

1 TO THE HONORABLE SENATE:

2 The Committee on Economic Development, Housing and General Affairs to
3 which was referred House Bill No. 775 entitled “An act relating to creating
4 tools for housing production” respectfully reports that it has considered the
5 same and recommends that the Senate propose to the House that the bill be
6 amended by striking out all after the enacting clause and inserting in lieu
7 thereof the following:

8 * * * Service-Supported Housing * * *

9 Sec. 1. 3 V.S.A. § 3098 is added to read:

10 § 3098. SERVICE-SUPPORTED HOUSING ADVISORY COUNCIL

11 (a) The Service-Supported Housing Advisory Council is created for the
12 purpose of identifying opportunities for increased alignment between human
13 services programs and policies serving individuals who receive Medicaid-
14 funded Developmental Disability Services and housing capital and support
15 services programs.

16 (b) The Advisory Council shall be overseen by the Department of
17 Disabilities, Aging, and Independent Living and shall be composed of the
18 following individuals:

19 (1) one member, appointed by the Vermont Housing and Conservation

20 Board;

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

1 (3) the Commissioner of Disabilities, Aging, and Independent Living or
2 designee;

3 (4) the State Treasurer or designee;

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

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

8 (7) the Executive Director of the Vermont Developmental Disabilities
9 Council or designee;

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

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

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

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

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

18 (e) When requested by the Vermont Housing and Conservation Board, the
19 Advisory Council shall provide advice to the Board regarding the expenditure
20 of funds for the production of permanently affordable housing for individuals

1 who are eligible to receive Medicaid-funded Developmental Disability
2 Services.

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

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

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

14 (C) activities undertaken pursuant to this section; and

15 (D) recommendations for future legislative action and funding
16 sources, including actionable recommendations for changes in State laws or
17 policies that are obstacles to the creation of housing needed by individuals who
18 are eligible to receive Medicaid-funded Developmental Disability Services.

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

1 financing in the Treasurer’s discretion as is necessary to protect the ~~interest~~
2 interests of the State.

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

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

12 * * * Vermont Economic Development Authority * * *

13 Sec. 3. 10 V.S.A. § 212 is amended to read:

14 § 212. DEFINITIONS

15 As used in this chapter:

16 * * *

17 (6) “Eligible facility” or “eligible project” means any industrial,
18 commercial, or agricultural enterprise or endeavor approved by the Authority
19 used in a trade or business whether or not such business is operated for profit,
20 including land and rights in land, air, or water; buildings; structures;
21 machinery; and equipment of such eligible facilities or eligible projects, except

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

7 * * *

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

14 (i) the Agency determines is being primarily developed for
15 occupancy by persons and families of low and moderate income as defined in
16 subdivision 601(11) of this title; or

17 (ii) utilizes funding issued by the Agency, whether in the form of
18 debt or tax credits.

19 * * *

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

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

10 (B) Projects may include new construction, acquisition with
11 substantial rehabilitation, and preservation of naturally occurring affordable
12 housing.

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

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

17 (i) 35 percent of the costs of the project allocable to the affordable
18 units; or

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

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

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

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

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

10 (A) a lower interest rate;

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

12 (C) partial loan forgiveness.

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

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

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

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

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

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

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

6 (i) seven years; or

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

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

12 (c) Program design.

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

15 (2) The Program shall include:

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

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

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

1 (j) Annual report. Annually, on or before November 15, the Department
2 shall submit a report to the House Committees on Human Services and on
3 General and Housing and the Senate Committee on Economic Development,
4 Housing and General Affairs regarding the following:

5 (1) separately, the number of units funded and the number of units
6 rehabilitated through grants, through a five-year forgivable loan, and through a
7 10-year forgivable loan;

8 (2) for grants and five-year forgivable loans, for the first year after the
9 expiration of the lease requirements outlined in subdivision (e)(2)(A) of this
10 section, whether the unit is still occupied by a tenant who meets the
11 qualifications of that subdivision;

12 (3) for each program, for the first year after the expiration of the
13 applicable lease requirements outlined in this section, the amount of rent
14 charged by the landlord and how that rent compares to fair market rent
15 established by the Department of Housing and Urban Development; and

16 (4) the rate of turnover for tenants housed utilizing grants or five-year
17 forgivable loans and 10-year forgivable loans separately.

