1	S.101
2	Introduced by Senators Sirotkin, Balint, Brock, Clarkson and Ram
3	Referred to Committee on
4	Date:
5	Subject: Housing; municipal bylaws; tax credits; wastewater permits; grants
6	Statement of purpose of bill as introduced: This bill proposes to adopt
7	multiple changes to promote housing choice and opportunity in smart growth
8	areas, including:
9	• updating the Municipal and Regional Planning Fund program to allow
10	grants for municipalities seeking to modernize their bylaws to increase
11	housing choice;
12	• extending the Downtown and Village Center Tax Credit Program to
13	neighborhood development areas as well as raising the cap on the amount
14	of tax credits available;
15	• training developers to navigate the permitting process; and
16	• removing the requirement for State water or wastewater permits where
17	the municipality has issued a permit.

18 An act relating to promoting housing choice and opportunity in smart19 growth areas

1	It is hereby enacted by the General Assembly of the State of Vermont:
2	* * * Municipal Bylaw Grants * * *
3	Sec. 1. 24 V.S.A. § 4306 is amended to read:
4	§ 4306. MUNICIPAL AND REGIONAL PLANNING FUND
5	(a)(1) The Municipal and Regional Planning Fund for the purpose of
6	assisting municipal and regional planning commissions to carry out the intent
7	of this chapter is hereby created in the State Treasury.
8	(2) The Fund shall be composed of 17 percent of the revenue from the
9	property transfer tax under 32 V.S.A. chapter 231 and any monies from time to
10	time appropriated to the Fund by the General Assembly or received from any
11	other source, private or public. All balances at the end of any fiscal year shall
12	be carried forward and remain in the Fund. Interest earned by the Fund shall
13	be deposited in the Fund.
14	(3) Of the revenues in the Fund, each year:
15	(A) 10 percent shall be disbursed to the Vermont Center for
16	Geographic Information;
17	(B) 70 percent shall be disbursed to the Secretary of Commerce and
18	Community Development for performance contracts with regional planning
19	commissions to provide regional planning services pursuant to section 4341a
20	of this title; and
21	(C) 20 percent shall be disbursed to municipalities.

1	* * *
2	(d) New funds allocated to municipalities under this section may take the
3	form of special purpose grants in accordance with section 4307 of this title.
4	Sec. 2. 24 V.S.A. § 4307 is added to read:
5	§ 4307. MUNICIPAL BYLAW MODERNIZATION GRANTS
6	(a) There is created Municipal Bylaw Modernization Grants to assist
7	municipalities in updating their land use and development bylaws. Bylaws
8	updated under this section shall increase housing choice and opportunity in
9	smart growth areas. The Grants shall be funded by monies allocated from the
10	municipality allocation of the Municipal and Regional Planning Funds
11	established in subdivision 4306 (a)(3)(C) of this title and any other monies
12	appropriated for this purpose.
13	(b) Disbursement to municipalities shall be administered by the
14	Department of Housing and Community Development through a competitive
15	process providing the opportunity for all regions and any eligible municipality
16	to compete regardless of size.
17	(c) Funds may be disbursed by the Department in installments to ensure the
18	municipal bylaw updates meet the goals of this section.
19	(d) Funding may be used for mapping, the cost of regional planning
20	commission staff or consultant time, carrying out the provisions of

1	subchapters 5 through 10 of this chapter, and any other purpose approved by
2	the Department.
3	(e) To be eligible for funds, a municipality shall adopt by laws that support
4	a neighborhood development pattern that is pedestrian oriented and consistent
5	with smart growth principles established in section 2791 of this title. The
6	municipality shall commit to adopting bylaws that increase housing choice and
7	opportunity in unconstrained water and sewer service areas that are located
8	outside important natural resource areas and are located outside identified
9	flood hazard areas and river corridors or are suitable for infill development as
10	defined in §§ 29–201 of the Vermont Flood Hazard Area and River Corridor
11	Rule.
12	(f) To receive the grant, the municipality shall:
13	(1) identify water and sewer infrastructure, constrained water and sewer
14	service areas, and the constraints on that infrastructure;
15	(2) allow duplexes within smart growth areas to the same extent that
16	single-family dwellings are allowed;
17	(3) require parking waiver provisions in appropriate smart growth areas
18	and situations;
19	(4) review and modify street standards that implement the complete
20	streets principles as described in 19 V.S.A. § 309d and that are oriented to
21	pedestrians; and

