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S.328

An act relating to housing and common interest communities

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

* * * 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

1 permitted residential development as described in section 4412 of this title.

2 Progress toward the construction of the housing units identified as needed to
3 meet projected housing targets shall be documented within the housing
4 element and updated as appropriate when the plan is amended or readopted
5 according to section 4385 or 4387 of this title, as the case may be.

6 * * *

7 Sec. 2. [Deleted.]

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

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

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

12 (a) Notwithstanding any provision of 32 V.S.A. § 433(a) to the contrary,
13 the Vermont State Treasurer shall have the authority to establish a credit
14 facility of up to ~~40~~ 12.5 percent of the State's average cash balance on terms
15 acceptable to the Treasurer and consistent with prudent investment principles
16 and guidelines pursuant to 32 V.S.A. § 433~~(b)-(e)~~ (b) and (c) and the Uniform
17 Prudent Investor Act, 14A V.S.A. chapter 9.

18 * * *

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

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

9 (d)(1) Annually, on or before November 15, the Treasurer shall submit a
10 report detailing the activities, financing, and accounting of any credit facilities
11 created pursuant to subsection (c) of this section during the preceding calendar
12 year to the Governor; the House Committees on Appropriations, on Commerce
13 and Economic Development, and on Ways and Means; and the Senate
14 Committees on Appropriations, on Economic Development, Housing and
15 General Affairs, and on Finance.

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

18 * * * Common Interest Communities * * *

19 Sec. 4. COMMON INTEREST COMMUNITY REPORT

20 (a) On or before November 15, 2026, the Office of Legislative Counsel
21 shall provide a written report to the House Committee on General and Housing

1 and the Senate Committee on Economic Development, Housing and General
2 Affairs outlining any legal issues related to requiring common interest
3 communities to:

4 (1) authorize leasing of residential units;

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

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

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

11 * * * Vermont Economic Development Authority * * *

12 Sec. 5. 10 V.S.A. § 212 is amended to read:

13 § 212. DEFINITIONS

14 As used in this chapter:

15 * * *

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

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

6 * * *

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

13 * * *

14 * * * Service-Supported Housing * * *

15 Sec. 6. 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 served by the
9 Developmental Disabilities Services System of Care, including a summary of
10 the number of units and an overview of the types of housing needed to support
11 this population;

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

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

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

19 * * * Municipal Zoning * * *

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

21 § 4412. REQUIRED PROVISIONS AND PROHIBITED EFFECTS

1 are not more restrictive than is required for a single-unit dwelling, including no
2 additional land or lot area than would be required for a single-unit dwelling. In
3 any district that is served by municipal sewer and water infrastructure that
4 allows residential development, multiunit dwellings with four or fewer units
5 shall be a permitted use on the same size lot as a single-unit dwelling, ~~unless~~
6 ~~that district specifically requires multiunit structures to have more than four~~
7 ~~dwelling units.~~

8 * * *

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

10 § 4303. DEFINITIONS

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

13 * * *

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

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

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

20 (H) identified capacity constraints; or

1 ~~(H)~~(II) municipally adopted service and capacity agreements;

2 or

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

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

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

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

17 (IV) areas serving a mobile home park that is not within an area
18 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 * * * State Community Investment Program * * *

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

15 § 5803. DESIGNATION OF DOWNTOWN AND VILLAGE CENTERS

16 * * *

17 (f) Benefits Steps. A center may receive the benefits associated with the
18 steps in this section by meeting the established requirements. The Department
19 shall review applications from municipalities to advance from Step One to
20 Two and from Step Two to Three and issue written decisions. The Department
21 shall issue a written administrative decision within 30 days following an

1 application. If a municipal application is rejected by the Department, the
2 municipality may appeal the administrative decision to the State Board. To
3 maintain a downtown approved under chapter 76A after December 31, 2026,
4 the municipality shall apply for renewal following a regional planning
5 approval by the LURB and meet the program requirements. Step Three
6 designations that are not approved for renewal revert to Step Two. The
7 municipality may appeal the administrative decision of the Department to the
8 State Board. Appeals of administrative decisions shall be heard by the State
9 Board at the next meeting following a timely filing stating the reasons for the
10 appeal. The State Board's decision is final. The Department shall issue
11 guidance to administer these steps.

12 * * *

13 (2) Step Two.

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

18 * * *

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

1 * * *

2 (3) Step Three.

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

7 * * *

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

11 * * *

12 * * * Housing Report * * *

13 Sec. 9a. FARMWORKER HOUSING REPORT

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

20 Sec. 10. [Deleted.]

21 Sec. 11. [Deleted.]

1

* * * Effective Date * * *

2

Sec. 12. EFFECTIVE DATE

3

This act shall take effect on July 1, 2026.