

1 H.685

2 Introduced by Representatives Stevens of Waterbury, Ram of Burlington,  
3 Bissonnette of Winooski, Conquest of Newbury, Deen of  
4 Westminster, Edwards of Brattleboro, Emmons of Springfield,  
5 French of Shrewsbury, French of Randolph, Geier of South  
6 Burlington, Hooper of Montpelier, Manwaring of Wilmington,  
7 Martin of Springfield, Masland of Thetford, McCullough of  
8 Williston, Miller of Shaftsbury, Minter of Waterbury, Mitchell  
9 of Barnard, Moran of Wardsboro, South of St. Johnsbury, Till  
10 of Jericho, Zenie of Colchester and Zuckerman of Burlington

11 Referred to Committee on

12 Date:

13 Subject: Municipal and county government; housing authorities; publicly  
14 assisted housing

15 Statement of purpose: This bill proposes to require that the owner of a  
16 publicly assisted housing project who wishes to sell the project or terminate a  
17 subsidy contract provide notice to the housing project's tenants and the  
18 Vermont housing finance agency and allow them the opportunity to submit an  
19 offer to purchase the development.

1 An act relating to publicly assisted housing

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

3 Sec. 1. 24 V.S.A. chapter 116 is added to read:

4 CHAPTER 116. PUBLICLY ASSISTED HOUSING

5 § 4201. DEFINITIONS

6 For purposes of this subchapter:

7 (1) "Affordability restriction" means a limit on rents that an owner may  
8 charge for occupancy of a rental unit in a publicly assisted housing  
9 development or a limit on tenant income for persons or families seeking to  
10 qualify for admission to a publicly assisted housing development.

11 (2) "Agency" means the Vermont housing finance agency.

12 (3) "Department" means the department of economic, housing and  
13 community development.

14 (4) "Low income" means a household income of not more than 80  
15 percent of the area median income as determined by the U.S. Department of  
16 Housing and Urban Development.

17 (5) "Owner" means a person, firm, partnership, corporation, trust  
18 organization, limited liability company or other entity, or its successors and  
19 assigns, that holds title to publicly assisted housing.

20 (6) "Prepayment" means the payment in full or the refinancing of a  
21 government-held mortgage loan indebtedness prior to the original maturity

1 date; the voluntary cancellation of mortgage insurance on a publicly assisted  
2 housing development; or the payment in full of a government contract, which  
3 would have the effect of changing either the affordability restrictions  
4 applicable to the publicly assisted housing or a requirement to renew any  
5 affordability restrictions.

6 (7) "Preserve affordability" means to make reasonable and diligent  
7 actions to retain, renew, or secure subsidies in order to maintain at least the  
8 same number of units affordable to low income households.

9 (8) "Qualified entity" means a partnership, nonprofit or for-profit  
10 corporation, trust, organization, limited liability company, or other entity that  
11 the agency has determined to have demonstrated expertise and experience  
12 developing housing using low income housing tax credits pursuant to Section  
13 42 of the Internal Revenue Code of 1986.

14 § 4202. OWNER'S NOTICE OF INTENT TO SELL OR TERMINATE

15 (a) The owner of a multi-family publicly assisted housing project described  
16 in section 4205 of this title shall not prepay, terminate affordability restrictions,  
17 or sell the housing project unless the owner has:

18 (1) Given notice at least 24 months prior to the prepayment of the  
19 termination of affordability restrictions or sale.

20 (2) Complied with all applicable state and federal laws.

1           (3) Negotiated in good faith to sell the housing project to a qualified  
2 entity.

3           (4) Obtained a certificate of compliance from the agency.

4           (b) The owner shall give notice to:

5           (1) All the tenants and the tenant organization.

6           (2) The clerk or chair of the legislative body of the municipality in  
7 which the housing project is located.

8           (3) The agency.

9           (c) The notice shall provide the address of the publicly assisted housing;  
10 the owner's name and address; notification that the affordability restrictions  
11 may terminate and the date of the termination; and any other information  
12 required by the agency.

13           (d) An owner may serve notice by delivering the notice by certified or  
14 registered mail, return receipt requested or, if to a tenant, by hand delivering  
15 the notice to the tenant or an adult member of the tenant's household.

16           § 4203. OPPORTUNITY TO PURCHASE

17           (a) The owner of a multi-family publicly assisted housing project shall  
18 offer the agency and the project's tenants the opportunity to purchase the  
19 project prior to entering into an agreement to sell to a third party. The agency  
20 shall work with the tenants to select a qualified entity to negotiate the purchase  
21 of the housing project in order to preserve its affordability.

1        (b) The proposed purchase price shall be based upon an appraisal  
2        completed by a qualified appraiser and upon appraisal guidelines issued by the  
3        agency.

4        (c) The terms and conditions of the sale shall be approved by the agency.  
5        If, within 120 days of the approval of the terms and conditions of a proposed  
6        sale by the agency, the owner and the qualified entity have not entered into a  
7        purchase and sale agreement, the owner may request that the agency issue a  
8        certificate of compliance to the owner. If the agency concludes that the owner  
9        has negotiated in good faith with the qualified entity, the agency shall issue the  
10       certificate of compliance, and the owner may enter into an agreement to sell  
11       the property to a third party. The owner shall file the certificate of compliance  
12       in the land records of the municipality in which the property is located after all  
13       notice requirement periods have expired. The owner may then convey the  
14       property to the third party purchaser subject to section 4204 of this title.

