



## **Legislative Session 2022 Summary, Outcomes, and Looking Ahead**

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“Joe, you’re muted.”

I think that’s a phrase that all of us could agree aptly summarizes the last couple of years. As so much of life has shifted to Zoom, there likely isn’t a single person on the planet who hasn’t had to tell a colleague that they were unknowingly “on mute.” I am delighted to say that during the 2022 Legislative Session, when it came to housing, nobody was “on mute.”

The second half of the biennium saw the continuation of what began last year as lawmakers continued to allocate more federal COVID-19 relief funding. First the House returned to “in person” work, and after Crossover the Senate joined them. The hybrid nature of committee meetings and the action on the chamber floors allowed for even wider access to the legislative process. Although there are always differences in approach, one thing that was clear was that leadership, lawmakers, and advocates jointly acknowledged the severity of the growing housing crisis, and recognized the once-in-a-lifetime opportunity before us to leverage federal relief funds in response to this critical issue.

After spending nearly half of the \$2.7 billion of pandemic aid awarded to Vermont by Washington in categories such as housing, broadband, and infrastructure, Governor Phil Scott’s budget proposal advocated for spending the remaining billion dollars in the exact same categories. This included a total of \$145 million towards housing, broken down as: \$105 million for mixed-income housing development, \$25 million for the Vermont Home Improvement Program (VHIP), and \$15 million for a “missing middle” housing pilot program. Overall, this continued commitment from both the Governor and the Legislature reaffirmed the critical need to invest in affordable housing now more than ever, and the trust they have in Vermont’s network of housing organizations to effectively and responsibly translate these funds into homes.

While the promise of this massive investment is not to be understated, the past biennium also underlined the severity of the housing crisis. The pandemic fanned the flames of our already hot housing market. Prior to the pandemic the median purchase price of homes in Vermont rose by 2-3% per year, but jumped to 10% from 2020-2021, and the sale of million-dollar homes nearly tripled. This highly constrictive market has squeezed low-and-middle-income Vermonters out of homeownership and has resulted in a landlord’s market that leaves low-income renters disempowered and with dwindling housing options. At a time when many pandemic supports and protections are dissolving, this creates a dire reality of housing instability for some of Vermont’s most vulnerable populations.

The legislature was keenly aware of our dangerous situation, and this session they moved forward with more major investments and creative new programs. The Omnibus Housing Bill was changing and growing right up the final hours before its passage, and the Rental Housing Safety Bill was finally signed into law. VHCB received a \$10M increase to its base funding from the Property Transfer Tax, bringing that funding to almost two thirds of full statutory funding. Just Cause Eviction was vetoed by the Governor, but advocates have not lost hope.

Lawmakers were not muted, nor was the affordable housing community. I am so grateful to all the Coalition members who engaged in this legislative session, connected with lawmakers, and have worked for so long - so faithfully- to elevate the importance of safe, affordable housing. Without a doubt, it was all of this hard work that contributed to the Legislature identifying housing as such a primary concern.

## Introduction

In a particular way, I want to recognize the many years and dedicated work of **Jen Hollar**, at VHCB, who is now retiring. I know that she worked very closely with Erhard while he was the VAHC Coordinator, and she has been an invaluable resource to me since my arrival. I know I speak for our entire membership when I say how grateful we are, and how much we will miss her!

I also want to thank the other “housing eyes and ears” in the State House. Alongside Jen was **Chad Simmons** of the Vermont Housing Finance Agency; **Sarah Carpenter** of the Rental Housing Advisory Board; **Wendy Morgan** of Vermont Legal Aid; **Chris Donnelly** of Champlain Housing Trust; and **Matt Levin and Dan Brown** of Vermont Early Childhood Advocacy Alliance.

