



# ACT 59

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

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



**VERMONT**

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

# ACT 59 COMMISSIONER'S CHARGE

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

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

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

## ACKNOWLEDGMENTS

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## EXECUTIVE SUMMARY

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

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

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

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

- » The need for state-wide data and information sets that are comprehensive and accessible; and,
- » Stepped up education and outreach efforts with built in ‘customer service’ check-ins to ensure the outreach is effective and reaching the needs of the audiences.

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

- » Increase the amount of Downtown Tax Credits available for designated Downtown and Village Centers;
- » Increase funding to the Municipal Planning Grant program;
- » Accelerate state permitting and/or lower fees within designated areas;
- » Create incentives for industrial uses within designated growth centers; and,
- » Modify the triggers for Act 250 in designated Neighborhood Development Areas.

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

- » Retain Agency of Agriculture, Food and Markets (AAFMM) jurisdiction over farming exemptions, but continue the discussion on how new farm-based agricultural enterprises fit into the definition of farming used in land use permitting;
- » Protect large contiguous blocks of farmland and promote the farm economy to ensure farms remain profitable businesses;
- » Explore options to address concerns that small scale development is fragmenting large forest blocks and critical wildlife habitat;

- » Consider updating Act 250 criteria to recognize the value of large forest blocks and wildlife corridors; and,
- » As a first step to protecting the public and existing development and ensuring new development is out of harm's way, finalize statewide maps of flood plains, flood ways and river corridors. Once maps are completed, reach out to municipalities to discuss the maps and consider municipal and state regulatory and non-regulatory options for protection.

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

DHCD's hope is that stakeholders will continue to work together on solutions to the complex and

interwoven issues raised over the past several months – from education to data collection to regulatory changes and financial incentives.

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

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



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# TOP STAKEHOLDER RECOMMENDATIONS

## INFRASTRUCTURE

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

## PLANNING CAPACITY

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

## HISTORIC TAX CREDITS

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

## HOUSING

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

10. Consider increasing the 'smart growth jurisdictional thresholds' and mixed-use requirements of Act 250 for some designated areas.
11. Promote energy efficiency by targeting Efficiency Vermont investments to buildings in designated areas.
12. Investigate how to increase the number of accessory dwelling units (ADUs).

## STATE-AGENCY COORDINATION

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

## REGULATIONS SUPPORTING LAND USE GOALS

14. Improve the predictability and timeliness of state permitting in designated areas.
15. Reduce the cost of agricultural soil mitigation in designated areas and allow off-site mitigation.
16. Provide permit training on filing complete permit applications to speed approvals.
17. Create a single point of contact to coordinate and accelerate state permitting for large projects.

## EDUCATION AND OUTREACH

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

## DATA

19. Identify data gaps and develop a plan to fill the gaps including: priorities, resources needed and timelines.
20. Consider developing a 'data center' where information can be deposited, accessed and shared.

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

22. Develop statewide LIDAR data.

## **GROWTH CENTERS**

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

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

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

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

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

## **NEW TOWN CENTERS**

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

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

## **INDUSTRIAL PARKS**

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

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

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

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

## **AGRICULTURE**

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

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

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

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

## **NATURAL RESOURCES AND SILVICULTURE**

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

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

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

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