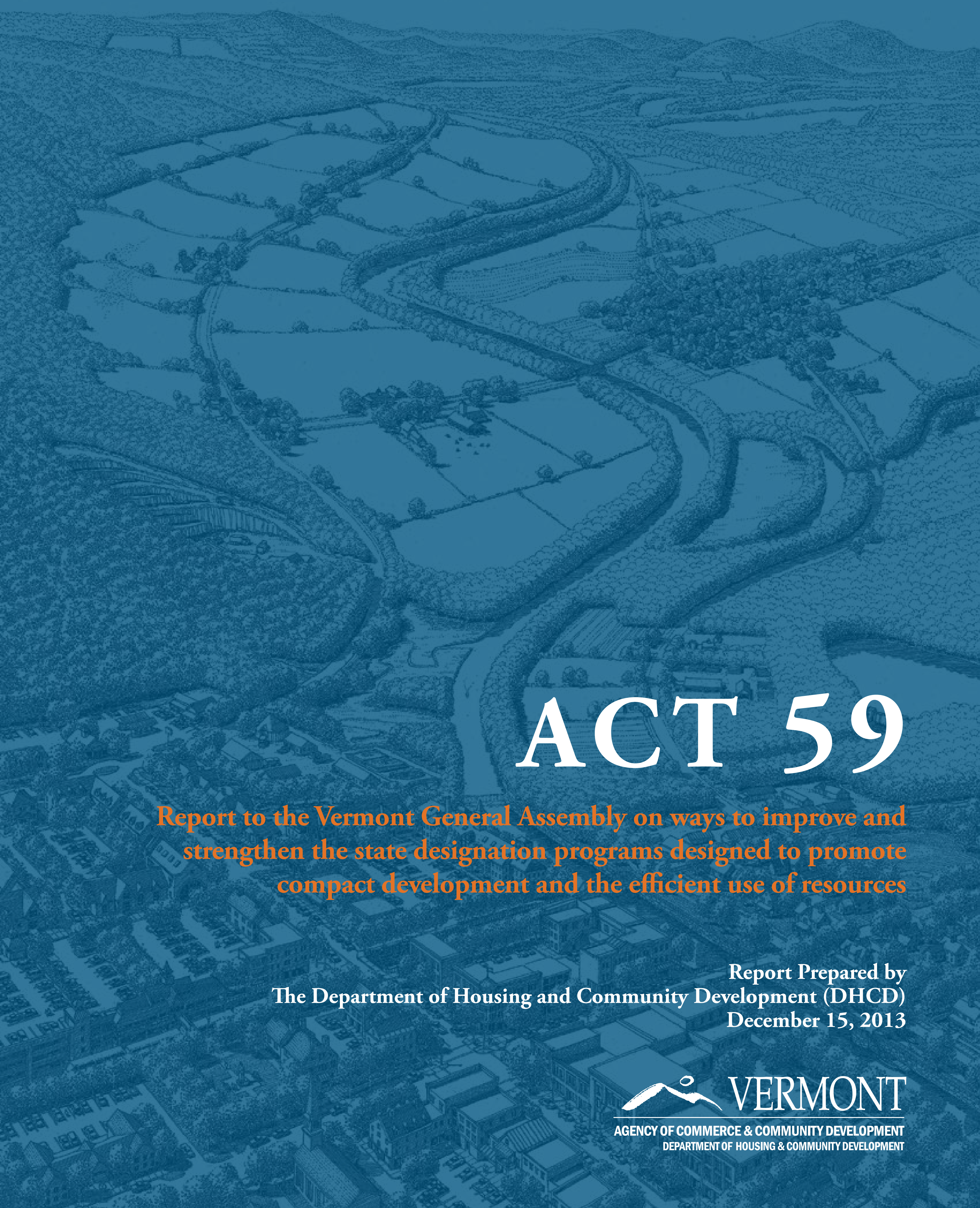


ACT 59

Report to the Vermont General Assembly on ways to improve and strengthen the state designation programs designed to promote compact development and the efficient use of resources

Report Prepared by
The Department of Housing and Community Development (DHCD)
December 15, 2013

VERMONT
AGENCY OF COMMERCE & COMMUNITY DEVELOPMENT
DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT

ACT 59 COMMISSIONER'S CHARGE

Act 59 of the 2013 session of the General Assembly included a section that read as follows:

SEC. 14. REVIEW OF THE GROWTH CENTER AND NEW TOWN CENTER PROGRAMS

On or before June 15, 2013, the Commissioner of the Department of Housing and Community Development shall begin examining ways to improve and strengthen the Growth Center and New Town Center designation process designed to promote compact development and the efficient use of resources. The Commissioner shall consider: reviewing and modifying the designation process; the unique circumstances of different municipalities; how best to include communities of all sizes and growth pressures; additional incentives for all the designation programs, including the Downtown, Village Center, New Town Center, and Growth Center programs; the potential integration of industrial parks and rural development; and the protection of natural resources. The Department will form a working group and consult stakeholders including state agencies and independent departments, municipal officials, environmental organizations, developers, and representatives from the manufacturing, business, housing, historic preservation, agricultural, silviculture, and planning communities in its process to develop legislative and policy recommendations and proposed statutory revisions to make the Program more efficient and effective. The Department will report its findings, legislative and policy recommendations, and proposed statutory revisions to the General Assembly on or before December 15, 2013.

ACKNOWLEDGMENTS

This work would not have been possible without tremendous help, support and energy of our sister state agencies, the Vermont Affordable Housing Coalition, the Home Builders and Remodelers Association of Northern Vermont, the Preservation Trust of Vermont, the Natural Resources Board, the Regional Development Corporations, the Vermont Association of Planning and Development Agencies, the Vermont Chamber of Commerce, the Vermont League of Cities and Towns, Vermont Natural Resources Council, the Vermont Planners Association, the Vermont Realtors Association and the input of over 300 professionals and volunteers from across the state.

VERMONT

AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
COMMUNITY PLANNING + REVITALIZATION

http://accd.vermont.gov/strong_communities/opportunities/revitalization/designationreform

TABLE OF CONTENTS

Report Prepared by
The Department of Housing and Community Development (DHCD)
December 15, 2013

1 EXECUTIVE SUMMARY

Charged with developing recommendations to improve the Growth Center and New Town Center programs, incentives for all five designation programs and issues around agricultural development, industrial parks and natural resources, the Department of Housing and Community Development (DHCD) set to work in 2013. From May to December, it met with state agencies, stakeholders, and working groups; followed up and 'reality-checked' suggestions; and worked on program improvements.

A six month timeframe to address the depth and breadth of the legislative charge was difficult, but thanks to thoughtful and committed stakeholder participation, this report outlines recommendations in each of the assigned areas. Some areas, like Growth Center and New Town Center program updates, yielded very specific recommendations that are ready for consideration during the 2014 legislative session. Others, like agricultural enterprise, set a direction, but more work is required for specific statutory, program or regulatory recommendations. Other key issues, such as meeting current and future infrastructure needs, had no clear, easy solution, but the current available options and next steps are provided.

The report is organized by topic area and identifies the issues raised and recommendations made through an extensive stakeholder process. A brief summary is provided for each. A full listing of the recommendations made, meetings notes and survey summaries are provided in the Appendices.

Two over-arching, common needs were raised in all of the working groups and many of the meetings:

» The need for state-wide data and information sets that are comprehensive and accessible; and,

» Stepped up education and outreach efforts with built in 'customer service' check-ins to ensure the outreach is effective and reaching the needs of the audiences.

In recognition of current fiscal constraints, stakeholders generally offered recommendations to make modest improvements to existing programs. One working group focused on improvements to the growth center application process after consultation with the six municipalities that currently have designation. DHCD is developing statutory updates for both the Growth Center and New Town Center programs which will be proposed for the 2014 legislative session. Top recommendations most frequently offered by stakeholders for improving the current designation programs included:

» Increase the amount of Downtown Tax Credits available for designated Downtown and Village Centers;

» Increase funding to the Municipal Planning Grant program;

» Accelerate state permitting and/or lower fees within designated areas;

» Create incentives for industrial uses within designated growth centers; and,

» Modify the triggers for Act 250 in designated Neighborhood Development Areas.

Recommendations for agricultural enterprises along with natural resource protection were broader in scope and not as detailed. These included:

» Retain Agency of Agriculture, Food and Markets (AAFM) jurisdiction over farming exemptions, but continue the discussion on how new farm-based agricultural enterprises fit into the definition of farming used in land use permitting;

» Protect large contiguous blocks of farmland and promote the farm economy to ensure farms remain profitable businesses;

» Explore options to address concerns that small scale development is fragmenting large forest blocks and critical wildlife habitat;

» Consider updating Act 250 criteria to recognize the value of large forest blocks and wildlife corridors; and,

» As a first step to protecting the public and existing development and ensuring new development is out of harm's way, finalize statewide maps of flood plains, flood ways and river corridors. Once maps are completed, reach out to municipalities to discuss the maps and consider municipal and state regulatory and non-regulatory options for protection.

Other improvement ideas were raised and are outlined in the appendix of this report.

DHCD's hope is that stakeholders will continue to work together on solutions to the complex and interwoven issues raised over the past several months – from education to data collection to regulatory changes and financial incentives.

There is no silver bullet to address how to foster economic prosperity and environmental health in Vermont. The solutions involve inter-related strategies including improved municipal and regional planning, community engagement, education and outreach, data collection and analysis, state agency coordination and collaboration, state and regulatory reform, and leadership and funding.

This report provides a road map for future changes. Some of these changes can take place quickly and others will need additional conversations and work to implement.

2 TOP STAKEHOLDER RECOMMENDATIONS

INFRASTRUCTURE

1. Align funding, permitting and education to replicate the successes of other rural states in implementing small scale water and wastewater solutions necessary for economic development and support of Vermont's land use goals.

2. Increase education on municipal financing and provide communities with tools necessary to create capital plans that identify, prioritize and fund the infrastructure.

PLANNING CAPACITY

3. Continue to support the Municipal Planning Grant program.

4. Update the *Planning and Land Use Manual* as required by 24 V.S.A. §4304 and incorporate the *Growth Center Planning Manual.*

5. Consider extending the municipal planning cycle from 5 years to 10 years, with a mid-cycle update or progress assessment.

6. Create a statewide implementation and action team to assist communities based on the Vermont Downtown Action Team (V-DAT) model.

HISTORIC TAX CREDITS

7. Increase the amount of credits available through the Historic Tax Credit program to foster more redevelopment and mixed uses in Downtowns and Village Centers and help reverse declines in municipal grand lists.

8. Distribute credits more frequently to help make redevelopment more timely and predictable.

HOUSING

9. Support down payment assistance programs to help first-time home buyers purchase homes in Neighborhood Development Areas.

10. Consider increasing the 'smart growth jurisdictional thresholds' and mixed-use requirements of Act 250 for some designated areas.

11. Promote energy efficiency by targeting Efficiency Vermont investments to buildings in designated areas.

12. Investigate how to increase the number of accessory dwelling units (ADUs).

STATE-AGENCY COORDINATION

13. Continue to align state programs, polices, and education with state land use goals and focus state investments into Vermont's designated areas.

REGULATIONS SUPPORTING LAND USE GOALS

14. Improve the predictability and timeliness of state permitting in designated areas.

15. Reduce the cost of agricultural soil mitigation in designated areas and allow off-site mitigation.

16. Provide permit training on filing complete permit applications to speed approvals.

17. Create a single point of contact to coordinate and accelerate state permitting for large projects.

EDUCATION AND OUTREACH

18. Ensure that education and outreach is conducted in the major areas discussed as part of the Act 59 process – state designation programs, industrial uses, agricultural enterprises and natural resources.

DATA

19. Identify data gaps and develop a plan to fill the gaps including: priorities, resources needed and timelines.

20. Consider developing a 'data center' where information can be deposited, accessed and shared.

21. Develop statewide parcel data that includes a plan for regular updating.

22. Develop statewide LIDAR data.

GROWTH CENTERS

23. Clarify requirements and consolidate them into one cohesive section of statute.

24. Integrate growth center planning into municipal plans, and ensure they meet regional planning goals and policies.

25. Develop an application process consisting of municipal plan and bylaw checklists and ties to the regional plan.

26. Combine the *Growth Center Planning Manual* and *Planning and Land Use Manual.*

27. Provide education and outreach to communities and developers on the Growth Center designation process.

NEW TOWN CENTERS

28. Discuss New Town Centers in municipal plans and involve a pre-application meeting with DHCD staff.

29. Provide greater flexibility in the types of regulations a town can adopt for the design and form of development in a New Town Center.

INDUSTRIAL PARKS

30. Provide tools and outreach to municipalities to link comprehensive plan elements (land use, economic development, infrastructure, etc.) with implementation tools to support industrial and commercial development.

31. Encourage and support comprehensive local and regional planning that integrates industrial and commercial uses into growth centers.

32. Enhance incentives for industrial uses in designated growth centers instead of creating a new designation program.

33. Consider developing a land bank program for future industrial uses.

AGRICULTURE

34. Retain the Agency of Agriculture, Food and Markets (AAFM) jurisdiction over determination of the agricultural exemption. Continue discussions on how farm-based enterprises fit into the definition of farming used in land use permitting.

35. Consider aligning the definitions of farming that govern state and federal laws pertaining to labor, public safety, and land use on farms.

36. Educate farmers and communities about permitting requirements and the benefits of agricultural enterprises.

37. Protect large contiguous blocks of farmland and promote the farm economy by ensuring farms are profitable.

NATURAL RESOURCES AND SILVICULTURE

38. Review existing studies and recommendations to improve the Use Value Appraisal (Current Use) program.

39. Explore options to address concerns that small scale development is fragmenting large forest blocks and critical wildlife habitat, including potentially expanding Act 250 jurisdiction in outlying areas.

40. Consider updating Act 250 criteria to recognize the value of large forest blocks and wildlife corridors.

41. As a first step to protecting the public and existing development and ensuring new development is out of harm's way, finalize statewide maps of flood plains, flood ways and river corridors. Once maps are completed, reach out to municipalities to discuss the maps and consider municipal and state regulatory and non-regulatory options for flood plains, flood ways, and river corridors.

3 PROGRAM REVIEW PROCESS

In June 2013, Act 59 required the Department of Housing and Community Development (DHCD) to begin providing recommendations to support development in compact centers and an active and robust working landscape. But one could argue that this has been an ongoing process and a series of conversations over the past 50 years, going back to the work of the Vermont Planning Council in the 1960's and several groups in earlier years. A few of the most notable efforts in promoting compact development and efficient use of resources include: the work of Governor's Commission on Vermont's Future in 1987, the Smart Growth Study Committee created by Act 176 in 2007, and most recently the Council on the Future of Vermont in 2009. The work leading to this report was built on the hard work of many individuals over the years, many of whom benefited the current discussion through their deep knowledge and experience.

2011

DHCD, led by Commissioner Noelle MacKay, began an evaluation of the designation programs in the summer of 2011. She called together sister agencies and departments (Transportation, Natural Resources, Health, Public Service, Buildings and General Services, and Tax) to discuss ways to improve the five state designation programs. Soon after, in late August, attention was diverted to focus on Tropical Storm Irene recovery work – and the project was put on hold for one year.

2012

Inter-agency meetings resumed in 2012 and DHCD conducted a program review survey to identify issues, problems and ways the programs could be strengthened. Over 300 stakeholders from around the state responded. Survey findings were presented to stakeholder groups for feedback and a steering committee formed to help guide the process and recommend changes. It was decided to first focus on updates to the Village Center, Downtown and Vermont Neighborhood programs with Growth Centers and New Town Centers to follow the next year.

2013

DHCD proposed legislation based on the stakeholder process. The General Assembly approved much of the proposal and Governor Shumlin signed Act 59 into law on June 3, 2013. In addition to the recommended statutory changes the act charged the Commissioner of DHCD to recommend changes to the Growth Center and New Town Center programs; identify additional incentives for all five designation programs and to consider industrial parks, agricultural development and natural resource protection.

Before the passage of Act 59, this effort had already begun with another round of inter-agency partner meetings. The steering committee and various stakeholder groups were reconvened and four working groups were formed, with diverse representation to tackle topics identified by the Legislature. Along with a Steering Committee, the other working groups included:

» Growth Centers and New Town Centers

» Natural Resources and Silviculture

» Agriculture

» Industrial Parks

The Department held twelve working group meetings and over twenty other stakeholder meetings. The department conducted a survey of people involved with local and regional planning and nearly 200 responses informed these discussions as well. The issues stakeholders raised, the hurdles they see and their suggested recommendations form the basis of this report. Meeting notes and survey responses were made available to all who participated and are available for download here:

http://accd.vermont.gov/strong_communities/opportunities/revitalization/designationreform

4 INCENTIVES AND ACTIONS

Incentives to improve existing designation programs

In the following sections (A-F), incentives suggested by stakeholders are grouped in broad categories. Some are designed to improve a specific program or two (such as tax credits for Downtowns and Village Centers) or all designations (such as planning capacity or infrastructure recommendations). Within each section are specific recommendations for change and improvement.

