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S.100

Introduced by Committee on Economic Development, Housing and General

Affairs

Date: February 23, 2023

Subject: Housing; land use; municipal zoning; Act 250; Human Rights

Commission

Statement of purpose of bill as introduced: This bill proposes to increase the supply of affordable housing in this State, promote homeownership, and broaden housing opportunities for Vermonters.

An act relating to housing opportunities made for everyone

It is hereby enacted by the General Assembly of the State of Vermont:

* * * Municipal Zoning * * *

Sec. 1. 24 V.S.A. § 4414 is amended to read:

§ 4414. ZONING; PERMISSIBLE TYPES OF REGULATIONS

* * *

(4) Parking and loading facilities. A municipality may adopt provisions setting forth standards for permitted and required facilities for off-street parking and loading, which may vary by district and by uses within each district. For residential uses, a municipality shall not require more than one

1 parking space per dwelling unit or accessory dwelling unit. However, a
2 municipality may require 1.5 parking spaces per dwelling unit if the
3 development is located more than one-quarter of a mile away from public
4 parking or the need for parking cannot be reasonably met through the use of
5 on-street parking, public parking, or shared parking. Municipalities may round
6 up to the nearest whole parking space. These bylaws may also include
7 provisions covering the location, size, design, access, landscaping, and
8 screening of those facilities. In determining the number of parking spaces for
9 nonresidential uses and size of parking spaces required under these regulations,
10 the appropriate municipal panel may take into account the existence or
11 availability of employer “transit pass” and rideshare programs, public transit
12 routes, and public parking spaces in the vicinity of the development.
13 ~~However, a municipality shall not require an accessory dwelling unit to have~~
14 ~~more than one parking space per bedroom.~~

15 * * *

16 Sec. 2. 24 V.S.A. § 4412 is amended to read:

17 § 4412. REQUIRED PROVISIONS AND PROHIBITED EFFECTS

18 Notwithstanding any existing bylaw, the following land development
19 provisions shall apply in every municipality:

20 (1) Equal treatment of housing and required provisions for affordable
21 housing.

1 * * *

2 (D) Bylaws shall designate appropriate districts and reasonable
3 regulations for multiunit or multifamily dwellings. No bylaw shall have the
4 effect of excluding these multiunit or multifamily dwellings from the
5 municipality. In any district that allows year-round residential development,
6 duplexes shall be an allowed use with the same dimensional standards as a
7 single-unit dwelling. In any district that is served by municipal sewer and
8 water infrastructure that allows residential development, multiunit dwellings
9 with four or fewer units shall be an allowed use.

10 (E) Except for flood hazard and fluvial erosion area bylaws adopted
11 pursuant to section 4424 of this title, no bylaw shall have the effect of
12 excluding as a permitted use one accessory dwelling unit that is located within
13 or appurtenant to a single-family dwelling on an owner-occupied lot. A bylaw
14 may ~~shall~~ require a single-family dwelling with an accessory dwelling unit to
15 be subject to the same review, dimensional, or other controls as required for a
16 single-family dwelling without an accessory dwelling unit. The criteria for
17 conversion of an existing detached nonresidential building to habitable space
18 for an accessory dwelling unit shall not be more restrictive than the criteria
19 used for a single-family dwelling without an accessory dwelling unit. An
20 “accessory dwelling unit” means a distinct unit that is clearly subordinate to a
21 single-family dwelling, and has facilities and provisions for independent

1 living, including sleeping, food preparation, and sanitation, provided there is
2 compliance with all the following:

3 (i) The property has sufficient wastewater capacity.

4 (ii) The unit does not exceed 30 percent of the total habitable floor
5 area of the single-family dwelling or 900 square feet, whichever is greater.

6 * * *

7 (H) No bylaw shall have the effect of prohibiting or penalizing a
8 hotel from renting rooms to provide housing assistance through the State of
9 Vermont's General Assistance program, or to any person whose room is rented
10 with public funds. The term "hotel" has the same meaning as in 32 V.S.A.
11 9202(3).

12 * * *

13 (12) In any district served by municipal sewer and water infrastructure
14 that allows residential development, bylaws shall establish lot and building
15 dimensional standards that allow ~~four~~ five or more dwelling units per acre for
16 each allowed residential use, and density standards for multiunit dwellings
17 shall not be more restrictive than those required for single-family dwellings.

18 (13) In any district served by municipal sewer and water infrastructure that
19 allows residential development, any mixed-use developments and affordable
20 housing developments, as defined in subdivision 4303(2) of this title, may
21 exceed building height limitations by one additional habitable floor beyond the

1 maximum height, and using that additional floor may exceed density
2 limitations for residential developments by an additional 40 percent, provided
3 that the structure complies with the Vermont Fire and Building Safety Code.

4 (14) No bylaw shall have the effect of limiting the square footage of a
5 duplex that otherwise complies with the applicable building code.

6 (15)(A) As used in this section, an area “served by municipal water and
7 sewer infrastructure” means:

8 (i) that residential connections and expansions are available to
9 municipal water and direct and indirect discharge wastewater systems and not
10 prohibited by:

11 (I) State regulations or permits;

12 (II) identified capacity constraints; or

13 (III) municipally adopted service and capacity agreements; or

14 (ii) areas established by the municipality by ordinance or bylaw

15 that:

16 (I) exclude flood hazard or inundation areas as established by
17 statute, river corridors or fluvial erosion areas as established by statute,
18 shorelands, and wherever year-round residential development is not allowed;

19 (II) reflect identified service limits established by State
20 regulations or permits, identified capacity constraints, or municipally adopted
21 service and capacity agreements;

1 (III) exclude areas served by water and sewer to address an
2 identified community-scale public health hazard or environmental hazard;

3 (IV) exclude areas serving a mobile home park that is not
4 within an area planned for year-round residential growth;

5 (V) exclude areas serving an industrial site or park;

6 (VI) exclude areas where service lines are located to serve the
7 areas described in subdivisions (III)–(V) of this subdivision (ii), but no
8 connections or expansions are permitted; or

9 (VII) modify the zoning provisions allowed under this chapter
10 in areas served by indirect discharge designed for less than 100,000 gallons per
11 day.

12 (B) Municipally adopted areas served by municipal water and sewer
13 infrastructure that limit water and sewer connections and expansions shall not
14 result in the unequal treatment of housing by discriminating against a year-
15 round residential use or housing type otherwise allowed in this chapter.

16 Sec. 3. 24 V.S.A. § 4413 is amended to read:

17 § 4413. LIMITATIONS ON MUNICIPAL BYLAWS

18 (a)(1) The following uses may be regulated only with respect to location,
19 size, height, building bulk, yards, courts, setbacks, density of buildings, off-
20 street parking, loading facilities, traffic, noise, lighting, landscaping, and

1 screening requirements, and only to the extent that regulations do not have the
2 effect of interfering with the intended functional use:

3 (A) State- or community-owned and ~~operated~~ operated institutions
4 and facilities;

5 (B) public and private schools and other educational institutions
6 certified by the Agency of Education;

7 (C) churches and other places of worship, convents, and parish
8 houses;

9 (D) public and private hospitals;

10 (E) regional solid waste management facilities certified under 10
11 V.S.A. chapter 159;

12 (F) hazardous waste management facilities for which a notice of
13 intent to construct has been received under 10 V.S.A. § 6606a; and

14 (G) emergency shelters.

15 (2) Except for State-owned and -operated institutions and facilities, a
16 municipality may regulate each of the land uses listed in subdivision (1) of this
17 subsection for compliance with the National Flood Insurance Program and for
18 compliance with a municipal ordinance or bylaw regulating development in a
19 flood hazard area or river corridor, consistent with the requirements of
20 subdivision 2291(25) and section 4424 of this title. These regulations shall not
21 have the effect of interfering with the intended functional use.

