

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

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

7 Pink highlight reflects a section that is unresolved.

8 Blue highlight reflects a section that is resolved.

9  
10 TO THE HONORABLE SENATE:

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

16 ~~\*\*\* Municipal and Regional Land Banks \*\*\*~~

17 **Sec. 1.** ~~24 V.S.A. chapter 139 is added to read:~~

18 \* \* \* Housing; Permit Reform \* \* \*

19 **Sec. 2.** FINDINGS

20 The General Assembly finds that:

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

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

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

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

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

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

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

19           § 2793e. NEIGHBORHOOD PLANNING AREAS; DESIGNATION OF

20                           NEIGHBORHOOD DEVELOPMENT AREAS



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

4 \* \* \*

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

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

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

10 \* \* \*

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

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

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

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

15 (7) The municipal bylaws allow minimum net residential densities  
16 within the neighborhood development area greater than or equal to four ~~single-~~  
17 ~~family detached~~ dwelling units per acre for all identified residential uses or  
18 residential building types, exclusive of accessory dwelling units, or ~~no~~ not  
19 fewer than the average existing density of the surrounding neighborhood,  
20 whichever is greater. The methodology for calculating density shall be

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

3 \* \* \*

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

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

7 \* \* \*

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

11 \* \* \*

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

16 \* \* \*

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

21 \* \* \*

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

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

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

5 \* \* \*

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

10 \* \* \*

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

12 § 6001. DEFINITIONS

13 As used in this chapter:

14 \* \* \*

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

16 \* \* \*

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

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

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

5 (aa) [Repealed.]

6 (bb) [Repealed.]

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

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

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

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

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

3 \* \* \*

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

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

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

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

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

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

5 \* \* \*

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

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

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

16 \* \* \*

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

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

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

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

12 \* \* \* Housing Incentives; Smart Growth \* \* \*

13 **Sec. 3. COVID-19 FUNDING; HOUSING; SMART GROWTH**

14 **PRINCIPLES**

15 **\* \* \* Homeless Bill of Rights \* \* \***

16 **Sec. 4. FINDINGS**

17 **Sec. 4a. 1 V.S.A. § 274 is added to read:**

18  
19 **Sec. 4b. 9 V.S.A. § 4501 is amended to read:**

20 **Sec. 4c. 9 V.S.A. § 4502 is amended to read:**

21 **Sec. 4d. 9 V.S.A. § 4503 is amended to read:**

1 ~~Sec. 4e. 10 V.S.A. § 601 is amended to read:~~

2 ~~Sec. 4f. 21 V.S.A. § 495 is amended to read:~~

3 ~~Sec. 4g. 21 V.S.A. § 495d is amended to read:~~

4 \* \* \* First-Generation Homebuyer Incentives \* \* \*

5 **Sec. 5.** FIRST-GENERATION HOMEBUYER INCENTIVE PROGRAM;

6 APPROPRIATION

7 Of the amounts available from federal COVID-19 relief funds, the amount  
8 of \$5,000,000.00 is appropriated to the Department of Housing and  
9 Community Development, which shall work in coordination with the Vermont  
10 Housing Finance Agency and relevant stakeholders to design and implement a  
11 program to provide grants of not more than \$10,000.00 for purchase and  
12 closing costs to first-generation homebuyers.

13 \* \* \* Manufactured Home Relocation Incentives \* \* \*

14 **Sec. 6.** MANUFACTURED HOME RELOCATION INCENTIVE

15 PROGRAM; APPROPRIATION

16 Of the amounts available from federal COVID-19 relief funds, the amount  
17 of \$5,000,000.00 is appropriated to the Department of Housing and  
18 Community Development, which shall work in coordination with the Vermont  
19 Housing and Conservation Board and relevant stakeholders to design and  
20 implement a program to provide funding for the following purposes:

1           (1) to create a competitive pool of grant funding to assist with the cost  
2           of removing abandoned homes, building concrete pads to new HUD standards,  
3           and addressing smaller scale capital needs for those parks where limited  
4           operating revenue cannot reasonably cover those costs;

5           (2) to create a competitive pool of grant funding available for  
6           rehabilitating some of the roughly 300 to 400 poor quality homes located  
7           within the overall State portfolio, of which more than 100 may be at risk of  
8           abandonment, and the remainder of which still represent substandard housing  
9           for residents and increase the marketing challenges for these parks as a whole;

10           (3) to continue to provide leadership in advocating for financing  
11           programs to assist buyers to finance and upgrade units such as Champlain  
12           Housing Trust’s down payment assistance program;

13           (4) to work with the Agency of Commerce and Community  
14           Development, the affordable park owners, and other stakeholders to reframe  
15           the image of mobile homes as an affordable option in a more innovative and  
16           positive light, especially for younger buyers;

17           (5) to provide mobile home repair grants for common needed home  
18           repairs in Vermont, which range from \$100.00 to \$14,000.00, with an  
19           estimated average repair value required for sustainable resident health at  
20           \$7,000.00.

