



Windham Regional Commission Act 181 Regional Plan Update Overview for Municipalities September 2025

Overview

Act 181 was passed into law in June 2024 and overhauls Vermont’s framework for coordinating state, regional, and municipal land use planning. The Windham Regional Commission (WRC) will be working with the 27 member towns of the Windham Region beginning in the fall of 2025 to update the Windham Regional Plan to meet the new Act 181 requirements. WRC anticipates completing a draft of the Regional Plan update by the summer of 2026. The following is a summary of the main changes made to statute by Act 181. More details are provided on the following pages.

Location-Based Jurisdiction

Act 181 modernizes how Vermont maps and directs public investments to designated centers and neighborhoods, and transitions Act 250 to have more location-based jurisdiction. This change is intended to recognize that some areas of Vermont are planned for growth, contain necessary infrastructure (e.g. water, wastewater), and have sufficient local land use controls in place to adequately regulate development.

Regional Future Land Use Map

The map used to determine eligibility for the Act 250 location-based jurisdiction is the Regional Future Land Use Map. This map is adopted by the RPC and approved by the State’s Land Use Review Board (LURB), based upon statutory definitions. The Regional Future Land Use Map will also be used to determine eligibility for the new State-designated “Centers” and “Neighborhoods.”

FAQS: What is the Regional Plan?

The Regional Plan provides guidance for the orderly development of the region and establishes a policy basis for WRC’s work program. It is also a policy basis for when WRC reviews development proposals requiring Act 250, Section 248, or Section 248(a) approval. WRC is required to review and update the Regional Plan at a minimum every 8 years. The last Regional Plan update was adopted by the WRC on July 29, 2025.

Act 181 and the Regional Future Land Use Map

The Regional Future Land Use Map will guide development in the Windham Region by designating areas for growth, rural and working lands, conservation, and other purposes based on environmental, infrastructure, and community factors. The Act 181 legislation includes 10 regional planning land use categories that must be mapped by each RPC consistent with definitions in statute. This process will be similar to how WRC has done land use planning for the region in its past regional plans. The 10 land use categories are shown below and generally fall within three categories: priority growth areas, rural areas, and special planning areas.

<u>Priority Growth Areas</u>	<u>Rural Areas</u>	<u>Special Planning Areas</u>
Downtown/Village Center	Hamlets	Transition/Infill Area
Planned Growth Area	Rural - General	Enterprise
Village Area	Rural – Agricultural and Forestry	Resource-Based Recreation Areas
	Rural - Conservation	

WRC Mapping Process and Municipal Review Process

WRC is developing a draft Regional Future Land Use Map and will review maps with each town beginning in the fall of 2025. WRC will work with towns to make any needed adjustments to the maps, within the statute requirements. The goal is to have a final draft of the Regional Future Land Use Map by the summer of 2026.

As part of the mapping process, WRC is not designating areas that will be classified as Tier 3 under the reformed Act 250. This is a separate mapping process being completed by the State Land Use Review Board (LURB). The LURB will adopt final rules for Tier 3 jurisdiction by January 2026.

FAQS: How does the Regional Future Land Use Map relate to our Town Plan and Zoning Bylaws?

Town Plans are required to include a land use element and a supporting proposed land use map. To receive Regional Planning Commission approval of the Town Plan, the Town’s land use element and map need to be “compatible with” the regional plan and future land use map, but the town map does not need to exactly match the regional map. Based on statute, to be “compatible with” the regional plan the town plan must not “significantly reduce the desired effect” of the regional plan’s goals.

The Regional Future Land Use Map has no impact on town zoning bylaws. Towns should continue to develop their local zoning bylaws based on their adopted Town Plan. In developing the Regional Future Land Use Map, WRC considered town zoning district boundaries to provide guidance on where boundaries should be set between regional land use categories

Act 250 Reforms

Act 181 made changes to Act 250, the State land use review and permitting program, to reduce barriers for development in areas that are best suited for growth. The act also created the new Land Use Review Board (LURB), which replaces the Natural Resource Board. In addition to being responsible for overseeing Act 250 permitting, the LURB will be responsible for approving regional plans and requests for Tier 1 status.

Act 181 established three “Tiers” with different jurisdiction requirements under Act 250. Areas best suited for growth would be eligible for the new “Tier 1” category. This includes a “Tier 1A” option for full exemption from Act 250 permitting and a “Tier 1B” option that would only exempt residential projects with 50 units or less on 10 acres or less of land. The Regional Future Land Use Map will help establish eligibility for Tier 1, along with other eligibility criteria in statute. To be eligible for Tier 1A or 1B, an area needs to be mapped by the RPC as a Downtown Center, Village Center, Planned Growth Area, or Village Area (Tier 1B only). Towns will apply directly with the LURB for Tier 1A status. Towns that are eligible for Tier 1B can request the RPC identify these areas on the Regional Future Land Use Map and, upon approval of the map, will receive Tier 1B status.