1 Sec. 5. 24 V.S.A. § 4441 is amended to read:

2 § 4441. PREPARATION OF BYLAWS AND REGULATORY TOOLS;

3 AMENDMENT OR REPEAL

4 * * *

5 (c) When considering an amendment to a bylaw, the planning commission
6 shall prepare and approve a written report on the proposal. A single report
7 may be prepared so as to satisfy the requirements of this subsection concerning
8 bylaw amendments and subsection 4384(c) of this title concerning plan
9 amendments. ~~The Department of Housing and Community Development shall~~
10 ~~provide all municipalities with a form for this report.~~ The report shall provide
11 a brief explanation of the proposed bylaw, amendment, or repeal and shall
12 include a statement of purpose as required for notice under section 4444 of this
13 title, and shall include findings regarding how the proposal:

14 (1) ~~Conforms~~ conforms with or furthers the goals and policies contained
15 in the municipal plan, including the effect of the proposal on the availability of
16 safe and affordable housing, ~~and sections 4412, 4413, and 4414 of this title;~~

17 (2) ~~Is~~ is compatible with the proposed future land uses and densities of
18 the municipal plan; ~~and~~

19 (3) ~~Carries~~ carries out, as applicable, any specific proposals for any
20 planned community facilities.

21 * * *

1 (h) Upon adoption or amendment of a bylaw, the planning commission
2 shall prepare an adoption report in form and content provided by the
3 Department of Housing and Community Development that:

4 (1) demonstrates conformity with sections 4412, 4413, and 4414 of this
5 title; and

6 (2) provides information on the municipal application of subchapters 7
7 (bylaws), 9 (administration), and 10 (panels) of this chapter for the Municipal
8 Planning Data Center and the prospective development of a statewide zoning
9 atlas.

10 ~~Sec. 6-24 V.S.A. § 4465 is amended to read:~~

11 ~~§ 4465. APPEALS OF DECISIONS OF THE ADMINISTRATIVE OFFICER~~

12 ~~(a) An interested person may appeal any decision or act taken by the~~
13 ~~administrative officer in any municipality by filing a notice of appeal with the~~
14 ~~secretary of the board of adjustment or development review board of that~~
15 ~~municipality or with the clerk of that municipality if no such secretary has~~
16 ~~been elected. This notice of appeal must be filed within 15 days of following~~
17 ~~the date of that decision or act, and a copy of the notice of appeal shall be filed~~
18 ~~with the administrative officer.~~

19 ~~(b) For the purposes of As used in this chapter, an “interested person”~~

20 ~~means any one of the following.~~

1 ~~(1) A person owning title to property, or a municipality or solid waste~~
2 ~~management district empowered to condemn it or an interest in it, affected by~~
3 ~~a bylaw, who alleges that the bylaw imposes on the property unreasonable or~~
4 ~~inappropriate restrictions of present or potential use under the particular~~
5 ~~circumstances of the case.~~

6 (2) The municipality that has a plan or a bylaw at issue in an appeal
7 brought under this chapter or any municipality that adjoins that municipality.

8 (3) A person owning or occupying property in the immediate
9 neighborhood of a property that is the subject of any decision or act taken
10 under this chapter, who can demonstrate a physical or environmental impact
11 on the person's interest under the criteria reviewed, and who alleges that the
12 decision or act, if confirmed, will not be in accord with the policies, purposes,
13 or terms of the plan or bylaw of that municipality.

14 ~~(4) Any ten persons who may be any combination of voters or real~~
15 ~~property owners within a municipality listed in subdivision (2) of this~~
16 ~~subsection who, by signed petition to the appropriate municipal panel of a~~
17 ~~municipality, the plan or a bylaw of which is at issue in any appeal brought~~
18 ~~under this title, allege that any relief requested by a person under this title, if~~
19 ~~granted, will not be in accord with the policies, purposes, or terms of the plan~~
20 ~~or bylaw of that municipality. This petition to the appropriate municipal panel~~

1 ~~must designate one person to serve as the representative of the petitioners~~
2 ~~regarding all matters related to the appeal.~~

3 (5) Any department and administrative subdivision of this State owning
4 property or any interest in property within a municipality listed in subdivision
5 (2) of this subsection, and the Agency of Commerce and Community
6 Development of this State.

7 ~~_____~~
Sec. 6. 24 V.S.A. § 4465 is amended to read:

§ 4465. APPEALS OF DECISIONS OF THE ADMINISTRATIVE OFFICER

(a) An interested person may appeal any decision or act taken by the administrative officer in any municipality by filing a notice of appeal with the secretary of the board of adjustment or development review board of that municipality or with the clerk of that municipality if no such secretary has been elected. This notice of appeal must be filed within 15 days of following the date of that decision or act, and a copy of the notice of appeal shall be filed with the administrative officer.

(b) For the purposes of As used in this chapter, an "interested person" means any one of the following:

(1) A person owning title to property, or a municipality or solid waste management district empowered to condemn it or an interest in it, affected by a bylaw, who alleges that the bylaw imposes on the property unreasonable or inappropriate restrictions of present or potential use under the particular circumstances of the case.

(2) The municipality that has a plan or a bylaw at issue in an appeal brought under this chapter or any municipality that adjoins that municipality.

(3) A person owning or occupying property in the immediate neighborhood of a property that is the subject of any decision or act taken under this chapter, who can demonstrate a physical or environmental impact on the person's interest under the criteria reviewed, and who alleges that the decision or act, if confirmed, will not be in accord with the policies, purposes, or terms of the plan or bylaw of that municipality.

(4) Any ~~ten~~ 10 persons who allege a common injury to a particularized interest protected by this chapter, who may be any combination of voters or real property owners within a municipality listed in subdivision (2) of this subsection who, by signed petition to the appropriate municipal panel of a municipality, the plan or a bylaw of which is at issue in any appeal brought under this title, allege that any relief requested by a person under this title, if granted, will not be in accord with the policies, purposes, or terms of the plan or bylaw of that municipality. For purposes of this subdivision, a particularized interest shall not include the character of the area affected. This petition to the appropriate municipal panel must designate one person to serve as the representative of the petitioners regarding all matters related to the appeal.

(5) Any department and administrative subdivision of this State owning property or any interest in property within a municipality listed in subdivision (2) of this subsection, and the Agency of Commerce and Community Development of this State.

* * *

* * * Subdivisions * * *

1 Sec. 7. 24 V.S.A. § 4463 is amended to read:

2 § 4463. SUBDIVISION REVIEW

3 (a) Approval of plats. Before ~~any~~ a plat for a subdivision is approved, a
4 public hearing on the plat ~~shall~~ may be held by the appropriate municipal panel
5 after public notice. A bylaw may provide for when a public hearing is
6 required. A copy of the notice shall be sent to the clerk of an adjacent
7 municipality, in the case of a plat located within 500 feet of a municipal
8 boundary, at least 15 days prior to the public hearing.

9 (b) Plat; record. The approval of the appropriate municipal panel or
10 administrative officer, if the bylaws provide for their approval of subdivisions,
11 shall expire 180 days from that approval or certification unless, within that

1 180-day period, that plat shall have been duly filed or recorded in the office of
2 the clerk of the municipality. After an approved plat or certification by the
3 clerk is filed, no expiration of that approval or certification shall be applicable.

4 (1) The bylaw may allow the administrative officer to extend the date
5 for filing the plat by an additional 90 days, if final local or State permits or
6 approvals are still pending.

7 (2) No plat showing a new street or highway may be filed or recorded in
8 the office of the clerk of the municipality until it has been approved by the
9 appropriate municipal panel, or administrative officer if allowed under the
10 bylaws, pursuant to subsection (a) of this section, and that approval is endorsed
11 in writing on the plat, or the certificate of the clerk of the municipality
12 showing the failure of the appropriate municipal panel to take action within the
13 45-day period is attached to the plat and filed or recorded with the plat. After
14 that filing or recording, the plat shall be a part of the official map of the
15 municipality.

