

Report of the

Governor's Commission

on Vermont's Future:

Guidelines for Growth

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January, 1988

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Photo by Joshua Brower



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and the thousands of Vermonters who wrote letters and attended the public hearings.

Supplemental Appendix

The Commission reviewed a significant amount of information in the preparation of this report. However, not all of it could be incorporated into the main report. Therefore, a supplemental appendix will be printed in the weeks following the release of the report. It will contain an expanded history of Act 250, a detailed example of how the new planning process could make the permit process more efficient, and an expansion of the economic and demographic data. Copies of the supplemental appendix will be available from the Office of Policy Research and Coordination, 109 State Street, Montpelier, Vermont 05602.

The Governor's Commission on Vermont's Future: Guidelines for Growth

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The Honorable Madeleine M. Kunin
Governor
State of Vermont
Montpelier, Vermont 05602

December 31, 1987

Dear Governor Kunin:

On behalf of myself and my fellow commissioners, I want to express our sincere appreciation for the opportunity to serve you and the people of the State of Vermont.

When you asked us to serve as your Commission on Vermont's Future: Guidelines for Growth, few of us fully understood how intensive and how extraordinarily rewarding that experience would be. Since you set us to work on September 22, 1987, we have met with over 2000 Vermonters, held 11 public hearings, and received hundreds of letters and several hundred pages of testimony. I cannot find words adequate to express the excitement of that experience, or how moved we were by the concerns, beliefs and aspirations which those Vermonters so generously shared with us.

This is truly an extraordinary state and Vermonters feel a very special bond with it. While we believe this report faithfully attempts to capture the content of what we heard as we traveled around the state, we worry that it may not adequately convey the depth of feelings behind those expressions. The people of Vermont care deeply about the future of their state; and, while they are very proud of what it is today, they are also very troubled about what it may become. Put most simply, they see changes occurring at an accelerating pace, and they fear that what makes Vermont so special to them may get lost in the shuffle of those changes. They worry that the Vermont of the future will not look familiar to them — that we will have lost the special sense of community and natural beauty that are the essence of Vermont.

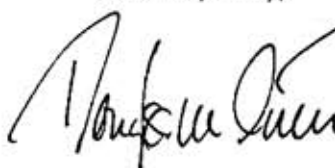
Vermonters are not afraid of change, but they want to shape it. They are not afraid of growth or development, but they want it "done right." Most of all, they want a place for themselves and their children in the Vermont of tomorrow.

We hope that you, the Legislature and the people of Vermont will favor this report with your approval. As you requested of us, we have tried to frame the issues, to lay out a statement of goals and principles, and finally to suggest a course of action commensurate with our findings and those goals and principles. We are mindful that this is an ambitious call to action. We have also come to feel strongly that boldness is what the circumstances require.

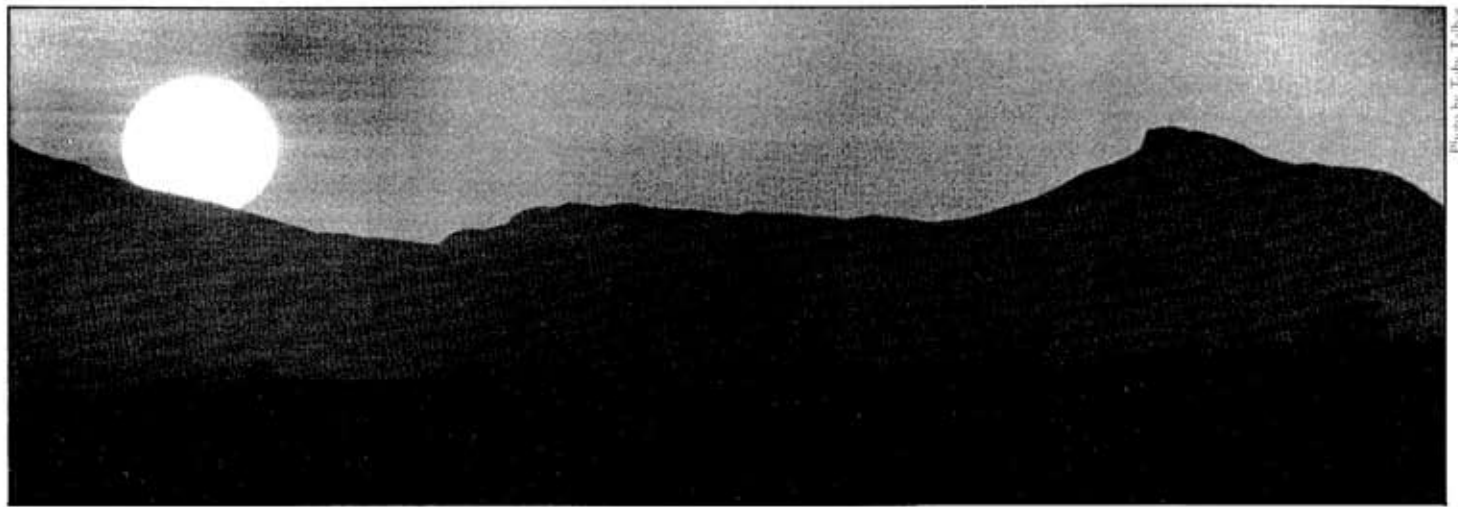
I should like to conclude with a word about some very special help we had in putting this entire effort together. Only by virtue of the logistical wizardry of Peg Elmer and Joshua Brower of the Agency of Natural Resources were we able to meet with so many Vermonters in so short a period of time. Without the added dedicated efforts of Louise Eldred, who put in countless hours of administrative work, and David Healy of the Office of Policy Research and Coordination, who helped with research, we might never have met the deadline for this report. Finally, the whole enterprise might well have floundered but for the especially competent assistance of George Hamilton, also of the Office of Policy Research and Coordination. We gave George the opportunity to explore to the limits his patience, as well as his considerable skills in diplomacy, analysis and composition. Without the help of the aforementioned staff, we simply would not have gotten the job done.

Again, Governor, thank you for giving us the opportunity to serve the people of Vermont.

Yours Very Truly,



Douglas M. Costle
Chairman



Background

In the last quarter-century Vermont has been transformed from a quiet and isolated rural area to a fast-paced and highly desirable corner of the modern world. Vermonters, as a result, have had to grapple with the problems created by that transformation. Our efforts have been remarkable and have won national attention.

In the late 1950's, nearly one-quarter of Vermont's workforce was employed in agriculture, lumbering and mining. Interstate highways had yet to reach the state's borders, and while skiing development had begun in the mountains, the recreation industry catered primarily to summer motorists. Farms were small and family-run for the most part, and there were 10,000 of them.

But it would be a mistake to consider Vermont in those days a pastoral paradise. In some ways, Vermont's environment was even then under siege. Small creameries throughout the state discharged dairy wastes directly to the nearest stream, sewage treatment plants were few and far between, and at the textile mills in Winooski, the river would commonly change color from day to day, depending upon the color of the dye being used. The average Vermont per capita income was much farther below national salary levels than today, and many young Vermonters left the state to seek opportunity elsewhere.

Then things began to change. In the 1960's, after years of relative stability, the state's population expanded rapidly, growing more than seven times as fast as it had in previous decades. The relative significance of the dairy industry declined, recreation and tourism surged, and Chittenden County — with population growth of more than 33% — was experiencing industrial development even greater than the new growth in vacation areas. For example by 1965, IBM alone, which started in 1957 with just 200 employees, had grown to 2,500. At present, the company employs about 8,000.

Expanding ski areas and year-round vacation homes began to profoundly change the character of many of the state's small towns and rural landscapes. Growth pressures brought rising land values, large mobile home parks, and strip development along major highways, even as they strained municipal services

and pushed property tax rates upward.

Vermonters became concerned, and during the administration of Governor Philip H. Hoff, government began to respond. The Scenery Preservation Council was created in 1966, the Vermont Planning Council in 1967, and by 1968, legislation had been adopted banning billboards, screening junkyards, and regulating municipal dumps. Regional Planning Commissions were authorized in 1965 by the General Assembly, and the first, the Windham Regional Commission, was formed in March of that year. Other planning laws — usually calling for voluntary participation by local governments — were passed and, in 1968, the final product of the Hoff Administration's planning activity was issued: a statement of future planning goals entitled "Vision and Choice: Vermont's Future."

By spring of 1969, local cries of protest could be heard clearly in Montpelier. Governor Deane C. Davis convened a special conference on natural resources attended by more than 500 people. He followed that in May by appointing the Governor's Commission on Environmental Control, an 18-member committee — chaired by Arthur Gibb — that Davis instructed to prepare a program of legislation for the 1970 Legislature. The Commission presented a report that touched on land development, pesticide regulation, water resources, state government reorganization, and the need to protect open spaces and higher elevations.

The 1970 Legislature responded vigorously and passed a major program of environmental legislation. The State Land Use and Development Bill (Act 250), was passed as well as a comprehensive water quality bill, mobile home park controls, stringent health department regulations governing water and sewage disposal in real estate subdivisions, a scenic easements law, pesticide controls, and a law governing the use of navigable rivers and shorelands. Significant state government reorganization measures also took place.

The passage of Act 250 and related measures signaled the emergence of environmental protection as a major political issue. But while the regulatory provisions of Act 250 went into

effect on June 1 of 1970, development of the full three-stage planning mechanism called for in the act had only just begun. It was only partially complete when it was finally abandoned six stormy years later. The Land Use Plan, the important final capstone of the law, was never implemented. It languished in the state Legislature during the energy-crisis years of the early 1970's, and by the middle of that decade was clearly defeated. The provision for such a plan was removed from the act in 1984.

In the meantime, however, other important environmental laws had been enacted. Vermont's returnable bottle law, a law banning high-phosphate detergents, and important farmland-preservation measures were passed in the mid-to-late 1970's. And even though the Land Use Plan was never enacted, Act 250 has proven to be an effective project review process and has won wide public support over the past 17 years.

During the last five years, Vermont's rate of economic growth has ranked among the highest in the nation. Our environmental laws and the ethic that produced them have helped maintain much of the beauty and integrity of the natural environment here, encouraging business investment and continuing growth and development.

However, the rapid growth that has accompanied the recent surge in economic prosperity has brought new concern to Vermonters. They see an accelerated rate of development sweeping across Vermont, threatening their communities, values, and natural resources.

Recognizing and responding to that concern, Governor Madeleine M. Kunin launched the Governor's Commission on Vermont's Future on September 22, 1987. Its purpose was to assess the concerns of Vermont citizens on the issue of growth, to establish guidelines for growth, and to suggest mechanisms to help plan Vermont's future.

The Commission asked Vermonters for their opinions. Thousands of residents attended hearings during the fall of 1987 and hundreds more wrote to describe those Vermont values they hold dear and their ideas on how to maintain those qualities far into the future. The response was from the heart; thoughtful and articulate. The Commission heard that Vermonters care deeply about the qualities which shape life here and that those qualities should be protected.



Photo by Joshua Brower

The following is the report of the Governor's Commission on Vermont's Future: Guidelines for Growth. Included is a description of the values Vermonters expressed to the Commission, an identification of the problems described, the principles which the Commission recommends for use as guidelines when planning for future growth, and recommendations for changes to improve the planning process in the state of Vermont.



Photo by Joshua Brower



Vermont Values

Vermont's motto proclaims this state the home of "Freedom and Unity." It is a fitting epigram, one that sums up aptly our experience as a state and as a people.

During the course of the hearings conducted last fall by the Governor's Commission, that ethic, and the values that it encompasses, were expressed time and time again. Vermonters love their state, prize its unique qualities and don't want to lose them. At the hearings, they said so repeatedly.

"We must be willing to say that the beauty and quality of life in Vermont is not for sale. That if you can find a way to enhance the quality of life here, come join us, if you can not, or care not to, please visit another state."

That's what Peter Bramhall of Bridgewater said at the public hearing in Hartford. His words reflect the pride that Vermonters have in their common heritage.

More than two thousand people attended the 11 public hearings of the Governor's Commission on Vermont's Future. The 300 who testified presented diverse interpretations of the problems facing the state and recommended solutions that were sometimes at odds with one another. However, a

common set of values did emerge. A set of beliefs and principles brought people together, regardless of their orientation, to thoughtfully discuss the future course of the state.

Vermont's characteristic values can perhaps be best understood in terms of four basic components: community life, agricultural heritage, environmental quality, and the search for opportunity.

Community Life

Vermont is a village culture; it began as a state of frontier settlements and remains a small world where people know and care about one another. To know the teacher who teaches your children, the lawyer who writes your deed, the legislator who writes your laws, the grocer who sells you your food and in some cases the farmer who grew it makes people more responsible toward one another and promotes the economic diversity of our communities.

Sometimes we speak most forcefully about our values when we fear we are losing them, and that was the case at the public hearings last fall.

"We in Vermont support our communities in two ways: with money and time," said Nancy Wasserman of Hartford. "I'm concerned that we are creating second home communities that do their share perhaps with money and do very little in the way of time, that we are creating private enclaves where people are not serving on town boards, are not sharing their expertise with the towns, are not baking the chicken pies for the chicken pie suppers...."

The community ethic has made Vermonters careful of one another and mindful of their neighbors' needs. Even today, Vermont spends more on social services per capita than most other states, much more than New Hampshire, just next door.

"Poverty is just as scarring as mountains of concrete or overcrowding," wrote Dorothy Graver in a letter to the Commission. "A strong social fabric is our best insurance policy for providing excellent schools, a modern transportation system, hospitals, healthful recreation for all, decency and dignity for even the helpless."

Because the residents of our communities are not strangers, they are as ready to pull a neighbor from a snowbank as they are to debate the school budget at town meeting. There is a feeling of trust, a sense of security.

That ethic has instilled a love of participatory democracy in Vermonters. They expect to participate at town meeting, the local school board, the state legislature and elsewhere. People here trust and want local decision-making and local accountability. They want to be involved.

"The one thing I like most about the political climate of the state is that we are small enough area-wise and population-wise to be able to control our destiny," said Warren Foster of Wilder. "Change and growth are inevitable in Vermont. So is, I think, our desire to make sure, as best we can, that this change and growth reflects what is best for most people and the land."

In St. Albans, Barry Cade testified:

"One of the things that makes Vermont unique is its tradition of local rule and the feeling that the citizens can be involved in all of the decision-making processes."

