

S.226

An act relating to expanding access to safe and affordable housing

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

* * * First-Generation Homebuyers * * *

Sec. 1. 32 V.S.A. § 5930u is amended to read:

§ 5930u. TAX CREDIT FOR AFFORDABLE HOUSING

* * *

(b) Eligible tax credit allocations.

* * *

(3) Down Payment Assistance Program.

(A) The Vermont Housing Finance Agency shall have the authority to allocate affordable housing tax credits to finance down payment assistance loans that meet the following requirements:

(i) the loan is made in connection with a mortgage through an Agency program;

(ii) the borrower is a first-time home buyer of an owner-occupied primary residence; and

(iii) the borrower uses the loan for the borrower's down payment or closing costs, or both.

(B) The Agency shall require the borrower to repay the loan upon the transfer or refinance of the residence.

(C) The Agency shall use the proceeds of loans made under the Program for future down payment assistance.

(D) The Agency may reserve funding and adopt guidelines to provide grants to first-time homebuyers who are also first-generation homebuyers.

* * *

Sec. 2. FIRST-GENERATION HOMEBUYER; IMPLEMENTATION;
APPROPRIATION

(a) Guidelines. The Vermont Housing Finance Agency shall adopt guidelines and procedures for the provision of grants to first-generation homebuyers pursuant to 32 V.S.A. § 5930u(b)(3)(D) consistent with the criteria of the Down Payment Assistance Program implemented pursuant to 32 V.S.A. § 5930u(b)(3) and with this section.

(b) As used in this section and 32 V.S.A. § 5930u(b)(3)(D), a “first-generation homebuyer” means an applicant who self-attests that the applicant is an individual:

(1)(A) whose parents or legal guardians do not have any present residential ownership interest in any State; and

(B) whose spouse, or domestic partner, and each member of whose household has not, during the three-year period ending upon acquisition of the eligible home to be acquired, had any present ownership interest in a principal residence in any State; or

(2) is an individual who has at any time been placed in foster care.

(c) Outreach. Recognizing that Black, Indigenous, and Persons of Color have historically not had access to capital for homeownership purchases and have been systemically discriminated against in the housing market, the Agency shall work with Vermont chapters of the NAACP, AALV, and USCRI; the Executive Director of Racial Equity; the Vermont Commission on Native American Affairs; and local racial justice organizations to develop a plan of active outreach and implementation to ensure that down payment assistance opportunities are effectively communicated, and that funds are equitably available, to communities of Vermonters who have historically suffered housing discrimination.

(d) Of the amounts appropriated to the Department of Housing and Community Development in 2021 Acts and Resolves No. 74, the Department shall transfer \$1,000,000.00 to the Vermont Housing Finance Agency to provide grants pursuant to 32 V.S.A. § 5930u(b)(3)(D) and for the costs of administration and outreach pursuant to this section.

* * * Manufactured Home Relocation Incentives * * *

Sec. 3. MANUFACTURED HOME IMPROVEMENT AND
REPLACEMENT PROGRAM

Of the amounts available from federal COVID-19 relief funds, the following amounts are appropriated to the Department of Housing and Community Development for the purposes specified:

(1) \$2,500,000.00 for manufactured home community small-scale capital grants, through which the Department may award not more than \$20,000.00 for owners of manufactured housing communities to complete small-scale capital needs to help infill vacant lots with homes, which may include projects such as disposal of abandoned homes, lot grading/preparation, site electrical box issues/upgrades, E911 safety issues, legal fees, transporting homes out of flood zones, individual septic system, and marketing to help make it easier for home-seekers to find vacant lots around the State.

(2) \$750,000.00 for manufactured home repair grants, through which the Department may award funding for minor rehab or accessibility projects, coordinated as possible with existing programs, for between 250 and 400 existing homes where the home is otherwise in good condition or in situations where the owner is unable to replace the home and the repair will keep them housed.

(3) \$750,000.00 for new manufactured home foundation grants, through which the Department may award not more than \$15,000.00 per grant for a homeowner to pay for a foundation or HUD-approved slab, site preparation,

skirting, tie-downs, and utility connections on vacant lots within manufactured home communities.

* * * New Approaches to Creating Housing * * *

Sec. 4. COMMUNITY PARTNERSHIP FOR NEIGHBORHOOD
DEVELOPMENT

(a) The Department of Housing and Community Development shall lead a Community Partnership for Neighborhood Development Program, which shall be a collaborative among municipalities, nonprofit and for-profit developers, State agencies, employers, and other relevant stakeholders to develop a pilot neighborhood and demonstrate how new partnership models for targeted and coordinated investments can support the development of homes in inclusive, smart growth neighborhoods.

(b) The Program shall be steered by a Housing Equity Council with representatives from the Vermont Department of Housing and Community Development, the Vermont Housing Finance Agency, the Agency of Natural Resources, the Agency of Transportation, the Department of Public Service, the Vermont Bond Bank, the Vermont Economic Development Authority, the Vermont Housing and Conservation Board, the Vermont Association of Planning and Development Agencies, the Vermont League of Cities and Towns, and the Vermont Regional Development Corporations.

(c) The Council shall consider and recommend to the Department of Housing and Community Development a pilot neighborhood development project using a competitive process to select a municipality able to demonstrate need, collaboration, preliminary planning, bylaw modernization, and budgetary commitments to support smart growth and housing development in a location within or up to one quarter of a mile from a neighborhood planning area, as defined in 24 V.S.A. § 2791, or a location that otherwise represents a logical extension of an existing compact settlement pattern that is consistent with smart-growth principles.

(d) Through the Program, the Department and the Council shall coordinate with the pilot municipality through 2026 on the strategic use of public resources to create a development-ready framework for new and infill neighborhood development and construction-ready building lots through the integrated coordination of the following:

(1) State, regional, and municipal planning;

(2) State and municipal regulation;

(3) land acquisition and land banking;

(4) physical improvement planning, design, and scoping;

(5) capital investment in infrastructure;

(6) financing and funding, including funding from the American Rescue Plan Act and Infrastructure Investment and Jobs Act;

(7) lot and building development by private and nonprofit developers;

and

(8) the sale or leasing of homes.

(e) The Department and the Council shall seek to achieve the following goals through the Program:

(1) The development of a neighborhood that:

(A) is compact and human-scaled, with a density of at least eight dwelling units per acre, including modestly sized dwellings on small lots;

(B) is characteristic of Vermont's smart growth principles, as provided in 24 V.S.A. § 2791;

(C) is located in proximity to existing residential, employment, and civic uses;

(D) provides for a mix of housing types, styles, tenure, and sizes to accommodate diverse households of varying composition, age, and income, including not less than 25 percent of the units with perpetual affordability and 35 percent of the homes affordable at 80 percent of the area median income;

(E) provides for a mix of transportation modes with interconnected streets and sidewalks; and

(F) is designed in a manner that enhances historic resources, climate readiness, energy efficiency, environmental quality, resident health, and overall livability.

(2) A successful model for the acquisition or banking of developable- or development-ready land for new neighborhood development or infill development within an existing, developed neighborhood.

(3) A successful model for the integration of planning and implementation for water, sewer, and other public utilities and services with land use planning and transportation investments in new or upgraded streets.

(f) \$1,000,000.00 is appropriated from the American Recue Plan Act (ARPA) recovery funds to the Department of Housing and Community Development for predevelopment grants that implement this section, which may fund municipal planning, site control, land acquisition, design, scoping, and surveying for the development of a pilot neighborhood.

(g) Of the amounts appropriated in this section, the Department may reserve not more than \$100,000.00 for related administrative expenses through fiscal year 2026.

(h) The Agency of Natural Resources and the Agency of Transportation shall report back to the General Assembly on or before December 15, 2024 on financial contributions the agencies can make to the Program's pilot neighborhood.

(i) The Department of Housing and Community Development shall report back to the General Assembly on the results of the Program on or before December 15, 2026.

* * * Downtown and Village Center Tax Credit Program * * *

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

§ 5930aa. DEFINITIONS

As used in this subchapter:

(1) “Qualified applicant” means an owner or lessee of a qualified building involving a qualified project; but does not include a State or federal agency or a political subdivision of either; or an instrumentality of the United States.

(2) “Qualified building” means a building built at least 30 years before the date of application, located within a designated downtown ~~or~~ village center, or neighborhood development area, which, upon completion of the project supported by the tax credit, will be an income-producing building not used solely as a single-family residence. Churches and other buildings owned by religious organization may be qualified buildings, but in no event shall tax credits be used for religious worship.

