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S.101

Introduced by Senators Sirotkin, Balint, Brock, Clarkson and Ram

Referred to Committee on

Date:

Subject: Housing; municipal bylaws; tax credits; wastewater permits; grants

Statement of purpose of bill as introduced: This bill proposes to adopt multiple changes to promote housing choice and opportunity in smart growth areas, including:

- updating the Municipal and Regional Planning Fund program to allow grants for municipalities seeking to modernize their bylaws to increase housing choice;
- extending the Downtown and Village Center Tax Credit Program to neighborhood development areas as well as raising the cap on the amount of tax credits available;
- training developers to navigate the permitting process; and
- removing the requirement for State water or wastewater permits where the municipality has issued a permit.

An act relating to promoting housing choice and opportunity in smart growth areas

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

2 \* \* \* Municipal Bylaw Grants \* \* \*

3 Sec. 1. 24 V.S.A. § 4306 is amended to read:

4 § 4306. MUNICIPAL AND REGIONAL PLANNING FUND

5 (a)(1) The Municipal and Regional Planning Fund for the purpose of  
6 assisting municipal and regional planning commissions to carry out the intent  
7 of this chapter is hereby created in the State Treasury.

8 (2) The Fund shall be composed of 17 percent of the revenue from the  
9 property transfer tax under 32 V.S.A. chapter 231 and any monies from time to  
10 time appropriated to the Fund by the General Assembly or received from any  
11 other source, private or public. All balances at the end of any fiscal year shall  
12 be carried forward and remain in the Fund. Interest earned by the Fund shall  
13 be deposited in the Fund.

14 (3) Of the revenues in the Fund, each year:

15 (A) 10 percent shall be disbursed to the Vermont Center for  
16 Geographic Information;

17 (B) 70 percent shall be disbursed to the Secretary of Commerce and  
18 Community Development for performance contracts with regional planning  
19 commissions to provide regional planning services pursuant to section 4341a  
20 of this title; and

21 (C) 20 percent shall be disbursed to municipalities.

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\* \* \*

(d) New funds allocated to municipalities under this section may take the form of special purpose grants in accordance with section 4307 of this title.

Sec. 2. 24 V.S.A. § 4307 is added to read:

§4307. MUNICIPAL BYLAW MODERNIZATION GRANTS

(a) There is created Municipal Bylaw Modernization Grants to assist municipalities in updating their land use and development bylaws. Bylaws updated under this section shall increase housing choice and opportunity in smart growth areas. The Grants shall be funded by monies allocated from the municipality allocation of the Municipal and Regional Planning Funds established in subdivision 4306 (a)(3)(C) of this title and any other monies appropriated for this purpose.

(b) Disbursement to municipalities shall be administered by the Department of Housing and Community Development through a competitive process providing the opportunity for all regions and any eligible municipality to compete regardless of size.

(c) Funds may be disbursed by the Department in installments to ensure the municipal bylaw updates meet the goals of this section.

(d) Funding may be used for mapping, the cost of regional planning commission staff or consultant time, carrying out the provisions of

1 subchapters 5 through 10 of this chapter, and any other purpose approved by  
2 the Department.

3 (e) To be eligible for funds, a municipality shall adopt bylaws that support  
4 a neighborhood development pattern that is pedestrian oriented and consistent  
5 with smart growth principles established in section 2791 of this title. The  
6 municipality shall commit to adopting bylaws that increase housing choice and  
7 opportunity in unconstrained water and sewer service areas that are located  
8 outside important natural resource areas and are located outside identified  
9 flood hazard areas and river corridors or are suitable for infill development as  
10 defined in §§ 29–201 of the Vermont Flood Hazard Area and River Corridor  
11 Rule.

12 (f) To receive the grant, the municipality shall:

13 (1) identify water and sewer infrastructure, constrained water and sewer  
14 service areas, and the constraints on that infrastructure;

15 (2) allow duplexes within smart growth areas to the same extent that  
16 single-family dwellings are allowed;

17 (3) require parking waiver provisions in appropriate smart growth areas  
18 and situations;

19 (4) review and modify street standards that implement the complete  
20 streets principles as described in 19 V.S.A. § 309d and that are oriented to  
21 pedestrians; and

1           (5) adopt dimensional, use, parking, and other standards that allow  
2           compact neighborhood form and support walkable lot and unit density, which  
3           may be achieved with a standard allowing at least four units per acre with site  
4           and building design standards or minimum lot sizes of at least one-quarter of  
5           an acre or by other means established in guidelines issued by the Department.

6           (g) On or before September 1, 2021, the Department shall adopt guidelines  
7           to assist municipalities applying for grants under this section.

8           Sec. 3. APPROPRIATION; MUNICIPAL BYLAW MODERNIZATION

9           The sum of \$500,000.00 is appropriated to the Department of Housing and  
10           Community Development from the General Fund in fiscal year 2022 for the  
11           Municipal Bylaw Modernization Grants in accordance with 24 V.S.A. § 4307.  
12           Any funds not allocated as grants under 24 V.S.A. § 4307 by July 1, 2023 shall  
13           be returned to the General Fund.

14           Sec. 4. APPROPRIATION; TRAINING AND PERMITTING ASSISTANCE

15           The sum of \$100,000.00 is appropriated to the Department of Housing and  
16           Community Development from the General Fund in fiscal year 2022 to provide  
17           training and assistance in navigating the development of accessory dwelling  
18           units and small-scale and infill housing. Any funds not used under this section  
19           by July 1, 2023 shall be returned to the General Fund.



1 life safety, and electrical, plumbing, and accessibility codes as determined by  
2 the Department of Public Safety;

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

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

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

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

18 \* \* \*

1 Sec. 6. 32 V.S.A. § 5930ee is amended to read:

2 § 5930ee. LIMITATIONS

3 Beginning in fiscal year 2010 and thereafter, the State Board may award tax  
4 credits to all qualified applicants under this subchapter, provided that:

5 (1) the total amount of tax credits awarded annually, together with sales  
6 tax reallocated under section 9819 of this title, does not exceed ~~\$3,000,000.00.~~  
7 \$4,750,000.00;

8 \* \* \*

9 Sec. 7. 24 V.S.A. § 2793a is amended to read:

10 § 2793a. DESIGNATION OF VILLAGE CENTERS BY STATE BOARD

11 \* \* \*

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

15 \* \* \*

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

18 ~~(A) A State historic rehabilitation tax credit of ten percent under~~  
19 ~~32 V.S.A. § 5930cc(a) that meets the requirements for the federal rehabilitation~~  
20 ~~tax credit.~~









1 via a new water service line in lieu of permits issued under this chapter,  
2 provided that the municipality documents the following in a form prescribed  
3 by the Secretary:

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

8 (2) The municipality shall only issue authorizations for:

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

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

13 (3) The building or structure authorized under this section connects to  
14 both the sanitary sewer collection line and public community water system.

15 (4) The authorizations from the municipality comply with the technical  
16 standards for sanitary sewer service lines and water service lines in the  
17 Wastewater System and Potable Water Supply Rules.

18 (5) The municipality requires documentation in the land records that the  
19 connection authorized by the municipality was installed in accordance with the  
20 technical standards.

