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MEMORANDUM**TO:** Municipal Planning and Development Review Officials**FROM:** Vermont Department of Housing and Community Development (DHCD)
Chris Cochran, Director of Community Planning & Revitalization
Jacob Hemmerick, Community Planning & Policy Manager
Maxwell Krieger, General Counsel**DATE:** June 26, 2024**RE:** 2024 Legislative Revisions Affecting Community Planning and Revitalization

At the close of each year's legislative session, DHCD issues a summary of laws affecting municipal and regional officials working in planning and development review. In 2024, Vermont's General Assembly enacted major reforms to municipal and regional planning, regulation, development review, Act 250, and appropriated major housing and transportation investments. This memo is written to help officials learn what is changing and help them prepare for new opportunities.

The 2024 legislative session was characterized by a lengthy debate about the state government's role in shaping Vermont's future. The General Assembly favored increasing the state's role by making significant investments to mitigate the effects of severe summer floods, address the housing shortage, and improve disaster response and resilience to climate change.

After years of study and unsuccessful attempts to reach a legislative consensus, a diverse stakeholder group agreed to modernize Act 250 and the State Designation Program consistent with Vermont's planning goals. This landmark law overhauls the state's planning framework for coordinating state, regional, and municipal land use. It modernizes how Vermont maps and directs public investments to designated centers and speeds up Act 250's transition to location-based jurisdiction. It also allocates additional funding for housing and local and regional planning -- and makes additional changes to Chapter 117.

Successfully implementing these substantive changes will require close cooperation within the planning community. Legislative changes affecting the planning community include modifications to taxation, open meeting laws, and a new municipal code of ethics. The transition is phased, and lawmakers anticipate that adjustments and tweaks will be needed. Lawmakers also identified areas for additional study to ensure the law accomplishes its goals. The General Assembly commissioned numerous summer studies on land use, planning, regulation, regional governance, coordination of state agency technical assistance to municipalities, affordable housing, transportation, energy codes for buildings, and taxation and school finance for

consideration in the next biennium. DHCD will work closely with the Natural Resources Board/Land Use Review Board (NRB)/(LURB), the Agency of Natural Resources (ANR), the Regional Planning Commissions (RPC), the Vermont Planners Association (VPA), and the Vermont League of Cities and Towns (VLCT) to provide maps, guidance, resources, and education on these changes.

We thank our partner state agencies and departments, the Office of Legislative Counsel, the Vermont Association of Planning and Development Agencies (VAPDA), and the Vermont League of Cities and Towns (VLCT) for their assistance in compiling this summary and the work ahead. And we look forward to future cooperation with the General Assembly, the makeup of which will notably be different in 2025 -- especially in the Senate -- with six long-term members not returning. The next two-year legislative session begins on January 8, 2025.

The [Vermont Statutes Online](#) website (also known as 'the green books') is typically updated in October and does not include the prior session's changes until then.

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Regional Planning Reform

H.687 - An act relating to community resilience and biodiversity protection through land use

Overview. The law makes major changes to Vermont’s land use planning and regulatory framework to strengthen place-based regulatory recognition and investments guided by regional planning and municipal action. It creates a policy platform to better support areas planned for growth, areas for rural and working lands, and areas for conservation. In cooperation with their member municipalities, the regional planning commission’s plans will take on new significance in both Act 250 and State Designation. Unless otherwise specified, the bulk of the act became law on **June 17, 2024**.

Revisions to Planning Act Goals (§45). Revises the goals of the Planning Act to include environmental justice principles and focus economic and residential development to meet housing targets within regionally mapped areas planned for growth.

New Duties for Regional Planning Commission (§46). Directs RPCs to incorporate meaningful citizen participation into their processes, consider potential environmental benefits and burdens, submit comments on the [State Transportation Program](#), and gives substantial deference to the regional plan’s definition of “substantial regional impact” in State regulatory proceedings.

New Regional Plan Requirements (§47). Adds equity, climate resilience, mitigation, and adaptation to the purposes of the regional plan.

Revised Regional Plan Adoption Process (§48). Updates process for adopting the regional plan, including additional public participation, revised timelines and requirements for hearings, notices/reports, and allowing for objections of interested parties. Plans will be approved by the reformed and professionalized Natural Resources Board (to be renamed the Land Use Review Board - LURB), which is given rulemaking authority to implement this process (see Act 250 below). It also establishes a process for minor map amendments (less than 10 acres) to the regional plan maps. Updated regional plans must be adopted by **December 31, 2026**, and the process will not begin until the LURB process is stood up, likely no sooner than **July 1, 2025** (the LURB appointments will be made on **January 1, 2025** and terms begin on **January 1, 2025**).

New Regional Plan Requirements (§49). Amends the required elements in a regional plan and future land use maps. Updates natural resources and working lands elements to implement conservation design and makes major changes to the future land use element by creating consistent future land use categories and requirements across Vermont’s 11 regions for approval by the LURB.

New Regional Planning Land Use Categories. Areas mapped by the regions must be consistent with each category’s requirements. The ten new regional land use categories and associated requirements include:

- **Downtown And Village Centers**
 - Traditional and historic central business and civic centers
 - May be located within a planned growth area or village area, or stand alone
 - Villages are not required to have public water, wastewater, zoning or subdivision bylaws
- **Planned Growth Areas**
 - Generally consistent with smart growth principles in areas that provide for housing
 - Within walking distance of a center
 - Outside flood hazard (FH) and river corridor (RC), unless suitable for infill under State FH and RC rules, with:
 - Adopted and approved plan and confirmed planning process
 - Zoning and subdivision bylaws
 - Public water or wastewater, or water and wastewater

- A municipal plan that indicates high-density and mixed-use development
- Existing complete streets infrastructure, or planned capital improvements
- **Village Areas**
 - Traditional or proposed new settlement areas – larger than designated village centers
 - Outside flood hazard (FH) and river corridor (RC), unless there are FH and RC bylaws applicable to the entire municipality or unless suitable for infill under State FH and RC rules
 - Generally within walking distance of center, with:
 - Adopted and approved plan and confirmed planning process
 - Zoning and subdivision bylaws
 - Municipal water or wastewater or soils adequate for wastewater disposal (“soils adequate for wastewater disposal” will need to be defined in guidance from the NRB/LURB)
- **Transition or Infill Areas**
 - Adjacent to planned growth or village area or stand-alone
 - Served by or planned for water or wastewater, or both
 - May not allow new commercial linear strip development
- **Resource-based Recreation Areas** (i.e. resort areas)
- **Enterprise Areas** (i.e. industrial parks)
- **Hamlets** (i.e. very small villages ineligible for designation)
- **Rural – General** (i.e. low-density residential and limited commercial development)
- **Rural – Agriculture and Forestry**
- **Rural – Conservation Overlay** (i.e. critically important natural resources)

Greater Significance and Benefits for Regional Plans/Maps. Upon LURB approval of the regional plan/map, downtown and village centers, planned growth areas, and village areas are eligible for recognition in the new Act 250 tier system (through a separate application), and automatically become State-designated ‘centers’ and ‘neighborhoods’ able to access benefits without a separate approval process. All prior designated downtowns, villages, new town centers, growth centers, and neighborhood development areas, existing on **December 31, 2025**, will be recognized by the future land use map, unless the municipality opts out. See Act 250 and Designation summaries below for more details.

