

1 It is hereby enacted by the General Assembly of the State of Vermont:

2 Sec. 1. 24 V.S.A. chapter 53, subchapter 7 is added to read:

3 Subchapter 7. Community Housing Infrastructure Program

4 § 1906. DEFINITIONS

5 As used in this subchapter:

6 (1) “Affordable housing” means either of the following:

7 (A) Owner-occupied housing for which the total annual cost of  
8 ownership, including principal, interest, taxes, insurance, and condominium  
9 association fees, does not exceed 30 percent of the gross annual income of a  
10 household at 120 percent of the highest of the following:

11 (i) the county median income, as defined by the U.S. Department  
12 of Housing and Urban Development;

13 (ii) the standard metropolitan statistical area median income if the  
14 municipality is located in such an area, as defined by the U.S. Department of  
15 Housing and Urban Development; or

16 (iii) the statewide median income, as defined by the U.S.  
17 Department of Housing and Urban Development.

18 (B) Rental housing for which the total annual cost of renting,  
19 including rent, utilities, and condominium association fees, does not exceed 30  
20 percent of the gross annual income of a household at 80 percent of the highest  
21 of the following:

1           (i) the county median income, as defined by the U.S. Department  
2 of Housing and Urban Development;

3           (ii) the standard metropolitan statistical area median income if the  
4 municipality is located in such an area, as defined by the U.S. Department of  
5 Housing and Urban Development; or

6           (iii) the statewide median income, as defined by the U.S.  
7 Department of Housing and Urban Development.

8           (2) “Affordable housing development” means a housing development of  
9 which at least 20 percent of the units or a minimum of five units, whichever is  
10 greater, are affordable housing units. Affordable housing units shall be subject  
11 to covenants or restrictions that preserve their affordability for a minimum of  
12 15 years or longer as provided in municipal bylaws.

13           (3) “Brownfield” means a property on which the presence or potential  
14 presence of a hazardous material, pollutant, or contaminant complicates the  
15 expansion, development, redevelopment, or reuse of the property.

16           (4) “Committed” means pledged and appropriated for the purpose of the  
17 current and future payment of financing and related costs.

18           (5) “Developer” means the person undertaking to construct a housing  
19 development.

20           (6) “Financing” means debt, including principal, interest, and any fees  
21 or charges directly related to that debt, incurred by a sponsor, or other

1 instruments or borrowing used by a sponsor, to pay for a housing infrastructure  
2 project and, in the case of a sponsor that is a municipality, authorized by the  
3 municipality pursuant to section 1910a of this subchapter.

4 (7) “Housing development” means the construction of one or more  
5 buildings in which at least 50 percent of the aggregate gross floor area upon  
6 completion is dedicated to housing.

7 (8) “Housing development site” means the parcel or parcels  
8 encompassing a housing development as authorized by a municipality pursuant  
9 to section 1908 of this subchapter.

10 (9) “Housing infrastructure agreement” means a legally binding  
11 agreement to finance and develop a housing infrastructure project and to  
12 construct a housing development among a municipality, a developer, and, if  
13 applicable, a third-party sponsor.

14 (10) “Housing infrastructure project” means one or more improvements  
15 authorized by a municipality pursuant to section 1908 of this subchapter.

16 (11) “Improvements” means:

17 (A) the installation or construction of infrastructure that will serve a  
18 public purpose and fulfill the purpose of housing infrastructure tax increment  
19 financing as stated in section 1907 of this subchapter, including utilities, digital  
20 infrastructure, transportation, public recreation, commercial and industrial  
21 facilities, parking, public facilities and amenities, land and property acquisition

1 and demolition, brownfield remediation, site preparation, and flood  
2 remediation and mitigation; and

3 (B) the funding of debt service interest payments for a period of up to  
4 four years, beginning on the date on which the debt is first incurred.

5 (12) “Legislative body” means the mayor and alderboard, the city  
6 council, the selectboard, and the president and trustees of an incorporated  
7 village, as appropriate.

8 (13) “Municipality” means a city, town, or incorporated village.

9 (14) “Original taxable value” means the total valuation as determined in  
10 accordance with 32 V.S.A. chapter 129 of all taxable real property located  
11 within a housing development site as of its creation date, provided that no  
12 parcel within the housing development site shall be divided or bisected.