A **INFRASTRUCTURE**
Develop a long-term strategy for funding and financing infrastructure

B **PLANNING CAPACITY**
Support communities in preparing for development and investment

C **HISTORIC TAX CREDITS**
Increase funding for Historic Tax Credits – a proven success in Downtowns and Village Centers statewide

D **HOUSING**
Improve the existing housing stock, increase supply and options for buyers and renters

E **STATE AGENCY COORDINATION**
Align state agency programs to increase investment in designated areas

F **REGULATIONS SUPPORTING LAND USE GOALS**
Improve timeliness and predictability of permitting, reduce cost of developing in designated areas, promote the working landscape and protect natural resources

A INFRASTRUCTURE

Develop a long-term strategy for funding and financing infrastructure

ISSUES RAISED

- Many communities around the state do not have the necessary infrastructure, (wastewater infrastructure in particular), to support compact development.
- Many federal and state funding sources for infrastructure are no longer available, Tax Increment Financing (TIF) is limited to six municipalities statewide and there are few other resources communities can access to fund or finance infrastructure.
- Most critical infrastructure cannot be seen – water, sewer and culverts – and therefore it is easier to overlook their maintenance when funds are limited.
- Vermonters are concerned that their taxes are too high and consequently local leaders are reluctant to bond for long-term infrastructure improvements.
- The majority of Vermont's local leaders are part-time volunteers. They often do not have the financial knowledge, resources and capacity to develop and implement long-range infrastructure plans.

TOP STAKEHOLDER RECOMMENDATIONS

- Align funding, permitting and education to replicate the successes of other rural states in implementing small scale water and wastewater solutions necessary for economic development and support of Vermont's land use goals.
- Increase education on municipal financing and provide communities with tools necessary to create capital plans that identify, prioritize and fund infrastructure.

POTENTIAL BENEFITS

- Existing resources utilized to establish infrastructure necessary for a development pattern that strengthens communities and protects working lands and natural resources.
- Incentive provided for communities to plan for compact development and participate in the designation programs.
- Greatest needs identified and long-term, fiscally responsible decision making promoted.
- Increased public awareness of the interrelationship between infrastructure investment, planning for growth and economic development.

OVERVIEW

Community surveys and stakeholder groups alike indicated funding for infrastructure as the top priority to strengthen Vermont communities. Small villages have infill and new projects they would like to develop such as community centers, restaurants, and senior housing. The lack of adequate infrastructure limits such efforts and shifts development elsewhere. New wastewater rules make it difficult for redevelopment of these centers and concern has been raised that these buildings may become vacant and result in blight. Consequently, new development is happening outside of our centers, consuming more land, impacting natural resources and weakening our centers.

Inadequate and failing infrastructure is the principal barrier to reaching a host of state and local goals, from building more affordable housing to revitalizing our communities to protecting the environment. For Vermont communities to thrive, recent increases in road and broadband investments must be expanded to water and wastewater. In particular, Vermont's villages tend to lag behind larger communities when comes to this type of infrastructure and their long term viability is threatened.

More than 200 historic Village Centers have no public wastewater treatment facilities. And in many villages redevelopment of historic buildings as well as new housing and commercial development, is limited by the capacity of the land to accommodate on-site systems to treat and discharge wastewater. The top recommendations yielded by the stakeholder process follow.

Align funding, permitting and education to replicate the successes of other rural states in implementing small scale water and wastewater solutions necessary for economic development.

A number of states have invested in education and outreach, planning for permanent management of on-site systems, and used federal funds creatively to enable smaller, decentralized wastewater treatment options that are necessary for maintaining community vitality. Vermont can do the same. Tackling this issue is not easy, but is critical to Vermont's future. Overcoming this challenge will require additional resources and discussion to develop detailed recommendations.

Increase education on municipal financing and provide communities with tools and outreach to help more communities create capital plans that identify, prioritize and fund the infrastructure needed.

Local government in Vermont is rooted in strong citizen participation (most small towns are managed by part-time, unpaid volunteer officials and less than 25% of Vermont's local governments are headed by professional town or city managers). However, managing the increasing complexity of local government leaves volunteer boards little time for strategic or capital planning.

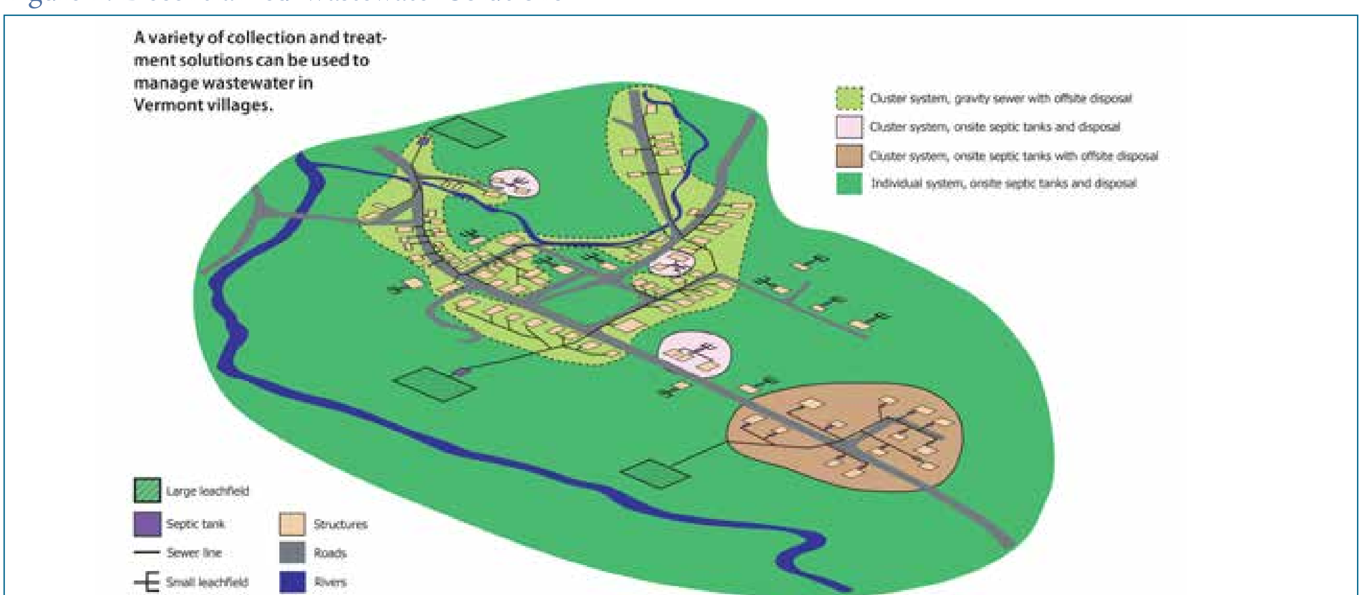
In many places, communities need help recognizing which infrastructure investments are worthwhile and necessary to grow jobs, businesses and housing that can help their economy and their residents. Without this knowledge communities can fail to recognize the benefits of bonding for infrastructure maintenance improvements, and only see the negative aspects of short term tax increases.

DHCD staff met with the State Treasurer to explore how the state could help municipalities finance infrastructure. We learned that the cost of borrowing money is at an historic low and Vermont has the highest overall credit ratings of the New England states. The ability to issue bonds to support infrastructure is not a problem in most cities and towns. However, voters only support issues they understand and communities need help communicating the necessity and long-term benefits of infrastructure investments.

To fill this gap, more state or regional assistance should be targeted at community and capital planning. Capital planning not only helps local officials identify which assets need attention in any given year, it engages the public and can help overcome the reluctance to support critical infrastructure investments necessary for communities to thrive.

In addition, improved local capital planning helps local and state government identify needs and save money by investing in maintenance that extends the life of existing infrastructure and, in some instances, helps minimize unnecessary expansions.

Figure 1. Decentralized Wastewater Solutions



B PLANNING CAPACITY

Support communities in preparing for development and investment

ISSUES RAISED

- » Land use decisions in Vermont are largely implemented at the local level by approximately 8,000 volunteers, with very few resources and tools to support them.
- » Many local plans and regulations are out-dated and, if implemented, would not result in a land use pattern of compact settlement separated by rural countryside.
- » Reduction in Municipal Planning Grant (MPG) funding over the past five years has made it increasingly difficult for localities to improve plans and regulations.

TOP STAKEHOLDER RECOMMENDATIONS

- » Continue to support the Municipal Planning Grant program.
- » Update the *Planning and Land Use Manual* as required by 24 V.S.A. §4304 and incorporate the *Growth Center Planning Manual.*
- » Consider extending the municipal planning cycle from 5 years to 10 years, with a mid-cycle update or progress assessment.
- » Create a statewide implementation and action team to assist communities based on the Vermont Downtown Action Team (V-DAT) model.

POTENTIAL BENEFITS

- » Increased capacity for communities to address critical needs and meet statutory requirements and strategies.
- » Municipal volunteers provided the tools to make informed decisions and follow Vermont-appropriate best practices.
- » More time for communities to implement plans.
- » Communities empowered to clearly define the development and conservation they want and takes concrete steps to attract investment in and around their centers.

OVERVIEW

A recent study of parcelization and subdivision trends between 2002 and 2009 suggests that residential subdivisions are almost exclusively reviewed locally. Only 1.05% of residential subdivisions studied were large enough to trigger Act 250 jurisdiction.[1] This finding is a clear indication that municipal plans and their implementation are the fundamental determinants of Vermont's land use patterns.

While many of Vermont's municipal plans originated in the 1970s (required for federal infrastructure funding), the current generation of existing plans were mostly adopted in the 1990's as a result of Act 200. Today, 78% of municipalities have municipal plans confirmed by their regional planning commissions and 53% of municipalities have zoning and subdivision regulations.

In 2012, DHCD conducted a survey of planners, developers, volunteers and others involved in the planning process and received 323 responses. They emphasized the need for communities to "master plan areas so they are development ready" and to plan for the infrastructure that will support the growth they envision. The top barrier to growth within our centers was identified as the "ease of developing rural lands as an alternative." Respondents also stressed the lack of funding and capacity at the local level to plan for development as a major barrier. Meetings with the development community confirmed the need for municipalities to take a proactive stance in laying the ground-work for development. As one participant noted, "If we want growth in centers, communities need to implement the actions necessary to allow for and promote growth."

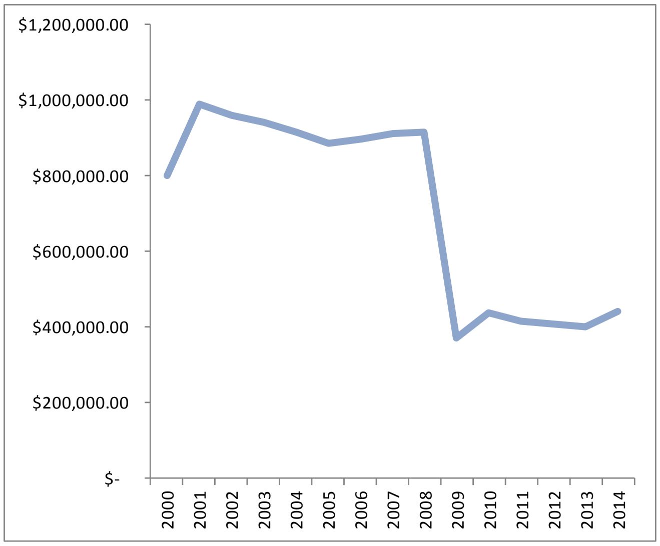
1. Brighton, Deb; Fidel, Jamey; Shupe, Brian. 2010. *Informing land use planning and forestland conservation through subdivision and parcelization trend information.* Vermont Natural Resources Council.

The top recommendations yielded by the stakeholder process follow.

Continue to support the Municipal Planning Grant program.

In a 2013 municipal planning survey of planning professionals, municipal officials and volunteers, 181 respondents identified the top obstacle to achieving planning goals as "insufficient funds to support implementation of the municipal plan" and the top resource identified to enable communities to meet their goals was the MPG program, funded through the property transfer tax. At its peak, in the early 1990s, the funding available to municipalities for planning exceeded $3,000,000 (2012 dollars.) Throughout much of the 2000s, Municipal Planning Grant funding hovered around $900,000, before dropping to $371,831 in 2009. Many stakeholders have highlighted the need to restore funds to mid-2000 levels. The current statutory formula allocates 3.4% of the property tax transfer fund for Municipal Planning Grants, with approximately 58% of that amount redirected to the general fund.

Figure 2. Municipal Planning Grant Funding from 2000-2014 (2012 Dollars)



Restoring funding to a level comparable to the funding available throughout the 2000s with priority given to implementation projects is an effective way to further statutory goals and strengthen the designation programs. Continued funding of the Vermont Housing and Conservation Board (VHCB) is also key to achieving desired development patterns and state goals.

Table 1. Appropriations of Property Tax Transfer Revenue

FY14 as % of Statutory Amount (Projected)	
Vermont Housing and Conservation Board	90%
Regional Planning Commissions	75%
Vermont Center for Geographic Information	72%
Municipal Planning Grants	42%

Update the *Planning and Land Use Manual* as required by 24 V.S.A. §4304 and incorporate the *Growth Center Planning Manual.*

This manual was published in 1987 and republished in 2000. The guide explains how to develop, prepare or amend a municipal plan, and outlines tools to implement it. The guide, used by select boards and planning commissioners across the state, is sorely out of date and missing key planning elements added by the legislature in the 2000s such as economic development and flood resilience elements. Comprehensively updating the guide and providing recent examples of best practices will provide communities with an invaluable tool that informs their decisions. This undertaking also presents an opportunity to merge the *Planning and Land Use Manual* with the *Growth Center Planning Manual* [24 V.S.A. §2793c(2)] to better address how communities can plan for growth and reinvestment in their centers.

Consider extending the municipal planning cycle from 5 years to 10 years, with a mid-cycle update or progress assessment.

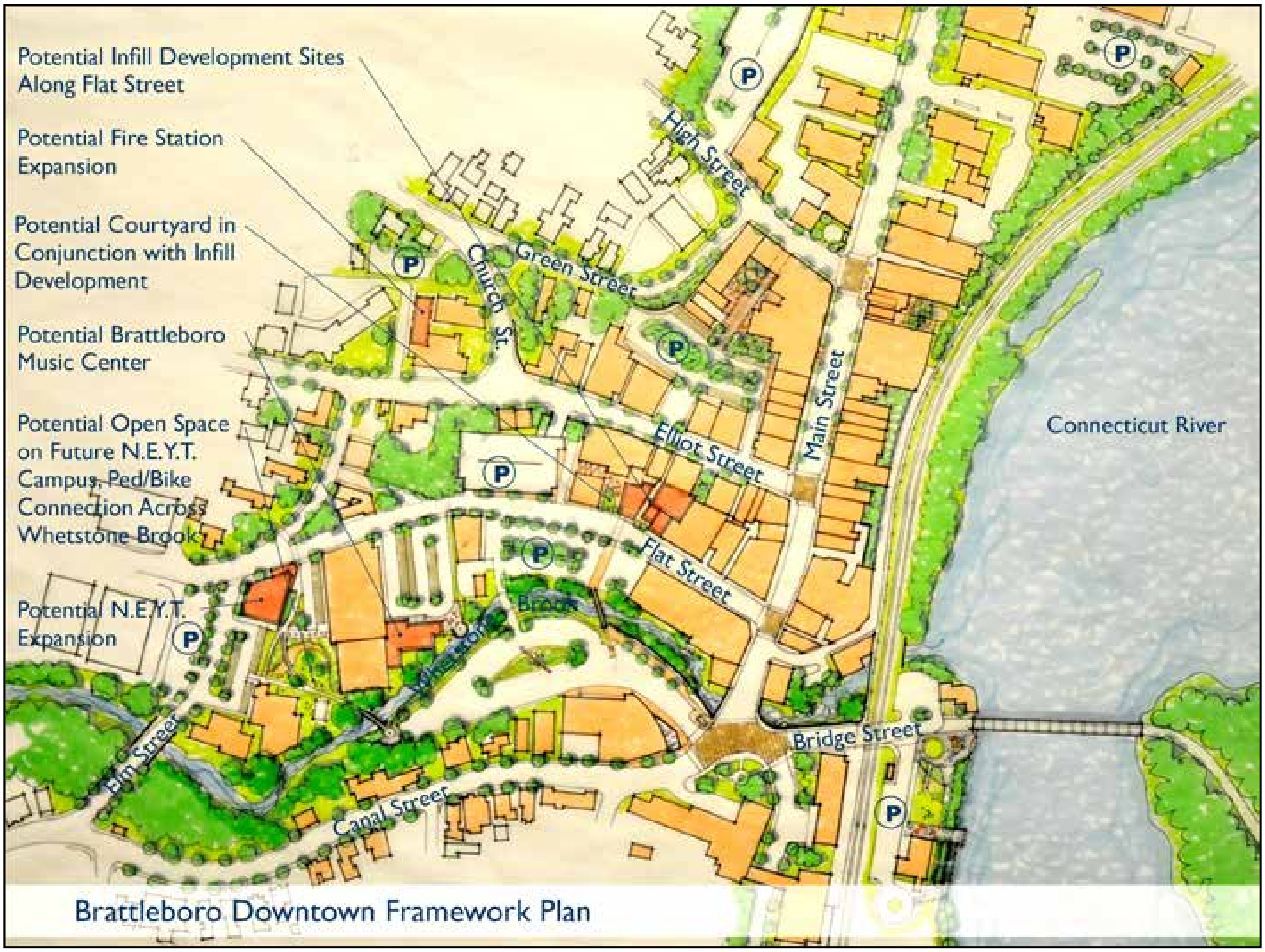
The majority of respondents to the 2013 survey indicated that a 5 year planning cycle is too short. A common sentiment expressed in the survey was: "the current issue with five years is that it takes 2 to 3 years to update the plan which leaves little time to implement the plan." Some suggested that it would make sense to have a 5 year 'update' or 'progress assessment' of the plan. Additional outreach and stakeholder consultation should be undertaken prior to making this change.

