

1 H.775

2 Introduced by Representatives Mihaly of Calais, Charlton of Chester, Bartley
3 of Fairfax, Graning of Jericho, Krasnow of South Burlington,
4 and Marcotte of Coventry

5 Referred to Committee on

6 Date:

7 Subject: Housing; municipal and county government; special assessments;
8 indebtedness; revenue bonds; State Treasurer; credit facility; Vermont
9 Housing Special Fund

10 Statement of purpose of bill as introduced: This bill proposes to create the
11 Rural Housing Finance Pilot Program and the off-site construction accelerator
12 pilot program; to authorize municipalities to issue revenue bonds backed by
13 special assessments for the purpose of financing a public improvement within
14 a special assessment district; to increase the financial cap on the Office of the
15 State Treasurer's authority to establish a credit facility for purposes of funding
16 mobile home park infrastructure; to authorize the State Treasurer to retain
17 interest on loans issued using credit facility funds for the purpose of promoting
18 the increased availability of housing and the bulk purchasing of off-site
19 constructed housing; to authorize the State Treasurer to create an additional
20 credit facility of one percent for the bulk purchase of off-site constructed

1 housing; and to create the Vermont Housing Special Fund for the purposes of
2 administering interest paid on loans issued using credit facility funds.

3 An act relating to creating tools for housing production

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

5 ~~*** Rural Housing Finance Pilot Program ***~~

6 Sec. 1. RURAL HOUSING FINANCE PILOT PROGRAM

7 (a) Creation.

8 (1) There is created the Rural Housing Finance Pilot Program to
9 stimulate the development of affordable housing in rural Vermont
10 communities. Under the Program, the Department of Housing and
11 Community Development may authorize for tax stabilization up to 300
12 housing units in eligible communities over a maximum application period of
13 three years.

14 (2) The Department of Housing and Community Development shall
15 work in collaboration with the Vermont Housing Finance Agency, the Vermont
16 Housing and Conservation Board, the Office of the State Treasurer, and the
17 Treasurer's Local Investment Advisory Committee in carrying out the
18 provisions of this pilot program. The Department may enter into agreement

1 ~~with one or more of the abovementioned partners in carrying out specific~~
2 provisions of this section.

3 (d) The Vermont Housing Finance Agency, the Vermont Housing and
4 Conservation Board, and the Office of the State Treasurer shall provide
5 technical and administrative support to the Department of Housing and
6 Community Development in carrying out the provisions of this section.

7 (b) Administration. The Department of Housing and Community
8 Development shall administer the Program according to the requirements of
9 this section. Pursuant to 3 V.S.A. chapter 25, the Commissioner of Housing
10 and Community Development shall adopt any rules necessary for the
11 implementation, administration, and enforcement of this section.

12 (c) Application. The Department of Housing and Community
13 Development shall develop a simple application process for municipalities to
14 participate in the Program that requires the sponsoring municipality to
15 demonstrate compliance with the requirements of this subsection.

16 (1) Location. The proposed housing development will be located in a
17 sponsoring municipality with a population of fewer than 5,000 persons and
18 will not be located in a TIF district or a housing development site.

19 (2) Maximum size. A proposed housing development must be primarily
20 residential space and may include commercial space. The residential portion
21 of the proposed housing development shall not exceed 16 housing units. The

1 ~~commercial portion of the proposed housing development shall not exceed~~
2 5,000 square feet.

3 (c) Affordability. At least 15 percent or a minimum of two of the
4 proposed housing units shall be affordable housing units. Affordable housing
5 units shall be subject to covenants or restrictions that preserve their
6 affordability for a minimum of 15 years or longer as provided in municipal
7 bylaws.

8 (d) Selection. The Department of Housing and Community Development
9 shall develop a procedure for selecting from among the qualifying applications
10 under subsection (c) of this section that takes into consideration both the
11 overall affordability of the proposed housing units and the extent to which tax
12 stabilization facilitates that affordability. Using the selection procedure, the
13 Commissioner of Housing and Community Development shall recommend to
14 the Commissioner of Taxes up to 300 housing units for tax stabilization.

