Legislative Updates to Planning and Land Use for More Homes in Vermont

Vermont League of Cities & Towns Planning & Zoning Forum Fairlee, Vermont October 17, 2024

Jacob Hemmerick, Planning & Policy Manager Community Planning & Revitalization

Pete Gill, Executive Director Natural Resources Board



Community Planning & Revitalization Division

What we do

The CP+R team uses a collaborative, place-based approach to land-use planning and community development that empowers state and local leaders to plan for and build vibrant, inclusive, and resilient downtowns, villages, and neighborhoods.



Community Planning & Revitalization Division

How we do it

- Outreach & Training
- Technical Advice
- Grant Programs
- State Designations
- Community Investment Board
- Special Projects
- Policy & Program Improvement
- Partnerships



Natural Resources Board | Act 250

What we do

Administer the Act 250 state land use program to ensure subdivision and development adhere to 32 criteria and sub-criteria to address and minimize impacts to our shared landscape including natural resources, public and private investments, and working lands, and infrastructure.



Natural Resources Board | Act 250

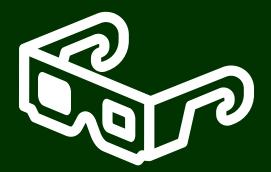
How we do it

- Quasi-judicial process
- Issue Land Use Permits (300-400 / year)
- Involve the public, state agencies, municipal and regional planners.
- Conserve farmland, habitat, rivers and streams, transportation impact assessments
- Training, Rulemaking and Guidance
- Enforcement

Contents

Act 47 of 2023 | HOME Act

The Big Picture



HOME Act

More direct investments to housing

- For homebuilding
- For renovation
- To ease high construction costs

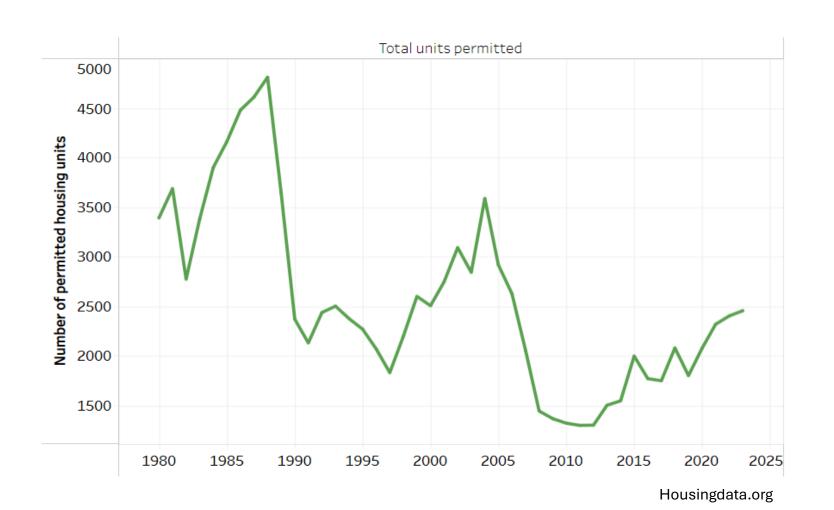
More permissive regulatory approaches to housing

- For additional developable places
- Reduced time, expense, and risk



Underproduction

Overall, fewer homes being permitted & built



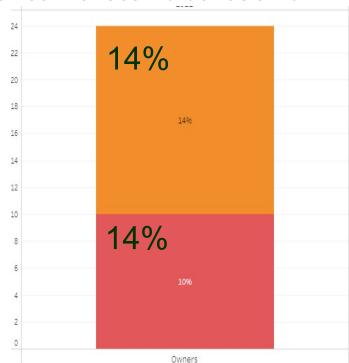
High Rates of Cost Burden

Vermonters struggling with housing costs

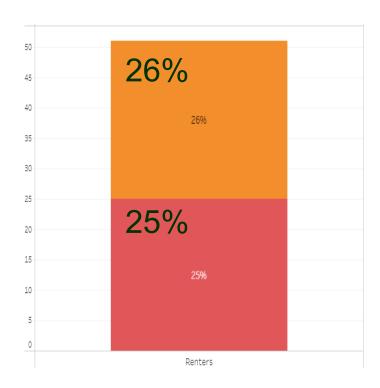


Cost burdened = 30% of income

Severe cost burdened = 50% of income

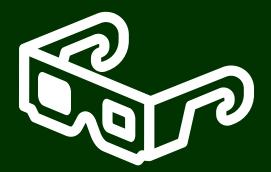


VT Renter Cost Burden as of 2022



Act 181 of 2024

The Big Picture



Landmark Legislation

New Times Lead to New Methods

•	1900s	Village	Incorporations/Imp	provement Societies
---	-------	---------	--------------------	---------------------

- 1921 Vermont Planning Act
- 1928 Standard City Planning Enabling Act (Coolidge)
- 1960s Robust Mid-Century State Planning
- 1968 Municipal and Regional Planning and Development
- 1970 Act 250
- 1988 Act 200 Growth Management & Regional Planning
- 1998 Downtown Development Act
- 2024 Act 181



Act 181 Asks Again What | Where | How

Today's thinking is very different than mid-century thinking.