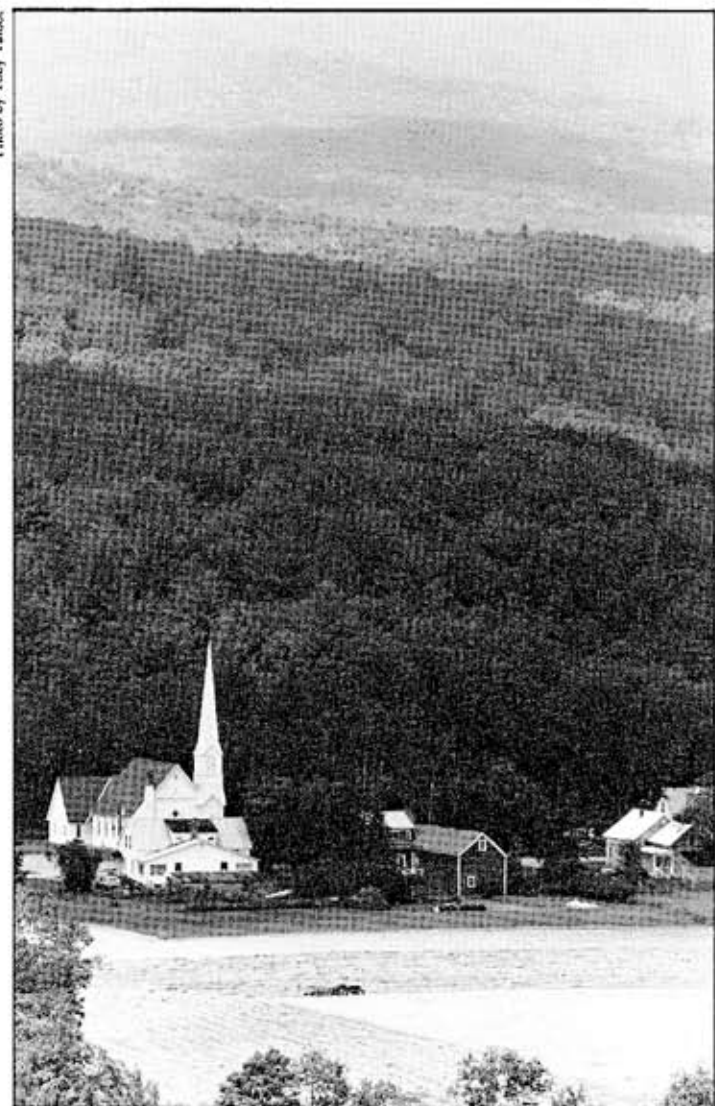


Photo by Toby Talbot



Agricultural Heritage

Agriculture, according to Scott Dean of St. Albans, "is the foundation of our economy and culture."

Farming has shaped our beliefs and attitudes as well as our countryside. The work ethic that distinguishes Vermont workers was honed on the farm, as were independence and self-reliance so valued here. The working relationship with land and weather required by farming and the pastoral landscape wrought by generations of farm labor has done as much as anything to define the Vermont character. Not all Vermonters have lived on farms, but all of us have learned from our farming neighbors and have benefitted from the association.

"Small farmers have enhanced the beauty of our countryside in a way that nature cannot reproduce," wrote Dr. D.S. Peterson of Williston.

In this century, the working rural landscape has helped create a vigorous tourist industry and the work ethic has made Vermont labor attractive to business. And yet, those little-recognized "products" of our farm heritage offer us more than economic value. They help define who we are, and thus have immeasurable value in maintaining our rural identity. That is why farming is held so dear by Vermonters. It is part of who we are. But those who spoke at the hearings were aware that farming is threatened.

"I don't see alot of 'rural' going on anymore," said Peter Saman of Woodstock. "I would like to suggest that ('rural') is an activity; it's not a place; it's not outbuildings, but it's people doing stuff with the land, with trees, with animals, whatever...If Vermont is going to be here, I think rural has to exist or we're going to live in Disneyland."

Environmental Quality

Vermont remains committed to a strong environmental ethic. The state's environmental laws have kept it intact despite enormous and growing pressures, and yet they have allowed growth and change.

A beautiful landscape demands the integrity of a whole environment. And so Vermonters have long been wary of rapid change that might damage or destroy the beauty and the natural world surrounding them. Residents believe that the

preservation of our natural resources is an obligation on one generation to another.

"Vermont's Golden Goose is its environment," wrote Alan Perkins of Bridgewater, "its combination of farms, villages, clean streams, clean air, forests, fields, mountains and ambience. Vermont is what a lot of people have been looking for all their lives. Vermont is rightly considered to be one of the finest places to live in the nation."

Opportunity

Vermonters have long been committed to the good struggle for a better life. The desire to create a strong economy with good jobs for all is a fundamental vision common to virtually everyone who lives here. Ingenuity, the ability to do a lot with a little, gave Vermont the first patent ever issued by the federal government. The first platform scale was invented by Thaddeus Fairbanks in 1837. James Hartness had 120 patents in his name at the time of his death. These and others like them made Vermont the leading industrial state in the 1850's. This tradition keeps Vermonters resourceful still: Vermont is among the nation's leaders in the creation of small independent entrepreneurial businesses.

"In our tradition of small scale entrepreneurship, we have evolved a stable economy appropriate to our resources," wrote Leonard Duffy of Hinesburg.

That value has social consequences as well. Home ownership, lately becoming less attainable, remains the goal of every young couple. The family is still the most important social unit in Vermont and most of us hope that our children will be able to live and prosper here. That is one reason for the passionate devotion many Vermonters have to education; it is a way of bettering oneself, of meeting life head-on with the possibility of success.

Because Vermont's values are intangible, many of the people who attended the hearings expressed them in many different ways. A sheep farmer from Putney put it this way:

"After spending some time in Massachusetts, I realized I felt better when I came back across the state line. I don't quite know why, but I did feel better. I think part of the reason why I like it so much here is because I've been elsewhere. I love this state, the people, the countryside...."



Photo by Toby Talbot



Problem Statement

"The traditional rural scene in Vermont, characterized by concentrated settlement in villages and open countryside dotted with farms, is disappearing. The sharp distinction between village and countryside is blurring throughout the state. Highways between towns are becoming ribbons of residential and commercial development. Where strip development has become intense, particularly on the outskirts of the larger towns and in the most popular ski and recreation areas, the effects have been highly detrimental.... The sprouting of new governmental jurisdictions to meet crises needs for services undermines the unity of political deliberation represented by the traditional town meeting, and tends to diminish interest and involvement in government."

—From *Vision and Choice*, the final report of the Vermont Planning Council issued in 1968.

For over twenty years, Vermonters have grappled with the problems of growth, and yet the words from the report of the Vermont Planning Council ring as true today as they did in 1968.

Increasingly, Vermont has become tied to a world economy. So much so, that actions in Tokyo can have as much effect on the state as decisions made in Montpelier or Washington. While these changes have contributed to the state's current strong economy, they also — at least in part — limit the state's ability to control its destiny. It is with these factors in mind that the Commission developed this problem statement.

The Commission held a total of eleven public hearings around the state during the months of October and November. The panel also had nine focus group sessions with representatives from various interest groups and received several hundred letters from concerned Vermonters. In general, the Commission was extremely impressed with the quality and thoughtfulness of the comments. They form the basis of the Commission's assessment of the problems as well as its recommendations.

While people spoke of the benefits of a booming economy and were optimistic about the state's ability to solve its prob-

lems, the Commission was struck with the depth of concern for the future of agriculture in Vermont as well as for the declining availability of affordable housing. It also heard much about the inability of the existing regulatory process — both at the state and local level — to effectively manage development. Many people spoke eloquently of the deteriorating quality of life in Vermont, about the threats to our environment and of the rapid loss of open space. Citizens described communities which once had thriving town centers that now are bedroom communities with few volunteers willing to support town functions.

People from Springfield and the Northeast Kingdom pointed out that some areas of the state suffer from too little growth. Others, from growth centers, argued for higher-paying manufacturing jobs. Businessmen criticized the permit process for being too slow and inconsistent. Local officials and others decried the inability of state agencies to coordinate their decision making with the towns or with each other.

The following is an elaboration of the problems presented at the public hearings:

Decline of Communities

Rapid growth, coupled with changing demographics, has already dampened the spirit of many communities in Vermont. Small towns around urban centers are becoming bedroom communities (more than two-thirds of the residents in half the towns in Vermont work outside the communities in which they live). Other towns are increasingly dominated by second homeowners that have only a minor interest in town affairs. Many people are too busy commuting to and from their jobs to take time out for a school board meeting. Participation in the social and political functions of the town has declined.

"Too many Vermonters in towns near major ski areas and tourist centers are feeling like strangers in their own communities, hesitating to go to the grocery store or post office for fear of sitting in traffic or waiting in line," said Mary McCallum of Proctorsville.

Many communities are resisting this trend and are trying to retain or re-invigorate their town centers, but the pressures of change are mounting.

Loss of Control

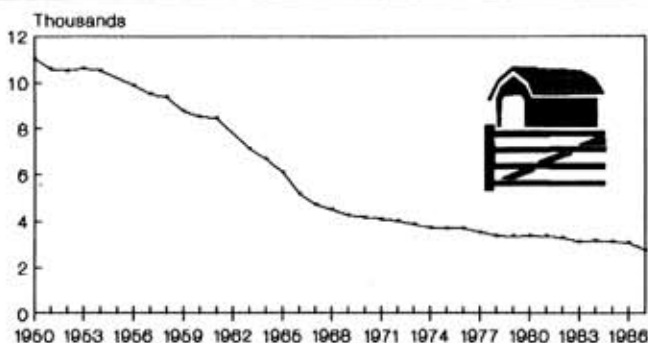
There is a general feeling in Vermont that development pressures are out of control.

"I am afraid we will obscure the soul of Vermont by covering her with parking lots, highways and condominiums," wrote Victoria Fraser of Williston.

People fear that, given the current level of resources and authority, town and state officials are unable to adequately manage development pressures. This feeling has led to calls for stronger statewide planning as well as for more local control. Those skeptical of the towns ability to settle regional disputes or control well-financed developers favor state planning. On the other hand, the local control advocates believe that (1) local decision making is more accessible and accountable, (2) state agencies tend to be uncoordinated and unresponsive, and (3) state involvement is generally characterized by mandates backed up with insufficient funding.

Vermont Dairy Farms

1950 — 1987



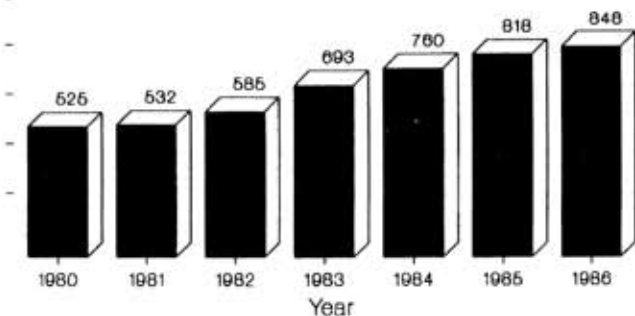
— FARMS

Department of Agriculture/OPRC Chart

Act 250 Permit Applications

1980 — 1986

Number of Applications



Data: Environmental Board/Chart: OPRC

"Point number one is that we generally prefer that legislative decisions be made at the lowest level of community organization," said David Mosher of the Rutland Regional Chamber of Commerce. "We prefer towns first, then regions, followed by state involvement. Point number two, our Vermont governmental system, which leaves out elected officials at a region or county level, has been adequate in the past, but may not be adequate in the future."

In general, most Vermonters seem to want both regional planning and local authority. They support a mechanism at the state or regional level to settle inter-town disputes, provide technical assistance, make important siting decisions and protect critical areas, but they want decisions to be made at the lowest possible level of government.

The overriding desire of Vermonters, as made clear in the hearings, is for more control over the changes that are altering the character of the state.

"The Vermont we wanted to raise our children in is fast disappearing," wrote Corinne Stridsberg of Randolph.

Growth Management

"Unfortunately many critical programs are too busy fighting brush fires with squirt guns to thoroughly manage the natural resources required for growth," wrote Eric Lapp of Essex Junction.

The State's land use law, Act 250, was intended to include a statewide land use plan. However, the state plan was never adopted and, as a result, the Act 250 process — while still providing a vital review function — has evolved into piecemeal, case-by-case and reactive decision making.

"Act 250 is missing one vital criterion. The ability to assess what a development proposal will significantly contribute to the long-term qualitative growth of the community in which it is proposed," said Townsend Anderson in Barre.

The process has become the focal point for debates over development; yet without a plan to guide its efforts, Act 250 has become little more than a "measured retreat" in the face of increasing development pressures.

A few of the fastest growing towns have adopted town plans and are actively trying to enforce them. Unfortunately, even the wealthier communities have insufficient resources and expertise to evaluate complex developments or, if necessary, to compete with well-financed developers in the court room.

"When I started (seven years ago) the (town planning)

commission meetings were relaxed," said Chris Hart, Town Planner of Brattleboro. "They were very informal. There were very few attorneys and also very few representatives of developers. The meetings now are carried over our local cable television station. They are very formal. They are more complex, and their tone, at times, is very, very tense."

Growth towns rarely look beyond their borders to neighboring towns that may be receiving the brunt of the proposed development's impact.

Other towns simply defer the larger, more controversial projects to the Act 250 process thereby abdicating local planning responsibilities and local control.

The existing regional planning commissions, while a resource for technical assistance and a conduit for regional discussion, are underfunded and lack the authority to resolve inter-town disputes.

"One of our biggest problems is what to do when growth in one town has an impact on other towns," said Mary Okin, Chairman of the Rutland Regional Commission. "What do we do? Do we stand at the town line and snarl at each other? Some have been reduced to that. It happens because there is no government structure to mediate the differences."

The absence of state land use policies and the lack of strong regional planning has produced a major gap in Vermont's planning system. Important resources such as prime agricultural lands and forest lands cross town lines and require planning and management at the regional level. Similarly, major developments that affect more than one town have been addressed in piecemeal fashion at the local level.

In addition, most of the towns in Vermont do not have access to sufficient data to make informed planning decisions. The Geographic Information System (GIS) at the University of Vermont could provide the kind of information needed by the towns; however, it needs money to collect and analyze the data needed and to make the system applicable statewide.

