

1 S.328

2 Introduced by Committee on Economic Development, Housing and General

3 Affairs

4 Date: January 30, 2026

5 Subject: Housing; municipal and county government; municipal planning;
6 taxation and finance; tax credits; Vermont Housing Finance Agency;
7 common interest communities; conservation and development; mobile
8 home parks; Vermont Economic Development Authority; land use;
9 municipal zoning

10 Statement of purpose of bill as introduced: This bill proposes to make
11 multiple changes related to housing. The bill proposes to require municipal
12 development plans to include information and analysis on housing targets,
13 extend the Down Payment Assistance Program tax credits, cap the allowable
14 rate of increase for mobile home lot rent increases, authorize the Vermont
15 Economic Development Authority to finance certain housing projects, and
16 create the Service-Supported Housing Advisory Council. The bill proposes to
17 restrict common interest communities from prohibiting a unit owner from
18 leasing a unit, utilizing a unit as a family child care home, and installing
19 electrical vehicle supply equipment. The bill proposes to make changes
20 related to municipal zoning requirements related to duplexes, multiunit
21 dwellings, and areas served by municipal sewer and water infrastructure. The

1 bill proposes to provide a density bonus for housing constructed with union
2 labor.

3 An act relating to housing and common interest communities

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

5 ~~*** Housing Targets ***~~

6 Sec. 1. 24 V.S.A. § 4388 is added to read:

7 § 4388. PLANNING FOR HOUSING TARGETS

8 A municipal plan shall include an analysis of regulatory and physical
9 constraints preventing the municipality from developing sufficient housing to
10 meet the regional housing targets developed pursuant to subdivision
11 4348a(a)(9) of this title as follows:

12 (1) The municipality shall identify and analyze existing and projected
13 housing needs for the projected population of the jurisdiction and provide
14 regulations that allow for the rehabilitation, improvement, or development of
15 the number of housing units needed, as identified in the land use plan and
16 future land use map, including:

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

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

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

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

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

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

15 (2) The housing section of the land use plan and future land use map
16 may incorporate by reference any information or policies identified in other
17 housing needs assessments adopted by the governing body.

18 (3) If, after performing the analysis required in subdivision (1) of this
19 section, the legislative body of the municipality determines that the total
20 needed housing types may not be met due to lack of resources, development
21 sites, infrastructure capacity, or other documented constraints, the legislative

1 ~~body shall establish the minimum number of housing units that may be~~
2 ~~rehabilitated, improved, or developed within the jurisdiction over the 20-year~~
3 ~~planning period and the actions the legislative body may take to remove~~
4 ~~constraints to the development of those units over that period.~~

5 ~~(4) Progress toward the construction of the housing units identified as~~
6 ~~needed to meet projected housing needs during the 20-year planning period of~~
7 ~~the land use plan must be documented at each municipal plan adoption,~~
8 ~~renewal, or readoption pursuant to section 4385 or 4387 of this title.~~

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

11 * * * Tax Credits * * *

12 Sec. 2. 32 V.S.A. § 5930u is amended to read:

13 § 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

14 * * *

15 (b) Eligible tax credit allocations.

16 * * *

17 (3)(A) The Vermont Housing Finance Agency shall have the authority
18 to allocate affordable housing tax credits to finance down payment assistance
19 loans that meet the following requirements:

20 (i) the loan is made in connection with a mortgage through an

21 Agency program,

1 ~~(ii) the borrower is a first-time home buyer of an owner-occupied~~
2 primary residence; and

3 (iii) the borrower uses the loan for the borrower's down payment
4 or closing costs, or both.

5 (B) The Agency shall require the borrower to repay the loan upon the
6 transfer or refinancing of the residence.

7 (C) The Agency shall use the proceeds of loans made under the
8 Program for future down payment assistance.

9 (D) The Agency may reserve funding and adopt guidelines to
10 provide grants to first-time homebuyers who are also first-generation
11 homebuyers.

12 * * *

13 (h) Credit allocation; Down Payment Assistance Program.

14 (1) In fiscal year 2016 through fiscal year 2019, the allocating agency
15 may award up to \$125,000.00 in total first-year credit allocations for loans
16 through the Down Payment Assistance Program created in subdivision (b)(2)
17 of this section.

18 (2) In fiscal year 2020 through fiscal year ~~2026~~ 2031, the allocating
19 agency may award up to \$250,000.00 in total first-year credit allocations for
20 loans through the Down Payment Assistance Program created in subdivision
21 ~~(b)(3)~~ of this section.

~~*** Off Site Construction Accelerator Pilot ***~~

~~Sec. 3. 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) 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.~~

1 ~~(d) The pilot shall occur in a municipality willing to participate in~~
2 ~~regulatory reforms necessary to implement the process and accept the~~
3 ~~constructed homes.~~

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

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

12 * * * Common Interest Communities * * *

13 Sec. 4. 27A V.S.A. § 1-204 is amended to read

14 § 1-204. PREEXISTING COMMON INTEREST COMMUNITIES

15 (a)(1) Unless excepted under section 1-203 of this title, the following
16 sections and subdivisions of this title apply to a common interest community
17 created in this State before January 1, 1999: sections 1-103, 1-105, 1-106, 1-
18 107, 2-103, 2-104, and 2-121; subdivisions 3-102(a)(1) through (6), and (11)
19 through (16); and sections 3-111, 3-116, 3-118, 4-109, and 4-117 to the extent
20 necessary to construe the applicable sections. The sections and subdivision
21 described in this subdivision apply only to events and circumstances occurring

1 ~~after December 31, 1998, and do not invalidate existing provisions of the~~
2 ~~declarations, bylaws, plats, or plans of those common interest communities.~~

3 * * *

4 (3) Unless excepted under section 1-203 of this title, sections 3-125 and
5 3-126 of this title shall apply to a common interest community created in this
6 State before January 1, 1999. Sections 3-125 and 3-126 apply only to events
7 and circumstances occurring after June 30, 2026, and do not invalidate existing
8 provisions of the declarations, bylaws, plats, or plans of those common interest
9 communities.

10 * * *

11 Sec. 5. 27A V.S.A. § 3-125 is added to read:

12 § 3-125. PROHIBITED USES DISALLOWED

13 (a) Leasing units.

14 (1) Any covenant, restriction, or condition contained in any deed,
15 contract, security instrument, or other instrument affecting the transfer or sale
16 of any interest in a common interest community, and any provision of a
17 governing document associated with a common interest community, such as a
18 declaration, bylaw, or rule, that either effectively prohibits or unreasonably
19 restricts a unit owner from leasing the individual unit owner's unit for
20 residential purposes or is in conflict with this section is void and
21 unenforceable.

1 ~~(2) Nothing in this subsection shall prevent or prohibit any deed~~
2 ~~contract, security instrument, or other instrument affecting the transfer or sale~~
3 ~~of any interest in a common interest community, and any provision of a~~
4 ~~governing document associated with a common interest community, such as a~~
5 ~~declaration, bylaw, or rule, from preventing the subleasing of a unit or~~
6 ~~restricting the leasing of residential units as authorized by subdivision 3-~~
7 ~~120(f)(3) of this title.~~

8 ~~(3) This subsection shall not be interpreted to authorize transient~~
9 ~~occupancy in a hotel, motel, or lodgings that would subject the occupant to a~~
10 ~~tax levied under 32 V.S.A. chapter 225.~~

11 ~~(4) This subsection shall not be interpreted to authorize a unit owner to~~
12 ~~lease a unit as a short-term rental as that term is defined in 18 V.S.A. § 4301.~~

13 ~~(5) This subsection shall not apply to common interest communities~~
14 ~~reserved exclusively for nonresidential purposes.~~

15 ~~(b) Family child care home.~~

16 ~~(1) Any covenant, restriction, or condition contained in any deed,~~
17 ~~contract, security instrument, or other instrument affecting the transfer or sale~~
18 ~~of any interest in a common interest community, and any provision of a~~
19 ~~governing document associated with a common interest community, such as a~~
20 ~~declaration, bylaw, or rule, that either effectively prohibits or unreasonably~~
21 ~~restricts a unit owner from operating a family child care home, as that term is~~

1 ~~defined in 22 V.S.A. § 3-511, within the unit owner's unit is void and~~

2 ~~unenforceable.~~

3 ~~(2) Notwithstanding subdivision (1) of this subsection, a family child~~
4 ~~care home operating within a common interest community shall comply with~~
5 ~~applicable federal and State laws relating to the regulation of family child care~~
6 ~~homes.~~

7 ~~(c) Zoning; land use requirements. Unit owners shall comply with federal,~~
8 ~~State, and local laws related to applicable zoning requirements, land use~~
9 ~~requirements, and other covenants, conditions, and restrictions.~~

10 ~~(d) Leasehold common interest communities. This section shall not apply~~
11 ~~to leasehold common interest communities.~~

12 Sec. 6. 27A V.S.A. § 3-126 is added to read:

13 § 3-126. ELECTRIC VEHICLE SUPPLY EQUIPMENT

14 (a) Definitions. As used in this section:

15 (1) "Electric vehicle supply equipment (EVSE)" means a device or
16 system designed and used specifically to transfer electrical energy to a plug-in
17 electric vehicle.

