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H.256

Introduced by Representatives Stevens of Waterbury, Anthony of Barre City,  
Austin of Colchester, Bluemle of Burlington, Colston of  
Winooski, Dolan of Essex, Houghton of Essex, Killacky of  
South Burlington, Kitzmiller of Montpelier, Masland of  
Thetford, Mulvaney-Stanak of Burlington, Nicoll of Ludlow,  
Ode of Burlington, Squirrell of Underhill, Sullivan of Dorset,  
Townsend of South Burlington, Troiano of Stannard, and Walz  
of Barre City

Referred to Committee on

Date:

Subject: Housing

Statement of purpose of bill as introduced: This bill proposes to improve  
rental housing health and safety.

An act relating to improving rental housing health and safety

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

2 \* \* \* Department of Public Safety;

3 Authority for Rental Housing Health and Safety \* \* \*

4 Sec. 1. 20 V.S.A. chapter 173 is amended to read:

5 CHAPTER 173. PREVENTION AND INVESTIGATION OF FIRES;

6 PUBLIC BUILDINGS; HEALTH AND SAFETY; ENERGY STANDARDS

7 \* \* \*

8 Subchapter 2. Division of Fire Safety; Public Buildings; Building Codes;

9 Rental Housing Health and Safety; Building Energy Standards

10 \* \* \*

11 § 2730. DEFINITIONS

12 (a) As used in this subchapter, “public building” means:

13 \* \* \*

14 (D) a building in which people rent accommodations, whether

15 overnight or for a longer term, including “rental housing” as defined in

16 subsection (f) of this section;

17 \* \* \*

18 (2) Use of any portion of a building in a manner described in this

19 subsection shall make the entire building a “public building” for purposes of

20 this subsection. For purposes of this subsection, a “person” does not include

1 an individual who is directly related to the employer and who resides in the  
2 employment-related building.

3 (b) The term “public building” does not include:

4 (1) An owner-occupied single family residence, unless used for a  
5 purpose described in subsection (a) of this section.

6 \* \* \*

7 ~~(4) A single family residence with an accessory dwelling unit as~~  
8 ~~permitted under 24 V.S.A. § 4406(4)(D).~~

9 \* \* \*

10 (f) “Rental housing” means a “dwelling unit” as defined in 9 V.S.A. § 4451  
11 and a “short-term rental” as defined in 18 V.S.A. § 4301.

12 § 2731. RULES; INSPECTIONS; VARIANCES

13 (a) Rules.

14 (1) The Commissioner is authorized to adopt rules regarding the  
15 construction, health, safety, sanitation, and fitness for habitation of buildings,  
16 maintenance and operation of premises, and prevention of fires and removal of  
17 fire hazards, and to prescribe standards necessary to protect the public,  
18 employees, and property against harm arising out of or likely to arise out of  
19 fire.

20 \* \* \*

1 (b) Inspections.

2 (1) The Commissioner shall conduct inspections of premises to ensure  
3 that the rules adopted under this subchapter are being observed and may  
4 establish priorities for enforcing these rules and standards based on the relative  
5 risks to persons and property from fire of particular types of premises.

6 (2) The Commissioner may also conduct inspections to ensure that  
7 buildings are constructed in accordance with approved plans and drawings.

8 (3) When conducting an investigation of rental housing, the  
9 Commissioner shall:

10 (A) issue a written inspection report on the unit or building that:

11 (i) contains findings of fact that serve as the basis of one or more  
12 violations;

13 (ii) specifies the requirements and timelines necessary to correct a  
14 violation;

15 (iii) provides notice that the landlord is prohibited from renting the  
16 affected unit to a new tenant until the violation is corrected; and

17 (iv) provides notice in plain language that the landlord or agents of  
18 the landlord must have access to the rental unit to make repairs as ordered by  
19 the Commissioner consistent with the access provisions in 9 V.S.A. § 4460;

1           (B) provide a copy of the inspection report to the landlord, to the  
2           person who requested the inspection, and to any tenants who are affected by a  
3           violation:

4                   (i) electronically, if the Department has an electronic mailing  
5                   address for the person; or

6                   (ii) by first-class mail, if the Department does not have an  
7                   electronic mailing address for the person.

