

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on General, Housing, and Military Affairs to which was
3 referred Senate Bill No. 210 entitled “An act relating to rental housing health
4 and safety and affordable housing” respectfully reports that it has considered
5 the same and recommends that the House propose to the Senate that the bill be
6 amended by striking out all after the enacting clause and inserting in lieu
7 thereof the following:

8 * * * Department of Public Safety; Authority for Rental Housing
9 Health and Safety * * *

10 Sec. 1. 20 V.S.A. chapter 172 is added to read:

11 CHAPTER 172. RENTAL HOUSING HEALTH AND SAFETY;

12 INSPECTION; REGISTRATION

13 § 2676. DEFINITION

14 As used in this chapter, “rental housing” means:

15 (1) a “premises” as defined in 9 V.S.A. § 4451 that is subject to

16 9 V.S.A. chapter 137 (residential rental agreements); and

17 (2) a “short-term rental” as defined in 18 V.S.A. § 4301 and subject to

18 18 V.S.A. chapter 85, subchapter 7.

19 § 2677. RENTAL HOUSING; RULES; INSPECTIONS; PENALTY

20 (a) Rules. The Commissioner of Public Safety may adopt rules to prescribe
21 standards for the health, safety, sanitation, and fitness for habitation of rental

1 housing that the Commissioner determines are necessary to protect the public,
2 property owners, and property against harm.

3 (b) Inspections.

4 (1) After adopting rules pursuant to subsection (a) of this section, the
5 Commissioner shall design and implement a complaint-driven system to
6 conduct inspections of rental housing.

7 (2) When conducting an inspection, the Commissioner shall:

8 (A) issue a written inspection report on the unit or building that:

9 (i) contains findings of fact that serve as the basis of one or more
10 violations;

11 (ii) specifies the requirements and timelines necessary to correct a
12 violation;

13 (iii) provides notice that the landlord is prohibited from renting the
14 affected unit to a new tenant until the violation is corrected; and

15 (iv) provides notice in plain language that the landlord or agents of
16 the landlord must have access to the rental unit to make repairs as ordered by
17 the Commissioner consistent with the access provisions in 9 V.S.A. § 4460;

18 (B) provide a copy of the inspection report to the landlord, to the
19 person who requested the inspection, and to any tenants who are affected by a
20 violation;

1 (i) electronically, if the Department has an electronic mailing
2 address for the person; or

3 (ii) by first-class mail, if the Department does not have an
4 electronic mailing address for the person;

5 (C) if an entire building is affected by a violation, provide a notice of
6 inspection directly to the individual tenants, and may also post the notice in a
7 common area, that specifies:

8 (i) the date of the inspection;

9 (ii) that violations were found and must be corrected by a certain
10 date;

11 (iii) how to obtain a copy of the inspection electronically or by
12 first-class mail; and

13 (iv) if the notice is posted in a common area, that the notice shall
14 not be removed until authorized by the Commissioner; and

15 (D) make the inspection report available as a public record.

16 (c) Penalties. If the person responsible for a violation does not comply
17 with the requirements and timelines specified in an inspection report issued
18 pursuant to subsection (b) of this section, the Commissioner may impose an
19 administrative penalty that is reasonably related to the severity of the violation,
20 not to exceed \$1,000.00 per violation.

21 § 2678. RENTAL HOUSING REGISTRATION

1 (a) Registration. Except as otherwise provided in subsection (b) of this
2 section, annually on or before March 1, the owner of each unit of rental
3 housing that in the previous year was leased or offered for lease shall pay to
4 the Department of Housing and Community Development an annual
5 registration fee of \$35.00 per unit and provide the following information:

6 (1) the name and mailing address of the owner, landlord, and property
7 manager of the unit, as applicable;

8 (2) the phone number and electronic mail address of the owner,
9 landlord, and property manager of the unit, as available;

10 (3) the location of the unit;

11 (4) the year built;

12 (5) the type of rental unit;

13 (6) the number of units in the building;

14 (7) the school property account number;

15 (8) the accessibility of the unit; and

16 (9) any other information the Department deems appropriate.