Act 250 Reform

H.687 - An act relating to community resilience and biodiversity protection through land use

Overview. Act 250 is Vermont’s 50-year-old statewide development review law overseeing larger-scale and higher-impact developments. It is administered regionally by appointed [district commissions](#) and coordinators. It has been the subject of several major reform efforts and recent studies (including a 2023 [report](#)). The report made recommendations to delegate more responsibility to the regional planning commissions and municipalities, and shifts the jurisdictional triggers away from the scale of development/development impact to a location-based jurisdictional model that is grounded in municipal leadership for compact settlement and growth (i.e. coordinated plans, regulations, infrastructure, and investments). The legislation

makes landmark reform to Act 250, including a revised purpose that emphasizes Vermont's long-standing land use planning goals ([24 V.S.A. 4302](#)), the Capability and Development Plan, the State's conservation goals in [10 V.S.A. 2802](#) (to have 30 percent of Vermont's total land area conserved by 2030, and 50 percent of the State's total land area conserved by 2050 – using conservation design ([Act 59 of 2023](#))), and equitable access to infrastructure, including housing. The reforms outlined below include some changes effective upon passage, some phased implementation, and further study and reports for deferred action later.

Act 250 Governance & Administration

New Board Name (§2). The Natural Resource Board is renamed the Land Use Review Board (LURB).

New Board Composition (§2, 3 & 11). The Board is expanded to five full-time members with staggered terms appointed by the Governor after applicants are reviewed by a new Nominating Committee and the Senate's advice and consent. Nominees will be selected based on experience, expertise in related disciplines, attributes, and commitment to environmental justice. Board candidates must disclose financial interests and potential conflicts, the membership may not include two members who reside in the same county, and nominees should reflect the state's diversity. The Governor must make appointments on **January 1, 2025** (§11); terms begin **July 1** and end June 30. Vacancies are to be filled for the remainder of the term. Members may seek reappointment. Members may only be removed by the other Board members for cause after notice and a hearing, using procedures adopted by the Board.

Nominating Committee (§3). The nomination committee must be established by **June 30, 2024**, and include six members serving two-year terms, including: two members of the executive branch appointed by the Governor, including an employee of the Department of Human Resources, two members of the House appointed by the Speaker, and two members of the Senate appointed by the Committee on Committees. The committee will select its chair, and the legislation further details duties and procedures.

LURB Rulemaking (§4). LURB may continue to adopt rules of procedures for itself and district commissions, and it may also adopt procedural rules or guidance for approving regional plans and maps consistent with the State's conservation, land use goals, and elements of a regional plan.

LURB Powers (§5). The powers of the Board are amended to reaffirm the supervisory authority of the Board and district commissioners. It adds new supervisory authority over "environmental matters respecting projects within their jurisdiction," as well as the authority to review and approve regional plans, 'Tier 1B' areas developed by regional planning commissions (RPCs) on the future land use maps, and municipal applications for Tier 1A status. It also provides authority to produce guidelines for municipalities seeking 'Tier 1A' status. (See more on the tiers below).

LURB Staffing (§6 & 10). It grants the LURB authority to hire additional permanent personnel and requires the Board to hire an Executive Director and defines the duties of the roles. Also appropriates \$56,250 from the General Fund to the LURB for one new staff attorney and the salaries of the four new full-time Board members. Additional appropriations are made separately.

Application Notification (§7). Shifts the responsibility to provide notice from applicants to the district commissions, adding a new public posting requirement for Town and City Clerks in municipal offices, and for the LURB on its website. Applicants must post a notice sign at the property 14 days prior to the hearing to remain until the permit is decided.

Permit Compliance Self-Certification (§8). Allows the district commission to require periodic reporting from a permittee, self-certifying compliance with the permit.

Fees. Establishes \$295 as the filing fee for application for Tier 1A areas, regional plan and map approval.

Appropriation (§113b). \$1.3 million to the NRB for FY25.

Act 250 Review

Forest Block Criteria (§12-15). To avoid forest fragmentation and maintain habitat connectors, the legislation adds definitions related to forest blocks and habitat connectors and revamps criterion 8 into “ecosystem protection; scenic beauty; historic sites with forest block and habitat connector” as a subcriterion, 8(C). Sections 12 & 13 are effective **December 31, 2026**. Additional LURB rulemaking (with the Agency of Natural Resources [ANR]) is required by **June 15, 2026**, for the new sub-criterion to address minimum forest block sizes, administrative matters, and mitigation. The working group must be convened before **July 1, 2025**. ANR is further charged with mapping forest blocks and connectors and maintaining updated maps.

Wood Product Manufacturers (§16). The legislation establishes that the conversion of agricultural soils by a wood products manufacturing facility (e.g. sawmill) will be entitled to mitigation fee at a rate of 1:1; versus a ratio between 2:1 and 3:1 for projects, generally.

Act 250 Jurisdiction

The act makes significant changes to the [existing jurisdictional thresholds](#) (pre-H.687) for Act 250. The linked document will be updated by the NRB to reflect the changes.

Interim Housing-Related Exemptions

The Natural Resources Board is collaborating with the Agency of Natural Resources and DHCD to provide an online map of these exempt areas.

Priority Housing Project (PHP) Expansion *in & around* Designations (§23 & 24). Repeals the HOME Act’s (Act 47 of 2023) pilot exemptions for housing with 25+ units in certain designated areas and instead extends the exemption, with no unit cap, for [priority housing projects](#) (qualifying mixed-income housing) until **January 1, 2027** *within* a designated downtown (DC), neighborhood development area (NDA) or a designated growth (GC) center *OR* within one-half mile *around* these centers with permanent zoning and subdivisions and served by public sewer or water services or soils adequate for wastewater disposal are available. Soils adequate for wastewater will need to be defined. It includes provisions on bisected parcels (51% must be within ½ mile of the center boundary) and municipal boundary crossovers (neighboring municipalities can opt out). The term ‘parcel’ is applied differently for taxation, real estate title,

and permitting purposes, so 'parcel' will need to be defined. The PHP exemption only applied to sites *within* designated areas. Generally, projects secure an exemption by seeking a jurisdictional opinion from the Act 250 district coordinator.

Unlimited Dwellings *in* Downtown Centers (§31). Until **January 1, 2027**, exempts all housing *within* a designated downtown center (DC) with permanent zoning and subdivision and public water or sewer or soils adequate for wastewater disposal. This does not apply to areas within mapped river corridors (RC) or floodplains (FH) unless the project is suitable for infill State (ANR) FH & RC rules. Units developed in DC areas will not count towards units in other areas, since jurisdiction is based on cumulative unit counts over time (see prior thresholds for more on this).

75 Dwelling Units *in* New Town Center, Growth Center and Neighborhood Development Area (§ 31 & 32). Until **January 1, 2027**, exempts housing projects with 75 or fewer units *within* these designations served by public sewer or water or soils that are adequate for wastewater disposal. This exemption does not apply to areas within mapped river corridors (RC) or floodplains (FH) unless the project is suitable for infill State (ANR) FH & RC rules. Units developed in these areas will not count towards units in other areas.

50 Dwelling Units *in and around* Villages §31). Until **July 1, 2027**, exempts housing with 50 or fewer units on 10 acres or less *within* a designated village center and $\frac{1}{4}$ mile *around* village centers with permanent zoning and subdivision and served by public sewer or water or soils that are adequate for wastewater disposal. This exemption does not apply to areas within mapped river corridors (RC) or floodplains (FH) unless the project is suitable for infill under State FH & RC rules. Units developed in the eligible area within these areas will not count towards units in other areas. Includes provisions on bisected parcels (51% must be within $\frac{1}{4}$ mile of the center) and municipal boundary crossovers (neighboring municipalities can opt-out).