As VAHC looks towards the next session, we are focusing on a more intentionally collaborative approach to housing advocacy work, strengthening old relationships and starting new ones as a large number of Legislators will be starting new in January. Each month the coalition will bring together legislators/candidates and their constituents through Virtual Regional Town Halls to talk about housing, and as we move through the Primaries and the General Election, other events will offer the candidates opportunities to dive deeper into the intricacies of housing work.

The work of the Legislative Session does not begin in January: it begins now. Within the Coalition we are establishing a Legislative Workgroup, and over the course of the summer this group will work to bring together housing advocates to look towards next year, and begin to articulate our priorities for January. The group will also work steadily to weave in the feedback of our membership. When the session begins, the workgroup will meet more frequently to adjust strategy, identify potential roadblocks, and work towards solutions.

No one was “on mute” about housing this year. We now have the task of making sure the same is true for 2023. A third of the Senate is not running for reelection, including Sen. Sirotkin, who was Chair of the Senate Economic Development, Housing, and Military Affairs Committee. In the House, half the Committee Chairs will likewise be stepping down, including Rep. Hooper, who chaired House Appropriations. I know I speak for the whole housing continuum when I say that we are grateful for their prioritization of housing through the years...now it’s up to us to remind their successors of how important it is that they do the same.

Yours in Community,



David Martins, VAHC Director  
[david@vtaffordablehousing.org](mailto:david@vtaffordablehousing.org)

# Rental Housing Safety

## Summary

The Rental Housing Safety Bill, S. 79 was passed last year by the House and the Senate, but vetoed by the Governor. In his veto letter he said:

- He "would support a rental housing registry for only those buildings which exceed two dwelling units available for rental for more than 120 days per year." This later came to be called "a concern for the 'mom and pops'"
- Changing the health and safety inspection obligation from being the responsibilities of municipalities to the Department of Fire Safety (DFS) would make the inspections no longer "complaint based" but now mandatory.
- There was a threat that a small infraction could result in a unit being taken "off line."
- The hope of hiring 5 new inspectors was believed to be insufficient and would result in a future further "expansion of the bureaucracy."

In the Veto Letter he also expressed support for VHIP, and the VT Homeownership Revolving Loan Fund, and said that these would be funded in the budget. He also put forward a suggestion that attention be turned to working on Act 250 reforms and changes in permitting.

S. 210 was introduced in this second half of the biennium, presenting the same concepts but structuring the program differently. Ultimately, the bill was passed, and signed into law by the Governor on June 7, 2022. The registry was removed, and the launch of the inspection program will be funded through an ARPA allocation. The bill as enacted includes:

- Rental Housing Safety
  - o Authorizes the Department of Public Safety to create five inspector positions to implement the complaint driven rental housing inspection program.
- Vermont Rental Housing Improvement Program
  - o Appropriates \$20M for major renovation of blighted and substandard rental housing, and 20 percent of the funding must be used for the creation of new accessory dwelling units (ADU).

## The Whole Story

S. 210 was submitted this year in response to the Governor's Veto Letter. This bill repeats the content of S. 79 while attempting to satisfy the concerns addressed by the Governor. The new bill included:

- Sec. 1 creates a new chapter 172 in Title 20 incorporating all of the S.79 provisions on rental housing inspections and the registry; in S.79 they were blended into Fire Safety's general authorizing statute, chapter 173. (This has the advantage of not bringing to the forefront existing statutory provisions that are not being changed but which can cause alarm.)

## Rental Housing Safety

- S. 210 clarifies that the inspection system is complaint driven. Page 2, line 10.
- New penalty language that clarifies that “the punishment should fit the crime.”
  - o For not complying with the inspection report the penalty must be reasonably related to the severity of the violation, not to exceed \$1000/violation. Page 4 subsection c.
  - o The failure to register remains the same at \$200/unit in both bills.
- There are new exemptions from registration and its accompanying fee, including:
  - o Lodging establishments licensed by Dept. of Health
  - o Property with up to three units which include an owner’s primary residence
  - o Non Winterized seasonal units, and units rented for less than 90 days per calendar year
- New Appropriations:
  - o \$2M from Coronavirus Relief Funds (CRF) to the Department of Housing and Community Development (DHCD) to implement VHIP in FY2022.
  - o \$10M from CRF to DHCD to implement VHIP in FY2023.
- Change in Effective dates
  - o VHIP for FY2022 to take effect immediately.