8           (C) if an entire building is affected by a violation, provide a notice of  
9           inspection, either directly to the individual tenants or posted in a common area,  
10           that specifies:

11                   (i) the date of the inspection;

12                   (ii) that violations were found and must be corrected by a certain  
13                   date;

14                   (iii) how to obtain a copy of the inspection electronically or by  
15                   first-class mail; and

16                   (iv) if the notice is posted in a common area, that the notice shall  
17                   not be removed until authorized by the Commissioner.

18           (D) make the inspection report available as a public record.

19           (c) Fees. The following fire prevention and building code fees are  
20           established:

1           (1) The permit application fee for a construction plan approval shall be  
2 based on \$8.00 per each \$1,000.00 of the total valuation of the construction  
3 work proposed to be done for all buildings, but in no event shall the permit  
4 application fee exceed \$185,000.00 nor be less than \$50.00.

5           (2) When an inspection is required due to the change in use or  
6 ownership of a public building, the fee shall be \$125.00.

7           (3) The proof of inspection fee for fire suppression, alarm, detection,  
8 and any other fire protection systems shall be \$30.00.

9           (4) Three-year initial certificate of fitness and renewal fees for  
10 individuals performing activities related to fire or life safety established under  
11 subsection (a) of this section shall be:

12           (A) Water-based fire protection system design:

13           (i) Initial certification: \$150.00.

14           (ii) Renewal: \$50.00.

15           (B) Water-based fire protection system installation, maintenance,  
16 repair, and testing:

17           (i) Initial certification: \$115.00.

18           (ii) Renewal: \$50.00.

19           (C) Gas appliance installation, inspection, and service: \$60.00.

20           (D) Oil burning equipment installation, inspection, and service:  
21 \$60.00.

1 (E) Fire alarm system inspection and testing: \$90.00.

2 (F) Limited oil burning equipment installation, inspection, and  
3 service: \$60.00.

4 (G) Domestic water-based fire protection system installation,  
5 maintenance, repair, and testing:

6 (i) Initial certification: \$60.00.

7 (ii) Renewal: \$20.00.

8 (H) Fixed fire extinguishing system design, installation, inspection,  
9 servicing, and recharging:

10 (i) Initial certification: \$60.00.

11 (ii) Renewal: \$20.00.

12 (I) Emergency generator installation, maintenance, repair, and  
13 testing: \$30.00;

14 (J) Chimney and solid fuel burning appliance cleaning, maintenance,  
15 and evaluation: \$30.00.

16 (d) Permit processing. The Commissioner shall make all practical efforts  
17 to process permits in a prompt manner. The Commissioner shall establish time  
18 limits for permit processing as well as procedures and time periods within  
19 which to notify applicants whether an application is complete.

20 (e) Variances; exemptions. Except for any rules requiring the education  
21 module regarding the State's energy goals described in subdivision (a)(2) of

1 this section, the Commissioner may grant variances or exemptions from rules  
2 adopted under this subchapter where strict compliance would entail practical  
3 difficulty, unnecessary hardship, or is otherwise found unwarranted, provided  
4 that:

5 (1) any such variance or exemption secures the public safety and health;

6 (2) any petitioner for such a variance or exemption can demonstrate that  
7 the methods, means, or practices proposed to be taken in lieu of compliance  
8 with the rule or rules provide, in the opinion of the Commissioner, equal  
9 protection of the public safety and health as provided by the rule or rules;

10 (3) the rule or rules from which the variance or exemption is sought has  
11 not also been adopted as a rule or standard under 21 V.S.A. chapter 3,  
12 subchapters 4 and 5; and

13 (4) any such variance or exemption does not violate any of the  
14 provisions of 26 V.S.A. chapters 3 and 20 or any rules adopted thereunder.

15 \* \* \*

16 § 2733. ORDERS TO REPAIR, REHABILITATE, OR REMOVE  
17 STRUCTURE

18 (a)(1) Whenever the ~~commissioner~~ Commissioner finds that premises or  
19 any part of them does not meet the standards adopted under this subchapter,  
20 the ~~commissioner~~ Commissioner may order it repaired or rehabilitated.



1           (2) If ~~the~~ premises is not repaired or rehabilitated within a reasonable  
2 time as specified by the ~~commissioner~~ Commissioner in his or her order, the  
3 ~~commissioner~~ Commissioner may order the premises or part of them closed, if  
4 by doing so the public safety will not be imperiled; otherwise he or she shall  
5 order demolition and removal of the structure, or fencing of the premises.

