

1 Introduced by Committee on Economic Development, Housing and General
2 Affairs

3 Date:

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

5 Commission

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

9 An act relating to housing opportunities made for everyone

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

11 * * * Municipal Zoning * * *

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

13 § 4414. ZONING; PERMISSIBLE TYPES OF REGULATIONS

14 * * *

15 (4) Parking and loading facilities. A municipality may adopt provisions
16 setting forth standards for permitted and required facilities for off-street
17 parking and loading, which may vary by district and by uses within each
18 district. For residential uses, a municipality shall not require more than one
19 parking space per dwelling unit or accessory dwelling unit. However, a
20 municipality may require 1.5 parking spaces per dwelling unit if the

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

13 * * *

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

15 § 4412. REQUIRED PROVISIONS AND PROHIBITED EFFECTS

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

18 (1) Equal treatment of housing and required provisions for affordable
19 housing.

20 * * *

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

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

1 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 or more dwelling units per acre for each
16 allowed residential use, and density standards for multiunit dwellings shall not
17 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 (II) 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 (3) For purposes of this subsection, regulating the daily or seasonal
2 hours of operation of an emergency shelter shall constitute interfering with the
3 intended functional use.

4 * * *

5 Sec. 4. 24 V.S.A. § 4303 is amended to read:

6 § 4303. DEFINITIONS

7 The following definitions shall apply throughout this chapter unless the
8 context otherwise requires:

9 * * *

10 (38) “Accessory dwelling unit” has the same meaning as in subdivision
11 4412(E) of this title.

12 (39) “Duplex” means a residential building that has two dwelling units
13 in the same building and neither unit is an accessory dwelling unit.

14 (40) “Emergency shelter” means any facility, the primary purpose of
15 which is to provide a temporary shelter for the homeless in general or for
16 specific populations of the homeless and that does not require occupants to
17 sign leases or occupancy agreements.

18 (41) “Multiunit or multifamily dwelling” means a building that contains
19 three or more dwelling units in the same building.

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 been
16 elected. This notice of appeal must be filed within 15 days ~~of~~ following the
17 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 a
3 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 on
11 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 * * *

8 * * * Subdivisions * * *

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

10 § 4463. SUBDIVISION REVIEW

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

17 (b) Plat; record. The approval of the appropriate municipal panel or
18 administrative officer, if the bylaws provide for their approval of subdivisions,
19 shall expire 180 days from that approval or certification unless, within that
20 180-day period, that plat shall have been duly filed or recorded in the office of

1 the clerk of the municipality. After an approved plat or certification by the
2 clerk is filed, no expiration of that approval or certification shall be applicable.

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

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

15 * * *

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

17 § 4418. SUBDIVISION BYLAWS

18 * * *

19 (2) Subdivision bylaws may include:

20 (A) ~~Provisions~~ provisions allowing the appropriate municipal panel
21 to waive or modify, subject to appropriate conditions, the provision of any or

1 all improvements and requirements as in its judgment of the special
2 circumstances of a particular plat or plats are not requisite in the interest of the
3 public health, safety, and general welfare, or are inappropriate because of
4 inadequacy or lack of connecting facilities adjacent or in proximity to the
5 subdivision;

6 (B) ~~Procedures~~ procedures for conceptual, preliminary, partial, and
7 other reviews preceding submission of a subdivision plat, including any
8 administrative reviews;

9 (C) ~~Specific~~ specific development standards to promote the
10 conservation of energy or to permit the utilization of renewable energy
11 resources, or both;

12 (D) State standards and criteria under 10 V.S.A. § 6086(a); and

13 (E) provisions to allow the administrative officer to approve
14 subdivisions.

15 * * * Appeals * * *

16 Sec. 9. 24 V.S.A. § 4471 is amended to read:

17 § 4471. APPEAL TO ENVIRONMENTAL DIVISION

18 * * *

19 (e) ~~Neighborhood development area~~ Designated areas. Notwithstanding
20 subsection (a) of this section, a determination by an appropriate municipal
21 panel that a residential development will not result in an undue adverse effect

1 on the character of the area affected shall not be subject to appeal if the
2 ~~determination is that a proposed residential development~~ seeking conditional
3 use approval under subdivision 4414(3) of this title is within a designated
4 downtown development district, designated growth center, ~~designated Vermont~~
5 neighborhood, or designated neighborhood development area seeking
6 conditional use approval will not result in an undue adverse effect on the
7 character of the area affected under subdivision 4414(3) of this title. Other
8 elements of the determination made by the appropriate municipal panel may be
9 appealed.