Create a statewide implementation and action team to assist communities based on Vermont Downtown Action Team (V-DAT) model.

Given the limited amount of professional planning staff available to communities across the state, the creation of an implementation action team to assist communities in establishing the essential elements necessary to cultivate growth and investment in their designated areas is recommended as an effective way to catalyze responsible plan implementation. The Vermont Downtown Action Team (V-DAT) – a recent DHCD project – assisted Downtowns and Village Centers impacted by Tropical Storm Irene and proved effective in developing a clear road map for revitalization. The V-DAT team showcased specific recommendations in each community including, marketing analysis, community branding, physical infrastructure improvements, and strategic planning with identified funding sources. Funded with federal disaster recovery grants, V-DAT provided a model for effective assistance to communities.

The V-DAT experience highlighted the effectiveness of the implementation action team approach and the need for creating community supported visions that are achievable and effective. A statewide implementation action team could lay the ground work for the quality growth and infrastructure improvements needed to support the economic vitality of Downtowns and Village Centers across Vermont. In addition, a statewide action team would leverage state, regional and local resources to provide professional expertise to inform decision-making and guide growth and investment.

Figure 3. V-DAT Downtown Framework Plan: Brattleboro, Vermont, presented in Brattleboro, September 2013



C HISTORIC TAX CREDITS

Increase funding for Historic Tax Credits – a proven success in Downtowns and Village Centers statewide

ISSUES RAISED

- Investment in underused historic buildings is often stymied by the high cost of code improvements such as elevators and sprinkler systems.
- Annually fire destroys vulnerable historic buildings that serve as the economic and cultural anchors of villages and downtowns.
- Towns and developers alike identify tax credits as highly effective implementation tool however, demand exceeds funding (by as much as 3 to 1) and the long queue for tax credits can delay project startups by as much as three years.
- Demand for funding hinders community efforts to rejuvenate Downtowns and Village Centers.

TOP STAKEHOLDER RECOMMENDATIONS

- Increase the amount of credits available through the Historic Tax Credit program to foster more redevelopment and mixed uses in Downtowns and Village Centers and help reverse declines in municipal grand lists.
- Additional credits would help prevent more fires from destroying buildings in historic Downtowns and Village Centers and enable access to more unused upper stories for office, retail, and housing.
- Make Downtown and Village Center redevelopment more timely and predictable.

POTENTIAL BENEFITS

- Increase value of the grand list.
- Strong communities that concentrate jobs and services, housing and transportation options within designated areas.
- Preservation and reuse of historic buildings.
- Increased private investment in Downtowns and Village Centers.

Figure 4. Historic Tax Credits Transformed Hardwick's Village Center

OVERVIEW

In the most recent round of allocations, the tax credit program supported 31 projects in 20 different communities and leveraged nearly $18 million worth of construction activity. Since 2007, the program has supported 150 projects and leveraged over $180 million in outside investment. Most of the funding supported state-mandated code retrofits like elevators and sprinklers systems that are cost prohibitive to most building owners.

In a 2012 survey to determine how to improve the state's designation programs, tax credits were identified as the most effective tool to advance the goals of the program. The top recommendations yielded by the stakeholder process are as follows.

Increase the amount of state Historic Tax Credits to foster more re-development and mixed uses in Downtowns and Village Centers and reverses declines in the grand list.

A recent DHCD case study in Hardwick demonstrates the positive impact of the program and documents how the program dramatically increased the value of the grand list. A similar case study about the program's impact in Barre echoes those findings.

Additional credits would help prevent more fires from destroying buildings in historic Downtowns and Village Centers and enable access to more unused upper stories for office, retail, and housing.

Since 2000, Vermont has had more than a dozen significant downtown fires causing tens of millions of dollars of damage and taking at least three lives. The fires have destroyed critical community assets that must be rebuilt to keep a downtown economically viable. These rebuilding efforts are rarely possible without significant subsidy from the state and federal government. Proactive investment in sprinkler systems saves lives and money.

Make Downtown and village center redevelopment more timely and predictable.

The Downtown and Village Tax Credit program initially funded projects on a monthly basis. Since 2002, demand for the credits has outstripped their availability by as much as 3-1. Consequently, credits are now allocated at the start of the fiscal year. Projects are often put on hold until funding becomes available. Vermont's short building season and narrow margins mean delays are costly and can prevent projects from going forward. Additional funding would help make redevelopment more timely and predictable.

Figure 5. Historic Tax Credits Facilitate Redevelopment and Increases the Grand List in Hardwick

D HOUSING

Improve the existing housing stock, increase supply and options for buyers and renters

ISSUES RAISED

- » Employers sometimes cannot attract workers due to the quality of housing stock, limited housing supply and high cost of both rental and ownership.
- » Cost to develop housing in designated areas is more expensive than developing housing in rural areas where land and permitting costs are less.
- » Existing housing in and around many designated Downtowns and Village Centers is often in need of repair and would benefit from weatherization, energy efficiency upgrades and general modernization.

TOP STAKEHOLDER RECOMMENDATIONS

- » Support down payment assistance programs to help first-time home buyers purchase homes in Neighborhood Development Areas.
- » Consider increasing the "smart growth jurisdictional thresholds" and mixed-use requirements of Act 250 for some designated areas.
- » Promote energy efficiency by targeting Efficiency Vermont investments to buildings in designated areas.
- » Investigate how to increase the number of accessory dwelling units (ADUs).

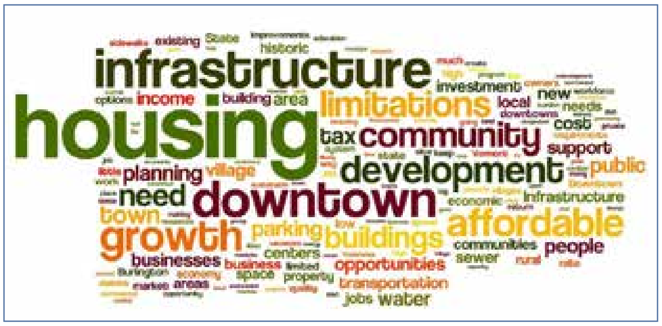
POTENTIAL BENEFITS

- » Strengthen communities by locating more housing options near transit, jobs, shops, schools and other community services.
- » Concentrated development in places with existing infrastructure reduces long-term infrastructure maintenance costs.
- » Decreased commute times, cost and automobile dependence by allowing more Vermonters to live close to job centers and services and also aligns with the State Comprehensive Energy Plan.
- » Expanded supply of energy efficient housing units in designated areas helping residents save money.
- » Expanded housing choice and affordability.

OVERVIEW

In 2012, DHCD conducted a survey of planners, developers, volunteers and others involved in the planning process and received 323 responses. When asked what the 'biggest issue facing their community,' respondent reported housing needs were the top concern. Specific needs varied across the state but most comments noted the limited supply and substandard quality of the existing stock in and around downtowns. Suggestions to increase housing from developers and municipalities focused on ways to streamline the state and local permit process and target infrastructure investments in designated areas (see *Regulations Supporting Land Use Goals* section of this report).

Figure 6. Word Cloud Summary of Responses to Question: "What is the most important growth or revitalization issue facing your community in the next 20 years?"



The top recommendations yielded by the stakeholder process follow.

Support down payment assistance programs to help first-time home buyers purchase buildings in designated areas.

Vermont is an expensive place to rent housing and in many instances, the cost of monthly rent is similar to what individuals would pay to own a home. One of the most difficult barriers to home ownership is saving money to cover the down payment and closing costs. However, this idea needs further exploration and conversation.

Consider modification of the smart growth mixed-use and 'mixed income' jurisdictional thresholds for Downtowns, Growth Centers and Neighborhood Development Areas.

The smart growth jurisdictional thresholds exempt qualified mixed-use and 'mixed-income' housing developments from Act 250 review. Currently these thresholds cap the number of units based on the size of the community. However, the unit caps are not working as envisioned, as the numbers are arbitrary and do not consider the size of parcels. In some cases, developers have decreased the density of development to stay under the cap and qualify for the exemption.

Developer and builders also identified issues with the mixed-income requirements. While they support the goal of this requirement, they have found that they do not work well for rental housing. Relaxing these requirements could help build more housing in designated areas, but additional review and stakeholder consultation is necessary.

Promote energy efficiency by targeting Efficiency Vermont investments to buildings in designated areas.

This idea requires no additional funding and received widespread support among the stakeholders. Staff discussed this idea with the leadership of the Vermont Energy Investment Corporation (VEIC) and the Public Service Department (PSD). Investment program targets are set through 2014; however, the PSD is exploring options to implement this idea in 2015.

Investigate how to increase the number of accessory dwelling units (ADUs) in designated areas.

Also known as "mother-in-law apartments," ADUs typically cost less than a new single-family home, which can make them one of the most cost-effective ways to increase housing options in existing neighborhoods.

Contrary to years past, homebuilders note a growing demand for housing within walking distance to services and amenities. Changing market preferences and aging demographics make ADUs desirable to both young adults just entering the workforce as well as seniors who may want to live close to family members and services. In addition to increasing the supply of housing, ADUs help homeowners with extra income to offset increases in the cost of living.

Communities like Brattleboro and Montpelier have actively encouraged the creation of ADUs with programs designed to support homeowners through the permitting and renovation process. Working to expand this program to other communities could help address the state's housing shortage. DHCD will work with the Vermont Housing and Conservation Board (VHCB) to review these and other programs and make recommendations on ways to encourage more ADUs in designated areas.

E STATE AGENCY COORDINATION

Align state agency programs to increase investment in designated areas

ISSUES RAISED

» If developed in isolation, state agency policies and programs can work against, be inconsistent with, or undermine each other. Conflicts can diminish the ability to meet state goals and result in missed opportunities to use limited resources efficiently and effectively.

» State agency coordination is critical to successful redevelopment, new development and investments in our designated areas and protection of natural resources and productive agricultural lands.

TOP STAKEHOLDER RECOMMENDATIONS

» Continue to align state programs, polices, and education with state land use goals and focus state investments into Vermont's designated areas.

POTENTIAL BENEFITS

» Alignment results in more efficient and effective use of limited resources.

» Concentrating state investments in compact centers is a key incentive for the designation programs and helps catalyze economic development, build strong communities and benefits the long term fiscal health of Vermont.

» Improved customer service for communities.

OVERVIEW

In 1988, Act 200 required all state agencies whose activities affect land use to prepare state agency plans. After two cycles of plans, in 1994-95, "the state agency planning process died of its own weight, lack of funding resources and results."[1] A number of important lessons were learned:

1. The process emphasized having individual agencies demonstrate their compliance, rather than having agencies work together to identify problems and find solutions.
2. The process placed broad focus on every agency activity rather than focusing on actions that would have the most impact in achieving state land use goals.

Keeping these lessons in mind and recognizing the limited financial resources available to the state, another formalized process of comprehensive reporting and planning across 19 state agencies is not recommended. Rather, the state should continue the current practice of frequent communication between agency leaders and peer-to-peer and work towards tackling key issues that have the most impact. In the past two years the state has made great strides in policy coordination around our land use goals, supporting our designation programs and considering smart growth principles, as evidenced in the reports by the Agency of Transportation (AOT), *Strengthening Vermont's Economy by Integrating Transportation and Smart Growth Policy*; the Department of Health's, *Complete Streets Guide for Vermont Communities*; the Public Service Department's, *Total Energy Study*, and the decisions made by the Department of Buildings and General Services to locate office buildings in downtown Barre and St. Albans.

The co-location of the AOT, the Agency of Natural Resources (ANR) and the Agency of Commerce and Community Development (ACCD) has also notably increased inter-agency communication and enabled valuable discussions around infrastructure and regulatory reform. Inter-agency work continues on major issues such as electric vehicle charging stations, wastewater infrastructure, flood regulations, level of service standards for transportation and streetscape amenities in villages/downtowns, and a statewide comprehensive economic development strategy.

Rather than producing separate comprehensive plans for every agency, DHCD is working on coordinating an assessment of the state of land use in Vermont that compiles key indicators and measures being tracked by different agencies [see *Data and Information* section of this report.]

1. Department of Housing and Community Affairs, 2003. *Status Report: 15 Years after Act 200.*

F REGULATIONS SUPPORTING LAND USE GOALS

Improve timeliness and predictability of permitting, reduce cost of developing in designated centers, promote the working landscape and protect natural resources

ISSUES RAISED

» State regulatory framework (Act 250 and State permitting) needs updating to reduce the pressure of development on rural areas, in part, by streamlining the permit process and cost of developing in designated areas.

» Local development review can be slow, unpredictable, and inconsistent which can add cost to development.

» Outdated local requirements for excessive parking, overly-wide streets, impact fees, and low densities add to the cost of development (in some cases several thousand dollars per housing unit) and result in underutilized space and auto-oriented development that is out of character with Vermont's brand.

» State and local permitting requirements are sometimes redundant – adding cost with benefits that may not be clear to applicants.

TOP STAKEHOLDER RECOMMENDATIONS

» Improve the predictability and timeliness of state permitting in designated areas.

» Reduce the cost of agricultural soil mitigation in designated areas and allow off-site mitigation.

» Provide permit training on filing complete permit applications to speed approvals.

» Create a single point of contact to coordinate and accelerate state permitting for large projects.

POTENTIAL BENEFITS

» Condensed timelines and reduced costs in the permitting process for development in designated areas.

» Reduced development pressure on greenfields and working lands.

» Concentrated development where infrastructure, jobs, services and transportation options exist.

» Reduced development costs make housing and commercial space more affordable.

OVERVIEW

Since the 1970s, the state has promoted development policies and programs intended to enhance Vermont's historic development pattern of compact centers connected by rural lands. However, the results of these efforts are mixed and it is clear that regulations can be improved to direct more growth toward designated areas and protect our working lands and natural resources.

Developers explained that building in designated areas tends to be more expensive than building in greenfields due to land costs, coordinating infrastructure and shared facilities, staging construction in tight locations, greater need for creative design solutions, and meeting the concerns of a larger number of neighboring landowners. Greenfield development usually presents fewer constraints, reducing the time and cost of development. When Vermont's permitting process treats development in designated centers the same as development in a farm field or on a rural hilltop, it tips development decisions decisively in favor of greenfield development and away from designated centers.

Diverse stakeholders, including the Home Builders and Remodelers Association of Northern Vermont, the Vermont Chamber of Commerce, Conservation Law Foundation and Vermont Natural Resource Council agreed there is a need to review the state's regulatory framework to ensure that development in designated areas meets standards, but is not more difficult and costly than development in rural areas. The result would be a healthy balance between development, environmental quality and economic health.

Top suggestions on the topic are noted below.

Improve the predictability and timeliness of state permitting in designated areas.
DHCD continues to work with its partners to follow up and address these ideas. Unfortunately, there was not enough time to arrive at a consensus on these suggested recommendations.

» **Eliminate the state and local permitting loop.** Developers described situations where minor changes required by state-level permits trigger a return to local development review process for permit amendments, costing time and money. Developers believe better state and local coordination would reduce the cost of development. Local permitting was also raised as an issue, however, this report focused on recommending changes to state permitting.

» **Reduce the cost of mitigation for impacts on agricultural soils and allow off-site mitigation.** Developers and municipalities would also like to see increased flexibility for mitigating the loss of primary agricultural soils in Downtowns and Growth Centers.

» **Accept more vehicle congestion in designated centers.** Level of service (LOS) grades are used to prioritize transportation improvements and can result in developers limiting the scale of development or can push them to greenfield areas with more roadway capacity. Accepting more congestion in designated areas can help reduce the cost of development and help promote transportation alternatives. Existing Act 250 case law allows more congestion in these areas, but codifying this practice by rule would make this policy explicit.

» **Consider a proportionate fair-share mechanism to spread the cost of transportation improvements across multiple projects.** Development subject to Act 250 review needs to address traffic impacts on intersections and other facilities affected by increased traffic, but currently there is no mechanism to address traffic impacts cumulatively. This means that the "last one in" (the development project that triggers a turn lane or traffic light) has to pay for improvements that previous projects helped make necessary. The Agency of Transportation (AOT) and Natural Resources Board (NRB) is leading a stakeholder process to arrive at a mechanism for more fairly sharing the cost of transportation improvements in developing areas.

» **Remove Act 250 jurisdiction in designated Downtowns and streamline Act 250 in Growth Centers.** Many stakeholders believe that municipalities with designated Downtowns and growth centers already have the staff and regulations in place to adequately review the impacts of development. As a result, these stakeholders questioned whether the benefits of requiring additional state level Act 250 review in these locations justify the additional time and costs of potentially duplicative processes. Alternatively, other stakeholders expressed concerns that eliminating layers of review could weaken protections for key resources and not adequately address state and regional issues. Stakeholders also identified the need to support development in existing areas, retrofit auto-oriented, strip development and ensure multi-modal transportation options.

» **Work to review and streamline the state permit process is underway.** The Department of Environmental Conservation (DEC) is currently implementing its Business Transformation Initiative to bring the lean manufacturing model to the environmental regulatory process, including permitting, grants administration, outreach and technical assistance. A principle area of focus for this process will be reducing permit-processing times for water, waste water, wetlands, and storm water. DEC is also exploring ways to reduce costs and redundancy in state waste-water connection permits for projects in downtowns.