(3) “Qualified code improvement project” means a project:

(A) to install or improve platform lifts suitable for transporting personal mobility devices, limited use or limited application elevators, elevators, sprinkler systems, and capital improvements in a qualified building, and the installations or improvements are required to bring the building into compliance with the statutory requirements and rules regarding fire prevention,

life safety, and electrical, plumbing, and accessibility codes as determined by the Department of Public Safety;

(B) to abate lead paint conditions or other substances hazardous to human health or safety in a qualified building; or

(C) to redevelop a contaminated property in a designated downtown ~~or~~, village center, or neighborhood development area under a plan approved by the Secretary of Natural Resources pursuant to 10 V.S.A. § 6615a.

(4) “Qualified expenditures” means construction-related expenses of the taxpayer directly related to the project for which the tax credit is sought but excluding any expenses related to a private residence.

(5) “Qualified façade improvement project” means the rehabilitation of the façade of a qualified building that contributes to the integrity of the designated downtown ~~or~~, designated village center, or neighborhood development area. Façade improvements to qualified buildings listed, or eligible for listing, in the State or National Register of Historic Places must be consistent with Secretary of the Interior Standards, as determined by the Vermont Division for Historic Preservation.

(6) “Qualified Flood Mitigation Project” means any combination of structural and nonstructural changes to a building located within the flood hazard area as mapped by the Federal Emergency Management Agency that reduces or eliminates flood damage to the building or its contents. The project

shall comply with the municipality’s adopted flood hazard bylaw, if applicable, and a certificate of completion shall be submitted by a registered engineer, architect, qualified contractor, or qualified local official to the State Board. Improvements to qualified buildings listed, or eligible for listing, in the State or National Register of Historic Places shall be consistent with Secretary of the Interior’s Standards for Rehabilitation, as determined by the Vermont Division for Historic Preservation.

(7) “Qualified historic rehabilitation project” means an historic rehabilitation project that has received federal certification for the rehabilitation project.

~~(7)~~(8) “Qualified project” means a qualified code improvement, qualified façade improvement, or qualified historic rehabilitation project as defined by this subchapter.

~~(8)~~(9) “State Board” means the Vermont Downtown Development Board established pursuant to 24 V.S.A. chapter 76A.

Sec. 6. 32 V.S.A. § 5930bb is amended to read:

§ 5930bb. ELIGIBILITY AND ADMINISTRATION

* * *

(e) Availability of Neighborhood Development Area tax credits. Beginning on July 1, 2025, under this subchapter no new tax credit may be allocated by the State Board to a qualified building located in a neighborhood

development area unless specific funds have been appropriated for that purpose.

Sec. 7. 24 V.S.A. § 2793a is amended to read:

§ 2793a. DESIGNATION OF VILLAGE CENTERS BY STATE BOARD

* * *

(c) A village center designated by the State Board pursuant to subsection (a) of this section is eligible for the following development incentives and benefits:

* * *

~~(4) The following State tax credits for projects located in a designated village center:~~

~~(A) A State historic rehabilitation tax credit of ten percent under 32 V.S.A. § 5930cc(a) that meets the requirements for the federal rehabilitation tax credit.~~

~~(B) A State façade improvement tax credit of 25 percent under 32 V.S.A. § 5930cc(b).~~

~~(C) A State code improvement tax credit of 50 percent under 32 V.S.A. § 5930cc(e) The Downtown and Village Center Tax Credit Program described in 32 V.S.A. § 5930aa et seq.~~

* * *

Sec. 8. 24 V.S.A. § 2793e is amended to read:

§ 2793e. NEIGHBORHOOD PLANNING AREAS; DESIGNATION OF
NEIGHBORHOOD DEVELOPMENT AREAS

* * *

(f) Neighborhood development area incentives for developers. Once a municipality has a designated neighborhood development area or has a Vermont neighborhood designation pursuant to section 2793d of this title, any proposed development within that area shall be eligible for each of the benefits listed in this subsection. These benefits shall accrue upon approval by the district coordinator, who shall review the density requirements set forth in subdivision (c)(7) of this section to determine benefit eligibility and issue a jurisdictional opinion under 10 V.S.A. chapter 151 on whether the density requirements are met. These benefits are:

(1) ~~The~~ the application fee limit for wastewater applications stated in 3 V.S.A. § 2822(j)(4)(D);

(2) ~~The~~ the application fee reduction for residential development stated in 10 V.S.A. § 6083a(d);

(3) ~~The~~ the exclusion from the land gains tax provided by 32 V.S.A. § 10002(p); and

(4) eligibility for the Downtown and Village Center Tax Credit Program described in 32 V.S.A. § 5930aa et seq.

* * *

Sec. 9. 24 V.S.A. § 2794 is amended to read:

§ 2794. INCENTIVES FOR PROGRAM DESIGNEES

(a) Upon designation by the Vermont Downtown Development Board under section 2793 of this title, a downtown development district and projects in a downtown development district shall be eligible for the following:

(1) Priority consideration by any agency of the State administering any State or federal assistance program providing funding or other aid to a municipal downtown area with consideration given to such factors as the costs and benefits provided and the immediacy of those benefits, provided the project is eligible for the assistance program.

(2) ~~The following State tax credits:~~

~~(A) A State historic rehabilitation tax credit of 10 percent under 32 V.S.A. § 5930cc(a) that meets the requirements for the federal rehabilitation tax credit.~~

~~(B) A State façade improvement tax credit of 25 percent under 32 V.S.A. § 5930cc(b).~~

~~(C) A State code improvement tax credit of 50 percent under 32 V.S.A. § 5930cc(e) The Downtown and Village Center Tax Credit Program described in 32 V.S.A. § 5930aa et seq.~~

* * *

Sec. 10. 32 V.S.A. § 5930cc is amended to read:

§ 5930cc. DOWNTOWN AND VILLAGE CENTER PROGRAM TAX

CREDITS

* * *

(d) Flood Mitigation Tax Credit. The qualified applicant of a qualified flood mitigation project shall be entitled, upon the approval of the State Board, to claim against the taxpayer's State individual income tax, State corporate income tax, or bank franchise or insurance premiums tax liability a credit of 50 percent of qualified expenditures up to a maximum tax credit of \$75,000.00.

* * * Missing Middle Housing * * *

Sec. 11. MISSING MIDDLE-INCOME HOMEOWNERSHIP

DEVELOPMENT PILOT PROGRAM

(a) The following amounts are appropriated from the America Rescue Plan Act (ARPA) – Coronavirus State Fiscal Recovery Funds to the Department of Housing and Community Development to grant to the Vermont Housing Finance Agency to establish the Missing Middle-Income Homeownership

Development Pilot Program:

(1) \$5,000,000.00 in fiscal year 2022; and

(2) \$10,000,000.00 in fiscal year 2023.

(b) As used in this section:

(1) “Affordable owner-occupied housing” means owner-occupied housing identified in 26 U.S.C. § 143(c)(1) or that qualifies under Vermont Housing Finance Agency criteria governing owner-occupied housing.

(2) “Income-eligible homebuyer” means a Vermont household with annual income that does not exceed 120 percent of area median income.

(c) The Agency shall use the funds appropriated in this section to provide subsidies for new construction or acquisition and substantial rehabilitation of affordable owner-occupied housing for purchase by income-eligible homebuyers.

(d) The total amount of subsidies for a project shall not exceed 35 percent of eligible development costs, as determined by the Agency, which the Agency may allocate consistent with the following:

(1) Developer subsidy. The Agency may provide a direct subsidy to the developer, which shall not exceed the difference between the cost of development and the market value of the home as completed.

(2) Affordability subsidy. Of any remaining amounts available for the project after the developer subsidy, the Agency may provide a subsidy for the benefit of the homebuyer to reduce the cost of purchasing the home, provided that:

(A) the Agency includes conditions in the subsidy, or uses another legal mechanism, to ensure that, to the extent the home value has risen, the

amount of the subsidy remains with the home to offset the cost to future homebuyers; or

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

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

(e) The Agency shall adopt a Program plan that establishes application and selection criteria, including:

(1) project location;

(2) geographic distribution;

(3) leveraging of other programs;

(4) housing market needs;

(5) project characteristics, including whether the project includes the use of existing housing as part of a community revitalization plan;

(6) construction standards, including considerations for size;

(7) priority for plans with deeper affordability and longer duration of affordability requirements;

(8) sponsor characteristics;

(9) energy efficiency of the development; and

(10) historic nature of the project.