6           (3) Whenever a violation of the rules is deemed to be imminently  
7 hazardous to persons or property, the ~~commissioner~~ Commissioner shall order  
8 the violation corrected immediately.

9           (4) If the violation is not corrected, the ~~commissioner~~ Commissioner  
10 may ~~then~~ order the premises or part of them immediately closed and to remain  
11 closed until the violation is corrected.

12           (b) Whenever a structure, by reason of age, neglect, want of repair, action  
13 of the elements, destruction, either partial or total by fire or other casualty or  
14 other cause, is so dilapidated, ruinous, decayed, filthy, unstable, or dangerous  
15 as to constitute a material menace or damage in any way to adjacent property,  
16 or to the public, and has so remained for a period of not less than one week, the  
17 ~~commissioner~~ Commissioner may order such structure demolished and  
18 removed.

19           (c) Orders issued under this section shall be served by certified mail with  
20 return receipt requested or in the discretion of the ~~commissioner~~  
21 Commissioner, shall be served in the same manner as summonses are served

1 under the Vermont Rules of Civil Procedure promulgated by the ~~supreme court~~  
2 Supreme Court, to all persons who have a recorded interest in the property  
3 recorded in the place where land records for the property are recorded, or who  
4 will be temporarily or permanently displaced by the order, including owners,  
5 tenants, mortgagees, attaching creditors, lien holders, and public utilities or  
6 water companies serving the premises.

7 § 2734. PENALTIES

8 (a)(1) A person who violates any provision of this subchapter or any order  
9 or rule issued pursuant thereto shall be fined not more than \$10,000.00.

10 (2) The ~~state's attorney~~ State's Attorney of the county in which such  
11 violation occurs shall prosecute the violation and may commence a proceeding  
12 in the ~~superior court~~ Superior Court to compel compliance with such order or  
13 rule, and such court may make orders and decrees therein by way of writ of  
14 injunction or otherwise.

15 (b)(1) A person who fails to comply with a lawful order issued under  
16 authority of this subchapter in case of sudden emergency shall be fined not  
17 more than \$20,000.00.

18 (2) A person who fails to comply with an order requiring notice shall be  
19 fined \$200.00 for each day's neglect commencing with the effective date of  
20 such order or the date such order is finally determined if an appeal has been  
21 filed.



1           (3) The ~~commissioner~~ Commissioner may also assign responsibility for  
2 enforcement of the rules of the access board adopted under section 2902 of this  
3 title.

4           (4) The ~~commissioner~~ Commissioner shall provide continuing review,  
5 consultation, and assistance as may be necessary.

6           (5) The assignment of responsibility may be revoked by the  
7 ~~commissioner~~ Commissioner after notice and an opportunity for hearing if the  
8 ~~commissioner~~ Commissioner determines that the training, qualifications, or  
9 procedures are insufficient.

10           (6) The assignment of responsibility shall not affect the ~~commissioner's~~  
11 Commissioner's authority under this subchapter.

12           (b) If a municipality assumes responsibility under subsection (a) of this  
13 section for performing any functions that would be subject to a fee established  
14 under subsection 2731(a) of this title, the municipality may establish and  
15 collect reasonable fees for its own use, and no fee shall be charged for the  
16 benefit of the ~~state~~ State.

17           (c)(1) Subject to rules adopted under section 2731 of this title, municipal  
18 officials appointed under this section may enter any premises in order to carry  
19 out the responsibilities of this section.





1 registry of the rental housing in this State, which includes a “dwelling unit” as  
2 defined in 9 V.S.A. § 4451 and a “short-term rental” as defined in 18 V.S.A.  
3 § 4301.

4 (b) The Department of Housing and Community Development shall require  
5 for each unit that is registered the following data:

6 (1) the name of the owner or landlord;

7 (2) phone number, electronic mail, and mailing address of the landlord,  
8 as available;

9 (3) location of the unit;

10 (4) year built;

11 (5) type of rental unit;

12 (6) number of units in the building;

13 (7) school property account number;

14 (8) accessibility of the unit; and

15 (9) any other information the Department deems appropriate.

16 (c) Upon request of the Department of Housing and Community  
17 Development, and at least annually, a municipal, district, or other local  
18 government entity that operates a rental housing health and safety program that  
19 requires registration of a rental housing unit and a fee for inclusion on the  
20 registry shall provide to the Department the data for each unit that is required  
21 pursuant to subsection (b) of this section.

