

**LET'S**  
**BUILD HOMES**

**House General and Housing Committee**  
**May 6, 2026**

# Good News: Vacancy Rate in Chittenden County is Finally Ticking up

1.4%

2018- 2023 Average Vacancy Rate

*Severely undersupplied*

3.3%

2025 Average Vacancy Rate

*Moving in right direction*

4 - 6%

Healthy Vacancy Rate

*Still far to go*

824

Units completed in 2024

582

Units projected in 2025

544

Units projected in 2026

This is good progress, but largely driven by projects in Burlington and South Burlington that were financed before interest rate hikes. **It does not reflect a durable change in the underlying production pipeline.**

**If we don't keep the supply growing,  
pressures will continue rising.**

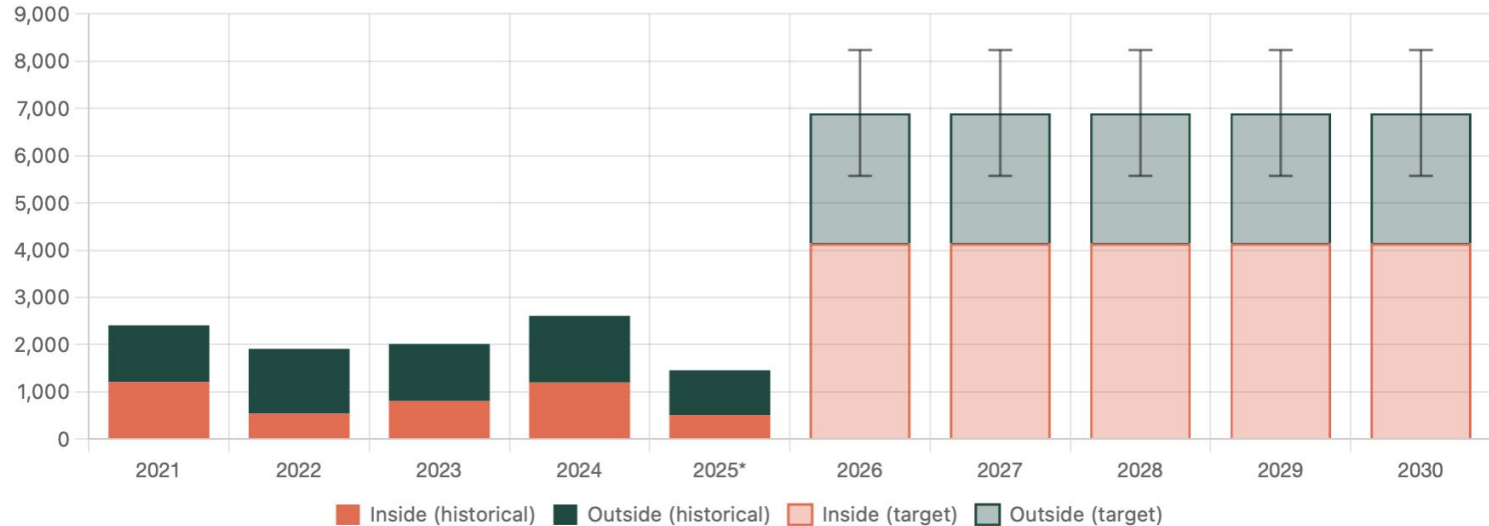
*Pre-rate hike projects are delivering now, but the pipeline may be thinning. Without sustained policy support, today's modest gains will stall and affordability will worsen.*



# Annual Housing Production 2021 – 2025

The following chart shows the total number of housing units built each year, split by whether the site is inside or outside the Act 181 temporary exemption areas. The lighter bars for 2026–2030 show the Act 47 (2023) statewide housing targets (5,573–8,237 units/year), with the VAPDA estimate that 60% of future housing will be built inside growth areas. Error bars show the full target range. Data source: DHCD Vermont New Housing database.

ANNUAL UNITS — INSIDE VS. OUTSIDE TEMPORARY EXEMPTION AREAS (2026–2030 BARS SHOW ACT 47 TARGETS)



\* 2025 data may not be final.