State agencies do not do enough to coordinate infrastructure decisions with local or regional officials. These decisions — such as the siting of a highway interchange or a sewage treatment plant — can have a tremendous impact on the future of the town and must be considered in the planning

Single Family Residence With Six Acres Or Less

Average Value in 1985

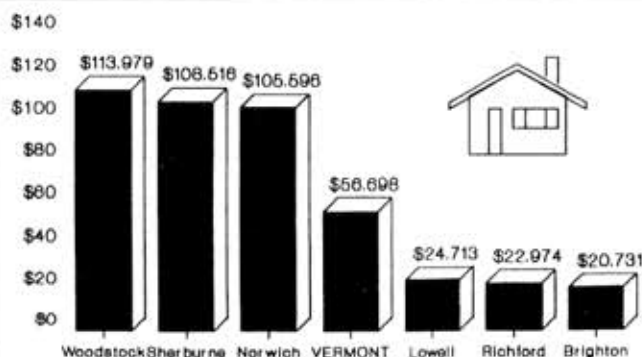
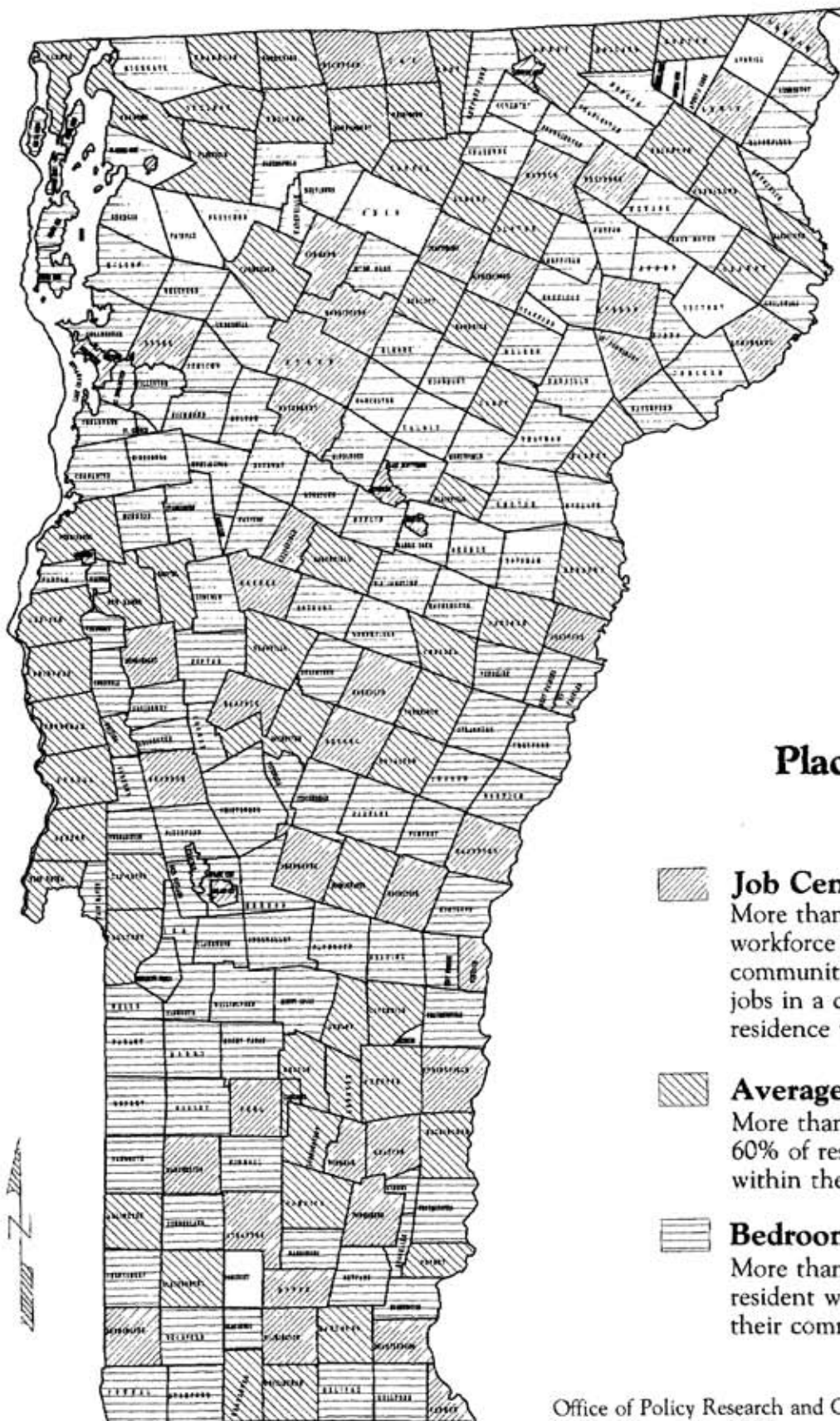
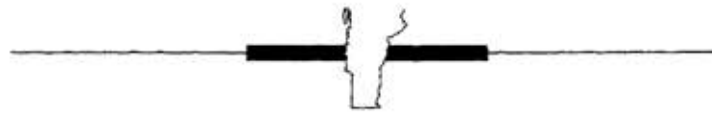





Chart represents highest and lowest average value of all communities with at least 500 persons.

Data: Property Valuation/Chart: OPRC



Place of Work 1980

-  **Job Center:**
More than 60% of the resident workforce work within their community or the number of jobs in a community exceed the residence workforce.
-  **Average:**
More than 40%, but less than 60% of resident workforce work within their community.
-  **Bedroom:**
More than two-thirds of the resident workforce work outside their community.

Office of Policy Research and Coordination and Vermont
G.I.S., November, 1987.

process.

In addition, state agencies have conflicting missions and many times are at odds with each other. For example, the Transportation Agency may propose to route a highway through an environmentally sensitive area for safety and economic reasons, while the Agency of Natural Resources would oppose the route in favor, perhaps, of a more costly alternative. Beyond this, it's unlikely that either agency would consider the growth impacts upon the towns along their route.

Many infrastructure decisions may not be within the direct control of the state. For example, large wholesale power generating facilities or interstate gas pipelines fall under the jurisdiction of the Federal Energy Regulatory Commission. While the state can make siting recommendations to the federal agency, it has no direct control.

The siting of controversial projects such as hazardous waste facilities, landfills or nuclear waste dumps, is extremely difficult in the absence of effective state and regional land use policies.

Economic Development

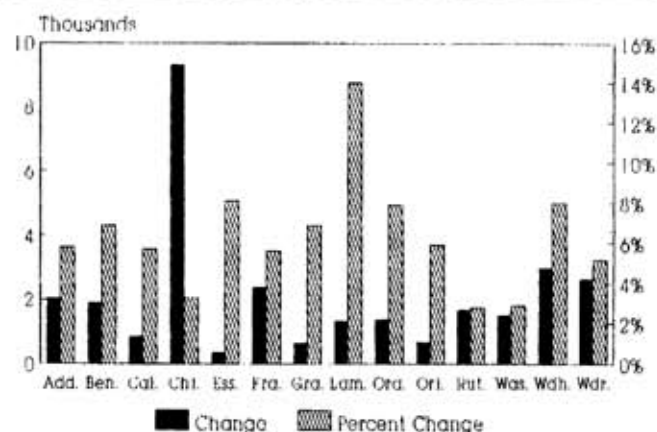
While Vermont is in the midst of a booming economy with the unemployment rate at an all-time low and about three full percentage points below the national rate, people at the hearings were concerned about the nature and distribution of economic development. The state's recent growth has been driven by the service and trade sectors of the economy. As a result, despite the favorable unemployment rate and strong income gains in recent years, per capita income remains below the national average.

In 1986, the average annual wage in the manufacturing sector of the economy was \$22,850 compared to an average of about \$14,530 for private nonmanufacturing industries. Within nonmanufacturing, average annual pay ranges from \$12,030 in trade and \$13,590 in services to \$17,980 in construction, \$19,760 in finance and \$22,630 in transportation and the utilities.

A portion of the discrepancy can be accounted for by the part-time nature of many nonmanufacturing jobs. But it is clear that manufacturing jobs generally pay much higher wages.

From 1980-1986 the greatest absolute increase in jobs has come in the service and trades industries, with those two

Vermont Population Change 1980 - 1986



Data: Census Bur. & Dept. of Health
Chart: OPRC 12/87

industries accounting for about 25,000 new jobs or about 70% of all nonfarm job growth. Of the major industries, construction showed the strongest rate of growth with a 50% increase in employment (3,000 jobs) followed by finance, insurance and real estate with a 38% gain (5,000 jobs). By contrast, the manufacturing sector lost 1,300 jobs during the period.

Vermonters are concerned that many of the new jobs — especially those brought in by the recreation industry — tend to be seasonal, low-paying, and have limited benefits.

"We do not need any more low-paying jobs in Vermont," said Jean Willard, a selectperson from Springfield, "because Vermonters have the right to live as well as the people who are coming into our state."

While Vermonters support a strong economy, they testified — even in the most hard-pressed areas of the state — against recruiting industries that pollute the environment.

"We don't need dirty industry here, nor does the State of Vermont need dirty industry," added Willard.

Developers are frustrated with the length of time it takes to get a permit. Even affordable housing advocates complained that their projects were difficult to pull together given the

Comparison of New England Expenditures for Housing and Conservation

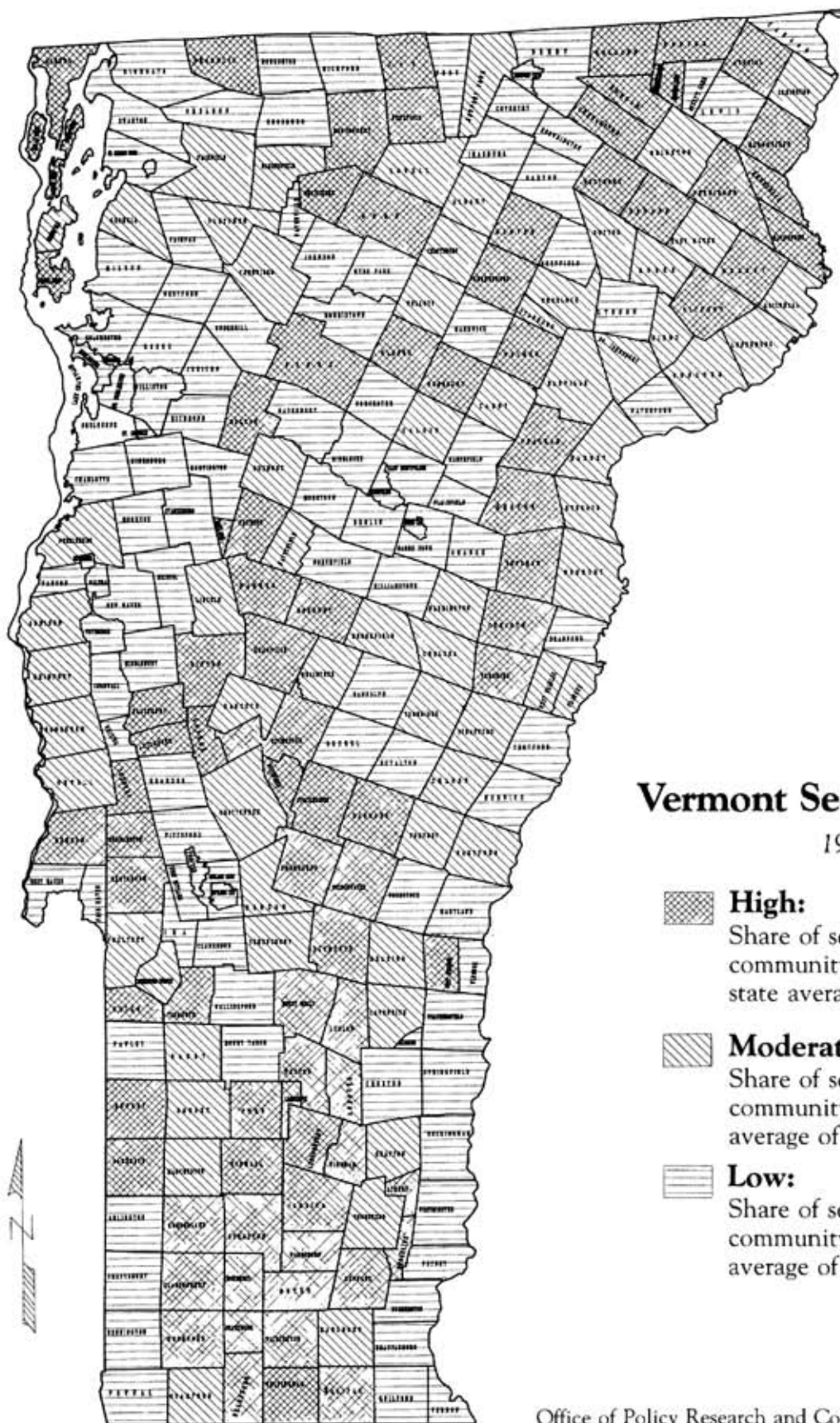
	New England State Funded Expenditures for Housing Programs	Per Capita Costs	State Funded Expenditures for Land Conservation Programs	Per Capita Costs	Total Per Capita Expenditures for Land Conservation & Housing Programs in New England
MA	\$400 million	69.72	\$440 million*	76.69	146.41
CO	\$100 million	32.18	\$ 5 million	1.61	33.78
ME	\$ 10 million	8.88	\$ 35 million	31.10	39.99
NH	-0-	-0-	\$ 20 million	21.72	21.72
VT	\$ 1.5 million	2.93	\$ 1.5 million	2.93	5.86
RI	\$ 5 million	5.28	\$ 35 million	36.95	42.23

* The Mass. Senate has approved a \$541 million bond — negotiations between the Mass. House and Senate are not complete.

Note on Sources: Housing Funds — Council of State Community Affairs
Agencies Land Conservation Funds — Boston Globe



Photo by Joshua Brower



Vermont Second Homes

1986



High:

Share of second homes within a community exceeds twice the state average, or 30%.



Moderate:

Share of second homes within a community exceeds the state average of 15%.



Low:

Share of second homes within a community fell below the state average of 15%.

Office of Policy Research and Coordination and Vermont G.I.S.. November, 1987.

Vermont Population, Employment and Income

1967 — 1987

	1967	1987	Change 67-87	% Change 67-87
Population	420,000	548,000	128,000	30.5%
Employment	140,000	239,000	99,000	70.7%
Per Capita Income (Constant Dollars)	\$2,804	\$4,076	\$1,272	45.4%

Source: Department of Commerce, OPRC Estimates



Photo by Joshua Brewer

time constraints posed by the regulatory process.

"My first observation," said Walker Kimball in Manchester, "is that 'uncontrolled growth' — the term as it's applied in Manchester — is...a contradiction in terms.... We are hardly uncontrolled, and anybody who could use that term has never tried to get a permit...."

People also testified that economic development in the state tends to be concentrated in a few counties.

"In viewing the regulatory climate in the state these past few years and observing the growth patterns," said Bill Stenger at the Lyndonville hearing, "it seems to me that there's more concern to control growth in areas where so-called rapid and uncontrolled growth has taken place and not as much enthusiasm for fostering growth in those areas that need it."

Property Tax

"I think we need equity in taxation between towns," said Steve Harper in Rutland, "so that a town can gladly accept projects like low-income housing that now cost them more in services than they would receive in taxes. They need to feel okay with letting their neighbors get the new shopping center or the new industrial complex which now yield more income than cost."

The property tax, as now structured, is an impediment to effective growth management. Competition over developments that enhance the tax base forces towns to make land-use decisions that very often run counter to their long-term interests.

"New developments in Vermont need to be located where they make the most sense environmentally and socially," said Harper, "not because one town won the contest over the neighbor for the additional tax base."

At the same time, most towns are forced to either compete or raise taxes to pay for new services necessitated by the new developments in their town or in their region. The resource disparity between communities intensifies this problem.

For example, if the total fair market property value in a community is divided by the number of students, you discover that the Town of Warren has a tax base of \$1,283,877 per pupil; while Northfield, just over the mountain, has \$96,618 per pupil.

"Poor" towns have high taxes and have a difficult time competing for growth. "Rich" towns have low taxes and have no trouble attracting development.

"The second home boom continues to divide Vermont into two distinct communities," testified Nancy Lanoue of Vernon. "As the Vermont Life article said 'rich town, poor town' in the lowlands live the native Vermonters, in the mountains,

the newcomers."

The property tax also penalizes those who work the land and forests. Farmers, foresters and others keep the land open. Yet because they own large tracts of property, they pay higher taxes. Although the current use program helps address this problem, a longer-term solution is needed.

Deterioration of Natural and Historic Resources

Vermonters have a tremendous pride in their natural and historic resources. Many people at the hearings spoke of the need to protect the "working landscape", to maintain high environmental standards, and to ensure the preservation of historic sites and structures.

"Issues like wildlife habitat preservation, watershed protection, erosion control, and preservation of scenic beauty are critical in planning Vermont's future," said Christopher Rimmer of Woodstock.

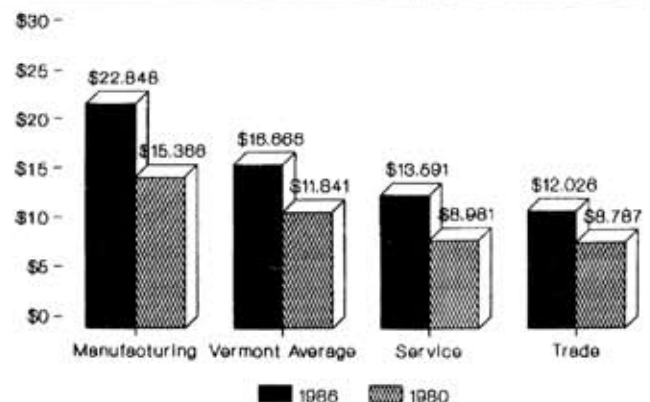
Vermonters seem to agree that these protections can complement economic development. Yet unmanaged, rapid growth puts pressure on important environmental and historic sites and, in some areas of the state, has led to their deterioration.

