

S.101

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

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

* * * Municipal Bylaw Grants * * *

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

§ 4306. MUNICIPAL AND REGIONAL PLANNING FUND

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

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

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

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

(B) 70 percent shall be disbursed to the Secretary of Commerce and Community Development for performance contracts with regional planning

commissions to provide regional planning services pursuant to section 4341a of this title; and

(C) 20 percent shall be disbursed to municipalities.

* * *

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

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

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

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

(2) allow 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; and

(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 minimum lot sizes of at least one-quarter of an acre or by other means established in guidelines issued by the Department.

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

* * * Tax Credits * * *

Sec. 3. 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.

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Sec. 4. 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.~~

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Sec. 5. 24 V.S.A. § 2793e is amended to read:

§ 2793e. NEIGHBORHOOD PLANNING AREAS; DESIGNATION OF
NEIGHBORHOOD DEVELOPMENT AREAS

* * *

(f) Neighborhood development area incentives for developers. Once a municipality has a designated neighborhood development area or has a Vermont neighborhood designation pursuant to section 2793d of this title, any proposed development within that area shall be eligible for each of the benefits listed in this subsection. These benefits shall accrue upon approval by the district coordinator, who shall review the density requirements set forth in subdivision (c)(7) of this section to determine benefit eligibility and issue a jurisdictional opinion under 10 V.S.A. chapter 151 on whether the density requirements are met. These benefits are:

(1) ~~The~~ the application fee limit for wastewater applications stated in
3 V.S.A. § 2822(j)(4)(D);

(2) ~~The~~ the application fee reduction for residential development stated in 10 V.S.A. § 6083a(d);

(3) ~~The~~ the exclusion from the land gains tax provided by 32 V.S.A. § 10002(p); and

(4) eligibility for the Downtown and Village Center Tax Credit Program described in 32 V.S.A. § 5930aa et seq.

* * *

Sec. 6. 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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* * * Wastewater Connection Permits * * *

Sec. 7. 10 V.S.A. § 1974 is amended to read:

§ 1974. EXEMPTIONS

Notwithstanding any other requirements of this chapter, the following
projects and actions are exempt:

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(9) A project completed by 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. 8. 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 authorization 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 over 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; and

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

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

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

(5) The municipality requires documentation issued by a professional
engineer or licensed designer that is filed in the land records that the
connection authorized by the municipality was installed in accordance with the
technical standards.

(6) The municipality 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 authorization. The municipality shall provide all authorizations and plans to the Secretary as a part of this termination notice.

(c) A municipality issuing an authorization under this section shall require the person to whom the authorization is issued to post notice of the authorization as part of the notice required for a permit issued under 24 V.S.A. § 4449 or other bylaw authorized under this chapter.

* * * Effective Date * * *

Sec. 9. EFFECTIVE DATE

This act shall take effect on July 1, 2021.