

1 TO THE HONORABLE SENATE:

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

7 \* \* \* Housing; Permit Reform \* \* \*

8 Sec. 1. FINDINGS

9 The General Assembly finds that:

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

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

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

18 (4) Increased housing choices in State designated centers advance  
19 statewide goals to encourage housing affordability, inclusion, and equity;  
20 conserve energy; decrease greenhouse gas emissions; provide a variety of  
21 transportation choices; promote the efficient use of transportation and other

1 public infrastructure and services; protect the working landscape and natural  
2 areas from fragmentation; and foster healthy lifestyles.

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

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

11 Sec. 2. 24 V.S.A. § 2793e is amended to read:

12 § 2793e. NEIGHBORHOOD PLANNING AREAS; DESIGNATION OF  
13 NEIGHBORHOOD DEVELOPMENT AREAS

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

20 \* \* \*

1 (b) Definitions.

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

12 \* \* \*

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

16 \* \* \*

17 (5) The proposed neighborhood development area consists of those  
18 portions of the neighborhood planning area that are appropriate for new and  
19 infill housing, excluding identified flood hazard and fluvial erosion areas,  
20 except those areas containing preexisting development in areas suitable for  
21 infill development as defined in §29-201 of the Vermont Flood Hazard Area

1 and River Corridor Rule. In determining what areas are most suitable for new  
2 and infill housing, the municipality shall balance local goals for future land  
3 use, the availability of land for housing within the neighborhood planning area,  
4 and the smart growth principles. Based on those considerations, the  
5 municipality shall select an area for neighborhood development area  
6 designation that:

7 (A) Avoids or ~~that~~ minimizes to the extent feasible the inclusion of  
8 “important natural resources” as defined in subdivision 2791(14) of this title.  
9 If an “important natural resource” is included within a proposed neighborhood  
10 development area, the applicant shall identify the resource, explain why the  
11 resource was included, describe any anticipated disturbance to such resource,  
12 and describe why the disturbance cannot be avoided or minimized. If the  
13 neighborhood development area includes flood hazard areas or river corridors,  
14 the local bylaws shall contain provisions consistent with the Agency of Natural  
15 Resources’ rules required under 10 V.S.A. § 754(a) to ensure that new infill  
16 development within a neighborhood development area occurs outside the flood  
17 hazard area and will not cause or contribute to fluvial erosion hazards within  
18 the river corridor. If the neighborhood development area includes flood hazard  
19 areas or river corridors, local bylaws shall also contain provisions to protect  
20 river corridors outside the neighborhood development area consistent with the  
21 Agency of Natural Resources’ rules required under 10 V.S.A. § 754(a).

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\* \* \*

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

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

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

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

(7) The municipal bylaws allow minimum net residential densities

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

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

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

fewer than the average existing density of the surrounding neighborhood,

whichever is greater. The methodology for calculating density shall be

established in the guidelines developed by the Department pursuant to

subsection 2792(d) of this title.

\* \* \*

Sec. 3. 24 V.S.A. § 2793b is amended to read:

§ 2793b. DESIGNATION OF NEW TOWN CENTER DEVELOPMENT

DISTRICTS

\* \* \*

(b) Within 45 days of receipt of a completed application, the State Board

shall designate a new town center development district if the State Board finds,

with respect to that district, the municipality has:

1 \* \* \*

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

6 \* \* \*

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

11 \* \* \*

12 Sec. 4. 24 V.S.A. § 4449 is amended to read:

13 § 4449. ZONING PERMIT, CERTIFICATE OF OCCUPANCY, AND  
14 MUNICIPAL LAND USE PERMIT

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

16 \* \* \*

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

21 \* \* \*

1 Sec. 5. 10 V.S.A. § 6001 is amended to read:

2 § 6001. DEFINITIONS

3 As used in this chapter:

4 \* \* \*

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

6 \* \* \*

7 (iv) The construction of housing projects such as cooperatives,  
8 condominiums, or dwellings, or construction or maintenance of mobile homes  
9 or mobile home parks, with 10 or more units, constructed or maintained on a  
10 tract or tracts of land, owned or controlled by a person, within a radius of five  
11 miles of any point on any involved land and within any continuous period of  
12 five years. However:

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

15 (aa) [Repealed.]

