



VERMONT LEGISLATIVE Joint Fiscal Office

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Fiscal Note

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S.100 (Act 47) – An act relating to housing opportunities made for everyone

As enacted¹

Act Summary

This act makes changes to land use regulations, municipal zoning law, Act 250, and other laws pertaining to the construction and maintenance of housing supply in Vermont. The act also appropriates funds to housing development and retention programs.

Fiscal Impacts

- The act establishes various programs meant to increase housing stock available for ownership and rent, along with programs meant to provide rental assistance for tenants. The programs as established are contingent on the availability of funds.
- Changes to the Act 250 permit process in sections 16 and 17 would reduce Act 250 permit revenues in fiscal years 2024 through 2026.
- There are additional provisions that propose reports and a study committee that are estimated to have negligible costs to the State.

Background and Details

The following sections propose changes to Act 250 that may impact State revenues by reducing the number of permit fees collected and deposited in the Act 250 Permit Fund.

Sections 16-17

These sections contain provisions that will reduce Act 250 permitting activity and reduced revenues to the Act 250 Permit Fund through July 1, 2026. Representatives from the Natural Resources Board, which administers the Act 250 permit program, indicated that a robust analysis of these provisions using the permitting data that is readily available would be both time and labor-intensive. The Board noted that housing projects make up about 30 percent of overall permitting activity and generally yield higher fee amounts due to the higher average cost of housing construction relative to other types of construction. The Board estimates that, prior to this act's enactment, Act 250 permit revenues would total approximately \$2.7 million in fiscal year 2024.

The changes to Act 250 listed above will have a material downward impact on annual Act 250 permit

¹ <https://legislature.vermont.gov/Documents/2024/Docs/ACTS/ACT047/ACT047%20As%20Enacted.pdf>

revenues in fiscal years 2024 through 2026. However, given the lack of data, it is difficult to predict how many projects would have happened regardless of this legislation and how many projects would not happen but for this legislation. For the former group of projects, the permit changes in this act result in foregone revenue for the State. Since the latter group of projects would not have commenced prior to this legislation, the lack of permit fee revenue from them is not foregone revenue and does not directly impact Act 250 Permit Fund revenues.

Section 18

This section contains a technical correction to the statutory Act 250 permit fee ceiling of \$165,000 currently in statute. This provision is not estimated to have a fiscal impact.

The following sections contain provisions that could result in new State costs or staffing pressures.

Section 15a

This section would require the Vermont Association of Planning and Development Agencies to hire housing resource navigators that will work with municipalities, regional and local housing organizations, help match communities with funding resources, and provide project management support. In this act, this program is funded contingently on the availability of funds in the General Fund, and it is funded in H.494 (An act relating to making appropriations for the support of government) with \$300,000 from the General Fund in fiscal year 2024.²

Sections 18a-19

Section 18a tasks the Vermont Association of Planning and Development Agencies, in consultation with the Natural Resources Board, with developing a framework for delegating administration of Act 250 permits to municipalities. Section 19 adds a new requirement to the Act 250 program study established in Act 182 of 2022 to investigate whether increasing the Act 250 jurisdictional threshold for housing would affect housing affordability and/or natural and community resources. No appropriation or staffing is included in the bill for these provisions.

Section 23

This section establishes a Building Energy Code Study Committee with fifteen members that is authorized to meet up to six times during the summer and fall of 2023. The committee must report back with findings and recommendations on or before December 1, 2023. Legislative members are eligible to receive compensation for meeting attendance, as are any other members that would not otherwise be compensated by an employer for this work. All costs for the work of the study committee are to be funded through the Legislature's budget. Estimated costs for this study committee are approximately \$6,000 in fiscal year 2024. No appropriation is included in the bill.

Section 31

Section 31 charges the Department of Housing and Community Development (DHCD) in fiscal year 2024 to expand home-sharing opportunities throughout the State. In this act, this program is funded contingently on the availability of funds in the General Fund, and it is funded in H.494 (An act relating to making appropriations for the support of government) with \$200,000 from the General Fund in fiscal year 2024.

Section 34

Section 34 extends and makes technical changes to the First-Generation Homebuyer Program administered by the Vermont Housing Finance Agency (VHFA) in fiscal year 2024. This extension is made contingent on the availability of funds in the General Fund and is currently appropriated \$1.0 million from the General Fund for fiscal year 2024 in H.494.

² <https://legislature.vermont.gov/Documents/2024/Docs/BILLS/H-0494/H-0494%20As%20Passed%20by%20Both%20House%20and%20Senate%20Unofficial.pdf>

As amended by Section 33 of this act, the program will provide financial assistance to first-time homebuyers whose parents or legal guardians never owned a home or lost ownership of a home due to foreclosure, short sale, or deed-in-lieu of foreclosure and have not owned a home since. Individuals who have at any time been placed in foster care qualify as well.

Act 182 of 2022 gave VFHA the discretion to reserve funding and adopt guidelines to provide grants to first-time homebuyers who are also first-generation homebuyers. Of the funds appropriated to DHCD in Act 74 of 2021, \$1.0 million was transferred to VHFA to provide grants to first-generation homebuyers. Providing this assistance in the form of grants rather than loans could result in fewer available funds in the future.