15 (e) Tax stabilization. Notwithstanding any law to the contrary, a
16 sponsoring municipality may contract with the owner of property selected for
17 tax stabilization under subsection (d) of this section to fix and maintain for the
18 duration of 10 years the valuation of the property in the grand list as follows:

19 (1) From years one through seven. For the first seven years following
20 completion of construction of the proposed housing development, the property
21 shall be valued at the pre-development value of the property.

1 ~~(2) From years eight through ten. For the final three years of the~~
2 agreement, the property shall be valued at the pre-development value of the
3 property plus an adjustment calculated as follows:

4 (A) for year eight, 25 percent of the property value change;

5 (B) for year nine, 50 percent of the property value change; and

6 (C) for year 10, 75 percent of the property value change.

7 (f) Compliance. The Department of Housing and Community
8 Development shall monitor housing developments awarded tax stabilization
9 under the Program and shall annually confirm with the Department of Taxes
10 compliance with the terms of the tax stabilization agreement for the duration
11 of the agreement.

12 (g) Reporting. Annually on or before January 31, the Department of
13 Housing and Community Development shall submit a report to the House
14 Committees on General and Housing and on Ways and Means and the Senate
15 Committees on Economic Development, Housing and General Affairs and on
16 Finance updating the Committees on the status of the Program and any
17 housing developments selected for tax stabilization under the Program.

18 (h) Definitions. As used in this section:

19 (1) "Affordable housing" has the same meaning as in 24 V.S.A. § 4303.

20 (2) "Application period" means the period commencing on the first day
21 the Department accepts applications for the Program and ending three years

1 ~~following commencement or upon publication by the Department that the~~
2 ~~application period is closed, whichever occurs first.~~

3 ~~(3) "Department" means the Department of Housing and Community~~
4 ~~Development.~~

5 ~~(4) "Housing development site" has the same meaning as in 24 V.S.A.~~
6 ~~§ 1906.~~

7 ~~(5) "Municipality" means a city, town, or incorporated village.~~

8 ~~(6) "Pre-development value" means the valuation of the property as~~
9 ~~determined in accordance with 32 V.S.A. chapter 129 as of the most recent~~
10 ~~annual appraisal date preceding preparation of the property for development.~~

11 ~~(7) "Program" means the Rural Housing Finance Pilot Program created~~
12 ~~by this section.~~

13 ~~(8) "Property value change" means the difference in property valuation~~
14 ~~for a property calculated by subtracting the pre-development value of the~~
15 ~~property from the fair market value of the property in the year for which the~~
16 ~~property value change is being calculated.~~

17 ~~(9) "TIF district" has the same meaning as "district" in 24 V.S.A.~~

18 ~~§ 1891.~~

1 ~~Sec. 2. 22 V.S.A. § 5404(e) is amended to read:~~

2 (e) A tax agreement or exemption shall affect the education property tax
3 grand list of the municipality in which the property subject to the agreement is
4 located if the agreement or exemption is:

5 * * *

6 (3) An agreement relating to affordable housing, which may be
7 approved under this subdivision by the Commissioner of Taxes upon
8 recommendation of the Commissioner of Housing and Community Affairs
9 Development, provided the agreement provides either for new construction
10 housing projects or rehabilitated pre-existing housing projects and secures
11 federal financial participation that may include projects financed with federal
12 low income housing tax credits.

13 * * *

14 (7) An agreement under the Rural Housing Finance Pilot Program
15 established under this act, which may be approved under this subdivision by
16 the Commissioner of Taxes upon recommendation of the Commissioner of
17 Housing and Community Development.

18 * * * Special Assessment Bonds * * *

19 Sec. 3. 24 V.S.A. § 3257 is added to read:

20 ~~§ 3257. SPECIAL ASSESSMENT BONDS~~

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

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

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

14 (1) the Vermont Bond Bank has provided a commitment letter for the
15 issuance;

16 (2) a major credit rating agency rates the issuance at a minimum credit
17 rating of BBB; or

18 (3) a private bank has provided a commitment letter for the issuance and
19 a certification that the private bank is a qualified institutional buyer as that
20 term is used in 17 C.F.R. § 250.144A (Rule 144A, Securities Act of 1933).

