

1 TO THE HONORABLE SENATE:

2 The Committee on Economic Development, Housing and General Affairs to  
3 which was referred Senate Bill No. 328 entitled “An act relating to housing  
4 and common interest communities” respectfully reports that it has considered  
5 the same and recommends that the bill be amended by striking out all after the  
6 enacting clause and inserting in lieu thereof the following:

7 \* \* \* Municipal Plans \* \* \*

8 Sec. 1. 24 V.S.A. § 4382 is amended to read:

9 § 4382. THE PLAN FOR A MUNICIPALITY

10 (a) A plan for a municipality shall be consistent with the goals established  
11 in section 4302 of this title and compatible with approved plans of other  
12 municipalities in the region and with the regional plan and shall include the  
13 following:

14 \* \* \*

15 (10) A housing element that shall include a recommended program for  
16 public and private actions to address housing needs and targets as identified by  
17 the regional planning commission pursuant to subdivision 4348a(a)(9) of this  
18 title. The housing element shall also include an analysis of any regulatory and  
19 physical constraints preventing the development, redevelopment, or  
20 rehabilitation of sufficient housing to meet the housing needs and targets, and a  
21 description of what actions the municipality may take to accommodate the

1 projected housing needs. The program shall use data on year-round and  
2 seasonal dwellings and include specific actions to address the housing needs of  
3 persons with low income and persons with moderate income and account for  
4 permitted residential development as described in section 4412 of this title.  
5 Progress toward the construction of the housing units identified as needed to  
6 meet projected housing targets shall be documented within the housing  
7 element and updated as appropriate when the plan is amended or readopted  
8 according to section 4385 or 4387 of this title, as the case may be.

9 \* \* \*

10 \* \* \* Tax Credits \* \* \*

11 Sec. 2. 32 V.S.A. § 5930u is amended to read:

12 § 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

13 \* \* \*

14 (b) Eligible tax credit allocations.

15 \* \* \*

16 (3)(A) The Vermont Housing Finance Agency shall have the authority  
17 to allocate affordable housing tax credits to finance down payment assistance  
18 loans that meet the following requirements:

19 (i) the loan is made in connection with a mortgage through an  
20 Agency program;



1           (3) In fiscal year 2027 through fiscal year 2031, the allocating agency  
2           may award up to \$350,000.00 in total first-year credit allocations for loans  
3           through the Down Payment Assistance Program created in subdivision (b)(3)  
4           of this section.

5                           \* \* \* Vermont State Treasurer Credit Facility \* \* \*

6           Sec. 3. 10 V.S.A. § 10 is amended to read:

7           § 10. VERMONT STATE TREASURER; CREDIT FACILITY FOR LOCAL  
8           INVESTMENTS

9           (a) Notwithstanding any provision of 32 V.S.A. § 433(a) to the contrary,  
10          the Vermont State Treasurer shall have the authority to establish a credit  
11          facility of up to ~~40~~ 12.5 percent of the State's average cash balance on terms  
12          acceptable to the Treasurer and consistent with prudent investment principles  
13          and guidelines pursuant to 32 V.S.A. § 433~~(b)–(e)~~ (b) and (c) and the Uniform  
14          Prudent Investor Act, 14A V.S.A. chapter 9.

15                           \* \* \*

16          (c) Notwithstanding any provision of 32 V.S.A. § 433(a) to the contrary,  
17          and in addition to the provisions of subsection (a) ~~on~~ of this section, the  
18          Vermont State Treasurer shall have the authority to establish a credit facility of  
19          up to two and one-half percent of the State's average cash balance on terms  
20          acceptable to the Treasurer and consistent with prudent investment principles  
21          and guidelines pursuant to 32 V.S.A. § 433~~(b)–(e)~~ (b) and (c) and the Uniform

1 Prudent Investor Act, 14A V.S.A. chapter 9. The Treasurer may use amounts  
2 available under this subsection only to provide financing for climate  
3 infrastructure and resilience projects and may modify the terms of such  
4 financing in the Treasurer's discretion as is necessary to protect the ~~interest~~  
5 interests of the State.

