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S.127

Introduced by Committee on Economic Development, Housing and General
Affairs

Date:

Subject: Housing; housing programs; conservation and development; land use;
municipal zoning; Vermont Bond Bank; taxation and finance; tax
credits

Statement of purpose of bill as introduced: This bill proposes to make multiple
changes related to housing programs. Specifically, the bill proposes to make
amendments to the Vermont Rental Housing Improvement Program and create
the Manufactured Home Improvement and Repair Program, create the
Vermont Infrastructure Sustainability Fund, allow for tax credits for the First-
Generation Homebuyer and Down Payment Assistance Program, make
changes to the Brownfield Property Cleanup Program, create a study
committee related to disability housing, and require multiple housing-related
reports. This bill additionally proposes to create the Community Housing
Infrastructure Program, administered by the Vermont Economic Progress
Council, to authorize municipalities to use tax increment financing to pay for
infrastructure that will stimulate the development of housing.

An act relating to housing and housing development

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

2 * * * Vermont Rental Housing Improvement Program * * *

3 Sec. 1. 10 V.S.A. § 699 is amended to read:

4 § 699. VERMONT RENTAL HOUSING IMPROVEMENT PROGRAM

5 (a) Creation of Program.

6 * * *

7 (5)(A) The Department may cooperate with and subgrant funds to State
8 agencies and governmental subdivisions and public and private organizations
9 in order to carry out the purposes of this subsection (a).

10 (B) Solely with regards to actions undertaken pursuant to this
11 subdivision (5), entities, including grantees, subgrantees, and contractors of the
12 State, shall be exempt from the provisions of 8 V.S.A. chapter 73 (licensed
13 lenders, mortgage brokers, mortgage loan originators, sales finance companies,
14 and loan solicitation companies).

15 * * *

16 (d) Program requirements applicable to grants and forgivable loans.

17 (1)(A) A grant or loan shall not exceed:

18 ~~(i) \$70,000.00 per unit, for rehabilitation or creation of an eligible~~
19 ~~rental housing unit meeting the applicable building accessibility requirements~~
20 ~~under the Vermont Access Rules; or~~

1 ~~community-based~~ home- and community-based services or Social Security

2 Disability Insurance;

3 (iv) displaced due to activity related to climate change or due to a
4 natural disaster; or

5 (v) with approval from the Department in writing, an organization
6 that will hold a master lease that explicitly states the unit will be used in
7 service of the populations described in this subsection (e).

8 * * *

9 (4)(A) A landlord may convert a grant to a forgivable loan upon
10 approval of the Department and the housing organization that approved the
11 grant.

12 (B) A landlord who converts a grant to a forgivable loan shall receive
13 a ~~10 percent~~ prorated credit for loan forgiveness for each year in which the
14 landlord participates in the Program.

15 (f) Requirements applicable to 10-year forgivable loans. For a 10-year
16 forgivable loan awarded through the Program, the following requirements
17 apply for a minimum period of 10 years:

18 (1) ~~A landlord shall coordinate with nonprofit housing partners and local~~
19 ~~coordinated entry organizations to identify potential tenants~~ The total cost of
20 rent for the unit, including utilities not covered by rent payments, shall not
21 exceed the applicable fair market rent established by the Department of

1 Housing and Urban Development, except that a landlord may accept a housing
2 voucher that exceeds fair market rent, if available.

3 ~~(2)(A) Except as provided in subdivision (2)(B) of this subsection (f), a~~
4 ~~landlord shall lease the unit to a household that is:~~

5 ~~(i) exiting homelessness, including any individual under 25 years~~
6 ~~of age who secures housing through a master lease held by a youth service~~
7 ~~provider on behalf of individuals under 25 years of age;~~

8 ~~(ii) actively working with an immigrant or refugee resettlement~~
9 ~~program; or~~

10 ~~(iii) composed of at least one individual with a disability who is~~
11 ~~eligible to receive Medicaid funded home and community based services.~~

12 ~~(B) If, upon petition of the landlord, the Department or the housing~~
13 ~~organization that issued the grant determines that a household under~~
14 ~~subdivision (2)(A) of this subsection (f) is not available to lease the unit, then~~
15 ~~the landlord shall lease the unit:~~

16 ~~(i) to a household with an income equal to or less than 80 percent~~
17 ~~of area median income; or~~

18 ~~(ii) if such a household is unavailable, to another household with~~
19 ~~the approval of the Department or housing organization.~~

20 ~~(3)(A) A landlord shall accept any housing vouchers that are available to~~
21 ~~pay all, or a portion of, the tenant's rent and utilities.~~

1 home park owners to improve existing homes, incentivize new slab placement
2 for prospective homeowners, and incentivize park improvements for infill of
3 more homes.