50 Dwelling Units *along* Urbanized Transit Routes (§31-32). Until **July 1, 2027**, exempts areas of housing with 50 or fewer units on 10 acres or less in the urban portion of Chittenden County *within* $\frac{1}{4}$ mile of an active transit route. Units developed along urbanized transit routes will not count towards units in other areas. Includes provisions on bisected parcels (51% must be within $\frac{1}{4}$ mile of a transit route) and municipal boundary crossovers (neighboring municipalities can opt out). Adds a definition that links to 24 V.S.A. § 5088, defining that transit routes must be on a regular schedule.

Utility Reliability Improvements (§26). The act also extends the exemption for retail electric utility reliability improvements to expire on **December 31, 2030**.

Accessory Dwellings (§31-32). Until **July 1, 2028**, exempts construction or improvements of accessory dwelling units (ADU). Adds a definition of an ADU similar to the definition in Title 24.

Commercial to Residential Conversions <29 units (§31). Until **July 1, 2028**, exempts improvements for converting a structure used for a commercial purpose into 29 or less housing units.

New Use-Based Exemptions

Accessory On-Farm Businesses - AOFB (§17-18). Amends the definition of accessory on-farm businesses to include businesses where the sales of qualifying products may exceed the revenue of the farming operation and to allow the sale of promotional products (e.g. bread or other baked goods) and adds a permit exemption for AOFBs where 50% of total annual sales come from products produced on a farm.

Hotel/Motel to Housing Conversions (§31). Exempts conversions of hotels and motels to permanently affordable housing as defined in 24 VSA § 4302(2).

Long-Term Exemptions

Tier 1A Jurisdiction (§ 31). Exempts from Act 250 permitting all subdivisions, developments or changes to existing permitted projects in Tier 1A areas. If the municipality issues a local land use permit on an Act 250 jurisdictional parcel, it grants municipalities the authority to enforce permit conditions in Tier 1A areas.

Process to Establish Tier 1A Areas (§28 & 29). Beginning **January 1, 2026**, municipalities may apply to the LURB for Tier 1A status for eligible area(s). The Act outlines an application process and requires the LURB to publish Tier 1A guidelines for municipalities by **January 1, 2026**. To approve, the LURB must issue a decision and finding the following requirements are met:

- An approved municipal plan,
- Boundaries consistent with regional plans' 'downtown and village centers' and 'planned growth areas',
- Flood hazard (FH) and river corridor (RC) bylaws which apply to entire municipality and are consistent with or stronger than 10 VSA 755(b) and 1428(b), or entirely excludes FH and RC areas,
- Permanent municipal zoning and subdivision bylaws,
- Permanent municipal land development regulations featuring smart growth principles (including allowing up to four stories in areas with water/sewer),
- Compatibility with historic preservation standards,
- Wildlife habitat plans that protect or exclude from Tier 1A significant natural communities, and rare, threatened and endangered species,
- Water and wastewater systems or planned improvements with capacity to support development, and
- Adequate staff to support coordinated capital planning, development review, and zoning administration.

Municipal Assumption of Prior Act 250 Permit Conditions. Directs municipalities with Tier 1A areas to add existing Act 250 permit conditions to municipal land use permits and to enforce those conditions after they issue a permit on the jurisdictional parcel.

Tier 1B Jurisdiction (§ 31). Exempts housing projects of 50 or fewer units on ten acres or less in Tier 1B areas and mixed-use developments.

Process to Establish Tier 1B Areas (§27, 30 & 49). A municipality controls whether to have an area mapped as a 1B area. Tier 1B areas are established upon LURB approval of the regional plan's future land use map. The LURB may issue guidance to RPCs seeking Tier 1B area status, and the Vermont Association of Planning and Development Agencies (VAPDA) will develop and maintain a standard methodology for mapping of areas eligible for Tier 1B, in consultation with DHCD and the LURB, on or before **December 31, 2024**. Eligible regional plan future land use map categories for 1B status include:

- Downtowns and village centers,
- Planned growth areas, and
- Village areas.

These three regional land use categories will be recognized under the reformed 'community investment' designation program upon approval by the LURB. To have area(s) mapped as 1B, the subject municipality:

- Must opt-in (request area to be mapped),
- Have a duly adopted and approved plan and confirmed planning process,
- Adopted permanent zoning and subdivision,
- Have water supply and wastewater infrastructure or soils that can accommodate a community system for compact housing, and
- Have municipal staff/officials/contracted capacity to support development review and zoning administration.

1B areas must exclude flood hazard or river corridors, unless regulated throughout the municipality.

New Jurisdiction

Expanded Tier 2 & 3 Jurisdiction (§21-22). Defines Tier 2 areas as areas not Tier 1 or 3 and Tier 3 areas as critical natural resources defined through LURB rulemaking. Creates new jurisdictional thresholds and related definitions, effective **December 31, 2026**, for:

- Commercial, industrial, or residential use at or above 2,500 feet (previously only 2,500 feet and above), and
- Construction of improvements for commercial, industrial or residential purposes in Tier 3 areas

Tier 3 rulemaking must consider river corridors, headwater streams, statewide significant habitat connectors, riparian areas, Class A water, natural communities and other critical resources with a stakeholder working group convened by **January 1, 2025**. These areas are likely to be mapped in the regionally mapped 'rural – conservation' land use category after adoption by the LURB. Rules must be filed with the Legislative Committee on Administrative Rules by **February 1, 2026**.

Road Construction Rule (§19-20). Creates new jurisdictional trigger for construction of any single road longer than 800 feet, or the length of all roads and driveways greater than 2,000 feet, effective **July 1, 2026**. This does not apply to roads built by a government body, for a utility, for forestry or farming, or within a Tier 1A or Tier 1B area and allows the NRB to make rules to provide additional specificity. The stated intent is to encourage clustered subdivisions and development that do not fragment Tier 2 or Tier 3 forest and habitat areas.

Study Reports Related to Municipal & Regional Planning & Development/Act 250

H.687 - *An act relating to community resilience and biodiversity protection through land use*

Affordable Housing Development Regulatory Incentives Study (§37). Directs the Department of Housing & Community Development (DHCD), with the Vermont Housing and Conservation Board (VHCB), the Land Access and Opportunity Board (LAOB), and the Vermont Housing and Finance Agency (VHFA) to report on recommendations for legislative, regulatory and administrative action to expand affordable housing development. This report will consider the loss of affordable unit production as a percent of the total units in a development that existed under the 'Priority Housing Project' Act 250 exemption. Due **December 15, 2024**.

Act 250 Wood Products Manufactures Report (§35). Directs the LURB (NRB) to report on recommendations to address Act 250 permitting of these uses. Due **December 15, 2024**.

Land Bank Study (§111). Directs DHCD to work with the Vermont League of Cities and Towns (VLCT) to analyze the feasibility of a land bank program to identify, acquire and restore vacant, abandoned, contaminated and distressed properties. Land banks are most often used by states, municipalities and governmental authorities throughout the U.S. to revitalize harder-to-re/develop properties for certain public interests. Due **December 15, 2024**.

Regional Planning Commission Study (§50). Directs VAPDA to conduct a multifaceted engagement process with stakeholders and the general public and report on recommendations to enhance governance, funding, programs, service delivery, equity, accountability, and staffing. Due **December 31, 2024**.

Statewide Housing Needs Assessment Targets (§93). The *Housing Needs Assessment Report* is published by DHCD every five years to satisfy U.S. Housing & Urban Development funding requirements. The legislation directs DHCD to work with RPCs to develop metrics that measure progress toward statewide and regional housing targets, including a detailed breakdown of measurements. **Targets due within 6 months of 2024 report issuance; annual progress reports due through 2030.**

Act 250 Transportation Support Revenue Study (§37a). Directs the Agency of Transportation, with DHCD, the VLCT, the VAPDA and the NRB/LURB to report on revenue impacts of Act 250 reforms and exemptions and consider alternatives. This report will consider the loss of transportation impact fees that spread costs among multiple development stakeholders to pay for necessary improvements (e.g. traffic lights) resulting from development. Due **December 15, 2025**.