(f) The Agency may assign its rights under any investment or subsidy made under this section to the Vermont Housing and Conservation Board or any State agency or nonprofit organization qualifying under 26 U.S.C. § 501(c)(3), provided such assignee acknowledges and agrees to comply with the provisions of this section.

(g) The Agency shall ensure that initial investments made under this Program are obligated by December 31, 2024 and expended by December 31, 2026.

(h) The Department shall report to the House Committee on General Housing, and Military Affairs and Senate Committee on Economic Development, Housing and General Affairs on the status of the Program annually, on or before January 15, through 2027.

* * * Residential Construction Contractors * * *

Sec. 12. FINDINGS

The General Assembly finds that:

(1) There is currently no master list of residential construction contractors operating in the State.

(2) There is no standard process for determining or adjudicating construction contract fraud complaints either on the part of contractors or consumers.

(3) Public authorities have no mechanism to contact all contractors when necessary to provide updates to public health requirements, safe working protocols, codes and standards, available trainings and certifications, or building incentives or construction subsidies.

(4) Wide dissemination of information on codes, standards, and trainings is vital to improving construction techniques throughout the State's construction industry. Since building thermal conditioning represents over one-quarter of the State's greenhouse gas emissions, improving energy performance is a key strategy for meeting the requirements of the Global Warming Solutions Act, 2020 Acts and Resolves No. 153.

(5) While registration is not licensure and confers no assurance of competence, consumers have no way of knowing whether a contractor is operating legally or has been subject to civil claims or disciplinary actions.

(6) A noncommercial, standardized public listing will provide contractors an opportunity to include in their record optional third-party, State-sanctioned certifications.

Sec. 13. 3 V.S.A. § 122 is amended to read:

§ 122. OFFICE OF PROFESSIONAL REGULATION

The Office of Professional Regulation is created within the Office of the Secretary of State. The Office shall have a director who shall be qualified by education and professional experience to perform the duties of the position.

The Director of the Office of Professional Regulation shall be a classified position with the Office of the Secretary of State. The following boards or professions are attached to the Office of Professional Regulation:

* * *

(51) Residential Contractors.

Sec. 14. 26 V.S.A. chapter 106 is added to read:

CHAPTER 106. RESIDENTIAL CONTRACTORS

Subchapter 1. General Provisions

§ 5501. REGISTRATION REQUIRED

(a) A person shall register with the Office of Professional Regulation prior to contracting with a homeowner to perform residential construction in exchange for consideration of more than \$10,000.00, including labor and materials.

(b) Unless otherwise exempt under section 5502 of this title, as used in this chapter, “residential construction” means to build, demolish, or alter a residential dwelling unit, or a building or premises with four or fewer residential dwelling units, in this State, and includes interior and exterior construction, renovation, and repair; painting; paving; roofing; weatherization; installation or repair of heating, plumbing, solar, electrical, water, or wastewater systems; and other activities the Office specifies by rule consistent with this chapter.

§ 5502. EXEMPTIONS

This chapter does not apply to:

(1) an employee acting within the scope of his or her employment for a business organization registered under this chapter;

(2)(A) a professional engineer, licensed architect, or a tradesperson licensed, registered, or certified by the Department of Public Safety acting within the scope of his or her license, registration, or certification; or

(B) a business that performs residential construction if the work is performed primarily by or under the direct supervision of one or more employees who are individually exempt from registration under subdivision (2)(A) of this section;

(3) delivery or installation of consumer appliances, audio-visual equipment, telephone equipment, or computer network equipment;

(4) landscaping;

(5) work on a structure that is not attached to a residential building; or

(6) work that would otherwise require registration that a person performs in response to an emergency, provided the person applies for registration within a reasonable time after performing the work.

§ 5503. MANDATORY REGISTRATION AND VOLUNTARY

CERTIFICATION DISTINGUISHED

(a)(1) The system of mandatory registration established by this chapter is intended to protect against fraud, deception, breach of contract, and violations of law, but is not intended to establish standards for professional qualifications or workmanship that is otherwise lawful.

(2) The provisions of 3 V.S.A. § 129a, with respect to a registration, shall be construed in a manner consistent with the limitations of this subsection.

(b) The system of voluntary certification established in this chapter is intended to provide consumers and contractors with a publicly available, noncommercial venue for contractors to list optional approved certifications. The Director of Professional Regulation, in consultation with public safety officials and recognized associations or boards of builders, remodelers, architects, and engineers, may:

(1) adopt rules providing for the issuance of voluntary certifications, as defined in subdivision 3101a(1) of this title, that signify demonstrated competence in particular subfields and specialties related to residential construction;

(2) establish minimum qualifications, and standards for performance and conduct, necessary for certification; and

(3) discipline a certificant for violating adopted standards or other law, with or without affecting the underlying registration.

Subchapter 2. Administration

§ 5505. DUTIES OF THE DIRECTOR

(a) The Director of Professional Regulation shall:

(1) provide information to the public concerning registration, certification, appeal procedures, and complaint procedures;

(2) administer fees established under this chapter;

(3) receive applications for registration or certification, issue registrations and certifications to applicants qualified under this chapter, deny or renew registrations or certifications, and issue, revoke, suspend, condition, and reinstate registrations and certifications as ordered by an administrative law officer;

(4) prepare and maintain a registry of registrants and certificants; and

(5) use the registry to timely communicate with registrants and certificants concerning issues of health and safety, building codes, environmental and energy issues, and State and federal incentive programs.

(b) The Director, after consultation with an advisor appointed pursuant to section 5506 of this title, may adopt rules to implement this chapter.

§ 5506. ADVISORS

(a) The Secretary of State shall appoint two persons pursuant to 3 V.S.A. § 129b to serve as advisors in matters relating to residential contractors and construction.

(b) To be eligible to serve, an advisor shall:

(1) register under this chapter;

(2) have at least three years' experience in residential construction immediately preceding appointment; and

(3) remain active in the profession during his or her service.

(c) The Director of Professional Regulation shall seek the advice of the advisors in implementing this chapter.

§ 5507. FEES

A person regulated under this chapter shall pay the following fees at initial application and biennial renewal:

(1) Registration, individual: \$75.00.

(2) Registration, business organization: \$250.00.

(3) State certifications: \$75.00 for a first certification and \$25.00 for each additional certification.

Subchapter 3. Registrations

§ 5508. ELIGIBILITY

To be eligible for registration, the Director of Professional Regulation shall find that the applicant is in compliance with the provisions of this chapter and applicable State law and has satisfied any judgment order related to the provision of professional services to a homeowner.

§ 5509. REQUIREMENTS OF REGISTRANTS

(a) Insurance. A person registered under this chapter shall maintain minimum liability insurance coverage in the amount of \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate, evidence of which may be required as a precondition to issuance or renewal of a registration.

(b) Writing.

(1) A person registered under this chapter shall execute a written contract prior to receiving a deposit or commencing residential construction work if the estimated value of the labor and materials exceeds \$10,000.00.

(2) A contract shall specify:

(A) Price. One of the following provisions for the price of the contract:

(i) a maximum price for all work and materials;

(ii) a statement that billing and payment will be made on a time and materials basis, not to exceed a maximum price; or

(iii) a statement that billing and payment will be made on a time and materials basis and that there is no maximum price.

(B) Work dates. Estimated start and completion dates.

(C) Scope of work. A description of the services to be performed and a description of the materials to be used.

(D) Change order provision. A description of how and when amendments to the contract may be approved and documented, as agreed by the parties.

(3) The parties shall document an amendment to the contract in a signed writing.

(c) Down payment.

(1) If a contract specifies a maximum price for all work and materials or a statement that billing and payment will be made on a time and materials basis, not to exceed a maximum price, the contract may require a down payment of up to one-half of the cost of labor to the consumer, or one-half of the price of materials, whichever is greater.

(2) If a contract specifies that billing and payment will be made on a time and materials basis and that there is no maximum price, the contract may require a down payment as negotiated by the parties.

§ 5510. PROHIBITIONS AND REMEDIES

(a) A person who does not register as required pursuant to this chapter may be subject to an injunction or a civil penalty, or both, for unauthorized practice as provided in 3 V.S.A. § 127(b).

(b) The Office of Professional Regulation may discipline a registrant or certificant for unprofessional conduct as provided in 3 V.S.A. § 129a, except that 3 V.S.A. § 129a(b) does not apply to a registrant.