Agriculture

"We are losing our farms and we are losing rural Vermont at an unbelievable rate," said Jack Starr, a dairy farmer from

Vermont Annual Average Earnings

Private Covered Employment: 1980 and 1986



Data: DET/Chart: OPRC

Troy.

The number of farmers in Vermont has declined dramatically over the last twenty years. Over that period, the decrease has been due to increased productivity, rising land values, low milk prices, and, most recently, the federal whole herd buy-out program. While there are many types of farms in Vermont, the dairy industry is still predominant, accounting for over 80% of all agricultural sales.

Since 1986, the rate of farm decline has accelerated and the problem has become a crisis. Vermont has lost more than 300 dairy farms (10% of the total) in just the past two years. With the cuts in federal price supports scheduled for 1988 and 1989, Vermont may lose twice that many again in the next two years.

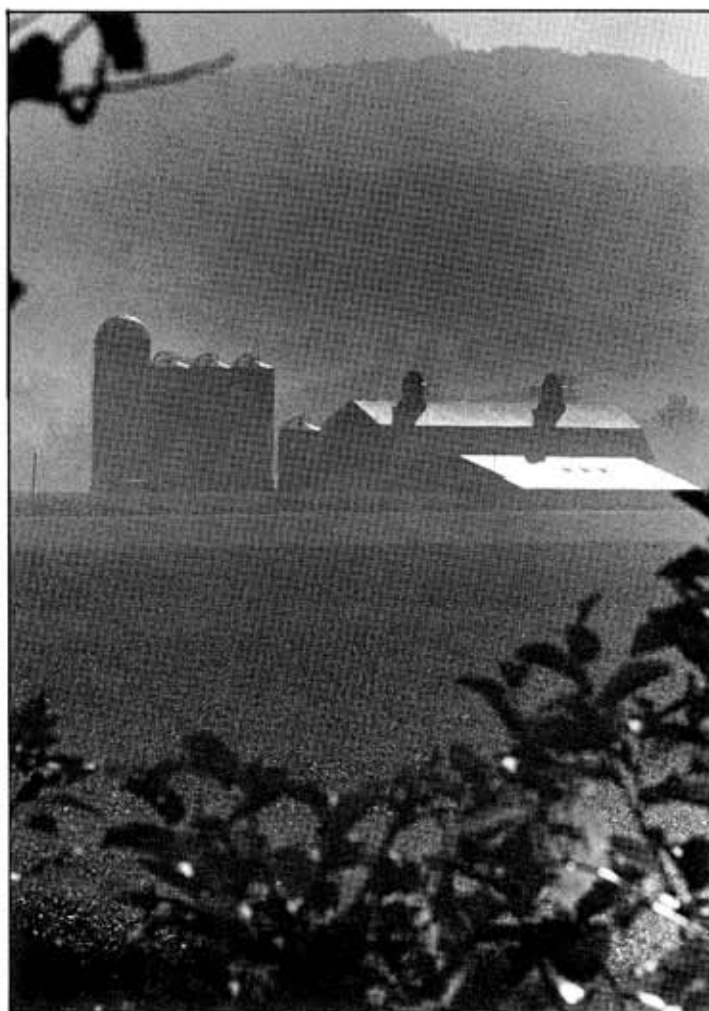
While the Commission heard a few optimistic reports, such as the potentially beneficial effect of the Rural Cooperative Marketing Association (RCMA) and the increased manufacture of value-added dairy products, the prevailing tone of the dairy farmers who spoke to the Commission was one of great pessimism.

The reasons for the pessimism are not difficult to find: Between 1981 and 1987, the price which farmers receive for their milk declined, in real dollars, from \$13.90 to \$12.43 (blended price). Another 50 to 60 cent reduction is expected in early 1988. According to figures prepared by the Farm Credit Bank of Springfield based on northeastern Agrifax farms, the average dairy farm in the northeast (including Vermont) earned a net profit of just 25 cents per one hundred pounds of milk in 1986. Over 40% of the farms operated below the break-even level.

Many of those operating at a deficit were able to meet current expenses and debt service only by deferring maintenance and equipment replacement or by selling their capital assets, including land. While profit figures improved somewhat in 1987, they are expected to fall to 1986 levels again in 1988, when the anticipated federal support cuts go into effect.

Those same Agrifax statistics show that 20 to 30% of Vermont's farms are in a healthy financial condition, presumably because they are carrying a very low debt load. Most of these farms will be able to weather the current crisis without assistance.

However, many of the farms in the bottom 20-30% of the profit-loss categories will probably go out of business even if financial assistance is available. It is the third category of



Photos by Toby Talbot

farmers — those who are currently operating near the break even point — for whom state support of agriculture would make the greatest difference. It is this group, as well as young farmers who are trying to get into the business, that Vermont must help through the current economic crisis.

The Commission believes that the viability of the dairy industry is in grave danger. It appears that the biggest threat to dairy farms is an inflexible federal pricing structure that seems to penalize farmers in regions of the country where there is a shortage of milk, like the Northeast. This problem is compounded by the fact that milk pricing is a federal policy not easily influenced by a small state.

With increasing land values and falling milk prices, more and more farmers are selling their land for development and retiring on the income.

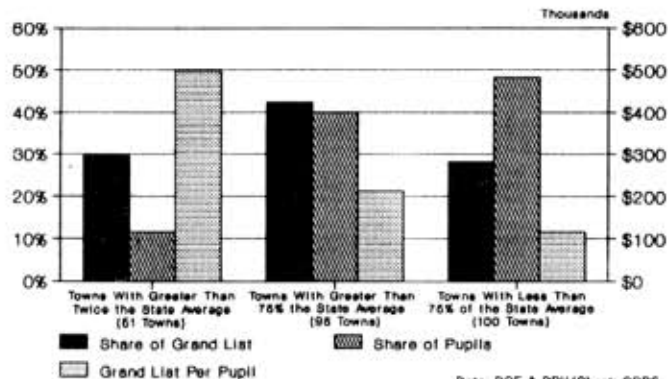
"I'm 62 years old," said Jack Starr, "and I'm ready to go out and if my son who is with me doesn't take that farm, I know where it's going. It is going to go to the guy that pays me the biggest dollar and let me tell you people, that isn't what I want after spending 39 years toiling the soil and building (my property) into a pretty nice little family farm."

In another area, many Vermonters would like to buy more locally grown food products but cannot because most of the food is imported from out of state.

"I would like to see the State Agriculture Department make it possible so that not only can I find fine gourmet food products in every store in Vermont and half the stores in New

Grand List Per Pupil

1985





York," said Nancy Wasserman of Hartford, "but also I might be able to buy a chicken...that happened to be raised in Vermont. It's a very difficult procedure to get livestock raised in Vermont into stores in Vermont."

While the dairy industry is facing the most serious problems, other issues — such the availability of locally grown food products — affecting the other agricultural sectors must be addressed if farmers are to successfully diversify.

Lack of Affordable Housing

Rising housing costs are an urgent problem in Vermont — particularly in the most rapidly growing communities. Many low and moderate income families are being driven out of growing towns or have been forced to live in substandard housing. What was once a problem only to be borne by low-income people, has become one that affects teachers, policemen, town managers and other middle-income Vermonters.

"Housing has reached such a crisis point that it's no longer just a low-income issue," testified Cheryl Rivers of Stockbridge. "This has become increasingly clear to me in the community where I live, where the principal of the school has told me that he does not have long term plans to stay in the community because there is no way his family can afford to purchase a home anywhere within driving distance of where my son goes to school."

In just the past two years, average housing values in Vermont have increased by 48%. These increases are caused by rising land values, economic development pressures, a recent decline in interest rates, and an influx of out-of-state buyers who are willing to pay higher prices.

The second home boom continues to contribute to increasing housing costs in many areas of the state. For example, in 1986, 52.4% of all new housing constructed in Windham

County was second homes.

"What you need to do is lower land values," testified Chris Hart of Brattleboro. "If your land is as constrained as it is in Brattleboro and that land through market forces goes to more expensive housing, then you're taking away the potential for affordable housing."

The problem has been intensified by a significant decline in federal support for housing. Between 1981 and 1986, federal funding for these programs dropped by 66%.

It is also difficult to build affordable housing without the support of the local communities. Towns are discouraged from offering their support because the houses generally do not contribute enough to the tax base to offset the additional costs required to educate the new children. In addition, lower-income housing alternatives — such as mobile homes or multi-unit housing — are viewed as undesirable for other reasons as well.

Economic development and an increasing population will continue to accelerate the demand for housing thus putting further pressure on a limited market.

At the same time, businesses are beginning to feel the inability of their employees to find housing near their jobs, and thus have difficulty attracting new workers.

"No matter which way the great growth versus no growth debate goes," said David Dangler in Rutland, "affordable housing will remain a critical issue."

Finally, the lack of affordable housing is contributing to the stratification of Vermont into two income classes, negatively affecting the economic diversity of our communities. For example, in 1985, the average cost of a house in Stowe was \$101,091 and in Wolcott, it was \$34,367. The Commission is concerned with this trend toward two Vermonts: one for the rich and one for the poor.



Photo by Toby Falter

Recommendations

Introduction

In the Executive Order establishing the Commission, Governor Madeleine M. Kunin directed the panel to accomplish the following (see Appendix):

- Assess the effectiveness of existing laws and practices in managing growth.
- State goals and principles for the preservation of Vermont's character, reflecting the shared values of Vermonters.
- Make recommendations on how to use the goals and principles to guide state, regional and local decisions.

In earlier sections of this report, the Commission identified Vermont values as well as the problems with the state's growth management system as articulated by its residents. In the chapters that follow, the Commission presents its recommendations on a number of issues. The suggested proposals come from the public hearings, the letters, and the lengthy discussions the Commission has held with various interest groups.

The next three segments address the growth management issues. They recommend instituting a new planning structure, reforming the property tax, and improving the regulatory process.

The subsequent four chapters delve into areas of particular concern to Vermonters: economic development, protection of natural resources, saving agriculture, and affordable housing. Each of these sections contains a proposed set of guidelines that should be incorporated into land-use plans at all levels of

government.

The final section presents the Commission's major funding recommendations.

All of the recommendations were based on four broad goals that spring from Vermont values:

1. To maintain a sense of community.
2. To support our agricultural heritage — the working landscape.
3. To protect environmental quality.
4. To provide opportunity for all Vermonters to obtain a quality job, a good education and decent, affordable housing.

Future policies and planning at the local, regional and state levels must be guided by these goals.



Photo by Joshua Brower

Guidelines

"It is the traditional settlement pattern (village, town and countryside) that reflects the essence of Vermont. In order to maintain the essential character and ethic of Vermont's built environment, there should be a clear delineation between town and countryside through effective planning and supportive land development."

This principle and the following guidelines should form the basis of all plans developed by state agencies, regional planning commissions and local governments.

Planning

- A coordinated, comprehensive planning process and policy framework must be established to guide decisions by local governments, regional planning commissions, and state agencies.
- Citizen participation should occur at all levels of the planning process, and decisions should be made at the most local level possible consistent with their impact.
- Development should be planned so as to maintain the historic settlement pattern of compact village and urban centers separated by rural countryside.
- The rate of growth should be commensurate with the ability of the town and the area to provide facilities and services.

Economic Development

- A strong and diverse economy should be encouraged that provides satisfying and rewarding job opportunities and is consistent with high environmental standards.
- Economic growth should be encouraged in designated growth areas, while stressing the expansion of economic opportunities in regions with high unemployment or low per-capita incomes.
- Public investment decisions, including the construction or expansion of infrastructure, should reinforce the general character and planned growth patterns of the area.
- Access to educational and vocational training opportunities must be available to all Vermonters sufficient to ensure the full realization of their abilities.
- Safe, convenient and economic transportation systems should be provided.

Natural Resources

- Natural and historic features of the Vermont landscape should be protected and preserved.
- The quality of air, water, wildlife and land resources should be maintained and improved.
- Strip development along highways and scattered resi-





A Process To Guide Vermont Into The Future

Vermonters want more control over their destiny. Whether the subject was growth pressures or affordable housing, people attending the public hearings urged the Commission to design a process that gives them a say in shaping the future course of the state.

In designing the process, the Commission took into account these points which came from the hearings:

1. Vermonters want decisions made at the lowest possible level of government.
2. Vermonters do not want a new layer of government.
3. Vermonters recognize that what is done locally may affect more than one community.
4. Most towns do not have adequate resources to manage growth (financial, technical and legal).
5. Vermont does not have a clearly defined process for dealing with growth impacts that affect several towns.
6. Effective decision-making through local and regional planning will help guide public investment decisions and reduce burdens on the regulatory process.
7. State agencies have conflicting mission statements that interfere with their ability to plan effectively.

The Commission recommends the following process.

Summary: Since 1970, Act 250 has been relied upon to control the environmental and fiscal impacts of major developments. At the time of the law's adoption, the General Assembly anticipated that land-use planning at the state, regional and local levels would eventually form the overall guide for the regulatory process. However, a planning system was never adopted. While regional and local plans have been written, they are generally brief, incomplete, and inconsistent. The Commission believes that comprehensive plans must be developed at the local, regional, and state levels and that the plans should be integrated with each other.

(1) The planning process must begin with the adoption of guidelines that will provide a policy framework for developing the plans. (2) The next step is gathering land-use data and identifying regional needs. (3) The town, regional and state agency plans should then be developed concurrently, based on this information. (4) Newly restructured regional planning commissions should review the town plans to insure consistency with the guidelines and with regional needs. (5) Finally, a Council of Regional Commissions should be formed to review regional and state agency plans.

The process should be guided by statewide policies but controlled from the bottom up. Locally elected officials should serve on the regional planning commissions, and representatives from the commissions should make up the majority of the council.

I. Legislature Should Adopt State Guidelines

There is a pressing need to adopt a set of principles and

for Growth



dential development not related to community centers should be discouraged.

- Greenways should be strongly encouraged in transitional areas.
- Natural and fragile areas should be given special protection.
- Outstanding water resources, including lakes, rivers, important aquifers, shoreland and wetlands must be given special attention and protection.
- Growth should be consistent with environmental quality and should not significantly diminish the value and availability of outdoor recreational activities.
- Energy conservation should be actively encouraged and land uses should be managed and controlled to maximize the conservation of all forms of energy.
- Significant scenic roads, waterways, and views should be identified. Development should be planned so that the priceless asset of Vermont's scenery is not adversely affected.
- Sound forest management practices should be encouraged.
- Recreational opportunities for Vermont residents and visitors should be maintained and enhanced.

Agriculture

- The agricultural industry must be strengthened and diversified. The manufacture and marketing of value-added agricultural products must be encouraged.
- Continued use of lands for agricultural and forestry purposes should be encouraged in order to keep these resources productive.
- Uses which threaten important and economically viable agricultural lands should be permitted only when the public interest is clearly benefited and no reasonable alternative exists.
- Fragmentation of lands identified as important for agriculture and forestry should be discouraged.

