



Neighborhood Development Area Designation Program

Application Guidelines



State Designation Programs
Community Planning + Revitalization
December 2022



Overview

Designating a neighborhood development area helps reduce the time and cost of state permitting in areas within easy walking distance of state designated centers — whether converting a barn or wing of a house into an apartment or developing an entirely new neighborhood. Municipalities or developers may use this designation to encourage the creation of new homes in development-ready locations near shops and services and to reduce pressure to develop on farm and forest land. Neighborhood development area designation goes to municipalities with an existing designation and with adopted plans, policies and regulations that support housing and compact development.

Eligibility and Benefits

Areas eligible for designation must be within a neighborhood planning area defined as an area surrounding an existing designated area, extending a 1/4 mile from village centers and new town centers, a 1/2 mile from downtowns and encompasses the areas contained within a designated growth centers). Extensions beyond the planning area boundary that meet certain criteria may be approved by the Downtown Board. Mapped neighborhood planning areas may be viewed at <http://maps.vermont.gov/ACCD/PlanningAtlas/index.html?viewer=PlanningAtlas>

Within the neighborhood planning areas, applicants may use these application guidelines to help identify areas most suitable for residential development (infill, redevelopment and new) —where approved areas will receive the following benefits:

- **Qualified** “mixed income” projects are exempt from Act 250 regulations.
- On properties with an existing Act 250 permit, no permit or amendment is required for a mixed income housing project that meets underlying permit conditions and jurisdictional thresholds.
- Act 250 projects not qualifying for the exemption receive a 50% discount on application fees.
- Agency of Natural Resources fees for wastewater review are capped at \$50.00 for projects that have received sewer allocation from an approved municipal system.
- Exemption from the land gains tax.
- A local conditional use decision, that a housing project meets the “character of the area” criteria, cannot be appealed.
- Pilot funding for downtown & village tax credits
- Municipalities receive priority consideration for state grants.
- Helps meet the location requirement for tax increment finance (TIF) districts.

Overview

Neighborhood planning areas encircle state designated centers depicted on the [Vermont Planning Atlas](#) and described below. This is generally intended to represent land within walking distance from commercial cores. Within these areas, using the guidance of this document, communities identify places most suitable for infill and new housing development.

Downtowns

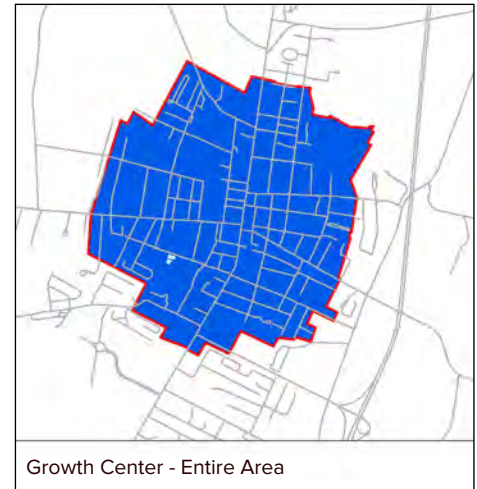
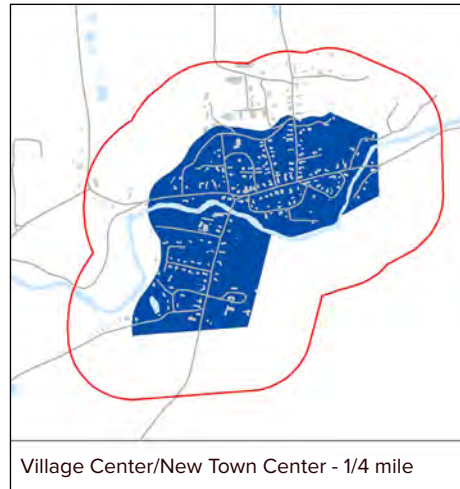
1/2 mile from designated boundary

Village Centers and New Town Centers

1/4 mile from designated boundary

Growth Centers

The Neighborhood Planning Area encompasses the areas contained within the growth center.



