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H.719

Introduced by Representatives Bartley of Fairfax, Hango of Berkshire, Sims of
Craftsbury, Small of Winooski, Andrews of Westford, Anthony
of Barre City, Arrison of Weathersfield, Beck of St. Johnsbury,
Bos-Lun of Westminster, Branagan of Georgia, Buss of
Woodstock, Campbell of St. Johnsbury, Canfield of Fair Haven,
Carpenter of Hyde Park, Clifford of Rutland City, Elder of
Starksboro, Farlice-Rubio of Barnet, Goslant of Northfield,
Harrison of Chittenden, Krasnow of South Burlington,
LaBounty of Lyndon, Leavitt of Grand Isle, Logan of
Burlington, Mattos of Milton, McCoy of Poultney, Morris of
Springfield, Noyes of Wolcott, Oliver of Sheldon, Pajala of
Londonderry, Patt of Worcester, Priestley of Bradford,
Surprenant of Barnard, Templeman of Brownington, Toof of St.
Albans Town, and Walker of Swanton

Referred to Committee on

Date:

Subject: Conservation and development; housing; land use; Act 250;
municipal zoning; property taxes

1 Statement of purpose of bill as introduced: This bill proposes to make multiple
2 changes to the State land use law, known as Act 250; municipal zoning laws;
3 tax laws; and housing programs.

4 An act relating to housing development and unit rehabilitation

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

6 * * * Act 250 * * *

7 Sec. 1. INTENT

8 It is the intent of the General Assembly to create more housing units within
9 the State. Fundamentally, the most effective way to address homelessness in
10 the long-term is to generate more housing units. In addition to unit creation,
11 this act intends to remove barriers to improving and expanding the existing
12 shelter system, where those in housing transition can receive shelter and
13 services, reducing reliance on less effective and more costly hotel housing.
14 This act also seeks to enable hotels, hospitals, dormitories, and other suitable
15 building conversions to shelters and to temporary and permanently affordable
16 housing, as well as other forms of supportive housing connected with the
17 services Vermonters need on their path to housing permanency. The
18 overarching and primary objective of this act is to create more housing units
19 and to reinvest in neglected neighborhoods.

1 Sec. 2. 10 V.S.A. § 6001 is amended to read:

2 § 6001. DEFINITIONS

3 As used in this chapter:

4 * * *

5 (3)(A) “Development” means each of the following:

6 * * *

7 (iv)(I) The construction of housing projects such as cooperatives,
8 condominiums, or dwellings, or construction or maintenance of mobile homes
9 or mobile home parks, with ~~40~~ 30 or more units, constructed or maintained on
10 a tract or tracts of land not located within a designated center, but in a
11 municipality that may be feasibly served by water and sewer infrastructure,
12 owned or controlled by a person, ~~within a radius of five miles of any point on~~
13 ~~any involved land and~~ within any continuous period of ~~five~~ two years.

14 **However:**

15 ~~(I) A priority housing project shall constitute a development~~
16 ~~under this subdivision (iv) only if the number of housing units in the project is:~~

17 ~~(aa) [Repealed.]~~

18 ~~(bb) [Repealed.]~~

19 ~~(cc) 75 or more, in a municipality with a population of 6,000~~

20 ~~or more but less than 10,000.~~

1 ~~(dd) 50 or more, in a municipality with a population of less~~
2 ~~than 6,000.~~

3 ~~(ee) [Repealed.]~~

4 ~~(ff) Notwithstanding subdivisions (cc) through (ee) of this~~
5 ~~subdivision (3)(A)(iv)(I), 10 or more if the construction involves the~~
6 ~~demolition of one or more buildings that are listed on or eligible to be listed on~~
7 ~~the State or National Register of Historic Places. However, demolition shall~~
8 ~~not be considered to create jurisdiction under this subdivision (ff) if the~~
9 ~~Division for Historic Preservation has determined that the proposed demolition~~
10 ~~will have no adverse effect, will have no adverse effect if specified conditions~~
11 ~~are met, or will have an adverse effect that will be adequately mitigated. Any~~
12 ~~imposed conditions shall be enforceable through a grant condition, deed~~
13 ~~covenant, or other legally binding document.~~