Provide permit training on filing complete permit applications to speed approvals
State permit approvals are frequently delayed due to missing or incomplete information in permit applications. In order to eliminate lost time and increased costs resulting from back and forth communications to complete permit applications, state agencies will work to provide enhanced

training and technical assistance to help developers, designers, consultants and builders submit complete applications.

Create a single point of contact to coordinate and accelerate state permitting for large projects.
Stakeholders said that additional technical assistance could help large projects address potential issues early, avoid delays and enable permits to be issued faster. They suggested that a single state point of contact for large projects could facilitate disputes between the public, developers and agency personnel, coordinate agency comments and assist in moving projects through the permit review process.

Projects are underway to increase public education and resources to improve the speed, consistency and predictability of the state and local permit review process.
Efforts are currently underway to improve education and outreach to the public, municipalities and the development community. These include the following:

» On March 31, 2014, the Agency of Natural Resources (ANR), in cooperation with AOT and DHCD, has scheduled a Municipal Training Day with workshops to improve state and local communication and provide more education for the local volunteers involved in land use development decisions

» DHCD is working with the Regional Planning Commissions (RPCs) to provide statewide and local training on tools and techniques to create more housing in designated areas. RPCs have also recently completed enhanced consultations with all their partner municipalities to ensure that plans are meeting statutory requirements (24 V.S.A § 4302) and are identifying any inconsistencies with the regional plans.

» DHCD will continue to promote the designation programs, particularly the Neighborhood Development Areas, which encourages communities to designate housing districts for state regulatory benefits. The newly launched *Strong Communities Quarterly* e-newsletter is one communication tool utilized by DHCD.

5 EDUCATION AND OUTREACH

Deliver consistent and ongoing education and outreach

ISSUES RAISED

- General lack of awareness among municipal officials, developers and the general public of the data, tools, regulations and support available for the topic areas discussed by all the working groups.

TOP STAKEHOLDER RECOMMENDATIONS

- Ensure that education and outreach is conducted in the major areas discussed as part of the Act 59 process – state designation programs, industrial uses, agricultural enterprises and natural resources.

POTENTIAL BENEFITS

- Awareness of the state designation programs, their benefits and how, if implemented, they can support local, regional and state community and economic development goals.
- Increased consideration, integration and implementation of industrial uses in local land use planning.
- Increased awareness of the location and importance of natural features such as forest habitat, critical wildlife corridors, flood hazard erosion zones and river corridors.
- Understanding of the tools available to protect those important natural features.
- Improved clarity, collaboration and support of farm-based enterprises.

OVERVIEW

Outreach, education and training are often discussed when developing or implementing new programs and policies. Resources and community needs must be considered over the life of the program or policy to ensure information, data and support are provided on a consistent basis over time, in a format and medium that meets user needs.

The need for education was mentioned by each of the working groups that the DHCD facilitated. Last year, similar requests were made regarding the Downtown and Village Center improvements. DHCD responded by launching the *Strong Communities Quarterly* e-newsletter as one additional communication tool. The 'Community Planning' survey conducted by DHCD in 2013 also confirmed that posting information on agency websites is not sufficient as an effective means of communication and more outreach is necessary.

Figure 7. Strong Communities Quarterly


Strong Communities
Quarterly
VERMONT
Welcome
New Expertise
Fall 2012 Issue
News and Events

Educational needs mentioned included:

- **Designation Programs:**
  - Update *Growth Center Planning Manual*, combine with the *Planning and Land Use Manual* [24 V.S.A § 4302] and include information and reference to all state designation programs [see also *Planning Capacity* section of this report].
  - Continue focused outreach on program updates and benefits to both municipal leaders and the development community.
- **Industrial Parks:**
  - Greater understanding of the importance of industrial uses in our economy as well as the tools communities can use to support industrial uses in their town.

- Improved clarity on future industrial uses and how best to integrate them into municipal and economic plans.

- **Agricultural Enterprises**
  - The word ‘exemption’ creates a perceptional challenge for farming. Increased education is needed to ensure that municipal leaders and community members understand that while exempt from land use, farms are subjected to a host of other restrictions and regulations (from health and safety, environmental, to labor laws).
  - Increased communication between farms and municipalities on what activities are happening to reduce uncertainty, decrease concerns, and increase support of local farm activities.
  - Raise awareness that agriculture is a business. Farm land is a business asset and there is a need for regulations to allow farmers flexibility to react to changing yields, farming practices and business opportunities.

- **Natural Resources**
  - Improved outreach and training on the mapping and modeling tools available to local communities that identify important local, regional, and state natural resources such as forest habitat, wildlife corridors, flood plains and river corridors
  - Increased awareness of the tools available to protect key natural resources

Ensure that education and outreach is conducted in the major areas discussed as part of the Act 59 process – state designation programs, industrial uses, agricultural enterprises and natural resources.

Moving forward, state agencies, working with private and public partners need to integrate education and outreach into their programs and policies. Program directors also need to continually check in with communities and program users to determine if their information is useful and convenient.

6 DATA AND INFORMATION

Invest in collection and distribution of statewide data

ISSUES RAISED

» Data is critical for evaluating program outcomes, analyzing trends over time and reviewing or updating policy.

» There is no centralized 'data center' where local, regional and state data and information can be compiled and accessed.

» Statewide geospatial data is patchy.

» Greater coordination and awareness of available data and any collection initiatives underway is needed to avoid duplication of efforts.

TOP STAKEHOLDER RECOMMENDATIONS

» Identify data gaps and develop a plan to fill the gaps including: priorities, resources needed and timelines.

» Consider developing a 'data center' where information can be deposited, accesses and shared.

» Develop statewide parcel data that includes a plan for regular updating.

» Develop statewide LIDAR data (high resolution elevation data).

POTENTIAL BENEFITS

» Improved data and information available for program evaluation, trend analysis and performance outcomes.

» Access to comprehensive, consistent statewide data sources.

» Improved collaboration, reduced duplication of efforts, and data gaps identified and filled.

OVERVIEW

Working groups often started with someone asking, "What does the data say? What are the trends?" Often the answer was that the data was not available, patchy or inconsistent. Stakeholders agreed that in order to develop policy, evaluate current programs, target resources or determine next steps, consistent, statewide data gathering is needed.

In every working group, stakeholders noted that data and information is a critical need. They mentioned gaps in key data sources, inconsistent collection methodology, lack of a centralized 'data center,' and concern about uncoordinated, redundant work. Some of the information gaps raised in the working groups included:

» **Designation Programs:**

  » Land use/land cover changes over time.

  » Location of existing infrastructure and available capacity.

  » Statewide parcel data linked to the grand list.

» **Industrial Parks:**

  » Location of all industrial parks with a 'snap shot' inventory of vacancy rates and business inventory.

  » Inventory of infrastructure (sewer, water, broadband, power, etc.) associated with each park.

» **Agricultural Enterprises**

  » Annual inventory of number and location of farms with acreage and type of farming.

» **Natural Resources**

  » Location of important natural resource with statewide priorities identified.

  » Regional and statewide priority habitat and corridors identified with any local inventories identified, integrated and available.

  » Identification of floodway, flood plains and river corridors statewide.

Conversations underway

State agencies, municipal partners and non-profit organizations are discussing statewide parcel data and LIDAR. Discussion topics include where to house the data, how to maintain and update the information on a regular basis, and how to fund the work. The Agency of Natural Resources (ANR) is currently working on statewide river corridor mapping. All state designation programs are located on a website (http://smartgrowth.vermont.gov/) along with any associated historic districts and Tax Increment Finance (TIF) districts. Staff at DHCD is in the early stages of creating a framework for an assessment on the 'State of Land Use' that would present key indicators and highlight land use trends in Vermont. The hope is that this will regularly be updated to track progress and results while highlighting issues and success stories. Regional planning commissions and state agencies have begun the process of identifying what data is already being collected and what data is needed.

7 GROWTH CENTERS

Simplify the process, clarify the requirements and integrate with local and regional planning

ISSUES RAISED

- The Growth Center designation process is not currently linked to the municipal planning process which is the foundation for community vision and the pathway to implementing that vision. It should be discussed in the plan and included in the public process.
- Ensure growth center designation is consistent with regional planning priorities, goals and projections.
- The application process is expensive and some of the requirements are complex or unclear.
- Too much work for designation is required for the benefits offered.

TOP STAKEHOLDER RECOMMENDATIONS

- Clarify requirements and consolidate them into one cohesive section of statute.
- Integrate Growth Center planning into municipal plans, consistent with recent updates to the Downtown, Village Center and Neighborhood Development Area designation and ensure that they meeting regional planning goals and policies.
- Develop an application process consisting of municipal plan and bylaw checklists and ties to the regional plan.
- Combine the *Growth Center Planning Manual* and *Planning and Land Use Manual* [24 V.S.A § 4302, [see *Planning Capacity* section of this report].
- Provide education and outreach to communities and developers on the Growth Center designation process.

POTENTIAL BENEFITS

- Duplicative processes eliminated and improved coordination of municipal, regional and state efforts to focus investments.
- Better integrated Growth Center planning with essential implementation tools such as land use regulations, capital budget programs, and financing plans.
- Clear requirements created that increase predictability and understanding of what is expected of applicants.

OVERVIEW

The Growth Center designation program was launched in 2006 and six municipalities are currently designated: Williston, Bennington, Colchester, Montpelier, Hartford and St. Albans City. The benefits of designation include: higher Act 250 thresholds for mixed-income housing and mixed-use projects, mitigation for loss of primary agricultural soils at a ratio of 1:1 and priority for Municipal Planning Grants (MPG), Transportation Enhancement Improvements, Property Assessment Fund (Contaminated Sites / Brownfields), ANR wastewater funding, housing funds and siting of state buildings.

A number of lessons were learned from the initial round of Growth Center designations. In 2010, the legislature passed Act 136 which clarified some of the qualifications for Growth Center designation. The Act also addressed the designation process, establishing a subcommittee of the Downtown Board to create a revised pre-application review process that is now mandatory. Pre-application is designed to ensure the applicant municipality is ready for designation and to work through any problems before applications are reviewed by the Downtown Development Board.

Despite these improvements, there have been no new growth center applications since 2009. Possible reasons for this include the recession, a slow-down in development, and concerns over the time and cost of developing a growth center application, limited funds available through the municipal planning grant program and most recently, the elimination of future Tax Increment Financing (TIF) districts, which many consider the most substantial benefit of designation for a municipality.

According to a 2012 survey conducted by DHCD the top recommendation from respondents to improve the Growth Center designation program (and increase participation) is to provide meaningful incentives, such as infrastructure funding, to help municipalities create and implement development-ready plans. A meeting with the six designated growth center communities confirmed that the need for incentives is the biggest shortfall of the program.

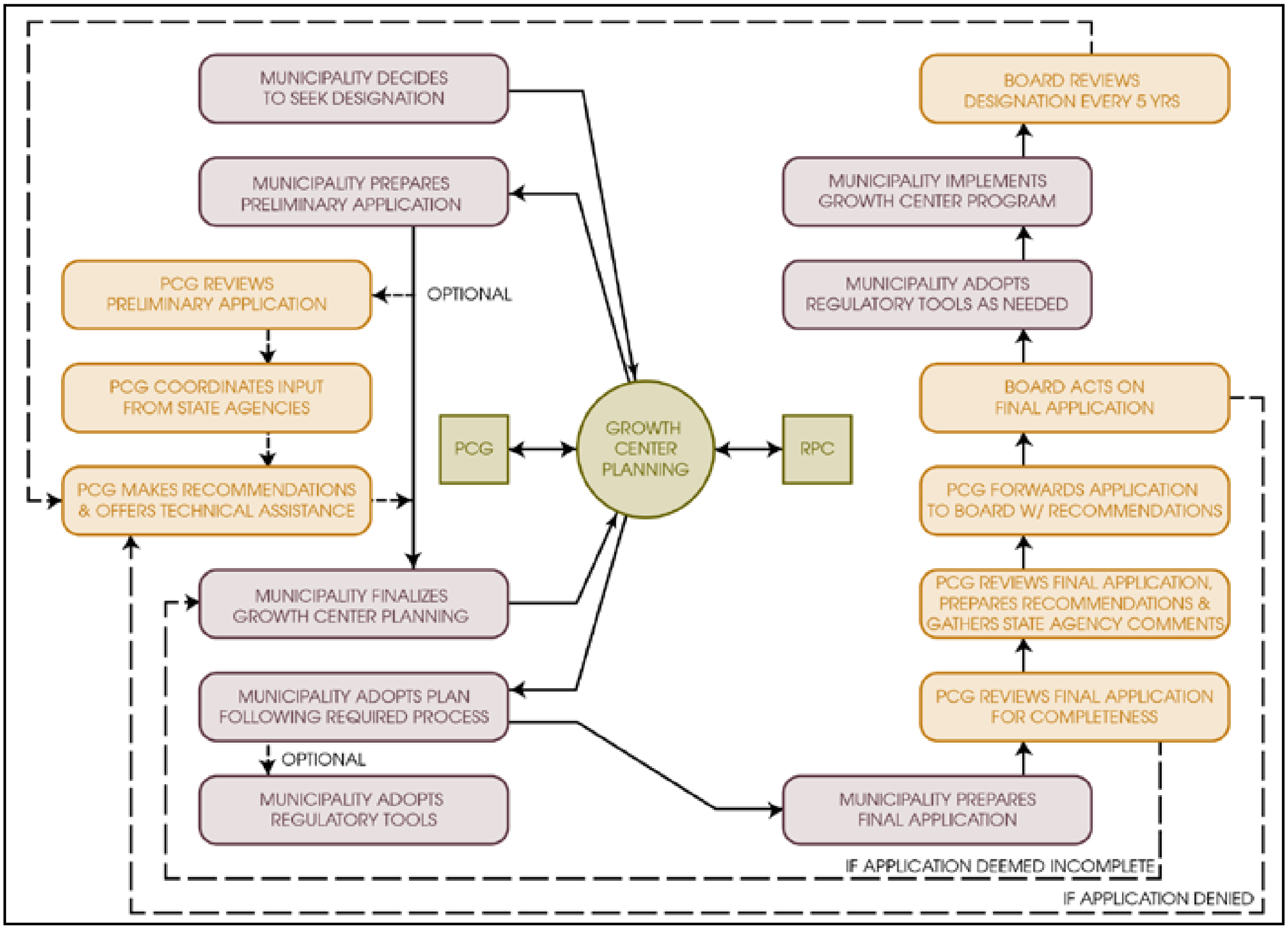
The two most common criticisms raised were: 1) the Growth Center statute creates a process separate from the municipal planning process – when the two are inextricably linked; and 2) the Growth Center requirements are unclear and complex – requirements are nested in five separate parts of statute, each with different language addressing similar topics.

The following recommendations were developed to address these concerns.

Clarify requirements and consolidate them into one cohesive section of statute.

The current Growth Center definition includes a detailed list of requirements for designation and further requires conformance with the planning and development goals under 24 V.S.A. §4302, the smart growth principles as defined in 24 V.S.A. § 2791(13) and the purposes of Act 250 (10 V.S.A. chapter 151). Consequently, the requirements are found in four separate places outside of the Growth Center designation statute which has its own requirements. Each set of requirements includes vaguely similar language. The growth center definition should be simplified and refer to requirements that may be consolidated in 24 V.S.A. §2793c(e), the 'Growth Center' section.

FIGURE 8. The original Growth Center process



Additionally, there is a need to clarify requirements related to: uses, density, form, design, infrastructure, and natural resources. Working group members felt that the Neighborhood Development Area designation provides a useful framework to guide the needed changes and can help bring consistency to the different designation programs, allowing communities to use the programs as tiered steps. The methodology used to determine the appropriate boundary for growth centers should be similar to the methodology developed in 2010 [see *Appendix A4*] by another stakeholder group, with several changes intended to accommodate a variety of municipalities experiencing different degrees of growth.

Integrate Growth Center planning into municipal plans, consistent with recent updates to the Downtown, Village Center and Neighborhood Development Area designations and ensure that they meeting regional planning goals and policies.

Growth Center planning should be integrated into Municipal and Regional Planning [24 V.S.A. Chapter 117]. Deciding how and where a community wants to grow should be a singular integrated process and establishing the elements necessary for designation should be done while a municipality is creating their plan. Integrated planning makes efficient use of volunteer efforts and an existing public process that builds community support.

The suggestion was raised to tier the designation programs. Working group members discussed this idea and felt that programs naturally build upon one another and benefit communities with different growth and development goals. Most were also of the opinion that a tiered approach would require additional incentives in order to function.

Develop an application process consisting of municipal plan and bylaw checklists and ties to the regional plan.

To the extent possible, the Growth Center application process should mirror the recently developed Neighborhood Development Area application process and rely on checklists for municipal plan and bylaws. DHCD staff should be included early in the planning process to assist with pre-application review and coordinate state agency and regional planning commission review on matters of interest. Application requirements would ideally be limited to the submission of relevant plans and bylaws, along with the information necessary to establish a boundary designed to accommodate 20 years of growth.

FIGURE 9. A simplified approach to Growth Centers that builds on Municipal Plans and Bylaws

Eligible municipalities must satisfy all planning and implementation checklist requirements

↓

Boundary requirements for 20 years of growth. (Clarify analysis required to establish boundaries of designated areas.)

↓

Designation Benefits

Combine the *Growth Center Planning Manual* and *Planning and Land Use Manual*.

Both of these manuals are need of updating and they should be combined into one when updated. This action is consistent with the recommendation of integrating municipal planning and the growth center planning process [see *Planning Capacity* section of this report].