18 * * * Special Assessment Bonds * * *

19 Sec. 7. 24 V.S.A. § 3257 is added to read:

20 § 3257. SPECIAL ASSESSMENT BONDS

1 (a) Upon approval of the legislative body of the municipality and subject to
2 subsection (c) of this section, a municipality may issue revenue bonds for the
3 purpose of financing a public improvement for the benefit of the limited area
4 of the municipality to be served by the improvement. A revenue bond issued
5 under this section is issued for an essential and governmental purpose.

6 (b) A revenue bond issued pursuant to this section shall be payable solely
7 and exclusively from the special assessments levied on the properties to be
8 served by the improvement and shall not constitute general indebtedness of the
9 municipality. No holder of a bond issued under this section shall have the right
10 to compel any exercise of the taxing power of the municipality to pay on the
11 bond.

12 (c) The municipality may issue a revenue bond pursuant to this section only
13 if one or more of the following conditions are met:

14 (1) one of the following entities provides a commitment letter for the
15 issuance:

16 (A) the Vermont Bond Bank;

17 (B) a bank regulated by the Federal Deposit Insurance Corporation,
18 the Office of the Comptroller of the Currency, or the Federal Reserve Board;

19 or

20 (C) a credit union regulated by the National Credit Union
21 Administration; or

1 (2) a nationally recognized statistical rating organization that has an
2 active U.S. public finance practice rates the issuance at a minimum credit
3 rating of BBB or equivalent.

4 Sec. 7a. 24 V.S.A. § 1896(c) is amended to read:

5 (c) Notwithstanding any charter provision or other provision, all property
6 taxes assessed within a district shall be subject to the provision of subsection
7 (a) of this section. Special assessments levied under chapters 76A or 87 of this
8 title or under a municipal charter shall not be considered property taxes for the
9 purpose of this section if the proceeds are used exclusively for operating
10 expenses related to properties within the district, and not for improvements
11 within the district, as defined in subdivision 1891(4) of this title, or if the
12 special assessments secure a special assessment bond issued pursuant to
13 section 3257 of this title.

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

15 (f) Notwithstanding any charter provision or other provision, all property
16 taxes assessed within a housing development site shall be subject to the
17 provisions of this section. Special assessments levied under chapter 76A or 87
18 of this title or under a municipal charter shall not be considered property taxes
19 for the purpose of this section if the proceeds are used exclusively for
20 operating expenses related to properties within the housing development site
21 and not for improvements within the housing development site or if the special

1 assessments secure a special assessment bond issued pursuant to section 3257
2 of this title.

3 * * * Municipal Plans * * *

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

5 § 4382. THE PLAN FOR A MUNICIPALITY

6 (a) A plan for a municipality shall be consistent with the goals established
7 in section 4302 of this title and compatible with approved plans of other
8 municipalities in the region and with the regional plan and shall include the
9 following:

10 * * *

11 (10) A housing element that shall include a recommended program for
12 public and private actions to address housing needs and targets as identified by
13 the regional planning commission pursuant to subdivision 4348a(a)(9) of this
14 title. The housing element shall also include an analysis of any regulatory and
15 physical constraints preventing the development, redevelopment, or
16 rehabilitation of sufficient housing to meet the housing needs and targets, and a
17 description of what actions the municipality may take to accommodate the
18 projected housing needs. The program shall use data on year-round and
19 seasonal dwellings and include specific actions to address the housing needs of
20 persons with low income and persons with moderate income and account for
21 permitted residential development as described in section 4412 of this title.

