VERMONT LEGISLATIVE
Joint Fiscal Office
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Fiscal Note
May 20, 2026
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S.328 – An act relating to housing and common interest communities

As recommended by the House Committee on Appropriations[1i]

Bill Summary

This bill as recommended would make various changes to housing programs and policies, including the 10% for Vermont Program. It would also create the Service-Supported Housing Advisory Council and the Off-Site Construction Accelerator Pilot.

Fiscal Impact

- Section 2 would authorize per-diems for members of the Service-Supported Housing Advisory Council. These per-diems would cost the Department of Disabilities, Aging, and Independent Living approximately $8,000 annually.
- The bill would increase the cap for the 10% for Vermont Program, which is a lending program operated by the Office of the Treasurer, to 12.5% of the State's average cash balance. This provision would result in forgone interest income of up to $600,000 in future fiscal years – it would not have a fiscal impact in fiscal year 2027.
- The Treasurer would be able to use a portion of the funds from the expanded lending program to support the Off-Site Construction Accelerator Pilot, which would explore the possibility of reducing housing development costs through modular construction.

Background and Details

The following sections have a fiscal impact:

Section 2: Service-Supported Housing Advisory Council

Section 2 would create the Service-Supported Housing Advisory Council, comprised of 11 members, which would identify opportunities for increased alignment between human services programs and policies serving individuals who receive Medicaid-funded Developmental Disability Services and housing capital and support programs. The Council would report annually to committees of jurisdiction on its activities and recommendations for legislative action. The bill would authorize per-diems for Council members, which would be paid for through the Department of Disabilities, Aging, and Independent Living' base budget. These per-diems would cost an estimated $8,000 per year.

[1] *The Joint Fiscal Office (JFO) is a nonpartisan legislative office dedicated to producing unbiased fiscal analysis – this fiscal note is meant to provide information for legislative consideration, not to provide policy recommendations.*

Section 3: Vermont State Treasurer Credit Facility – 10% for Vermont Program

The current 10% for Vermont Program makes low interest loans primarily for housing projects. Interest rates range from 1% to 2.5%, depending on the length of loan term/amortization. The amount of money available to lend is currently capped at 10% of the State's average cash balance. Increasing the cap for the Program to 12.5% of the State's average cash balance would result in forgone interest income of up to $600,000 in future fiscal years – it would not have a fiscal impact in fiscal year 2027.

The potential capacity for the Program grew substantially in recent years, largely due to increases in federal funds received by the State in the wake of the COVID-19 pandemic. The average cash balance was $321.5 million in fiscal year 2020 but increased to $2.2 billion in fiscal year 2023, before decreasing to $1.6 billion in fiscal year 2025 as more federal funds were spent down. The Local Investment Advisory Committee (LIAC), which oversees the 10% for Vermont program, has authorized a cap of $120 million for the current program, assuming an estimated $1.2 to $1.5 billion average cash balance through fiscal year 2027.[2] Consequently, approximately $30 million could be made available through the Program with the proposed change.

The increase in the State's average cash balance has also increased interest income available to the General Fund. Between fiscal years 2022 and 2025, interest income available to the General Fund grew from $2.3 million to $58.6 million. The January 2026 consensus revenue forecast estimates that the General Fund will have $27.5 million in available interest income in fiscal year 2027. In the absence of future significant one-time federal funding, the State's average cash balance is expected to decrease. As that happens, the amount of money that could be awarded through credit facilities would also decrease, potentially limiting the fiscal impact of this bill. As such, the figures presented here are maximum potential fiscal impacts.

Section 4: Off-Site Construction Accelerator Pilot

The Off-Site Construction Accelerator Pilot would be developed and administered by the Office of the State Treasurer and could consider the following strategies for increasing the availability of housing:

1. bulk purchasing of modular homes;
2. creating a loan loss reserve for construction loans;
3. utilization of off-site construction; and
4. establishing a statewide procurement consortium for the bulk order of modular units and materials.

The Treasurer could also solicit information about developer needs and priorities and identify the possibility of a State guarantee or other device to facilitate bulk purchasing of homes constructed off-site. The Treasurer would be required to report to committees of jurisdiction by January 15, 2027 on findings and recommendations for legislative action.

[i] *The full fiscal note history is available on the fiscal tab of the bill page on the General Assembly website and can be pulled up through a bill number search on the JFO page.*

[2] https://www.vermonttreasurer.gov/sites/treasurer/files/20250609%20LIAC%20meeting%20minutes%20draft%201.docx