

## House Proposal of Amendment

S. 101

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

The House proposes to the Senate to amend the bill as follows:

First: In Sec. 2, 24 V.S.A. § 4307, by striking it out in its entirety and inserting in lieu thereof the following:

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

### § 4307. MUNICIPAL BYLAW MODERNIZATION GRANTS

(a) There are created Municipal Bylaw Modernization Grants to assist municipalities in updating their land use and development bylaws to support a development pattern that is pedestrian oriented and consistent with the smart growth principles established in section 2791 of this title. 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) A municipality that receives a grant shall use the funds for the adoption of bylaws that increase housing choice, affordability, and opportunity in smart growth areas. These smart growth areas shall be areas that reflect the smart growth principles established in section 2791 of this title, that are located outside important natural resource areas, and are located outside identified flood hazard areas and river corridors or are acceptable for infill development as defined in § 29–201 of the Vermont Flood Hazard Area and River Corridor Rule.

(c) 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. The Department shall, to the extent reasonably possible, ensure that grants are awarded with the intent of achieving geographic distribution across the State.

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

(e) Funding may be used for mapping, the cost of regional planning commission staff or consultant time, carrying out the provisions of subchapters 5 through 10 of this chapter, and any other purpose approved by the Department.

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

(1) identify any municipal water supply and wastewater disposal capacity, opportunities, and constraints within mapped service areas in both traditional water and wastewater systems and smaller scale municipal systems, including soil-based wastewater treatment and decentralized water and wastewater systems;

(2) allow, at a minimum, duplexes within smart growth areas to the same extent that single-family dwellings are allowed;

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

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

(5) adopt dimensional, use, parking, and other standards that allow compact neighborhood form and support walkable lot and unit density, which may be achieved with a standard allowing at least four units per acre with site and building design standards or by other means established in guidelines issued by the Department; and

(6) demonstrate how the bylaws support implementation of the housing element of its municipal plan as provided in 24 V.S.A. § 4382(a)(10) related to addressing lower and moderate-income housing needs.

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

Second: By striking out Secs. 7 (10 V.S.A. § 1974) and 8 (10 V.S.A. § 1983) and their reader assistance heading in their entirety.

and by renumbering the remaining sections to be numerically correct.

Third: By striking out Secs. 3–6, tax credits, and their reader assistance heading in their entirety and inserting in lieu thereof the following:

\* \* \* Property Transfer Tax Surcharge \* \* \*

Sec. 3. 32 V.S.A. § 9602 is amended to read:

§ 9602. TAX ON TRANSFER OF TITLE TO PROPERTY

A tax is hereby imposed upon the transfer by deed of title to property located in this State, or a transfer or acquisition of a controlling interest in any person with title to property in this State. The amount of the tax equals one and one-quarter percent of the value of the property transferred, or \$1.00, whichever is greater, except as follows:

\* \* \*

(4) With respect to all transfers by deed of title to property located in this State, a surcharge shall be imposed at the rate of one half of a percent of the value of the property transferred in excess of \$1,000,000.00.

(5) The Commissioner shall annually estimate the amount of revenue raised by the surcharge imposed pursuant to subdivision (4) of this section and transfer that same amount to the General Fund established under section 435 of this title.

\* \* \* Allocation of Property Transfer Tax Surcharge Revenue \* \* \*

Sec. 4. 32 V.S.A. § 435(b) is amended to read:

(b) The General Fund shall be composed of revenues from the following sources:

\* \* \*

(10)(A) 33 percent of the revenue from the property transfer taxes levied pursuant to chapter 231 of this title and the revenue from the gains taxes levied each year pursuant to chapter 236 of this title; and

(B) notwithstanding subdivision (A) of this subdivision (b)(10), the revenue raised by the surcharge imposed pursuant to subdivision 9602(4) of this title;

\* \* \*

Sec. 5. 32 V.S.A. § 9610 is amended to read:

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

\* \* \*

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

(d)(1) Prior to any distribution of property transfer tax revenue under 10 V.S.A. § 312, 24 V.S.A. § 4306(a), subdivision 435(b)(10) of this title, and subsection (c) of this section, \$2,500,000.00 of the revenue received from the property transfer tax shall be transferred to the Vermont Housing Finance Agency to pay the principal of and interest due on the bonds, notes, and other obligations authorized to be issued by the Agency pursuant to 10 V.S.A. § 621(22), the proceeds of which the Vermont Housing and Conservation Board shall use to create affordable housing pursuant to 10 V.S.A. § 314.

\* \* \*

(e) Notwithstanding subsections (c) and (d) of this section and any other provision of law to the contrary, the Commissioner of Taxes shall annually estimate the revenue raised by the surcharge imposed pursuant to subdivision 9602(4) of this chapter and transfer that same amount to the General Fund established under section 435 of this title.

\* \* \* Affordable Housing Tax Credit; Manufactured Homes \* \* \*

Sec. 6. 32 V.S.A. § 5930u(g) is amended to read:

(g)(1) In any fiscal year, the allocating agency may award up to:

(A) \$400,000.00 in total first-year credit allocations to all applicants for rental housing projects, for an aggregate limit of \$2,000,000.00 over any given five-year period that credits are available under this subdivision (A);

(B) ~~\$425,000.00~~ \$675,000.00 in total first-year credit allocations for loans or grants for owner-occupied unit financing or down payment loans as provided in subdivision (b)(2) of this section consistent with the allocation plan, including for new construction and manufactured housing, for an aggregate limit of ~~\$2,125,000.00~~ \$3,375,000.00 over any given five-year period that credits are available under this subdivision (B). Of the total first-year credit allocations made under this subdivision (B), \$250,000.00 shall be used each fiscal year for manufactured home purchase and replacement.

(2) If the full amount of first-year credits authorized by an award are not allocated to a taxpayer, the Agency may reclaim the amount not allocated and re-award such allocations to other applicants, and such re-awards shall not be subject to the limits set forth in subdivision (1) of this subsection.