



To: Members of the Senate Economic Development Housing and General Affairs Committee

From: Karen Horn, Director, Public Policy and Advocacy, khorn@vlct.org www.vlct.org

Date: February 4, 2020

Re: S. 237 - Housing, Downtowns and Act 250

Thank you for the opportunity to testify on S. 237, the housing promotion legislation.

Local governments are well aware of the need for more and good quality housing in many but not all areas of the state. Local zoning bylaws are clearly part of the problem: so too are multiple state requirements and the cost of getting out of the ground.

We were consulted during the development of S. 237 and its companion bill in the House General Housing and Military Affairs Committee, H. 782.

We support the provision in the unnumbered Act 250 Committee bill in the House Natural Resources, Fish and Wildlife Committee, as well as S.237 and H.782, which would exempt development in designated downtowns and neighborhood areas from Act 250. The bills would also enact a mechanism for transferring pre-existing Act 250 permit conditions on projects to municipal jurisdiction.

Municipalities with these designations have gone through an exhaustive and expensive process to demonstrate their capacity to administer robust land use regulations and the components of the designation program. This is also true of growth centers, new town centers and to a lesser extent, designated village centers. There are 23 designated downtowns and six neighborhood development areas in the state, totaling 6.5 of 9623 square miles in Vermont, to which the Act 250 exemption in the current draft bills would apply. Act 250 law would apply to the rest of the state.

If the Act 250 exemption is to be effective, it must apply to all development in a designated downtown or neighborhood area, including areas that might be in flood hazard areas or (frequently inaccurate) mapped river corridors.

The bills would also exempt developers from having to obtain a state permit to connect to municipal water and wastewater systems *in addition to* the municipal permits they must already obtain. We have supported eliminating the duplicative state permit for more than a decade.

S. 237 would mandate (in 24 V.S.A. § 4412):

allowing at least four unit dwellings in any multi-unit residential district;

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treating accessory dwelling units of any size relative to the primary unit, as permitted uses in all residential districts;

residential lots of at least one-quarter acre in any area served by water supply and one-eighth acre in any place served by water and sewer (list of 92 municipal wastewater treatment systems attached);

duplexes in any residential district served by water and sewer and;

reduced parking requirements.

A municipality could opt out of those requirements if it filed a Substantial Municipal Constraint Report and the Department of Housing and Community Development sent the report to all agencies providing grants or loans to municipalities, regional commissions, and any person requesting notice.

These provisions are not in H.782. We oppose the “one size fits all” approach in S. 237. We believe an approach that focuses on education and assistance with zoning tools to update bylaws so they accommodate a variety of housing options is the best approach. Those tools are being developed.

The Agency of Commerce and Community Development and six towns are working with the Congress for the New Urbanism, a consulting firm, as well as with communities to address the mismatch between available houses and the sharp increase in smaller households. The guidance and model regulations will help towns develop land use code innovations and changes to zoning that allow a variety of housing types in walkable communities. That work will provide models for towns across the state to implement and will prove far more helpful than additional mandates in the municipal land use law.

The House bill (H. 782) would provide new funding to help municipalities update inclusionary bylaws and train developers of the “missing middle” housing. It would provide increased downtown tax credits to assist with housing redevelopment, create housing provider grants to redevelop blighted and vacant rental units, and establish a crowd grant program for placemaking projects in state designated centers.

H. 782 would provide increased funding of \$150,000 to regional commissions and \$150,000 to Municipal Planning Grants to help towns update bylaws to provide for inclusionary housing.

We believe it is worth noting that like the Housing Conservation Trust, and regional and municipal planning were first funded from the property transfer tax in 1988 as part of Act 200. In FY1989, \$400,000 was appropriated for grants to towns with special planning needs and \$1,000,000 to municipalities on a per capita basis. The amount for FY92



municipal planning was reduced to \$500,000 and in FY95 municipal planning grants got down to \$0 where it stayed for three years until a \$200,000 appropriation for FY98. The appropriation headed up a bit again in subsequent years, reaching a high of \$860,421 in 2007. Since FY 2015, the municipal planning grant appropriation has remained steady at \$457,482.

We urge the committee to delete the mandatory inclusionary zoning requirements of S. 237.

Thank you for the opportunity to testify.