

Community Investment Program

Village Designation: Step Two 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

Village Designation: Step Two Centers are established to support the revitalization efforts of historic centers. The designation brings financial incentives, training and technical assistance needed to attract new business and vitality to Vermont's communities. Step Two Village Centers are generally mixed-use areas that serve the surrounding population with goods and services, civic and religious functions, jobs, and residences.

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 an application to advance from a Community Designation: Step One Center to **Village Designation: Step Two Center**. A municipality may submit an application at any time they have met the requirements to advance to Step Two.

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.

24 V.S.A. § 4348

(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 (LURB)) 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 may include a visit to your proposed Village 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 the proposed designated boundary. 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, selectboard, and your regional planning commission.
5. Complete the application using the checklist to ensure all required materials are included (see page 9-10 for the 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. Only complete applications will be considered.

To be considered as a Village Designation: Step Two Center, a municipality must meet all of the following requirements per 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 a municipal plan with goals for investment in the center
- Has a confirmed municipal planning process under 24 V.S.A 4350

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 Village Designation: Step Two Center

Village Designation Step Two 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 Two requirements prior to the Regional Planning Commission (RPC) adoption and submission of an application to the State LURB for final State approval. **Step Two Centers are required to have an unexpired, adopted and RPC-approved municipal plan and confirmed planning process to maintain Village Designation: Step Two 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 Village Designation: Step Two 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 Village Designation: Step Two Center status.

- Department staff will request notified municipalities with a Village Designation: Step Two Center to submit an application that demonstrates how they have met the Step Two requirements upon RPC submission of a pre-application of a regional plan to the LURB.
 - **If the Village Designation: Step Two Center requirements are met, Step Two status is maintained. If not, the center becomes a Community Designation: Step One Center.**
 - All Village Designation: Step Two Centers will be reviewed within 30 days of State LURB approval of a regional plan and revert to Step One if the municipality does not meet the program 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

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 **Village Designation: Step Two 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
<u>Downtown Vibrancy Grant</u> Funding (24 V.S.A. Ch. 139)			X
<u>Sales Tax Reallocation</u> Funding (24 VSA Ch. 139 & 32 V.S.A. § 9819)			X
<u>National Main Street America</u> 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 VSA Ch. 139 & 24 V.S.A. § 4471)			X
Location Priority for State Office Building Development (24 V.S.A. Ch. 139)			X
<u>Downtown Transportation Improvement Fund</u> Eligibility (24 V.S.A. Ch. 139)			X
<u>Better Connections Grant</u> 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 VSA 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.		X	X

(24 V.S.A Ch. 139)

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 Village Designation: Step Two Center, ensure that the area is mapped as a center in the regional plan's future land use map approved by the LURB.
- ☐ A Village Designation: Step Two 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 Village Designation: Step Two Center designation 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 Village Designation: Step Two Center has been authorized by the municipality.

Or

- ☐ Municipal resolution from majority of 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. 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.

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

Natalie Elvidge, Planning Coordinator
Agency of Commerce and Community Development
Natalie.Elvidge@vermont.gov, 802-261-0681