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S.325

Introduced by Committee on Natural Resources and Energy

Date: January 30, 2026

Subject: Conservation and development; land use; municipal zoning; housing

Statement of purpose of bill as introduced: This bill proposes to establish a task force to develop a detailed proposal to create residential opportunity overlay districts.

~~An act relating to studying the creation of model bylaws~~

*An act relating to regional planning and Act 250 Tier jurisdiction*

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

~~Sec. 1. RESIDENTIAL OPPORTUNITY OVERLAY DISTRICTS, TASK FORCE~~

~~(a) Creation. There is created a task force to develop and recommend a detailed proposal to create residential opportunity overlay districts. These districts would be governed by a code of model zoning bylaws that address all critical land use issues with clear and objective standards. Once codes are developed and published, municipalities would have the option to adopt the codes in areas. In those areas, residential development that meets the requirements of the code would be submitted to a zoning administrator for a certificate of compliance. There would be no hearing or review of residential~~

~~development applications by an appropriate municipal panel or an appeal.~~

Grants would be available for municipalities seeking to adopt the model code.

A State agency would oversee municipal adoption of the code to ensure that

the districts would be designed to allow for housing density that would be

dense enough to meet that municipality's share of the State's housing targets.

(b) Membership. The task force shall have nine members with expertise

related to planning and zoning. The members shall be the following:

(1) one member of the House, appointed by the Speaker of the House;

(2) one member of the Senate, appointed by the President Pro Tempore  
of the Senate;

(3) a representative of the Vermont Association of Planning and  
Development Agencies;

(4) the Commissioner of Housing and Community Development or  
designee;

(5) a representative from the Vermont Natural Resources Council;

(6) a representative from the Vermont League of Cities and Towns;

(7) a representative from Let's Build Homes;

(8) a representative from the affordable housing development  
community, appointed by the President Pro Tempore of the Senate; and

~~(9) a town planner, appointed by the Speaker of the House.~~

1 ~~(c) Powers and duties. The task force shall:~~

2 ~~(1) develop illustrated model codes that use only clear and objective~~  
3 ~~standards for critical land use issues, embed New England town-building~~  
4 ~~principles, and integrate flood and historic protections;~~

5 ~~(2) propose how these codes will be administered and which entity~~  
6 ~~would oversee them; and~~

7 ~~(3) recommend the process for how municipalities would adopt these~~  
8 ~~codes.~~

9 ~~(d) Assistance. The task force shall have the administrative, technical, and~~  
10 ~~legal assistance of the Department of Housing and Community Development.~~  
11 ~~The Department may hire a third-party consultant to assist and staff the task~~  
12 ~~force, which may be funded by monies appropriated by the General Assembly~~  
13 ~~or any grant funding received.~~

14 ~~(e) Report. On or before December 1, 2026, the task force shall submit a~~  
15 ~~written report to the House Committees on Environment and on General and~~  
16 ~~Housing and the Senate Committees on Economic Development, Housing and~~  
17 ~~General Affairs and on Natural Resources and Energy with its model codes~~  
18 ~~and recommendations for legislative action.~~

19 ~~(f) Meetings.~~

20 ~~(1) The Commissioner of Housing and Community Development shall~~  
21 ~~call the first meeting of the task force to occur on or before August 1, 2026.~~

1           (2) The task force shall elect a chair from among its members at the first  
2 meeting.

3           (3) A majority of the membership shall constitute a quorum.

4           (4) The task force shall cease to exist on December 31, 2026.

5           (g) Compensation and reimbursement.

6           (1) For attendance at meetings during adjournment of the General  
7 Assembly, a legislative member of the task force serving in the legislator's  
8 capacity as a legislator shall be entitled to per diem compensation and  
9 reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than six  
10 meetings.

11           (2) Other members of the task force who are not otherwise compensated  
12 by their employer shall be entitled to per diem compensation and  
13 reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more  
14 than six meetings.

15           (3) The payments under this subsection shall be made from monies  
16 appropriated by the General Assembly.

17       Sec. 2. EFFECTIVE DATE

18       ~~This act shall take effect on passage.~~

*\* \* \* Intent \* \* \**

*Sec. 1. LEGISLATIVE INTENT*

*The General Assembly finds that 2024 Acts and Resolves No. 181 represented a substantial restructuring of Vermont's land use review framework. This act is intended to provide technical clarification, transitional*

certainty, and implementation alignment, consistent with the intent of 2024 Acts and Resolves No. 181 and without altering its underlying policy goals.