Designation-based Municipal Technical Assistance Report (§67). This relates to the regional planning commission study (§50 above) and the regional governance study (Act 118 below), both of which will inform this study. Directs DHCD to develop recommended procedures for inter-agency coordination to support municipal community investment and revitalization in designated areas. The recommended solutions will relate to the work of the reformed Downtown Board/Community Investment Board and must support the implementation of State agency plans and strategic priorities for municipalities, like housing, infrastructure and administrative capacity. The study will consider how the State can improve the delivery of cross-agency project

advising, physical improvement planning/design, local policymaking, and project implementation/management. Due **December 31, 2025**.

Permit Appeals Study (§11a). With continued interest in speeding appeal timelines and legislative disagreement on whether Act 250 appeals should continue to be heard by the Environmental Division of the Superior Court or the new LURB, the act directs the LURB to study the matter with stakeholders. Currently, municipal land use permit appeals and Act 250 appeals are consolidated before the Environmental Division. Due **January 15, 2026**.

Act 250 Tier 2 Report (§34). Directs LURB to report on recommendations to address Act 250 jurisdiction in Tier 2 to address fragmentation of rural and working lands and apply location-based jurisdiction and address other matters. Due **February 15, 2026**.

Act 250 Location-Based Jurisdiction Review (§36). Directs LURB, with the Department of Forests Parks and Recreation, to report on the new Tier jurisdiction framework used for location-based jurisdiction and an in-depth review of Act 250 updates. Due **February 1, 2029**.

County and Regional Governance Study. [S.159 \(Act 118\)](#) - *An act relating to the County and Regional Governance Study Committee*

Related to the Regional Planning Commission Study (H.687, §50) above, the legislation establishes a committee to study how to improve the structure and organization of county and regional government. Due **September 1, 2024**. The study will focus on the following areas:

- Improving public safety
- Enhancing regional collaboration and planning
- Efficient, equitable, and transparent allocation of public resources
- Promotion of effective regional public services for individuals and municipalities
- Clarification of the role and oversight of elected county officials and their departments
- Reducing duplicated public services and promoting opportunities for collaboration between municipalities
- Balancing the availability and cost of services across municipalities in each county
- Studying government structures in other states
- Assessing the impact of climate change and resiliency on public infrastructure maintenance, delivery of regional government services, and coordination of regional emergency planning

Designation Reform: State Community Investment Program

[H.687](#) - *An act relating to community resilience and biodiversity protection through land use*

Overview. H.687 makes major changes to the State's designation program and is the result of public participation, community input, recommendations made by the Designation [2050 Report](#), and further legislative work. Key reforms include improved compatibility with local and regional plans, lower-barrier access for lower-capacity communities, administrative streamlining to save time and cost, and simplifying the designation requirements and benefits. The program will

continue to extend place-based benefits to sustain and revitalize communities through smart growth, historic preservation, equity of opportunity and climate resilience.

Community Investment Program (§66). Establishes the reformed designation program as a new chapter (139) in Title 24, with associated definitions. Guidance will be issued to support the program.

Reformed Downtown Board/New Community Investment Board (§66). As in the prior designation program, new designations will be staffed by DHCD and overseen by a State Board with modified membership to increase focus on infrastructure investments and justice including the: Vermont Bond Bank, Vermont Treasurer, member designated by the State Director of Racial Equity, and a representative of the Regional Development Corporations. With boundaries approved through the regional plan approval process by the LURB (see Regional Plan Reform above), the Reformed Community Investment Board will focus more on funding and inter-governmental cooperation for success.

From Five to Two Designations. The two reformed designations (centers and neighborhoods) are designed to support coordinated investments in compact places planned for efficient growth. Both new designations are established upon LURB plan/map approval of three eligible regional land use categories: 'downtown and village centers', 'planned growth areas', and 'village areas.' DHCD must provide guidance to the LURB on areas eligible for center designation, and the list below outlines the reformed requirements and benefits. **NOTE:** *municipalities with existing (old) designations are well-situated. They continue as normal (except no renewal or check-ins will be required), the existing areas have a direct path to recognition in the new regional plan maps and future designation categories, and they will lose no benefits during the transition period.*

Downtown & Village Centers. Regionally mapped and LURB-approved 'downtown and village centers' are designated as centers. All centers on the regional maps automatically enter the program under Step 1 - a new, lower-barrier entry point for every center in the state. Once designated by the LURB, municipalities may apply to DHCD for written administrative approval within 30 to advance to higher steps (2 & 3), appealable to the State Board. Step 2 is similar to the existing (old) village center program. Step 3 is similar to the existing (old) downtown program. Existing (old) center designations articulate into either step 2 or 3 of the new center designation (see below). DHCD will issue guidance on administering these steps in coordination with the Community Investment Board.

Center: Step 1 Requirements

- Mapped downtown and village centers in LURB-approved regional plan

Benefits

- Site-based funding and technical assistance established
- Eligibility for downtown and village tax credits under 32 V.S.A. 5930aa
- Eligibility for Better Places Grants (*not funded in FY '25*) under 24 V.S.A 5801
- Funding priority for developing or amending municipal plan
- Priority for other programs identified in DHCD guidance

Center: Step 2

Requirements

- Meets step one requirements or has an existing (old) designated village center or new town center prior to **December 21, 2026**
- Has a confirmed municipal planning process under 24 V.S.A 4350
- Includes an area listed or eligible for listing in the National Register of Historic Places (i.e. anchored by historic settlement)

Benefits

- Step one benefits, plus:
- Funding priority for special-purpose plans, capital plans, and area improvement reinvestment plans
- Funding priority for the Better Connections Program
- Funding priority for infrastructure scoping, design, engineering, and construction by State Board
- Priority for other programs identified in DHCD guidance
- Municipal authority to create a special taxing district per 24 V.S.A. Chapter 87 for improvements within area
- Priority consideration for State and federal affordable housing funding
- Authority to lower speed limits less than 25 mph under 23 V.S.A. 1007(g)
- State wastewater permit fees capped at \$50 for residential development under 3 V.S.A. 2822
- Exemption from the land gains tax under 32 V.S.A. 10002(p)
- Assistance and guidance from the DHCD establishing municipal historic preservation regulations

Center: Step 3

Requirements

- Meets step two requirements or has an existing (old) designated downtown center before December 21, 2026; vested downtowns must meet the requirement before the next renewal per DHCD guidance.
- Is listed or eligible for listing in the National Register of Historic Places
- Has a downtown improvement plan
- Has a downtown investment agreement
- Has a capital plan adopted under 24 V.S.A 4430 that implements these requirements
- Has a local downtown organization
- Has available public water/wastewater
- Has permanent zoning and subdivision
- Has historic preservation regulations (unless an existing (old) new town center that entered the program prior to December 31, 2026)
- Has adopted downtown design or form-based regulations

Benefits

- Step two benefits, plus:
- Vermont Downtown Program funding
- Eligibility for sales tax reallocation under 32 V.S.A 9819
- Eligibility to receive national Main Street America Accreditation
- Placemaking/wayfinding/off-site signage exemptions under the billboard law

- Housing appeal limitations as described in chapter 117
- State Office building priority
- Eligibility for Downtown Transportation Improvement Funding under 24 V.S.A. 5808.
- Municipal authority to create a special taxing district per 24 V.S.A. Chapter 87 for improvements within area.

Neighborhoods. Regionally mapped and LURB-approved ‘planned growth areas’ and ‘village areas’ become designated as neighborhoods. These areas surround downtowns and village centers, as mapped in the regional plans.