1 ~~*** Vermont Housing Special Fund ***~~

2 Sec. 4. 10 V.S.A. § 10 is amended to read:

3 § 10. VERMONT STATE TREASURER; CREDIT FACILITY FOR LOCAL
4 INVESTMENTS

5 (a) Notwithstanding any provision of 32 V.S.A. § 433(a) to the contrary,
6 the Vermont State Treasurer shall have the authority to establish a credit
7 facility of up to ~~10~~ 12.5 percent of the State's average cash balance on terms
8 acceptable to the Treasurer and consistent with prudent investment principles
9 and guidelines pursuant to 32 V.S.A. § ~~433(b)–(e)~~ 433(b) and (c) and the
10 Uniform Prudent Investor Act, 14A V.S.A. chapter 9.

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)–(e)~~ 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 (e)(1) The Treasurer shall retain any interest paid on loans established
14 under this section. Interest funds shall be transferred upon receipt to the
15 Vermont Housing Special Fund established in section 12 of this title.

16 (2) Notwithstanding any provision of 32 V.S.A. § 433(a) to the contrary,
17 the Treasurer may use interest paid on loans under this subsection to provide
18 capital for housing projects in Vermont that, in the Treasurer's discretion, are
19 necessary to promote the increased availability of housing, including the bulk
20 purchasing of off-site constructed housing as set forth in subsection (f) of this
21 section. This capital may be provided on terms acceptable to the Treasurer,

1 ~~including in the form of grants, interest free loans, or the investment of equity~~
2 ~~stakes in housing projects.~~

3 (1) The Treasurer shall have the authority to create a credit facility of up
4 to one percent of the State average cash balance pursuant to the total funding
5 allocation under subsection (a) of this section to facilitate the bulk purchasing
6 of off-site constructed housing. The Treasurer may use amounts available
7 under this subsection and subdivision (e)(2) of this section to aid in the
8 purchase of off-site constructed housing units to facilitate housing
9 development. Purchases shall be made on terms acceptable to the Treasurer,
10 and any financial losses shall be repaid from the Vermont Housing Special
11 Fund established in section 12 of this title.

12 Sec. 5. 10 V.S.A. § 12 is added to read:

13 § 12. VERMONT HOUSING SPECIAL FUND

14 (a) There is established the Vermont Housing Special Fund to be
15 administered by the State Treasurer in accordance with 32 V.S.A. chapter 7,
16 subchapter 5.

17 (b) The Fund shall consist of the following:

18 (1) any monies appropriated to the Fund by the General Assembly;

19 (2) any monies transferred to the Fund from the federal government,

20 state agencies, or other governmental sources, and

1 ~~(2) any interest paid on loans authorized pursuant to subsection 10(e) or~~
2 ~~(c) of this title.~~

3 (c) The Treasurer shall credit to the Fund all interest and income derived
4 from the deposit and investment of monies in the Fund.

5 (d) Any unexpended and unencumbered monies at the end of a fiscal year
6 shall remain in the Fund.

7 (e) The Treasurer may also use these funds to pay the administrative costs
8 necessary to support the credit facilities created in this section.

9 * * * Off-Site Construction Accelerator Pilot * * *

10 Sec. 6. OFF-SITE CONSTRUCTION ACCELERATOR PILOT

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

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

16 (1) bulk purchasing for a single development or aggregation of multiple
17 developments;

18 (2) streamlining regulatory processes by creating preapproved modular
19 designs.

