

H.602

Introduced by Representatives McCoy of Poultney and Bartley of Fairfax

Referred to Committee on

Date:

Subject: Conservation and development; land use; housing; Act 250;

municipal zoning; Downtown and Village Center Tax Credits;

Downpayment Assistance Program

Statement of purpose of bill as introduced: This bill proposes to make multiple changes to the State land use and development law and the municipal zoning laws related to residential housing construction.

An act relating to housing and land use

It is hereby enacted by the General Assembly of the State of Vermont:

\* \* \* Road Rule Repeal \* \* \*

Sec. 1. 10 V.S.A. § 6001(3)(A) is amended to read:

(3)(A) “Development” means each of the following:

\* \* \*

(xii) ~~The construction of a road or roads and any associated driveways to provide access to or within a tract of land owned or controlled by a person. For the purposes of determining jurisdiction under this subdivision, any new development or subdivision on a parcel of land that will be provided~~

1     ~~access by the road and associated driveways is land involved in the~~  
2     ~~construction of the road.~~

3             ~~(I) Jurisdiction under this subdivision shall not apply unless the~~  
4     ~~length of any single road is greater than 800 feet, or the length of all roads and~~  
5     ~~any associated driveways in combination is greater than 2,000 feet.~~

6             ~~(II) As used in this subdivision (xii), “roads” include any new~~  
7     ~~road or improvement to a class 4 town highway by a person other than a~~  
8     ~~municipality, including roads that will be transferred to or maintained by a~~  
9     ~~municipality after their construction or improvement. Routine maintenance and~~  
10    ~~minor repairs of a Class 4 highway shall not constitute an “improvement.”~~  
11    ~~Routine maintenance shall include replacing a culvert or ditch, applying new~~  
12    ~~stone, grading, or making repairs after adverse weather. Routine maintenance~~  
13    ~~shall not include changing the size of the road, changing the location or layout~~  
14    ~~of the road, or adding pavement.~~

15            ~~(III) For the purpose of determining the length of any road and~~  
16    ~~associated driveways, the length of all other roads and driveways within the~~  
17    ~~tract of land constructed after July 1, 2026 shall be included.~~

18            ~~(IV) This subdivision (xii) shall not apply to:~~

19               ~~(aa) a State or municipal road, a utility corridor of an electric~~  
20    ~~transmission or distribution company, or a road used primarily for farming or~~  
21    ~~forestry purposes;~~

~~(VI) The intent of this subdivision (xii) is to encourage the design of clustered subdivisions and development that does not fragment Tier 2 areas or Tier 3 areas. [Repealed.]~~

\* \* \*

\* \* \* Interim Exemption Extension \* \* \*

Sec. 2. 10 V.S.A. § 6001 (3)(D) is amended to read:

(D) The word “development” does not include:

\* \* \*

(viii)(I) The construction of a priority housing project in a municipality with a population of 10,000 or more.

\* \* \*

(III) Notwithstanding any other provision of law to the contrary, until January ~~July 1, 2027~~ 2030, the construction of a priority

1 housing project or related subdivision located entirely within areas of a  
2 designated downtown development district, designated neighborhood  
3 development area, or a designated growth center or within one-half mile  
4 around such designated center with permanent zoning and subdivision bylaws  
5 served by public sewer or water services or soils that are adequate for  
6 wastewater disposal. For purposes of this subdivision (III), in order for a  
7 parcel to qualify for the exemption, at least 51 percent of the parcel shall be  
8 located within one-half mile of the designated center boundary. If the one-half  
9 mile around the designated center extends into an adjacent municipality, the  
10 legislative body of the adjacent municipal may inform the Board that it does  
11 not want the exemption to extend into that area.

12 Sec. 3. 10 V.S.A. § 6081 is amended to read:

13 § 6081. PERMITS REQUIRED; EXEMPTIONS

14 \* \* \*

15 (bb) Until July 1, ~~2028~~ 2030, no permit or permit amendment is required  
16 for the construction of improvements for one accessory dwelling unit  
17 constructed within or appurtenant to a single-family dwelling. Units  
18 constructed pursuant to this subsection shall not count towards the total units  
19 constructed in other projects.

1           (cc) Until July 1, ~~2028~~ 2030, no permit amendment is required for the  
2           construction of improvements for converting a structure used for a commercial  
3           purpose to 29 or fewer housing units.

4           (dd) Interim housing exemptions.

