

S.226 Summary Table

<u>Section</u>	<u>Summary</u>
Secs. 1-6. Housing; Permit Reform	<p>Sec. 1 is a Findings section.</p> <p>Sec. 2 amends 24 V.S.A. § 2793e, the statute that sets the requirements for the Neighborhood Development Areas (NDAs). This section would allow multiple towns to file joint applications for NDAs. It allows NDAs to include areas in flood hazard areas if they are suitable for infill development as defined under ANR’s rule. If the NDA does include flood hazard areas, the local bylaws must contain provisions consistent with ANR’s model Flood Hazard and River Corridor bylaws. It strikes the requirement that NDAs to have either a municipal sewer or an approved community or alternative wastewater system. It requires that an NDA have a density of 4 residential units of any kind within its zoning districts.</p> <p>Sec. 3 amends 24 V.S.A. § 2793b, the statute that sets the requirements for designated New Town Centers. It requires that a New Town Center have a density of 4 residential units of any kind within its zoning districts.</p> <p>Sec. 4 amends 24 V.S.A. § 4449. No municipal land use permit for a site plan or conditional use shall expire in less than two years.</p> <p>Sec. 5 amends 10 V.S.A. § 6001, the definition section of Act 250. It changes the cap on the number of priority housing project units that are exempt from Act 250, from 25 to 50, in towns with a population of less than 3,000 people. It also changes the definition of mixed income housing, so the calculation of affordable housing units is adjusted based on number of bedrooms.</p>

	<p>It expands the definition of priority housing projects in neighborhood development areas to included “mixed use” development.</p> <p>Sec. 6 amends 10 V.S.A. § 6081, the exemption section of Act 250. It simplifies the exemption for priority housing projects so that no permit or permit amendment is needed, including for permits on existing projects that will include priority housing projects.</p>
Sec. 7. First-generation homebuyers	Sec. 7 provides that within the Down Payment Assistance Program, VHFA may reserve funding and adopt guidelines to provide grants to first-time homebuyers who are also first-generation homebuyers.
Sec. 8. Manufactured Home Relocation Incentive Program	<p>Sec. 8 appropriates \$5m in ARPA funds for grants for various purposes to support manufactured housing and mobile home parks:</p> <ul style="list-style-type: none"> (1) \$3m for small-scale capital grants (2) \$1m for home repair grants (3) \$1m for foundation grants
Sec. 9. Affordable housing tax credit; manufactured housing	Sec. 9. increases the annual allocation for the affordable housing tax credit from \$425k to \$675k and provides that \$250k shall be used for manufactured housing purchase and replacement
Sec. 10. VHCB; Large Employer Housing; Commercial Property Conversion; Community Partnership for Neighborhood Development	Sec. 10 authorizes VHCB to use up to \$5m to fund grants for large employer housing matching grants, commercial property conversion matching grants, and a multi-agency coordination plan for neighborhood development.

<p>Secs. 11-13 Municipal Bylaw Grants</p>	<p>Sec. 11 amends 24 V.S.A. § 4306, the section that establishes the Municipal and Regional Planning Fund. It amends the existing Municipal Grant program to allow some of the funds to go to the new grants established in Sec. 12. § 4306 already has grant program to give municipalities funds for municipal planning projects, which DHCD administers. The program is broad and projects can range from developing a town plan to adopting new permanent or temporary bylaws or updating bylaws. It also amends 24 V.S.A. § 4306 to allow DHCD to use up to 10% of funds to administer the grant programs.</p> <p>Sec. 12 adds a new section, 24 V.S.A. § 4307. The Municipal Bylaw Modernization Grant Program is created to provide towns with funding to modernize their bylaws to increase housing density and opportunity. The grants shall be administered by DHCD, which shall issue guidelines on the grant applications by Sept. 1, 2022. These grants are more specific than the existing grants. They require that a town seek to update their bylaws in smart growth areas to increase density.</p> <p>Sec. 13 is an appropriation. It appropriates \$650,000 for the Municipal Bylaw Modernization Grants.</p>
<p>Secs. 14-20 Tax Credits</p>	<p>Sec. 14 amends 32 V.S.A. § 5930ee which sets the cap on the amount of tax credits that can be granted every year in the Downtown and Village Center Tax Credit Program. It raises the cap from \$3,000,000 to \$5,000,000, and adds that up to \$1,000,000 can be used on tax credits for NDAs.</p> <p>Secs. 15-20 Expands the existing Downtown and Village Center Tax credit program to include NDAs. This is an existing tax credit program with different tax credits available: tax credits for code improvement projects, façade improvement projects, and rehabilitation projects. Qualified buildings may apply for the any or all of the three tax credits. Qualified buildings are defined as buildings that are at least 30 yrs old, income producing, not used solely as a single-family residence, and located in either a designated downtown or village center.</p>