Policies

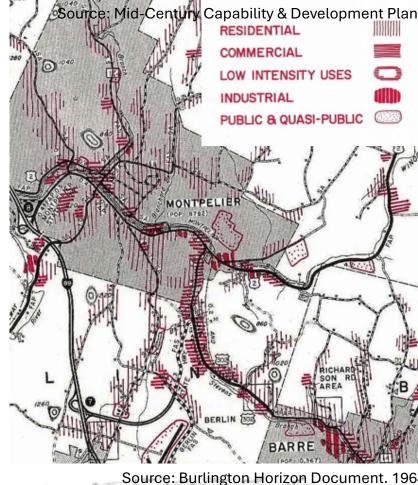
What policies: smart growth & conservation.

Maps

Where does development best meet our policies: places to grow, evolve, maintain

Criteria

How does development best meet our policies





Policies | What

Mostly stable

Smart Growth

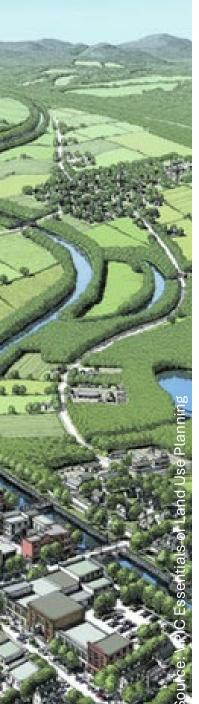
'To plan development so as to maintain the historic settlement pattern of compact village and urban centers separated by rural countryside.' 24 V.S.A. 4302

Conservation

'30 percent of Vermont's total land area conserved by 2030, and 50 percent of the State's total land area conserved by 2050.' 10 V.S.A. 2802

For Good Outcomes

Efficiency, environment, climate, economy, convenience, and prosperity



SMART GROWTH TYPICAL SUBURBAN



Smart growth development

costs 1/3 less

for upfront infrastructure.

Smart growth development saves an average of 38 percent on upfront costs for new construction of roads, sewers, water lines and other infrastructure.



Smart growth development

saves an 10%

on ongoing delivery of services.

The survey concluded that smart growth development saves municipalities an average of 10 percent on police, ambulance and fire service costs.



Smart growth development produces

10X more tax revenue

than conventional suburban development.

Vermont Planning Manual 2017 🏴

Modernized Process & Platform

Approaches that Better Align Best Practices for Good Outcomes



Regions

Municipalities

Goals

Plans

Regulations

Investments



Landmark Legislation

Major Modernization of Existing Framework

Immediate

Interim Act 250 Exemptions for Housing Municipal Bylaw Pre-Emptions for Housing

Next Up

Consistent Regional Planning State Land Use Review Board Approval of Plans

Then

New Designations & Community Investment Board Municipal Plan Amendments New Act 250 Location-Based Jurisdiction

Further Out

Improved Designation Technical Assistance/Investment Improved Planning Data Center Regional Governance Studies

Act 250 Eased for New Homes

Interim, Location-Based Exemptions from Act 250



Act 250 Review Before Act 181

Statewide development review for larger-scale and higher-impact development

- Jurisdiction based on use, activity, quantities, location, frequency
- Reviews development impacts; applies 32 sub/criteria

HOUSING

Reviewed the construction of housing projects such as cooperatives, condominiums, or dwellings, or construction or maintenance of mobile homes or mobile home parks, with **10 or more units**, constructed or maintained on a tract or tracts of land, owned or controlled by a person, within a radius of five miles of any point on any involved land and within any continuous period of five years.











Interim Act 250 Exemptions

On ramp to location-based jurisdiction to encourage housing

Big Picture

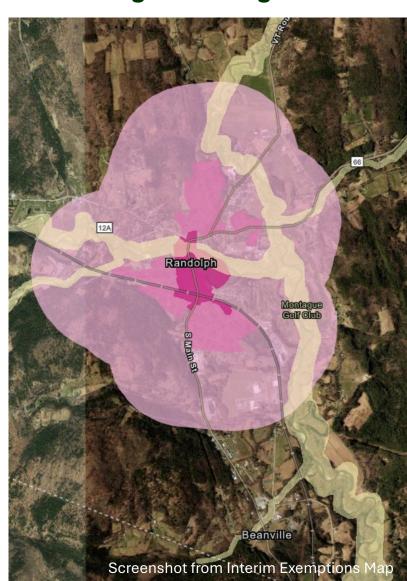
 Larger projects and larger areas exempt through '27 & '28

