

1 ***** Disclaimer ***** *This is a working draft of an omnibus housing bill that*
2 *includes concepts and proposals from multiple sources. Each version of the*
3 *draft will most likely change significantly, and may add new proposals, as well*
4 *as modify or eliminate currently-included proposals ****

5
6 Yellow highlight reflects change to the previous version of the draft.

7 Pink highlight reflects a section that is unresolved.

8 Blue highlight reflects a section that is resolved.

9
10 TO THE HONORABLE SENATE:

11 The Committee on Economic Development, Housing and General Affairs to
12 which was referred Senate Bill No. 226 entitled “An act relating to expanding
13 access to safe and affordable housing” respectfully reports that it has
14 considered the same and recommends that the bill be amended by striking out
15 all after the enacting clause and inserting in lieu thereof the following:

16 * * * Municipal and Regional Land Banks * * *

17 **Sec. 1.** [MUNICIPAL AND REGIONAL LAND BANK STUDY?]

18 * * * Housing; Permit Reform * * *

19 **Sec. 2.** FINDINGS

20 The General Assembly finds that:

21 (1) Prosperous, sustainable, inclusive communities are critical to
22 Vermont’s economic health and the well-being of its residents.

23 (2) Housing affordability and availability challenges require elected
24 officials, community leaders, and developers making community investments
25 to consider all options to increase the supply of housing.

1 (3) The State designation programs underpin Vermont’s land use goals
2 and provide numerous economic, health, quality of life, and environmental
3 benefits.

4 (4) Increased housing choices in State designated centers advance
5 statewide goals to encourage housing affordability, inclusion, and equity;
6 conserve energy; decrease greenhouse gas emissions; provide a variety of
7 transportation choices; promote the efficient use of transportation and other
8 public infrastructure and services; protect the working landscape and natural
9 areas from fragmentation; and foster healthy lifestyles.

10 (5) Small-scale and infill developers are critical to rural and community
11 revitalization in locations where development is not occurring and is necessary
12 to meet the full range of Vermont’s housing needs.

13 (6) Strategies, policies, programs, and investments that advance
14 Vermont’s smart growth principles, complete streets principles, and planning
15 and development goals pursuant to 24 V.S.A. § 4302 make communities more
16 equitable and sustainable and improve the long-term fiscal, economic, and
17 environmental viability of the State.

18 **Sec. 2a.** 24 V.S.A. § 2793e is amended to read:

19 § 2793e. NEIGHBORHOOD PLANNING AREAS; DESIGNATION OF

20 NEIGHBORHOOD DEVELOPMENT AREAS

1 (a) Purpose. This section is intended to encourage a municipality to plan
2 for new and infill housing in the area including and immediately encircling its
3 designated downtown, village center, new town center, or within its designated
4 growth center in order to provide needed housing and to further support the
5 commercial establishments in the designated center. To support this goal, this
6 section sets out a two-component process.

7 * * *

8 (b) Definitions.

9 (1) “Neighborhood planning area” means an automatically delineated
10 area including and encircling a downtown, village center, or new town center
11 designated under this chapter or within a growth center designated under this
12 chapter. A neighborhood planning area is used for the purpose of identifying
13 locations suitable for new and infill housing that will support a development
14 pattern that is compact, oriented to pedestrians, and consistent with smart
15 growth principles. To ensure a compact settlement pattern, the outer boundary
16 of a neighborhood planning area shall be located entirely within the boundaries
17 of the applicant municipality, unless a joint application is submitted by more
18 than one municipality, and shall be determined:

19 * * *

1 (c) Application for designation of a neighborhood development area. The
2 State Board shall approve a neighborhood development area if the application
3 demonstrates and includes all of the following elements:

4 * * *

5 (5) The proposed neighborhood development area consists of those
6 portions of the neighborhood planning area that are appropriate for new and
7 infill housing, excluding identified flood hazard and fluvial erosion areas,
8 except those areas containing preexisting development in areas suitable for
9 infill development as defined in § 29-201 of the Vermont Flood Hazard Area
10 and River Corridor Rule. In determining what areas are most suitable for new
11 and infill housing, the municipality shall balance local goals for future land
12 use, the availability of land for housing within the neighborhood planning area,
13 and the smart growth principles. Based on those considerations, the
14 municipality shall select an area for neighborhood development area
15 designation that:

16 (A) Avoids or ~~that~~ minimizes to the extent feasible the inclusion of
17 “important natural resources” as defined in subdivision 2791(14) of this title.
18 If an “important natural resource”² is included within a proposed neighborhood
19 development area, the applicant shall identify the resource, explain why the
20 resource was included, describe any anticipated disturbance to such resource,
21 and describe why the disturbance cannot be avoided or minimized. If the

1 neighborhood development area includes flood hazard areas or river corridors,
2 the local bylaws shall contain provisions consistent with the Agency of Natural
3 Resources’ rules required under 10 V.S.A. § 754(a) to ensure that new infill
4 development within a neighborhood development area occurs outside the flood
5 hazard area and will not cause or contribute to fluvial erosion hazards within
6 the river corridor. If the neighborhood development area includes flood hazard
7 areas or river corridors, local bylaws shall also contain provisions to protect
8 river corridors outside the neighborhood development area consistent with the
9 Agency of Natural Resources’ rules required under 10 V.S.A. § 754(a).

10 * * *

11 (6) ~~The neighborhood development area is served by:~~

12 ~~(A) municipal sewer infrastructure; or~~

13 ~~(B) a community or alternative wastewater system approved by the~~

14 ~~Agency of Natural Resources. [Repealed.]~~

15 (7) The municipal bylaws allow minimum net residential densities

16 within the neighborhood development area greater than or equal to four ~~single-~~

17 ~~family detached~~ dwelling units per acre for all identified residential uses or

18 residential building types, exclusive of accessory dwelling units, or ~~no~~ not

19 fewer than the average existing density of the surrounding neighborhood,

20 whichever is greater. The methodology for calculating density shall be

1 established in the guidelines developed by the Department pursuant to
2 subsection 2792(d) of this title.

3 * * *

4 **Sec. 2b.** 24 V.S.A. § 2793b is amended to read:

5 § 2793b. DESIGNATION OF NEW TOWN CENTER DEVELOPMENT
6 DISTRICTS

7 * * *

8 (b) Within 45 days of receipt of a completed application, the State Board
9 shall designate a new town center development district if the State Board finds,
10 with respect to that district, the municipality has:

11 * * *

12 (2) Provided a community investment agreement that has been executed
13 by authorized representatives of the municipal government, businesses and
14 property owners within the district, and community groups with an articulated
15 purpose of supporting downtown interests, and contains the following:

16 * * *

17 (B) Regulations enabling ~~high~~ densities that are ~~greater~~ not less than
18 four dwelling units, including all identified residential uses or residential
19 building types, per acre and not less than those allowed in any other part of the
20 municipality not within an area designated under this chapter.

21 * * *

1 **Sec. 2c.** 24 V.S.A. § 4449 is amended to read:

2 § 4449. ZONING PERMIT, CERTIFICATE OF OCCUPANCY, AND
3 MUNICIPAL LAND USE PERMIT

4 (a) Within any municipality in which any bylaws have been adopted:

5 * * *

6 (4) No municipal land use permit issued by an appropriate municipal
7 panel or administrative officer, as applicable, for a site plan or conditional use
8 shall be considered abandoned or expired unless more than two years has
9 passed since the permit approval was issued.

10 * * *

11 **Sec. 2d.** 10 V.S.A. § 6001 is amended to read:

12 § 6001. DEFINITIONS

13 As used in this chapter:

14 * * *

15 (3)(A) “Development” means each of the following:

16 * * *

17 (iv) The construction of housing projects such as cooperatives,
18 condominiums, or dwellings, or construction or maintenance of mobile homes
19 or mobile home parks, with 10 or more units, constructed or maintained on a
20 tract or tracts of land, owned or controlled by a person, within a radius of five

1 miles of any point on any involved land and within any continuous period of
2 five years. However:

3 (I) A priority housing project shall constitute a development
4 under this subdivision (iv) only if the number of housing units in the project is:

5 (aa) [Repealed.]

