



Vermont Chamber of Commerce Housing Priorities, 2026
Senate Economic Development, Housing, and General Affairs Committee

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The Vermont Chamber of Commerce represents businesses of all sizes, from every industry, across every region of Vermont. We understand what it takes to help businesses grow and thrive to build strong and vibrant communities, and businesses have trusted us to center stewardship in our mission of advancing the Vermont economy. It is because of this that we are appreciate the opportunity to testify on our housing priorities for the 2026 legislative session. Our focus is on where current policies and investments are producing housing at the scale, speed, and affordability, where they need to see further legislative intervention, and the new opportunities to continue to build on that work.

The availability of federal funds over the last 5 years has allowed Vermont to pilot and expand innovative housing programs that would likely not have been possible otherwise. Several programs have demonstrated that, when designed well, Vermont can create housing efficiently and engage a broader range of stakeholders. While these federal funds have expired and state dollars are now under significant pressure, the success of these programs shows the importance of continuing to pursue innovative, flexible tools.

The Vermont Housing Improvement Program (VHIP) stands out as one of the most effective housing programs the state has implemented. VHIP has brought units online quickly and cost-effectively. Equally important, VHIP has expanded who participates in housing production. More than 600 unique recipients have used the program, including first-time builders from across the state. This expansion of capacity is critical to meeting Vermont's housing needs and should inform future program design. We strongly support making VHIP a permanent program with its inclusion in base funding as an essential step for its continuation.

As we look ahead to a period of more limited resources, it is essential that we protect and replicate programs that have demonstrated real outcomes that stretch limited dollars while continuing to address the regulatory barriers that limit their impact.

Act 181 Implementation

The Vermont Chamber of Commerce was part of the coalition that supported the passage of Act 181 and the shift from solely a size-based program to one that also reflects location. That support was grounded in several key assumptions: that communities of all sizes would be able to access exemptions; that Tier 3 would be limited to areas of true statewide significance; and that a

professional, well-resourced Land Use Review Board (LURB) would provide oversight, training, and consistency across district offices.

Act 181 was a comprehensive and complex bill that underwent significant changes late in the legislative process. As implementation has progressed, it has become clear that technical corrections to this bill are necessary to ensure the framework functions as intended. If key components are not working, the entire system is at risk of underperforming.

Tier 1 adoption is expected to be lower than anticipated. Feedback suggests that the primary barrier is concern about inheriting existing Act 250 permit conditions. This issue should be addressed directly. In addition, feedback on mapped growth areas have caused concerns about overly restrictive views are being taken on growth opportunities that do not meet this critical moment. Greater clarity is needed, including consideration of an opt-out approach to Tier 1(b) and guidance that looks not only at historic development patterns but also at where growth is needed over the next 20 years in order to meet housing targets.

Tier 3 mapping and jurisdictional triggers, as proposed in recent LURB draft, have raised serious concerns, particularly where Tier 3 is being applied and what will trigger a development to be under Act 250 jurisdiction. While stakeholder feedback has been provided, further clarification of legislative intent may be needed to ensure Tier 3 is applied appropriately.

With Tier 1 underutilized and Tier 3 potentially overextended, the impact of the road rule included in Tier 2 risks becoming far more expansive than intended, increasing regulatory burden where housing is needed rather than reducing it. Additional clarification involves whether all 32 Act 250 criteria must be reviewed for every jurisdictional trigger. Many stakeholders understood that this type of approach could be part of rulemaking for Tier 2 and Tier 3. If a project triggered Act 250 solely due to a specific factor, such as a road rule or a specific Tier 3 resource, Act 250 review could be limited to only relevant criteria to specific potential impacts. The LURB has indicated it does not have the authority to make this distinction. Explicit statutory direction is needed.

Concerns have also been raised regarding training and oversight within the Act 250 district offices. Feedback from Vermonters supporting development has brought up that interactions between developers and district coordinators are becoming more difficult and contentious. While the workload facing the LURB and staff is substantial, this dynamic is contributing to delays, distrust, and needs intervention.

