

Draft Omnibus Bill on Housing
Senate Economic Development, Housing and General Affairs Committee

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February 23, 2022

As Vermont's largest statewide business organization, the Vermont Chamber of Commerce represents 1,200 members distributed throughout the state, encompassing virtually every industry. The Chamber's mission is to grow our member's businesses, while contributing to the overall Vermont economy. It is because of this core mission that the Vermont Chamber of Commerce supports many of the proposals in draft bill before you today.

The last two years changed our communities and how we do business. During the Covid-19 pandemic, Vermont businesses rallied, innovated, and pivoted. There is a long road ahead and the health of our state's economy and workforce depends on the evolution of our businesses and continued support from government leaders. The Vermont Chamber is focused on the most pressing issue that our businesses are facing: growing and retaining Vermont's workforce to address our labor shortage.

Aging housing stock, tight supply, and rising prices near employment centers have forced people to make difficult choices about where to live and work. Vermont businesses are struggling to attract employees to move to Vermont and have seen critical staff move out of state because of Vermont's lack of affordable, available, and suitable housing stock. We need to increase the overall amount of housing units in Vermont while also focusing on housing options for low- and middle-income Vermonters to grow and retain our workforce.

The Vermont Chamber appreciates the Senate Economic Development, Housing and General Affairs Committee's attention to Vermont's housing crisis in S.226 and offer the following comments on specific provisions of the 4.1 version of the bill currently under consideration.

Section 2: Changes to the Neighborhood Development Area, density regulations, permit expiration extensions, and the Priority Housing Project program. We support these changes and additions. These provisions taken together will expediate moving APRA-funded housing projects ahead in smart growth areas and getting new housing stock online quickly.

Section 5: First Generation Homebuyer incentive. We support this funding to allow Vermonters to move into home ownership for the first time. These programs support diverse populations that are less likely to have access to generational wealth, a common source of funding for a down payment when buying a home for the first time. We appreciate that the committee will review that this program does not create a duplicative effort with existing first-time home buyer programs.

Section 6: Manufactured Home Relocation incentive. We support this incentive. Manufactured homes provide an important housing option for Vermonters and ensuring the supply of high quality, safe manufactured homes and parks are available options for Vermont workers is an important provision in this bill.

Section 7: Large Employer Partnership Program. We support the concept of the creation of a program for employers that are exploring options to support or create workforce housing. Many Vermont Chamber members have sought innovative ways to address the housing shortage for their workforce but taking on the role of developer and landlord is not a part of a manufacturer's or hospital's business model. The Vermont Chamber can offer valuable input on creating a public-private partnership with employers to support workforce housing opportunities and financing and would request to be included in the partners that will be working to study or design this new program.

Section 8: Commercial Property Conversion Incentive. We support the funding and creation of this incentive. With remote and hybrid work arrangements growing, the need for office and commercial space will be reviewed over the next few years. These buildings are already located in smart growth areas, presenting an advantageous opportunity to redeploy them as housing units. These conversations are often not straightforward, and the State should provide regulatory and financial incentives to make housing a viable option for an adaptive reuse.

Section 13: Municipal Bylaw Grants. We support the continuation and funding of this program to support communities to updating land use and development bylaws that will provide for the increase of housing options in smart growth areas. Some local permitting and regulations can create challenges in moving smart growth housing opportunities forward and the bylaw modernization process can have time and cost implications. This grant program allows towns to receive the necessary support to make these important improvements.

Section 14: Tax Credits. We support the increase in the amount of tax credits awarded annually and expansion of the program to more State designation programs in addition to the downtown designation program. These changes and additions will help induce density development in smart growth areas across Vermont where housing is located.

Section 16: The definition of affordable housing. We support increasing the definition of affordable when used with rental units to 120% AMI. Middle-income Vermonters are finding themselves missing out on housing opportunities in Vermont. Increasing the cap on the definition of affordable will increase opportunities for these middle-income Vermonters.

Section 17: Sales and Use Tax Exemption. We support this new incentive. Construction costs have risen greatly as a result of the pandemic making the development of middle-income housing challenging. This incentive would reduce the cost of developing priority housing projects to create more middle-income housing projects.

Section 20: Accessory Dwelling Unit Navigation Center. We support this provision. The creation of new housing units is critical, as mentioned. Accessory dwelling units provide an opportunity to do this in a unique way that benefits current homeowners and renters. Navigating the development of this unit is complicated and helping homeowners understand this process is essential to get this built. We do urge the Committee to take caution that State support of the creation of accessory dwelling units do not add to the short-term housing stock in Vermont but ensure they are used for the creation of long term rental opportunities for Vermont workers.

Section 21: Missing Middle Income Home Ownership Development Program. We support this program. This program will confront the value gap between the cost of building a modest home and the selling price. The program will also maintain affordability while allowing homeowners to build equity, an essential factor to creating generational wealth and eliminating generational poverty.