Requirements

- Mapped planned growth area or village area in LURB-approved regional plan

Benefits

- Funding priority for special-purpose plans, capital plans, and area improvement reinvestment plans
- Funding priority for the Better Connections Program
- Funding priority for infrastructure scoping, design, engineering, and construction by State Board
- Eligibility for downtown and village tax credits under 32 V.S.A. 5930aa (*not currently funded for neighborhoods*)
- Priority consideration for State and federal affordable housing funding
- Authority to lower speed limits less than 25 mph under 23 V.S.A. 1007(g)
- Housing appeal limitations as described in chapter 117
- State wastewater permit fees capped at \$50 for residential development under 3 V.S.A. 2822
- Exemption from the land gains tax under 32 V.S.A. 10002(p)

Designation Transition Dates (§65)

July 1, 2024. Repeal of the Vermont Downtown Development Board (§2792), establishment of the Community Investment Board. Last day to obtain a growth center (GC) designation under the prior framework. Existing (old) designated areas with renewal or check-in due dates after this date are no longer required. The Community Investment Board assumes any remaining responsibilities of the Vermont Downtown Development Board.

July 1, 2025. Earliest date terms can begin for appointed LURB members, tasked with reviewing and approving regional plans/maps which establish the designated areas.

December 31, 2025. Designation-based municipal technical assistance report by DHCD is due to the General Assembly (§67). Last day to obtain a village (VC), downtown (DC), new town (NTC), or neighborhood development area (NDA) designation under the existing (old) framework.

June 30, 2026. No check-ins or renewals are required for the existing VC, DC, or NTC before this date. Note: this date is earlier than the NDA or GC timeline.

December 31, 2026. No check-ins or renewals are required for the existing NDA or GC before this date. If the regional plans/maps are not approved by this date, the existing (old) designations will expire.

December 31, 2026. All DC, VC, NTC, NDA, and GC designations existing on this date will retain benefits unless regional plan maps are approved earlier. All existing DC, VC, NTC, GC, and NDA existing on this date will be recognized by the future land use map, unless the municipality opts out.

July 1, 2034. Repeal of the prior Designation statute (Historic Downtown Development, Chapter 76A of Title 24). Any existing benefit removed under this chapter (not appearing in benefits list above) for the DC, VC, NTC, NDA, and GC designations existing on **December 31, 2025**, will remain in effect until this date. This extended timeline will allow for any necessary corrections to transfer or modify lost benefits.

Municipal Land Use Planning & Development Regulation

H.687 - An act relating to community resilience and biodiversity protection through land use

Planning Data Center (§66). Directs DHCD to work with the LURB to maintain an online municipal planning data center publishing approved regional plan future land use maps, adoptions, amendments – as well as the status of each designation and steps. This would build on the existing data center, [here](#).

The Plan for a Municipality (§30, §51). Amends the Planning Act (24 V.S.A 4382) to require that municipalities identify areas for *community investment designation* and Act 250 *Tier 1A and 1B status* and adds a requirement to the plan’s housing element to require the use of regionally produced housing targets and data on year-round and seasonal dwellings.

Municipal Bylaws Required Provisions & Prohibited Effects (§52). Makes several clarifying corrections to §4412 of the Planning Act needed from Act 47 of 2023 (the HOME Act) and adds new requirements for municipal bylaws and permitting, specifically:

- **Duplex Allowances.** Two-unit dwellings must be allowed in all zoning districts allowing year-round residential development with dimensional standards *that are no more restrictive* than is required for a single-unit dwelling, including no additional land or lot area than would be required for a single-unit dwelling. This correction allows municipalities to be more permissive of duplexes than single-family dwellings and clarifies that municipalities cannot require an additional land area for an extra unit for this residential use. Duplexes may be listed as a conditional use. Although the statute allows conditional use review, DHCD recommends allowing duplexes as a permitted use under an administrative permit (a permit issued by the administrative officer).
- **3- and 4-plex Allowances.** 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). This

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.

- **Min. Density of 5 Dwelling Units per Acre in Water & Sewer Areas.** Clarifies that minimum lot sizes (lot sizes are sometimes used as proxies for dwelling unit density standards) and dwelling unit density for multiunit dwellings shall not be more restrictive than those required for single-family dwellings and must allow a density of five dwelling units per acre within subject areas for each allowed residential use.
- **Rounding of Dwelling Unit Density Allowance for Affordable Housing.** Projects that qualify for affordable housing dwelling unit density bonus of 40% in §4412 can now round up to the nearest whole unit.
- **Protections for Occupancy by Unrelated People.** Enabling legislation and many bylaws have built use definitions using the term "family", in some cases including definitions that prevent unrelated individuals from home-sharing or other forms of cooperative living arrangements. The act now prevents any zoning and subdivision bylaw from having the exclusionary effect of prohibiting unrelated occupants from residing in the same dwelling unit.

Limitations on Municipal Bylaws for Hotel/Motel Housing Conversions (§53). Amends §4413 of the Planning Act, which limits how certain uses (i.e. civic, religious, and public interest uses) may be regulated to prevent the effect of interfering with the intended functional use. Adds to that list 'hotels and motels converted to permanently affordable housing developments.'

New & Modified Parking Bylaws (§54-56). The act adds a new section (§4428) on parking regulation. Municipal bylaws and permitting must now meet these statewide standards.

- **Parking Space Sizing.** Specifies a maximum allowed parking space size (9'x18', unless ADA)
- **Non-Conforming Parking.** Allows existing non-conforming spaces to count to the parking of an existing residential building if new units are added
- **Off-Site Parking.** Allows applicants to use parking spaces in an adjacent/nearby lot to count toward the parking requirements of a residential building with a valid legal agreement. Also amends §4414 to clarify the rounding *up* of spaces to whole numbers
- **Faster Implementation.** Advances the implementation date of the HOME Act's limits on excessive parking from December 2024 to **July 1, 2024** (see [24 VSA 4414\(4\)](#)). To meet or exceed requirements and avoid potential litigation, DHCD recommends eliminating parking minimums altogether, or requiring no more than one space per dwelling unit and regulating parking nuisances using other policy tools, like a nuisance ordinance.

Appropriate Municipal Panel Hearings Warned Within 120 Days of Application (§58).

Amends 24 V.S.A. 4464 to require appropriate municipal panels (AMP) to notice and warn a hearing on an application within 120 days of an application being deemed complete, establishing a timeline to begin the review.

Any 20 Persons Qualified to Appeal (§59). Amends 24 V.S.A 4465's definition of 'interested person', which defines who has appeal rights in a municipal permit, by increasing the 'any 10 persons' to 20 people.

Appeals to Superior Court (§61). Adds a 'goal' for the Environmental Division to issue decisions on appropriate municipal panel appeals within 90 days of hearing.

Municipal Planning & Community Investment Funding Programs

Municipal and Regional Planning Grants and Resilience Fund (MRPF) (§62, 76,78).

Amends §4306(a) and (b) to allow municipal planning grants for flood protection and climate resilience, adds 'resilience' to the name of the fund, directs the Department (*until July 1, 2027*) to prioritize funding to municipalities that do not have zoning or subdivision bylaws, allows a regional planning commission to submit an application for disbursement on behalf of a municipality, and does not require a municipality without zoning or subdivision bylaws to contribute matching funds to receive the grant; the minimum local match for all projects has historically been 10% of project costs. The legislation also lowers the percentage of property transfer tax receipts that go to the Municipal and Regional Planning Fund (MRPF) from 17 to 13% (the total of which is allocated into three buckets: 20% for grants, 10% for state geographic information, and 70% for regional planning); functionally, the long-term net impact is uncertain since this funding has been historically 'notwithstanding' and redirected for other purposes. In FY25, however, an additional MRPF appropriation of \$1,279,740 is included (on top of a 3% MRPF base increase \$7,336,313 in the Budget Act). This relates to the additional property tax to be imposed on second homeowners, estimated to raise \$17.5M.