\* \* \* Act 250 \* \* \*

Sec. 2. 10 V.S.A. § 6001(3) 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 access by the road and associated driveways is land involved in the construction of the road.

\* \* \*

(III) For the purpose of determining the length of any road and associated driveways, the length of all other roads and driveways within the tract of land constructed after ~~July 1, 2026~~ January 1, 2030, shall be included.

\* \* \*

(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 1, ~~2027~~ 2028, the construction of a priority housing project located entirely within areas of a designated downtown development district, designated neighborhood development area, or a designated growth center or within one-half mile around such designated center with permanent zoning and subdivision bylaws served by public sewer or water services or soils that are adequate for wastewater disposal. For purposes of this subdivision (III), in order for a parcel to qualify for the exemption, at least 51 percent of the parcel shall be located within one-half mile of the designated center boundary. If the one-half mile around the designated center extends into an adjacent municipality, the legislative body of the adjacent ~~municipal~~ municipality may inform the Board that it does not want the exemption to extend into that area. This exemption shall not apply to areas within mapped river corridors and floodplains except those areas containing preexisting

development in areas suitable for infill development as defined in 29-201 of the Vermont Flood Hazard Area and River Corridor Rule.

Sec. 3. 10 V.S.A. § 6001(35) is amended to read:

(35) “Priority housing project” means a discrete project located on a single tract or multiple contiguous tracts of land that consists exclusively of mixed income housing or mixed use, or any combination thereof, and is located entirely within designated downtown development district, designated new town center, designated growth center, or designated neighborhood development area under 24 V.S.A. chapter 76A, or within an area mapped and approved by the Board as eligible for Tier 1B area status and is not currently approved for Tier 1B area status under section 6033 of this chapter.

~~Sec. 4. 10 V.S.A. § 6081 is amended to read:~~

~~§ 6081. PERMITS REQUIRED; EXEMPTIONS~~

~~\*\*\*~~

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

~~\*\*\*~~

~~(3) Upon receiving notice and a copy of the permit issued by an appropriate municipal panel pursuant to 24 V.S.A. § 4460(g), a previously issued permit for a development or subdivision located in a Tier 1A area shall remain attached to the property. However, neither the Board nor the Agency of Natural Resources shall enforce the permit or assert amendment jurisdiction on the tract or tracts of land unless the designation is revoked or the municipality has not taken any reasonable action to enforce the conditions of the permit.~~

~~\*\*\*~~

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

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

~~(dd) Interim housing exemptions.~~

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

~~(2)(A) Notwithstanding any other provision of law to the contrary, until ~~July~~ January 1, 2027 2030, no permit or permit amendment is required for the subdivision for or the construction of housing projects such as cooperatives, condominiums, dwellings, or mobile homes, and mixed-use development, with 50 or fewer units, constructed or maintained on a tract or tracts of land of 10 acres or less, located entirely within:~~

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

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

~~\*\*\*~~

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

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

~~(4) Notwithstanding any other provision of law to the contrary, until January 1, 2030, no permit or permit amendment is required for the subdivision for or the construction of 50 units or fewer of housing with at least 20 percent of the units with mixed income housing or mixed-use development, constructed or maintained on a tract or tracts of land, located within areas of a designated village center and within one-quarter mile of its boundary served by public sewer or water services or soils that are adequate for wastewater disposal.~~

Sec. 4. 10 V.S.A. § 6081 is amended to read:

§ 6081. PERMITS REQUIRED; EXEMPTIONS

\* \* \*

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

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

(3) Upon receiving notice and a copy of the permit issued by an appropriate municipal panel pursuant to 24 V.S.A. § 4460(g), a previously issued permit for a development or subdivision located in a Tier 1A area shall remain attached to the property. However, neither the Board nor the Agency of Natural Resources shall enforce the permit or assert amendment jurisdiction on the tract or tracts of land unless the designation is revoked or the municipality has not taken any reasonable action to enforce the conditions of the permit.

