

Context: The colossal cost of infrastructure (sewer, water, roads, stormwater, sidewalks) is a large component of the cost produce housing. Given this, the Governor’s budget proposed:

\$5,000,000 to the Department of Housing and Community Development to provide grants to Vermont municipalities to support the development of affordable mixed-income housing. These funds shall carryforward into fiscal year 2024

VHCB wrote a policy paper to further shape the intent of this line item. Their policy paper informed Section 10 b of S.226 -- Community Partnership for Neighborhood Development.

The “Neighborhood Partnership” language was added to S.226 the day SED voted the bill out. It was not fully vetted. DHCD, VHCB, and VHFA agreed to work together to refine the language in the House – and respectfully request that your committee replace section 10 with this language.

Sec. 10. VERMONT HOUSING CONSERVATION BOARD; LARGE EMPLOYER HOUSING; COMMERCIAL PROPERTY CONVERSION; COMMUNITY PARTNERSHIP FOR NEIGHBORHOOD DEVELOPMENT

[Strike-all ~~and replace~~.:]

(b)- Community Partnership for Neighborhood Development

- (1) The Department of Housing and Community Development shall lead a collaborative among municipalities, nonprofit and for-profit developers, state agencies, employers, and other relevant stakeholders to develop at least 3 pilot neighborhoods and demonstrate how new partnership models for targeted and coordinated investments can support the development of at least 300 homes in inclusive, smart growth neighborhoods.
- (2) The collaborative will be steered by an steering ~~a Housing Equity Council~~ ~~and investment committee~~ with representatives from the Vermont Department of Housing Community Development, the Vermont Housing Finance Agency, the Agency of Natural Resources, the Agency of Transportation, the Department of Public Service, the Vermont Bond Bank, the Vermont Economic Development Authority, the Vermont Housing Conservation Board, the Vermont Association of Planning & Development Agencies, the Vermont League of Cities and Towns, and the Vermont Regional Development Corporations.
- (3) The ~~steering and investment committee~~ ~~Council~~ will identify at least 3 pilot neighborhood development projects in 3 separate regional planning commission regions using a

competitive process to select municipalities able to demonstrate need, collaboration, preliminary planning, bylaw modernization, and budgetary commitments to support smart growth and housing development ~~on sites in~~ locations within ~~or near~~ or up to ¼ of a mile from a neighborhood planning area as defined in ~~a center designated under~~ Chapter 76A of Title 24 ~~section 2791~~, or locations that otherwise represent a logical extension of an existing compact settlement pattern that is consistent with smart growth principles.;

(4) The program shall coordinate with the pilot municipalities through 2026 on the strategic use of public resources to create a development-ready framework for new and infill neighborhood development and construction-ready building lots through the integrated coordination of:

- a. State, regional, and municipal planning,
- b. State and municipal regulation,
- c. Land acquisition/banking,
- d. Physical improvement ~~planning~~, design and scoping,
- e. Capital investment in infrastructure,
- f. Financing and funding, including funding from the American Rescue Plan Act and Infrastructure Investment and Jobs Act,
- g. Lot and building development by private and non-profit developers,
- h. The sale or leasing of homes

(5) The program shall seek to achieve the following goals:

- a. The development of neighborhoods that are:
 - i. Compact and human-scaled, with densities of at least eight dwelling units an acre including modestly sized dwellings on small lots;:
 - ii. Characteristic of Vermont's smart growth principles in Title 24 Section 2791;:
 - iii. Located in proximity to existing residential, ~~commercial-employment~~ and civic-uses;
 - iv. Provide for a mix of housing types, styles, tenure, and sizes to accommodate diverse household of varying composition, age, and income, including no less than 25 percent of the units with perpetual affordability

and 35 percent of the homes affordable at 80% of the area median income;

v. Provide for a mix of transportation modes with interconnected streets and sidewalks;

vi. Are designed in a manner that enhances historic resources, climate readiness, energy efficiency, environmental quality, resident health, and overall livability;

b. Successful models for the acquisition or banking of developable- or development-ready land for new neighborhood development or infill development within existing, developed neighborhoods.

c. Successful models for the integration of planning and implementation for water, sewer and other public utilities and services with land use planning and transportation investments in new or upgraded streets. ~~and land use planning.~~

(6) \$5,000,000 is appropriated to the Department of Housing & Community development for this program for pre-development grants that implement this section, which may include municipal planning, site control, land acquisition, design, scoping, and surveying for the development of pilot neighborhoods.

