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S.210

Introduced by Senators Sirotkin, Balint, Clarkson and Ram Hinsdale

Referred to Committee on Economic Development, Housing and General
Affairs

Date: January 7, 2022

Subject: Housing

Statement of purpose of bill as introduced: This bill proposes to improve
rental housing health and safety and expand opportunities for affordable
housing.

An act relating to rental housing health and safety and affordable housing

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

~~*** Department of Public Safety; Authority for Rental Housing~~

Health and Safety ***

Sec. 1. 20 V.S.A. chapter 172 is added to read:

CHAPTER 172. RENTAL HOUSING HEALTH AND SAFETY;
INSPECTION; REGISTRATION

§ 2676. DEFINITION

As used in this chapter, “rental housing” means:

(1) a “premises” as defined in 9 V.S.A. § 4451 that is subject to 9 V.S.A.

~~chapter 137 (residential rental agreements), and~~

1 ~~(2) a "short term rental" as defined in 18 V.S.A. § 4301 and subject to~~
2 ~~18 V.S.A. chapter 85, subchapter 7.~~

3 § 2677. RENTAL HOUSING; RULES; INSPECTIONS; PENALTY

4 (a) Rules. The Commissioner of Public Safety may adopt rules to
5 prescribe standards for the health, safety, sanitation, and fitness for habitation
6 of rental housing that the Commissioner determines are necessary to protect
7 the public, property owners, and property against harm.

8 (b) Inspections.

9 (1) After adopting rules pursuant to subsection (a) of this section, the
10 Commissioner shall design and implement a complaint-driven system to
11 conduct inspections of rental housing.

12 (2) When conducting an inspection, the Commissioner shall:

13 (A) issue a written inspection report on the unit or building that:

14 (i) contains findings of fact that serve as the basis of one or more
15 violations;

16 (ii) specifies the requirements and timelines necessary to correct a
17 violation;

18 (iii) provides notice that the landlord is prohibited from renting
19 the affected unit to a new tenant until the violation is corrected, and

1 ~~(iv) provides notice in plain language that the landlord or agents~~
2 of the landlord must have access to the rental unit to make repairs as ordered
3 by the Commissioner consistent with the access provisions in 9 V.S.A. § 4460;

4 (B) provide a copy of the inspection report to the landlord, to the
5 person who requested the inspection, and to any tenants who are affected by a
6 violation:

7 (i) electronically, if the Department has an electronic mailing
8 address for the person; or

9 (ii) by first-class mail, if the Department does not have an
10 electronic mailing address for the person;

11 (C) if an entire building is affected by a violation, provide a notice of
12 inspection directly to the individual tenants, and may also post the notice in a
13 common area, that specifies:

14 (i) the date of the inspection;

15 (ii) that violations were found and must be corrected by a certain
16 date;

17 (iii) how to obtain a copy of the inspection electronically or by
18 first-class mail; and

19 (iv) if the notice is posted in a common area, that the notice shall
20 not be removed until authorized by the Commissioner; and

21 ~~(D) make the inspection report available as a public record.~~

1 ~~(c) Penalties. If the person responsible for a violation does not comply~~
2 ~~with the requirements and timelines specified in an inspection report issued~~
3 ~~pursuant to subsection (b) of this section, the Commissioner may impose an~~
4 ~~administrative penalty that is reasonably related to the severity of the violation,~~
5 ~~not to exceed \$1,000.00 per violation.~~

6 § 2678. RENTAL HOUSING REGISTRATION

7 (a) Registration. Except as otherwise provided in subsection (b) of this
8 section, annually on or before March 1, the owner of each unit of rental
9 housing that in the previous year was leased or offered for lease shall pay to
10 the Department of Housing and Community Development an annual
11 registration fee of \$35.00 per unit and provide the following information:

12 (1) the name and mailing address of the owner, landlord, and property
13 manager of the unit, as applicable;

14 (2) the phone number and electronic mail address of the owner,
15 landlord, and property manager of the unit, as available;

16 (3) the location of the unit;

17 (4) the year built;

18 (5) the type of rental unit;

19 (6) the number of units in the building;

20 (7) the school property account number;

21 ~~(8) the accessibility of the unit, and~~

1 ~~(9) any other information the Department deems appropriate.~~

2 (b) Exceptions.

3 (1) Unit registered with another program.

4 (A) The registration requirement imposed in subsection (a) of this
5 section does not apply to a unit that is currently registered with a municipal,
6 district, or other local government rental housing health and safety program
7 that requires the owner to register the unit and provide the data required in
8 subsection (a) of this section.

9 (B) The fee requirement imposed in subsection (a) of this section
10 does not apply to a unit that is currently registered with a municipal, district,
11 or other local government rental housing health and safety program that
12 requires the owner to register the unit and provide the data required in
13 subsection (a) of this section and for which program the owner is required to
14 pay a registration fee.

15 (2) Mobile homes.

16 (A) The registration requirement imposed in subsection (a) of this
17 section does not apply to a mobile home lot within a mobile home park if:

18 (i) the owner has registered the lot with the Department of
19 Housing and Community Development; and

20 ~~(ii) the owner does not own a mobile home on the lot.~~

1 ~~(B) An owner of a mobile home lot within a mobile home park who~~
2 ~~has registered the lot with the Department and who owns a mobile home on~~
3 ~~the lot that is available for rent or rented shall register the property with the~~
4 ~~Department pursuant to subsection (a) of this section and pay a fee equal to the~~
5 ~~fee required, less any fee paid within the previous 12 months pursuant to~~
6 ~~10 V.S.A. § 6254(c).~~

7 (C) An owner of a mobile home who rents the mobile home, whether
8 or not located in a mobile home park, shall register pursuant to this section.

9 (3) Unit not offered to general public. The registration and fee
10 requirements imposed in subsection (c) of this section do not apply to a unit
11 that an owner provides to another person, whether or not for consideration, if,
12 and only to the extent that, the owner does not otherwise make the unit
13 available for lease to the general public, and includes:

14 (A) housing provided to a member of the owner's family or personal
15 acquaintances;

16 (B) housing provided to a person who is not related to a member of
17 the owner's household and who occupies the housing as part of a nonprofit
18 home-sharing program; and

19 (C) housing provided to a person who provides personal care to the
20 owner or a member of the owner's household.