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

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

15 \* \* \* Common Interest Communities \* \* \*

16 Sec. 4. COMMON INTEREST COMMUNITY REPORT

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

10 \*\*\* Vermont Economic Development Authority \*\*\*

12            § 212. DEFINITIONS

14 \* \* \*

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1 manufactured primarily out of State, and except further that an eligible facility  
2 or project shall not include the portion of an enterprise or endeavor relating to  
3 housing unless otherwise authorized in this chapter. Such enterprises or  
4 endeavors may include:

5 \* \* \*

6 (U) After consultation with, and with deference to, the Vermont  
7 Housing Finance Agency on applications that are eligible for financing from  
8 both the Authority and the Agency, multiunit housing developments of five or  
9 more units when requested by, and jointly financed with, a financing lender,  
10 except that the Authority shall not finance housing developments that utilize  
11 funding issued by the Agency.

12 \* \* \*

13 \* \* \* Service-Supported Housing \* \* \*

14 Sec. 6. 3 V.S.A. § 3098 is added to read:

15 § 3098. SERVICE-SUPPORTED HOUSING ADVISORY COUNCIL

16 (a) The Service-Supported Housing Advisory Council is created for the  
17 purpose of identifying opportunities for increased alignment between human  
18 services programs and policies serving individuals who receive Medicaid-  
19 funded Developmental Disability Services and housing capital and support  
20 services programs.

1        (b) The Advisory Council shall be overseen by the Department of  
2        Disabilities, Aging, and Independent Living and shall be composed of the  
3        following individuals:

4            (1) one member, appointed by the Vermont Housing and Conservation  
5        Board;

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

7            (3) the Commissioner of Disabilities, Aging, and Independent Living or  
8        designee;

9            (4) the State Treasurer or designee;

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

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

14          (7) the Executive Director of the Vermont Developmental Disabilities  
15        Council or designee;

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

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

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

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

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

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

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

12          (3) activities undertaken pursuant to this section; and

13          (4) recommendations for future legislative action, including actionable  
14          recommendations for changes in State laws or policies that are obstacles to the  
15          creation of housing needed by individuals with Medicaid-funded home- and  
16          community-based services.

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

19        (f) Members of the Advisory Council who are not otherwise compensated  
20        for their time shall be entitled to per diem compensation as permitted under 32  
21        V.S.A. § 1010 for not more than 12 meetings per year.

\* \* \* Municipal Zoning \* \* \*

Sec. 7. 24 V.S.A. § 4412 is amended to read:

§ 4412. REQUIRED PROVISIONS AND PROHIBITED EFFECTS

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

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

\* \* \*

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

\* \* \*

(D) Bylaws shall designate appropriate districts and reasonable regulations for multiunit or multifamily dwellings. No bylaw shall have the

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

11 \* \* \*

12 Sec. 8. 24 V.S.A. § 4303 is amended to read:

13 § 4303. DEFINITIONS

14 The following definitions shall apply throughout this chapter unless the  
15 context otherwise requires:

16 \* \* \*

17 (42)(A) An area “served by municipal sewer and water infrastructure”  
18 means:

19 (i) an area where residential connections and expansions are  
20 available to a parcel or a portion of a parcel within 2,000 feet of municipal

1 water and direct and indirect discharge wastewater systems and not prohibited  
2 by:

- 3 (I) State regulations or permits;
- 4 (II) identified capacity constraints; or
- 5 (III) municipally adopted service and capacity agreements; or
- 6 (ii) an area established by the municipality by ordinance or bylaw

7 where residential connections and expansions are available to municipal water  
8 and direct and indirect discharge wastewater systems and which may exclude:

- 9 (I) flood hazard or inundation areas as established by statute,
- 10 river corridors or fluvial erosion areas as established by statute, shorelands,
- 11 areas within a zoning district or overlay district the purpose of which is natural
- 12 resource protection, and wherever year-round residential development is not
- 13 allowed;

- 14 (II) areas with identified service limits established by State
- 15 regulations or permits, identified capacity constraints, or municipally adopted
- 16 service and capacity agreements;

- 17 (III) areas served by sewer and water to address an identified
- 18 community-scale public health hazard or environmental hazard;

- 19 (IV) areas serving a mobile home park that is not within an area
- 20 planned for year-round residential growth;

- 21 (V) areas serving an industrial site or park;

1 (VI) areas where service lines are located to serve the areas  
2 described in subdivisions (III)–(V) of this subdivision (ii), but no connections  
3 or expansions are permitted; or

4 (VII) areas that, through an approved Planned Unit  
5 Development under section 4417 of this title or Transfer of Development  
6 Rights under section 4423 of this title, prohibit year-round residential  
7 development.

