(Draft No. 1.1 – S.226)
5/11/2022 - EMC - 09:31 AM

1	S.226
2	Senator Sirotkin moves that the Senate concur in the House proposal of
3	amendment with further amendment thereto by striking out Sec. 23, effective
4	dates, in its entirety and inserting in lieu thereof the following:
5	* * * Municipal Zoning * * *
6	Sec. 23. 24 V.S.A. § 2793e is amended to read:
7	§ 2793e. NEIGHBORHOOD PLANNING AREAS; DESIGNATION OF
8	NEIGHBORHOOD DEVELOPMENT AREAS
9	(a) Purpose. This section is intended to encourage a municipality to plan
10	for new and infill housing in the area including and immediately encircling its
11	designated downtown, village center, new town center, or within its designated
12	growth center in order to provide needed housing and to further support the
13	commercial establishments in the designated center. To support this goal, this
14	section sets out a two-component process.
15	* * *
16	(b) Definitions.
17	(1) "Neighborhood planning area" means an automatically delineated
18	area including and encircling a downtown, village center, or new town center
19	designated under this chapter or within a growth center designated under this
20	chapter. A neighborhood planning area is used for the purpose of identifying
21	locations suitable for new and infill housing that will support a development

1	pattern that is compact, oriented to pedestrians, and consistent with smart
2	growth principles. To ensure a compact settlement pattern, the outer boundary
3	of a neighborhood planning area shall be located entirely within the boundaries
4	of the applicant municipality, unless a joint application is submitted by more
5	than one municipality, and shall be determined:
6	* * *
7	(c) Application for designation of a neighborhood development area. The
8	State Board shall approve a neighborhood development area if the application
9	demonstrates and includes all of the following elements:
10	* * *
11	(5) The proposed neighborhood development area consists of those
12	portions of the neighborhood planning area that are appropriate for new and
13	infill housing, excluding identified flood hazard and fluvial erosion areas,
14	except those areas containing preexisting development in areas suitable for
15	infill development as defined in § 29-201 of the Vermont Flood Hazard Area
16	and River Corridor Rule. In determining what areas are most suitable for new
17	and infill housing, the municipality shall balance local goals for future land
18	use, the availability of land for housing within the neighborhood planning area,
19	and the smart growth principles. Based on those considerations, the
20	municipality shall select an area for neighborhood development area
21	designation that:

1	(A) Avoids or that minimizes to the extent feasible the inclusion of
2	"important natural resources" as defined in subdivision 2791(14) of this title.
3	If an "important natural resource" is included within a proposed neighborhood
4	development area, the applicant shall identify the resource, explain why the
5	resource was included, describe any anticipated disturbance to such resource,
6	and describe why the disturbance cannot be avoided or minimized. If the
7	neighborhood development area includes flood hazard areas or river corridors,
8	the local bylaws shall contain provisions consistent with the Agency of Natural
9	Resources' rules required under 10 V.S.A. § 754(a) to ensure that new infill
10	development within a neighborhood development area occurs outside the
11	floodway and will not cause or contribute to fluvial erosion hazards within the
12	river corridor. If the neighborhood development area includes flood hazard
13	areas or river corridors, local bylaws shall also contain provisions to protect
14	river corridors outside the neighborhood development area consistent with the
15	Agency of Natural Resources' rules required under 10 V.S.A. § 754(a).
16	* * *
17	(6) The neighborhood development area is served by:
18	(A) municipal sewer infrastructure; or
19	(B) a community or alternative wastewater system approved by the
20	Agency of Natural Resources. [Repealed.]

1	(7) The municipal bylaws allow minimum net residential densities
2	within the neighborhood development area greater than or equal to four single-
3	family detached dwelling units per acre for all identified residential uses or
4	residential building types, exclusive of accessory dwelling units, or no not
5	fewer than the average existing density of the surrounding neighborhood,
6	whichever is greater. The methodology for calculating density shall be
7	established in the guidelines developed by the Department pursuant to
8	subsection 2792(d) of this title.
9	* * *
10	Sec. 24. 24 V.S.A. § 2793b is amended to read:
11	§ 2793b. DESIGNATION OF NEW TOWN CENTER DEVELOPMENT
12	DISTRICTS
13	* * *
14	(b) Within 45 days of receipt of a completed application, the State Board
15	shall designate a new town center development district if the State Board finds,
16	with respect to that district, the municipality has:
17	* * *
18	(2) Provided a community investment agreement that has been executed
19	by authorized representatives of the municipal government, businesses and
20	property owners within the district, and community groups with an articulated
21	purpose of supporting downtown interests, and contains the following:

1	* * *
2	(B) Regulations enabling high densities that are greater not less than
3	four dwelling units, including all identified residential uses or residential
4	building types, per acre and not less than those allowed in any other part of the
5	municipality not within an area designated under this chapter.
6	* * *
7	Sec. 25. 24 V.S.A. § 4449 is amended to read:
8	§ 4449. ZONING PERMIT, CERTIFICATE OF OCCUPANCY, AND
9	MUNICIPAL LAND USE PERMIT
10	(a) Within any municipality in which any bylaws have been adopted:
11	* * *
12	(4) No municipal land use permit issued by an appropriate municipal
13	panel or administrative officer, as applicable, for a site plan or conditional use
14	shall be considered abandoned or expired unless more than two years has
15	passed since the permit approval was issued.
16	* * * Accessory Dwelling Units * * *
17	Sec. 26. 24 V.S.A. § 4414 amended to read:
18	§ 4414. ZONING; PERMISSIBLE TYPES OF REGULATIONS
19	* * *
20	(4) Parking and loading facilities. A municipality may adopt provisions
21	setting forth standards for permitted and required facilities for off-street

1	parking and loading which may vary by district and by uses within each
2	district. These bylaws may also include provisions covering the location, size,
3	design, access, landscaping, and screening of those facilities. In determining
4	the number and size of parking spaces required under these regulations, the
5	appropriate municipal panel may take into account the existence or availability
6	of employer "transit pass" and rideshare programs, public transit routes, and
7	public parking spaces in the vicinity of the development. However, a
8	municipality shall not require an accessory dwelling unit to have more than
9	one parking space per bedroom.
10	* * * Municipal Bylaw Grants * * *
11	Sec. 27. 24 V.S.A. § 4306 is amended to read:
12	§ 4306. MUNICIPAL AND REGIONAL PLANNING FUND
13	(a)(1) The Municipal and Regional Planning Fund for the purpose of
14	assisting municipal and regional planning commissions to carry out the intent
15	of this chapter is hereby created in the State Treasury.
16	(2) The Fund shall be composed of 17 percent of the revenue from the
17	property transfer tax under 32 V.S.A. chapter 231 and any monies from time to
18	time appropriated to the Fund by the General Assembly or received from any
19	other source, private or public. All balances at the end of any fiscal year shall
20	be carried forward and remain in the Fund. Interest earned by the Fund shall
21	be deposited in the Fund.

1	(3) Of the revenues in the Fund, each year:
2	(A) 10 percent shall be disbursed to the Vermont Center for
3	Geographic Information;
4	(B) 70 percent shall be disbursed to the Secretary of Commerce and
5	Community Development for performance contracts with regional planning
6	commissions to provide regional planning services pursuant to section 4341a
7	of this title; and
8	(C) 20 percent shall be disbursed to municipalities.
9	* * *
10	(c) Funds allocated to municipalities shall be used for the purposes of:
11	* * *
12	(4) reasonable and necessary costs of administering the Fund by the
13	Department of Housing and Community Development, not to exceed six
14	percent of the municipality allocation.
15	(d) New funds allocated to municipalities under this section may take the
16	form of municipal bylaw modernization grants in accordance with section
17	4307 of this title.
18	Sec. 28. 24 V.S.A. § 4307 is added to read:
19	§ 4307. MUNICIPAL BYLAW MODERNIZATION GRANTS
20	(a) There are created Municipal Bylaw Modernization Grants to assist
21	municipalities in updating their land use and development bylaws. Bylaws

1	updated under this section shall increase housing choice, affordability, and
2	opportunity in areas planned for smart growth. The Grants shall be funded by
3	monies allocated from the municipality allocation of the Municipal and
4	Regional Planning Funds established in subdivision 4306(a)(3)(C) of this title
5	and any other monies appropriated for this purpose.
6	(b) Disbursement to municipalities shall be administered by the
7	Department of Housing and Community Development through a competitive
8	process providing the opportunity for all regions and any eligible municipality
9	to compete regardless of size.
10	(c) Funds may be disbursed by the Department in installments to ensure the
11	municipal bylaw updates meet the goals of this section.
12	(d) Funding may be used for the cost of regional planning commission staff
13	or consultant time and any other purpose approved by the Department.
14	(e) A municipality grantee shall use the funds to prepare amendments to
15	bylaws to increase housing choice, affordability, and opportunity and that
16	support a neighborhood development pattern that is pedestrian oriented in
17	areas planned for smart growth consistent with the smart growth principles
18	established in section 2791 of this title and that prioritize projects in designated
19	areas in accordance with chapter 76A of this title.
20	(f) To receive the grant, the municipality shall:

1	(1) identify municipal water and wastewater disposal infrastructure,
2	municipal water and sewer service areas, and the constraints on that
3	infrastructure based on the best available data;
4	(2) increase allowed housing types and uses, which may include
5	duplexes to the same extent as single-family homes;
6	(3) include parking waiver provisions in areas planned for smart growth
7	consistent with smart growth principles as defined in section 2791 of this title
8	and appropriate situations;
9	(4) review and modify street standards that implement the complete
10	streets principles as described in 19 V.S.A. § 309d and that are oriented to
11	pedestrians;
12	(5) reduce nonconformities by making the allowed standards principally
13	conform to the existing settlement within any area designated under chapter
14	76A of this title and increase allowed lot/building/dwelling unit density by
15	adopting dimensional, use, parking, and other standards that allow compact
16	neighborhood form and support walkable lot and dwelling unit density, which
17	may be achieved with a standard allowing at least four units per acre or
18	allowing the receipt of a State or municipal water and wastewater permit to
19	determine allowable density or by other means established in guidelines issued
20	by the Department;

1	(6) restrict development of and minimize impact to important natural
2	resources, including new development in flood hazard areas, undeveloped
3	floodplains, and river corridor areas, unless lawfully allowed for infill
4	development in §29-201 of the Vermont Flood Hazard Area and River
5	Corridor Rule;
6	(7) update the municipal plan's housing element as provided in
7	subdivision 4382(a)(10) of this title related to addressing lower- and moderate-
8	income housing needs, implement that element of the plan including through
9	the bylaw amendments, and demonstrate how those bylaws support the
10	implementation of the housing element; and
11	(8) comply with State and Federal Fair Housing Act, including the fair
12	housing provisions of Vermont's Planning and Development Act.
13	(g) On or before September 1, 2022, the Department shall adopt guidelines
14	to assist municipalities applying for grants under this section.
15	Sec. 29. APPROPRIATION
16	To the extent that increased funding is provided in fiscal year 2023 to the
17	Municipal and Regional Planning Fund, \$650,000.00 shall be used for
18	Municipal Bylaw Modernization Grants established in 24 V.S.A. § 4307.
19	* * *

(Draft No. 1.1 – S.226) Page 11 of 18 5/11/2022 - EMC - 09:31 AM 1 * * * Act 250 * * * 2 Sec. 30. 10 V.S.A. § 6001 is amended to read: 3 § 6001. DEFINITIONS 4 As used in this chapter: 5 * * * (3)(A) "Development" means each of the following: 6 * * * 7 8 (iv) The construction of housing projects such as cooperatives, 9 condominiums, or dwellings, or construction or maintenance of mobile homes 10 or mobile home parks, with 10 or more units, constructed or maintained on a 11 tract or tracts of land, owned or controlled by a person, within a radius of five 12 miles of any point on any involved land and within any continuous period of 13 five years. However: 14 (I) A priority housing project shall constitute a development 15 under this subdivision (iv) only if the number of housing units in the project is: 16 (aa) [Repealed.] 17 (bb) [Repealed.] 18 (cc) 75 or more, in a municipality with a population of 6,000 19 or more but less than 10,000. 20 (dd) 50 or more, in a municipality with a population of 21 3,000 or more but less than 6,000.