(c) The following conduct by a registrant, certificant, applicant, or person who later becomes an applicant constitutes unprofessional conduct:

(1) failure to enter into a written contract when required by this chapter;

(2) failure to maintain liability or workers' compensation insurance as required by law;

(3) committing a deceptive act in commerce in violation of 9 V.S.A. § 2453;

(4) falsely claiming certification under this chapter, provided that this subdivision does not prevent accurate and nonmisleading advertising or statements related to credentials that are not offered by this State; and

(5) selling or fraudulently obtaining or furnishing a certificate of registration, certification, license, or any other related document or record, or assisting another person in doing so, including by reincorporating or altering a trade name for the purpose or with the effect of evading or masking revocation, suspension, or discipline against a registration issued under this chapter.

Sec. 15. IMPLEMENTATION

(a) Notwithstanding any contrary provision of 26 V.S.A. chapter 106:

(1) The initial biennial registration term for residential contractors pursuant to 26 V.S.A. chapter 106 shall begin on April 1, 2023.

(2) The Secretary of State may begin receiving applications for the initial registration term on December 1, 2022.

(3)(A) The registration fee for individuals who submit complete registration requests between December 1, 2022 and March 31, 2023 is \$25.00 and between April 1, 2023 and March 31, 2024, the fee is \$50.00.

(B) The registration fee for business organizations that submit complete registration requests between December 1, 2022 and March 31, 2023 is \$175.00 and between April 1, 2023 and March 31, 2024, the fee is \$200.00.

(4) Prior to April 1, 2024, the Office of Professional Regulation shall not take any enforcement action for unauthorized practice under 26 V.S.A. § 5510(a) against a residential contractor who fails to register as required by this act.

(b) On or before July 1, 2023, the Director of Professional Regulation shall establish an initial set of voluntary certifications, to include at minimum OSHA standards on construction projects and components of energy-efficient “green” building for insulators, carpenters, and heating and ventilation installers.

Sec. 16. CREATION OF POSITIONS WITHIN THE OFFICE OF
PROFESSIONAL REGULATION; LICENSING

(a) There are created within the Secretary of State’s Office of Professional Regulation one new position in licensing and one new position in enforcement.

(b) In fiscal year 2023, the amount of \$200,000.00 in Office of Professional Regulation special funds is appropriated to the Secretary of State to fund the positions created in subsection (a) of this section.

Sec. 17. ATTORNEY GENERAL; CONSUMER ASSISTANCE
PROGRAM; POSITION; APPROPRIATION

(a) The Office of the Attorney General is authorized to create one classified, two-year full-time limited-service position within the Consumer Assistance Program, whose duties shall include:

(1) assisting with consumer complaints concerning residential construction projects with a value of less than \$10,000.00;

(2) providing education, outreach, and mediation to contractors and consumers; and

(3) coordinating and facilitating information sharing concerning complaints with the Office of Professional Regulation.

(b) In fiscal year 2023, the amount of \$200,000.00 is appropriated from the General Fund to the Office of the Attorney General to create the position and perform the duties provided in this section.

Sec. 18. SECRETARY OF STATE; STATUS REPORT

On or before January 15, 2024, the Office of Professional Regulation shall report to the House Committees on General, Housing, and Military Affairs and on Government Operations and to the Senate Committees on Economic

Development, Housing and General Affairs and on Government Operations

concerning the implementation of 26 V.S.A. chapter 106, including:

- (1) the number of registrations and certifications;
- (2) the resources necessary to implement the chapter;
- (3) the number and nature of any complaints or enforcement actions;
- (4) the potential design and implementation of a one-stop portal for

contractors and consumers; and

- (5) any other issues the Office deems appropriate.

Sec. 19. 9 V.S.A. § 4500 is amended to read:

§ 4500. LEGISLATIVE INTENT

(a) The provisions of this chapter establishing legal standards, duties, and requirements with respect to persons with disabilities in places of public accommodation as defined in this chapter, except those provisions relating to remedies, are intended to implement and to be construed so as to be consistent with the Americans with Disabilities Act, 42 U.S.C. § 12101 et seq. and regulations promulgated under that ~~act~~ Act, and are not intended to impose additional or higher standards, duties, or requirements than that ~~act~~ Act.

(b) Subsections 4502(b) and (c) of this title shall not be construed to create or impose on governmental entities additional or higher standards, duties, or requirements than that imposed by Title II of the Americans with Disabilities Act.

(c) The provisions of this chapter shall be construed liberally to accomplish its remedial purposes and any exceptions and exemptions to the provisions of this chapter shall be construed narrowly in order to maximize the deterrence of discriminatory behavior.

Sec. 20. 9 V.S.A. § 4503 is amended to read:

§ 4503. UNFAIR HOUSING PRACTICES

(a) It shall be unlawful for any person:

* * *

(2) To discriminate against, or to harass, any person in the terms, conditions, privileges, and protections of the sale or rental of a dwelling or other real estate, or in the provision of services or facilities in connection ~~therewith~~ with a dwelling or other real estate, because of the race, sex, sexual orientation, gender identity, age, marital status, religious creed, color, national origin, or disability of a person, or because a person intends to occupy a dwelling with one or more minor children, or because a person is a recipient of public assistance, or because a person is a victim of abuse, sexual assault, or stalking.

* * *

(d)(1) As used in this section, “harass” means to engage in unwelcome conduct that detracts from, undermines, or interferes with the person’s terms, conditions, privileges, or protections in the sale or rental of a dwelling or other

real estate, or in the provision of services or facilities in connection with a dwelling or other real estate, because of the person's race, sex, sexual orientation, gender identity, age, marital status, religious creed, color, national origin, or disability, or because the person intends to occupy a dwelling with one or more minor children, or because the person is a recipient of public assistance, or because the person is a victim of abuse, sexual assault, or stalking.

(2) Notwithstanding any judicial precedent to the contrary, harassing conduct need not be severe or pervasive to be unlawful pursuant to the provisions of this section. In determining whether conduct constitutes unlawful harassment:

(A) The determination shall be made on the basis of the record as a whole, according to the totality of the circumstances, and a single incident may constitute unlawful harassment.

(B) Incidents that may be harassment shall be considered in the aggregate with varying types of conduct and conduct based on multiple characteristics viewed in totality, rather than in isolation.

(C) Conduct may constitute unlawful harassment, regardless of whether:

(i) the complaining person is the person being harassed;

(ii) the complaining person acquiesced or otherwise submitted to or participated in the conduct;

(iii) the conduct is also experienced by others outside the protected class involved in the conduct;

(iv) the complaining person was able to enjoy the benefit of applicable terms, conditions, privileges, or protections in the sale or rental of the dwelling or other real estate, or to obtain services or facilities in connection with the dwelling or other real estate, despite the conduct;

(v) the conduct resulted in a physical or psychological injury; or

(vi) the conduct occurred outside the dwelling or other real estate.

(3) behavior that a reasonable person with the same protected characteristic would consider to be a petty slight or trivial inconvenience shall not constitute unlawful harassment or discrimination pursuant to this section.

Sec. 21. PROHIBITION OF TAX SALE WHILE VHAP APPLICATION

PENDING

(a) Not less than 60 days prior to serving a notice of sale on a delinquent taxpayer pursuant to 32 V.S.A. § 5252(a)(3), a town or municipality shall mail to the delinquent taxpayer's last known address a notice in the following, or substantially similar, form:

"If this property is your primary residence, you may be able to get help with delinquent property tax and utility payments through the Vermont Homeowner

Assistance Program (VHAP). VHAP can help you avoid tax sale and transfer of your property by paying delinquent property taxes, water and sewer charges, interest, and penalties.

You can apply for VHAP online at vermonthap.vhfa.org. For advice about the program and help completing the application, call Vermont Legal Aid at 1-800-889-2047.

If you apply for VHAP, you must notify your town in writing, and your property will not be sold or transferred while your application is pending.”

(b) A notice of sale to a delinquent taxpayer pursuant to 32 V.S.A. § 5252(a)(3) shall include the notice in subsection (a) of this section.

(c) If a town or municipality has sold a delinquent taxpayer’s property pursuant to 32 V.S.A. § 5254 prior to the effective date of this section, but the deed conveying title to the purchaser has not yet been executed pursuant to 32 V.S.A. § 5261, not later than 30 days from the effective date of this section, the town or municipality shall mail to the delinquent taxpayer’s last known address the notice in subsection (a) of this section.

