

To: House Committee on General and Housing
From: Rep. Rebecca Holcombe and Rep. Kate Lalley
Re: Introduction of H.253
Date: March 27, 2025

Thank you for inviting us to present H.253

We agree with the sentiment of this committee that we have a housing emergency. How we respond will affect the viability of the state..

The purpose of H.253 is to advance the goal of smart growth. Specifically, it promotes sustainable, compact, and walkable communities in Vermont by encouraging compact housing development near concentration of jobs and on public transit routes, thereby preserving open space and prioritizing transit-oriented development.

This short form bill has two components:

- 1) Creation of a Revolving Fund for Modular Housing.
- 2) Identification of zones for development of housing that best meet our shared goals.

We will not address the first piece, as you have already addressed this thoughtfully in H. 479. Thank you for that good work. This testimony will focus on workforce zones.

Why do we need workforce zones?

To facilitate the development of housing near jobs and in places served by public transit, this bill creates a new neighborhood designation called Workforce Housing Zones. This will help to advance three core objectives:

1. **Increase housing supply and affordability.** By increasing the supply of housing where demand is highest, this bill will improve affordability for working families and others.
2. **Facilitate economic growth.** A key limitation on economic growth in Vermont is the lack of an adequate supply of housing near job centers. By expanding the supply of housing in these areas, this bill will help ensure that workers have a place to live, allowing businesses to expand.
3. **Slow climate change and conserve open space.** By facilitating the development of housing near job centers and as walkable density, within reach of transit, this bill will reduce the commutes of many workers, helping to reduce vehicle miles traveled and the corresponding emission of greenhouse gases. Housing density in the form of infill (as site redevelopment and embedded blocks with networked streets) also prevents development as car-dependent sprawl. This is consistent with the mission of denser villages surrounded by conserved green spaces.

An intentional approach to housing is important in locations adjacent to job centers. In the absence of purposeful regulation and investments in essential infrastructure, the inevitable housing will emerge as sprawl. The state's permitting regime all but assures it.

The proposed bill would establish workforce housing zones within close proximity to the largest job centers in or within close commuting distance of Vermont. Specifically, Workforce Housing Zones would be defined as areas within:

- 5 miles of the centroid of a census tract that has 7,200 or more jobs
- 4 miles of the centroid of a census tract that has 5,000 to 7,199 jobs
- 3.5 miles of the centroid of a census tract that has 2,500 to 4,999 jobs

These distances were selected to define areas within a short commuting distance of the job centers. The Zones are larger near census tracts with more jobs to account for the correspondingly greater demand for housing in these areas. Initial mapping of these zones would put the Committee in a position next year to adjust the zones and still define an area within a reasonable commuting distance of the job center. Once mapped, the size could also be curtailed where needed to maximize preservation of open space. The centroid is the population weighted center of the census tract.

Development in these areas would be subject to the same benefits as Neighborhood Development Areas, an existing Vermont designation for areas where increased housing development is desired. In addition, the Act 250 threshold would be raised from 10 to 50 units / lots for areas with permanent zoning and subdivision bylaws and from 6 to 25 lots for areas without permanent zoning and subdivision bylaws. The bill also directs the state to take steps to facilitate the development of public water and wastewater systems in these areas.

Unlike Neighborhood Development Areas, localities would not need to apply to the state to obtain the benefits of a Workforce Housing Zone, as the Zones will apply automatically. However, the bill includes provisions allowing a locality to adjust the boundaries of a Workforce Housing Zone through a duly adopted Town Plan with the agreement of the regional planning commission.

By way of example, the table below shows the census tracts with the most jobs within Vermont or close commuting distance of Vermont. This analysis includes tracts in Grafton County, NH as jobs in Lebanon, NH and Hanover, NH are significant drivers of demand for housing in Vermont. As reflected in the table, six of the 13 census tracts with the most jobs are in Chittenden County and three are in the Upper Valley. The four remaining tracts are in Rutland County (Rutland), Addison County (Middlebury), Washington County (Berlin), and Windham County (Brattleboro). The list of the top 13 census tracts includes tracts with 5,114 or more jobs.