21           (6) to address existing program gaps, including:

1           (A) bringing existing homes into ADA compliance by modifying  
2           entryways and bathrooms;

3           (B) providing funding to augment the Vermont Center for  
4           Independent Living Home Accessibility Program, which currently requires a  
5           resident match, for Vermonters with low income; and

6           (C) creating opportunity for residents to electively move their  
7           structurally stable homes out of floodplains and potentially hazardous locations  
8           exacerbated by climate change and erosion, for which roughly 356 vacant lots  
9           across the State could be assessed as safe and used for relocation;

10           (7) to provide funds to supplement Flood Resilient Community Funds,  
11           which provides grant for home buyouts in flood plains, not for support and  
12           relocation services, including costs associated with slab pouring and other  
13           infrastructure setup for a new lot that is not directly tied to water infrastructure;

14           (8) to provide funding for down payment assistance and the purchase of  
15           new or used high energy efficient mobile homes to replace aging and  
16           dilapidated mobile homes; and

17           (9) to improve the public image and well-being of parks by providing  
18           financial assistance to parks for:

19           (A) placement of slabs and skirts;

20           (B) removal of derelict and abandoned homes, hazardous waste, and  
21           pests;

1           (C) beautification of parks through gardening support and tree and  
2           orchard plantings;

3           (D) creation of public space for families and children; and

4           (E) repair and maintenance of roads.

5                           \* \* \* Large Employer Housing Partnership \* \* \*

6           **Sec. 7.** LARGE EMPLOYER HOUSING PARTNERSHIP PROGRAM;

7                           APPROPRIATION

8           Of the amounts available from federal COVID-19 relief funds, the amount  
9           of \$5,000,000.00 is appropriated to the Department of Housing and  
10           Community Development to design and implement a program to provide  
11           matching funds of not more than \$5,000.00 per employee for the costs an  
12           employer with 25 or more employees incurs to provide housing for its  
13           workforce.

14                           \* \* \* Conversion of Commercial Properties to Residential Use \* \* \*

15           **Sec. 8.** COMMERCIAL PROPERTY CONVERSION INCENTIVE

16                           PROGRAM; APPROPRIATION

17           Of the amounts available from federal COVID-19 relief funds, the amount  
18           of \$5,000,000.00 is appropriated to the Department of Housing and  
19           Community Development, which shall work in coordination with the regional  
20           development corporations, regional planning commissions, chambers of  
21           commerce, and other relevant stakeholders to design and implement a program

1 to identify commercial properties that may be efficiently converted to  
2 residential use and to provide grants of not more than \$50,000.00 per project  
3 for the purchase, rehabilitation, and conversion of such properties.

4 ~~\*\*\* New American Housing Support Services \*\*\*~~

5 ~~Sec. 9. NEW AMERICAN HOUSING SUPPORT SERVICES;~~

6 ~~APPROPRIATION~~

7 \*\*\* TIF Extension \*\*\*

8 ~~Sec. 10. TAX INCREMENT FINANCING DISTRICTS; RETENTION OF~~  
9 ~~INCREMENT; DEBT INCURRENCE; EXTENSIONS~~

10 (a) Notwithstanding any other provision of law, each municipality with an  
11 active tax increment financing district that has received approval from the  
12 Vermont Economic Progress Council shall be granted a three-year extension to  
13 their district's period to retain municipal and education property tax increment.

14 (b) Notwithstanding any other provision of law, the following  
15 municipalities shall be granted a three-year extension to their district's period  
16 to incur debt:

17 (1) the City of Burlington, Downtown;

18 (2) the City of Burlington, Waterfront;

19 (3) the Town of Bennington;

20 (4) the City of Montpelier;

21 (5) the City of Winooski;

1           (6) the Town of Hartford;

2           (7) the City of St. Albans;

3           (8) the City of Barre; and

4           (9) the City of South Burlington.