1 Sec. 3. 3 V.S.A. § 2479 is added to read:

2 § 2479. RENTAL HOUSING REGISTRATION

3 (a) Except as provided in subsection (c) of this section, an owner of long-  
4 term rental housing that is subject to 9 V.S.A. chapter 137 shall:

5 (1) file with the Department of Taxes the landlord certificate required  
6 for the renter's rebate or the renter credit program; and

7 (2) within 30 days of filing the certificate, register with and pay to the  
8 Department of Housing and Community Development an annual registration  
9 fee of \$35.00 per rental unit, unless the owner has within the preceding  
10 12 months:

11 (A) registered the unit pursuant to subsection (b) of this section; or

12 (B) registered the unit with a municipal, district, or other local  
13 government entity that operates a rental housing health and safety program.

14 (b) Except as provided in subsection (c) of this section, an owner of a  
15 short-term rental, as defined in 18 V.S.A. § 4301, shall, annually, within  
16 30 days of renting a unit, register with and pay to the Department of Housing  
17 and Community Development an annual registration fee of \$35.00 per rental  
18 unit, unless the owner has within the preceding 12 months:

19 (1) registered the unit pursuant to subsection (a) of this section; or

20 (2) registered the unit with a municipal, district, or other local  
21 government entity that operates a rental housing health and safety program.



1       (c)(1) An owner of a mobile home lot within a mobile home park who has  
2       registered the lot with the Department of Housing and Community  
3       Development and who does not own a mobile home on the lot is exempt from  
4       registering the lot pursuant to this section.

5       (2) An owner of a mobile home lot within a mobile home park who has  
6       registered the lot with the Department and who owns a mobile home on the lot  
7       that is available for rent or rented shall register the property with the  
8       Department and pay a fee equal to the fee required by subdivision (a)(2) of this  
9       section less any fee paid within the previous 12 months pursuant to 10 V.S.A.  
10       § 6254(c).

11       (3) An owner of a mobile home who rents the mobile home, whether  
12       located in a mobile home park, shall register pursuant to this section.

13       (d) An owner of rental housing who fails to register pursuant to this section  
14       shall pay a late registration fee of \$150.00 and may be subject to administrative  
15       penalties not to exceed \$5,000.00 for each violation.

16                                   \* \* \* Positions Authorized \* \* \*

17       Sec. 4. DEPARTMENT OF PUBLIC SAFETY; POSITIONS

18       The Department of Public Safety is authorized to create five full-time,  
19       classified Inspector positions in order to conduct rental housing health and  
20       safety inspections and enforcement pursuant to 20 V.S.A. chapter 173,  
21       subchapter 2.

1       Sec. 5. DEPARTMENT OF HOUSING AND COMMUNITY

2                   DEVELOPMENT; POSITIONS

3           (a) The Department of Housing and Community Development is  
4           authorized to create one-and-a-half full-time classified positions to administer  
5           and enforce the registry requirements created in 3 V.S.A. § 2478 and one full-  
6           time classified position to enforce compliance with registry requirements.

7           (b) It is the intent of the General Assembly to fund the implementation of  
8           the provisions in this act from the registration fees collected by the Department  
9           of Housing and Community Development pursuant to 3 V.S.A. § 2479.

10           \* \* \* Conforming Changes to Current Law Governing the Department of  
11           Health, State Board of Health, and Local Health Officials \* \* \*

12       Sec. 6. 18 V.S.A. chapter 11 is amended to read:

13                   CHAPTER 11. LOCAL HEALTH OFFICIALS

14                                   \* \* \*

15       § 602a. DUTIES OF LOCAL HEALTH OFFICERS

16           ~~(a)~~ A local health officer, within his or her jurisdiction, shall:

17           (1) ~~upon request of a landlord or tenant, or upon receipt of information~~  
18           regarding a condition that may be a public health hazard, conduct an  
19           investigation;

20           (2) enforce the provisions of this title, the rules promulgated, and  
21           permits issued thereunder;

1           (3) prevent, remove, or destroy any public health hazard; or mitigate any  
2 significant public health risk in accordance with the provisions of this title;

3           (4) in consultation with the Department, take the steps necessary to  
4 enforce all orders issued pursuant to chapter 3 of this title; and

5           (5) have the authority to assist the Division of Fire Safety in inspecting  
6 rental housing pursuant to 20 V.S.A. chapter 173, subchapter 2.