4 (b) The following projects are eligible for funding through the Program:

5 (1) The Department may award up to \$20,000.00 to owners of
6 manufactured housing communities to complete small-scale capital needs to
7 help infill vacant lots with homes, including disposal of abandoned homes, lot
8 grading and preparation, the siting and upgrading of electrical boxes,
9 enhancing E-911 safety issues, transporting homes out of flood zones, and
10 improving individual septic systems. Costs awarded under this subdivision
11 may also cover legal fees and marketing to help make it easier for homeseekers
12 to find vacant lots around the State.

13 (2) The Department may award funding to manufactured homeowners
14 for which the home is their primary residence to address habitability and
15 accessibility issues to bring the home into compliance with safe living
16 conditions.

17 (3) The Department may award up to \$15,000.00 per grant to a
18 homeowner to pay for a foundation or federal Department of Housing and
19 Urban Development-approved slab, site preparation, skirting, tie-downs, and
20 utility connections on vacant lots within a manufactured home community.

1 (c) The Department may adopt rules, policies, and guidelines to aid in
2 enacting the Program.

3 * * * Vermont Infrastructure Sustainability Fund * * *

4 Sec. 3. 24 V.S.A. chapter 119, subchapter 6 is amended to read:

5 Subchapter 6. Special Funds

6 * * *

7 § 4686. VERMONT INFRASTRUCTURE SUSTAINABILITY FUND

8 (a) Creation. There is created the Vermont Infrastructure Sustainability
9 Fund within the Vermont Bond Bank.

10 (b) Purpose. The purpose of the Fund is to provide capital to extend and
11 increase capacity of water and sewer service and other public infrastructure in
12 municipalities where lack of extension or capacity is a barrier to housing
13 development.

14 (c) Administration. The Vermont Bond Bank may administer the Fund in
15 coordination with and support from other State agencies, government
16 component parts, and quasi-governmental agencies.

17 (d) Program parameters.

18 (1) The Vermont Bond Bank, in consultation with the Department of
19 Housing and Community Development, shall develop program guidelines to
20 effectively implement the Fund.

1 (2) The program shall provide low-interest loans or bonds to
2 municipalities to expand infrastructure capacity. Eligible activities include:
3 (A) preliminary engineering and planning;
4 (B) engineering design and bid specifications;
5 (C) construction for municipal waste and wastewater systems;
6 (D) transportation investments, including those required by municipal
7 regulation, the municipality's official map, designation requirements, or other
8 planning or engineering identifying complete streets and transportation and
9 transit related improvements, including improvements to existing streets; and
10 (E) other eligible activities as determined by the guidelines produced
11 by the Vermont Bond Bank in consultation with the Department of Housing
12 and Community Development.

13 (e) Application requirements. Eligible project applications shall
14 demonstrate:

15 (1) the project will create reserve capacity necessary for new housing
16 unit development;

17 (2) the project has a direct link to housing unit production; and

18 (3) the municipality has a commitment to own and operate the project
19 throughout its useful life.

1 (f) Application criteria. In addition to any criteria developed in the
2 program guidelines, project applications shall be evaluated using the following
3 criteria:

4 (1) whether there is a direct connection to proposed or in-progress
5 housing development with demonstrable progress toward regional housing
6 targets;

7 (2) whether the project is an expansion of an existing system and the
8 proximity to a designated area;

9 (3) the project readiness and estimated time until the need for financing;

10 (4) the ranking of the community on the Vermont Department of
11 Finance and Management, Vermont Community Index; and

12 (5) the demonstration of financing for project completion or completion
13 of a project component.

14 (g) Award terms. The Vermont Bond Bank, in consultation with the
15 Department of Housing and Community Development, shall establish award
16 terms that may include:

17 (1) the maximum loan or bond amount;

18 (2) the maximum term of the loan or bond amount;

19 (3) the time by which amortization shall commence;

20 (4) the maximum interest rate;

1 (2) If the full amount of first-year credits authorized by an award are not
2 allocated to a taxpayer, the Agency may reclaim the amount not allocated and
3 re-award such allocations to other applicants, and such re-awards shall not be
4 subject to the limits set forth in subdivision (1) of this subsection.