5                           ~~\*\*\* First Time Homebuyer Savings Account \*\*\*~~

6           ~~Sec. 11. FINDINGS AND INTENT~~

7           ~~Sec. 11a. DEFINITIONS~~

8           ~~Sec. 11b. CREATION~~

9           ~~Sec. 11c. FEDERAL INCOME TAX~~

10          ~~Sec. 11d. ELIGIBILITY AND LIMITS~~

11          ~~Sec. 11e. WITHDRAWALS~~

12          ~~Sec. 11f. DEPARTMENT OF TAXES RESPONSIBILITIES~~

13          ~~Sec. 11g. DEPARTMENT OF TAXES AUTHORITY~~

14          ~~Sec. 11h. IMPLEMENTATION~~

15                           ~~\*\*\* Public Housing Authority Statutes \*\*\*~~

16          ~~Sec. 12.~~

17   ~~\*\*\* Municipal Bylaw Grants \*\*\*~~

18          ~~Sec. 13.~~ 24 V.S.A. § 4306 is amended to read:

19          § 4306. MUNICIPAL AND REGIONAL PLANNING FUND



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. 13a. 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 and opportunity in  
11           smart growth areas. The Grants shall be funded by monies allocated from the  
12           municipality allocation of the Municipal and Regional Planning Funds  
13           established in subdivision 4306 (a)(3)(C) of this title and any other monies  
14           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 mapping, the cost of regional planning  
2        commission staff or consultant time, carrying out the provisions of  
3        subchapters 5 through 10 of this chapter, and any other purpose approved by  
4        the Department.

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

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

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

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

19           (3) require parking waiver provisions in appropriate smart growth areas  
20           and situations;



1 § 5930ee. LIMITATIONS

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

4 (1) the total amount of tax credits awarded annually, together with sales  
5 tax reallocated under section 9819 of this title, does not exceed ~~\$3,000,000.00~~  
6 \$5,000,000.00;

7 \* \* \*

8 **Sec. 14a** 32 V.S.A. § 5930aa is amended to read:

9 § 5930aa. DEFINITIONS

10 As used in this subchapter:

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

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

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

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

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

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

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

17           (5) “Qualified façade improvement project” means the rehabilitation of  
18 the façade of a qualified building that contributes to the integrity of the  
19 designated downtown ~~or~~ designated village center. Façade improvements to  
20 qualified buildings listed, or eligible for listing, in the State or National

1 Register of Historic Places must be consistent with Secretary of the Interior  
2 Standards, as determined by the Vermont Division for Historic Preservation.

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

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

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

20 ~~(8)~~(9) “State Board” means the Vermont Downtown Development  
21 Board established pursuant to 24 V.S.A. chapter 76A.

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\* \* \*

**Sec. 14b.** 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. 14c.** 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. 14d.** 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 **Sec. 14e.** 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.

\* \* \* Neighborhood Development Area Tax Credit; Pilot Program \* \*

**Sec. 14f. NEIGHBORHOOD DEVELOPMENT AREA TAX CREDIT;  
PILOT PROGRAM**

(a) There is created the Neighborhood Development Area Tax Credit Pilot Program. Qualified applicants may apply to the State Downtown Development Board to obtain the tax credits described in 32 V.S.A. § 5930cc.

(b) As used in this section:

(1) “Qualified applicant” has the same meaning as 32 V.S.A. § 5930aa.

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

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

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

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

11                   (C) to redevelop a contaminated property in a neighborhood  
12           development area under a plan approved by the Secretary of Natural Resources  
13           pursuant to 10 V.S.A. § 6615a.

14           (4) “Qualified expenditures” has the same meaning as in 32 V.S.A.  
15           § 5930aa.

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

1           (6) “Qualified historic rehabilitation project” has the same meaning as in  
2           32 V.S.A. § 5930aa.

3           (7) “Qualified project” has the same meaning as in 32 V.S.A. § 5930aa.

4           (c) The tax credits available to qualified applicants under this section shall  
5           be the same tax credits established in 32 V.S.A. § 5930cc.

6           (d) To qualify for any of the tax credits under this section, expenditures for  
7           the qualified project must exceed \$5,000.00.

8           (e) Application shall be made in accordance with the guidelines set by the  
9           State Downtown Development Board.

10          (f) The provisions of 32 V.S.A. § 5930dd shall apply to the tax credits  
11          issued under this section.