Affordable Housing

- Decent and affordable housing must be available to all Vermonters.
- The tradition of diverse social and income groups in Vermont's communities should be preserved.
- Housing development should be encouraged in locations where services are available to minimize the impact on the community.



guidelines for planning at the state, regional and local levels. The Commission believes these principles and guidelines should be the glue that holds the process together, making each part consistent with the others.

The guidelines should be broad and timeless, and should be incorporated into the plans developed at all levels of government. These state guidelines should also form the basis for the review of plans.

As the Commission reviewed testimony, it became clear that the most often delivered message was that there is something special about Vermont, and people wish to retain that special character. The special quality seems embodied in what one witness called a "sense of place". That sense of place is the result of traditional settlement patterns, which have given us a clear distinction between town and countryside.

The traditional settlement pattern forms the basis of the Commission's recommended principles and guidelines. Because the guidelines should be used to shape decisions that affect the future course of the state, it is essential that they receive a legislative mandate.

II. Develop and Distribute Data

State and federal agencies collect a great deal of information in different forms. The University of Vermont has a Geographic Information System (GIS) that can transform much of this data — such as detailed soil types, groundwater locations, and topographic conditions — into useful and easily understood maps. Currently, much of the collected information is not readily accessible to the towns, to the regions or even to state agencies; nor does UVM have the resources to compile data or prepare maps for every town and region in the state.

The Commission strongly recommends that the state agencies receive the direction and funding they need to collect and disseminate land-use, economic and demographic data in a form easily transferable to a GIS system. The information should be made available to towns, regions and other state agencies. In addition, the efforts of the University of Vermont to create a statewide GIS should be supported. The Commission believes that this information, properly used, could be one of the most important tools for improving land-use decision making in Vermont.

Another underutilized tool is UVM's Vermont Visual Laboratory Project. This project helps communities visualize the impact of proposed developments and other potential changes to the landscape through simulated visual aides. In this manner town officials can actually "see into the future," and make better-informed judgements on shaping their communities.

III. Commissions Should Identify Regional Resources and Needs

The Regional Planning Commissions, making use of data provided by the state and towns as well as the GIS, must document land resources and needs within their regions. The commissions should identify critical environmental sites, important water and earth resources, prime agriculture and forestry lands and other areas that benefit the region as a whole. The Commission should also assess regional needs, such as those for affordable housing and solid waste disposal. This information should then be provided to the towns for use in the local planning process.

IV. Towns Should Develop Comprehensive Plans

There are 246 towns and cities and 57 incorporated villages in Vermont. Approximately 75% of the towns and 9% of the villages have town plans. While a few of these plans (primarily from the larger communities) are comprehensive, many are very brief and incomplete. The majority of towns simply do not have the human and financial resources to plan effectively. They feel "out-gunned" by well-financed developers who occasionally threaten lawsuits. Many towns have volunteer boards who can't attract enough people to attend lengthy and frequent meetings. It is vital that towns have comprehensive plans that have been developed through a process which encourages active citizen participation and which has addressed the state guidelines.

The Commission recommends that towns be given state financial and technical assistance to develop comprehensive plans. The State should also provide communities with adequate data to support their land use decisions. These resources should be provided through regional planning commissions and should be earmarked for local planning initiatives.

The Commission believes that towns should be encouraged to plan together. This approach is particularly useful in areas where communities are joined under a common set of geographic or economic conditions. For example, three towns in the Mad River Valley have instituted, in effect, a "sub-regional" plan to guide infrastructure decisions relating to an area ski resort.

Towns should also be given the proper tools to implement their plans (see recommendations on the regulatory structure).

V. Strengthen Regional Planning Commissions

During the public hearings many people, including town officials, expressed frustration with the lack of a regional or statewide authority to resolve inter-town planning disputes.

They were concerned that significant development in one town can impact neighboring communities. Yet the "dripped-on" communities, which receive the spill-over effects of growth, do not have control over developments that cause them problems and are rarely compensated.

The Commission believes the time has come to strengthen planning at the regional level.

There are currently 12 regional planning commissions in Vermont. Testimony at the hearings indicated that the quality of each commission varies from region to region. However, they all share the common problems of limited resources, negligible authority, and selective participation by the towns. These problems must be addressed before the commissions are given an expanded role in the planning process. The Commission proposes the following:

A. Participation — Every town in a region shall be a member of the regional planning commission. For the regional planning process to be successful, all communities must participate in it.

B. Regional Planning Commissioners — Town representatives to the regional planning commissions should be selected from among locally elected governing bodies (i.e. sitting selectmen, city councilmen, etc.). The RPC's must be in touch with the concerns, decisions, and day-to-day problems affecting the towns. In addition, the involvement of incumbent local officials will improve the credibility and public

acceptance of regional planning decisions.

The Commission recognizes that town officials — particularly selectmen from small communities — are already overworked and may not be able to devote the time to another round of meetings. However, while the Commission considered other alternatives, such as directly electing commissioners or maintaining the status quo, it could not find an option that it felt would be as effective as the recommendation above in providing the necessary accountability. Small towns might consider expanding the Board of Selectmen to help meet their regional commission responsibilities. The Commission also believes that towns should be represented on the regional commission on a one town, one vote basis unless the towns in a region vote to adopt an alternative.

C. Review and Acknowledge Town Plans — The Regional Planning Commissions should ensure that local plans are consistent with the state guidelines, and that collectively they meet the economic, social, and environmental needs of the region. Local plans should be submitted to the commissions for review and acknowledgement. If a submitted plan is determined to be inconsistent or incomplete, the region and the town should work together on resolving problems with the document.

D. Regional Plans — While the town plans are being prepared the Regional Planning Commissions shall be preparing a plan for the region. The regional land use plan shall integrate and unify the town plans while reflecting the state guidelines.

At a minimum, regional plans shall address the following issues: identification of growth areas; housing and energy needs; regional transportation systems; and an inventory of critical areas, such as agricultural and forest lands, wildlife habitat, floodplains, aquifer recharge areas, scenic corridors, wetlands, bogs, and endangered plants, animals, and fish. It should also address the location of developments having significant regional impacts (shopping malls, industrial parks, highways, racetracks, etc.), significant earth resources (gravel and mineral), and Locally Undesirable Land Uses — such as landfills and hazardous waste facilities.

The regional plan should be used as a criteria for regional decisionmaking and for settling inter-town disputes.

E. Act 250 Participation — Regional Planning Commissions should be required to participate actively in all Act 250 hearings that involve a project with regional significance.

F. Evaluate Regional Planning Commission Boundaries — A study of the regional planning commission boundaries should be conducted. The evaluation should determine whether the boundaries of the different regions should be redrawn to account for common interests, or geographic and socio-economic differences. The Commission recognizes that no single grouping of regions solves all problems. Therefore, regions should be encouraged to make special arrangements for neighboring towns with common interests that are in different regions.

In addition, regional planning commissions should be separate from regional development corporations, to prevent potential conflicts of interest in the planning process.

G. Technical Assistance to Communities — The state should provide additional resources to regional planning commissions to enable them to greatly expand their existing programs of technical assistance to towns. Many Vermont towns badly need planning expertise. The communities also need legal help in implementation and defending zoning ordinances.

Additional professional planners should be hired to go from town to town providing advice as needed. These "circuit-riding planners" could provide cost-effective high-quality help to small towns in a rural state.

VI. Coordination among State Agencies

The Commission recommends that state agencies be required to incorporate the state guidelines into their mission statements and their program plans. In addition, state agencies should be directed to take into account regional and town plans when making decisions of statewide, regional or local impact (e.g. infrastructure investments, etc.). State investment or policy decisions should supercede a regional plan only where there is an issue of overriding state importance. Even then, before the state agency takes action it should consider alternatives to the proposed action, and ways to mitigate any adverse effects.

VII. Establish Council of Regional Commissions

To coordinate plans developed at the state, regional and local level, and to ensure compliance with the state planning guidelines, the Commission recommends that the Legislature create a Council of Regional Commissions. This board should be composed of a representative elected from each of the regional planning commissions and five people appointed by the Governor. The gubernatorial appointees should include cabinet-level state officials and other members of the administration.

The responsibilities of the Council should be to review regional and state agency plans to ensure consistency with the state guidelines. This review should be accomplished by requiring each state agency and regional planning commission to submit its plan to the board for acknowledgment. If the council determines that a regional plan is not consistent with the guidelines, it should return the plan with findings to the regional planning commission for revision. In the case of state agencies, the findings should be sent to the agency, to the Legislature and to the Governor.

The Council of Regional Commissions should also review plans where there are intra- or inter-regional differences. In addition, other states (e.g. Oregon) have recently instituted boards of appeal to hear disputes in the planning process. Such an approach should be kept in mind as the Vermont system develops.

VIII. Department of Community Affairs

The Commission believes that this planning process is of such importance to the state that it requires the formation of an independent department of state government to administer it. Therefore, the panel recommends that those functions of the Department of Housing and Community Affairs which provide support to Vermont communities should be separated from the Agency of Development and Community Affairs, set up as an independent department and charged with staffing the Council of Regional Commissions. The new department should build on existing efforts to provide technical assistance to communities. This technical help should include the following: legal assistance, direct planning assistance, and training programs for planning commissioners that provide help on how to use land-use data, mediate disputes, and conduct hearings.

IX. Sanctions

In the final analysis, the only way the process can work is if towns and regions participate and develop plans in compliance with the state guidelines, and in accordance with a legislatively established timetable. A series of meaningful sanctions must be implemented to assure that these conditions are met. Possible sanctions to consider should include, but not be limited to, withholding sources of state funding, such as for transportation, community development block grants, VIDA loans, agriculture loans, etc.

In any event, if there is no local plan in place, the regional plan should apply.

X. Funding

The planning process will require a significant commitment of state resources if it is to be effective. The Commission estimates that the annual budget required to support its planning recommendations is on the order of \$3 million to \$5 million. This budget should include new planners in each regional planning commission, a fund to support local planning initiatives, data collection/GIS, and legal and planning assistance at the state level.

The Commission believes that this investment will yield significant savings by improving the management of Vermont's resources. The Commission has recommended a funding source for these new expenditures in the section entitled "A Call to Action."

Strengthen and Improve Efficiency of Land Use Regulations

The present state regulatory process for land use in Vermont requires permits from various state agencies and departments, the cornerstone of which is the Land Use Permit required by Act 250.

Locally, municipalities may adopt zoning ordinances, subdivision regulations and capital improvement plans following adoption of a town plan. These actions are enabled in Title 24 Chapter 117 of the Vermont Statutes — popularly called Chapter 117.

While most of the towns and all of the regions have now adopted plans, these documents are usually very general. As a result they often fail to make the essential decisions about where and at what intensity the towns and regions want different types of development to occur.

A consequence of the failure to adopt comprehensive local and regional plans is that basic planning decisions are often left to the regulatory process. Through its evaluation of projects under some 40 criteria and subcriteria, Act 250 reviews whether a proposed development is appropriate in a particular location. For example, the District Environmental Commissions, which administer the Act, maybe are asked to decide whether a gravel pit should be allowed adjacent to a residential neighborhood, a housing project near a deeryard, or a shopping center on agricultural land. The planning process can make these decisions more efficiently. Not only that, it can do so with an eye to the overall goals of the community and the cumulative effect of many projects in a single area; whereas, in general, regulatory programs can evaluate developments only one project at a time, and such case-by-case review draws reactionary and confrontational response.

There are other consequences of the failure to plan effectively. The volunteer District Commission and Environmental Board members become overburdened with reviewing issues that should be decided by the planning process. There are unnecessary redundancies in state and local reviews. Applicants can find little clear guidance for deciding what projects will be acceptable and where. There is little coordination between the permit programs. Duplication and uncertainty about the outcome of the review process can drive up the cost of projects, including affordable housing projects. Such costs can even discourage potential applicants from going forward with projects that the town and region desire.

The most pressing need, according to those who spoke at the hearings, is to introduce planning into the regulatory process. The Commission has already proposed a new process of land use planning in the previous section. This would include the provision of state guidelines and would require comprehensive planning at the state, regional and local levels. The adoption of this planning process would provide the single greatest improvement to the practice of regulation.

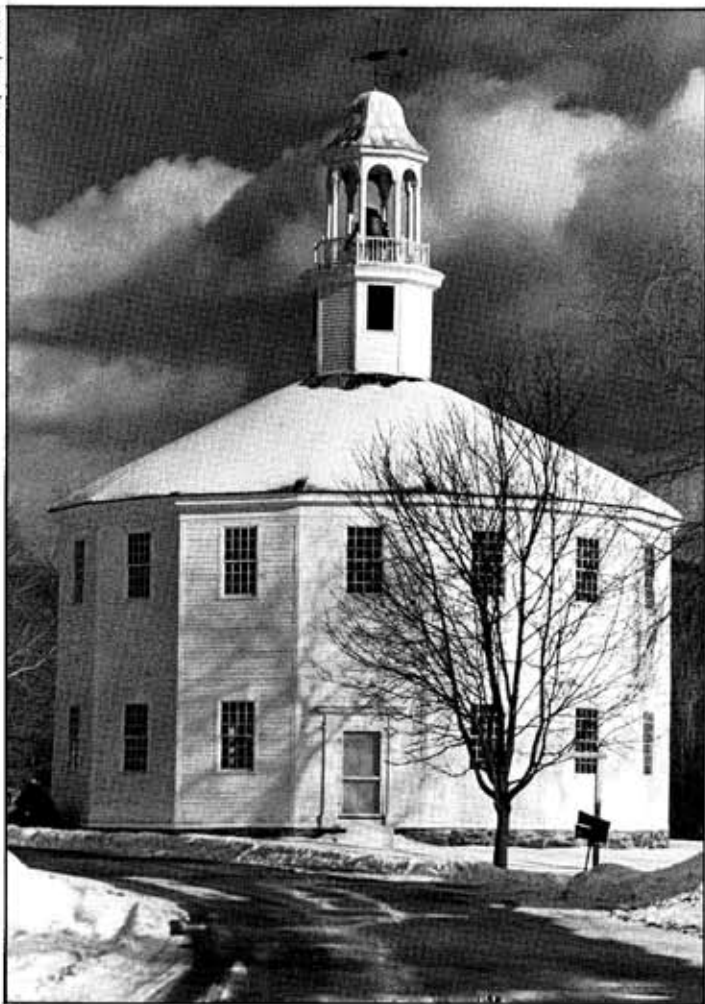


Photo by Toby Tailor



Some recommendations should be acted on immediately to improve the effectiveness of regulation:

1. Authorize Greater Control at the Local Level

Towns should be encouraged to exert greater control over local development projects through the adoption of zoning bylaws, subdivision regulations, capital improvement plans and official maps. The General Assembly should expand the authority of the towns in site plan reviews (Chapter 117) to allow consideration of issues beyond traffic and landscaping. For example, the suggestion received through testimony is to allow towns to review criteria modeled after those contained in Act 250, such as drainage, soil erosion and aesthetics. The Legislature should also grant authority to towns to assess impact fees where those towns have adopted a comprehensive capital plan and budget.

2. Evaluate Regulatory Process for Unintentional Barriers and Conflicts

The regulatory process should be evaluated for unintentional barriers to development which may occur as a consequence of a series of strict regulations. For example, the cumulative effect of applying several different regulations, all of which have built in a substantial margin for error, can result in excessive protection which unintentionally inhibits desired development.

3. Mandate Regional Impact Assessment

The Commission recommends the increased participation of the Regional Planning Commission in the Act 250 process by requiring them to provide an assessment of projects which would have inter-town or regional impacts.