5           (1) Notwithstanding any other provision of law to the contrary, until  
6           ~~January~~ July 1, 2027 2030, no permit or permit amendment is required for the  
7           subdivision for or the construction of housing projects and mixed-use  
8           development such as cooperatives, condominiums, dwellings, or mobile  
9           homes, with 75 units or fewer, constructed or maintained on a tract or tracts of  
10          land, located entirely within the areas of a designated new town center, a  
11          designated growth center, or a designated neighborhood development area  
12          served by public sewer or water services or soils that are adequate for  
13          wastewater disposal. Housing units constructed pursuant to this subdivision  
14          shall not count towards the total units constructed in other areas. This  
15          exemption shall not apply to areas within mapped river corridors and  
16          floodplains except those areas containing preexisting development in areas  
17          suitable for infill development as defined in 29-201 of the Vermont Flood  
18          Hazard Area and River Corridor Rule.

19          (2)(A) Notwithstanding any other provision of law to the contrary, until  
20          July 1, ~~2027~~ 2030, no permit or permit amendment is required for the  
21          subdivision for or the construction of housing projects and mixed-use

1 development such as cooperatives, condominiums, dwellings, or mobile  
2 homes, with 50 or fewer units, ~~constructed or maintained on a tract or tracts of~~  
3 ~~land of 10 acres or less~~, located entirely within:

4 (i) areas of a designated village center and within one-quarter mile  
5 of its boundary with permanent zoning and subdivision bylaws and served by  
6 public sewer or water services or soils that are adequate for wastewater  
7 disposal; or

8 (ii) areas of a municipality that are within a census-designated  
9 urbanized area with over 50,000 residents ~~and~~ or within one-quarter mile of a  
10 transit route.

11 \* \* \*

12 (3) Notwithstanding any other provision of law to the contrary, until  
13 ~~January~~ July 1, 2027 2030, no permit or permit amendment is required for the  
14 subdivision for or the construction of housing projects and mixed-use  
15 development such as cooperatives, condominiums, dwellings, or mobile  
16 homes, constructed or maintained on a tract or tracts of land, located entirely  
17 within a designated downtown development district with permanent zoning  
18 and subdivision bylaws served by public sewer or water services or soils that  
19 are adequate for wastewater disposal. Housing units constructed pursuant to  
20 this subdivision shall not count towards the total units constructed in other  
21 areas. This exemption shall not apply to areas within mapped river corridors

1 and floodplains except those areas containing preexisting development in areas  
2 suitable for infill development as defined in 29-201 of the Vermont Flood  
3 Hazard Area and River Corridor Rule.

4 \* \* \* Tier 1B and 1A \* \* \*

5 Sec. 4. 10 V.S.A. § 6033 is amended to read:

6 § 6033. REGIONAL PLAN FUTURE LAND USE MAP REVIEW

7 \* \* \*

8 (c) To obtain a Tier 1B area status under this section, the regional planning  
9 commission shall demonstrate to the Board that the municipalities with Tier 1B  
10 areas meet the following requirements as included in subdivision 24 V.S.A.

11 § 4348a(a)(12)(C):

12 (1) The municipality has not requested to ~~have~~ opt out of having the area  
13 mapped for Tier 1B. A municipality may request to opt out of Tier 1B area  
14 status by submitting a resolution passed by the municipality to the relevant  
15 regional planning commission and the Board.

16 \* \* \*

17 Sec. 5. 10 V.S.A. § 6034 is amended to read:

18 § 6034. TIER 1A AREA STATUS

19 \* \* \*

1 (b) Tier 1A area status requirements.

2 (1) To obtain a Tier 1A area status under this section, a municipality  
3 shall demonstrate to the Board that it has each of the following:

4 \* \* \*

5 (I) Municipal staff, regional planning commission staff, or other  
6 contracted capacity adequate to support coordinated comprehensive and capital  
7 planning, development review, and zoning administration in the Tier 1A area.

8 \* \* \*

9 Sec. 6. 10 V.S.A. § 6081(z) is amended to read:

10 (z)(1) Notwithstanding any other provision of this chapter to the contrary,  
11 no permit or permit amendment is required for any subdivision, development,  
12 or change to an existing project that is located entirely within a Tier 1A area  
13 under section 6034 of this chapter.

14 (2) Notwithstanding any other provision of this chapter to the contrary,  
15 no permit or permit amendment is required within a Tier 1B area approved by  
16 the Board under section 6033 of this chapter for 50 units or fewer of housing  
17 ~~on a tract or tracts of land involving 10 acres or less~~ or for mixed-use  
18 development with 50 units or fewer of housing on a tract or tracts of land  
19 involving 10 acres or less.

