

19           (9) Residents hold a right to utilize household energy conserving  
20 devices.

1           (10) The application includes a map or maps that, at a minimum,  
2 identify:

3           (A) “important natural resources” as defined in subdivision 2791(14)  
4 of this title;

5           (B) existing slopes of 25 percent or steeper;

6           (C) public facilities, including public buildings, public spaces, sewer  
7 or water services, roads, sidewalks, paths, transit, parking areas, parks, and  
8 schools;

9           (D) planned public facilities, roads, or private development that is  
10 permitted but not built;

11           (E) National Register Historic Districts, National or State Register  
12 Historic Sites, and other significant cultural and natural resources identified by  
13 local or State government;

14           (F) designated downtown, village center, new town center, or growth  
15 center boundaries as approved under this chapter and their associated  
16 neighborhood planning area in accordance with this section; and

17           (G) delineated areas of land appropriate for residential development  
18 and redevelopment under the requirements of this section.

19           (11) The application includes the information and analysis required by  
20 the Department’s guidelines under section 2792 of this title.

1           (d) Designation process. Within 45 days of receipt of a complete  
2 application for designation of a neighborhood development area, the State  
3 Board, after opportunity for public comment, shall approve a neighborhood  
4 development area if the Board determines that the applicant has met the  
5 requirements of this section.

6           (1) When approving a neighborhood development area, the State Board  
7 shall consult with the applicant about any changes the Board considers making  
8 to the boundaries of the proposed area. After consultation with the applicant,  
9 the Board may change the boundaries of the proposed area.

10           (2) A neighborhood development area may include one or more areas of  
11 land extending beyond the delineated neighborhood planning area, provided  
12 that at least 80 percent but no fewer than seven of the members of the State  
13 Board present find that:

14           (A) including the extended area beyond the neighborhood planning  
15 area is consistent with the goals of section 4302 of this title;

16           (B) residential development opportunities within the neighborhood  
17 planning area are limited due to natural constraints and existing development;

18           (C) the extended area represents a logical extension of an existing  
19 compact settlement pattern and is consistent with smart growth principles; and

20           (D) the extended area is adjacent to existing development.

1 (e) Length of designation. Initial designation of a neighborhood  
2 development area shall be reviewed concurrently with the next periodic review  
3 conducted of the underlying designated downtown, village center, new town  
4 center, or growth center.

5 (1) The State Board, on its motion, may review compliance with the  
6 designation requirements at more frequent intervals.

7 (2) If the underlying downtown, village center, new town center, or  
8 growth center designation terminates, the neighborhood development area  
9 designation also shall terminate.

10 (3) If at any time the State Board determines that the designated  
11 neighborhood development area no longer meets the standards for designation  
12 established in this section, it may take any of the following actions:

13 (A) require corrective action within a reasonable time frame;

14 (B) remove the neighborhood development area designation; or

15 (C) prospectively limit benefits authorized in this chapter.

16 (4) Action taken by the State Board under subdivision (3) of this  
17 subsection shall not affect benefits already received by the municipality or a  
18 land owner in the designated neighborhood development area.

19 (f) Neighborhood development area incentives for developers. Once a  
20 municipality has a designated neighborhood development area or has a  
21 Vermont neighborhood designation pursuant to section 2793d of this title, ~~any~~

1 a proposed development within that area shall be eligible for each of the  
2 benefits listed in this subsection. ~~These benefits shall accrue upon approval by~~  
3 ~~the district coordinator, who shall review,~~ provided that the project meets the  
4 density requirements set forth in subdivision (c)(7) of this section ~~to determine~~  
5 ~~benefit eligibility and issue a jurisdictional opinion under 10 V.S.A. chapter~~  
6 ~~151 on whether the density requirements are met,~~ as determined by the  
7 administrative officer, as defined in 24 V.S.A. chapter 117. These benefits are:

8 (1) The application fee limit for wastewater applications stated in 3  
9 V.S.A. § 2822(j)(4)(D).