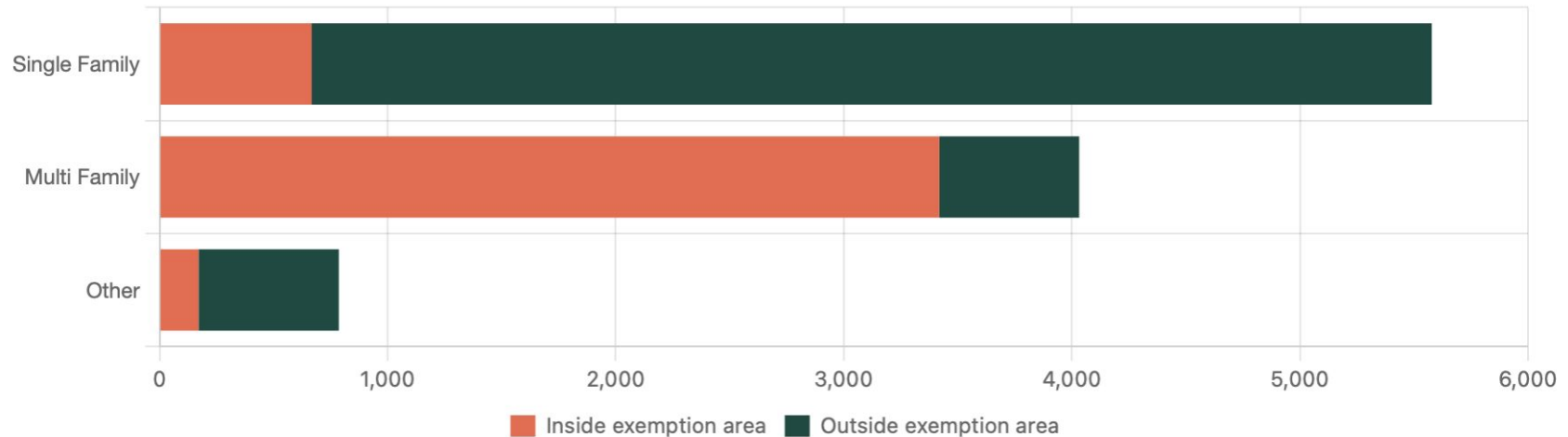
## Year-by-year breakdown

Year	Inside units	Outside units	Total units	Inside %	Outside %
2021	1,208	1,200	2,408	50.2%	49.8%
2022	539	1,371	1,910	28.2%	71.8%
2023	804	1,209	2,013	39.9%	60.1%
2024	1,198	1,411	2,609	45.9%	54.1%
2025	508	948	1,456	34.9%	65.1%
<b>Total</b>	<b>4,257</b>	<b>6,139</b>	<b>10,396</b>	<b>40.9%</b>	<b>59.1%</b>

# Housing Types Inside vs. Outside Exemption Areas

The following chart breaks down units by housing type (using the SiteType\_General field from the DHCD source data), split by exemption area status. Totals cover 2021–2025; the per-year table below shows the same breakdown for each year individually.

TOTAL UNITS BY TYPE — INSIDE VS. OUTSIDE TEMPORARY EXEMPTION AREAS (2021–2025)



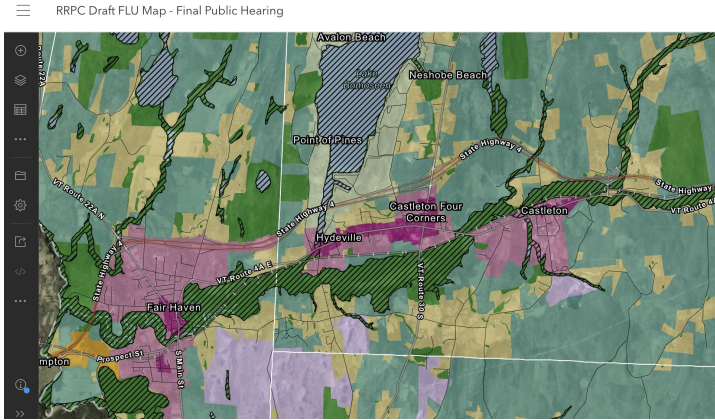
# The Goal Set in Statute

Future Land Use Maps: Sec. 45. 24 V.S.A. § 4302

(A) Intensive residential development should be encouraged primarily in areas related to community centers downtown centers, village centers, planned growth areas, and village areas as described in section 4348a of this title, and strip development along highways should be avoided. ***These areas should be planned so as to accommodate a substantial majority of housing needed to reach the housing targets developed for each region pursuant to subdivision 4348a(a)(9) of this title.***

- **The Legislature took an important step repealing Tier 3 and the “road rule,” which threatened to make the housing shortage worse.**
- **However, more work is needed to ensure Tier 1 is working as intended.**

# Castleton's Rejection Illustrates a Problem



- Castleton submitted proposed Tier 1B growth areas to LURB — LURB rejected the proposed map
- Only a tiny strip along the Rte. 4A corridor survived, a fraction of what the town proposed
- Faced with growth areas too small to matter, the Select Board concluded Act 181 offered them nothing and voted unanimously to oppose the entire law



## Castleton says no to Tier 1B, opposes Act 181

By Keith Whitcomb Jr. Staff Writer Mar 31, 2026



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# Empower Municipalities to Create Tier 1 Village Areas

Currently, municipalities cannot create new Tier-1 eligible village areas on their own, even when they have the community support and infrastructure to support density. This gives towns agency to participate in housing solutions instead of waiting on the LURB, consistent with Vermont's values of local planning.

