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Chair Watson and members of the Senate Natural Resources and Energy Committee,

Thank you for the opportunity to testify today.

My name is Kati Gallagher, and I serve as the Sustainable Communities Program Director for the Vermont Natural Resources Council. VNRC has a long history of advocating for thriving communities through sustainable land use planning and development. We are eager to continue supporting the implementation of Act 181 to improve the effectiveness of Vermont's planning framework and its ability to support both development and conservation, where each is most appropriate.

As we shared in previous testimony, Act 181 represents an important evolution in how Vermont aligns local planning, regional coordination, and state land use policy. Getting the details right during implementation is critical to ensuring that the law delivers on its promise: more housing in the right places, strong natural resource protections, and a planning system that communities trust and can realistically administer.

The question of whether municipalities should "opt in" or "opt out" of Tier 1B status was a topic of debate during the development of Act 181.

VNRC continues to feel that the distinction between an opt-in and opt-out framework is not, in itself, the most significant issue. What matters most is that communities have the time, clarity, and capacity to make a conscious and thoughtful decision about participation.

We have heard from various stakeholders that an opt-out system could be more effective in advancing housing production. VNRC does not oppose exploring such a change. However, we would urge caution in how it is framed and implemented.

Regardless of the structure, towns should not feel that Tier 1B status is being imposed upon them without adequate understanding or preparation. We are wary of discussions that suggest we should default lower-capacity towns into Tier 1B designation without ensuring they are ready. That approach risks undermining trust in the system and could create implementation challenges down the line.

As you have heard, there is concern that not all towns are opting into Tier 1B. I would encourage the Committee to hear directly from Regional Planning Commissions and from towns that are currently going through the process about why that is the case.

VNRC has reviewed the Regional Future Land Use maps developed to date and has met with each Regional Planning Commission to discuss their process. Our understanding is that, while there may be a small number of towns that simply do not want additional housing despite their

capacity to accommodate it, the majority of towns choosing not to opt in are doing so for more practical reasons.

Those reasons include:

- Limited infrastructure capacity, including wastewater and water system constraints.
- Incomplete or outdated community planning processes.
- Pending or ongoing zoning updates.
- Limited staff or volunteer capacity to administer local land use regulations and enforcement.

It is important to remember that many Vermont towns have historically relied on Act 250 review for larger developments not because they are anti-housing, but because they lack robust local planning, zoning, and enforcement capacity. For some communities, Act 250 has functioned as a backstop—providing technical review, environmental protections, and public process that they are not equipped to manage on their own.

As you consider adjustments to the opt-in or opt-out structure, we urge you to keep capacity front and center. If the Legislature's goal is to see more communities participating in Tier 1B and taking on a greater role in permitting housing in designated areas, then investments in planning grants, technical assistance, zoning modernization, and enforcement support will be just as important as statutory changes.

Act 181 offers an opportunity to better align growth with infrastructure, protect our most sensitive landscapes, and streamline housing development where it makes sense. VNRC remains committed to working with you and others to ensure that implementation strengthens both housing outcomes and the integrity of Vermont's land use framework.

Thank you for your time and for your continued work on this important issue. I'm happy to answer any questions.

*Kati Gallagher*

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