16 * * *

17 Sec. 8. 24 V.S.A. § 4418 is amended to read:

18 § 4418. SUBDIVISION BYLAWS

19 * * *

20 (2) Subdivision bylaws may include:

1 (ii) require more parking spaces than the minimum as determined
2 in the municipal bylaws and in section 4414 of this title;

3 (iii) limit the building size to less than that allowed in the
4 municipal bylaws, including reducing the building footprint or height;

5 (iv) limit the density of dwelling units to below that allowed in the
6 municipal bylaws; and

7 (v) otherwise disallow a development to abide by the minimum or
8 maximum applicable municipal standards;

9 (B) However, a decision may require adjustments to the applicable
10 municipal standards listed in subdivision (A) of this subdivision (7) if the
11 panel or officer issues a written finding stating:

12 (i) why the modification is necessary to comply with a
13 prerequisite State or federal permit, municipal permit, or a nondiscretionary
14 standard in a bylaw or ordinance, including requirements related to wetlands,
15 setbacks, and flood hazard areas and river corridors; and

16 (ii) how the identified restrictions do not result in an unequal
17 treatment of housing or an unreasonable exclusion of housing development
18 otherwise allowed by the bylaws.

19 Sec. 11. 24 V.S.A. § 4348a is amended to read:

20 § 4348a. ELEMENTS OF A REGIONAL PLAN

1 (a) A regional plan shall be consistent with the goals established in section
2 4302 of this title and shall include the following:

3 * * *

4 (9) A housing element that identifies the regional and community-level
5 need for housing for all economic groups in the region and communities. In
6 establishing the identified need, due consideration shall be given to that will
7 result in an adequate supply of building code and energy code compliant
8 homes where most households spend not more than 30 percent of their income
9 on housing and no more than 15 percent on transportation. To establish
10 housing needs, the Department of Housing and Community Development shall
11 publish statewide and regional housing targets or ranges as part of the
12 Statewide Housing Needs Assessment. The regional planning commission
13 shall consult the Statewide Housing Needs Assessment; current and expected
14 demographic data; the current location, quality, types and cost of housing;
15 other local studies related to housing needs; and data gathered pursuant to
16 subsection 4382(c) of this title. If no such data has been gathered, the regional
17 planning commission shall gather it. The regional planning commission's
18 assessment shall estimate the total needed housing investments in terms of
19 price, quality, unit size or type, and zoning district as applicable and shall
20 disaggregate regional housing targets or ranges by municipality. The housing

1 element shall include a set of recommended actions to satisfy the established
2 needs.

3 * * *

4 Sec. 12. 24 V.S.A. § 4382 is amended to read:

5 § 4382. THE PLAN FOR A MUNICIPALITY

6 (a) A plan for a municipality ~~may~~ shall be consistent with the goals
7 established in section 4302 of this title and compatible with approved plans of
8 other municipalities in the region and with the regional plan and shall include
9 the following:

10 * * *

11 (10) A housing element that shall include a recommended program for
12 ~~addressing low and moderate income persons' public and private actions to~~
13 address housing needs as identified by the regional planning commission
14 pursuant to subdivision 4348a(a)(9) of this title. The program should include
15 specific actions to address the housing needs of persons with low income and
16 persons with moderate income and account for permitted accessory dwelling
17 units, as defined in subdivision 4412(1)(E) of this title, ~~which provide~~
18 affordable housing as well as any material impact of short-term rental units.

19 * * *

20 ~~* * * Energy Codes * * *~~

21 ~~Sec. 13. 24 V.S.A. § 3101(a) is amended to read.~~

1 ~~(a) The mayor and board of aldermen of a city, the selectboard of a town,~~
2 ~~or the trustees of an incorporated village, may, in accordance with this chapter,~~
3 ~~establish codes and regulations for the construction, maintenance, repair, and~~
4 ~~alteration of buildings and other structures within the municipality. Such~~
5 ~~codes and regulations may include provisions relating to building materials,~~
6 ~~structural design, passageways, stairways and exits, heating systems, fire~~
7 ~~protection procedures, and such other matters as may be reasonably necessary~~
8 ~~for the health, safety, and welfare of the public, but excluding electrical~~
9 ~~installations subject to regulation under 26 V.S.A. chapter 15. Any energy~~
10 ~~codes and regulations adopted after July 1, 2023 shall not be more restrictive~~
11 ~~than the Residential Building Energy Standards or the stretch code adopted~~
12 ~~under 30 V.S.A. § 51 or the Commercial Building Energy Standards adopted~~
13 ~~under 30 V.S.A. § 53, except where enabled by a municipal charter.~~
14 ~~Municipalities may enact more stringent local residential building energy~~
15 ~~standards only for homes that are larger than 1,800 square feet per unit if the~~
16 ~~municipality receives approval by the Department of Public Service that the~~
17 ~~municipality followed 30 V.S.A. § 51(c)(1) and (2). Municipalities may enact~~
18 ~~more stringent local commercial building energy standards only for homes that~~
19 ~~are larger than 1,800 square feet per unit, if the municipality receives approval~~
20 ~~by the Public Service Department that the municipality followed 30 V.S.A. §~~
21 ~~55(c)(1) and (2).~~

** * * Energy Codes * * **

Sec. 13. 24 V.S.A. § 3101(a) is amended to read:

(a) The mayor and board of aldermen of a city, the selectboard of a town, or the trustees of an incorporated village, may, in accordance with this chapter, establish codes and regulations for the construction, maintenance, repair, and alteration of buildings and other structures within the municipality. Such codes and regulations may include provisions relating to building materials, structural design, passageways, stairways and exits, heating systems, fire protection procedures, and such other matters as may be reasonably necessary for the health, safety, and welfare of the public, but excluding electrical installations subject to regulation under 26 V.S.A. chapter 15. Any energy codes and regulations adopted after July 1, 2023 shall not be more restrictive than the Residential Building Energy Standards or the stretch code adopted under 30 V.S.A. § 51 or the Commercial Building Energy Standards adopted under 30 V.S.A. § 53, except where enabled by a municipal charter.

1 ~~Sec. 14. APPROPRIATION~~

2 ~~The sum of \$750,000.00 is appropriated in fiscal year 2024 from the~~
3 ~~General Fund to the Municipal and Regional Planning Fund.~~

Sec. 14. [Deleted.]

4 ~~Sec. 15. HOUSING RESOURCE NAVIGATOR FOR REGIONAL~~

5 ~~PLANNING COMMISSIONS~~

6 ~~(a) The Vermont Association of Planning and Development Agencies shall~~
7 ~~hire Housing Resource Navigators to work with municipalities, regional and~~
8 ~~local housing organizations, and private developers to identify housing~~
9 ~~opportunities, match communities with funding resources, and provide project~~
10 ~~management support.~~

1 ~~(b) There is appropriated the sum of \$300,000.00 in fiscal year 2024 to the~~
2 ~~Vermont Association of Planning and Development Agencies for the purpose~~
3 ~~of hiring the Housing Navigators as described in subsection (a) of this section.~~

Sec. 15. [Deleted.]

4 ~~Act 250~~

5 Sec. 16. 10 V.S.A. § 6001 is amended to read:

6 § 6001. DEFINITIONS

7 * * *

8 (3)(A) "Development" means each of the following:

9 * * *

10 (iv) The construction of housing projects such as cooperatives,
11 condominiums, or dwellings, or construction or maintenance of mobile homes
12 or mobile home parks, with 40 25 or more units, constructed or maintained on
13 a tract or tracts of land, owned or controlled by a person, within a radius of
14 five miles of any point on any involved land and within any continuous period
15 of five years. However:

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

18 (aa) ~~[Repealed.]~~

19 (bb) ~~[Repealed.]~~

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

1 ~~(dd) 50 or more, in a municipality with a population of less~~
2 ~~than 6,000.~~

3 (ee) [Repealed.]

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

14 * * *

15 (xi) Notwithstanding subdivision (iv) of this subdivision (3)(A),
16 the construction of improvements in a designated area for a housing project or
17 mixed-use development, with 25 or more units, constructed or maintained on a
18 tract or tracts of land, owned or controlled by a person within any continuous
19 period of three months.

20 * * *

21 (D) The word "development" does not include:

1
2 (viii)(I) The construction of a priority housing project in a
3 municipality with a population of 10,000 or more.

4 * * *

5 (19)(A) "Subdivision" means each of the following:

6 * * *

7 (iv) A tract or tracts of land, owned or controlled by a person, that
8 the person has partitioned or divided for the purpose of resale into 15 or more
9 lots located within a designated neighborhood development area within any
10 continuous period of three months.