The purpose of the Tier 3 designation is to ensure protection of critical natural resources and jurisdiction under Act 250 will increase for these designated areas. The LURB is working on the rulemaking process for Tier 3 and final rules and mapping will be issued in January 2026. Tier 3 designation is not based on the Regional Future Land Use Map. Any area not designated at Tier 1 or Tier 3 will fall under Tier 2. For Tier 2, Act 250 jurisdiction will be mostly unchanged from the current requirements.

Tier 1A	Tier 1B	Tier 2	Tier 3
Full Act 250 Exemption	Act 250 Exemption for residential projects with 50 units or less on 10 acres or less	Act 250 Status Quo	Expanded jurisdictional rules for critical natural resource areas
<ul style="list-style-type: none"> • RPC Land Use Map: Downtown/Village Center, Planned Growth Area • Municipal application • LURB Review & Approval • LURB Application Guidelines by 1/1/26 • Statute eligibility criteria 	<ul style="list-style-type: none"> • RPC Land Use Map: Downtown/Village Center, Planned Growth Area, Village Area • Requested by town through RPC mapping process • LURB Review & Approval • Statute eligibility criteria 	All areas not within Tier 1 or 3	<ul style="list-style-type: none"> • Not based on RPC Land Use Map designations • LURB rulemaking by 2/1/26

FAQS: If our town is eligible for Tier 1A and/or Tier 1B, are we required to receive these designations?

No. It is up to the town whether it either applies for Tier 1A status through the LURB or requests Tier 1B status with WRC through the regional planning process. Towns can also choose to request Tier 1A or Tier 1B status at a future date, or choose to rescind the designation.

Act 181 and the State Designation Program

Act 181 includes significant reforms to the State Designation program, which includes designated Village Centers, Downtowns, and Neighborhood Development Areas. The State Designation program was first created 25 years ago and has grown and expanded contributing significant investment in town and village centers and surrounding neighborhoods. One of the goals of Act 181 was to make the process for applying for a designated area easier for towns and to increase the amount of investment in areas most suitable for growth.

Under the new designation program there will be two types of designations: Centers and Neighborhoods. The Center designation continues to support revitalization efforts of downtowns and village centers and the Neighborhood designation supports revitalization and development in neighborhoods surrounding Centers. All existing Village Centers and Designated Downtowns approved by the Downtown Board will automatically become Centers and existing Neighborhood Development Areas will become Neighborhoods.

Going forward, eligibility for the designation program will be determined based on the Regional Future Land Use Map. In consultation with towns, areas mapped by WRC as a Downtown Center or Village Center will be eligible for Center designations, and areas mapped as Planned Growth Area or Village Areas will be eligible for the Neighborhood designation. The Community Investment Board (formerly the Downtown Board) will review a draft of the Regional Future Land Use Map and comment on the proposed Center and Neighborhood designations before the map is finalized. Once the LURB approves the map, the designations go into effect.

The Department of Housing and Community Development will provide municipalities with technical assistance regarding different benefits available under the designation program. One component of the Act 181 changes is a step process for designated Centers that will allow towns to be eligible for additional benefits as they move from Step 1 to Step 3:



Center Designation Steps

- **Step 1: Beginner Village Center**
(All new mapped Village Centers)
- **Step 2: Intermediate Village Center**
(Includes all existing designated Village Centers)
- **Step 3: Downtowns** (Includes existing designated Downtowns and new mapped Downtown Centers)

FAQS: Our Town has an existing designated Village Center. Is there anything we need to do to ensure we are still eligible for the designation benefits?

No. All designated Village Centers that have received approval from the Downtown Board as of December 31, 2025 will automatically become Centers under the new program and no action is needed by towns. This also applies to existing Downtown Districts (will become Centers) and Neighborhood Development Areas (will become Neighborhoods).

Regional and Municipal Housing Targets

The 2023 HOME Act directed the Vermont Housing and Finance Agency (VHFA) to include new regional housing targets as part of the Statewide Housing Needs Assessment. The HOME Act also requires Regional Planning Commissions to assign housing targets to each municipality in the region to achieve the region-wide housing production goals. Act 181 also includes requirements about accommodating housing growth to meet the targets within the priority growth areas identified on the Regional Future Land Use Map.

The Statewide Housing Needs Assessment includes housing targets for 2030 and 2050. For each year, VHFA sets an “upper” and “lower” housing target based on different population growth assumptions. Housing needs were distributed to each region proportionally based on the number of households in each region as of 2020. The table below provides the housing targets for the Windham Region:

Windham Region Housing Targets from Statewide Housing Needs Assessment		
	2030	2050
Lower Target	2,571 dwellings	7,993 dwellings
Upper Target	3,730 dwellings	15,635 dwellings

The Windham Regional Commission developed a methodology to assign housing targets to each town in the region. The methodology is based on existing population, existing year-round housing units (excluding seasonal dwellings), and the availability of water and wastewater infrastructure. As part of the Act 181 Regional Plan update process, WRC will review draft housing targets with each town for input. The purpose of the housing targets is to set a goal for the region and municipalities to provide much-needed housing. There are no requirements that towns or the region as a whole meet the housing targets.