13 (15) “Related costs” means expenses incurred and paid by a  
14 municipality, exclusive of the actual cost of constructing and financing  
15 improvements, that are directly related to the creation and implementation of  
16 the municipality’s housing infrastructure project, including reimbursement of  
17 sums previously advanced by the municipality for those purposes. Related  
18 costs may include direct municipal expenses such as departmental or personnel  
19 costs related to creating or administering the housing infrastructure project to  
20 the extent they are paid from the tax increment realized from municipal and not  
21 education taxes and using only that portion of the municipal increment above

1 the percentage required for serving debt as determined in accordance with  
2 subsection 1910c(c) of this subchapter.

3 (16) “Sponsor” means the person undertaking to finance a housing  
4 infrastructure project. Any of a municipality, a developer, or an independent  
5 agency that meets State lending standards may serve as a sponsor for a housing  
6 infrastructure project.

7 § 1907. PURPOSE

8 The purpose of housing infrastructure tax increment financing is to provide  
9 revenues for improvements and related costs to stimulate housing development  
10 in Vermont’s more rural village centers.

11 § 1908. CREATION OF HOUSING INFRASTRUCTURE PROJECT AND  
12 HOUSING DEVELOPMENT SITE

13 (a) The legislative body of a municipality may create within its jurisdiction  
14 a housing infrastructure project, which shall consist of improvements that  
15 stimulate the development of housing, and a housing development site, which  
16 shall consist of the parcel or parcels on which a housing development is  
17 installed or constructed and any immediately contiguous parcels.

18 (b) To create a housing infrastructure project and housing development  
19 site, a municipality, in coordination with stakeholders, shall:

20 (1) develop a housing development plan, including:

1           (A) a description of the proposed housing infrastructure project, the  
2           proposed housing development, and the proposed housing development site;

3           (B) identification of a sponsor;

4           (C) a tax increment financing plan meeting the standards of  
5           subsection 1910(f) of this subchapter;

6           (D) a pro forma projection of expected costs of the proposed housing  
7           infrastructure project;

8           (E) a projection of the tax increment to be generated by the proposed  
9           housing development; and

10          (F) a development schedule that includes a list, a cost estimate, and a  
11          schedule for the proposed housing infrastructure project and the proposed  
12          housing development;

13          (2) develop a plan describing the housing development site by its  
14          boundaries and the properties therein, entitled “Proposed Housing  
15          Development Site (municipal name), Vermont”;

16          (3) hold one or more public hearings, after public notice, on the  
17          proposed housing infrastructure project, including the plans developed  
18          pursuant to this subsection; and

19          (4) adopt by act of the legislative body of the municipality the plan  
20          developed under subdivision (2) of this subsection, which shall be recorded  
21          with the municipal clerk and lister or assessor.

1        (c) The creation of a housing development site shall occur at 12:01 a.m. on  
2        April 1 of the calendar year in which the Vermont Economic Progress Council  
3        approves the use of tax increment financing for the housing infrastructure  
4        project pursuant to section 1910 of this subchapter.

5        § 1909. HOUSING INFRASTRUCTURE AGREEMENT

6        (a) The housing infrastructure agreement for a housing infrastructure  
7        project shall:

8            (1) clearly identify the sponsor for the housing infrastructure project;

9            (2) clearly identify the developer and the housing development for the  
10        housing development site;

11           (3) obligate the tax increments retained pursuant to section 1910c of this  
12        subchapter for not more than the financing and related costs for the housing  
13        infrastructure project; and

14           (4) provide for performance assurances to reasonably secure the  
15        obligations of all parties under the housing infrastructure agreement.

16        (b) A municipality shall provide notice of the terms of the housing  
17        infrastructure agreement for the municipality's housing infrastructure project  
18        to the legal voters of the municipality and shall provide the same information  
19        as set forth in subsection 1910a(e) of this subchapter.

1 § 1910. HOUSING INFRASTRUCTURE PROJECT APPLICATION;

2 VERMONT ECONOMIC PROGRESS COUNCIL

3 (a) Application. A municipality, upon approval of its legislative body, may  
4 apply to the Vermont Economic Progress Council to use tax increment  
5 financing for a housing infrastructure project.

6 (b) Review. The Vermont Economic Progress Council may approve only  
7 applications meeting the process requirements, the project criteria, and either  
8 of the location criteria of this section.

9 (c) Process requirements. The Vermont Economic Progress Council shall  
10 review a municipality's housing infrastructure project application to determine  
11 whether the municipality has:

12 (1) created a housing infrastructure project and housing development  
13 site pursuant to section 1908 of this subchapter;

14 (2) executed a housing infrastructure agreement for the housing  
15 infrastructure project adhering to the standards of section 1909 of this  
16 subchapter with a developer and, if the municipality is not financing the  
17 housing infrastructure project itself, a sponsor; and

18 (3) approved or pledged to use incremental municipal tax revenues for  
19 the housing infrastructure project in the proportion provided for municipal tax  
20 revenues in section 1910c of this subchapter.