After Crossover debate continued about exemptions to the registry, and when it was in the House for debate Legislators had a lot of questions about very particular situations, and if they would be exempted or not. The House General, Housing, and Military Affairs Committee did attentive work to clean up the relationship between this bill and S. 226 (the Omnibus Housing Bill). They removed the Revolving Loan Fund, and brought it over to 226 in the form of a Vermont Housing Finance Agency (VHFA) First Generation Homebuyer Program. They also brought the proposed Accessory Dwelling Unit (ADU) amendment from 226 over to 210.

Ultimately, the Registry was removed entirely. It became clear that a Veto was a real danger if it stayed in. Ultimately, S. 210 was passed and signed into law. Its final version includes:

- A complaint-based inspection system within the Department of Public Safety (DPS).
- The establishment of the Vermont Rental Housing Improvement Program (VRHIP)
  - o To rehabilitate non-code compliant units
  - o New accessory dwelling units (essentially “in-law apartments”)
- Allocations
  - o \$20M from ARPA for VRHIP
  - o \$400,000 from ARPA for the establishment of the inspection system through DPS

Formerly the inspector positions would be funded through the fees paid to the registry. In the future, the Governor intends to see the inspector positions to be funded through the General Fund. The \$400,000 allocated from ARPA was a re-appropriation of funds that were previously intended for the expenses around the maintenance and establishment of the registry system.

## Summary

There were a number of housing bills “on the table” in the Legislature this year. Some of these originated last year, and some are new in 2022. One such bill was S. 226, submitted by Sen. Ram Hinsdale and was called colloquially a “Housing Omnibus Bill.” As the Senate Committee on Economic Development, Housing, and General Affairs started hearing testimony on these many potential pieces of legislation, Sen. Sirotkin suggested that the committee put forward its own Committee Bill, drawing together the best of all these housing proposals. Ultimately, the committee did not get the bill written in time for the deadline, so S. 226 had become the official “Omnibus Housing Bill.”

The bill went through a multitude of changes along the way, as various proposals were considered and subsequently removed. Right up until the last moments of the bill’s activity on the Chamber Floor there were new elements being considered for addition. The bill as enacted includes:

- Sections 1 & 2: First Generation Homebuyers Program
- Section 4: Community Partnership for Neighborhood Development
- Sections 5 –10: Downtown and Village Center Tax Credit Program
- Section 11: Missing Middle
- Section 12-18: Residential Construction Contractors
- Section 19-20: Unfair Housing Practices
- Section 21: Prohibition of Tax Sale
- Section 22: The Vermont Land Access and Opportunity Board
- Section 23-24: Permitting Changes
- Section 25 -28: Municipal Bylaw Modernization Grants
- Section 29: ADU Development
- Sections 30-34: Act 250 & Priority Housing Projects (PHP)
- Sections 35 & 36: Wood Product Manufacturers
- Sections 37 & 38: One Acre Towns
- Section 39: Report on Jurisdiction
- Section 40: Report on Designated Areas
- Section 41: Report on Updates to Act 250

## The Whole Story

The bill contains many items that were on VAHC’s initial Legislative Priorities list, as well as new proposals. As of crossover the content of the bill was:

### Permitting Changes

- Neighborhood Development Areas (NDA)
  - o It would allow multiple towns to file joint applications for NDAs.
  - o It would allow NDAs to include areas that are designated as flood hazard areas if they are suitable for infill development as defined under ANR’s rules, and if the local bylaws contain provisions that are consistent with ANR’s model for these areas.

