



Community Investment Program

Downtown Designation: Step Three Center Application



Department of Housing and Community Development

Community Planning + Revitalization

January 2026



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

Application Guidance

Overview

Downtown Designation: Step Three Centers are established to create an advanced designation for downtowns throughout the State to create mixed-use centers and join the Vermont Downtown Program. Downtown Centers recognizes and encourages local efforts to revitalize Vermont's traditional downtowns and ongoing efforts to improve a community's economic vitality and livability.

Centers are organized into three "steps" based on the characteristics of the community, local capacity, planning initiatives within the community, and their legacy designation. Through these three steps, Centers will gain access to varying levels of incentives, similar to the legacy designation structure. Communities will have the ability to advance and move up "steps" to access greater levels of incentives and support through an application process that asks communities to demonstrate their alignment with goals of the designation program.

These guidelines provide instructions for communities preparing new applications to advance or maintain a **Downtown Designation: Step Three Center**. A municipality may submit an application at any time they have met the requirements to advance to Step Three.

Definitions

The statutory definitions of Downtown Center or Village Center are:

24 V.S.A. § 5801

(4) "Downtown center" or "village center" means areas on the regional plan future land use maps that may be designated as a center consistent with section 4348a of this title.

(12) "State Designated Downtown and Village Center" or "center" means a contiguous downtown or village a portion of which is listed or eligible for listing in the national register of historic places area approved as part of the LURB review of regional plan future land use maps, which may include an approved preexisting designated downtown, village center, or designated new town center established prior to the approval of the regional plan future land use maps.

(A) Downtown or village centers. These areas are the mixed-use centers bringing together community economic activity and civic assets. They include downtowns, villages, and new town centers previously designated under chapter 76A and downtowns and village centers seeking benefits under the Community Investment Program under section 5804 of this title. The downtown or village centers are the traditional and historic central business and civic centers within planned growth areas, village areas, or may stand alone. Village centers are not required to have public water, wastewater, zoning, or subdivision bylaws.

Process

1. Look at the regional plan's future land use map (as approved by the State's Land Use Review Board) to ensure your community is mapped as a Downtown and/or Village Center 'future land use area'.
2. Contact the Department of Housing & Community Development to discuss the program and application process.
3. Schedule a pre-application meeting with the Department. This includes a visit to your downtown center.

To ensure a common understanding of the application requirements prior to submission, all applicants must schedule a pre-application meeting with the Department to discuss the program requirements and benefits. Applications are made by the municipality.

4. Best practice is to build support for your designation, by working with the public, your local planning commission, city council/selectboard, and your regional planning commission.
5. Complete the application using the guidelines checklist to ensure all required materials are included (see pages 10-15 for the guidelines checklist). The Regional Planning Commission can offer assistance.
6. The Department will review the application and provide technical assistance.
7. Applications will be accepted on a rolling basis. A decision will be made and the Department will notify the applicant within 30 days of submission on the determination.

Program Requirements

To ensure a common understanding of the application requirements prior to submission, all applicants **must schedule a pre-application meeting with the Department** to discuss the program requirements and benefits. Applications are made by the municipality in cooperation with the local downtown organization. Only complete applications will be considered.

To be considered as a Downtown Designation: Step Three Center, a municipality must meet all the following base requirements Chapter 139 of Title 24:

- Municipality is mapped as a Center in the regional plan approved by the Land Use Review Board (LURB).
- Meets the definitions of a Center, and includes an area listed or eligible for listing in the National Register of Historic Places unless a legacy New Town Center, Village Center, or Downtown Center designation under chapter 76A of this title in effect upon initial approval of the regional future land use map and prior to December 31, 2026.
- Has an adopted, unexpired, and RPC-approved municipal plan
- Has a confirmed municipal planning process under 24 V.S.A 4350.
- Has a downtown investment agreement.
- Has a capital improvement program adopted under 24 VSA 4430 that implements the Step Three requirements.
- Has a local downtown organization with an organizational structure necessary to sustain a comprehensive long-term downtown revitalization effort following the requirements of 24 V.S.A. § 5803 (3)(A)(vi).
- Has a downtown organization multi-year strategic improvement plan.
- Has available public water and wastewater service and capacity.
- Has permanent zoning and subdivision regulations.
- Has adopted historic preservation regulations for the downtown district under 24 VSA 4414(1)(E) & (F).
- Has adopted design or form-based code regulations for a compact central civic and business district.