2 Categories

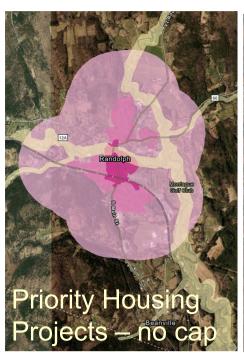
- Location-based; principally built on designated areas
- Use-based

Resources

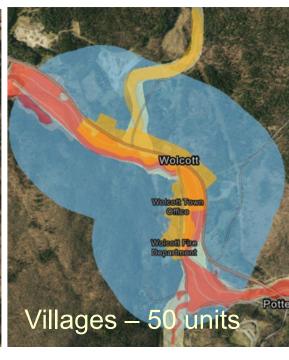
- Webpage
- Map: Potential Eligibility
- District Coordinators
- Guidance



Interim Act 250 Exemptions









- + New Town Centers, Growth Centers Neighborhood Development Areas – 75 units
- + Commercial Conversions 29 units
- + Accessory Dwellings
- + Hotel/Motel Conversions (permanent)
- + Utility Reliability Projects

Priority Housing Projects

Maximum dwelling units	Unlimited
Availability	Through January 1, 2027
Affordability requirements	Must qualify as a mixed-income 'Priority Housing Project'
Qualifying locations	Within designated downtowns, neighborhood development area, or growth center + ½ mile around these areas
Local regulation requirements	Permanent zoning & subdivision
Infrastructure requirements	Served by public water and sewer or soils adequate for wastewater disposal



Designated Downtowns

Maximum dwelling units	Unlimited
Availability	Through January 1, 2027
Qualifying locations	Within designated downtowns
Location exclusions	River corridors and flood hazard areas, unless infill
Local regulation requirements	Permanent zoning & subdivision
Infrastructure requirements East Montpeller 2	Served by public water and sewer or soils adequate for wastewater disposal
Park West Murray [Hill Montpelier Towns Hill Street	

Designated New Town Centers, Growth Centers and Neighborhood Development Areas

Maximum dwelling units	75
Availability	Through January 1, 2027
Qualifying locations	Within designated new town centers, growth centers and neighborhood development areas
Location exclusions	River corridors and flood hazard areas, unless infill
Local regulation requirements	Permanent zoning & subdivision
Infrastructure requirements	Served by public water and sewer or soils adequate for wastewater disposal

Designated Village Centers

Maximum dwelling units	50
Availability	Through July 1, 2027
Qualifying locations	Within designated village centers + ¼ mile around these areas
Location exclusions	River corridors and flood hazard areas, unless infill
Local regulation requirements	Permanent zoning & subdivision
Infrastructure requirements	Served by public water and sewer or soils adequate for wastewater disposal



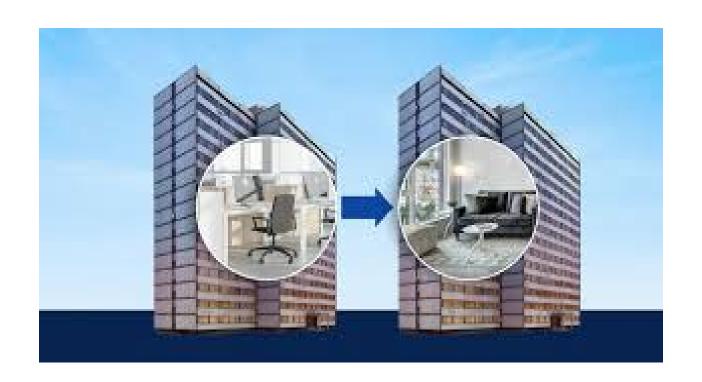
Certain Transit Corridors

Maximum dwelling units	50
Availability	Through July 1, 2027
Qualifying locations	Within Census-Designated Urbanized Area of 50K within ¼ mi of transit route
Location exclusions	River corridors and flood hazard areas
Local regulation requirements	Permanent zoning & subdivision
Infrastructure requirements	Served by public water and sewer or soils adequate for wastewater disposal



Commercial to Residential Conversions

Maximum dwelling units	29
Availability	Through July 1, 2028
Qualifying Locations	Statewide



Accessory Dwelling Units

Maximum dwelling units	1 per single-family dwelling
Availability	Through July 1, 2028
Qualifying locations	On owner-occupied lot
Size limits	Cannot exceed 30% of habitable floor area of single-family home or 900 square feet, whichever is greater



Hotel/Motel to Affordable Housing

Maximum dwelling units	No permit amendment for conversion to affordable housing defined under 24 V.S.A. sec. 4303(2).
Availability	Permanent
Qualifying locations	Hotels/motels