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- o It strikes the requirement for NDAs to have either a municipal sewer or an approved community or alternative wastewater system.
- o It would allow a density of 4 residential units of any kind within its zoning districts.
- New Town Centers
  - o It requires that a New Town Center have a density of 4 residential units of any kind within its zoning districts.
  - o It would require that permits for a site plan or conditional use can't expire for 2 years

### Act 250 & Priority Housing Projects (PHP)

- Changes the cap on the number of PHP units that are exempt from Act 250 from 25 to 50, in towns with a population of less than 3,000 people
- Expands the definition of priority housing projects in neighborhood development areas to include "mixed use" development.
- Simplifies the exemption for PHP so that no permit or permit amendment is needed, including for permits on existing projects that will include PHP.

### Manufactured Homes

- Provides funding for the rehabilitation of Manufactured Homes, and increases the State Affordable Housing Tax Credit using a combination of American Rescue Plan Act (ARPA) and State Revolving Fund (SRF) funds.
  - o \$3,000,000 in ARPA for Manufactured Home Community Small Scale Capital Grants
  - o \$500,000 in ARPA for Manufactured Home Repair Grant Program
  - o \$250,000 tax credit/\$1,000,000 in ARPA Manufactured Home Replacement Program
    - \$250,000 increase in state tax credit for MH Down Payment Program
    - \$1,000,000 in ARPA for New Manufactured Homeowner Foundation Grant

### Municipal Bylaw Modernization Grants

- When S. 101 was moving through the Legislature last year, although it did not pass, the funding for the Municipal Bylaw Modernization Grants did move forward without the policy language.
- S. 226 brings that policy language back while proposing that the program be extended for an additional year.
  - o The grants shall be administered by DHCD, which shall issue guidelines on the grant applications by Sept. 1, 2022.
  - o They require that a town seek to update their bylaws in smart growth areas to increase density.
  - o Allows DHCD to use up to 10% of funds to administer the grant programs.
  - o Appropriates \$650,000

### Tax Credit Expansion

- Last year S. 101 also included a proposal for expanding the Downtown and Village Center Tax Credit to include Neighborhood Development Areas. Rather than extending the Tax Credit, this proposes a pilot program with a sunset in five years, that would grant the same Tax Credit Program to NDAs.

# Housing Omnibus Bill

- It also adds a fourth project type that qualifies for the tax credit: “Qualified Flood Mitigation Projects.”

## Water/Wastewater Connections

- Water/Wastewater language from S. 101 that eliminates the duplicative nature of the permitting process between the municipality and the State.

## Act 250 Changes from S. 270

- Another housing bill that was introduced this year was S. 270, “an act relating to Vermont Housing Regulation Modernization.” Sen. Brock was the sponsor for this bill. Portions of this bill were included in this Omnibus Bill. The content of this section continues to be a source of debate:
  - o Definition Changes
    - Change the definition of “affordable housing” for rentals
      - The current definition reads: “Rental housing for which the total annual cost of renting, including rent, utilities, and condominium association fees, does not exceed 30 percent of the gross annual income of a household at 80% Area Median Income (AMI).”
      - The proposal is to change this to 120% AMI
    - Amend the definition of “priority housing project” to allow for mixed use projects to be built in NDA and be considered PHP.
  - o Exemption Changes
    - It simplifies the exemption for priority housing projects so that permit amendments needed for priority housing projects go through the simplified amendment process.
  - o Expedited application process in Act 250
    - This section would allow projects in a “high demand county” to use the expedited process.
    - If projects have used this process, they would likewise be exempt from needing an Act 250 permit or permit amendment.
  - o Sales Tax Exemption
    - Allows an exemption from the sales and use tax for construction materials used for priority housing projects. Joint Fiscal says this would cost: 1.25M the 1st year, and 1.7M the 2nd year.