\* \* \*

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

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

*(dd) Interim housing exemptions.*

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

*(2)(A) Notwithstanding any other provision of law to the contrary, until ~~July~~ January 1, 2027 2030, no permit or permit amendment is required for the subdivision for or the construction of housing projects such as cooperatives, condominiums, dwellings, or mobile homes, and mixed-use development, with 50 or fewer units, ~~constructed or maintained on a tract or tracts of land of 10 acres or less~~, located entirely within:*

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

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

*\* \* \**

*(3) Notwithstanding any other provision of law to the contrary, until ~~January 1, 2027~~ 2030, no permit or permit amendment is required for the subdivision for or the construction of housing projects such as cooperatives, condominiums, dwellings, or mobile homes, and mixed-use development, constructed or maintained on a tract or tracts of land, located entirely within a designated downtown development district with permanent zoning and subdivision bylaws served by public sewer or water services or soils that are*

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

*(4) Notwithstanding any other provision of law to the contrary, until January 1, 2030, no permit or permit amendment is required for the subdivision for or the construction of 50 units or fewer of housing with at least 20 percent of the units with mixed income housing or mixed-use development, constructed or maintained on a tract or tracts of land, located within areas of a designated village center and within one-quarter mile of its boundary served by public sewer or water services or soils that are adequate for wastewater disposal.*

*Sec. 5. 2024 Acts and Resolves No. 181, Sec. 22 is amended to read:*

*Sec. 22. TIER 3 RULEMAKING*

*(a) The Land Use Review Board, in consultation with the Secretary of Natural Resources, shall adopt rules to implement the requirements for the administration of 10 V.S.A. § 6001(3)(A)(xiii) and 10 V.S.A. § 6001(46) and (19). It is the intent of the General Assembly that these rules identify critical natural resources for protection. The Board shall review the definition of Tier 3 area; determine the critical natural resources that shall be included in Tier 3, giving due consideration to river corridors, headwater streams, habitat connectors of statewide significance, riparian areas, class A waters, and natural communities; determine any additional critical natural resources that should be added to the definition; include measures to ensure that no municipality or region is disproportionately impacted by Tier 3 designation that would limit reasonable opportunities for Tier 1 or Tier 2 designations; determine which and under what circumstances criteria under 10 V.S.A. § 6086(a)(1)–(10) should be part of Tier 3 area review; and determine how to define the boundaries. Rules adopted by the Board shall include:*

*\* \* \**

*(c) The Board shall file a final proposed rule with the Secretary of State and the Legislative Committee on Administrative Rules on or before ~~February 1~~ June 30, 2026 2028. After the Land Use Review Board files the rule with the Legislative Committee on Administrative Rules, it shall submit a report describing the rules and the issues reviewed under this section to the House Committee on Environment ~~and Energy~~ and the Senate Committee on Natural Resources and Energy.*

\* \* \*

*Sec. 6. 10 V.S.A. § 6025 is amended to read:*

*§ 6025. RULES*

\* \* \*

*(d) Consistent with the intent of subdivision 6001(3)(A)(xii) and the Tier 3 rulemaking requirements, the Board shall have authority to adopt rules establishing a process to limit the criteria that would apply to road development pursuant to subdivision 6001(3)(A)(xii) and development within Tier 3 areas. The rules shall define which criteria will be reviewed and under what circumstances.*

*Sec. 7. 2024 Acts and Resolves No. 181, Sec. 114 is amended to read:*

*Sec. 114. EFFECTIVE DATES*

*This act shall take effect on passage, except that:*

*(1) Secs. 12 (10 V.S.A. § 6001); and 13 (10 V.S.A. § 6086(a)(8)), and 21 (10 V.S.A. § 6001) shall take effect on December 31, 2026 January 1, 2028 and Sec. 21 (10 V.S.A. § 6001) shall take effect on June 30, 2028;*

*(2) Sec. 19 (10 V.S.A. § 6001(3)(A)(xii)) shall take effect on July 1, 2026 January 1, 2030;*

\* \* \*

*Sec. 8. 10 V.S.A. § 6034 is amended to read:*

*§ 6034. TIER 1A AREA STATUS*

\* \* \*

*(b) Tier 1A area status requirements.*

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

\* \* \*

*(G) The municipality has identified and planned for the maintenance of significant natural communities, ~~rare~~, threatened, and endangered species located in the Tier 1A area or excluded those areas from the Tier 1A area.*

\* \* \*

*\* \* \* Municipal zoning \* \* \**

*Sec. 9. 24 V.S.A. § 4460 is amended to read:*

*§ 4460. APPROPRIATE MUNICIPAL PANELS*

\* \* \*

*(g)(1) This subsection shall apply to a subdivision or development that:*

*(A) was previously permitted pursuant to 10 V.S.A. chapter 151;*

*(B) is located in a Tier 1A area pursuant to 10 V.S.A. § 6034; and*

*(C) has applied for a permit or permit amendment required by zoning regulations or bylaws adopted pursuant to this subchapter.*

