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H.775

An act relating to creating tools for housing production

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

* * * Special Assessment Bonds * * *

Sec. 1. 24 V.S.A. § 3257 is added to read:

§ 3257. SPECIAL ASSESSMENT BONDS

(a) Upon approval of the legislative body of the municipality and subject to subsection (c) of this section, a municipality may issue revenue bonds for the purpose of financing a public improvement for the benefit of the limited area of the municipality to be served by the improvement. A revenue bond issued under this section is issued for an essential and governmental purpose.

(b) A revenue bond issued pursuant to this section shall be payable solely and exclusively from the special assessments levied on the properties to be served by the improvement and shall not constitute general indebtedness of the municipality. No holder of a bond issued under this section shall have the right to compel any exercise of the taxing power of the municipality to pay on the bond.

(c) The municipality may issue a revenue bond pursuant to this section only if one or more of the following conditions are met:

(1) one of the following entities provides a commitment letter for the issuance:

1 (A) the Vermont Bond Bank;

2 (B) a bank regulated by the Federal Deposit Insurance Corporation,
3 the Office of the Comptroller of the Currency, or the Federal Reserve Board;
4 or

5 (C) a credit union regulated by the National Credit Union
6 Administration; or

7 (2) a nationally recognized statistical rating organization that has an
8 active U.S. public finance practice rates the issuance at a minimum credit
9 rating of BBB or equivalent.

10 * * * Vermont Housing Special Fund * * *

11 Sec. 2. 10 V.S.A. § 10 is amended to read:

12 § 10. VERMONT STATE TREASURER; CREDIT FACILITY FOR LOCAL
13 INVESTMENTS

14 (a)(1) Notwithstanding any provision of 32 V.S.A. § 433(a) to the contrary
15 and consistent with prudent investment principles and guidelines pursuant to
16 32 V.S.A. § 433(b) and (c) and the Uniform Prudent Investor Act, 14A V.S.A.
17 chapter 9, the Vermont State Treasurer shall have the authority to establish on
18 terms acceptable to the Treasurer:

19 (A) a credit facility of up to 10 12.5 percent of the State's average
20 cash balance on terms acceptable to the Treasurer and consistent with prudent

1 ~~investment principles and guidelines pursuant to 32 V.S.A. § 433(b) (c) and~~
2 ~~the Uniform Prudent Investor Act, 14A V.S.A. chapter 9; and~~

3 (B) a credit facility of up to one percent of the State's average cash
4 balance, provided that the credit facility established under subdivision (A) of
5 this subdivision (1) shall be reduced by an equal amount to any credit facility
6 amount established under this subdivision (B).

7 (2) The credit facility established in subdivision (1)(B) of this
8 subsection may be used only to facilitate housing development through the
9 bulk purchasing of off-site constructed housing and to aid in the purchase of
10 off-site constructed housing units.

11 (b) The Treasurer may use amounts available under subsection (a) of this
12 section to provide financing for infrastructure projects in Vermont mobile
13 home parks and may modify the terms of such financing in the Treasurer's
14 discretion as is necessary to promote the availability of mobile home park
15 housing and to protect the interests of the State.

16 (c) Notwithstanding any provision of 32 V.S.A. § 433(a) to the contrary,
17 and in addition to the provisions of subsection (a) ~~on~~ of this section, the
18 Vermont State Treasurer shall have the authority to establish a credit facility of
19 up to two and one-half percent of the State's average cash balance on terms
20 acceptable to the Treasurer and consistent with prudent investment principles
21 and guidelines pursuant to 32 V.S.A. § ~~433(b) (c)~~ 433(b) and (c) and the

1 Uniform Prudent Investor Act, 14A V.S.A. chapter 9. The Treasurer may use
2 amounts available under this subsection only to provide financing for climate
3 infrastructure and resilience projects and may modify the terms of such
4 financing in the Treasurer's discretion as is necessary to protect the ~~interest~~
5 interests of the State.

6 (d) Annually, on or before November 15, the Treasurer shall submit a
7 report detailing the activities, financing, and accounting of any credit facilities
8 created pursuant to subsection (c) of this section during the preceding calendar
9 year to the Governor; the House Committees on Appropriations, on Commerce
10 and Economic Development, and on Ways and Means; and the Senate
11 Committees on Appropriations, on Economic Development, Housing and
12 General Affairs, and on Finance.

13 Sec. 3. [Deleted.]

14 * * * Off-Site Construction Accelerator Pilot * * *

15 Sec. 4. OFF-SITE CONSTRUCTION ACCELERATOR PILOT

16 (a) The Agency of Commerce and Community Development in
17 collaboration with the Department of Buildings and General Services shall
18 develop a pilot demonstration project and study that explores the possibilities
19 of reducing housing development costs through modular construction.

1 (b) The pilot will consider the following elements:

2 (1) bulk purchasing for a single development or aggregation of multiple
3 developments;

4 (2) streamlining regulatory processes by creating preapproved modular
5 designs;

6 (3) creating a loan loss reserve for construction loans;

7 (4) off-site construction, including panelized or volumetric modular
8 construction;

9 (5) establishing a statewide procurement consortium for bulk orders of
10 modular units and materials;

11 (6) aligning State and local permitting; and

12 (7) the creation and adoption of off-site building codes.