CENTER REQUIREMENTS FOR ALL STEPS	Step 1	Step 2	Step 3
Mapped as a center in a LURB-approved regional plan, or	X	X	X
Meets statutory definitions	X	X	X
Capital Plan			X
Local Downtown Organization & Strategic Investment Plan			X
Available Public Water/Wastewater			X
Permanent Zoning and Subdivision Regulations			X
Historic Preservation Regulations (Unless a Legacy New Town Center on 12/31/2026)			X
Adopted Downtown Design or Form-Based Code Regulations			X
Regionally Confirmed Municipal Planning Process and Municipal Plan with goals for investment in center.		X	X
Anchored by Historical Settlement (Includes areas listed or eligible for National Register of Historic Places)	X	X	X

Submission Requirements

Municipalities must submit one electronic copy of the application and all supporting documents in electronic format by email. If the file is too large to email, applications may be submitted on a thumb drive or uploaded to an online file sharing platform. All maps and photos must be in color.

Maintenance of a Downtown Designation: Step Three Center

Downtown Designation: Step Three Center review occurs upon second regional plan adoption approval by the Land Use Review Board (LURB), not the first.

After the first regional plan approval, municipalities should prepare to meet Step Three requirements prior to the Regional Planning Commission (RPC) adoption and submission of an application to the State LURB for final State approval. **Step Three Centers must meet all requirements and are required to have an unexpired, adopted and RPC-approved municipal plan and confirmed planning process to maintain Downtown Designation: Step Three Center status and retain benefits.**

- The Department will NOT review regional plan amendments (since they do not re-set the regional plan's 8-year duration of validity). The Department will review adoptions following State LURB approval.
- The Downtown Designation: Step Three Center maintenance reviews are done in-house based on the municipal plan status in the Vermont Planning Data Center.
- RPCs will notify municipalities of requirements to maintain Downtown Designation: Step Three Center status.
 - Department staff will request notified municipalities with a Downtown Designation: Step Three Center to submit an application that demonstrates how they have met the Step Three requirements upon RPC submission of a pre-application of a regional plan to the LURB.
 - **If the Downtown Designation: Step Three Center requirements are met, Step Three status is maintained. If not, the center becomes a Village Designation: Step Two Center, or if Step Two requirements are not met, it becomes a Community Designation: Step One Center.**
 - All Downtown Designation: Step Three Centers will be reviewed within 30 days of State LURB approval of a regional plan and revert to Step Two if Step Three requirements are not met – or it will revert to Step One if the municipality does not meet the Step Two requirements by having a confirmed municipal planning process pursuant to 24 V.S.A. § 4350 and municipal plan with goals for investment in the center.

- The Department will notify the RPC, municipalities, and the Community Investment Board (at its next meeting) of all Step determinations and update all Step Changes in the Vermont Planning Data Center.
- A municipality may submit an administrative application at any time when they have met the requirements to advance to the next Step. A municipality may move directly from Step One to Step Three if requirements can be met.

Center Boundaries

Boundaries are established by the regional plan's future land use area map approved by the LURB. The qualifying future land use area(s) on the regional plan for Center Designation is 'downtown and/or village center'. The regional plan future land use definition of a 'downtown and/ or village center' is included above (24 VSA 4348).

Stepping up to a **Downtown Designation: Step Three Center** does not change boundaries. Please consult with your Regional Planning Commission for questions about boundaries.

Benefits

The Community Investment Designation Program supports local revitalization efforts across the state by providing technical assistance and state funding to help designated municipalities build strong communities. Once designated, the community will be eligible for the following benefits:

CENTER BENEFITS FOR ALL STEPS	Step 1	Step 2	Step 3
Downtown Vibrancy Grant Funding (24 V.S.A. Ch. 139)			X
Sales Tax Reallocation Funding (24 VSA Ch. 139 & 32 V.S.A. § 9819)			X
National Main Street America Accreditation Eligibility (24 V.S.A. Ch. 139)			X