*(2) The appropriate municipal panel reviewing a municipal permit or permit amendment pursuant to this subsection shall include conditions contained within a permit previously issued pursuant to 10 V.S.A. chapter 151, so that the conditions may be enforced as part of the municipal permit, unless the panel determines that the permit condition pertains to any of the following:*

*(A) the construction phase of the project that has already been constructed;*

*(B) compliance with another State permit that has independent jurisdiction;*

*(C) federal or State law that is no longer in effect or applicable;*

*(D) an issue that is addressed by municipal regulation and the project will meet the municipal standards; or*

*(E) a physical or use condition that is no longer in effect or applicable or that will no longer be in effect or applicable once the new project is approved.*

*(3) After issuing or amending a permit containing conditions pursuant to this subsection, the appropriate municipal panel shall provide notice and a copy of the permit to the Land Use Review Board.*

*(4) The appropriate municipal panel shall comply with the notice and hearing requirements provided in subdivision 4464(a)(1) of this title. In addition, notice shall be provided to those persons requiring notice under 10 V.S.A. § 6084(b) and shall explicitly reference the existing Act 250 permit.*

*(5) The appropriate municipal panel's decision shall be issued in accordance with subsection 4464(b) of this title and shall include specific findings with respect to its determinations pursuant to subdivision (2) of this subsection.*

*(6) Any final action by the appropriate municipal panel affecting a condition of a permit previously issued pursuant to 10 V.S.A. chapter 151 shall be recorded in the municipal land records.*

~~(h) Within a Tier 1A area, the appropriate municipal panel shall enforce any existing permits issued under 10 V.S.A. chapter 151 that has not had its permit conditions transferred to a municipal permit pursuant to subsection (g) of this section.~~

*Sec. 10. DISCRETIONARY REVIEW OF HOUSING; REPORT*

~~(a) On or before January 15, 2027, the Department of Housing and Community Development, after consultation with the Vermont League of Cities and Towns, Let's Build Homes, the Vermont Natural Resources Council, and the Vermont Planners Association, shall report to the General Assembly on recommendations for how to reduce the negative impacts of discretionary review of residential development. The Department shall consider the following: whether the State should establish a Vermont Model Code to assist municipalities seeking to replace discretionary review with clear and objective standards; the potential value of the federal Right to Build Zone legislation and steps the State can take to maximize that value; and incentives and planning assistance the State can offer municipalities seeking to limit discretionary review.~~

~~(b) The report shall also include a status update on the 802 Homes pilot program and recommendations for how to improve the efficiency of appeals of municipal zoning permits for housing.~~

~~(c) The report shall be submitted to the House Committees on Environment and on Housing and General and the Senate Committees on Economic Development, Housing, and General Affairs and on Natural Resources and Energy.~~

~~\*\*\* Regional Planning \*\*\*~~

~~Sec. 11. 24 V.S.A. § 4348 is amended to read:~~

~~§ 4348. ADOPTION AND AMENDMENT OF REGIONAL PLAN~~

~~\*\*\*~~

~~(b) ~~60~~ Sixty days prior to holding the first public hearing on a regional plan adoption, a regional planning commission shall submit a draft regional plan to the Land Use Review Board for review and comments related to conformance of the draft with sections 4302 and 4348a of this title and chapter 139 of this title. The Board shall coordinate with other State agencies and the Community Investment Board and respond within 60 days unless more time is granted by the regional planning commission.~~

~~(c) The regional planning commission shall hold two or more public hearings within the region after public notice on any proposed plan or~~

*amendment. The minimum number of required public hearings may be specified within the bylaws of the regional planning commission.*

*(d)(1) At least 30 days prior to the first hearing, a copy of the proposed plan ~~or amendment~~, a report documenting conformance with the goals established in section 4302 of this chapter and the plan elements established in section 4348a of this chapter, and a description of any changes to the Regional Future Land Use Map with a request for general comments and for specific comments with respect to the extent to which the plan ~~or amendment~~ is consistent with the goals established in section 4302 of this title, shall be delivered physically or electronically with proof of receipt or sent by certified mail, return receipt requested, to each of the following:*

