

Act 181 Frequently Asked Questions

Table of Contents

The Big Picture.....	2
What is Act 181?.....	2
What is the Land Use Review Board?.....	3
Housing & Development.....	3
How does Act 181 make it easier to build housing?.....	3
What are the interim housing exemptions from Act 250?.....	4
What is being done to make it easier to build housing in rural areas?.....	5
Who is designating growth areas?.....	6
Are towns opting into Tier 1B?.....	6
How much of Vermont’s land will be Tier 1?.....	7
Is the LURB shrinking towns’ mapped Tier 1B areas?.....	7
Critical Natural Resource Areas.....	10
Why do we need Tier 3?.....	10
What is Tier 3 (in plain language)?.....	10
How is Tier 3 being developed?.....	10
Where do things stand with Tier 3, and what happens next?.....	11
How does Act 181 impact Accessory On-Farm Businesses?.....	11
Scattered Development & Fragmentation.....	7
What is the “Road Rule” (in plain language).....	7
Why do we need the “Road Rule?”.....	8
How would the Road Rule affect Vermonters who just want to build a home on their land?...	8
Is the Road Rule part of Tier 3?.....	9
Where do things stand with the Road Rule, and what happens next?.....	9

Act 181 Frequently Asked Questions (FAQs)

The Vermont Natural Resources Council (VNRC) compiled these FAQs to help explain Vermont's Act 181 of 2024. The goal of this law is to support current and future Vermonters to be able to live and thrive in communities and promote a mix of affordable housing in and around Vermont's village, town and city centers while protecting Vermont's most sensitive and vulnerable natural resources.

We also want to respond to questions and misunderstandings about Act 181 that we've been hearing. Many people have raised thoughtful questions about how the law will be implemented, and those questions are being heard. Lawmakers are already working on amendments to improve the process, including allowing more time for mapping and creating more opportunities to gather local input and shape thoughtful policies.

What is Act 181?

Act 181 is a comprehensive update to Vermont's land use and development framework. A broad coalition of partners (including business groups, housing developers, environmental groups, planners and state agencies) helped develop and advocate for the law, which passed in 2024. Act 181 aims to address multiple, interconnected challenges:

- A housing shortage
- Rising infrastructure and transportation costs
- Loss of farmland, forestland, and biodiversity
- Increasing climate and flood risks

Act 181 is designed to align state, regional and local planning so that growth happens within towns where it makes the most sense - town centers and new areas planned for growth - while stewarding the landscapes that define Vermont.

What is the Land Use Review Board?

The Land Use Review Board (LURB) was created as part of Act 181 to provide enhanced management of Act 250 by creating a professional board with greater resources to guide the Act 250 program. Act 250 permits are reviewed by regional District Commissions. The LURB members have expertise to create rules and guidance to bring clarity to the District Commission process. In addition, the LURB is charged with approving areas planned for growth where Act 250 will not apply or be limited, and

adopting rules to ensure that development does not have an undue adverse effect on critical natural resources.

Housing & Development

How does Act 181 make it easier to build housing?

Act 181 makes it faster, more predictable, and less costly to build housing, particularly in smart growth locations - like downtowns and village centers.

- **Reduces Act 250 jurisdiction.** Housing in newly-mapped downtowns, village centers, and other areas planned for growth are now largely exempt from Act 250 review. Towns can now choose to adopt “Tier 1” in these areas, to limit or exempt environmental review:

Tier 1A areas: Full Act 250 exemptions for residential, commercial, and industrial development in areas planned for high-density growth, in towns with the necessary infrastructure and capacity to replace state review.

Tier 1B areas: Act 250 exemptions for housing projects with up to 50 units in areas planned for growth; to encourage access and adoption of Tier 1B, towns are only required to have a confirmed plan, zoning/subdivision bylaws, zoning capacity, and water or wastewater infrastructure, or suitable soils for high-density development. **Most towns qualify for at least one Tier 1B area.**

Tier 1 areas enable denser, mixed-use development while requiring protections for flood hazards and natural resources.

[Interim Act 250 exemptions](#) are now in place for housing projects in previously [designated areas](#), allowing development to proceed while longer-term changes are implemented.

- **Builds on previous housing reforms.** The HOME Act (2023) updated municipal zoning laws to support "missing middle" housing, limit Act 250 jurisdiction, limit local land use appeals, and set new targets for housing development. The law:
 - Required that in residential districts served by municipal sewer and water, zoning bylaws must:
 - Permit 3 and 4-unit buildings;
 - Allow 5 or more homes per acre;

- Not require standards for multi-family homes that are more restrictive than those required for single-family homes;
 - Allow affordable housing development, including mixed-use, to exceed density and height limitations; and,
 - Not require more than one parking space per unit.
 - Removes the ability of local boards to require larger lot sizes, more parking spaces, limit the building size or height, or limit the density otherwise allowed by the bylaws.
- **Simplifies the [State Designation Program](#).** Act 181 updates the state’s designation program to provide greater access to benefits such as tax credits and technical assistance. By aligning with regional plan maps, towns will be automatically eligible to receive benefits that support village revitalization and economic development, housing, and connectivity.
- **Aims to limit and expedite appeals of housing projects.** Raises the threshold of local appeals on housing from 10 to 20 people, and required study on further reforming Act 250 appeals and set goals for faster decisions by the Environmental Division of the Superior Court.