(d)(1) A homeowner who has applied for VHAP may request a stay of the tax sale process or extension of the redemption period while the VHAP application is pending by attesting to the municipality that the homeowner has made a good faith application for VHAP funds in connection with the homeowner’s primary residence.

(2) Upon notification that a VHAP application is pending, a municipality shall not conduct a tax sale of the property until one of the following occurs:

(A) the applicant is deemed ineligible for VHAP;

(B) the VHAP application is closed due to inaction by the applicant;

or

(C) payment is issued to the municipality on a qualifying application.

(3) If a payment is issued that satisfies the delinquency, the sale shall not proceed.

(e)(1) If a tax sale occurred prior to the delinquent taxpayer's application for VHAP, the redemption period established in 32 V.S.A. § 5260 shall be extended by operation of law until one of the following occurs:

(A) the applicant is deemed ineligible for VHAP;

(B) the VHAP application is closed due to inaction by the applicant;

or

(C) payment is issued to the municipality on a qualifying application.

(2) If payment is issued for the redemption amount, the deed shall not be made to the purchaser, but the sums shall be paid to the purchaser pursuant to 32 V.S.A. § 5260.

(f)(1) This section is repealed on September 30, 2025.

(2) The notice obligations in subsections (a)–(c) of this section shall cease when the Vermont Housing Finance Agency stops accepting VHAP applications because funding is exhausted.

Sec. 22. INTENT

It is the intent of the Vermont General Assembly to acknowledge structural racism and address prevalent wealth disparities by creating new opportunities to improve access to woodlands, farmland, and land and home ownership for Vermonters from historically marginalized or disadvantaged communities who continue to face barriers to land and home ownership.

Sec. 22a. VERMONT LAND ACCESS AND OPPORTUNITY BOARD;
APPROPRIATION; SUPPORT

(a) As used in this section:

(1) “Board” means the Vermont Land Access and Opportunity Board.

(2) “VHCB” means the Vermont Housing and Conservation Board.

(b) The sum of \$200,000.00 is appropriated from the General Fund to VHCB in fiscal year 2023 to administer and support the Vermont Land Access and Opportunity Board.

(c) In fiscal year 2023, and to the extent that funding is appropriated in fiscal years 2024 and 2025, VHCB shall provide general, accounting, and administrative support to the Board, including support related to the administration of Board meetings, compliance with requirements for records

retention and of the Open Meeting Law, processing of per diem compensation and reimbursement of expenses for Board members, contracting, and bookkeeping and financial compliance.

Sec. 22b. 10 V.S.A. chapter 15, subchapter 5 is added to read:

Subchapter 5: Land Access and Opportunity Board

§ 325t. DEFINITIONS

As used in this subchapter:

(1) “Board” means the Vermont Land Access and Opportunity Board.

(2) “Historically marginalized or disadvantaged community” means a community that has historically suffered from discrimination and has not had equal access to public or private economic benefits due to the race, ethnicity, gender, geography, language preference, immigrant or citizen status, sexual orientation, gender identity, socioeconomic status, or disability status of its members.

(3) “LGBTQ” means an individual who identifies as lesbian, gay, bisexual, transgender, queer, or questioning.

(4) “VHCB” means the Vermont Housing and Conservation Board.

§ 325u. VERMONT LAND ACCESS AND OPPORTUNITY BOARD

(a) Creation. There is created the Vermont Land Access and Opportunity Board to promote improvements in access to woodlands, farmland, and land and home ownership for Vermonters from historically marginalized or

disadvantaged communities who continue to face barriers to land and home ownership. The Board shall be attached to the Vermont Housing and Conservation Board for administrative purposes.

(b) Organization of Board. The Board shall be composed of:

(1) the Executive Director of Racial Equity or designee;

(2) one member of Indigenous heritage, appointed by the Vermont

Commission on Native American Affairs;

(3) one member, appointed by the Vermont NAACP;

(4) one member, appointed by the Vermont Racial Justice Alliance;

(5) one member, appointed by Liberation Ecosystem;

(6) one member, appointed by the Vermont Every Town project;

(7) one member, appointed by the National Association of Social Workers, Vermont Chapter, who shall be a social worker with expertise in antiracism;

(8) one member, appointed by the Pride Center of Vermont, who shall be LGBTQ;

(9) one member, appointed by the U.S. Committee for Refugees and Immigrants Vermont, who shall be a member of a refugee or immigrant community or shall have experience representing refugee or immigrant communities, or both;

(10) one member, appointed by the Vermont Developmental Disabilities Council; and

(11) one member, appointed by Vermont Psychiatric Survivors.

(c) Member terms; priority.

(1) A member of the Board shall serve a term of three years and until their successor has been appointed.

(2) In the event of a vacancy occurring during a member's term, the vacancy shall be filled for the balance of the unexpired term in the same manner as the original appointment.

(3) When selecting members of the Board, appointing authorities shall give priority to, and shall seek to appoint, Vermonters who satisfy one or more of the following:

(A) are a member of a historically marginalized or disadvantaged community;

(B) represent the interests of Vermonters from historically marginalized or disadvantaged communities; or

(C) have expertise regarding access to housing, land, agriculture, or credit.

(4) A member may serve not more than two full terms. A member who is appointed to fill a vacancy occurring during a term may serve two full terms

in addition to the unexpired portion of the term during which the member is first appointed.

(d) Compensation. Board members shall be entitled to per diem compensation and reimbursement of expenses pursuant 32 V.S.A. § 1010 for meetings as deemed appropriate by the Board within the appropriation provided. These payments shall be made from monies appropriated to VHCB for the support and administration of the Board.

(e) Meetings. The Executive Director of Racial Equity or designee shall call the first meeting of the Board to occur on or before September 1, 2022.

(f) Powers and duties of the Board. The Board may do the following:

(1) Advise VHCB, the Vermont Housing Finance Agency, the Vermont Economic Development Authority, the Vermont Agricultural Credit Corporation, and other affordable housing and land access stakeholders regarding policy development and programs to promote racial, social, economic, and climate justice for Vermonters from historically marginalized or disadvantaged communities.

(2) Retain wealth, financial, and real estate advisors who are Vermonters from historically marginalized or disadvantaged communities and use the services of those advisors to provide education and guidance for Vermonters from historically marginalized or disadvantaged communities.

(3) Retain Vermonters from historically marginalized or disadvantaged communities with expertise in agriculture, agronomics, and natural resource and land management to provide regenerative natural resource services to Vermonters from historically marginalized or disadvantaged communities.

(4) Work with VHCB; the Agency of Agriculture, Food and Markets; the Departments of Financial Regulation and of Housing and Community Development; the Vermont Sustainable Jobs Fund; the Vermont Housing Finance Agency; the Vermont State Housing Authority; the Vermont Economic Development Agency; and other State entities to:

(A) develop metrics relevant to historically marginalized or disadvantaged communities to understand disparities and track progress in addressing disparities and improving opportunities; and

(B) develop strategies and plans to more effectively reach out and provide access to resources that can overcome structural barriers to housing and land ownership, including an examination of:

(i) debt-to-income ratios;

(ii) impacts from redlining;

(iii) the impact of algorithmic systems of decision making, including the impact of credit scores and criminal background checks;

(iv) the impact of shared equity programs and homeownership programs on wealth disparity; and

(v) other practices that increase discrimination, disparities, and inequities in land access, property ownership, and wealth acquisition.

(5) Work with the Department of Taxes to recommend options and opportunities to provide advantageous tax treatment to properties owned by Vermonters who come from historically marginalized or disadvantaged communities.

(6)(A) Review, monitor, and recommend options and opportunities to redress State policies, procedures, practices, laws, and rules related to racial and social equity in property ownership for the benefit of Vermonters from historically marginalized or disadvantaged communities.

(B) Collaborate with VHCB and other affordable housing stakeholders to recommend programs and related rules to provide loans, grants, and financial assistance to individuals from historically marginalized or disadvantaged communities.

(7) Develop one or more programs with associated rules and procedures to distribute grants, to the extent funds are appropriated for the purpose, for:

(A) community-based groups and programs that will improve land and housing access, safety, and health for historically marginalized or disadvantaged communities; and

(B) individual and collective property and home ownership or housing improvements to support safe and sustainable residences for historically marginalized or disadvantaged communities.

(8) Identify, examine, and make recommendations to redress the limitations and problems associated with existing laws, rules, programs, and services related to property ownership for Vermonters from historically marginalized or disadvantaged communities.

§ 325v. ACCEPTANCE OF GRANTS AND CONTRIBUTIONS

The Board may accept from any governmental department or agency, public or private body, or any other source, grants or contributions to be used in carrying out the provisions of this subchapter.

