



1 any new development or subdivision on a parcel of land that will be provided  
2 access by the road and associated driveways is land involved in the  
3 construction of the road.

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

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

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

19 (IV) This subdivision (xii) shall not apply to:

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

4 (bb) development within a Tier 1A area established in  
5 accordance with section 6034 of this title or a Tier 1B area established in  
6 accordance with section 6033 of this title; and

7 (ee) improvements underway when this section takes effect  
8 to a Class 4 highway that will be transferred to the municipality.

9 (V) The conversion of a road used for farming or forestry  
10 purposes that also meets the requirements of this subdivision (xii) shall  
11 constitute development.

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 [Repealed.]

15 \* \* \*

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

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

18 (D) The word "development" does not include:

19 \* \* \*

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

1

\* \* \*

2 (III) Notwithstanding any other provision of law to the  
3 contrary, until ~~January~~ July 1, ~~2027~~ 2030, the construction of a priority  
4 housing project or related subdivision located entirely within areas of a  
5 designated downtown development district, designated neighborhood  
6 development area, or a designated growth center or within one-half mile  
7 around such designated center with permanent zoning and subdivision bylaws  
8 served by public sewer or water services or soils that are adequate for  
9 wastewater disposal. For purposes of this subdivision (III), in order for a  
10 parcel to qualify for the exemption, at least 51 percent of the parcel shall be  
11 located within one-half mile of the designated center boundary. If the one-half  
12 mile around the designated center extends into an adjacent municipality, the  
13 legislative body of the adjacent municipal may inform the Board that it does  
14 not want the exemption to extend into that area.

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

16 § 6081. PERMITS REQUIRED; EXEMPTIONS

17

\* \* \*

18 (bb) Until July 1, ~~2028~~ 2030, no permit or permit amendment is required  
19 for the construction of improvements for one accessory dwelling unit  
20 constructed within or appurtenant to a single-family dwelling. Units

1       constructed pursuant to this subsection shall not count towards the total units  
2       constructed in other projects.

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

6           (dd) Interim housing exemptions.

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

1 (2)(A) Notwithstanding any other provision of law to the contrary, until  
2 July 1, 2027 2030, no permit or permit amendment is required for the  
3 subdivision for or the construction of housing projects and mixed-use  
4 development such as cooperatives, condominiums, dwellings, or mobile  
5 homes, with 50 or fewer units, ~~constructed or maintained on a tract or tracts of~~  
6 ~~land of 10 acres or less~~, located entirely within:  
7 (i) areas of a designated village center and within one-quarter mile  
8 of its boundary with permanent zoning and subdivision bylaws and served by  
9 public sewer or water services or soils that are adequate for wastewater  
10 disposal; or  
11 (ii) areas of a municipality that are within a census-designated  
12 urbanized area with over 50,000 residents ~~and or~~ within one-quarter mile of a  
13 transit route.  
14 \* \* \*  
15 (3) Notwithstanding any other provision of law to the contrary, until  
16 January July 1, 2027 2030, no permit or permit amendment is required for the  
17 subdivision for or the construction of housing projects and mixed-use  
18 development such as cooperatives, condominiums, dwellings, or mobile  
19 homes, constructed or maintained on a tract or tracts of land, located entirely  
20 within a designated downtown development district with permanent zoning  
21 and subdivision bylaws served by public sewer or water services or soils that

1 are adequate for wastewater disposal. Housing units constructed pursuant to  
2 this subdivision shall not count towards the total units constructed in other  
3 areas. This exemption shall not apply to areas within mapped river corridors  
4 and floodplains except those areas containing preexisting development in areas  
5 suitable for infill development as defined in 29-201 of the Vermont Flood  
6 Hazard Area and River Corridor Rule.

7 \* \* \* Tier 1B and 1A \* \* \*

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

9 § 6033. REGIONAL PLAN FUTURE LAND USE MAP REVIEW

10 \* \* \*

11 (c) To obtain a Tier 1B area status under this section, the regional planning  
12 commission shall demonstrate to the Board that the municipalities with Tier 1B  
13 areas meet the following requirements as included in subdivision 24 V.S.A.  
14 § 4348a(a)(12)(C):

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

19 \* \* \*

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

21 § 6034. TIER 1A AREA STATUS

1

\* \* \*

2 (b) Tier 1A area status requirements.

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

5

\* \* \*

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

9

\* \* \*

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

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

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

## 9 Sec. 7. REPEAL

10 24 V.S.A. § 4460(g) is repealed.

11 \* \* \* By-Right Housing \* \* \*

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

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

1 shall be a permitted use on the same size lot as single-unit dwelling, unless that  
2 district specifically requires multiunit structures to have more than four  
3 dwelling units. In any district that allows residential development, single  
4 family or multi-unit dwellings that conform with the designs approved by the  
5 Department of Housing and Community Development pursuant to section  
6 4412a of this chapter shall be a permitted use and shall only be regulated as  
7 described in subdivision 4413(a)(1)(I) of this chapter.

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

9 § 4413. LIMITATIONS ON MUNICIPAL BYLAWS

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

15 (A) State- or community-owned and -operated institutions and  
16 facilities;

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

19 (C) churches and other places of worship, convents, and parish  
20 houses;



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

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

8 \* \* \* Housing Targets \* \* \*

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

## § 4388. PLANNING FOR HOUSING TARGETS

11       (a) A municipal plan shall include an analysis of regulatory and physical  
12       constraints preventing the municipality from developing sufficient housing to  
13       meet the regional housing targets developed pursuant to subdivision  
14       4348a(a)(9) of this title as follows:

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

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

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

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

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

14                   (i) updates to specific zoning or municipal bylaw provisions or  
15                   maps;

16                   (ii) updates to specific infrastructure, including municipal water  
17                   and sewer capacity.

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

1                   (3) If, after performing the analysis required in subdivision (1) of this  
2                   subsection, the legislative body of the municipality determines that the total  
3                   needed housing types may not be met due to lack of resources, development  
4                   sites, infrastructure capacity, or other documented constraints, the legislative  
5                   body shall establish the minimum number of housing units that may be  
6                   rehabilitated, improved, or developed within the jurisdiction over the 20-year  
7                   planning period and the actions the legislative body may take to remove  
8                   constraints to the development of those units over that period.

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

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

15                   \* \* \* Tax Credits \* \* \*

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

17                   § 5930ee. LIMITATIONS

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

20                   (1) the total amount of tax credits awarded annually, together with sales

1 tax reallocated under section 9819 of this title, does not exceed ~~\$3,000,000.00~~  
2 \$5,000,000.00.

3 \* \* \*

4 Sec. 13. TAX CREDITS

5 \$250,000.00 in five-year tax credits is authorized for an additional 26 years  
6 to continue the Down Payment Assistance Program.

7 \* \* \* Funding \* \* \*

8 Sec. 14. OFF-SITE CONSTRUCTION ACCELERATOR

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

13 (b) The pilot will consider the following elements:

14 (1) bulk purchasing;  
15 (2) streamlining regulatory processes by creating pre-approved modular  
16 designs;  
17 (3) creating a loan loss reserve for construction loans;  
18 (4) modular construction;  
19 (5) off-site construction;  
20 (6) statewide procurement consortium for bulk orders of modular units  
21 and materials;

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

## 9 Sec. 15. POSITIONS

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

13                   (1) \$300,000.00 for two full-time employees; and  
14                   (2) \$6,000,000.00 in base program funding.

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

1 Sec. 16. APPROPRIATION

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

6 Sec. 17. EFFECTIVE DATE

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