7           ~~(b) Upon discovery of violation or a public health hazard or public health~~  
8 ~~risk that involves a public water system, a food or lodging establishment, or~~  
9 ~~any other matter regulated by Department rule, the local health officer shall~~  
10 ~~immediately notify the Division of Environmental Health. Upon discovery of~~  
11 ~~any other violation, public health hazard, or public health risk, the local health~~  
12 ~~officer shall notify the Division of Environmental Health within 48 hours of~~  
13 ~~discovery of such violation or hazard and of any action taken by the officer.~~

14           ~~§ 603. RENTAL HOUSING SAFETY; INSPECTION REPORTS~~

15           ~~(a)(1) When conducting an investigation of rental housing, a local health~~  
16 ~~officer shall issue a written inspection report on the rental property using the~~  
17 ~~protocols for implementing the Rental Housing Health Code of the Department~~  
18 ~~or the municipality, in the case of a municipality that has established a code~~  
19 ~~enforcement office.~~

20           ~~(2) A written inspection report shall:~~

1           ~~(A) contain findings of fact that serve as the basis of one or more~~  
2           ~~violations;~~

3           ~~(B) specify the requirements and timelines necessary to correct a~~  
4           ~~violation;~~

5           ~~(C) provide notice that the landlord is prohibited from renting the~~  
6           ~~affected unit to a new tenant until the violation is corrected; and~~

7           ~~(D) provide notice in plain language that the landlord and agents of~~  
8           ~~the landlord must have access to the rental unit to make repairs as ordered by~~  
9           ~~the health officer consistent with the access provisions in 9 V.S.A. § 4460.~~

10           ~~(3) A local health officer shall:~~

11           ~~(A) provide a copy of the inspection report to the landlord and any~~  
12           ~~tenants affected by a violation by delivering the report electronically, in~~  
13           ~~person, by first class mail, or by leaving a copy at each unit affected by the~~  
14           ~~deficiency; and~~

15           ~~(B)(i) if a municipality has established a code enforcement office,~~  
16           ~~provide information on each inspection according to a schedule and in a format~~  
17           ~~adopted by the Department in consultation with municipalities that have~~  
18           ~~established code enforcement offices; or~~

19           ~~(ii) if a municipality has not established a code enforcement~~  
20           ~~office, provide information on each inspection to the Department within seven~~  
21           ~~days of issuing the report using an electronic system designed for that purpose,~~

1 ~~or within 14 days by mail if the municipality is unable to utilize the electronic~~  
2 ~~system.~~

3 ~~(4) If an entire property is affected by a violation, the local health officer~~  
4 ~~shall post a copy of the inspection report in a common area of the property and~~  
5 ~~include a prominent notice that the report shall not be removed until authorized~~  
6 ~~by the local health officer.~~

7 ~~(5) A municipality shall make an inspection report available as a public~~  
8 ~~record.~~

9 ~~(b)(1) A local health officer may impose a civil penalty of not more than~~  
10 ~~\$200.00 per day for each violation that is not corrected by the date provided in~~  
11 ~~the written inspection report, or when a unit is re-rented to a new tenant prior~~  
12 ~~to the correction of a violation.~~

13 ~~(2)(A) If the cumulative amount of penalties imposed pursuant to this~~  
14 ~~subsection is \$800.00 or less, the local health officer, Department of Health, or~~  
15 ~~State's Attorney may bring a civil enforcement action in the Judicial Bureau~~  
16 ~~pursuant to 4 V.S.A. chapter 29.~~

17 ~~(B) The waiver penalty for a violation in an action brought pursuant~~  
18 ~~to this subsection is 50 percent of the full penalty amount.~~

19 ~~(3) If the cumulative amount of penalties imposed pursuant to this~~  
20 ~~subsection is more than \$800.00, or if injunctive relief is sought, the local~~  
21 ~~health officer, Department of Health, or State's Attorney may commence an~~

1 ~~action in the Civil Division of the Superior Court for the county in which a~~  
2 ~~violation occurred.~~

3 ~~(c) If a local health officer fails to conduct an investigation pursuant to~~  
4 ~~section 602a of this title or fails to issue an inspection report pursuant to this~~  
5 ~~section, a landlord or tenant may request that the Department, at its discretion,~~  
6 ~~conduct an investigation or contact the local board of health to take action.~~

7 [Repealed.]