Census tracts with the most jobs in Vermont or close commuting distance to Vermont

Jobs	Tract	County	City/Town/Village
12,449	9617.01	Grafton	Lebanon, NH
11,216	31.01	Chittenden	Williston, VT
9,842	10	Chittenden	Burlington, VT
8,399	9656	Windsor	White River Junction, VT
7,595	39	Chittenden	Burlington, VT
6,849	40.02	Chittenden	South Burlington, VT
6,494	9633	Rutland	Rutland, VT
5,967	9616.04	Grafton	Hanover, NH
5,735	9608	Addison	Middlebury, VT
5,690	22.01	Chittenden	Winooski, VT
5,276	9545	Washington	West Berlin, VT
5,120	33.04	Chittenden	South Burlington, VT
5,114	9685	Windham	Brattleboro, VT

What are other benefits of building near jobs?

- There is a significant shortage of housing close to major job centers that is affordable to working families and others in Vermont, resulting in high housing costs.
- The housing shortage near job centers inhibits the economic growth of Vermont businesses that need an adequate supply of housing close to jobs to attract workers.
- The housing shortage near job centers also contributes to climate change by causing workers to live further from work than otherwise necessary, leading to longer and more frequent car trips and increased emissions of greenhouse gasses.
- The shortage of housing near job centers creates development pressure, particularly for single family homes (the home building and permitting default), in regions that could be conserved as green space and/or for ecosystem service to mitigate stormwater which reduces water quality and contributes to flood risk.
- Among other barriers, limited access to public systems for water and wastewater is a key barrier inhibiting housing development within the commuting shed of some job centers in or within close commuting distance of Vermont. A neighborhood designation, or prioritization of infrastructure that supports housing in job dense regions, facilitates smart growth.

What else do we recommend the committee consider?

1. Requiring the ACCD to revise the boundaries of Workforce Housing Zones every five years using updated data on the number of jobs from the same data source for 2025 and every five years thereafter. In the event this data source ceases to exist or the methodology changes significantly, the Agency shall use a data source for jobs that best approximates this data source, and may adjust via regulation the threshold numbers of jobs in subparagraph (a) to achieve a result that is as close as possible to the result that would have been achieved had the data source continued to be available using the methodology applied to the 2020 data. The Housing Committee can review and approve these maps, after a review to ensure they conform to the principles of smart growth. Once approved by the legislature, the zones will be in effect.
2. As part of a duly adopted Town Plan, and with the concurrence of the regional planning commission, a municipality that has land within a designed Workforce Housing Zone may adjust the boundaries of the Zone to account for local circumstances and ensure it includes the land most suitable for development within the municipality. The revised boundaries may not expand, and may not reduce by more than 20 percent, the amount of the municipality's land that is included within the Zone. After adjustments, all parts of the Zone must remain contiguous and reasonably proximate to the job center that prompted the Zone.

We recommend the following benefits be applicable to Workforce Housing Zones, in order to facilitate the development of housing with Workforce Housing Zones:

1. The same benefits that apply within areas approved as Neighborhood Development Areas under the authority of 24 V.S.A. § 2793e shall apply to areas within Workforce Housing Zones. Workforce zones shall be prioritized for wastewater investments.
2. Within Workforce Housing Zones:
 - a. The threshold for applying Act 250 in 10 V.S.A. § 6001(3)(A)(iv) is raised from 10 to 50 units.
 - b. The thresholds for applying Act 250 in 10 V.S.A. § 6001(19)(A)(i) is raised from 10 to 50 lots.
 - c. The threshold for applying Act 250 in 10 V.S.A. § 6001(19)(A)(ii) is raised from six to 25 lots.
3. For five years, priority for Wastewater funding from any source that can be used to fund wastewater projects. This may include funding new wastewater systems as well as upgrading and expansion of existing systems, in order to support new housing in workforce zones.

The first step is identifying compact regions near the greatest job density.