



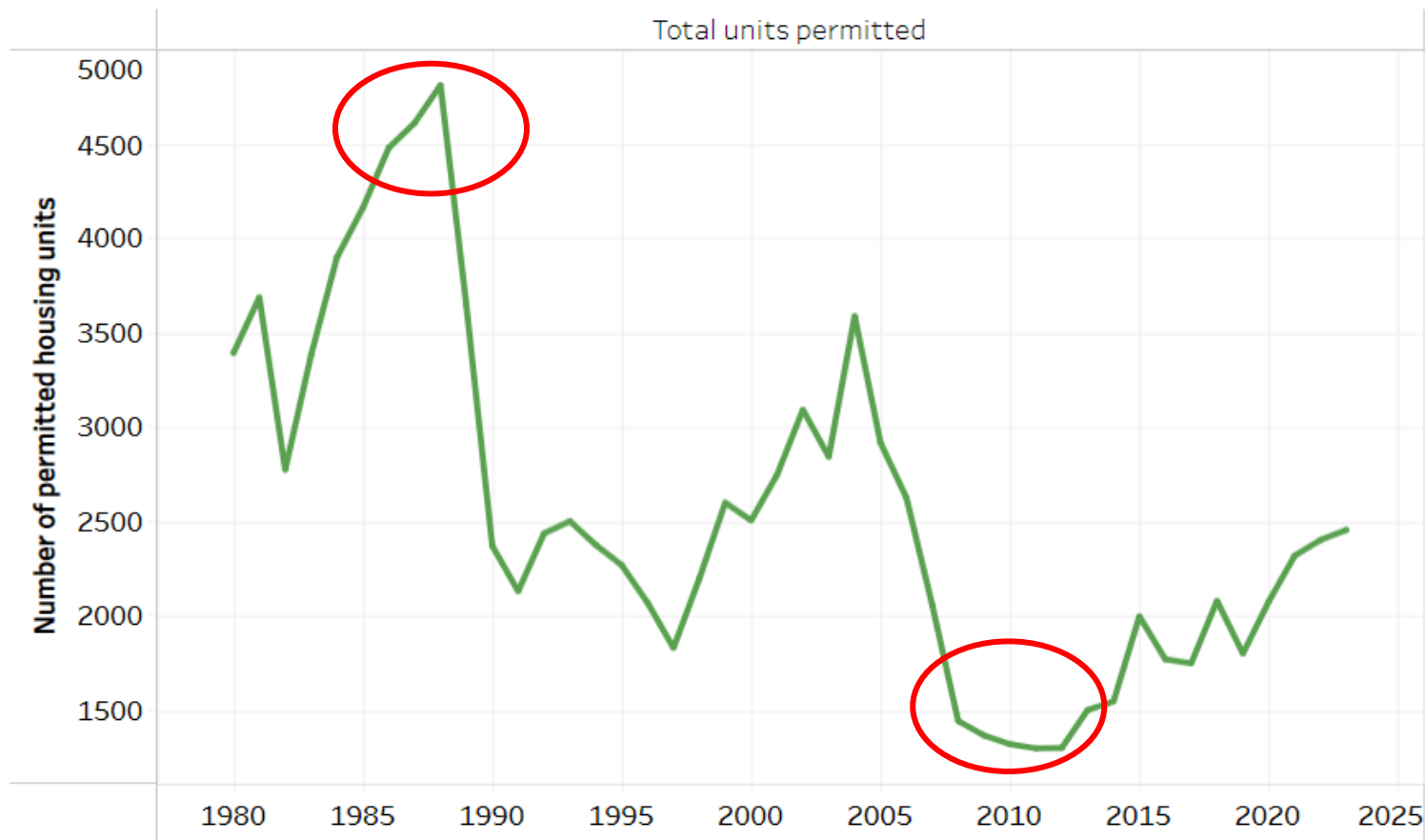
PATH for Vermont

**Pathway to Accelerate and
Transform Housing for Vermont**



How Did We Get Here?

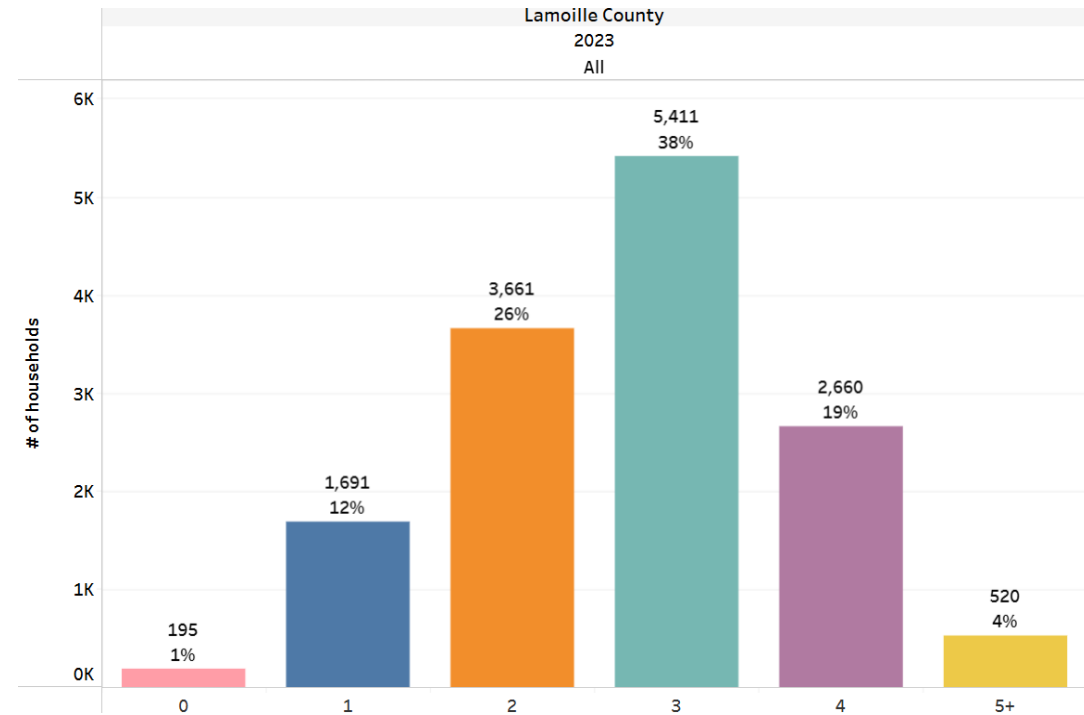
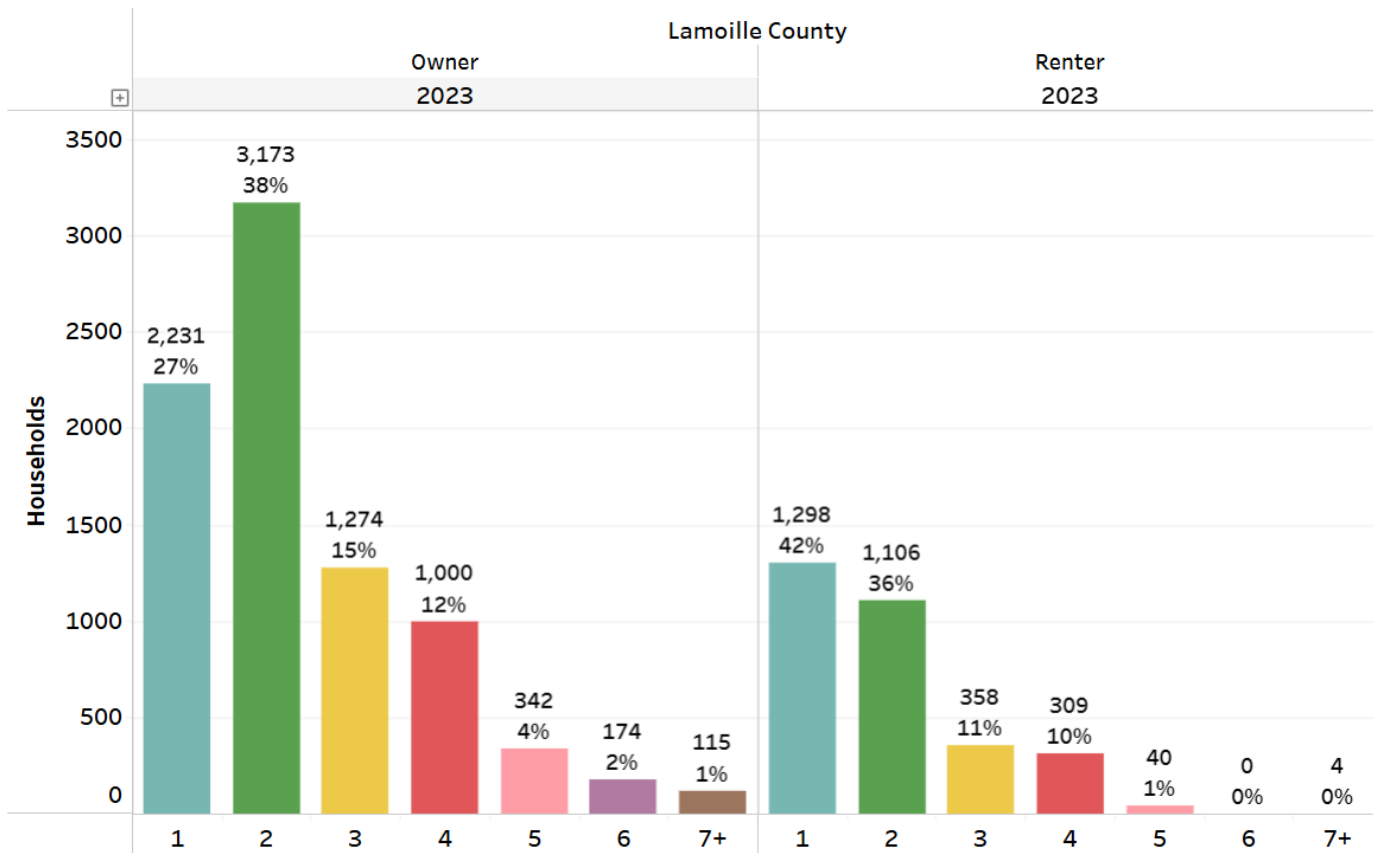
Decades of Underdevelopment



Year Range	Units Permitted	Annual Avg Permitted
1970-1979	24,396	2,440
1980-1989	38,840	3,884
1990-1999	22,785	2,279
2000-2009	25,186	2,519
2010-2019	16,369	1,637
2020-2023	9,255	2,314
Grand Total	136,831	2,534

What are the contributing factors? Lamoille County

Mismatch – Housing Stock does not meet the needs of the population



What have we done?

INVESTED

- Nearly **\$600M** of state and federal funds invested in housing unit creation during FY21-FY25
 - Affordable Housing
 - Middle Income & Workforce Home ownership & rental
 - Substance use Recovery Housing
 - Manufactured Housing Communities – *MHIR*
 - Reinvestment in Dilapidated Structures & Conversion of Commercial to Residential – *VHIP*

REINVIGORATED

- Tools for Infrastructure Investment & Site Cleanup
 - Brownfields Revitalization Fund, Healthy Homes Fund, Tax Increment Financing (TIF)

REFORMED

- Regulatory Reform
 - Statewide Reform of Local Zoning – **HOME Act (Act 47 of 2023)**
 - Statewide Land Use and Permitting Reform – **Act 181 of 2024**



What is the Goal?

Vision

Achieve and maintain a **healthy housing market** in Vermont to create opportunity for our most vulnerable, **revitalize our communities, foster resiliency**, grow the state's population and workforce, and ensure a vibrant future for all Vermonters.

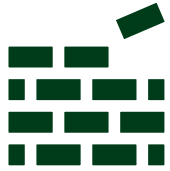
Methods

Prime the **homebuilding pipeline** with direct public **investments and incentives** for private capital; **reduce cost, time, and risk** of homebuilding with targeted regulatory reforms in **zoning, permitting, and appeals**.