What are the interim housing exemptions from Act 250?

The interim Act 250 exemptions were developed to serve as an on-ramp toward the new permanent Act 250 location-based jurisdiction and Tier 1 exemptions, to accelerate housing projects in designated areas while the longer-term changes are mapped and implemented. You can learn more about whether a project would be exempt [here](#).

How does Act 181 make it easier to build in rural communities?

Act 181 takes a holistic approach to ensure that virtually every town in Vermont can benefit from reduced regulatory review, technical assistance, and/or financial support:

- Regional Planning Commissions (RPCs) are updating regional Future Land Use Maps in coordination with their member towns to identify areas suitable for growth, providing clarity for communities and developers.
- Tier 1B areas significantly raise the threshold for Act 250 review from 6-10 housing units to 50. These areas are mapped by towns in coordination with their regional planning commissions.
 - Towns must have RPC-confirmed plans, bylaws, and staff for zoning administration (including contracted capacity), and mapped areas must have water or sewer supply, **or** soils that are adequate for a system to support compact housing .
 - According the the state’s [Municipal Planning Data Center](#):

- 85% of towns have current municipal plans (several are in the process of updating their plans)
 - 79% of towns have zoning or subdivision bylaws (several are in the process of adopting zoning or subdivision if they only have one)
- Small and rural towns - particularly those without infrastructure or that struggle to attract larger developers - will benefit especially from updates to the **state designation program**, as well as new initiatives being led through [Vermont Assessment of Rural Technical Assistance \(VERTA\)](#). Towns with mapped centers are **automatically eligible** for tax credits, funding priority, [and more](#).
 - Downtowns and Village Centers (as mapped by the RPC Future Land Use maps) - **which almost every town has at least one of** - become automatically designated and eligible for benefits.
 - The updated designation program increases access to financial and technical assistance to unlock investments in community and economic development through new, lower-barrier pathways.
 - Benefits include:
 - Priority access to state grants for infrastructure and public improvements (such as sidewalks and lighting)
 - Financial incentives like tax credits and housing improvement programs for redevelopment
 - Technical assistance to upgrade water, sewer and stormwater infrastructure

Who is designating growth areas?

Act 181 directs the state's eleven regional planning commissions (RPCs) to update their future land use maps and work with their member towns to identify areas planned for growth. Often towns rely on planning commission and/or selectboard members to communicate with both their RPCs and the general public to inform and ground truth the mapping. You can find your RPC [here](#).

Are towns opting into Tier 1B areas?

RPCs are still working with member towns to determine eligible Tier 1B areas. As of February 2026, the majority of eligible towns had chosen to opt-in to the Tier 1B. Towns not opting in to Tier 1B may have multiple reasons, including ongoing work to update a town plan or lack of capacity to accommodate significant growth that is not regulated under Act 250. Additional work with towns to understand and address their concerns about opting into Tier 1B will help address this issue.

How much of Vermont's land will be Tier 1?

We won't know what percentage of land in Vermont will be Tier 1 until the regional future land use maps are approved by the LURB. However, focusing on the percentage of land is misleading: most multi-family and compact housing development is located in and around our town, village and city centers because that is where public infrastructure - such as water, sewer, and transportation - exists to support it. Tier 1 exemptions are designed to support this type of development in these areas with services, where significant housing can be added on relatively small amounts of land, while housing can still be built elsewhere without the same incentives for dense growth.

Is the LURB shrinking towns' mapped Tier 1B areas?

The LURB is working to balance respect for local planning and ensuring the mapped areas - and resulting regulatory impacts - align with the legislative intent to direct development to areas where communities have planned for it, and where it can occur without unnecessary environmental or infrastructure conflicts. This process is not about overriding towns, but about refining the maps so they accurately reflect both local plans and the practical realities of where significant housing development can be sustainably supported.

Scattered Development & Fragmentation

What is the "Road Rule" (in plain language)?

The Road and Driveway Construction Jurisdiction provision of Act 181, or "Road Rule," will trigger environmental review (Act 250) when a development builds new roads longer than 800 feet, or a driveway over 2,000 feet (or a combination of roads and driveways over 2,000 feet). The rule helps prevent long roads built deep into forests and rural areas, which can fragment habitat, increase water pollution, and lead to scattered development that is costly for towns to provide services and infrastructure for.

The Road Rule **does not prohibit development or the construction of individual homes in rural areas**. Instead, long roads and driveways trigger common-sense environmental review to ensure that sprawling, subdivision-driven development does not lead to harmful land use, significant environmental impacts and long-term costs for communities. The Road Rule can be avoided by building shorter roads and driveways.