5 (h) Credit allocation; Down Payment Assistance Program.

6 (1) In fiscal year 2016 through fiscal year 2019, the allocating agency
7 may award up to \$125,000.00 in total first-year credit allocations for loans
8 through the Down Payment Assistance Program created in subdivision (b)(2)
9 of this section.

10 (2) In fiscal year 2020 through fiscal year 2026, the allocating agency
11 may award up to \$250,000.00 in total first-year credit allocations for loans
12 through the Down Payment Assistance Program created in subdivision (b)(3)
13 of this section.

14 (3) In fiscal year 2027 through fiscal year 2031, the allocating agency
15 may award up to \$250,000.00 in total first-year credit allocations for loans
16 through the Down Payment Assistance Program created in subdivision (b)(3)
17 of this section.

18 * * * Housing and Residential Services Planning Committee * * *

19 Sec. 5. STATE HOUSING AND RESIDENTIAL SERVICES PLANNING

20 COMMITTEE; REPORT

1 (a) Creation. There is created the State Housing and Residential Services
2 Planning Committee to generate a State plan to develop housing for individuals
3 with developmental disabilities.

4 (b) Membership. The Committee shall be composed of the following
5 members:

6 (1) one current member of the House of Representatives, who shall be
7 appointed by the Speaker of the House;

8 (2) one current member of the Senate, who shall be appointed by the
9 Committee on Committees;

10 (3) the Secretary of the Agency of Human Services or designee;

11 (4) the Commissioner of the Department of Disabilities, Aging, and
12 Independent Living or designee;

13 (5) the Commissioner of the Department of Housing and Community
14 Development or designee;

15 (6) the State Treasurer or designee;

16 (7) one member, appointed by the Developmental Disabilities Housing
17 Initiative;

18 (8) the Executive Director of the Vermont Developmental Disabilities
19 Council;

20 (9) one member, appointed by Green Mountain Self-Advocates;

21 (10) one member, appointed by Vermont Care Partners; and

1 (11) one member, appointed by the Vermont Housing and Conservation
2 Board.

3 (c) Powers and duties. The Committee shall create an actionable plan to
4 develop housing for individuals with developmental disabilities that reflects
5 the diversity of needs expressed by those individuals and their families,
6 including individuals with high-support needs who require 24-hour care and
7 those with specific communication needs. The plan shall include:

8 (1) a schedule for the creation of at least 600 additional units of service-
9 supported housing;

10 (2) the number and description of the support needs of individuals with
11 developmental disabilities anticipated to be served annually;

12 (3) anticipated funding needs; and

13 (4) recommendations for changes in State laws or policies that are
14 obstacles to the development of housing needed by individuals with Medicaid-
15 funded home-and community-based services.

16 (d) Assistance. For purposes of scheduling meetings and preparing
17 recommended legislation, the Committee shall have the assistance of the
18 Office of Legislative Operations and the Office of Legislative Counsel.

19 (e) Report. On or before November 15, 2025, the Committee shall submit
20 a written report to the House Committees on General and Housing and on
21 Human Services and the Senate Committees on Economic Development,

1 Housing and General Affairs and on Health and Welfare with its findings and
2 any recommendations for legislative action.

3 (f) Meetings.

4 (1) The Secretary of Human Services shall call the first meeting of the
5 Committee to occur on or before July 15, 2025.

6 (2) The Committee shall select a chair from among its members at the
7 first meeting.

8 (3) A majority of the membership shall constitute a quorum.

9 (4) The Committee shall cease to exist on November 30, 2025.

10 (g) Compensation and reimbursement. For attendance at meetings during
11 adjournment of the General Assembly, a legislative member of the Committee
12 serving in the member's capacity as a legislator shall be entitled to per diem
13 compensation and reimbursement of expenses pursuant to 2 V.S.A. § 23 for
14 not more than five meetings. These payments shall be made from monies
15 appropriated to the General Assembly.