Administration Housing Strategy

Pathway to Accelerate and Transform Housing (PATH) for Vermont



- **Strengthen the Foundation for Growth**
Infrastructure Funding and Financing



- **Revitalize Neglected Communities**
Investments and Incentives to target rural VT



- **Expand and Accelerate Homebuilding**
Broaden the base of small-scale development



- **Break Down Procedural Barriers**
Land Use, Permitting and Appeals Reforms

Infrastructure

Vermont Infrastructure Sustainability Fund (VISF)

\$9.1M investment to establish new infrastructure revolving loan fund

Administered by VT Bond Bank

Problems addressed:

- Communities face infrastructure constraints, limiting new unit production
- Developers face insurmountable investments, preventing project launch and increasing cost

Eligible Uses:

- Engineering, Design, and Construction of municipal water and wastewater systems
- Transportation investments required by municipal regulation, designation requirements, complete streets and transportation- and transit-related improvements, including improvements to existing streets.

Program Requirements:

- Direct connection to proposed or in-progress housing development
- Demonstrable progress toward regional housing target.



Strategic Projects for Advancing Rural Communities (SPARC)

SPARC is a municipal financing tool to help communities fund infrastructure, housing, and economic development projects. It drives strategic investment in critically needed projects throughout Vermont. Strategic partnerships between municipalities and investment partners make housing and economic projects financially feasible.

SPARC addresses critical statewide needs by leveraging our limited resources effectively to:

- Address housing demand (particularly in rural areas),
- aid flood-impacted communities with recovery and mitigation efforts,
- expand infrastructure,
- boost local economies,
- and more!



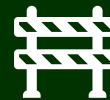
More Housing

Expand access to housing via projects that create new and rehabilitated units.



Economic Growth

An economic boost to areas that have historically been challenged by limited municipal capacity.



Environmental Resilience

Address climate challenges by creating long-term solutions for flood-impacted areas.

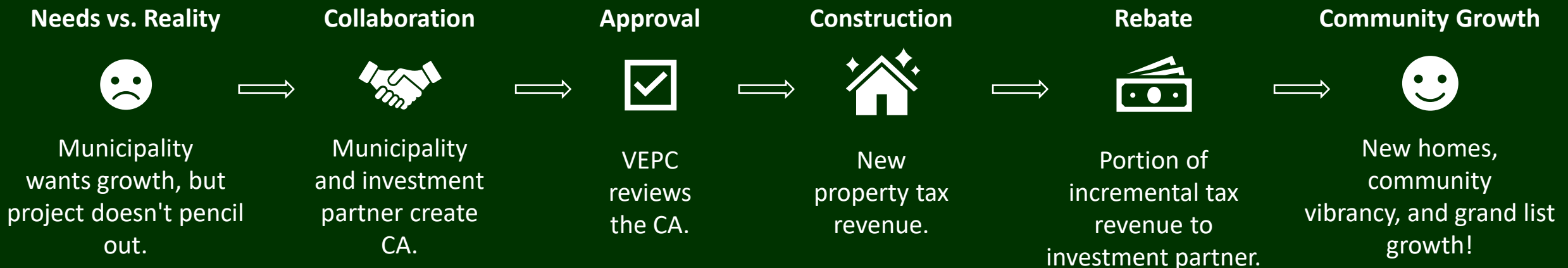


Infrastructure Investment

Build and maintain infrastructure that serves both current and future community needs.

Funding Mechanism

- The debt incurred by the investment partner or the town to build a project or to extend infrastructure can be partially repaid with the increment in tax revenue created by the improved property in the proposed project.
- Municipalities and an investment partner, would apply for this incentive by submitting their Community Agreement (CA) to Vermont Economic Progress Council (VEPC). The agreement and partnership would be structured in a way that would allow the municipality to defer the benefit of the increment in increased taxes because of the agreed-upon benefit is to go to the investment partner.
- In this model, towns would alternatively be able to make project-based infrastructure investments to spur development and keep the increment for debt service for that infrastructure project.



Expand and Accelerate Homebuilding

\$30M investment to VHFA

\$15M for *Middle Income Homeownership Development Program (MIHDP)*

MIHDP supports the **construction or rehabilitation of modest homes for purchase by Vermont households earning up to 150% AMI.**

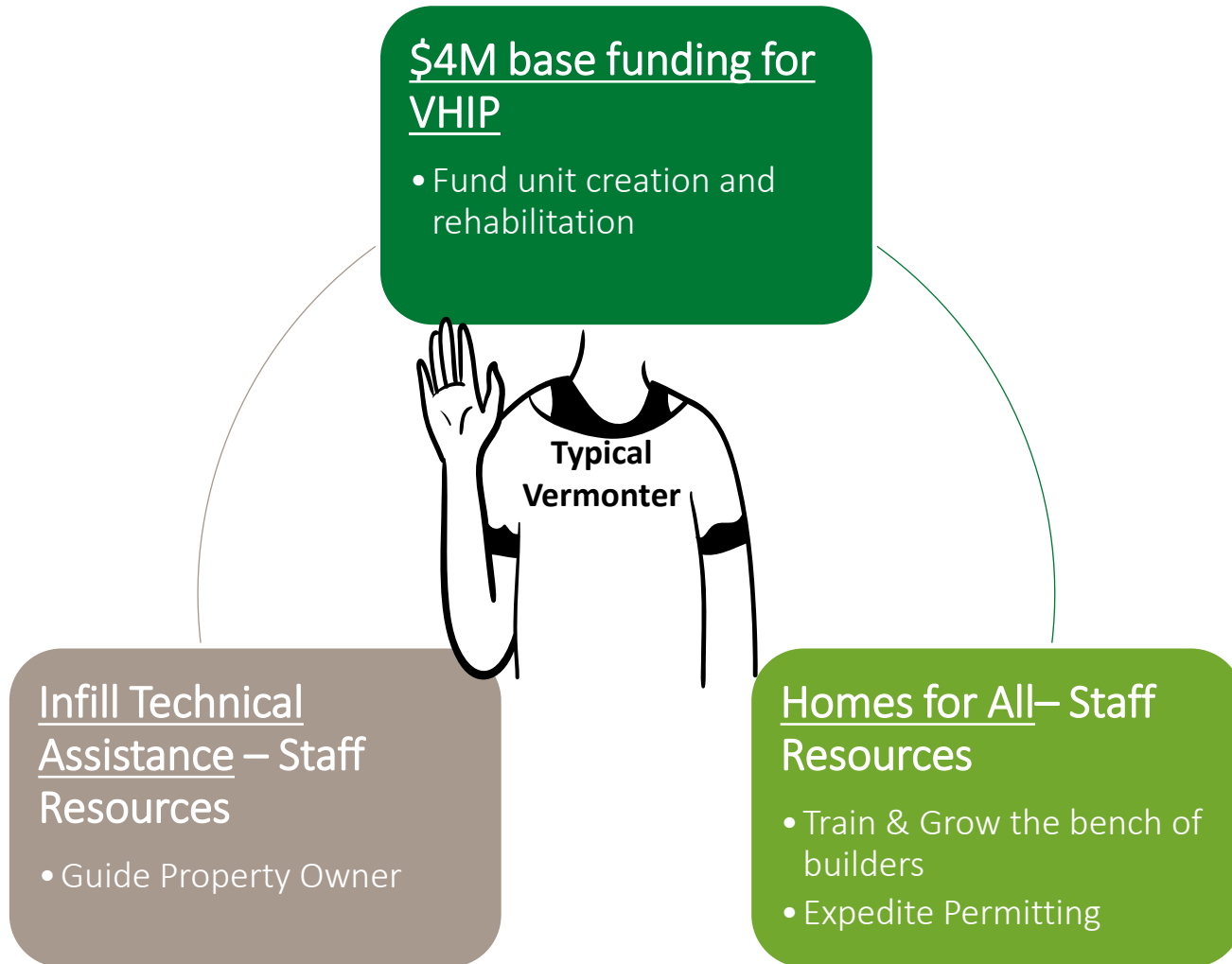
The program provides a development subsidy up to 35% of development costs for program eligible homes.

\$15M for *Rental Revolving Loan Fund (RRLF)*

Established in the HOME Act of 2023, the RRLF to incentivizes the **creation and preservation of rental housing for middle-income households earning between 65%-150% AMI.**

The program provides developers and builders with a subordinate loan for up to 35% of the development cost per rental unit for middle-income households.

Expand and Accelerate Homebuilding



Small-scale Development Investment & Capacity Growth

Three-pronged approach, leveraging **VHIP**, **Homes for All**, and **Housing Infill Technical Assistance**. Not only expands the housing supply but grows the small-scale homebuilder industry.

Reinvigorate Neglected Communities

\$2M base funding to MHIR program

- Repair existing units, keep people housed
- Strengthen & Expand Mobile Home Parks

\$2M to Brownfields Revitalization Fund

- Clean up infill sites in Downtowns & Village Centers
- Support conversion of brownfield infill sites to housing

\$2M Increase to DT & Village Center Tax Credits

- Reinforce aging structures, and Repurpose underutilized buildings
- Flood Resilience in community core

Community Revitalization in every corner of the state with Proven Programs

Double-down on investments that benefit Vermont communities where we have seen the greatest signs of atrophy.



Appeals Reforms

Stricter standard for appealing a housing project

- Require that appealing party must demonstrate a **clear and substantial departure from the comprehensive plan or land use regulation** that affects their property.

Raise the threshold for a “petition appeal”

- Change current threshold from 20 individuals to 20% of municipality’s population.

Rebalance appeals accountability

- Appellant of approved permit may be held liable for up to \$50,000 of Developer’s legal fees if permit issuance is upheld by the court.

Environmental Division of Superior Court

- Provision to instruct Env. Court to hear appeals involving development of residential housing before other cases
- New goal for the Environmental Division to hear cases involving development of residential housing within 60 days

Changes to Act 181

Interim Exemptions

- Clarify administration of Interim Exemptions, including subdivisions as exempt
- Extend Interim Exemption sunsets to prevent uncertainty before Tier 1A & 1B exemptions
- Expand Interim Exemption areas to include all areas served by municipal Wastewater systems