13 (c)(1) As part of the pilot, the Agency shall work with the Office of the
14 State Treasurer to identify the feasibility of the State providing a guarantee or
15 other device to facilitate bulk purchasing of the off-site construction of homes.

16 (2) Prior to distributing any funds under this subsection, the Treasurer
17 shall consult with the Department of Housing and Community Development,
18 the Vermont State Housing Authority, the Vermont Housing Finance Agency,
19 and the Vermont Housing and Conservation Board.

1 forgivable loans to private landlords for the rehabilitation, including
2 weatherization and accessibility improvements, of eligible rental housing units.

3 (2) The Department shall develop statewide standards for the Program,
4 including factors that partner organizations shall use to evaluate applications
5 and award grants and forgivable loans. The Department may authorize
6 partnership organizations to advance funding at the beginning of a project as
7 part of an award.

8 * * *

9 * * * Vermont Economic Development Authority * * *

10 Sec. 6. 10 V.S.A. § 212 is amended to read:

11 § 212. DEFINITIONS

12 As used in this chapter:

13 * * *

14 (6) “Eligible facility” or “eligible project” means any industrial,
15 commercial, or agricultural enterprise or endeavor approved by the Authority
16 used in a trade or business whether or not such business is operated for profit,
17 including land and rights in land, air, or water; buildings; structures;
18 machinery; and equipment of such eligible facilities or eligible projects, except
19 that an eligible facility or project shall not include the portion of an enterprise
20 or endeavor relating to the sale of goods at retail where such goods are
21 manufactured primarily out of State, and except further that an eligible facility

1 or project shall not include the portion of an enterprise or endeavor relating to
2 housing unless otherwise authorized in this chapter. Such enterprises or
3 endeavors may include:

4 * * *

5 (S) After consultation with and deference to the Vermont Housing
6 Finance Agency on applications that are eligible for financing from both the
7 Authority and the Agency, financing for one or more of the following types of
8 long-term care facilities licensed by the State pursuant to 33 V.S.A. chapter 71
9 and other applicable law, and any independent living facility, as defined in
10 32 V.S.A. § 9202(18), associated with the licensed facility:

- 11 (i) an assisted living residence;
12 (ii) a home for the terminally ill;
13 (iii) a nursing home;
14 (iv) a residential care home; and
15 (v) a therapeutic community residence.

16 (T) Any capital improvement; purchase of receivables, property,
17 assets, commodities, bonds, or other revenue streams or related assets; working
18 capital program or liability; or other insurance program.

19 (U) After consultation with, and with deference to, the Vermont
20 Housing Finance Agency on applications that are eligible for financing from
21 both the Authority and the Agency, multiunit housing developments of five or

1 more units when requested by, and jointly financed with, a financing lender,
2 except that the Authority shall not finance housing developments that utilize
3 funding issued by the Agency.

4 * * *

5 * * * Municipal Plans * * *

6 Sec. 7. 24 V.S.A. § 4388 is added to read:

7 § 4388. PLANNING FOR HOUSING TARGETS

8 (a) A municipality shall:

9 (1) include within the housing element of a municipal plan an
10 identification and analysis of existing and projected housing needs of the
11 jurisdiction, including the housing needs for individuals with a disability, as
12 identified in the land use plan and future land use map; or

13 (2) if the municipality cannot meet the regional housing targets
14 developed pursuant to subdivision 4348a(a)(9) of this title, provide to the
15 Department of Housing and Community Development an analysis of
16 regulatory and physical constraints preventing the municipality from
17 developing sufficient housing to meet the regional housing targets, including:

18 (A) a quantification of the jurisdiction's existing and projected
19 needed housing types;

20 (B) an analysis of any constraints to housing development, such as
21 zoning, development standards, and infrastructure needs and capacity, and the

1 identification of market-based incentives that may affect or encourage the
2 development of needed housing types; and

3 (C) a description of what actions the jurisdiction may take to
4 accommodate the projected needed housing types identified in subdivision (A)
5 of this subdivision (2), including:

6 (i) updates to specific zoning or municipal bylaw provisions or
7 maps; and

8 (ii) updates to specific infrastructure, including municipal water
9 and sewer capacity.

10 (b) The housing element of the municipal plan may incorporate by
11 reference any information or policies identified in other housing needs
12 assessments adopted by the governing body, identified in the regional plan, or
13 published in the Statewide Housing Needs Assessment published by the
14 Department of Housing and Community Development in accordance with
15 subdivision 4348a(a)(9) of this title.

16 (c) The amount of detail provided in the analysis beyond the minimum
17 criteria established in this section is at the discretion of the legislative body.

18 Sec. 8. [Deleted.]

19 * * * Effective Date * * *

20 Sec. 9. EFFECTIVE DATE

21 This act shall take effect on July 1, 2026.