1 ~~(4) Licensed lodging establishment. The registration and fee~~
2 requirements imposed in subsection (a) of this section do not apply to a
3 lodging establishment, as defined in 18 V.S.A. § 4301, that is required to be
4 licensed by the Department of Health.

5 (5) Units accessory to an owner-occupied residence. The registration
6 and fee requirements imposed in subsection (a) of this section do not apply to
7 a property with not more than three units if the units available for rent are
8 located on or in the property of an owner's primary residence.

9 (6) Nonwinterized, seasonal units. The registration and fee
10 requirements imposed in subsection (a) of this section do not apply to a
11 seasonal unit that is unheated and unavailable for rent during the winter
12 months.

(7) Units rented for fewer than 90 days. The registration and fee
requirements imposed in subsection (a) of this section do not apply to a unit
that is rented for fewer than 90 days per calendar year.

13 ~~(7)~~ (8) Housing provided as a benefit of farm employment. The
14 registration and fee requirements imposed in subsection (a) of this section do
15 not apply to a unit of housing that is provided as a benefit of farm
16 employment, as defined in 9 V.S.A. § 4469a(a)(3).

17 (c) Administration.

18 (1) The Department of Housing and Community Development shall
19 maintain the registry of rental housing data in coordination with the

1 ~~Department of Public Safety, the Department of Health, the Enhanced 911~~
2 ~~Board, and the Department of Taxes.~~

3 ~~(2) Upon request, and at least annually, a municipal, district, or other~~
4 ~~local government entity that operates a rental housing health and safety~~
5 ~~program that requires registration of a rental housing unit and a fee for~~
6 ~~inclusion on its registry shall provide to the Department of Housing and~~
7 ~~Community Development the data for each unit that is required pursuant to~~
8 ~~subsection (a) of this section.~~

9 ~~(3)(A) The data the Department collects pursuant to this section is~~
10 ~~exempt from public inspection and copying pursuant to 1 V.S.A. § 317(c)(1).~~

11 ~~(B) The Department:~~

12 ~~(i) may disclose data it collects pursuant to this section only to~~
13 ~~other State, municipal, or regional government entities; nonprofit~~
14 ~~organizations; or other persons for the purposes of protecting public health and~~
15 ~~safety;~~

16 ~~(ii) shall not disclose data it collects pursuant to this section for a~~
17 ~~commercial purpose; and~~

18 ~~(iii) shall require, as a condition of receiving data collected~~
19 ~~pursuant to this section, that a person to whom the Department discloses the~~
20 ~~data takes steps necessary to protect the privacy of persons whom the data~~
21 ~~concerns and to prevent further disclosure.~~

1 ~~(d) Rental Housing Safety Special Fund. The Department shall maintain~~
2 ~~the fees collected pursuant to this section in a special fund entitled the Rental~~
3 ~~Housing Safety Special Fund, the proceeds of which the Department shall use:~~

4 ~~(1) to hire authorized staff to administer the registry and registration~~
5 ~~requirements imposed in this section; and~~

6 ~~(2) to provide funding to the Department of Public Safety to hire~~
7 ~~authorized staff to conduct inspections and regulate rental housing pursuant to~~
8 ~~section 2677 of this title.~~

9 * * * Penalty for Failure to Register * * *

10 Sec. 2. 20 V.S.A. § 2678(e) is added to read:

11 ~~(e) Failure to register; penalty. The Department of Housing and~~
12 ~~Community Development shall impose an administrative penalty of not more~~
13 ~~than \$200.00 per unit for an owner of rental housing who knowingly fails to~~
14 ~~register or pay the fee required pursuant to this section.~~

15 * * * Registration; Prospective Repeal * * *

16 Sec. 3. REPEAL

~~20 V.S.A. § ~~2678(d)(7)~~2678(b)(8) (exemption for housing provided as a~~
~~benefit of farm employment) is repealed.~~

~~*** Positions Authorized ***~~

Sec. 4. DEPARTMENT OF PUBLIC SAFETY; POSITIONS

~~(a) The Department of Public Safety is authorized to create five full-time classified Inspector positions in order to conduct rental housing health and safety inspections and enforcement pursuant to 20 V.S.A. chapter 172.~~

~~(b) In fiscal year 2023, of the amounts available to the State from federal COVID-19 relief funds, the amount of \$100,000.00 is appropriated to the Department of Public Safety as one-time startup funding to hire one or more Inspector positions authorized pursuant to subsection (a) of this section.~~

~~(c) The Department may hire additional Inspectors authorized by this section to the extent funds become available from the Rental Housing Safety Special Fund created and maintained pursuant to 20 V.S.A. § 2678(d).~~

Sec. 5. DEPARTMENT OF HOUSING AND COMMUNITY
DEVELOPMENT; POSITIONS

~~(a) The Department of Housing and Community Development is authorized to create one full-time classified position and one half-time classified position to administer and enforce the registry requirements created in 20 V.S.A. § 2678.~~

~~(b) In fiscal year 2023, of the amounts available to the State from federal COVID-19 relief funds, the amount of \$300,000.00 is appropriated to the Department of Housing and Community Development as one-time startup~~

1 ~~funding to hire one or more of the positions authorized pursuant to subsection~~

2 ~~(a) of this section.~~

3 ~~(c) The Department may hire additional staff authorized by this section to~~

4 ~~the extent funds become available from the Rental Housing Safety Special~~

5 ~~Fund created and maintained pursuant to 20 V.S.A. § 2078(d).~~

~~Sec. 4. DEPARTMENT OF PUBLIC SAFETY, POSITIONS~~

~~(a) The Department of Public Safety is authorized to create five full-time classified Inspector positions in order to conduct rental housing health and safety inspections and enforcement pursuant to 20 V.S.A. chapter 172.~~

~~(b) The Department may hire additional Inspectors authorized by this section to the extent funds become available from the Rental Housing Safety Special Fund created and maintained pursuant to 20 V.S.A. § 2678(d).~~