Provide education and outreach to communities on the Growth Center designation process.

Efforts by DHCD to improve education and outreach with Village Center and Downtown programs in the past year have received much praise – resulting in increased participation and a smoother application process [see *Education and Outreach* section of this report]. Similar efforts should be developed for the Growth Center program.

8 NEW TOWN CENTERS

Update designation requirements

ISSUES RAISED

- » Statutory changes corresponding to those made in the Downtown and Village Center designations in 2013 need to be carried into the requirements for New Town Centers along with other small clarifications.

TOP RECOMMENDATIONS

- » New Town Centers should be discussed in the municipal plan and involve a pre-application meeting with DHCD staff.
- » Provide greater flexibility in the types of regulations a town can adopt for the design and form of development in a New Town Center.

POTENTIAL BENEFITS

- » Municipal plan language links designation to the local planning process.
- » Improves local/state coordination and communication through pre-application discussion.
- » Enables municipalities with New Town Centers to adopt innovative new regulations such as form-based code that are easier to administer than Design Review Districts.

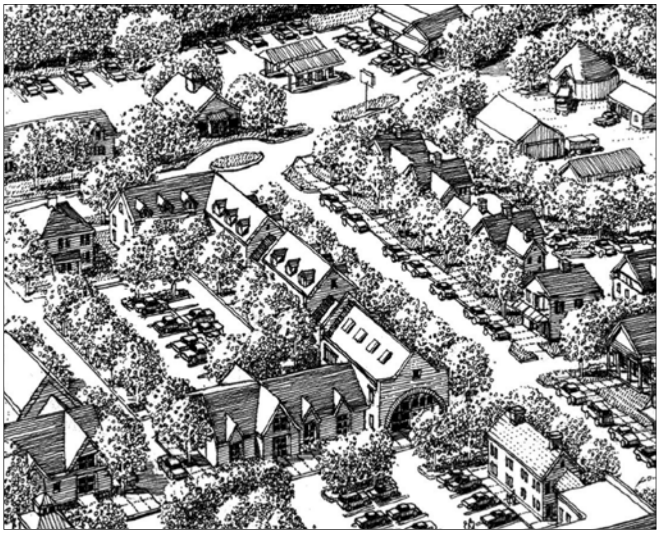
OVERVIEW

New Town Center designations allow a central business district for compact development to be created in locations where no historic centers exist. Currently South Burlington and Colchester are the only two municipalities with New Town Center designation.

Act 59 of 2013 updated the Downtowns and Village Centers programs. In reviewing the New Town Center designation stakeholders proposed no major changes but suggested program updates that parallel the modifications made by Act 59. These include requiring that the New Town Center designation be included in the municipal plan and a pre-application meeting with DHCD staff.

One other concern raised by current designees was that the requirement for Design Review Districts would preclude other types of regulations such as form-based code that serve the same purpose. A similar issue was dealt with in Act 59 for Downtown and Village Center designations and stakeholders recommend a parallel fix for New Town Centers.

FIGURE 10. Illustrative of New Town Centers



9 INDUSTRIAL PARKS

Address the land use needs of future industrial uses recognizing the role they play in Vermont's economy

ISSUES RAISED

» Lack of available speculative industrial space (20,000-100,000 sq.ft.) in the state, especially acute in Chittenden County.

» Few municipalities zone exclusively for industrial uses, zoning instead for combined industrial-commercial-business districts.

» Industrial uses lack incentives in state designation programs.

» Industrial uses have no dedicated designation program.

TOP STAKEHOLDER RECOMMENDATIONS

» Provide tools and outreach to municipalities to link comprehensive plan elements (land use, economic development, infrastructure, etc.) with implementation tools to support industrial and commercial development.

» Encourage and support comprehensive local and regional planning that integrates industrial and commercial uses into growth centers.

» Enhance incentives for industrial uses in designated growth centers instead of creating a new designation program.

» Consider developing a land bank program for future industrial uses.

POTENTIAL BENEFITS

» Increased land available for industrial uses – both 'traditional' definition and the new trend of 'value-added' businesses that bring new dollars and jobs to a region.

» Increased incentives for industrial uses in current designated areas without creating a new program that would require administrative support, oversight, training and funding.

» Raises awareness of the role industrial uses play in economic development.

OVERVIEW

Traditionally, it was considered inappropriate to locate industrial parks in and around residential, business and retail centers due to impacts such as noise, emissions, truck traffic, extended hours of operation or expansive space requirements. Heavy industry, manufacturing, and warehousing are examples of typical industrial park uses. In past years, requests have been made to the Legislature to provide special incentives such as funding and regulatory relief for these areas and develop a separate designation program for industrial parks.

In an attempt to understand the pressures and needs related to current and future industrial uses, DHCD asked the Regional Development Corporations (RDCs) to compile the following information on industrial parks:

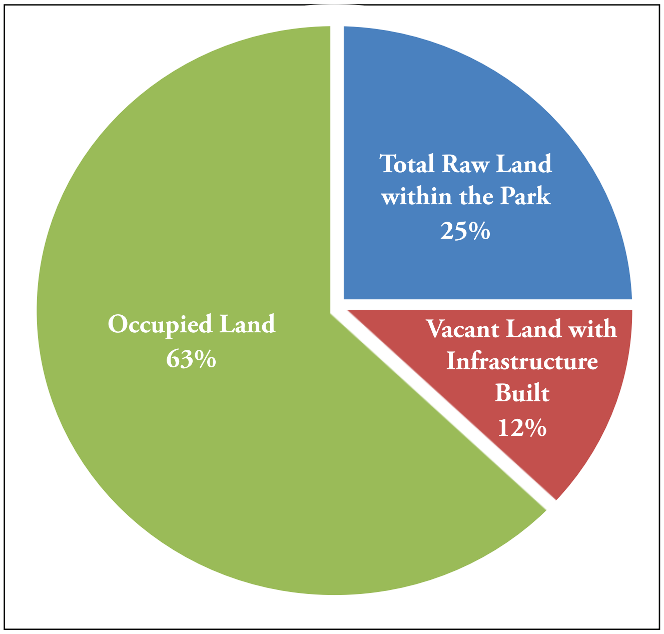
» Square footage in existing industrial parks and their average vacancy rates along with the type of uses in the occupied space.

» Square footage of permitted, but not yet built space in industrial parks.

» Acreage and location of land for future industrial parks.

The RDCs reported that they "did not have the resources to undertake a comprehensive inventory of available industrial sites, buildings or other land around the state." Rather, they focused on known industrial parks and buildings owned by the RDCs. Analysis of the data they provided indicated that of the 4,229 acres of industrial parks, 63% is occupied, 12% is vacant land with infrastructure and the remaining 25% is raw land. Within these parks, the RDCs have over 1.2 million square feet; 63% of which is occupied with the remaining 37% available. This evaluation is based on a 'snap shot' in time and the information, especially vacancy rates will fluctuate. It should also be noted that the raw land was not evaluated for development suitability (i.e. 35 acres might be "raw land" but only 10 acres is suitable for development due to steep slopes, wetlands, etc.).

Figure 11. Land in Industrial and Business Parks (4,229 acres)



To round out the picture of the land available for industrial needs, staff reviewed Chittenden County's ECOS (Environment.Community.Opportunity. Sustainability) project, met with commercial developers and the Greater Burlington Industrial Corporation staff and convened an Industrial Park Working Group that included members from local and regional planning, economic development and environmental organizations.

Highlighted issues noted in these meetings included:

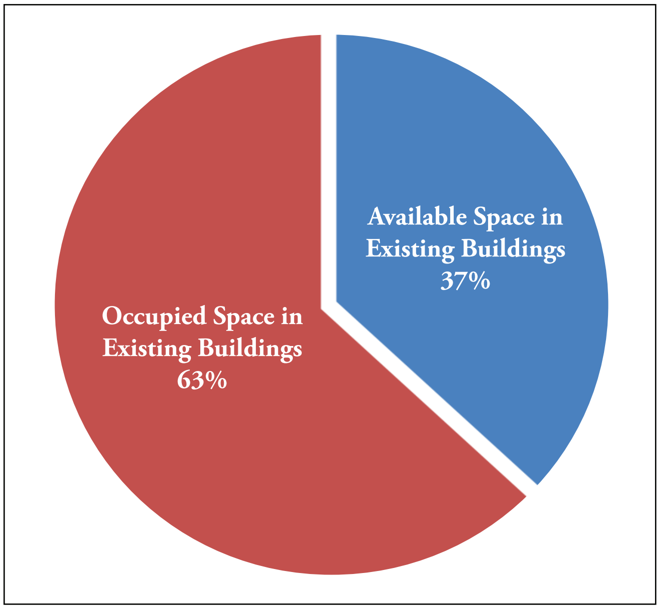
» Lack of industrial space is an issue, most acutely in Chittenden County. There is a desire to have speculative buildings of 20,000-100,000 square feet available for lease so that when a potential business is interested in locating in the area, time from inquiry to lease is minimal.

» Municipalities rarely zone areas exclusively for industrial uses, favoring zoning that includes industrial, commercial and business. For example, in Chittenden County, Milton is the only community that has zoned areas exclusively for industrial uses.

» Developers do not need financial incentives, but rather streamlined or eased permitting.

One of the state's largest developers of industrial space reported a change in the real estate market. He has found that the "build on spec and they will come" approach no longer works. He also noted that tenant trends are changing from heavy industry to IT companies and plumbing and electrical wholesale companies. Because there is no reason to isolate those uses, they can be permitted in residential areas as conditional uses. These trends to a more commercial, commercial/business environment with businesses that provide capital importation (value-added businesses that bring new dollars into the region) was confirmed by several Regional Development Corporation leaders.

Figure 12. Buildings Owned by RDCs (1,266,134 Square Feet)



The top recommendations yielded by the stakeholder process follows.

Provide tools and outreach to municipalities to link comprehensive plan elements (land use, economic development and infrastructure) with implementation tools to support industrial and commercial development.

As mentioned in the *Planning Capacity* section of this report, there are over 8,000 volunteers working on economic and community development in towns across the state with limited resources. Outreach and tools around maximizing density, infrastructure needs (sewer, water, three-phased power, etc.) permitted vs. conditional use and clarity about site requirements are important when developing municipal plans and bylaws that relate to industrial uses within a community. Goals and priorities for industrial uses within a municipality can be noted in the economic development element of a Municipal plan and linked to other elements such as land use, housing, transportation and infrastructure. Stakeholders noted that these are also areas in which municipalities might need technical assistance. Partnerships with the Vermont League of Cities and Towns, the Regional Planning Commissions, Regional Development Corporations and DHCD would be important to developing and implementing such an educational program with existing resources.

Encourage and support comprehensive local and regional planning that integrates industrial and commercial uses into growth centers.

Act 59 updates to the Downtown and Village Center designation programs specifically mentions industrial uses within the definition. Any statutory updates made to the Growth Center designation and New Town Center program should include similar clarifications, if needed. Also, communities developing future applications for growth center designation should include industrial and commercial uses. Including these key economic and job creators in growth centers helps link jobs with housing, transportation and infrastructure – maximizing benefits and utilizing existing infrastructure efficiently.

Enhance incentives for industrial uses in designated growth centers instead of creating a new designation program.

Incentives suggested during the Industrial Working Group Session included:

» Act 250 modifications such as accepting a higher level of congestion for development in designated areas; reducing/eliminate agricultural mitigation costs.

» Increasing the speed of permitting in designated areas.

» Decreasing permitting costs.

» Directing infrastructure spending to designated areas to support industrial uses.

Each of these incentives could help increase the speed and lower the cost of development of industrial uses within a designated area and support the state's land use goals. However, they could also result in reduced funding for agencies that depend on revenue from permitting and agricultural mitigation fees.

Consider developing a land bank program for future industrial uses.

The concept of land banking is multi-tiered. First, there is an assumption that land should be set aside for future industrial and commercial development and the municipality supports this in local plans and bylaws by ensuring that it is in a location with appropriate infrastructure. This permits the land to be 'banked' for future use. It is really a place-holder so that a locality can take the time to carefully consider what might be needed in the future for its economic vitality. This land can then be developed by a municipality, a local or regional development corporation or private developer. Municipalities rarely zone an area only for industrial uses. It can take a long time to develop and provide income, and land owners typically request zoning that allow business, office and/or commercial uses.

Currently the Vermont Economic Development Authority (VEDA) has a local development corporation loan program that loans funds to local and regional development corporations to purchase land for industrial parks; for planning and development of industrial parks; for construction or improvement of speculative buildings and for small business incubator facilities.

Also, the Agency of Transportation (AOT) has $600,000 to support businesses that wish to utilize rail service and locate along all active railroad lines in Vermont. The program requires an equal match from three partners, the state, the railroad and the business owner. Both these programs could be used for a land bank program.

10 AGRICULTURE

Supporting the farm economy

ISSUES RAISED

- Multiple definitions of farming are used for various state and federal programs and this creates confusion.
- Farming as defined in the Accepted Agricultural Practices (AAP) in Vermont is exempt from both local zoning and Act 250 review.
- In the new farm-based enterprise economy, farming can involve a wide range of activities and determining what requires a local permit is increasingly difficult. Concerns about ancillary activities on the farm are sometimes wide ranging and may include retail sales and events that may not meet the definition of farming.
- The public needs to better understand the farming industry and the benefits it brings to communities. Farmers need education on permitting requirements.
- The best farmland protection is a profitable farm.

TOP STAKEHOLDER RECOMMENDATIONS

- Retain the Agency of Agriculture, Food and Markets (AAFM) jurisdiction over determination of agricultural exemption. Continue discussions on how farm-based enterprises fit into the definition of farming used in land use permitting.
- Consider aligning the definitions of farming that govern state and federal laws pertaining to labor, public safety, and land use on farms.
- Educate farmers and communities about permitting requirements and the benefits of agricultural enterprises.
- Protect large contiguous blocks of farmland and promote the farm economy by ensuring farms are profitable.

POTENTIAL BENEFITS

- Helps strengthen the farming industry in Vermont by reducing permitting ambiguities for farmers.
- Promotes farm-based planning.
- Enables municipalities to craft regulations that better supports farms and farm infrastructure reduces local land use conflicts and improves the permitting process.
- Raises public awareness about the economic importance of farm enterprises and the need to support farming.

OVERVIEW

The definition of "farming" in the Accepted Agricultural Practices (AAP) – 6 V.S.A. §4810 – determines which farm activities are exempt from local and Act 250 land use permitting. The AAP regulations detail the number and types of livestock and other parameters of farming. While this definition adequately describes a basic level of farming, it offers little guidance for related value-added activities that go beyond the traditional definition of farming.

The top recommendations yielded by the stakeholder process follow.

Retain the Agency of Agriculture, Food and Markets (AAFM) jurisdiction over determination of agricultural exemption. Continue discussions on how farm-based enterprises fit into the definition of farming used in land use permitting

The only provision in the AAP rules that addresses value-added activities is the "principally produced" - "*the on-site storage, preparation and sale of agricultural products principally produced on the farm*" - interpreted as meaning at least 51% of the product must be produced on the farm to be considered "farming." Farmers explained that greater flexibility is needed in interpreting the 51% rule to accommodate fluctuations in a farm's production and the need to produce value-added products consistently. For example, a berry farm with a jam production business might need to import more than 51% of the berries after a poor harvest.

Local planners and regulators said they needed help distinguishing between activities that can be considered accessory and integral to the viability of farms and those on-farm businesses that have little connection to the farm or that have potential impacts on the community that should be considered. For instance, towns may have good reason to regulate a value-added business that greatly increases truck traffic on gravel roads, noticeably increasing the town's road maintenance costs.

Consider aligning the definitions of farming that govern state and federal laws pertaining to labor, public safety, and land use on farms.
A wide range of other state and federal laws and policies governing farm labor, public safety, land conservation, etc. all with different thresholds, and which also define what constitutes "farming," creates further complications. A constructive review of these varying definitions would help determine how they intersect and how to clarify these definitions for farmers and for the programs that administer them. Active education and outreach is also necessary to communicate these provisions to all those affected.

The AAFM should continue to meet with stakeholders to address these issues and to propose legislation if needed.

Educate farmers and communities about permitting requirements and the benefits of agricultural enterprises.
Stakeholders representing both farmers and communities talked about the conflicts that sometime occur when non-farming residents complain about the impacts of traditional farming based on their perceptions about certain farming practices as well as new issues like traffic, that arise from some farm-based enterprises. Farmers gave examples of communities that accepted and supported their neighborhood farms when those farmers communicated with and invited the public onto their farms.

Regular communication between local farmers and municipal officials was suggested so that both sides could address any issues of concern. Wider distribution of information about what is involved in the business of farming, the importance of farming to the local and statewide economy, and the value of viable farms to the quality of life in Vermont were also recommended.

For farmers, outreach is needed to help them better navigate the complex regulatory and public relations hurdles they encounter. For those contemplating farm-based enterprises, they need help with business planning and information about what types and scale of activities will require greater scrutiny at the local, state or federal levels. While some called for more farmer education on practices for improving water quality, others said the public needs to know more about what most farmers and the AAFM are already doing to prevent pollution caused by agricultural activities.

Protect large contiguous blocks of farmland and promote the farm economy by ensuring farms are profitable.
The need for farmland protection was stressed in recognition of all the benefits that local farms provide, including greater food security, job and business development, keeping working lands working and enabling people to make a living from the land. Vermont has a wealth of programs working to protect farmland through conservation, regulation, current use, and those offering assistance, such as helping to match farmers to available farmland. But ultimately all agreed that the key to farmland preservation is focusing on the profitability of farms.