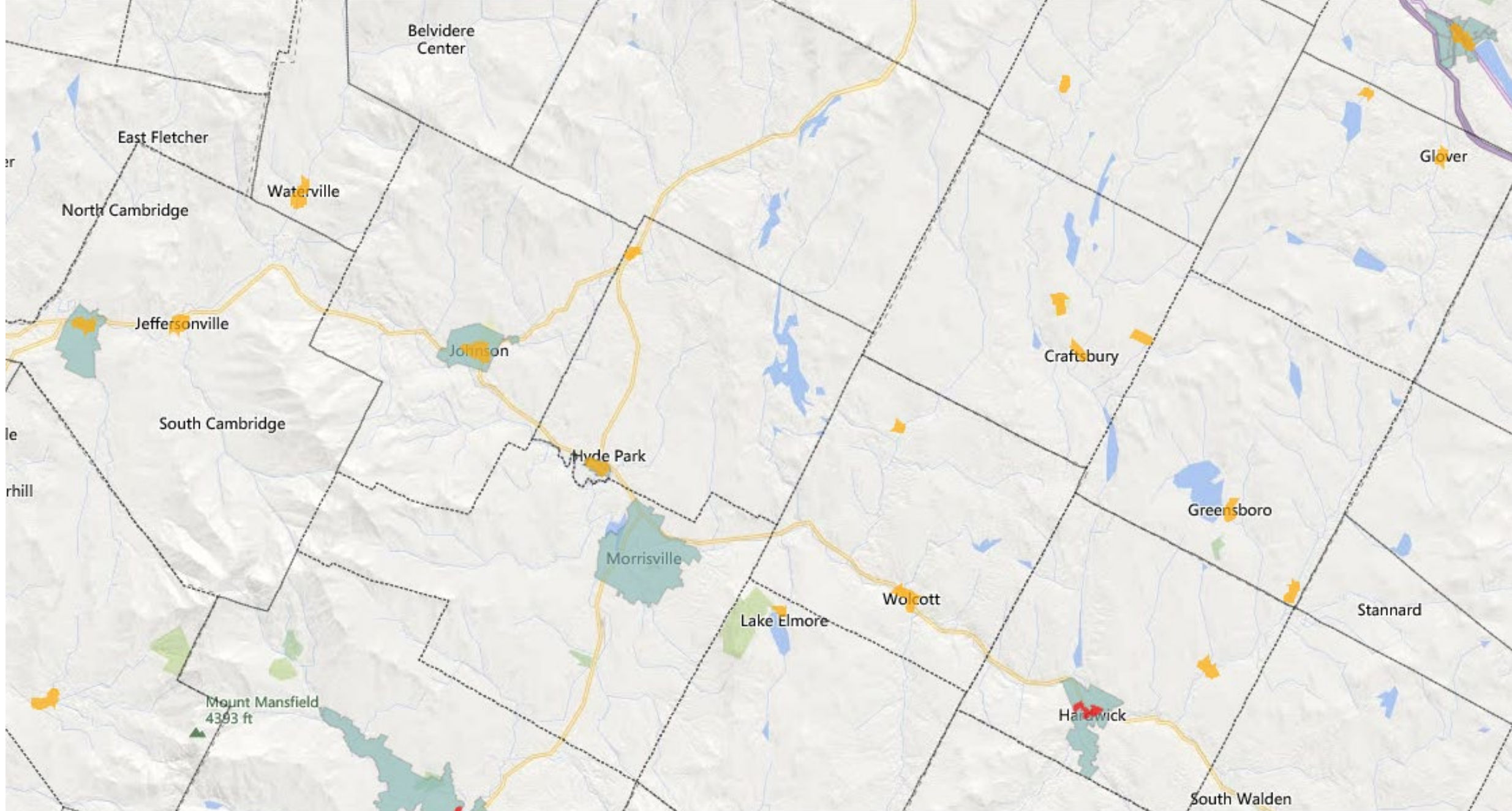
Tiers 1A & 1B

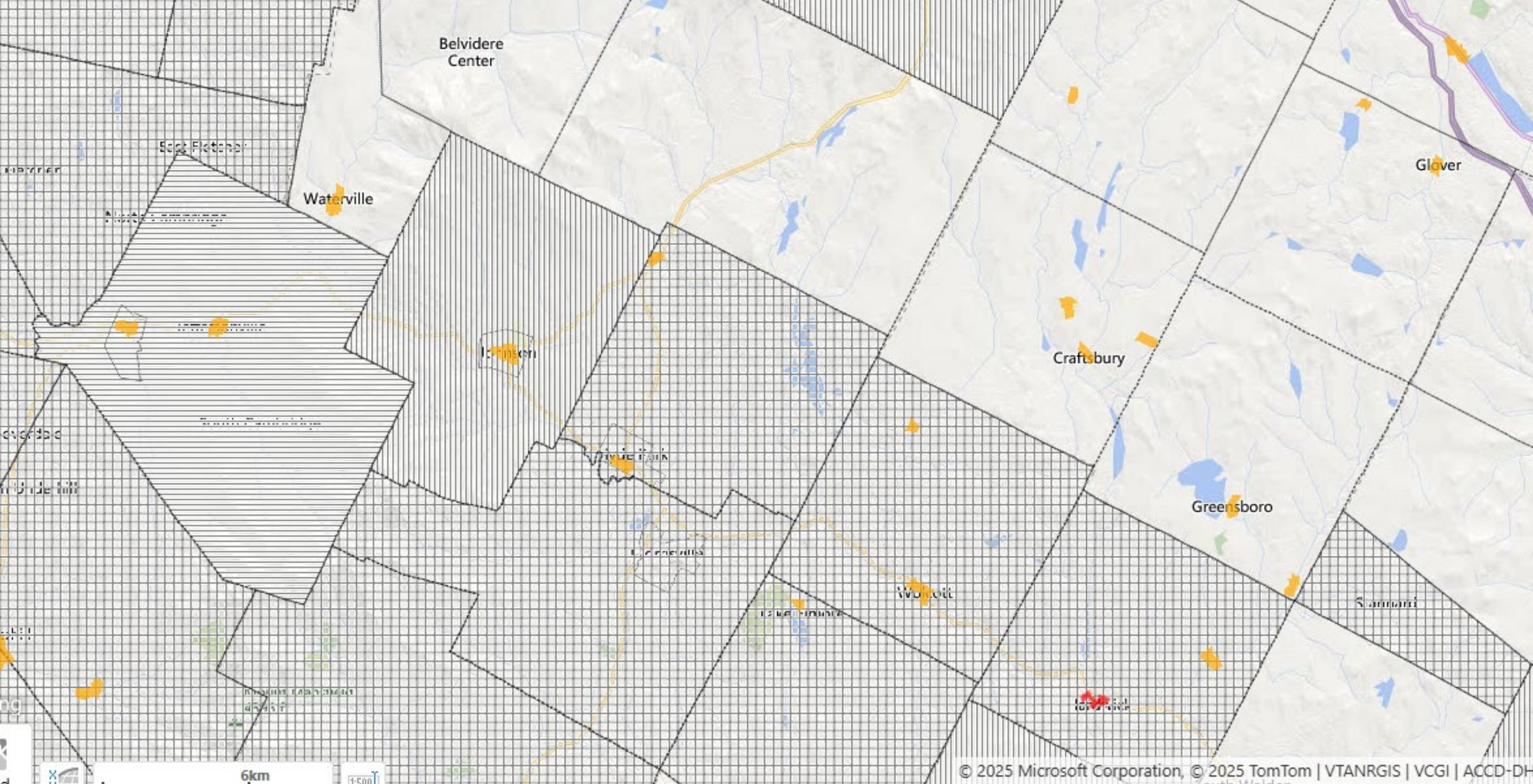
- Adjust threshold for Tier 1A & 1B to make permanent exemptions attainable for more communities

Tiers 2 & 3

- Convert Tier 3 rulemaking to a study of Critical Natural Resources
- Repeal Road Rule