~~Sec. 5. DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, POSITIONS~~

~~(a) The Department of Housing and Community Development is authorized to create one full-time classified position and one half-time classified position to design and implement the registry created in, and to administer and enforce the registry requirements of, 20 V.S.A. § 2678.~~

~~(b) The Department may hire additional staff authorized by this section to the extent funds become available from the Rental Housing Safety Special Fund created and maintained pursuant to 20 V.S.A. § 2678(d).~~

6 * * * Conforming Changes to Current Law Governing the Department of

7 Health, State Board of Health, and Local Health Officials * * *

8 Sec. 6. 18 V.S.A. chapter 11 is amended to read:

9 CHAPTER 11. LOCAL HEALTH OFFICIALS

10 * * *

11 § 602a. DUTIES OF LOCAL HEALTH OFFICERS

12 ~~(a) A local health officer, within his or her jurisdiction, shall~~

1 ~~(1) upon request of a landlord or tenant, or upon receipt of information~~
2 regarding a condition that may be a public health hazard, conduct an
3 investigation;

4 (2) enforce the provisions of this title, the rules promulgated, and
5 permits issued thereunder;

6 (3) prevent, remove, or destroy any public health hazard, or mitigate
7 any significant public health risk in accordance with the provisions of this title;

8 (4) in consultation with the Department, take the steps necessary to
9 enforce all orders issued pursuant to chapter 3 of this title; and

10 (5) have the authority to assist the Department of Public Safety in
11 inspecting rental housing pursuant to 20 V.S.A. chapter 172, provided that if
12 the local health officer inspects a rental property without an inspector from the
13 Division, the officer shall issue an inspection report in compliance with
14 20 V.S.A § 2677(b)(2).

15 (b) Upon discovery of violation or a public health hazard or public health
16 risk that involves a public water system, a food or lodging establishment, or
17 any other matter regulated by Department rule, the local health officer shall
18 immediately notify the Division of Environmental Health. Upon discovery of
19 any other violation, public health hazard, or public health risk, the local health
20 officer shall notify the Division of Environmental Health within 48 hours of
21 ~~discovery of such violation or hazard and of any action taken by the officer.~~

~~603. RENTAL HOUSING SAFETY, INSPECTION REPORTS~~

~~(1) When conducting an investigation of rental housing, a local health officer shall issue a written inspection report on the rental property using the protocols for implementing the Rental Housing Health Code of the Department or the municipality, in the case of a municipality that has established a code enforcement office.~~

~~(2) A written inspection report shall:~~

~~(A) contain findings of fact that serve as the basis of one or more violations;~~

~~(B) specify the requirements and timelines necessary to correct a violation;~~

~~(C) provide notice that the landlord is prohibited from renting the affected unit to a new tenant until the violation is corrected; and~~

~~(D) provide notice in plain language that the landlord and agents of the landlord must have access to the rental unit to make repairs as ordered by the health officer consistent with the access provisions in 9 U.S.A. § 4460.~~

~~(3) A local health officer shall:~~

~~(A) provide a copy of the inspection report to the landlord and any tenants affected by a violation by delivering the report electronically, in person, by first class mail, or by leaving a copy at each unit affected by the deficiency, and~~

1 ~~(P)(i) if a municipality has established a code enforcement office,~~
2 ~~provide information on each inspection according to a schedule and in a~~
3 ~~format adopted by the Department in consultation with municipalities that~~
4 ~~have established code enforcement offices; or~~

5 ~~(ii) if a municipality has not established a code enforcement~~
6 ~~office, provide information on each inspection to the Department within seven~~
7 ~~days of issuing the report using an electronic system designed for that purpose,~~
8 ~~or within 14 days by mail if the municipality is unable to utilize the electronic~~
9 ~~system.~~

10 ~~(4) If an entire property is affected by a violation, the local health~~
11 ~~officer shall post a copy of the inspection report in a common area of the~~
12 ~~property and include a prominent notice that the report shall not be removed~~
13 ~~until authorized by the local health officer.~~

14 ~~(5) A municipality shall make an inspection report available as a public~~
15 ~~record.~~

16 ~~(b)(1) A local health officer may impose a civil penalty of not more than~~
17 ~~\$200.00 per day for each violation that is not corrected by the date provided in~~
18 ~~the written inspection report, or when a unit is re-rented to a new tenant prior~~
19 ~~to the correction of a violation.~~

20 ~~(2)(A) If the cumulative amount of penalties imposed pursuant to this~~
21 ~~subsection is \$800.00 or less, the local health officer, Department of Health, or~~

1 ~~State's Attorney may bring a civil enforcement action in the Judicial Bureau~~
2 ~~pursuant to 4 V.S.A. chapter 29.~~

3 ~~(B) The waiver penalty for a violation in an action brought pursuant~~
4 ~~to this subsection is 50 percent of the full penalty amount.~~

5 ~~(3) If the cumulative amount of penalties imposed pursuant to this~~
6 ~~subsection is more than \$800.00, or if injunctive relief is sought, the local~~
7 ~~health officer, Department of Health, or State's Attorney may commence an~~
8 ~~action in the Civil Division of the Superior Court for the county in which a~~
9 ~~violation occurred.~~

10 ~~(c) If a local health officer fails to conduct an investigation pursuant to~~
11 ~~section 602a of this title or fails to issue an inspection report pursuant to this~~
12 ~~section, a landlord or tenant may request that the Department, at its discretion,~~
13 ~~conduct an investigation or contact the local board of health to take action.~~

14 ~~[Repealed.]~~

15 * * *

16 * * * Transition Provisions * * *

17 Sec. 7. RENTAL HOUSING HEALTH AND SAFETY; TRANSITION
18 PROVISIONS

19 (a) Notwithstanding any provision of law to the contrary:

20 (1) Until the Commissioner of Public Safety adopts rules governing

21 rental housing health and safety pursuant to 20 V.S.A. § 2677, the Department

1 ~~of Health, local officials authorized by law, and the Department of Public~~
2 Safety have concurrent authority to enforce the Vermont Rental Housing
3 Health Code adopted by the Department of Health pursuant to 18 V.S.A.
4 § 102, 3 V.S.A. § 3003(a), and 3 V.S.A. § 801(b)(11).