Stakeholders suggested various ways to improve local planning and regulation and changes to Act 250 agricultural land mitigation policies. It was suggested that those measures be fined tuned to focus less on keeping land undeveloped and more on the farms' profitability. For example, municipalities could be encouraged to address farming as part of the required economic development element.

11 NATURAL RESOURCES AND SILVICULTURE

Prevent fragmentation of large blocks of forest land and wildlife corridors, and reduce risks, costs and future damage in flood-prone areas

ISSUES RAISED

- » Incremental, small-scale developments threaten the economic and environmental value of Vermont's large, unfragmented forest blocks and the wildlife corridors that connect them.
- » The Use Value Appraisal (Current Use) program could be improved to make it more effective at protecting large unfragmented forest blocks and wildlife corridors.
- » Many communities do not have the resources or tools to effectively review development impacts on forest fragmentation and in flood-prone locations; and many do not realize the value of the resource, regionally or state-wide, to the ecosystem and the economy.
- » Education, resources and data are needed to improve mapping of river corridors and high value forest blocks and wildlife corridors.

TOP STAKEHOLDER RECOMMENDATIONS

- » Review existing studies and recommendations to improve the Use Value Appraisal (Current Use) program.
- » Explore options to address concerns that small scale development is fragmenting large forest blocks and critical wildlife habitat, including potentially expanding Act 250 jurisdiction in outlying areas.
- » Consider updating Act 250 criteria to recognize the value of large forest blocks and wildlife corridors.
- » As a first step to protecting the public and existing development and ensuring new development is out of harm's way, finalize statewide maps of flood plains, flood ways and river corridors. Once maps are completed, reach out to municipalities to discuss the maps and consider municipal and state regulatory and non-regulatory options for flood plains, flood ways, and river corridors.

POTENTIAL BENEFITS

- » Assets critical to Vermont's environment and economy – the Vermont brand, the wood products industry, wildlife-based recreation and tourism – are protected.
- » Important environmental and ecological functions that help people, like natural water filtration, flood control, climate change adaptation and reduced greenhouse gas emissions are protected.
- » Public is informed about flood risks to minimize the loss of life and property and is aware of options to minimize or avoid risks.

OVERVIEW

The top natural resource concerns raised by stakeholders in DHCD's working groups were the fragmentation of large forest blocks and the need to protect wildlife corridors and flood-prone areas from development. Much of the conversation focused on the need for consistent state-wide information and data that could be easily accessed by local officials. Additionally, robust education and outreach program is needed on the role these critical natural resources play as well as the tools available that accommodate growth and preserve these resources [see *Data and Information* and *Education and Outreach* sections of this report].

The top recommendations yielded by the stakeholder process follow.

Review existing studies and recommendations to improve the Use Value Appraisal (Current Use) Program.

Protecting large contiguous blocks of forests and key wildlife corridors from further fragmentation is a critical adaptation strategy in response to climate change, vital for ecosystem health, important for flood attenuation during large rain events like Tropical Storm Irene, and necessary for successful forest products and wildlife-based recreation industries.

Stakeholders generally agreed that the Use Value Appraisal Program, or Current Use Program as it is more commonly known, has reduced pressure to develop forest land and agricultural land for housing and commercial use. Stakeholders felt that this program has played a critical role in maintaining the state's working lands, while also advancing multiple natural resources goals.

While 75% of Vermont's dairy farm land is enrolled in Current Use, only 40% of the eligible forest land is enrolled. Unlike the Current Use program for agriculture, forest land landowners must develop and implement a forest management plan approved by the County Forester. However, recent studies have indicated that including more land would require additional funding to support County Foresters.

In the 2013 Legislative session, H.329 passed the House and includes increase staff resources for the Current Use program. However, there are many position pressures that need additional evaluation and consideration by administration and legislature. The *Report Of The Use Value Appraisal Task Force* provides additional information on the Current Use program and provides recommendations to make it more effective.

Explore options to address concerns that small scale development is fragmenting large forest blocks and critical habitat, including potentially expanding Act 250 jurisdiction in outlying areas

A recent Vermont Natural Resources Council (VNRC) study of parcelization and subdivision trends suggests that residential subdivisions are almost exclusively reviewed locally, finding that 1.05% of residential subdivisions studied were large enough to trigger Act 250 jurisdiction.

Working group members noted that a number of communities do not have zoning, and many communities with zoning may not adequately protect critical wildlife habitat, corridors or flood plains in their local bylaws or through non-regulatory methods such as conservation. Several municipalities do provide some natural resource protections, but these protections often omit one or more important natural resources and often do not consider the regional or state-wide significance of the resources within their boundaries. To increase state-wide awareness, the Agency of Natural Resources (ANR) will soon expand its training and outreach program to help more municipal officials and residents see the ecological value of wildlife and natural systems and learn more about the various strategies to protect them.

Stakeholders also discussed ways that Act 250 jurisdiction could be adapted, such as modifying current jurisdictional lot number thresholds, to address the concern that incremental development may be diminishing the economic and environmental viability of large forest blocks, especially in communities that do not have the tools in place to protect these resources. Some raised the question of the need for data on the extent of the impact, and trends over time.

One suggestion discussed was to establish a cumulative road rule that would trigger Act 250 review for the construction of roads and driveways over 1,000 feet. This is different from the original road rule which was deemed problematic because it excluded driveways, which resulted in multiple or long driveways being built to avoid jurisdiction, instead of common roads. The suggested cumulative road could address this issue by including driveways.

Other suggestions included compiling and refining forest block and wildlife corridor data to create maps to guide development and re-instituting Act 250 review when power line extensions are proposed.

These suggestions were discussed primarily at the Natural Resources working group and members raised concerns about how to administer changes, added costs to development and public support. There is a need for further discussions.

Consider updating Act 250 criteria to recognize value of large forest blocks and wildlife corridors.

Stakeholders noted that the current Act 250 criteria do not specifically address the fragmentation of forest land and wildlife corridors. For this reason, stakeholders recommended that new language be considered, under the criteria for forest soils (9C) and wildlife habitat (8A) that explicitly identifies contiguous forest blocks and wildlife corridors as important natural resources considered during Act 250 review. These changes would provide District Commissions with the tools necessary to assess the impact of new development on these critical areas of the state. These suggestions were not discussed in depth in the Natural Resources Working Group and further discussion is recommended.

As a first step to protecting the public and existing development and ensuring new development is out of harm's way, finalize statewide maps of flood plains, flood ways and river corridors. Once maps are completed, reach out to municipalities to discuss the maps and consider municipal and state regulatory and non-regulatory options for flood ways, flood plains and river corridors.

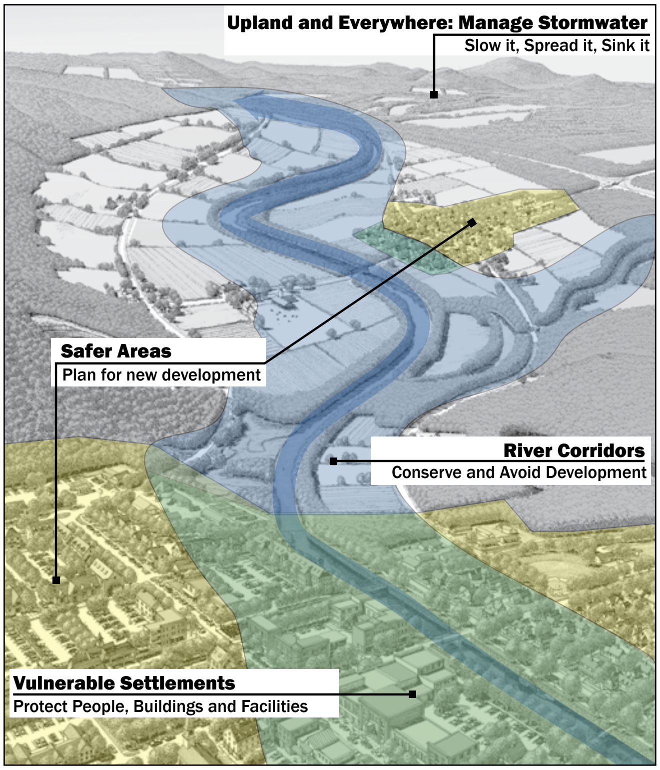
Stakeholders agreed that allowing new development in vulnerable locations (flood plains, flood ways and river corridors) along rivers may not be in the public interest. Recovery and rebuilding cost to residents, business owners, municipalities and the state were extraordinary as a result of Tropical Storm Irene and other declared disasters in the past several years. Providing room for our rivers to move, meander and handle flooding is important to protecting life and safety, reducing recovery costs and protecting important natural ecosystems.

It was also noted that there are gaps in state-wide mapping of Vermont's hazardous and flood prone areas that must be filled to inform conversations about identifying, mitigating, minimizing and avoiding risk.

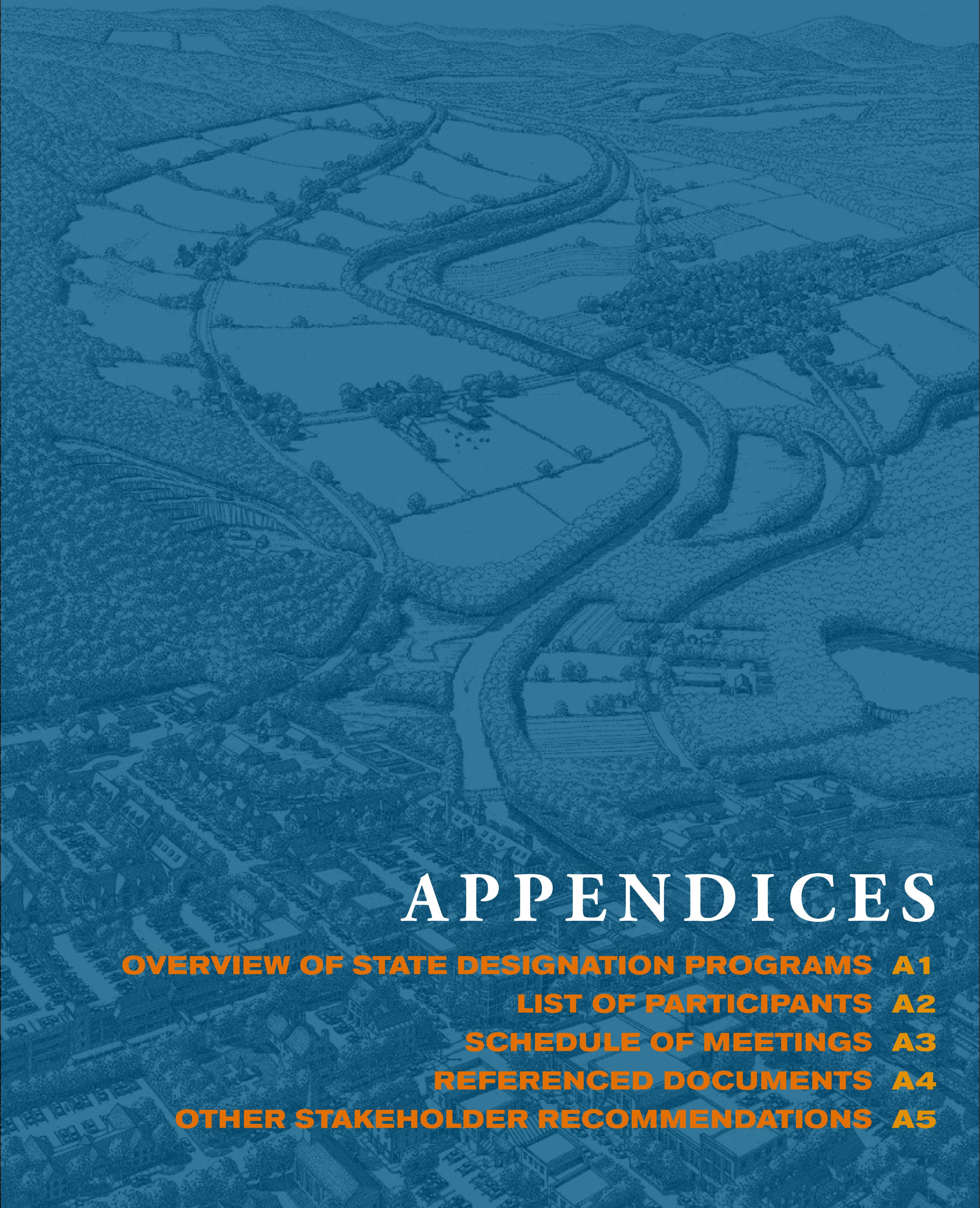
ANR staff representatives to the working group reported that efforts are currently underway to develop statewide maps for flood plains, flood ways and river corridors. Once completed, ANR will release the first draft of the statewide river corridor base map and a river corridor procedure which will describe: 1) how ANR will use the maps in its own regulatory programs; 2) how these base maps may be amended at the site level when specific development consultation or new town/regional plans reveals scientific data and designation information suggesting that amendments are warranted; and 3) how, as a part of the adopted Procedure, ANR will lay out a schedule for completing watershed-scale map revisions and all manner of new public input will be sought and incorporated.

ANR expects to produce a first draft of statewide river corridor map in the spring of 2014 and will also be developing education on how best to integrate this information into the resiliency element of municipal and regional plans and additional local regulatory and non-regulatory options for protection of these areas by local communities.

Figure 13. Flood Resilience Objectives



These tools will give policy makers the information they need to make informed decisions and to identify strategies that protect the public and minimize future flood risks.



APPENDICES

A1 OVERVIEW OF STATE DESIGNATION PROGRAMS

Overview of State Designation Programs

Vermont's landscape of compact centers surrounded by rural land is integral to our economy, community spirit and brand. Accordingly, Vermont has established the following framework of 'designations' to help communities to maintain and grow in a way that respects Vermont's traditional land use pattern.

Downtowns

Downtown Designation targets financial benefits (tax credits, downtown transportation fund, and priority consideration for other state grants) to historic commercial districts and provides training and technical assistance to support long-term community revitalization. There are 25 'Designated Downtowns.'

Villages Centers

Village Center Designation targets financial benefits (tax credits and priority consideration for other state grants) to support community revitalization in smaller towns. Over 100 villages are designated.

Neighborhood Development Areas

Created last year by Act 59, the program offers regulatory incentives and financial benefits to help create compact, walkable neighborhoods that attract more people and business to designated areas. A number of communities are currently pursuing this designation.

New Town Centers

Some Vermont communities developed without a strong central core and this program supports the creation of an area that functions as a new downtown. Colchester and South Burlington designated New Town Centers.

Growth Centers

The Growth Center program designates areas that are planned for new development that respects Vermont's historic development pattern. The six designated Growth Centers are Bennington, Colchester, Hartford, Montpelier, St. Albans City and Williston.

Click here to see the maps of all the areas designated.

