

1 H.865

2 Introduced by Committee on General, Housing and Military Affairs

3 Date:

4 Subject: Housing

5 Statement of purpose of bill as introduced: This bill proposes to authorize and
6 fund infrastructure improvements to support the development of workforce
7 housing through two or more pilot projects; to authorize planning grants to
8 municipalities seeking to create a designated downtown development district,
9 designated new town center, designated growth center, or designated
10 neighborhood development area or amend their bylaws to promote workforce
11 housing and smart growth; and to extend the First Time Homebuyer's Down
12 Payment Assistance Program through the Vermont Housing Finance Agency.

13 An act relating to promoting workforce housing

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

15 * * * Purpose and Intent * * *

16 Sec. 1. PURPOSE

17 The purpose of this act is to promote the creation of workforce housing:

18 (1) by creating two or more workforce housing pilot projects in targeted
19 areas that benefit from funding for infrastructure improvements;

1 (2) by funding grants to municipalities so they can pursue designated
2 downtown development districts, designated new town centers, designated
3 growth centers, and designated neighborhood development areas, and by
4 capitalizing on the existing regulatory benefits for these designated areas to
5 promote the creation of new workforce housing; and

6 (3) by extending the First Time Homebuyer's Down Payment
7 Assistance Program through the Vermont Housing Finance Agency to provide
8 loans to more Vermont employees for down payment assistance and closing
9 costs.

10 * * * Workforce Housing Pilot Projects * * *

11 Sec. 2. WORKFORCE HOUSING PILOT PROJECTS;

12 INFRASTRUCTURE IMPROVEMENTS; APPROPRIATION

13 (a) Definition. As used in this act, "workforce housing pilot project"
14 means a discrete project located on a single tract or multiple contiguous tracts
15 of land that consists exclusively of owner-occupied housing or rental housing,
16 or both, that meets each of the following:

17 (1) The project includes 12 or more independent dwelling units, which
18 may be detached or connected.

19 ~~(2) At least 25 percent of the units will be owned by or rented to~~
20 ~~occupants whose gross annual household income does not exceed 80 percent of~~
21 ~~the county median income, or 80 percent of the standard metropolitan~~

1 statistical area income if the municipality is located in such an area, as defined
2 by the U.S. Department of Housing and Urban Development, and the total
3 annual cost of the housing, including principal, interest, taxes, insurance, and
4 condominium association fees for owner-occupied housing, and rent, utilities,
5 and condominium association fees for rental housing, is not more than
6 30 percent of the gross annual household income.

7 (3) At least 50 percent of the remaining units will be owned by or rented
8 to occupants whose gross annual household income does not exceed
9 120 percent of the county median income, or 120 percent of the standard
10 metropolitan statistical area income if the municipality is located in such an
11 area, as defined by the U.S. Department of Housing and Urban Development,
12 and the total annual cost of the housing, including principal, interest, taxes,
13 insurance, and condominium association fees, is not more than 30 percent of
14 the gross annual household income.

(2)(A) A minimum of 25 percent of the total number of units in the
project will be owned by or rented to occupants whose gross annual household
income does not exceed 80 percent of:

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

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

(B) the total annual cost of the housing, including principal, interest, taxes, insurance, and condominium association fees for owner-occupied housing, and rent, utilities, and condominium association fees for rental housing, is not more than 30 percent of the gross annual household income.

(3)(A) A minimum of 50 percent of the total number of units in the project will be owned by or rented to occupants whose gross annual household income exceeds 80 percent, but does not exceed 120 percent, of:

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

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

(B) the total annual cost of the housing, including principal, interest, taxes, insurance, and condominium association fees, is not more than 30 percent of the gross annual household income.

1 (4) The project will:

1 (A) be located in a designated downtown development district,
2 designated new town center, designated growth center, or designated
3 neighborhood development area under 24 V.S.A. chapter 76A; or

4 (B)(i) have a minimum residential density greater than or equal to
5 four single-family detached dwelling units per acre, exclusive of accessory
6 dwelling units as defined in 24 V.S.A. § 4303, or no fewer than the average
7 existing density of the surrounding neighborhood, whichever is greater; and

8 (ii) the area in which the project is located represents a logical
9 extension of an existing compact settlement pattern and is consistent with
10 smart growth principles as defined in 24 V.S.A. § 2791.