5 (2) The Commissioner of Public Safety may immediately adopt a rule
6 incorporating the Rental Housing Health Code without following the
7 procedures otherwise required for general rulemaking in 3 V.S.A. chapter 25.

8 (3) Except as provided in subdivision (2) of this subsection, the
9 Commissioner of Public Safety shall comply with the requirements for general
10 rulemaking in 3 V.S.A. chapter 25 when adopting rules governing rental
11 housing health and safety.

12 (b) Upon the adoption of rules governing rental housing health and safety
13 pursuant to the authority in 20 V.S.A. § 2677:

14 (1) the Department of Public Safety is the State government entity with
15 primary authority to enforce State laws governing rental housing health and
16 safety;

17 (2) the Department of Public Safety and local officials have concurrent
18 authority to enforce State and local laws governing rental housing health and
19 safety pursuant to 18 V.S.A. chapter 11; 20 V.S.A. chapter 172, subchapter 2;
20 24 V.S.A. chapters 85 and 125, and applicable municipal law, and

1 ~~(2) the Department of Health, the State Board of Health, and local~~
2 health officials have concurrent authority to enforce State and local laws
3 governing public health hazards and public health risks, as those terms are
4 defined in 18 V.S.A. § 2, pursuant to 18 V.S.A. chapters 1, 3, and 11.

5 * * * Vermont Housing Investments * * *

6 Sec. 8. VERMONT RENTAL HOUSING INVESTMENT PROGRAM;

7 PURPOSE

8 (a) Recognizing that Vermont's rental housing stock is some of the oldest
9 in the country and that much of it needs to be updated to meet code
10 requirements and other standards, the Vermont Rental Housing Investment
11 Program is intended to incentivize private apartment owners to make
12 significant improvements to both housing quality and weatherization by
13 providing grants and forgivable loans that are matched in part by the property
14 owner.

15 (b) The Program seeks to take the lessons learned from the successful Re-
16 housing Recovery Program established with funds provided by the Federal
17 CARES Act and implement them in a State-funded program.

18 Sec. 9. 10 V.S.A. chapter 29, subchapter 3 is added to read:

19 Subchapter 3. Housing; Investments

20 § 699. VERMONT RENTAL HOUSING INVESTMENT PROGRAM

21 (a) Creation of program.

1 ~~(1) The Department of Housing and Community Development shall~~
2 ~~design and implement the Vermont Rental Housing Investment Program~~
3 ~~through which the Department shall award funding to statewide or regional~~
4 ~~nonprofit housing organizations, or both, to provide competitive grants and~~
5 ~~forgivable loans to private landlords for the rehabilitation, including~~
6 ~~weatherization, of eligible rental housing units.~~

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

10 (b) Eligible rental housing units. The following units are eligible for a
11 grant or forgivable loan through the Program:

12 (1) Non-code compliant. The unit does not comply with the
13 requirements of applicable building, housing, or health laws.

14 (2) New accessory dwelling. The unit will be a newly created accessory
15 dwelling unit that meets the requirements of 24 V.S.A. § 4412(1)(E).

16 (c) Administration. The Department shall require a housing organization
17 that receives funding under the Program to adopt:

18 (1) a standard application form that describes the application process
19 and includes instructions and examples to help landlords apply,

1 ~~(2) an award process that ensures equitable selection of landlords~~
2 subject to a housing organization's exercise of discretion based on the factors
3 adopted by the Department pursuant to subsection (a) of this section; and

4 (3) a grant and loan management system that ensures accountability for
5 funds awarded.

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

7 (1) A grant or loan shall not exceed \$30,000.00 per unit.

8 (2) A landlord shall contribute matching funds or in-kind services that
9 equal or exceed 20 percent of the value of the grant or loan.

10 (3) A project may include a weatherization component.

11 (4) A project shall comply with applicable building, housing, and health
12 laws.

13 (5) The terms and conditions of a grant or loan agreement apply to the
14 original recipient and to a successor in interest for the period the grant or loan
15 agreement is in effect.

16 (6) The identity of a recipient and the amount of a grant or forgivable
17 loan are public records that shall be available for public copying and
18 inspection and the Department shall publish this information at least monthly
19 on its website.

1 ~~(e) Program requirements applicable to grants. For a grant awarded under~~
2 ~~the Program, the following requirements apply for a minimum period of five~~
3 ~~years:~~

4 ~~(1) A landlord shall coordinate with nonprofit housing partners and~~
5 ~~local coordinated entry organizations to identify potential tenants.~~

6 ~~(2)(A) Except as provided in subdivision (2)(B) of this subsection (e), a~~
7 ~~landlord shall lease the unit to a household that is exiting homelessness.~~

8 ~~(B) If, upon petition of the landlord, the Department or the housing~~
9 ~~organization that issued the grant determines that a household exiting~~
10 ~~homelessness is not available to lease the unit, then the landlord shall lease the~~
11 ~~unit:~~

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

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

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

18 ~~(B) If no housing voucher or federal or State subsidy is available, the~~
19 ~~total cost of rent for the unit, including utilities not covered by rent payments,~~
20 ~~shall not exceed the applicable fair market rent established by the Department~~
21 ~~of Housing and Urban Development.~~

1 ~~(1)(A) A landlord may convert a grant to a forgivable loan upon~~
2 approval of the Department and the housing organization that approved the
3 grant.

4 (B) A landlord who converts a grant to a forgivable loan shall receive
5 a 10 percent credit for loan forgiveness for each year in which the landlord
6 participates in the grant program.

7 (f) Requirements applicable to forgivable loans. For a forgivable loan
8 awarded under the Program, the following requirements apply for a minimum
9 period of 10 years:

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

12 (B) If no housing voucher or federal or State subsidy is available, the
13 cost of rent for the unit, including utilities not covered by rent payments, shall
14 not exceed the applicable fair market rent established by the Department of
15 Housing and Urban Development.