10 (2) ~~The application fee reduction for residential development stated in~~  
11 ~~10 V.S.A. § 6083a(d).~~

12 (3) ~~The exclusion from the land gains tax provided by 32 V.S.A. §~~  
13 ~~10002(p).~~

14 (g) Neighborhood development area incentives for municipalities. Once a  
15 municipality has a designated neighborhood development area, it may receive:

16 (1) priority consideration for municipal planning grant funds; and

17 (2) training and technical assistance from the Department to support an  
18 application for benefits from the Department.

19 (h) Alternative designation. If a municipality has completed all of the  
20 planning and assessment steps of this section but has not requested designation  
21 of a neighborhood development area, an owner of land within a neighborhood

1 planning area may apply to the State Board for neighborhood development  
2 area designation status for a portion of land within the neighborhood planning  
3 area. The applicant shall have the responsibility to demonstrate that all of the  
4 requirements for a neighborhood development area designation have been  
5 satisfied and to notify the municipality that the applicant is seeking the  
6 designation. The State Board shall provide the municipality with at least 14  
7 days' prior written notice of the Board's meeting to consider the application,  
8 and the municipality shall submit to the State Board the municipality's  
9 response, if any, to the application before or during that meeting. On approval  
10 of a neighborhood development area designation under this subsection, the  
11 applicant ~~may proceed to obtain a jurisdictional opinion from the district~~  
12 ~~coordinator under subsection (f) of this section in order to obtain~~ shall be  
13 eligible for the benefits granted to neighborhood development areas, subject to  
14 approval by the administrative officer, as provided in subsection (f) of this  
15 section.

16 Sec. 11. 32 V.S.A. § 5930aa is amended to read:

17 § 5930aa. DEFINITIONS

18 As used in this subchapter:

19 (1) "Qualified applicant" means an owner or lessee of a qualified

20 building involving a qualified project, but does not include a State or federal



1 agency or a political subdivision of either; or an instrumentality of the United  
2 States.

3 (2) “Qualified building” means a building built at least 30 years before  
4 the date of application, located within a designated downtown, ~~or~~ village  
5 center, or neighborhood development area, which upon completion of the  
6 project supported by the tax credit will be an income-producing building not  
7 used solely as a single-family residence. Churches and other buildings owned  
8 by religious organization may be qualified buildings, but in no event shall tax  
9 credits be used for religious worship.

10 (3) “Qualified code improvement project” means a project:

11 (A) to install or improve platform lifts suitable for transporting  
12 personal mobility devices, limited use or limited application elevators,  
13 elevators, sprinkler systems, and capital improvements in a qualified building,  
14 and the installations or improvements are required to bring the building into  
15 compliance with the statutory requirements and rules regarding fire prevention,  
16 life safety, and electrical, plumbing, and accessibility codes as determined by  
17 the Department of Public Safety;

18 (B) to abate lead paint conditions or other substances hazardous to  
19 human health or safety in a qualified building; or

1 (C) to redevelop a contaminated property in a designated downtown,  
2 ~~or~~ village center, or neighborhood development area under a plan approved by  
3 the Secretary of Natural Resources pursuant to 10 V.S.A. § 6615a.

4 (4) “Qualified expenditures” means construction-related expenses of the  
5 taxpayer directly related to the project for which the tax credit is sought but  
6 excluding any expenses related to a private residence.

7 (5) “Qualified façade improvement project” means the rehabilitation of  
8 the façade of a qualified building that contributes to the integrity of the  
9 designated downtown ~~or~~, designated village center, or neighborhood  
10 development area. ~~façade~~ Façade improvements to qualified buildings listed,  
11 or eligible for listing, in the State or National Register of Historic Places must  
12 be consistent with Secretary of the Interior Standards, as determined by the  
13 Vermont Division for Historic Preservation.

14 (6) “Qualified historic rehabilitation project” means an historic  
15 rehabilitation project that has received federal certification for the  
16 rehabilitation project.

17 (7) “Qualified project” means a qualified code improvement, qualified  
18 façade improvement, or qualified historic rehabilitation project as defined by  
19 this subchapter.

