



**State of Vermont**  
**Department of Taxes**  
133 State Street  
Montpelier, VT 05633-1401

*Agency of Administration*

### **To Vermont Municipalities:**

You are receiving this letter as a reminder of a new law passed in 2014 that will affect how municipal listers and assessors value property for the 2015 grand lists. During the previous legislative session, the Vermont General Assembly passed a law regarding the valuation of housing subject to a housing subsidy covenant. The law took effect on Jan. 1, 2015, and applies to property appearing in grand lists that will be lodged in 2015 and after. The law is reported at 32 V.S.A. § 3481(1)(C).

The law only applies to properties that are subject to a housing subsidy covenant and are owner-occupied. The covenant must be imposed by a governmental, quasi-governmental, or public purpose entity. If there is any question as to whether a property qualifies as one subject to a housing subsidy covenant under Vermont law, please see the full definition at 27 V.S.A. § 610. You may also discuss the question with your district advisor.

The law requires assessing officials to list owner-occupied housing that is subject to a housing subsidy covenant at 60–70% of what the fair market value would be if the property was not subject to a housing subsidy covenant. To comply with the law, an assessing official should first determine the fair market value of the property without reference to the existence of the covenant. After a fair market value is established, the official should calculate an appraisal value that is not less than 60% and not more than 70% of the previously determined fair market value.

The assessing official must determine what percentage of fair market value between 60% and 70% is used for the appraisal value. The Vermont Department of Taxes suggests that officials use sales data obtained from similar properties with housing subsidy covenants and that they also review the terms of the covenant to determine the extent to which the covenant affects the fair market value. If the data and terms suggest that the property's value is significantly affected by the covenant, a lower percentage should be used. If the data and terms suggest little or no impact on the property's value, a higher percentage should be used.

If you wish to learn which properties in your jurisdiction have housing subsidy covenants, please contact the Vermont Housing and Conservation Board at 828-2965.

If you have any questions related to property valuation, please call the Division of Property Valuation and Review at 828-5860.

Sincerely,

Division of Property Valuation and Review