18 (2) "EVSE owner" means the unit owner who applies to install an
19 EVSE and each successive unit owner associated with the initial application to
20 install the EVSE unless there is a specific change in ownership of the EVSE,

1 ~~in which case the EVSE owner shall be the owner specified in a conveying~~
2 ~~document memorializing the change in ownership of the EVSE.~~

3 ~~(3) “Plug-in electric vehicles” has the same meaning as in 23 V.S.A.~~
4 ~~§ 4(85).~~

5 ~~(4) “Reasonable restrictions” are restrictions that do not significantly~~
6 ~~increase the cost of the EVSE or significantly decrease the efficiency or~~
7 ~~specified performance of the EVSE.~~

8 ~~(b) Protected uses.~~

9 ~~(1) Any covenant, restriction, or condition contained in any deed,~~
10 ~~contract, security instrument, or other instrument affecting the transfer or sale~~
11 ~~of any interest in a common interest community, and any provision of a~~
12 ~~governing document associated with a common interest community, such as a~~
13 ~~declaration, bylaw, or rule, that either effectively prohibits or unreasonably~~
14 ~~restricts the installation or use of an EVSE within a unit owner’s unit or in a~~
15 ~~designated parking space, including a deeded parking space, a parking space in~~
16 ~~a unit owner’s exclusive use common element, or a parking space that is~~
17 ~~specifically designated for use by a particular unit owner, or is in conflict with~~
18 ~~this section is void and unenforceable.~~

19 ~~(2) This subsection shall not apply to provisions that impose reasonable~~
20 ~~restrictions on EVSE. However, it is the policy of the State to promote,~~

1 encourage, and remove obstacles to the use of plug-in electric vehicles,

2 including access to EVSE at home.

3 (3) The EVSE and all modifications and improvements to the common
4 interest community shall comply with federal, State, and local law, and all
5 applicable zoning requirements; land use requirements; and covenants,
6 conditions, and restrictions.

7 (4) If approval is required for the installation or use of EVSE, the
8 application for approval shall be processed and approved by the association in
9 the same manner as an application for approval of an architectural
10 modification to the common interest community and shall not be intentionally
11 avoided or delayed. The approval or denial of an application shall be in
12 writing. If an application is not denied in writing within 60 days from the date
13 of receipt of the application, the application shall be deemed approved, unless
14 that delay is the result of a reasonable request for additional information.

15 (5) If the EVSE is to be placed in a common element or a limited
16 common element, as designated in the common interest community's
17 declaration, the following provisions apply:

18 (A) The unit owner first shall obtain approval from the association to
19 install the EVSE, and the association shall approve the installation if the unit
20 owner agrees in writing to do all of the following.

1 ~~(i) comply with the association's architectural standards for the~~
2 installation of the EVSE;

3 (ii) engage a licensed contractor to install the EVSE; and

4 (iii) pay for both the costs associated with the installation of the
5 EVSE and the electricity usage associated with the EVSE.

6 (B) The unit owner and each successive owner of the EVSE shall be
7 responsible for all of the following:

8 (i) costs for damage to the EVSE, common element, or limited
9 common element resulting from the installation, maintenance, repair, removal,
10 or replacement of the EVSE;

11 (ii) costs for the maintenance, repair, and replacement of the
12 EVSE until the EVSE has been removed and for the restoration of the
13 common element or limited common element after removal;

14 (iii) cost of electricity associated with the EVSE; and

15 (iv) disclosing to prospective buyers of the unit the existence of
16 any EVSE and the related responsibilities of the unit owner under this section.

17 (6) An association that intentionally violates this subsection shall be
18 liable to the applicant unit owner or other party for actual damages and shall
19 pay a civil penalty to the applicant unit owner or other party in an amount not
20 to exceed \$1,000.00.

1 ~~(7) In any action by a unit owner requesting to have an EVSE installed~~
2 ~~and seeking to enforce compliance with this section, the prevailing plaintiff~~
3 ~~shall be awarded reasonable attorney's fees.~~

4 * * * Mobile Home Lot Rent * * *

5 Sec. 7. 10 V.S.A. § 6252 is amended to read:

6 § 6252. LOT RENT INCREASE DISPUTE; MEDIATION

7 (a)(1) ~~If the percentage of a proposed~~ A mobile home park owner shall not
8 propose a lot rent increase of more than one percentage point above the U.S.
9 Consumer Price Index for all Urban Consumers, Housing Component,
10 published by the U.S. Bureau of Labor Statistics in the periodical "Monthly
11 Labor Review and Handbook of Labor Statistics" as established annually by
12 the Department, and if,

13 (2) If, within 15 business days after receipt by the Commissioner of the
14 notice required pursuant to subsection 6251(a) of this title, a majority of the
15 affected leaseholders files with the Commissioner and the park owner a written
16 petition that includes the name of the person who will act as the representative
17 of the leaseholders, and a statement that they dispute the proposed lot rent
18 increase, the Commissioner shall send a list of qualified professional mediators
19 compiled by the Department in cooperation with park owners and leaseholders
20 to the park owner and to the leaseholders' representative. Within five business
21 ~~days of after receipt of the list, the park owner and the leaseholders~~

1 ~~representative shall agree on a mediator from the list provided by the~~
2 Commissioner and notify the Commissioner of the name, address, and
3 telephone number of the mediator selected, accompanied by the mediator's
4 agreement to conduct the mediation. If the Commissioner has not been
5 notified of a mediator as required by this subsection, the Commissioner shall
6 appoint a mediator from the Department's list. The mediator may not have
7 any interest, direct or indirect, in the mobile home park at issue and shall
8 disclose to the park owner, the leaseholders, and the Commissioner any
9 experience as a mobile home park owner, resident, or leaseholder, or any other
10 circumstance that may create a real or perceived conflict of interest. The
11 Department shall pay the reasonable fees for professional mediation services
12 based on a schedule established by rule of the Department.

13 (b) The mediator shall conduct one or more mediation sessions within the
14 period that ends 10 days prior to the effective date of the proposed lot rent
15 increase. The mediation shall include the mobile home park owner and the
16 leaseholders, or their respective representatives, and shall attempt to resolve
17 the dispute. ~~No~~ Not later than five days before the initial mediation session,
18 the mobile home park owner shall provide to the mediator and the
19 leaseholders' representative all documents and information that the park owner
20 considers relevant to support the proposed lot rent increase. The mobile home
21 ~~park owner shall have the burden of providing information to show that the~~

1 ~~proposed lot rent increase is reasonable. The mediator may also request any~~
2 additional documents or information for the purposes of the mediation process.
3 Any resolution of the dispute shall include an agreement regarding the amount
4 of the lot rent increase and the effective date. If the dispute is resolved, the
5 mobile home park owner shall not be required to provide any additional notice
6 in order for the lot rent increase to take effect pursuant to the resolution.

7 (c) The mediator shall issue to the parties and the Commissioner a report
8 signed by the mediator and the parties regarding the outcome of the mediation.
9 The report shall not be admitted into evidence and the mediator shall not be
10 competent to testify in any subsequent action regarding the proposed lot rent
11 increase.

