

1 Introduced by Senator Sirotkin

2 Referred to Committee on

3 Date:

4 Subject: Housing; municipal bylaws; tax credits; wastewater permits; grants

5 Statement of purpose of bill as introduced: This bill proposes to adopt

6 multiple changes to promote housing choice and opportunity in smart growth

7 areas, including:

8 • Updating the Municipal and Regional Planning Fund program to allow

9 grants for municipalities seeking to modernize their bylaws to increase

10 housing choice;

11 • extending the downtown and village center tax credit program to

12 neighborhood development areas as well as raising the cap on the amount

13 of tax credits available;

14 • training developers to navigate the permitting process; and

15 • removing the requirement for State water or wastewater permits where

16 the municipality has issued a permit.

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

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

20 \* \* \* Municipal Bylaw Grants \* \* \*

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

2 § 4306. MUNICIPAL AND REGIONAL PLANNING FUND

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

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

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

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

15 (B) 70 percent shall be disbursed to the Secretary of Commerce and  
16 Community Development for performance contracts with regional planning  
17 commissions to provide regional planning services pursuant to section 4341a  
18 of this title; and

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

20 \* \* \*

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

3        Sec. 2. 24 V.S.A. § 4307 is added to read:

4        §4307. MUNICIPAL BYLAW MODERNIZATION GRANTS

5        (a) There is created Municipal Bylaw Modernization Grants to assist  
6        municipalities in updating their land use and development bylaws. Bylaws  
7        updated under this section shall increase housing choice and opportunity in  
8        smart growth areas. The Grants shall be funded by monies allocated from the  
9        municipality allocation of the Municipal and Regional Planning Funds  
10       established in subsection 4306 (a)(3)(C) of this title and any other monies  
11       appropriated for this purpose.

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

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

18       (d) Funding may be used for mapping, the cost of regional planning  
19       commission staff or consultant time, carrying out the provisions of subchapters  
20       5 through 10 of this chapter, and any other purpose approved by the  
21       Department.

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

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

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

13               (2) allow duplexes within smart growth areas to the same extent that  
14       single-family dwellings are allowed;

15               (3) require parking waiver provisions in appropriate smart growth areas  
16       and situations;

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

20               (5) adopt dimensional, use, parking, and other standards that allow  
21       compact neighborhood form and support walkable lot and unit density which

1 may be achieved with a standard allowing at least four units per acre with site  
2 and building design standards or minimum lot sizes of at least one-quarter of  
3 an acre, or by other means established in guidelines issued by the Department.

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

6 Sec. 3. APPROPRIATION; MUNICIPAL BYLAW MODERNIZATION

7 The sum of \$500,000.00 is appropriated to the Department of Housing and  
8 Community Development from the General Fund in fiscal year 2022 for the  
9 Municipal Bylaw Modernization Grants in accordance with 24 V.S.A. § 4307.

10 Any funds not allocated as grants under 24 V.S.A. § 4307 by July 1, 2026 shall  
11 be returned to the General Fund.

12 Sec. 4. APPROPRIATION; TRAINING AND PERMITTING ASSISTANCE

13 The sum of \$100,000.00 is appropriated to the Department of Housing and  
14 Community Development from the General Fund in fiscal year 2022 to provide  
15 training and assistance in navigating the development of accessory dwelling

16 units, missing-middle housing, and infill housing. Any funds not used under  
17 this section by July 1, 2026 shall be returned to the General Fund.

18 \* \* \* Tax Credits \* \* \*

19 Sec. 5. 32 V.S.A. § 5930aa is amended to read:

20 § 5930aa. DEFINITIONS

21 As used in this subchapter:

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

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

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

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

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

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

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

7 (5) “Qualified façade improvement project” means the rehabilitation of  
8 the façade of a qualified building that contributes to the integrity of the  
9 designated downtown ~~or~~, designated village center, or neighborhood  
10 development area. Façade improvements to qualified buildings listed, or  
11 eligible for listing, in the State or National Register of Historic Places must be  
12 consistent with Secretary of the Interior Standards, as determined by the  
13 Vermont Division for Historic Preservation.