16 (2) The Department shall forgive 10 percent of the amount of a
17 forgivable loan for each year a landlord participates in the loan program.

18 (g) Lien priority. A lien for a grant converted to a loan or for a forgivable
19 loan issued pursuant to this section is subordinate to.

1 (1) a lien on the property in existence at the time the lien for
2 rehabilitation and weatherization of the rental housing unit is filed in the land
3 records, and

4 (2) a first mortgage on the property that is refinanced and recorded after
5 the lien for rehabilitation and weatherization of the rental housing unit is filed
6 in the land records.

7 Sec. 10. REPORT

8 On or before February 15, 2023, the Department of Housing and
9 Community Development shall report to the General Assembly concerning the
10 design, implementation, and outcomes of the Vermont Housing Investment
11 Program, including findings and any recommendations related to the amount
12 of grant awards.

13 Sec. 11. VERMONT HOMEOWNERSHIP REVOLVING LOAN FUND;

14 PURPOSE

15 (a) The purpose of the Vermont Homeownership Revolving Loan Fund
16 created in Sec. 12 of this act is to provide no-interest loans to increase access
17 to homeownership.

18 (b) The Program is intended to assist Vermonters who otherwise may be
19 unable to purchase a home or who may be unable to afford the costs to
20 rehabilitate, weatherize, or otherwise make necessary improvements to a home
21 they purchase.

1 ~~(c) The Program is also intended to place a special focus on increasing the~~
2 homeownership rates of households identifying as Black, Indigenous, or
3 Persons of Color, who are systematically disenfranchised from financing real
4 estate through traditional banking and have therefore been generationally
5 dispossessed of the ability to develop lasting wealth.

6 Sec. 12. 10 V.S.A. § 699a is added to read:

7 § 699a. VERMONT HOMEOWNERSHIP REVOLVING LOAN FUND

8 (a) Creation of Program. The Department of Housing and Community
9 Development shall design and implement the Vermont Homeownership
10 Revolving Loan Fund, through which the Department shall provide funding to
11 statewide or regional nonprofit housing organizations, or both, to issue no-
12 interest loans to first-time homebuyers.

13 (b) Eligible housing units. The following units are eligible for a loan
14 through the Program:

15 (1) Existing structure. The unit is an existing single-family dwelling, a
16 multifamily dwelling with not more than four units, a mobile home, or a
17 condominium.

18 (2) Accessory dwelling. The unit is an accessory dwelling unit that
19 meets the requirements of 24 V.S.A. § 4412(1)(E).

20 (c) Eligible applicants; priorities.

21 ~~(1) To be eligible for a loan through the Program, an applicant shall.~~

1 (A) be a first time homebuyer in Vermont;

2 (B) have a household income of not more than 120 percent of the
3 area median income; and

4 (C) occupy the dwelling, or a unit within the dwelling, as his or her
5 full-time residence.

6 (2) A housing organization may give priority to an applicant whose
7 employer provides down payment assistance or funding for rehabilitation
8 costs.

9 (d) Administration. The Department shall require a housing organization
10 that receives funding under the Program to adopt:

11 (1) a standard application form that describes the application process
12 and includes instructions and examples to help homebuyers apply;

13 (2) an award process that ensures equitable selection of homebuyers;
14 and

15 (3) a loan management system that ensures accountability for funds
16 awarded.

17 (e) Outreach. Recognizing that Black, Indigenous, and Persons of Color
18 have historically not had access to capital for homeownership purchases and
19 have been systemically discriminated against in the housing market, the
20 Department, working with Vermont chapters of the NAACP, AALV, USCR,
21 the Executive Director of Racial Equity, the Vermont Commission on Native

1 ~~American Affairs, local racial justice organizations, the Vermont Housing~~
2 Finance Agency, and the nonprofit homeownership centers, shall develop a
3 plan of active outreach and implementation to ensure that program
4 opportunities are effectively communicated, and that funds are equitably
5 awarded, to communities of Vermonters who have historically suffered
6 housing discrimination.

7 (f) Program requirements.

8 (1) A loan issued through the Program:

9 (A) shall not exceed a standard limit set by the Department, which
10 shall not exceed \$50,000.00;

11 (B) shall be zero interest, and payments shall be suspended while the
12 homebuyer occupies the home; and

13 (C) shall become due in full upon the sale or transfer of the home or
14 upon refinancing with approval by the Department and the housing
15 organization that issued the loan.

16 (2) A rehabilitation project that is funded by a loan through the Program
17 may include a weatherization component and shall comply with applicable
18 building, housing, and health laws.

19 (3) A homebuyer may use not more than 25 percent of a loan for down
20 payment and closing costs and fees.

21 ~~(4) A homebuyer shall repay a loan.~~

1 ~~(g) Revolving loan fund. The Department shall use the amounts from~~
2 ~~loans that are repaid to provide additional funding through the Program.~~

3 ~~(h) Lien priority. A lien for a loan issued pursuant to this section is~~
4 ~~subordinate to:~~

5 ~~(1) a lien on the property in existence at the time the lien for the loan is~~
6 ~~filed in the land records; and~~

7 ~~(2) a first mortgage on the property that is refinanced and recorded after~~
8 ~~the lien for the loan is filed in the land records.~~

9 Sec. 13. DUTIES CONTINGENT ON FUNDING

10 ~~The duties of the Department of Housing and Community Development~~
11 ~~specified in Secs. 10 and 12 of this act are contingent upon available funding.~~

12 Sec. 14. REPORT

13 ~~On or before February 15, 2023, the Department of Housing and~~
14 ~~Community Development shall report to the General Assembly concerning the~~
15 ~~design, implementation, and outcomes of the Vermont Homeownership~~
16 ~~Revolving Loan Fund created in Sec. 12 of this act, including findings and any~~
17 ~~recommendations related to the amount of loans.~~

18 ~~*** Effective Dates ***~~

19 Sec. 15. EFFECTIVE DATES

20 ~~(a) This section and the following sections shall take effect on July 1,~~
21 ~~2022.~~