1 Progress toward the construction of the housing units identified as needed to
2 meet projected housing targets shall be documented within the housing
3 element and updated as appropriate when the plan is amended or readopted
4 according to section 4385 or 4387 of this title, as the case may be.

5 * * *

6 * * * Municipal Zoning * * *

7 Sec. 9. 24 V.S.A. § 4303 is amended to read:

8 § 4303. DEFINITIONS

9 The following definitions shall apply throughout this chapter unless the
10 context otherwise requires:

11 * * *

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

14 (i) an area where residential connections and expansions are
15 available to municipal water and direct and indirect discharge wastewater
16 systems and not prohibited by:

17 (I) ~~State regulations or permits;~~

18 ~~(H)~~ identified capacity constraints; or

19 ~~(H)(II)~~ municipally adopted ~~service and~~ capacity agreements;

20 or

1 (ii) an area established by the municipality by ordinance or bylaw
2 where residential connections and expansions are available to municipal water
3 and direct and indirect discharge wastewater systems or a fire district and
4 which may exclude:

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

10 (II) areas with identified service limits established by State
11 regulations or permits, identified capacity constraints, or municipally adopted
12 service and capacity agreements;

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

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

17 (V) areas serving an industrial site or park;

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

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

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

9 Sec. 10. 24 V.S.A. § 4412 is amended to read:

10 § 4412. REQUIRED PROVISIONS AND PROHIBITED EFFECTS

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

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

15 * * *

16 (B) Except as provided in subdivisions 4414(1)(E) and (F) of this
17 title, no bylaw shall have the effect of excluding mobile homes, modular
18 housing, manufactured housing, or prefabricated housing from any district that
19 allows year-round residential development in the municipality, except upon the
20 same terms and conditions as conventional housing is excluded. A
21 municipality may establish specific site standards in the bylaws to regulate

1 individual sites within preexisting mobile home parks with regard to distances
2 between structures and other standards as necessary to ensure public health,
3 safety, and welfare, provided the standards do not have the effect of
4 prohibiting the replacement of mobile homes on existing lots.

5 * * *

6 (D) Bylaws shall designate appropriate districts and reasonable
7 regulations for multiunit or multifamily dwellings. No bylaw shall have the
8 effect of excluding these multiunit or multifamily dwellings from the
9 municipality. In any district that allows year-round residential development,
10 duplexes shall be ~~an allowed~~ a permitted use with dimensional standards that
11 are not more restrictive than is required for a single-unit dwelling, including no
12 additional land or lot area than would be required for a single-unit dwelling. In
13 any district that is served by municipal sewer and water infrastructure that
14 allows residential development, multiunit dwellings with four or fewer units
15 shall be a permitted use on the same size lot as a single-unit dwelling, ~~unless~~
16 ~~that district specifically requires multiunit structures to have more than four~~
17 ~~dwelling units.~~

18 * * *

19 (15) No bylaw shall require a duplex or multiunit dwelling with three
20 units to be constructed on an owner-occupied lot.

1 (2) Step Two.

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

6 * * *

7 (iv) 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 (3) Step Three.

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

16 * * *

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

20 * * *

1 Food Resiliency, and Forestry and on General and Housing and the Senate
2 Committees on Agriculture and on Economic Development, Housing and
3 General Affairs with information on the progress made towards meeting the
4 goals identified in the *Farmworker Housing Needs Assessment* of 2021. The
5 report shall describe the farmworker housing program established by the Board
6 following the initial report, evaluate the program’s impact on farmworker
7 housing in Vermont, and identify barriers, including permitting and regulatory
8 barriers, to improving and expanding on-farm housing.

9 * * * Effective Date * * *

10 Sec. 14. EFFECTIVE DATE

11 This act shall take effect on July 1, 2026.

12 (Committee vote: _____)

13 _____

14 Senator _____

15 FOR THE COMMITTEE