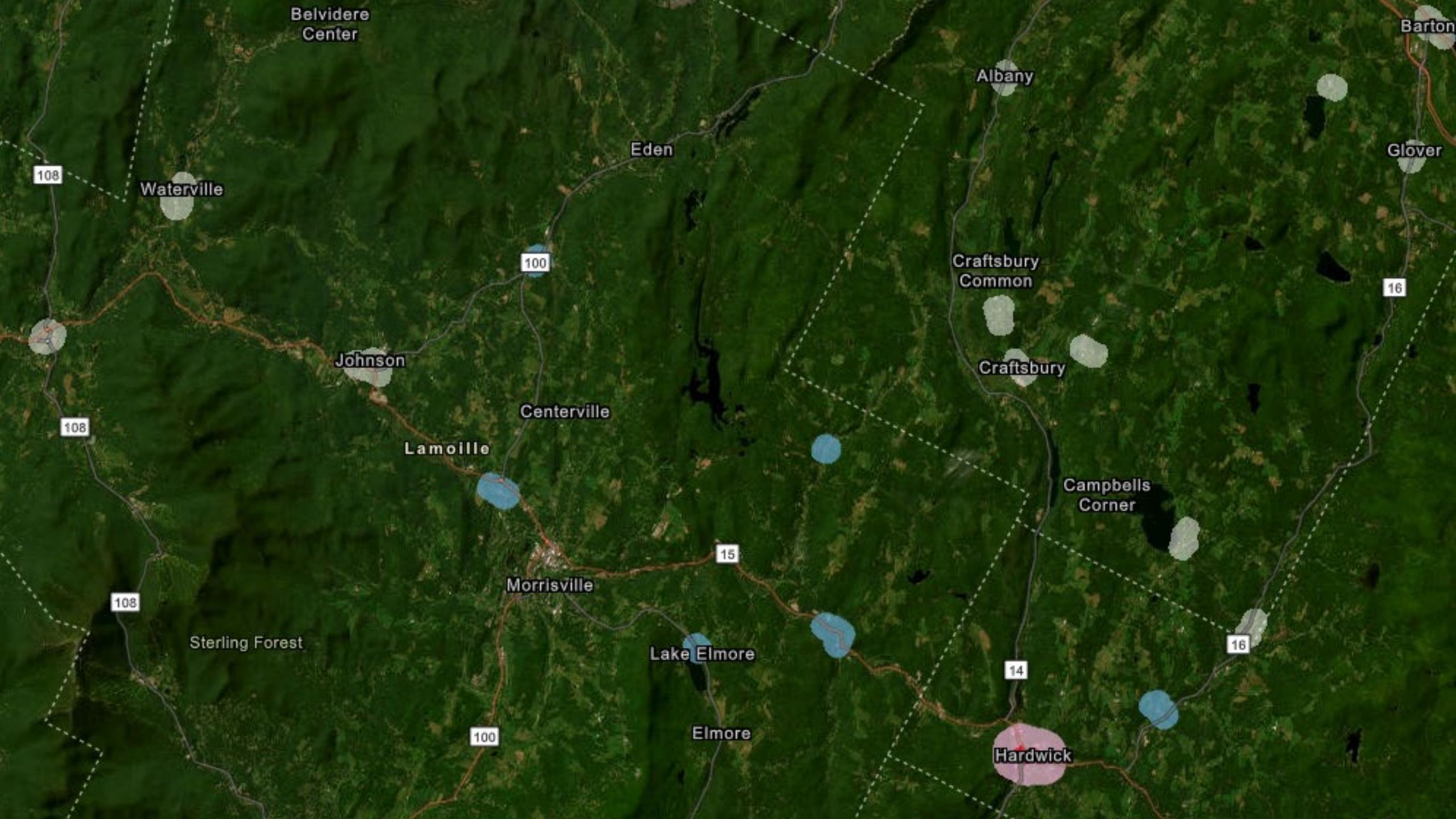






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Belvidere Center

Barton

Albany

Glover

108

Waterville

Eden

100

Craftsbury Common

16

Johnson

Craftsbury

108

Centerville

Lamoylle

Campbells Corner

108

15

Morrisville

16

Sterling Forest

Lake Elmore

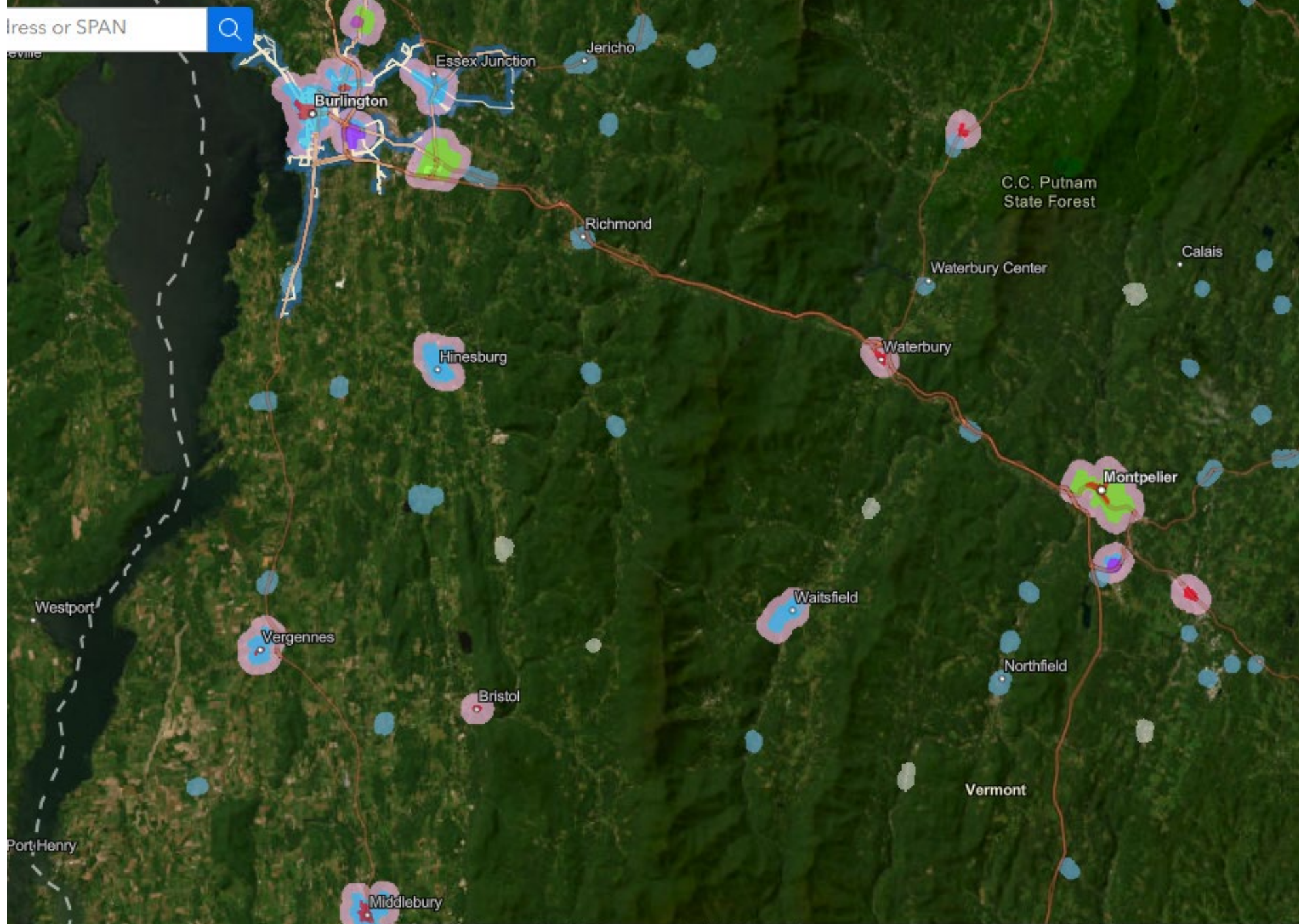
14

Elmore

Hardwick

100

Address or SPAN



MONT

Break Down Procedural Barriers

Wetlands permitting adjustments

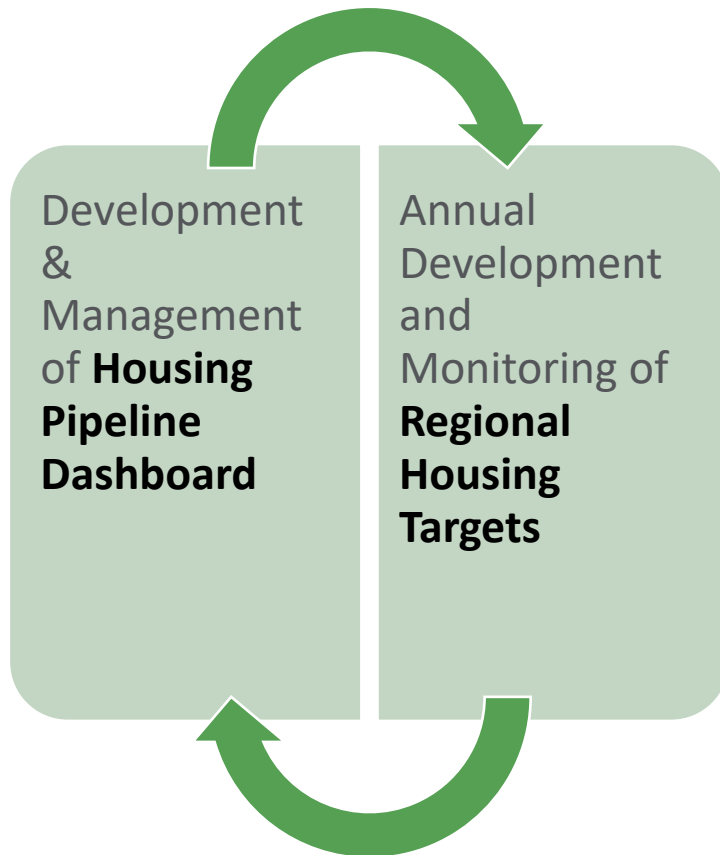
- Modifies Class II Wetlands standards in Designated Areas, Interim Exemption Areas, Tier 1A & 1B areas, and existing Industrial Parks
- Amends buffer zone to 25 ft. in areas described above to facilitate infill development while protecting mapped wetlands
- Adjusts 'Net gain of Wetlands' requirements
 - Extends date to July 1, 2026 for ANR to amend wetlands rules
 - Allows a 1:1 "mitigation" ratio for wetlands affected by projects in existing Act 250 permitted industrial parks, designated areas, Tier 1A and 1B areas, and interim exemption areas. (remains 2:1 outside of these areas)

Wastewater Connections

- Streamlined municipal water and wastewater connections permitting by delegating review to participating municipalities utilizing a General Permit

Operational Execution

Following Through & Operating Tactically



Implement Systems to Double-Down on Data

Increase our focus on the housing pipeline to inform annual target setting, with the objective of making our housing strategy increasingly specific, measurable and tactical. Hold stakeholders accountable & lean into evidence-based approach with legislators.

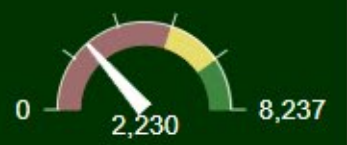
Proposal: Allow Tax Dept and VCGI to accessing municipal CAMA data. This will enable us to gain deeper insights into our housing stock, enhancing our ability to monitor progress and make informed decisions to achieve our housing goals.

New Housing in VT Dashboard

2025-2030

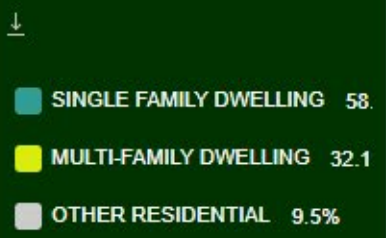
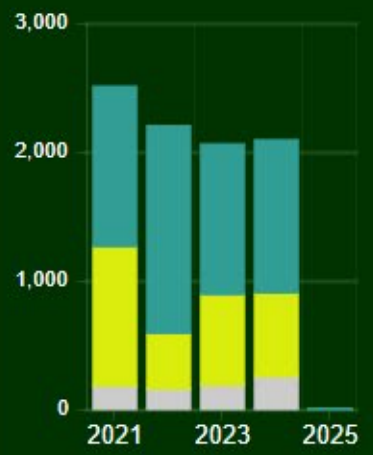
Target
41,184
Annual need: 8,237

On Pace to Build
11,148
Annual avg: 2,230

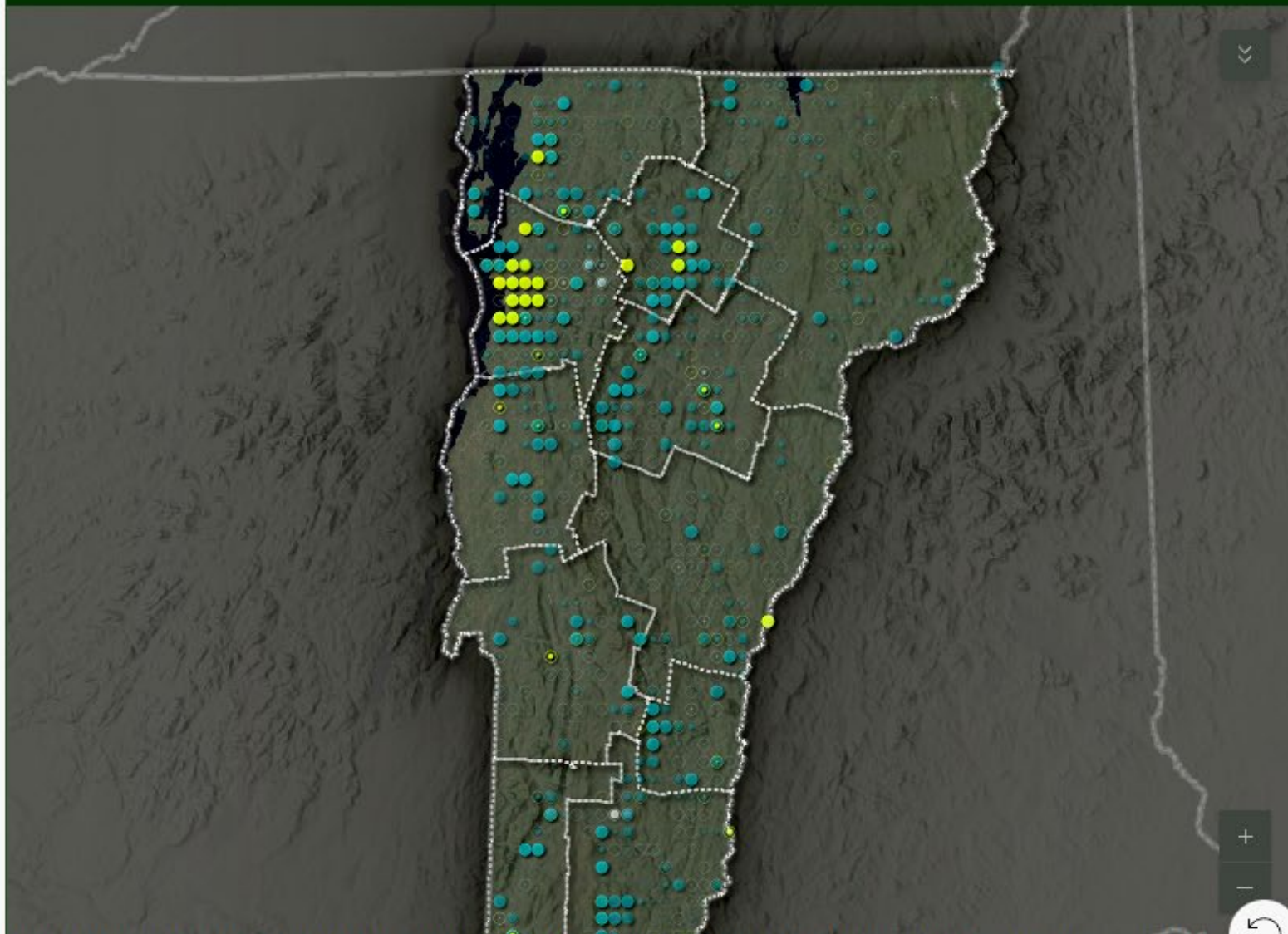


Annual Home Construction:
2021-2024 Average vs Target

Units Built



New **Single** and **Multi** Family Homes (2021-Current)



2025-2030

Target

 **1,959**

Annual need: 392

On Pace to Build

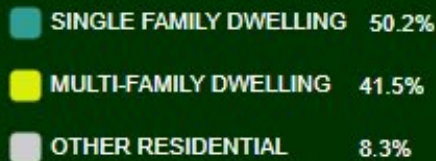
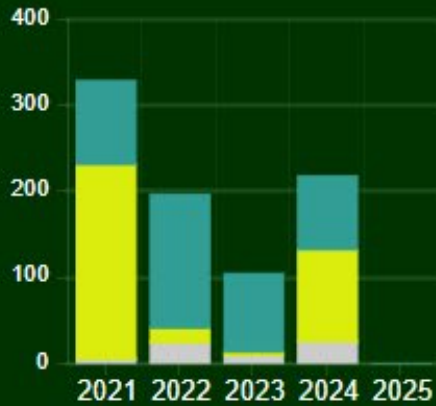
 **1,066**