- 1 ~~(1) Sec. 1 (DPS authority for rental housing health and safety, rental~~
2 ~~housing registration);~~
- 3 ~~(2) Sec. 4 (DPS positions);~~
- 4 ~~(3) Sec. 5 (DHCD positions);~~
- 5 ~~(4) Sec. 6 (conforming changes to Department of Health statutes);~~
- 6 ~~(5) Sec. 7 (DPS rulemaking authority and transition provisions); and~~
- 7 ~~(6) Secs. 8–14 (housing investment programs).~~
- 8 ~~(b) Sec. 2 (administrative penalty for failure to register) shall take effect on~~
9 ~~July 1, 2023.~~
- 10 ~~(c) Sec. 3 (repeal of registration exemption for housing provided as a~~
11 ~~benefit of farm employment) shall take effect on July 1, 2025.~~

~~Sec. 15. APPROPRIATIONS~~

- ~~(a) Purpose. The purpose of the appropriations in this section are:~~
- ~~(1) to respond to the far-reaching public health and negative economic impacts of the COVID-19 pandemic; and~~
- ~~(2) to ensure that Vermonters and Vermont communities have an adequate supply of safe, affordable housing.~~
- ~~(b) In fiscal year 2022, the amount of \$20,400,000.00 is appropriated from the America Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds as follows:~~
- ~~(1) \$100,000.00 to the Department of Public Safety as one-time startup funding to hire one or more Inspector positions authorized pursuant to Sec. 4 of this act.~~
- ~~(2) \$300,000.00 to the Department of Housing and Community Development as one-time startup funding to hire one or more of the positions authorized pursuant to Sec. 5 of this act.~~

~~(3) \$20,000,000.00 to the Department of Housing and Community Development to implement the Vermont Rental Housing Investment Program created in 10 V.S.A. § 699.~~

Sec. 16. EFFECTIVE DATES

(a) This section and the following sections shall take effect on passage:

(1) Sec. 1 (DPS authority for rental housing health and safety; rental housing registration).

(2) Sec. 4 (DPS positions).

(3) Sec. 5 (DHCD positions).

(4) Sec. 6 (conforming changes to Department of Health statutes).

(5) Sec. 7 (DPS rulemaking authority and transition provisions).

(6) Secs. 8–10 (Vermont Rental Housing Investment Program).

(7) Secs. 11–14 (Vermont Homeownership Revolving Loan Fund).

(8) Sec. 15 (FY 2022 ARPA appropriations).

(b) Sec. 2 (administrative penalty for failure to register rental housing) shall take effect on July 1, 2023.

(c) Sec. 3 (repeal of registration exemption for housing provided as a benefit of farm employment) shall take effect on July 1, 2025.

** * * Department of Public Safety; Authority for Rental Housing
Health and Safety * * **

Sec. 1. 20 V.S.A. chapter 172 is added to read:

CHAPTER 172. RENTAL HOUSING HEALTH AND SAFETY

§ 2676. DEFINITION

As used in this chapter, “rental housing” means:

(1) a “premises” as defined in 9 V.S.A. § 4451 that is subject to 9 V.S.A. chapter 137 (residential rental agreements); and

(2) a “short-term rental” as defined in 18 V.S.A. § 4301 and subject to 18 V.S.A. chapter 85, subchapter 7.

§ 2677. RENTAL HOUSING; RULES; INSPECTIONS; PENALTY

(a) Rules. The Commissioner of Public Safety may adopt rules to prescribe standards for the health, safety, sanitation, and fitness for habitation of rental housing that the Commissioner determines are necessary to protect the public, property owners, and property against harm.

(b) Inspections.

(1) After adopting rules pursuant to subsection (a) of this section, the Commissioner shall design and implement a complaint-driven system to conduct inspections of rental housing.

(2) When conducting an inspection, the Commissioner shall:

(A) issue a written inspection report on the unit or building that:

(i) contains findings of fact that serve as the basis of one or more violations;

(ii) specifies the requirements and timelines necessary to correct a violation;

(iii) provides notice that the landlord is prohibited from renting the affected unit to a new tenant until the violation is corrected; and

(iv) provides notice in plain language that the landlord or agents of the landlord must have access to the rental unit to make repairs as ordered by the Commissioner consistent with the access provisions in 9 V.S.A. § 4460;

(B) provide a copy of the inspection report to the landlord, to the person who requested the inspection, and to any tenants who are affected by a violation:

(i) electronically, if the Department has an electronic mailing address for the person; or

(ii) by first-class mail, if the Department does not have an electronic mailing address for the person;

(C) if an entire building is affected by a violation, provide a notice of inspection directly to the individual tenants, and may also post the notice in a common area, that specifies:

(i) the date of the inspection;

(ii) that violations were found and must be corrected by a certain date;

(iii) how to obtain a copy of the inspection electronically or by first-class mail; and

(iv) if the notice is posted in a common area, that the notice shall not be removed until authorized by the Commissioner; and

(D) make the inspection report available as a public record.

(c) Penalties. If the person responsible for a violation does not comply with the requirements and timelines specified in an inspection report issued

pursuant to subsection (b) of this section, the Commissioner may impose an administrative penalty that is reasonably related to the severity of the violation, not to exceed \$1,000.00 per violation.

* * * Positions Authorized * * *

Sec. 2. DEPARTMENT OF PUBLIC SAFETY; POSITIONS

(a) The Department of Public Safety is authorized to create five full-time classified Inspector positions in order to conduct rental housing health and safety inspections and enforcement pursuant to 20 V.S.A. chapter 172.

(b) The Department may hire the Inspectors authorized by this section with funds appropriated for that purpose in this act.

