



Re: S.325

Apr 9, 2026

Dear Chair Sheldon and Members of the House Environment Committee,

Thank you for the opportunity to comment on S.325 on behalf of the Vermont Natural Resources Council (VNRC). VNRC has a long history of advocating for thriving communities through sustainable land use planning and development. We are eager to continue supporting the implementation of Act 181 to improve the effectiveness of Vermont's planning framework and its ability to support both development and conservation, where each is most appropriate.

Act 181 represents an important evolution in how Vermont aligns local planning, regional coordination, and state land use policy. Getting the details right is critical to ensuring that the law delivers on its promise: more housing in the right places, strong natural resource protections, and a planning system that communities trust and can realistically administer.

To be clear, when we say "more housing in the right places" we mean directing most of the substantial new housing Vermont needs toward areas that are already suited to support compact, efficient growth. These are places that can accommodate 1) compact housing due to water/sewer infrastructure or soils capable of supporting higher-density development; 2) smaller, more accessible and affordable homes that meet the needs of an aging and changing population; and 3) neighborhoods where residents can more easily access transportation options and connection to services and jobs. **These are the downtowns, village centers, and hamlets found in almost every one of our small towns.** As the Vermont Association of Planning and Development Agencies (VAPDA) recently testified, these areas can accommodate 50-70% of the state's projected housing need (and up to 90% in Chittenden County).

Rural, low-density housing will always be a mainstay of the Vermont landscape. The question for us is how we meet our housing needs in a way that does not undermine the natural resources, infrastructure, and working lands that we have all invested in and rely on for clean air and water, fresh food, local heat, flood resilience, and so much more.

As a monumental law, there are bound to be fixes and clarifications as we work through multiple new processes and programs. We support timeline extensions to allow for deeper outreach and stronger public engagement to thoughtfully shape Act 181's natural resource provisions and ensure the law achieves its intended goals while avoiding unintended consequences.

My testimony focuses on changes to S.325 that address areas planned for growth in Act 181.

As a note: we offer our thoughts related to the proposed regional future land use (FLU) provisions (Sec. 12) as we have reviewed in depth each preliminary FLU map submitted to-date. In general, this has been an impressive, time-intensive process as the RPCs have worked with their member towns to update the maps. That said, while we have not provided specific recommendations here beyond what is proposed in S.325, we have noted that more clearly defined FLU areas (e.g. downtowns, village areas) could help to improve the process.

Sec. 4 | Interim Housing Exemptions

(1), (2)(A), (3) Expansion to subdivisions and mixed-use development

- While we support providing more flexibility for housing projects within designated areas, particularly for mixed-use development, we recommend consideration of project impacts for subdivision development. The number of lots created can have a greater land use impact than the number of housing units, particularly in terms of infrastructure, stormwater, and efficient use of land.
- **Recommendation:** Remove addition of subdivisions, or add specificity to number of lots.

(2)(A) Removal of acreage limit in designated village centers and transit corridors

- The proposed provision would eliminate the 10-acre limit, which may unintentionally encourage dispersed development patterns within designated areas that are intended to support compact growth and developable land is limited.
- This risks inefficient land use (e.g. could allow for up to 50 single family homes on 50+ acres) that undermines the intent of the state's designation program and smart growth principles.
- **Recommendation:** A more targeted approach could address challenges related to larger parcels with environmental or physical constraints without removing a key mechanism that encourages density and efficient land use.

(4) New interim exemption for Priority Housing Projects (PHPs) in areas without bylaws

- The proposed provision would allow up to 50 units of Act 250-exempt development in areas that may lack municipal zoning and subdivision bylaws, including flood hazard and river corridor regulations, and/or staff capacity to manage large projects. Some level of review is needed to, at a minimum, ensure that the affordability and mixed-use development requirements are met and that the development is located outside of hazardous areas.
- While PHPs have some level of guardrails - such as reliance on affordable housing funding and a tendency to locate near infrastructure and services - this would represent a significant policy shift to allow large developments with no level of community or environmental review.
- Historically, PHP exemptions have been limited to designated areas with defined criteria and capacity, and based on local population size. We recommend careful consideration of the implications of extending exemptions into areas without local regulatory frameworks.
- **Recommendation:** Allow towns to opt-in, reduce maximum number of units to 24 to align with the PHP allowance for towns with less than 3,000 residents, and require a

jurisdictional opinion to confirm compliance with PHP requirements.

Sec. 11 | Regional Plan Non-Minor Amendment Process

(n) Streamline process and timeline for “non-minor” amendments to regional plans

- We support the intent of the proposed amendment but believe it warrants further review. The language does not clearly define what constitutes a “non-minor” amendment, and the proposed 15-day advanced notice should at a minimum be consistent with municipal plan amendment requirements of 30 days.
- **Recommendation:** Add clarifying language and increase the timeline to improve transparency and implementation.