14 ~~(II) The determination of jurisdiction over a priority housing~~
15 ~~project shall count only the housing units included in that discrete project. The~~
16 ~~construction of housing projects such as cooperatives, condominiums, or~~
17 ~~dwelling, or construction or maintenance of mobile homes or mobile home~~
18 ~~parks, with 10 or more units, constructed or maintained on a tract or tracts of~~
19 ~~land owned or controlled by a person, within a radius of five miles of any point~~
20 ~~on any involved land and within any continuous period of two years.~~

1 ~~(HH) Housing units in a priority housing project shall not count~~
2 ~~toward determining jurisdiction over any other project.~~

3 * * *

4 (D) The word “development” does not include:

5 * * *

6 (iii) The construction of housing projects such as cooperatives,
7 condominiums, or dwellings, or construction or maintenance of mobile homes
8 or mobile home parks, constructed or maintained on a tract or tracts of land,
9 owned or controlled by a person, within a designated center and within a radius
10 of one-half mile of the boundary of a designated center.

11 * * *

12 (ix) Hotels and motels converted to permanently affordable
13 housing developments as defined in 24 V.S.A. § 4303(2).

14 * * *

15 ~~(35) “Priority housing project” means a discrete project located on a~~
16 ~~single tract or multiple contiguous tracts of land that consists exclusively of~~
17 ~~mixed income housing or mixed use, or any combination thereof, and is~~
18 ~~located entirely within a designated downtown development district,~~
19 ~~designated new town center, designated growth center, or designated~~
20 ~~neighborhood development area under 24 V.S.A. chapter 76A. [Repealed.]~~

21 * * *

1 Sec. 3. 10 V.S.A. § 6086(h) is added to read:

2 (h) A District Commission may issue a permit contingent upon the
3 applicant receiving permits from the Agency of Natural Resources or other
4 State agency.

5 Sec. 4. REPEALS

6 (a) 10 V.S.A. § 6081(o) and (p) are repealed.

7 (b) 30 V.S.A. § 55 (priority housing projects; stretch code) is repealed.

8 (c) 2023 Acts and Resolves No. 47, Sec. 16 (10 V.S.A. § 6001) is repealed.

9 Sec. 5. 10 V.S.A. § 6032 is added to read:

10 § 6032. DELEGATION OF REVIEW AUTHORITY TO MUNICIPALITIES

11 (a) Notwithstanding any other provision of this chapter to the contrary, the
12 Natural Resources Board shall establish a process by which a municipality is
13 delegated authority to review development and subdivisions in lieu of the
14 process established under the rest of this chapter.

15 (b) In any municipality that has been delegated authority under this section,
16 any development or subdivision shall be exempt from needing a permit or
17 permit amendment from the District Commission.

18 (c) Delegation of review authority under this section shall require a
19 municipality to have adopted high-quality zoning bylaws that are functionally
20 equivalent to the criteria established in subsection 6086(a) of this title. The

1 Board shall review a municipality's bylaws for conformance with this standard
2 and any other requirements it establishes.

3 (d) On or before July 1, 2025, the Natural Resources Board, in consultation
4 with the regional planning commissions and the Agency of Commerce and
5 Community Development, shall issue guidance establishing the requirements
6 for municipalities seeking delegation under this section.

7 Sec. 6. 10 V.S.A. § 6093 is amended to read:

8 § 6093. MITIGATION OF PRIMARY AGRICULTURAL SOILS

9 (a) Mitigation for loss of primary agricultural soils. Suitable mitigation for
10 the conversion of primary agricultural soils necessary to satisfy subdivision
11 6086(a)(9)(B)(iv) of this title shall depend on where the project tract is located.

12 (1) Project located in certain designated areas. This subdivision applies
13 to projects located in the following areas designated under 24 V.S.A. chapter
14 76A: a downtown development district, a growth center, a new town center
15 ~~designated on or before January 1, 2014~~, and a neighborhood development area
16 ~~associated with a designated downtown development district~~. If the project
17 tract is located in one of these designated areas, an applicant who complies
18 with subdivision 6086(a)(9)(B)(iv) of this title shall deposit an offsite
19 mitigation fee into the Vermont Housing and Conservation Trust Fund
20 established under section 312 of this title for the purpose of preserving primary
21 agricultural soils of equal or greater value with the highest priority given to

1 preserving prime agricultural soils as defined by the U.S. Department of
2 Agriculture. Any required offsite mitigation fee shall be derived by:

3 (A) Determining the number of acres of primary agricultural soils
4 affected by the proposed development or subdivision.

