

Good morning, and thank you for the opportunity to speak with you today.

My name is Loralee Tester, and I serve as Executive Director of the Northeast Kingdom Chamber of Commerce, representing employers across Caledonia, Essex, and Orleans counties. I also serve on several boards, including Let's Build Homes, and I chair the board of a regional high school with a Career and Technical Education (CTE) center.

Because the Northeast Kingdom is small, I have a rare, systems-level view of how housing—or the lack of it—affects every part of our economy: employers large and small, contractors, lenders, educators, healthcare providers, and municipalities. I'm here today speaking specifically from the perspective of rural Vermont.

About a year ago, this was the first committee I testified before, advocating for increased investment in housing programs. I was eager to do so—but I was also told that not a single dollar from housing funds allocated two years earlier had reached the Northeast Kingdom.

What I've learned since is not that decision-makers are unaware of rural challenges. It's that everyone is trying to get the biggest bang for the buck. But the reality is this: what pencils in Chittenden County often does not pencil in rural Vermont. If we don't design different tools, rural places will continue to fall behind—not for lack of will, but for lack of workable pathways.

I recently drove down Market Street and felt a real pang of jealousy. Projects there move. In our region, we've had housing projects planned for years that simply cannot get started because they don't pencil out.

I talk regularly with developers, housing specialists, employers, and lenders. What I hear consistently is this: it's death by a thousand paper cuts. It's not one fee, one regulation, or one permit—it's the cumulative burden.

One developer shared that recent permitting costs for three modest buildings exceeded \$20,000 before engineering costs were even added. Labor is now one of the biggest cost drivers. At some point, the math just stops working.

There are several tangible, practical steps I urge you to consider:

First: Act 250 and rural applicability.

The downtown and Neighborhood Development Area exemptions have helped significantly. But in many rural towns, historic downtowns overlap with flood zones. In my own community, the 2024 flood damaged many homes and businesses, and FEMA buyouts further reduced our housing stock. We need a rural housing pathway that:

- Raises thresholds for small projects

- Streamlines and shortens appeals
- Establishes predictable timelines

Predictability matters as much as cost.

Second: reduce the length and cost of appeals.

Time kills rural deals. Every month of uncertainty increases carrying costs that small developers simply cannot absorb.

Third: improve access to capital for small, local developers.

These are not large institutional builders. They need:

- Predevelopment financing
- Revolving loan funds
- Loan guarantees
- Predictable, patient capital

One suggestion I heard repeatedly was to extend property tax stabilization periods from the current seven years to ten or even twelve years. Developers told me plainly: that change alone would completely alter the feasibility of projects.

Fourth: use land strategically.

Municipalities should be incentivized to donate or transfer blighted or idle properties to qualified developers in exchange for housing production. This reduces land cost, returns properties to productive use, and stabilizes communities.

Fifth: we must innovate how we build housing.

Rural Vermont will not meet its housing needs using only traditional, site-built construction. We need far more manufactured housing and well-designed mobile home communities, along with expanded use of off-site and modular construction.

Other states are already moving in this direction. Maine, for example, is enabling off-site and innovative construction approaches at the state level. Vermont could do the same—and should also consider incentives to support local production capacity or to ease the import of these housing solutions.

Sixth: expand and adapt VEDA tools.

VEDA has been a strong partner, and targeted expansion—especially for rural housing—could unlock projects that otherwise stall.

Seventh: infrastructure rules need rural flexibility.

Programs like TIF and CHIP have been helpful, but rural communities need:

- Infrastructure eligibility based on public benefit, not just public ownership
- Support for shared septic systems, private roads, and village-scale infrastructure
- Longer TIF horizons and thresholds that reflect rural economics

Eighth: we must fix the workforce pipeline.

As chair of a school with a CTE program, I see firsthand how the Agency of Education's regulatory framework limits our ability to train tradespeople at the pace and scale we need. I strongly encourage you to take a hard look at how these regulations affect workforce development. If we continue on our current path, we will never have enough skilled tradespeople to meet our housing goals.

Finally: regional competitiveness matters.

On the eastern side of I-91, developers regularly compare Vermont to New Hampshire. Many have told us—quite bluntly—that it is easier, faster, and less expensive to build on the other side of the river. That reality is actively shaping investment decisions, and we need to address it directly if we want housing to be built here.

- If Vermont is serious about addressing housing statewide, we must accept that rural solutions will look different. Without intentional, tailored tools, rural regions like the Northeast Kingdom will continue to be left out—not because we lack ideas, developers, or demand—but because the system was not built with us in mind.

Thank you for your time and for your willingness to listen. I'm happy to answer any questions.