17 (b) Exceptions.

18 (1) Unit registered with another program.

19 (A) The registration requirement imposed in subsection (a) of this
20 section does not apply to a unit that is currently registered with a municipal,
21 district, or other local government rental housing health and safety program

1 that requires the owner to register the unit and provide the data required in
2 subsection (a) of this section.

3 (B) The fee requirement imposed in subsection (a) of this section
4 does not apply to a unit that is currently registered with a municipal, district, or
5 other local government rental housing health and safety program that requires
6 the owner to register the unit and provide the data required in subsection (a) of
7 this section and for which program the owner is required to pay a registration
8 fee.

9 (2) Mobile homes.

10 (A) The registration requirement imposed in subsection (a) of this
11 section does not apply to a mobile home lot within a mobile home park if:

12 (i) the owner has registered the lot with the Department of
13 Housing and Community Development; and

14 (ii) the owner does not own a mobile home on the lot.

15 (B) An owner of a mobile home lot within a mobile home park who
16 has registered the lot with the Department and who owns a mobile home on the
17 lot that is available for rent or rented shall register the property with the
18 Department pursuant to subsection (a) of this section and pay a fee equal to the
19 fee required, less any fee paid within the previous 12 months pursuant to
20 10 V.S.A. § 6254(c).

1 (C) An owner of a mobile home who rents the mobile home, whether
2 or not located in a mobile home park, shall register pursuant to this section.

3 (3) Unit not offered to general public. The registration and fee
4 requirements imposed in subsection (a) of this section do not apply to a unit
5 that an owner provides to another person, whether or not for consideration, if,
6 and only to the extent that, the owner does not otherwise make the unit
7 available for lease to the general public, and includes:

8 (A) housing provided to a member of the owner’s family or personal
9 acquaintances;

10 (B) housing provided to a person who is not related to a member of
11 the owner’s household and who occupies the housing as part of a nonprofit
12 home-sharing program; and

13 (C) housing provided to a person who provides personal care to the
14 owner or a member of the owner’s household.

15 (4) Licensed lodging establishment. The registration and fee
16 requirements imposed in subsection (a) of this section do not apply to a
17 lodging establishment, as defined in 18 V.S.A. § 4301, that is required to be
18 licensed by the Department of Health.

19 (5) Units accessory to an owner-occupied residence. The registration
20 and fee requirements imposed in subsection (a) of this section do not apply to a
21 property if:

1 (A) the property has four or fewer units; and

2 (B) the owner of the property occupies one of the units as a primary
3 residence.

4 (6) Nonwinterized, seasonal units. The registration and fee
5 requirements imposed in subsection (a) of this section do not apply to a
6 seasonal unit that is unheated and unavailable for rent during the winter
7 months.

8 (7) Units rented for fewer than 90 days. The registration and fee
9 requirements imposed in subsection (a) of this section do not apply to a unit
10 that is rented for fewer than 90 days per calendar year.

11 (8) Housing provided as a benefit of farm employment. The registration
12 and fee requirements imposed in subsection (a) of this section do not apply to a
13 unit of housing that is provided as a benefit of farm employment, as defined in
14 9 V.S.A. § 4469a(a)(3).

15 (c) Administration.

16 (1) The Department of Housing and Community Development shall
17 maintain the registry of rental housing data in coordination with the
18 Department of Public Safety, the Department of Health, the Enhanced 911
19 Board, and the Department of Taxes.

20 (2) Upon request, and at least annually, a municipal, district, or other
21 local government entity that operates a rental housing health and safety

1 program that requires registration of a rental housing unit and a fee for
2 inclusion on its registry shall provide to the Department of Housing and
3 Community Development the data for each unit that is required pursuant to
4 subsection (a) of this section.

5 (3)(A) The data the Department collects pursuant to this section is
6 exempt from public inspection and copying pursuant to 1 V.S.A. § 317(c)(1).