5 (B) Multiplying the number of affected acres of primary agricultural
6 soils by a factor resulting in a ratio established as follows:

7 (i) For development or subdivision within a designated area
8 described in this subdivision (a)(1), the ratio shall be 1:1.

9 (ii) For residential construction that has a density of at least eight
10 units of housing per acre, of which at least eight units per acre or at least
11 40 percent of the units, on average, in the entire development or subdivision,
12 whichever is greater, meets the definition of affordable housing established in
13 this chapter, no mitigation shall be required, regardless of location in or outside
14 a designated area described in this subdivision (a)(1). However, all affordable
15 housing units shall be subject to housing subsidy covenants, as defined in
16 27 V.S.A. § 610, that preserve their affordability for a period of 99 years or
17 longer. As used in this section, housing that is rented shall be considered
18 affordable housing when its inhabitants have a gross annual household income
19 that does not exceed 60 percent of the county median income or 60 percent of
20 the standard metropolitan statistical area income if the municipality is located
21 in such an area.

1 area affected if the project has a residential component that includes affordable
2 housing.

3 * * *

4 (d) For the purposes of this section, an appeal shall not include the
5 following:

6 (1) Any residential and mixed-use development containing up to 25
7 dwelling units within areas served by municipal sewer and water infrastructure.

8 (2) Any permitted residential and mixed-use development that does not
9 require conditional use review. Development requiring conditional use review
10 may be appealed.

11 (3) Any housing or mixed-use development located within a designated
12 center in a zoning district that allows residential development.

13 Sec. 8. 10 V.S.A. § 8507 is added to read:

14 § 8507. APPEAL; BOND

15 (a) If an aggrieved person elects to appeal the judgment of the appropriate
16 municipal panel on an application for a housing project to the court under this
17 chapter, the court shall require that person give security by posting a bond to
18 the State, in a sufficient sum, as the court directs, to compensate the permit
19 applicant for:

20 (1) At least half of reasonable associated costs incurred by the permit
21 applicant as a direct result of the appeal if the appeal is denied but found to be

1 nonfrivolous. As used in this subdivision, a “frivolous appeal” means an
2 appeal that would not have a reasonable chance of success, such as an appeal
3 that is unsupported.

4 (2) All reasonable associated costs incurred by the permit applicant as a
5 direct result of the appeal as well as additional injury if the appeal is denied
6 and found to be frivolous,
7 or returned to the appealing party if the appeal is successful.

8 (b) A motion to waive the appeal bond will be allowed if the party is
9 indigent and has nonfrivolous grounds for appeal.

10 (c) As used in this section, “denied” means that the court’s decision
11 affirmed the appropriate municipal panel’s decision.

12 Sec. 9. 24 V.S.A. § 4464 is amended to read:

13 § 4464. HEARING AND NOTICE REQUIREMENTS; DECISIONS AND
14 CONDITIONS; ADMINISTRATIVE REVIEW; ROLE OF
15 ADVISORY COMMISSIONS IN DEVELOPMENT REVIEW

16 * * *

17 (b) Decisions.

18 (1) The appropriate municipal panel may recess the proceedings on any
19 application pending submission of additional information. The panel should
20 close the evidence promptly after all parties have submitted the requested
21 information. The panel shall adjourn the hearing and issue a decision within

1 effect of excluding these multiunit or multifamily dwellings from the
2 municipality. In any district that allows year-round residential development,
3 duplexes shall be an allowed use with the same dimensional standards as a
4 single-unit dwelling. In any district that is served by municipal sewer and
5 water infrastructure that allows residential development, multiunit dwellings
6 with four or fewer units shall be:

7 (i) a permitted use, unless that district specifically requires
8 multiunit structures to have more than four dwelling units; and

9 (ii) a permitted use on a lot that is least one-fifth of an acre in size.