* * * Conforming Changes to Current Law Governing the Department of Health, State Board of Health, and Local Health Officials * * *

Sec. 3. 18 V.S.A. chapter 11 is amended to read:

CHAPTER 11. LOCAL HEALTH OFFICIALS

* * *

§ 602a. DUTIES OF LOCAL HEALTH OFFICERS

(a) A local health officer, within his or her jurisdiction, shall:

(1) ~~upon request of a landlord or tenant, or upon receipt of information regarding a condition that may be a public health hazard, conduct an investigation;~~

(2) enforce the provisions of this title, the rules promulgated, and permits issued thereunder;

(3) prevent, remove, or destroy any public health hazard; or mitigate any significant public health risk in accordance with the provisions of this title;

(4) in consultation with the Department, take the steps necessary to enforce all orders issued pursuant to chapter 3 of this title; and

(5) have the authority to assist the Department of Public Safety in inspecting rental housing pursuant to 20 V.S.A. chapter 172, provided that if the local health officer inspects a rental property without an inspector from the Division, the officer shall issue an inspection report in compliance with 20 V.S.A § 2677(b)(2).

(b) Upon discovery of violation or a public health hazard or public health risk that involves a public water system, a food or lodging establishment, or any other matter regulated by Department rule, the local health officer shall immediately notify the Division of Environmental Health. Upon discovery of

any other violation, public health hazard, or public health risk, the local health officer shall notify the Division of Environmental Health within 48 hours of discovery of such violation or hazard and of any action taken by the officer.

§ 603. RENTAL HOUSING SAFETY; INSPECTION REPORTS

(a)(1) When conducting an investigation of rental housing, a local health officer shall issue a written inspection report on the rental property using the protocols for implementing the Rental Housing Health Code of the Department or the municipality, in the case of a municipality that has established a code enforcement office.

(2) A written inspection report shall:

(A) contain findings of fact that serve as the basis of one or more violations;

(B) specify the requirements and timelines necessary to correct a violation;

(C) provide notice that the landlord is prohibited from renting the affected unit to a new tenant until the violation is corrected; and

(D) provide notice in plain language that the landlord and agents of the landlord must have access to the rental unit to make repairs as ordered by the health officer consistent with the access provisions in 9 V.S.A. § 4460.

(3) A local health officer shall:

(A) provide a copy of the inspection report to the landlord and any tenants affected by a violation by delivering the report electronically, in person, by first class mail, or by leaving a copy at each unit affected by the deficiency; and

(B)(i) if a municipality has established a code enforcement office, provide information on each inspection according to a schedule and in a format adopted by the Department in consultation with municipalities that have established code enforcement offices; or

(ii) if a municipality has not established a code enforcement office, provide information on each inspection to the Department within seven days of issuing the report using an electronic system designed for that purpose, or within 14 days by mail if the municipality is unable to utilize the electronic system.

(4) If an entire property is affected by a violation, the local health officer shall post a copy of the inspection report in a common area of the property and include a prominent notice that the report shall not be removed until authorized by the local health officer.

~~(5) A municipality shall make an inspection report available as a public record.~~

~~(b)(1) A local health officer may impose a civil penalty of not more than \$200.00 per day for each violation that is not corrected by the date provided in the written inspection report, or when a unit is re-rented to a new tenant prior to the correction of a violation.~~

~~(2)(A) If the cumulative amount of penalties imposed pursuant to this subsection is \$800.00 or less, the local health officer, Department of Health, or State's Attorney may bring a civil enforcement action in the Judicial Bureau pursuant to 4 V.S.A. chapter 29.~~

~~(B) The waiver penalty for a violation in an action brought pursuant to this subsection is 50 percent of the full penalty amount.~~

~~(3) If the cumulative amount of penalties imposed pursuant to this subsection is more than \$800.00, or if injunctive relief is sought, the local health officer, Department of Health, or State's Attorney may commence an action in the Civil Division of the Superior Court for the county in which a violation occurred.~~

~~(e) If a local health officer fails to conduct an investigation pursuant to section 602a of this title or fails to issue an inspection report pursuant to this section, a landlord or tenant may request that the Department, at its discretion, conduct an investigation or contact the local board of health to take action.~~

~~[Repealed.]~~

* * *

* * * Transition Provisions * * *

~~Sec. 4. RENTAL HOUSING HEALTH AND SAFETY; TRANSITION PROVISIONS~~

~~(a) Notwithstanding any provision of law to the contrary:~~

~~(1) Until the Commissioner of Public Safety adopts rules governing rental housing health and safety pursuant to 20 V.S.A. § 2677, the Department of Health, local officials authorized by law, and the Department of Public Safety have concurrent authority to enforce the Vermont Rental Housing Health Code adopted by the Department of Health pursuant to 18 V.S.A. § 102, 3 V.S.A. § 3003(a), and 3 V.S.A. § 801(b)(11).~~

~~(2) The Commissioner of Public Safety may immediately adopt a rule incorporating the Rental Housing Health Code without following the procedures otherwise required for general rulemaking in 3 V.S.A. chapter 25.~~

(3) Except as provided in subdivision (2) of this subsection, the Commissioner of Public Safety shall comply with the requirements for general rulemaking in 3 V.S.A. chapter 25 when adopting rules governing rental housing health and safety.

(b) Upon the adoption of rules governing rental housing health and safety pursuant to the authority in 20 V.S.A. § 2677:

(1) the Department of Public Safety is the State government entity with primary authority to enforce State laws governing rental housing health and safety;

(2) the Department of Public Safety and local officials have concurrent authority to enforce State and local laws governing rental housing health and safety pursuant to 18 V.S.A. chapter 11; 20 V.S.A. chapter 172, subchapter 2; 24 V.S.A. chapters 83 and 123; and applicable municipal law; and

(3) the Department of Health, the State Board of Health, and local health officials have concurrent authority to enforce State and local laws governing public health hazards and public health risks, as those terms are defined in 18 V.S.A. § 2, pursuant to 18 V.S.A. chapters 1, 3, and 11.

* * * Vermont Housing Investments * * *

Sec. 5. VERMONT RENTAL HOUSING IMPROVEMENT PROGRAM;
PURPOSE

(a) Recognizing that Vermont's rental housing stock is some of the oldest in the country and that much of it needs to be updated to meet code requirements and other standards, the Vermont Rental Housing Improvement Program is intended to incentivize private apartment owners to make significant improvements to both housing quality and weatherization by providing grants and forgivable loans that are matched in part by the property owner.