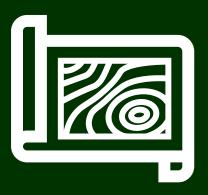
Repeals

HOME Act Exemptions

- (1) <u>Up to 24 units of housing</u> in certain designated areas [Downtowns, Neighborhood Development Areas, Growth Centers, and Villages with permanent zoning subdivision]
- (2) Additionally, the construction of 4 units or less in an existing structure counts as 1 unit

Better Planning

Consistent Regional Future Land Use



Regional Plans

New requirements

Goals

Must include environmental justice principles and meet housing targets within areas planned for growth

Process

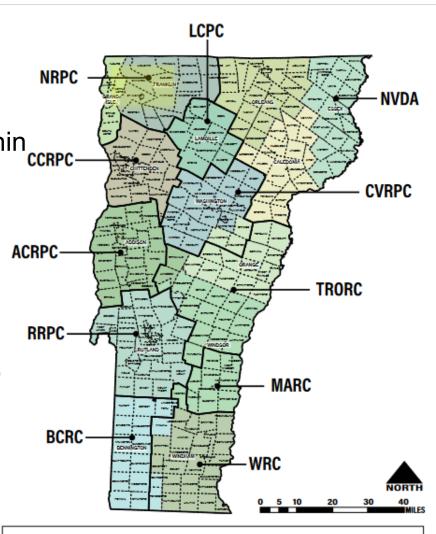
Must incorporate citizen participation

Purposes

More focus on equity, climate resilience, mitigation and adaptation

Elements

New, standard future land use map requirements



STATE OF VERMONT
REGIONAL PLANNING COMMISSIONS

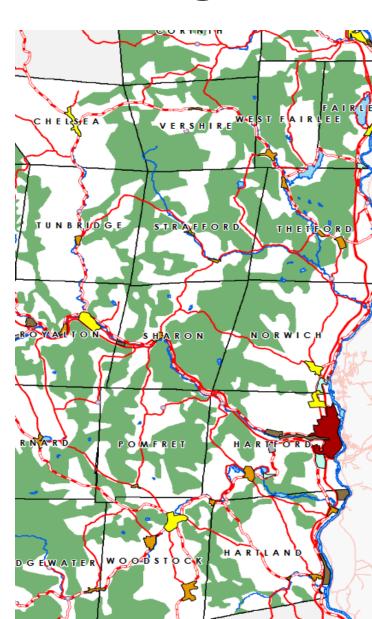
Consistent Regional Planning

Standard Future Land Use Categories

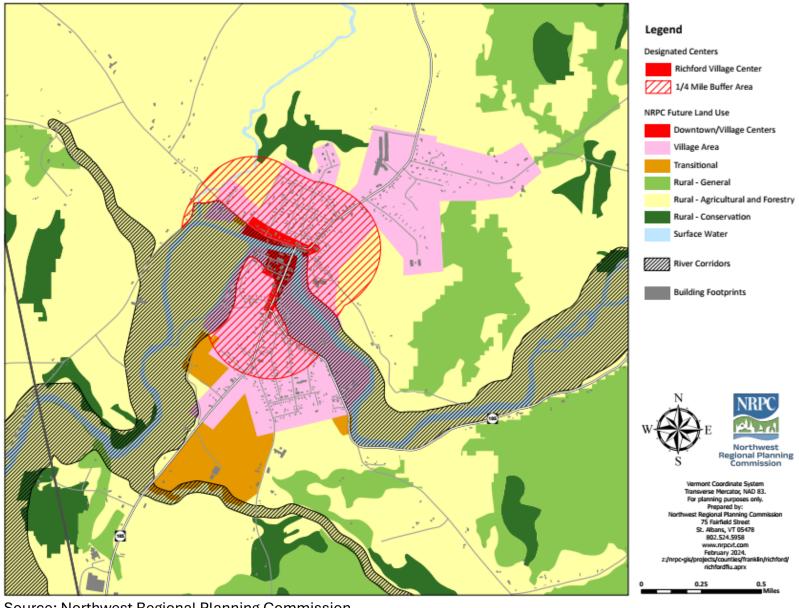
- Downtown and Village Centers
- Planned Growth Areas
- Village Areas
- Transition or Infill Areas
- Resource-based Recreation Areas
- Enterprise Areas
- Hamlets
- Rural; general
- Rural; agriculture and forestry
- Rural; conservation

Timeline

- Mapping standards developed in consultation w/ NRB & DHCD by December 2024
- Due before December 2026