10 * * *

11 (12) In any area served by municipal sewer and water infrastructure that
12 allows residential development, bylaws shall establish lot and building
13 dimensional standards that allow five or more dwelling units per acre for each
14 allowed residential use, ~~and density~~ with that standard being applied on a
15 proportional basis, allowing one unit for every one-fifth of an acre. Any lot
16 that is smaller than one acre but granted a variance of not more than 10 percent
17 shall be treated as one acre for the purposes of this subsection. Density and
18 minimum lot size standards for multiunit dwellings shall not be more
19 restrictive than those required for single-family dwellings.

20 (13) In any area served by municipal sewer and water infrastructure that
21 allows residential development, bylaws shall permit any affordable housing

1 development, as defined in subdivision 4303(2) of this title, including mixed-
2 use development, to exceed density limitations for residential developments by
3 an additional 40 percent, rounded up to the nearest whole unit, which shall
4 include exceeding maximum height limitations by one floor, provided that the
5 structure complies with the Vermont Fire and Building Safety Code.

6 Sec. 13. 24 V.S.A. § 4413 is amended to read:

7 § 4413. LIMITATIONS ON MUNICIPAL BYLAWS

8 (a)(1) The following uses may be regulated only with respect to location,
9 size, height, building bulk, yards, courts, setbacks, density of buildings, off-
10 street parking, loading facilities, traffic, noise, lighting, landscaping, and
11 screening requirements, and only to the extent that regulations do not have the
12 effect of interfering with the intended functional use:

13 (A) State- or community-owned, ~~and~~ -operated, or -funded
14 institutions ~~and~~ or facilities, or institutions or facilities that may be privately
15 held, but serve a public function;

16 (B) public and private schools and other educational institutions
17 certified by the Agency of Education;

18 (C) churches and other places of worship, convents, and parish
19 houses;

20 (D) public and private hospitals;

1 (E) regional solid waste management facilities certified under
2 10 V.S.A. chapter 159;

3 (F) hazardous waste management facilities for which a notice of
4 intent to construct has been received under 10 V.S.A. § 6606a; ~~and~~

5 (G) emergency shelters; and

6 (H) hotels and motels converted to permanently affordable housing
7 developments.

8 * * *

9 Sec. 14. 24 V.S.A. § 4429 is added to read:

10 § 4429. LOT COVERAGE BYLAWS

11 (a) A municipality shall allow for lot coverage of at least 50 percent in
12 areas served by municipal water and sewer infrastructure.

13 (b) A municipality shall allow for a lot coverage bonus of 20 percent on
14 lots that allow access to new or subdivided lots without road frontage.

15 (c) A municipality shall approve a lot that does not comply with required
16 lot coverage if lots for new housing are created through subdivision in areas
17 served by municipal water and sewer infrastructure.

18 Sec. 15. 10 V.S.A. § 8504 is amended to read:

19 § 8504. APPEALS TO THE ENVIRONMENTAL DIVISION

20 * * *

1 (k) Limitations on appeals. Notwithstanding any other provision of this
2 section:

3 (1) there shall be no appeal from a District Commission decision when
4 the Commission has issued a permit and no hearing was requested or held, or
5 no motion to alter was filed following the issuance of an administrative
6 amendment;

7 (2) a municipal decision regarding whether a particular application
8 qualifies for a recorded hearing under 24 V.S.A. § 4471(b) shall not be subject
9 to appeal;

10 (3) if a District Commission issues a partial decision under subsection
11 6086(b) of this title, any appeal of that decision must be taken within 30 days
12 of the date of that decision; and

13 (4) the Environmental Division shall hear a case regarding appeals of an
14 appropriate municipal panel under 24 V.S.A. chapter 117 within 60 days
15 following the case being filed with the Division. The Environmental Division
16 shall issue a decision on a case regarding appeals of an appropriate municipal
17 panel under 24 V.S.A. chapter 117 within 90 days following the close of the
18 hearing on the case.

19 * * *

1 (C) some other condition exists that would result in manifest injustice
2 if the person's right to appeal was disallowed.

3 * * *

4 * * * Downtown Tax Credits * * *

5 Sec. 17. 32 V.S.A. § 5930ee is amended to read:

6 § 5930ee. LIMITATIONS

7 Beginning in fiscal year 2010 and thereafter, the State Board may award tax
8 credits to all qualified applicants under this subchapter, provided that:

9 (1) ~~the total amount of tax credits awarded annually, together with sales~~
10 ~~tax reallocated under section 9819 of this title, does not exceed \$3,000,000.00;~~

11 [Repealed.]