16 * * * Housing and Public Accommodation Protections * * *

17 Sec. 6. 9 V.S.A. § 4501 is amended to read:

18 § 4501. DEFINITIONS

19 As used in this chapter:

20 * * *

1 (12)(A) “Harass” means to engage in unwelcome conduct that detracts
2 from, undermines, or interferes with a person’s:

3 (i) use of a place of public accommodation or any of the
4 accommodations, advantages, facilities, or privileges of a place of public
5 accommodation because of the person’s race, creed, color, national origin,
6 citizenship, marital status, sex, sexual orientation, gender identity, or disability;
7 or

8 (ii) terms, conditions, privileges, or protections in the sale or rental
9 of a dwelling or other real estate, or in the provision of services or facilities in
10 connection with a dwelling or other real estate, because of the person’s race,
11 sex, sexual orientation, gender identity, age, marital status, religious creed,
12 color, national origin, citizenship, or disability, or because the person intends
13 to occupy a dwelling with one or more minor children, or because the person is
14 a recipient of public assistance, or because the person is a victim of abuse,
15 sexual assault, or stalking.

16 * * *

17 Sec. 7. 9 V.S.A. § 4502 is amended to read:

18 § 4502. PUBLIC ACCOMMODATIONS

19 (a) An owner or operator of a place of public accommodation or an agent
20 or employee of such owner or operator shall not, because of the race, creed,
21 color, national origin, citizenship, immigration status, marital status, sex,

1 sexual orientation, or gender identity of any person, refuse, withhold from, or
2 deny to that person any of the accommodations, advantages, facilities, and
3 privileges of the place of public accommodation.

4 * * *

5 Sec. 8. 9 V.S.A. § 4503 is amended to read:

6 § 4503. UNFAIR HOUSING PRACTICES

7 (a) It shall be unlawful for any person:

8 (1) To refuse to sell or rent, or refuse to negotiate for the sale or rental
9 of, or otherwise make unavailable or deny, a dwelling or other real estate to
10 any person because of the race, sex, sexual orientation, gender identity, age,
11 marital status, religious creed, color, national origin, citizenship, or disability
12 of a person, or because a person intends to occupy a dwelling with one or more
13 minor children, or because a person is a recipient of public assistance, or
14 because a person is a victim of abuse, sexual assault, or stalking.

15 (2) To discriminate against, or to harass, any person in the terms,
16 conditions, privileges, and protections of the sale or rental of a dwelling or
17 other real estate, or in the provision of services or facilities in connection with
18 a dwelling or other real estate, because of the race, sex, sexual orientation,
19 gender identity, age, marital status, religious creed, color, national origin,
20 citizenship, or disability of a person, or because a person intends to occupy a
21 dwelling with one or more minor children, or because a person is a recipient of

1 public assistance, or because a person is a victim of abuse, sexual assault, or
2 stalking.

3 (3) To make, print, or publish, or cause to be made, printed, or published
4 any notice, statement, or advertisement, with respect to the sale or rental of a
5 dwelling or other real estate that indicates any preference, limitation, or
6 discrimination based on race, sex, sexual orientation, gender identity, age,
7 marital status, religious creed, color, national origin, citizenship, or disability
8 of a person, or because a person intends to occupy a dwelling with one or more
9 minor children, or because a person is a recipient of public assistance, or
10 because a person is a victim of abuse, sexual assault, or stalking.

11 (4) To represent to any person because of the race, sex, sexual
12 orientation, gender identity, age, marital status, religious creed, color, national
13 origin, citizenship, or disability of a person, or because a person intends to
14 occupy a dwelling with one or more minor children, or because a person is a
15 recipient of public assistance, or because a person is a victim of abuse, sexual
16 assault, or stalking, that any dwelling or other real estate is not available for
17 inspection, sale, or rental when the dwelling or real estate is in fact so
18 available.

19 * * *

20 (6) To discriminate against any person in the making or purchasing of
21 loans or providing other financial assistance for real-estate-related transactions

1 or in the selling, brokering, or appraising of residential real property, because
2 of the race, sex, sexual orientation, gender identity, age, marital status,
3 religious creed, color, national origin, citizenship, or disability of a person, or
4 because a person intends to occupy a dwelling with one or more minor
5 children, or because a person is a recipient of public assistance, or because a
6 person is a victim of abuse, sexual assault, or stalking.

7 (7) To engage in blockbusting practices, for profit, which may include
8 inducing or attempting to induce a person to sell or rent a dwelling by
9 representations regarding the entry into the neighborhood of a person or
10 persons of a particular race, sex, sexual orientation, gender identity, age,
11 marital status, religious creed, color, national origin, citizenship, or disability
12 of a person, or because a person intends to occupy a dwelling with one or more
13 minor children, or because a person is a recipient of public assistance, or
14 because a person is a victim of abuse, sexual assault, or stalking.

