

1 TO THE HONORABLE SENATE:

2 The Committee on Economic Development, Housing and General Affairs to
3 which was referred House Bill No. 775 entitled “An act relating to creating
4 tools for housing production” respectfully reports that it has considered the
5 same and recommends that the Senate propose to the House that the bill be
6 amended by striking out all after the enacting clause and inserting in lieu
7 thereof the following:

8 * * * Service-Supported Housing * * *

9 Sec. 1. 3 V.S.A. § 3098 is added to read:

10 § 3098. SERVICE-SUPPORTED HOUSING ADVISORY COUNCIL

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

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

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

20 Board;

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

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

3 (4) the State Treasurer or designee;

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

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

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

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

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

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

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

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

18 (e) When requested by the Vermont Housing and Conservation Board, the
19 Advisory Council shall provide advice to the Board regarding the expenditure
20 of funds for the production of permanently affordable housing for individuals

1 who are eligible to receive Medicaid-funded Developmental Disability
2 Services.

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

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

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

14 (C) activities undertaken pursuant to this section; and

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

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

1 financing in the Treasurer’s discretion as is necessary to protect the ~~interest~~
2 interests of the State.

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

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

12 * * * Vermont Economic Development Authority * * *

13 Sec. 3. 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, multiunit housing developments of five or
11 more units when requested by, and jointly financed with, a financing lender,
12 except that the Authority shall not finance portions or phases of a multiunit
13 housing development that:

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

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

19 * * *

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

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

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

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

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

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

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

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

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

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

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

10 (A) a lower interest rate;

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

12 (C) partial loan forgiveness.

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

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

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

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

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

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

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

6 (i) seven years; or

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

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

12 (c) Program design.

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

15 (2) The Program shall include:

16 (A) a streamlined and appropriately scaled application process;

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

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

1 section, whether the unit is still occupied by a tenant who meets the
2 qualifications of that subdivision;

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

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

9 * * * Special Assessment Bonds * * *

10 Sec. 7. 24 V.S.A. § 3257 is added to read:

11 § 3257. SPECIAL ASSESSMENT BONDS

12 (a) Upon approval of the legislative body of the municipality and subject to
13 subsection (c) of this section, a municipality may issue revenue bonds for the
14 purpose of financing a public improvement for the benefit of the limited area
15 of the municipality to be served by the improvement. A revenue bond issued
16 under this section is issued for an essential and governmental purpose.

17 (b) A revenue bond issued pursuant to this section shall be payable solely
18 and exclusively from the special assessments levied on the properties to be
19 served by the improvement and shall not constitute general indebtedness of the
20 municipality. No holder of a bond issued under this section shall have the right

1 to compel any exercise of the taxing power of the municipality to pay on the
2 bond.

3 (c) The municipality may issue a revenue bond pursuant to this section only
4 if one or more of the following conditions are met:

5 (1) one of the following entities provides a commitment letter for the
6 issuance:

7 (A) the Vermont Bond Bank;

8 (B) a bank regulated by the Federal Deposit Insurance Corporation,
9 the Office of the Comptroller of the Currency, or the Federal Reserve Board;

10 or

11 (C) a credit union regulated by the National Credit Union
12 Administration; or

13 (2) a nationally recognized statistical rating organization that has an
14 active U.S. public finance practice rates the issuance at a minimum credit
15 rating of BBB or equivalent.

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

17 (c) Notwithstanding any charter provision or other provision, all property
18 taxes assessed within a district shall be subject to the provision of subsection
19 (a) of this section. Special assessments levied under chapters 76A or 87 of this
20 title or under a municipal charter shall not be considered property taxes for the
21 purpose of this section if the proceeds are used exclusively for operating

1 expenses related to properties within the district, and not for improvements
2 within the district, as defined in subdivision 1891(4) of this title, or if the
3 special assessments secure a special assessment bond issued pursuant to
4 section 3257 of this title.

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

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

15 * * * Municipal Plans * * *

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

17 § 4382. THE PLAN FOR A MUNICIPALITY

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

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(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.

* * *

* * * Municipal Zoning * * *

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

§ 4303. DEFINITIONS

- 1 (II) areas with identified service limits established by State
2 regulations or permits, identified capacity constraints, or municipally adopted
3 service and capacity agreements;
- 4 (III) areas served by sewer and water to address an identified
5 community-scale public health hazard or environmental hazard;
- 6 (IV) areas serving a mobile home park that is not within an area
7 planned for year-round residential growth;
- 8 (V) areas serving an industrial site or park;
- 9 (VI) areas where service lines are located to serve the areas
10 described in subdivisions (III)–(V) of this subdivision (ii), but no connections
11 or expansions are permitted; or
- 12 (VII) areas that, through an approved Planned Unit
13 Development under section 4417 of this title or Transfer of Development
14 Rights under section 4423 of this title, prohibit year-round residential
15 development.
- 16 (B) Municipally adopted areas served by municipal sewer and water
17 infrastructure that limit sewer and water connections and expansions shall not
18 result in the unequal treatment of housing by discriminating against a year-
19 round residential use or housing type otherwise allowed in this chapter.

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

2 § 4412. REQUIRED PROVISIONS AND PROHIBITED EFFECTS

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

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

7 * * *

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

18 * * *

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

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

10 * * *

11 (15) No bylaw shall require a duplex or multiunit dwelling with three
12 units to be constructed on an owner-occupied lot.

13 * * * State Community Investment Program * * *

14 Sec. 11. 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 * * * Reports * * *

13 Sec. 12. OFFICE OF LEGISLATIVE COUNSEL; COMMON INTEREST
14 COMMUNITY REPORT

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

20 (1) authorize leasing of residential units;

21 (2) authorize commercial purposes within a dwelling unit;

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

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

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

8 Sec. 13. VERMONT HOUSING AND CONSERVATION BOARD;

9 FARMWORKER HOUSING REPORT

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

17 * * * Effective Date * * *

18 Sec. 14. EFFECTIVE DATE

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

1 (Committee vote: _____)

2

3

Senator _____

4

FOR THE COMMITTEE