12 * * *

13 * * * Taxes * * *

14 Sec. 18. 32 V.S.A. § 3800(q) is added to read:

15 (q) The statutory purpose of the exemption under 32 V.S.A. chapter 125,
16 subchapter 3 for new construction or rehabilitation is to lower the cost of new
17 construction or rehabilitation of residential properties in this State.

18 Sec. 19. 32 V.S.A. chapter 125, subchapter 3 is added to read:

19 Subchapter 3. New Construction or Rehabilitation Exemption

20 § 3870. DEFINITIONS

21 As used in this subchapter:

1 (1) “Agency” means the Agency of Commerce and Community
2 Development as established under 3 V.S.A. § 2402.

3 (2) “Appraisal value” has the same meaning as in subdivision
4 3481(1)(A) of this title.

5 (3) “Exemption period” has the same meaning as in subsection 3871(d)
6 of this subchapter.

7 (4) “New construction” means the building of new dwellings.

8 (5) “Principal residence” means the dwelling occupied by a resident
9 individual as the individual’s domicile during the taxable year and for a
10 property owner, owned, or for a renter, rented under a rental agreement other
11 than a short-term rental as defined under 18 V.S.A. § 4301(a)(14).

12 (6)(A) “Qualifying improvement” means new construction or a physical
13 change to an existing dwelling or other structure beyond normal and ordinary
14 maintenance, painting, repairs, or replacements, provided the change:

15 (i) results in new or rehabilitated dwellings that are designed to be
16 occupied as principal residences and not as short-term rentals as defined under
17 18 V.S.A. § 4301(a)(14); and

18 (ii) occurred through new construction, rehabilitation, or both
19 during the 12 months immediately preceding or immediately following
20 submission of an exemption application under this subchapter.

1 (B) “Qualifying improvement” does not mean new construction or a
2 physical change to any portion of a mixed-use building as defined under
3 10 V.S.A. § 6001(28) that is not used as a principal residence.

4 (7)(A) “Qualifying property” means a structure that is:

5 (i) located within a designated downtown district, village center,
6 or neighborhood development area determined pursuant to 24 V.S.A. chapter
7 76A or a new market tax credit area determined pursuant to 26 U.S.C. § 45D,
8 or both;

9 (ii) composed of one or more dwellings designed to be occupied
10 as principal residences, provided:

11 (I) none of the dwellings shall be occupied as short-term rentals
12 as defined under 18 V.S.A. § 4301(a)(14) before the exemption period ends;
13 and

14 (II) a structure with more than one dwelling shall only qualify
15 if it meets the definition of mixed-income housing under 10 V.S.A.

16 § 6001(27);

17 (iii) undergoing, has undergone, or will undergo qualifying
18 improvements; and

19 (iv) in compliance with all relevant permitting requirements.

20 (B) “Qualifying property” may have a mixed use as defined under
21 10 V.S.A. § 6001(28).

1 (C) “Qualifying property” does not mean property located within a
2 tax increment financing district established under 24 V.S.A. chapter 53,
3 subchapter 5.

4 (8) “Rehabilitation” means extensive repair, reconstruction, or
5 renovation of an existing dwelling or other structure, with or without
6 demolition, new construction, or enlargement, provided the repair,
7 reconstruction, or renovation:

8 (A) is for the purpose of eliminating substandard structural, housing,
9 or unsanitary conditions or stopping significant deterioration of the existing
10 structure; and

11 (B) equals or exceeds a total cost of 15 percent of the grand list value
12 prior to repair, reconstruction, or renovation or \$75,000.00, whichever is less.

13 (9) “Taxable value” means the value of qualifying property that is taxed
14 during the exemption period.

15 § 3871. EXEMPTION

16 (a) Value increase exemption. An increase in the appraisal value of a
17 qualifying property due to qualifying improvements shall be exempted from
18 property taxation pursuant to this subchapter by fixing and maintaining the
19 taxable value of the qualifying property at the property’s grand list value in the
20 year immediately preceding any qualifying improvements. A decrease in
21 appraisal value of a qualifying property due to damage or destruction from fire

1 or act of nature may reduce the qualifying property's taxable value below the
2 value fixed under this subsection.