12 * * * Vermont Economic Development Authority * * *

13 Sec. 8. 10 V.S.A. § 212 is amended to read:

14 § 212. DEFINITIONS

15 As used in this chapter:

16 * * *

17 (6) "Eligible facility" or "eligible project" means any industrial,
18 commercial, or agricultural enterprise or endeavor approved by the Authority
19 used in a trade or business whether or not such business is operated for profit,
20 including land and rights in land, air, or water; buildings; structures;
21 ~~machinery, and equipment of such eligible facilities or eligible projects, except~~

1 ~~that an eligible facility or project shall not include the portion of an enterprise~~
2 or endeavor relating to the sale of goods at retail where such goods are
3 manufactured primarily out of State, and except further that an eligible facility
4 or project shall not include the portion of an enterprise or endeavor relating to
5 housing unless otherwise authorized in this chapter. Such enterprises or
6 endeavors may include:

7 * * *

8 (U) After consultation with, and with deference to, the Vermont
9 Housing Finance Agency on applications that are eligible for financing from
10 both the Authority and the Agency, joint financing with a financing lender
11 multiunit housing developments of five or more units when requested by a
12 financing lender.

13 * * *

14 * * * Service-Supported Housing * * *

15 Sec. 9. 3 V.S.A. § 3098 is added to read:

16 § 3098. SERVICE-SUPPORTED HOUSING ADVISORY COUNCIL

17 (a) The Service-Supported Housing Advisory Council is created for the
18 purpose of identifying opportunities for increased alignment between human
19 services programs and policies serving individuals who receive Medicaid-
20 funded developmental disability services and housing capital and support
21 services programs.

1 ~~(b) The Advisory Council shall be overseen by the Department of~~
2 ~~Disabilities, Aging, and Independent Living and shall be composed of the~~
3 ~~following individuals:~~
4 ~~(1) one member, appointed by the Vermont Housing and Conservation~~
5 ~~Board;~~
6 ~~(2) the Secretary of Human Services or designee;~~
7 ~~(3) the Commissioner of Disabilities, Aging, and Independent Living or~~
8 ~~designee;~~
9 ~~(4) the State Treasurer or designee;~~
10 ~~(5) the Commissioner of Housing and Community Development or~~
11 ~~designee;~~
12 ~~(6) two members, appointed by the Developmental Disabilities Housing~~
13 ~~Initiative;~~
14 ~~(7) the Executive Director of the Vermont Developmental Disabilities~~
15 ~~Council or designee;~~
16 ~~(8) two members, appointed by Green Mountain Self Advocates; and~~
17 ~~(9) one member, appointed by Vermont Care Partners.~~
18 ~~(c)(1) The Advisory Council shall meet at least monthly.~~
19 ~~(2) The Commissioner of Disabilities, Aging, and Independent Living~~
20 ~~shall convene the first meeting of the Advisory Council, during which the~~
21 ~~Advisory Council shall elect a chair from among its members.~~

1 ~~(d) The Advisory Council shall report annually on or before November 15~~
2 ~~to the House Committees on General and Housing and on Human Services and~~
3 ~~the Senate Committees on Economic Development, Housing and General~~
4 ~~Affairs and on Health and Welfare regarding:~~

5 ~~(1) administrative and programmatic reforms carried out to better align~~
6 ~~support-services and housing development programs and policies, including~~
7 ~~examples of projects or progress enabled by those changes;~~

8 ~~(2) a housing needs assessment for individuals with developmental~~
9 ~~disabilities, including a summary of the number of units and an overview of~~
10 ~~the types of housing needed to support this population;~~

11 ~~(3) activities undertaken pursuant to this section; and~~

12 ~~(4) recommendations for future legislative action, including actionable~~
13 ~~recommendations for changes in State laws or policies that are obstacles to the~~
14 ~~creation of housing needed by individuals with Medicaid-funded home- and~~
15 ~~community-based services.~~

16 ~~(e) The Advisory Council shall have the administrative, technical, and~~
17 ~~legal assistance of the Department of Disabilities, Aging, and Independent~~
18 ~~Living.~~

19 ~~(f) Members of the Advisory Council who are not otherwise compensated~~
20 ~~for their time shall be entitled to per diem compensation as permitted under 32~~
21 ~~V.S.A. § 1010 for not more than 12 meetings per year.~~

*** Municipal Zoning ***

Sec. 10. 24 V.S.A. § 4412 is amended to read:

§ 4412. REQUIRED PROVISIONS AND PROHIBITED EFFECTS

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

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

(B) Except as provided in subdivisions 4414(1)(E) and (F) of this title, no bylaw shall have the effect of excluding mobile homes, modular housing, or prefabricated housing from any district that allows year-round residential development in the municipality, except upon the same terms and conditions as conventional housing is excluded. A municipality may establish specific site standards in the bylaws to regulate individual sites within preexisting mobile home parks with regard to distances between structures and other standards as necessary to ensure public health, safety, and welfare, provided the standards do not have the effect of prohibiting the replacement of mobile homes on existing lots.

(D) Bylaws shall designate appropriate districts and reasonable regulations for multiunit or multifamily dwellings. No bylaw shall have the

1 ~~effect of excluding these multiunit or multifamily dwellings from the~~
2 municipality. In any district that allows year-round residential development,
3 duplexes shall be ~~an allowed~~ a permitted use with dimensional standards that
4 are not more restrictive than is required for a single-unit dwelling, including
5 no additional land or lot area than would be required for a single-unit dwelling.
6 In any district that is served by municipal sewer and water infrastructure that
7 allows residential development, multiunit dwellings with four or fewer units
8 shall be a permitted use on the same size lot as a single-unit dwelling, ~~unless~~
9 ~~that district specifically requires multiunit structures to have more than four~~
10 ~~dwelling units.~~

11 * *

12 Sec. 11. 24 V.S.A. § 4303 is amended to read:

13 § 4303. DEFINITIONS

14 The following definitions shall apply throughout this chapter unless the
15 context otherwise requires:

16 * * *

17 (42)(A) An area “served by municipal sewer and water infrastructure”
18 means an area within one-quarter mile of a road with water and sewer lines
19 where there is capacity or capacity is being added imminently to accommodate
20 housing or

1 ~~(i) an area where residential connections and expansions are~~
2 available to municipal water and direct and indirect discharge wastewater
3 systems and not prohibited by:
4 (I) State regulations or permits;
5 (II) identified capacity constraints; or
6 (III) municipally adopted service and capacity agreements; or
7 (ii) an area established by the municipality by ordinance or bylaw
8 where residential connections and expansions are available to municipal water
9 and direct and indirect discharge wastewater systems and which may exclude:
10 (I) flood hazard or inundation areas as established by statute,
11 river corridors or fluvial erosion areas as established by statute, shorelands,
12 areas within a zoning district or overlay district the purpose of which is natural
13 resource protection, and wherever year-round residential development is not
14 allowed;
15 (II) areas with identified service limits established by State
16 regulations or permits, identified capacity constraints, or municipally adopted
17 service and capacity agreements;
18 (III) areas served by sewer and water to address an identified
19 community-scale public health hazard or environmental hazard;
20 (IV) areas serving a mobile home park that is not within an
21 area planned for year-round residential growth,

1 ~~(V) areas serving an industrial site or park;~~

2 (VI) areas where service lines are located to serve the areas
3 described in subdivisions (III)–(V) of this subdivision (ii), but no connections
4 or expansions are permitted; or

5 (VII) areas that, through an approved Planned Unit
6 Development under section 4417 of this title or Transfer of Development
7 Rights under section 4423 of this title, prohibit year-round residential
8 development.

9 (B) Municipally adopted areas served by municipal sewer and water
10 infrastructure that limit sewer and water connections and expansions shall not
11 result in the unequal treatment of housing by discriminating against a year-
12 round residential use or housing type otherwise allowed in this chapter.

13 Sec. 12. 24 V.S.A. § 4412a is added to read:

14 § 4412a. UNION LABOR

15 Any residential housing construction that uses union labor for construction
16 may receive a density bonus in a zoning bylaw by an additional 20 percent.