8 \* \* \*

9 \* \* \* Transition Provisions \* \* \*

10 Sec. 7. RENTAL HOUSING HEALTH AND SAFETY; TRANSITION  
11 PROVISIONS

12 (a) Notwithstanding any provision of law to the contrary:

13 (1) Until the Commissioner of Public Safety adopts rules governing  
14 rental housing health and safety pursuant to 20 V.S.A. § 2731, the Department  
15 of Health, local officials authorized by law, and the Department of Public  
16 Safety have concurrent authority to enforce the Vermont Rental Housing  
17 Health Code adopted by the Department of Health pursuant to 18 V.S.A.  
18 § 102, 3 V.S.A. § 3003(a), and 3 V.S.A. § 801(b)(11).

19 (2) The Commissioner of Public Safety may immediately adopt a rule  
20 incorporating the Rental Housing Health Code without following the  
21 procedures otherwise required for general rulemaking in 3 V.S.A. chapter 25.

1           (3) Except as provided in subdivision (2) of this subsection, the  
2           Commissioner of Public Safety shall comply with the requirements for general  
3           rulemaking in 3 V.S.A. chapter 25 when adopting rules governing rental  
4           housing health and safety.

5           (b) Upon the adoption of rules governing rental housing health and safety  
6           pursuant to the authority in 20 V.S.A. § 2731:

7           (1) the Department of Public Safety is the State government entity with  
8           primary authority to enforce State laws governing rental housing health and  
9           safety;

10           (2) the Department of Public Safety and local officials have concurrent  
11           authority to enforce State and local laws governing rental housing health and  
12           safety pursuant to 18 V.S.A. chapter 11; 20 V.S.A. chapter 173, subchapter 2;  
13           24 V.S.A. chapters 83 and 123; and applicable municipal law; and

14           (3) the Department of Health, the State Board of Health, and local health  
15           officials have concurrent authority to enforce State and local laws governing  
16           public health hazards and public health risks, as those terms are defined in  
17           18 V.S.A. § 2, pursuant to 18 V.S.A. chapters 1, 3, and 11.

18                   \* \* \* Study; Penalties for Vacant Property \* \* \*

19           Sec. 8. PENALTIES FOR VACANT PROPERTY; STUDY

20           (a) On or before December 15, 2021, the Secretary of Commerce and  
21           Community Development, in consultation with the Executive Director of the

1 Vermont League of Cities and Towns, shall study and write a report on  
2 approaches to imposing penalties on property owners who leave property  
3 vacant for one year or more, including what protections should be in place to  
4 not penalize owners in the armed services or with disabilities, medical  
5 conditions, or lack of income, which prevent them from maintaining the  
6 property. The report shall include recommendations for any necessary  
7 legislative action.

8 (b) The Secretary shall submit a copy of the report described in  
9 subsection (a) of this section to the House Committees on Commerce and  
10 Economic Development and on General, Housing, and Military Affairs and the  
11 Senate Committee on Economic Development, Housing and General Affairs.

12 \* \* \* Vermont Housing Investments \* \* \*

13 Sec. 9. VERMONT RENTAL HOUSING INVESTMENT PROGRAM;

14 PURPOSE

15 (a) Recognizing that Vermont's rental housing stock is some of the oldest  
16 in the country and that much of it needs to be updated to meet code  
17 requirements and other standards, the Vermont Rental Housing Investment  
18 Program created in Sec. 10 of this act is intended to incentivize private  
19 apartment owners to make significant improvements to both housing quality



1 and weatherization by providing grants and forgivable loans that are matched  
2 in part by the property owner.

3 (b) The Program seeks to take the lessons learned from the successful Re-  
4 housing Recovery Program established with funds provided by the Federal  
5 CARES Act and implement them in a State-funded program.

6 Sec. 10. 10 V.S.A. chapter 29, subchapter 3 is added to read:

7 Subchapter 3. Housing; Investments

8 § 699. VERMONT RENTAL HOUSING INVESTMENT PROGRAM

9 (a) Creation of program. The Department of Housing and Community  
10 Development shall design and implement a Vermont Rental Housing  
11 Investment Program, through which the Department shall award funding to  
12 statewide or regional non-profit housing organizations, or both, to provide  
13 grants and forgivable loans to private landlords for the rehabilitation and  
14 weatherization of eligible rental housing units.