7 (B) The Department:

8 (i) may disclose data it collects pursuant to this section only to
9 other State, municipal, or regional government entities; nonprofit
10 organizations; or other persons for the purposes of protecting public health and
11 safety;

12 (ii) shall not disclose data it collects pursuant to this section for a
13 commercial purpose; and

14 (iii) shall require, as a condition of receiving data collected
15 pursuant to this section, that a person to whom the Department discloses the
16 data takes steps necessary to protect the privacy of persons whom the data
17 concerns and to prevent further disclosure.

18 (d) Rental Housing Safety Special Fund. The Department shall maintain
19 the fees collected pursuant to this section in a special fund entitled the Rental
20 Housing Safety Special Fund, the proceeds of which the Department shall use:

1 (1) to hire authorized staff to administer the registry and registration
2 requirements imposed in this section; and
3 (2) to provide funding to the Department of Public Safety to hire
4 authorized staff to conduct inspections and regulate rental housing pursuant to
5 section 2677 of this title.

6 * * * Penalty for Failure to Register * * *

7 Sec. 2. 20 V.S.A. § 2678(e) is added to read:

8 (e) Failure to register; penalty. The Department of Housing and
9 Community Development shall impose an administrative penalty of not more
10 than \$200.00 per unit for an owner of rental housing who knowingly fails to
11 register or pay the fee required pursuant to this section.

12 * * * Registration; Prospective Repeal * * *

13 Sec. 3. REPEAL

14 20 V.S.A. § 2678(b)(8) (exemption for housing provided as a benefit of
15 farm employment) is repealed.

16 * * * Positions Authorized * * *

17 Sec. 4. DEPARTMENT OF PUBLIC SAFETY; POSITIONS

18 (a) The Department of Public Safety is authorized to create five full-time
19 classified Inspector positions in order to conduct rental housing health and
20 safety inspections and enforcement pursuant to 20 V.S.A. chapter 172.

1 (1) ~~upon request of a landlord or tenant, or~~ upon receipt of information
2 regarding a condition that may be a public health hazard, conduct an
3 investigation;

4 (2) enforce the provisions of this title, the rules promulgated, and
5 permits issued thereunder;

6 (3) prevent, remove, or destroy any public health hazard; or mitigate any
7 significant public health risk in accordance with the provisions of this title;

8 (4) in consultation with the Department, take the steps necessary to
9 enforce all orders issued pursuant to chapter 3 of this title; and

10 (5) have the authority to assist the Department of Public Safety in
11 inspecting rental housing pursuant to 20 V.S.A. chapter 172, provided that if
12 the local health officer inspects a rental property without an inspector from the
13 Division, the officer shall issue an inspection report in compliance with
14 20 V.S.A § 2677(b)(2).

15 (b) Upon discovery of violation or a public health hazard or public health
16 risk that involves a public water system, a food or lodging establishment, or
17 any other matter regulated by Department rule, the local health officer shall
18 immediately notify the Division of Environmental Health. Upon discovery of
19 any other violation, public health hazard, or public health risk, the local health
20 officer shall notify the Division of Environmental Health within 48 hours of
21 discovery of such violation or hazard and of any action taken by the officer.

1 § 603. ~~RENTAL HOUSING SAFETY; INSPECTION REPORTS~~

2 ~~(a)(1) When conducting an investigation of rental housing, a local health~~
3 ~~officer shall issue a written inspection report on the rental property using the~~
4 ~~protocols for implementing the Rental Housing Health Code of the Department~~
5 ~~or the municipality, in the case of a municipality that has established a code~~
6 ~~enforcement office.~~

7 ~~(2) A written inspection report shall:~~

8 ~~(A) contain findings of fact that serve as the basis of one or more~~
9 ~~violations;~~

10 ~~(B) specify the requirements and timelines necessary to correct a~~
11 ~~violation;~~

12 ~~(C) provide notice that the landlord is prohibited from renting the~~
13 ~~affected unit to a new tenant until the violation is corrected; and~~