15 (8) To deny any person access to or membership or participation in any
16 multiple listing service, real estate brokers' organization, or other service,
17 organization, or facility relating to the business of selling or renting dwellings,
18 or to discriminate against any person in the terms or conditions of such access,
19 membership, or participation, on account of race, sex, sexual orientation,
20 gender identity, age, marital status, religious creed, color, national origin,
21 citizenship, or disability of a person, or because a person is a recipient of

1 public assistance, or because a person is a victim of abuse, sexual assault, or
2 stalking.

3 * * *

4 (12) To discriminate in land use decisions or in the permitting of
5 housing because of race, sex, sexual orientation, gender identity, age, marital
6 status, religious creed, color, national origin, citizenship, disability, the
7 presence of one or more minor children, income, or because of the receipt of
8 public assistance, or because a person is a victim of abuse, sexual assault, or
9 stalking, except as otherwise provided by law.

10 * * *

11 (d) If required by federal law, the verification of immigration status shall
12 not constitute a violation of subsection (a) of this section with respect to the
13 sale and rental of dwellings.

14 * * * LURB Appeals Study * * *

15 Sec. 9. 2024 Acts and Resolves No. 181, Sec. 11a is amended to read:

16 Sec. 11a. ACT 250 APPEALS STUDY

17 (a) On or before ~~January 15, 2026~~ November 15, 2025, the Land Use
18 Review Board shall issue a report evaluating whether to transfer appeals of
19 permit decisions and jurisdictional opinions issued pursuant to 10 V.S.A.
20 chapter 151 to the Land Use Review Board or whether they should remain at
21 the Environmental Division of the Superior Court. The Board shall convene a

1 stakeholder group that at a minimum shall be composed of a representative of
2 environmental interests, attorneys that practice environmental and
3 development law in Vermont, the Vermont League of Cities and Towns, the
4 Vermont Association of Planning and Development Agencies, the Vermont
5 Chamber of Commerce, the Land Access and Opportunity Board, the Office of
6 Racial Equity, the Vermont Association of Realtors, a representative of non-
7 profit housing development interests, a representative of for-profit housing
8 development interests, a representative of commercial development interests,
9 an engineer with experience in development, the Agency of Commerce and
10 Community Development, and the Agency of Natural Resources in preparing
11 the report. The Board shall provide notice of the stakeholder meetings on its
12 website and each meeting shall provide time for public comment.

13 (b) The report shall at minimum recommend:

14 (1) ~~whether~~ Whether to allow consolidation of appeals at the Board, or
15 with the Environmental Division of the Superior Court, and how, including
16 what resources the Board would need, if transferred to the Board, appeals of
17 permit decisions issued under 24 V.S.A. chapter 117 and the Agency of
18 Natural Resources can be consolidated with Act 250 appeals;

19 (2) ~~how~~ How to prioritize and expedite the adjudication of appeals
20 related to housing projects, including the use of hearing officers to expedite
21 appeals and the setting of timelines for processing of housing appeals;

1 (3) ~~procedural~~ Procedural rules to govern the Board's administration of
2 Act 250 and the adjudication of appeals of Act 250 decisions. These rules
3 shall include procedures to create a firewall and eliminate any potential for
4 conflicts with the Board managing appeals and issuing permit decisions and
5 jurisdictional opinions; ~~and~~.

6 (4) ~~other~~ Other actions the Board should take to promote the efficient
7 and effective adjudication of appeals, including any procedural improvements
8 to the Act 250 permitting process and jurisdictional opinion appeals.

9 (c) The report shall be submitted to the Senate Committees on Economic
10 Development, Housing and General Affairs and on Natural Resources and
11 Energy and the House Committee on Environment ~~and Energy~~.

12 * * * Brownfields * * *

13 Sec. 10. 10 V.S.A. § 6604c is amended to read:

14 § 6604c. MANAGEMENT OF DEVELOPMENT SOILS

15 (a) Management of development soils. Notwithstanding any other
16 requirements of this chapter to the contrary, development soils may be
17 managed at a location permitted pursuant to an insignificant waste event
18 approval authorization issued pursuant to the Solid Waste Management Rules
19 that contains, at a minimum, the following:

1 management of development soils in the State under 10 V.S.A. § 6604c. The
2 report shall include:

3 (1) the number of insignificant waste event approval authorizations
4 issued by the Secretary in the previous two years for the management of
5 development soils;

6 (2) the number of certified categorical solid waste facilities operating in
7 the State for the management of development soils;

8 (3) a summary of how the majority of development soils in the State are
9 being managed;

10 (4) an estimate of the cost to manage development soils, depending on
11 management method; and

12 (5) any additional information the Secretary determines relevant to the
13 management of development soils in the State.