11 * * *

12 (35) "Priority housing project" means a discrete project located on a
13 single tract or multiple contiguous tracts of land that consists exclusively of
14 mixed income housing or mixed use, or any combination thereof, and is
15 located entirely within a designated downtown development district,
16 designated new town center, designated village center that has permanent
17 zoning and subdivision bylaws, designated growth center, or designated
18 neighborhood development area under 24 V.S.A. chapter 76A.

19
Sec. 16. 10 V.S.A. § 6001 is amended to read:

§ 6001. DEFINITIONS

* * *

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

** * **

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

** * **

(xi) Until July 1, 2026, the construction of housing projects such as cooperatives, condominiums, dwellings, or mobile homes, with 25 or more units, constructed or maintained on a tract or tracts of land, located entirely within a designated downtown development district, a designated neighborhood development area, or a designated growth center, owned or controlled by a person, within a radius of five miles of any point on any involved land and within any continuous period of five years.

** * **

(D) The word “development” does not include:

** * **

(viii)(I) The construction of a priority housing project in a municipality with a population of 10,000 or more.

(II) If the construction of a priority housing project in this subdivision (3)(D)(viii) involves demolition of one or more buildings that are listed or eligible to be listed on the State or National Register of Historic Places, this exemption shall not apply unless the Division for Historic Preservation has made the determination described in subdivision (A)(iv)(I)(ff) of this subdivision (3) and any imposed conditions are enforceable in the manner set forth in that subdivision.

(III) Notwithstanding any other provision of law to the contrary, until July 1, 2026, the construction of a priority housing project located entirely within a designated downtown development district, designated neighborhood development area, or a designated growth center.

** * **

Sec. 16a. 10 V.S.A. § 6086b is amended to read:

§ 6086b. DOWNTOWN DEVELOPMENT; FINDINGS; MASTER PLAN PERMITS

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

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

* * *

(b) Master plan permits.

(1) Any municipality within which a downtown development district or neighborhood development area has been formally designated pursuant to 24 V.S.A. chapter 76A may apply to the District Commission for a master plan permit for that area or any portion of that area pursuant to the rules of the Board. Municipalities making an application under this subdivision are not required to exercise ownership of or control over the affected property.

(2) Subsequent development of an individual lot within the area of the master plan permit that requires a permit under this chapter shall take the form of a permit amendment.

(3) In neighborhood development areas, subsequent master plan permit amendments may only be issued for development that is housing.

(4) In approving a master plan permit and amendments, the District Commission may include specific conditions that an applicant for an individual project permit will be required to meet.

(5) For a master plan permit issued pursuant to this section, an application for an amendment may use the findings issued in the master plan permit as a rebuttable presumption to comply within any applicable criteria under subsection 6086(a) of this title.

Sec. 16b. ACT 250 EXEMPTION REQUIREMENTS

In order to qualify for the exemptions established in 10 V.S.A. § 6001 (3)(A)(xi) and (3)(D)(viii)(III) and 10 V.S.A. § 6081(y), a person shall apply for a jurisdictional opinion under 10 V.S.A. § 6007 by July 1, 2026. The

jurisdictional opinion shall require the project to substantially complete construction by June 30, 2029 in order to remain exempt.

~~Sec. 17. 10 V.S.A. § 6081 is amended to read:~~

~~§ 6081. PERMITS REQUIRED; EXEMPTIONS~~

~~* * *~~

~~(p) No permit or permit amendment is required for a priority housing project in a designated center if the project remains below any applicable jurisdictional threshold specified in subdivision 6001(3)(A)(iv)(I) of this title.~~

~~* * *~~

~~(y) No permit amendment is required for the construction of improvements for 24 units or fewer of housing.~~

~~* * * Enhanced Village Centers * * *~~

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

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

~~* * *~~

~~(e)(1) A village center designated by the State Board pursuant to subsection (a) of this section is eligible to apply to the State Board to receive an enhanced designation. This enhanced designation allows a priority housing project with 50 or fewer units located entirely within the village center to be exempt from 10 V.S.A. chapter 151.~~

~~(2) To receive enhanced designation under this subsection, a village center shall have:~~

~~(A) duly adopted permanent zoning and subdivision bylaws;~~

~~(B) at least one of the following: municipal sewer infrastructure, a community or alternative wastewater system approved by the Agency of Natural Resources, or a public community water system; and~~

~~(C) adequate municipal staff to support coordinated comprehensive and capital planning, development review, and zoning administration.~~

~~Sec. 17a. 10 V.S.A. § 6081 is amended to read:~~

§ 6081. PERMITS REQUIRED; EXEMPTIONS

* * *

(y) Notwithstanding any other provision of law to the contrary, until July 1, 2026, no permit or permit amendment is required for a priority housing project with 50 or fewer units that is located entirely within a village center that has received enhanced designation under 24 V.S.A. § 2793a(e).

Sec. 17b. 24 V.S.A. § 2793e is amended to read:

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

* * *

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

* * *

(6) The neighborhood development area is served by at least one of the following:

(A) municipal sewer infrastructure;

(B) a community or alternative wastewater system approved by the Agency of Natural Resources; or

(C) a public community water system.

* * *

Sec. 17c. 2022 Acts and Resolves No. 182, Sec. 41 is amended to read:

Sec. 41. REPORT; NATURAL RESOURCES BOARD

(a) On or before December 31, 2023, the Chair of the Natural Resources Board shall report to the House Committees on Natural Resources, Fish, and Wildlife and on Ways and Means and the Senate Committees on Finance and on Natural Resources and Energy on necessary updates to the Act 250 program.

(b) The report shall include:

(1) How to transition to a system in which Act 250 jurisdiction is based on location, which shall encourage development in designated areas, the maintenance of intact rural working lands, and the protection of natural resources of statewide significance, including biodiversity. Location-based jurisdiction would adjust the threshold for Act 250 jurisdiction based on the characteristics of the location. This section of the report shall consider

1 (a) Application and approval. A municipality, by resolution of its
2 legislative body, may apply to the Natural Resources Board for an enhanced
3 designation for any designated area. The Natural Resources Board shall issue
4 an affirmative determination on finding that the municipality meets the
5 requirements of subsection (c) of this section.

6 (b) Enhanced designation requirements. To obtain an enhanced
7 designation under this section, a municipality must demonstrate that it has each
8 of the following:

9 (1) an approved designated area;

10 (2) municipal bylaws that are identical or are determined to be
11 consistent with the model bylaws written by the Natural Resources Board
12 pursuant to subsection (f) of this section;

13 (3) municipal bylaws that do not include broad exemptions excluding
14 significant private or public land development from requiring a municipal land
15 use permit; and

16 (4) adequate municipal staff to support coordinated comprehensive and
17 capital planning, development review, and zoning administration.

18 (c) Process for issuing enhanced designation.

19 (1) A preapplication meeting shall be held with Department staff to
20 review the program requirements. The meeting shall be held in the
21 municipality unless another location is agreed to by the municipality.

1 (2) An application by the municipality shall include the information and
2 analysis required by the Department’s guidelines established pursuant to
3 section 2792 of this title on how to meet the requirements of subsection (b) of
4 this section.

5 (3) The Department shall establish a procedure for submission of a draft
6 application that involves review and comment by all the parties to be noticed
7 in subdivision (4)(A) of this subsection and shall issue a preapplication memo
8 incorporating the comments to the applicant after receipt of a draft preliminary
9 application.

10 (4) After receipt of a complete final application, the Natural Resources
11 Board shall convene a public hearing in the municipality to consider whether
12 to issue a determination of enhanced designation under this section.

13 (A) Notice.

14 (i) At least 35 days in advance of the Natural Resources Board’s
15 meeting, the Department shall provide notice to the municipality and post it on
16 the Agency’s website.

17 (ii) The municipality shall publish notice of the meeting at least
18 30 days in advance of the Natural Resources Board’s meeting in a newspaper
19 of general circulation in the municipality, and deliver physically or
20 electronically, with proof of receipt or by certified mail, return receipt
21 requested to the Agency of Natural Resources; the State Downtown Board; the

1 Division for Historic Preservation; the Agency of Agriculture, Food and
2 Markets; the Agency of Transportation; the regional planning commission; the
3 regional development corporations; and the entities providing educational,
4 police, and fire services to the municipality.