(b) The Program seeks to take the lessons learned from the successful Re-housing Recovery Program established with funds provided by the Federal CARES Act and implement them in a State-funded program.

Sec. 6. 10 V.S.A. chapter 29, subchapter 3 is added to read:

Subchapter 3. Housing; Investments

§ 699. VERMONT RENTAL HOUSING IMPROVEMENT PROGRAM

(a) Creation of program.

(1) The Department of Housing and Community Development shall design and implement a Vermont Rental Housing Improvement Program, through which the Department shall award funding to statewide or regional

nonprofit housing organizations, or both, to provide competitive grants and forgivable loans to private landlords for the rehabilitation, including weatherization, of eligible rental housing units.

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

(b) Eligible rental housing units. The following units are eligible for a grant or forgivable loan through the Program:

(1) Non-code compliant. The unit does not comply with the requirements of applicable building, housing, or health laws.

(2) New accessory dwelling. The unit will be a newly created accessory dwelling unit that meets the requirements of 24 V.S.A. § 4412(1)(E).

(c) Administration. The Department shall require a housing organization that receives funding under the Program to adopt:

(1) a standard application form that describes the application process and includes instructions and examples to help landlords apply;

(2) an award process that ensures equitable selection of landlords, subject to a housing organization's exercise of discretion based on the factors adopted by the Department pursuant to subsection (a) of this section; and

(3) a grant and loan management system that ensures accountability for funds awarded.

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

(1) A grant or loan shall not exceed \$50,000.00 per unit. In determining the amount of a grant or loan, a housing organization shall consider the number of bedrooms in the unit and whether the unit is being rehabilitated or newly created.

(2) A landlord shall contribute matching funds or in-kind services that equal or exceed 20 percent of the value of the grant or loan.

(3) A project may include a weatherization component.

(4) A project shall comply with applicable building, housing, and health laws.

(5) The terms and conditions of a grant or loan agreement apply to the original recipient and to a successor in interest for the period the grant or loan agreement is in effect.

(6) The identity of a recipient and the amount of a grant or forgivable loan are public records that shall be available for public copying and

inspection and the Department shall publish this information at least quarterly on its website.

(e) Program requirements applicable to grants. For a grant awarded under subdivision (b)(1) of this section for a unit that is non-code compliant, the following requirements apply for a minimum period of five years:

(1) A landlord shall coordinate with nonprofit housing partners and local coordinated entry organizations to identify potential tenants.

(2)(A) Except as provided in subdivision (2)(B) of this subsection (e), a landlord shall lease the unit to a household that is exiting homelessness or actively working with an immigrant or refugee resettlement program.

(B) If, upon petition of the landlord, the Department or the housing organization that issued the grant determines that a household exiting homelessness is not available to lease the unit, then the landlord shall lease the unit:

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

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

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

(B) If no housing voucher or federal or State subsidy is available, the total cost of rent for the unit, including utilities not covered by rent payments, shall not exceed the applicable fair market rent established by the Department of Housing and Urban Development.

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

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

(f) Requirements applicable to forgivable loans. For a forgivable loan awarded under subdivision (b)(1) of this section for a unit that is non-code compliant, the following requirements apply for a minimum period of 10 years:

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

(B) If no housing voucher or federal or State subsidy is available, the cost of rent for the unit, including utilities not covered by rent payments, shall not exceed the applicable fair market rent established by the Department of Housing and Urban Development.

(2) The Department shall forgive 10 percent of the amount of a forgivable loan for each year a landlord participates in the loan program.

(g) Requirements for an accessory dwelling unit.

(1) For a grant or forgivable loan awarded under subdivision (b)(2) of this section for a unit that is a new accessory dwelling unit, the total cost of rent for the unit, including utilities not covered by rent payments, shall not exceed the applicable fair market rent established by the Department of Housing and Urban Development.

(2) A landlord shall not offer an accessory dwelling unit created through the Program as a short-term rental, as defined in 18 V.S.A. § 4301.

(h) Lien priority. A lien for a grant converted to a loan or for a forgivable loan issued pursuant to this section is subordinate to:

(1) a lien on the property in existence at the time the lien for rehabilitation and weatherization of the rental housing unit is filed in the land records; and

(2) a first mortgage on the property that is refinanced and recorded after the lien for rehabilitation and weatherization of the rental housing unit is filed in the land records.

Sec. 7. REPORT

On or before February 15, 2023, the Department of Housing and Community Development shall report to the General Assembly concerning the design, implementation, and outcomes of the Vermont Rental Housing Improvement Program, including findings and any recommendations related to the amount of grant awards.

Sec. 8. APPROPRIATIONS

(a) Purpose. The purpose of the appropriations in this section are:

(1) to respond to the far-reaching public health and negative economic impacts of the COVID-19 pandemic; and

(2) to ensure that Vermonters and Vermont communities have an adequate supply of safe, affordable housing.

(b) In fiscal year 2022, the amount of \$20,400,000.00 is appropriated from the America Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds as follows:

(1) \$400,000.00 to the Department of Public Safety to hire one or more Inspector positions authorized pursuant to this act.

(2) \$20,000,000.00 to the Department of Housing and Community Development to implement the Vermont Rental Housing Investment Program created in 10 V.S.A. § 699, provided that the Department shall allocate 20 percent of the funds for new accessory dwellings as follows:

(A) the Department may use not more than 20 percent of the funding available for new accessory dwellings to facilitate a statewide education and navigation system to assist homeowners with designing, financing, permitting, and constructing new accessory dwellings; and

(B) the Department shall use any remaining funds for new accessory dwellings for financial incentives or other financial supports to homeowners developing accessory dwelling units.

Sec. 9. EFFECTIVE DATES

This section and the following sections shall take effect on passage:

(1) Sec. 1 (DPS authority for rental housing health and safety; rental housing registration).

(2) Sec. 2 (DPS positions).

(3) Sec. 3 (conforming changes to Department of Health statutes).

(4) Sec. 4 (DPS rulemaking authority and transition provisions).

(5) Secs. 5–7 (Vermont Rental Housing Improvement Program).

(6) Sec. 8 (ARPA appropriations).