16 (bb) [Repealed.]

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

19 (dd) 50 or more, in a municipality with a population of

20 ~~3,000 or more but~~ less than 6,000.

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

3                    (ff) Notwithstanding subdivisions (cc) through (ee) of this  
4 subdivision (3)(A)(iv)(I), 10 or more if the construction involves the  
5 demolition of one or more buildings that are listed on or eligible to be listed on  
6 the State or National Register of Historic Places. However, demolition shall  
7 not be considered to create jurisdiction under this subdivision (ff) if the  
8 Division for Historic Preservation has determined that the proposed demolition  
9 will have no adverse effect, will have no adverse effect if specified conditions  
10 are met, or will have an adverse effect that will be adequately mitigated. Any  
11 imposed conditions shall be enforceable through a grant condition, deed  
12 covenant, or other legally binding document.

13                    \* \* \*

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

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

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





1 center that is also a designated neighborhood development area under  
2 24 V.S.A. chapter 76A; or

3 ~~(B) mixed income housing and is located entirely within a designated~~  
4 ~~Vermont neighborhood or designated neighborhood development area under~~  
5 ~~24 V.S.A. chapter 76A.~~

6 \* \* \*

7 Sec. 6. 10 V.S.A. § 6081(p) is amended to read:

8 ~~(p)(1) No permit or permit amendment is required for any change to a~~  
9 ~~project that is located entirely within a downtown development district~~  
10 ~~designated pursuant to 24 V.S.A. § 2793, if the change consists exclusively of~~  
11 ~~any combination of mixed use and mixed income housing, and the cumulative~~  
12 ~~changes within any continuous period of five years, commencing on or after~~  
13 ~~May 28, 2002, remain below any applicable jurisdictional threshold specified~~  
14 ~~in subdivision 6001(3)(A)(iv)(I) of this title.~~

15 ~~(2) No permit or permit amendment is required for a priority housing~~  
16 ~~project in a designated center other than a downtown development district if~~  
17 ~~the project remains below any applicable jurisdictional threshold specified in~~  
18 ~~subdivision 6001(3)(A)(iv)(I) of this title and will comply with all conditions~~  
19 ~~of any existing permit or permit amendment issued under this chapter that~~  
20 ~~applies to the tract or tracts on which the project will be located. If such a~~

1 ~~priority housing project will not comply with one or more of these conditions,~~  
2 ~~an application may be filed pursuant to section 6084 of this title.~~

3 \* \* \* First-Generation Homebuyers \* \* \*

4 Sec. 7. 32 V.S.A. 5930u is amended to read:

5 § 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

6 \* \* \*

7 (b) Eligible tax credit allocations.

8 \* \* \*

9 (3) Down Payment Assistance Program.

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

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

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

17 (iii) the borrower uses the loan for the borrower's down payment  
18 or closing costs, or both.

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

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

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

5 \* \* \*

6 \* \* \* Manufactured Home Relocation Incentives \* \* \*

7 Sec. 8. MANUFACTURED HOME IMPROVEMENT AND  
8 REPLACEMENT PROGRAM

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

12 (1) \$3,000,000.00 for manufacture home community small-scale capital  
13 grants, through which the Department may award not more than \$20,000.00  
14 for owners of manufactured housing communities to complete small-scale  
15 capital needs to help infill vacant lots with homes, which may include projects  
16 such as disposal of abandoned homes, lot grading/preparation, site electrical  
17 box issues/upgrades, E911 safety issues, legal fees, transporting homes out of  
18 flood zones, individual septic system, and marketing to help make it easier for  
19 home-seekers to find vacant lots around the State.

20 (2) \$1,000,000.00 for manufactured home repair grants, through which  
21 the Department may award funding for minor rehab or accessibility projects,

1 coordinated as possible with existing programs, for between 250 and 400  
2 existing homes where the home is otherwise in good condition or in situations  
3 where the owner is unable to replace the home and the repair will keep them  
4 housed.

5 (3) \$1,000,000.00 for new manufactured home foundation grants,  
6 through which the Department may award not more than \$15,000.00 per grant  
7 for a homeowner to pay for a foundation or HUD-approved slab, site  
8 preparation, skirting, tie-downs, and utility connections on vacant lots within  
9 manufactured home communities.