20 (8) “State Board” means the Vermont Downtown Development Board  
21 established pursuant to 24 V.S.A. chapter 76A.

1       Sec. 12. FINDINGS AND PURPOSE; AFFORDABLE HOUSING BOND

2           (a) Findings.

3           (1) In 2017, the General Assembly, in partnership with the Vermont  
4           Housing Conservation Board, the Vermont Housing Finance Agency, the State  
5           Treasurer, and other affordable housing stakeholders, provided for the funding  
6           and creation of an affordable housing bond to support the development of  
7           affordable housing throughout the State.

8           (2) To date, the Vermont Housing Conservation Board has committed  
9           over \$24.8 million of the total \$37 million bond proceeds, leveraging another  
10           \$140 million through partner programs and supporting the creation of  
11           approximately 550 housing units. The remaining bond proceeds are expected  
12           to be fully committed by the end of 2019. The Vermont Housing Conservation  
13           Board is on track to meet or exceed the production and leveraging goals of the  
14           bond and meet the income targeting requirements.

15           (3) The General Assembly finds that additional investments are needed  
16           to help create more affordable housing options for Vermonters.

17           (b) Purpose and intent.

18           (1) The purpose of Secs. 1–7 of this act is to promote the development  
19           and improvement of affordable housing for current and future Vermont  
20           residents throughout the State.

1           (2) It is the intent of the General Assembly to authorize the Vermont  
2           Housing Finance Agency to issue a new housing bond, or a series of housing  
3           bonds, between FY 2022 and FY 2027 and transfer the proceeds to the  
4           Vermont Housing Conservation Board to support the development of  
5           additional affordable housing.

6           Sec. 13. 10 V.S.A. § 315 is added to read:

7           § 315. HOUSING BOND; INVESTMENT

8           The Vermont Housing and Conservation Board shall use the proceeds of  
9           bonds, notes, and other obligations issued by the Vermont Housing Finance  
10           Agency pursuant to subdivision 621(23) of this title and transferred to the  
11           Vermont Housing and Conservation Trust Fund to fund the creation and  
12           improvement of owner-occupied and rental housing for Vermonters with very  
13           low to middle income up to 120 percent of the area median, in areas targeted  
14           for growth and reinvestment. The Board shall use the proceeds to fund  
15           housing that meets community needs and in consideration of the following  
16           priorities:

17           (1) creating new multifamily and single-family homes;

18           (2) addressing blighted properties and other existing housing stock  
19           requiring reinvestment including in mobile home parks; and

1           (3) providing service-supported housing in coordination with the  
2           Agency of Human Services including those who are elderly, homeless, in  
3           recovery, experiencing severe mental illness, or leaving incarceration.

4           Sec. 14. 10 V.S.A. § 323 is amended to read:

5           § 323. ANNUAL REPORT

6           Prior to January 31 of each year, the Board shall submit a report concerning  
7           its activities to the Governor and to the House Committees on Agriculture and  
8           Forestry, on Appropriations, on Corrections and Institutions, on Natural  
9           Resources, Fish, and Wildlife, and on Ways and Means and the Senate  
10          Committees on Agriculture, on Appropriations, on Finance, on Institutions,  
11          and on Natural Resources and Energy. The report shall include the following:

12           (1) a list and description of activities funded by the Board during the  
13          preceding year, including commitments made to fund projects through housing  
14          bond proceeds pursuant to ~~section~~ sections 314 and 315 of this title, and  
15          project descriptions, levels of affordability, and geographic location;

16    \* \* \*

17          Sec. 15. 32 V.S.A. § 9610 is amended to read:

18          § 9610. REMITTANCE OF RETURN AND TAX; INSPECTION OF  
19    RETURNS

20           (a) Not later than 30 days after the receipt of any property transfer return, a  
21          town clerk shall file the return in the office of the town clerk and electronically

1 forward a copy of the acknowledged return to the Commissioner; provided,  
2 however, that with respect to a return filed in paper format with the town, the  
3 Commissioner shall have the discretion to allow the town to forward a paper  
4 copy of that return to the Department.