A2 LIST OF PARTICIPANTS

List of Participants

Aaron Adler, Legislative Council
Abbey Willard, Agency of Agriculture, Food & Markets
Adam Lougee, Addison County Regional Planning Commission
Adna Karabegovic, Church Street Marketplace
Alex Ibey, Department of Economic Development
Alex Weinhagen, Town of Hinesburg
Allison Low, Northeastern Vermont Development Association
Amanda Lyon, Conservation Law Foundation
Andrea Morgante, Town of Hinesburg Select board
Asa Hopkins, Public Service Department
Barbara Hatch, Town of St. Johnsbury
Bart Frisbie, Sterling Construction, Inc.
Ben Waterman, UVM Extension
Bill Benton, Mayor of Vergennes
Billy Coster, Agency of Natural Resources
Bob Flint, Springfield Regional Development Corporation
Bonnie Waninger, Lamoille County Planning Commission
Brad Dousevicz, Dousevicz, Inc.
Brian Shupe, Vermont Natural Resources Council
Caleb Magoon, Morristown Alliance for Commerce and Culture, Lamoille County Planning Commission
Carol Wells, Town of Bristol Select board, Bristol Downtown Community Partnership
Catherine Davis, Greater Burlington Industrial Corporation
Catherine Dimitruk, Northwest Regional Planning Commission
Cathyann LaRose, Vermont Planners Association (City of South Burlington)
Charlie Baker, Chittenden Country Regional Planning Commission
Charles Jacien, Town of Castleton
Chip Sawyer, City of St. Albans
Chris Campany, Windham Regional Commission
Chris Cole, Vermont Agency of Transportation
Chris Louras , Mayor of Rutland
Chris McDonald, Vermont Association of Realtors
Chris Recchia, Public Service Department
Chris Rice, Macleean, Meehan & Rice, LLC
Chris Snyder, Snyder Homes
Chuck Ross, Agency of Agriculture, Food & Markets
Clancy DeSmet, Natural Resources Board
Curt Carter, Greater Burlington Industrial Corporation
Dan Jones, The Downtown Barre Partnership
Dan Monks, Town of Bennington
Darren Springer, Public Service Department

Dean Pierce, Town of Shelburne
Diane Bothfeld, Agency of Agriculture, Food & Markets
Elizabeth Finlayson, Vermont Association of Chambers of Commerce Executives
Ellen Kahler, Vermont Sustainable Jobs Fund
Enid Wonnacott, Northeast Organic Farming Association of Vermont
Erhard Mahnke, Vermont Affordable Housing Coalition
Eric Farrell, Farrell Real Estate
Erik Hoekstra, Redstone Commercial Group
Fauna Hurley, Revitalizing Waterbury
Fred Kenney, Department of Economic Development
George Twig, Vermont Energy Investment Corporation
Gil Livingston, Vermont Land Trust
Gina Campoli, Vermont Agency of Transportation
Gwen Hallsmith, City of Montpelier
Hannah Smith, Legislative Council
Ilona Blanchard, City of South Burlington
Jacob Roberts, Building a Better Brattleboro
Jamey Fidel, Vermont Natural Resources Council
Jamie Renner, Vermont Law School, Center for Agriculture and Food Systems
Jane Clifford, Green Mountain Dairy Farmers Cooperative Federation
Janet Doyle, IBM
Jill Arace, Vermont Association of Conservation Districts
Joe Segali, Vermont Agency of Transportation
Josh Donabedian, Vermont Law School, Center for Agriculture and Food Systems
Josie Leavitt, Home Builders and Remodelers Association of Northern Vermont
Jon Groveman, Agency of Natural Resources
Julie Iffland, Randolph Area Community Development Corporation
Julie Moore, Stone Environmental, Inc.
Julie Wolcott , Green Wind Farm
K. Dana Hanley, Vermont Planners Association (Town of Essex)
Kaity Durdy, Office of the Attorney General
Karen Freeman, Vermont Housing & Conservation Board
Karen Horn, Vermont League of Cities and Towns
Kate MacCarthy, Vermont Natural Resources Council
Kelly Launder, Public Service Department
Ken Belliveau, Town of Williston
Kiersten Bourgeois, Department of Economic Development
Kris Hughes, Rutland Regional Planning Commission
Lisa Condon, Downtown Winooski
Liz Gamache, Mayor of St. Albans
Lori Hirshfield, Town of Hartford
Lou Borie, Natural Resources Board
Mary Helen Hawthorne, Bellows Falls Downtown Development Alliance

Matt McMahon, Lake Champlain Regional Chamber of Commerce
Melanie Kehne, Natural Resources Board
Michael Desrochers, Department of Public Service
Mike Coppinger, Downtown Rutland Partnership
Michael McDonough, Better Bennington Corporation
Michael Munson, Vermont Planners Association
Mike Zahner, Vermont Chamber of Commerce
Miro Weinberger, Mayor of Burlington
Nancy Everhart, Vermont Housing & Conservation Board
Patricia Sears, Newport City Renaissance Corporation
Pat Moulton Powden, Brattleboro Development Credit Corporation
Patrick O'Brien, Consultant
Paul Bruhn, The Preservation Trust of Vermont
Paul Simon, White & Burke
Peg Elmer, Community-Resilience.org
Peter Gregory, Two Rivers-Ottauquechee Regional Commission
Phayvanh Luekhamhan, Montpelier Alive
Phil Huffman, The Nature Conservancy
Robert Foster, Foster Brothers Farm
Robert Haight, Town of Windsor
Robin Scheu, Addison County Economic Development Corporation
Ron Redmond, Church Street Marketplace
Ron Shems, Natural Resources Board
David W. Rugh, Vermont Planners Association (Stitzel, Page & Fletcher, P.C.)
Sam Andersen, Central Vermont Economic Development Corporation
Sandy Levine, Conservation Law Foundation
Sarah Hadd, Town of Colchester
Scott Johnstone, Vermont Energy Investment Corporation
Seth Jensen, Lamoille County Planning Commission
Sharon Murray, Vermont Planners Association (Front Porch Community Planning and Design)
Stephanie Morse, Vermont Energy Investment Corporation
Stephanie Smith, Agency of Agriculture, Food & Markets
Stephen Beck, Town of Brandon
Sue Minter, Vermont Agency of Transportaton
Sylvia Jensen, Agency of Agriculture, Food & Markets
Tara Brooks, City of Vergennes
Thom Lauzon, Mayor of Barre
Thomas Kennedy, Southern Windsor Regional Planning Commission
Todd Bailey, KSE Partners
Trey Martin, Agency of Natural Resources, Department of Environmental Conservation
Tricia Follert, Town of Morristown
Willa Davidian, Vermont Housing & Conservation Board

A3 SCHEDULE OF MEETINGS

Schedule of Meetings

1. Agency of Agriculture, Food and Markets, 4/2
2. Agency of Natural Resources, 5/1
3. Natural Resources Board, 5/1
4. Agency of Transportation , 5/29
5. Greater Burlington Industrial Corporation, 8/7
6. Vermont Energy Investment Corporation, 8/7
7. Steering Committee, 8/15
8. Growth Center Communities Focus Group, 8/29
9. Homebuilders/Realtors/Affordable Housing Focus Group, 8/30
10. Industrial Parks Working Group #1, 9/13
11. Downtown Organizations Focus Group, 9/18
12. Agricultural Enterprise Working Group #1, 10/4
13. Vermont Planners Association #1, 10/10
14. Public Service Department, 10/15
15. Chittenden County Mayors and Town Managers, 10/15
16. Growth Centers Working Group #1, 10/15
17. Natural Resources Working Group #1, 10/16
18. State Treasurer, 10/16
19. Vermont Planners Association, 10/24
20. Chittenden County Developers Focus Group, 10/25
21. Growth Centers Working Group #2, 10/31
22. Growth Centers Working Group #3, 11/7
23. Vermont Economic Development Authority, 11/8
24. Growth Centers Working Group #4, 11/14
25. City Mayors, 11/21
26. Natural Resources Working Group #2, 11/20
27. Growth Centers Working Group #5, 8/21
28. Industrial Parks Working Group #2, 8/22
29. Agricultural Enterprise Working Group #2, 11/22
30. Growth Centers Working Group #6, 12/5

REFERENCED DOCUMENTS A4

Referenced Documents

The following documents are available for download at:

http://accd.vermont.gov/strong_communities/opportunities/revitalization/designationreform

Report of the Governor's Commission on Vermont's Future: Guidelines for Growth (1988)
-Commission established by Governor Kunin by Executive Order No. 50 in 1987

Legislative Council Staff Report on Mechanisms to Address the Issue of Cumulative Growth(2002)
- Alan Boright

Status Report: 15 Years After Act 200 (2003)
-Department of Housing and Community Development (DHCD)

Implementing Growth Centers in Vermont – A View from the Towns (2006)
- Vermont Planners Association

Report of the Smart Growth Committee (2009)
- Committee created by Act 176 of the 2007 Legislative Session

The Future of Growth Centers in Vermont (2010)
- Vermont Planners Association Growth Centers Taskforce

Methodology for Build-Out Analysis (2011)
-Department of Housing and Community Development (DHCD)

Methodology for Growth Projections (2011)
-Department of Housing and Community Development (DHCD)

Designation Program Survey Results (2012)
- Department of Housing and Community Development (DHCD)

MPG and Community Planning Survey Results (2013)
- Department of Housing and Community Development (DHCD)

Meeting notes from working groups and focus groups:

Steering Committee

Meeting Notes, 08/15/13)

Focus Groups:
Homebuilders, Developers and Realtors, 08/30/13
Downtown Organizations, 09/18/13
Growth Center Communities, 08/29/13
Growth Center Communities, 10/15/13

Working Groups:
Industrial Parks #1, 09/13/13
Industrial Parks #2,11/22/13

Natural Resources #1, 10/16/13
Natural Resources #2 11/20/13

Agricultural Enterprises #1, 10/4/13
Agricultural Enterprises #2,11/22/13

A5 OTHER STAKEHOLDER RECOMMENDATIONS

Other Stakeholder Recommendations

Many ideas and suggestions were raised in meetings over the last six months. The list below includes top recommendations in the body of the report, ones that DHCD staff followed up on with additional information in [ ] and for others, little additional information is provided as the individual could not expand or describe in more detail.

DESIGNATION PROGRAM INCENTIVES

Infrastructure

- Increase funding for the Downtown Transportation Fund to support transportation-related capital improvements [NOTE: DHCD met with AOT staff and due federal match requirements, AOT's state general funds are limited]
- Give designated areas priority funding for water, wastewater, sidewalks, and other infrastructure to support efficient land use/compact development [NOTE: Currently exists as an incentive and DHCD and state partners are working to ensure this is happening in current programs. For example, AOT modified scoring procedures to give additional priority to downtown and village centers]
- Dedicated funding for the existing sales tax reallocation program for municipalities – currently the sales tax reallocation draws from the same pool as tax credits, which is annually oversubscribed [NOTE: Financial impacts need to be considered which is a concern and municipalities can access this currently]
- Simplify local process to create business improvement districts (BIDs) and use the money to support infrastructure [NOTE: No specifics provided; additional research is needed]
- Create TIF for local, non-school taxes [NOTE: No specifics provided; additional information required on program and how it would impact revenue]
- Target electric vehicle charging station incentives to designated areas. [NOTE: ANR provided $200,000 in funding for a grant program to locate EV charging stations in downtowns. The first awards will be announced early in 2014]
- Make downtowns an investment priority for the Clean Energy Development Fund [NOTE: Future funding is uncertain as revenue is linked to Vermont Yankee's operation]
- Provide loan guarantees, to promote central heating plants for industrial parks and in designated areas [NOTE: No specifics provided such as who would provide the loan guarantees. PSD is interested in central heating plants and DHCD is willing to explore further as more information is provided]
- Provide reduced financing rates for infrastructure in designated areas [NOTE: DHCD met with State Treasurer and learned the interest rates for municipal projects is at historic lows]
- Give designated areas priority on broadband services or as updates made, ensure that services in designated areas is faster than rural areas [NOTE: Current broadband program is focused on universal access]
- The State Treasure should bond for $3 million for infrastructure grants [NOTE: Met with State Treasurer, and for the next 3 years, most of the state's bonding capacity is dedicated to Tropical Strom Irene recovery]
- Target funding to promote and install water/wastewater systems in villages [NOTE: Issue discussed further in the Infrastructure section of the report]

Permitting

- Increase funding for the existing downtown and village center tax credits for qualified projects in the designated downtowns and villages (current cap $1.7M) and increase the amount of tax credits eligible for individual projects (especially façade improvement credits.) [NOTE: Governor Shumlin has proposed increasing program funding by $500,000 for FY2015]
- No tax credits for communities with bylaws that allow sprawl [NOTE: No guidance on how bylaws would be evaluated or by whom]
- Exempt designated areas from the "last one in" requirements that requires some developments to pay more than their fair share in cost to improve the transportation system [NOTE: AOT is exploring options to make the cost of transportation improvements more equitable]
- Revise Level of Service (LOS) traffic standards to emphasize alternatives [NOTE: NRB is considering this and other auto congestion-related changes]
- Issue rules to reallocate sales taxes paid on construction materials used on qualified redevelopment projects in designated downtown [NOTE: Rule submitted to the Secretary of State, public hearings are scheduled in January 2013]
- Act 250 exemptions for downtowns/Neighborhood Development Areas [NOTE: DHCD is actively exploring these ideas]
- Target brownfield funds to designated downtowns and villages centers [NOTE: Existing priority]
- Provide a payroll or business tax credit for new or existing business locating in designated areas [NOTE: No specifics provided; concern of impact to tax revenue in difficult funding climate]
- Create a local bank shared risk pool to support difficult to finance building rehabilitations in designated downtowns and village centers [NOTE: Discussion with local banks is planned, but has yet to occur]
- Increase net-metering benefits for business located in designated downtowns [NOTE: No specifics provided]
- Enable property tax stabilization - freeze the state portion of the property tax bill for a period of time for a property owner that makes a certain level of investment in a downtown property. [NOTE: Municipalities are currently enabled to do this with their portion of the property tax, changes to the state portion requires Act 60 amendments]
- Provide tax credits for corporations with significant state tax liability that make charitable contributions to nonprofit entities that contribute to economic development (invest in blighted properties, parking infrastructure, fund project management capacity for downtown revitalization.) See Pennsylvania 'Neighborhood Partnership Program.' [NOTE: This would require a new funding stream]
- Department of Liquor Control policies that favor downtown/village siting and revitalization [NOTE: BGS aware of this concern and is locating more state functions within designated areas]
- Scour state government for all state investments (e.g. school construction funds) and give preference to designated areas.
- Create greater predictability about where investments will take place. [NOTE: No specifics provided]

Housing

- Provide per-unit funding to towns that permit new housing developments within neighborhood development areas. The funds would support local priorities like parks, sidewalks, infrastructure [NOTE: This would require a new funding stream]

- Incentives to create ADUs (mother-in-law) units such as rebating permit fees (impact fees, sewer hookup, and permits). [NOTE: DHCD will be researching this issue further in 2014]
- Tax abatement for increased property valuation (renovation of existing buildings or new construction) within designated areas [NOTE: Municipalities are currently enabled to do this with their portion of the property tax, changes to the state portion requires Act 60 amendments]
- Reduce property taxes on multi-unit rental housing [NOTE: Impact to state revenue would need to be considered]
- Provide tax incentives for improvements to rental housing in designated areas [NOTE: This was explored and the impact to state revenue would need to be considered]
- Eliminate Act 250 jurisdiction for housing projects in existing historic buildings within designated areas [NOTE: See Regulations Supporting Land Use Goals section]
- Provide a five-year tax credit for homebuyers who buy and restore houses in need of major rehabilitation in designated neighborhoods, or who buy from developers who restore such houses, and a ten-year tax credit for investors who put money into pools to be used for flexible neighborhood investments in the same neighborhoods. [NOTE: This would require a new funding stream]
- Provide tax-free down payment savings account (federal proposal – exists in Montana) [NOTE: Impact to state revenue would need to be considered; a bill (S.158) create an incentive for employers to create down payment assistance program is currently in the Senate]

INDUSTRIAL PARKS

Incentives

- Create a Vermont Economic Development Authority (VEDA)-managed revolving loan fund to build new industrial space [NOTE: After talking with VEDA, they do have a loan program for regional and community development corporations to do this. AOT has infrastructure programs to improve Class 1 highway and rail-related businesses]

Permitting

- Reduce/eliminate the cost of agricultural mitigation and offer options to make conserved land available when expansion is needed [NOTE: See Industrial Parks section of this report]
- Address wetland mitigation requirements [NOTE: Difficult as wetlands are under Federal jurisdiction]
- Reduce permitting fees [Note: Including industrial parks within growth centers is one way to achieve this; see Industrial Park section of this report]
- For ANR permits give public notice at the same time as permit review is taking place. (Example: stormwater permits take a minimum of 45 days with a 10-15 day public notice at the end. ANR could give notice at the same time that it reviews application.[Note: Upon investigation, this is a Federal Clean Water Act requirement and modifying would take substantial time and effort]
- Create more useful and robust pre-permitting or master-permitting process [NOTE: This can currently be utilized, but rarely is; more investigation is need as to why as well as ways to improve the concept]
- Define thresholds for trips and other criteria for umbrella permits so permitting goes faster as long as thresholds aren't exceeded, as with Umbrella Permits in the early years of Act 250 [NOTE: Discussed as a recommendation, see Regulations Supporting Land Use]

- Eliminate or expand the timeframe for the 5-year expiration of permits [NOTE: Needs further investigation]
- Educate and support consultants and applicants to help them submit complete applications and avoid unnecessary delays [NOTE: See Education and Outreach section of this report]
- Implement the Title 3 bill-back process on state permits – this allows the state to hire an expert to review an application at the applicant's expense in order to expedite the review process [NOTE: currently available, implementation needs investigation]
- Allow more general permits and self-certification [NOTE: Currently available]
- Allow development to commence before permitting is complete at the developer's risk [NOTE: Currently available]
- Concurrent local/state permitting [NOTE: This is currently an option, but it is very rarely used]
- Create a preliminary review process – re-establishing the 'Act 250 Club' that provides interagency review [NOTE: See recommendation on major development coordinator in body of report in Regulations Supporting Land Use]
- Incent towns to land-bank or set aside land for business/industrial development with a variety of lot sizes (up to 20 acres) and room for businesses to expand [NOTE: See Industrial Park section of the report]
- Create a central database so everyone can access information needed for permits including local school and infrastructure capacity [NOTE: Funding and staffing resources needed]

NATURAL RESOURCE PROTECTION

Many of the following issues were raised in the Natural Resources Working Group, but require further refinement, research and discussion.

General

- Need a good definition of "high value forest block" that can be used in Act 250, Current Use and other programs
- Instead of prioritizing the largest parcels for conservation, shift towards identifying the most productive

Permitting

- Enable Act 250 review of utility extensions – reviewing both the utility lines themselves as well as the secondary impacts [NOTE: see Natural Resources section of this report]
- Consider location-based jurisdiction for Act 250, focusing review on projects that take place in environmentally sensitive locations and regional resources like wildlife corridors
- Increase state permit fees for projects in remote locations including highway access permits and water/wastewater permits (and reduce fees in centers)
- Assist businesses in the forest products industry with permitting and enable limited exemptions on some issues that are a particular barrier for industry expansion and innovation

Current Use

- Consider adopting a tiered system like New Hampshire has that would allow forest land to be enrolled in Current Use at different tax rates depending n the level of management or conservation proposed by the landowner

- Address the over-valuation of conserved land by some municipalities, which could free up existing state dollars to enroll new properties in the program
- Update eligibility requirements to better achieve conservation and flood resilience goals
- Provide County Foresters with more resources to help those that remove land from the program, reduce the impacts on any development

Planning

- Re-activate the interstate interchange executive order
- Prioritize areas for protection to assist communities and regions in their planning efforts
- Assist towns that want to grow and revitalize to implement community water and wastewater solutions

Water Quality and Flood Resilience

- Consider strong anti-degradation stormwater regulations for Vermont (like the federal Clean Water Act)
- Create a tiered permitting system for floodplain, floodway and river corridor and treat them differently
- Create a right of first refusal for purchase of land that can prevent flood damage.
- Fund strategic disinvestment and land acquisition in flood prone areas

AGRICULTURE

Many of the following issues were raised in the Agricultural Enterprise Working Group, but require further refinement, research and discussion

Permitting

- Consider giving towns authority to issue permits for farm structures
- More interagency coordination (NRB and ANR) is needed for regulating on-farm composting and digesters
- Consider incentives to promote on-farm bio-gas connection/collection in Franklin and Addison Counties

Water Quality

- Create a “river friendly farm” certification program to help farmers who lease lands demonstrate their stewardship to landowners considering a lease
- Increase public awareness of practices that farmers implement to reduce impacts to water quality

Planning

- Improve the agriculture sections of town and regional plans – addressing agriculture as an economic development issue

Current Use

- Consider changes to Current Use that would better integrate the farm and forestry programs as many farms include both
- Consider improving conservation requirements
- Need clear statewide guidelines on how municipalities assess land with conservation easements.

