

1 TO THE HONORABLE SENATE:

2 The Committee on Economic Development, Housing and General Affairs to
3 which was referred House Bill No. 210 entitled “An act relating to rental
4 housing health and safety and affordable housing” respectfully reports that it
5 has considered the same and recommends that the Senate concur in the House
6 proposal of amendment and propose to the House that the bill be further
7 amended as follows:

8 First: By striking out Sec. 9, 10 V.S.A. chapter 29, subchapter 3, in its
9 entirety and inserting in lieu thereof a new Sec. 9 to read:

10 Sec. 9. 10 V.S.A. chapter 29, subchapter 3 is added to read:

11 Subchapter 3. Housing; Investments

12 § 699. VERMONT RENTAL HOUSING IMPROVEMENT PROGRAM

13 (a) Creation of program.

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

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

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

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

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

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

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

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

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

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

20 (1) A grant or loan shall not exceed \$50,000.00 per unit. In determining
21 the amount of a grant or loan, a housing organization shall consider the number

1 of bedrooms in the unit and whether the unit is being rehabilitated or newly
2 created.

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

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

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

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

11 (6) The identity of a recipient and the amount of a grant or forgivable
12 loan are public records that shall be available for public copying and inspection
13 and the Department shall publish this information at least quarterly on its
14 website.

15 (e) Program requirements applicable to grants. For a grant awarded under
16 subdivision (b)(1) of this section for a unit that is non-code compliant, the
17 following requirements apply for a minimum period of five years:

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

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

4 (B) If, upon petition of the landlord, the Department or the housing
5 organization that issued the grant determines that a household exiting
6 homelessness is not available to lease the unit, then the landlord shall lease the
7 unit:

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

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

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

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

18 (4)(A) A landlord may convert a grant to a forgivable loan upon
19 approval of the Department and the housing organization that approved the
20 grant.

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

4 (f) Requirements applicable to forgivable loans. For a forgivable loan
5 awarded under subdivision (b)(1) of this section for a unit that is non-code
6 compliant, the following requirements apply for a minimum period of
7 10 years:

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

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

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

16 (g) Requirements for an accessory dwelling unit.

17 (1) For a grant or forgivable loan awarded under subdivision (b)(2) of
18 this section for a unit that is a new accessory dwelling unit, the total cost of
19 rent for the unit, including utilities not covered by rent payments, shall not
20 exceed the applicable fair market rent established by the Department of
21 Housing and Urban Development.

1 (2) A landlord shall not offer an accessory dwelling unit created through
2 the Program as a short-term rental, as defined in 18 V.S.A. § 4301.

3 (h) Lien priority. A lien for a grant converted to a loan or for a forgivable
4 loan issued pursuant to this section is subordinate to:

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

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

11 Second: By striking out Sec. 11, appropriations, in its entirety and inserting
12 in lieu thereof a new Sec. 11 to read:

13 Sec. 11. APPROPRIATIONS

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

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

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

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

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

4 (2) \$300,000.00 to the Department of Housing and Community
5 Development as one-time startup funding to hire one or more of the positions
6 authorized pursuant to Sec. 5 of this act.

7 (3) \$20,000,000.00 to the Department of Housing and Community
8 Development to implement the Vermont Rental Housing Investment Program
9 created in 10 V.S.A. § 699, provided that the Department shall allocate
10 20 percent of the funds for new accessory dwellings as follows:

11 (A) the Department may use not more than 20 percent of the funding
12 available for new accessory dwellings to facilitate a statewide education and
13 navigation system to assist homeowners with designing, financing, permitting,
14 and constructing new accessory dwellings; and

15 (B) the Department shall use any remaining funds for new accessory
16 dwellings for financial incentives or other financial supports to homeowners
17 developing accessory dwelling units.

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(Committee vote: _____)

Senator _____

FOR THE COMMITTEE