10 Sec. 9. 32 V.S.A. § 5930u(g) is amended to read:

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

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

15 (B) ~~\$425,000.00~~ \$675,000.00 in total first-year credit allocations for  
16 loans or grants for owner-occupied unit financing or down payment loans as  
17 provided in subdivision (b)(2) of this section consistent with the allocation  
18 plan, including for new construction and manufactured housing, for an  
19 aggregate limit of ~~\$2,125,000.00~~ \$3,375,000.00 over any given five-year  
20 period that credits are available under this subdivision (B). Of the total first-

1 year credit allocations made under this subdivision (B), \$250,000.00 shall be  
2 used each fiscal year for manufactured home purchase and replacement.

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

7 \* \* \* Large Employer Housing; Commercial Property Conversion; Multi-  
8 Agency Coordination \* \* \*

9 Sec. 10. VERMONT HOUSING CONSERVATION BOARD; LARGE  
10 EMPLOYER HOUSING; COMMERCIAL PROPERTY  
11 CONVERSION; COMMUNITY PARTNERSHIP FOR  
12 NEIGHBORHOOD DEVELOPMENT

13 (a) Authorization. Of the amounts appropriated to the Vermont Housing  
14 Conservation Board in fiscal year 2023, the Board is authorized to use up to  
15 \$5,000,000.00 for the following activities:

16 (1) housing created through the Community Partnership for  
17 Neighborhood Development created in subsection (b) of this section;

18 (2) funding for matching grants, which for each unit shall not exceed the  
19 lesser of \$50,000.00 or 20 percent of the employer cost, for large employers  
20 with 100 or more employees that provide housing for their employees; and

1           (3) funding for matching grants, which for each unit shall not exceed the  
2           lesser of \$50,000.00 or 20 percent of the developer cost, for projects that  
3           convert commercial properties to residential use.

4           (b) Community Partnership for Neighborhood Development.

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

12           (2) The Department shall lead an effort involving the Vermont Housing  
13           Finance Agency, the Agency of Natural Resources, the Agency of  
14           Transportation, the Department of Public Service, and the Vermont Housing  
15           Conservation Board to integrate resources for housing, land, and down  
16           payment assistance that also makes available funding for critical infrastructure,  
17           including funding from the American Rescue Plan Act and the Infrastructure  
18           Investment and Jobs Act.

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

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

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

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

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

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

13                  (5) reservation of 25 percent of single family lots for permanently  
14                  affordable homes, including Habitat for Humanity, Youth Build, or Tech  
15                  Center programs, at no cost for acquisition or infrastructure and only modest  
16                  fees for all small homes; and

17                  (6) reservation of 35 percent of multifamily rentals for Vermonters  
18                  within income below 80 percent of median with no cost for publicly funded  
19                  infrastructure.

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

21           Sec. 11. 24 V.S.A. § 4306 is amended to read:



1 § 4306. MUNICIPAL AND REGIONAL PLANNING FUND

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

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

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

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

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

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

19 \* \* \*

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

21 \* \* \*

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

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

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

7           § 4307. MUNICIPAL BYLAW MODERNIZATION GRANTS

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

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

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

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

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

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

10        (1) identify municipal water and wastewater disposal infrastructure,  
11        municipal water and sewer service areas, and the constraints on that  
12        infrastructure based on the best available data;

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

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

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

1           (5) reduce nonconformities by making the allowed standards principally  
2           conform to the existing settlement within any area designated under chapter  
3           76A of this title and increase allowed lot/building/dwelling unit density by  
4           adopting dimensional, use, parking, and other standards that allow compact  
5           neighborhood form and support walkable lot and dwelling unit density, which  
6           may be achieved with a standard allowing at least four units per acre or  
7           allowing the receipt of a State or municipal water and wastewater permit to  
8           determine allowable density or by other means established in guidelines issued  
9           by the Department.

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

15           (7) update the municipal plan’s housing element as provided in  
16           subdivision 4382(a)(10) of this title related to addressing lower- and moderate-  
17           income housing needs and implement that element of the plan including  
18           through the bylaw amendments;

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

1           (9) demonstrate how the bylaws support implementation of the housing  
2           element of its municipal plan as provided in subdivision 4282(a)(10) of this  
3           title related to addressing lower- and moderate-income housing needs.