11 (b) Pilot projects.

12 ~~(1) Of the amounts authorized in fiscal years 2016–2017 for capital~~
13 ~~construction and State bonding pursuant to 32 V.S.A. § 701a, the amount of~~
14 ~~\$1,000,000.00 is appropriated to the Vermont Housing and Conservation~~
15 ~~Board for the purpose of awarding grants to fund infrastructure improvements~~
16 ~~benefitting two or more workforce housing pilot projects pursuant to this~~
17 ~~section.~~

(1) Of the amounts appropriated to the Agency of Human Services to
replace legacy technologies pursuant to 2010 Acts and Resolves No. 156, Sec.
D.106(c)(1), as amended by 2011 Acts and Resolves No. 63, Sec. C.100, the
amount of \$1,000,000.00 is hereby appropriated to the Vermont Housing and

Conservation Board for the purpose of awarding grants to fund infrastructure
improvements benefitting two or more workforce housing pilot projects
pursuant to this section.

1 (2) The Board, in consultation with the Department of Housing and
2 Community Development, shall create an application and approval process to
3 select two or more workforce housing pilot projects to provide the funding for
4 all or a portion of infrastructure improvements that benefit the project or
5 projects.

6 (c) Eligibility.

7 (1) Not more than one project may be located in a municipality with a
8 population of more than 10,000 full-time residents.

9 (2) Eligible infrastructure improvements shall include roads, sidewalks,
10 bridges, culverts, water, wastewater, stormwater, and other utilities.

11 (3) To remain eligible for grant funds, the person developing a project
12 shall complete the project within two years from the effective date of a grant
13 agreement with the Board.

14 (4) The Board shall give preference to proposals in which some or all of
15 the units required by subdivision (a)(2) of this section are subject to covenants
16 or other restrictions that make them perpetually affordable.

17 (d) Reports.

1 (1) On or before December 15, 2016, the Vermont Housing and
2 Conservation Board shall submit an initial report to the House Committees on
3 Commerce and Economic Development and on General, Housing and Military
4 Affairs and the Senate Committee on Economic Development, Housing and
5 General Affairs, on action it has taken pursuant to this act, the status of any
6 workforce housing pilot projects, and any recommendations for additional
7 administrative or legislative action.

8 (2) On or before December 15, 2016, the Agency of Commerce and
9 Community Development shall report to the House Committees on Commerce
10 and Economic Development and on General, Housing and Military Affairs and
11 the Senate Committee on Economic Development, Housing and General
12 Affairs on the following:

13 (A) A review of existing statute and programs such as property tax
14 reallocation as a tool to potentially update existing housing stock.

15 (B) Data from the Agency of Natural Resources, the Agency of
16 Agriculture, Food and Markets, and the Natural Resources Board with respect
17 to priority housing projects.

18 (i) For each such project, these agencies shall provide in the
19 report:

20 (I) Whether the project received an exemption under 10 V.S.A.
21 chapter 151 (Act 250).

1 (II) The amount of the fee savings under Act 250.

2 (III) The amount of the fee savings under permit programs
3 administered by the Agency of Natural Resources.

4 (IV) The cost under 10 V.S.A. § 6093 to mitigate primary
5 agricultural soils and a comparison to what that cost of such mitigation would
6 have been if the project had not qualified as a priority housing project.

7 (ii) Based on this data, the report shall summarize the benefits
8 provided to priority housing projects.

9 (iii) In this subdivision (B), “primary agricultural soils” and
10 “priority housing project” have the same meaning as in 10 V.S.A. § 6001.