1        (d) Project criteria. The Vermont Economic Progress Council shall review  
2        a municipality’s housing infrastructure project application to determine whether  
3        the housing development plan meets the following criteria:

4            (1) at least 50 percent of the gross floor area of the projected housing  
5        development is dedicated to housing; and

6            (2) the projected housing development is an affordable housing  
7        development.

8        (e) Location criteria. The Vermont Economic Progress Council shall review  
9        a municipality’s housing infrastructure project application to determine whether  
10       the housing development site is located within one of the following areas:

11           (1) an area designated Tier 1A, Tier 1B, or Tier 2 pursuant to 10 V.S.A.  
12       chapter 151 (State land use and development plans) or an area exempt from the  
13       provisions of that chapter pursuant to 10 V.S.A. § 6081(dd) (interim housing  
14       exemptions); or

15           (2) an existing settlement or an area within one-half mile of an existing  
16       settlement, as that term is defined in 10 V.S.A. § 6001(16).

17        (f) Tax increment financing plan. The Vermont Economic Progress  
18       Council shall approve a municipality’s tax increment financing plan prior to a  
19       sponsor’s incurrence of debt for the housing infrastructure project, including, if  
20       the sponsor is a municipality, prior to a public vote to pledge the credit of the

1 municipality under section 1910a of this subchapter. **The tax increment**

2 **financing plan shall include:**

3 (1) **a statement of costs and sources of revenue;**

4 (2) **estimates of assessed values within the housing development site;**

5 (3) **the portion of those assessed values to be applied to the housing**

6 **infrastructure project;**

7 (4) **the resulting tax increments in each year of the financial plan;**

8 (5) **the amount of bonded indebtedness or other financing to be incurred**

9 (6) **other sources of financing and anticipated revenues; and**

10 (7) **the duration of the financial plan.**

11 § 1910a. INDEBTEDNESS

12 (a) **A municipality approved for tax increment financing under section**

13 **1910 of this subchapter may incur indebtedness against revenues of the**

14 **housing development site at any time during a period of up to **five** years**

15 **following the creation of the housing development site. **The Vermont****

16 **Economic Progress Council may extend this debt incursion period by up to**

17 **three years.** **If no debt is incurred for the housing infrastructure project during**

18 **the debt incursion** period, whether by the municipality or sponsor, the housing

19 **development site shall terminate.**

20 (b) **Notwithstanding any provision of any municipal charter, each instance**

21 **of borrowing by a municipality to finance or otherwise pay for a housing**

1 infrastructure project shall occur only after the legal voters of the municipality,  
2 by a majority vote of all voters present and voting on the question at a special  
3 or annual municipal meeting duly warned for the purpose, authorize the  
4 legislative body to pledge the credit of the municipality, borrow, or otherwise  
5 secure the debt for the specific purposes so warned.

6 (c) Any indebtedness incurred under this section may be retired over any  
7 period authorized by the legislative body of the municipality.

8 (d) The housing development site shall continue until the date and hour the  
9 indebtedness is retired or, if no debt is incurred, five years following the  
10 creation of the housing development site.

11 (e) A municipal legislative body shall provide information to the public  
12 prior to the public vote required under subsection (b) of this section. This  
13 information shall include the amount and types of debt and related costs to be  
14 incurred, including principal, interest, and fees; terms of the debt; the housing  
15 infrastructure project to be financed; the housing development projected to  
16 occur because of the housing infrastructure project; and notice to the voters  
17 that if the tax increment received by the municipality from any property tax  
18 source is insufficient to pay the principal and interest on the debt in any year,  
19 the municipality shall remain liable for the full payment of the principal and  
20 interest for the term of the indebtedness. If interfund loans within the

1 municipality are used, the information must also include documentation of the  
2 terms and conditions of the loan.

3 (f) If interfund loans within the municipality are used as the method of  
4 financing, no interest shall be charged.

5 (g) The use of a bond anticipation note shall not be considered a first  
6 incurrence of debt pursuant to subsection (a) of this section.

7 § 1910b. ORIGINAL TAXABLE VALUE; TAX INCREMENT

8 (a) As of the date the housing development site is created, the lister or  
9 assessor for the municipality shall certify the original taxable value and shall  
10 certify to the legislative body in each year thereafter during the life of the  
11 housing development site the amount by which the total valuation as  
12 determined in accordance with 32 V.S.A. chapter 129 of all taxable real  
13 property within the housing development site has increased or decreased  
14 relative to the original taxable value.