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

7 (c) Prior to distributions of property transfer tax revenues under 10 V.S.A.  
8 § 312, 24 V.S.A. § 4306(a), and subdivision 435(b)(10) of this title, two  
9 percent of the revenues received from the property transfer tax shall be  
10 deposited in a special fund in the Department of Taxes for Property Valuation  
11 and Review administration costs.

12 (d)~~(4)~~ Prior to any distribution of property transfer tax revenue under  
13 10 V.S.A. § 312, 24 V.S.A. § 4306(a), subdivision 435(b)(10) of this title, and  
14 subsection (c) of this section, \$2,500,000.00 of the revenue received from the  
15 property transfer tax shall be transferred to the Vermont Housing Finance  
16 Agency to pay the principal of and interest due on the bonds, notes, and other  
17 obligations authorized to be issued by the Agency pursuant to 10 V.S.A.  
18 § 621(22), the proceeds of which the Vermont Housing and Conservation  
19 Board shall use to create affordable housing pursuant to 10 V.S.A. § 314.

20 ~~(2) As long as the bonds, notes, and other obligations incurred pursuant~~  
21 ~~to subdivision (1) of this subsection remain outstanding, the rate of tax~~

1 ~~imposed pursuant to section 9602 of this title shall not be reduced below a rate~~  
2 ~~estimated, at the time of any reduction, to generate annual revenues of at least~~  
3 ~~\$12,000,000.00.~~

4 (e) Prior to any distribution of property transfer tax revenue under  
5 10 V.S.A. § 312, 24 V.S.A. § 4306(a), subdivision 435(b)(10) of this title, and  
6 subsection (c) of this section, \$4,000,000.00 of the revenue received from the  
7 property transfer tax shall be transferred to the Vermont Housing Finance  
8 Agency to pay the principal of and interest due on the bonds, notes, and other  
9 obligations authorized to be issued by the Agency pursuant to 10 V.S.A.  
10 § 621(23), the proceeds of which the Vermont Housing and Conservation  
11 Board shall use to create housing pursuant to 10 V.S.A. § 315.

12 (f) Provided bonds, notes, and other obligations incurred pursuant to  
13 subsection (d) or (e) of this section, or both, remain outstanding, the rate of tax  
14 imposed pursuant to section 9602 of this title shall not be reduced below a rate  
15 estimated, at the time of any reduction, to generate annual revenues of:

16 (1) at least \$30,000,000.00 while bonds, notes, and other obligations  
17 incurred pursuant to both subsections remain outstanding; and

18 (2) at least \$18,000,000.00 while bonds, notes, and other obligations  
19 incurred pursuant to subsection (d) of this section have been satisfied but  
20 obligations under subsection (e) of this section remain outstanding.

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

2 § 621. GENERAL POWERS AND DUTIES

3 The Agency shall have all of the powers necessary and convenient to carry  
4 out and effectuate the purposes and provisions of this chapter, including  
5 without limitation those general powers provided a business corporation by  
6 11A V.S.A. § 3.02 and those general powers provided a nonprofit corporation  
7 by 11B V.S.A. § 3.02 and including, without limiting the generality of the  
8 foregoing, the power to:

9 \* \* \*

10 (21) use funds received from real estate trust and escrow accounts  
11 established under 26 V.S.A. § 2214(c), IORTA funds, for down payment and  
12 closing cost assistance with priority given to persons and families at or below  
13 90 percent of median income and to persons and families purchasing  
14 perpetually affordable housing;

15 (22) issue bonds, notes, and other obligations secured by the property  
16 transfer tax revenues transferred to the Agency pursuant to 32 V.S.A.  
17 § 9610(d); and

18 (23) issue bonds, notes, and other obligations secured by the property  
19 transfer tax revenues transferred to the Agency pursuant to 32 V.S.A.  
20 § 9610(e).