5 (iii) The notice shall also be posted by the municipality in or near
6 the municipal clerk's office and in at least two other designated public places
7 in the municipality and on the websites of the municipality and the Agency of
8 Commerce and Community Development.

9 (iv) The municipality shall also certify in writing that the notice
10 required by subdivision (4)(A) of this subsection (c) has been published,
11 delivered, and posted within the specified time.

12 (B) No defect in the form or substance of any requirements of this
13 subsection (c) shall invalidate the action of the Natural Resources Board where
14 reasonable efforts are made to provide adequate posting and notice. However,
15 the action shall be invalid when the defective posting or notice was materially
16 misleading in content. If an action is ruled to be invalid by the Superior Court
17 or by the Natural Resources Board itself, the Department shall provide and the
18 municipality shall issue new posting and notice, and the Board shall hold a
19 new hearing and take a new action.

20 (5) The Natural Resources Board may recess the proceedings on any
21 application pending submission of additional information. The Board shall

1 close the proceedings promptly after all parties have submitted the requested
2 information.

3 (6) The Board shall issue its determination in writing. The
4 determination shall include explicit findings on each of the requirements in
5 subsection (b) of this section.

6 (d) Review of enhanced designation status.

7 (1) Initial determination of an enhanced designation may be made at any
8 time. Thereafter, review of the enhanced designation shall be concurrent with
9 the next periodic review of the underlying designated area.

10 (2) The Natural Resources Board, on its motion, may review
11 compliance with the enhanced designation requirements at more frequent
12 intervals.

13 (3) If at any time the Board determines that the enhanced designation
14 area no longer meets the standards for the designation, it shall take one of the
15 following actions:

16 (A) require corrective action within a reasonable time frame; or

17 (B) terminate the enhanced designation.

18 (4) If the underlying designation is terminated, the enhanced designation
19 also shall terminate.

20 (e) Appeal.

1 (1) An interested person may appeal any act or decision of the Board
2 under this section to the Environmental Division of the Superior Court within
3 30 days following the act or decision.

4 (2) As used in this section, an “interested person” means any one of the
5 following:

6 (A) a person owning a title to or occupying property within or
7 abutting the designated area;

8 (B) the municipality making the application or a municipality that
9 adjoins the municipality making the application; and

10 (C) the regional planning commission for the region that includes the
11 designated area or a regional planning commission whose region adjoins the
12 municipality in which the designated center is located.

13 (f) Model bylaws. The Natural Resources Board shall publish model
14 bylaws that may be adopted by a municipality seeking an enhanced
15 designation. These bylaws shall address all Act 250 criteria provided for in
16 10 V.S.A. § 6086(a)(1)–(10).

17 Sec. 20. 10 V.S.A. § 6001(45) is added to read:

18 (45) “Enhanced designation” means the process by which a designated
19 area demonstrates that it has satisfied the requirements of 24 V.S.A. § 2793f.
20 The term shall also refer to the resulting status.

21 Sec. 21. ENHANCED DESIGNATION BYLAW ADOPTION

1 this title and held in whole or in part by an eligible applicant as defined in 10
2 V.S.A. § 303(4) or the Vermont Housing Finance Agency.

3 * * * Road Disclosure * * *

4 Sec. 23. 27 V.S.A. § 617 is added to read:

5 § 617. DISCLOSURE OF CLASS 4 ROAD

6 (a) Disclosure of maintenance on class 4 highway. Any property owner
7 who sells property located on a class 4 highway or legal trail shall disclose to
8 the buyer that the municipality is not required to maintain the highway or trail
9 as described in 19 V.S.A. § 310.

10 (b) Marketability of title. Noncompliance with the requirements of this
11 section shall not affect the marketability of title of a property.

12 ~~*** Wastewater Connection Permits ***~~

13 Sec. 24. 10 V.S.A. § 1974 is amended to read:

14 § 1974. EXEMPTIONS

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

17 * * *

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

21 ~~Sec. 25. 10 V.S.A. § 1983 is added to read:~~

~~S.1082 AUTHORIZATION FOR MUNICIPAL WASTEWATER SYSTEM~~

AND POTABLE WATER SUPPLY CONNECTIONS

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

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

(2) The municipality shall only issue authorizations for:

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

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

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

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

1 ~~(5) The municipality requires documentation issued by a professional~~
2 ~~engineer or licensed designer that is filed in the land records that the~~
3 ~~connection authorized by the municipality was installed in accordance with the~~
4 ~~technical standards.~~

5 ~~(6) The municipality requires the authorization to be filed in the land~~
6 ~~records.~~

7 ~~(7) The municipality requires the retention of plans that show the~~
8 ~~location and design of authorized connections.~~

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

12 ~~(c) A municipality issuing an authorization under this section shall require~~
13 ~~the person to whom the authorization is issued to post notice of the~~
14 ~~authorization as part of the notice required for a permit issued under 24 V.S.A.~~
15 ~~§ 4449 or other bylaw authorized under this chapter.~~

**** Building Energy Code Study Committee ****

Sec. 24. FINDINGS

The General Assembly finds that:

(1) Vermont established the Residential Building Energy Standards (RBES) in 1997 and the Commercial Building Energy Standards (CBES) in 2007. The Public Service Department is responsible for adopting and updating these codes regularly but does not have the capacity to administer or enforce them.

(2) The RBES and CBES are mandatory, but while municipalities with building departments handle some aspects of review and inspection, there is no State agency or office designated to interpret, administer, and enforce them.

(3) The Division of Fire Safety in the Department of Public Safety is responsible for development, administration, and enforcement of building codes but does not currently have expertise or capacity to add administration or enforcement of energy codes in buildings.

(4) Studies in recent years show compliance with the RBES at about 54 percent and CBES at about 87 percent, with both rates declining. Both codes are scheduled to become more stringent with the goal of “net-zero ready” by 2030.

(5) In December 2022, the U.S. Department of Energy issued the Bipartisan Infrastructure Law: Resilient and Efficient Codes Implementation Funding Opportunity Announcement. The first \$45 million of a five-year \$225 million program is available in 2023. Vermont’s increased code compliance plans should include contingencies for this potential funding.

Sec. 25. ENERGY CODE COMPLIANCE; STUDY COMMITTEE

(a) Creation. There is created the Building Energy Code Study Committee to recommend strategies for increasing compliance with the Residential Building Energy Standards (RBES) and Commercial Building Energy Standards (CBES).

(b) Membership. The Committee shall have 15 members with applicable expertise, to include program design and implementation, building code administration and enforcement, and Vermont’s construction industry. The Speaker of the House shall appoint three members, including up to one legislator. The Committee on Committees shall appoint two members, including up to one legislator. The remaining members shall be the following:

(1) the Commissioner of Public Service, or designee;

(2) the Director of Fire Safety, or designee;

(3) a representative of Efficiency Vermont;

(4) a representative of American Institute of Architects–Vermont;

(5) a representative of the Vermont Builders and Remodelers Association;

(6) a representative the Burlington Electric Department;

(7) a representative of Vermont Gas Systems;

(8) a representative of the Association of General Contractors of Vermont;

(9) a representative of the Vermont League of Cities and Towns; and

(10) a representative from a regional planning commission.

(c) Powers and duties. The Committee shall consider and recommend strategies to increase awareness of and compliance with the RBES and CBES, including designation of the Division of Fire Safety (DFS) in the Department of Public Safety as the statewide authority having jurisdiction for administration, interpretation, and enforcement, in conjunction with DFS' existing jurisdiction, over building codes.

(d) Assistance. The Committee shall have the administrative, technical, and legal assistance of the Department of Public Service. The Department shall hire a third-party consultant to assist and staff the Committee which may be funded by monies appropriated by the General Assembly or any grant funding received.

(e) Report. On or before December 1, 2023, the Committee shall submit a written report to the General Assembly with its findings and recommendations for legislative action.

(f) Meetings.

