

## S.237 – Recommended Amendments

### 1. Updated Convent Language:

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

§ 545. COVENANTS, CONDITIONS, AND RESTRICTIONS OF SUBSTANTIAL PUBLIC INTEREST

Deed restrictions, covenants, or similar binding agreements running with the land added after July 1, 2020 that prohibit or have the effect of prohibiting land development allowed under the municipal bylaws in a municipality that has adopted a bylaw in accordance with 24 V.S.A. § 4412(b)(4) shall not be valid. This section shall not affect the enforceability of any property interest held in whole or in part by a Qualified Organization or State Agency as defined in 10 V.S.A. § 6301a, including any restrictive easements, such as conservation easements and historic preservation rights and interests defined in 10 V.S.A. § 822. This section shall not affect the enforceability of any property interest that is restricted by a housing subsidy covenant as defined by 27 V.S.A. § 610 and held in whole or in part by an eligible applicant as defined in 10 V.S.A. § 303 (4) or the Vermont Housing Finance Agency.

### 2. Technical Corrections for Priority Housing Projects:

Sec. XX. Title 10, Chapter 151 (Act 250) Definition of Mixed-Income Housing is amended to read:

§6001 "Mixed income housing" means a housing project in which the following apply:

~~(A) Owner occupied housing. At the option of the applicant, owner occupied housing may be characterized by either of the following:~~

~~(i) at least 15 percent of the housing units have a purchase price that at the time of first sale does not exceed 85 percent of the new construction, targeted area purchase price limits established and published annually by the Vermont Housing Finance Agency; or~~

~~(ii) at least 20 percent of the housing units have a purchase price that at the time of first sale does not exceed 90 percent of the new construction, targeted area purchase price limits established and published annually by the Vermont Housing Finance Agency.~~

~~(B) Rental housing. At least 20 percent of the housing units that are rented constitute affordable housing and have a duration of affordability of not less than 15 years.~~

(27) “Mixed income housing” means a housing project in which the following shall apply:

(A) Owner-occupied housing. At the time of initial sale, at least 20 percent of the housing units meet the requirements of affordable owner-occupied housing under subsection (29)(A) of this section, adjusted for the number of bedrooms, as established and published annually by the Vermont Housing Finance Agency.

(B) Rental housing. For not less than fifteen years following the date such rental housing is initially placed in service, at least 20 percent of the housing units meet the requirements of affordable rental housing under subsection (29)(B) of this section, adjusted for the number of bedrooms, as established and published annually by the Vermont Housing Finance Agency.

### **3. ‘One-stop’ permitting for municipal system water and sewer connections:**

\* \* \* Wastewater Connection Permits \* \* \*

Sec. XX. 10 V.S.A. § 1974(9) is added to read:

(9) A person who receives an authorization from a municipality that administers a program registered with the Secretary pursuant to section 1983 of

this title.

Sec. XX. 10 V.S.A. § 1983 is added to read:

§ 1983. REGISTRATION FOR MUNICIPAL WASTEWATER SYSTEM  
AND POTABLE WATER SUPPLY CONNECTIONS

(a) A municipality may issue an approval for a connection or an existing connection with a change in use to the municipal sanitary sewer collection line via a sanitary sewer service line or a connection to a water main via a new water service line in lieu of permits issued under this chapter, provided that the municipality documents the following in a form prescribed by the Secretary:

(1) The municipality owns or has legal control over connections to a public community water system permitted pursuant to chapter 56 of this title and connections to a wastewater treatment facility permitted pursuant to chapter 47 of this title.

(2) The municipality shall only issue authorizations for:

(A) a sanitary sewer service line that connects to the sanitary sewer collection line that serves a single connection; and

(B) a water service line that connects to the water main that serves a single connection.

(3) The building or structure connects to both the sanitary sewer collection line and public community water system.

(4) The municipality issues approvals that comply with the technical standards for sanitary sewer service lines and water service lines adopted by the Secretary under this chapter.