1	(5) adopt dimensional, use, parking, and other standards that allow
2	compact neighborhood form and support walkable lot and unit density, which
3	may be achieved with a standard allowing at least four units per acre with site
4	and building design standards or minimum lot sizes of at least one-quarter of
5	an acre or by other means established in guidelines issued by the Department.
6	(g) On or before September 1, 2021, the Department shall adopt guidelines
7	to assist municipalities applying for grants under this section.
8	Sec. 3. APPROPRIATION; MUNICIPAL BYLAW MODERNIZATION
9	The sum of \$500,000.00 is appropriated to the Department of Housing and
10	Community Development from the General Fund in fiscal year 2022 for the
11	Municipal Bylaw Modernization Grants in accordance with 24 V.S.A. § 4307.
12	Any funds not allocated as grants under 24 V.S.A. § 4307 by July 1, 2023 shall
13	be returned to the General Fund.
14	Sec. 4. APPROPRIATION; TRAINING AND PERMITTING ASSISTANCE
15	The sum of \$100,000.00 is appropriated to the Department of Housing and
16	Community Development from the General Fund in fiscal year 2022 to provide
17	training and assistance in navigating the development of accessory dwelling
18	units and small-scale and infill housing. Any funds not used under this section
19	by July 1, 2023 shall be returned to the General Fund.

1	* * * Tax Credits * * *
2	Sec. 5. 32 V.S.A. § 5930aa is amended to read:
3	§ 5930aa. DEFINITIONS
4	As used in this subchapter:
5	(1) "Qualified applicant" means an owner or lessee of a qualified
6	building involving a qualified project, but does not include a State or federal
7	agency or a political subdivision of either; or an instrumentality of the United
8	States.
9	(2) "Qualified building" means a building built at least 30 years before
10	the date of application, located within a designated downtown or, village
11	center, or neighborhood development area, which, upon completion of the
12	project supported by the tax credit, will be an income-producing building not
13	used solely as a single-family residence. Churches and other buildings owned
14	by religious organization may be qualified buildings, but in no event shall tax
15	credits be used for religious worship.
16	(3) "Qualified code improvement project" means a project:
17	(A) to install or improve platform lifts suitable for transporting
18	personal mobility devices, limited use or limited application elevators,
19	elevators, sprinkler systems, and capital improvements in a qualified building,
20	and the installations or improvements are required to bring the building into
21	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, or neighborhood
14	development area. Façade improvements to qualified buildings listed, or
15	eligible for listing, in the State or National Register of Historic Places must be
16	consistent with Secretary of the Interior Standards, as determined by the
17	Vermont Division for Historic Preservation.
18	* * *

1	Sec. 6. 32 V.S.A. § 5930ee is amended to read:
2	§ 5930ee. LIMITATIONS
3	Beginning in fiscal year 2010 and thereafter, the State Board may award tax
4	credits to all qualified applicants under this subchapter, provided that:
5	(1) the total amount of tax credits awarded annually, together with sales
6	tax reallocated under section 9819 of this title, does not exceed \$3,000,000.00.
7	<u>\$4,750,000.00;</u>
8	* * *
9	Sec. 7. 24 V.S.A. § 2793a is amended to read:
10	§ 2793a. DESIGNATION OF VILLAGE CENTERS BY STATE BOARD
11	* * *
12	(c) A village center designated by the State Board pursuant to
13	subsection (a) of this section is eligible for the following development
14	incentives and benefits:
15	* * *
16	(4) The following State tax credits for projects located in a designated
17	village center:
18	(A) A State historic rehabilitation tax credit of ten percent under
19	32 V.S.A. § 5930cc(a) that meets the requirements for the federal rehabilitation
20	tax credit.