10 * * * By Right * * *

11 Sec. 10. 24 V.S.A. § 4464(b) is amended to read:

12 (b) Decisions.

13 * * *

14 (7)(A) A decision rendered by the appropriate municipal panel for a
15 housing development or the housing portion of a mixed-use development shall
16 not:

17 (i) require a larger lot size than the minimum as determined in the
18 municipal bylaws;

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

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

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

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

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

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

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

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

18 § 4348a. ELEMENTS OF A REGIONAL PLAN

19 (a) A regional plan shall be consistent with the goals established in section
20 4302 of this title and shall include the following:

21 * * *

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

20

* * *

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

2 § 4382. THE PLAN FOR A MUNICIPALITY

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

7 * * *

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

16 * * *

17 * * * Energy Codes * * *

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

19 (a) The mayor and board of aldermen of a city, the selectboard of a town,
20 or the trustees of an incorporated village, may, in accordance with this chapter,
21 establish codes and regulations for the construction, maintenance, repair, and

1 alteration of buildings and other structures within the municipality. Such
2 codes and regulations may include provisions relating to building materials,
3 structural design, passageways, stairways and exits, heating systems, fire
4 protection procedures, and such other matters as may be reasonably necessary
5 for the health, safety, and welfare of the public, but excluding electrical
6 installations subject to regulation under 26 V.S.A. chapter 15. Any energy
7 codes and regulations adopted after July 1, 2023 shall not be more restrictive
8 than the Residential Building Energy Standards or the stretch code adopted
9 under 30 V.S.A. § 51 or the Commercial Building Energy Standards adopted
10 under 30 V.S.A. § 53, except where enabled by a municipal charter.

11 Municipalities may enact more stringent local residential building energy
12 standards only for homes that are larger than 1,800 square feet per unit if the
13 municipality receives approval by the Department of Public Service that the
14 municipality followed 30 V.S.A. § 51(c)(1) and (2). Municipalities may enact
15 more stringent local commercial building energy standards only for homes that
16 are larger than 1,800 square feet per unit, if the municipality receives approval
17 by the Public Service Department that the municipality followed 30 V.S.A. §
18 53(c)(1) and (2).

19 Sec. 14. APPROPRIATION

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

1 Sec. 15. HOUSING RESOURCE NAVIGATOR FOR REGIONAL
2 PLANNING COMMISSIONS

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

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

11 * * * Act 250 * * *

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

13 § 6001. DEFINITIONS

14 * * *

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

16 * * *

17 (iv) The construction of housing projects such as cooperatives,
18 condominiums, or dwellings, or construction or maintenance of mobile homes
19 or mobile home parks, with ~~40~~ 25 or more units, constructed or maintained on
20 a tract or tracts of land, owned or controlled by a person, within a radius of five

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

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

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

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

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

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

11 (ee) ~~[Repealed.]~~

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

1 * * *

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

7 * * *

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

9 * * *

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

12 * * *

13 (19)(A) “Subdivision” means each of the following:

14 * * *

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

19 * * *

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

1 mixed income housing or mixed use, or any combination thereof, and is
2 located entirely within a designated downtown development district,
3 designated new town center, designated village center that has permanent
4 zoning and subdivision bylaws, designated growth center, or designated
5 neighborhood development area under 24 V.S.A. chapter 76A.

6 * * *

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

8 § 6081. PERMITS REQUIRED; EXEMPTIONS

9 * * *

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

13 * * *

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

16 * * * Enhanced Designation * * *

17 Sec. 18. 10 V.S.A. § 6081 is amended to read:

18 § 6081. PERMITS REQUIRED; EXEMPTIONS

19 * * *

20 (z) No permit or permit amendment is required for any subdivision or
21 development located in an enhanced designation area. If the enhanced

1 designation is terminated, a development or subdivision within the designated
2 center must receive a permit, if applicable.

3 Sec. 19. 24 V.S.A. § 2793f is added to read:

4 § 2793f. ENHANCED DESIGNATION

5 (a) Application and approval. A municipality, by resolution of its
6 legislative body, may apply to the Natural Resources Board for an enhanced
7 designation for any designated downtown development district. The Natural
8 Resources Board shall issue an affirmative determination on finding that the
9 municipality meets the requirements of subsection (c) of this section.

10 (b) Enhanced designation requirements.