Better Places Program (§65). Although not funded in this year's budget, it makes the successful [crowdfunding grant](#) program a permanent benefit of designation.

State Downtown & Village Tax Credits (§69-70). Makes changes to the long-standing [tax credit program](#) to support flood resilient building improvements in designated downtowns and village centers. The credits may be used against income taxes owed or sold at a discounted rate (to a bank or insurance company) to revitalize buildings. Improvements newly eligible for credits, now include elevating utilities above flood levels, including areas outside FEMA-mapped areas that have experienced flooding. It also increases the general code and flood mitigation credits to \$100,000, previously capped at \$50,000.

Environmental Justice Updates

[H.687](#) (§39-43) - An act relating to community resilience and biodiversity protection through land use

Extends the implementation timeline for Act 154 of 2021, enacted to identify, reduce, and eliminate environmental health disparities to improve the health and well-being of all Vermont residents.

- Extends deadlines to roll out covered agencies' engagement plans by 2 years to *July 1, 2027*
- Extends rulemaking deadlines by 2 years to *July 1, 2027*
- Allows the Advisory Council and Interagency Committee to meet more frequently (12 times a year) and extends related deadlines by *2 years*
- Extends the deadline for the Environmental Justice Mapping Tool by 2 years to *January 1, 2027*

- Extends spending report deadline by 2 years to **December 15, 2027**

Transportation Policies & Investments

H.868 (Act 148) – An act relating to the fiscal year 2025 Transportation Program and miscellaneous changes to laws related to transportation

The transportation act (also known as the ‘T-Bill’) invests over \$870 million in the transportation system and includes important policy changes and future studies. Key provisions include:

Vehicle Electrification

- \$4.8 million for **Direct Current Fast Charging (DCFC)** along designated alternative fuel corridors
- Establishes a new state goal to provide public access to fast charging within **three miles** of every interstate exit with nearby amenities such as restrooms, restaurants, and stores
- \$1.7 million to increase electric vehicle charging opportunities at **multiunit housing properties and workplaces**
- Establishes a **new registration fee on all-electric and hybrid vehicles** to replace gas tax revenues lost to electric fueling, and directs these fees be used to support EV charging investments, including the Agency of Commerce’s charging station grant program
- Directs the Agency of Agriculture, Food and Markets (AFM), in consultation with the Agencies of Transportation (AOT) and of Commerce and Community Development (ACCD), the Department of Public Service (DPS), the Public Utility Commission (PUC), the Office of the Attorney General, Consumer Protection Division, Drive Electric Vermont, and EVSE industry participants to make recommendations on **regulations for public charging stations**
- \$70,000 to extend **e-bike purchase incentives**
- Expands eligibility of the **Electrify Your Fleet Program** to include certain electric all-terrain vehicles
- Commissions several interrelated studies on ways to **raise revenues** needed to reduce transportation-related emissions and enhance the system’s **resilience to climate change**

Transit and Alternatives

- \$55 million for **public transit and commissions studies** on sustainable funding of the transit network and another to consider ways to expand Amtrak service
- \$15 million for **bicycle and pedestrian and stormwater** infrastructure
- \$3.5 million in grants (\$250,000 maximum) to support innovative **transportation demand management** programs that improve mobility and access to services for transit-dependent Vermonters, reduce the use of single-occupancy vehicles, reduce greenhouse gas emissions, and complement existing mobility investments

Context-Sensitive Street Planning and Design

- Expands “**Complete Streets**” provisions by enabling municipalities and regional planners to design streets that calm and slow traffic in state-designated centers

- Codifies the **Better Connections** grant program that supports active transportation planning and project implementation in designated downtowns and village centers
- Requires VTrans to share draft **State Design Standards** before **January 1, 2026**, and host public hearings to engage and gather input from a diverse group of stakeholders; these standards could open more context-sensitive design options in historic downtowns, villages, neighborhoods and other areas of compact settlement important so important to many municipal officials, businesses, and residents working for design standards that better support safety, livability, and local economic activity.

S.309 (Act 165) – An act relating to miscellaneous changes to laws related to the Department of Motor Vehicles, motor vehicles, and vessels.

Changes and Studies to Increase Safety of Walkers, Bikers, and Others

- Amends the **definition of pedestrian** to include individuals operating a wheelchair or other personal mobility device
- Requires that drivers give at least four feet of clearance when passing people walking, biking, and rolling
- Directs VTrans, in collaboration with the Department of Public Safety and in consultation with bicycle safety organizations and others, to study allowing individuals operating bicycles to treat stop signs as yield signs and red lights at traffic signals as stop signs, also known as an **“Idaho Stop,”** and explore allowing cyclists to cross intersections when pedestrians are signaled to cross
- Directs VTrans to engage with stakeholders to develop an **Active Transportation report** that provides a comprehensive review of Vermont statutes to inform best practices and policies to improve the safety of cyclists and other vulnerable transportation network users

Public Meetings

S.55 (Act 133) – An act relating to updating Vermont’s Open Meeting Law

The act changes Vermont’s Open Meeting Laws, including new provisions for remote and hybrid meetings, recording certain meetings, and mandatory training for State and municipal officials. The meeting and notice requirements for advisory and non-advisory boards (Selectboard, Development Review Board, Board of Abatement, etc.) differ. Most of these changes will take effect on July 1, 2024. For more details, please refer to [VLCT’s Legislative Wrap-Up or seek guidance from their Municipal Assistance Center](#). The Secretary of State’s Office also maintains a webpage on Open Meeting Law.

Municipal Ethics

H.875 - An act relating to the State Ethics Commission and the State Code of Ethics

The act establishes a municipal code of ethics for local government officials. It mandates municipalities to adopt the new code and requires local officials to undergo ethics training. Additionally, it compels municipalities to investigate ethics complaints, develop remedies, and grants the Vermont Ethics Commission the authority to provide guidance to municipal officials on addressing local ethics complaints. Key provisions are effective January 1, 2025. For

additional information, please refer to [VLCT's Legislative Wrap-Up or seek guidance from their Municipal Assistance Center](#).

Budget & Appropriations

H.839 (Act 87) - An act relating to fiscal year 2024 budget adjustments

The Budget Adjustment Act was passed midway through the fiscal year to rebalance accounts and adjust the current year's budget to reflect actual costs. For this year, the total appropriation was just over \$132 million. The majority of adjusted funds, totaling \$90 million, were designated for flood response and recovery, with an additional \$15 million allocated for emergency housing. For more information on these and other appropriations, please refer to the Joint Fiscal Office's [summary of H.839](#).

H.883 (Act 113) - An act relating to making appropriations for the support of government

Vermont's \$8.6 billion FY25 budget reflects a difficult return to pre-pandemic financial norms. Budget writers faced the daunting tasks of recovering from catastrophic summer floods, investing in housing, and addressing a challenging statewide property tax issue. Budget highlights include: The "Big Bill" includes an [appropriation "waterfall"](#) that provides contingent allocations of revenues for the last two months of the fiscal year in rank order until they are exhausted. Most, if not all, of the revenue is expected to support emergency housing. Additionally, the budget establishes funding priorities for unallocated ARPA funds, prioritizing matching federal hazard mitigation grants. The Municipal and Regional Planning Fund received a 3% increase, bringing the total budgets to \$6,404,540 for Regional Planning Commissions and \$898,283 for Municipal Planning Grants.

