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Act No. 69 (S.127). An act relating to housing and housing development

Subjects: Housing; land use; conservation and development; tax credits; taxation and finance; municipal zoning; housing programs; Vermont Bond Bank; municipal and county government; indebtedness; tax increment financing; education property tax; Vermont Economic Progress Council

This act makes multiple changes to laws related to housing and housing development programs.

This act makes multiple substantive and technical amendments to the Vermont Rental Housing Improvement Program. The act exempts entities administering the program from certain licensed lender requirements. The act expands the populations intended to be served through the program to include those displaced due to a natural disaster and allows an organization to hold a master lease explicitly used to serve intended recipients. For 10-year forgivable loans, the act allows landlords to rent the rehabilitated units for fair market rent established by the federal Department of Housing and Urban Development. The act mandates a minimum set aside for annual funding to be used for the five-year forgivable loans and grants and requires annual reporting on program outcomes.

The act adds the Vermont Manufactured Home Improvement and Repair Program to provide funding for development and rehabilitation for manufactured housing in mobile home communities.

The act establishes the Vermont Infrastructure Sustainability Fund. This revolving fund will be administered by the Vermont Bond Bank to provide low-interest loans or to purchase bonds from municipalities to expand infrastructure capacity. The Bond Bank must work with the Department of Housing and Community Development to establish program guidelines and award terms. Projects funded through the program must demonstrate a connection to housing development with municipal commitment to own and operate the project.

Under the Rental Housing Revolving Loan Program administered by the Vermont Housing Finance Agency (VHFA), the act authorizes VHFA to set annual rent increases above the three percent statutory cap.

The act creates the State Housing and Residential Services Planning Committee to generate a State plan to develop housing for individuals with developmental disabilities with a report issued on or before November 15, 2025. The Committee ceases to exist on November 30, 2025.

The act requires municipalities to provide additional property information to the Department of Taxes and amends the information provided by landlords on the landlord certificate.

The act requires the Department of Housing and Community Development to issue a report on or before November 1, 2026, on how to establish a State land bank with an interim report on January 15, 2026.

The act amends the State public accommodation and unfair housing practices act to prohibit discrimination against individuals based on citizenship or immigration status. The act authorizes a landlord to accept different forms of identification to conduct criminal or background checks and prohibits landlords from requiring a Social Security number on a residential rental application. The act authorizes differential treatment on the basis of citizenship or immigration status if required by federal law and authorizes lenders to take into account immigration status when making credit determinations.

The act moves the date for the Land Use Review Board Act 250 Appeals Study to November 15, 2025.

The act authorizes management of development soils at locations permitted for that purpose under the State's Solid Waste Management Rules when the authorization meets certain minimum requirements. The act requires the Agency of Natural Resources to report on the status of the management of development soils as part of its biennial report to the General Assembly.

The act requires the Secretary of the Agency of Natural Resources to prioritize review of remediation under the State Brownfield Property Cleanup Program for sites that contain housing and requires a report from the Agency of Natural Resources on or before November 1, 2025, with proposals to make the Brownfields Program substantially more sufficient.

The act creates the Community and Housing Infrastructure Program (CHIP), a project-based approach to tax increment financing. CHIP authorizes a sponsor—any of a municipality, a developer, or an independent agency that meets State lending standards—to finance the costs of infrastructural improvements (housing infrastructure projects) using future property tax revenues from the parcel or parcels on which a housing development is constructed, subject to Vermont Economic Progress Council (VEPC) approval and the terms of a housing infrastructure agreement that governs the relationship among the municipality, the developer constructing the housing development, and the sponsor. To pursue a housing infrastructure project, a municipality must develop a housing development plan, designate the housing development site on which housing development will occur, execute a housing infrastructure agreement, and apply to VEPC to use tax increment financing for the housing infrastructure project. VEPC may approve only those applications that satisfy the but-for test and certain process requirements and for which the housing development either dedicates at least 60 percent of its floor area to housing or meaningfully addresses the purpose of CHIP. VEPC may annually approve not more than \$200,000,000.00 in aggregate lifetime education property tax increment retention. Sponsors may incur debt eligible for tax increment financing for a period of up to five years following creation of the housing development site, which period may be extended by up to three years. Tax increment may be retained for a period of up to 20 years from the year in which debt is first incurred. Standard housing infrastructure projects are eligible to retain up to 75 percent of their education property tax increment, and projects meeting certain affordability criteria are eligible to retain an additional 10

percent. The act establishes a final application deadline for tax increment financing under CHIP of December 31, 2035. The act authorizes VEPC to undertake rulemaking to implement CHIP and requires VEPC to issue guidance by November 15, 2025. The act expands VEPC's membership to include three nonvoting members with housing expertise to review and approve CHIP applications. The act additionally provides for regular auditing and reporting and a process for remedying noncompliance under CHIP.

Finally, the act makes technical corrections to the statutes governing smoke and carbon monoxide alarms to authorize UL 217 compliant alarms.

Multiple effective dates, beginning on June 12, 2025