11 (1) To obtain an enhanced designation under this section, a municipality
12 must demonstrate that it has each of the following:

13 (A) an approved designated downtown development district;

14 (B) municipal bylaws that are identical or are determined to be
15 consistent with the model bylaws written by the Natural Resources Board
16 pursuant to subsection (f) of this section;

17 (C) municipal bylaws that do not include broad exemptions
18 excluding significant private or public land development from requiring a
19 municipal land use permit; and

20 (D) adequate municipal staff to support coordinated comprehensive
21 and capital planning, development review, and zoning administration.

1 (c) Process for issuing enhanced designation.

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

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

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

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

17 (A) Notice.

18 (i) At least 35 days in advance of the Board’s meeting, the
19 Department shall provide notice to the municipality and post it on the
20 Agency’s website.

1 (ii) The municipality shall publish notice of the meeting at least
2 30 days in advance of the Board’s meeting in a newspaper of general
3 circulation in the municipality, and deliver physically or electronically, with
4 proof of receipt or by certified mail, return receipt requested to the Agency of
5 Natural Resources; the State Downtown Board; the Division for Historic
6 Preservation; the Agency of Agriculture, Food and Markets; the Agency of
7 Transportation; the regional planning commission; the regional development
8 corporations; and the entities providing educational, police, and fire services to
9 the municipality.

10 (iii) The notice shall also be posted by the municipality in or near
11 the municipal clerk’s office and in at least two other designated public places
12 in the municipality and on the websites of the municipality and the Agency of
13 Commerce and Community Development.

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

17 (B) No defect in the form or substance of any requirements of this
18 subsection (c) shall invalidate the action of the Board where reasonable efforts
19 are made to provide adequate posting and notice. However, the action shall be
20 invalid when the defective posting or notice was materially misleading in
21 content. If an action is ruled to be invalid by the Superior Court or by the

1 Board itself, the Department shall provide and the municipality shall issue new
2 posting and notice, and the Board shall hold a new hearing and take a new
3 action.

4 (5) The Board may recess the proceedings on any application pending
5 submission of additional information. The Board shall close the proceedings
6 promptly after all parties have submitted the requested information.

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

10 (d) Review of enhanced designation status.

11 (1) Initial determination of an enhanced designation may be made at any
12 time. Thereafter, review of the enhanced designation shall be concurrent with
13 the next periodic review of the underlying designated downtown.

14 (2) The Board, on its motion, may review compliance with the enhanced
15 designation requirements at more frequent intervals.

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

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

20 (B) terminate the enhanced designation.

1 (4) If the underlying designation is terminated, the enhanced designation
2 also shall terminate.

3 (e) Appeal.

4 (1) An interested person may appeal any act or decision of the Board
5 under this section to the Environmental Division of the Superior Court within
6 30 days following the act or decision.

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

9 (A) a person owning a title to or occupying property within or
10 abutting the designated center;

11 (B) the municipality making the application or a municipality that
12 adjoins the municipality making the application; and

13 (C) the regional planning commission for the region that includes the
14 designated center or a regional planning commission whose region adjoins the
15 municipality in which the designated center is located.

16 (f) Model bylaws. The Natural Resources Board shall publish model
17 bylaws that may be adopted by a municipality seeking an enhanced
18 designation. These bylaws shall address all Act 250 criteria provided for in
19 10 V.S.A. § 6086(a)(1)–(10).

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

1 (45) “Enhanced designation” means the process by which a designated
2 downtown demonstrates that it has satisfied the requirements of 24 V.S.A. §
3 2793f. The term shall also refer to the resulting status.

4 Sec. 21. ENHANCED DESIGNATION BYLAW ADOPTION

5 On or before January 1, 2024, the Natural Resources Board shall publish
6 model bylaws that a municipality may adopt in order to achieve an enhanced
7 designation. These bylaws shall encompass all of the Act 250 criteria found in
8 10 V.S.A. § 6086(a)(1)–(10).

9 * * * Covenants * * *

10 Sec. 22. 27 V.S.A. § 545 is amended to read:

11 § 545. COVENANTS, CONDITIONS, AND RESTRICTIONS OF
12 SUBSTANTIAL PUBLIC INTEREST

13 (a) Deed restrictions, covenants, or similar binding agreements added after
14 March 1, 2021 that prohibit or have the effect of prohibiting land development
15 allowed under 24 V.S.A. § 4412(1)(E) and (2)(A) shall not be valid.