14 (b) As used in this section, “development soil” has the same meaning as in
15 10 V.S.A. § 6602(39).

16 Sec. 12. 10 V.S.A. § 6641 is amended to read:

17 § 6641. BROWNFIELD PROPERTY CLEANUP PROGRAM; CREATION;

18 POWERS

19 (a) There is created the Brownfield Property Cleanup Program to enable
20 certain interested parties to request the assistance of the Secretary to review
21 and oversee work plans for investigating, abating, removing, remediating, and

1 monitoring a property in exchange for protection from certain liabilities under
2 section 6615 of this title. The Program shall be administered by the Secretary
3 who shall:

4 * * *

5 (c) When conducting any review required by this subchapter, the Secretary
6 shall prioritize the review of remediation at a site that contains housing.

7 Sec. 13. BROWNFIELDS PROCESS IMPROVEMENT; REPORT

8 On or before November 1, 2025, the Secretary of Natural Resources shall
9 report to the House Committees on Environment and on General and Housing
10 and the Senate Committees on Economic Development, Housing and General
11 Affairs and on Natural Resources and Energy with proposals to make the
12 Program established pursuant to 10 V.S.A. chapter 159, subchapter 3
13 (brownfields reuse and liability limitation) substantially more efficient. At a
14 minimum, the report shall include both of the following:

15 (1) A survey of stakeholders in the brownfields program to identify
16 areas that present challenges to the redevelopment of contaminated properties,
17 with a focus on redevelopment for housing. The Secretary shall provide
18 recommendations to resolve these challenges.

19 (2) An analysis of strengths and weaknesses of implementing a licensed
20 site professional program within the State. The Secretary shall make a
21 recommendation on whether such a program should be implemented. If the

1 Secretary recommends implementation, the report shall include any changes to
2 statute or budget needed to implement this program.

3 Sec. 14. 2023 Acts and Resolves No. 78, Sec. B.1103, as amended by 2024
4 Acts and Resolves No. 87, Sec. 43, is further amended to read:

5 Sec. B.1103 CLIMATE AND ENVIRONMENT – FISCAL YEAR 2024

6 ONE-TIME APPROPRIATIONS

7 * * *

8 (h) In fiscal year 2024, the amount of \$2,500,000 General Fund is
9 appropriated to the ~~Department of Environmental Conservation~~ Environmental
10 Contingency Fund established pursuant to 10 V.S.A. § 1283 for the
11 Brownfields Reuse and Environmental Liability Limitation Act as codified in
12 10 V.S.A. chapter 159. Funds shall be used for the assessment and cleanup,
13 planning, and cleanup of brownfields sites.

14 * * *

15 Sec. 15. BROWNFIELD FUNDING

16 The sum of \$4,000,000.00 is appropriated from the General Fund to the
17 Brownfield Revitalization Fund established in 10 V.S.A. § 6654. The Agency
18 of Commerce and Community Development shall award the amount of
19 \$2,000,000.00 in fiscal year 2026 to regional planning commissions for the
20 purposes of brownfields assessment. In awarding funds under this section, the
21 Secretary of Commerce and Community Development, in consultation with the

1 Vermont Association of Planning and Development Agencies, shall select one
2 regional planning commission to administer these funds. To ensure statewide
3 availability, the selected regional planning commission shall subgrant to
4 regional planning commissions with brownfield programs, with not more than
5 10 percent of the funds being used for administrative purposes.

6 * * * Tax Increment Financing * * *

7 Sec. 16. 24 V.S.A. chapter 53, subchapter 7 is added to read:

8 Subchapter 7. Community and Housing Infrastructure Program

9 § 1906. DEFINITIONS

10 As used in this subchapter:

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

12 (A) Owner-occupied housing for which the total annual cost of
13 ownership, including principal, interest, taxes, insurance, and condominium
14 association fees, does not exceed 30 percent of the gross annual income of a
15 household at 150 percent of the highest of the following:

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

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

1 (iii) the statewide median income, as defined by the U.S.