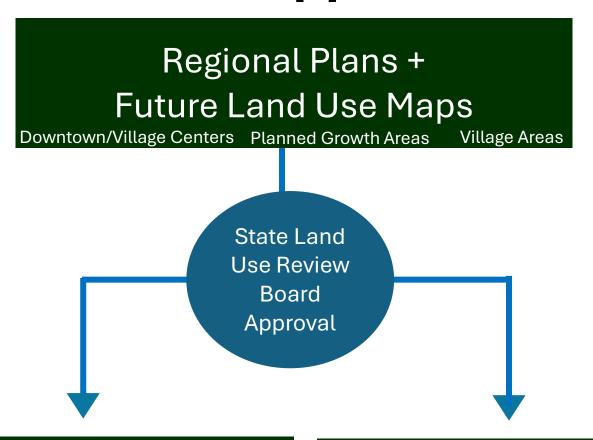


Future Land Use Scenario



Source: Northwest Regional Planning Commission

Regional Plan Approvals



Automatic State Designation Municipal Opt-In Act 250 Exempt-Areas

Approval Body

New State Land Use Review Board

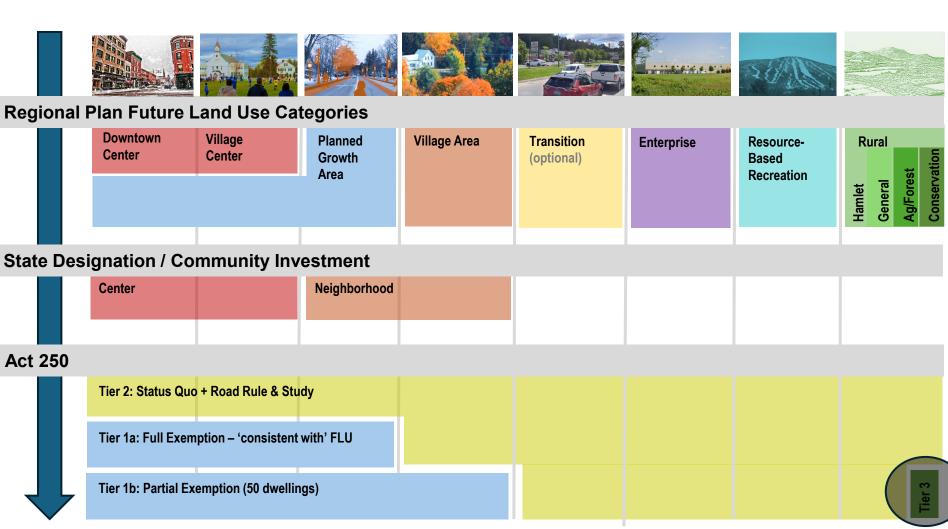
- 5 full-time positions, including a chair
- No members residing in the same county
- Membership shall reflect diversity of the state
- Expertise in environmental science; land use law; policy, planning and development, and commitment to environmental justice
- Produce guidelines and rules
- Review and approve regional plans and maps
- Review and approve municipal applications for 1A exempt areas
- Oversee administration of the program
- Appeals of Act 250 permit and jurisdictional opinion decisions continue to be heard by the Environmental Division of the Superior Court, but subject to a future study

Timelines

- Replaces the Natural Resources Board on January 1, 2025
- Regional plans must be adopted by December 2026

The New Framework

Land Use Plans | Designation & Investment | Act 250 Regulation



Smarter Regulation

Location-based jurisdiction for Act 250: Tiers



Three Tiers for Jurisdiction

Derived from regional plan future land use categories, except Tier 3

Tier 1

Tier 1A

Full Act 250 Exemption

- Municipal application
- LURB review
- Guidelines by January 1, 2026
- Specific requirements

Tier 1B

50 units or fewer of housing Exempt

- Methodology by December 31, 2024
- Municipal requested
- RPC mapped
- LURB review
- Specific requirements

Tier 2

Act 250 Status Quo

- All areas not 1A, 1B, or Tier 3
- Road rule July 1, 2026

Tier 3

Expanded jurisdiction to be established by Board rules February 1, 2026

- Not based on regional maps
- Road rule July 1, 2026



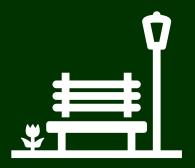
The New Framework

Land Use Plans | Designation & Investment | Act 250 Regulation



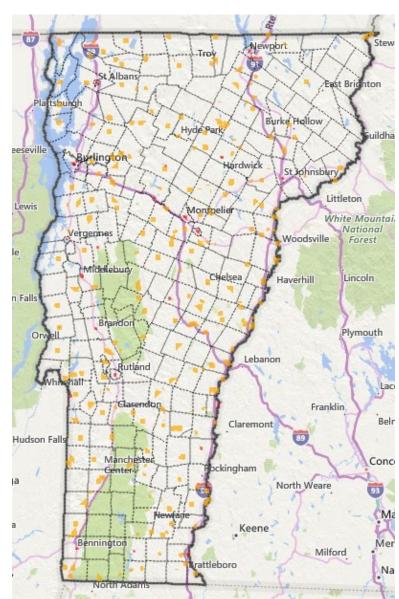
Better Designation

Improved access and better benefits



State Designation

- 25 Years
- 295 designated areas
 - Every county
 - Every region
- A coordinating platform for shared priorities & investments
- Used as a proxy for state land use
- Rooted in Vermont's common goals and principles