16 (b) Deed restrictions or covenants added after July 1, 2023 shall not be
17 valid if they require a minimum dwelling unit size on the property or more
18 than one parking space per dwelling unit.

19 (c) This section shall not affect the enforceability of any property interest
20 held in whole or in part by a qualified organization or State agency as defined
21 in 10 V.S.A. § 6301a, including any restrictive easements, such as

1 conservation easements and historic preservation rights and interests defined in
2 10 V.S.A. § 822. This section shall not affect the enforceability of any
3 property interest that is restricted by a housing subsidy covenant as defined by
4 section 610 of this title and held in whole or in part by an eligible applicant as
5 defined in 10 V.S.A. § 303(4) or the Vermont Housing Finance Agency.

6 * * * Road Disclosure * * *

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

8 § 617. DISCLOSURE OF CLASS 4 ROAD

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

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

15 * * * Wastewater Connection Permits * * *

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

17 § 1974. EXEMPTIONS

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

20 * * *

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

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

5 § 1983. AUTHORIZATION FOR MUNICIPAL WASTEWATER SYSTEM
6 AND POTABLE WATER SUPPLY CONNECTIONS

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

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

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

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

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

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

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

6 (5) The municipality requires documentation issued by a professional
7 engineer or licensed designer that is filed in the land records that the
8 connection authorized by the municipality was installed in accordance with the
9 technical standards.

10 (6) The municipality requires the authorization to be filed in the land
11 records.

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

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

17 (c) A municipality issuing an authorization under this section shall require
18 the person to whom the authorization is issued to post notice of the
19 authorization as part of the notice required for a permit issued under 24 V.S.A.
20 § 4449 or other bylaw authorized under this chapter.

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* * * ADU Jurisdiction * * *

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

§ 2730. DEFINITIONS

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

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

* * *

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

* * *

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

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

* * *

(4) ~~A single family~~ An owner-occupied single-family residence with an accessory dwelling unit as permitted under 24 V.S.A. § 4412(1)(E), unless rented overnight or for a longer term as described in subdivision (1)(D) of subsection (a) of this section.

* * *

1 (A) the increased construction of new residential units;
2 (B) the conversion of existing space into new residential units; or
3 (C) both; and
4 (2) could be incorporated into the Vermont Fire and Building Safety
5 Code.

6 (b) The report shall include recommendations for any legislative action
7 necessary to enable the identified provisions to be incorporated into Vermont’s
8 Fire and Building Safety Code.

9 * * * Single-Room Occupancy * * *

10 Sec. 31. **[Reserved.]**

11 * * Eviction Rescue Fund * * *

12 Sec. 32. **HOUSING RISK MITIGATION; EVICTION RESCUE FUND**

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

17 * * * Employer Housing Partnership * * *

18 Sec. 33. **[Reserved.]**

19 * * * Conversion of Commercial Properties to Residential Use * * *

20 Sec. 34. **[Reserved.]**

21 * * * HomeShare * * *

1 Sec. 35. HOMESHARING OPPORTUNITIES; APPROPRIATION

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

5 * * * Mobile Homes and Mobile Home Parks * * *

6 Sec. 36. MOBILE HOMES; MOBILE HOME PARKS; APPROPRIATION

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

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

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

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

* * * Vermont Housing Finance Agency * * *

Sec. 37. 2022 Acts and Resolves No. 182, Sec. 2 is amended to read:

Sec. 2. FIRST-GENERATION HOMEBUYER; IMPLEMENTATION;
APPROPRIATION

(a) Guidelines. The Vermont Housing Finance Agency shall adopt guidelines and procedures for the provision of grants to first-generation homebuyers pursuant to 32 V.S.A. § 5930u(b)(3)(D) consistent with the criteria of the Down Payment Assistance Program implemented pursuant to 32 V.S.A. § 5930u(b)(3) and with this section.

(b) As used in this section and 32 V.S.A. § 5930u(b)(3)(D), a “first-generation homebuyer” means ~~an applicant~~ a homebuyer who self-attests that the ~~applicant~~ homebuyer is an individual:

(1)~~(A)~~ whose parents or legal guardians:

(A) do not have and during the homebuyer’s lifetime have not had
any ~~present~~ residential ownership interest in any ~~State~~ state; ~~and or~~

(B) whose spouse, or domestic partner, and each member of whose
household has not, during the three-year period ending upon acquisition of the
eligible home to be acquired, had any present ownership interest in a principal
residence in any State lost ownership of a home due to foreclosure, short sale,
or deed-in-lieu of foreclosure and have not owned a home since that loss; or

(2) ~~is an individual~~ who has at any time been placed in foster care.