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

6           Sec. 13. APPROPRIATION

7           In fiscal year 2023 the amount of \$650,000.00 is appropriated from the  
8           General Fund to the Municipal Planning and Regional Planning Fund to be  
9           used for Municipal Bylaw Modernization Grants established in 24 V.S.A.  
10          § 4307.

11    \* \* \* Tax Credits \* \* \*

12          Sec. 14. 32 V.S.A. § 5930ee is amended to read:

13          § 5930ee. LIMITATIONS

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

16            (1) the total amount of tax credits awarded annually, together with sales  
17          tax reallocated under section 9819 of this title, does not exceed ~~\$3,000,000.00~~  
18          \$5,000,000.00 with up to \$1,000,000.00 awarded to qualified projects in  
19          neighborhood development areas;

20    \* \* \*

1 Sec. 15. 32 V.S.A. § 5930aa is amended to read:

2 § 5930aa. DEFINITIONS

3 As used in this subchapter:

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

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

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

16 (A) to install or improve platform lifts suitable for transporting  
17 personal mobility devices, limited use or limited application elevators,  
18 elevators, sprinkler systems, and capital improvements in a qualified building,  
19 and the installations or improvements are required to bring the building into  
20 compliance with the statutory requirements and rules regarding fire prevention,

1 life safety, and electrical, plumbing, and accessibility codes as determined by  
2 the Department of Public Safety;

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

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

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

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

17 (6) “Qualified Flood Mitigation Project” means any combination of  
18 structural and nonstructural changes to a building located within the flood  
19 hazard area as mapped by the Federal Emergency Management Agency that  
20 reduces or eliminates flood damage to the building or its contents. The project  
21 shall comply with the municipality’s adopted flood hazard bylaw, if applicable,

1 and a certificate of completion shall be submitted by a registered engineer,  
2 architect, qualified contractor, or qualified local official to the State Board.  
3 Improvements to qualified buildings listed, or eligible for listing, in the State  
4 or National Register of Historic Places shall be consistent with Secretary of the  
5 Interior’s Standards for Rehabilitation, as determined by the Vermont Division  
6 for Historic Preservation.

7 (7) “Qualified historic rehabilitation project” means an historic  
8 rehabilitation project that has received federal certification for the  
9 rehabilitation project.

10 ~~(7)~~(8) “Qualified project” means a qualified code improvement,  
11 qualified façade improvement, or qualified historic rehabilitation project as  
12 defined by this subchapter.

13 ~~(8)~~(9) “State Board” means the Vermont Downtown Development  
14 Board established pursuant to 24 V.S.A. chapter 76A.

15 Sec. 16. 32 V.S.A. § 5930bb is amended to read:

16 § 5930bb. ELIGIBILITY AND ADMINISTRATION

17 \* \* \*

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

21 Sec. 17. 24 V.S.A. § 2793a is amended to read:



1 § 2793a. DESIGNATION OF VILLAGE CENTERS BY STATE BOARD

2 \* \* \*

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

6 \* \* \*

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

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

12 (B) ~~A State façade improvement tax credit of 25 percent under~~  
13 ~~32 V.S.A. § 5930cc(b).~~

14 (C) ~~A State code improvement tax credit of 50 percent under~~  
15 ~~32 V.S.A. § 5930ee(e) The Downtown and Village Center Tax Credit Program~~  
16 ~~described in 32 V.S.A. § 5930aa et seq.~~

17 \* \* \*

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

19 § 2793e. NEIGHBORHOOD PLANNING AREAS; DESIGNATION OF  
20 NEIGHBORHOOD DEVELOPMENT AREAS

21 \* \* \*

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

10 (1) ~~The~~ the application fee limit for wastewater applications stated in  
11 3 V.S.A. § 2822(j)(4)(D);

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

14 (3) ~~The~~ the exclusion from the land gains tax provided by 32 V.S.A.  
15 § 10002(p); and

