

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred Senate Bill No.
3 328 entitled “An act relating to housing and common interest communities”
4 respectfully reports that it has considered the same and recommends that the
5 report of the Committee on General and Housing be amended as follows:

6 First: By striking out Sec. 4, off-site construction accelerator pilot, in its
7 entirety and inserting in lieu a new Sec. 4 to read as follows:

8 Sec. 4. OFF-SITE CONSTRUCTION ACCELERATOR PILOT

9 (a)(1) The Office of the State Treasurer may develop and administer a pilot
10 demonstration project that explores the possibility of reducing housing
11 development costs through modular construction.

12 (2) The Treasurer may utilize requests for information or requests for
13 proposal to identify participating modular construction manufacturers and
14 developers and to determine manufacturer and developer needs and priorities.

15 (3) In contracting with a manufacturer or developer under this pilot
16 program, the State Treasurer shall be exempt from the requirements of 3
17 V.S.A. chapter 14.

18 (4) In order to fund off-site constructed housing under the pilot program
19 authorized by this section, the Treasurer may utilize funds authorized under 10
20 V.S.A. § 10 subject to the requirements of that section.

1 (b) The pilot may consider the following elements:

2 (1) bulk purchasing for a single development or aggregation of multiple
3 developments;

4 (2) creating a loan loss reserve for construction loans;

5 (3) utilization of off-site construction, including panelized or volumetric
6 modular construction; and

7 (4) establishing a statewide procurement consortium for bulk orders of
8 modular units and materials.

9 (c)(1) As part of the pilot, the Office of the State Treasurer may identify the
10 feasibility of the State providing a guarantee or other device to facilitate bulk
11 purchasing of the off-site construction of homes.

12 (2) Prior to distributing any funds under this section, the Treasurer shall
13 consult with the Department of Housing and Community Development, the
14 Vermont State Housing Authority, the Vermont Housing Finance Agency, and
15 the Vermont Housing and Conservation Board.

16 (d) On or before January 15, 2027, the Treasurer shall submit a written
17 report to the House Committee on General and Housing and the Senate
18 Committee on Economic Development, Housing and General Affairs with its
19 findings and any recommendations for legislative action.

20 Second: By adding a reader assistance heading and two new sections to be
21 Secs. 5a and 5b to read as follows:

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 criteria:

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; and

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 (a) of this section. Special assessments levied under chapters 76A or 87 of this
2 title or under a municipal charter shall not be considered property taxes for the
3 purpose of this section if the proceeds are used exclusively for operating
4 expenses related to properties within the district, and not for improvements
5 within the district, as defined in subdivision 1891(4) of this title, or if the
6 special assessments secure a special assessment bond issued pursuant to
7 section 3257 of this title.

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

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

18 (Committee vote: _____)

19 _____

20 Representative _____

21 FOR THE COMMITTEE