6 (bb) [Repealed.]

7 (cc) 75 or more, in a municipality with a population of 6,000
8 or more but less than 10,000.

9 (dd) 50 or more, in a municipality with a population of
10 ~~3,000 or more but~~ less than 6,000.

11 (ee) ~~25 or more, in a municipality with a population of less~~
12 ~~than 3,000.~~ [Repealed.]

13 (ff) Notwithstanding subdivisions (cc) through (ee) of this
14 subdivision (3)(A)(iv)(I), 10 or more if the construction involves the
15 demolition of one or more buildings that are listed on or eligible to be listed on
16 the State or National Register of Historic Places. However, demolition shall
17 not be considered to create jurisdiction under this subdivision (ff) if the
18 Division for Historic Preservation has determined that the proposed demolition
19 will have no adverse effect, will have no adverse effect if specified conditions
20 are met, or will have an adverse effect that will be adequately mitigated. Any

1 imposed conditions shall be enforceable through a grant condition, deed
2 covenant, or other legally binding document.

3 * * *

4 (27) “Mixed income housing” means a housing project in which the
5 following apply:

6 (A) Owner-occupied housing. ~~At the option of the applicant, owner-~~
7 ~~occupied housing may be characterized by either of the following:~~

8 ~~(i) at least 15 percent of the housing units have a purchase price~~
9 ~~that at the time of first sale does not exceed 85 percent of the new construction,~~
10 ~~targeted area purchase price limits established and published annually by the~~
11 ~~Vermont Housing Finance Agency; or~~

12 ~~(ii) at least 20 percent of the housing units have a purchase price~~
13 ~~that at the time of first sale does not exceed 90 percent of the new construction,~~
14 ~~targeted area purchase price limits established and published annually by the~~
15 ~~Vermont Housing Finance Agency~~ meet the requirements of affordable owner-
16 occupied housing under subdivision (29)(A) of this section, adjusted for the
17 number of bedrooms, as established and published annually by the Vermont
18 Housing Finance Agency.

19 (B) Rental housing. ~~At least 20 percent of the housing units that are~~
20 ~~rented constitute affordable housing and have a duration of affordability of~~ For
21 not less than 15 years following the date that rental housing is initially placed

1 in service, at least 20 percent of the housing units meet the requirements of
2 affordable rental housing under subdivision (29)(B) of this section, adjusted for
3 the number of bedrooms, as established and published annually by the
4 Vermont Housing Finance Agency.

5 * * *

6 (35) “Priority housing project” means a discrete project located on a
7 single tract or multiple contiguous tracts of land that consists exclusively of:

8 ~~(A) mixed income housing or mixed use, or any combination thereof,~~
9 and is located entirely within a designated downtown development district,
10 designated new town center, designated growth center, or designated ~~village~~
11 ~~center that is also a designated~~ neighborhood development area under
12 24 V.S.A. chapter 76A; ~~or~~

13 ~~(B) mixed income housing and is located entirely within a designated~~
14 ~~Vermont neighborhood or designated neighborhood development area under~~
15 ~~24 V.S.A. chapter 76A.~~

16 * * *

17 **Sec. 2e.** 10 V.S.A. § 6081(p) is amended to read:

18 ~~(p)(1) No permit or permit amendment is required for any change to a~~
19 ~~project that is located entirely within a downtown development district~~
20 ~~designated pursuant to 24 V.S.A. § 2793, if the change consists exclusively of~~
21 ~~any combination of mixed use and mixed income housing, and the cumulative~~

1 ~~changes within any continuous period of five years, commencing on or after~~
2 ~~May 28, 2002, remain below any applicable jurisdictional threshold specified~~
3 ~~in subdivision 6001(3)(A)(iv)(I) of this title.~~

4 (2) No permit or permit amendment is required for a priority housing
5 project in a designated center ~~other than a downtown development district if~~
6 ~~the project remains below any applicable jurisdictional threshold specified in~~
7 ~~subdivision 6001(3)(A)(iv)(I) of this title and will comply with all conditions~~
8 ~~of any existing permit or permit amendment issued under this chapter that~~
9 ~~applies to the tract or tracts on which the project will be located. If such a~~
10 ~~priority housing project will not comply with one or more of these conditions,~~
11 ~~an application may be filed pursuant to section 6084 of this title.~~

12 * * * First-Generation Homebuyers * * *

13 **Sec. 3. 32 V.S.A. 5930u is amended to read:**

14 § 5930U. TAX CREDIT FOR AFFORDABLE HOUSING

15 * * *

16 (b) Eligible tax credit allocations.

17 * * *

18 (3) Down Payment Assistance Program.

19 (A) The Vermont Housing Finance Agency shall have the authority to
20 allocate affordable housing tax credits to finance down payment assistance
21 loans that meet the following requirements:

1 (i) the loan is made in connection with a mortgage through an
2 Agency program;

3 (ii) the borrower is a first-time home buyer of an owner-occupied
4 primary residence; and

5 (iii) the borrower uses the loan for the borrower’s down payment
6 or closing costs, or both.

7 (B) The Agency shall require the borrower to repay the loan upon the
8 transfer or refinance of the residence.

9 (C) The Agency shall use the proceeds of loans made under the
10 Program for future down payment assistance.

11 (D) The Agency may give priority to, or reserve a certain amount of
12 funding for, first-time homebuyers who are also first-generation homebuyers.

13 * * *

14 * * * Manufactured Home Relocation Incentives * * *

15 **Sec. 4.** MANUFACTURED HOME IMPROVEMENT AND
16 REPLACEMENT PROGRAM

17 Of the amounts available from federal COVID-19 relief funds, the
18 following amounts are appropriated to the Department of Housing and
19 Community Development for the purposes specified:

20 (1) \$3,000,000.00 for manufacture home community small scale capital
21 grants, through which the Department may award not more than \$20,000.00

1 for owners of manufactured housing communities to complete small-scale
2 capital needs to help infill vacant lots with homes, which may include projects
3 such as disposal of abandoned homes, lot grading/preparation, site electrical
4 box issues/upgrades, E911 safety issues, legal fees, transporting homes out of
5 flood zones, individual septic system, and marketing to help make it easier for
6 home-seekers to find vacant lots around the State.

7 (2) \$1,000,000 for manufactured home repair grants, through which the
8 Department may award funding for minor rehab or accessibility projects,
9 coordinated as possible with existing programs, for between 250 and 400
10 existing homes where the home is otherwise in good condition or in situations
11 where the owner is unable to replace the home and the repair will keep them
12 housed.

13 (3) \$1,000,000 for new manufactured home foundation grants, through
14 which the Department may award not more than \$15,000 per grant for a
15 homeowner to pay for a foundation or HUD-approved slab, site preparation,
16 skirting, tie-downs, and utility connections on vacant lots within manufactured
17 home communities.

18 **Sec. 4a.** 32 V.S.A. § 5930u(g) is amended to read:

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

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

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

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

16 * * * Large Employer Housing; Commercial Property Conversion; Multi-
17 Agency Coordination * * *

18 **Sec. 5. VERMONT HOUSING CONSERVATION BOARD; LARGE**
19 **EMPLOYER HOUSING; COMMERCIAL PROPERTY CONVERSION;**
20 **COMMUNITY PARTNERSHIP FOR NEIGHBORHOOD DEVELOPMENT**

1 (a) Authorization. Of the amounts appropriated to the Vermont Housing
2 Conservation Board, the Board is authorized to allocate up to \$5,000,000 for
3 the following purposes:

4 (1) funding for the Community Partnership for Neighborhood
5 Development created in this section:

6 (2) funding for matching grants, not to exceed the lesser of \$50,000 or
7 20 percent of the employer cost, for large employers with 100 or more full-
8 time employees that provide housing for their employees; and

9 (3) funding for matching grants, not to exceed the lesser of \$50,000 or
10 20 percent of the developer cost, for projects that convert commercial
11 properties to residential use.

