

**From:** Samantha Sheehan  
**Date:** Wednesday, April 30, 2025 at 10:51 AM  
**To:** Marc B. Mihaly, Ashley R. Bartley  
**Cc:** Josh Hanford  
**Subject:** [External] FW: VLCT comments on draft 2.1, S.127 amendment

Mr. Chair and Madame Vice Chair,

Understanding that there may be some discussion of VLCT's most recent round of testimony and objection to one subsection of the CHIP proposal, please see the written comments we shared with Rep. Marcotte and Rep. Granning upon seeing the amendment language.

Thank you,  
Samantha

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**From:** Samantha Sheehan  
**Sent:** Monday, April 28, 2025 9:29 AM  
**To:** Michael Marcotte, Edye Granning  
**Cc:** Josh Hanford  
**Subject:** VLCT comments on draft 2.1, S.127 amendment

Mr. Chair and Madame Vice Chair,

Thank you for your continued diligence on S.127. The purpose of this email is to share the reactions of VLCT on the proposed amendments [in draft 2.1](#) that the committee discussed throughout Friday. Josh and I are available to testify to any of these comments and/or provide feedback on any other provisions as would be helpful to you.

Best,  
Samantha  
401 864 7538

1. **§ 1909. HOUSING INFRASTRUCTURE AGREEMENT.... (4) provide terms to ensure that: (A) throughout the life of the housing development site, any housing unit within the housing development be offered exclusively as a primary residence;**

**Concern:** While we understand and agree with the goal to realize the construction of new primary residences and are aligned with policy efforts to prevent the proliferation of short-term rentals, our concern is with the placement of this provision within the "Housing Infrastructure Agreement". The Housing Infrastructure Agreement will be between the Municipality and the Developer, it will be an enforceable contract and its

purpose is to protect the interest of the municipal corporation. Municipalities do not currently have the authority or regulatory tools to enforce against short-term rentals or second homes. **This provision within the Housing Infrastructure Agreement amounts to an unfunded mandate.** VLCT advocates for new regulatory authorities (including taxes and fee setting) to better regulate short-term rentals at the local level. We hope to work with the legislature on such proposals in the second half of this biennium – we don't think CHIP is the best way to achieve this priority. Unintended consequences may include:

- This could discourage the use of CHIP for municipalities without the existing resources for rental regulation and code enforcement
- This could discourage the use of CHIP by municipalities for the development of housing for home ownership
- This could discourage the use of CHIP by most developers who do not intend to, or cannot, own the development for the “life of the housing development site”
- For projects intended for homeownership, this could essentially create a shared equity housing type, freezing future equity for the property and jeopardizing the intended homeowners or future buyers ability to borrow mortgages, home constructions loans, refinancing, etc. in the future.

For your situational awareness, Burlington's Short Term Rental ordinance has been challenged and [the initial summary judgement appealed to the Supreme Court](#). If the court rules against the City, it could have rippling impacts on the ability of all Vermont municipalities to effectively regulate short-term rentals.

2. **§ 1910c. USE OF TAX INCREMENT; RETENTION PERIOD....(2) For a housing infrastructure project that satisfies the affordability criterion of section 1910 of this subchapter, up to 80 percent of the education property tax increment may be retained for up to 20 years, beginning the first year in which debt is incurred for the housing infrastructure project.**

**Endorse:** According to the modeling we have reviewed for CHIP at 80/20 education tax increment ratios across months of testimony, this level of increment plus other available subsidy and tax stabilization for perpetually affordable housing projects should be a powerful incentive for new affordable housing projects. Act 47 of 2023 also requires municipalities provide a 40% density bonus and one floor bonus to affordable housing projects on municipal water and sewer (Tier 1a & Tier 1b). Taken together, these incentives will advance various policy goals discussed by the committee to realize new affordable home construction at density.

3. **Lastly, we'd like to encourage the committee to have confidence in the robust public process and oversight already contemplated within the bill and/or otherwise required by Vermont state law:**

- State law requires a robust democratic and citizen driven process in order to create local zoning bylaw, municipal plans, and regional plans.
- Vermont permitting regimes are robust and include opportunities for public comment and appeal. All CHIP projects will be subject to a public municipal permit process, Act 250, or both. Elements of public infrastructure related to these CHIP projects will also be subject to ANR permits as appropriate.
- For the majority of Vermont municipalities most, if not all, actions of the municipal legislative body necessary to consider and facilitate the Housing Infrastructure Agreement must be warned, discussed at public meetings, and voted upon by the body. The discussion and decision by the body will be memorialized and posted in meeting materials, and public documents created through this process are subject to public records requests and to public comment.
- Additionally, at least one public hearing is required before entering into the Housing Infrastructure Agreement and submitting a CHIP project for public approval.
- Any public bonding will be subject to the normal limits of municipal authorities under state law and will require a town wide vote.
- VEPC review and approval is required.
- Annual reports will be provided to the legislature.