One-time Appropriations

- \$16.5M to **General Assistance Emergency Housing Fund** (Budget Act)
- \$2.5M to Vermont State Housing Authority for **Rent Arrears Assistance Fund** (H.687 §96)
- **\$2M [Manufactured Home Improvement and Repair Program](#)** (MHIR) (\$1M in Budget Act, \$1M in H.687 §106-107). MHIR assists income-eligible mobile home parks and current and prospective mobile homeowners. Like VHIP (see below), this program is helping maintain and expand Vermont's affordable housing stock.
- \$1M to VHCBA to administer the **Land Access and Opportunity Board** (H.687 §91)
- \$1M to VHFA for the **First-Generation Homebuyer Program** (H.687 §90)
- \$400k to Champlain Valley of Economic Opportunity for **Rental Housing Stabilization Services Program** (H.687 §94) \$1.025M to Vermont Legal Aid for **Tenant Representation Pilot Program** (H.687 §95)

One-time Contingent ("Waterfall") Appropriations – subject to availability of funds

- \$20M to **General Assistance Emergency Housing Fund** (Budget Act)
- \$10M to AHS for **Emergency Shelters** (Budget Act)
- **\$6M [Vermont Rental Housing Improvement Program](#)** (VHIP). Following a boost by the FY24 Budget Adjustment Act and funded in the FY25 budget, this 4-year program has created more than 500 rental dwellings, remedying code compliance issues, vacancies, and blight to meet critical housing needs. This year's legislation also makes policy changes (in H.687) to allow administrative costs, additional sub-granting flexibility, higher maximum

grants or loans for the rehab or creation of accessible units (\$70,000 instead of \$50,000), additional consideration for accessibility-, youth service provider-, and disability-supportive homes, and five and ten-year forgivable loan provisions. Municipal officials working on issues of vacancy, blight, and code compliance can help connect landlords to this program.

- \$4M to DEC for the **Healthy Homes Initiative** (Budget Act)

ARPA Reallocations

- \$30M to the Vermont Housing & Conservation Board (VHCB) for **affordable and mixed-income rental and ownership housing** (Budget Act)
- \$25M to VHFA for the **Middle-Income Home Ownership Development Program** (Budget Act)

Housing Policy

H.687 - *An act relating to community resilience and biodiversity protection through land use*

Rental Data Collection and Privacy (§98-99). Increases reporting requirements to make more data on Vermont's rental housing stock available to policymakers. Requires reporting on the Landlord Certificate to be submitted by the Department of Taxes to Senate Committee on Economic Development and House Committee on General & Housing. **Effective July 1, 2025. Due annually, December 15.** Further adds disclosure requirements to named organizations for the purposes of emergency management and the state *Housing Needs Assessment*.

Short-Term Rental Regulation (§100-101). In Title 20 (security & safety) defines short-term rentals the same way as Title 18 (health) and requires the Division of Fire Safety to prepare short-term rental safety guidance, which renters must provide in listings and in a conspicuous place at the rental. Municipal officials may want to review any local ordinances to ensure consistency.

Flood Risk Disclosures to Buyers and Renters (§102-103). Requires disclosure to the buyer during conveyance whether the property is subject to any requirement under federal law to obtain and maintain flood insurance. Failure to disclose gives the buyer a remedy to terminate the contract or bring an action for damages (including punitive damages) and attorney fees. Further requires landlords to disclose whether rental is in a FEMA-mapped flood hazard area.

Flood Risk Disclosure in Mobile Home Lot Leases & Sales (§104-105a). Adds requirement in mobile home lot leases to disclose if the mobile home park is in a flood hazard area. Also requires sellers of mobile homes to disclose flooding history and damage, including damage from inundations or landslides.

Age-Restricted Housing (§109-110). Adds protections for age-restricted housing by giving Vermont Housing and Conservation the right of first refusal during sale of property. Similar to mobile home park law, it also adds a notice requirement for rent increases in age-restricted housing.

Rent Payment Credit Reporting Report (§112). Directs the State Treasurer to study the development of pilot program for housing providers to report tenant payments for inclusion in consumer credit reports. Due **December 15, 2024**.

Landlord Tenant Law Study (§113). Directs a newly created Landlord-Tenant Law Study Committee to review and modernize landlord-tenant law and evictions in Vermont. Due **December 15, 2024**.

Taxation

H.687 - An act relating to community resilience and biodiversity protection through land use

Property Transfer Tax (§73). Raises base amount after which transfer property tax is imposed from \$110,000 to \$250,000. Adds new 3.4% rate to transferees for non-principal residences without landlord certificates (i.e. second homes). It also makes changes to the clean water surcharge. Effective **August 1, 2024**. This tax partly funds the Municipal and Regional Planning Fund, with appropriations noted above.

Flood-Impacted New Construction & Rehabilitation (§80-83). The act establishes authority for the voters of a municipality to authorize a new property tax exemption (municipal and education) for a period of three years from occupancy for the increased appraisal value of qualified improvements to qualified properties/principal residences affected by the federal disaster declaration between July 1, 2023 and October 15, 2023, as well as Addison and Franklin Counties. Within these eligible areas, the site must be within ½ mile of a designated downtown, village center, or neighborhood development area or [new market tax credit areas](#) (but outside Tax Increment Finance Districts [TIF], unless the municipal legislative body opts to include the TIF). No dwellings may be used as short-term rentals. Multi-unit structures only qualify if mixed income under 10 V.S.A. 6001(27). The program will run through **December 31, 2027**, and will be administered by the Agency of Commerce and Community Development with functions for the Department of Taxes, and new responsibilities for local listers/assessors and TIF managers. Section 83 (on grand list contents) is effective **August 1, 2024**.

H.546 (Act 144) - An act relating to administrative and policy changes to tax laws

Local Options Tax Without Charter Amendment. The act makes numerous changes to tax laws and policy, but the most meaningful one for municipalities is the ability to adopt a one percent local option tax on sales, rooms, and meals without a legislative charter change. Starting **July 1, 2024**, at an annual or special town meeting, voters may approve any combination of local option taxes to support municipal purposes. For more details, please refer to [VLCT's Legislative Wrap-Up](#).

[S.160 \(Act 82\)](#) - *An act relating to State education property taxes and flood related damage*

The act permits a municipality to be reimbursed for education property tax payments owed for properties that were deemed lost or destroyed because of severe storms and floods in areas declared a federal disaster between July 1 and October 15, 2023 (excludes communities in Bennington, Grand Isle, and Essex counties). Please refer to [VLCT's Legislative Wrap-Up](#) for details.

[H.612](#) - *An act relating to miscellaneous cannabis amendments*

Municipal Cannabis Cultivation District Authority. The act creates a process for municipalities to establish cannabis cultivation districts. Starting **January 1, 2025**, municipalities may set minimum setback and other requirements for outdoor grow operations. It also makes several changes to Vermont's cannabis laws concerning retail sales and medical cannabis. For further details, please refer to [VLCT's Legislative Wrap-Up](#).

[Climate Adaptation and Resilience](#)

[H.289](#) - *An act relating to the renewable energy standard*

This act has the potential to double the amount of in-state renewable generation, increasing the significance of municipal and regional enhanced energy plans, renewable energy siting and other aspects of plan implementation.

[S.259 \(Act 122\)](#) - *An act relating to climate change cost recovery*

The “Climate Superfund” act, modeled after the Environmental Protection Agency’s superfund that cleans up hazardous waste, requires companies that produced more than 1 billion metric tons of carbon dioxide equivalent between 2000 and 2019 to pay a portion of the costs of climate change in Vermont. Payments are based on how much each company contributed to global emissions. The funds collected from high-emission companies will be used to offset a portion of Vermont’s climate adaptation, recovery, and resilience expenses. This law is the first of its kind in the nation and will likely inspire similar legislative efforts in other states and possibly at the federal level. While the law is effective **July 1, 2024**, making these companies pay is expected to require years of court litigation.