12 (b) Community Partnership for Neighborhood Development.

13 (1) The Department of Housing and Community Development shall lead
14 a cross-agency program to encourage and support local partnerships between
15 municipalities, nonprofit and for-profit developers, employers, the Vermont
16 Housing and Conservation Board, and local planning officials, by enhancing
17 density and reducing or eliminating the cost of land and infrastructure from
18 housing development while enhancing density, walkability, inclusiveness, and
19 climate-sensitive, smart growth development.

20 (2) The Department shall lead an effort involving the Vermont Housing
21 Finance Agency, the Agency of Natural Resources, the Agency of

1 Transportation, the Department of Public Service, and the Vermont Housing
2 Conservation Board, to integrate resources for housing, land, and down
3 payment assistance that also makes available funding for critical infrastructure.

4 (3) Participating municipalities may bring resources to the table by
5 planning for and permitting dense housing development in smart growth
6 locations, thereby reducing permitting risk for developers.

7 (b) Program goals. The Program shall seek to achieve the following goals:

8 (1) development of new denser neighborhoods in 5-10 communities of
9 mixed income and mixed tenure of homeownership and rental opportunities,
10 which over time will land bank and make available smart growth sites for 500-
11 1000 energy efficient homes and apartments;

12 (2) financial and planning commitment and participation of
13 municipalities and cooperation in siting and permitting development;

14 (3) enhanced construction of modestly sized homes, at least half of
15 which should be single family homes should be under 1600 sq ft., on small
16 lots;

17 (4) opportunities for site development and skill building participation by
18 technical education centers, Youth Build, Vermont Works for Women, and
19 community volunteers such as Habitat for Humanity;

20 (5) reservation of 25 percent of single family lots for permanently
21 affordable homes, including Habitat for Humanity, Youth Build or Tech

1 Center programs, at no cost for acquisition or infrastructure and only modest
2 fees for all small homes; and
3 (6) reservation of 35 percent of multifamily rentals for Vermonters
4 below 80 percent of median with no cost for publicly funded infrastructure.

5 * * * Municipal Bylaw Grants * * *

6 **Sec. 6.** 24 V.S.A. § 4306 is amended to read:

7 § 4306. MUNICIPAL AND REGIONAL PLANNING FUND

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

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

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

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

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

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

3 (C) 20 percent shall be disbursed to municipalities.

4 * * *

5 (c) Funds allocated to municipalities shall be used for the purposes of:

6 * * *

7 (4) The Fund shall be available to the Department of Housing and
8 Community Development for the reasonable and necessary costs of
9 administering the Fund, not to exceed ten percent of total program funds.

10 (d) New funds allocated to municipalities under this section may take the
11 form of special purpose grants in accordance with section 4307 of this title.

12 **Sec. 6a.** 24 V.S.A. § 4307 is added to read:

13 §4307. MUNICIPAL BYLAW MODERNIZATION GRANTS

14 (a) There is created Municipal Bylaw Modernization Grants to assist
15 municipalities in updating their land use and development bylaws. Bylaws
16 updated under this section shall increase housing choice, affordability, and
17 opportunity in areas planned for smart growth. The Grants shall be funded by
18 monies allocated from the municipality allocation of the Municipal and
19 Regional Planning Funds established in subdivision 4306 (a)(3)(C) of this title
20 and any other monies appropriated for this purpose.

1 (b) Disbursement to municipalities shall be administered by the
2 Department of Housing and Community Development through a competitive
3 process providing the opportunity for all regions and any eligible municipality
4 to compete regardless of size.

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

7 (d) Funding may be used for the cost of regional planning commission staff
8 or consultant time and any other purpose approved by the Department.

9 (e) A municipality grantee shall use the funds to prepare amendments to
10 bylaws to increase housing choice, affordability, and opportunity and that
11 support a neighborhood development pattern that is pedestrian oriented in
12 areas planned for smart growth consistent with the smart growth principles
13 established in section 2791 of this title and that prioritize projects in designated
14 areas in accordance with chapter 76A of this title.

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

16 (1) identify municipal water and wastewater disposal infrastructure,
17 municipal water and sewer service areas, and the constraints on that
18 infrastructure based on the best available data;

19 (2) increase allowed housing types and uses, which may include
20 duplexes to the same extent as single-family homes;

1 (3) include parking waiver provisions in areas planned for smart growth
2 consistent with smart growth principles as defined in section 2791 of this title
3 and appropriate situations;

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

7 (5) reduce non-conformities by making the allowed standards
8 principally conform to the existing settlement within any area designated under
9 chapter 76A of this title and increase allowed lot/building/dwelling unit density
10 by adopting dimensional, use, parking, and other standards that allow compact
11 neighborhood form and support walkable lot and dwelling unit density, which
12 may be achieved with a standard allowing at least four units per acre or
13 allowing the receipt of a State or municipal water and wastewater permit to
14 determine allowable density or by other means established in guidelines issued
15 by the Department.

16 (6) restrict development of and minimize impact to important natural
17 resources, including new development in flood hazard areas, undeveloped
18 floodplains, and river corridor areas, unless lawfully allowed for infill
19 development in §§29-201 of the Vermont Flood Hazard Area and River
20 Corridor Rule;

1 (7) update the municipal plan’s housing element as provided in section
2 4382(a)(10) of this title related to addressing lower and moderate-income
3 housing needs and implement that element of the plan including through the
4 bylaw amendments;

5 (8) comply with State and Federal Fair Housing Act, including the fair
6 housing provisions of Vermont’s Planning & Development Act; and

7 (9) demonstrate how the bylaws support implementation of the housing
8 element of its municipal plan as provided in V.S.A. § 4282(a)(10) related to
9 addressing lower and moderate-income housing needs.

10 (g) On or before September 1, 2022, the Department shall adopt guidelines
11 to assist municipalities applying for grants under this section.

12 **Sec. 6b. APPROPRIATION**

13 In fiscal year 2023 the amount of \$650,000.00 is appropriated from the
14 General Fund to the Municipal Planning and Regional Planning Fund to be
15 used for Municipal Bylaw Modernization Grants established in 24 V.S.A.
16 V.S.A. § 4307.

17 * * * Tax Credits * * *

18 **Sec. 7.** 32 V.S.A. § 5930ee is amended to read:

19 § 5930ee. LIMITATIONS

20 Beginning in fiscal year 2010 and thereafter, the State Board may award tax
21 credits to all qualified applicants under this subchapter, provided that:

1 (1) the total amount of tax credits awarded annually, together with sales
2 tax reallocated under section 9819 of this title, does not exceed ~~\$3,000,000.00~~
3 \$5,000,000.00 with up to \$1,000,000.00 awarded to qualified projects in
4 neighborhood development areas;

5 * * *

6 **Sec. 7a.** 32 V.S.A. § 5930aa is amended to read:

7 § 5930aa. DEFINITIONS

8 As used in this subchapter:

9 (1) “Qualified applicant” means an owner or lessee of a qualified
10 building involving a qualified project, but does not include a State or federal
11 agency or a political subdivision of either; or an instrumentality of the United
12 States.

13 (2) “Qualified building” means a building built at least 30 years before
14 the date of application, located within a designated downtown ~~or~~ village
15 center, or neighborhood development area, which, upon completion of the
16 project supported by the tax credit, will be an income-producing building not
17 used solely as a single-family residence. Churches and other buildings owned
18 by religious organization may be qualified buildings, but in no event shall tax
19 credits be used for religious worship.

