

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 adding a reader assistance heading and two new sections to be  
7 Secs. 5a and 5b to read as follows:

8 \* \* \* Vermont Housing Finance Agency \* \* \*

9 **Sec. 5a. INTENT TO CODIFY RENTAL HOUSING REVOLVING LOAN**

10 **PROGRAM**

11 The intent and purpose of Sec. 5b of this act is to codify in statute the  
12 Rental Housing Revolving Loan Program originally enacted in 2023 Acts and  
13 Resolves No. 47, as amended by 2025 Acts and Resolves No. 69. The  
14 Program designed and implemented by the Vermont Housing Finance Agency  
15 shall remain in effect under 10 V.S.A. § 629. Loans issued through the  
16 Program prior to July 1, 2026, shall remain in effect in accordance with the  
17 executed terms and conditions.

18 **Sec. 5b. 10 V.S.A. chapter 25 is amended to read:**

19 CHAPTER 25. VERMONT HOUSING FINANCE AGENCY

20 \* \* \*

21 Subchapter 3. Powers and Duties

1 \* \* \*

2 § 629. RENTAL HOUSING REVOLVING LOAN PROGRAM

3 (a) Creation; administration. The Vermont Housing Finance Agency shall  
4 design and implement a Rental Housing Revolving Loan Program and shall  
5 create and administer a revolving loan fund to provide subsidized loans for  
6 rental housing developments that serve middle-income households.

7 (b) Loans; eligibility; criteria.

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

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

17 (B) Projects may include new construction, acquisition with  
18 substantial rehabilitation, and preservation of naturally occurring affordable  
19 housing.

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

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

3                     (i) 35 percent of the costs of the project allocable to the affordable  
4           units; or

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

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

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

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

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

17                             (A) a lower interest rate;

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

19                             (C) partial loan forgiveness.

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

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

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

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

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

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

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

13           (i) seven years; or

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

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

19           (c) Program design.

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

1           (2) The Program shall include:

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

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

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

8                           (i) geographic distribution;

9                           (ii) community size;

10                          (iii) community economic need; and

11                          (iv) whether an application has already received an investment or  
12 is from an applicant in a community that has already received Program  
13 funding.

14           (3) The Agency shall use its best efforts to ensure that:

15                   (A) investments are targeted to the geographic communities or  
16 regions with the most pressing economic and employment needs; and

17                   (B) the allocation of investments provides equitable access to the  
18 benefits to all eligible geographical areas.

19                   (d) Revolving funds. The Agency shall retain payments of principal,  
20 interest, and any fees in a revolving loan fund, the amounts of which it shall  
21 use to issue future loans through the Program.



1 operating expenses related to properties within the housing development site  
2 and not for improvements within the housing development site or if the special  
3 assessments secure a special assessment bond issued pursuant to section 3257  
4 of this title.

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7 (Committee vote: \_\_\_\_\_)

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\_\_\_\_\_

9

Representative \_\_\_\_\_

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FOR THE COMMITTEE