## Environmental Court

- This section attempts to address the significant time delays brought about when a developer is seeking an Act 250 appeal. The Court has expressed concerns with this section of the Bill.
  - o Directs the Environmental Division of the Superior Court to act on an appeal within 30 days, and render a final decision within 120 days if it is related to housing projects.
  - o The Natural Resources board would refund the fees that were already paid if the court fails to meet this expectation.
  - o Directs the Court to hire 1 limited service judge, and 1 limited service law clerk funded by federal dollars



## ADU Development

*It's pretty unclear what this will look like in the end. Some want the municipalities to decide what's best for their communities rather than state statute. The intent is clear though: to lower barriers for ADU development. VHIP was supposed to include ADU development, that money has gone out and there's only been one new ADU.*

*Another suggestion is that this language should go in 210. There is also some talk of the importance of new ADU being for LTR not STR. Even if it's 3 or 6 months. It's important to many in the legislature that public money go toward solving the problem long term.*

- This section is intended to incentivize home owners to develop Accessory Dwelling Units (ADU) to add to the available housing stock.
  - o It would prevent towns from requiring more than one parking space per bedroom for ADUs.
  - o It would direct DHCD to use 25% of any VHIP monies appropriated to them for the purpose of incentivizing ADUs.
  - o It allocated \$5.7m to establish the ADU Navigation Center (within Agency of Commerce and Community Development (ACCD)). The Center would assist municipalities and homeowners in developing accessory dwelling units (ADUs) as follows:
    - A consultant to develop a statewide ADU guidebook which would include a variety of designs with floor plans that can be used for ADUs.
    - A pilot program to hire local ADU ambassadors in towns to provide local assistance on development of ADUs.
    - A central statewide resource center to support pilot communities and any homeowner statewide interested in building an ADU that will provide materials and training on planning, design, and development of ADUs.
    - Work with Vermont Housing and Finance Agency to develop an ADU loan loss reserve fund.
    - Create ADU down payment grants for homeowners.
    - Create a Social Enterprise Pilot Program for Weatherization and Internal Conversion to identify workforce for ADU construction.

## Missing Middle Program

- The Budget Adjustment Act (BAA) included an allocation of \$5M to DHCD to fund a grant to VHFA for a Missing Middle Pilot Homeownership Program. Through the legislative process, these dollars were removed from BAA. In the FY23 Budget Proposal there was an allocation for \$10M for this same purpose. The Administration has made its desire for this program very clear.
- The allocation in this bill is \$15M.
- The program would provide subsidies for new construction or acquisition and substantial rehabilitation of owner-occupied homes for income-eligible buyers.
  - o A subsidy to address the “value gap”, defined as the difference between the cost to build a house, and its appraised value.
  - o A subsidy to address the “affordability gap”, defined as the difference between the value of the house and what is considered “affordable” for families at 80-120% AMI.

# Housing Omnibus Bill

- o The second subsidy remains with the home in its future sales.

As the bill went through the legislative process in the House, it saw a multitude of changes. The final content of the bill, as signed by the Governor is:

## Sections 1 & 2: First Generation Homebuyers Program

- The draft of 226 that went to the House included a provision for VHFA to use \$1M of their funding for the First Time Homebuyers Program to help families that were also First-Generation Homebuyers. S. 210 had an allocation of \$1M for a Revolving Loan Fund. House General brought all these components together to shape this provision.
  - o VHFA will fashion a First-Generation Homebuyers Program from the funding they receive through the allocation of tax credits.
  - o The program will offer this assistance in the form of grants.
  - o \$1M that had been allocated to DHCD in 2021 (but not yet spent) for the purpose of a revolving loan fund will be transferred to VHFA for the administration of this program, and outreach.

## Section 4: Community Partnership for Neighborhood Development

- This establishes “a collaborative among municipalities, nonprofit and for-profit developers, State agencies, employers, and other 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.”
- This initiative will be led by DHCD, steered by a Housing Equity Council, with an allocation of \$1M to DHCD for predevelopment grants and the implementation of the collaboration.

