March 2: Must-Pass-Crossover Bills for Housing; Municipal Authority and Obligations

Bills are En Route

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The mad dash toward crossover has officially begun. The legislature will be on break this week for Town Meeting and will return to Montpelier on Tuesday, March 10 with a mere four days to pass all policy bills from one chamber to the other. Money bills, such as the "big bill" for FY27 and the miscellaneous tax bill, will have an additional week. Several critical bills for VLCT priorities have yet to pass the necessary full chamber vote. Some, including key housing bills, must still take speedy stops and passes through additional committees of jurisdiction before heading to the floor.

In this *Weekly Legislative Report*, we announce eye-popping new poll numbers related to housing policy, update you on progress for the year's housing bills, and discuss new proposals for regional assessment districts and municipal enforcement for hazards and waste on private premises.

New Housing Poll: 83% of Vermonters Polled Say There is Not Enough Housing

Last week, the organization Let's Build Homes released a new poll showing that the cost and availability of housing is the number one concern among Vermont voters(opens in a new tab) with 49% of those surveyed ranking it as their top issue above taxes, health care, education, and more. Some of the data provided shows near unanimity across demographic, geographic, and political ideology: **83% of those responding say there is not enough housing and 93% say the cost of renting or buying a home is a problem**.

The data provided by Let's Build Homes should compel urgent legislative action:

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- 75% say it is extremely or pretty important for the legislature to take action on housing, including nearly half (47%) who say it is extremely important.

- That urgency crosses party lines: 89% of Democrats, 67% of Independents, and 64% of Republicans agree.

- 49% say the housing crisis has made it harder to afford basic needs like groceries or medications.

- By a three-to-one margin, voters say it is more important to build more housing for working Vermonters (76%) than to protect communities from change (21%).

This is no surprise to VLCT – for five years our members have reported in annual surveys that the affordability and availability of housing is the top concern of local officials.

Hopefully this new data sharpens the focus of legislative leaders who may have been working under the false assumption that new development remained a controversial or divisive issue among Vermonters – or that protecting the education fund, or environmental conservation, should be prioritized over the investment of new homes. In fact, eight in 10 of those polled said that **Vermont can build housing *and* protect the environment**.

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Vermonters understand that housing is healthcare, that new and better development helps the environment, and that adding new properties to our grand list will lower taxes and make renting or owning a home more affordable. You can see the full poll here(opens in a new tab).

House and Senate Housing Bills Near the Critical Crossover Deadline

In recent years, the legislature has divided committee jurisdiction for housing programs and land use laws (including zoning and Act 250), leaving the House Committee on General Affairs and Housing and the Senate Committee on Economic Development, Housing and General Affairs, respectively, to advance more "bricks and sticks" housing programs. Each committee has spent this session working up major housing bills that have yet to advance to floor votes prior to the critical crossover deadline.

VLCT supports each legislative package and is expected to testify for final recommendations early next week. Here is what each chamber proposes for new housing policy this session:

House Bill H.775,(opens in a new tab) an act relating to creating tools for housing production, would:

- **Create Special Assessment bonds**. Proposed by the Vermont Bond Bank, this provision improves upon two existing municipal revenue authorities: revenue bonds and special assessment districts. It would allow municipalities to finance public improvements for a special

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assessment district area using the revenue from new future special assessment fees. This new authority could be used in combination with other public investment programs. For example, the special assessment bond could be used to create local match monies to draw down more substantial grant investments, or for projects financed primarily with Clean Water State Revolving Loan funds or the new Housing Infrastructure Loan Program. In these scenarios, the fees to property owners or rate payers would be modest – but could be used to leverage much larger public investments.

- **Create the Off-Site Construction Accelerator Pilot**. This program would be administered by the Agency of Commerce and Community Development and would ultimately allow interested municipalities and developers to participate in the bulk purchasing of prefabricated housing units.

- **Increase state investment in housing creation**. The bill proposes increasing from 10% to 12.5% the cash funds available to the state treasurer to invest in housing development, through the "10% in VT" program.

- **Make changes to the Vermont Housing Improvement Program (VHIP)**. The changes would allow the nonprofit partners who help administer VHIP to advance funds to property owners ahead of construction and repair of housing units.

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- Take effect on **July 1, 2026**.