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

18 \* \* \*

19 Sec. 19. 24 V.S.A. § 2794 is amended to read:

20 § 2794. INCENTIVES FOR PROGRAM DESIGNEES

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

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

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

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

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

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

18 \* \* \*

19 Sec. 20. 32 V.S.A. § 5930cc is amended to read:

20 § 5930cc. DOWNTOWN AND VILLAGE CENTER PROGRAM TAX

21 CREDITS

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\* \* \*

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

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

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

§ 1974. EXEMPTIONS

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

\* \* \*

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

Sec. 22. 10 V.S.A. § 1983 is added to read:

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

(a) A municipality may issue an authorization for a connection or an existing connection with a change in use to the municipal sanitary sewer collection line via a sanitary sewer service line or a connection to a water main

1 via a new water service line in lieu of permits issued under this chapter,  
2 provided that the municipality documents the following in a form prescribed  
3 by the Secretary:

4 (1) The municipality owns or has legal control over connections to a  
5 public community water system permitted pursuant to chapter 56 of this title  
6 and over connections to a wastewater treatment facility permitted pursuant to  
7 chapter 47 of this title.

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

9 (A) a sanitary sewer service line that connects to the sanitary sewer  
10 collection line; and

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

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

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

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

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

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

6           (c) A municipality issuing an authorization under this section shall require  
7           the person to whom the authorization is issued to post notice of the  
8           authorization as part of the notice required for a permit issued under 24 V.S.A.  
9           § 4449 or other bylaw authorized under this chapter.

10                                   \* \* \* Accessory Dwelling Units \* \* \*

11           Sec. 23. 24 V.S.A. § 4414 amended to read:

12           § 4414. ZONING; PERMISSIBLE TYPES OF REGULATIONS

13                                   \* \* \*

14           (4) Parking and loading facilities. A municipality may adopt provisions  
15           setting forth standards for permitted and required facilities for off-street  
16           parking and loading which may vary by district and by uses within each  
17           district. These bylaws may also include provisions covering the location, size,  
18           design, access, landscaping, and screening of those facilities. In determining  
19           the number and size of parking spaces required under these regulations, the  
20           appropriate municipal panel may take into account the existence or availability  
21           of employer “transit pass” and rideshare programs, public transit routes, and

1 public parking spaces in the vicinity of the development. However, a  
2 municipality shall not require an accessory dwelling unit to have more than  
3 one parking space per bedroom.

4 \* \* \*

5 \* \* \* Missing Middle Housing \* \* \*

6 Sec. 24. MISSING MIDDLE-INCOME HOME OWNERSHIP

7 DEVELOPMENT PROGRAM

8 (a) In fiscal year 2022 the amount of \$5,000,000, and in fiscal year 2023  
9 the amount of \$15,000,000.00, are appropriated from the America Rescue Plan  
10 Act (ARPA) – Coronavirus State Fiscal Recovery Funds to the Department of  
11 Housing and Community Development to grant to the Vermont Housing  
12 Finance Agency to establish the Missing Middle-Income Home Ownership  
13 Development Program to provide development subsidies for new construction  
14 or acquisition and substantial rehabilitation of owner-occupied homes.

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

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

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

4           (3) As an alternative to subdivision (2) of this subsection, the Agency  
5           may use and prioritize, on any given home purchase, a shared equity model  
6           that requires the Agency to retain not less than 75 percent of any increased  
7           equity in the home, so that a home will remain permanently available to future  
8           buyers who meet the eligibility criteria of this section.

9           (c) As used in this section, “affordable owner-occupied housing” means  
10           owner-occupied housing identified in 26 U.S.C. § 143(c)(1) or that qualifies  
11           under Vermont  
12           Housing Finance Agency criteria governing owner-occupied housing.

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

- 18           (1) project location;  
19           (2) geographic distribution;  
20           (3) leveraging of other programs;  
21           (4) housing market needs;



1           (5) project characteristics, including whether the project includes the use  
2           of existing housing as part of a community revitalization plan;

3           (6) construction standards, including considerations for size;

4           (7) priority for plans with deeper affordability and longer duration of  
5           affordability requirements;

6           (8) sponsor characteristics;

7           (9) energy efficiency of the development; and

8           (10) historic nature of the project.