11 (C) The results of a process led by the Executive Director of the
12 Vermont Economic Progress Council to engage stakeholders, including
13 representatives of the private lending industry; the private housing
14 development industry; a municipality that has an Tax Increment Financing
15 District; a municipality that has an designated downtown, growth center, or
16 neighborhood development area; a municipality that has a priority housing
17 project; the Department of Housing and Community Development; the
18 Department of Economic Development; the Department of Taxes; and the
19 Vermont Housing and Conservation Board, to investigate alternative municipal
20 infrastructure financing to enable smaller communities to build the needed

1 infrastructure to support mixed-income housing projects in communities
2 around the State.

3 (3) On or before December 15, 2018, the Vermont Housing and
4 Conservation Board shall submit a final report to the House Committees on
5 Commerce and Economic Development and on General, Housing and Military
6 Affairs and the Senate Committee on Economic Development, Housing and
7 General Affairs on action it has taken pursuant to this act, the status of any
8 workforce housing pilot projects, and any recommendations for additional
9 administrative or legislative action.

10 *Sec. 3. [Deleted.]*

11 ~~*** Municipal Planning Grants ***~~

12 ~~Sec. 3. MUNICIPAL PLANNING GRANTS; HOUSING;~~
13 ~~APPROPRIATION~~

14 ~~(a) In fiscal year 2017, the sum of \$50,000.00 is appropriated from the~~
15 ~~General Fund to the Department of Housing and Community Development to~~
16 ~~support municipalities in seeking designation of a designated downtown~~
17 ~~development district, designated new town center, designated growth center, or~~
18 ~~designated neighborhood development area under 24 V.S.A. chapter 76A, or~~
19 ~~amending their land use bylaws under 24 V.S.A. chapter 117 to promote~~
20 ~~increased supply of housing, or both.~~

1 ~~(b) The Department shall award one or more grants on or before~~
2 ~~December 31, 2016 through a competitive process that allows an eligible~~
3 ~~municipality or municipalities to compete regardless of size, provided that to~~
4 ~~receive funds, a municipality shall be confirmed under 24 V.S.A. § 4350.~~

5 * * * First Time Homebuyer's Down Payment Assistance Program;

6 Vermont Housing Finance Agency * * *

7 Sec. 4. 32 V.S.A. § 5930u is amended to read:

8 ~~§ 5930u. TAX CREDIT FOR AFFORDABLE HOUSING~~

9 * * *

10 (g)(1) In any fiscal year, the allocating agency may award up to:

11 (A) \$400,000.00 in total first-year credit allocations to all applicants
12 for rental housing projects, for a total aggregate limit of \$2,000,000.00 over
13 any given five-year period that credits are available under this subdivision;

14 (B) \$300,000.00 in total first-year credit allocations for
15 owner-occupied unit financing or down payment loans consistent with the
16 allocation plan, including for new construction and manufactured housing, for
17 a total aggregate limit of \$1,500,000.00 over any given five-year period that
18 credits are available under this subdivision.

19 (2) In fiscal years 2016, 2017, ~~and 2018,~~ 2019, 2020, 2021, and 2022,
20 the allocating agency may award up to \$125,000.00 in total first-year credit
21 allocations for loans through the Down Payment Assistance Program created in

1 ~~subdivision (b)(2) of this section for a total aggregate limit of \$375,000.00~~
2 ~~\$625,000.00 over the any given five-year period that credits are available~~
3 ~~under this subdivision.~~

4 ~~(h) The aggregate limit for all credit allocations available under this section~~
5 ~~in any fiscal year is \$3,875,000.00. [Repealed.]~~

§ 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

** * **

(g)(1) In any fiscal year, the allocating agency may award up to:

(A) \$400,000.00 in total first-year credit allocations to all applicants for rental housing projects, for ~~a total~~ an aggregate limit of \$2,000,000.00 over any given five-year period that credits are available under this subdivision (A);

(B) \$300,000.00 in total first-year credit allocations for owner-occupied unit financing or down payment loans consistent with the allocation plan, including for new construction and manufactured housing, for ~~a total~~ an aggregate limit of \$1,500,000.00 over any given five-year period that credits are available under this subdivision (B).

