

LET'S BUILD HOMES

House General and Housing Committee
January 7, 2026

What's Working?

Early CHIP steps are very promising

VEPC guidelines process was a model of focused, sensible program implementation.

We expect **strong interest** from municipalities and builders when the program opens later this month.

Implementation Concern:

As of today, it is *unclear how for-sale projects will meet CHIP guidelines.*

Act 181 created a breakthrough: We have a consensus about where we want housing growth

Successes

- Early RPC maps show numerous well-planned Tier 1 areas
- Temporary exemption areas demonstrate positive impact on housing development

Implementation Concerns

- Impact of current Tier 3 plan on housing is unclear
- Many towns are opting out of Tier 1A/1B
- More than half of Vermont communities are being left behind and getting no housing relief from Tier mapping

Solutions

- Adopt Rural Caucus bill
- ROOT Zones

Creative funding programs are working

To preserve and expand housing stock, LBH supports increased base funding for programs such as:

VHCB

Vermont Housing & Conservation Board

VHIP

Vermont Housing Improvement Program

MHIR

Mobile Home Improvement and Repair

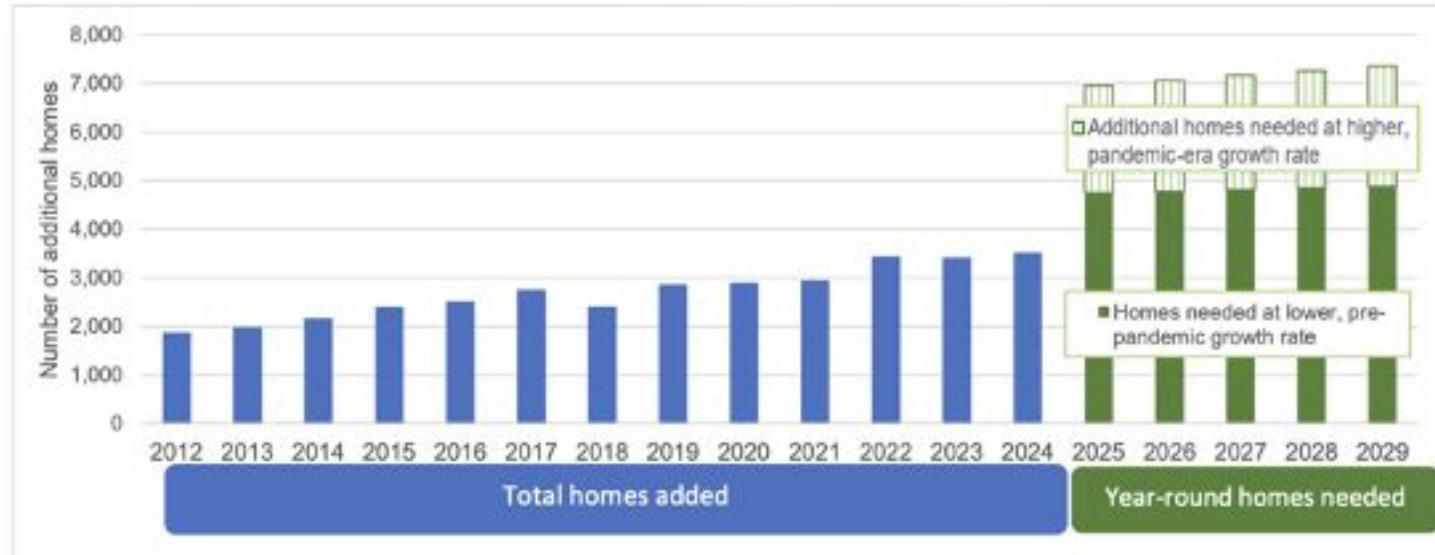
MHIP

Manufactured Housing Infill Program

These programs deliver results and should be expanded.

2025 Production: Decent but below goals

Figure 1-2 Gap in year-round Vermont homes reduces availability and affordability



Source: VHFA 2025 Housing Needs Assessment

What's Next?

Act 181 created a breakthrough: Vermonters have reached consensus on where we want to grow – in and near our downtowns, villages, and existing neighborhoods (Tier 1).

LBH urges the legislature to focus 2026 on turning this consensus into on the ground results by financially incenting new Tier 1 homes, and by removing remaining crippling barriers in these areas.

Stimulate Tier 1 home growth with new incentives

1

Waive Sales Tax on Residential Construction Materials

Directly reduces cost of affordable and market-rate housing by approximately 3%

2

Remove Cap on Downtown & Village Tax Credits

These credits pay for themselves when they leverage new investment

3

One-time Investment in a Housing Acceleration Fund

Join states across the country maintaining housing momentum amid a challenging financing environment

End Permit Appeals Gridlock with By-Right Development in Tier 1 Growth Areas

The recent LURB Act 250 Appeals Report noted support for “by-right” permitting where housing projects bypass discretionary development review:

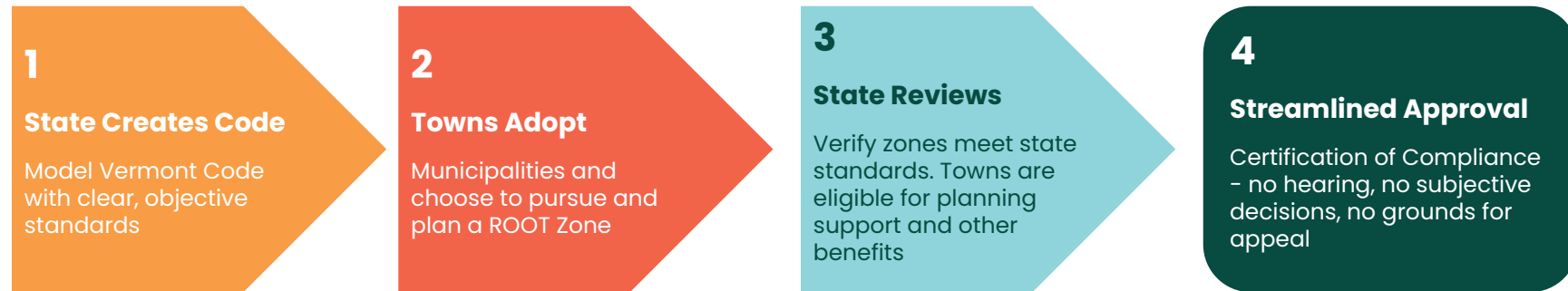
- This concept of “by right” permits under certain conditions was advocated for by many of our housing expert stakeholders and was supported by VNR as a compelling idea that needs more time and discussion as it could speed up the production of housing in an effective way.

Multiple by right approaches being discussed:

- Governor’s 802 Homes program
- New state mandates

LBH proposes a comprehensive solution: ROOT Zones

How ROOT Zones Work



The Result: More Homes, Faster

ROOT Zones eliminate the largest remaining regulatory barrier to new home production while ensuring beloved, walkable, New England Neighborhoods

ROOT Zones

Residential Opportunity Overlay for Towns

ROOT Zones empower Vermont communities to unlock housing production by replacing discretionary hearings with clear, objective rules

Dramatically Reduce Permit Appeals

Replace discretionary review with transparent certification process in Tier 1 areas

Local Democracy Up-Front

Communities set zone locations and development intensity during planning, not project-by-project

Every Town Gets a Path

Give all municipalities, large and small, tools to meet state housing targets with technical and financial support

Protect What Matters

Ensure good design and protect critical public interests through form-based Vermont code and objective standards