Sec. 22c. INITIAL REPORT; VERMONT LAND ACCESS AND
OPPORTUNITY BOARD

On or before January 15, 2023, in consultation with the Vermont Housing and Conservation Board and any contractors hired for this purpose, the Vermont Land Access and Opportunity Board shall submit a written report to the House Committee on General, Housing, and Military Affairs and the Senate Committee on Economic Development, Housing and General Affairs with initial recommendations related to the goals set forth in 10 V.S.A. § 325u. The report and recommendations shall primarily address legal, constitutional, and governance questions relevant to the functions of the Board, including

grant making and how to fund, organize, and structure the Board as a permanent instrumentality of the State of Vermont.

* * * Municipal Zoning * * *

Sec. 23. 24 V.S.A. § 2793e is amended to read:

§ 2793e. NEIGHBORHOOD PLANNING AREAS; DESIGNATION OF
NEIGHBORHOOD DEVELOPMENT AREAS

(a) Purpose. This section is intended to encourage a municipality to plan for new and infill housing in the area including and immediately encircling its designated downtown, village center, new town center, or within its designated growth center in order to provide needed housing and to further support the commercial establishments in the designated center. To support this goal, this section sets out a two-component process.

* * *

(b) Definitions.

(1) “Neighborhood planning area” means an automatically delineated area including and encircling a downtown, village center, or new town center designated under this chapter or within a growth center designated under this chapter. A neighborhood planning area is used for the purpose of identifying locations suitable for new and infill housing that will support a development pattern that is compact, oriented to pedestrians, and consistent with smart growth principles. To ensure a compact settlement pattern, the outer boundary

of a neighborhood planning area shall be located entirely within the boundaries of the applicant municipality, unless a joint application is submitted by more than one municipality, and shall be determined:

* * *

(c) Application for designation of a neighborhood development area. The State Board shall approve a neighborhood development area if the application demonstrates and includes all of the following elements:

* * *

(5) The proposed neighborhood development area consists of those portions of the neighborhood planning area that are appropriate for new and infill housing, excluding identified flood hazard and fluvial erosion areas, except those areas containing preexisting development in areas suitable for infill development as defined in § 29-201 of the Vermont Flood Hazard Area and River Corridor Rule. In determining what areas are most suitable for new and infill housing, the municipality shall balance local goals for future land use, the availability of land for housing within the neighborhood planning area, and the smart growth principles. Based on those considerations, the municipality shall select an area for neighborhood development area designation that:

(A) Avoids or ~~that~~ minimizes to the extent feasible the inclusion of “important natural resources” as defined in subdivision 2791(14) of this title.

If an “important natural resource” is included within a proposed neighborhood development area, the applicant shall identify the resource, explain why the resource was included, describe any anticipated disturbance to such resource, and describe why the disturbance cannot be avoided or minimized. If the neighborhood development area includes flood hazard areas or river corridors, the local bylaws shall contain provisions consistent with the Agency of Natural Resources’ rules required under 10 V.S.A. § 754(a) to ensure that new infill development within a neighborhood development area occurs outside the floodway and will not cause or contribute to fluvial erosion hazards within the river corridor. If the neighborhood development area includes flood hazard areas or river corridors, local bylaws shall also contain provisions to protect river corridors outside the neighborhood development area consistent with the Agency of Natural Resources’ rules required under 10 V.S.A. § 754(a).

* * *

(6) ~~The neighborhood development area is served by:~~
~~(A) municipal sewer infrastructure; or~~
~~(B) a community or alternative wastewater system approved by the Agency of Natural Resources. [Repealed.]~~

(7) The municipal bylaws allow minimum net residential densities within the neighborhood development area greater than or equal to four ~~single-family detached~~ dwelling units per acre for all identified residential uses or

residential building types, exclusive of accessory dwelling units, or ~~no~~ not fewer than the average existing density of the surrounding neighborhood, whichever is greater. The methodology for calculating density shall be established in the guidelines developed by the Department pursuant to subsection 2792(d) of this title.

* * *

Sec. 24. 24 V.S.A. § 2793b is amended to read:

§ 2793b. DESIGNATION OF NEW TOWN CENTER DEVELOPMENT
DISTRICTS

* * *

(b) Within 45 days of receipt of a completed application, the State Board shall designate a new town center development district if the State Board finds, with respect to that district, the municipality has:

* * *

(2) Provided a community investment agreement that has been executed by authorized representatives of the municipal government, businesses and property owners within the district, and community groups with an articulated purpose of supporting downtown interests, and contains the following:

* * *

(B) Regulations enabling ~~high~~ densities that are ~~greater~~ not less than four dwelling units, including all identified residential uses or residential

building types, per acre and not less than those allowed in any other part of the municipality not within an area designated under this chapter.

* * *

Sec. 25. 24 V.S.A. § 4449 is amended to read:

§ 4449. ZONING PERMIT, CERTIFICATE OF OCCUPANCY, AND
MUNICIPAL LAND USE PERMIT

(a) Within any municipality in which any bylaws have been adopted:

* * *

(4) No municipal land use permit issued by an appropriate municipal panel or administrative officer, as applicable, for a site plan or conditional use shall be considered abandoned or expired unless more than two years have passed since the permit approval was issued.

* * *

* * * Municipal Bylaw Grants * * *

Sec. 26. 24 V.S.A. § 4306 is amended to read:

§ 4306. MUNICIPAL AND REGIONAL PLANNING FUND

(a)(1) The Municipal and Regional Planning Fund for the purpose of assisting municipal and regional planning commissions to carry out the intent of this chapter is hereby created in the State Treasury.

(2) The Fund shall be composed of 17 percent of the revenue from the property transfer tax under 32 V.S.A. chapter 231 and any monies from time to

time appropriated to the Fund by the General Assembly or received from any other source, private or public. All balances at the end of any fiscal year shall be carried forward and remain in the Fund. Interest earned by the Fund shall be deposited in the Fund.

(3) Of the revenues in the Fund, each year:

(A) 10 percent shall be disbursed to the Vermont Center for Geographic Information;

(B) 70 percent shall be disbursed to the Secretary of Commerce and Community Development for performance contracts with regional planning commissions to provide regional planning services pursuant to section 4341a of this title; and

(C) 20 percent shall be disbursed to municipalities.

* * *

(c) Funds allocated to municipalities shall be used for the purposes of:

* * *

(4) reasonable and necessary costs of administering the Fund by the Department of Housing and Community Development, not to exceed six percent of the municipality allocation.

(d) New funds allocated to municipalities under this section may take the form of Municipal Bylaw Modernization Grants in accordance with section 4307 of this title.

Sec. 27. 24 V.S.A. § 4307 is added to read:

§ 4307. MUNICIPAL BYLAW MODERNIZATION GRANTS

(a) There are created Municipal Bylaw Modernization Grants to assist municipalities in updating their land use and development bylaws. Bylaws updated under this section shall increase housing choice, affordability, and opportunity in areas planned for smart growth. The Grants shall be funded by monies allocated from the municipality allocation of the Municipal and Regional Planning Funds established in subdivision 4306(a)(3)(C) of this title and any other monies appropriated for this purpose.

(b) Disbursement to municipalities shall be administered by the Department of Housing and Community Development through a competitive process providing the opportunity for all regions and any eligible municipality to compete regardless of size.

(c) Funds may be disbursed by the Department in installments to ensure the municipal bylaw updates meet the goals of this section.

(d) Funding may be used for the cost of regional planning commission staff or consultant time and any other purpose approved by the Department.

(e) A municipality grantee shall use the funds to prepare amendments to bylaws to increase housing choice, affordability, and opportunity and that support a neighborhood development pattern that is pedestrian oriented in areas planned for smart growth consistent with the smart growth principles

established in section 2791 of this title and that prioritize projects in designated areas in accordance with chapter 76A of this title.