3 (b) State education property tax exemption. The appraisal value of
4 qualifying improvements to qualifying property shall be exempt from the State
5 education property tax imposed under chapter 135 of this title as provided
6 under this subchapter. The appraisal value exempt under this subsection shall
7 not be exempt from municipal property taxation unless the qualifying property
8 is located in a municipality that has voted to approve an exemption under
9 subsection (c) of this section.

10 (c) Municipal property tax exemption. If the legislative body of a
11 municipality by a majority vote recommends, the voters of a municipality may,
12 at an annual or special meeting warned for that purpose, adopt by a majority
13 vote of those present and voting an exemption from municipal property tax for
14 the value of qualifying improvements to qualifying property exempt from State
15 property taxation under subsection (b) of this section. The municipal
16 exemption shall remain in effect until rescinded in the same manner the
17 exemption was adopted. Not later than 30 days after the adjournment of a
18 meeting at which a municipal exemption is adopted or rescinded under this
19 subsection, the town clerk shall report to the Director of Property Valuation
20 and Review and the Agency the date on which the exemption was adopted or
21 rescinded.

1 (d) Exemption period.

2 (1) An exemption under this subchapter shall start in the first property
3 tax year immediately following the year in which an application for exemption
4 under section 3872 of this title is approved and one of the following occurs:

5 (A) issuance of a certificate of occupancy by the municipal governing
6 body for the qualifying property; or

7 (B) the property owner's declaration of ownership of the qualifying
8 property as a homestead pursuant to section 5410 of this title.

9 (2) An exemption under this subchapter shall remain in effect for five
10 years, provided the property continues to comply with the requirements of this
11 subchapter. When the exemption period ends, the property shall be taxed at its
12 most recently appraised grand list value.

13 (3) The municipal exemption period for a qualifying property shall start
14 and end at the same time as the State exemption period; provided that, if a
15 municipality first votes to approve a municipal exemption after the State
16 exemption period has already started for a qualifying property, the municipal
17 exemption shall only apply after the vote and notice requirements have been
18 met under subsection (c) of this section and shall only continue until the State
19 exemption period ends.

1 § 3872. ADMINISTRATION AND CERTIFICATION

2 (a) To be eligible for exemption under this subchapter, a property owner
3 shall:

4 (1) submit an application to the Agency of Commerce and Community
5 Development in the form and manner determined by the Agency, including
6 certification by the property owner that the property and improvements qualify
7 for exemption at the time of application and annually thereafter until the
8 exemption period ends; and

9 (2) the certification shall include an attestation under the pains and
10 penalties of perjury that the property will be used in the manner provided under
11 this subchapter during the exemption period, including occupancy of dwellings
12 as principal residences and not as short-term rentals as defined under 18 V.S.A.
13 § 4301(a)(14), and that the property owner will either provide alternative
14 housing for tenants at the same rent or that the property has been unoccupied
15 either by a tenant's choice or for 60 days prior to the application. A
16 certification by the property owner granted under this subdivision shall:

17 (A) be coextensive with the exemption period;

18 (B) require notice to the Agency of the transfer or assignment of the
19 property prior to transfer, which shall include the transferee's or assignee's full
20 names, phone numbers, and e-mail and mailing addresses;

1 (C) require notice to any prospective transferees or assignees of the
2 property of the requirements of the exemption under this subchapter; and

3 (D) require a new certification to be signed by the transferees or
4 assignees of the property.

5 (b) The Agency shall establish and make available application forms and
6 procedures necessary to verify initial and ongoing eligibility for exemption
7 under this subchapter. Not later than 60 days after receipt of a completed
8 application, the Agency shall determine whether the property and any proposed
9 improvements qualify for exemption and shall issue a written decision
10 approving or denying the exemption. The Agency shall notify the property
11 owner, the municipality where the property is located, and the Commissioner
12 of Taxes of its decision.

