

## Senate Committee on Economic Development, Housing, & General Affairs

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Tuesday 2/10

S. 328 - An act relating to housing and common interest communities

*Section 2 and 8 Testimony*

Maura Collins, Executive Director, Vermont Housing Finance Agency - Zoom

*Section 4 Testimony*

Chris D'Elia, President, Vermont Bankers' Association

Peter Tucker, Advocacy & Public Policy Director, Vermont Association of Realtors

Chris Donnelly, Director of Community Relations, Champlain Housing Trust - Zoom

### **Summary**

Refining sections of **S.328** related to down payment assistance, lending authority for multi-unit housing, and the regulation of Common Interest Communities. While there is broad consensus on extending tax credits for first-time homebuyers, friction remains regarding the off-site construction accelerator and potential conflicts between HOA restrictions and affordable housing covenants. The committee is moving to "check off" sections by the end of the week, signaling push for floor action.

### **Key Legislative Topics**

#### **1. VHFA Down Payment Assistance (Section 2)**

- **Proposal:** Extend the authority of the Vermont Housing Finance Agency (VHFA) to sell five-year tax credits for an additional five years and increase the annual credit amount from **\$250,000** to **\$350,000**.
- Repayment of these revolving loans has dropped significantly (from **14%** to **5.5%** over five years) because high interest rates discourage homeowners from refinancing or moving.
- Every **\$1** invested in this program has generated **\$15** in equity for the 2,100 participating Vermont households.

## 2. VITA Lending Expansion (Section 8)

- **Proposal:** Expand the VEDA statute to allow lending for multi-unit housing (5+ units) when invited by a lender.
- There was a need to ensure VEDA does not duplicate VHFA's role; new language ensures VHFA remains the primary lender for low-to-moderate income projects to avoid over-complicating deals with too many public funding sources.

## 3. Common Interest Communities & HOAs (Sections 4-6)

- **Proposal:** Limit the ability of HOAs to prohibit long-term rentals (30+ days) and clarify rights for installing Electric Vehicle charging stations.
- Champlain Housing Trust flagged that a blanket "right to rent" would allow owners of subsidized "shared equity" homes to profit from market-rate rentals, undermining the intent of public subsidies.

## Committee Inquiry & Sentiment

- Pushing to see if HOAs can be prohibited from banning ADUs on lots of 0.25 acres or more
  - Focused on checking off sections and "not reinventing the wheel"
- Some skepticism of the off-site construction pilot; arguing land costs and density-cutting by towns are the barriers.
  - Aggressively pursuing "density algorithms" to prevent towns from reducing unit counts on state-funded projects.
- Concerned that allowing rental rights in **CICs** would let individuals exploit subsidized mortgages to generate private rental income
  - Seeking clear statutory "guardrails" for market-rate vs. subsidized units

## Points of Contention & Friction

- Sen. Ram Hinsdale expressed "deep opposition," citing the failure of previous modular projects due to local zoning (e.g., being forced to build 2 units/acre instead of 5).
- **Union Density Bonus (Section 12):** The Vermont Association of Realtors warned that granting density bonuses only to union labor shops might negatively affect small players (local independent contractors) in favor of out-of-state union firms.
- There is tension regarding whether municipalities should be forced to adopt state-defined housing targets. Noted that small-town select boards might quit rather than take on the additional planning workload.

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# Wednesday 2/11

## S. 327 An act related to economic development

### *Section 3 Testimony*

Rik Sehgal, Legislative Counsel, Office of Legislative Counsel

Nicole Killoran, Director, Vermont Small Business Law Center and Clinic, Vermont Law and Graduate School

Rosie Gray, Financial Securities Specialist and Business Coach, Capstone Community Action

Liz Scharf, Director of Community Economic Development and Food Security, Capstone Community Action

Weiwei Wang, Co Founder and Executive Director, Vermont Professionals of Color Network

### **Summary**

The committee reviewed the "ecosystem of support" for Vermont businesses, focusing on the legal, financial, and community-based resources that serve small firms. Witnesses highlighted an awareness gap, where entrepreneurs lack the knowledge of available resources or the trust to access them. The committee is balancing efforts to bolster these resources while facing financial realities, specifically weighing how to transition these programs from one-time federal grants to sustainable state base-funding.

### **Key Legislative Topics**

#### **1. Vermont Small Business Law Center (Section 3)**

- **Summary:** Requests state "skin in the game" to support free legal consultations for businesses with under 20 employees.
- Nicole Killoran reported a 20% growth in intakes, with the center providing up to 10 hours of free legal advice
- **Ask:** **\$800,000** in state support (in addition to federal support) over two years to expand capacity for specialized needs like international trade and intellectual property.

#### **2. Micro Business Development & Financial Coaching**

- **Summary:** Capstone Community Action requested significant increases to support low-to-moderate income entrepreneurs through a bundle of tax assistance, financial coaching, and business strategy.