The Vermont Chamber is committed to working with the legislature and the Land Use Review Board to ensure Act 181 works as intended. If there are no technical corrections made and some redirection given, this Act may not lead to what the legislature actually intended in a land use bill that both incentivizes extensive new housing and allows for protection of natural resources of statewide significance.

HOME Act Implementation

HOME Act was another landmark bill in starting to turn the tide on Vermont's housing development condition, but a few implementation issues warrant attention.

- The definition of “served by water and sewer” is not being applied consistently. In some municipalities, water and sewer infrastructure exists within the public right-of-way, often on opposite sides of a street. The intent was that such streets be considered served, yet current interpretation often requires infrastructure to be located on private property. This discrepancy should be clarified.
- Misalignment between municipal plans and zoning districts also creates unnecessary exposure to appeals. In some cases, zoning districts allow development but outdated municipal plans create conflicting standards. These inconsistencies increase risk and delay without advancing public policy goals.

Wetlands

Developers have also raised concerns about wetlands classification. We support the Governor's executive order on wetlands and the rulemaking that the Agency of Natural Resources has done. These rules allow housing in select unmapped Class II wetlands within designated growth areas, provide flexibility in a portion of the buffer zones where infrastructure exists, making infill development feasible and more affordable, streamline permitting and clarify mapping, reducing delays and increasing predictability for communities and developers.

They do not open all wetlands to development, weaken environmental protections or mitigation requirements, and they do not allow sprawl or unplanned development. Mapped and high-function wetlands remain fully protected. We hope your colleagues in LCAR see this as well. Additional work is still needed though. Class III wetlands are being elevated to Class II based solely on size thresholds, without a site-specific functional analysis. At a minimum, applicants should have a clear opportunity to appeal Class II designations based on function, supported by qualified wetlands professionals.

Impact Fees

Impact fees present another challenge. While municipalities face real pressures to fund infrastructure and education, broadly applied housing impact fees, particularly flat, per-bedroom fees, can disproportionately affect middle-income households and families with children. Housing policy should align with, not undermine, Vermont's demographic and workforce goals.

Professional Services Availability and Cost

Small developers face particular difficulty navigating Vermont's permitting system. While review timelines may be reasonable, those do not account for the years it can take small-scale projects to secure engineering, legal, and planning support in a state with limited professional capacity. These small developers are essential to meeting Vermont's housing needs and require targeted support. We need to allow these developers to receive a determination on need for permits without going through the costly and lengthy process of engaging professional services.

Aligning Infrastructure Dollars with Vermont's Housing Goals

Vermont has taken important steps to address its housing shortage, including passage of the HOME Act and related reforms that limited new exclusionary zoning and private restrictions from moving forward. However, those reforms could not supersede HOA bylaws and deed covenants that were already in place, and communities can still say no to infill housing through exclusionary practices. These legacy agreements and practices remain prevalent across the state and continue to limit housing density, housing types, and the efficient use of public infrastructure investments. As a result, Vermont invests state dollars in water, wastewater, stormwater, and transportation systems in parts of communities where housing cannot legally be built.

We propose requiring state infrastructure grant and loan programs to incorporate housing-alignment criteria into competitive scoring. Applicants will lose points if they maintain exclusionary zoning or continue to rely on pre-existing HOA bylaws or deed covenants that materially limit housing and have not taken good-faith steps to remove or mitigate those restrictions. This approach aligns public infrastructure investment with statewide housing goals by creating clear incentives, not mandates, for local reform and by rewarding communities that are doing the hard work to allow housing. Infrastructure without housing is a missed opportunity, and Vermont cannot meet its housing targets unless public investments support places where homes can actually be built.

Vermont has made significant investments in housing policy. To ensure those investments succeed, we must pair innovation with urgency, clarify implementation where it is falling short, and align incentives and accountability with our stated priorities. Thank you for the opportunity to share this testimony.