8 (B) Municipally adopted areas served by municipal sewer and water  
9 infrastructure that limit sewer and water connections and expansions shall not  
10 result in the unequal treatment of housing by discriminating against a year-  
11 round residential use or housing type otherwise allowed in this chapter.

12 \* \* \* State Community Investment Program \* \* \*

13 Sec. 9. 24 V.S.A. § 5803 is amended to read:

14 § 5803. DESIGNATION OF DOWNTOWN AND VILLAGE CENTERS

15 \* \* \*

16 (f) Benefits Steps. A center may receive the benefits associated with the  
17 steps in this section by meeting the established requirements. The Department  
18 shall review applications from municipalities to advance from Step One to  
19 Two and from Step Two to Three and issue written decisions. The Department  
20 shall issue a written administrative decision within 30 days following an  
21 application. If a municipal application is rejected by the Department, the

1 municipality may appeal the administrative decision to the State Board. To  
2 maintain a downtown approved under chapter 76A after December 31, 2026,  
3 the municipality shall apply for renewal following a regional planning  
4 approval by the LURB and meet the program requirements. Step Three  
5 designations that are not approved for renewal revert to Step Two. The  
6 municipality may appeal the administrative decision of the Department to the  
7 State Board. Appeals of administrative decisions shall be heard by the State  
8 Board at the next meeting following a timely filing stating the reasons for the  
9 appeal. The State Board's decision is final. The Department shall issue  
10 guidance to administer these steps.

11 \* \* \*

12 (2) Step Two.

13 (A) Requirements. Step Two is established to create a mid-level  
14 designation for villages throughout the State to increase planning and  
15 implementation capacity for community-scale projects. A center reaches Step  
16 Two if it:

17 \* \* \*

18 (iv) a portion of the center is listed or eligible for listing in the  
19 National Register of Historic Places, unless recognized by the program as a  
20 preexisting designated new town center.

21 \* \* \*

1 (3) Step Three.

2 (A) Requirements. Step Three is established to create an advanced  
3 designation for downtowns throughout the State to create mixed-use centers  
4 and join the Vermont Downtown Program. A center reaches Step Three if the  
5 Department finds that it meets the following requirements:

6 \* \* \*

7 (ii) ~~Is~~ A portion of the center is listed or eligible for listing in the  
8 National Register of Historic Places, unless recognized by the program as a  
9 preexisting designated new town center.

10 \* \* \*

11 \* \* \* Positions \* \* \*

12 Sec. 10. POSITIONS

13 The following positions are created in the Department of Housing and  
14 Community Development:

15 (1) two full-time, classified Grants Management Specialist Housing and  
16 Community Development positions; and

17 (2) one full-time, exempt position to increase capacity to administer  
18 programs, including municipal planning grants, Homes for All developer  
19 trainings, 802 Homes Initiative, and Housing Data analysis and reporting.

\* \* \* Appropriations \* \* \*

Sec. 11. APPROPRIATIONS

The following shall be appropriated from the General Fund in fiscal year  
2027:

(1) The sum of \$250,000.00 to the Municipal and Regional Planning and  
Resilience Fund to increase available municipal planning grants for  
municipalities seeking to meet the housing targets established pursuant to 2024  
Acts and Resolves No. 181.

(2) The sum of \$5,000,000.00 to the Department of Housing and  
Community Development's base budget for the purpose of funding the  
Vermont Rental Housing Improvement Program (VHIP).

\* \* \* Effective Date \* \* \*

Sec. 12. EFFECTIVE DATE

This act shall take effect on July 1, 2026.

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

\_\_\_\_\_

Senator \_\_\_\_\_

FOR THE COMMITTEE