## Sections 5 –10: Downtown and Village Center Tax Credit Program

- The expansion of the Downtown Village Center Tax Credit Program to include Neighborhood Development Areas and Village Centers.
- The addition of a “Qualified Flood Mitigation Project” as a qualified eligible project

## Section 11: Missing Middle

- The final version of the Missing Middle Program is a total allocation of \$15M of ARPA funds, with \$5M from FY 2022, and \$10M from FY 2023.
- This new program would subsidize the construction of a modest new home, or the acquisition and substantial rehabilitation of an existing home. The total amount of subsidies may not exceed 35% of eligible development costs.
  - o A developer subsidy may be paid that would close the gap between the value of the home, and the development costs.

- o A further subsidy may be paid to bring the cost down to the level of affordability. This subsidy must remain in the home, and 33% of the funds for this program must go to projects that are funded through a shared equity model ensuring perpetual affordability.

### Section 12-18: Residential Construction Contractors

- This section is the previously vetoed H. 157, colloquially called the “Contractor’s Registry Bill.” In an effort to meet the concerns of the Governor’s Veto Letter, the threshold for registration was raised from a \$3,500 project to \$10,000.

### Section 19-20: Unfair Housing Practices

- Clarifies that the intention of this section is to “maximize the deterrence of discriminatory behavior”, and addresses harassment and discrimination in housing.

### Section 21: Prohibition of Tax Sale

- This provision came from H. 625, and is a temporary moratorium on the sale of a home where the owner is delinquent in property tax payment, water and sewer charges, interest, and penalties while their application for Vermont Homeowner Assistance Program (VHAP) is pending.
- It clarifies the process by which the delinquent taxpayer is to be notified of the assistance available through VHAP.
- This section would expire in September of 2025.

### Section 22: The Vermont Land Access and Opportunity Board

- This section establishes the VT Land Access and Opportunity Board in an effort to acknowledge and address structural racism and prevalent wealth disparities that cause barriers to land and home ownership.
- An allocation of \$200,000 from General Fund to Vermont Housing and Conservation Board (VHCB) in FY 2023 (and to the extent it is available in FY 2024 and FY 2025) for general administrative support of the Board, and a per diem stipend to Board members.
- The membership is to be comprised of:
  - o the Executive Director of Racial Equity or designee;
  - o one member of Indigenous heritage, appointed by the Vermont Commission on Native American Affairs;
  - o one member, appointed by the Vermont NAACP;
  - o one member, appointed by the Vermont Racial Justice Alliance;
  - o one member, appointed by Liberation Ecosystem;
  - o one member, appointed by the Vermont Every Town project;
  - o one member, appointed by the National Association of Social Workers, Vermont Chapter, who shall be a social worker with expertise in antiracism;
  - o one member, appointed by the Pride Center of Vermont, who shall be LGBTQ;
  - o 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;

# Housing Omnibus Bill

- o one member, appointed by the Vermont Developmental Disabilities Council; and
- o one member, appointed by Vermont Psychiatric Survivors.
- This section also clarifies the role of the Board, how it is to function, and the requirements of its reporting to the Legislature.

*The following sections were added to the Omnibus Bill in the final hours before its passage, largely due to advocacy from the housing community and other relevant stakeholders.*

*Some of these provisions were previously in S. 226 but were removed by House General because they also appeared in S. 234. When it became clear that 234 would be vetoed, action was taken to have them included again in the Omnibus Bill. Likewise, with a few other elements of 234 pertaining to conservation that were at risk of being lost to the veto.*

## Section 23-24: Permitting Changes

- As above.

## Section 25 -28: Municipal Bylaw Modernization Grants

- As above, with the exception of a limitation on what may be spent on the administration of the program.

## Section 29: ADU Development

- Prevents towns from requiring more than one parking space per bedroom for ADUs.

## Sections 30-34: Act 250 & Priority Housing Projects (PHP)

- As above.