Extending the Eligibility Area

In certain circumstances, due to existing development and physical constraints, the availability of land for future development within the existing neighborhood planning area may be constrained. A neighborhood development area may include one or more areas of land extending beyond the delineated neighborhood planning area if the following conditions are met:

- A. Including the extended area beyond the neighborhood planning area is consistent with the statewide planning goals ([24 V.S.A. § 4302](#)).
- B. Residential development opportunities within the neighborhood planning area are limited due to natural constraints and existing development.
- C. The extended area represents a logical extension of an existing compact settlement pattern and is consistent with smart growth principles; and
- D. The extended area is adjacent to existing development.

In order to have a neighborhood development area designated beyond the delineated planning area, at least 80 percent but no fewer than seven of the members of the Downtown Board present find that all four of the above conditions are met.

Application Process

A municipality or land owner/developer with property within a neighborhood planning area may submit an application to have neighborhood development areas designated. If a municipality does not already have a designated center, it may apply for one simultaneously with a neighborhood development area application.

All applicants must contact DHCD in advance for a pre-application meeting to discuss the proposed application and clarify requirements. The applicant must fill out and submit the application checklist on [page 6](#) that lists the application requirements.

Application Requirements

A municipality should submit one electronic copy of the full application to DHCD via e-mail or by other electronic media. Maps and photos should be in color. The applications are due no later than 4:30 p.m. on the first Monday of any month in order to be considered for that month's meeting. Applications will be considered by the Vermont Downtown Board, which meets on the fourth Monday of each month. A neighborhood development area must receive its designation before any application for benefits may be accepted.

Representatives of the municipality must attend the Downtown Board meeting when their application is considered. A meeting agenda and a copy of the staff review will be sent to the contact person identified in the application a week before the Downtown Board meeting.



Application materials must be submitted to:

Division for Community Planning and Revitalization
Department of Housing and Community Development (DHCD)
One National Life Drive, 6th Floor
Montpelier, VT 05620

Applications are due on the first Monday of the month by 4:30 p.m. in electronic format.

Vermont Neighborhood Development Area Designation Program

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1

Contact DHCD to discuss the program and application process.

2

Schedule a pre-application meeting with DHCD in your town to go over program requirements and identify areas that qualify for the NDA.

3

Gather application documents for the application. We strongly recommend you contact your Regional Planning Commission to assist you.

4

Complete application checklist and review the draft application with DHCD staff to ensure you have all the materials gathered.

5

Submit documents and application checklist by e-mail by first Monday of the Month.

6

DHCD will call or email the local contact to discuss the application review process.

7

Attend the Downtown Board meeting on the fourth Monday of the month.



