



State of Vermont  
OFFICE OF THE GOVERNOR

June 13, 2024

The Honorable BetsyAnn Wrask  
Clerk of the Vermont House of Representatives  
115 State Street  
Montpelier, VT 05633

Dear Ms. Wrask:

Pursuant to Chapter II, Section 11 of the Vermont Constitution, I'm returning H.687, *An act relating to community resilience and biodiversity protection through land use*, without my signature because of my objections described below. But first, I want to assure you, there is a path forward and I would respectfully ask the Legislature to pass a replacement bill that will result in more housing while protecting rural communities from additional economic harm.

Despite almost universal consensus, I don't believe we've done nearly enough to address Vermont's housing affordability crisis.

H.687 is heavily focused on conservation and actually expands Act 250 regulation. And it does so at a pace that will slow down current housing efforts. Vermonters need us to focus on building and restoring the homes communities desperately need to revitalize working class neighborhoods, reverse our negative demographic trends, and support economic investment in the future.

Specifically, I would suggest a compromise that would achieve more balance and could be passed next week, with the following changes to H.687:

- **Modify removal provisions for the chair and executive director of the Land Use Review Board and ensure some political balance** – This measure is critical to ensuring accountability to Vermonters and prevent overregulation that will harm rural communities.
- **Modify the current Road Rule with the Amendment proposed by Senator Sears** – The addition of the Road Rule is a significant expansion of Act 250 that will make it harder to build. While I would prefer it be removed entirely, the Amendment proposed by Senator Sears would reduce the harmful impact. That amendment mirrors the recommendations of the Natural Resources Board (NRB) study group consensus report.
- **Extend the timeline to allow for reasonable implementation and more housing** – The current timeline for the new regulatory system is not achievable and will delay the permitting process for much-needed projects. Extending deadlines for interim exemptions to 2029 to coordinate with the start of the new system, will ensure Vermonters see the full benefit of the housing package, and a more thoughtful process.

- **Extend the interim exemptions to additional communities in need of housing** – Apply interim exemptions to areas serviced by municipal water and wastewater to give smaller, more rural communities the same opportunity for housing.
- **Increase the tools to spark revitalization of blighted units in low-income communities** – First, we should reverse the decision to exclude Bennington, Grand Isle and Essex counties from using the property tax value freeze available to every other county. Second, without impacting the FY25 budget, we can redirect new Property Transfer Tax revenue to increase the Downtown and Village Center Tax Credits by \$2 million. Third, implement the tri-partisan proposal for a Property Transfer Tax exemption when turning blighted properties into housing.
- **Make the 1B designation easier to achieve for long-term housing solutions** – Revert to the Senate-passed provision to automatically map all eligible Tier 1B areas while still enabling municipalities to opt-out of the Tier 1B designation, helping these communities benefit from housing exemptions sooner.
- **Limit appeals in designated areas to ensure interim exemptions can be used to boost housing** – Designated areas indicate that a community wants housing so limiting appeals makes sense and will allow the interim exemptions to have the jump-start effect we're seeking.

To be clear, I would not object to the remaining H.687 provisions if the above changes were made – meaning I'm conceding a significant number of concerns, because I'm committed to a responsible compromise.

Working together on these changes would demonstrate to Vermonters that prioritizing housing wasn't just a talking point.

Sincerely,

A handwritten signature in black ink, appearing to read "Philip B. Scott", with a long horizontal line extending to the right from the end of the signature.

Philip B. Scott  
Governor

PBS/kp