[S.213 \(Act 121\)](#) - *An act relating to the regulation of wetlands, river corridor development, and dam safety*

The act changes several regulatory programs managed by the Agency of Natural Resources (ANR) to enhance the state’s ability to withstand floods and reduce damage to infrastructure caused by flooding. Key changes involve regulations for river corridors, increased protection for wetlands, and the oversight of non-federal dams. The law will be implemented in phases described below. For municipal officials, the biggest shift is moving away from a patchwork of local oversight of optional Flood Hazard and River Corridor regulation administered by local officers, to have more consistent State oversight. Currently, flood hazard protections are voluntarily implemented through variable local ordinances by communities enrolled in the National Flood Insurance Program using FEMA-produced maps. In some cases, these maps are not digitized, accurate to flood events, and have not been updated for 40+ years.

Flood Hazard and River Corridor Regulation (§4, 5). The act directs ANR to update the State River Corridor Base Map by **January 1, 2026**, to include areas suitable for development within existing settlements in river corridors that will not contribute to fluvial erosion hazards. It requires ANR to adopt rules regulating all development within mapped river corridors by **July 1, 2027**. It also requires the agency to establish state flood hazard area standards necessary for enrollment in the National Flood Insurance Program (NFIP) by **January 1, 2026**. On **January 1, 2028**, the new state standards become the minimum flood hazard area standards. A municipality with a flood hazard area bylaw must update the bylaw to meet the new standards. Additionally, the Act amends Title 24, Chapter 117, relating to municipal regulation of flood hazard areas and river corridors. It establishes a Study Committee on State Administration of the NFIP, tasked with evaluating whether ANR should administer the NFIP. Due **August 15, 2025**.

Wetlands Regulation (§12-17). The act codifies state mapping and reporting requirements and directs ANR to amend the *Wetland Rules*. The amendments clarify that the goal of wetland regulation and management is to achieve a net gain of wetland acreage. It also requires compensatory mitigation at a 2:1 ratio for the permanent loss of wetlands authorized under any permit impacting more than 5,000 square feet of wetlands. The act requires ANR to update the *Vermont Significant Wetlands Inventory* maps on or before **January 1, 2026, and then annually**. Similarly, on or before **January 1, 2030**, the act requires ANR to complete *High Quality Wetlands Inventory Plus* mapping for all tactical basins in the State. During the rule amendment process, ANR will also consider whether relocating existing utility lines and providing temporary access to restoration sites should be classified as “allowed uses.”

Dam Safety (§18-24). The act transfers jurisdiction over all dams currently regulated by the Public Utility Commission to ANR by **July 1, 2028**. It establishes a Dam Safety Revolving Loan Fund to finance emergency and non-emergency dam removal and repair projects. Additionally, it creates a Study Committee on Dam Emergency Operations Planning. This committee will review and recommend improvements to regional emergency action planning for hazards caused by dam failure, including shifting responsibility for emergency planning from individual municipalities to regional authorities, enhancing regional implementation of dam emergency response plans, and funding regional dam emergency action planning. Due **December 15, 2024**.

Miscellaneous Provisions (§15, 25-28).

- An exemption to phosphorus discharge concentration requirements for a specific municipally owned secondary sewage treatment plant using recirculating sand filters
- Minor amendments to ANR’s basin planning process
- A ban on unencapsulated or open cell polystyrene foam in floating docks, buoys, or floating structures
- Directs ANR and the Natural Resources Board to produce specific reports establish criteria for waiving, reducing, or mitigating Act 250 permit fees for persons of low income or other criteria. Due **December 15, 2024**.

[S.253 \(Act 151\)](#) - An act relating to building energy codes

This act establishes the Building Energy Code Working Group to recommend strategies for improving awareness and compliance with the Residential and Commercial Building Energy Standards (RBES and CBES). The working group is required to submit its report and recommendations to the committees of jurisdiction by **November 15, 2024** and then again by **November 15, 2025** (a [similar report](#) was submitted this biennium, but the recommendations

did not become law). The law allows the Commissioner of Public Service to update the building energy standards as needed. Additionally, the Office of Professional Regulation will require more information from residential building contractors upon registration, ensure they acknowledge compliance with RBES and CBES, and update contract templates to reflect these requirements. The law is effective **June 3, 2024**.

Disaster Response

S.310 (Act 143) - An act relating to natural disaster government response, recovery, and resiliency

The act responds to lessons learned in the floods of 2024 and includes numerous changes to Vermont's disaster response statutes and activities. It does not include a significant appropriation to support implementation, however, a contingent \$3.5 million appropriation is recommended for the Community Resilience and Disaster Mitigation fund. This new municipal grant program is ranked second on the list of contingency appropriations (a.k.a. "The Waterfall"), and it will receive funds if there are adequate revenues. Below is a summary of key provisions:

- Establishes a Community Resilience and Disaster Mitigation Fund for a municipal grant program aimed at disaster mitigation, adaptation, or repair
- Modifies the assessment of stormwater utility rates and expands the usage of revenue for broader stormwater management and flood resilience projects
- Enables the State Treasurer to establish a credit facility for local investments using up to 2.5% of the State's average cash balance and to coordinate climate infrastructure financing efforts within the State
- Mandates that the State Emergency Management Plan must be updated at least every five years
- Includes local libraries, arts and culture organizations, regional development corporations, local business organizations, and community-based emergency or charitable food providers as nonvoting members of regional emergency management committees
- Requires the Enhanced 911 (E-911) Board to evaluate telecommunications fees
- Directs Vermont Emergency Management (VEM) to create a written "after-action" report of the July 2023 flooding to enhance future disaster response
- Instructs VEM to ensure language access services are available for all State communications regarding all-hazards events

Creates a working group to develop best practices for emergency communication language assistance.

Quick Links

- [S.160 \(Act 82\)](#)
An act relating to State education property taxes and flood related damage
- [H.839 \(Act 87\)](#)
An act relating to fiscal year 2024 budget adjustments
- [H.883 \(Act 113\)](#)
An act relating to making appropriations for the support of government
- [S.259 \(Act 122\)](#)
An act relating to climate change cost recovery
- [S.213 \(Act 121\)](#)
An act relating to the regulation of wetlands, river corridor development, and dam safety
- [S.310 \(Act 143\)](#)
An act relating to natural disaster government response, recovery, and resiliency
- [H.546 \(Act 144\)](#)
An act relating to administrative and policy changes to tax laws
- [H.868 \(Act 148\)](#)
An act relating to the fiscal year 2025 Transportation Program and miscellaneous changes to laws related to transportation
- [S.253 \(Act 151\)](#)
An act relating to building energy codes
- [S.309 \(Act 165\)](#)
An act relating to miscellaneous changes to laws related to the Department of Motor Vehicles, motor vehicles, and vessels.
- [S.55 \(Act 133\)](#)
An act relating to updating Vermont's Open Meeting Law

Pending Act Number Assignments

- [H.289](#)
An act relating to the renewable energy standard
- [H.612](#)
An act relating to miscellaneous cannabis amendments
- [H.687](#)
An act relating to community resilience and biodiversity protection through land use
- [H.875](#)
An act relating to the State Ethics Commission and the State Code of Ethics

Prior DHCD memos summarizing the statutory changes starting in 2007 can be found at <http://accd.vermont.gov/community-development/resources-rules/planning>. If this summary is modified to correct any errors or omissions, it will be noted in the date.