Placemaking/Wayfinding/Off-Site Signage Exemptions (24 V.S.A. Ch. 139 & 10 V.S.A. § 494(13) and (17))		X
Housing Permit Appeals Limitations (24 V.S.A. Ch. 139 & 24 V.S.A. § 4471)		X
Location Priority for State Office Building Development (24 V.S.A. Ch. 139)		X
Downtown Transportation Improvement Fund Eligibility (24 V.S.A. Ch. 139)		X
Better Connections Grant Funding Priority (24 V.S.A. Ch. 139)	X	X
Infrastructure Funding Priority like Tax Increment Financing Districts and ANR Water/Wastewater Funding (24 V.S.A. Ch. 139)	X	X
Priority Consideration for State and Federal Affordable Housing Funding administered by DHCD, VHCB, and VHFA (24 V.S.A. Ch. 139 & <i>Qualified Allocation Plan</i>)	X	X
Municipal Authority to Create Special Taxing District (24 V.S.A. Ch. 87)	X	X
General Priority Consideration for State/Federal Funding like Vermont AOT Bike/Ped Grants, Transportation Alternatives, Northern Borders Regional Commission Grants, ANR Water/Wastewater Funding, Tax Increment Financing, etc. (24 V.S.A. Ch. 139)	X	X
Authority to Lower Speed Limits Below 25 mph (24 V.S.A. Ch. 139 & 23 V.S.A. § 1007(g))	X	X
State Water/Wastewater Permit Fee Reduction (24 V.S.A. Ch. 139 & 3 V.S.A. § 2822)	X	X
Exemption from Land Gains Tax (24 V.S.A. Ch. 139 & 32 V.S.A. § 10002(p))	X	X

DHCD-Assistance on Municipal Historic Preservation Regs. (24 V.S.A Ch. 139)		X	X
Other benefits under Department, Program or Board guidelines (24 V.S.A Ch. 139)		X	X
Funding Priority for Municipal and Regional Planning Resilience Fund through Municipal Planning Grants (24 V.S.A Ch. 139)	X	X	X
○ Municipal Plans/Visioning/Assessment	X	X	X
○ Special Purpose Plans, Capital Plans, and Area Improvement Plans		X	X
Better Places Grant Funding (<i>not currently funded</i>) (24 V.S.A Ch. 139)	X	X	X
Downtown & Village Tax Credit Funding (24 V.S.A Ch 139 & 32 V.S.A. § 5930aa et seq.)	X	X	X
Technical Assistance by DHCD (24 V.S.A. Ch. 139)	X	X	X

Application Guidelines: Checklist

1. Mapped in the regional plan as a Center

- ☐ To apply for a Downtown Designation: Step Three Center, ensure that the area is mapped as a center in the regional plan's future land use map approved by the LURB.
- ☐ A Downtown Designation: Step Three Center must contain or be a part of a historic district that is listed or eligible for listing in the National Register of Historic Places, unless a legacy New Town Center, Village Center, or Downtown Center designated under chapter 76A of this title in effect upon initial approval of the regional future land use map and prior to December 31, 2026.

2. Cover Letter, including:

- ☐ Name of the municipality
- ☐ Name of Center
- ☐ Brief narrative of why you seek Downtown Designation: Step Three Center and a list of previous and current revitalization activities for the Center
- ☐ Name, address, daytime phone number and email address of the primary contact person for the application
- ☐ A list of documents included in the application

3. Authorization from Municipality

- ☐ Minutes from publicly held meeting, showing that the application for Downtown Designation: Step Three Center has been authorized by the municipality.

Or
- ☐ Municipal resolution from majority of city council/selectboard/trustees authorizing application

4. Notification to Regional Planning Commission and Regional Development Corporation

- ☐ Letters or emails notifying the regional planning commission and regional development corporation of the application. The application must include copies of the letters or emails to each of these organizations notifying them of the intent to apply.

5. Municipal Plan & Planning Process

- ☐ Confirmation that the municipality has an adopted, unexpired, and RPC-approved municipal plan and confirmed planning process under 24 V.S.A. §4350.
- ☐ List of municipal plan's goals for investment in the center

6. Local Regulations for Main Street Success

- ☐ Has permanent zoning and subdivision bylaws.
- ☐ Has adopted design or form-based regulations that adequately regulate the physical form and scale of development with compact lot, building, and unit density, building heights, and complete streets.
- ☐ Adopted historic preservation regulations for the district with a demonstrated commitment to protect and enhance the historic character of the downtown through the adoption of bylaws that adequately meet the historic preservation requirements in subdivisions 4414(1)(E) and (F) of Title 24. Note: Downtown Designation: Step Three Center must contain or be a part of a historic district that is listed or eligible for listing in the National Register of Historic Places (please note that this is not the same as a local historic district created through zoning bylaw). It is not necessary for the downtown center and the National Register district to have identical boundaries. (This provision does not apply to the legacy New Town Center, Village Center, or Downtown Center designated under chapter 76A of this title in effect upon initial approval of the regional future land use map and prior to December 31, 2026)