17 * * * Positions * * *

18 Sec. 13. POSITIONS

19 (a) The following positions are created in the Department of Housing and
20 Community Development.

1 ~~(1) two full-time, classified Grants Management Specialist Housing and~~
2 ~~Community Development positions; and~~

3 ~~(2) one full-time, exempt position to increase capacity to administer~~
4 ~~programs, including municipal planning grants, Homes for All developer~~
5 ~~trainings, 802 Homes Initiative, and Housing Data analysis and reporting.~~

6 ~~(b) There is created in the Department of Disabilities, Aging, and~~
7 ~~Independent Living one full-time, classified position for expanding housing~~
8 ~~and residential service options for individuals who receive Medicaid-funded~~
9 ~~home- and community-based services.~~

10 * * * Appropriations * * *

11 Sec. 14. APPROPRIATIONS

12 The following shall be appropriated from the General Fund in fiscal year
13 2027:

14 (1) The sum of \$250,000.00 to the Municipal and Regional Planning
15 and Resilience Fund to increase available municipal planning grants for
16 municipalities seeking to meet the housing targets established pursuant to 2024
17 Acts and Resolves No. 181.

18 (2) The sum of \$5,000,000.00 to the Department of Housing and
19 Community Development's base budget for the purpose of funding the
20 Vermont Rental Housing Improvement Program (VRHIP).

1 ~~(5) The sum of \$5,000,000.00 to the Vermont Housing and~~
2 ~~Conservation Board (VHCB) for the purpose of providing support and~~
3 ~~enhanced capacity for the production of permanently affordable housing for~~
4 ~~individuals who are eligible to receive Medicaid-funded developmental~~
5 ~~disability services. In expending the funds authorized by this section, the~~
6 ~~VHCB shall consult with the Developmental Disabilities Housing Initiative~~
7 ~~and the Vermont Developmental Disabilities Council.~~

8 * * * Effective Date * * *

9 Sec. 15. EFFECTIVE DATE

10 ~~This act shall take effect on July 1, 2026.~~

~~* * * Municipal Plans * * *~~

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

~~§ 4382. THE PLAN FOR A MUNICIPALITY~~

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

~~* * *~~

~~(10) A housing element that shall include a recommended program for public and private actions to address housing needs and targets as identified by the regional planning commission pursuant to subdivision 4348a(a)(9) of this title. The housing element shall also include an analysis of any regulatory and physical constraints preventing the development, redevelopment, or rehabilitation of sufficient housing to meet the housing needs and targets, and a description of what actions the municipality may take to accommodate the projected housing needs. The program shall use data on year-round and seasonal dwellings and include specific actions to address the housing needs of persons with low income and persons with moderate income and account for permitted residential development as described in section 4412 of this title. Progress toward the construction of the housing units identified as needed to~~

~~meet projected housing targets shall be documented within the housing element and updated as appropriate when the plan is amended or readopted according to section 4385 or 4387 of this title, as the case may be.~~

~~***~~

~~*** Tax Credits ***~~

~~Sec. 2. 32 V.S.A. § 5930u is amended to read:~~

~~§ 5930u. TAX CREDIT FOR AFFORDABLE HOUSING~~

~~***~~

~~(b) Eligible tax credit allocations.~~

~~***~~

~~(3)(A) The Vermont Housing Finance Agency shall have the authority to allocate affordable housing tax credits to finance down payment assistance loans that meet the following requirements:~~

~~(i) the loan is made in connection with a mortgage through an Agency program;~~

~~(ii) the borrower is a first-time home buyer of an owner-occupied primary residence; and~~

~~(iii) the borrower uses the loan for the borrower's down payment or closing costs, or both.~~

~~(B) The Agency shall require the borrower to repay the loan upon the transfer or refinance of the residence.~~

~~(C) The Agency shall use the proceeds of loans made under the Program for future down payment assistance.~~

~~(D) The Agency may reserve funding and adopt guidelines to provide grants to first-time homebuyers who are also first-generation homebuyers.~~

~~***~~

~~(h) Credit allocation; Down Payment Assistance Program.~~

~~(1) In fiscal year 2016 through fiscal year 2019, the allocating agency may award up to \$125,000.00 in total first-year credit allocations for loans through the Down Payment Assistance Program created in subdivision (b)(2) of this section.~~

~~(2) In fiscal year 2020 through fiscal year 2026, the allocating agency may award up to \$250,000.00 in total first-year credit allocations for loans~~

~~the Down Payment Assistance Program created in subdivision (b)(3) of this section.~~

~~(3) In fiscal year 2027 through fiscal year 2031, the allocating agency may award up to \$350,000.00 in total first-year credit allocations for loans through the Down Payment Assistance Program created in subdivision (b)(3) of this section.~~

Sec. 2. [Deleted.]

**** Vermont State Treasurer Credit Facility ****

Sec. 3. 10 V.S.A. § 10 is amended to read:

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

(a) Notwithstanding any provision of 32 V.S.A. § 433(a) to the contrary, the Vermont State Treasurer shall have the authority to establish 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)–(e) ~~(b) and (c)~~ and the Uniform Prudent Investor Act, 14A V.S.A. chapter 9.

(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) ~~(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)(1) 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.

~~(2) The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to be made under this subsection.~~

~~*** Common Interest Communities ***~~

~~Sec. 4. COMMON INTEREST COMMUNITY REPORT~~

~~(c) On or before November 15, 2026, the Office of Legislative Counsel shall provide a written report to the House Committee on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs outlining any legal issues related to requiring common interest communities to:~~

- ~~(1) authorize leasing of residential units;~~
- ~~(2) authorize commercial purposes within a dwelling unit;~~
- ~~(3) permit the construction of accessory dwelling units on land reserved for the exclusive use of a unit owner; and~~
- ~~(4) allow the installation of electric vehicle supply equipment on land reserved for the exclusive use of a unit owner.~~

~~(a) On or before November 15, 2026, the Office of Legislative Counsel shall provide a written report to the House Committee on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs outlining any legal issues related to requiring common interest communities to:~~

- ~~(1) authorize leasing of residential units;~~
- ~~(2) authorize commercial purposes within a dwelling unit; and~~
- ~~(3) permit the construction of accessory dwelling units on land reserved for the exclusive use of a unit owner.~~

~~(b) In developing the report, the Office shall work with and identify external partners with knowledge and expertise in common interest communities across the State.~~

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

~~Sec. 5. 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:~~

~~***~~

~~(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.~~

~~***~~

~~*** Service-Supported Housing ***~~

~~Sec. 6. 3 V.S.A. § 3098 is added to read:~~

~~§ 3098. SERVICE-SUPPORTED HOUSING ADVISORY COUNCIL~~

~~(a) The Service-Supported Housing Advisory Council is created for the purpose of identifying opportunities for increased alignment between human services programs and policies serving individuals who receive Medicaid-funded Developmental Disability Services and housing capital and support services programs.~~

~~(b) The Advisory Council shall be overseen by the Department of Disabilities, Aging, and Independent Living and shall be composed of the following individuals:~~

~~(1) one member, appointed by the Vermont Housing and Conservation Board;~~

~~(2) the Secretary of Human Services or designee;~~

~~(3) the Commissioner of Disabilities, Aging, and Independent Living or designee;~~

~~(4) the State Treasurer or designee;~~

~~(5) the Commissioner of Housing and Community Development or designee;~~

~~(6) two members, appointed by the Developmental Disabilities Housing Initiative,~~

~~(7) the Executive Director of the Vermont Developmental Disabilities Council or designee;~~

~~(8) two members, appointed by Green Mountain Self-Advocates; and~~

~~(2) one member, appointed by Vermont Care Partners.~~

~~(c)(1) The Advisory Council shall meet at least monthly.~~

~~(2) The Commissioner of Disabilities, Aging, and Independent Living shall convene the first meeting of the Advisory Council, during which the Advisory Council shall elect a chair from among its members.~~

~~(d) The Advisory Council shall report annually on or before November 15 to the House Committees on General and Housing and on Human Services and the Senate Committees on Economic Development, Housing and General Affairs and on Health and Welfare regarding:~~