20 (3) “Qualified code improvement project” means a project:

1 (A) to install or improve platform lifts suitable for transporting
2 personal mobility devices, limited use or limited application elevators,
3 elevators, sprinkler systems, and capital improvements in a qualified building,
4 and the installations or improvements are required to bring the building into
5 compliance with the statutory requirements and rules regarding fire prevention,
6 life safety, and electrical, plumbing, and accessibility codes as determined by
7 the Department of Public Safety;

8 (B) to abate lead paint conditions or other substances hazardous to
9 human health or safety in a qualified building; or

10 (C) to redevelop a contaminated property in a designated downtown
11 ~~or~~ village center, or neighborhood development area under a plan approved by
12 the Secretary of Natural Resources pursuant to 10 V.S.A. § 6615a.

13 (4) “Qualified expenditures” means construction-related expenses of the
14 taxpayer directly related to the project for which the tax credit is sought but
15 excluding any expenses related to a private residence.

16 (5) “Qualified façade improvement project” means the rehabilitation of
17 the façade of a qualified building that contributes to the integrity of the
18 designated downtown ~~or~~ designated village center. Façade improvements to
19 qualified buildings listed, or eligible for listing, in the State or National
20 Register of Historic Places must be consistent with Secretary of the Interior
21 Standards, as determined by the Vermont Division for Historic Preservation.

1 (6) “Qualified Flood Mitigation Project” means any combination of
2 structural and nonstructural changes to a building located within the flood
3 hazard area as mapped by the Federal Emergency Management Agency that
4 reduces or eliminates flood damage to the building or its contents. The project
5 shall comply with the municipality’s adopted flood hazard bylaw, if applicable,
6 and a certificate of completion shall be submitted by a registered engineer,
7 architect, qualified contractor, or qualified local official to the State Board.
8 Improvements to qualified buildings listed, or eligible for listing, in the State
9 or National Register of Historic Places shall be consistent with Secretary of the
10 Interior’s Standards for Rehabilitation, as determined by the Vermont Division
11 for Historic Preservation.

12 (7) “Qualified historic rehabilitation project” means an historic
13 rehabilitation project that has received federal certification for the
14 rehabilitation project.

15 ~~(7)~~(8) “Qualified project” means a qualified code improvement,
16 qualified façade improvement, or qualified historic rehabilitation project as
17 defined by this subchapter.

18 ~~(8)~~(9) “State Board” means the Vermont Downtown Development
19 Board established pursuant to 24 V.S.A. chapter 76A.

20 * * *

1 **Sec. 7b. 32 V.S.A. § 5930bb is amended to read:**

2 **§ 5930bb. ELIGIBILITY AND ADMINISTRATION**

3 * * *

4 **(e) Sunset of Neighborhood Development Area tax credits. Effective on**
5 **July 1, 2027, under this subchapter no new tax credit may be allocated by the**
6 **State Board to a qualified building in a neighborhood development area.**

7 **Sec. 7c. 24 V.S.A. § 2793a is amended to read:**

8 § 2793a. DESIGNATION OF VILLAGE CENTERS BY STATE BOARD

9 * * *

10 (c) A village center designated by the State Board pursuant to
11 subsection (a) of this section is eligible for the following development
12 incentives and benefits:

13 * * *

14 (4) ~~The following State tax credits for projects located in a designated~~
15 ~~village center:~~

16 ~~(A) A State historic rehabilitation tax credit of ten percent under~~
17 ~~32 V.S.A. § 5930cc(a) that meets the requirements for the federal rehabilitation~~
18 ~~tax credit.~~

19 ~~(B) A State façade improvement tax credit of 25 percent under~~
20 ~~32 V.S.A. § 5930cc(b).~~

1 ~~(C) A State code improvement tax credit of 50 percent under~~
2 ~~32 V.S.A. § 5930ee(e)~~ The Downtown and Village Center Tax Credit Program
3 described in 32 V.S.A. § 5930aa et seq.

4 * * *

5 **Sec. 7d.** 24 V.S.A. § 2793e is amended to read:

6 § 2793e. NEIGHBORHOOD PLANNING AREAS; DESIGNATION OF
7 NEIGHBORHOOD DEVELOPMENT AREAS

8 * * *

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

18 (1) ~~The~~ the application fee limit for wastewater applications stated in
19 3 V.S.A. § 2822(j)(4)(D);

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

1 (3) ~~The~~ the exclusion from the land gains tax provided by 32 V.S.A.

2 § 10002(p); and

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

5 * * *

6 **Sec. 7e.** 24 V.S.A. § 2794 is amended to read:

7 § 2794. INCENTIVES FOR PROGRAM DESIGNEES

8 (a) Upon designation by the Vermont Downtown Development Board
9 under section 2793 of this title, a downtown development district and projects
10 in a downtown development district shall be eligible for the following:

11 (1) Priority consideration by any agency of the State administering any
12 State or federal assistance program providing funding or other aid to a
13 municipal downtown area with consideration given to such factors as the costs
14 and benefits provided and the immediacy of those benefits, provided the
15 project is eligible for the assistance program.

16 (2) ~~The following State tax credits:~~

17 ~~(A) A State historic rehabilitation tax credit of 10 percent under~~
18 ~~32 V.S.A. § 5930cc(a) that meets the requirements for the federal rehabilitation~~
19 ~~tax credit.~~

20 ~~(B) A State façade improvement tax credit of 25 percent under~~
21 ~~32 V.S.A. § 5930cc(b).~~

1 ~~(C) A State code improvement tax credit of 50 percent under~~
2 ~~32 V.S.A. § 5930cc(e) The Downtown and Village Center Tax Credit Program~~
3 ~~described in 32 V.S.A. § 5930aa et seq.~~

4 Sec. 7f. 32 V.S.A. § 5930cc is amended to read:

5 5930cc. DOWNTOWN AND VILLAGE CENTER PROGRAM TAX

6 CREDITS

7 * * *

8 (d) Flood Mitigation Tax Credit. The qualified applicant of a qualified flood
9 mitigation project shall be entitled, upon the approval of the State Board, to
10 claim against the taxpayer’s State individual income tax, State corporate
11 income tax, or bank franchise or insurance premiums tax liability a credit of 50
12 percent of qualified expenditures up to a maximum tax credit of \$75,000.00.

13 * * * Wastewater Connection Permits * * *

14 Sec. 8. 10 V.S.A. § 1974 is amended to read:

15 § 1974. EXEMPTIONS

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

18 * * *

19 (9) A project completed by a person who receives an authorization from
20 a municipality that administers a program registered with the Secretary
21 pursuant to section 1983 of this title.

1 **Sec. 8a.** 10 V.S.A. § 1983 is added to read:

2 § 1983. REGISTRATION FOR MUNICIPAL WASTEWATER SYSTEM

3 AND POTABLE WATER SUPPLY CONNECTIONS

4 (a) A municipality may issue an authorization for a connection or an
5 existing connection with a change in use to the municipal sanitary sewer
6 collection line via a sanitary sewer service line or a connection to a water main
7 via a new water service line in lieu of permits issued under this chapter,
8 provided that the municipality documents the following in a form prescribed
9 by the Secretary:

10 (1) The municipality owns or has legal control over connections to a
11 public community water system permitted pursuant to chapter 56 of this title
12 and over connections to a wastewater treatment facility permitted pursuant to
13 chapter 47 of this title.

14 (2) The municipality shall only issue authorizations for:

15 (A) a sanitary sewer service line that connects to the sanitary sewer
16 collection line; and

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

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

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

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

8 (6) The municipality requires the retention of plans that show the
9 location and design of authorized connections.

10 (b) The municipality shall notify the Secretary 30 days in advance of
11 terminating any authorization. The municipality shall provide all
12 authorizations and plans to the Secretary as a part of this termination notice.