12          (g) For fiscal years 2023 and 2024, the State Downtown Development  
13          Board may award tax credits to all qualified applicants under this section,  
14          provided that:

15               (1) the total amount of tax credits awarded annually, together with sales  
16               tax reallocated under 32 V.S.A. § 9819, does not exceed \$1,000,000.00;

17               (2) a total annual allocation of not more than 30 percent of these tax  
18               credits may be awarded in connection with all of the projects in a single  
19               municipality;

20               (3) façade tax credits shall not be available for projects that qualify for  
21               the federal rehabilitation tax credit;



1                   AND POTABLE WATER SUPPLY CONNECTIONS

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

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

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

13                   (A) a sanitary sewer service line that connects to the sanitary sewer  
14                   collection line; and

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

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

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









1 § 6086b. ~~DOWNTOWN DEVELOPMENT IN~~

2 DOWNTOWNS AND DEVELOPMENT OF HOUSING IN

3 COUNTIES WITH HIGH DEMAND; FINDINGS

4 (a) Downtown development. Notwithstanding any provision of this chapter  
5 to the contrary, each of the following shall apply to a development or  
6 subdivision that is completely within a downtown development district  
7 designated under 24 V.S.A. chapter 76A and for which a permit or permit  
8 amendment would otherwise be required under this chapter:

9 (1) In lieu of obtaining a permit or permit amendment, a person may  
10 request findings and conclusions from the District Commission, which shall  
11 approve the request if it finds that the development or subdivision will meet  
12 subdivisions 6086(a)(1) (air and water pollution), (2) (sufficient water  
13 available), (3) (burden on existing water supply), (4) (soil erosion), (5)  
14 (traffic), (8) (aesthetics, historic sites, rare and irreplaceable natural areas),  
15 (8)(A) (endangered species; necessary wildlife habitat), (9)(B) (primary  
16 agricultural soils), (9)(C) (productive forest soils), (9)(F) (energy  
17 conservation), and (9)(K) (public facilities, services, and lands) of this title.

18 \* \* \*

19 (b) Housing development in counties with high demand. During any period  
20 in which a county's median gross rent is 10 percent above the median gross  
21 rent for the State, the option established under subsection (a) of this section

1 shall be available for a development under subdivision 6001(3)(A)(iv) of this  
2 title within that county for which a permit or permit amendment would  
3 otherwise be required.

4 ~~Sec. 16d. 10 V.S.A. § 6081(v) is amended to read:~~

5 (v) *A permit or permit amendment shall not be required for a development*  
6 *or subdivision in a designated downtown development district or for a housing*  
7 *development in a high-demand county for which the District Commission has*  
8 *issued positive findings and conclusions under section 6086b of this title on all*  
9 *the criteria listed in that section. A person shall obtain new or amended*  
10 *findings and conclusions from the District Commission under section 6086b of*  
11 *this title prior to commencement of a material change, as defined in the rules*  
12 *of the Board, to a development or subdivision for which the District*  
13 *Commission has issued such findings and conclusions. A person may seek a*  
14 *jurisdictional opinion under section 6007 of this title concerning whether such*  
15 *a change is a material change.*

16 \* \* \* Sales and Use Tax Exemption \* \* \*

17 ~~Sec. 17. 32 V.S.A. § 9743 is amended to read:~~

18 § 9743. *ORGANIZATIONS NOT COVERED*

19 *Any sale, service, or admission to a place of entertainment charged by or to*  
20 *any of the following or any use by any of the following are not subject to the*  
21 *sales and use taxes imposed under this chapter:*

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(4) Sales of building materials and supplies to be used in the construction, reconstruction, alteration, remodeling, or repair of:

(A) any building, structure, or other public works owned by or held in trust for the benefit of any governmental body or agency mentioned in subdivisions (1) and (2) of this section and used exclusively for public purposes;

(B) any building or structure owned by or held in trust for the benefit of any organization described in subdivision (3) and used exclusively for the purposes upon which its exempt status is based; ~~and~~

(C) any building or structure owned by any “local development corporation” as defined in 10 V.S.A. § 212(10); and used exclusively for the purposes authorized in 10 V.S.A. chapter 12; and

(D) any building or structure that meets the definition of priority housing project as defined in 10 V.S.A. § 6001; provided, however, that the governmental body or agency, the organization, ~~or~~ the development corporation, or the developer of a priority housing project has first obtained a certificate from the Commissioner stating that it is entitled to the exemption, and the vendor keeps a record of the sales price of each separate sale, the name of the purchaser, the date of each separate sale, and the number of the certificate. In this subdivision, the words “building materials and supplies”