~~(1) administrative and programmatic reforms carried out to better align support-services and housing development programs and policies, including examples of projects or progress enabled by those changes;~~

~~(2) a housing needs assessment for individuals served by the Developmental Disabilities Services System of Care, including a summary of the number of units and an overview of the types of housing needed to support this population;~~

~~(3) activities undertaken pursuant to this section; and~~

~~(4) recommendations for future legislative action, including actionable recommendations for changes in State laws or policies that are obstacles to the creation of housing needed by individuals with Medicaid-funded home- and community-based services.~~

~~(e) The Advisory Council shall have the administrative, technical, and legal assistance of the Department of Disabilities, Aging, and Independent Living.~~

~~(f) Members of the Advisory Council who are not otherwise compensated for their time shall be entitled to per diem compensation as permitted under 32 V.S.A. § 1010 for not more than 12 meetings per year.~~

~~*** Municipal Zoning ***~~

~~Sec. 7. 24 V.S.A. § 4412 is amended to read:~~

~~§ 4412. REQUIRED PROVISIONS AND PROHIBITED EFFECTS~~

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

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

~~***~~

~~(B) Except as provided in subdivisions 4414(1)(E) and (F) of this title, no bylaw shall have the effect of excluding mobile homes, modular housing, manufactured housing, or prefabricated housing from any district that allows year-round residential development in the municipality, except upon the same terms and conditions as conventional housing is excluded. A municipality may establish specific site standards in the bylaws to regulate individual sites within preexisting mobile home parks with regard to distances between structures and other standards as necessary to ensure public health, safety, and welfare, provided the standards do not have the effect of prohibiting the replacement of mobile homes on existing lots.~~

~~***~~

~~(D) Bylaws shall designate appropriate districts and reasonable regulations for multiunit or multifamily dwellings. No bylaw shall have the effect of excluding these multiunit or multifamily dwellings from the municipality. In any district that allows year-round residential development, duplexes shall be ~~an allowed~~ a permitted use with dimensional standards that are not more restrictive than is required for a single-unit dwelling, including no additional land or lot area than would be required for a single-unit dwelling. In any district that is served by municipal sewer and water infrastructure that allows residential development, multiunit dwellings with four or fewer units shall be a permitted use on the same size lot as a single-unit dwelling, ~~unless that district specifically requires multiunit structures to have more than four dwelling units.~~~~

~~***~~

~~Sec. 8. 24 V.S.A. § 4303 is amended to read:~~

~~§ 4303. DEFINITIONS~~

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

~~***~~

~~(42)(A) An area "served by municipal sewer and water infrastructure" means:~~

~~(i) an area where residential connections and expansions are~~

~~water and direct and indirect discharge wastewater systems and not prohibited by~~

~~(I) State regulations or permits;
(II) identified capacity constraints; or
(III) municipally adopted service and capacity agreements; or
(IV) an area established by the municipality by ordinance or bylaw where residential connections and expansions are available to municipal water and direct and indirect discharge wastewater systems and which may exclude:~~

~~(I) flood hazard or inundation areas as established by statute, river corridors or fluvial erosion areas as established by statute, shorelands, areas within a zoning district or overlay district the purpose of which is natural resource protection, and wherever year-round residential development is not allowed;~~

~~(II) areas with identified service limits established by State regulations or permits, identified capacity constraints, or municipally adopted service and capacity agreements;~~

~~(III) areas served by sewer and water to address an identified community-scale public health hazard or environmental hazard;~~

~~(IV) areas serving a mobile home park that is not within an area planned for year-round residential growth;~~

~~(V) areas serving an industrial site or park;~~

~~(VI) areas where service lines are located to serve the areas described in subdivisions (III)–(V) of this subdivision (iv), but no connections or expansions are permitted; or~~

~~(VII) areas that, through an approved Planned Unit Development under section 4417 of this title or Transfer of Development Rights under section 4423 of this title, prohibit year-round residential development.~~

~~(B) Municipally adopted areas served by municipal sewer and water infrastructure that limit sewer and water connections and expansions shall not result in the unequal treatment of housing by discriminating against a year-round residential use or housing type otherwise allowed in this chapter.~~

~~Sec. 8. 24 V.S.A. § 4303 is amended to read:~~

~~§ 4303. DEFINITIONS~~

~~The following definitions shall apply throughout this chapter unless the context otherwise requires.~~

~~***~~

~~(42)(A) An area “served by municipal sewer and water infrastructure” means:~~

~~(i) an area where residential connections and expansions are available to municipal water and direct and indirect discharge wastewater systems and not prohibited by:~~

~~(I) State regulations or permits;~~

~~(II) identified capacity constraints; or~~

~~(III) (II) municipally adopted service and capacity agreements;~~

~~or~~

~~(ii) an area established by the municipality by ordinance or bylaw where residential connections and expansions are available to municipal water and direct and indirect discharge wastewater systems or a fire district and which may exclude:~~

~~(I) flood hazard or inundation areas as established by statute, river corridors or fluvial erosion areas as established by statute, shorelands, areas within a zoning district or overlay district the purpose of which is natural resource protection, and wherever year-round residential development is not allowed;~~

~~(II) areas with identified service limits established by State regulations or permits, identified capacity constraints, or municipally adopted service and capacity agreements;~~

~~(III) areas served by sewer and water to address an identified community-scale public health hazard or environmental hazard;~~

~~(IV) areas serving a mobile home park that is not within an area planned for year-round residential growth;~~

~~(V) areas serving an industrial site or park;~~

~~(VI) areas where service lines are located to serve the areas described in subdivisions (III)–(V) of this subdivision (ii), but no connections or expansions are permitted; or~~

~~(VII) areas that, through an approved Planned Unit Development under section 4417 of this title or Transfer of Development Rights under section 4423 of this title, prohibit year-round residential development.~~

~~(B) Municipally adopted areas served by municipal sewer and water infrastructure that limit sewer and water connections and expansions shall not~~

~~result in the unequal treatment of housing by discriminating against a year-round residential use or housing type otherwise allowed in this chapter.~~

~~*** State Community Investment Program ***~~

~~Sec. 9. 24 V.S.A. § 5803 is amended to read:~~

~~§ 5803. DESIGNATION OF DOWNTOWN AND VILLAGE CENTERS~~

~~***~~

~~(f) Benefits Steps. A center may receive the benefits associated with the steps in this section by meeting the established requirements. The Department shall review applications from municipalities to advance from Step One to Two and from Step Two to Three and issue written decisions. The Department shall issue a written administrative decision within 30 days following an application. If a municipal application is rejected by the Department, the municipality may appeal the administrative decision to the State Board. To maintain a downtown approved under chapter 76A after December 31, 2026, the municipality shall apply for renewal following a regional planning approval by the LURB and meet the program requirements. Step Three designations that are not approved for renewal revert to Step Two. The municipality may appeal the administrative decision of the Department to the State Board. Appeals of administrative decisions shall be heard by the State Board at the next meeting following a timely filing stating the reasons for the appeal. The State Board's decision is final. The Department shall issue guidance to administer these steps.~~

~~***~~

~~(2) Step Two.~~

~~(A) Requirements. Step Two is established to create a mid-level designation for villages throughout the State to increase planning and implementation capacity for community-scale projects. A center reaches Step Two if it:~~

~~***~~

~~(iv) a portion of the center is listed or eligible for listing in the National Register of Historic Places, unless recognized by the program as a preexisting designated new town center.~~

~~***~~

~~(3) Step Three.~~

~~(A) Requirements. Step Three is established to create an advanced designation for downtowns throughout the State to create mixed-use centers~~

~~and join the Vermont Downtown Program. A center reaches Step Three if the Department finds that it meets the following requirements:~~

~~***~~

~~(ii) Is a portion of the center is listed or eligible for listing in the National Register of Historic Places, unless recognized by the program as a preexisting designated new town center.~~

~~***~~

~~*** Housing Report ***~~

~~Sec. 9a. FARMWORKER HOUSING REPORT~~

~~On or before January 15, 2027, the Vermont Housing and Conservation Board shall provide an update to the Farmworker Housing Needs Assessment of 2021. The update shall describe the on-farm housing program established by the Board following the initial report, evaluate the program's impact on farmworker housing in Vermont, and identify barriers to improving and expanding on-farm housing.~~

~~***** Positions *****~~

~~Sec. 10. POSITIONS~~

~~The following positions are created in the Department of Housing and Community Development:~~

~~(1) two full-time, classified Grants Management Specialist Housing and Community Development positions; and~~

~~(2) one full-time, exempt position to increase capacity to administer programs, including municipal planning grants, Homes for All developer trainings, 802 Homes Initiative, and Housing Data analysis and reporting.~~

~~Sec. 10. [Deleted.]~~

~~***** Appropriations *****~~

~~Sec. 11. APPROPRIATIONS~~

~~The following shall be appropriated from the General Fund in fiscal year 2027:~~

~~(1) The sum of \$250,000.00 to the Municipal and Regional Planning and Resilience Fund to increase available municipal planning grants for municipalities seeking to meet the housing targets established pursuant to 2024 Acts and Resolves No. 101.~~

~~(9) the sum of \$2,000,000.00 to the Department of Housing and Community Development's base budget for the purpose of funding the Vermont Rental Housing Improvement Program (VHIP).~~

Sec. 11. [Deleted.]