(2) ~~In fiscal years 2016, 2017, and 2018, the allocating agency may award up to \$125,000.00 in total first year credit allocations for loans through the Down Payment Assistance Program created in subdivision (b)(2) of this~~

~~section for a total aggregate limit of \$375,000.00 over the five year period that credits are available under this subdivision.~~

~~In any fiscal year, total first-year credit allocations under subdivision (1) of this subsection plus succeeding-year deemed allocations shall not exceed \$3,500,000.00.~~

~~(h) The aggregate limit for all credit allocations available under this section in any fiscal year is \$3,875,000.00.~~

~~(1) In fiscal year 2016 through fiscal year 2022, the allocating agency may award up to \$125,000.00 in total first-year credit allocations for loans through the Down Payment Assistance Program created in subdivision (b)(2) of this section.~~

~~(2) In any fiscal year, total first-year credit allocations under subdivision (1) of this subsection plus succeeding-year deemed allocations shall not exceed \$625,000.00.~~

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~~*** Effective Date ***~~

~~Sec. 5. EFFECTIVE DATE~~

~~This act shall take effect on July 1, 2016.~~

~~Sec. 5. VERMONT HEALTH BENEFIT EXCHANGE~~

~~TECHNOLOGY; SUSTAINABILITY ANALYSIS; REPORT;~~

~~(a)(1) The Joint Fiscal Office, in collaboration with one or more independent third parties pursuant to contracts negotiated for that purpose,~~

shall conduct an analysis and provide a report to the General Assembly on or before December 1, 2016 on the current functionality and long-term sustainability of the technology for Vermont's Health Benefit Exchange, including a review of the deficiencies in Vermont Health Connect functionality and the integration, connectivity, and business logic of each as they pertain to both the back-end systems and the user interface of Vermont Health Connect.

(2) The analysis shall provide recommendations for improving the function, efficiency, reliability, operations, and customer experience of the technology going forward.

(3) The report shall include an evaluation of the investment value of existing components of the Exchange technology and the contractor's assessment of the feasibility and cost-effectiveness of leveraging existing components of the Vermont Health Benefit Exchange as part of the technology for a larger, integrated eligibility system, including reviewing changes other states have made to the Exchange components of their technology infrastructure.

(4) The analysis and report shall provide a comparison of the investments required to ensure a sustainable State-based Exchange through further investment in Vermont Health Connect's current technology, including any opportunities to build on other states' Exchange technology, with the

estimated investments that would be required to transition to a fully or partially federally facilitated Exchange.

(b) In conducting the analysis and report pursuant to this section, and in preparing any requests for proposals from independent third parties, the Joint Fiscal Office shall consult with health insurers offering qualified health plans on Vermont Health Connect.

(c) The General Assembly shall provide ongoing oversight and review of the analysis and report.

Sec. 6. FISCAL YEAR 2016; REVERSIONS; APPROPRIATIONS

(a) Notwithstanding any provision of law to the contrary, and in addition to any other reversions in fiscal year 2016, the following amounts appropriated in fiscal year 2016 to the following sources shall revert to the General Fund:

(1) from the Office of the State Treasurer, the amount of \$115,000.00;

(2) from the Green Mountain Care Board, the amount of \$109,320.00.

(b) The amount of \$224,320.00 is appropriated in fiscal year 2016 from the General Fund to the Joint Fiscal Office for the purpose of implementing Sec. 5 of this act.

Sec. 7. FISCAL YEAR 2017; APPROPRIATION; ALLOCATION

(a) Of the amounts appropriated in fiscal year 2017 from the General Fund to the Agency of Agriculture, Food and Markets, the amount of \$175,680.00 is

appropriated from the Agency to the Joint Fiscal Office for the purpose of implementing Sec. 5 of this act.

(b) The Commissioner of Finance and Management shall exercise his or her authority pursuant to 32 V.S.A. § 511 (allocation of excess receipts) to allocate \$175,680.00 to the Agency of Agriculture, Food and Markets.

Sec. 8. EFFECTIVE DATES

(a) This section and Sec. 6 (FY 2016 reversion; appropriation) shall take effect on passage.

(b) Secs. 1, 2, and 4 (workforce housing), 5 (health benefit exchange study), and 7 (FY 2017 appropriation; allocation) shall take effect on July 1, 2016.