## Sections 35 & 36: Wood Product Manufacturers

- This section specifies rules for Act 250 permitting for wood product manufacturing industries like logging and mills. It directs Act 250 District Commissions to be flexible with permit conditions given to these sites especially when it comes to hours of operations issues like accommodating deliveries. It also requires consideration for seasonal use, use dependent on the land itself and weather, and any other unique industry conditions.

## Sections 37 & 38: One Acre Towns

- This amendment to 10 VSA 6001 is meant to help clarify how Act 250 permitting is supposed to operate when a town does not have zoning or subdivision rules established. Specifically, the definition of "development" in this section is changed to include construction on land owned by one person, more than one acre of land, in a town with no zoning rules.

## Section 39: Report on Jurisdiction

## Housing Omnibus Bill

- Commissions the Natural Resources Board to complete a report by January 15, 2023 about “how Act 250 jurisdiction should be applied to agricultural businesses, including those located on properties already operating as farms.”

### Section 40: Report on Designated Areas

- Commissions DHCD to compile a comprehensive report on the State designation programs, and related incentives.
- \$150,000 is appropriated from the General Fund in FY 2023 to hire a consultant for this project and for outreach to stakeholders.
- The report is to be completed by July 15, 2023.

### Section 41: Report on Updates to Act 250

- Commissions the Natural Resources Board to report to Senate Ways & Means and House Natural Resources on necessary updates to Act 250.
- The report should address functionality, effectiveness, and fees.
- The report must be completed by December 31, 2023.

## Background

Just Cause Eviction (JCE) was an item on the ballot in the City of Burlington in 2021. A housing summit was held in 2019 which concluded that while increasing housing stock is important, it is equally important to ensure stability for folks who are in housing already. The City Council engaged with CVOEO and VLCT to talk about a way forward. The concept of Just Cause Eviction (only being able to evict someone when the landlord has a "just cause") exists in 4 States, dozens of municipalities, and many of our own nonprofit housing developers have similar rules already.

The bill passed the House and the Senate, but was vetoed by the Governor. When the bill was brought back to the House in an attempt to override the veto, only 99 of the necessary 100 votes were achieved. Advocates and supporters of the bill are discussing ways to address this issue again in the next session.

## The Whole Story

Strong testimony came from both sides of the conversation and the change was passed on the ballot at 63% city wide. District by district it passed from 52% to as high as 90%. Now it must go through the Legislature in order to be enacted. The Bill was introduced as an Omnibus Bill along with other (non-housing related) Burlington Charter changes. It now has been separated as its own bill (H. 708). It has passed the House and will now go to the Senate.

There has been much misinformation about the nature and content of the bill. The bill is in fact not at all as restrictive as many seem to think.

- It would protect Burlington tenants from eviction without “just cause”, and defines “just cause” as:
  - o Breach of a written rental agreement
  - o Violation of State law regulating tenant obligations in residential rental agreements
  - o Nonpayment of rent
  - o Tenant’s failure to accept written, reasonable, good faith renewal terms
  - o Substantial damage to the property by the tenant, members of the tenant’s household, or guests
  - o Behavior of the tenant, members of the tenant’s household, or guests that adversely affects the health and safety of the other tenants, the landlord, or the landlord’s representative
  - o Criminal activity on the premises of the rental property or any criminal threat against the landlord or the landlord’s representative
- It would establish that the expiration of a lease alone is NOT “just cause.”
- The bill also provides a number of exemptions:
  - o Sublets and in-unit rentals
  - o Owner-occupied duplexes and triplexes
  - o Units being withdrawn from the rental market, including properties to be occupied by the owner or an immediate family member as a primary residence or properties being sold for owner-occupied use
  - o Units in need of substantial renovations that preclude occupancy
- The bill also states that if permission is given for this ordinance, the City of Burlington must:

## Just Cause Eviction

- o mitigate potential negative impacts on tenants and property owners, including requirements of adequate notice and reasonable relocation expenses that shall not exceed the value of one month's rent or another amount negotiated by the landlord and tenant
- o Provide for a one-year probationary period after initial occupancy
- o Limit unreasonable rent increases to prevent de facto evictions or nonrenewal, (it also clarifies that this is not be construed as a limit to rents beyond the purpose of preventing individual evictions)
- o Mitigate potential impacts on small landlords
- The ordinance would also be required to clearly define what is "reasonable" and "adequate notice" in defining "just cause" and would require that landlords provide notice of just cause and other legal requirements as part of the rental agreement.