Sec. 12 | Downtown and Village Center Definition

(a)(12)(A) Removal of historic center requirement and inclusion of “planned or emerging” centers

- The “downtown and village centers” quite literally represent the core of our communities and serve as the critical anchors for rural areas in every corner of the state. Through the Community Investment Program (“CIP,” formerly the Designation Program) and other funding and policies, Vermont has dedicated significant investment over decades to boost local economic development, revitalize historic structures, and improve infrastructure - lifting up walkable, accessible, community-oriented spaces that create jobs, boost property values and encourage tourism.
- The proposed change broadens eligibility for Tier 1 and the Community Investment Program (“CIP,” formerly the Designation Program) in ways that could **unintentionally include auto-oriented commercial areas or other locations that do not function as true community centers**. Because these areas are automatically entered into the CIP and anchor larger “planned growth areas” and “village areas” through the Future Land Use map, this shift could have significant downstream implications.
- While **we support the intent** to address situations where new, non-historic centers are appropriate - such as redevelopment of existing commercial areas or the relocation of centers due to flooding - we are concerned that the current language is too broad and **risks undermining the integrity of the CIP**. It is important to note that the areas eligible for CIP benefits are already significantly expanded under Act 181 (from .3% to ~2.2% of the State’s land area, according to VAPDA) without a commensurate increase in funding or resources.
- These concerns are compounded by the fact that **Village Centers are not required to have municipal plans, water, wastewater, municipal zoning or subdivision bylaws**, or flood hazard regulations; expanding eligibility under these conditions raises concerns about whether these areas can support the type and scale of development envisioned under Act 181.
- As you have likely heard, there are already differing interpretations of future land use categories between towns, regional planning commissions, the Land Use Review Board,

and stakeholders such as VNRC. We are concerned that the **proposed language would further blur - rather than clarify** - the definition of downtown and village centers, making implementation more difficult at a time when clarity is essential.

- **Recommendation:**

- Given the significance of this change and limited time for committee discussion, we would recommend reverting the Downtown & Village Center definition back to its original language, with the exemption of the addition of the last sentence in that section.
- The Committee could consider:
 - Asking VAPDA, DHCD, and the LURB to return in 2027 with specific recommendations to develop a new FLU category for new and emerging centers, which may not be tied to the Community Investment Program.
 - Language initially proposed by VAPDA to the Senate Committee on Natural Resources:
 - The downtown or village centers are the traditional or ~~and~~ historic ~~central core business that includes a mix of two or more cultural, and civic, commercial or residential uses. centers within planned growth areas, village areas, or may stand alone. Municipalities may have more than one center, including emerging centers that anchor planned growth or village areas.~~
 - While this language does not address all of the concerns related to the CIP, it ensures a mixed-use area, and removes the ambiguous “planned” centers while still accommodating “emerging” centers that do not need to be historic.
 - More clearly defining “planned and emerging” centers by incorporating elements of the definition and criteria for “new town centers” under Chapter 76A (Title 24).
- Sec. 18 of the current draft narrows the eligibility of the Downtown & Village Tax Credit program (one of the benefits for designated centers) to those centers where a portion of the area is listed or eligible for listing in the national register of historic places; this section would be unnecessary if the original downtown and village center definition is returned, but is critical if the change allowing these areas to be non-historic is maintained.

Sec. 12 | “Walking Distance” (Planned Growth and Village Area Definitions)

(a)(12)(B)(iii) Change from “walking distance” to “multimodal” standard

- Replacing “walking distance” with “multimodal” may **weaken or confuse the standard** of compact, connected development in practice; walkability and “walking distance” is a well-established planning metric that supports pedestrian-oriented design (including people in wheelchairs or using other mobility devices).
- While we recognize challenges in rural areas with limited pedestrian infrastructure, “multimodal” is not clearly defined in statute. Without further clarification, this change could lead to more dispersed and disconnected development patterns.

- It is critically important that policy discussions supporting housing development take into account mobility, particularly as the state’s transportation system is at “a breaking point” - and associated support of local projects and regional transit services are being delayed or cut.
- **Recommendation:** Revert to original language to provide more time for discussion.

Sec. 10 | Discretionary Review of Housing Report

- We support a comprehensive and balanced review of municipal discretionary review processes as they relate to housing.
- **Recommendations:**
 - Include perspectives from a broader range of stakeholders, including VAPDA, the Vermont Housing & Conservation Board, and other non-profit housing developers who have experience with local development
 - Evaluate both the potential positive and negative impacts of discretionary review, including environmental justice considerations
 - Explicitly consider opportunities to reduce negative impacts while maintaining critical protections for residents and the environment

S.325 provides an important opportunity to ensure that Act 181 implementation is improved through greater public engagement and stays aligned with Vermont’s long-standing goals of supporting strong, resilient communities - and the lands and resources we all depend on.

We appreciate your leadership and the thoughtful consideration of these complex issues, and we look forward to continuing to work with you.

Thank you for your time and consideration.

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