1 Sec. 17. 10 V.S.A. § 631(m) is added to read:

2 (m)(1) The bonds, notes, and other obligations authorized to be issued  
3 pursuant to subdivision 621(23) of this title shall be secured by a pledge of  
4 \$4,000,000.00 from the property transfer tax revenues to be transferred to the  
5 Agency pursuant to 32 V.S.A. § 9610(e) and shall mature on or before June 30,  
6 2042.

7 (2) The Agency may issue the bonds, notes, and other obligations in one  
8 or more series at one time or from time to time, provided that the aggregate  
9 annual debt service on the bonds, notes, and other obligations shall not exceed  
10 \$4,000,000.00 at any time.

11 (3) The Agency shall transfer the proceeds of the bonds, notes, and other  
12 obligations, less issuance fees and costs and required reserves, to the Vermont  
13 Housing and Conservation Trust Fund established pursuant to section 312 of  
14 this title for use by the Vermont Housing and Conservation Board as provided  
15 in section 315 of this title.

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

1       Sec. 18. FY 2021 RESERVE FUNDING; HOUSING BOND; VERMONT  
2                                   HOUSING AND CONSERVATION TRUST FUND

3           In fiscal year 2021, the amount of \$4,000,000.00 in revenues generated  
4           from the property transfer tax and the revenues generated from the rooms tax  
5           on short-term rentals shall be transferred to the Vermont Housing and  
6           Conservation Trust Fund to reserve for future debt payments on the new  
7           housing bond authorized in Secs. 5 and 6 of this act.

8       Sec. 19. REPEAL

9           The following are repealed on July 1, 2042:

10           (1) 10 V.S.A. § 315 (Vermont Housing and Conservation Board;  
11           housing bond and investments).

12           (2) 10 V.S.A. § 621(23) (Vermont Housing Finance Agency (VHFA)  
13           authority to issue debt obligations).

14           (3) 10 V.S.A. § 631(m) (debt obligations issued by VHFA).

15           (4) 32 V.S.A. § 9610(e)–(f) (property transfer tax priority for housing  
16           debt repayment).

17       Sec. 20. 24 V.S.A. 1892(d) is amended to read:

18           (d) The following municipalities have been authorized to use education tax  
19           increment financing for a tax increment financing district:

20           (1) the City of Burlington, Downtown;

21           (2) the City of Burlington, Waterfront;

- 1 (3) the Town of Milton, North and South;
- 2 (4) the City of Newport;
- 3 (5) the City of Winooski;
- 4 (6) the Town of Colchester;
- 5 (7) the Town of Hartford;
- 6 (8) the City of St. Albans;
- 7 (9) the City of Barre;
- 8 (10) the Town of Milton, Town Core; ~~and~~
- 9 (11) the City of South Burlington;
- 10 (12) the Town of Bennington; and
- 11 (13) the City of Montpelier.

12 Sec. 21. SHORT-TERM RENTALS

13 The Agency of Commerce and Community Development shall adopt rules  
14 to collect sufficient data to allow the State to understand the impact of short-  
15 term rentals on the availability of housing in this State, while balancing the  
16 privacy interests of short-term rental operators and their guests.

17 Sec. 22. HOMELESSNESS PREVENTION

18 (a) Consistent with the report mandated in 2019 Acts and Resolves No. 72,  
19 Sec. E.300.4, the Secretary of Human Services shall take reasonable measures,  
20 including increasing case management services for Vermonters who are  
21 homeless, to reduce the loss of specialized federal rental assistance vouchers.

1       (b) The Secretary shall report to the Senate Committees on Appropriations,  
2       on Economic Development, Housing and General Affairs, and on Health and  
3       Welfare and to the House Committees on Appropriations, on General,  
4       Housing, and Military Affairs, on Human Services, and on Health Care on or  
5       before October 15, 2020 on measures taken, and results achieved, in increasing  
6       the use of specialized federal assistance vouchers.

7       Sec. 23. EFFECTIVE DATE

8       This act shall take effect on July 1, 2020.