15 (b) **Annually** throughout the life of the housing development site, the lister  
16 or assessor shall include not more than the original taxable value of the real  
17 property in the assessed valuation upon which the treasurer computes the rates  
18 of all taxes levied by the municipality and every other taxing district in which  
19 the housing development site is situated, but the treasurer shall extend all rates  
20 so determined against the entire assessed valuation of real property for that  
21 year.

1 (c) Annually throughout the life of the housing development site, a  
2 municipality shall remit not less than the aggregate education property tax due  
3 on the original taxable value to the Education Fund.

4 (d) Annually throughout the life of the housing development site, the  
5 municipality shall hold apart, rather than remit to the taxing districts, that  
6 proportion of all taxes paid that year on the real property within the housing  
7 development site that the excess valuation bears to the total assessed valuation.  
8 The amount held apart each year is the “tax increment” for that year. The tax  
9 increment shall only be used for financing and related costs.

10 (e) Not more than the percentages established pursuant to section 1910c of  
11 this subchapter of the municipal and State education tax increments received  
12 with respect to the housing development site and committed for the payment  
13 for financing for improvements and related costs shall be segregated by the  
14 municipality in a special tax increment financing account and in its official  
15 books and records until all capital indebtedness incurred for the housing  
16 infrastructure project has been fully paid. The final payment shall be reported  
17 to the treasurer, who shall thereafter include the entire assessed valuation of the  
18 housing development site in the assessed valuations upon which the municipal  
19 and other tax rates are computed and extended, and thereafter no taxes from  
20 the housing development site shall be deposited in the special tax increment  
21 financing account.

1        (f) Notwithstanding any charter provision or other provision, all property  
2        taxes assessed within a housing development site shall be subject to the  
3        provisions of this section. Special assessments levied under chapter 76A or 87  
4        of this title or under a municipal charter shall not be considered property taxes  
5        for the purpose of this section if the proceeds are used exclusively for  
6        operating expenses related to properties within the housing development site  
7        and not for improvements within the housing development site.

8        § 1910c. USE OF TAX INCREMENT; RETENTION PERIOD

9        (a) Uses of tax increments. A municipality may apply tax increments  
10       retained pursuant to this subchapter to debt incurred within the period  
11       permitted under section 1910a of this subchapter; to related costs, and to the  
12       direct payment of the cost of a housing infrastructure project. Any direct  
13       payment shall be subject to the same public vote provisions of section 1910a of  
14       this subchapter as apply to debt.

15       (b) Education property tax increment. Up to 80 percent of the education  
16       property tax increment may be retained for up to 20 years, beginning the first  
17       year in which debt is incurred for the housing infrastructure project. Upon  
18       incurring the first debt, a municipality shall notify the Department of Taxes  
19       and the Vermont Economic Progress Council of the beginning of the retention  
20       period of the education property tax increment.

1        (c) Municipal property tax increment. Not less than 100 percent of the  
2        municipal property tax increment may be retained, beginning the first year in  
3        which debt is incurred for the housing infrastructure project.

4        (d) Excess tax increment.

5            (1) Of the municipal and education property tax increments received in  
6        any tax year that exceed the amounts committed for the payment of the  
7        financing and related costs for a housing infrastructure project, equal portions  
8        of each increment may be retained for the following purposes:

9            (A) to prepay principal and interest on the financing;

10          (B) to place in a special tax increment financing account required  
11        pursuant to subsection 1910b(e) of this subchapter and use for future financing  
12        payments; or

13          (C) to use for defeasance of the financing.

14            (2) Any remaining portion of the excess education property tax  
15        increment shall be distributed to the Education Fund. Any remaining portion  
16        of the excess municipal property tax increment shall be distributed to the city,  
17        town, or village budget in the proportion that each budget bears to the  
18        combined total of the budgets unless otherwise negotiated by the city, town, or  
19        village.

20        § 1910d. INFORMATION REPORTING

21            (a) A municipality with an active housing infrastructure project shall:

1           (1) develop a system, segregated for the housing infrastructure project,  
2           to identify, collect, and maintain all data and information necessary to fulfill  
3           the reporting requirements of this section;

4           (2) provide timely notification to the Department of Taxes and the  
5           Vermont Economic Progress Council of any housing infrastructure project  
6           debt, public vote, or vote by the municipal legislative body immediately  
7           following the debt incurrence or public vote on a form prescribed by the  
8           Council, including copies of public notices, agendas, minutes, vote tally, and a  
9           copy of the information provided to the public pursuant to subsection 1910a(e)  
10           of this subchapter; and

11           (3) annually on or before February 15, submit on a form prescribed by  
12           the Vermont Economic Progress Council an annual report to the Council and  
13           the Department of Taxes, including the information required by subdivision (2)  
14           of this subsection if not previously submitted, the information required for  
15           annual audit under section 1910e of this subchapter, and any information  
16           required by the Council or the Department of Taxes for the report required  
17           pursuant to subsection (b) of this section.

