

1 S.34

2 Introduced by Senators Sirotkin, Balint, Clarkson and Hooker

3 Referred to Committee on

4 Date:

5 Subject: Economic development; affordable housing; property transfer tax
6 revenues; funding

7 Statement of purpose of bill as introduced: This bill proposes to create a
8 housing bond or series of housing bonds supported by property transfer tax
9 revenues to provide funding to the Vermont Housing Conservation Board for
10 permanent affordable housing developments and improvements.

11 An act relating to funding affordable housing

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

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

14 (a) Findings.

15 (1) In 2017, the General Assembly, in partnership with the Vermont
16 Housing Conservation Board, the Vermont Housing Finance Agency, the State
17 Treasurer, and other affordable housing stakeholders, provided for the funding
18 and creation of an affordable housing bond (the Housing For All Revenue
19 Bond) to support the development of affordable housing throughout the State.

1 (2) The results of the Housing For All Revenue Bond exceeded
2 expectations by generating a total of \$37 million in bond proceeds that the
3 Vermont Housing and Conservation Board used to fund the creation and
4 improvement of 843 homes across the State, leveraging \$200 million in other
5 resources.

6 (3) Despite the success of the Housing For All Revenue Bond, there
7 remains a shortage in the supply and availability of affordable housing, which
8 was made even more evident by the increase in the incidence of homelessness
9 during the COVID-19 public health emergency and related economic fallout,
10 as well as the difficulty in finding a home even for individuals and families
11 with financial support for rent.

12 (4) The General Assembly finds that additional investments are needed
13 to help create more affordable housing options for Vermonters. These
14 investments would also support State goals of helping to reverse demographic
15 trends, contributing to a more inclusive and equitable State, and supporting
16 growth based on existing infrastructure and settlement patterns.

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 2023 and FY 2028 and transfer the proceeds to the
4 Vermont Housing and Conservation Board to support the development of
5 additional affordable housing.

6 Sec. 2. 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 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. 5. 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. 6. 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. 7. FY 2022 RESERVE FUNDING; HOUSING BOND; VERMONT
2 HOUSING AND CONSERVATION TRUST FUND

3 In fiscal year 2022, 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. 8. REPEALS

9 The following are repealed on July 1, 2043:

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. 9. EFFECTIVE DATE

18 This act shall take effect on July 1, 2021.