13 (c) A municipality issuing an authorization under this section shall require
14 the person to whom the authorization is issued to post notice of the
15 authorization as part of the notice required for a permit issued under 24 V.S.A.
16 § 4449 or other bylaw authorized under this chapter.

17 * * * Accessory Dwelling Units * * *

18 Sec. 9. 24 V.S.A. § 4414 amended to read:

19 § 4414. ZONING; PERMISSIBLE TYPES OF REGULATIONS

20 * * *

1 (4) Parking and loading facilities. A municipality may adopt provisions
2 setting forth standards for permitted and required facilities for off-street
3 parking and loading which may vary by district and by uses within each
4 district. These bylaws may also include provisions covering the location, size,
5 design, access, landscaping, and screening of those facilities. In determining
6 the number and size of parking spaces required under these regulations, the
7 appropriate municipal panel may take into account the existence or availability
8 of employer "transit pass" and rideshare programs, public transit routes, and
9 public parking spaces in the vicinity of the development. However, a
10 municipality shall not require an accessory dwelling unit to have more than
11 one parking space per bedroom.

12 * * *

13 * * * Missing Middle Housing * * *

14 **Sec. 10.** MISSING MIDDLE INCOME HOME OWNERSHIP
15 DEVELOPMENT PROGRAM

16 (a) In fiscal year 2023 the amount of \$15,000,000 is appropriated from the
17 America Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds
18 to the Department of Housing and Community Development to grant to the
19 Vermont Housing Finance Agency to establish a Missing Middle Income
20 Home Ownership Development Program to provide development subsidies for

1 new construction or acquisition and substantial rehabilitation of owner-
2 occupied homes.

3 (b) The Agency shall use funds as follows:

4 (1) The Agency may use funds to provide a direct project subsidy for up
5 to 35 percent of eligible development costs for income-eligible buyers,
6 provided that the amount of the subsidy shall not exceed the value gap of the
7 difference between the development costs and the resulting assessed value.

8 (2) In the alternative to a direct subsidy, the Agency may use funds for,
9 and may prioritize, projects with one or more partners using a shared equity
10 model.

11 (3) The Agency shall ensure that funds invested to buy down the sales
12 price of a home will remain permanently available to future buyers who meet
13 the eligibility criteria of this section.

14 (c) “Affordable owner-occupied housing” means owner-occupied housing
15 identified in 26 U.S.C. § 143 (c)(1) or that qualifies under Vermont
16 Housing Finance Agency criteria governing owner-occupied housing.

17 (d) The Agency shall have the authority to provide funds to make grants or
18 investments to eligible applicants for affordable owner-occupied housing. An
19 eligible applicant may apply to the agency in adherence with program priorities
20 set by the Agency. Selection criteria set forth in a program plan must include:

21 (1) Project location;

- 1 (2) Geographic distribution;
- 2 (3) Leveraging of other programs;
- 3 (4) Housing market needs;
- 4 (5) Project characteristics, including whether the project includes the use
5 of existing housing as part of a community revitalization plan;
- 6 (6) Construction standards, including considerations for size;
- 7 (7) Priority will be given for plans with deeper affordability and longer
8 duration of affordability
9 requirements;
- 10 (8) Sponsor characteristics;
- 11 (9) Energy efficiency of the development; and
- 12 (10) Historic nature of the project.
- 13 (e) The Agency shall use the proceeds to provide long-term affordability on
14 homes that receive investments from the program or use the proceeds of the
15 program for investments or grants to eligible owner-occupied housing projects.
- 16 (f) The Agency may assign its rights under any investment or grant made
17 under this section to the Vermont Housing and Conservation Board or any
18 State agency or nonprofit organization qualifying under 26 U.S.C. § 501(c)(3),

1 provided such assignee acknowledges and agrees to comply with the
2 provisions of this section.

3 (g) Initial investments made under this program must be obligated by
4 December 31, 2024, and expended by December 31, 2026.

5 (f) The Department shall report to the House Housing, General, and
6 Military Affairs Committee and Senate Economic Development, Housing, and
7 General Affairs Committee on the status of the program every year by January
8 15, through 2026.

9 * * * Residential Construction Contractors * * *

10 **Sec. 11. FINDINGS**

11 The General Assembly finds that:

12 (1) There is currently no master list of residential construction
13 contractors operating in the State.

14 (2) There is no standard process for determining or adjudicating
15 construction contract fraud complaints either on the part of contractors or
16 consumers.

17 (3) Public authorities have no mechanism to contact all contractors
18 when necessary to provide updates to public health requirements, safe working
19 protocols, codes and standards, and available trainings and certifications.

20 (4) Wide dissemination of information on codes, standards, and
21 trainings is vital to improving construction techniques throughout the State's

1 construction industry. Since building thermal conditioning represents over
2 one-quarter of the State’s greenhouse gas emissions, improving energy
3 performance is a key strategy for meeting the requirements of the Global
4 Warming Solutions Act, 2020 Acts and Resolves No. 153.

5 (5) While registration is not licensure and confers no assurance of
6 competence, consumers have no way of knowing whether a contractor is
7 operating legally or has been subject to civil claims or disciplinary actions.

8 (6) A noncommercial, standardized public listing will provide
9 contractors an opportunity to include in their record optional third-party, State-
10 sanctioned certifications.

11 **Sec. 11a.** 3 V.S.A. § 122 is amended to read:

12 § 122. OFFICE OF PROFESSIONAL REGULATION

13 The Office of Professional Regulation is created within the Office of the
14 Secretary of State. The Office of Professional Regulation shall have a director
15 who ~~shall be~~ is an exempt employee appointed by the Secretary of State ~~and~~
16 ~~shall be an exempt employee.~~ The following boards or professions are
17 attached to the Office of Professional Regulation:

18 * * *

19 (51) Residential Contractors

20 **Sec. 11b.** 26 V.S.A. chapter 106 is added to read:

1 CHAPTER 106. RESIDENTIAL CONTRACTORS

2 Subchapter 1. General Provisions

3 § 5501. REGISTRATION REQUIRED

4 (a) A person shall register with the Office of Professional Regulation prior
5 to contracting with a homeowner to perform residential construction in
6 exchange for consideration of more than \$5,000.00, including labor and
7 materials.

8 (b) Unless otherwise exempt under section 5502 of this title, as used in this
9 chapter, “residential construction” means to build, demolish, or alter a
10 residential dwelling unit, or a building or premises with four or fewer
11 residential dwelling units, in this State, and includes interior and exterior
12 construction, renovation, and repair; painting; paving; roofing; weatherization;
13 installation or repair of heating, plumbing, solar, electrical, water, or
14 wastewater systems; and other activities the Office specifies by rule consistent
15 with this chapter.

16 § 5502. EXEMPTIONS

17 This chapter does not apply to:

18 (1) an employee acting within the scope of his or her employment for a
19 business organization registered under this chapter;

1 (2)(A) a professional engineer, licensed architect, or a tradesperson
2 licensed, registered, or certified by the Department of Public Safety acting
3 within the scope of his or her license, registration, or certification; or

4 (B) a business that performs residential construction if the work is
5 performed primarily by or under the direct supervision of one or more
6 employees who are individually exempt from registration under subdivision

7 (2)(A) of this section;

8 (3) delivery or installation of consumer appliances, audio-visual
9 equipment, telephone equipment, or computer network equipment;

10 (4) landscaping;

11 (5) work on a structure that is not attached to a residential building; or

12 (6) work that would otherwise require registration that a person
13 performs in response to an emergency, provided the person applies for
14 registration within a reasonable time after performing the work.

15 § 5503. MANDATORY REGISTRATION AND VOLUNTARY

16 CERTIFICATION DISTINGUISHED

17 (a)(1) The system of mandatory registration established by this chapter is
18 intended to protect against fraud, deception, breach of contract, and violations
19 of law, but is not intended to establish standards for professional qualifications
20 or workmanship that is otherwise lawful.