Sec. 15 amends 32 V.S.A. § 5930aa. It adds “neighborhood development area” to the definition section of the Downtown and Village Center Tax credit program so that buildings (that meet the definition of qualified building) located within NDAs are eligible for the tax credits. It also adds “Qualified Flood Mitigation Project” as a new type of project eligible for a tax credit under this program.

Sec. 16 amends 32 V.S.A. § 5930bb. It puts a sunset of July 1, 2027 on the tax credits available to projects in neighborhood development areas.

Sec. 17 amends 24 V.S.A. § 2793a the section establishing Designated Village Centers. This is section is a technical correction. It does not change any law. Under the subsection listing the incentives for designated village centers, it condenses the references to the individual tax credits in the Downtown and Village Center Tax Credit Program into a single reference.

Sec. 18 amends 24 V.S.A. §2793e (the section establishing Neighborhood Development Areas). It adds the Downtown and Village Center Tax credit program to the list of incentives for NDAs.

Sec. 19 amends 24 V.S.A. § 2794 (the section establishing Designated Downtowns). This is section is a technical correction. It does not change any law. Under the subsection listing the incentives for designated downtowns it condenses the references to the individual tax credits in the Downtown and Village Center Tax Credit Program into a single reference.

Sec. 20 amends 32 V.S.A. § 5930cc, the Downtown and Village Center Tax credit program. It creates the Flood Mitigation Tax Credit and allows qualified flood mitigation projects to receive tax credits up to \$75,000.

Secs. 21-22 Wastewater Connection Permits	<p>Secs. 21-22 would allow towns to register with ANR to issue authorizations for wastewater permits, in lieu of the ANR permit.</p> <p>Sec. 21 amends 10 V.S.A. § 1973. It exempts a project that receives a wastewater connection permit from the municipality from needing a State permit.</p> <p>Sec. 22 adds 10 V.S.A. § 1984. It adds a new section that states that a municipality may authorize a structure to connect to municipal water and sewer without obtaining an ANR potable water supply and wastewater system permit if the municipality meets the requirements listed in this section.</p>
Sec. 23 ADUs	Sec. 23 amends 24 V.S.A. § 4414 to prevent towns from requiring more than one parking space per bedroom for ADUs.
Sec. 24. Missing Middle Income Home Ownership Development Program	Sec. 24 appropriates \$15,000,000 through DHCD to VHFA to create a program that will provide subsidies for new construction or acquisition and substantial rehabilitation of owner-occupied homes for income-eligible buyers
Secs. 25-30 Residential Construction Contractors	Secs. 25-30 create a registration and certification framework for residential construction contractors within the Office of Professional Regulation
Secs. 31-32. Rental Housing Health and Safety and Affordable Housing Investments	<p>Sec. 31 provides that an ADU created through the Vermont Rental Housing Investment Program cannot be used as a short-term rental and authorizes a grant of up to \$50k for ADUs</p> <p>Sec. 32 directs DHCD to use up to 20 percent of the VRHIP funding to assist homeowners in creating new ADUs.</p>