The 5 Designations

Distinct requirements & benefits

3 Core Designations

Village Centers

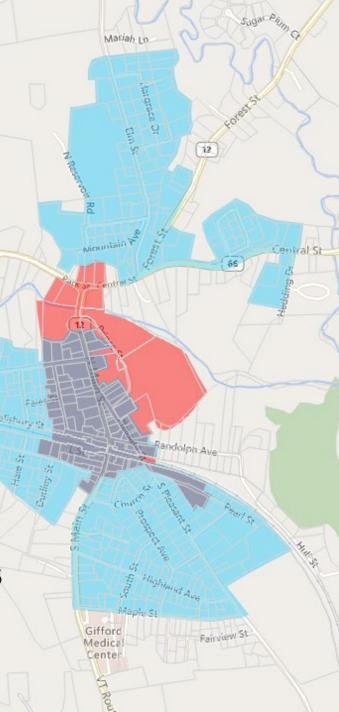
Downtown Centers

New Town Centers

2 Add-on Designations

Growth Centers

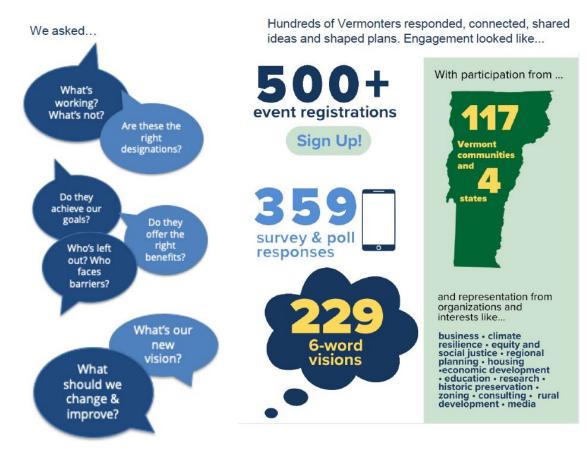
Neighborhood Development Areas



Designation 2050

Robust public outreach and engagement led by Smart Growth America & Community Workshop





Designation 2050: Priorities

Vermont wants...

More dollars for action Direct program assistance Local capacity solutions

Simpler Designations

Accessible & Coordinated Administration

Better Benefits & Support for Focused Priorities

Housing

Infrastructure

Capacity Equity

Livability Vibrancy Climate Resilience

Accessible Information & Promotion

Robust Monitoring & Sharing



Act 181: Same Basic Concept

From 5 to 2 Designations
Each have requirements & benefits
Anticipate larger areas

Centers

Step 1: Beginner

Starter Village

Step 2: Intermediate

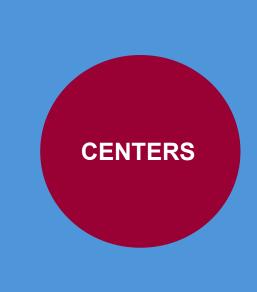
Growing Village

Step 3: Advanced

Downtowns

Main Street Program

Neighborhoods



NEIGHBORHOODS

The New Framework

Land Use Plans | Designation & Investment | Act 250 Regulation



Designation 2050

Smooth Transition

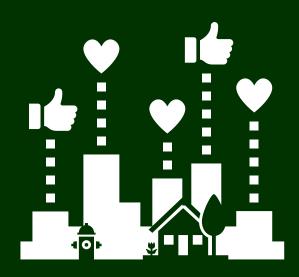
- Existing designations continue through regional plan adoption
 - No renewals or check-ins required
 - New applications & boundary amendments through December 2025; except no new growth centers
 - Existing designations transfer into new framework with regional plan adoption by December 2026
- No loss of existing benefits during transition
- Transition of existing designation:

Villages > Step 2 Center	
Downtowns > Step 3 Center	Centers
New Town Centers > Step 2 Center	
Neighborhood Development Areas >	Noighborhoods
Growth Centers >	Neighborhoods

Movement between steps approved by DHCD staff

Better Support

Community Investment Board & Data Center



Community Investment Board

New Oversight & Stewardship Body

- 16 members: representatives from State agencies, local government, regional planning commissions,
- Expanded Board now includes State Treasurer, Bond Bank,
 Regional Development Corporations, and Office of Racial Equity
- Increased focus on implementation and infrastructure investments through cross-government and cross-agency coordination
- Will continue to confer place-based benefits (like tax credits)