18           (b) Annually on or before April 1, the Vermont Economic Progress Council  
19           and the Department of Taxes shall submit a report to the Senate Committees on  
20           Economic Development, Housing and General Affairs and on Finance and the  
21           House Committees on Commerce and Economic Development and on Ways



1 and Means on housing infrastructure projects approved pursuant to this  
2 subchapter, including for each:  
3 (1) the date of approval;  
4 (2) a description of the housing infrastructure project;  
5 (3) the original taxable value of the housing development site;  
6 (4) the scope and value of projected and actual improvements and  
7 developments in the housing development site, including the number of  
8 housing units created;  
9 (5) projected and actual incremental revenue amounts;  
10 (6) the allocation of incremental revenue; and  
11 (7) projected and actual financing.

12 § 1910e. AUDITING

13 Annually on or before April 1 until the year following the end of the period  
14 for retention of education property tax increment, a municipality with a  
15 housing infrastructure project approved under this subchapter shall ensure that  
16 the special tax increment financing account required by section 1910b of this  
17 subchapter is subject to the annual audit prescribed in section 1681 or 1690 of  
18 this title and submit a copy to the Vermont Economic Progress Council. If an  
19 account is subject only to the audit under section 1681 of this title, the Council  
20 shall ensure a process is in place to subject the account to an independent audit.  
21 Procedures for the audit must include verification of the original taxable value

1 and annual and total municipal and education property tax increments  
2 generated, expenditures for financing and related costs, and current balance.

3 § 1910f. GUIDANCE

4 (a) The Secretary of Commerce and Community Development, after  
5 reasonable notice to a municipality and an opportunity for a hearing, may issue  
6 decisions to a municipality on questions and inquiries concerning the  
7 administration of housing infrastructure projects, statutes, rules,  
8 noncompliance with this subchapter, and any instances of noncompliance  
9 identified in audit reports conducted pursuant to section 1910e of this  
10 subchapter.

11 (b) The Vermont Economic Progress Council shall prepare  
12 recommendations for the Secretary of Commerce and Community  
13 Development prior to any decision issued pursuant to subsection (a) of this  
14 section. The Council may prepare recommendations in consultation with the  
15 Commissioner of Taxes, the Attorney General, and the State Treasurer. In  
16 preparing recommendations, the Council shall provide a municipality with a  
17 reasonable opportunity to submit written information in support of its position.

18 (c) The Secretary of Commerce and Community Development shall review  
19 the recommendations of the Council and issue a final written decision on each  
20 matter within 60 days following receipt of the recommendations. The  
21 Secretary may permit an appeal to be taken by any party to a Superior Court

1 for determination of questions of law in the same manner as the Supreme Court  
2 may by rule provide for appeals before final judgment from a Superior Court  
3 before issuing a final decision.

4 (d) The Vermont Economic Progress Council may adopt rules that are  
5 reasonably necessary to implement this subchapter.

6 Sec. 2. 32 V.S.A. § 3325 is amended to read:

7 § 3325. VERMONT ECONOMIC PROGRESS COUNCIL

8 (a) Creation. The Vermont Economic Progress Council is created to  
9 exercise the authority and perform the duties assigned to it, including its  
10 authority and duties relating to:

11 (1) the Vermont Employment Growth Incentive Program pursuant to  
12 subchapter 2 of this chapter; ~~and~~

13 (2) tax increment financing districts pursuant to 24 V.S.A. chapter 53,  
14 subchapter 5 and section 5404a of this title; and

15 (3) housing infrastructure tax increment financing pursuant to 24 V.S.A.  
16 chapter 53, subchapter 7.

17 \* \* \*

18 (g) Decisions not subject to review. A decision of the Council to approve  
19 or deny an application under subchapter 2 of this chapter, ~~or~~ to approve or  
20 deny a tax increment financing district pursuant to 24 V.S.A. chapter 53,  
21 subchapter 5 and section 5404a of this title, or to approve or deny a housing

1 infrastructure project pursuant to 24 V.S.A. chapter 53, subchapter 7 is an  
2 administrative decision that is not subject to the contested case hearing  
3 requirements under 3 V.S.A. chapter 25 and is not subject to judicial review.

4 Sec. 3. EFFECTIVE DATE

5 This act shall take effect on July 1, 2025.