14 \* \* \*

15 Sec. 6. 32 V.S.A. § 5930ee is amended to read:

16 § 5930ee. LIMITATIONS

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

19 (1) the total amount of tax credits awarded annually, together with sales  
20 tax reallocated under section 9819 of this title, does not exceed ~~\$3,000,000.00-~~  
21 \$4,750,000.00;

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\* \* \*

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

§ 2793a. DESIGNATION OF VILLAGE CENTERS BY STATE BOARD

\* \* \*

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

\* \* \*

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

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

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

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

\* \* \*

Sec. 8. 24 V.S.A. § 2793e is amended to read:

§ 2793e. NEIGHBORHOOD PLANNING AREAS; DESIGNATION OF



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NEIGHBORHOOD DEVELOPMENT AREAS

\* \* \*

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

- (1) ~~The~~ the application fee limit for wastewater applications stated in 3 V.S.A. § 2822(j)(4)(D);
- (2) ~~The~~ the application fee reduction for residential development stated in 10 V.S.A. § 6083a(d);
- (3) ~~The~~ the exclusion from the land gains tax provided by 32 V.S.A. § 10002(p); and
- (4) eligibility for the Downtown and Village Center Tax Credit Program described in 32 V.S.A. § 5930aa et seq.

\* \* \*

Sec. 9. 24 V.S.A. § 2794 is amended to read:

1 § 2794. INCENTIVES FOR PROGRAM DESIGNEES

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

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

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

11 ~~(A) A State historic rehabilitation tax credit of 10 percent under~~  
12 ~~32 V.S.A. § 5930cc(a) that meets the requirements for the federal rehabilitation~~  
13 ~~tax credit.~~

14 ~~(B) A State façade improvement tax credit of 25 percent under~~  
15 ~~32 V.S.A. § 5930cc(b).~~

16 ~~(C) A State code improvement tax credit of 50 percent under~~  
17 ~~32 V.S.A. § 5930cc(e) The Downtown and Village Center Tax Credit Program~~  
18 ~~described in 32 V.S.A. § 5930aa et seq.~~

19 \* \* \*

20 \* \* \* Wastewater Connection Permits \* \* \*

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

1 § 1974. EXEMPTIONS

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

4 \* \* \*

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

8 Sec. 11. 10 V.S.A. § 1983 is added to read:

9 § 1983. REGISTRATION FOR MUNICIPAL WASTEWATER SYSTEM  
10 AND POTABLE WATER SUPPLY CONNECTIONS

11 (a) A municipality may issue an authorization for a connection or an  
12 existing connection with a change in use to the municipal sanitary sewer  
13 collection line via a sanitary sewer service line or a connection to a water main  
14 via a new water service line in lieu of permits issued under this chapter,  
15 provided that the municipality documents the following in a form prescribed  
16 by the Secretary:

17 (1) The municipality owns or has legal control over connections to a  
18 public community water system permitted pursuant to chapter 56 of this title  
19 and over connections to a wastewater treatment facility permitted pursuant to  
20 chapter 47 of this title.

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

1           (A) a sanitary sewer service line that connects to the sanitary sewer  
2           collection line that serves a single connection; and

3           (B) a water service line that connects to the water main that serves a  
4           single connection.

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

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

10           (5) The municipality requires documentation in the land records that the  
11           connection authorized by the municipality was installed in accordance with the  
12           technical standards.

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

15           (b) The municipality shall notify the Secretary 30 days in advance of  
16           terminating any registration. The municipality shall provide all authorizations  
17           and plans to the Secretary as a part of this termination notice.

18                                      \* \* \* Effective Date \* \* \*

19           Sec. 12. EFFECTIVE DATE

20           This act shall take effect on July 1, 2021.