4. Strengthen Enforcement

The state needs to strengthen the enforcement of land use and environmental laws. Prosecution should be consistent and should reflect the magnitude of the violation. Currently the state and towns may pursue penalties for violations of land-use regulations only through court action, which can be extremely costly and slow.

The Commission recommends that state and local regulators be empowered to assess administrative civil penalties. The ability to issue the equivalent of a speeding ticket to violators of land-use development law has been used effectively in other states to reduce litigation expenses and provide more consistent, effective enforcement.

The following recommendations, which involve streamlining the regulatory system, would be directed to those communities that have established their own programs to accomplish the objectives of the state planning guidelines. The intent here is to ease the expense and complexity of the regulatory process, and to provide an incentive for adopting the above-mentioned planning system.

5. Provide Streamlined Review of Projects Under Act 250

Where the region and town have adopted plans which conform with the state guidelines, and the town has adopted zoning bylaws and subdivision regulations to implement those plans, state reviews under Act 250 should defer to local decisions, unless the project affects more than one community or

Planning

- A coordinated, comprehensive planning process and policy framework must be established to guide decisions by local governments, regional planning commissions, and state agencies.
- Citizen participation should occur at all levels of the planning process, and decisions should be made at the most local level possible consistent with their impact.
- Development should be planned so as to maintain the historic settlement pattern of compact village and urban centers separated by rural countryside.
- The rate of growth should be commensurate with the ability of the town and the area to provide facilities and services.

impacts on a resource of state or regional importance, such as a river or interstate highway. The District Environmental Commissions would determine early in the application process whether the project has only local impacts. If so, the District Commission's review would be limited to Criterion #10 to determine whether the project conforms with the applicable local and regional plans and capital budget.

If the District Commission determines that a project would have intermunicipal impacts or would affect a resource of regional or state significance, the Commission should hold a full evidentiary review on the affected criteria. For example, if a proposed shopping center in one town should substantially increase traffic flows in a neighboring community, the neighboring community would have an opportunity to present evidence on the criteria involving highways and traffic. However, the Commission should not review other criteria where there are only local impacts.

It is important to note that this recommendation for streamlining the Act 250 permit process hinges upon the successful implementation of the recommended local and regional planning process and the adoption of local regulatory controls. Unless the towns and regions have in place adequate long-range plans which reflect the state guidelines, and unless the towns have adopted zoning and subdivision regulations, Vermont should continue to rely upon protections afforded by the case-by-case, criterion-by-criterion review under Act 250. With those plans in place, however, much of the existing procedure which causes delay, cost, uncertainty and frustration becomes unnecessary (See Supplemental Appendix for a detailed example).

6. Encourage Growth in Growth Centers

On a regional level, builders should be encouraged to locate their facilities in designated growth centers — communities identified as suitable for growth because there would be sufficient infrastructure in place, and because they have been identified as such through the planning process. This principle would help promote an orderly rate of growth commensurate with the ability of the town and the area to provide facilities and services.

The designated growth centers should be identified in the regional plan as areas suitable for growth. The designations should take into account infrastructure capacity, population density and existing patterns of growth. Once the local and regional plans have been acknowledged, the state allocation of funds for infrastructure should be targeted to growth centers,



and the regulatory process should encourage development to occur in these areas.

To the extent feasible, while maintaining environmental protection, permit approval for projects to be sited in growth centers should be expedited. The state and the regional planning commissions should identify and make recommendations to the Legislature on those aspects of the state's regulatory programs which tend to discourage development in areas identified for growth or which tend to encourage an inefficient allocation of resources. In addition, the technical review at the state level could be eased if each application were handled by a designated permit administrator for each district. The administrator would ensure that permits moved efficiently through the approval process.

7. Restrict Growth in Environmentally Sensitive Areas

On the other hand, once the local and regional plans have been adopted and have identified locations of high environmental value, such as bogs and other wetlands, wilderness areas or necessary wildlife habitat, then access to permits for projects proposed for these areas should be restricted or prevented. The General Assembly should consider extending Act 250 jurisdiction over these areas — including critical wildlife habitats and ecologically fragile areas — in the same manner as Act 250 now reviews all developments on lands above 2,500 feet in elevation.

8. Incentives to Site Unpopular Projects

The Legislature should adopt a system of incentives and a siting process to encourage communities to accept unpopular projects that may have statewide benefits (e.g., hazardous waste facilities). The best approach would be for every region to identify possible locations for these facilities as part of the regional planning process. This option is best suited for projects that are predictable, such as solid waste facilities. However, finding consensus on a site for an unpopular facility will be difficult even with an enhanced planning process. Therefore the Legislature should look at ways to encourage communities to accept these projects.

Remove Disincentives of the Property Tax

The property tax is the oldest tax in the country. In Vermont it has supported essential services for decades. It exemplifies our tradition of local self-reliance, since its rate is set and controlled by the towns. The local lister lives nearby; appeals of appraisal decisions are made to the same people we see every year at town meeting.

The tax is also predictable. Unlike other revenue-raising options, such as the income or sales taxes, these revenues do not vary significantly from year to year in response to changes in the economy. Another advantage is that property taxpayers

include people who by virtue of residency are not subject to the income tax, such as second-homeowners from out of state. While our national dependence on the property tax declines gradually every year, Vermont — along with the rest of New England — has held on longer than most other states primarily because of these advantages.

However, if the State of Vermont is to manage growth effectively it must address the negative incentives of the property tax structure. Not to do so would be to fail to deal with one of the most significant issues which drive inappropriate land-use decisions.

The property tax is administered at the local level. Towns levy a tax based on the assessed value of property within their boundaries. The higher the value of the property, the more revenue the town receives. Most towns, confronted with the rising cost of services, compete for development to increase their tax base. This competition conflicts with the planning process. Towns are forced to waive zoning requirements, make improper siting decisions, and, in general, pursue short-term objectives at the expense of long-term goals. This problem has intensified in recent years with the loss of revenue sharing and other federal funds.

The property tax structure also favors second-home development over affordable housing for Vermonters. Communities would rather have expensive homes with no children to educate than homes that will bring in less tax revenue than it takes to pay the added school costs they generate. While this strategy makes sense on the balance sheet, it results in a breakdown of the economic diversity of our communities; it creates a barrier to the provision of low-to-moderate-income housing, and it contributes to the problem of two unequal Vermonts.

There is also the problem of equity. Some towns, because of a unique local resource — such as a large mountain or an interstate highway interchange — have no problem attracting commercial or industrial development. Meanwhile other communities are left without significant development, and have become poor towns with high taxes. The result is huge disparities in property tax wealth between localities.

For example, if you take the fair market value of the assessed property and divide it by the number of students in a given town, you find that the town of Hardwick has a tax base of approximately \$70,000 per student while the town of Stratton has nearly a base of \$10 million. The state average is \$199,000 per pupil. As you can see, the local resources for education and town functions vary dramatically from town to town.

Competition between communities inhibits municipal planning and impinges directly on the ability of towns to cooperate on regional projects. Not surprisingly, towns are more interested in increasing their property tax base through development than in addressing the negative impacts of that development on their neighbors.

The Commission has considered a number of options to address the problems of the property tax structure, including the implementation of a statewide property tax and regional tax sharing. No alternative is without difficulties. However, the panel believes that solutions should be built on the following principles:

A. Resource disparities between communities should be reduced.

B. Towns should be able to obtain adequate revenue to sup-

port town services.

C. The tax should be administered as efficiently as possible.

With these objectives in mind, the Commission recommends the following:

1. State Aid to Education Should Be Fully Funded

Because the state aid formula has not been fully funded, the towns have had to rely heavily on the property tax to fund education. By fully funding the formula, the state will be relieving some of the burden on the property tax while insuring quality education in all our communities.

2. Non-Residential Property Tax on Future Growth That Is Administered by the State

Towns should continue to have full responsibility for administering the property tax on the existing tax base. However, the Legislature should consider requiring all towns to forward to the state — for redistribution to the towns — an amount equal to 50% of the revenue from non-residential development that enters the tax base after a date specified by the Legislature. In this manner, the state will collect a portion of the revenue from the property tax on all future growth.

The state should then return the proceeds to the towns. The re-allocation should be based on a formula that takes into account the size of the tax base, the extent of the services provided by the town, the income of the residents and population size. The purpose of this proposal is to partially balance out the tremendous resource disparities between towns. In addition, the plan should begin to reduce the level of competition for future growth.

The Commission is aware that some level of tax base competition is good for businesses trying to site facilities within a region. However, the state guidelines and planning process proposed by the Commission should more than offset this minor difficulty. For example, regions should identify "growth centers" where business locations could be encouraged through infrastructure investments and expedited permit review.

3. The Revenue Needs of Towns Must Be Addressed

Towns are limited to essentially two major sources of income: state support and the property tax. State support remains stable (with the recent exception of education aid) and is rarely increased unless the town is given added responsibility. The property tax is the only revenue source that communities directly control. Yet the residents of many towns are already paying high taxes and cannot find political support for further increases, despite their need for expanded services.

The Commission strongly recommends that the revenue needs of towns be addressed by the Legislature. However, the panel is wary of local option taxes that may create the same revenue competition that is plaguing the property tax. If a local option tax is adopted, it should be designed to promote the greatest possible equity between the towns. In addition, the tax should be efficiently administered. The Commission is not sure that an income tax, for example, can be administered effectively at the local level. Perhaps the best proposal would be to create a state revenue sharing program. In any case, these options and others should be considered.

The Commission believes that the revenue needs of towns should be addressed concurrently with any changes in the property tax structure.

Fostering Economic Development

The Vermont economy is booming: by all indicators, our economy is better off today than it has been in several decades. This unprecedented prosperity has helped cause the desire for better management of our resources. Yet the support of Vermonters for controlling growth should not be taken as lack of support for quality jobs or for a continued strong economy. The Commission believes that affirmative steps should be taken to shore up the foundation of our economy, and ensure high-paying employment opportunities in the future.

Through the years the patterns of economic growth have been integral in shaping the face of Vermont. Natural features such as streams spawned small industries, and where there were factories, towns quickly grew.

Most of these early factories are now gone, but the pattern of dispersed development they fostered has lived on, making Vermont today the most rural state in the nation — judged not by the size of our population, but by the percentage of persons living in small communities.



Photo by Toby Talbot

Economic Development

- A strong and diverse economy should be encouraged that provides satisfying and rewarding job opportunities and is consistent with high environmental standards.
- Economic growth should be encouraged in designated growth areas, while stressing the expansion of economic opportunities in regions with high unemployment or low per-capita incomes.
- Public investment decisions, including the construction or expansion of infrastructure, should reinforce the general character and planned growth patterns of the area.
- Access to educational and vocational training opportunities must be available to all Vermonters sufficient to ensure the full realization of their abilities.
- Safe, convenient and economic transportation systems should be provided.

The strength of the Vermont economy has come to rest on its diversity. Traditionally, agriculture, manufacturing and tourism have been equally important.

Today this pattern of development is changing. Centralized growth areas are emerging, surrounded by bedroom communities. While in some fields there is now almost a surplus of jobs, workers all too often find themselves driving many miles over back roads to get to work.

At the same time, two of the pillars of our economy need special attention. Agriculture in Vermont is seriously distressed, squeezed by low milk prices set in Washington, a shortage of farm labor and rapidly escalating land prices (see section entitled "Strong Support for Agriculture"). Vermont manufacturers are now competing in an international marketplace, and as the empty factories in Springfield attest, the competition can be formidable and abrupt changes devastating.

While tourism has been profitable in recent years, it is vulnerable to changes caused by forces outside the state's control: the disposable income of nonresidents, the price of gasoline and annual snowfall.

I. Plan for Economic Development

A priority at all levels of government in Vermont must be to continuously strive toward improving the state's standard of living by fostering economic development.

When times are bad, we take what we can; every new job is one more job for a Vermonter. Perhaps more important, though, are the state policies pursued when times are good, for this is when we have the most chance to mitigate the impact of periods of recession.

When labor, buildings and modern infrastructure are in short supply, the state must take the lead in deciding which types of economic development will be given access to these scarce resources. In other words, the state must decide what type of development it wants and where. Consequently the Commission recommends the following:

1. The state should maintain a detailed economic development plan, updated to keep pace with changing economic conditions that will guide all state economic development activities.
2. State policy should reinforce traditional settlement patterns in the state, in which people work where they live — in vital and diversified communities, mostly small- to medium-

sized.

3. The role of small business in our economy should be further emphasized, both for its excellent record of job creation and for the ease by which these firms can be integrated into small- and medium-sized towns.

4. The large employers in the state make a valuable contribution to the economy and are generally a source of well-paying jobs. The importance of these employers to the state should be recognized in the state policy.

5. The state should also continue to emphasize achieving an even distribution of economic activity throughout growth centers in the state. This will help ensure that all regions benefit from the good times and no one area suffers disproportionately during lean years.

6. Above all else, the state must use its economic development plan to guide its investments in infrastructure.

II. Emphasis on Quality Jobs

While the state has enjoyed a healthy economy the past few years, this has not been the rule over the past 200 years. A few periods of prosperity must be viewed against extended periods where our incomes have lagged far behind the national average.

The recent economic boom in New England has helped raise the incomes of Vermonters substantially, but not all groups in the state have benefited equally. Despite generally rising incomes, there is a growing concern over the development of two Vermonts: one made up of those riding the healthy economy and the other left behind, a group made up of the underemployed and the permanently jobless.

Therefore the Commission recommends the following:

1. The state should continue to work to improve residents' standards of living, provide employment opportunities for our children so they can remain in Vermont and develop a resilient economy less vulnerable to the ups and downs of the national business cycle.

2. By selectively attracting companies to the state and working closely with existing employers, the state should pay special attention to the quality of jobs. Vermonters should be enabled to work with their "nimble minds as well as their nimble hands," as Secretary of Development Elbert Moulton said.

3. The state, business community and educators must work together to raise wages in the lower paid sectors of the economy. Training programs and other ways must be found to increase the productivity of workers, and eventually their pay.

4. The quality of our educational system — from elementary school through higher education — has a direct relationship to the health of our economy. The state should build on existing efforts to make quality education more accessible to Vermonters.

5. State resources should be targeted to those parts of the state most in need of assistance.

6. The state should also continue to work with businesses to help meet employees' social needs in those cases where both the employer and the employee can benefit. One example is employer-sponsored child care, where a worker's need is met while the employer benefits from decreased absenteeism and lower turnover.

III. Improve System of Allocating Resources

When there is competition for limited state resources, the state must have a clear system of priorities for allocating these



resources. The Commission recommends the following:

1. State resources should be allocated to encourage growth in growth centers around the state, reinforcing traditional settlement patterns.
2. Top priority should be given to the best-paying sectors of the economy. Traditionally this has been manufacturing and the financial services industry, though that may change in the future.
3. When judging the net impact of new development beyond just the number of jobs created, economic factors should be considered. Such matters as pay and benefits, whether the jobs are temporary or permanent, and the volume of positive spin-offs from a company should also be weighed. Important additional factors include the number of Vermont suppliers the company will rely on, whether there is potential for spinoff companies, and whether profits are likely to be reinvested in the state.
4. The state should increase its funding for the promotion of businesses which use Vermont-made products and commodities, especially agricultural goods and cottage industries.
5. State travel promotion funds should be targeted towards year round, offseason and midweek periods. To do otherwise may encourage the travel industry to expand capacity, but may not be successful in improving occupancy rates and the bottom line for both companies and the state.