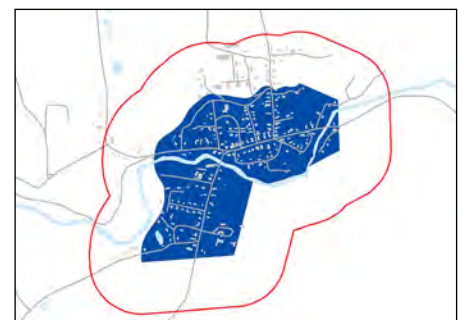
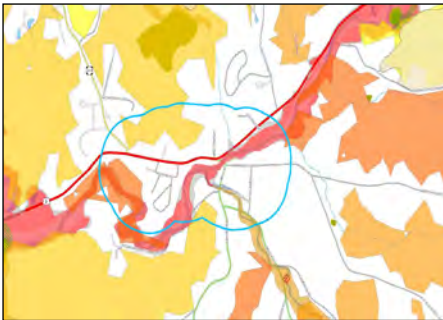
1. **Cover Letter, including:**
 - Name of the municipality.
 - Brief narrative of why you seek neighborhood development area designation.
 - Name, address, daytime phone number and email address of the primary contact person for application.
 - A list of documents included in the application.
2. **Notification to City/Town or Village Selectboard or Trustees (only for Property Owner Application)**
 - The application must include a copy of the letter/email to the municipality notifying them of the intent to apply.
3. **Confirmed Planning Process**
 - A letter from the municipality's regional planning commission must be included in the application, stating that its planning process is "confirmed" under 24 V.S.A. §4350 by the commission. Confirmation means that the adopted municipal land use plan and planning process have been reviewed and approved by that regional commission.
4. **Flood Hazard Areas**
 - Development area is not located in flood hazard or fluvial erosion hazard areas, unless local flood hazard and river corridor bylaws satisfactory to the Agency of Natural Resources have been adopted.
5. **Complete Streets**
 - Development area conforms to Complete Streets Statute [19 V.S.A. § 309d](#) and establishes pedestrian access to designated center.
6. **Neighborhood Development Area compatible with Historic Register Historic Districts**
 - Development Area is compatible with and reinforces the character of adjacent National Register Historic Districts, national or state register historic sites, and other significant cultural resources.
7. **Important Natural Resources**
 - Important natural resources are mapped and identified, and any anticipated disturbances described with reasons that the disturbance cannot be avoided or minimized.
8. **Mapping Requirements**
 - Met mapping requirements as stated in these application guidelines.
9. **Municipal Bylaw Requirements for NDA**
 - Municipal bylaws allow minimum net residential densities greater than or equal to four units per an acre for all allowed residential uses, exclusive of accessory dwelling units, or no fewer than the average existing density of the surrounding neighborhood, whichever is greater.
 - Bylaws and regulations do not prohibit energy saving devices.
 - Neighborhood Design Guidelines met for complete streets and building and lot patterns.



Mapping Requirements

The following list outlines the elements that must be mapped and included with the application. Including these maps will help provide the necessary context to assess the suitability of the proposed development areas. With the exception of a map depicting proposed neighborhood development areas, most of the required elements should be included in existing municipal plan maps, which may be submitted with the application. If an element is not included within an existing municipal town map, an applicant may use the [Vermont Planning Atlas](http://maps.vermont.gov/ACCD/PlanningAtlas/index.html?viewer=PlanningAtlas) to create maps. The Atlas contains all the map layers needed to produce an NDA application and may be found at: <http://maps.vermont.gov/ACCD/PlanningAtlas/index.html?viewer=PlanningAtlas>.

- Important natural resources as defined in 24 V.S.A. § 2791(14).
 - “Important natural resources” means headwaters, streams, shorelines, floodways, rare and irreplaceable natural areas, necessary wildlife habitat, wetlands, endangered species, productive forest lands, and primary agricultural soils, all of which are as defined in 10 V.S.A. Chapter 151.
- Existing slopes of 25% or steeper (note: available on the Vermont Planning Atlas).
- Existing public facilities including public buildings, public spaces, sewer or water services, roads, sidewalks, paths, transit, parking areas, parks and schools.
- Planned public facilities, roads or private development permitted.
- National Register Historic Districts, national or state register historic sites, and other significant cultural or natural resources.
- Designated village center, downtown, new town center or growth center boundaries.
- Proposed land delineated for residential development for a neighborhood development area.



Important Natural Resources Overview

In determining the suitability of proposed neighborhood development areas most suitable for new and infill housing, 24 V.S.A. § 2793e (c)(5) requires that a

- ...municipality shall balance local goals for future land use, the availability of land for housing within the neighborhood planning area, and the smart growth principles. Based on those considerations, the municipality shall select an area for neighborhood development area designation that:
- Avoids or that minimizes to the extent feasible the inclusion of “important natural resources” as defined in subdivision 2791(14) of this title. If an “important natural resource” is included within a proposed neighborhood development area, the applicant shall identify the resource, explain why the resource was included, describe any anticipated disturbance to such resource, and describe why the disturbance cannot be avoided or minimized.