7. Downtown Investment Agreement

- ☐ Provide a downtown investment agreement that has been signed by authorized representatives of municipal government, board members of the downtown organization, business and property owners within the district, community groups and residents demonstrating commitment to the downtown revitalization efforts. The agreement must demonstrate that a broad range of downtown interests are committed and willing to participate in downtown revitalization efforts. The agreement should include and clearly describe strategies to:
- ☐ Enhance the physical appearance and livability of the area by implementing local policies that promote the use and rehabilitation of historic and existing buildings.
- ☐ Build consensus and cooperation among the many groups and individuals who have a role in the planning, development, and revitalization process;
- ☐ Market the assets of the area to customers, potential investors, new businesses, local citizens, and visitors;
- ☐ Strengthen, diversify, and increase the economic activity within the downtown; and
- ☐ Measure progress annually and achievements of the revitalization efforts as required by DHCD guidelines.

8. Downtown Capital Improvement Program

- ☐ A capital budget and program adopted under section 4430 of Title 24 showing a clear plan for providing public infrastructure within the downtown, including:
- ☐ Drinking water
- ☐ Public space
- ☐ Wastewater
- ☐ Lighting

- ☐ Storm water
- ☐ Transportation, including public transit, parking and pedestrian amenities
- ☐ Evidence that the plan has been formally adopted by the legislative body of the municipality

9. Downtown Organization

- ☐ Description of local downtown organization designated by the municipality responsible for implementing the downtown investment agreement and collaborating with the municipality, business and property owners and other organizations focused on the revitalization of the downtown center.
- ☐ Current list of staff/board members and roles and responsibilities.
- ☐ Multi-year strategic improvement plan necessary to sustain a comprehensive long-term downtown revitalization effort with a description of active committees, goals/objectives, strategy for implementation and timeline for completion.
- ☐ Downtown organization budget.
- ☐ Bylaws, articles of incorporation, mission statement and other relevant documents demonstrating the organization's primary commitment to downtown revitalization.

10. Water and Wastewater Compliance and Reserve Commitment

- ☐ Water and wastewater requirements are met as outlined in Appendix A and B.

11. Maps

- ☐ Map of Downtown Designation: Step Three Center as approved by the Land Use Review board showing the Design Review District, Local Historic District or Form Based Code District (Districts must be entirely within or larger than Downtown Center boundary approved by the LURB) and corresponding

- ☐ Zoning District Map showing the Downtown Center boundary and corresponding bylaw language. Zoning boundaries and bylaws help explain the community's development and uses within the Downtown Center.
- ☐ National or State Register Historic District Boundaries should be included, but if not available, are not required.

12. Photographs

- ☐ Color photographs showing priority areas for revitalization in the Center. Photographs should show the streetscape rather than individual buildings, giving a sense of the context of the area.

13. Municipal Water and Wastewater Requirements

- ☐ **Compliance** – The application must include evidence that any private or public sewage system and any private or public water supply system serving the proposed downtown district, is in compliance with state requirements. (Please note that you will need responses from two different Divisions within the Agency of Natural Resources (ANR) to demonstrate compliance and should allow at least several weeks for them to conduct this review.)

Please complete and obtain ANR approval for the attached forms.

- ☐ Drinking water system compliance – Appendix A, [pages 16-17](#).
- ☐ Wastewater system compliance – Appendix B, [pages 18-21](#).

Reserve Commitment – Provide evidence that the municipality has dedicated a portion of any unallocated reserves for both the wastewater and drinking water systems, adequate to accommodate future growth in the Downtown.

- ☐ The municipality must show they have reviewed the anticipated growth for the Downtown Designation: Step Three Centers and base the allocation of reserves on that estimate.

- ☐ The dedication of reserves must be made by formal action by the legislative body of the municipality. Evidence of these dedications must be included in the application for designation.

To receive this information in an alternative format or for other accessibility requests, please contact:

Gary Holloway, Downtown Program Manager
Department of Housing and Community Development
Gary.Holloway@vermont.gov, 802-522-2444

Appendix A

Vermont Drinking Water and Groundwater Protection Division

Downtown Designation Step Three Program Checklist for Compliance Review of Community Water System

WSID #: _____

Public Water System (PWS) Permit to Operate Last Issued: _____

Capacity (Technical) What is the authorized capacity for the PWS? _____gpd

[e.g., permitted rate(s) for the supply source(s) in gallons per minute (gpm) multiplied by 1440 minutes/day equals the authored maximum daily capacity of supply sources in gallons per day (gpd). This is the permitted maximum daily withdrawal volume for the supply source(s) in (gpd).]