(f) To receive the grant, the municipality shall:

(1) identify municipal water and wastewater disposal infrastructure, municipal water and sewer service areas, and the constraints on that infrastructure based on the best available data;

(2) increase allowed housing types and uses, which may include duplexes, to the same extent as single-family homes;

(3) include parking waiver provisions in areas planned for smart growth consistent with smart growth principles as defined in section 2791 of this title and appropriate situations;

(4) review and modify street standards that implement the complete streets principles as described in 19 V.S.A. § 309d and that are oriented to pedestrians;

(5) reduce nonconformities by making the allowed standards principally conform to the existing settlement within any area designated under chapter 76A of this title and increase allowed lot, building, and dwelling unit density by adopting dimensional, use, parking, and other standards that allow compact neighborhood form and support walkable lot and dwelling unit density, which may be achieved with a standard allowing at least four units per acre or allowing the receipt of a State or municipal water and wastewater permit to

determine allowable density or by other means established in guidelines issued by the Department;

(6) restrict development of and minimize impact to important natural resources, including new development in flood hazard areas, undeveloped floodplains, and river corridor areas, unless lawfully allowed for infill development in §29-201 of the Vermont Flood Hazard Area and River Corridor Rule;

(7) update the municipal plan's housing element as provided in subdivision 4382(a)(10) of this title related to addressing lower- and moderate-income housing needs, implement that element of the plan including through the bylaw amendments, and demonstrate how those bylaws support the implementation of the housing element; and

(8) comply with State and Federal Fair Housing Act, including the fair housing provisions of Vermont's Planning and Development Act.

(g) On or before September 1, 2022, the Department shall adopt guidelines to assist municipalities applying for grants under this section.

Sec. 28. APPROPRIATION

To the extent that increased funding is provided in fiscal year 2023 to the Municipal and Regional Planning Fund, \$650,000.00 shall be used for Municipal Bylaw Modernization Grants established in 24 V.S.A. § 4307.

* * * Accessory Dwelling Units * * *

Sec. 29. 24 V.S.A. § 4414 amended to read:

§ 4414. ZONING; PERMISSIBLE TYPES OF REGULATIONS

* * *

(4) Parking and loading facilities. A municipality may adopt provisions setting forth standards for permitted and required facilities for off-street parking and loading, which may vary by district and by uses within each district. These bylaws may also include provisions covering the location, size, design, access, landscaping, and screening of those facilities. In determining the number and size of parking spaces required under these regulations, the appropriate municipal panel may take into account the existence or availability of employer “transit pass” and rideshare programs, public transit routes, and public parking spaces in the vicinity of the development. However, a municipality shall not require an accessory dwelling unit to have more than one parking space per bedroom.

* * *

* * * Act 250 * * *

Sec. 30. 10 V.S.A. § 6001 is amended to read:

§ 6001. DEFINITIONS

As used in this chapter:

* * *

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

* * *

(iv) The construction of housing projects such as cooperatives, condominiums, or dwellings, or construction or maintenance of mobile homes or mobile home parks, with 10 or more units, constructed or maintained on a tract or tracts of land, owned or controlled by a person, within a radius of five miles of any point on any involved land and within any continuous period of five years. However:

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

(aa) [Repealed.]

(bb) [Repealed.]

(cc) 75 or more, in a municipality with a population of 6,000 or more but less than 10,000.

(dd) 50 or more, in a municipality with a population of ~~3,000 or more but~~ less than 6,000.

(ee) ~~25 or more, in a municipality with a population of less than 3,000.~~ [Repealed.]

(ff) Notwithstanding subdivisions (cc) through (ee) of this subdivision (3)(A)(iv)(I), 10 or more if the construction involves the demolition of one or more buildings that are listed on or eligible to be listed on

the State or National Register of Historic Places. However, demolition shall not be considered to create jurisdiction under this subdivision (ff) if the Division for Historic Preservation has determined that the proposed demolition will have no adverse effect, will have no adverse effect if specified conditions are met, or will have an adverse effect that will be adequately mitigated. Any imposed conditions shall be enforceable through a grant condition, deed covenant, or other legally binding document.

* * *

(6) ~~“Floodway” means the channel of a watercourse that is expected to flood on an average of at least once every 100 years and the adjacent land areas that are required to carry and discharge the flood of the watercourse, as determined by the Secretary of Natural Resources with full consideration given to upstream impoundments and flood control projects~~ “Flood hazard area” has the same meaning as under section 752 of this title.

(7) ~~“Floodway fringe” means an area that is outside a floodway and is flooded with an average frequency of once or more in each 100 years, as determined by the Secretary of Natural Resources with full consideration given to upstream impoundments and flood control projects~~ “River corridor” has the same meaning as under section 752 of this title.

* * *

(27) “Mixed income housing” means a housing project in which the following apply:

(A) Owner-occupied housing. ~~At the option of the applicant, owner-occupied housing may be characterized by either of the following:~~

~~(i) at least 15 percent of the housing units have a purchase price that at the time of first sale does not exceed 85 percent of the new construction, targeted area purchase price limits established and published annually by the Vermont Housing Finance Agency; or~~

~~(ii) at least 20 percent of the housing units have a purchase price that at the time of first sale does not exceed 90 percent of the new construction, targeted area purchase price limits established and published annually by the Vermont Housing Finance Agency meet the requirements of affordable owner-occupied housing under subdivision (29)(A) of this section, adjusted for the number of bedrooms, as established and published annually by the Vermont Housing Finance Agency.~~

(B) Rental housing. ~~At least 20 percent of the housing units that are rented constitute affordable housing and have a duration of affordability of For~~ not less than 15 years following the date that rental housing is initially placed in service, at least 20 percent of the housing units meet the requirements of affordable rental housing under subdivision (29)(B) of this section, adjusted for

the number of bedrooms, as established and published annually by the Vermont Housing Finance Agency.

* * *

(35) “Priority housing project” means a discrete project located on a single tract or multiple contiguous tracts of land that consists exclusively of:

~~(A) mixed income housing or mixed use, or any combination thereof, and is located entirely within a designated downtown development district, designated new town center, designated growth center, or designated village center that is also a designated neighborhood development area under 24 V.S.A. chapter 76A; or~~

~~(B) mixed income housing and is located entirely within a designated Vermont neighborhood or designated neighborhood development area under 24 V.S.A. chapter 76A.~~

* * *

Sec. 31. 10 V.S.A. § 6081(p) is amended to read:

~~(p)(1) No permit or permit amendment is required for any change to a project that is located entirely within a downtown development district designated pursuant to 24 V.S.A. § 2793, if the change consists exclusively of any combination of mixed use and mixed income housing, and the cumulative changes within any continuous period of five years, commencing on or after~~

~~May 28, 2002, remain below any applicable jurisdictional threshold specified in subdivision 6001(3)(A)(iv)(I) of this title.~~

~~(2) No permit or permit amendment is required for a priority housing project in a designated center other than a downtown development district if the project remains below any applicable jurisdictional threshold specified in subdivision 6001(3)(A)(iv)(I) of this title and will comply with all conditions of any existing permit or permit amendment issued under this chapter that applies to the tract or tracts on which the project will be located. If such a priority housing project will not comply with one or more of these conditions, an application may be filed pursuant to section 6084 of this title.~~

Sec. 32. 10 V.S.A. § 6084(f) is amended to read:

~~(f) This subsection concerns an application for a new permit amendment to change the conditions of an existing permit or existing permit amendment in order to authorize the construction of a priority housing project described in subdivision 6081(p)(2) of this title.~~

~~(1) The District Commission may authorize a district coordinator to issue such an amendment, without notice and a hearing, if the applicant demonstrates that all parties to the existing permit or existing permit amendment, which contains the condition or conditions proposed to be changed, or their successors in interest have consented to the proposed changes to conditions relative to the criteria for which the party obtained party status.~~

~~(2) If the applicant is not able to obtain the consent of a party or parties or their successors in interest with respect to one or more of the conditions in the existing permit or permit amendment proposed to be changed, the applicant shall file a permit application pursuant to this section. However, review by the District Commission shall be limited to whether the changes to conditions not consented to by the party or parties or their successors in interest enable positive findings to be made under subsection 6086(a) and are authorized under subsection 6086(c) of this title. [Repealed.]~~

* * * Criterion 1(D) * * *

Sec. 33. 10 V.S.A. § 6086 is amended to read:

§ 6086. ISSUANCE OF PERMIT; CONDITIONS AND CRITERIA

(a) Before granting a permit, the District Commission shall find that the subdivision or development:

* * *

(D) ~~Floodways~~ Flood hazard areas; river corridors. A permit will be granted whenever it is demonstrated by the applicant that, in addition to all other applicable criteria:

(i) ~~the development or subdivision of lands within a floodway~~ the development or subdivision of lands within a flood hazard area or river corridor will not restrict or divert the flow of flood waters; floodwaters; cause or contribute to fluvial erosion; and endanger the

health, safety, and welfare of the public or of riparian owners during flooding;
and

~~(ii) the development or subdivision of lands within a floodway
fringe will not significantly increase the peak discharge of the river or stream
within or downstream from the area of development and endanger the health,
safety, or welfare of the public or riparian owners during flooding.~~

* * *

* * * Municipal Response to Act 250 Requests * * *

Sec. 34. 10 V.S.A. § 6086(g) is added to read:

(g) If a municipality fails to respond to a request by the applicant within
90 days as to the impacts related to subdivision (a)(6) or (7) of this section, the
application will be presumed not to have an unreasonable burden on
educational, municipal, or governmental services.