*\* \* \**

*(e) Any of the foregoing bodies, or their representatives, may submit comments on the proposed regional plan ~~or amendment~~ to the regional planning commission, and may appear and be heard in any proceeding with respect to the adoption of the proposed plan ~~or amendment~~.*

*(f) The regional planning commission may make revisions to the proposed plan ~~or amendment~~ at any time not less than 30 days prior to the final public hearing held under this section. If the proposal is changed, a copy of the proposed change shall be delivered physically; electronically with proof of receipt; or by certified mail, return receipt requested, to the chair of the legislative body of each municipality within the region and to any individual or organization requesting a copy at least 30 days prior to the final hearing.*

*\* \* \**

*(h)(1) Within 15 days following adoption, a regional planning commission shall submit its regionally adopted regional plan to the Land Use Review Board for a determination of regional plan compliance with a report documenting conformance with the goals established in section 4302 of this chapter and the plan elements established in section 4348a of this chapter and a description of any changes to the regional plan future land use map.*

*\* \* \**

*(4) The Land Use Review Board's affirmative determination shall be based upon finding the regional plan meets the following requirements:*

*\* \* \**

*(j) Minor amendments to regional plan future land use map. A regional planning commission may submit a request for a minor amendment to boundaries of a future land use area for consideration by the Land Use Review Board with a letter of support from the municipality. The request may only be*

*submitted after an affirmative vote of the municipal legislative body and the regional planning commission board. The Land Use Review Board, after consultation with the Community Investment Board and the regional planning commissions, shall provide guidance about what constitutes a minor amendment. Minor amendments may include any change to a future land use area consisting of fewer than 10 acres. A minor amendment to a future land use area shall not require an amendment to a regional plan and shall be included in the next iteration of the regional plan. The Land Use Review Board may adopt rules to implement this section.*

*\* \* \**

*(n) Regional plan amendments, non-minor future land use map amendments, and Tier 1B area status requests. Regional plans may be reviewed from time to time and may be amended in the light of new developments and changed conditions affecting the region. Non-minor future land use map amendments shall be processed as part of a regional plan amendment. Tier 1B area status requests may be made separate from the regional plan approval or amendment process.*

*(1) Process.*

*(A) To amend a regional plan, which may include a non-minor future land use map amendment, a regional planning commission shall hold one public hearing. At least 15 days in advance of the hearing, the regional planning commission shall provide notice of the public hearing to parties listed in subdivision (d)(1) of this section and the Land Use Review Board. The public hearing notice shall include a description of changes to the plan including non-minor amendments to future land use maps, or any changes to Tier 1B area status.*

*(B) After adoption of the regional plan amendment, the regional planning commission shall submit a request to the Land Use Review Board for an affirmative determination of regional plan compliance for the regional plan amendment.*

*(C) Stand-alone requests for Tier 1B area status shall be submitted to the Land Use Review Board after the public hearing required under subdivision (A) of this section.*

*(D) The Land Use Review Board shall hold a public hearing within 30 days after receiving the request for an affirmative determination of regional plan amendment compliance or approval of Tier 1B area status. The Land Use Review Board shall issue its determination within 30 days after the hearing.*

(2) Adoption of a regional plan amendment, non-minor future land use map amendment, or Tier 1B area status request or amendment shall not change the expiration date of the regional plan.

\* \* \*

Sec. 12. 24 V.S.A. § 4348a is amended to read:

§ 4348a. ELEMENTS OF A REGIONAL PLAN

(a) A regional plan shall be consistent with the goals established in section 4302 of this title and shall include the following:

\* \* \*

(12) A future land use element, based upon the elements in this section, that sets forth the present and prospective location, amount, intensity, and character of such land uses in relation to the provision of necessary community facilities and services and that consists of a map delineating future land use area boundaries for the land uses in subdivisions (A)–(J) of this subdivision (12) as appropriate and any other special land use category the regional planning commission deems necessary; descriptions of intended future land uses, consistent with the smart growth principles in section 4303 of this chapter; and policies intended to support the implementation of the future land use element using the following land use categories:

(A) Downtown or village centers. These areas are the mixed-use centers bringing together community economic activity and civic assets. They include downtowns, villages, and new town centers previously designated under chapter 76A and downtowns and village centers seeking benefits under the Community Investment Program under section 5804 of this title. The downtown or village centers are the traditional ~~and~~ or historic central business and civic centers within planned growth areas, village areas, or may stand alone. Municipalities may have more than one center, including planned new or emerging centers that anchor planned growth or village areas. Village centers are not required to have public water, wastewater, zoning, or subdivision bylaws. It is the intent that most towns in Vermont have at least one village center in which additional housing units are supported.