This section of the application guidelines outlines what the important natural resources are and how to meet the above requirement for each resource. The important natural resources are divided into three categories

- 1.) Water
- 2.) Wildlife
- 3.) Working Lands

In addition to the Planning Atlas, the ANR Natural Resources Atlas contains a useful ‘New Neighborhood Planning’ theme that can assist an applicant in identifying whether or not any important natural resource is located within a neighborhood planning area at: <http://anrmaps.vermont.gov/websites/anra5/>.



Water

1.) Floodways, Streams, Shorelines and Headwaters

- Any mapped flood hazard or fluvial erosion hazard areas shall be excluded from any NDA.
- Any streams, shorelines and headwaters not included in the flood hazard or fluvial erosion hazard areas should be addressed by the municipal bylaw or excluded with an appropriate buffer.

2.) Wetlands

- Wetlands are regulated by the Agency of Natural Resources and the Army Corps of engineer. It is reasonable to include small wetlands identified in the VWSI inventory in NDAs as they may not be delineated and will be subject to the Agency of Natural Resource and Army Corps of Engineer rules.

Wildlife

3.) Endangered species and rare and irreplaceable natural areas

- Known or likely occurrences of rare, threatened, or endangered (RTE) plant and animal species are mapped as point features on ANR's natural resource atlas. Each occurrence is significantly buffered when mapped, so the point will appear larger than the actual location of the species. If a RTE species is mapped within the Neighborhood Planning Area, the applicant should contact DHCD to obtain more precise location information and to discuss the applicability of the mapped feature on the NDA. Known rare and irreplaceable natural areas (RINA) are identified on the Significant Natural Communities layer on [ANR's Natural Resource Atlas](#). Significant Natural Communities should be excluded from any NDA; however, if one is planned to be included within the NDA, the applicant should contact DHCD to discuss development options.

4.) Necessary wildlife habitat

- The areas currently considered necessary wildlife habitat include mapped deer wintering areas and mast production areas. For any mapped necessary wildlife habitat proposed to be included in a NDA, the applicant must show that the area cannot be avoided because 75% of all other land within the Neighborhood Planning Area is either developed or undevelopable due to physical constraints and the proposed boundaries represent the best location for growth that meet the smart growth principles. Alternatively, the applicant may include the area if, in the opinion of ANR, the included area is insignificant.

Working Lands

5.) Productive forest lands

- Because of location based criteria and consideration of adjacent land uses – productive forest lands are excluded from being within neighborhood planning areas.

6.) Primary agricultural soils

- For any undeveloped 'greenfield' areas that qualify as 'prime ag' proposed to be included in a NDA, the applicant must show that the area cannot be avoided because 75% of all other land within the Neighborhood Planning Area is either developed or undevelopable due to physical constraints and the proposed boundaries represent the best location for growth that meet the smart growth principles.

Residential Density Requirements

Higher residential densities are key components to successful walkable communities and traditional commercial centers. Municipal regulations for neighborhood development areas must allow minimum net neighborhood densities greater than or equal to four units per acre for all allowed residential uses, exclusive of accessory dwelling units, or no fewer than the average existing density of the surrounding neighborhood, whichever is greater. Regulations that adequately regulate the physical form and scale of development may be used to demonstrate compliance with this requirement.

Any development in the neighborhood development areas that is lower than the minimum net residential density required shall not qualify for the benefits of the program. The district coordinator shall determine whether development meets this minimum net residential density requirement when issuing a jurisdictional opinion.