IV. Make the Permit Process More Efficient

Planning on the local, regional and state levels should guide the nature and location of business expansion in the state. However, all too often projects are built only if their parent company can weather a long and expensive permit process. Consequently, the Commission recommends the following:

1. The planning process should be strengthened to play a more active role in guiding commercial investments and especially to relieve the pressure on the state's overburdened regulatory process.
2. The speed and complexity of the permit process should be monitored to ensure that expected improvements from the introduction of permit planning actually materialize.
3. Further actions should be taken to improve the efficiency of the permit process. For example, additional staff should be hired at district offices to improve coordination between agencies and to help shepherd important projects through the process.

Protect Natural Resources

Maintaining farmland, forestland, natural areas and recreation land is a strong priority for Vermonters.

The Commission believes it is vitally important to take significant action now to protect open land and critical environmental areas. The longer the state waits to make the financial commitment to protect these important resources, the higher the ultimate cost. Therefore, the panel recommends the following:

Natural Resources

- Natural and historic features of the Vermont landscape should be protected and preserved.
- The quality of air, water, wildlife and land resources should be maintained and improved.
- Strip development along highways and scattered residential development not related to community centers should be discouraged.
- Greenways should be strongly encouraged in transitional areas.
- Natural and fragile areas should be given special protection.
- Outstanding water resources, including lakes, rivers, important aquifers, shoreland and wetlands must be given special attention and protection.
- Growth should be consistent with environmental quality and should not significantly diminish the value and availability of outdoor recreational activities.
- Energy conservation should be actively encouraged and land uses should be managed and controlled to maximize the conservation of all forms of energy.
- Significant scenic roads, waterways, and views should be identified. Development should be planned so that the priceless asset of Vermont's scenery is not adversely affected.
- Sound forest management practices should be encouraged.
- Recreational opportunities for Vermont residents and visitors should be maintained and enhanced.

1. Provide Continuous Support for the Vermont Housing and Conservation Trust Fund

The Vermont Housing and Conservation Trust Fund was created by the 1987 General Assembly upon the recommendation of the Administration to help preserve the working landscape, protect environmental resources and support affordable housing projects. The Legislature allocated \$3 million from the state surplus to the Fund. The Fund is administered by a nine-member board and, as of December 1987, had approved \$553,000 in funding for nine projects. The funded projects include the protection of two farms, an area of loon habitat and three miles of the Long Trail. In addition, the Board has supported five affordable housing proposals for a total of 93 units.

The money for these projects is rarely used for outright purchase. Rather the emphasis is on obtaining the greatest possible protection at the lowest possible cost. For example, the Trust Fund Board was able to help protect a 1,000+ acre farm worth \$1.1 million with less than a \$100,000 investment.

The Fund's \$3 million budget represents the lowest per capita investment for land conservation and affordable housing of any state in New England. Vermont has committed \$5.86 per resident for these programs while New Hampshire has committed \$21.72 per capita and Massachusetts residents pay \$146.41 (see table, page 11). Vermont must make its commitment to this program equal to its support for the program's objectives.

The Commission, therefore, recommends that the Legislature authorize a \$20 million bond issue as well as commit an additional \$5 million per year to the Vermont Housing and Conservation Trust Fund.



The purpose of the bond issue is to meet existing pent-up demand and to address the potential for significant losses of agricultural land as farmers retire or go out of business because of falling milk prices.

In addition, the Trust Fund should also receive continuous support to achieve its objectives. The Commission suggests that the annual support come from an increase in the property transfer tax. This tax should be raised from 0.5% to 1% of the property's value at the time of sale and the revenues dedicated to the Trust Fund. Even if primary residences with a value of less than \$80,000 are exempted from this increase, the new revenues would be approximately \$5 million per year depending on the volume of property sales. The Commission believes that whatever option is chosen to support the Trust Fund, it must be secure and not subject to year-to-year appropriation.

Over the next ten years, this investment in Vermont's future will total \$70 million. This figure represents an annual cost of approximately \$12.70 per person. The Commission estimates that these funds could leverage the protection of more than 50,000 acres of land (equivalent to 10% of Addison County) and several thousand units of affordable housing.

The annual cost will eventually be offset by reductions in the current use program. As development rights are acquired, the need for the program would be diminished. However, the current use program should continue to receive full funding until the land has been protected.

The Commission recognizes that its recommendations reflect a significant commitment of state funds. However, over the long term the savings in environmental resources and avoided costs will make the investment pay for itself.

2. Protect Scenic Resources

The scenic qualities of Vermont are valued by its residents as well as its visitors. We most often view the beauty of the landscape while driving. Yet, increasingly, our roads are being degraded by strip development. This degradation is particularly a problem along the arteries connecting bedroom communities with job centers, as commercial interests try to attract commuters.

During the public hearings, several people complained that strip development and other activity was destroying the character of the state and asked that special efforts be taken to protect our scenic resources. The panel recommends that significant scenic road corridors, waterways and ridgelines be identified and protected through the planning process proposed in an earlier section of this report. Designating portions of the interstate highway system as scenic corridors is an excellent starting point.

3. Encourage Better Forest Management

Better than 80% of the land area in Vermont is forested. In contrast to states such as Maine where much of the forest land is held in large tracts by corporations, most of the private forest land in Vermont is held in relatively small units. The Commission believes that the state should continue to support programs that promote sound forest management practices, such as the current use program. A prime benefit of the current use program is that it requires participants to follow forest management plans designed and approved by professional foresters. Sound management of our woodlands also supports the protection of watersheds and wildlife habitat.

4. Protect Water Resources

Vermont's outstanding water resources — including groundwater — should receive special attention. Outdoor recreation is important to Vermont's economy and its residents. People are attracted to our pristine trout streams, our free-running rivers, our wilderness lakes and ponds and the magnificence of Lake Champlain. The value of these resources must continue to be strongly protected in the planning and regulatory process. In addition, sources for public water supply must be identified and protected from degradation.

5. Protect Tradition of Open Land

Vermonters have long enjoyed a tradition of landowners allowing the public to use their land for outdoor recreation. The Long Trail is an excellent example of this tradition. The state must encourage the continuation of this tradition.

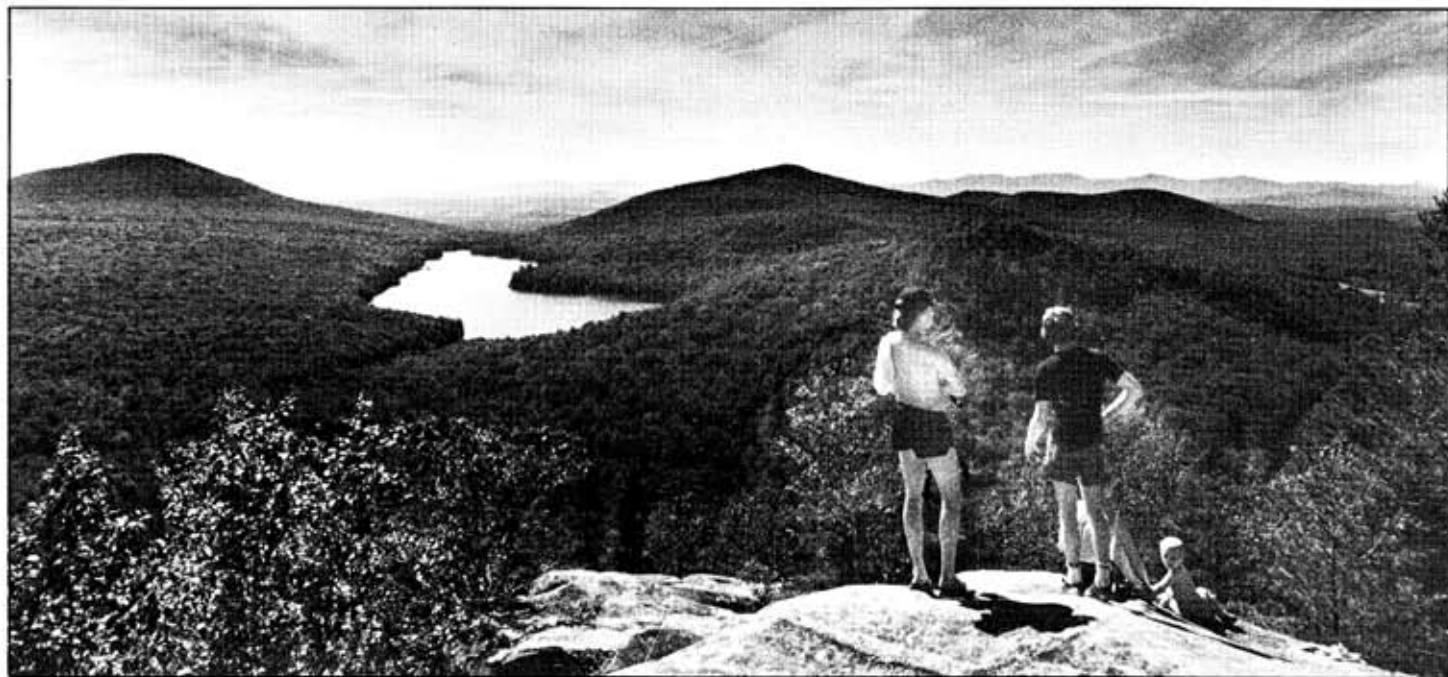


Photo by Toby Talbot

Strong Support For Agriculture

Support for agriculture was one of the dominant themes heard throughout the Commission's hearings. From Manchester and Springfield to St. Johnsbury and St. Albans, the public expressed a strong desire to see farming remain a part of Vermont's character. Vermonters also voiced a willingness to commit public resources to ensure farming's continuation.

There are many reasons for this public support. For some, it is the economic contribution that agriculture makes to the state: \$600 million per year in direct revenues, and three to five times that amount when the multiplier effect is considered.

For others, agriculture's value lies in its contribution to the state's scenic beauty and the availability of land for hunting and recreation. For still others, it is agriculture's contribution to the food requirements of New England: 40% of the region's fluid milk, plus a variety of other dairy and non-dairy products. But for most, it is that agriculture is part of the state's rural character that makes it important. Vermont would not be the same place—economically, environmentally, and culturally—without its farms.

While many farmers are confronted with high taxes, high interest rates, high land and equipment costs, and a shortage of farm labor, the basic problem plaguing Vermont's dairy industry today is that the price which farmers receive for their product is too low compared to their cost of production. At the present time there seems little that the state can do on the price side of the price-cost equation. Most of the answers lie with the marketplace, and with federal dairy price policies in Washington.

However, over the long term the state can encourage the establishment and expansion of industries which manufacture value-added dairy products, such as cheese, yogurt and ice cream. These industries, in time, will allow farmers to earn a higher return for their milk.

It is on the cost side of the equation that the state can make an immediate and substantial contribution to the viability of many of Vermont's farms. By offering low-interest loans, it can reduce the cost of capital. By encouraging the acquisition or transfer of development rights, it can reduce the cost of purchasing farmland. Over time the state can encourage the diversification of farms, no longer economically viable for dairy, to other agricultural uses such as vegetable or sheep farming. And it can continue programs which help farmers increase their efficiency. A dramatic example is the Department of Agriculture's mastitis control program, where a modest \$40,000 investment has returned an estimated \$10 million in added milk receipts for farmers.

But on one point Vermonters must be clear: If we are to have a significant impact on the future of farming in Vermont, we must be willing to make a significant commitment of resources. The state must begin to treat agriculture as it would treat any major industry on the verge of leaving the state. Although Vermont may devote some of the current surplus to this purpose, a sustained commitment will undoubtedly require the raising of new tax revenues. Based upon the testimony

which it heard at the public hearings, the Commission believes that Vermonters are willing to make this commitment to preserve the many benefits which agriculture brings to the state.

The Commission recommends the following to assist the agriculture industry:

1. Regional Milk Pricing — The Governor and the Legislature should endorse and actively promote federal efforts to regionalize the pricing of milk. They should also support the Regional Cooperative Marketing Association (RCMA) to raise the price which northeast dairy farmers receive for their milk.

2. Expand Loan Program — The General Assembly should substantially expand the agricultural loan fund administered by the Agriculture Department and Vermont Industrial Development Authority (VIDA) to extend the number of low-interest loans to farmers. Farmers are faced not only with high interest rates, but in many cases, with a withdrawal of traditional financing mechanisms. The Commission heard recommendations for a loan program of between \$2 to 20 million. The Executive Branch and the Legislature should evaluate the need and establish an appropriate level of funding for this program.

Top priority for the program should be given to farmers who will be in agriculture for 10 or more years or who are farming lands which have been identified as regionally significant for agriculture. This should not be viewed as a bail-out program, but rather as an economic development program for agriculture similar to what the VIDA already does for manufacturing industries. The state might consider linking the loans with a "right-of-first-refusal" on the agricultural land.

3. Current Use Program — Vermont should continue the Current Use Tax program until there is a general reform of the property tax/education finance system. It is a necessary mitigation measure for an often unreasonable tax burden on open-space lands. In time the state should phase out support for lands which are not committed to long-term productive management. In addition, state and local officials should increase the monitoring of the program as well as clarify and strengthen the penalties for violators.

4. Housing and Conservation Trust Fund — As recommended in the section entitled "Protect Natural Resources," the state should authorize a \$20 million bond issue and should provide sustained funding to the Housing and Conservation Trust Fund equal to at least \$5 million per year. The Fund should give top priority to:

- Lands identified in regional and local planning processes

Agriculture

- The agricultural industry must be strengthened and diversified. The manufacture and marketing of value-added agricultural products must be encouraged.
- Continued use of lands for agricultural and forestry purposes should be encouraged in order to keep these resources productive.
- Uses which threaten important and economically viable agricultural lands should be permitted only when the public interest is clearly benefited and no reasonable alternative exists.
- Fragmentation of lands identified as important for agriculture and forestry should be discouraged.



(including the Land Evaluation and Site Assessment) as being especially significant to the region or town.

- Acquisition of farmland where a farmer is getting started. This will assist in the transfer of farms from one generation to the next, as well as in the diversification of agriculture.

- Projects that serve more than one public goal, such as agricultural land protection and affordable housing.

5. Develop Value-Added Products — The development of value-added dairy and other agricultural products should be increased. For example, state economic development efforts, including VIDA, should emphasize support of businesses which produce or process Vermont agricultural products.

6. Diversify Agriculture — The Agriculture Department should continue to support the diversification of agriculture. For example, many people testified that sheep farming, once popular in Vermont, is making a comeback. This trend should be encouraged through the Housing and Conservation Trust Fund and Agricultural Loan Program.

7. Market Vermont Products — The Department of Agriculture should build on existing efforts to market Vermont products. Special attention should be paid to getting the state's agriculture produce into Vermont stores. People should be encouraged to support Vermont agriculture by buying its products.

8. Collect and Disseminate Data — Vermont should support and adequately fund a significant increase in the collection and use of agriculture data. This data should include economic information on the industry and a survey of farmland. The data should be gathered and stored in a manner that makes it easily accessible to the University of Vermont and other interested parties.

9. Infrastructure Decisions — All infrastructure siting decisions (gas pipeline, highways, etc.) should take into account the impact of the proposal on agriculture. The Department of Agriculture should be directed to take a more active role in reviewing these projects.

10. Research and Development — The University of Vermont, in collaboration with the state, should continue to expand its efforts to research and develop new products and techniques for agriculture with special emphasis on preserving the family farm.