15 (b) Eligible rental housing units. The following units are eligible for a  
16 grant or forgivable loan through the Program:

17 (1) Non-code compliant. The unit does not comply with the  
18 requirements of applicable building, housing, or health laws.

19 (2) Vacant. The unit has not been leased or occupied for at least 90 days  
20 prior to the date of application and remains unoccupied on the date of the  
21 award.

1           (3) Accessory dwelling. The unit is an accessory dwelling unit that  
2           meets the requirements of 24 V.S.A. § 4412(1)(E).

3           (c) Administration. The Department shall require a housing organization  
4           that receives funding under the Program to adopt:

5           (1) a standard application form that describes the application process and  
6           includes instructions and examples to help landlords apply;

7           (2) an award process that ensures equitable selection of landlords; and

8           (3) a grants and loan management system that ensures accountability for  
9           funds awarded.

10          (d) Program requirements applicable to grants and forgivable loans.

11          (1) A grant or loan shall not exceed \$30,000 per unit.

12          (2) A landlord shall contribute matching funds or in-kind services that  
13          equal or exceed 20 percent of the value of the grant or loan.

14          (3) A project shall include a weatherization component.

15          (4) A project shall comply with applicable building, housing, and health  
16          laws.

17          (5) The terms and conditions of a grant or loan agreement apply to the  
18          original recipient and to a successor in interest for the period the grant or loan  
19          agreement is in effect.

1       (e) Program requirements applicable to grants. For a grant awarded under  
2       the Program, the following requirements apply for a minimum period of five  
3       years:

4               (1) A landlord shall coordinate with nonprofit housing partners and local  
5       coordinated entry organizations to identify potential tenants.

6               (2)(A) Except as provided in subdivision (2)(B) of this subsection, a  
7       landlord shall lease the unit to a household that is exiting homelessness.

8               (B) If, upon petition of the landlord, the Department or the housing  
9       organization that issued the grant determines that a household exiting  
10       homelessness is not available to lease the unit, then the landlord shall lease the  
11       unit:

12                       (i) to a household with an income equal to or less than 80 percent  
13       of area median income; or

14                       (ii) if such a household is unavailable, to another household with  
15       the approval of the Department or housing organization.

16               (3)(A) A landlord shall accept any housing vouchers that are available to  
17       pay all, or a portion of, the tenant's rent and utilities.

18               (B) If no housing voucher or federal or State subsidy is available, the  
19       total cost of rent for the unit, including utilities not covered by rent payments,  
20       shall not exceed the applicable fair market rent established by the Department  
21       of Housing and Urban Development.

1           (4)(A) A landlord may convert a grant to a forgivable loan upon  
2           approval of the Department and the housing organization that approved the  
3           grant.

4           (B) A landlord who converts a grant to a forgivable loan shall receive  
5           a 10 percent credit for loan forgiveness for each in which the landlord  
6           participates in the grant program.

7           (f) Requirements applicable to forgivable loans. For a forgivable loan  
8           awarded under the Program, the following requirements apply for a minimum  
9           period of 10 years:

10           (1)(A) A landlord shall accept any housing vouchers that are available to  
11           pay all, or a portion of, the tenant's rent and utilities.

12           (B) If no housing voucher or federal or State subsidy is available, the  
13           cost of rent for the unit, including utilities not covered by rent payments, shall  
14           not exceed the applicable fair market rent established by the Department of  
15           Housing and Urban Development.

16           (2) The Department shall forgive 10 percent of the amount of a  
17           forgivable loan for each year a landlord participates in the loan program.

1 Sec. 11. VERMONT HOMEOWNERSHIP REVOLVOING LOAN FUND;

2 PURPOSE

3 (a) The purpose of the Vermont Homeownership Revolving Loan Fund  
4 created in Sec. 12 of this act is to provide no-interest loans to increase access  
5 to homeownership.

6 (b) The Program is intended to assist Vermonters who otherwise may be  
7 unable to purchase a home or who may be unable to afford the costs to  
8 rehabilitate, weatherize, or otherwise make necessary improvements to a home  
9 they purchase.