1. What was the annual maximum water production rate (monthly high) provided by the water system for the previous 12 months? (Provide date range and monthly data.) _____gpd
2. What are the total unconnected water commitments/allocations for the water system? _____gpd
3. What is the uncommitted reserve capacity for the PWS?
[Add together items 2 and 3 above, and subtract from item 1] _____gpd
4. What are the gallons of capacity planned for the designated area? _____gpd

Implementation Schedule

5. Does the operating permit contain an improvement schedule? ____Yes ____No

6. Is the PWS completing improvements in accordance with the permit schedule?
____ Yes ____ No
7. If not in compliance with the improvements schedule, what is the cause and length of the delay (please provide detailed attachment as necessary)?

Owner or owner's authorized representative responsible for approving allocation of water to connections and maintaining technical capacity records for the PWS.

Name: _____ Date: _____

Title: _____ Phone: _____

E-mail: _____

The completed form must be submitted to the Agency of Natural Resources (ANR) at the address below. A complete designation application must include both a copy of the submitted form and written notice of approval from ANR.

**Megan Young, Capacity Development & Operator
Certification Program Supervisor**
megan.young@vermont.gov or (802) 585-4903
Drinking Water and Groundwater Protection Division
Department of Environmental Conservation
One National Life Drive – Davis 4
Montpelier, VT 05620-3521

Appendix B

Vermont Watershed Management Division Downtown Designation Step Three Program Checklist for Compliance Review by Municipal Wastewater System

Discharge Permit

Number: ____ Issued: ____ Expires: ____

Capacity

1. What is the hydraulic design of your wastewater treatment facility? _____MGD.
2. What is the organic treatment design of your wastewater treatment facility as expressed in pounds/day of 5-day Biochemical Oxygen Demand (BOD₅)?
_____lbs/day.
3. What was the highest monthly average influent BOD₅ loadings into your facility for the previous 5 years of record? _____MGD.
_____through_____(month/year)
4. What is the total existing commitments/allocations to your facility?
_____MGD
5. What is the total of unconnected commitments/allocations to your facility?
_____MGD
6. What is the uncommitted reserve hydraulic capacity of your facility?
_____MGD
(Design flow – (commitments + annual average flow) = uncommitted reserve hydraulic capacity)
7. Gallons of capacity planned for designated area? _____MGD

Owner or owner's authorized representative responsible for approving allocation of wastewater to connections and maintaining technical capacity records for the wastewater system.

Name: _____ Date: _____

Title: _____ Phone: _____

E-mail: _____

Compliance Status

8. Are you subject to an order issued under section 1272 of Chapter 47? ☐ Yes ☐ No

If you are not in compliance with that order, please explain the cause, length of noncompliance and plan to return to compliance.

9. Are you required by an order issued under section 1272 of Chapter 47 to mitigate combined sewer overflows or eliminate sanitary sewer overflows? ☐ Yes ☐ No

If you are not in compliance with the schedule dates in that order please explain the cause, length of noncompliance and plan to return to compliance.

10. Are you subject to an Assurance of Discontinuance (AOD) or other Court Order related to wastewater? Please provide a copy of that order with your application.
☐ Yes ☐ No

11. Are you in compliance with the requirements of that AOD or other order(s)?
☐ Yes ☐ No

If you are not in compliance with that AOD or other orders, please explain the cause, length of noncompliance and plan to return to compliance.

Effluent Quality

Were limits for any of the following parameters exceeded during the past 12 months? If violations occurred, please discuss the cause and duration, remedial steps taken during the event and corrective action taken to prevent recurrence.

Biochemical Oxygen Demand (BOD):

Total Suspended Solids (TSS):

Phosphorus:

Ultimate Oxygen Demand (UOD):

Settleable Solids:

E. coli Bacteria:

Total Residual Chlorine:

Other:

Did the facility experience any untreated discharges in the past year? ____ Yes ____ No

If yes, please list the dates, reasons, and corrective action performed.

Municipality

Authorized Representative

Date

Title

The completed form must be submitted to the Agency of Natural Resources (ANR) at the address below. A complete designation application must include both a copy of the submitted form and written notice of approval from ANR.

Heather Collins, Wastewater Management Program Manager

heather.collins@vermont.gov or

(802) 261-5678 Watershed Management Division

Department of Environmental Conservation

One National Life Drive – Davis 3 Montpelier, VT 05620-3522