

Economic Growth Initiative of 2008

Housing

New Neighborhoods Initiative

- The New Neighborhoods Initiative streamlines regulatory systems and complements the existing low-income housing network.
- The bill facilitates the production of housing in smart growth areas in communities that host a Designated Downtown or Village Center and that have a robust local development review process.
- The intent of this legislation is to increase the housing stock available to middle income working Vermont families by reducing costs associated with an unpredictable and sometimes costly permitting process.
- The original New Neighborhood Initiative included a Property Tax Reallocation provision that would have provided a lever for local communities to work with builders to generate even more units of housing affordable to middle income families. While this provision was dropped from the conference report the bill still takes significant steps toward meeting the housing needs of working Vermonters.
- In addition, the legislation makes important changes in landlord tenant law and how mobile homes are considered for financing purposes.

VHFA

The Vermont Housing Finance Agency (VHFA) has opportunities to provide an economic stimulus to Vermonters at a time when market conditions are making it more difficult to buy a home and for VHFA to obtain adequate low interest financing.

- The Vermont Pension Committee shall consider purchasing up to \$17.5 million of VHFA bonds to support VHFA's mobile home and housing programs.
- The Treasurer is authorized to establish a short-term credit program - up to \$50 million to be used as interim financing for the VFHA homeownership loan program.
- VHFA bond issues will be supported by the increased moral obligation of the State (increasing moral obligation by \$30 million).

Transportation

Additional Funds for Road, Bridge and Culvert Repair, Rehabilitation and Preventative Maintenance

- Governor's plan will invest an additional \$80 million in Vermont's transportation infrastructure over the next five years.
- New funds will be spent directly in Vermont on materials and labor, especially to perform preventative maintenance work that will lower future costs of repair.
- \$10 million in new bonding money will be used in the 2008 construction season. This additional bonding money will create over 450 new jobs this year.
- The Governor plans \$10 million per year in new bonding through FY2013. Also plans to reduce transportation fund transfer to general fund by \$4.5 million every year starting in FY 2010 through FY 2013 leaving \$15 million for Public Safety in FY2013.
- FY2009 budget contains more money for bridges, culverts and paving.
- FY2009 budget also contains \$3 million for *Operation Smooth Ride* – 79 miles of patching and overlay in all parts of the state.

Sales Tax Holidays

- A sales tax holiday for all purchases up to \$2,000 will support retail activity in Vermont for the two days of July 12 and July 13, 2008.
- Another sales tax holiday for Energy Star Rated Appliances will be implemented for the week of July 14 through July 20, 2008 for purchases up to \$2,000 to support retail activity and reduce energy use and emissions.

Employer Support

VEDA

The Vermont Economic Development Authority (VEDA) will offer low interest loans for business expansion or start-up. Loans of up to a total of \$18 million can be offered at a subsidized variable rate (Wall Street Journal Prime less 3% - currently 2.25%). Loans must be initiated within 24 months; borrowers repay over 3 years. The State will advance VEDA the estimated subsidy costs (\$1.25 million), which will be written off over time based on the subsidy costs incurred by VEDA each year.

Forests, Parks and Recreation

As part of the economic stimulus package, the Department of Forests, Parks and Recreation will continue to increase the amount of timber offered on state land each year. This will benefit the forestry industry in Vermont.

Manufacturers Operating in Economically Challenged Areas

Provides low interest VEDA loans or equity investments for manufacturers operating in areas with high unemployment rates to help preserve and stimulate the economy of those regions.

VEGI

Targets up to \$10 million in Vermont Employment Growth Incentive (VEGI) tax credits toward Vermont businesses that provide environmental products or services.

Downtowns Tax Credit

Increases the Downtown Development Tax Credit program by \$150,000 to support the rehabilitation and revitalization of important downtown buildings.

Mortgage Assistance

- Creates the Vermont Mortgage Assistance Program with a dedicated Mortgage Assistance Specialist within the department of Banking, Insurance, Securities and Health Care Administration (BISHCA) that will staff a new toll-free assistance line for Vermonters who are at risk of defaulting on their mortgages. That number is 1-888-568-4547.
- Provides aid to Vermonters on the brink of foreclosure by having the Banking Division negotiate with lenders for 60-day grace periods. This will provide relief and time for the mortgage assistance specialist to help homeowners and lenders map out other financing mechanisms and alternatives to foreclosure.