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Sec. 37a. FIRST GENERATION HOMEBUYER; APPROPRIATION

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

* * * Middle-Income Homeownership
Development Program * * *

Sec. 38. REPEAL

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

Sec. 39. 10 V.S.A. § 629 is added to read:

§ 629. MIDDLE-INCOME HOMEOWNERSHIP DEVELOPMENT PROGRAM

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

(b) As used in this section:

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

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

1 (c) The Agency shall use the funds appropriated in this section to provide
2 subsidies for new construction or acquisition and substantial rehabilitation of
3 affordable owner-occupied housing for purchase by income-eligible
4 homebuyers.

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

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

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

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

19 (B) the subsidy is subject to a housing subsidy covenant, as defined
20 in 27 V.S.A. § 610, that preserves the affordability of the home for a period of
21 99 years or longer.

1 (3) 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 reach
2 and support eligible applicants, especially those from underserved regions or
3 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. 40. 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. 41. 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 (b)(4)(A)(ii) of this section at least annually

1 for inflation and may adopt a smoothing mechanism to adjust the maximum
2 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 reach
14 and support eligible applicants, especially those from underserved regions or
15 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; costs of administration.

10 (1) The Agency may use not more than six percent of Program funds for
11 the costs of administration.

12 (2) The Agency shall retain payments of principal, interest, and any fees
13 in a revolving loan fund, the amounts of which it shall use to issue future loans
14 through the Program.

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

1 Sec. 42. RENTAL HOUSING REVOLVING LOAN PROGRAM;

2 APPROPRIATION

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

6 * * * Vermont Rental Housing Improvement Program * * *

7 Sec. 43. 10 V.S.A. § 699 is amended to read:

8 § 699. VERMONT RENTAL HOUSING IMPROVEMENT PROGRAM

9 (a) Creation of Program.

10 (1) The Department of Housing and Community Development shall
11 design and implement the Vermont Rental Housing Improvement Program,
12 through which the Department shall award funding to statewide or regional
13 nonprofit housing organizations, or both, to provide competitive grants and
14 forgivable loans to private landlords for the rehabilitation, including
15 weatherization, of eligible rental housing units.

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

19 (3) The Department shall authorize a partner organization to use not
20 more than six percent of its Program award for the organization's costs of
21 administration.

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

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

5 (1) Non-code compliant.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19 (6) The identity of a recipient and the amount of a grant or forgivable
20 loan are public records that shall be available for public copying and inspection

1 and the Department shall publish this information at least quarterly on its
2 website.

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

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

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

12 (B) If, upon petition of the landlord, the Department or the housing
13 organization that issued the grant determines that a household exiting
14 homelessness is not available to lease the unit, then the landlord shall lease the
15 unit:

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

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

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

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

5 (4)(A) A landlord may convert a grant to a forgivable loan upon
6 approval of the Department and the housing organization that approved the
7 grant.

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

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

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

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

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

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

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

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

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

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

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

1 Sec. 44. VHIP; APPROPRIATION

2 (a) In fiscal year 2024 the amount of \$20,000,000.00 is appropriated from
3 the General Fund to the Department of Housing and Community Development
4 for the Vermont Rental Housing Improvement Program.

5 (b) Of the amounts appropriated in this section, the Department shall
6 allocate not less than XX% to fund the creation of new accessory dwelling
7 units.

8 Sec. 45. VERMONT HOUSING AND CONSERVATION BOARD;
9 APPROPRIATION

10 In fiscal year 2024, the amount of \$25,000,000.00 is appropriated from the
11 General Fund to the Vermont Housing and Conservation Board to provide
12 affordable mixed-income income rental housing and homeownership units;
13 improvements to manufactured homes and communities; recovery residences;
14 and, if determined eligible, housing available to farm workers and refugees.
15 VHCB shall also use the funds for shelter and permanent homes for those
16 experiencing homelessness in consultation with the Secretary of Human
17 Services.

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

19 Sec. 46. [Reserved.]

20 * * * Effective Date * * *

21 Sec. 47. EFFECTIVE DATES

1 This act shall take effect on July 1, 2023, except that Secs. 1 (24 V.S.A.
2 § 4414), 2 (24 V.S.A. § 4412) except for subdivision (D), 3 (24 V.S.A.
3 § 4413), and 4 (24 V.S.A. § 4303) shall take effect on December 1, 2024.