1 (2) The provisions of 3 V.S.A. § 129a, with respect to a registration,
2 shall be construed in a manner consistent with the limitations of this
3 subsection.

4 (b) The system of voluntary certification established in this chapter is
5 intended to provide consumers and contractors with a publicly available,
6 noncommercial venue for contractors to list optional approved certifications.
7 The Director of Professional Regulation, in consultation with public safety
8 officials and recognized associations or boards of builders, remodelers,
9 architects, and engineers, may:

10 (1) adopt rules providing for the issuance of voluntary certifications, as
11 defined in subdivision 3101a(1) of this title, that signify demonstrated
12 competence in particular subfields and specialties related to residential
13 construction;

14 (2) establish minimum qualifications, and standards for performance and
15 conduct, necessary for certification; and

16 (3) discipline a certificant for violating adopted standards or other law,
17 with or without affecting the underlying registration.

18 Subchapter 2. Administration

19 § 5505. DUTIES OF THE DIRECTOR

20 (a) The Director of Professional Regulation shall:

1 (1) provide information to the public concerning registration,
2 certification, appeal procedures, and complaint procedures;

3 (2) administer fees established under this chapter;

4 (3) receive applications for registration or certification, issue
5 registrations and certifications to applicants qualified under this chapter, deny
6 or renew registrations or certifications, and issue, revoke, suspend, condition,
7 and reinstate registrations and certifications as ordered by an administrative
8 law officer;

9 (4) prepare and maintain a registry of registrants and certificants; and

10 (5) use the registry to timely communicate with registrants and
11 certificants concerning issues of health and safety, building codes,
12 environmental and energy issues, and State and federal incentive programs.

13 (b) The Director, after consultation with an advisor appointed pursuant to
14 section 5506 of this title, may adopt rules to implement this chapter.

15 § 5506. ADVISORS

16 (a) The Secretary of State shall appoint two persons pursuant to 3 V.S.A.
17 § 129b to serve as advisors in matters relating to residential contractors and
18 construction.

19 (b) To be eligible to serve, an advisor shall:

20 (1) register under this chapter;

1 (2) have at least three years’ experience in residential construction
2 immediately preceding appointment; and

3 (3) remain active in the profession during his or her service.

4 (c) The Director of Professional Regulation shall seek the advice of the
5 advisors in implementing this chapter.

6 § 5507. FEES

7 A person regulated under this chapter shall pay the following fees at initial
8 application and biennial renewal:

9 (1) Registration, individual: \$75.00.

10 (2) Registration, business organization: \$250.00.

11 (3) State certifications: \$75.00 for a first certification and \$25.00 for
12 each additional certification.

13 Subchapter 3. Registrations

14 § 5508. ELIGIBILITY

15 To be eligible for registration, the Director of Professional Regulation shall
16 find that the applicant is in compliance with the provisions of this chapter and
17 applicable State law and has satisfied any judgment order related to the
18 provision of professional services to a homeowner.

19 § 5509. REQUIREMENTS OF REGISTRANTS

20 (a) Insurance. A person registered under this chapter shall maintain
21 minimum liability insurance coverage in the amount of \$300,000.00 per claim

1 and \$1,000,000.00 aggregate, evidence of which may be required as a
2 precondition to issuance or renewal of a registration.

3 (b) Writing.

4 (1) A person registered under this chapter shall execute a written
5 contract prior to receiving a deposit or commencing residential construction
6 work if the estimated value of the labor and materials exceeds \$5,000.00.

7 (2) A contract shall specify:

8 (A) Price. One of the following provisions for the price of the
9 contract:

10 (i) a maximum price for all work and materials;

11 (ii) a statement that billing and payment will be made on a time
12 and materials basis, not to exceed a maximum price; or

13 (iii) a statement that billing and payment will be made on a time
14 and materials basis and that there is no maximum price.

15 (B) Work dates. Estimated start and completion dates.

16 (C) Scope of work. A description of the services to be performed and
17 a description of the materials to be used.

18 (D) Change order provision. A description of how and when
19 amendments to the contract may be approved and documented, as agreed by
20 the parties.

1 (3) The parties shall document an amendment to the contract in a signed
2 writing.

3 (c) Down payment.

4 (1) If a contract specifies a maximum price for all work and materials or
5 a statement that billing and payment will be made on a time and materials
6 basis, not to exceed a maximum price, the contract may require a down
7 payment of up to one-half of the cost of labor to the consumer, or one-half of
8 the price of materials, whichever is greater.

9 (2) If a contract specifies that billing and payment will be made on a
10 time and materials basis and that there is no maximum price, the contract may
11 require a down payment as negotiated by the parties.

12 § 5510. PROHIBITIONS AND REMEDIES

13 (a) A person who does not register as required pursuant to this chapter may
14 be subject to an injunction or a civil penalty, or both, for unauthorized practice
15 as provided in 3 V.S.A. § 127(b).

16 (b) The Office of Professional Regulation may discipline a registrant or
17 certificant for unprofessional conduct as provided in 3 V.S.A. § 129a, except
18 that 3 V.S.A. § 129a(b) does not apply to a registrant.

19 (c) The following conduct by a registrant, certificant, applicant, or person
20 who later becomes an applicant constitutes unprofessional conduct:

21 (1) failure to enter into a written contract when required by this chapter;

1 (2) failure to maintain liability or workers’ compensation insurance as
2 required by law;

3 (3) committing a deceptive act in commerce in violation of 9 V.S.A.
4 § 2453;

5 (4) falsely claiming certification under this chapter, provided that this
6 subdivision does not prevent accurate and nonmisleading advertising or
7 statements related to credentials that are not offered by this State; and

8 (5) selling or fraudulently obtaining or furnishing a certificate of
9 registration, certification, license, or any other related document or record, or
10 assisting another person in doing so, including by reincorporating or altering a
11 trade name for the purpose or with the effect of evading or masking revocation,
12 suspension, or discipline against a registration issued under this chapter.

13 **Sec. 11c. IMPLEMENTATION**

14 (a) Notwithstanding any contrary provision of 26 V.S.A. chapter 106:

15 (1) The initial biennial registration term for residential contractors
16 pursuant to 26 V.S.A. chapter 106 shall begin on April 1, 2023.

17 (2) The Secretary of State may begin receiving applications for the
18 initial registration term on December 1, 2022.

19 (3)(A) The registration fee for individuals who submit complete
20 registration requests between December 1, 2022 and March 31, 2023 is \$25.00
21 and between April 1, 2023 and March 31, 2024, the fee is \$50.00.

1 (B) The registration fee for business organizations that submit
2 complete registration requests between December 1, 2022 and March 31, 2023
3 is \$175.00 and between April 1, 2023 and March 31, 2024, the fee is \$200.00.

4 (4) Prior to April 1, 2024, the Office of Professional Regulation shall
5 not take any enforcement action for unauthorized practice under 26 V.S.A.
6 § 5510(a) against a residential contractor who fails to register as required by
7 this act.

8 (b) On or before July 1, 2023, the Director of Professional Regulation shall
9 establish an initial set of voluntary certifications, to include at minimum
10 OSHA standards on construction projects and components of energy-efficient
11 “green” building for insulators, carpenters, and heating and ventilation
12 installers.

13 **Sec. 11d. CREATION OF POSITIONS WITHIN THE OFFICE OF**

14 **PROFESSIONAL REGULATION; LICENSING**

15 (a) There are created within the Secretary of State’s Office of Professional
16 Regulation one new position in licensing and one new position in enforcement.

17 (b) In fiscal year 2023, the amount of \$200,000.00 in Office of Professional
18 Regulation special funds is appropriated to the Secretary of State to fund the
19 positions created in subsection (a) of this section.