(7) Of the amounts appropriated for this program, \$225,000 is appropriated for the related administrative ~~labor and material~~ expenses through fiscal year 2026.

(6)(8) The Agency of Natural Resources and the Agency of Transportation shall report back to the General Assembly legislature by December 15, 2024 on financial contributions ~~they~~ the agencies can make to ~~this project.~~ this program's pilot neighborhoods.

(7)(9) The Department of Housing & Community Development will report back to the General Assembly on the results of the program ~~on or before~~ by December 15, 2026.

1 ~~(b) Community Partnership for Neighborhood Development.~~

2 ~~(1) The Department of Housing and Community Development shall lead~~

3 ~~a cross-agency program to encourage and support local partnerships between~~

4 ~~_____ municipalities, nonprofit and for profit developers, employers, the Vermont~~
5 ~~_____ Housing and Conservation Board, and local planning officials, by enhancing~~
6 ~~_____ density and reducing or eliminating the cost of land and infrastructure from~~
7 ~~_____ housing development while enhancing density, walkability, inclusiveness, and~~
8 ~~_____ climate sensitive, smart growth development.~~

9 ~~_____ (2) The Department shall lead an effort involving the Vermont Housing~~
10 ~~_____ Finance Agency, the Agency of Natural Resources, the Agency of~~
11 ~~_____ Transportation, the Department of Public Service, and the Vermont Housing~~
12 ~~_____ Conservation Board to integrate resources for housing, land, and down~~
13 ~~_____ payment assistance that also makes available funding for critical infrastructure,~~
14 ~~_____ including funding from the American Rescue Plan Act and the Infrastructure~~
15 ~~_____ Investment and Jobs Act.~~

16 ~~_____ (3) Participating municipalities may bring resources to the table by~~
17 ~~_____ planning for and permitting dense housing development in smart growth~~
18 ~~_____ locations, thereby reducing permitting risk for developers.~~

1 ~~_____ (b) Program goals. The Program shall seek to achieve the following goals:~~
2 ~~_____ (1) development of new denser neighborhoods in 5–10 communities of~~
3 ~~_____ mixed income and mixed tenure of homeownership and rental opportunities,~~
4 ~~_____ which, over time, will land bank and make available smart growth sites for~~
5 ~~_____ 500–1000 energy efficient homes and apartments;~~
6 ~~_____ (2) financial and planning commitment and participation of~~
7 ~~_____ municipalities and cooperation in siting and permitting development;~~
8 ~~_____ (3) enhanced construction of modestly sized homes, at least half of~~
9 ~~_____ which should be single family homes under 1600 sq ft. on small lots;~~
10 ~~_____ (4) opportunities for site development and skill building participation by~~
11 ~~_____ technical education centers, Youth Build, Vermont Works for Women, and~~
12 ~~_____ community volunteers such as Habitat for Humanity;~~
13 ~~_____ (5) reservation of 25 percent of single family lots for permanently~~
14 ~~_____ affordable homes, including Habitat for Humanity, Youth Build, or Tech~~
15 ~~_____ Center programs, at no cost for acquisition or infrastructure and only modest~~
16 ~~_____ fees for all small homes; and~~
17 ~~_____ (6) reservation of 35 percent of multifamily rentals for Vermonters~~
18 ~~_____ within income below 80 percent of median with no cost for publicly funded~~
19 ~~_____ infrastructure.~~