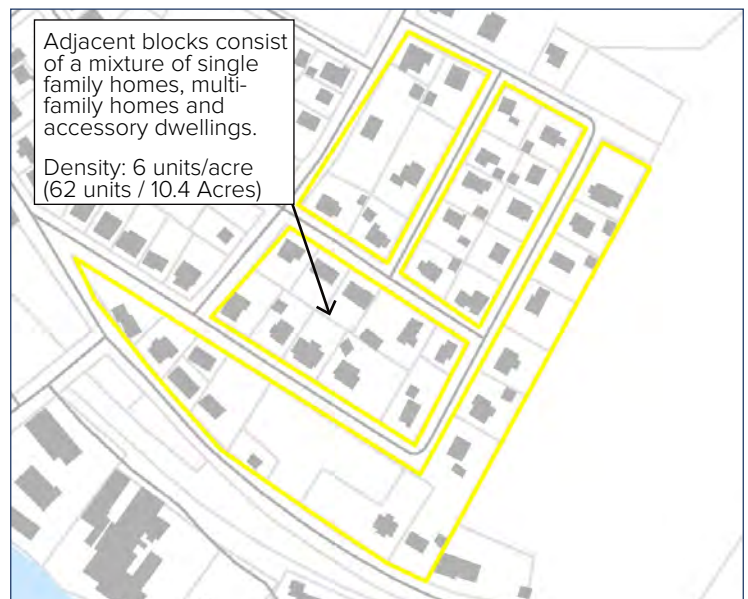
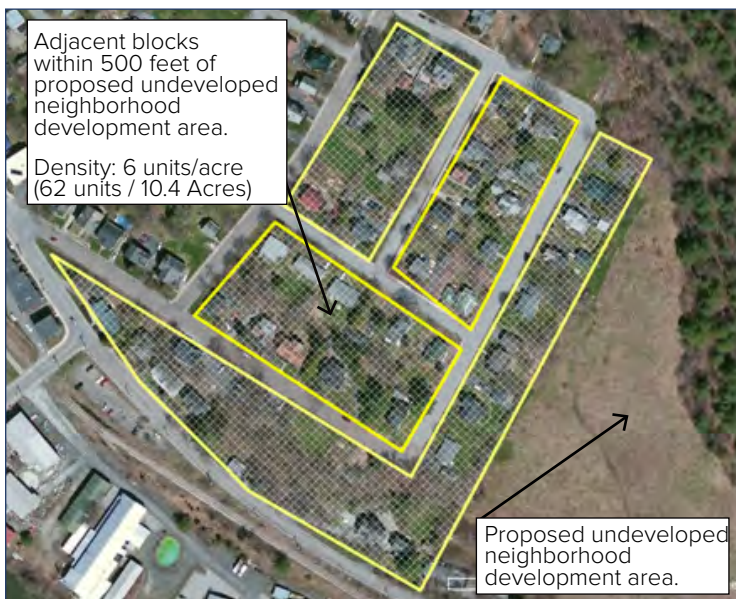
Methodology for Calculating Residential Density

Residential density is a number of units within a given area and there are many different ways to calculating it. For the purposes of meeting the designation requirements, a net neighborhood residential density approach is used. This approach only excludes land that is largely undevelopable from the base area used in the calculation. What is considered undevelopable for the purposes of calculating density includes: 1.) areas with slopes¹ greater than 25%, 2.) wetlands, floodways and streams, 3.) rare and irreplaceable natural areas (RINA). Land area included in the calculation includes: dwelling lots/yards, driveways, gardens, ancillary structures, new streets, resident parking.

Adjacent Neighborhood Density Calculations

In some more intensely developed areas, 4 residential units an acre may be insufficiently low as a minimum. Undeveloped sites proposed as neighborhood development areas should include density calculations for adjacent residential neighborhoods. The calculations should include residential blocks within 500 feet of the proposed area, using the net neighborhood density methodology outlined above.

¹ When determining the size of any area occupied by a slope of 25 percent or more, the methodology used to calculate slope shall be the same as the one used to generate the 'slope' layer in the Vermont Agency of Natural Resource's Natural Resource Atlas <http://anrmaps.vermont.gov/websites/anra/>.