- 1 ~~(3) creating a loan loss reserve for construction loans;~~
- 2 ~~(4) off-site construction, including panelized or volumetric modular~~
3 ~~construction;~~
- 4 ~~(5) establishing a statewide procurement consortium for bulk orders of~~
5 ~~modular units and materials;~~
- 6 ~~(6) aligning State and local permitting; and~~
- 7 ~~(7) the creation and adoption of off-site building codes.~~
- 8 ~~(c) As part of the pilot, the Agency shall work with the Office of the State~~
9 ~~Treasurer to identify the feasibility of the State providing a guarantee or other~~
10 ~~device to facilitate bulk purchasing of the off-site construction of homes.~~
- 11 ~~(d) The pilot shall occur in a municipality willing to participate in the~~
12 ~~regulatory reforms necessary to implement the process and accept the~~
13 ~~constructed homes.~~
- 14 ~~(e) A municipal planning grant shall be made available to the participating~~
15 ~~municipality to assist in enacting the necessary regulatory reforms.~~
- 16 ~~(f) On or before November 15, 2028, the Agency shall submit a written~~
17 ~~report to the House Committee on General and Housing and the Senate~~
18 ~~Committee on Economic Development, Housing and General Affairs with its~~
19 ~~findings and any recommendations for legislative action based on the success~~
20 ~~of the pilot. The report shall include information on whether to enact a~~
21 ~~statewide building code for off-site construction.~~

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

§ 699. VERMONT RENTAL HOUSING IMPROVEMENT PROGRAM

(a) Creation of Program.

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

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

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* * * Positions * * *

Sec. 8. POSITIONS

Two new permanent, full-time Grants Management Specialist Housing and Community Development classified positions are created within the Department of Housing and Community Development.

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~~*** Effective Date ***~~
Sec. 9. EFFECTIVE DATE
~~This act shall take effect on July 1, 2026.~~

**** 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:

(A) the Vermont Bond Bank;

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

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

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

** * * Vermont Housing Special Fund * * **

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

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

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

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

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

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

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

~~(3) Financial losses of the credit facility established in subdivision (1)(B) of this subsection shall be repaid from the Vermont Housing Special Fund established in section 12 of this title.~~

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

~~(c) Notwithstanding any provision of 32 V.S.A. § 433(a) to the contrary, and in addition to the provisions of subsection (a) ~~or~~ of this section, the Vermont State Treasurer shall have the authority to establish a credit facility of~~

up to two and one-half percent of the State's average cash balance on terms acceptable to the Treasurer and consistent with prudent investment principles and guidelines pursuant to 32 V.S.A. § 433(b)–(e) 433(b) and (c) and the Uniform Prudent Investor Act, 14A V.S.A. chapter 9. The Treasurer may use amounts available under this subsection only to provide financing for climate infrastructure and resilience projects and may modify the terms of such financing in the Treasurer's discretion as is necessary to protect the ~~interest~~ interests of the State.

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

~~*(e) The Treasurer shall retain any interest paid on loans authorized under this section. Interest funds shall be transferred upon receipt to the Vermont Housing Special Fund established in section 12 of this title.*~~

~~*Sec. 3. 10 V.S.A. § 12 is added to read:*~~

~~*§ 12. VERMONT HOUSING SPECIAL FUND*~~

~~(a) There is established the Vermont Housing Special Fund to be administered by the State Treasurer in accordance with 32 V.S.A. chapter 7, subchapter 5.~~

~~(b) The Fund shall consist of the following:~~

~~(1) any monies appropriated to the Fund by the General Assembly;~~

~~(2) any monies transferred to the Fund from the federal government, State agencies, or other governmental sources; and~~

~~(3) any interest paid on loans authorized pursuant to section 10 of this title.~~

~~(c)(1) The Treasurer shall use funds under this section to provide capital for housing projects in Vermont that, in the Treasurer's discretion, are necessary to promote the increased availability of housing, including the bulk purchasing of off-site constructed housing as authorized in subdivision 10(a)(2) of this title. This capital may be provided on terms acceptable to the Treasurer, including in the form of grants, interest-free loans, or the investment of equity stakes in housing projects.~~

~~(2) The Treasurer may use funds to pay the administrative costs necessary to support the credit facilities created in section 10 of this title.~~

~~(d)(1) The Treasurer shall credit to the Fund all interest and income derived from the deposit and investment of monies in the Fund.~~

~~(2) Any unexpended and unencumbered monies at the end of a fiscal year shall remain in the Fund.~~

Sec. 3. [Deleted.]