(1) The Department of Public Service shall call the first meeting of the Committee to occur on or before July 15, 2023.

(2) The Committee shall elect a chair from among its members at the first meeting.

(3) A majority of the membership shall constitute a quorum.

(4) The final meeting shall be held on or before October 31, 2023. The Committee shall cease to exist on December 1, 2023.

(g) Compensation and reimbursement.

(1) For attendance at meetings during adjournment of the General Assembly, a legislative member of the Committee serving in the legislator's capacity as a legislator shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than six meetings.

(2) Other members of the Committee who are not otherwise compensated by their employer shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than six meetings.

(3) The payments under this subsection (g) shall be made from monies appropriated by the General Assembly or any grant funding received.

~~Sec. 25. STUDY COMMITTEE, APPROPRIATION~~

~~The sum of \$125,000.00 is appropriated from the General Fund to the Department of Public Service in fiscal year 2024 for the purpose of hiring the consultant described in Sec. 25(d) of this act and to pay the Committee member per diem compensation.~~

1 * * * ADU Jurisdiction * * *

2 Sec. 26. 20 V.S.A. § 2730 is amended to read:

3 § 2730. DEFINITIONS

4 (a) As used in this subchapter, “public building” means:

5 (1)(A) a building owned or occupied by a public utility, hospital, school,
6 house of worship, convalescent center or home for elders or persons who have
7 an infirmity or a disability, nursery, kindergarten, or child care;

8 * * *

9 (D) a building in which people rent accommodations, whether
10 overnight or for a longer term;

11 * * *

12 (b) The term “public building” does not include:

13 (1) An owner-occupied ~~single-family~~ single-family residence, unless
14 used for a purpose described in subsection (a) of this section.

15 * * *

16 (4) ~~A single-family~~ An owner-occupied single-family residence with an
17 accessory dwelling unit as permitted under 24 V.S.A. § 4412(1)(E), unless

1 rented overnight or for a longer term as described in subdivision (1)(D) of
2 subsection (a) of this section.

3 * * *

4 * * * Enforcement * * *

5 ~~Sec. 27. HUMAN RIGHTS COMMISSION; POSITION; APPROPRIATION~~

6 ~~(a) One new full-time, exempt litigator position is created in the Human~~
7 ~~Rights Commission to prosecute violations of Vermont's antidiscrimination~~
8 ~~laws, including the fair housing laws.~~

9 ~~(b) In fiscal year 2024, \$150,000.00 is appropriated from the General Fund~~
10 ~~to the Human Rights Commission for personal services related to the new~~
11 ~~litigator position.~~

Sec. 27. [Deleted.]

12 Sec. 28. 9 V.S.A. § 4507 is amended to read:

13 § 4507. CRIMINAL PENALTY

14 A person who violates a provision of this chapter shall be fined not more
15 than ~~\$1,000.00~~ \$10,000.00 per violation.

16 * * * Building Safety * * *

17 Sec. 29. VERMONT FIRE AND BUILDING SAFETY CODE; POTENTIAL
18 REVISIONS; REPORT

19 (a) On or before January 15, 2024, the Executive Director of the Division
20 of Fire Safety shall submit a written report to the General Assembly that

1 identifies and examines provisions from other jurisdictions' fire and life safety
2 codes for residential buildings that:

3 (1) would facilitate in Vermont:

4 (A) the increased construction of new residential units;

5 (B) the conversion of existing space into new residential units; or

6 (C) both; and

7 (2) could be incorporated into the Vermont Fire and Building Safety
8 Code.

9 (b) The report shall include recommendations for any legislative action
10 necessary to enable the identified provisions to be incorporated into Vermont's
11 Fire and Building Safety Code.

12 ~~*** Eviction Rescue Fund ***~~

13 ~~Sec. 30. HOUSING RISK MITIGATION; EVICTION RESCUE FUND~~

14 ~~In fiscal year 2024, the amount of \$2,500,000.00 is appropriated from the~~
15 ~~General Fund to the Agency of Human Services to provide eviction rescue~~
16 ~~funding on behalf of tenants for rental arrears and prevent eviction for~~
17 ~~nonpayment of rent if such funding will preserve a tenancy.~~

18 ~~*** HomeShare ***~~

19 ~~Sec. 31. HOMESHARING OPPORTUNITIES, APPROPRIATION~~

1 ~~In fiscal year 2024, the amount of \$200,000.00 is appropriated from the~~
2 ~~General Fund to the Department of Housing and Community Development~~
3 ~~funding to expand home-sharing opportunities throughout the State.~~

4 * * * Mobile Homes and Mobile Home Parks * * *

5 Sec. 32. MOBILE HOMES; MOBILE HOME PARKS; APPROPRIATION

6 (a) In fiscal year 2024 the amount of \$500,000.00 is appropriated from the
7 General Fund to the Department of Housing and Community Development to
8 provide financial support for home repair, home improvement, housing
9 transition, park infrastructure, legal assistance, and technical assistance.

10 (b) On or before January 15, 2024, the Department of Housing and
11 Community Development, in collaboration with the Central Vermont Office of
12 Economic Opportunity, shall study and report to the General Assembly
13 concerning:

14 (1) how to incorporate the considerations and needs of mobile home
15 owners and mobile home parks, including infrastructure and habitability
16 enhancements, into all existing State housing programs; and

17 (2) opportunities and barriers to creating new mobile home parks and to
18 maximizing the efficient use of existing parks.

19 * * * Vermont Housing Finance Agency * * *

20 Sec. 33. 2022 Acts and Resolves No. 182, Sec. 2 is amended to read:

21 ~~SEC. 2. FIRST-GENERATION HOMEBUYER, IMPLEMENTATION,~~

1 ~~In fiscal year 2024, the amount of \$1,000,000.00 is appropriated from the~~
2 General Fund to the Vermont Housing Finance Agency for grants through the
3 First Generation Homebuyer Program.

4 * * * Middle-Income Homeownership
5 Development Program * * *

6 Sec. 35. REPEAL

7 2022 Acts and Resolves No. 182, Sec. 11 is repealed.

8 Sec. 36. 10 V.S.A. § 629 is added to read:

9 § 629. MIDDLE-INCOME HOMEOWNERSHIP DEVELOPMENT
10 PROGRAM

11 (a) The Vermont Housing Finance Agency shall establish a Middle-Income
12 Homeownership Development Program pursuant to this section.

13 (b) As used in this section:

14 (1) "Affordable owner-occupied housing" means owner-occupied
15 housing identified in 26 U.S.C. § 143(c)(1) or that qualifies under Vermont
16 Housing Finance Agency criteria governing owner-occupied housing.

17 (2) "Income-eligible homebuyer" means a Vermont household with
18 annual income that does not exceed 150 percent of area median income.

19 (c) The Agency shall use the funds appropriated in this section to provide
20 subsidies for new construction or acquisition and substantial rehabilitation of

1 ~~affordable owner occupied housing for purchase by income eligible~~
2 ~~homebuyers.~~

3 ~~(d) The total amount of subsidies for a project shall not exceed 35 percent~~
4 ~~of eligible development costs, as determined by the Agency, which the Agency~~
5 ~~may allocate consistent with the following:~~

6 ~~(1) Developer subsidy. The Agency may provide a direct subsidy to the~~
7 ~~developer, which shall not exceed the difference between the cost of~~
8 ~~development and the market value of the home as completed.~~

9 ~~(2) Affordability subsidy. Of any remaining amounts available for the~~
10 ~~project after the developer subsidy, the Agency may provide a subsidy for the~~
11 ~~benefit of the homebuyer to reduce the cost of purchasing the home, provided~~
12 ~~that:~~

13 ~~(A) the Agency includes conditions in the subsidy, or uses another~~
14 ~~legal mechanism, to ensure that, to the extent the home value has risen, the~~
15 ~~amount of the subsidy remains with the home to offset the cost to future~~
16 ~~homebuyers; or~~

17 ~~(B) the subsidy is subject to a housing subsidy covenant, as defined~~
18 ~~in 27 V.S.A. § 610, that preserves the affordability of the home for a period of~~
19 ~~99 years or longer.~~

1 ~~(2) The Agency shall allocate not less than 33 percent of the funds~~
2 ~~available through the Program to projects that include a housing subsidy~~
3 ~~covenant consistent with subdivision (2)(B) of this subsection.~~

4 (e) The Agency shall adopt a Program plan that establishes application and
5 selection criteria, including:

6 (1) project location;

7 (2) geographic distribution;

8 (3) leveraging of other programs;

9 (4) housing market needs;

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

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

13 (7) priority for plans with deeper affordability and longer duration of
14 affordability requirements;

15 (8) sponsor characteristics;

16 (9) energy efficiency of the development; and

17 (10) the historic nature of the project.