10 (c) The Program is also intended to place a special focus on increasing the  
11 homeownership rates of households identifying as Black, Indigenous, or  
12 People of Color, who are systematically disenfranchised from financing real  
13 estate through traditional banking and have therefore been generationally  
14 dispossessed of the ability to develop lasting wealth.

15 Sec. 12. 10 V.S.A. § 699a is added to read:

16 § 699a. VERMONT HOMEOWNERSHIP REVOLVING LOAN FUND

17 (a) Creation of Program. The Department of Housing and Community  
18 Development shall design and implement the Vermont Homeownership  
19 Revolving Loan Fund, through which the Department shall provide funding to  
20 statewide or regional nonprofit housing organizations, or both, to issue no-  
21 interest loans to first-time homebuyers.

1       (b) Eligible housing units. The following units are eligible for a loan  
2       through the Program:

3           (1) Existing structure. The unit is an existing single-family dwelling,  
4       multifamily dwelling with not more than four units, mobile home, or  
5       condominium.

6           (2) Accessory dwelling. The unit is an accessory dwelling unit that  
7       meets the requirements of 24 V.S.A. § 4412(1)(E).

8       (c) Eligible applicants; priorities.

9           (1) To be eligible for a loan through the Program, an applicant shall:

10           (A) be a first-time homebuyer in Vermont;

11           (B) have a household income of not more than 120 percent of the  
12       area median income; and

13           (C) occupy the home as his or her full time residence.

14           (2) A housing organization shall give priority to an applicant whose  
15       employer provides down payment assistance or funding for rehabilitation  
16       costs.

17       (d) Administration. The Department shall require a housing organization  
18       that receives funding under the Program to adopt:

19           (1) a standard application form that describes the application process  
20       and includes instructions and examples to help homebuyers apply;

1           (2) an award process that ensures equitable selection of homebuyers;

2           and

3           (3) a loan management system that ensures accountability for funds  
4           awarded.

5           (e) Set-aside for Black, Indigenous, or People of Color. A minimum of 25  
6           percent of Program funds shall be awarded to applicants identifying as Black,  
7           Indigenous, or People of Color. The Department and its nonprofit partners  
8           shall work to ensure appropriate utilization of these funds.

9           (f) Program requirements.

10           (1) A loan issued through the Program:

11           (A) shall not exceed a standard limit set by the Department, which  
12           shall not exceed \$50,000;

13           (B) shall be zero interest and payments shall be suspended while the  
14           homebuyer occupies the home;

15           (C) shall become due in full upon the sale or transfer of the home or  
16           upon refinancing with approval by the Department and the housing  
17           organization that issued the loan.

18           (2) A rehabilitation project that is funded by a loan through the Program  
19           shall include a weatherization component and shall comply with applicable  
20           building, housing, and health laws.

1           (3) A homebuyer may use not more than 25 percent of a loan for down  
2 payment and closing costs and fees.

3           (4) A homebuyer shall repay a loan.

4           (g) Revolving loan fund. The Department shall use the amounts from loans  
5 that are repaid to provide additional funding through the Program.

6       Sec. 13. DUTIES CONTINGENT ON FUNDING

7           The duties of the Department of Housing and Community Development  
8 specified in Secs. 10 and 12 of this act are contingent upon available funding.

9                                   \* \* \* Appropriations \* \* \*

10       Sec. 14. APPROPRIATIONS

11           (a) The amount of \$4,000,000.00 is appropriated from the General Fund to  
12 the Department of Housing and Community Development to provide grants  
13 and loans as follows:

14           (1) \$3,000,000 for grants and loans through the Vermont Rental  
15 Housing Investment Program created in 10 V.S.A. § 699; and

16           (2) \$1,000,000 for loans through the Vermont Homeownership  
17 Revolving Loan Fund created in 10 V.S.A. § 699a.

18           (b) The amount of \$200,000.00 is appropriated from the General Fund to  
19 the Department of Housing and Community Development as one-time start-up  
20 funding to assist in creating the rental housing registry created in 3 V.S.A.  
21 § 2478 and to fund the positions authorized in Sec. 5 of this act.





- 1        (c) Sec. 4 (DPS positions) shall take effect on October 1, 2021.
- 2        (d) The following sections shall take effect on January 1, 2022:
- 3            (1) Sec. 1 (DPS authority for rental housing health and safety);
- 4            (2) Sec. 3 (rental housing registration); and
- 5            (3) Sec. 6 (conforming changes to Department of Health statutes).