** * * Effective Date * * **

Sec. 12. EFFECTIVE DATE

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

** * * Common Interest Community Resources * * **

Sec. 1. 3 V.S.A. § 119 is added to read:

§ 119. COMMON INTEREST COMMUNITY RESOURCES

The Secretary of State shall provide on its website or otherwise distribute to the public information about Vermont's common interest communities. This information shall include the governing statutes.

** * * Service-Supported Housing * * **

Sec. 2. 3 V.S.A. § 3098 is added to read:

§ 3098. SERVICE-SUPPORTED HOUSING ADVISORY COUNCIL

(a) The Service-Supported Housing Advisory Council is created for the purpose of identifying opportunities for increased alignment between human services programs and policies serving individuals who receive Medicaid-funded Developmental Disability Services and housing capital and support services programs.

(b) The Advisory Council shall be overseen by the Department of Disabilities, Aging, and Independent Living and shall be composed of the following individuals:

(1) one member, appointed by the Vermont Housing and Conservation Board;

(2) the Secretary of Human Services or designee;

(3) the Commissioner of Disabilities, Aging, and Independent Living or designee;

(4) the State Treasurer or designee;

(5) the Commissioner of Housing and Community Development or designee;

(6) two members, appointed by the Developmental Disabilities Housing Initiative;

(7) the Executive Director of the Vermont Developmental Disabilities Council or designee;

(8) two members, appointed by Green Mountain Self-Advocates; and

(9) one member, appointed by Vermont Care Partners.

(c)(1) The Advisory Council shall meet at least monthly.

(2) The Commissioner of Disabilities, Aging, and Independent Living shall convene the first meeting of the Advisory Council, during which the Advisory Council shall elect a chair from among its members.

(d) The Advisory Council shall have the administrative, technical, and legal assistance of the Department of Disabilities, Aging, and Independent Living.

(e) When requested by the Vermont Housing and Conservation Board, the Advisory Council shall provide advice to the Board regarding the expenditure of funds for the production of permanently affordable housing for individuals who are eligible to receive Medicaid-funded Developmental Disability Services.

(f)(1) The Advisory Council shall report annually on or before November 15 to the House Committees on General and Housing and on Human Services and the Senate Committees on Economic Development, Housing and General Affairs and on Health and Welfare regarding:

(A) administrative and programmatic reforms carried out to better align support-services and housing development programs and policies, including examples of projects or progress enabled by those changes;

(B) a housing needs assessment for individuals served by the Developmental Disabilities Services System of Care, including a summary of the number of units and an overview of the types of housing needed to support this population;

(C) activities undertaken pursuant to this section; and

(D) recommendations for future legislative action and funding sources, including actionable recommendations for changes in State laws or policies that are obstacles to the creation of housing needed by individuals who are eligible to receive Medicaid-funded Developmental Disability Services.

(2) The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the annual report to be made under this subsection.

(g) Members of the Advisory Council who are not otherwise compensated for their time shall be entitled to per diem compensation as permitted under 32 V.S.A. § 1010 for meetings of the Advisory Council. Payments to members of the Advisory Council authorized under this subsection shall be made from monies appropriated to the Department of Disabilities, Aging, and Independent Living's base budget.

** * * Vermont State Treasurer Credit Facility * * **

Sec. 3. 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.~~

(a) Notwithstanding any provision of 32 V.S.A. § 433(a) to the contrary, the Vermont State Treasurer shall have the authority to establish 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.

** * **

(c) Notwithstanding any provision of 32 V.S.A. § 433(a) to the contrary, and in addition to the provisions of subsection (a) ~~of~~ 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)(1) 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 (e)~~ 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.

(2) The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the annual report to be made under this subsection.

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

Sec. 4. OFF-SITE CONSTRUCTION ACCELERATOR PILOT

(a)(1) The Office of the State Treasurer may develop and administer a pilot demonstration project that explores the possibility of reducing housing development costs through modular construction.

(2) The Treasurer may utilize requests for information or requests for proposal to identify participating modular construction manufacturers and developers and to determine manufacturer and developer needs and priorities.

(3) In contracting with a manufacturer or developer under this pilot program, the State Treasurer shall be exempt from the requirements of 3 V.S.A. chapter 14.

(4) In order to fund off-site constructed housing under the pilot program authorized by this section, the Treasurer may utilize funds authorized under 10 V.S.A. § 10 subject to the requirements of that section.

(b) The pilot may consider the following elements:

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

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

(3) utilization of off-site construction, including panelized or volumetric modular construction; and

(4) establishing a statewide procurement consortium for bulk orders of modular units and materials.

(c)(1) As part of the pilot, the Office of the State Treasurer may 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 section, the Treasurer shall consult with the Department of Housing and Community Development, the Vermont Economic Progress Council, the Vermont State Housing Authority, the Vermont Housing Finance Agency, and the Vermont Housing and Conservation Board.

(d) On or before January 15, 2027, the Treasurer 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.

* * * Vermont Economic Development Authority * * *

Sec. 5. 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:

* * *

(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 portions or phases of a multiunit housing development that:

(i) the Agency determines is being primarily developed for occupancy by persons and families of low and moderate income as defined in subdivision 601(11) of this title; or

(ii) utilizes funding issued by the Agency, whether in the form of debt or tax credits.

* * *

* * * Vermont Housing Finance Agency * * *

Sec. 5a. INTENT TO CODIFY RENTAL HOUSING REVOLVING LOAN PROGRAM

The intent and purpose of Sec. 5b of this act is to codify in statute the Rental Housing Revolving Loan Program originally enacted in 2023 Acts and Resolves No. 47, as amended by 2025 Acts and Resolves No. 69. The Program designed and implemented by the Vermont Housing Finance Agency shall remain in effect under 10 V.S.A. § 629. Loans issued through the Program prior to July 1, 2026, shall remain in effect in accordance with the executed terms and conditions.

Sec. 5b. 10 V.S.A. chapter 25 is amended to read:

CHAPTER 25. VERMONT HOUSING FINANCE AGENCY

* * *

Subchapter 3. Powers and Duties

* * *

§ 629. RENTAL HOUSING REVOLVING LOAN PROGRAM

(a) Creation; administration. The Vermont Housing Finance Agency shall design and implement a Rental Housing Revolving Loan Program and shall create and administer a revolving loan fund to provide subsidized loans for rental housing developments that serve middle-income households.

(b) Loans; eligibility; criteria.

(1) The Agency shall adopt processes, procedures, and guidelines to implement the Program consistent with this section, including a simple application process that is accessible to small developers, builders, and contractors.

(2)(A) To be eligible for a subsidized loan through the Program, a project shall create two or more new rental housing units, which may include market rate and affordable units, provided that at least 25 percent of the units in the project are affordable to a household earning up to 150 percent of the applicable area median income.

(B) Projects may include new construction, acquisition with substantial rehabilitation, and preservation of naturally occurring affordable housing.

(3) A loan is available only for the costs of the project allocable to the affordable units.