Timeline

- Replaced the Downtown Board on July 1, 2024
- Report on Designation-based Municipal Technical Assistance due December 31, 2025

Improved Planning Data Center

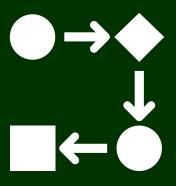
Objectives

- Regional Plan Library
- Regional Plan Atlas/Mapping
- Municipal Planning Data
- Municipal Plan Library
- Municipal Bylaws Library
- Zoning Atlas/Mapping
- Designation Data
- Designation Atlas/Mapping
- Act 250 Tier Data
- Tier Atlas/Mapping



Bylaw Modernization for Housing

Zoning Pre-Emptions for Housing



Local Zoning Pre-Emptions

Why?

Housing Shortage
Exclusionary Awareness
Dillon's Rule State
Ch. 117 Enables Local Regulations

Applicability varies:

- Some statewide
- Some in water/sewer service areas
- Some in residential zoning districts

Additional rationale found in the legislative record.



Municipal Water & Sewer

Means areas where <u>connection is available</u>; still must obtain a state water/wastewater permit

Does not require connection to development where connection is prohibited by a State regulation or permit, an identified capacity constraint, intermunicipal agreement or excluded by local ordinance/bylaw

Municipality has specified authority to exclude parts of service area, but no limitation may result in the unequal treatment of year-round housing

Municipalities may exclude some areas by ordinance or bylaw:

Flood hazard, fluvial erosion, shoreland protection areas Places where year-round dwellings are not allowed

Areas where connection is prohibited or capacity limited

Areas served to address a community-scale public health or environmental hazard

Areas serving a mobile home park in an area not planned for growth

Industrial parks or sites

Modify zoning for indirect discharge systems under 100,000 gallons per day

Minimum Dwelling Density of 5

"In any area served by municipal sewer and water infrastructure that allows residential development, bylaws shall establish lot and building dimensional standards that allow five or more dwelling units per acre for each allowed residential use. Density and minimum lot size standards for multiunit dwellings shall not be more restrictive than those required for single-family dwellings"

Minimum lot sizes and dwelling unit density for multiunit dwellings shall not be more restrictive than those required for single-family dwellings and must allow a dwelling unit density of five dwelling units per acre within subject areas for each allowed residential use.

Minimum Dwelling Density of 5

What that looks like for single-unit dwellings



Duplex/2-Unit Use



- Applies <u>statewide in residential zoning districts</u> where year-round homes are allowed
- Must be an <u>allowed use</u>
- <u>Cannot be more restrictive</u> than is required for a single-unit dwelling; e.g. cannot require a larger setback
- <u>Cannot require more land area</u> than is required for a single unit dwelling
- Duplexes are two units in a building; not two units on a lot –
 however, accessory dwelling unit language allows two detached
 units on a lot, one principal, one accessory.

Accessory Dwelling Use

HOME ACT

Creates definition using existing language

- Must be a distinct dwelling subordinate to single-family dwelling
- On owner-occupied lot
- With wastewater capacity
- Sized up to the greater of 30% of floor area of main unit or 900 s.f.
- ADU review, dimensional, or other regulations must not be more restrictive than those for single-unit dwellings
- Allows conversion of an existing, detached nonresidential building (such as a carriage barn) to habitable space for an ADU in a manner that is not more restrictive than a single-unit dwelling without an ADU
- Municipalities can continue to be more permissive than this statewide minimum
- For fire-safety code, clarifies ADUs are not 'public buildings' unless rented

Small (3-/4-) Multi-Unit Use





HOME ACT

- Defines multi-unit to mean 3 or more dwelling units in the same building
- Applies statewide in municipalities with bylaws, in zoning districts allowing year-round residential uses, served by municipal water & sewer
- Must be a permitted use, not conditional
- Includes exemption for districts requiring larger multi-family

ACT 181

Three and four-unit dwellings must be a permitted use in any residential district that is served by municipal sewer and water on the same size lot as a single-unit dwelling (if a single-unit dwelling use is allowed in the district) means that 3- and 4-unit dwellings may not be subject to conditional use review, they must be a permitted use. 'Served by water and sewer' is a defined term.

Bonus for Affordable Housing

HOME ACT

- Applies statewide in areas served by water and sewer
- Where residential development is allowed
- For affordable housing, including mixed-use development
- Provides <u>dwelling unit density bonus of 40% and one habitable</u> <u>floor above height maximum</u>
- Affordable housing bonus dwelling unit density (40%) and height (extra floor)
- Affordable housing development, as defined in 24 V.S.A. Sec. 4303(2) and including mixed-use development. The statute does not specify what the height of a "floor" is.