14 ~~(D) provide notice in plain language that the landlord and agents of~~
15 ~~the landlord must have access to the rental unit to make repairs as ordered by~~
16 ~~the health officer consistent with the access provisions in 9 V.S.A. § 4460.~~

17 ~~(3) A local health officer shall:~~

18 ~~(A) provide a copy of the inspection report to the landlord and any~~
19 ~~tenants affected by a violation by delivering the report electronically, in~~
20 ~~person, by first class mail, or by leaving a copy at each unit affected by the~~
21 ~~deficiency; and~~

1 ~~(B)(i) if a municipality has established a code enforcement office,~~
2 ~~provide information on each inspection according to a schedule and in a format~~
3 ~~adopted by the Department in consultation with municipalities that have~~
4 ~~established code enforcement offices; or~~

5 ~~(ii) if a municipality has not established a code enforcement~~
6 ~~office, provide information on each inspection to the Department within seven~~
7 ~~days of issuing the report using an electronic system designed for that purpose,~~
8 ~~or within 14 days by mail if the municipality is unable to utilize the electronic~~
9 ~~system.~~

10 ~~(4) If an entire property is affected by a violation, the local health officer~~
11 ~~shall post a copy of the inspection report in a common area of the property and~~
12 ~~include a prominent notice that the report shall not be removed until authorized~~
13 ~~by the local health officer.~~

14 ~~(5) A municipality shall make an inspection report available as a public~~
15 ~~record.~~

16 ~~(b)(1) A local health officer may impose a civil penalty of not more than~~
17 ~~\$200.00 per day for each violation that is not corrected by the date provided in~~
18 ~~the written inspection report, or when a unit is re-rented to a new tenant prior~~
19 ~~to the correction of a violation.~~

20 ~~(2)(A) If the cumulative amount of penalties imposed pursuant to this~~
21 ~~subsection is \$800.00 or less, the local health officer, Department of Health, or~~

1 ~~State's Attorney may bring a civil enforcement action in the Judicial Bureau~~
2 ~~pursuant to 4 V.S.A. chapter 29.~~

3 ~~(B) The waiver penalty for a violation in an action brought pursuant~~
4 ~~to this subsection is 50 percent of the full penalty amount.~~

5 ~~(3) If the cumulative amount of penalties imposed pursuant to this~~
6 ~~subsection is more than \$800.00, or if injunctive relief is sought, the local~~
7 ~~health officer, Department of Health, or State's Attorney may commence an~~
8 ~~action in the Civil Division of the Superior Court for the county in which a~~
9 ~~violation occurred.~~

10 ~~(e) If a local health officer fails to conduct an investigation pursuant to~~
11 ~~section 602a of this title or fails to issue an inspection report pursuant to this~~
12 ~~section, a landlord or tenant may request that the Department, at its discretion,~~
13 ~~conduct an investigation or contact the local board of health to take action.~~

14 [Repealed.]

15 * * *

16 * * * Transition Provisions * * *

17 Sec. 7. RENTAL HOUSING HEALTH AND SAFETY; TRANSITION

18 PROVISIONS

19 (a) Notwithstanding any provision of law to the contrary:

20 (1) Until the Commissioner of Public Safety adopts rules governing
21 rental housing health and safety pursuant to 20 V.S.A. § 2677, the Department

1 of Health, local officials authorized by law, and the Department of Public
2 Safety have concurrent authority to enforce the Vermont Rental Housing
3 Health Code adopted by the Department of Health pursuant to 18 V.S.A.
4 § 102, 3 V.S.A. § 3003(a), and 3 V.S.A. § 801(b)(11).

5 (2) The Commissioner of Public Safety may immediately adopt a rule
6 incorporating the Rental Housing Health Code without following the
7 procedures otherwise required for general rulemaking in 3 V.S.A. chapter 25.

8 (3) Except as provided in subdivision (2) of this subsection, the
9 Commissioner of Public Safety shall comply with the requirements for general
10 rulemaking in 3 V.S.A. chapter 25 when adopting rules governing rental
11 housing health and safety.