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

Sec. 4. OFF-SITE CONSTRUCTION ACCELERATOR PILOT

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

(b) The pilot will consider the following elements:

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

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

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

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

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

(6) aligning State and local permitting; and

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

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

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

(d) The pilot shall occur in one or more municipalities willing to participate in the regulatory reforms necessary to implement the process and accept the constructed homes.

(e) A municipal planning grant shall be made available to the participating municipalities to assist in enacting the necessary regulatory reforms.

(f) On or before November 15, 2028, the Agency shall submit a written report to the House Committee on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs with its findings and any recommendations for legislative action based on the success of the pilot. The report shall include information on whether to enact a statewide building code or codes for off-site construction.

(g) The Agency of Commerce and Community Development shall cease the pilot demonstration project on June 30, 2030.

** * * VHIP * * **

Sec. 5. 10 V.S.A. § 699 is amended to read:

§ 699. VERMONT RENTAL HOUSING IMPROVEMENT PROGRAM

(a) Creation of Program.

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

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

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** * * Vermont Economic Development Authority * * **

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

§ 212. DEFINITIONS

As used in this chapter:

** * **

(6) “Eligible facility” or “eligible project” means any industrial, commercial, or agricultural enterprise or endeavor approved by the Authority used in a trade or business whether or not such business is operated for profit, including land and rights in land, air, or water; buildings; structures; machinery; and equipment of such eligible facilities or eligible projects, except that an eligible facility or project shall not include the portion of an enterprise or endeavor relating to the sale of goods at retail where such goods are manufactured primarily out of State, and except further that an eligible facility or project shall not include the portion of an enterprise or endeavor relating to housing unless otherwise authorized in this chapter. Such enterprises or endeavors may include:

** * **

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

- (i) an assisted living residence;*
- (ii) a home for the terminally ill;*
- (iii) a nursing home;*

(iv) a residential care home; and

(v) a therapeutic community residence.

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

(U) After consultation with, and with deference to, the Vermont Housing Finance Agency on applications that are eligible for financing from both the Authority and the Agency, multiunit housing developments of five or more units when requested by, and jointly financed with, a financing lender, except that the Authority shall not finance housing developments that utilize funding issued by the Agency.

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** * * Municipal Plans * * **

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

§ 4388. PLANNING FOR HOUSING TARGETS

(a) A municipality shall:

(1) include within the housing element of a municipal plan an identification and analysis of existing and projected housing needs for the projected population of the jurisdiction, including the housing needs for individuals with a disability, and provide regulations that allow for the

~~rehabilitation, improvement, or development of the number of housing units needed, as identified in the land use plan and future land use map; or~~

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

~~(A) a quantification of the jurisdiction's existing and projected needed housing types, including location, age, condition, and occupancy required to accommodate existing and estimated population projections;~~

~~(B) an inventory of sites, including zoned, unzoned, vacant, underutilized, and potential redevelopment sites, available to meet the jurisdiction's needed housing types;~~

~~(C) an analysis of any constraints to housing development, such as zoning, development standards, and infrastructure needs and capacity, and the identification of market-based incentives that may affect or encourage the development of needed housing types; and~~

~~(D) a detailed description of what actions the jurisdiction may take to accommodate the projected needed housing types identified in subdivision (1) of this subdivision (2), including:~~

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

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

(a) A municipality shall:

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

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

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

(B) an analysis of any constraints to housing development, such as zoning, development standards, and infrastructure needs and capacity, and the identification of market-based incentives that may affect or encourage the development of needed housing types; and

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

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

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

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

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

~~*** Positions ***~~

~~Sec. 8. POSITIONS~~

~~Two new permanent, full-time Grants Management Specialist Housing and Community Development classified positions are created within the Department of Housing and Community Development.~~

~~Sec. 8. [Deleted.]~~

** * * Effective Date * * **

Sec. 9. EFFECTIVE DATE

This act shall take effect on July 1, 2026.