18 (f)(1) When implementing the Program, the Agency shall consult
19 stakeholders and experts in the field.

20 (2) The Program shall include:

21 ~~(A) a streamlined and appropriately scaled application process,~~

1 ~~(B) an outreach and education plan, including specific tactics to~~
2 reach and support eligible applicants, especially those from underserved
3 regions or sectors;

4 (C) an equitable system for distributing investments statewide on the
5 basis of need according to a system of priorities that includes consideration of:

6 (i) geographic distribution;

7 (ii) community size;

8 (iii) community economic need; and

9 (iv) whether an application has already received an investment or
10 is from an applicant in a community that has already received Program
11 funding.

12 (3) The Agency shall use its best efforts to ensure:

13 (A) that investments awarded are targeted to the geographic
14 communities or regions with the most pressing economic and employment
15 needs; and

16 (B) that the allocation of investments provides equitable access to the
17 benefits to all eligible geographical areas.

18 (g) The Agency may assign its rights under any investment or subsidy
19 made under this section to the Vermont Housing and Conservation Board or
20 any State agency or nonprofit organization qualifying under 26 U.S.C. §

1 ~~501(c)(3), provided such assignee acknowledges and agrees to comply with the~~
2 ~~provisions of this section.~~

3 ~~(h) The Department shall report to the House Committee on General and~~
4 ~~Housing and the Senate Committee on Economic Development, Housing and~~
5 ~~General Affairs on the status of the Program annually, on or before January 15.~~

6 Sec. 37. MIDDLE-INCOME HOMEOWNERSHIP; APPROPRIATION

7 ~~In fiscal year 2024, the amount of \$20,000,000.00 is appropriated from the~~
8 ~~General Fund to the Vermont Housing Finance Agency for the Middle-Income~~
9 ~~Homeownership Development Program.~~

10 * * * Rental Housing Revolving Loan Program * * *

11 Sec. 38. 10 V.S.A. § 629a is added to read:

12 § 629a. RENTAL HOUSING REVOLVING LOAN PROGRAM

13 (a) Creation; administration. The Vermont Housing Finance Agency shall
14 design and implement a Rental Housing Revolving Loan Program and shall
15 create and administer a revolving loan fund to provide subsidized loans for
16 rental housing developments that serve middle-income households.

17 (b) Loans; eligibility; criteria.

18 (1) The Agency shall adopt processes, procedures, and guidelines to
19 implement the Program consistent with this section, including a simple
20 application process that is accessible to small developers, builders, and
21 contractors.

1 ~~(2)(A) To be eligible for a subsidized loan through the Program, a~~
2 project shall create two or more new rental housing units, which may include
3 market rate and affordable units, provided that at least 25 percent of the units
4 in the project are affordable to a household earning between 65 and 150
5 percent of the applicable area median income.

6 (B) Projects may include new construction, acquisition with
7 substantial rehabilitation, and preservation of naturally occurring affordable
8 housing.

9 (3) A loan is available only for the costs of the project allocable to the
10 affordable units.

11 (4)(A) The Agency shall calculate the maximum amount of a loan,
12 which shall not exceed the lesser of:

13 (i) 35 percent of the costs of the project allocable to the affordable
14 units; or

15 (ii) the following amounts based on area median income bands:

16 (I) \$150,000.00 per unit for each unit that is affordable to a
17 household earning from 65 percent to 80 percent of area median income; and

18 (II) \$100,000.00 per unit for each unit that is affordable to a
19 household earning not from 81 to 150 percent of area median income.

20 (B) The Agency shall adopt and implement a method to adjust the
21 values specified in this subdivision (4)(A)(ii) of this section at least

1 ~~annually for inflation and may adopt a smoothing mechanism to adjust the~~
2 ~~maximum loan values within each band based on levels of affordability.~~

3 ~~(5) The Agency shall determine the term and interest rate of a loan. The~~
4 ~~Agency may adopt one or more mechanisms to provide an enhanced subsidy to~~
5 ~~incentivize projects, including:~~

6 ~~(A) a lower interest rate;~~

7 ~~(B) an interest-only option with deferred principal repayment; and~~

8 ~~(C) partial loan forgiveness.~~

9 ~~(6) The Agency shall adopt a Program plan that allows for an enhanced~~
10 ~~subsidy for a project that meets one or more of the following:~~

11 ~~(A) The project receives five percent or more of the total funding~~
12 ~~from an employer or employer-capitalized loan or grant.~~

13 ~~(B) The project receives five percent or more of the total funding~~
14 ~~from a municipal or regional housing fund, local fiscal recovery fund, or other~~
15 ~~form of community investment.~~

16 ~~(C) The project utilizes tax-exempt bond funding or federal low-~~
17 ~~income housing tax credits for at least 20 percent of the project's total units.~~

18 ~~(D) The project is small in scale and provides infill development~~
19 ~~within a historic settlement pattern.~~

20 ~~(7) The Agency shall use one or more legal mechanisms to ensure that.~~

1 ~~(A) a subsidized unit remains affordable to a household earning the~~
2 applicable percent of area median income for the longer of:

3 (i) seven years; or

4 (ii) full repayment of the loan plus three years; and

5 (B) during the affordability period determined pursuant to
6 subdivision (A) of this subdivision (7), the annual increase in rent for a
7 subsidized unit does not exceed three percent.

8 (c) Program design.

9 (1) When designing and implementing the Program, the Agency shall
10 consult stakeholders and experts in the field.

11 (2) The Program shall include:

12 (A) a streamlined and appropriately scaled application process;

13 (B) an outreach and education plan, including specific tactics to
14 reach and support eligible applicants, especially those from underserved
15 regions or sectors;

16 (C) an equitable system for distributing investment statewide on the
17 basis of need according to a system of priorities that includes consideration of:

18 (i) geographic distribution;

19 (ii) community size;

20 (iii) community economic need, and

1 ~~(iv) whether an application has already received an investment or~~
2 ~~is from an applicant in a community that has already received Program~~
3 ~~funding.~~

4 (3) The Agency shall use its best efforts to ensure:

5 (A) that investments are targeted to the geographic communities or
6 regions with the most pressing economic and employment needs; and

7 (B) that the allocation of investments provides equitable access to the
8 benefits to all eligible geographical areas.

9 (d) Revolving funds. The Agency shall retain payments of principal,
10 interest, and any fees in a revolving loan fund, the amounts of which it shall
11 use to issue future loans through the Program.

12 (e) The Agency shall report to the House Committee on General and
13 Housing and the Senate Committee on Economic Development, Housing and
14 General Affairs on the status of the Program annually, on or before January 15.

15 Sec. 39. RENTAL HOUSING REVOLVING LOAN PROGRAM;

16 APPROPRIATION

17 In fiscal year 2024, the amount of \$20,000,000.00 is appropriated from the
18 General Fund to the Vermont Housing Finance Agency to implement the
19 Rental Housing Revolving Loan Program created in 10 V.S.A. § 629.

Secs. 30–39. [Deleted.]

20 * * * Vermont Rental Housing Improvement Program * * *

21 Sec. 40. 10 V.S.A. § 699 is amended to read:

1 § 699. VERMONT RENTAL HOUSING IMPROVEMENT PROGRAM

2 (a) Creation of Program.

3 (1) The Department of Housing and Community Development shall
4 design and implement the Vermont Rental Housing Improvement Program,
5 through which the Department shall award funding to statewide or regional
6 nonprofit housing organizations, or both, to provide competitive grants and
7 forgivable loans to private landlords for the rehabilitation, including
8 weatherization, of eligible rental housing units.