Our proposed language:

*Notwithstanding the definitions of FLU categories in A-J of this Section, a municipality acting through its legislative body shall have the authority to create a Village Area for inclusion in the Regional Plan so long as that area meets the statutory requirements for Village Areas (see Sec. 49. 24 V.S.A. § 4348a(12)(C)i-v).*

# We Need to Align Funding Tools with Our Goals

## The Boston Globe

### Could ending sales tax on building materials help jump-start construction? State Senate leaders hope to find out.

A \$35 million measure would exempt construction materials from state sales tax and could help spark stalled housing projects

By [Jon Chesto](#) Globe Staff, Updated April 2, 2026, 12:11 p.m.

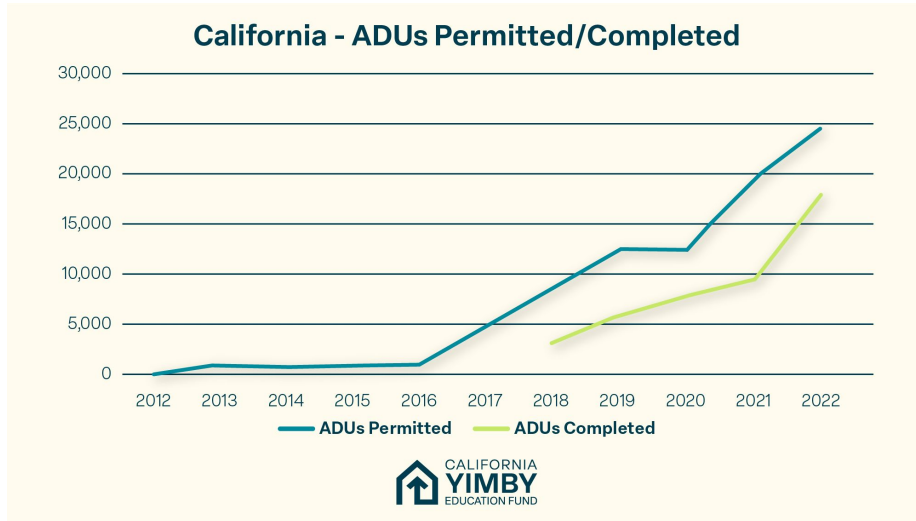


### Massachusetts Model

MA legislature is advancing a bill that would eliminate sales tax on construction materials for new housing.

Vermont should explore similar supply-side financial tools to reduce construction costs, especially for projects in Tier 1 growth centers.

# More Policy Innovation is Needed to Build Gentle Infill At Scale



In California, statewide ADU reform in 2016 triggered a 15,000% increase in ADU permits. Nearly 1 in 5 new homes built in California is an ADU. This reform worked because it replaced local discretion with clear statewide standards, required fast by-right permitting, eliminated impact fees, and gave the state authority to hold municipalities accountable.

Despite the HOME Act, ADU reform, and neighborhood code changes, we are not yet seeing evidence of gentle infill at meaningful scale in Vermont.

This is an area requiring continued policy innovation: simpler permitting, pre-approved plans, and financial incentives.

# Vermont Is Innovating Too



**802 Homes:** By-right housing prototypes



**BTV Neighborhood Code**

## Vermont Homes for All Small Scale Development Training Opportunities



### Small Scale Development Workshops

*Spend a day learning the complete pre-development cycle — from site assessment to project readiness for funding.*

## ROOT Zones: By-right housing zoning



# New Research: All Housing Helps with Affordability

## The Downmarket Impact of New Multifamily Housing: Evidence from a Honolulu Condo Tower

Fang, Kim & Tyndall — March 2026 (UBC, Harvard GSD, U. Hawaii)



The Central, Ala Moana, Hawaii

- Researchers tracked every household that moved into a new 512-unit mixed-income condo tower in Honolulu and followed the chain of moves that resulted
- One new building freed up more than 500 older, more affordable homes across the city
- The homes people left behind were approximately 40% cheaper than the new units
- Both market-rate and income-restricted units drove vacancies, but in different ways: market-rate units generated more total vacancies; income-restricted units reached further down the price ladder
- Adding housing at any price point creates vacancies and improves affordability throughout the market