(B) Planned growth areas. These areas include the high-density existing settlement and future growth areas with high concentrations of population, housing, and employment in each region and town, as appropriate. They include a mix of historic and nonhistoric commercial, residential, and civic or cultural sites with active streetscapes, supported by land development regulations; public water or wastewater, or both; and multimodal transportation systems. These areas include ~~new town centers, downtowns, village centers,~~ growth centers, and neighborhood development areas

*previously designated under chapter 76A of this title. These areas should generally meet ~~the smart growth principles definition in chapter 139 of this title and the following criteria:~~*

*\* \* \**

*(iii) The area is generally ~~within walking distance from compact and has multimodal connection to the municipality's or an adjacent municipality's downtown, or village center, new town center, or growth center.~~*

*\* \* \**

*(vi) The area provides ~~for~~ opportunity for development, infill development, and redevelopment that is needed to meet the regional and municipal housing targets that ~~meets~~ meet the present and future needs of a diversity of social and income groups in the community.*

*(vii) The area is served by planned or existing transportation infrastructure that conforms with "complete streets" principles as described under 19 V.S.A. chapter 24 and establishes pedestrian access directly to the downtown, or village center, ~~or new town center.~~ Planned transportation infrastructure includes those investments included in the municipality's capital improvement program pursuant to section 4430 of this title.*

*(C) Village areas. These areas include the traditional settlement area or a proposed new settlement area, typically composed of a cohesive mix of residential, civic, religious, commercial, ~~and~~ or mixed-use buildings, arranged along a main street and intersecting streets that are within walking distance compact and have multimodal connections for residents who live within and surrounding the core downtown center or village center. ~~These areas include existing village center designations and similar areas statewide, but this area is larger than the village center designation.~~ Village areas shall meet the following criteria:*

*\* \* \**

*(iv) The municipality has either ~~municipal~~ public water or wastewater. If no public water or wastewater is available, the area must have soils that are adequate for wastewater disposal.*

*(v) The area has some opportunity for infill development or new development areas where the village can grow, support the development of housing to meet the regional and municipal housing targets, and be flood resilient.*

*\* \* \**

*(J) Rural; conservation. These are areas of significant natural resources, identified by regional planning commissions or municipalities based upon existing Agency of Natural Resources mapping that require special consideration for aquifer protection; for wetland protection; for the maintenance of forest blocks, wildlife habitat, and habitat connectors; or for other conservation purposes. ~~The mapping of these areas and accompanying policies are intended to help meet requirements of 10 V.S.A. chapter 89. Any portion of this area that is approved by the LURB as having Tier 3 area status shall be identified on the future land use map as an overlay upon approval.~~*

*\* \* \**

*(d) With the exception of preexisting, nonconforming designations approved prior to the establishment of the State Community Investment program, the areas eligible for designation benefits under that program upon the Land Use Review Board's approval of the regional plan future land use map for designation as a downtown center or village center shall not include development that is disconnected from a downtown or village center and that lacks an existing or planned pedestrian connection to the center via a complete street.*

*\* \* \**

*Sec. 13. 24 V.S.A. § 4303 is amended to read:*

*§ 4303. DEFINITIONS*

*The following definitions shall apply throughout this chapter unless the context otherwise requires:*

*\* \* \**

*(43) "Smart growth principles" means growth that:*

*(A) maintains the historic development pattern of compact village and urban centers separated by rural countryside;*

*(B) develops compact mixed-use centers at a scale appropriate for the community and the region;*

*(C) enables choice in modes of transportation;*

*(D) protects the State's important environmental, natural, and historic features, including natural areas, water quality, scenic resources, and historic sites and districts;*

*(E) serves to strengthen agricultural and forest industries and minimizes conflicts of development with these industries;*

(F) balances growth with the availability of economic and efficient public utilities and services;

(G) supports a diversity of viable businesses in downtowns and villages;

(H) provides for housing that meets the needs of a diversity of social and income groups in each community; and

(I) reflects a settlement pattern that, at full build-out, is not characterized by:

(i) scattered development located outside compact urban and village centers that is excessively land consumptive;

(ii) development that limits transportation options, especially for pedestrians;

(iii) the fragmentation of farmland and forestland;

(iv) development that is not serviced by municipal infrastructure or that requires the extension of municipal infrastructure across undeveloped lands in a manner that would extend service to lands located outside compact village and urban centers; and

(v) linear development along well-traveled roads and highways that lacks depth, as measured from the highway.