9           (e) The Agency may assign its rights under any investment or grant made  
10           under this section to the Vermont Housing and Conservation Board or any  
11           State agency or nonprofit organization qualifying under 26 U.S.C. § 501(c)(3),  
12           provided such assignee acknowledges and agrees to comply with the  
13           provisions of this section.

14           (f) Initial investments made under this program must be obligated by  
15           December 31, 2024 and expended by December 31, 2026.

16           (g) The Department shall report to the House Committee on Housing,  
17           General, and Military Affairs and Senate Committee on Economic  
18           Development, Housing and General Affairs on the status of the program  
19           annually, on or before January 15, through 2026.





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

9        § 5502. EXEMPTIONS

10        This chapter does not apply to:

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

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

16            (B) a business that performs residential construction if the work is  
17        performed primarily by or under the direct supervision of one or more  
18        employees who are individually exempt from registration under subdivision  
19        (2)(A) of this section;

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

- 1           (4) landscaping;  
2           (5) work on a structure that is not attached to a residential building; or  
3           (6) work that would otherwise require registration that a person  
4 performs in response to an emergency, provided the person applies for  
5 registration within a reasonable time after performing the work.

6           § 5503. MANDATORY REGISTRATION AND VOLUNTARY

7                   CERTIFICATION DISTINGUISHED

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

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

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



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

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

6           § 5506. ADVISORS

7           (a) The Secretary of State shall appoint two persons pursuant to 3 V.S.A.  
8           § 129b to serve as advisors in matters relating to residential contractors and  
9           construction.

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

11           (1) register under this chapter;

12           (2) have at least three years' experience in residential construction  
13           immediately preceding appointment; and

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

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

17          § 5507. FEES

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

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

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





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

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

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

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

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

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

13                   (c) Down payment.

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

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

1     § 5510. PROHIBITIONS AND REMEDIES

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

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

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

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

11           (2) failure to maintain liability or workers' compensation insurance as  
12     required by law;

13           (3) committing a deceptive act in commerce in violation of 9 V.S.A.  
14     § 2453;

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

18           (5) selling or fraudulently obtaining or furnishing a certificate of  
19     registration, certification, license, or any other related document or record, or  
20     assisting another person in doing so, including by reincorporating or altering a

1 trade name for the purpose or with the effect of evading or masking revocation,  
2 suspension, or discipline against a registration issued under this chapter.

3 Sec. 28. IMPLEMENTATION

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

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

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

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

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

15 (4) Prior to April 1, 2024, the Office of Professional Regulation shall  
16 not take any enforcement action for unauthorized practice under 26 V.S.A.  
17 § 5510(a) against a residential contractor who fails to register as required by  
18 this act.

19 (b) On or before July 1, 2023, the Director of Professional Regulation shall  
20 establish an initial set of voluntary certifications, to include at minimum  
21 OSHA standards on construction projects and components of energy-efficient

1 “green” building for insulators, carpenters, and heating and ventilation  
2 installers.

3 Sec. 29. CREATION OF POSITIONS WITHIN THE OFFICE OF  
4 PROFESSIONAL REGULATION; LICENSING

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

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

10 Sec. 30. SECRETARY OF STATE; STATUS REPORT

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

16 (1) the number of registrations and certifications;

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

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

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

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



1 **Sec. 32. Sec. 15(b)(3) of S.210 (2022), as enacted, is amended to read:**

2 (3) \$20,000,000.00 to the Department of Housing and Community  
3 Development to implement the Vermont Rental Housing Investment Program  
4 created in 10 V.S.A. § 699, provided that the Department shall allocate 25  
5 percent of the funds for accessory dwelling units as follows:

6 (A) the Department may use not more than 20 percent of the funding  
7 available for accessory dwelling units to facilitate a statewide education and  
8 navigation system to assist homeowners with designing, financing, permitting,  
9 and constructing accessory dwelling units; and

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

12 \* \* \* Effective Dates \* \* \*

13 Sec. 33. EFFECTIVE DATES

14 This act shall take effect on July 1, 2022.

15  
16  
17  
18

19 (Committee vote: \_\_\_\_\_)

20 \_\_\_\_\_  
21 Senator \_\_\_\_\_

1

FOR THE COMMITTEE