1 **Sec. 11e. SECRETARY OF STATE; STATUS REPORT**

2 On or before January 15, 2024, the Office of Professional Regulation shall
3 report to the House Committees on General, Housing, and Military Affairs and
4 on Government Operations and to the Senate Committees on Economic
5 Development, Housing and General Affairs and on Government Operations
6 concerning the implementation of 26 V.S.A. chapter 106, including:

7 (1) the number of registrations and certifications;

8 (2) the resources necessary to implement the chapter;

9 (3) the number and nature of any complaints or enforcement actions;

10 (4) the potential design and implementation of a one-stop portal for
11 contractors and consumers; and

12 (5) any other issues the Office deems appropriate.

13 *** * * Rental Housing Health and Safety; Affordable Housing Incentives * * ***

14 **Sec.12. 20 V.S.A. chapter 172 is added to read:**

15 CHAPTER 172. RENTAL HOUSING HEALTH AND SAFETY;

16 INSPECTION; REGISTRATION

17 § 2676. DEFINITION

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

19 (1) a “premises” as defined in 9 V.S.A. § 4451 that is subject to
20 9 V.S.A. chapter 137 (residential rental agreements); and

1 (2) a “short-term rental” as defined in 18 V.S.A. § 4301 and subject to
2 18 V.S.A. chapter 85, subchapter 7.

3 § 2677. RENTAL HOUSING; RULES; INSPECTIONS; PENALTY

4 (a) Rules. The Commissioner of Public Safety may adopt rules to prescribe
5 standards for the health, safety, sanitation, and fitness for habitation of rental
6 housing that the Commissioner determines are necessary to protect the public,
7 property owners, and property against harm.

8 (b) Inspections.

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

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

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

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

16 (ii) specifies the requirements and timelines necessary to correct a
17 violation;

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

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

4 (B) provide a copy of the inspection report to the landlord, to the
5 person who requested the inspection, and to any tenants who are affected by a
6 violation:

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

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

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

14 (i) the date of the inspection;

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

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

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

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

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

6 § 2678. RENTAL HOUSING REGISTRATION

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

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

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

16 (3) the location of the unit;

17 (4) the year built;

18 (5) the type of rental unit;

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

20 (7) the school property account number;

21 (8) the accessibility of the unit; and

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

2 (b) Exceptions.

3 (1) Unit registered with another program.

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

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

15 (2) Mobile homes.

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

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

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

1 (B) An owner of a mobile home lot within a mobile home park who
2 has registered the lot with the Department and who owns a mobile home on the
3 lot that is available for rent or rented shall register the property with the
4 Department pursuant to subsection (a) of this section and pay a fee equal to the
5 fee required, less any fee paid within the previous 12 months pursuant to
6 10 V.S.A. § 6254(c).

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

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

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

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

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

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

5 (5) Units accessory to an owner-occupied residence. The registration
6 and fee requirements imposed in subsection (a) of this section do not apply to a
7 property with not more than three units if the units available for rent are
8 located on or in the property of an owner’s primary residence.

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

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

16 (8) Housing provided as a benefit of farm employment. The registration
17 and fee requirements imposed in subsection (a) of this section do not apply to a
18 unit of housing that is provided as a benefit of farm employment, as defined in
19 9 V.S.A. § 4469a(a)(3).

20 (c) Administration.

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

5 (2) Upon request, and at least annually, a municipal, district, or other
6 local government entity that operates a rental housing health and safety
7 program that requires registration of a rental housing unit and a fee for
8 inclusion on its registry shall provide to the Department of Housing and
9 Community Development the data for each unit that is required pursuant to
10 subsection (a) of this section.

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

13 (B) The Department:

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

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

20 (iii) shall require, as a condition of receiving data collected
21 pursuant to this section, that a person to whom the Department discloses the

1 data takes steps necessary to protect the privacy of persons whom the data
2 concerns and to prevent further disclosure.

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

6 (1) to hire authorized staff to administer the registry and registration
7 requirements imposed in this section; and

8 (2) to provide funding to the Department of Public Safety to hire
9 authorized staff to conduct inspections and regulate rental housing pursuant to
10 section 2677 of this title.

11 * * * Penalty for Failure to Register * * *

12 **Sec. 12a.** 20 V.S.A. § 2678(e) is added to read:

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

17 * * * Registration; Prospective Repeal * * *

18 **Sec. 12b.** **REPEAL**

19 20 V.S.A. § 2678(b)(8) (exemption for housing provided as a benefit of
20 farm employment) is repealed.

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* * * Positions Authorized * * *

Sec. 12c. DEPARTMENT OF PUBLIC SAFETY; POSITIONS

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

(b) The Department may hire additional Inspectors authorized by this section to the extent funds become available from the Rental Housing Safety Special Fund created and maintained pursuant to 20 V.S.A. § 2678(d).

Sec. 12d. DEPARTMENT OF HOUSING AND COMMUNITY

DEVELOPMENT; POSITIONS

(a) The Department of Housing and Community Development is authorized to create one full-time classified position and one half-time classified position to design and implement the registry created in, and to administer and enforce the registry requirements of, 20 V.S.A. § 2678.

(b) The Department may hire additional staff authorized by this section to the extent funds become available from the Rental Housing Safety Special Fund created and maintained pursuant to 20 V.S.A. § 2678(d).

* * * Conforming Changes to Current Law Governing the Department of Health, State Board of Health, and Local Health Officials * * *

Sec. 12e. 18 V.S.A. chapter 11 is amended to read:

CHAPTER 11. LOCAL HEALTH OFFICIALS

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§ 602a. DUTIES OF LOCAL HEALTH OFFICERS

(a) A local health officer, within his or her jurisdiction, shall:

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

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

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

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

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

(b) Upon discovery of violation or a public health hazard or public health risk that involves a public water system, a food or lodging establishment, or any other matter regulated by Department rule, the local health officer shall immediately notify the Division of Environmental Health. Upon discovery of

1 any other violation, public health hazard, or public health risk, the local health
2 officer shall notify the Division of Environmental Health within 48 hours of
3 discovery of such violation or hazard and of any action taken by the officer.

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

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

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

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

13 ~~(B) specify the requirements and timelines necessary to correct a~~
14 ~~violation;~~

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

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

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

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

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

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

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

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

20 ~~(b)(1) A local health officer may impose a civil penalty of not more than~~
21 ~~\$200.00 per day for each violation that is not corrected by the date provided in~~

1 the written inspection report, or when a unit is re-rented to a new tenant prior
2 to the correction of a violation.

3 ~~(2)(A) If the cumulative amount of penalties imposed pursuant to this~~
4 ~~subsection is \$800.00 or less, the local health officer, Department of Health, or~~
5 ~~State's Attorney may bring a civil enforcement action in the Judicial Bureau~~
6 ~~pursuant to 4 V.S.A. chapter 29.~~

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

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

14 ~~(c) If a local health officer fails to conduct an investigation pursuant to~~
15 ~~section 602a of this title or fails to issue an inspection report pursuant to this~~
16 ~~section, a landlord or tenant may request that the Department, at its discretion,~~
17 ~~conduct an investigation or contact the local board of health to take action.~~

18 [Repealed.]

19 * * *

20 * * * Transition Provisions * * *

21 **Sec. 12f. RENTAL HOUSING HEALTH AND SAFETY; TRANSITION**

1 **PROVISIONS**

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

3 (1) Until the Commissioner of Public Safety adopts rules governing
4 rental housing health and safety pursuant to 20 V.S.A. § 2677, the Department
5 of Health, local officials authorized by law, and the Department of Public
6 Safety have concurrent authority to enforce the Vermont Rental Housing
7 Health Code adopted by the Department of Health pursuant to 18 V.S.A.
8 § 102, 3 V.S.A. § 3003(a), and 3 V.S.A. § 801(b)(11).

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

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

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

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

1 **Sec. 12h.** 10 V.S.A. chapter 29, subchapter 3 is added to read:

2 Subchapter 3. Housing; Investments

3 § 699. VERMONT RENTAL HOUSING INVESTMENT PROGRAM

4 (a) Creation of program.