1	(B) A State façade improvement tax credit of 25 percent under
2	32 V.S.A. § 5930cc(b).
3	(C) A State code improvement tax credit of 50 percent under
4	32 V.S.A. § 5930cc(c) The Downtown and Village Center Tax Credit Program
5	described in 32 V.S.A. § 5930aa et seq.
6	* * *
7	Sec. 8. 24 V.S.A. § 2793e is amended to read:
8	§ 2793e. NEIGHBORHOOD PLANNING AREAS; DESIGNATION OF
9	NEIGHBORHOOD DEVELOPMENT AREAS
10	* * *
11	(f) Neighborhood development area incentives for developers. Once a
12	municipality has a designated neighborhood development area or has a
13	Vermont neighborhood designation pursuant to section 2793d of this title, any
14	proposed development within that area shall be eligible for each of the benefits
15	listed in this subsection. These benefits shall accrue upon approval by the
16	district coordinator, who shall review the density requirements set forth in
17	subdivision (c)(7) of this section to determine benefit eligibility and issue a
18	jurisdictional opinion under 10 V.S.A. chapter 151 on whether the density
19	requirements are met. These benefits are:
20	(1) The <u>the</u> application fee limit for wastewater applications stated in
21	3 V.S.A. § 2822(j)(4)(D) .;

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1	(2) The the application fee reduction for residential development stated
2	in 10 V.S.A. § 6083a(d)- <u>:</u>
3	(3) The the exclusion from the land gains tax provided by 32 V.S.A.
4	§ 10002(p)- <u>: and</u>
5	(4) eligibility for the Downtown and Village Center Tax Credit Program
6	described in 32 V.S.A. § 5930aa et seq.
7	* * *
8	Sec. 9. 24 V.S.A. § 2794 is amended to read:
9	§ 2794. INCENTIVES FOR PROGRAM DESIGNEES
10	(a) Upon designation by the Vermont Downtown Development Board
11	under section 2793 of this title, a downtown development district and projects
12	in a downtown development district shall be eligible for the following:
13	(1) Priority consideration by any agency of the State administering any
14	State or federal assistance program providing funding or other aid to a
15	municipal downtown area with consideration given to such factors as the costs
16	and benefits provided and the immediacy of those benefits, provided the
17	project is eligible for the assistance program.
18	(2) The following State tax credits:
19	(A) A State historic rehabilitation tax credit of 10 percent under
20	32 V.S.A. § 5930cc(a) that meets the requirements for the federal rehabilitation
21	tax credit.

1	(B) A State façade improvement tax credit of 25 percent under
2	32 V.S.A. § 5930cc(b).
3	(C) A State code improvement tax credit of 50 percent under
4	32 V.S.A. § 5930cc(c) The Downtown and Village Center Tax Credit Program
5	described in 32 V.S.A. § 5930aa et seq.
6	* * *
7	* * * Wastewater Connection Permits * * *
8	Sec. 10. 10 V.S.A. § 1974 is amended to read:
9	§ 1974. EXEMPTIONS
10	Notwithstanding any other requirements of this chapter, the following
11	projects and actions are exempt:
12	* * *
13	(9) A project completed by a person who receives an authorization from
14	a municipality that administers a program registered with the Secretary
15	pursuant to section 1983 of this title.
16	Sec. 11. 10 V.S.A. § 1983 is added to read:
17	§ 1983. REGISTRATION FOR MUNICIPAL WASTEWATER SYSTEM
18	AND POTABLE WATER SUPPLY CONNECTIONS
19	(a) A municipality may issue an authorization for a connection or an
20	existing connection with a change in use to the municipal sanitary sewer
21	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 that serves a single connection; and
11	(B) a water service line that connects to the water main that serves a
12	single connection.
13	(3) The building or structure authorized under this section connects to
14	both the sanitary sewer collection line and public community water system.
15	(4) The authorizations from the municipality comply with the technical
16	standards for sanitary sewer service lines and water service lines in the
17	Wastewater System and Potable Water Supply Rules.
18	(5) The municipality requires documentation in the land records that the
19	connection authorized by the municipality was installed in accordance with the
20	technical standards.

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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 registration. The municipality shall provide all authorizations
5	and plans to the Secretary as a part of this termination notice.
6	* * * Effective Date * * *
7	Sec. 12. EFFECTIVE DATE

This act shall take effect on July 1, 2021.

8

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