

Changes to Bray/Ram-Hinsdale H.687 Amendment 4.1

HOUSING POLICY CHANGES

Interim Act 250 Exemptions: Extend the interim exemptions one more year to July 1, 2029 and clarify that as long as projects start before July 1, 2029 they are exempt, even if construction takes another 1 or 2 years, or longer.

Sec. 31. Permits Required; Exemptions:

- **(z)(1) & (2)** add language to ensure housing units created here are not counted for purposes of tier 2 jurisdiction.
- **Under the exemption language (aa) and (cc)** “or permit” needs to be added. Both sections should read, “No permit or permit amendment” because not all hotels converted already have a permit.

Sec. 24. Priority Housing Projects clarification: “Sec. 24. 10 V.S.A. § 6001(3)(D)(viii)(III) is amended to read:” **This** section only removes development and not subdivision. 6081(p) needs to be added to this language.

Changes to Appeals Thresholds:

1) Change 25 persons to 3% of census. (3% was in S.311)

2) The following scenarios must be exempt from the appeals process for residential development:

- Any residential and mixed-use development containing up to 25 dwelling units within areas served by municipal sewer and water infrastructure.
- Any permitted residential and mixed-use development that **does not** require conditional use review.
- Any housing or mixed-use development located within a designated center in a zoning district that allows residential development.

Section 5 Clarification on appeals:

(h) The Natural Resources Board ~~shall~~ **may** hear appeals of ~~decisions~~ **jurisdictional opinions** made by District Commissions and district coordinators, ~~including and~~ fee refund requests under section 6083a of this title.

Restore property tax valuation freeze to 5 years: A five-year freeze is a valuable tool to help jumpstart additional housing unit creation, helping address Vermont’s critical housing shortage and leading to organic grand list growth that will, in turn, reduce long-term pressures on the Education Fund.

Update “Qualifying property” definition for valuation freeze: The recommendation below would be a compromise that would allow towns that have expressed a desire to overlap these incentives (valuation freeze & TIFs) the opportunity to do so, and allow the towns who are concerned about the loss of the increment to avoid it.

(C) “Qualifying property” includes property located outside a tax increment financing district established under 24 V.S.A. chapter 53, subchapter 57. Municipalities with tax increment financing districts and municipalities applying for tax increment financing districts, may elect to include properties within tax increment financing districts as “Qualifying property” by a vote of their legislative body, after holding a public hearing, provided, notwithstanding 24 V.S.A. § 1896, an increase in the appraisal value of a qualifying property due to qualifying improvements shall be

excluded from the total assessed valuation used to determine as the district's tax increment under 24 V.S.A. § 1896 during the exemption period.

1. Prior to implementation, if a Municipality elects to include properties at the creation of a tax increment financing district as "Qualifying property" under this Chapter, the municipality must present a financial plan to the Vermont Economic Progress Council (VEPC) which details the effect of this action for approval by the Council.

2. If a Municipality elects to include properties within an existing tax increment financing district as "Qualifying property" under this Chapter, the municipality shall submit a substantial change request and file an alternate financial plan to the Vermont Economic Progress Council (VEPC) which details the effect of this action for approval of the proposed qualifying properties.

Expand the area of the property tax valuation freeze: As currently drafted, the language excludes certain parcels in Barre. In order to help one of the cities hit the hardest in the July 2023 flooding, the language should extend the value freeze another 0.5 miles beyond what is contemplated.

Parking Bylaws: Tandem Parking shall count towards parking requirements and must be allowed.

Raise Act 250 Trigger for development: Have similar language to S.311 that raises the 10-unit trigger for municipality with permanent zoning and subdivision bylaws, in an area served by municipal sewer and water infrastructure.

Forest Frag Rulemaking: Needs to be pushed out to 2030 or beyond. This criteria and rulemaking should happen after mapping is completed, after tiered jurisdiction is developed and implemented, and looked at with the lens of what's missing.

Road Rule needs to be removed: The "road rule" existed as an administrative rule prior to being repealed in 2001. After it's repeal [VNRC wrote](#), "...*The rule has its genesis in the calculation that an 800-foot road approximates 1 acre in area, another standard for asserting jurisdiction founds in Act 250. It has resulted in poor last use characterized by large, sprawling, land consumptive developments in contorted layouts...*". This policy was repealed after it was proven it was not good for Vermont and desired development patterns, and **it needs to be removed from H.687**. The 6-lot jurisdictional trigger enacted at the same time remains a part of the definition of "subdivision" which [VNRC wrote](#) goes "hand-in-hand" with the elimination of the road rule.

Include the New Construction or Rehabilitation Property Tax exemption:

Sec. 34. 32 V.S.A. chapter 125, subchapter 3 is added to read:

Subchapter 3. New Construction or Rehabilitation Exemption

§ 3870. DEFINITIONS

As used in this subchapter:

(1) "Agency" means the Agency of Commerce and Community Development as established under 3 V.S.A. § 2402.

(2) "Appraisal value" has the same meaning as in subdivision 3481(1)(A) of this title.

(3) "Exemption period" has the same meaning as in subsection 3871(d) of this subchapter.

(4) "New construction" means the building of new dwellings.

(5) "Principal residence" means the dwelling occupied by a resident individual as the individual's domicile during the taxable year and for a property owner, owned, or for a renter, rented under a rental agreement other than a short-term rental as defined under 18 V.S.A. § 4301(a)(14).