Annual avg: 213

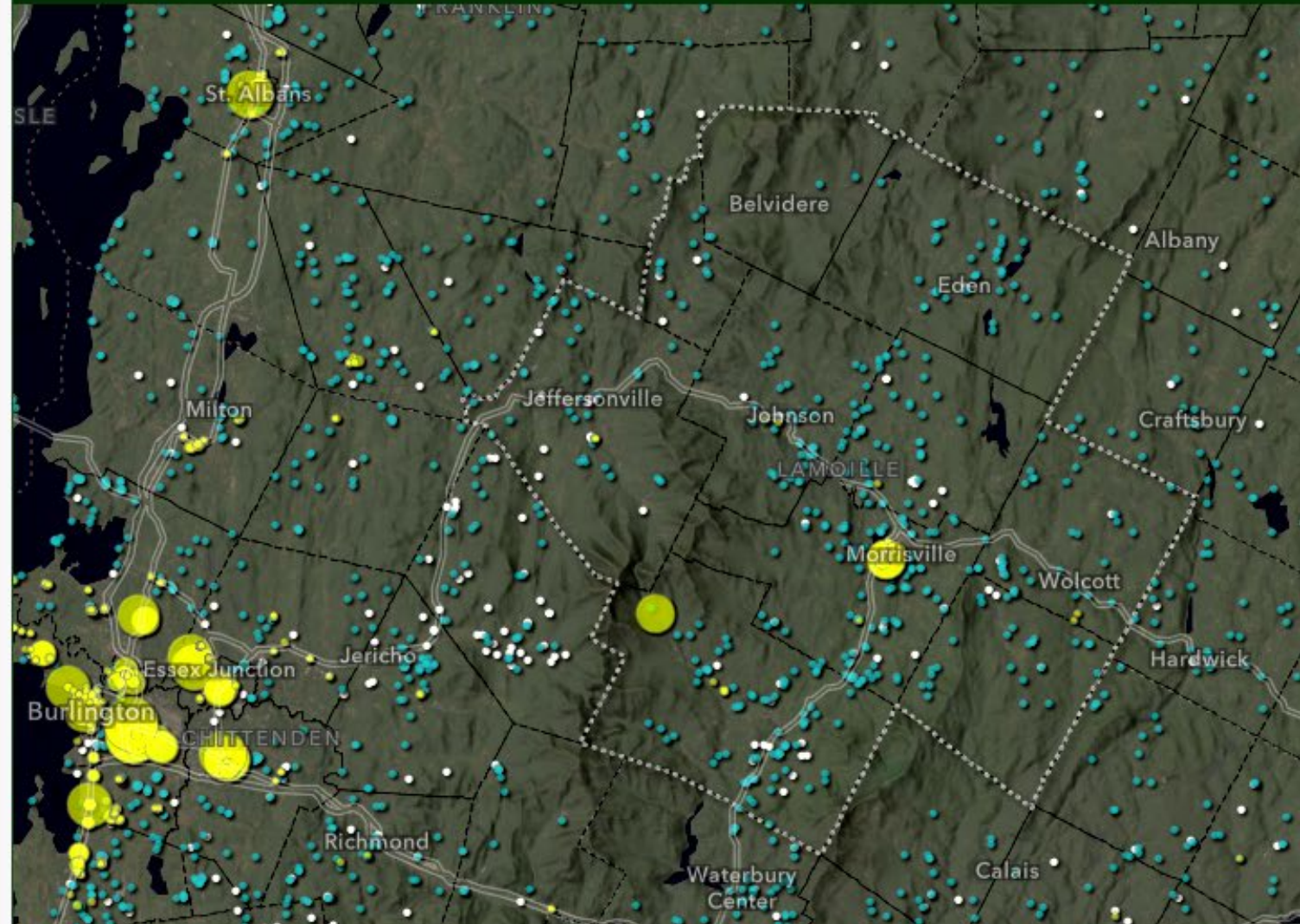


Annual Home Construction: 2021-2024 Average vs Target

Units Built



New Single and Multi Family Homes (2021-Current)



Legislative Update & How You Can Help

Governor's PATH Proposal

- Introduced in Press Conference on Jan 21; full language submitted on Jan 24
- Presented to Joint Hearing of House & Senate housing committees on Jan 30
- No Bill number assigned, not referred to any committee as of today's presentation

House Committee on General and Housing

- Includes PATH Appropriations & program language and some appeals reform proposals
- Includes almost PATH no regulatory reform

Senate Committee on Economic Development and Housing

- Includes PATH Appropriations & program language
- Includes almost no PATH regulatory reform or appeals reform



THANK YOU

Helpful Links:

[HousingData.org](https://www.housingdata.org)

[Statewide and Regional Housing Targets](#)

[Housing Development in Vermont Dashboard](#)

["PATH for Vermont" Resource Page](#)

Contact Information:

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DHCD Deputy Commissioner, Nate Formalarie

Nate.Formalarie@vermont.gov

DED Deputy Commissioner, Brett Long

Brett.Long@vermont.gov



APPENDICIES

RECENT HOUSING BILLS

What have we done?

Act 181 of 2024

Primary focus: Statewide Land Use Permitting (Act 250 jurisdiction)

Goal: Reduce barriers to housing at the state level, streamline permitting, enable greater density.

Reforms:

- Establishes new Land use Review Board (LRB) to replace Natural Resources Board (NRB)
- Enacted immediate 'Interim Exemptions' to Act 250 for Housing
- Established new location-based jurisdiction of Act 250
 - Tier 1A & 1B: New Exemptions for Centers
 - Tier 2: Maintained Jurisdiction + Road Rule (all areas not included in Tiers 1 or 3)
 - Tier 3: New Expanded Critical Resource Jurisdiction

What have we done?

HOME Act (Act 47 of 2023)

Primary focus: Municipal Planning & Bylaws

Goal: Reduce barriers to housing at the local level, enabling greater housing density, especially in areas with municipal water and sewer.

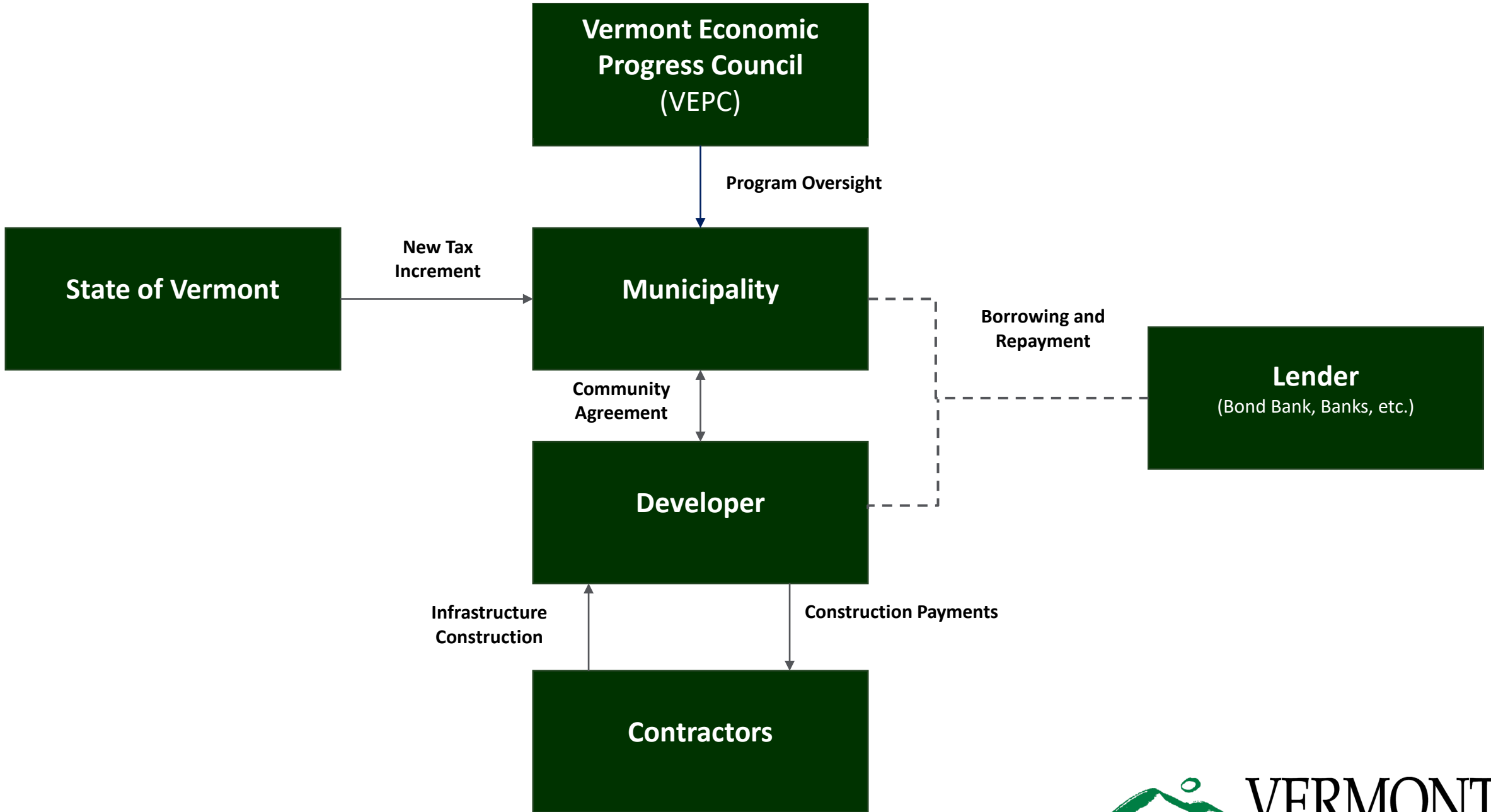
Reforms:

- Duplexes in all residential zoning areas
- Mandatory Density Standards, including 1/5-acre cap on minimum lot size in W&S areas
- Multi-unit up to 4 units in areas served by municipal sewer and water
- Caps on minimum parking requirements in zoning (1 per unit in W&S area, 1.5 per unit elsewhere)

SPARC

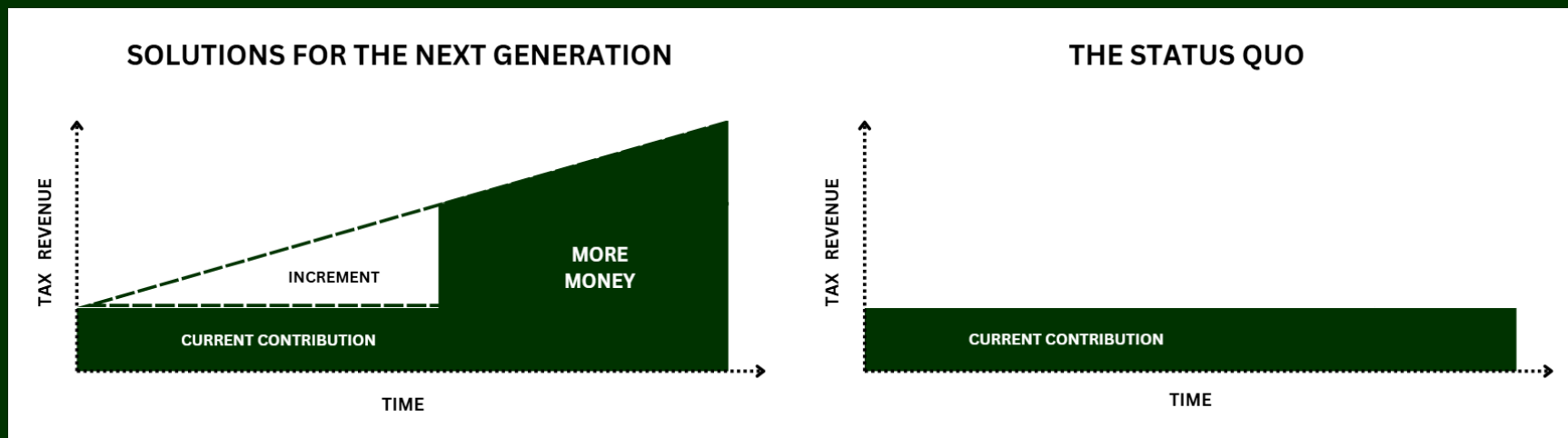
Community Agreements

- A Community Agreement (CA) is a binding legal contract negotiated between municipalities and investment partners. These agreements help investment partners offset the significant costs that currently prohibit building.
- CAs make projects financially viable and enable municipalities to attract new investment without raising taxes.
- Municipalities can negotiate with investment partners to return a portion of the incremental property taxes to offset eligible costs. The percentage-based model would adjust to actual tax increment levels, ensuring fiscal responsibility and protecting municipalities from underperforming projects. This would be outlined in the CA.
- The Vermont Economic Progress Council (VEPC) would approve CAs and monitor all projects. VEPC would coordinate with the administration's economist to verify the financial capacity and project viability (same as TIF). Part of this exercise may entail the underwriting analysis from the investment partner's financial institution.