ACT 181

Clarifies rounding to the nearest whole unit



Unrelated Occupant Protection

ACT 181

"No zoning or subdivision bylaw shall have the effect of prohibiting unrelated occupants from residing in the same dwelling unit."

Hotel/Motel Conversions

HOME ACT

- Bylaws must not prevent or penalize hotels used to rent rooms with public funds for the purpose of providing Vermont General [housing] Assistance
- Defines shelter to mean <u>temporary shelter for the homeless</u>
- Shelters must be <u>regulated similarly to state or community-owned and operated institutions</u>
- Bylaws may not interfere with <u>daily or seasonal hours of operation</u> or otherwise interfere with the functional use of a shelter

ACT 181

 Adds "Hotels and motels converted to permanently affordable housing developments" to the list of uses with special limitations from zoning in 24 V.S.A. § 4413(a)(1)

Min. Parking Limits



HOME ACT

- Applies statewide to municipalities with bylaws with min. parking requirements
- Bylaws may require no more than 1 per dwelling unit in zoning districts served by water and sewer
- May require 1.5 for duplexes and multiunit dwellings in areas not served by sewer and water, and in areas that are located more than one-quarter mile away from public parking

ACT 181

- When calculating required parking spaces produces a fraction of a number, it shall be rounded up to the nearest whole number to produce the total.
- Maximum allowed parking space 9' x 18', unless for ADA compliance
- Must count nonconforming spaces
- Off-site counting: "A municipality may allow a person with a valid legal agreement for use of parking spaces in an adjacent or nearby lot to count toward the parking requirement of a residential building."

Development Review Matters

HOME ACT

- Protects allowed housing in development review:
 - No increases in lot sizes
 - No reductions in building footprint and height
 - No reductions in dwelling unit density
 - No increases in parking
 - No modifications to an application that complies with the minimum or maximum standards in the bylaws
- Enables administrative reviews of minor subdivision
- Municipality may opt-in and is able to define what is minor

ACT 181

"Within **120 days** of an application being deemed complete, the appropriate municipal panel shall notice and warn a hearing on the application."

Appeals

HOME ACT

- Prohibits conditional use appeals when the local development review panel has determined character met for residential development in designated downtowns, growth centers, and neighborhood development areas
- Other elements remain appealable
- Expands party status to residents, but interested parties may no longer appeal a residential project based on character of the area for affordable housing

ACT 181

- Anyone in the category of "any combination of voters, residents, or real property owners within a municipality listed in subdivision" needs to put together a group of 20 co-appellants. Prior was 10.
- "It shall be the goal of the Environmental Division to issue a decision on a case regarding an appeal of an appropriate municipal panel decision...within **90 days** following the close of the [court] hearing."

Bylaw Adoption Procedures

HOME ACT

- Rural towns can no longer vote to adopt municipal bylaws by Australian ballot, unless forwarded by the Selectboard
- Bylaws and report must be filed with the Department upon adoption
- Reporting Form available online
 - https://accd.vermont.gov/community-development/townfuture/plans-bylaws
- Enhances fair housing reporting & requires GIS upload for zoning district
- Statewide database & statewide zoning files on geodataportal

ACT 181

 Requires to DHCD to prepare Planning Data Center for better intake and more accessible information on planning.

Administration of New Standards

What do you do when State statute and local provisions are in conflict?

3 Options

- Apply new statutes directly, along with current zoning
- Adopt interim zoning
- Risk Appeals & Court Expense

Municipal Plans

HOME ACT

<u>Municipal plan</u> housing chapter must use data on year-round housing and seasonal dwellings and must include **specific actions** to address housing needs.

Regional plan housing element must estimate the total housing needed and include actions and municipal targets for housing types.

Act 181

The housing element of a municipal plan must address **housing targets** set by the regional planning commission.

The housing element also "shall use data on year-round and seasonal dwellings and include specific actions to address the housing needs of persons with low income and persons with moderate income and account for permitted residential development as described in" 24 V.S.A. Sec. 4412.

Areas for Municipal Focus

- Municipal water mapping lines, service area, service constraints
- Municipal sewer mapping lines, service area, service constraints
- Continued bylaw modernization
- Adoption of initial zoning subdivision
- Municipal Plan updates for alignment
- Municipal Planning Grants:
 ANNOUNCEMENT IN NOV. DUE IN 2025
- Designation stewardship
- DHCD Summary of Act 181

Information Accessibility Requests

Jacob Hemmerick, Community Planning & Policy Manager Agency of Commerce & Community Development Department of Housing & Community Development Community Planning & Revitalization Division jacob.hemmerick@vermont.gov (802) 828-5249

Pete Gill, Executive Director Natural Resources Board peter.gill@vermont.gov (802) 522-7150