(5) The municipality requires documentation in the land records that the

connection authorized by the municipality was installed in accordance with the technical standards.

(6) The program requires the retention of plans that show the location and design of authorized connections.

(b) The municipality shall notify the Secretary 30 days in advance of terminating any registration. The municipality shall provide all approvals and plans to the Secretary as a part of this termination notice.

#### Sec. XX. STUDY OF SUBDIVISION REGULATIONS IN AUTHORIZED MUNICIPALITIES

The Agency of Natural Resources' Technical Advisory Committee shall report to the House Committee on Natural Resources, Fish, and Wildlife and the Senate Committee on Natural Resources and Energy on whether municipalities authorized under 10 V.S.A. § 1983 should also have jurisdiction to issue permits in lieu of the Secretary for subdivisions when the lot is served by municipal water and sewer.

#### **4. Downtown and Village Center Tax Credits -- expand eligibility to NDAs, enable credits for flood mitigation work, raise the Cap to \$4M, housekeeping changes**

24 V.S.A. § 2793a. is amended to read:

§ 2793a. DESIGNATION OF VILLAGE CENTERS BY STATE BOARD

\* \* \*

(c) A village center designated by the State Board pursuant to subsection (a) of this section is eligible for the following development incentives and benefits:

\* \* \*

~~(4) The following State tax credits for projects located in a designated village center:~~

~~(A) A State historic rehabilitation tax credit of ten percent under 32~~

~~V.S.A. § 5930cc(a) that meets the requirements for the federal rehabilitation tax credit.~~

~~(B) A State façade improvement tax credit of 25 percent under 32~~

~~V.S.A. § 5930cc(b).~~

~~(C) A State code improvement tax credit of 50 percent under 32~~

~~V.S.A. § 5930cc(e) The Downtown and Village Center Tax Credit Program described in 32 V.S.A. § 5930aa et seq.~~

\* \* \*

Sec. XX. 24 V.S.A. § 2794 is amended to read:

§ 2794. INCENTIVES FOR PROGRAM DESIGNEES

(a) Upon designation by the Vermont Downtown Development Board under section 2793 of this title, a downtown development district and projects in a downtown development district shall be eligible for the following:

(1) Priority consideration by any agency of the State administering any State or federal assistance program providing funding or other aid to a municipal downtown area with consideration given to such factors as the costs and benefits provided and the immediacy of those benefits, provided the project is eligible for the assistance program.

~~(2) The following State tax credits:~~

~~(A) A State historic rehabilitation tax credit of 10 percent under 32~~

~~V.S.A. § 5930cc(a) that meets the requirements for the federal rehabilitation~~

~~tax credit.~~

~~(B) A State façade improvement tax credit of 25 percent under 32~~

~~V.S.A. § 5930cc(b).~~

~~(C) A State code improvement tax credit of 50 percent under 32~~

~~V.S.A. § 5930cc(e) The Downtown and Village Center Tax Credit Program~~  
~~described in 32 V.S.A. § 5930aa et seq.~~

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

§ 5930aa. DEFINITIONS

As used in this subchapter:

(1) “Qualified applicant” means an owner or lessee of a qualified building involving a qualified project, but does not include a State or federal agency or a political subdivision of either; or an instrumentality of the United States.

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

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

(A) to install or improve platform lifts suitable for transporting personal mobility devices, limited use or limited application elevators,

elevators, sprinkler systems, and capital improvements in a qualified building, and the installations or improvements are required to bring the building into compliance with the statutory requirements and rules regarding fire prevention, life safety, and electrical, plumbing, and accessibility codes as determined by the Department of Public Safety;

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

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

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

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

(6) “Qualified Flood Mitigation Project” means any combination of structural and nonstructural changes to a building which reduces or eliminates flood damage to the building or its contents, located within the flood hazard area as mapped by the Federal Emergency Management Agency. The project

shall comply with the municipality's adopted flood hazard bylaw (if applicable) and a certificate of completion shall be submitted by a registered engineer, architect, qualified contractor, or qualified local official to the State Board. Improvements to qualified buildings listed, or eligible for listing, in the State or National Register of Historic Places shall be consistent with Secretary of the Interior's Standards for rehabilitation, as determined by the Vermont Division for Historic Preservation.