Does SPARC take money from the Ed fund?

- No, SPARC, just like TIF, only uses NEW incremental tax revenue. This is money that would not have existed to begin with, so therefore cannot be "taken away."
- What is the incremental tax revenue?
 - The property taxes associated with the new investments made at the property. This is the amount that exceeds what the property was worth pre-project
- SPARC, and TIF, GROW the education fund. **We can get shovels in the ground right now to build housing, while growing the grand list to contribute MORE to the education fund. This is a win-win.**



Municipalities

- SPARC addresses the capacity issues that are preventing smaller municipalities from taking advantage of TIF. The smaller project size will result in a much less administrative requirements, and municipalities can contract and pay for administrative assistance with SPARC.
- By offering tax rebates based on the actual increment generated, municipalities protect themselves from underperforming developments instead of fixed-dollar agreements, which carry more significant financial risks. The investment partner is on the hook to make the municipality whole.
- SPARC empowers municipalities to allocate a percentage of incremental property tax revenue back to an investment partner via a CA for a specific project for a defined period of time/number of years.
- Municipalities can also forego a CA and keep the increment for debt service rather than going to an investment partner. By making project-based infrastructure investments (like water/wastewater), secondary and tertiary development will be spurred.
- The investment partner assumes the risk associated with the project.

Project Example: Fair Haven



Project Example: Fair Haven

GRAND LIST GROWTH			
	Total Tax Revenue	Education Fund Contribution	Notes
Vacant Lot	\$12,821	\$6,923	
Completed Project (50 units, avg. ~1500sq ft)	\$417,522	\$226,714	\$350k home value, 2.9823 tax rate
Increase	\$404,701	\$219,791	33x more than the vacant lot

We can get shovels in the ground right now to build housing, while growing the grand list to contribute MORE to the education fund. This is a win-win.

PROJECT FEASIBILITY						
	Total	Per Unit	Annual	Rebate %	Total Rebate	Notes
Cost to Build	\$34,800,000	\$870,000				\$30M construction, \$4.8M water/sewer/roads
Incremental Tax Revenue			\$404,701	90%	\$7,284,618	20 years
Cost to Build (SPARC)	\$26,705,980	\$534,120				

Regulatory Reform Slides

Changes to Act 181

Tiers 1A & 1B

- Adjust threshold for Tier 1A & 1B to make permanent exemptions attainable for more communities [Find on page 11, line 15 – page 12, line 6]
 - Tier 1A:
 - (a)(1) – Extend date to September 1, 2026 for Tier 1A requests to allow time for rulemaking, capacity building, mapping approvals, etc. (per request of NRB/LURB)
 - (b)(1)(F) – remove entirely.
 - (b)(1)(G) – remove entirely.
 - (I) lower barrier to 1A by Allowing RPC or contracted assistance to serve as additional capacity for Municipality to meet 1A requirements for staffing/expertise

Changes to Act 181

Tiers 1A & 1B

- Change Tier 1B process to automatically map Tier 1B areas, and require municipal action to opt-out [Find on page 9, line 24 – page 10, line 2]

Priority Housing Projects (incentivize affordable housing):

- New exemption for PHPs in Tier 1B-eligible areas that opt-out [Find on page 20, lines 3-6]
- New exemption for PHPs in Tier 1B areas to allow for exemption up to 75 units (exceeds standard 50-unit Tier 1B exemption) [Find on page 20, lines 7-9]

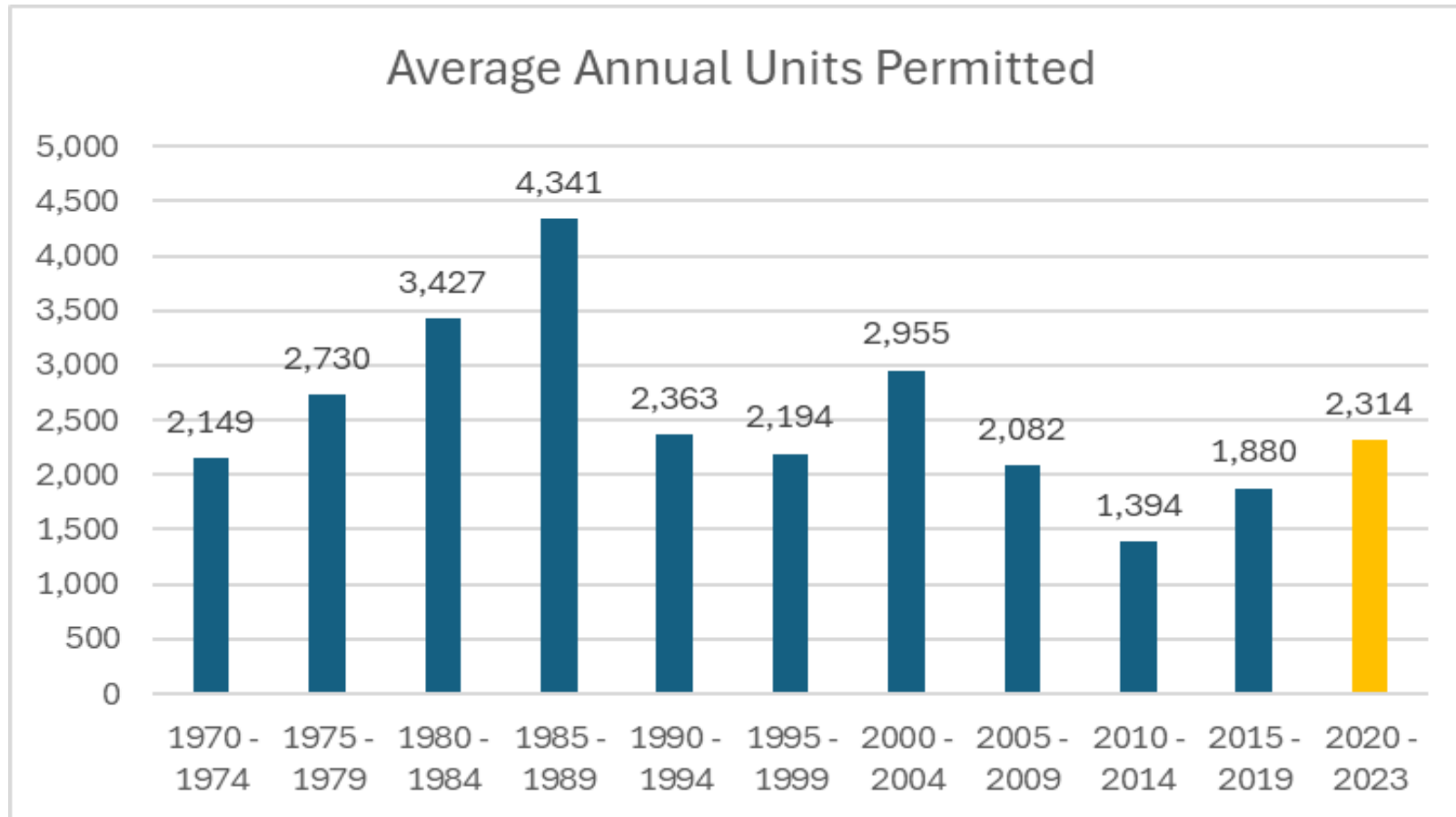
Changes to Act 181

Tiers 2 & 3

- Convert Tier 3 rulemaking to a study of Critical Natural Resources & strike 8(C) rulemaking (forest blocks & habitat connectors) [Find on page 12, line 18 – page 17, line 7]
- Repeal the “Road Rule” [Find on page 1, line 9 – page 2, line 24 AND page 5, lines 11-17]

HOUSING DATA

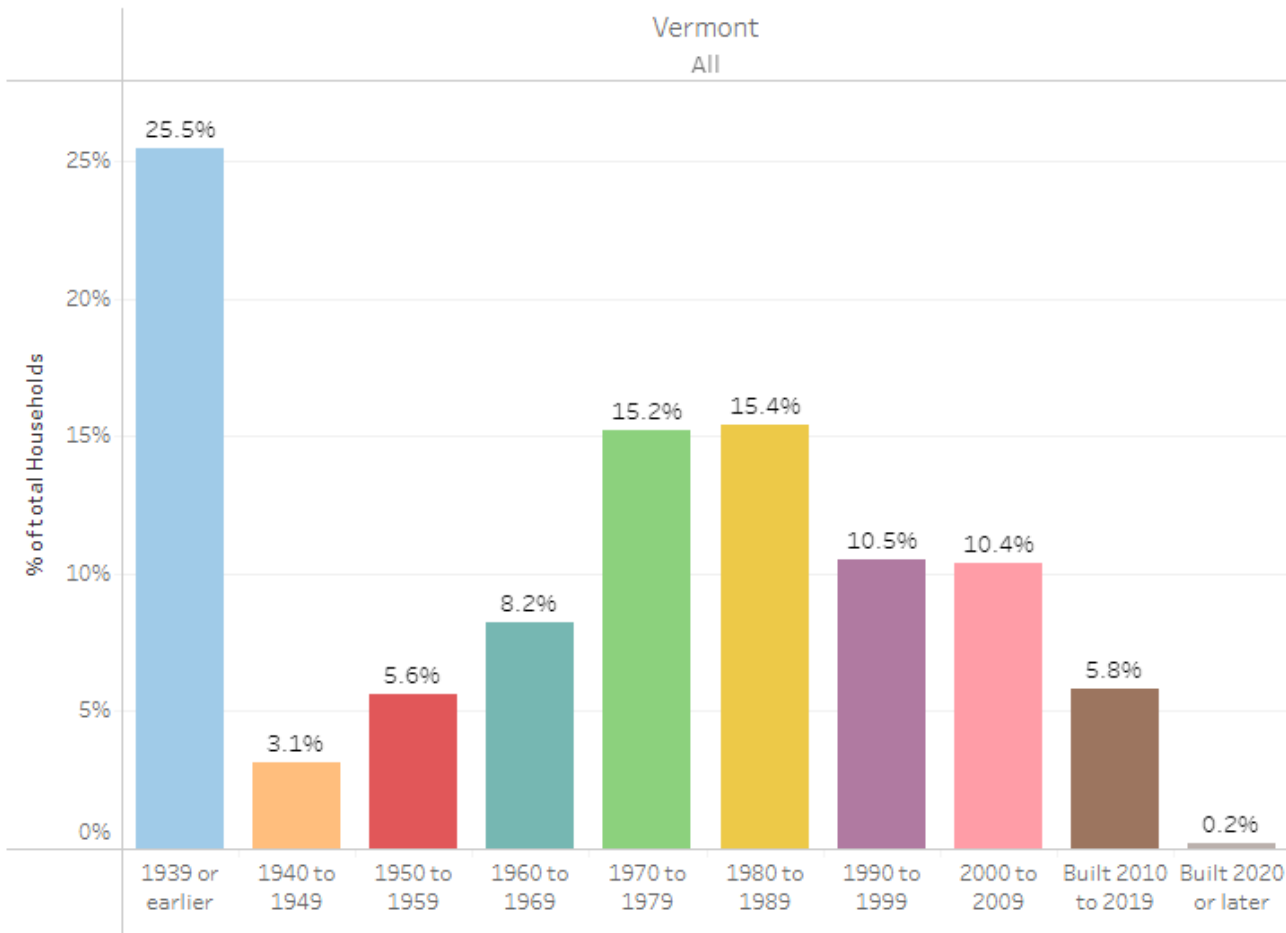
What are the contributing factors?