(4)(A) The Agency shall calculate the maximum amount of a loan, which shall not exceed the lesser of:

(i) 35 percent of the costs of the project allocable to the affordable units; or

(ii) the following amounts based on area median income bands:

(I) \$150,000.00 per unit for each unit that is affordable to a household earning up to 80 percent of area median income; and

(II) \$100,000.00 per unit for each unit that is affordable to a household earning from 81 to 150 percent of area median income.

(B) The Agency shall adopt and implement a method to adjust the values specified in subdivision (A)(ii) of this subdivision (4) at least annually for inflation and may adopt a smoothing mechanism to adjust the maximum loan values within each band based on levels of affordability.

(5) The Agency shall determine the term and interest rate of a loan. The Agency may adopt one or more mechanisms to provide an enhanced subsidy to incentivize projects, including:

(A) a lower interest rate;

(B) an interest-only option with deferred principal repayment; and

(C) partial loan forgiveness.

(6) The Agency shall adopt a Program plan that allows for an enhanced subsidy for a project that meets one or more of the following criteria:

(A) The project receives five percent or more of the total funding from an employer or employer-capitalized loan or grant.

(B) The project receives five percent or more of the total funding from a municipal or regional housing fund, local fiscal recovery fund, or other form of community investment.

(C) The project utilizes tax-exempt bond funding or federal low-income housing tax credits for at least 20 percent of the project's total units.

(D) The project is small in scale and provides infill development within a historic settlement pattern.

(7) The Agency shall use one or more legal mechanisms to ensure that:

(A) a subsidized unit remains affordable to a household earning the applicable percent of area median income for the longer of:

(i) seven years; or

(ii) full repayment of the loan plus three years; and

(B) during the affordability period determined pursuant to subdivision (A) of this subdivision (7), the annual increase in rent for a subsidized unit does not exceed three percent or an amount otherwise authorized by the Agency.

(c) Program design.

(1) When designing and implementing the Program, the Agency shall consult stakeholders and experts in the field.

(2) The Program shall include:

(A) a streamlined and appropriately scaled application process;

(B) an outreach and education plan, including specific tactics to reach and support eligible applicants, especially those from underserved regions or sectors; and

(C) an equitable system for distributing investment statewide on the basis of need according to a system of priorities that includes consideration of:

(i) geographic distribution;

(ii) community size;

(iii) community economic need; and

(iv) whether an application has already received an investment or is from an applicant in a community that has already received Program funding.

(3) The Agency shall use its best efforts to ensure that:

(A) investments are targeted to the geographic communities or regions with the most pressing economic and employment needs; and

(B) the allocation of investments provides equitable access to the benefits to all eligible geographical areas.

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

(e) Annual report. The Agency shall include information on the status of the Program as part of the annual report required by section 639 of this title.

* * *

* * * VHIP * * *

Sec. 6. 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.

* * *

(j) Annual report. Annually, on or before November 15, the Department shall submit a report to the House Committees on Human Services and on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs regarding the following:

(1) separately, the number of units funded and the number of units rehabilitated through grants, through a five-year forgivable loan, and through a 10-year forgivable loan;

(2) for grants and five-year forgivable loans, for the first year after the expiration of the lease requirements outlined in subdivision (e)(2)(A) of this section, whether the unit is still occupied by a tenant who meets the qualifications of that subdivision;

(3) for each program, for the first year after the expiration of the applicable lease requirements outlined in this section, the amount of rent charged by the landlord and how that rent compares to fair market rent established by the Department of Housing and Urban Development; and

(4) the rate of turnover for tenants housed utilizing grants or five-year forgivable loans and 10-year forgivable loans separately.

** * * Special Assessment Bonds * * **

Sec. 7. 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.

Sec. 7a. 24 V.S.A. § 1896(c) is amended to read:

(c) Notwithstanding any charter provision or other provision, all property taxes assessed within a district shall be subject to the provision of subsection (a) of this section. Special assessments levied under chapters 76A or 87 of this title or under a municipal charter shall not be considered property taxes for the purpose of this section if the proceeds are used exclusively for operating expenses related to properties within the district, and not for improvements within the district, as defined in subdivision 1891(4) of this title, or if the special assessments secure a special assessment bond issued pursuant to section 3257 of this title.

Sec. 7b. 24 V.S.A. § 1910b(f) is amended to read:

(f) Notwithstanding any charter provision or other provision, all property taxes assessed within a housing development site shall be subject to the provisions of this section. Special assessments levied under chapter 76A or 87 of this title or under a municipal charter shall not be considered property taxes for the purpose of this section if the proceeds are used exclusively for operating expenses related to properties within the housing development site and not for improvements within the housing development site or if the special assessments secure a special assessment bond issued pursuant to section 3257 of this title.

** * * Municipal Plans * * **

Sec. 8. 24 V.S.A. § 4382 is amended to read:

§ 4382. THE PLAN FOR A MUNICIPALITY

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

** * **

(10) A housing element that shall include a recommended program for public and private actions to address housing needs and targets as identified by the regional planning commission pursuant to subdivision 4348a(a)(9) of this title. The housing element shall also include an analysis of any regulatory, labor, and physical constraints preventing the development, redevelopment, or rehabilitation of sufficient housing to meet the housing needs and targets, and a description of what actions the municipality may take to accommodate the projected housing needs. The program shall use data on year-round and seasonal dwellings and include specific actions to address the housing needs of persons with low income and persons with moderate income and account for permitted residential development as described in section 4412 of this title. Progress toward the construction of the housing units identified as needed to meet projected housing targets shall be documented within the housing element and updated as appropriate when the plan is amended or readopted according to section 4385 or 4387 of this title, as the case may be.

** * **

** * * Municipal Zoning * * **

~~*Sec. 9. 24 V.S.A. § 4412 is amended to read:*~~

~~§ 4412. REQUIRED PROVISIONS AND PROHIBITED EFFECTS~~

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

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

~~* * *~~

~~(B) Except as provided in subdivisions 4414(1)(E) and (F) of this title, no bylaw shall have the effect of excluding mobile homes, modular housing, manufactured housing, or prefabricated housing from any district that allows year-round residential development in the municipality, except upon the same terms and conditions as conventional housing is excluded. A municipality may establish specific site standards in the bylaws to regulate individual sites within preexisting mobile home parks with regard to distances between structures and other standards as necessary to ensure public health, safety, and welfare, provided the standards do not have the effect of prohibiting the replacement of mobile homes on existing lots.~~

~~Sec. 9. 24 V.S.A. § 4412 is amended to read:~~

~~§ 4412. REQUIRED PROVISIONS AND PROHIBITED EFFECTS~~

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

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

~~* * *~~

~~(B) Except as provided in subdivisions 4414(1)(E) and (F) of this title, no bylaw shall have the effect of excluding mobile homes, modular housing, manufactured housing, or prefabricated housing from any district that allows year-round residential development in the municipality, except upon the same terms and conditions as conventional housing is excluded. A municipality may establish specific site standards in the bylaws to regulate individual sites within preexisting mobile home parks with regard to distances between structures and other standards as necessary to ensure public health, safety, and welfare, provided the standards do not have the effect of prohibiting the replacement of mobile homes on existing lots.~~

~~* * *~~

~~(D) Bylaws shall designate appropriate districts and reasonable regulations for multiunit or multifamily dwellings. No bylaw shall have the effect of excluding these multiunit or multifamily dwellings from the~~

municipality. In any district that allows year-round residential development, duplexes shall be ~~an-allowed~~ a permitted use with dimensional standards that are not more restrictive than is required for a single-unit dwelling, including no additional land or lot area than would be required for a single-unit dwelling. In any district that is served by municipal sewer and water infrastructure that allows residential development, multiunit dwellings with four or fewer units shall be a permitted use on the same size lot as a single-unit dwelling, ~~unless that district specifically requires multiunit structures to have more than four dwelling units.~~

(E) Except for flood hazard and fluvial erosion area bylaws adopted pursuant to section 4424 of this title, no bylaw shall have the effect of excluding as a permitted use one accessory dwelling unit that is located within or appurtenant to a single-family dwelling ~~on an owner-occupied lot~~. A bylaw shall require a single-family dwelling with an accessory dwelling unit to be subject to the same review, dimensional, or other controls as required for a single-family dwelling without an accessory dwelling unit. The criteria for conversion of an existing detached nonresidential building to habitable space for an accessory dwelling unit shall not be more restrictive than the criteria used for a single-family dwelling without an accessory dwelling unit.