The Vermont Land Use Review Board (LURB) is working on guidance to clarify the definitions of roads and driveways and to address questions like:

- What type of development should trigger the Road Rule?
- If the Road Rule is triggered, which Act 250 criteria should be reviewed?
- How do we ensure we meet the state's goals of mitigating forest and habitat fragmentation while supporting Vermonters' ability to live on their land?

Why do we need the "Road Rule?"

Long roads and driveways built deep into forests, farmland, and other rural areas often fragment forests and wildlife habitat and have the potential to increase runoff, water pollution, and flood risk. These long roads and driveways can also lead to scattered development that requires costly new infrastructure and services and can put pressure on towns to maintain vast stretches of road for a limited number of users and residents.

The Road Rule is intended to encourage clustered development near existing roads. This law helps Vermont grow in a way that is economically responsible, environmentally sound, and consistent with long-standing community planning goals. By focusing development where infrastructure already exists and limiting unnecessary road expansion into sensitive areas, Act 181 helps protect Vermont's working lands and wild places for future generations.

How would the Road Rule affect Vermonters who just want to build a home on their land?

For most rural landowners, little will change in day-to-day permitting requirements. The intent is to only review projects with such excessive road networks that they raise concerns about impacts on critical natural resources.

It is important to note that the Road Rule is not finalized, as the LURB is still working on guidance. Discussions indicate an 800 foot access serving one house or a duplex won't be considered a road and, therefore, will not trigger Act 250. It is likely that one driveway serving a house will only trigger Act 250 if the driveway is at least 2,000 feet long. The LURB is also considering other limitations on when development triggered by the Road Rule will require Act 250 review, including clarifying that certain low impact activities should not be reviewed under the Road Rule.

Is the Road Rule part of Tier 3?

No, the Road Rule is separate from Tier 3, which identifies critical natural resource areas that would require Act 250 review. Further, neither the Road Rule nor Tier 3 are part of the regional future land use (FLU) maps.

Where do things stand with the Road Rule, and what happens next?

The LURB is currently discussing definitions and guidelines for the Road Rule; more information about the LURB process and opportunities for public input can be found [here](#).

The Vermont Legislature is currently working on S.325 to make technical corrections and improve Act 181 implementation; as of **Mar 13, 2026**, the bill proposes to:

- Delay implementation of the Road Rule until 2030; and,
- Allow the LURB to limit the Act 250 criteria applied to Road Rule-triggered development.

Critical Natural Resource Areas

Why do we need Tier 3?

Tier 3 comprises narrow areas with critical natural resources of statewide importance where Act 250 review is expected to help protect these important resources. These resources (which have not yet been finalized) are currently not protected through any other means. The Land Use Review Board (LURB) is overseeing mapping and permitting; more information about the LURB process and opportunities for public input can be found [here](#).

The critical natural resources identified in Tier 3 provide important benefits, including:

- Climate resilience: Protecting headwater streams helps communities withstand flooding and extreme weather events.
- Biodiversity: Maintaining habitat connectors of statewide significance allows wildlife to move across the landscape, essential for healthy populations and adaptation to climate change.
- Rare ecosystems: Protecting unique natural communities preserves Vermont's ecological heritage.

What is Tier 3 (in plain language)?

- Tier 3 is intended to identify locations where specific natural resources of statewide importance warrant additional protection through Act 250.

- The Land Use Review Board (LURB) is developing rules and mapping that will determine:
 1. which natural resource areas are included,
 2. where they are across Vermont, and
 3. what kinds of projects would need an Act 250 permit in those areas.

How is Tier 3 being developed?

The initial draft of Tier 3 - which is currently being updated and refined - identified headwater streams, certain habitat connectors, and significant natural communities as the most important resources to be included in Tier 3.

Tier 3 designation does not prohibit development; it ensures that projects in these sensitive areas undergo Act 250 review to design projects in a way that minimizes impacts. The Land Use Review Board is conducting an extensive stakeholder process to **determine which resource areas should be included and what level of protection is appropriate.**

Where do things stand with Tier 3, and what happens next?

The LURB is developing an updated version of the Tier 3 rules and map, which are expected to be ready by the end of April 2026. The LURB will be holding opportunities for public input later this year, though questions or comments can be submitted to the LURB at any time via email or phone. You can follow along and learn more [here](#).

The Vermont Legislature is currently working on S.325 to make technical corrections and improve Act 181 implementation; as of **Mar 13, 2026**, the bill proposes to:

- Delay implementation of Tier 3 until 2028; and,
- Allow the LURB to limit the Act 250 criteria applied to Tier 3-triggered development.

How does Act 181 impact Accessory On-Farm Businesses (AOFBs)?

Farming is still exempt under Act 250. As has long been the case, development on a farm that does *not* meet the definition of farming may be required to obtain an Act 250 permit - Act 181 did not alter this. According to the [Agency of Agriculture](#), Act 181 “expanded AOFBs’ ability to sell qualifying products that are not produced on the farm where an AOFB is located, added new types of eligible products, and created related Act 250 exemptions.”