Year Range	Units Permitted	Annual Avg Permitted	Increase
1970 - 1974	10,744	2,149	
1975 - 1979	13,652	2,730	27.1%
1980 - 1984	17,135	3,427	25.5%
1985 - 1989	21,705	4,341	26.7%
1990 - 1994	11,817	2,363	-45.6%
1995 - 1999	10,968	2,194	-7.2%
2000 - 2004	14,776	2,955	34.7%
2005 - 2009	10,410	2,082	-29.5%
2010 - 2014	6,970	1,394	-33.0%
2015 - 2019	9,399	1,880	34.8%
2020 - 2023	9,255	2,314	23.1%
Grand Total	136,831	2,534	

What are the contributing factors?

Estimated housing units by year structure built



Aging Housing Stock

An estimated **500-600 units** (conservatively) are lost from VT's housing stock each year to deconstruction (disrepair, deferred maintenance, etc.).

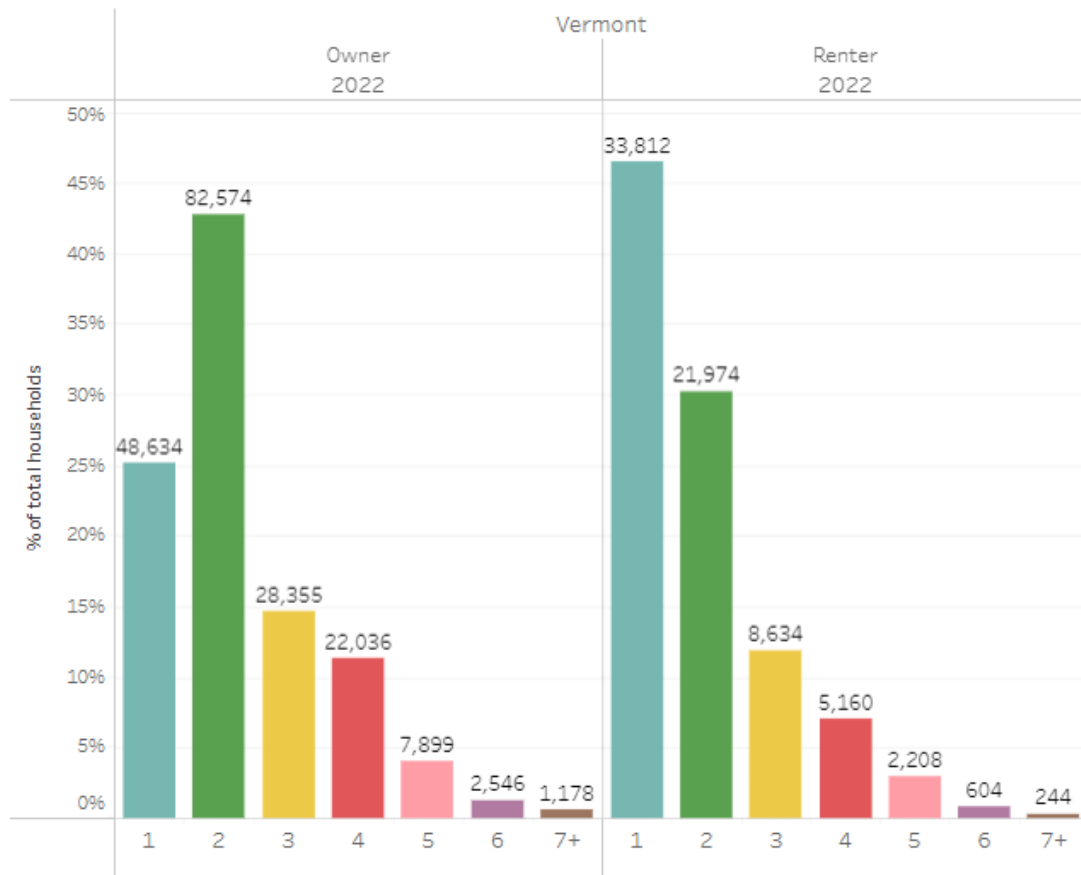
Source: HUD [Components of Inventory Change \(CINCH\)](#), 2017-2019. Housing needs projections in this report assume a 0.15% annual loss rate for both owner and renter homes to be conservative in light of the lack of state-level loss rate data.



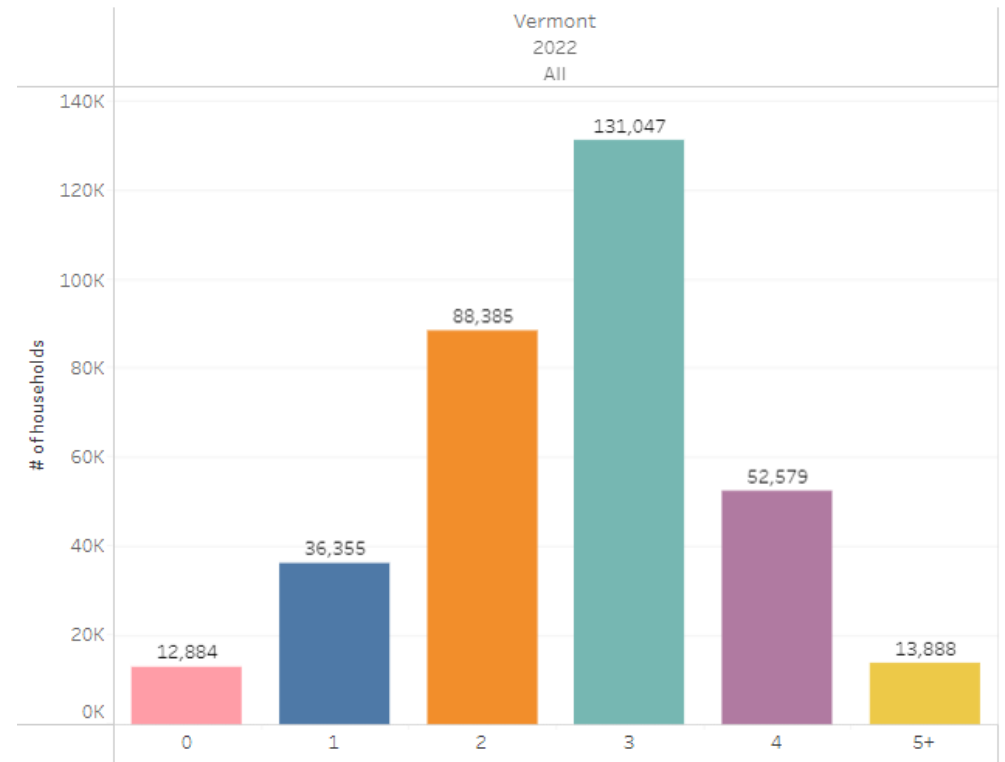
What are the contributing factors?

Mismatch – Housing Stock does not meet the needs of the population

Estimated households by number of people



Estimated occupied housing units by number of bedrooms

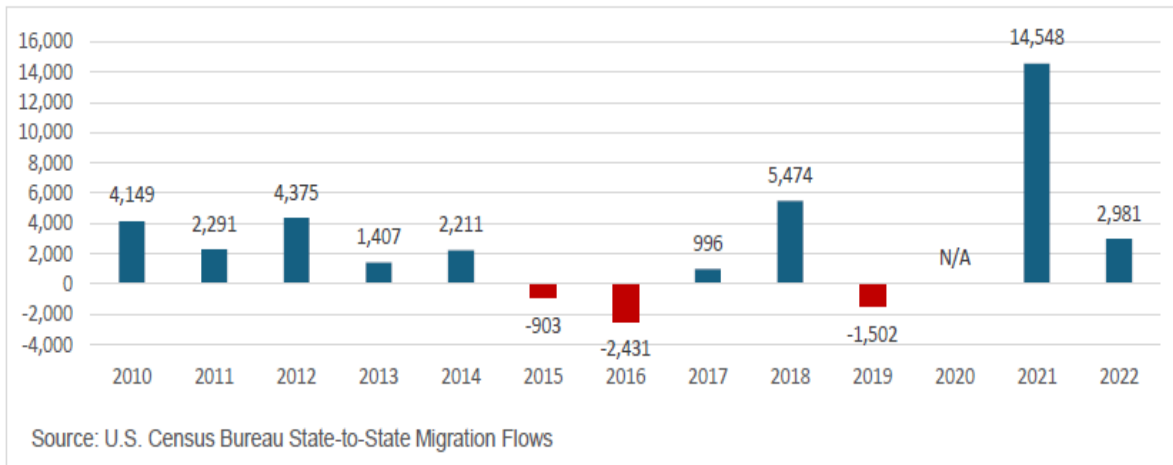


What are the contributing factors?

Other Factors:

- High cost of construction
- Mortgage rates remain high, preventing market churn
- Increased inward migration

Figure 2-4 Net migration flow into Vermont by year, 2010-2022



30-Year Fixed-rate Mortgage



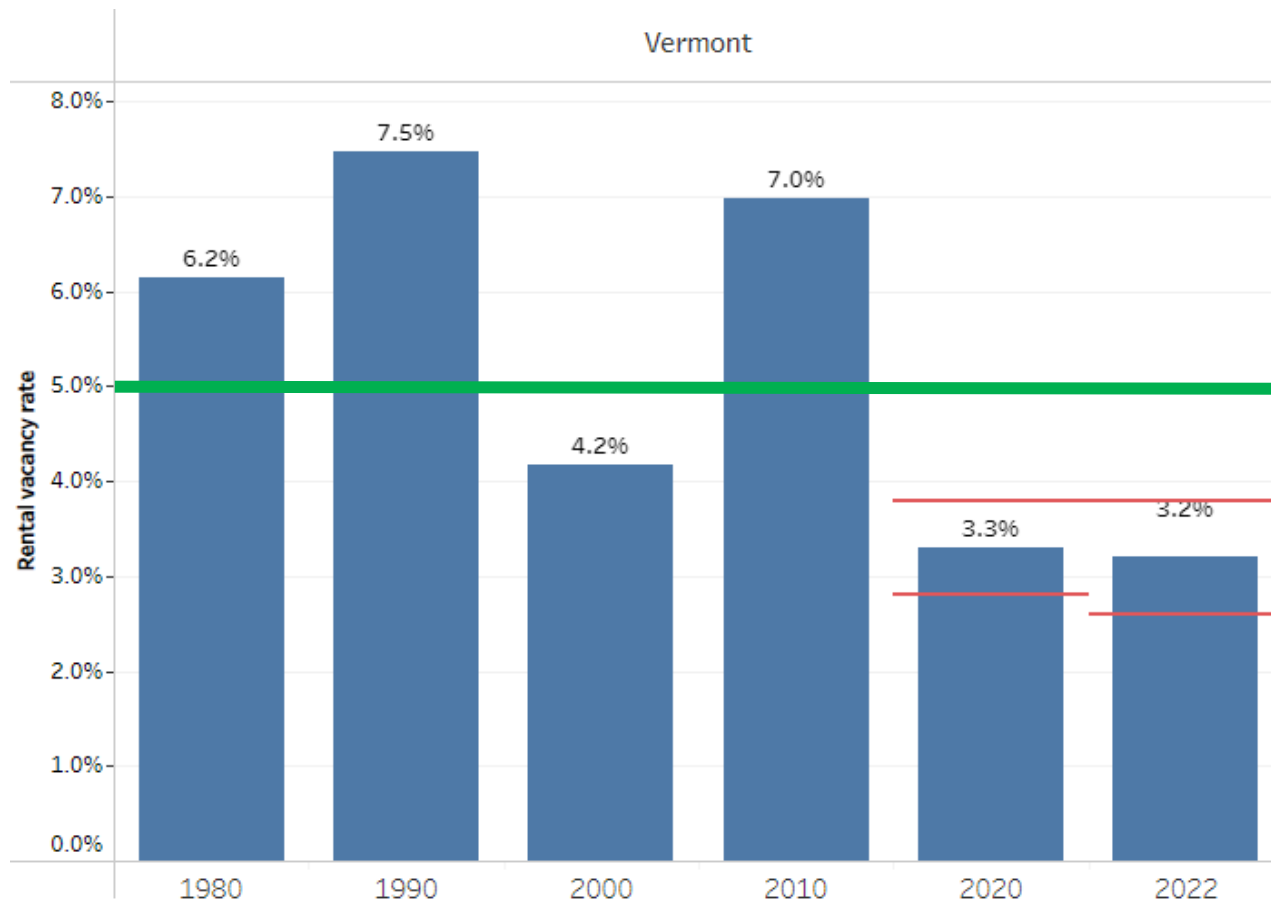
Figure 2-2 Cumulative population change, April 1, 2020 to July 1, 2023

Total Population Change	Vital Events			Net Migration		
	Natural change	Births	Deaths	Total	International	Domestic
4,387	-5,191	16,913	22,104	9,503	2,757	6,746

Source: U.S. Census Bureau, Population Division Annual and Cumulative Estimates of the Components of Resident Population Change for the United States



What are the indications?