20 (3) Upon receiving notice and a copy of the permit issued by an  
21 appropriate municipal panel pursuant to 24 V.S.A. § 4460(g), a previously



1 issued permit for a development or subdivision located in a Tier 1A area shall  
2 remain attached to the property. ~~However, neither the Board nor the Agency~~  
3 ~~of Natural Resources shall enforce the permit or assert amendment jurisdiction~~  
4 ~~on the tract or tracts of land unless the designation is revoked or the~~  
5 ~~municipality has not taken any reasonable action to enforce the conditions of~~  
6 ~~the permit.~~

7 Sec. 7. REPEAL

8 24 V.S.A. § 4460(g) is repealed.

9 \* \* \* By-Right Housing \* \* \*

10 Sec. 8. 24 V.S.A. § 4412(1)(D) is amended to read:

11 (D) Bylaws shall designate appropriate districts and reasonable  
12 regulations for multiunit or multifamily dwellings. No bylaw shall have the  
13 effect of excluding these multiunit or multifamily dwellings from the  
14 municipality. In any district that allows year-round residential development,  
15 duplexes shall be ~~an allowed~~ a permitted use with dimensional standards that  
16 are not more restrictive than is required for a single-unit dwelling, including no  
17 additional land or lot area than would be required for a single-unit dwelling. In  
18 any district that is served by municipal sewer and water infrastructure that  
19 allows residential development, multiunit dwellings with four or fewer units  
20 shall be a permitted use on the same size lot as single-unit dwelling, unless that  
21 district specifically requires multiunit structures to have more than four

1 dwelling units. In any district that allows residential development, single  
2 family or multi-unit dwellings that conform with the designs approved by the  
3 Department of Housing and Community Development pursuant to section  
4 4412a of this chapter shall be a permitted use and shall only be regulated as  
5 described in subdivision 4413(a)(1)(I) of this chapter.

6 Sec. 9. 24 V.S.A. § 4413 is amended to read:

7 § 4413. LIMITATIONS ON MUNICIPAL BYLAWS

8 (a)(1) The following uses may be regulated only with respect to location,  
9 size, height, building bulk, yards, courts, setbacks, density of buildings, off-  
10 street parking, loading facilities, traffic, noise, lighting, landscaping, and  
11 screening requirements, and only to the extent that regulations do not have the  
12 effect of interfering with the intended functional use:

13 (A) State- or community-owned and -operated institutions and  
14 facilities;

15 (B) public and private schools and other educational institutions  
16 certified by the Agency of Education;

17 (C) churches and other places of worship, convents, and parish  
18 houses;

19 (D) public and private hospitals;

20 (E) regional solid waste management facilities certified under 10  
21 V.S.A. chapter 159;

1 (F) hazardous waste management facilities for which a notice of  
2 intent to construct has been received under 10 V.S.A. § 6606a;

3 (G) emergency shelters; ~~and~~

4 (H) hotels and motels converted to permanently affordable housing  
5 developments; and

6 (I) by-right residential buildings developed pursuant to section 4412a  
7 of this chapter.

8 \* \* \*

9 Sec. 10. 24 V.S.A. § 4412a is added to read:

10 § 4412a. BY-RIGHT HOUSING DESIGNS

11 (a)(1) The Commissioner of Housing and Community Development shall  
12 adopt a portfolio of designed and engineered single family, multi-unit  
13 residential, and mixed-used buildings that will be available to the public to use  
14 to develop residential housing and mixed-used developments.

15 (2) Prior to the adoption of any design or portfolio of designs, the  
16 Commissioner shall provide a public comment period and hold at least one  
17 public hearing.

18 (3) The Commissioner shall post the designs on the Department's  
19 website for public use, subject to any necessary disclaimers.

20 (b) A municipality shall accept the designs adopted under this section as  
21 permitted, subject to the limitations in section 4413 of this chapter.

1        (c) A municipality may not undertake a review of the housing of mixed-use  
2        development by a discretionary panel if a zoning application meets the  
3        minimum requirements set forth in the municipality's bylaws.

4                                \* \* \* Housing Targets \* \* \*

5        Sec. 11. 24 V.S.A. § 4388 is added to read:

6        § 4388. PLANNING FOR HOUSING TARGETS

7        (a) A municipal plan shall include an analysis of regulatory and physical  
8        constraints preventing the municipality from developing sufficient housing to  
9        meet the regional housing targets developed pursuant to subdivision  
10       4348a(a)(9) of this title as follows:

11       (1) The municipality shall identify and analyze existing and projected  
12       housing needs for the projected population of the jurisdiction and provide  
13       regulations that allow for the rehabilitation, improvement, or development of  
14       the number of housing units needed, as identified in the land use plan and  
15       future land use map, including:

16       (A) a quantification of the jurisdiction's existing and projected  
17       needed housing types, including location, age, condition, and occupancy  
18       required to accommodate existing and estimated population projections;

19       (B) an inventory of sites, including zoned, unzoned, vacant,  
20       underutilized, and potential redevelopment sites, available to meet the  
21       jurisdiction's needed housing types;

1           (C) an analysis of any constraints to housing development, such as  
2           zoning, development standards, and infrastructure needs and capacity, and the  
3           identification of market-based incentives that may affect or encourage the  
4           development of needed housing types; and

5           (D) a detailed description of what actions the jurisdiction may take to  
6           accommodate the projected needed housing types identified in subdivision (A)  
7           of this subdivision (1), including:

8                   (i) updates to specific zoning or municipal bylaw provisions or  
9                   maps; and

10                   (ii) updates to specific infrastructure, including municipal water  
11                   and sewer capacity.

12           (2) The housing section of the land use plan and future land use map  
13           may incorporate by reference any information or policies identified in other  
14           housing needs assessments adopted by the governing body.

15           (3) If, after performing the analysis required in subdivision (1) of this  
16           subsection, the legislative body of the municipality determines that the total  
17           needed housing types may not be met due to lack of resources, development  
18           sites, infrastructure capacity, or other documented constraints, the legislative  
19           body shall establish the minimum number of housing units that may be  
20           rehabilitated, improved, or developed within the jurisdiction over the 20-year

1 planning period and the actions the legislative body may take to remove  
2 constraints to the development of those units over that period.

3 (4) Progress toward the construction of the housing units identified as  
4 needed to meet projected housing needs during the 20-year planning period of  
5 the land use plan must be documented at each municipal plan adoption,  
6 renewal, or readoption pursuant to section 4358 or 4357 of this title.

7 (5) The amount of detail provided in the analysis beyond the minimum  
8 criteria established in this section is at the discretion of the legislative body.

9 \* \* \* Tax Credits \* \* \*

10 Sec. 12. 32 V.S.A. § 5930ee is amended to read:

11 § 5930ee. LIMITATIONS

12 Beginning in fiscal year 2010 and thereafter, the State Board may award tax  
13 credits to all qualified applicants under this subchapter, provided that:

14 (1) the total amount of tax credits awarded annually, together with sales  
15 tax reallocated under section 9819 of this title, does not exceed ~~\$3,000,000.00~~  
16 \$5,000,000.00.

17 \* \* \*

18 Sec. 13. TAX CREDITS

19 \$250,000.00 in five-year tax credits is authorized for an additional 26 years  
20 to continue the Down Payment Assistance Program.

\* \* \* Funding \* \* \*

Sec. 14. OFF-SITE CONSTRUCTION ACCELERATOR

(a) In fiscal year 2027, \$6,000,000.00 is appropriated to the Agency of Commerce and Community Development to develop a pilot demonstration project and study that explores the possibilities of reducing housing development costs through modular construction.

(b) The pilot will consider the following elements:

(1) bulk purchasing;

(2) streamlining regulatory processes by creating preapproved modular designs;

(3) creating a loan loss reserve for construction loans;

(4) modular construction;

(5) off-site construction;

(6) statewide procurement consortium for bulk orders of modular units and materials;

(7) pooled demand;

(8) aligned State and local permitting; and

(9) creation and adoption of off-site building codes.

(c) The pilot shall occur in a municipality willing to participate in regulatory reforms necessary to implement the process and accept the constructed homes.

1       (d) A municipal planning grant will be available to the participating  
2       municipality to assist in enacting the necessary regulatory reforms.

3       Sec. 15. POSITIONS

4       (a) The establishment of two new positions is authorized at the Department  
5       of Housing and Community Development. The Department shall be annually  
6       appropriated:

7             (1) \$300,000.00 for two full-time employees; and

8             (2) \$6,000,000.00 in base program funding.

9       (b) In fiscal year 2027, \$150,000.00 is appropriated from the General Fund  
10       to the Department of Housing and Community Development for one full-time  
11       exempt employee to increase capacity to administer programs including  
12       municipal planning grants, Homes for All developer trainings, 802 Homes  
13       Initiative, and Housing Data analysis and reporting.

14       Sec. 16. APPROPRIATION

15       In fiscal year 2027, \$250,000.00 is appropriated from the General Fund to  
16       the Municipal and Regional Planning and Resilience Fund to increase available  
17       municipal planning grants for municipalities seeking to meet the housing  
18       targets established pursuant to 2024 Acts and Resolves No. 181.

19       Sec. 17. EFFECTIVE DATE

20       This act shall take effect on July 1, 2026.