

Senate proposal of amendment to House proposal of amendment

S. 328

An act relating to housing and common interest communities.

The Senate concurs in the House proposal of amendment with further proposal of amendment as follows:

First: In Sec. 3, 10 V.S.A. § 10, by striking out subsection (a) in its entirety and inserting in lieu thereof a new subsection (a) to read as follows:

(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 ~~40~~ 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.

Second: In Sec. 4, off-site construction accelerator pilot, in subdivision (c)(2), after the words "Department of Housing and Community Development" by inserting ", the Vermont Economic Progress Council,"

Third: In Sec. 6, 10 V.S.A. § 699, by striking out subsection (a) in its entirety

Fourth: In Sec. 8, 24 V.S.A. § 4382, in subdivision (a)(10), by inserting ", labor," after the word "regulatory"

Fifth: By striking out Sec. 9, 24 V.S.A. § 4412, in its entirety and inserting in lieu thereof a new Sec. 9 to read as follows:

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.

Sixth: By adding a new section to be Sec. 9a to read as follows:

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.]~~

Seventh: By adding a reader assistance heading and new section to be Sec. 9b to read as follows:

* * * 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.

* * *

Eighth: In Sec. 10, Office of Legislative Counsel; common interest community report, by striking out subsection (a) in its entirety and inserting in lieu thereof a new subsection (a) to read as follows:

(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.

Ninth: By striking out Sec. 14, effective date, and its accompanying reader assistance heading in their entirety and inserting in lieu thereof a new reader assistance heading and new Sec. 14 to read as follows:

* * * 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.