13 (c) If the property owner fails to use the property according to the terms of
14 the certification, the Agency shall, after notifying the property owner,
15 determine whether to revoke the exemption. If the exemption is revoked, the
16 Agency shall notify the property owner, the municipality where the property is
17 located, and the Commissioner of Taxes. Upon notification of revocation, the
18 Commissioner shall assess to the property owner:

19 (1) all State and municipal property taxes as though no exemption had
20 been approved, including for any exemption period that had already begun;
21 and

1 Sec. 21. REPEALS; NEW CONSTRUCTION OR REHABILITATION

2 EXEMPTION

3 The following are repealed on July 1, 2037:

4 (1) 32 V.S.A. § 3800(q) (statutory purpose); and

5 (2) 32 V.S.A. chapter 125, subchapter 3 (new construction or
6 rehabilitation exemption).

7 Sec. 22. 32 V.S.A. § 4152(a) is amended to read:

8 (a) When completed, the grand list of a town shall be in such form as the
9 Director prescribes and shall contain such information as the Director
10 prescribes, including:

11 * * *

12 (6) For those parcels that are exempt, the insurance replacement value
13 reported to the local assessing officials by the owner under section 3802a of
14 this title or what the full listed value of the property would be absent the
15 exemption and the statutory authority for granting such exemption and, for
16 properties exempt pursuant to a vote, the year in which the exemption became
17 effective and the year in which the exemption ends; ~~provided that, for parcels~~
18 ~~exempt under chapter 125, subchapter 3 of this title, the insurance replacement~~
19 ~~value shall not be substituted for the full listed value of the property absent the~~
20 ~~exemption and the grand list shall indicate whether the exemption applies to~~
21 ~~the State property tax or both the State and municipal property taxes.~~

1 Sec. 23. 32 V.S.A. § 9603 is amended to read:

2 § 9603. EXEMPTIONS

3 The following transfers are exempt from the tax imposed by this chapter:

4 * * *

5 (27)(A) Transfers of blighted dwellings that the transferee certifies will
6 be rehabilitated for occupancy as principal residences and not as short-term
7 rentals as defined under 18 V.S.A. § 4301(a)(14), provided the rehabilitation is
8 completed and occupied not later than three years after the date of the transfer.
9 If, three years after the date of transfer, the rehabilitation has not been
10 completed and occupied, then the tax imposed by this chapter shall become
11 due.

12 (B) As used in this subdivision (27):

13 (i) “Blighted” means substandard structural or housing conditions,
14 including unsanitary and unsafe dwellings and deterioration sufficient to
15 constitute a threat to human health, safety, and public welfare.

16 (ii) “Completed” means rehabilitation of a dwelling to be fit for
17 occupancy as a principal residence.

18 (iii) “Principal residence” means a dwelling occupied by a resident
19 individual as the individual’s domicile during the taxable year and for a
20 property owner, owned, or for a renter, rented under a rental agreement other
21 than a short-term rental as defined under 18 V.S.A. § 4301(a)(14).

1 (iv) “Rehabilitation” means extensive repair, reconstruction, or
2 renovation of an existing dwelling beyond normal and ordinary maintenance,
3 painting, repairs, or replacements, with or without demolition, new
4 construction, or enlargement.

5 * * * Vermont Rental Housing Improvement Program * * *

6 Sec. 24. 10 V.S.A. § 699 is amended to read:

7 § 699. VERMONT RENTAL HOUSING IMPROVEMENT PROGRAM

8 (a) Creation of Program.

9 (1) The Department of Housing and Community Development shall
10 design and implement the Vermont Rental Housing Improvement Program,
11 through which the Department shall award funding to statewide or regional
12 nonprofit housing organizations, or both, to provide ~~competitive grants and~~
13 forgivable loans to private landlords for the rehabilitation, including
14 weatherization and accessibility improvements, of eligible rental housing units.

15 (2) The Department shall develop statewide standards for the Program,
16 including factors that partner organizations shall use to evaluate applications
17 and award ~~grants and~~ forgivable loans.

18 (3) A landlord shall not offer a unit created through the Program as a
19 short-term rental, as defined in 18 V.S.A. § 4301, for the period a grant or loan
20 agreement is in effect.

1 (e) Program requirements applicable to grants and five-year forgivable
2 loans. For a grant awarded through the Program, the following requirements
3 apply for a minimum period of five years:

4 * * *

5 (4)(A) A landlord may convert a grant to a forgivable loan upon
6 approval of the Department and the housing organization that approved the
7 grant.

8 (B) A landlord who converts a grant to a forgivable loan shall receive
9 a ~~10-percent~~ prorated credit for loan forgiveness for each year in which the
10 landlord participates in the ~~grant~~ program.