Guidelines Overview

The neighborhood development area is intended to provide areas within the community where quality, moderate density, traditional neighborhoods can be developed. Within these areas, the objective is to create and maintain walkable neighborhoods that have a human scale, are pedestrian oriented, contain a mix of uses (both residential and nonresidential), accommodate but manage vehicular traffic, provide a variety of public spaces, have a sense of identity or place, and are connected to adjacent neighborhoods and the downtown/village core. In order to have a Neighborhood Development Area designated, the local bylaws, regulations and policies applicable to the area must substantially conform to the neighborhood design guidelines in this document. The guidelines are separated into two sections, 1) Complete Streets, and 2) Building and Lot Patterns. Meeting the specific criteria set out in these sections will qualify as compliance with the requirements of § 2793e(c)(8), specifying that policies:

- Ensure that all investments contribute to a built environment that enhances the existing neighborhood character and supports pedestrian use;
- Ensure sufficient residential density and building heights;
- Minimize the required lot sizes, setbacks, and parking and street widths; and
- Require conformance with “complete streets” principles as described under 19 V.S.A. § 309d, street and pedestrian connectivity, and street trees.

In order to ‘substantially conform’ to these guidelines, applicants must demonstrate that they meet the following number of criteria for each section.

1.) Complete Streets: 8 of 10.

2.) Building and Lot Patterns: 8 of 10.



Complete Streets

Complete streets is a philosophy and approach to planning, design, construction and maintenance of our roadway network to consider all users, including pedestrians, bicyclists and transit riders. Context and current or potential travel patterns need to be considered in determining the appropriate way to meet the needs of all modes of transportation. Complete Streets projects can provide diverse and widespread benefits, including the following:

- Streets that accommodate all users are safer for everyone, including automobile drivers and passengers.
- Complete streets can provide greater mobility and accessibility to those without a car. This can be particularly important to the quality of life for seniors and young people, allowing for greater opportunities to participate in constructive social and educational activities.
- Complete streets can offer a choice for less costly modes of transportation, which has economic benefit to individuals or families.
- Active travel (walking and bicycling) can improve health and provide needed daily exercise.

The Complete Streets Guide for Vermont Communities is available for download at: <http://vnrc.org/wp-content/uploads/2013/01/complete-streets-a-guide-for-vermont-communities-aarp-optimized.pdf>

The following check list will help you review existing bylaws and policies to see if the requirements for the design of streets and bike/pedestrian facilities are appropriate for walkable neighborhoods.



Checklist for Bylaws

Do the bylaws in the NDA:

- Require that provisions be made for the extension of the street and pedestrian network into existing streets and adjacent, undeveloped land?
- Have existing or planned pedestrian facilities (such as sidewalks/paths) servicing the proposed NDA?
- Require sidewalks or pedestrian facilities for new development?
- Have plans or regulations in place that include bike facilities (such as paths/lanes) where appropriate?
- Require street trees, lighting and appropriate landscaping for new developments?
- Require new streets to be as narrow as possible (such as having specifications for travel lanes that are eleven feet wide or narrower?)
- Require utilities to be placed underground in new developments?
- Prohibit cul de sacs/dead end streets and oversize block lengths? If not, is the length of cul-de-sacs regulated and minimized?
- Allow for on-street parking?
- Minimize any required off-street parking? (Requiring two or more off street parking spaces per residential unit is excessive.)

10
Min 8/10

Residential Lot Patterns

The type, design, and layout of structures within a neighborhood define its character. Lot sizes, building and lot dimensions, architectural details, and the form and type of buildings themselves can give dimensional form to a walkable neighborhood.

To be a “walkable” neighborhood, buildings should be reasonably close together, enclosing the street and making it comfortable to walk along. Large gaps between buildings can make streets less appealing to pedestrians. Lot frontages should be minimal, allowing for a narrow, visually rich and interesting neighborhood. At the same time, there should be diversity within the neighborhood. Duplexes, townhouses, accessory dwellings and apartments add variety and offer greater choice for those seeking to live in a walkable neighborhood. Designed to a similar scale, and using the same architectural features as surrounding structures, they can fit easily and comfortably into the mix of housing offered.