(6)(A) "Qualifying improvement" means new construction or a physical change to an existing dwelling or other structure beyond normal and ordinary maintenance, painting, repairs, or replacements, provided the change:

- (i) results in new or rehabilitated dwellings that are designed to be occupied as principal residences and not as short-term rentals as defined under 18 V.S.A. § 4301(a)(14); and
(ii) occurred through new construction, rehabilitation, or both during the 12 months immediately preceding or immediately following submission of an exemption application under this subchapter.
- (B) "Qualifying improvement" does not mean new construction or a physical change to any portion of a mixed-use building as defined under 10 V.S.A. § 6001(28) that is not used as a principal residence.
- (7)(A) "Qualifying property" means a structure that is:
- (i) located within a designated downtown district, village center, or neighborhood development area determined pursuant to 24 V.S.A. chapter 76A or a new market tax credit area determined pursuant to 26 U.S.C. § 45D, or both;
 - (ii) composed of one or more dwellings designed to be occupied as principal residences, provided:
 - (I) none of the dwellings shall be occupied as short-term rentals as defined under 18 V.S.A. § 4301(a)(14) before the exemption period ends; and
 - (II) a structure with more than one dwelling shall only qualify if it meets the definition of mixed-income housing under 10 V.S.A. § 6001(27);
 - (iii) undergoing, has undergone, or will undergo qualifying improvements; and
 - (iv) in compliance with all relevant permitting requirements.
- (B) "Qualifying property" may have a mixed use as defined under 10 V.S.A. § 6001(28).
- (C) "Qualifying property" does not mean property located within a tax increment financing district established under 24 V.S.A. chapter 53, subchapter 5.
- (8) "Rehabilitation" means extensive repair, reconstruction, or renovation of an existing dwelling or other structure, with or without demolition, new construction, or enlargement, provided the repair, reconstruction, or renovation:
- (A) is for the purpose of eliminating substandard structural, housing, or unsanitary conditions or stopping significant deterioration of the existing structure; and
 - (B) equals or exceeds a total cost of 15 percent of the grand list value prior to repair, reconstruction, or renovation or \$75,000.00, whichever is less.
- (9) "Taxable value" means the value of qualifying property that is taxed during the exemption period.

5 § 3871. EXEMPTION

- (a) Value increase exemption. An increase in the appraisal value of a qualifying property due to qualifying improvements shall be exempted from property taxation pursuant to this subchapter by fixing and maintaining the taxable value of the qualifying property at the property's grand list value in the year immediately preceding any qualifying improvements. A decrease in appraisal value of a qualifying property due to damage or destruction from fire or act of nature may reduce the qualifying property's taxable value below the value fixed under this subsection.
- (b) State education property tax exemption. The appraisal value of qualifying improvements to qualifying property shall be exempt from the State education property tax imposed under chapter 135 of this title as provided under this subchapter. The appraisal value exempt under this subsection shall not be exempt from municipal property taxation unless the qualifying property is located in a municipality that has voted to approve an exemption under subsection (c) of this section.
- (c) Municipal property tax exemption. If the legislative body of a municipality by a majority vote recommends, the voters of a municipality may, at an annual or special meeting warned for that purpose, adopt by a majority vote of those present and voting an exemption from municipal property tax for the value of qualifying improvements to qualifying property exempt from State property taxation under subsection (b) of this section. The municipal exemption shall remain in effect until rescinded in the same manner the exemption was adopted. Not later than 30 days after the adjournment of a meeting at which a municipal exemption is adopted or rescinded under this subsection, the town clerk shall report to the Director of Property Valuation and Review and the Agency the date on which the exemption was adopted or rescinded.
- (d) Exemption period.

(1) An exemption under this subchapter shall start in the first property tax year immediately following the year in which an application for exemption under section 3872 of this title is approved and one of the following occurs:

(A) issuance of a certificate of occupancy by the municipal governing body for the qualifying property; or

(B) the property owner's declaration of ownership of the qualifying property as a homestead pursuant to section 5410 of this title.

(2) An exemption under this subchapter shall remain in effect for two years, provided the property continues to comply with the requirements of this subchapter. When the exemption period ends, the property shall be taxed at its most recently appraised grand list value.

(3) The municipal exemption period for a qualifying property shall start and end at the same time as the State exemption period; provided that, if a municipality first votes to approve a municipal exemption after the State exemption period has already started for a qualifying property, the municipal exemption shall only apply after the vote and notice requirements have been met under subsection (c) of this section and shall only continue until the State exemption period ends.

GOVERNANCE CHANGES

Board; Vacancy; Removal: The Chair should serve at the pleasure of the Governor. And, given the regulatory authority of this Board is so substantial, the members need to be accountable to an elected official for this delegation to be lawful.

(c) Removal. Notwithstanding the provisions of 3 V.S.A. § 2004, members shall ~~only~~ be removable for cause ~~only~~, except the Chair, who shall serve at the pleasure of the Governor.

Powers: The supervisory authority language and the independent judgement language should be removed as it pertained to the board hearing appeals.

4. § 6027. POWERS
5. (a) The Board and District Commissions ~~each shall have supervisory~~
6. ~~authority in environmental matters respecting projects within their jurisdiction~~
7. ~~and shall apply their independent judgment in determining facts and~~
5. ~~interpreting law. Each~~ shall have the power, with respect to any matter within
6. its jurisdiction, to:

Nominating Committee: The Gubernatorial appointments should not be prescribed. Remove the requirement for one appointee to be an employee of the Department of Human Resources.

Executive Director Accountability: The Executive Director shall serve at the pleasure of the Governor. The language in the bill needs to be changed to reflect accountability to the Governor, not the Board.

(b) Executive Director. The Board shall appoint an Executive Director.

1. The Director shall be a full-time State employee, shall be exempt from the
2. State classified system, and shall serve at the pleasure of the Governor Board. T
3. The Director shall be responsible for:

Include Additional Judge to Environmental Court: The cost to the superior court for FY25 is \$168,000

Remove Amicus Brief Language: Strike addition to Sec 44. 10 VSA §8504: (q) Amicus curiae.