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

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

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

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

18 (2) New accessory dwelling. The unit will be a newly created accessory
19 dwelling unit that meets the requirements of 24 V.S.A. § 4412(1)(E), provided
20 that the unit is not used as a short-term rental.

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

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

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

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

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

11 (1) A grant or loan shall not exceed:

12 (A) \$30,000.00 to rehabilitate an existing unit; or

13 (B) \$50,000 to create a new accessory dwelling unit.

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

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

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

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

1 (6) The identity of a recipient and the amount of a grant or forgivable
2 loan are public records that shall be available for public copying and inspection
3 and the Department shall publish this information at least monthly on its
4 website.

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

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

10 (2)(A) Except as provided in subdivision (2)(B) of this subsection (e), a
11 landlord shall lease the unit to a household that is exiting homelessness.

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

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

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

20 (3)(A) A landlord shall accept any housing vouchers that are available to
21 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. 12i. 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 Investment
13 Program, including findings and any recommendations related to the amount of
14 grant awards.

15 **Sec. 12j. VERMONT HOMEOWNERSHIP REVOLVING LOAN FUND;**

16 **PURPOSE**

17 (a) The purpose of the Vermont Homeownership Revolving Loan Fund
18 created in Sec. 12 of this act is to provide no-interest loans to increase access
19 to homeownership.

20 (b) The Program is intended to assist Vermonters who otherwise may be
21 unable to purchase a home or who may be unable to afford the costs to

1 rehabilitate, weatherize, or otherwise make necessary improvements to a home
2 they purchase.

3 (c) The Program is also intended to place a special focus on increasing the
4 homeownership rates of households identifying as Black, Indigenous, or
5 Persons of Color, who are systematically disenfranchised from financing real
6 estate through traditional banking and have therefore been generationally
7 dispossessed of the ability to develop lasting wealth.

8 **Sec. 12k. 10 V.S.A. § 699a is added to read:**

9 § 699a. VERMONT HOMEOWNERSHIP REVOLVING LOAN FUND

10 (a) Creation of Program. The Department of Housing and Community
11 Development shall design and implement the Vermont Homeownership
12 Revolving Loan Fund, through which the Department shall provide funding to
13 statewide or regional nonprofit housing organizations, or both, to issue no-
14 interest loans to first-time homebuyers.

15 (b) Eligible housing units. The following units are eligible for a loan
16 through the Program:

17 (1) Existing structure. The unit is an existing single-family dwelling, a
18 multifamily dwelling with not more than four units, a mobile home, or a
19 condominium.

20 (2) Accessory dwelling. The unit is an accessory dwelling unit that
21 meets the requirements of 24 V.S.A. § 4412(1)(E).

1 (c) Eligible applicants; priorities.

2 (1) To be eligible for a loan through the Program, an applicant shall:

3 (A) be a first-time homebuyer in Vermont;

4 (B) have a household income of not more than 120 percent of the
5 area median income; and

6 (C) occupy the dwelling, or a unit within the dwelling, as his or her
7 full-time residence.

8 (2) A housing organization may give priority to an applicant whose
9 employer provides down payment assistance or funding for rehabilitation
10 costs.

11 (d) Administration. The Department shall require a housing organization
12 that receives funding under the Program to adopt:

13 (1) a standard application form that describes the application process
14 and includes instructions and examples to help homebuyers apply;

15 (2) an award process that ensures equitable selection of homebuyers;
16 and

17 (3) a loan management system that ensures accountability for funds
18 awarded.

19 (e) Outreach. Recognizing that Black, Indigenous, and Persons of Color
20 have historically not had access to capital for homeownership purchases and
21 have been systemically discriminated against in the housing market, the

1 Department, working with Vermont chapters of the NAACP, AALV, USCRI,
2 the Executive Director of Racial Equity, the Vermont Commission on Native
3 American Affairs, local racial justice organizations, the Vermont Housing
4 Finance Agency, and the nonprofit homeownership centers, shall develop a
5 plan of active outreach and implementation to ensure that program
6 opportunities are effectively communicated, and that funds are equitably
7 awarded, to communities of Vermonters who have historically suffered
8 housing discrimination.

9 (f) Program requirements.

10 (1) A loan issued through the Program:

11 (A) shall not exceed a standard limit set by the Department, which
12 shall not exceed \$50,000.00;

13 (B) shall be zero interest, and payments shall be suspended while the
14 homebuyer occupies the home; and

15 (C) shall become due in full upon the sale or transfer of the home or
16 upon refinancing with approval by the Department and the housing
17 organization that issued the loan.

18 (2) A rehabilitation project that is funded by a loan through the Program
19 may include a weatherization component and shall comply with applicable
20 building, housing, and health laws.

1 (3) A homebuyer may use not more than 25 percent of a loan for down
2 payment and closing costs and fees.

3 (4) A homebuyer shall repay a loan.

4 (g) Revolving loan fund. The Department shall use the amounts from loans
5 that are repaid to provide additional funding through the Program.

6 (h) Lien priority. A lien for a loan issued pursuant to this section is
7 subordinate to:

8 (1) a lien on the property in existence at the time the lien for the loan is
9 filed in the land records; and

10 (2) a first mortgage on the property that is refinanced and recorded after
11 the lien for the loan is filed in the land records.

12 **Sec. 12l. DUTIES CONTINGENT ON FUNDING**

13 The duties of the Department of Housing and Community Development
14 specified in Secs. 12-12m of this act are contingent upon available funding.

15 **Sec. 12m. REPORT**

16 On or before February 15, 2023, the Department of Housing and
17 Community Development shall report to the General Assembly concerning the
18 design, implementation, and outcomes of the Vermont Homeownership
19 Revolving Loan Fund created in Sec. 12 of this act, including findings and any
20 recommendations related to the amount of loans.

21 **Sec. 12n. APPROPRIATIONS**

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

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

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

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

9 (1) \$100,000.00 to the Department of Public Safety as one-time startup
10 funding to hire one or more Inspector positions authorized pursuant to Sec. 4
11 of this act.

12 (2) \$300,000.00 to the Department of Housing and Community
13 Development as one-time startup funding to hire one or more of the positions
14 authorized pursuant to Sec. 5 of this act.

15 (3) \$20,000,000.00 to the Department of Housing and Community
16 Development to implement the Vermont Rental Housing Investment Program
17 created in 10 V.S.A. § 699, provided that the Department shall allocate 25
18 percent of the funds for accessory dwelling units as follows:

19 (A) the Department may use not more than 20 percent of the funding
20 available for accessory dwelling units to facilitate a statewide education and

1 navigation system to assist homeowners with designing, financing, permitting,
2 and constructing accessory dwelling units; and

3 (B) the Department shall use any remaining funds for accessory
4 dwelling units for financial incentives or other supports.

5 Sec. 16. EFFECTIVE DATES

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

7 (1) Sec. 12 (DPS authority for rental housing health and safety; rental
8 housing registration).

9 (2) Sec. 12c (DPS positions).

10 (3) Sec. 12d (DHCD positions).

11 (4) Sec. 12e (conforming changes to Department of Health statutes).

12 (5) Sec. 12f (DPS rulemaking authority and transition provisions).

13 (6) Secs. 12g-12i (Vermont Rental Housing Investment Program).

14 (7) Secs. 12j-12m (Vermont Homeownership Revolving Loan Fund).

15 (8) Sec. 12n (FY 2022 ARPA appropriations).

16 (b) Sec. 12a (administrative penalty for failure to register rental housing)
17 shall take effect on July 1, 2023.

18 (c) Sec. 12b (repeal of registration exemption for housing provided as a
19 benefit of farm employment) shall take effect on July 1, 2025.

20 (d) The remaining sections of this act take effect on July 1, 2022.

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3 (Committee vote: _____)

4

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Senator _____

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FOR THE COMMITTEE