#### Sec. 14. REPEAL

24 V.S.A. § 4476 (formal review of regional planning commission decisions) is repealed.

#### Sec. 15. REGIONAL AND MUNICIPAL PLAN EXTENSIONS

Any regional or municipal plan due to expire in 2026 shall have its expiration date extended until December 31, 2026.

*\* \* \* State Community Investment Program \* \* \**

Sec. 16. 24 V.S.A. § 5801 is amended to read:

#### § 5801. DEFINITIONS

*As used in this chapter:*

*\* \* \**

~~(8) "Planned growth area" means an area on the regional plan future land use maps required under section 4348a of this title, which may encompass a downtown center or village center on the regional future land use map and may be designated as a center or neighborhood, or both meeting the~~

requirements of subdivision 4348a(12)(B) of this title and that may be designated as a neighborhood.

\* \* \*

(10) “Sprawl repair” means the redevelopment of lands with buildings, traffic and circulation, parking, or other land coverage in a pattern that is consistent with smart growth principles as defined in section 4303 of this title.

\* \* \*

(12) “~~State Designated Downtown and~~ Center or Village Center” or “designated center” means a ~~contiguous downtown or village~~ a portion of which is listed or eligible for listing in the national register of historic places area ~~center approved as part of the LURB review of regional plan future land use maps, which may include an approved preexisting designated designated downtown, village center, or designated new town center established prior to the approval of the regional plan future land use maps.~~

(13) “~~State-designated~~ Designated neighborhood” or “neighborhood” means a ~~contiguous geographic~~ village area or planned growth area approved as part of the ~~Land Use Review Board~~ LURB review of regional plan future land use maps that is ~~compact and adjacent and~~ contiguous to a center.

\* \* \*

(15) “~~Village area~~” means an area on the regional plan future land use maps ~~adopted pursuant to section 4348a of this title, which may encompass a village center on the regional future land use map~~ meeting the requirements of subdivision 4348a(12)(C) of this title and that may be designated as a neighborhood.

Sec. 17. 24 V.S.A. § 5803 is amended to read:

§ 5803. DESIGNATION OF DOWNTOWN AND VILLAGE CENTERS

(a) Designation established. A regional planning commission may apply to the LURB for approval and designation of all downtown and village centers by submitting the regional plan future land use map adopted by the regional planning commission. ~~The regional plan future land use map shall identify downtown centers and village centers as the downtown and village areas eligible for designation as centers. The Department and State Board shall provide comments to the LURB and the regional planning commission on areas eligible for center designation as provided under in section 4348 of this chapter title.~~

\* \* \*

~~(c) Exclusions. With the exception for preexisting, nonconforming designations approved prior to the establishment of the program under this chapter or areas included in the municipal plan for the purposes of relocating a municipality's center for flood resiliency purposes, the areas eligible for designation benefits upon the LURB's approval of the regional plan future land use map for designation as a Center shall not include development that is disconnected from a Center and that lacks a pedestrian connection to the Center via a complete street. [Repealed.]~~

~~\*\*\*~~

~~\*\*\* Tax Credits \*\*\*~~

~~Sec. 18. 32 V.S.A. § 5930bb is amended to read:~~

~~§ 5930bb. ELIGIBILITY AND ADMINISTRATION~~

~~\*\*\*~~

~~(c) Application shall be made in accordance with the guidelines set by the State Board. The guidelines shall clearly indicate that only applications located in Step 2 and Step 3 State designated centers or Step 1 centers where a portion of the designated center is listed or eligible for listing in the national register of historic places shall be considered.~~

~~\*\*\*~~

~~\*\*\* Appropriations \*\*\*~~

~~Sec. 19. APPROPRIATIONS~~

~~(a) In fiscal year 2027, \$200,000.00 is appropriated from the General Fund to the Agency of Commerce and Community Development to develop additional model plans as part of the 802 Homes program.~~

~~(b) In fiscal year 2027, \$100,000.00 is appropriated from the General Fund to the Land Use Review Board to conduct public engagement and education on Tier 2 areas.~~

~~\*\*\* Effective Date \*\*\*~~

~~Sec. 19. EFFECTIVE DATE~~

~~This act shall take effect on passage.~~