(7) "Qualified historic rehabilitation project" means an historic rehabilitation project that has received federal certification for the rehabilitation project.

~~(7)~~(8) "Qualified project" means a qualified code improvement, qualified façade improvement, or qualified historic rehabilitation project as defined by this subchapter.

~~(8)~~(9) "State Board" means the Vermont Downtown Development Board established pursuant to 24 V.S.A. chapter 76A.

Sec. XX. 32 V.S.A. § 5930cc(d) is added to read:

(d) Flood Mitigation Tax Credit. The qualified applicant of a qualified flood mitigation project shall be entitled, upon the approval of the State Board, to claim against the taxpayer's State individual income tax, State corporate income tax, or bank franchise or insurance premiums tax liability a credit of 50 percent of qualified expenditures up to a maximum tax credit of \$75,000.00.

Sec. XX. 32 V.S.A. § 5930ee is amended to read:

§ 5930ee. LIMITATIONS

Beginning in fiscal year 2010 and thereafter, the State Board may award tax



credits to all qualified applicants under this subchapter, provided that:

(1) the total amount of tax credits awarded annually, together with sales tax reallocated under section 9819 of this title, does not exceed ~~\$2,600,000.00~~ \$4,000,000.00;

## **5. Opportunity zone capital gains exemption for homeowners**

\* \* \* Opportunity Zones \* \* \*

Sec. XX. 32 V.S.A. § 5811(21) is amended to read:

(21) “Taxable income” means, in the case of an individual, federal adjusted gross income determined without regard to 26 U.S.C. § 168(k) and:

\* \* \*

(B) Decreased by the following items of income (to the extent such income is included in federal adjusted gross income):

\* \* \*

(iii) recapture of State and local income tax deductions not taken against Vermont income tax; ~~and~~

(iv) the portion of federally taxable benefits received under the federal Social Security Act that is required to be excluded under section 5830e of this chapter; and

(v) capital gain income from the sale of residential real property located within a designated qualified opportunity zone as defined by 26 U.S.C. § 1400Z-1 and sold to a person who occupies the property or a portion thereof as his or her primary residence.

## **6. “Better Places” crowd-grant program**

Sec. XX. 24 V.S.A. § 2799 is added to read:

§ 2799. BETTER PLACES PROGRAM; CROWD GRANTING

There is created a Better Places Fund, which shall be a special fund created under 32 V.S.A. chapter 7, subchapter 5. The purpose of the Fund is to utilize crowdfunding to spark community revitalization through collaborative grantmaking for projects that create, activate, or revitalize public spaces. The fund shall be administered by the Department of Housing and Community Development, in coordination with and support from other State agencies and nonprofit and philanthropic partners.

(b) The Fund shall be composed of the following:

(1) such State or federal funds as may be appropriated by the General Assembly;

(2) any gifts, grants, or other contributions to the Fund; and

(3) proceeds from the issuance of general obligation bonds.

(c) As used in this section, “public space” means as an area or place that is open and accessible to all people, generally with no charge for admission.

Public spaces include village greens, squares, parks, community centers, town halls, libraries, and other public-accessible buildings and connecting spaces such as sidewalks, streets, alleys, and trails.

(d) The Department of Housing and Community Development shall establish an application process, eligibility criteria, and criteria for prioritizing

assistance for awarding grants from the Fund. Grants may be awarded to a municipality or nonprofit organization for a project using matching funds located in a designated downtown, village center, new town center, or neighborhood development area that will create a new public space or revitalize or activate an existing public space. Matching funds shall be raised through a crowdfunding approach that includes multiple donors and other appropriate requirements to ensure a broad base of community and financial support for the project.