11. Education — The Agriculture Department should work with the Department of Education to expand and promote the educational curriculum of agriculture in the school system.

12. Regional Solutions — The Commissioner of Agriculture should work with agricultural commissioners throughout the Northeast to develop solutions to the problems faced by farmers in the region. Cooperation is needed not only to promote regional pricing policies and RCMA, but in marketing agricultural products, diversification, collection and dissemination of data, and research in development.

Affordable Housing For All Vermonters

Speakers at the public hearings poignantly described the inability of many Vermonters to find affordable housing. The panel felt a sense of urgency about what appears to be an emerging crisis.

Some of the solutions overlap with the recommendations in other sections of this report. Better coordination of land use planning and a streamlined regulatory process, for example, should help ease the competition for affordable building sites and, generally, encourage a more concerted effort to solve the problem. Reformation of the property tax system will be necessary to reduce the financial disincentives for communities hosting less expensive housing. Finally, in the section entitled "Protect Natural Resources," the Commission has recommended that the Housing and Conservation Land Trust receive \$20 million along with continued resources on the order of \$5 million dollars per year to encourage the development of affordable housing, as well as preserve open space.

While these proposals are essential for achieving long-term solutions, Vermont must take other actions to successfully address the affordable housing problem.

1. Endorsement of Vermont Housing Policy

The Commission endorses the *Housing Policy and Plan for Action*, which was released by the Department of Housing and Community Affairs in June 1987 (see Appendix).

The Housing Roundtable was formed by Governor Madeleine M. Kunin in 1986 to encourage a unified effort by housing providers to formulate a housing policy. Members of the Roundtable include the Vermont State Housing Authority, the Vermont Housing Finance Agency, the Department of Social Welfare and the Department of Housing and Community Affairs.

The State's plan for action makes several specific policy recommendations. The subjects addressed include rental units, mobile homes, housing rehabilitation and home ownership. While local efforts are under way, the Commission believes that Vermonters want state leadership and action in this area. The General Assembly should consider the recommendations of the Housing Policy carefully.

2. Consolidate Agencies and Departments Responsible for Housing Programs

The Housing Roundtable is an excellent forum in which to develop policies and to devise a plan of action. However, a roundtable format is less suitable for implementing a plan. In fact, the current arrangement may hinder the inter-departmental coordination needed to implement the solutions.

At present, Vermont has three separate entities that manage housing programs. The Department of Housing and Community Affairs coordinates housing policy and administers the Community Development Block Grant Program and the new federal program to help the homeless. The Vermont Housing Finance Agency provides low-interest loans for home ownership through tax-exempt bonding. And the Vermont Housing Authority administers federal programs to help low-income renters.

Many other states have consolidated the functions of these

Affordable Housing

- Decent and affordable housing must be available to all Vermonters.
- The tradition of diverse social and income groups in Vermont's communities should be preserved.
- Housing development should be encouraged in locations where services are available to minimize the impact on the community.



three departments into one agency. The Commission believes that such a consolidation should occur in Vermont. In addition, the Legislature should consider making the head of the department charged with implementing housing policies responsible directly to the Governor.

3. Support Non-Profit Housing Programs

The Commission believes that nonprofit organizations can play a vital role in ensuring Vermonters access to safe, decent and affordable housing. It strongly supports the formation of statewide, nonprofit organizations to develop less expensive housing. It also applauds the formation of community land trusts and neighborhood housing services, which have already been successful at obtaining public and private funds to help low- and moderate-income Vermonters.

Nonprofit organizations can bring together public and private efforts to solve the housing problem. This partnership is essential if we are to find sufficient resources to overcome the tremendous loss of federal funds in this area.

4. Encourage Location of Housing in Growth Centers

In order to reinforce the settlement patterns of village and country and allow people to live in or near the community

where they work, the Commission believes that the state should encourage a full range of housing opportunities in established growth centers.

The Commission recommends that a percentage of the uncommitted reserve capacity of present and future sewage treatment plants built with public funds or discharging into public waters be used for affordable housing projects. The Commission believes that all economic segments of our society should benefit from these allocations of public resources. Connection of affordable housing projects to central treatment plants also allows greater housing densities and eliminates the costs associated with obtaining regulatory approvals for major on-site sewage disposal systems.

5. Regional and Town Plans Should Address Affordable Housing

As stated in the earlier chapter on planning, the Commission believes that the local and regional planning process must address the issue of affordable housing projects. Specifically, the regional plan must assess regional housing needs, and before they are acknowledged as conforming with the state planning guidelines, the regional and local plans must affirmatively provide for the location of the housing.

A Call To Action

Many people came to the public hearings and wrote letters asking the Commission "to be bold" and to make recommendations to protect and restore the values that Vermonters hold dear.

We have responded with recommendations that will require a significant investment of state resources and a restructuring of some of the ways we do business in the state. These proposals are not tentative or shy, they are strong because they reflect what we heard at the hearings: Vermonters want action.

Better management of our resources through the establishment of a planning process and a method of protecting open land, agriculture, and housing will be a significant step toward securing the future we want. These recommendations should not be fragmented but should be viewed as parts of a whole. For example, reforming the property tax system is just as important as the establishment of an effective local and regional planning process. Good growth management requires both initiatives. The proposals must be implemented in a timely manner. We believe that their adoption should take no more than three legislative sessions.

The proper investment in these programs will easily outweigh the financial commitment the state will have to make if it postpones action into the future. The panel is aware that some of its funding recommendations will be difficult to implement. The recent loss of federal funds for important programs, for example, will put added pressure on the state budget. In addition, by the time this report is complete, many of the budget decisions for fiscal year 1989 will have already been made. Finally, the proposed \$20 million bond issue would require an exemption from the "90% Rule" on state indebtedness.

Yet the Commission believes that Vermonters want this level of commitment. In addition, money that we invest today — and it truly is an investment — in more efficient resource management will result in a return many times the upfront costs.

The following is a summary of the Commission's major funding recommendations along with some suggested revenue sources:

1. Housing and Conservation Trust Fund

A. \$20 Million Bond Issue — The Commission recommends that the legislature authorize a \$20 million bond issue for the Trust Fund to meet existing pent-up demand and to address the potential for significant losses of agricultural land as farmers go out of business as a result of falling milk prices. Consistent with current practice, the bond issue should be for 20 years. The cost to the state, considering existing interest rates, would be approximately \$1,080,000 per year. As noted previously, the bond would require an exemption from the "90% Rule."

B. \$5 Million in Sustained Funding — The Commission also recommends that the Trust Fund receive an additional \$5 million per year in sustained annual funding.

The proposed level of commitment per capita to the Trust Fund is comparable with the other New England states.

Suggested Revenue Source:

Property Transfer Tax — The Commission recommends that the property transfer tax be increased by one half of one percent for this program. If the first \$80,000 for the sale of a primary residence is exempted from the increase, the Commission estimates that the new revenue will be approxi-

mately \$5 million per year.

2. A Process To Guide Vermont Into The Future

Effective growth management requires sufficient funding. The Commission believes that an underfunded planning system would be self-defeating. Therefore, the Commission recommends that the Legislature appropriate \$3 million to \$5 million per year to support the proposed growth management system. It should include the following:

- New planners in each regional planning commission.
- A fund to support local planning initiatives.
- Data collection and support of a geographic information system (GIS).
- Legal and planning assistance at the state level.

Suggested Revenue Sources:

A. Property Transfer Tax — The property transfer tax should be increased another 0.5% to a total of 1.5%, with the same exemptions as in the above recommendation for the Housing and Conservation Trust Fund. The revenues should be placed in a dedicated fund for the planning process.

B. Permit Fee — The Commission believes that developers could afford a small increase in their permit fees to support State data collection and a Geographic Information System (GIS).

3. Expand Agricultural Loan Fund

The agricultural industry is important to Vermont — yet it is confronting one of the most difficult challenges in its history. Dairy farmers are receiving less and less for their milk, when those prices are already too low for many of them to survive. At the same time, with increasing debt and declining federal support, farmers are unable to obtain loans with affordable

interest rates. Therefore the Commission recommends a significant increase in the Agricultural Loan Program. As noted previously, the size of the fund should be determined by the Executive and Legislative branches. However, policy makers should consider taking such serious action as temporarily raising the sales tax for a one-year period to adequately fund the loan program.

4. Summary

The following is a summary of the major annual funding recommendations of the Commission:

HCTF Bond Retirement	\$1,080,000
HCTF Annual Support	\$5,000,000
Growth Management System	\$4,000,000

Total: \$10,080,000 per year

We believe this amount to be a small annual investment when considering the tremendous long-term benefits of being able to protect the future of the state. We are proposing an investment in economic development, environmental protection, preservation of significant resource lands, ensuring Vermonters access to affordable housing, and achieving a more efficient permit process.

It will also be an investment in retaining Vermont's quality of life and community spirit. These values are important to Vermont and, we believe, its residents are willing to pay a fair price to protect them.

Vermont has for its entire history been perceived by residents and non-residents worldwide to be a truly unique place. The things which make Vermont unique — the quality of our environment, the strength of our people, the soundness of our economy, the sense of our communities — are threatened. We must sound the alarm bell today. We cannot wait. Only through planning our future can we possibly live the future we desire. Vermonters have told us not to wait and we must not.


Douglas M. Costle


Sister Janice Ryan

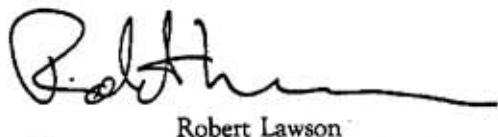

Arthur Gibb


Mark Snelling


Darby Bradley

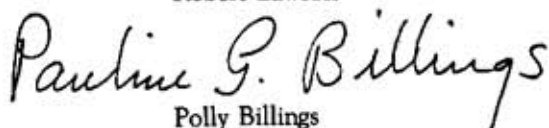

Donald Tarinelli


Betty Wheeler


Robert Lawson


Elizabeth Bankowski


Wayne C. Patenaude


Polly Billings


Miles Jensen

Appendix

Recommendations of the State Housing Policy

1. Organizing for Action

- Create Committee to study the needs of affordable providers around the state. Committee will make recommendations to the Housing Roundtable to create a "network" of housing providers regionally.
- Appropriately staff the Department of Housing and Community Affairs to enable the timely development of housing policy and program implementation.
- Support statewide non-profit housing corporations which meet the goals of the state housing policy.
- Support the provision of data and information needed by localities to plan to meet their housing needs.
- Increase the provision of technical resources at the state level to provide assistance to affordable housing providers. The state should develop model zoning ordinances to assist communities in adopting inclusionary zoning.
- Link the award of state discretionary dollars to reward those communities and regions which have met their share of their affordable housing needs.
- Create Intergovernmental Housing Committee consisting of government staff from all agencies which impact on the provision of affordable housing. The first task of this IHC should be to examine state and local regulations and make recommendations to expedite permit processes for affordable housing developments.

2. Holding the Line

- The state should do all possible to preserve existing subsidized housing units. This must include the preservation of mobile home units.
- Continue to administer and strengthen the federal, state, and local partnership to provide emergency shelter for the homeless.
- Maintain, and expand when possible, single room occupancy units (SROs) to meet the needs of individuals

who have gained the resources to live independently, but do not have the income to sustain a traditional permanent residency.

- The state should give priority to elderly housing projects which develop perpetually affordable housing or which ease the transition of senior citizens required to relocate to alternative housing.
- The State of Vermont must give priority to and encourage housing programs and housing developments which incorporate long-term affordability techniques. Such techniques include: limited equity cooperative ownership; limited equity condominium ownership; community land trusts; mutual housing associations; and rent stabilization agreements.
- Efforts must be continued to preserve the quality, safety, and access to existing housing units.
- The State of Vermont must use its considerable influence to maintain favorable federal regulations which impact housing programs in our state. The State should also use such influence to at least maintain existing federal funding levels of those programs which assist in the production of affordable housing in Vermont.

3. Develop New Resources

- State financial resources should be maintained and developed to assist in the preservation and production of affordable housing. Support should be provided to the following programs: Vermont Housing and Conservation Trust Fund, Aid to Needy Families with Children, Low Income Housing Tax Credits; and the development of an affordable housing preservation act.
- Private sector support should be sought to meet Vermont's financial resource needs for housing. The state should also continue to expand efforts to use existing funding programs to leverage additional funding to serve more households and to recycle public funds to serve additional projects.

STATE OF VERMONT EXECUTIVE ORDER

Executive Department

WHEREAS,

Vermont has an incomparable heritage of natural resources, scenic landscapes and liveable communities, and

WHEREAS

the future community strength and economic vitality of the State require the continuation of these natural and cultural values, and attention to economic diversity and the opportunity to earn a decent living, and

WHEREAS,

the productive agricultural lands and forests, outdoor recreation areas, uncongested villages and landscape are vulnerable to degradation by development that is inappropriate in type, location or scale, and

WHEREAS,

policies and decisions by state and local governments relating to infrastructure investment, development assistance, affordable housing, natural resource stewardship and zoning should promote community and economic development that is compatible with the character and values of the State, and should not inadvertently create impediments to such development, and

WHEREAS,

achieving orderly growth consistent with the maintenance of the environmental quality of the State and perpetuation of its essential character require cooperation among all levels of government as well as between the public and private sectors, and

WHEREAS,

such cooperation must be based on shared goals and principles reflective of a broad base of citizen opinions and preferences, and

WHEREAS,

these goals and principles should provide a framework for development decisions, and

WHEREAS,

a new stimulus to plan for desirable and orderly growth should be provided to every level of government with a particular focus on planning at the regional level where local and state interests can be reconciled most effectively,

NOW THEREFORE,

BE IT RESOLVED THAT I, Madeleine M. Kunin, by virtue of the authority vested in me as Governor, do hereby create the Governor's Commission on Vermont's Future: Guidelines for Growth, and instruct the Commission to solicit the opinions of Vermonters on the goals and principles needed to guide decisions that will determine the character and patterns of future growth and development of the state.

The Commission shall be made up of 12 members appointed by the Governor. The Commission shall hold eight public hearings and submit a report to the Governor by December 31, 1987, which shall include:

1. An overview of growth patterns in Vermont and an assessment of the effectiveness of existing laws and practices in managing that growth. The Commission is encouraged to survey and take into account existing studies of growth in Vermont.
2. A statement of goals and principles for the preservation of Vermont's character. Among the specific issues the Commission should consider are: resource conservation, the preservation of agricultural land, the availability of housing for all Vermonters, the social diversity and vitality of communities, the availability of good jobs for all Vermonters and the economic strength of communities.

The statement shall reflect the shared values of Vermonters as expressed to the Commission in the course of its work.

3. Recommendations on how to use the goals and principles to guide state, regional and local decisions. The recommendations should discuss the application of the goals and principles to financial assistance, public investment, development regulations, and the public planning process.

The Office of Policy Research and Coordination and the Agency of Natural Resources shall provide staff for the Commission.

Funds to support the work of the Commission shall be borne by the Agencies of Development and Community Affairs, Natural Resources, and Transportation from available appropriations. Members of the Commission may be reimbursed for necessary travel expenses, meals and lodging incurred in conjunction with official Commission duties.

Witness my name hereunto subscribed and the Great Seal of Vermont hereunto affixed at Montpelier, this 22nd day of September, A.D., 1987.

By the Governor:

Madeleine M. Kunin
Governor

Elizabeth Bonkowski
Secretary of Civil & Military Affairs