- Liz Sharp noted that personal finance is the foundation of small business success;
  - requesting an increase from \$493k to \$993k for micro-business development and a jump from \$170k to \$670k for financial coaching

### 3. Vermont Professionals of Color (VTPOC) Network

- **Summary:** Requesting a \$75,000 base appropriation for outreach and workforce development for the BIPOC community.
- Highlighted that while 93% of BIPOC-owned firms are small (under 20 employees)
  - There is a "wealth of talent" that Vermont risks losing to other states if community-specific supports aren't funded.
- VTPOC manually connects individuals to resources when traditional outreach & marketing fails.

### 4. VEGI & Employee Ownership

- Proposal to add an enhanced incentive for ESOPs (Employee Stock Ownership Plans) and worker cooperatives to the VEGI program.
  - Witnesses warned that current definitions might exclude major employers like Chroma Technology due to their unique weighted voting structures.

### Committee Inquiry & Sentiment

- Emphasized that legal and financial resources are the few tools the state has to bolster effectiveness.
  - Pushing for a Dec 1 deadline for the agency report they are requesting
- Questioned the "magic line" of 20 employees and why the state should add money on top of federal grants
  - Wants clear evidence of unmet demand before increasing state obligations
- Asked for specific metrics on "unmet demand" and how many people are currently being turned away due to lack of funding. – specifically for legal services
  - Looking for evidence that the customer base warrants budget increases. More data needed
- Demographic investment challenge, noting the discrepancy between kids of color in schools (10%) and seniors (3%)
  - Views funding VTPOC as a strategy to retain talented, highly educated millennials

### Further Considerations

- There is friction between the Senate's desire for a "big book" of all state resources and the reality described by witnesses that specific communities (BIPOC, rural farmers) require high-touch, in-person trust-building that a database cannot solely provide.

- The Governor's Budget currently includes **\$493k** for micro-business, but witnesses are asking for nearly double that to better support the program.
- Testimony brought up that commercial leases in Vermont lack basic legal protections found in residential leases → major pain point for businesses following the 2023-24 floods

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## Thursday 2/12

### **S. 306 - An act relating to first responders in communications**

#### *Introduction*

Sen. Joseph "Joe" Major, Sponsor - Invited

Sophie Zdatny, Legislative Counsel, Office of Legislative Counsel

- **Proposal:** Formally defines public safety dispatchers and emergency communication personnel as "first responders in communications".
- **Provisions:** Establishes training standards and creates a presumption of PTSD diagnosis as being incurred in the line of duty for workers' compensation purposes.
- Dispatchers face high turnover and repeated trauma. Currently, municipal dispatchers lack the same protections afforded to state-level counterparts.

### **S. 307 - An act relating to overtime pay for firefighters**

#### *Introduction*

Sen. Joseph "Joe" Major, Sponsor

Sophie Zdatny, Legislative Counsel, Office of Legislative Counsel

- **Proposal:** Establishes a 42-hour average maximum work week for career firefighters, with overtime paid at time-and-a-half beyond that threshold.
- Uses an eight-week averaging period to accommodate rotating 24-hour shifts.
- Excessive hours lead to fatigue-related safety risks and recruitment/retention challenges. Some federal or municipal schedules currently exceed 56 or 72 hours per week.
- Bringing in witnesses soon.

### **S. 292 - An act relating to granting public higher education employees the right to strike**

#### *Introduction*

Sen. Thomas Chittenden, Sponsor, Sponsor

Sophie Zdatny, Legislative Counsel, Office of Legislative Counsel

Ellen Kaye, President, UVM Staff United

- **Proposal:** Lifts the prohibition against UVM and Vermont State University employees withholding labor during collective bargaining.
- Proponents argue that without the potential threat of a strike, management has an incentive to stall negotiations.
- Recent UVM staff negotiations lasted 13 months.
- UVM reportedly spent \$135,000 on outside legal counsel while staff wages remained stagnant.

## **S. 277 - An act relating to prohibiting mandatory overtime for nurses**

### *Testimony*

Sophie Zdatny, Legislative Counsel, Office of Legislative Counsel

Lisa Gerlach, Political Organizer, American Federation of Teachers Vermont - Invited

Devon Green, Senior Vice President of Policy and Strategy, Vermont Association of Hospitals and Health Systems

- **Proposal:** Bans mandatory overtime for nurses except in specific emergency circumstances.
- 18 other states have similar prohibitions. Witnesses cited links between nurse fatigue and increased patient mortality and hospital-acquired infections.
- Hospital representatives expressed concern that narrow "unforeseen disaster" definitions wouldn't cover prolonged crises (like COVID-19).

## **S. 278 - An act relating to cannabis**

### *Committee Discussion*

Tucker Anderson, Legislative Counsel, Office of Legislative Counsel

- **Proposal:** A bill aimed at aligning Vermont's cannabis market with the rest of New England.
- Increases THC concentration limits for liquid concentrates from 60% to 70% (with a 25+ age requirement for the higher range).
- Increases single transaction limits to two ounces.
- Authorizes 2-year pilot programs for Event Permits and Delivery Permits.