15       § 4204. RENT STABILIZATION; GOOD CAUSE EVICTION

16       (a) For three years after the date of the termination of affordability  
17       restrictions or the date of recording a certificate of compliance, whichever is  
18       later, the rent for a dwelling unit occupied by a protected low income tenant  
19       who does not receive a Section 8 voucher shall not be increased more than  
20       once annually by the increase in the Consumer Price Index. During this  
21       period, a low income tenant shall not be evicted or involuntarily displaced

1 from the dwelling except for good cause. A notice of rent increase shall be  
2 provided to all affected tenants and the agency at least 120 days before the  
3 increase takes effect.

4 (b) If the proposed rent increase is greater than the increase in the U.S.  
5 Consumer Price Index for all Urban Consumers, Housing Component,  
6 published by the U.S. Bureau of Labor Statistics in the periodical “Monthly  
7 Labor Review and Handbook of Labor Statistics” as established by the agency,  
8 and if, within 15 business days after receipt by the agency of the notice  
9 required by subsection (a) of this section, a majority of the affected tenants file  
10 a written petition with the agency and the owner that includes the name of the  
11 person acting as the representative of the leaseholders and a statement that they  
12 dispute the proposed rent increase, the agency shall determine whether the rent  
13 increase is consistent with this section.

14 § 4205. PUBLICLY ASSISTED HOUSING PROJECTS

15 Publicly assisted housing projects include:

16 (1) Housing for which project-based assistance is provided under  
17 Section 8 of the United States Housing Act of 1937, 42 U.S.C. § 1473f.

18 (2) Housing that is assisted under Section 202 of the Housing Act of  
19 1959, 12 U.S.C. § 1701q.

1           (3) Housing that is assisted under Section 202 of the Housing Act of  
2           1959 prior to the enactment of the Cranston-Gonzalez National Affordable  
3           Housing Act, Public Law 101-20 625.

4           (4) Housing that is assisted under Section 811 of the Cranston-Gonzalez  
5           National Affordable Housing Act, 42 U.S.C. § 8013.

6           (5) Housing financed by a loan or mortgage insured under Section  
7           221(d)(3) of the National Housing Act (12 U.S.C. § 17151(d)(30)) which bears  
8           interest at a rate determined under Section 221(d)(5) of the National Housing  
9           Act.

10           (6) Housing insured, assisted, or held by the state under Section 236 of  
11           the National Housing Act, 12 U.S.C. § 1715z-6 1.

12           (7) Housing constructed or substantially rehabilitated with assistance  
13           provided by Section 8(b)(2) of the United States Housing Act of 1937, prior to  
14           October 1, 1983, that is assisted under a contract for assistance under such  
15           section.

16           (8) Housing assisted or formerly assisted under Section 101 of the  
17           Housing and Urban Development Act of 1965, 12 U.S.C. § 1701s.

18           (9) Multi-family housing projects assisted with amounts made available  
19           under the HOME Investment Partnership Act, 42 U.S.C. § 12721 et seq.

20           (10) Housing for which a loan is made or issued under Section 515 of  
21           the Housing Act of 1949, 42 U.S.C. § 1485.

1           (11) Housing assisted under Section 521 of the Housing Act of 1949,  
2           42 U.S.C. § 1490a.

3           (12) Housing for which a low-income housing tax credit is provided  
4           pursuant to Section 42 of the Internal Revenue Code of 1986, 26 U.S.C. § 42.

5           (13) Multi-family housing assisted with amounts made available under  
6           Title III of Subdivision b of the Housing and Economic Recovery Act of 2008  
7           (HERA), Public Law 110-289.

8           (14) Multi-family housing assisted with amounts made available by the  
9           National Housing Trust Fund, HR 3221, Title 1, Subtitle B, Section 1338 of  
10           the Federal Housing Finance Regulatory Reform Act of 2008, Public Law  
11           110-289.

12           § 4206. RULES

13           The agency shall prescribe rules for the implementation of this subchapter.

14           Sec. 2. HOUSING PRESERVATION ADVISORY COMMITTEE

15           Within 45 days after the effective date of this act, the Vermont housing  
16           finance agency shall convene a nine-member housing preservation advisory  
17           committee to provide advice and recommendations to the agency on rules to  
18           implement this act. The advisory committee shall consist of the following  
19           members:

20           (1) The commissioner of the department of economic, housing and  
21           community development.



1           (2) The executive director of the Vermont housing and conservation  
2 board.

3           (3) The executive director of the Vermont state housing authority.

4           (4) The director of the housing and urban development Vermont field  
5 office.

6           (5) The director of the Vermont USDA rural development office.

7           (6) One member to be chosen by the Vermont League of Cities and  
8 Towns, Inc.

9           (7) One member to be chosen by Vermont legal aid.

10          (8) One member to be chosen by the Vermont affordable housing  
11 coalition.

12          (9) One member to be chosen by the municipal public housing  
13 authorities.

14        Sec. 3. REPORT

15          The Vermont housing finance agency shall make a report on or before  
16 January 15, 2011, to the house committee on general, housing and military  
17 affairs and to the senate committee on economic development, housing and  
18 general affairs on the implementation of this act.

19        Sec. 4. EFFECTIVE DATE

20          This act shall take effect upon passage.