12 (b) Upon the adoption of rules governing rental housing health and safety
13 pursuant to the authority in 20 V.S.A. § 2677:

14 (1) the Department of Public Safety is the State government entity with
15 primary authority to enforce State laws governing rental housing health and
16 safety;

17 (2) the Department of Public Safety and local officials have concurrent
18 authority to enforce State and local laws governing rental housing health and
19 safety pursuant to 18 V.S.A. chapter 11; 20 V.S.A. chapter 172, subchapter 2;
20 24 V.S.A. chapters 83 and 123; and applicable municipal law; and

1 (1) The Department of Housing and Community Development shall
2 design and implement a Vermont Rental Housing Improvement Program,
3 through which the Department shall award funding to statewide or regional
4 nonprofit housing organizations, or both, to provide competitive grants and
5 forgivable loans to private landlords for the rehabilitation, including
6 weatherization, of eligible rental housing units.

7 (2) The Department shall develop statewide standards for the Program,
8 including factors that partner organizations shall use to evaluate applications
9 and award grants and forgivable loans.

10 (b) Eligible rental housing units. The following units are eligible for a
11 grant or forgivable loan through the Program:

12 (1) Non-code compliant. The unit does not comply with the
13 requirements of applicable building, housing, or health laws.

14 (2) New accessory dwelling.

15 (A) The unit will be a newly created accessory dwelling unit that
16 meets the requirements of 24 V.S.A. § 4412(1)(E).

17 (B) The unit will be newly created on a lot with an existing structure.

18 (c) Administration. The Department shall require a housing organization
19 that receives funding under the Program to adopt:

20 (1) a standard application form that describes the application process
21 and includes instructions and examples to help landlords apply;

1 (2) an award process that ensures equitable selection of landlords,
2 subject to a housing organization’s exercise of discretion based on the factors
3 adopted by the Department pursuant to subsection (a) of this section; and

4 (3) a grant and loan management system that ensures accountability for
5 funds awarded.

6 (d) Program requirements applicable to grants and forgivable loans.

7 (1) A grant or loan shall not exceed \$50,000.00 per unit. In determining
8 the amount of a grant or loan, a housing organization shall consider the number
9 of bedrooms in the unit and whether the unit is being rehabilitated or newly
10 created.

11 (2) A landlord shall contribute matching funds or in-kind services that
12 equal or exceed 20 percent of the value of the grant or loan.

13 (3) A project may include a weatherization component.

14 (4) A project shall comply with applicable building, housing, and health
15 laws.

16 (5) The terms and conditions of a grant or loan agreement apply to the
17 original recipient and to a successor in interest for the period the grant or loan
18 agreement is in effect.

19 (6) The identity of a recipient and the amount of a grant or forgivable
20 loan are public records that shall be available for public copying and inspection

1 and the Department shall publish this information at least quarterly on its
2 website.

3 (e) Program requirements applicable to grants. For a grant awarded under
4 the Program, the following requirements apply for a minimum period of five
5 years:

6 (1) A landlord shall coordinate with nonprofit housing partners and local
7 coordinated entry organizations to identify potential tenants.

8 (2)(A) Except as provided in subdivision (2)(B) of this subsection (e), a
9 landlord shall lease the unit to a household that is exiting homelessness or
10 actively working with an immigrant or refugee resettlement program.

11 (B) If, upon petition of the landlord, the Department or the housing
12 organization that issued the grant determines that a household exiting
13 homelessness is not available to lease the unit, then the landlord shall lease the
14 unit:

15 (i) to a household with an income equal to or less than 80 percent
16 of area median income; or

17 (ii) if such a household is unavailable, to another household with
18 the approval of the Department or housing organization.

19 (3)(A) A landlord shall accept any housing vouchers that are available to
20 pay all, or a portion of, the tenant's rent and utilities.

1 (B) If no housing voucher or federal or State subsidy is available, the
2 total cost of rent for the unit, including utilities not covered by rent payments,
3 shall not exceed the applicable fair market rent established by the Department
4 of Housing and Urban Development.