Data

- Assemble the data necessary to understand the extent and character of farming to inform policy-making.
    - Location of farms and the type of farm
    - Leased vs. owned farmland

POSSIBLE REVENUE:

The following are stakeholder suggestions to implement the recommendations. Further discussion is needed on the implications of these suggestions.

- Direct proceeds from state internet taxes to designated [NOTE: Requires federal legislation]
- Charge an impact fee for new homes exceeding $500,000 or 2nd homes built outside designated of centers
- Expand State Bonding Capacity [NOTE: Existing capacity limited by ongoing Tropical Storm Irene recovery costs]
- Simply process for municipalities to create Special Assessment Districts [NOTE: Additional details and discussion needed]
- Local options taxes – increase for designated areas. Consider multi-town, multi-option taxes (Increase the 70% that goes to Municipality, i.e. don't send 30% to education fund)
- Zero-coupon bonds from private market
- Increase property transfer taxes

GROWTH CENTERS PROCESS

Chittenden County Regional Planning Commission (CCRPC) submitted the following document to the Growth Center Working Aroup for their review and consideration. Many of the suggestions were supported; however, the new concept of tiered designations found no support because the group agreed that current amount of incentives is insufficient for the existing designation programs.

The idea to create 'Enterprise Zones' also found little support among stakeholders. Many felt the concept conflicted with goals to integrate industrial and commercial uses into growth centers and research was mixed on the need throughout the state. The group felt the best way to support industrial uses within the state was to rationalize and simplify the Growth Center program, provide additional incentives and increase education and outreach to encourage designations.

CCRPC Growth Center Designation Reform Recommendations
10/16/2013

BACKGROUND

The Commissioner of Housing and Community Development has been asked by the legislature to provide recommendations regarding improving the state designation processes including a look at industrial parks and rural areas.

ECOS Plan perspectives:

- Before 1970 less than 20% of new development occurred in rural areas. (Figure 41)
- Between 1970 and 2005, new development in rural areas almost doubled to more than 35%.

Strategy 3.2.2 - Strive for 80% of new development in areas planned for growth, which amounts to 15% of our land area.

Action 5. State/Local Permitting Coordination & Improvement

a. Support changes to the local and state permitting process to make the two more coordinated and effective. Participate in the Agency of Commerce and Community Development's (ACCD) process to improve the State's designation programs designed to encourage development in appropriately planned places and discourage development outside of those areas. This program could be improved with regulatory and/or fiscal incentives. These could include expedited permitting processes for projects in areas that are: a) designated for growth; and, b) where a community has a robust plan, regulations and staff capacity; and reduction of redundancies such as delegation of permitting for certain local and state reviews (such as exemption from Act 250). In conjunction with delegation it may be appropriate to develop more stringent standards and thresholds for development review in rural areas.

b. Collaborate with stakeholders to ensure local and state regulations, bylaws and plans encourage transparency, predictability and timely review of sustainable and environmentally sound development applications.

c. Develop a transportation assessment process and fair share mitigation assessment that supports existing and planned land use densities and patterns in Center, Metro, Suburban, Village, and Enterprise Planning Areas to allow for more congestion and greater mode choice than allowed by current standards. The CCRPC will collaborate with the Vermont Agency of Transportation (VTrans), the Natural Resources Board, and other state and local stakeholders to develop a process that evaluates the transportation impact from a multi-modal perspective rather than just a traffic flow standpoint. Further, the District Commissions must adhere to a consistent formula and assessment process in consultation with the Agency of Transportation.

RECOMMENDATIONS

General – The following reflect statements of principles and ideas and not specific legislative proposals including all of the details necessary for statutory change.

Permitting Process, in general - The state permit process should encourage development in appropriately planned places and discourage development outside of those areas. This could include expedited processes for projects in areas designated for growth and where a community has a robust plan, regulations and staff; for example improve the process and reduce redundancies (consider delegation in appropriate situations) for certain local and state reviews and Act 250. If this recommendation would result in a more efficient and timely process in designated growth areas, it may be appropriate to develop more stringent standards and thresholds for development review in rural areas.

Tiered Designations – The designation review and approval process and associated incentives should build upon each other. In order: Village Centers, New Town Centers, Downtowns (all with associated neighborhood planning areas), Enterprise Zones, Growth Centers.

Approval Process –

1. Building upon the work done in last year's neighborhood planning area; proposed designations should be clearly identified in the municipal and regional plans.
2. Appropriate zoning should be in place to support the development of designation and protection of critical natural resources.
3. Infrastructure should be in place or planned with appropriate capacity for projected development.
4. RPCs should assist, review, and make recommendations to the State for approval regarding the subjects below. The Downtown Board should review to confirm.
    a. For all designations:
        i. Consistency with adopted municipal and regional plans and planning processes.
        ii. Zoning to implement the designation.
        iii. Infrastructure (transportation, wastewater, water, storm water, etc.) plans to implement the designation.
        iv. Community facilities (municipal buildings, parks, libraries, public safety facilities, etc.)
    b. For growth centers/enterprise zone:
        i. Mapping, projections, and build-out analyses.
        ii. The proposed designation's impact on the village, downtown, or new town centers associated with, or potentially impacted by, the growth center.
        iii. Evaluate agriculture within growth center and provisions for urban agriculture in municipal plan and zoning.
        iv. The efforts of the applying municipality and/or adjacent municipalities to further the goal of retaining a more rural character in the areas surrounding the growth center.
    c. For Enterprise Zone
        i. With RDC, confirm that the site is needed for high wage, value-added employment.
        ii. Eliminate conditional uses by municipalities in this zone.
5. VTrans, ANR, Ag, and ACCD should make recommendations to Downtown Board. Early municipal and RPC consultation with these agencies should be encouraged.
6. Remove the restriction regarding no more than 150% of residential development and 100% of commercial and industrial growth. This presumes a degree of certainty regarding projections that is not realistic. (The state and municipalities should be working together to encourage more growth in these locations, not limiting it.)

Regulatory incentives – Incentives should build as a municipality attains each higher designation. Specific additional recommendations are:

1. Provided the project is above a minimum density (eg. at least 4 du/ac net density in residential districts, or 2 or more stories), remove the Act 250 jurisdiction in Growth Centers, Enterprise Zone, Downtowns, Villages. This would apply to municipalities with zoning that meets criteria and included in subsequent designation approvals.
2. If Act 250 is not engaged, municipal DRB approval should be contingent upon final approvals from state regarding storm water and transportation, unless delegated to the community.
3. Prime Agricultural soils mitigation should not be required in areas for targeted for development in the designated area (recognizing that some areas in designations are set aside for open space, natural resources, and urban agriculture).

4. To address cumulative rural impacts, reduce thresholds for Act 250 to five lots. Perhaps allow a higher number, but only if clustered on small lots. Also consider tightening the cumulative road rule.
5. A rural fee in lieu of Act 250 should be considered to begin leveling the playing field. (perhaps: a State fee for new homes outside designations (maybe price or size based)) This could be tied to the "Fair Share" for transportation fee and revenues used for transportation/infrastructure improvements in growth centers
6. For project specific access permits, revise VTrans LOS standards in designated areas with other available modes.

Infrastructure Financing incentives

1. Target Infrastructure Planning Funds – Increase ANR funding and give priority to municipalities planning for water, wastewater, storm water, and other infrastructure to support designation/efficient land use/compact development.
2. *Increase funding of MPG grants if intended for infrastructure planning.*
3. Target, promote and install water/wastewater systems in villages/downtowns/growth centers and enterprise zones.
4. Consider expanding the opportunity for TIF districts, and even some more creative methods that would not include education funds.
5. Simplify local options taxes process to support infrastructure. Allow all municipalities to be eligible. In designations increase the percent for municipalities beyond 70%? (reduce the 30% to the state and processing fee).
6. Expand the capacity of the bond bank to issue revenue bonds (not just general obligation) in revenue bond districts. Reduce interest rate for projects in designations from the bond bank. Like VEDA, provide 1 % loans to be paid back with additional property taxes in the designated area until the loan is paid off. Risk gets paid with an additional year of the property tax revenue.
7. Strengthen and encourage more business improvement/special assessment districts. Relate these districts to business tax deductions.
8. Expand the State Treasurer's municipal equipment loan fund for more eligible purchases related to municipal infrastructure.

Enterprise Zone incentives -

1. Define Enterprise Zone as provided in the adopted regional plan. Provide additional incentives for high wage, value-added employment.
2. Create a VEDA managed RLF for the creation or improvement of industrial parks.
3. Provide site planning assistance in amounts up to 50% of the total cost.
4. Provide financing up to 50% of site acquisition and infrastructure development costs. The State can either fund projects using grants, loans (to be recovered from initial lot sales) or a combination of both.

Suggested Revision to Goals Section of Statute

An acknowledgement of the importance of enterprise zones in growth center/planning and funding legislation must be included via language and purpose statements just as natural resources and agricultural uses are currently recognized. Suggested language to add to Growth Center bill: (Refer to Senate Bill 17 for language as well)

It is acknowledged that there are areas that may not be appropriate for, or compatible with existing uses within the downtown, village center, new town center or growth centers. Therefore, in order to enhance the

quality of the aforementioned centers and to create a place for inconsistent uses to locate without sprawling into the countryside, enterprise zones shall be recognized and include lands that may not be contiguous to the above described areas, but have clearly defined boundaries that are zoned or permitted for industrial or business use as of January, 2010 and that have been approved by one or more municipalities in their municipal plans to accommodate a share of the industrial and business growth anticipated by the municipality or municipalities over a 20-year period. These zones shall to the fullest extent possible, function as a single integrated area and provide functional connections to the designated growth centers located within a community. These functional connections mean areas connected by existing or planned public or private infrastructure.

On August 21, 2013, the Associated Industries of Vermont (AIV) held its Environmental and Regulatory Seminar focusing on environmental, development, and product regulations. The conference focused on a number of interests and concerns to manufacturers and other businesses and included a session on Act 250 Criteria and Related Reforms; Industrial Park and Growth Center Challenges and Opportunities. Dawn Francis, Colchester Town Manager, submitted her presentation to DHCD for review and consideration (below). A number of the items are noted and addressed in the recommendations. However, the idea to create a new designation program for industrial areas was not supported. As mentioned above, many felt the concept conflicted with goals to integrate industrial and commercial uses into growth centers and research was mixed on the need throughout the state. The group felt the best way to support industrial uses within the state was to rationalize and simplify the Growth Center program, provide additional incentives and increase education and outreach to encourage designations.

DHF Panel Presentation for AIV Environmental Seminar on 8/21/13
Adapted from testimony previously prepared for LCRCC/GBIC on Growth Center legislation.

- **Why should we care about industrial parks as growth centers?**
- **What should be done to ensure Vermont has employment/job centers for industrial/office park areas and what incentives should be provided?**
- **How can you help?**

Passion for this issue because I've been dealing with it for my entire career with no resolution. As a former municipal planner and economic development director, I witnessed firsthand the difficulties applicants and developers of industrially zoned properties had in permitting, developing and operating on their sites.
As lobbyist who advocated on behalf of business the last 8 years, I also witnessed the legislative process in which policymakers seem fixated on creating compact, walkable village centers and protecting natural resources rather than recognizing the need for areas that provide jobs, goods and services needed by our society and aren't compatible with residential uses. Since becoming town manager, already fielded 3 calls from residents complaining about noise and traffic associated with an industrial park near their neighborhood.

Agricultural uses are allowed as a right in Vermont, why not industrial or manufacturing areas - job opportunity zones? We compete with other states who have shovel ready sites – ie. NY with Empire Zones

Why should we be considering industrial parks as a growth center or provide incentives for this type of use?

Many industrial or heavy commercial uses are not welcome in downtowns or immediately adjacent to residential areas. Zoning evolved as a result of the need to "***protect residential, agricultural and other areas from undue concentrations of population and overcrowding of land and buildings, from traffic congestion, from inadequate parking and the invasion of through traffic, and from the loss of peace, quiet and privacy" (excerpt from T.24, Chapter 117 State Planning Goals)***

A broader perspective on the public value of certain types of planned economic development must be provided within the state's planning and development regulations***.***

Vermont communities seek to balance our sense of place and the conservation of natural resources with the need for growth and development that supports the economic vitality of the state's downtowns and village centers as well as value added industry that provide jobs for Vermonters. Without employment, our society would be in economic decline, which then robs the resources needed to maintain a quality environment. Thoughtful land use planning which would lead to expedited permitting of industrial locations would support the goals of the development community and land conservationists. Unfortunately, the growth center legislation adopted to date and some of the more recent changes contemplated to Act 250 do not recognize the value of industrial uses and excludes from designation outlying areas that communities have zoned and permitted to promote prosperity.

Currently, much of the language in our statutes speaks to the necessity of avoiding or protecting natural and historic resources in growth centers, instead of acknowledging that their conversion within designated areas are justified as a means to encourage infill development and avoid the process of leapfrogging from acceptable landscape to acceptable landscape.

Properly crafted, industrial zones can be a tool for both economic development and the protection of natural resources. By encouraging infill development in industrial zones that have already been permitted outside of downtowns, a municipality can protect natural resources by virtue of where it provides shovel ready sites and incentives for employers to locate. As Greg Brown former Executive Director of the CCPRC once testified, "Without incentives to cluster in well-planned growth centers, industrial and large office uses will follow rational decision-making and locate on land that meets other criteria such as price and room to expand, characteristics often found in low density rural areas. Continuation of this scattered land use pattern would dictate continued dependence on individual cars for commuting, not transit."

The Regional planning and development organizations for Chittenden County (CCRPC/GBIC)\. recently did a comprehensive economic development strategy which included an inventory of industrially zoned lands. The study found, that within 4 years, the land available for manufacturing and office parks will be used up. Chitt. Co. is the economic engine of Vermont as more than a third of all jobs statewide are located there. Vermont actually has a higher percentage of jobs in high value added manufacturing than the national average. Without high value added manufacturing and the jobs as well as other multiplier affects, our economy will decline, which then puts pressure on social services and resources needed to maintain a quality environment.

There is an on-going need for the location of value added land uses typically associated with undesirable, but generally unavoidable, impacts such as night lighting, night-time employee arrivals/departures and night truck deliveries/outputs that would be disruptive to a residential neighborhood. The same incentives provided for downtowns and designated growth centers are also needed for Industrial Parks to construct infrastructure such as sewer, water and stormwater as well as multi-modal (most probably bus) locations for worker transportation.

Possible Incentives

- Waiver of Act 250 process/On the Record Review or presumption of compliance if certain state and local permits have been granted.
- Have permitted uses only in prepermitted industrial parks, no conditional uses.
- Lower level of service thresholds for transportation in the Act 250 and local review process allowed
- Address the “last one in pays” issue.
- Special consideration of state funding for infrastructure in industrial parks (need to change statutory language to recognize employment zones/job centers in addition to downtowns/villages)
- Allowance of development in industrial parks without having to pay for ag or natural resource mitigation.
- Low interest financing of infrastructure.

What needs to be done legislatively?

An acknowledgement of their importance in growth center/planning and funding legislation just as natural resources and agricultural uses are currently recognized.

Suggested language to add to Growth Center bill:
(Refer to Senate Bill 17 for language as well)

It is acknowledged that there are areas that may not be appropriate for, or compatible with existing uses within the downtown, village center, new town center or growth centers. Therefore, in order to enhance the quality of the aforementioned centers and to create a place for inconsistent uses to locate without sprawling into the countryside, industrial zones shall be recognized and include lands that may not be contiguous to the above described areas, but have clearly defined boundaries that are zoned or permitted for industrial or business use as of January, 2010 and that have been approved by one or more municipalities in their municipal plans to accommodate a share of the industrial and business growth anticipated by the municipality or municipalities over a 20-year period. These zones shall to the fullest extent possible, function as a single integrated area and provide functional connections to the designated growth centers located within a community. These functional connections mean areas connected by existing or planned public or private infrastructure.

Industrial Parks that have been in existence as of January, 2010, that are within a community that has an adopted plan, zoning and subdivision bylaws, and have an existing Act 250 permit shall be waived from the Act 250 process.

VERMONT

AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
COMMUNITY PLANNING + REVITALIZATION

http://accd.vermont.gov/strong_communities/opportunities/revitalization/designationreform