VT LEG #363206 v.1

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	(ii) at least 20 percent of the housing units have a purchase price
2	that at the time of first sale does not exceed 90 percent of the new construction,
3	targeted area purchase price limits established and published annually by the
4	Vermont Housing Finance Agency meet the requirements of affordable owner-
5	occupied housing under subdivision (29)(A) of this section, adjusted for the
6	number of bedrooms, as established and published annually by the Vermont
7	Housing Finance Agency.
8	(B) Rental housing. At least 20 percent of the housing units that are
9	rented constitute affordable housing and have a duration of affordability of For
10	not less than 15 years following the date that rental housing is initially placed
11	in service, at least 20 percent of the housing units meet the requirements of
12	affordable rental housing under subdivision (29)(B) of this section, adjusted for
13	the number of bedrooms, as established and published annually by the
14	Vermont Housing Finance Agency.
15	* * *
16	(35) "Priority housing project" means a discrete project located on a
17	single tract or multiple contiguous tracts of land that consists exclusively of:
18	(A) mixed income housing or mixed use, or any combination thereof,
19	and is located entirely within a designated downtown development district,
20	designated new town center, designated growth center, or designated village

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. 31. 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	Sec. 32. 10 V.S.A. § 6084(f) is amended to read:
4	(f) This subsection concerns an application for a new permit amendment to
5	change the conditions of an existing permit or existing permit amendment in
6	order to authorize the construction of a priority housing project described in
7	subdivision 6081(p)(2) of this title.
8	(1) The District Commission may authorize a district coordinator to
9	issue such an amendment, without notice and a hearing, if the applicant
10	demonstrates that all parties to the existing permit or existing permit
11	amendment, which contains the condition or conditions proposed to be
12	changed, or their successors in interest have consented to the proposed changes
13	to conditions relative to the criteria for which the party obtained party status.
14	(2) If the applicant is not able to obtain the consent of a party or parties
15	or their successors in interest with respect to one or more of the conditions in
16	the existing permit or permit amendment proposed to be changed, the applicant
17	shall file a permit application pursuant to this section. However, review by the
18	District Commission shall be limited to whether the changes to conditions not
19	consented to by the party or parties or their successors in interest enable
20	positive findings to be made under subsection 6086(a) and are authorized
21	under subsection 6086(c) of this title. [Repealed.]

1	* * * Wastewater Connection Permits * * *
2	Sec. 33. 10 V.S.A. § 1974 is amended to read:
3	§ 1974. EXEMPTIONS
4	Notwithstanding any other requirements of this chapter, the following
5	projects and actions are exempt:
6	* * *
7	(9) A project completed by a person who receives an authorization from
8	a municipality that administers a program registered with the Secretary
9	pursuant to section 1983 of this title.
10	Sec. 34. 10 V.S.A. § 1983 is added to read:
11	<u>§ 1983. REGISTRATION FOR MUNICIPAL WASTEWATER SYSTEM</u>
12	AND POTABLE WATER SUPPLY CONNECTIONS
13	(a) A municipality may issue an authorization for a connection or an
14	existing connection with a change in use to the municipal sanitary sewer
15	collection line via a sanitary sewer service line or a connection to a water main
16	via a new water service line in lieu of permits issued under this chapter,
17	provided that the municipality documents the following in a form prescribed
18	by the Secretary:
19	(1) The municipality owns or has legal control over connections to a
20	public community water system permitted pursuant to chapter 56 of this title

1	and over connections to a wastewater treatment facility permitted pursuant to
2	chapter 47 of this title.
3	(2) The municipality shall only issue authorizations for:
4	(A) a sanitary sewer service line that connects to the sanitary sewer
5	collection line; and
6	(B) a water service line that connects to the water main.
7	(3) The building or structure authorized under this section connects to
8	both the sanitary sewer collection line and public community water system.
9	(4) The authorizations from the municipality comply with the technical
10	standards for sanitary sewer service lines and water service lines in the
11	Wastewater System and Potable Water Supply Rules.
12	(5) The municipality requires documentation issued by a professional
13	engineer or licensed designer that is filed in the land records that the
14	connection authorized by the municipality was installed in accordance with the
15	technical standards.
16	(6) The municipality requires the retention of plans that show the
17	location and design of authorized connections.
18	(b) The municipality shall notify the Secretary 30 days in advance of
19	terminating any authorization. The municipality shall provide all
20	authorizations and plans to the Secretary as a part of this termination notice.

- 1 (c) A municipality issuing an authorization under this section shall require
- 2 the person to whom the authorization is issued to post notice of the
- 3 <u>authorization as part of the notice required for a permit issued under 24 V.S.A.</u>
- 4 <u>§ 4449 or other bylaw authorized under this chapter.</u>
- 5 Sec. 35. EFFECTIVE DATES
- 6 This act shall take effect on July 1, 2022, except that Sec. 11 (Missing
- 7 <u>Middle Pilot Program) and Sec. 21 (tax sales) shall take effect on passage.</u>