Senate Bill S.328(opens in a new tab) , an act relating to housing and common interest communities, would:

- **Extend the Down Payment Assistance Programs** from 2026 to 2031.

- **Increase state investment in housing creation** through the "10% in VT" program. S.328 includes the same language provided by Treasurer as proposed in the House bill.

- **Create the Off-Site Construction Accelerator program**. Includes the same language as proposed in the House bill.

- **Make miscellaneous changes to state law pertaining to common interest communities such as Home Owners Associations**. The changes would void some HOA bylaws that prohibit the long-term leasing or renting of individual residences, as well as homeowners' ability to provide in-home childcare, to build accessory dwelling units, or to use electrical vehicle charging equipment.

- **Creates the Service Supported Housing Advisory Council**. The council would study opportunities for increased alignment between human

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services programs and policies serving individuals who receive Medicaid funded developmental disability services and housing capital and support services.

- Require that **municipal zoning and bylaw(s) allow manufactured housing** types in any zoning districts where the construction of year-round residential units is allowed.

- Clarify that for the purpose of **temporary Act 250 exemption areas**, an area "served by municipal water and sewer infrastructure" includes areas within one-quarter mile of existing capacity.

- Provide a **zoning density bonus of 20%** for any housing project that uses union labor.

- Create two new staff positions within the Department of Housing and Community Development.

- Take effect **July 1, 2026**.

Both bills include language proposed by the Scott Administration to require that upon the adoption of a new municipal plan, the plan includes local housing targets with specific proposals to create new housing units over the 20-year planning period. If the municipality finds the housing targets unachievable, they would be required to articulate their specific barriers to

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new housing creation and propose necessary solutions.

VLCT Advocacy supports this new requirement in concept, as for many years our members have reported state-controlled barriers to new housing development such as conservation goals, lack of adequate investment in public infrastructure, and the duplicative application of Act 250 and other state permitting regimes. However, we find the statutory language to be a little too specific, such as including data sets and projections that better align with housing needs assessments or scope engineering rather than a planning document.

Both committee chairs leading the housing bills have invited our feedback, and we expect to testify next week, offering minor changes that would ensure that all municipalities, regardless of professional planning capacity, could meet the new required elements of a municipal plan in a way that would allow local and state policy development in support of new housing.

The house bill is currently in the House Ways and Means Committee and will require a stop in House Appropriations. The Senate bill will be heard next week in the originating committee: Senate Economic Development, Housing and General Affairs.

Contact your local lawmakers and the relevant committee leaders to urge passage of both H.775 and S.328 before the critical crossover deadline.

New Senate Proposal to Address Municipal Authority to Compel the Cleaning or Repair of Private Premises

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Last week, the Senate Committee on Government Operations heard testimony on S.192(opens in a new tab), an act relating to municipal authority to compel the cleaning or repair of premises.

This bill proposes to 1) authorize municipalities to adopt ordinances compelling the cleaning or repair of premises that are deemed hazardous to the public and 2) provide remedy for the collection of any expenses incurred by the municipality to enforce the ordinance or otherwise compel the removal of waste and hazards.

Much of the bill is substantially similar to one introduced last session in the House, H.72(opens in a new tab), which VLCT supported but was never heard by the House Committee on Environment. It is largely modeled after the Town of Springfield's recent charter change. Among those testifying in favor of S.192 was Representative Kristi Morris, who also serves as Selectboard Chair for the Town of Springfield. He spoke to recent enforcement actions by the town under their newly developed ordinance which aims to keep properties online as habitable and affordable rentals while addressing clear hazards to residents and the public.

The bill could provide a new tool for municipalities to address problematic properties including those that are abandoned and/or have suffered a devastating event like fire, flood, or landslide, or have become unsanctioned dumps for waste and debris. It could also provide enforcement actions against owned or rented residential properties when the municipality lacks similar enforcement authorities under zoning and bylaw.

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VLCT's Samantha Sheehan testified last week(opens in a new tab) generally in favor of the bill. She offered one minor but important change: to amend the language "vacant, blighted, or damaging to the general appearance of the municipality", which VLCT assesses as too subjective, to achieve a more clearly defined statutory standard. She pointed out, among other things, that properties can be vacant without having been abandoned, blight is a subjective term that could be applied in a subjective way, and the ideal wording would prevent potential constitutional challenges.