5 (4)(A) A landlord may convert a grant to a forgivable loan upon
6 approval of the Department and the housing organization that approved the
7 grant.

8 (B) A landlord who converts a grant to a forgivable loan shall receive
9 a 10 percent credit for loan forgiveness for each year in which the landlord
10 participates in the grant program.

11 (f) Requirements applicable to forgivable loans. For a forgivable loan
12 awarded under the Program, the following requirements apply for a minimum
13 period of 10 years:

14 (1)(A) A landlord shall accept any housing vouchers that are available to
15 pay all, or a portion of, the tenant's rent and utilities.

16 (B) If no housing voucher or federal or State subsidy is available, the
17 cost of rent for the unit, including utilities not covered by rent payments, shall
18 not exceed the applicable fair market rent established by the Department of
19 Housing and Urban Development.

20 (2) The Department shall forgive 10 percent of the amount of a
21 forgivable loan for each year a landlord participates in the loan program.

1 (g) Lien priority. A lien for a grant converted to a loan or for a forgivable
2 loan issued pursuant to this section is subordinate to:

3 (1) a lien on the property in existence at the time the lien for
4 rehabilitation and weatherization of the rental housing unit is filed in the land
5 records; and

6 (2) a first mortgage on the property that is refinanced and recorded after
7 the lien for rehabilitation and weatherization of the rental housing unit is filed
8 in the land records.

9 Sec. 10. REPORT

10 On or before February 15, 2023, the Department of Housing and
11 Community Development shall report to the General Assembly concerning the
12 design, implementation, and outcomes of the Vermont Housing Improvement
13 Program, including findings and any recommendations related to the amount of
14 grant awards.

15 Sec. 11. APPROPRIATIONS

16 (a) Purpose. The purpose of the appropriations in this section are:

17 (1) to respond to the far-reaching public health and negative economic
18 impacts of the COVID-19 pandemic; and

19 (2) to ensure that Vermonters and Vermont communities have an
20 adequate supply of safe, affordable housing.

1 **(b) In fiscal year 2022, the amount of \$20,400,000.00 is appropriated from**
2 **the America Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery**
3 **Funds as follows:**

4 **(1) \$100,000.00 to the Department of Public Safety as one-time startup**
5 **funding to hire one or more Inspector positions authorized pursuant to Sec. 4**
6 **of this act.**

7 **(2) \$300,000.00 to the Department of Housing and Community**
8 **Development as one-time startup funding to hire one or more of the positions**
9 **authorized pursuant to Sec. 5 of this act.**

10 **(3) \$20,000,000.00 to the Department of Housing and Community**
11 **Development to implement the Vermont Rental Housing Improvement**
12 **Program created in 10 V.S.A. § 699. The Department may use not more than**
13 **\$1,000,000.00 of the appropriation to facilitate a statewide education and**
14 **navigation system to assist homeowners with designing, financing, permitting,**
15 **and constructing accessory dwelling units.**

16 Sec. 12. EFFECTIVE DATES

17 **(a) This section and the following sections shall take effect on passage:**

18 **(1) Sec. 1 (DPS authority for rental housing health and safety; rental**
19 **housing registration).**

20 **(2) Sec. 4 (DPS positions).**

21 **(3) Sec. 5 (DHCD positions).**

1 (4) Sec. 6 (conforming changes to Department of Health statutes).

2 (5) Sec. 7 (DPS rulemaking authority and transition provisions).

3 (6) Secs. 8–10 (Vermont Rental Housing Improvement Program).

4 (8) Sec. 11 (FY 2022 ARPA appropriations).

5 (b) Sec. 2 (administrative penalty for failure to register rental housing) shall
6 take effect on July 1, 2023.

7 (c) Sec. 3 (repeal of registration exemption for housing provided as a
8 benefit of farm employment) shall take effect on July 1, 2025.

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15 (Committee vote: _____)

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Representative _____

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FOR THE COMMITTEE