



Vermont Association of Realtors®

Testimony on S.210 Rental Health and Safety

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No bill has generated more interest from Realtors® than the Rental Health and Safety bill. We pride ourselves on being informed on the rules that impact our clients and customers and the advent of a rental registry matters to many buyers as they plan the use of their property.

The move of the health code to the Department of Fire Safety makes sense. Realtors often call on Fire and Safety to perform time of sale inspections, of multi-unit buildings (condominiums) as well as rental properties. Our goal is to protect our clients by assuring compliance with fire and safety codes during their use and to be certain that the property that they may sell in the future meets code.

Language clarifying that this is an only a complaint-based inspection system solves one of the open issues from last year.

The registration of rental housing seems to be where the greatest disagreement over this bill is coming from. Rental Housing Registration (b)(5) exempts Units attached to owner occupied residences with no more than 3 units. Mortgage lending guidelines consider owner occupied rental properties of 2-4 units for conventional financing. We suggest adoption of the same for consistency purposes.

Part of our discussion in our Government Affairs Committee on this topic considered the housing landscape in Vermont. With our old housing stock, and also our development patterns, we know that there are a significant number of rental units that fall in this owner-occupied category. We understand that this section was specifically designed to address the Governor's concern for small landlords. However, by eliminating these properties from the registry, the registry itself will significantly undercount available rental properties.

Also, part of registration is the exception for units rented for less than 90 days per calendar year. The Realtors® are supportive of this threshold feeling that it provides good balance for properties rented only occasionally.

We do have concerns with the Data collection language in this bill in the registration section (3)(B)(I) which authorizes data disclosure to State, municipal or regional governmental authorities but also allows this disclosure to nonprofit organizations or other persons. There are over 6,000 Non-Profits in Vermont and we feel that these two categories are too broad and should be removed from the bill.

Section 4 (a) authorizes the Department of Public Safety to create 5 full time positions however the bill only appropriates \$100,000 for these positions. Previous language Authorized the department to create “one or more positions with the ability to hire additional inspectors when funds become available. we feel that this language in Section 4 would more accurately describe the appropriation for Fire Safety. Alternatively provide the funding for all the positions authorized.

Section 8 of the bill authorizes the Department of Housing and Community Development to implement the Vermont Rental Housing Investment Program. Similar language appears in S.226. We suggest the committee decide where they want to authorize this program. Realtors® are supportive of this effort to bring blighted and vacant rental properties back online.

Section 11 of the bill authorizes the Vermont Homeownership Revolving Loan Fund. We appreciate the committees support for this home ownership subsidy. This program has the ability to solve one of the more difficult issues surrounding most transactions, satisfaction of building inspection issues. By providing resources for new homeowners to remedy deficiencies in the property, transactions that might fail can be completed. Please note Section 12(a)(1) defines multi-family as “not more than 4 Units”

Same section (C)(1)(A) requires the buyer be a first-time homebuyer, the IRS definition of a first-time homebuyer is “has not owned a principal residence in the past 3 years.” Committee will need to adopt this definition.

Section 15 Appropriations This appropriation is \$20,400,000 for this bill. We are concerned that while the bill authorizes 5 new inspectors for Fire Safety, the \$100,000 allocation will be sufficient for only 1.5 inspectors.

And our last concern is that there is no authorization in this bill for the \$1,000,000 Revolving loan fund for First time Homebuyers.

Respectfully submitted:

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