Ultimately, little was done to JCE in the Senate. In the final version of the bill that was vetoed by the Governor, the one-year probationary period had been removed, and changed back to its original language from the Charter Change as was adopted by the City of Burlington.

## FY 22 Budget Adjustment

The Budget Adjustment Act was submitted by the Administration to the House of Representatives. House Appropriations referred various sections of the bill to various committees in order to gather input. The portions pertaining primarily to housing were referred to the House General, Housing, and Military Affairs. The housing related allocations were (1) \$50M additional dollars to VCHB from ARPA funds, (2) \$20M additional dollars to Department of Children and Families (DCF) from ARPA funds for VHIP, and (3) \$5M dollars to DCF for a "missing middle pilot program" that would be implemented by VHFA.

Testimony was heard that resulted in House General submitting a memo to House Appropriations with their recommendations. These sentiments were (1) support for the VHCB allocation (2) although supporting the \$20M, they highlighted the problematic nature of funding a program without policy (which had been vetoed through S.79). Finally (3) they felt there was insufficient details provided for the developing pilot program at VHFA to enthusiastically support this allocation.

Language was also submitted in the BAA pertaining to exempting individuals living in the GA Hotel/Motel program from tenancy under Title IX. Specifically, this language was directed at individuals whose housing in these establishments was being funded by Vermont Emergency Rental Assistance Program (VERAP). The intent was directed at the consequences that could come after funding shifts from FEMA reimbursement to VERAP. Concerns were raised about the fact that such a change should not be in BAA in the first place, and that this would negatively impact folks in the same living arrangements outside the GA program using VERAP funds. House General noted these concerns in their memo. House Human Services heard the same opposition in testimony there, but did not include any language about these concerns in their memo.

Ultimately, House Appropriations submitted:

- \$25M ARPA & \$30M in GF. It was learned recently that ARPA funds cannot be used to draw down the Federal Tax Credit.
- VHIP program accepted as proposed by the Governor although additional work needs to be done.
- The Committee decided there was insufficient information about the Missing Middle Program to fund it.

Appropriations added language about continuing the hotel/motel program and identified to Senate Appropriations the problems pertaining to the statutory language around changes to Title IX. Senate Appropriations voted the bill out removing VHIP, intending for those funds to be connected with S.210, the Rental Housing Safety Bill.

The BAA was sent to – and signed by- the Governor.



The FY23 budget included:

- o \$50M in ARPA funding to VHCB.
- o \$5M in ARPA funding to municipalities for grants to support the development of mixed-income rental housing.
- o \$10M to DHCD for the VHFA Missing Middle Homeownership Pilot Program.
- o \$15.1M to VHCB from the Property Transfer Tax

VHCB receives its base funding- by statute- from the annual budget as determined by the Property Transfer Tax. This year, that allocation amount was \$35.2. The allocation in the proposed budget was \$11.1M plus the Capital Bill allocation of \$4M for a total of \$15.1M

VAHC continued advocating for full statutory funding. There was a perspective among some in the Legislature that VHCB – because of the ARPA dollars- was already being funded beyond the statutory amount. However, various complications and restrictions limit the projects that can be funded with these dollars, while the base funding allows for much more flexibility.

Ultimately, House General included a suggestion for full statutory funding for VHCB in their memo on the Budget. House Appropriations subsequently added \$10M to the proposed allocation from PTT. Discussion will be taking place over the summer about how VAHC can more effectively and successfully advocate for full statutory funding for VHCB next year.