Building Patterns

In the walkable neighborhoods the pattern of buildings and orientation is set primarily by the historic grid of streets as well relationship of residential units within the existing neighborhood. The orientation and placement of buildings along the street help to reinforce the public realm by enhancing the pedestrian environment through creating a sense of enclosure. New or redeveloped and renovated homes should reflect the siting and character of a neighbourhood and follow a consistent setback and pattern. In addition, the mass and scale of new buildings should maintain the scale of the surrounding homes, while providing an architectural diversity that makes our neighborhoods unique and interesting.

The following check list will help you review existing bylaws and policies to see if the requirements for the design and layout of residential lot and building patterns are appropriate for walkable neighborhoods.

Checklist for Bylaws

10
Min 8/10

Do the bylaws in the NDA:

- Allow for a mix of housing opportunities (multi-family, duplex, and single-family, etc.) throughout the NDA?
- Allow for small minimum lot sizes, similar to existing small lot sizes in the area?
- Have dimensional requirements or form based code standards, that make it possible to convert existing single family dwellings into multi-family dwellings?
- Minimize dimensional requirements (whether traditional: lot size, frontage, lot coverage, etc. or form based: building form standards, frontage type standards, etc.) allowing for infill development?
- Allow for building heights that are sufficiently high enough to allow for diverse housing options (at least 3 story building)?
- Reduce front setbacks to conform to existing building lines or add a maximum requirement to prevent new development from being set back “too far” from the street?
- Include provisions that ensure garage doors are not the dominant element of a front façade? An example of this would be prohibiting the garage door from facing the street or requiring it to be setback from the front wall of the building.
- Require that new developments be designed to accommodate safe and convenient pedestrian circulation.
- Include provisions that encourage primary building facades to be oriented to the street (such as requiring front doors to face the street)?
- Have provisions that minimize curb cuts and reduce their frequency, or other access management provisions?

Renewal Process for Neighborhood Development Area Designation

Renewal for a Neighborhood Development Area occurs when the underlying Downtown, Village Center or New Town Center is renewed. The Neighborhood Development Area designation will terminate if the underlying designation expires or is otherwise terminated.

To maintain Neighborhood Development Area designation, the municipality or the party that received designation must submit a separate letter together with the underlying designation renewal application, requesting renewal of the Neighborhood Development Area designation. Review of the Neighborhood Development Area will focus on whether any of the facts relating to the designation requirements have changed since Neighborhood Development Area approval was granted. The following information must accompany a request for Neighborhood Development Area renewal:

- any zoning or other regulatory changes adopted since designation that affect residential density and the design of development in the NDA, including those that address complete streets, residential lot patterns and building patterns;
- any changes in providing sewer service to the Neighborhood Development Area; and
- any housing projects built or permitted in the Neighborhood Development Area since designation, including any NDA benefits that were received (to the extent that you are aware)

Timeline and Process

The Department of Housing and Community Development (DHCD) sends a reminder memo for the Neighborhood Development Area renewal date, six months prior to the time the underlying designation renewal is due. The municipality must submit the renewal application for the underlying designation prior to their renewal date and include the letter requesting renewal for the Neighborhood Development Area with the required update information. Renewal applications are due the first Monday of the renewal month and the Downtown Board will meet and review applications on the fourth Monday of each month. Municipalities must submit one electronic copy of the application and all supporting documents. If the file is too large to email – applications may be submitted on a CD or uploaded to a file sharing service such as Dropbox.

Late Submissions

If the renewal date is missed, the designation continues for 6 months with the program benefits suspended. If no renewal application is received after the 6 month suspension the Downtown Board will withdraw designation. Once designation is withdrawn, a community may submit a new application for designation at any time.

Amendments to the Boundary

Requests to amend a boundary must be submitted by the first Monday of any month the Board meets. Requests for amendments are reviewed using the same procedures as for a new application.

Application materials must be submitted to:

Division for Community Planning and Revitalization
Department of Housing and Community Development (DHCD)
One National Life Drive, 6th Floor
Montpelier, VT 05620

Applications are due on the first Monday of the month by 4:30 p.m. in electronic format.

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