* * * Wood Products Manufacturers * * *

Sec. 35. 10 V.S.A. § 6001 is amended to read:

§ 6001. DEFINITIONS

* * *

(43) “Wood product” means logs, pulpwood, veneer wood, bolt wood,
wood chips, stud wood, poles, pilings, biomass, fuel wood, maple sap, and
bark.

(44) “Wood products manufacturer” means a manufacturer that aggregates wood products from forestry operations and adds value through processing or marketing in the wood products supply chain or directly to consumers through retail sales. “Wood products manufacturer” includes sawmills; veneer mills; pulp mills; pellet mills; producers of firewood, woodchips, mulch, and fuel wood; and log and pulp concentration yards. “Wood products manufacturer” does not include facilities that purchase, market, and resell finished goods, such as wood furniture, wood pellets, and milled lumber, without first receiving wood products from forestry operations.

Sec. 36. 10 V.S.A. § 6086(c) is amended to read:

(c)(1) Permit conditions. A permit may contain such requirements and conditions as are allowable proper exercise of the police power and ~~which that~~ are appropriate within the respect to subdivisions (a)(1) through (10) of this section, including those set forth in 24 V.S.A. §§ 4414(4), 4424(a)(2), 4414(1)(D)(i), 4463(b), and 4464, the dedication of lands for public use, and the filing of bonds to ensure compliance. The requirements and conditions incorporated from Title 24 may be applied whether or not a local plan has been adopted. General requirements and conditions may be established by rule of the Natural Resources Board.

(2) Permit conditions on a wood products manufacturer.

(A) When issuing a permit with conditions on wood products manufacturing and delivery, the District Commission shall account for the seasonal, weather-dependent, land-dependent, and varied conditions unique to the industry.

(B) A permit condition that sets hours of operation for a wood products manufacturer shall only be imposed to mitigate an impact under subdivision (a)(1), (5), or (8) of this section. If an adverse impact would result, a permit with conditions shall allow the manufacturer to operate while allowing for flexible timing of deliveries of wood products from forestry operations to the manufacturer outside permitted hours of operation, including nights, weekends, and holidays, for the number of days demonstrated by the manufacturer as necessary to enable deliveries, not to exceed 90 days per year.

(C) Permit with conditions on the delivery of wood heat fuels. A permit with conditions issued to a wood products manufacturer that produces wood chips, pellets, cord wood, or other fuel wood used for heat shall allow for flexible delivery of that fuel wood from the manufacturer to the end user outside permitted hours of operation, including nights, weekends, and holidays, from October 1 through April 30 of each year. Permits with conditions shall mitigate the undue adverse impacts while enabling deliveries by the manufacturer.

(D) Permit amendments. A wood products manufacturer holding a permit may request an amendment to existing permit conditions related to hours of operation and seasonal restrictions to be consistent with subdivisions (B) and (C) of this subsection (c). Requests for condition amendments under this subsection shall not be subject to Act 250 Rule 34(E).

* * * One-acre towns * * *

Sec. 37. INTENT; AMENDMENT OF 10 V.S.A. § 6001(3)(A)(ii)

The General Assembly's intent in the amendments to 10 V.S.A. § 6001(3)(A)(ii) set forth in Sec. 38 of this act is to clarify the text to reflect the way jurisdiction over commercial and industrial development in towns without permanent zoning and subdivision bylaws has been determined since the passage of Act 250 in 1970. The General Assembly does not intend any provision of this act to be interpreted as a substantive change to determining jurisdiction under 10 V.S.A. § 6001(3)(A)(ii).

Sec. 38. 10 V.S.A. § 6001 is amended to read:

§ 6001. DEFINITIONS

* * *

(3)(A) "Development" means each of the following:

(i) The construction of improvements on a tract or tracts of land, owned or controlled by a person, involving more than 10 acres of land within a radius of five miles of any point on any involved land, for commercial or

industrial purposes in a municipality that has adopted permanent zoning and subdivision bylaws.

(ii) The construction of improvements on a tract or tracts of land, owned or controlled by a person, involving more than one acre of land within a radius of five miles of any point on any involved land, for commercial or industrial purposes ~~on more than one acre of land within~~ in a municipality that has not adopted permanent zoning and subdivision bylaws.

* * *

* * * Reports * * *

Sec. 39. REPORT; ACT 250 JURISDICTION OVER AGRICULTURAL
BUSINESSES

On or before January 15, 2023, the Natural Resources Board shall submit to the General Assembly a report with recommendations on how Act 250 jurisdiction should be applied to agricultural businesses, including those located on properties already operating as farms. The Board shall consult with the Agency of Agriculture, Food and Markets, the Vermont Planners Association, the regional planning commissions, and other interested stakeholders. The report shall include recommendations as to how to clarify what is and what is not an accessory on-farm business. The report shall address the current land use planning requirements for farms and farms with accessory on-farm businesses and whether different types of businesses

associated with farms and farming require different levels of review. The report may consider whether or not the location of such businesses is relevant and may consider the designation or adoption of agricultural business innovation zones with different levels of review.

Sec. 40. DESIGNATED AREA REPORT; APPROPRIATION

(a) The sum of \$150,000.00 is appropriated from the General Fund to the Department of Housing and Community Development in fiscal year 2023 for the purpose of hiring a consultant to evaluate the State designation programs established in 24 V.S.A. chapter 76A pursuant to subsection (b) of this section.

(b)(1) The Department of Housing and Community Development shall hire an independent consultant to:

(A) review and assess the State designation programs and incentives established in 24 V.S.A. chapter 76A that recognize and invest in the vitality of Vermont's compact settlement areas; and

(B) conduct statewide stakeholder outreach to support the evaluation of and future improvements to the programs, including participation by State, regional, municipal, and advocacy and nongovernmental organizations.

(2) The consultant shall make recommendations on how to:

(A) objectively define and map existing compact settlements as a basis for broader recognition;

(B) improve the consistency between and among regional plans and future land use maps;

(C) modernize these programs, including consideration of program reform or consolidation;

(D) make the designation programs and associated benefits more accessible to municipalities;

(E) apply regulatory and nonregulatory benefits;

(F) strengthen designation and incentives as a platform for place-based economic development, climate action, complete streets, and equity and efficiency of public investment and service delivery;

(G) implement the smart growth principles established by 24 V.S.A. § 2791; and

(H) achieve the goals established in 24 V.S.A. § 4302.

(3) On or before July 15, 2023, the consultant shall submit a written report to the General Assembly with its findings and any recommendations for legislative action.

Sec. 41. REPORT; NATURAL RESOURCES BOARD

(a) On or before December 31, 2023, the Chair of the Natural Resources Board shall report to the House Committees on Natural Resources, Fish, and Wildlife and on Ways and Means and the Senate Committees on Finance and

on Natural Resources and Energy on necessary updates to the Act 250 program.

(b) The report shall include:

(1) How to transition to a system in which Act 250 jurisdiction is based on location, which shall encourage development in designated areas, the maintenance of intact rural working lands, and the protection of natural resources of statewide significance, including biodiversity. Location-based jurisdiction would adjust the threshold for Act 250 jurisdiction based on the characteristics of the location. This section of the report shall consider whether to develop thresholds and tiers of jurisdiction as recommended in the Commission on Act 250: the Next 50 Years Report.

(2) How to use the Capability and Development Plan to meet the statewide planning goals.

(3) An assessment of the current level of staffing of the Board and District Commissions, including whether there should be a district coordinator located in every district.

(4) Whether the permit fees are sufficient to cover the costs of the program and, if not, a recommendation for a source of revenue to supplement the fees.

(5) Whether the permit fees are effective in providing appropriate incentives.

(6) Whether the Board should be able to assess its costs on applicants.

* * * Effective Dates * * *

Sec. 42. EFFECTIVE DATES

This act shall take effect on July 1, 2022, except that Sec. 11 (Missing Middle Pilot Program) and Sec. 21 (tax sales) shall take effect on passage.