Regional Assessment District Likely to Move Forward

The House Committee on Ways and Means continues to work on committee bill Regional Assessment Districts Draft 3.1(opens in a new tab), which seeks to implement several recommendations from the Act 73 Regional Assessment District Report(opens in a new tab) produced by the Division of Property Valuation and Review following their work with a summer stakeholder group.

The bill would make significant changes to the state property valuation system including:

- Create Regional Assessment Districts (RADs) aligned with the new, to be determined, School District or Supervisory Union maps, with a goal of 10,000 parcels per RAD.

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- Require the full RAD to be reappraised on a six-year schedule as determined by the Department of Property Valuation and Review.

- Allow, but not require, municipalities to contract intermunicipally for the purpose of mass reappraisal within the RAD boundary for the **first** required reappraisal under the RAD. For future RAD reappraisal, intermunicipal coordination would be required.

- Create Regional Boards of Civil Authority to hear valuation appeals. Each such board would contain at least one representative from each member municipality appointed for a term of three years by the legislative body, and a municipality would be allowed to appoint one board member per 1,000 parcels in the municipality.

- Create a single common level of appraisal (CLA) for the RAD and repeal the municipal CLA and Coefficient of Dispersion from the state formula for setting the education property tax.

- Make changes to the valuation process for public utilities.

- Make changes to the state payments to municipalities for grand list maintenance for the cost of reappraisal.

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Samantha Sheehan, VLCT Municipal Policy and Advocacy Specialist testified once prior to crossover(opens in a new tab) (starting ~2:00 in the recording), recommending that – in order to support municipal compliance under the proposed regional model – changes be made to:

- Not require intermunicipal contracts for reappraisal, without necessary enhancements to intermunicipal authorities under Title 24, such as the ability create dedicated revenue.

- Create small-town minimums for per parcel payments made annually to towns for the purpose of grand list maintenance between mass reappraisals.

- Make changes to Regional Board of Civil Authority appointments to ensure that members appointed from smaller municipalities are not overburdened by the appeals schedule from larger municipalities and cities. As drafted, this bill does not allow a member to serve on the three-member appeal panel for a valuation in their community.

The fact that this is the third related bill in three consecutive sessions shows that the implementation of Regional Assessment Districts and associated modernizations to the state's property valuation system is a clear priority of the influential House Ways and Means Committee. VLCT expects that, like last year, this draft committee bill will be attached to other critical tax packages and pass the House before the "money bill" deadline two weeks from now.

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Local officials wishing to express concern or support for the policies proposed should submit comments to the House Ways and Means Committee(opens in a new tab) in addition to your local representatives.

What We're Reading

Here are some recently released reports and news stories related to top issues for local government.

- Land Use Review Board Act 250 Annual Report(opens in a new tab), Land Use Review Board
- Emergency Service Provider Wellness Commission Report 2025 Report to the Legislature(opens in a new tab)
- Corporate Requests for Public Records are Weighing Down Already Burdened Town Officials in Vermont(opens in a new tab), VTDigger
- More Cash-Strapped Vermont Communities Seek Local Taxes on Rooms, Meals, Alcohol, and Sales(opens in a new tab), VTDigger
- Voters to Weigh School Closures, Multimillion-Dollar Bond on Town Meeting Day(opens in a new tab), Vermont Public

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Get Involved

With work in the State House underway, the **most important key to our success is your input and participation** in VLCT's advocacy work. Don't forget to register to attend our Advocacy Chats to learn what mid-session progress has been made on the issues that matter most to local government. Also, hear what your municipal colleagues from around the state have to say about the hot topics and share your concerns for the legislature. You can register here to join us on Monday, March 9 at 1 PM(opens in a new tab).

- Check out our town meeting week advocacy guide here(opens in a new tab).
- You can find (and share) this legislative preview, last month's advocacy update, and future reports and alerts on our main Advocacy webpage (opens in a new tab).
- Before you visit the State House, check VLCT's Effective Testimony Guide for Municipal Officials(opens in a new tab) for best practices and answers to frequently asked questions.
- To support VLCT's advocacy work; participate in policy development, testimony, and legislative actions; or just learn more, reach out to Josh and Samantha by email at jhanford@vlct.org(opens in a new tab) and ssheehan@vlct.org(opens in a new tab).

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