** * **

(15) No bylaw shall require a duplex to be constructed on an owner-occupied lot.

Sec. 9a. 24 V.S.A. § 4412 is amended to read:

§ 4412. REQUIRED PROVISIONS AND PROHIBITED EFFECTS

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

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

** * **

(D) Bylaws shall designate appropriate districts and reasonable regulations for multiunit or multifamily dwellings. No bylaw shall have the effect of excluding these multiunit or multifamily dwellings from the municipality. In any district that allows year-round residential development, duplexes shall be a permitted use with dimensional standards that are not more restrictive than is required for a single-unit dwelling, including no additional land or lot area than would be required for a single-unit dwelling. In any district that is served by municipal sewer and water infrastructure that allows residential development, multiunit dwellings with four or fewer units shall be a

permitted use on the same size lot as a single-unit dwelling, unless that district specifically requires multiunit structures to have more than four dwelling units.

* * *

~~(15) No bylaw shall require a duplex to be constructed on an owner-occupied lot. [Repealed.]~~

* * * State Community Investment Program * * *

Sec. 9b. 24 V.S.A. § 5803 is amended to read:

§ 5803. DESIGNATION OF DOWNTOWN AND VILLAGE CENTERS

* * *

(f) *Benefits Steps.* A center may receive the benefits associated with the steps in this section by meeting the established requirements. The Department shall review applications from municipalities to advance from Step One to Two and from Step Two to Three and issue written decisions. The Department shall issue a written administrative decision within 30 days following an application. If a municipal application is rejected by the Department, the municipality may appeal the administrative decision to the State Board. To maintain a downtown approved under chapter 76A after December 31, 2026, the municipality shall apply for renewal following a regional planning approval by the LURB and meet the program requirements. Step Three designations that are not approved for renewal revert to Step Two. The municipality may appeal the administrative decision of the Department to the State Board. Appeals of administrative decisions shall be heard by the State Board at the next meeting following a timely filing stating the reasons for the appeal. The State Board's decision is final. The Department shall issue guidance to administer these steps.

* * *

(2) *Step Two.*

(A) *Requirements.* Step Two is established to create a mid-level designation for villages throughout the State to increase planning and implementation capacity for community-scale projects. A center reaches Step Two if it:

* * *

(iv) a portion of the center is listed or eligible for listing in the National Register of Historic Places, unless recognized by the program as a preexisting designated new town center.

* * *

(3) Step Three.

(A) Requirements. Step Three is established to create an advanced designation for downtowns throughout the State to create mixed-use centers and join the Vermont Downtown Program. A center reaches Step Three if the Department finds that it meets the following requirements:

** * **

(ii) Is A portion of the center is listed or eligible for listing in the National Register of Historic Places, unless recognized by the program as a preexisting designated new town center.

** * **

** * * Reports * * **

*Sec. 10. OFFICE OF LEGISLATIVE COUNSEL; COMMON INTEREST
COMMUNITY REPORT*

~~*(a) On or before November 15, 2026, the Office of Legislative Counsel shall provide a written report to the House Committee on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs outlining any legal, conventional financing, and funding compliance issues related to requiring common interest communities to:*~~

~~*(1) authorize leasing of residential units;*~~

~~*(2) authorize commercial purposes within a dwelling unit; and*~~

~~*(3) permit the construction of accessory dwelling units on land reserved for the exclusive use of a unit owner.*~~

(a) On or before November 15, 2026, the Office of Legislative Counsel shall provide a written report to the House Committee on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs outlining any legal, conventional financing, and funding compliance issues related to requiring common interest communities to:

(1) authorize leasing of residential units;

(2) authorize commercial purposes within a dwelling unit;

(3) permit the construction of accessory dwelling units on land reserved for the exclusive use of a unit owner; and

(4) permit the installation and use of vegetable gardens within a unit owner's designated exclusive use space.

(b) In developing the report, the Office shall work with and identify external partners with knowledge and expertise in common interest communities across the State.

*Sec. 11. VERMONT HOUSING AND CONSERVATION BOARD;
FARMWORKER HOUSING REPORT*

On or before January 15, 2027, the Vermont Housing and Conservation Board shall submit a written report to the General Assembly with information on the progress made towards meeting the goals identified in the Farmworker Housing Needs Assessment of 2021. The report shall describe the farmworker housing program established by the Board following the initial report, evaluate the program's impact on farmworker housing in Vermont, and identify barriers to improving and expanding farmworker housing.

*Sec. 12. DEPARTMENT OF HOUSING AND COMMUNITY
DEVELOPMENT; CORPORATE PURCHASE OF HOMES
REPORT*

(a)(1) On or before November 15, 2026, the Department of Housing and Community Development shall submit a report to the House Committee on General and Housing and the Senate Committee on Economic Development, Housing and General Affairs with information on the purchase in Vermont of single- and two-family residences by institutional real estate investors. As part of the report, the Department shall provide the following information:

(A) bills introduced in other states implementing restrictions or limitations on the corporate purchase of single- or two-family residences;

(B) the number of covered entities operating in Vermont;

(C) the number of single- and two-family residences owned by covered entities in Vermont;

(D) the number of single- and two-family residences purchased by a covered entity in Vermont between 2020 and 2026; and

(E) proposed methods of enforcement to ensure effective implementation of any statutory restriction on the corporate purchase of single- or two-family residences.

(2) In the event the Department cannot provide the information required by subdivisions (1)(B)–(D) of this subsection, the Department shall identify methods of gathering the information for future use.

(b) As used in this section:

(1)(A) "Covered entity" means an institutional real estate investor or an entity that receives funding from an institutional real estate investor for the purchase of a single-family residence or two-family residence. A loan provided in exchange for a mortgage of the residence that is being purchased shall not be considered funding for the purposes of this subdivision (1), provided that

such mortgage shall be of a type for which members of the general public can apply.

(B) "Covered entity" does not include:

(i) an organization that is described in section 501(c)(3) of the Internal Revenue Code and exempt from tax under section 501(a) of the Internal Revenue Code;

(ii) a land bank;

(iii) a community land trust; or

(iv) a creditor or its loan servicer acquiring ownership of real property in full or partial satisfaction of a secured debt.

(2)(A) "Institutional real estate investor" means an entity or combined group that, directly or indirectly:

(i) owns 10 or more single-family residences or two-family residences, or both;

(ii) manages or receives funds pooled from investors and acts as a fiduciary with respect to one or more investors; and

(iii) has \$30,000,000.00 or more in net value or assets under management on any day during the taxable year.

(B) An entity is considered owning a single-family residence or two-family residence if it directly owns the single-family residence or two-family residence or indirectly owns 10 percent or more of the single-family residence or two-family residence.

(3) "Single-family residence" means a residential property consisting of one dwelling unit, provided that the term does not include:

(A) any single-family residence that is to be used as the principal residence of any person who has an ownership interest in the covered entity that seeks to purchase the single-family residence; or

(B) any single-family residence constructed, acquired, or operated with federal, state, or local appropriated funding sources.

(4) "Two-family residence" means a residential property consisting of two dwelling units, provided that the term does not include:

(A) any two-family residence in which one of the dwelling units is to be used as the principal residence of any person who has an ownership interest in the covered entity that seeks to purchase the two-family residence; or

(B) any two-family residence constructed, acquired, or operated with federal, State, or local appropriated funding sources.

**** Fiscal Year 2024 Appropriation to VHCB ****

Sec. 13. [Deleted.]

~~**** Effective Date ****~~

Sec. 14. EFFECTIVE DATE

~~*This act shall take effect on July 1, 2026*~~

~~**** Effective Dates ****~~

Sec. 14. EFFECTIVE DATES

This act shall take effect on July 1, 2026, except that Sec. 9a shall take effect on January 1, 2028.