From 2015 through March 2022, the VHFA ASSIST Down Payment and Closing Cost Assistance program provided \$7,474,098 in loans to 1,565 borrowers. Under current conditions, if the fund does not experience any losses, just over \$10 million in VHFA's revolving loan fund will be available to loan out through 2026. First-generation homebuyers would likely make up a very small subset of the overall program participant population, but because they would receive grants rather than loans the overall amount of the fund could decrease over time.

Section 39

Section 39 directs VHFA to implement the Rental Housing Revolving Loan Program. The program will provide subsidized loans for rental housing developments targeted toward middle-income households.

Loans cannot exceed the lesser of the following: 35% of project costs that are attributable to affordable rental units or \$150,000 per unit for each unit that is affordable to renters with annual income between 65% and 80% of area median income and \$100,000 per unit for each unit that is affordable to households with annual income between 81% and 150% of area median income. All affordable units that receive loans through the program must remain affordable for either seven years or until the full amount of the loan has been repaid plus three years, whichever is longer.

To be eligible for a loan a project must create two or more new rental housing units. Projects can include both market rate and affordable units, but at least 25% of units in the project must be affordable. Affordable units must be affordable to households with annual income between 60% and 150% of area median income.

H.494 appropriates \$10.0 million from the General Fund to VHFA in fiscal year 2024 for the purpose of implementing this program.

Section 41

Section 41 includes additional contingent funding from the General Fund to DHCD in fiscal year 2024 for the Vermont Rental Housing Improvement Program (VHIP). The Department will award funds to statewide or regional nonprofit housing organizations to provide competitive grants and forgivable loans to private landlords for the rehabilitation, including weatherization, of eligible rental housing units.

Eligible units cannot be offered for short-term rental. Units are deemed eligible if they are non-code compliant, a newly created accessory dwelling unit, a newly created unit within an existing structure, a newly created single-unit structure, or a newly created unit within a newly created structure that contains five or fewer residential units. Loans or grants cannot exceed \$50,000 per unit and the landlord must contribute matching funds or in-kind services that equal or exceed 20% of the value of the grant or loan.

Units must be made available for a minimum period of five years to individuals who are exiting homelessness or are actively working with an immigrant or refugee settlement program. In instances where an eligible tenant cannot be found, landlords may rent the unit to a tenant with an annual income equal to or

less than 80% of area median income. If an eligible tenant still cannot be found, the landlord may rent to other households subject to approval from the Department.

H.494 appropriates \$10.0 million from the General fund in fiscal year 2024 to DHCD for this program.

Section 42

Section 42 includes a contingent appropriation from the General Fund to the Vermont Housing and Conservation Board (VHCB) in fiscal year 2024 to provide affordable mix-income rental housing and homeownership units. Funds may also be used for improvements to manufactured homes and communities, recovery residences, and housing available to farm workers and refugees. VHCB may also use the funds to expand shelter capacity and permanent homes for individuals experiencing homelessness.

H.494 appropriates \$50.0 million from the General Fund in fiscal year 2024 to VHCB for this purpose.

The following sections contain provisions that would result in new State costs but were not appropriated for in H.494.

Section 24

Section 24 creates the Rural Recovery Coordination Council to study and make recommendations on how to strengthen coordination between agencies and stakeholders involved in rural community development. This section includes a contingent appropriation from the General Fund to the Agency of Commerce and Community Development in fiscal year 2024 to provide funding for the Council. The Council does not currently have funds appropriated to it in H.494.

Section 32

Section 32 proposes additional funding from the General Fund, contingent on those funds being available, to DHCD in fiscal year 2024 to provide financial support for home repair, home improvement, housing transition, park infrastructure, legal assistance, and technical assistance for mobile homes and mobile home parks. Funds for this program are not appropriated in H.494.

Section 37

Section 37 proposes to make additional appropriations from the General Fund to VHFA in fiscal year 2024 for the Middle-Income Homeownership Development Program. The Agency would use the funds to provide subsidies for new construction or rehabilitation of affordable owner-occupied housing available for purchase by income-eligible homebuyers. Income-eligible homebuyers are defined as those with annual income that does not exceed 150% of area median income. Subsidies available cannot exceed 35% of eligible development costs. This program does not currently have funds appropriated to it in H.494.

Section 43

Section 43 proposes the creation of a Rental Housing Stabilization Services Program administered by the Champlain Valley Office of Economic Opportunity. The program would provide tenants and landlords with access to services and programs that assist in preventing evictions. This program is not currently funded in H.494.

Section 44

Section 44 proposes the creation of a two-year Tenant Representation Pilot Program administered by Vermont Legal Aid. The program would provide representation to tenants in Lamoille and Windsor counties that have been served with a summons and complaint for eviction. This program is not currently funded in H.494.

Section 45

Section 45 proposes the creation of a Rent Arrears Assistance Fund administered by the Vermont Housing Authority to provide funds to prevent evictions in cases involving nonpayment of rent from residential

rental units. This fund is not currently appropriated for in H.494.