Low Vacancy Rates

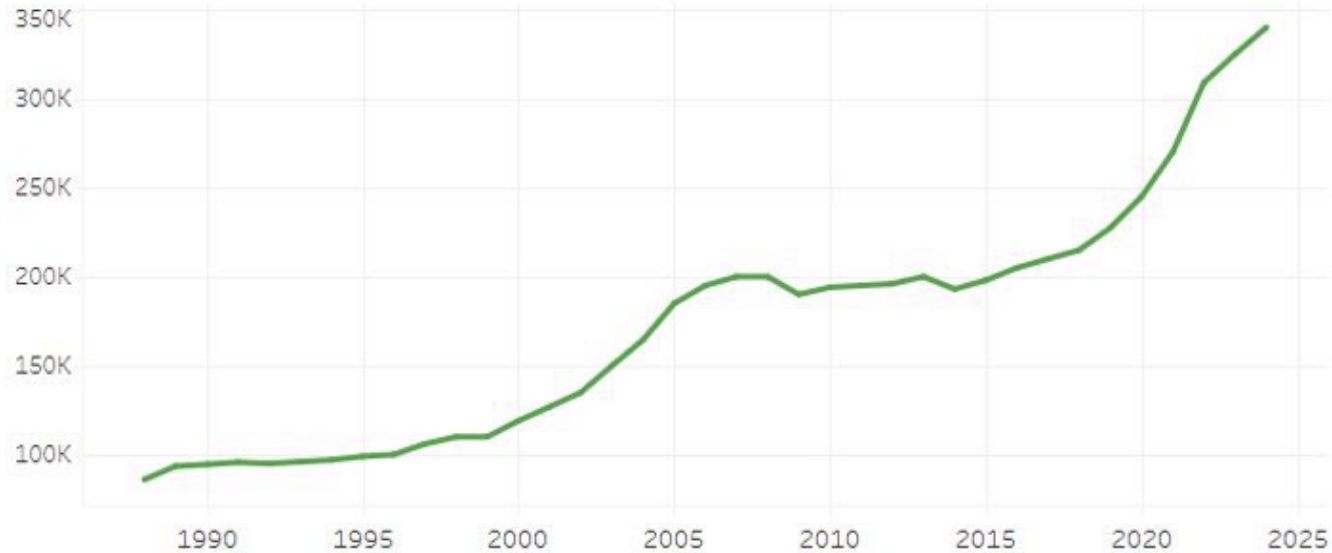
Healthy vacancy rates are considered to be around 5%. Because of a lack of housing stock, VT has an extremely low statewide vacancy rate.

As of 2023, the statewide vacancy rate is only 3% in VT, and just 1% in Chittenden County.

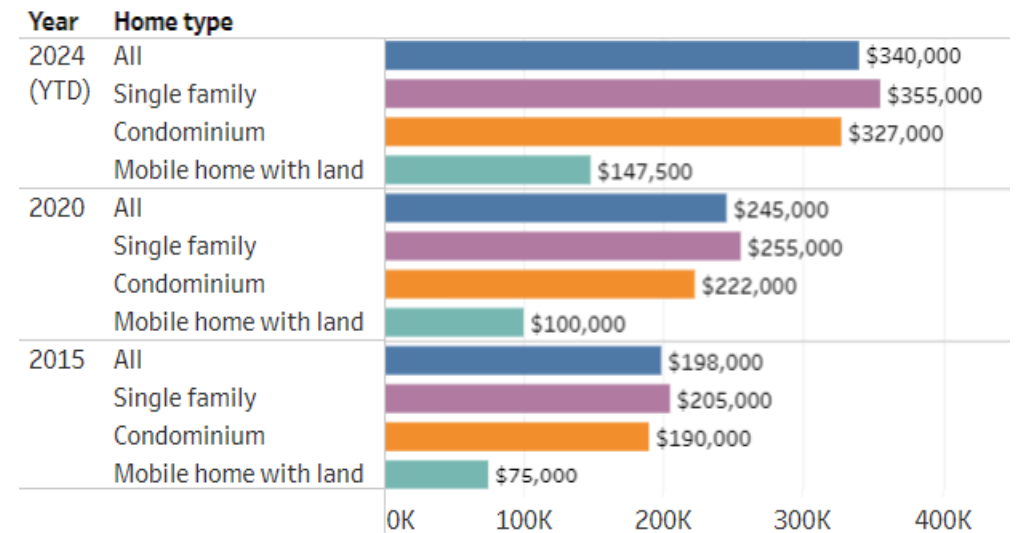
What are the indications?

High Cost of Homeownership

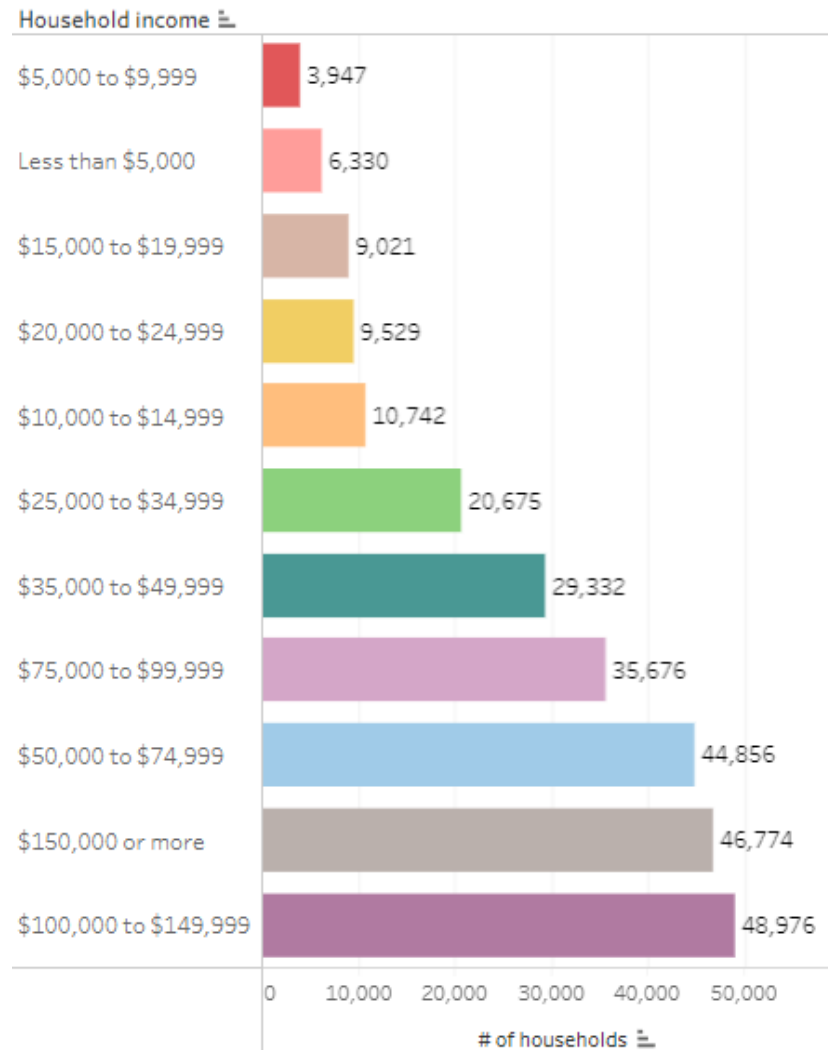
Median home sale price
Vermont
Home type: All



Median home sale price



What are the indications?



High Cost of Homeownership

\$340,000

\$340,000

To afford this house, you would need a household income of at least:

\$113,714

You would need to have the following cash available for closing costs:

\$28,759

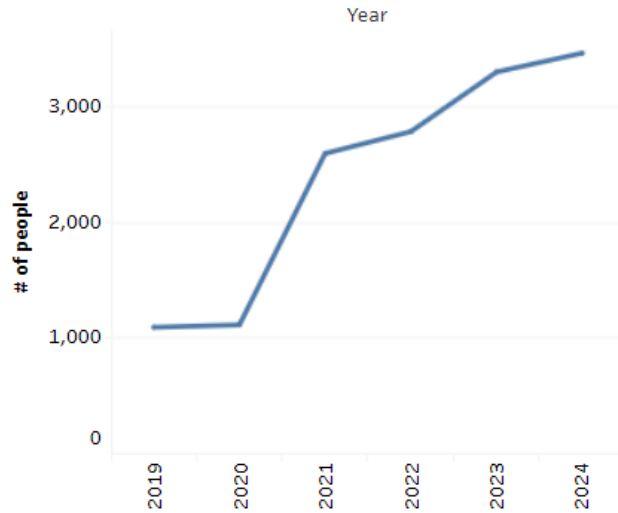
Only 13% of VT Renter Households could afford to purchase a home at the median sales price in VT.



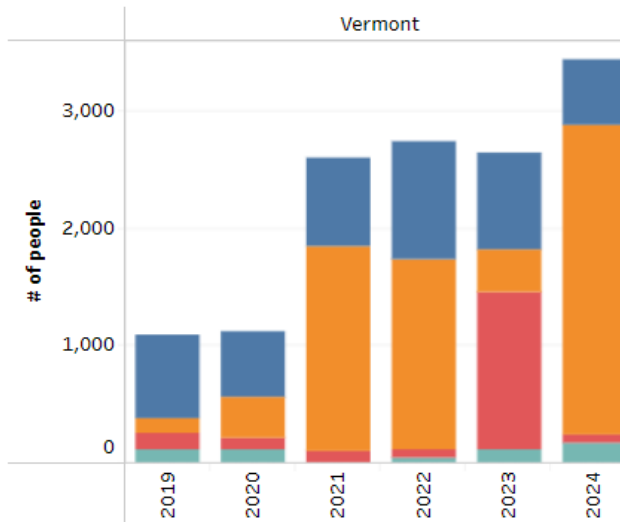
What are the indications?

Homelessness

Vermonters experiencing homelessness



Homelessness by shelter type



Shelter Types

- Emergency shelter
- Publicly funded hotel
- Transitional housing
- Unsheltered

According to the US Dept. of Housing & Urban Development, VT has the **4th highest rate of homelessness in the nation**