9 (2) The Department shall develop statewide standards for the Program,
10 including factors that partner organizations shall use to evaluate applications
11 and award grants and forgivable loans.

12 (3) A landlord shall not offer a unit created through the Program as a
13 short-term rental, as defined in 18 V.S.A. § 4301.

14 (b) Eligible rental housing units. The following units are eligible for a
15 grant or forgivable loan through the Program:

16 (1) Non-code compliant.

17 (A) The unit is an existing unit, whether or not occupied, that does
18 not comply with the requirements of applicable building, housing, or health
19 laws.

20 (B) If the unit is occupied, the grant or forgivable loan shall include
21 terms and conditions to avoid displacement of the current residents.

1 (2) New ~~accessory dwelling~~ units. The unit will be:

2 (A) a newly created accessory dwelling unit that meets the
3 requirements of 24 V.S.A. § 4412(1)(E);

4 (B) a newly created unit within an existing structure;

5 (C) a newly created residential structure that is a single unit; or

6 (D) a newly created unit within a newly created structure that
7 contains five or fewer residential units.

8 (c) Administration. The Department shall require a housing organization
9 that receives funding under the Program to adopt:

10 (1) a standard application form that describes the application process
11 and includes instructions and examples to help landlords apply;

12 (2) an award process that ensures equitable selection of landlords,
13 subject to a housing organization's exercise of discretion based on the factors
14 adopted by the Department pursuant to subsection (a) of this section; and

15 (3) a grant and loan management system that ensures accountability for
16 funds awarded.

17 (d) Program requirements applicable to grants and forgivable loans.

18 (1) A grant or loan shall not exceed \$50,000.00 per unit. In determining
19 the amount of a grant or loan, a housing organization shall consider the
20 number of bedrooms in the unit and whether the unit is being rehabilitated or
21 newly created.

1 (2) A landlord shall contribute matching funds or in-kind services that
2 equal or exceed 20 percent of the value of the grant or loan.

3 (3) A project may include a weatherization component.

4 (4) A project shall comply with applicable building, housing, and health
5 laws.

6 (5) The terms and conditions of a grant or loan agreement apply to the
7 original recipient and to a successor in interest for the period the grant or loan
8 agreement is in effect.

9 (6) The identity of a recipient and the amount of a grant or forgivable
10 loan are public records that shall be available for public copying and
11 inspection and the Department shall publish this information at least quarterly
12 on its website.

13 (e) Program requirements applicable to grants. For a grant awarded ~~under~~
14 ~~subdivision (b)(1) of this section for a unit that is non-code compliant~~ through
15 the Program, the following requirements apply for a minimum period of five
16 years:

17 (1) A landlord shall coordinate with nonprofit housing partners and
18 local coordinated entry organizations to identify potential tenants.

19 (2)(A) Except as provided in subdivision (2)(B) of this subsection (e), a
20 landlord shall lease the unit to a household that is exiting homelessness or
21 actively working with an immigrant or refugee resettlement program.

1 (B) If, upon petition of the landlord, the Department or the housing
2 organization that issued the grant determines that a household exiting
3 homelessness is not available to lease the unit, then the landlord shall lease the
4 unit:

5 (i) to a household with an income equal to or less than 80 percent
6 of area median income; or

7 (ii) if such a household is unavailable, to another household with
8 the approval of the Department or housing organization.

9 (3)(A) A landlord shall accept any housing vouchers that are available
10 to pay all, or a portion of, the tenant's rent and utilities.

11 (B) If no housing voucher or federal or State subsidy is available, the
12 total cost of rent for the unit, including utilities not covered by rent payments,
13 shall not exceed the applicable fair market rent established by the Department
14 of Housing and Urban Development.

15 (4)(A) A landlord may convert a grant to a forgivable loan upon
16 approval of the Department and the housing organization that approved the
17 grant.

18 (B) A landlord who converts a grant to a forgivable loan shall receive
19 a 10-percent credit for loan forgiveness for each year in which the landlord
20 participates in the grant program.

1 (f) Requirements applicable to forgivable loans. For a forgivable loan
2 awarded ~~under subdivision (b)(1) of this section for a unit that is non-code~~
3 ~~compliant through the Program~~, the following requirements apply for a
4 minimum period of 10 years:

5 (1)(A) A landlord shall accept any housing vouchers that are available
6 to pay all, or a portion of, the tenant's rent and utilities.

7 (B) If no housing voucher or federal or State subsidy is available, the
8 cost of rent for the unit, including utilities not covered by rent payments, shall
9 not exceed the applicable fair market rent established by the Department of
10 Housing and Urban Development.

11 (2) The Department shall forgive 10 percent of the amount of a
12 forgivable loan for each year a landlord participates in the loan program.

13 (g) ~~Requirements for an accessory dwelling unit.~~

14 ~~(1) For a grant or forgivable loan awarded under subdivision (b)(2) of~~
15 ~~this section for a unit that is a new accessory dwelling unit the total cost of rent~~
16 ~~for the unit, including utilities not covered by rent payments, shall not exceed~~
17 ~~the applicable fair market rent established by the Department of Housing and~~
18 ~~Urban Development.~~

19 ~~(2) A landlord shall not offer an accessory dwelling unit created through~~
20 ~~the Program as a short-term rental, as defined in 18 V.S.A. § 4301. [Repealed.]~~

1 (h) Lien priority. A lien for a grant converted to a loan or for a forgivable
2 loan issued pursuant to this section is subordinate to:

3 (1) a lien on the property in existence at the time the lien for
4 rehabilitation and weatherization of the rental housing unit is filed in the land
5 records; and

6 (2) a first mortgage on the property that is refinanced and recorded after
7 the lien for rehabilitation and weatherization of the rental housing unit is filed
8 in the land records.

9 ~~Sec. 41. VHIP; APPROPRIATION~~

10 ~~In fiscal year 2024 the amount of \$20,000,000.00 is appropriated from the~~
11 ~~General Fund to the Department of Housing and Community Development for~~
12 ~~the Vermont Rental Housing Improvement Program.~~

13 ~~Sec. 42. VERMONT HOUSING AND CONSERVATION BOARD;~~

14 ~~APPROPRIATION~~

15 ~~In fiscal year 2024, the amount of \$25,000,000.00 is appropriated from the~~
16 ~~General Fund to the Vermont Housing and Conservation Board to provide~~
17 ~~affordable mixed-income income rental housing and home ownership units;~~
18 ~~improvements to manufactured homes and communities; recovery residences;~~
19 ~~and, if determined eligible, housing available to farm workers and refugees.~~

20 ~~VHCB shall also use the funds for shelter and permanent homes for those~~

1 ~~experiencing homelessness in consultation with the Secretary of Human~~
2 ~~Services~~

Secs. 41–42. [Deleted.]

3 * * * Housing Permitting and Approval Process; Performance Audit * * *

4 Sec. 43. HOUSING PERMITTING AND APPROVAL PROCESS;
5 PERFORMANCE AUDIT

6 (a) On or before January 15, 2024, the Auditor of Accounts shall prepare
7 and submit to the Senate Committee on Economic Development, Housing and
8 General Affairs and to the House Committee on General and Housing a plan,
9 cost estimate, and timetable to conduct a performance audit of the residential
10 housing development and approval process.

11 (b) The planned audit will be designed to identify measures, including
12 potential legislative and policy changes, that will improve the timeliness,
13 economy, and efficiency of Vermont’s residential housing development and
14 approval process.

15 (c) The Auditor’s plan may allow for some or all of the audit to be
16 conducted through a contract with a third party.

17 * * * Effective Dates * * *

18 Sec. 44. EFFECTIVE DATES

19 This act shall take effect on July 1, 2023, except that Secs. 1 (24 V.S.A.
20 § 4414), 2 (24 V.S.A. § 4412) except for subdivision (D), 3 (24 V.S.A.

- 1 § 4413), and 4 (24 V.S.A. § 4303) shall take effect on December 1, 2024 and
- 2 Secs. 18–20 (enhanced designation) shall take effect on January 1, 2024.