2 Department of Housing and Urban Development.

3 (B) Rental housing for which the total annual cost of renting,
4 including rent, utilities, and condominium association fees, does not exceed 30
5 percent of the gross annual income of a household at 150 percent of the highest
6 of the following:

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

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

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

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

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

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

1 (5) “Financing” means debt, including principal, interest, and any fees
2 or charges directly related to that debt, incurred by a sponsor, or other
3 instruments or borrowing used by a sponsor, to pay for a housing infrastructure
4 project and, in the case of a sponsor that is a municipality, authorized by the
5 municipality pursuant to section 1910a of this subchapter.

6 (6) “Housing development” means the construction of one or more
7 buildings that includes affordable housing.

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

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

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

17 (10) “Improvements” means:

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

1 facilities, parking, public facilities and amenities, land and property acquisition
2 and demolition, brownfield remediation, site preparation, and flood
3 remediation and mitigation; and

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

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

9 (12) “Municipality” means a city, town, or incorporated village.

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

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

1 education taxes and using only that portion of the municipal increment above
2 the percentage required for serving debt as determined in accordance with
3 subsection 1910c(c) of this subchapter.

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

8 § 1907. PURPOSE

9 The purpose of housing infrastructure tax increment financing is to provide
10 revenues for improvements and related costs to stimulate housing development
11 in Vermont.

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

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

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

21 (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 criterion, and any of
8 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 criterion. The Vermont Economic Progress Council shall review
2 a municipality's housing infrastructure project application to determine whether
3 the projected housing development includes affordable housing.

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

7 (1) an area designated Tier 1A or Tier 1B pursuant to 10 V.S.A. chapter
8 151 (State land use and development plans) or an area exempt from the
9 provisions of that chapter pursuant to 10 V.S.A. § 6081(dd) (interim housing
10 exemptions);

11 (2) an area designated Tier 2 pursuant to 10 V.S.A. chapter 151 (State
12 land use and development plans) or an area in which the housing development
13 site is compatible with regional and town land use plans as evidenced by a
14 letter of support from the regional planning commission for the municipality;
15 or

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

18 (f) Tax increment financing plan. The Vermont Economic Progress
19 Council shall approve a municipality's tax increment financing plan prior to a
20 sponsor's incurrence of debt for the housing infrastructure project, including, if
21 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 of the following:

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. 17. 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 * * * Taxes * * *

5 Sec. 18. 32 V.S.A. § 5811(21)(C) is amended to read:

6 (C) decreased by the following exemptions and deductions:

7 * * *

8 (iv) an amount equal to the itemized deduction for medical
9 expenses taken at the federal level by the taxpayer, under 26 U.S.C. § 213:

10 ~~(H)~~ minus the amount of the Vermont standard deduction and
11 Vermont personal exemptions taken by the taxpayer under this subdivision
12 ~~(C); and~~

13 ~~(H) minus any amount deducted at the federal level that is~~
14 ~~attributable to the payment of an entrance fee or recurring monthly payment~~
15 ~~made to a continuing care retirement community regulated under 8 V.S.A.~~
16 ~~chapter 151, which exceeds the deductibility limits for premiums paid during~~
17 ~~the taxable year on qualified long-term care insurance contracts under 26~~
18 ~~U.S.C. 213(d)(10)(A).~~

19 Sec. 19. 32 V.S.A. § 3800 is amended to read:

20 § 3800. STATUTORY PURPOSES

21 * * *

1 (r) The statutory purpose of the exemption under section 3851 of this title
2 for certain new construction and improvements is to incentivize those
3 activities.

4 Sec. 20. 32 V.S.A. § 3851 is added to read:

5 § 3851. NEW ACCESSORY DWELLING UNITS AND CERTAIN
6 PROPERTY IMPROVEMENTS

7 (a) An increase in the appraisal value of a property shall be exempted from
8 property taxation by fixing and maintaining the taxable value at the property's
9 grand list value in the year immediately preceding improvements in the
10 following cases:

11 (1) the property has been rehabilitated or improved using a grant or loan
12 from the Vermont Housing Improvement Program and construction has been
13 fully completed in the previous 12 months; or

14 (2) the property has been improved through the construction of a new
15 accessory dwelling unit, as defined by 24 V.S.A. § 4303(38), and construction
16 has been fully completed in the previous 12 months.

17 (b) A decrease in appraisal value of a property subject to this exemption
18 due to damage or destruction from fire or act of nature may reduce the
19 property's taxable value below the fixed value under subsection (a) of this
20 section.