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

14 * * *

15 Sec. 25. VERMONT RENTAL HOUSING IMPROVEMENT

16 APPROPRIATION

17 The sum of \$6,000,000.00 is appropriated from the General Fund to the
18 Department of Housing and Community Development in fiscal year 2025 for
19 the Vermont Housing Improvement Program established in 10 V.S.A. § 699.

1 the Manufactured Home Improvement and Repair Program established by
2 2022 Acts and Resolves No. 182, Sec. 3, and amended from time to time.

3 * * * Healthy Homes Initiative * * *

4 Sec. 28. HEALTHY HOMES INITIATIVE APPROPRIATION

5 The sum of \$1,000,000.00 is appropriated from the General Fund to the
6 Department of Environmental Conservation in fiscal year 2025 for the Healthy
7 Homes Initiative.

8 * * * Housing Infrastructure Revolving Loan Fund * * *

9 Sec. 29. HOUSING INFRASTRUCTURE REVOLVING LOAN PROGRAM

10 (a) Creation; administration. The Vermont Housing Finance Agency shall
11 design and implement a Housing Infrastructure Revolving Loan Program and
12 shall create and administer a revolving loan fund to provide low- to no-interest
13 loans to developers of residential units and municipalities of jurisdiction for
14 investments in infrastructure to support the construction of housing and mixed-
15 use developments. The Agency may utilize a reasonable percentage of
16 appropriations made to the Agency for the Program to administer the Program.
17 The Agency may cooperate with and subgrant funds to State agencies and
18 political subdivisions and public and private organizations in order to carry out
19 the purposes of this section.

1 (b) Loans; maximum interest rate. The Agency shall determine the term
2 and interest rate of a loan. In no case shall the interest rate of a loan offered
3 under the Program exceed one and a half percent per annum.

4 (c) Program design. When designing and implementing the Program, the
5 Agency shall consult stakeholders and experts in the field.

6 (d) Revolving funds. The Agency shall retain payments of principal,
7 interest, and any fees in a revolving loan fund, the amounts of which it shall
8 use to issue future loans through the Program.

9 Sec. 30. HOUSING INFRASTRUCTURE REVOLVING LOAN FUND

10 APPROPRIATION

11 The sum of \$8,000,000.00 is appropriated from the General Fund to the
12 Vermont Housing Finance Agency in fiscal year 2025 for the Housing
13 Infrastructure Revolving Loan Fund.

14 * * * Vermont State University Housing Development * * *

15 Sec. 31. VERMONT STATE UNIVERSITY HOUSING DEVELOPMENT

16 APPROPRIATION

17 The sum of \$2,500,000.00 is appropriated from the General Fund to the
18 Vermont Department of Buildings and General Services in fiscal year 2025 for
19 the rehabilitation of 50 units on the Vermont State University Johnson campus,
20 to be made available to rent to the general public at HUD Fair Market Rent.

1 amount of the subsidy remains with the home to offset the cost to future
2 income-eligible homebuyers; ~~or~~

3 (B) the Agency recaptures the subsidy upon sale of the home and
4 uses it for future awards under this Program; or

5 (C) the subsidy is subject to a housing subsidy covenant, as defined
6 in 27 V.S.A. § 610, that preserves the affordability of the home for a period of
7 99 years or longer.

8 (3) The Agency shall allocate not less than 33 percent of the funds
9 available through the Program to projects that include a housing subsidy
10 covenant consistent with subdivision (2)~~(B)~~(C) of this subsection.

11 * * *

12 Sec. 33. VERMONT AFFORDABLE HOME DEVELOPMENT PROGRAM
13 APPROPRIATION

14 The sum of \$5,000,000.00 is appropriated from the General Fund to the
15 Vermont Housing Finance Agency in fiscal year 2025 for the Vermont
16 Affordable Home Development Program established by 2022 Acts and
17 Resolves No. 182, Sec. 11, as amended from time to time.

18 * * * Effective Dates * * *

19 Sec. 34. EFFECTIVE DATES

20 This act shall take effect on July 1, 2024, except Sec. 22 (grand list
21 contents, 32 V.S.A. § 4152(a)) shall take effect on July 1, 2037.