1 *shall include all materials and supplies consumed, employed, or expended in*  
2 *the construction, reconstruction, alteration, remodeling, or repair of any*  
3 *building, structure, or other public work, as well as the materials and supplies*  
4 *physically incorporated therein.*

5 \* \* \*

6 \* \* \* Act 250 Appeals \* \* \*

7 ~~Sec. 18. 10 V.S.A. § 6089 is amended to read:~~

8 § 6089. APPEALS

9 *(a) Appeals of any act or decision of a District Commission under this*  
10 *chapter or a district coordinator under subsection 6007(c) of this title shall be*  
11 *made to the Environmental Division in accordance with chapter 220 of this*  
12 *title. For the purpose of this section, a decision of the Chair of a District*  
13 *Commission under section 6001e of this title on whether action has been taken*  
14 *to circumvent the requirements of this chapter shall be considered an act or*  
15 *decision of the District Commission.*

16 *(b) The Environmental Division shall act upon the petition of an appeal*  
17 *within 30 days after receiving the petition if the decision relates to a project*  
18 *covered under subdivision 6001(3)(A)(iv) of this title.*

19 *(c) The Environmental Division shall issue a final decision within 120 days*  
20 *after taking the action described in subsection (b) of this section if the decision*  
21 *relates to a project covered under subdivision 6001(3)(A)(iv) of this title.*





1 assist municipalities and homeowners in developing accessory dwelling units

2 (ADUs) as follows:

3 (1) the hiring of a consultant to develop a statewide ADU guidebook

4 which shall include a variety of designs with floorplans that can be used for

5 ADUs;

6 (2) pilot program to hire local ADU ambassadors in towns to provide

7 local assistance on development of ADUs;

8 (3) central statewide resource center to support pilot communities and

9 any homeowner statewide interested in building an ADU that will provide

10 materials and training on planning, design, and development of ADUs;

11 (4) work with Vermont Housing and Finance Agency to develop an

12 ADU loan loss reserve fund;

13 (5) create ADU down payment grants for homeowners; and

14 (6) create Social Enterprise Pilot Program for Weatherization and

15 Internal Conversion to identify workforce for ADU construction.

16 \* \* \* Missing Middle Housing \* \* \*

17 **Sec. 21.** MISSING MIDDLE INCOME HOME OWNERSHIP

18 DEVELOPMENT PROGRAM

19 (a) In fiscal year 2023 the amount of \$15,000,000 is appropriated [from] to

20 the Department of Housing and Community Development to grant to the

21 Vermont

1 Housing Finance Agency to establish a Missing Middle Income Home  
2 Ownership Development Program to provide development subsidies for new  
3 construction or acquisition and substantial rehabilitation of owner-occupied  
4 homes.

5 (b) The Agency shall use funds to provide a direct project subsidy for up to  
6 35 percent of eligible development costs for income-eligible buyers. Funds  
7 invested to buy down the sales price of a home will remain permanently  
8 available to future buyers.

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

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

16 (1) Project location;

17 (2) Geographic distribution;

18 (3) Leveraging of other programs;

19 (4) Housing market needs;

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

1           (6) Construction standards, including considerations for size;

2           (7) Priority will be given for plans with deeper affordability and longer  
3 duration of affordability  
4 requirements;

5           (8) Sponsor characteristics;

6           (9) Energy efficiency of the development; and

7           (10) Historic nature of the project.

8           (e) The Agency shall use the proceeds to provide long-term affordability on  
9 homes that receive investments from the program or use the proceeds of the  
10 program for investments or grants to eligible owner-occupied housing projects.

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

16           (g) Initial investments made under this program must be obligated by  
17 December 31, 2024, and expended by December 31, 2026, as defined by  
18 [ARPA State Local Fiscal Recovery Funds].

19           (f) The Department will report to the House Housing, General, and Military  
20 Affairs Committee and Senate Economic Development, Housing, and General

1 Affairs Committee on the status of the program every year by January 15th  
2 through 2026.

3 \* \* \* Effective Date \* \* \*

4 **Sec. X.** EFFECTIVE DATE

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

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9 (Committee vote: \_\_\_\_\_)

10

\_\_\_\_\_

11

Senator \_\_\_\_\_

12

FOR THE COMMITTEE