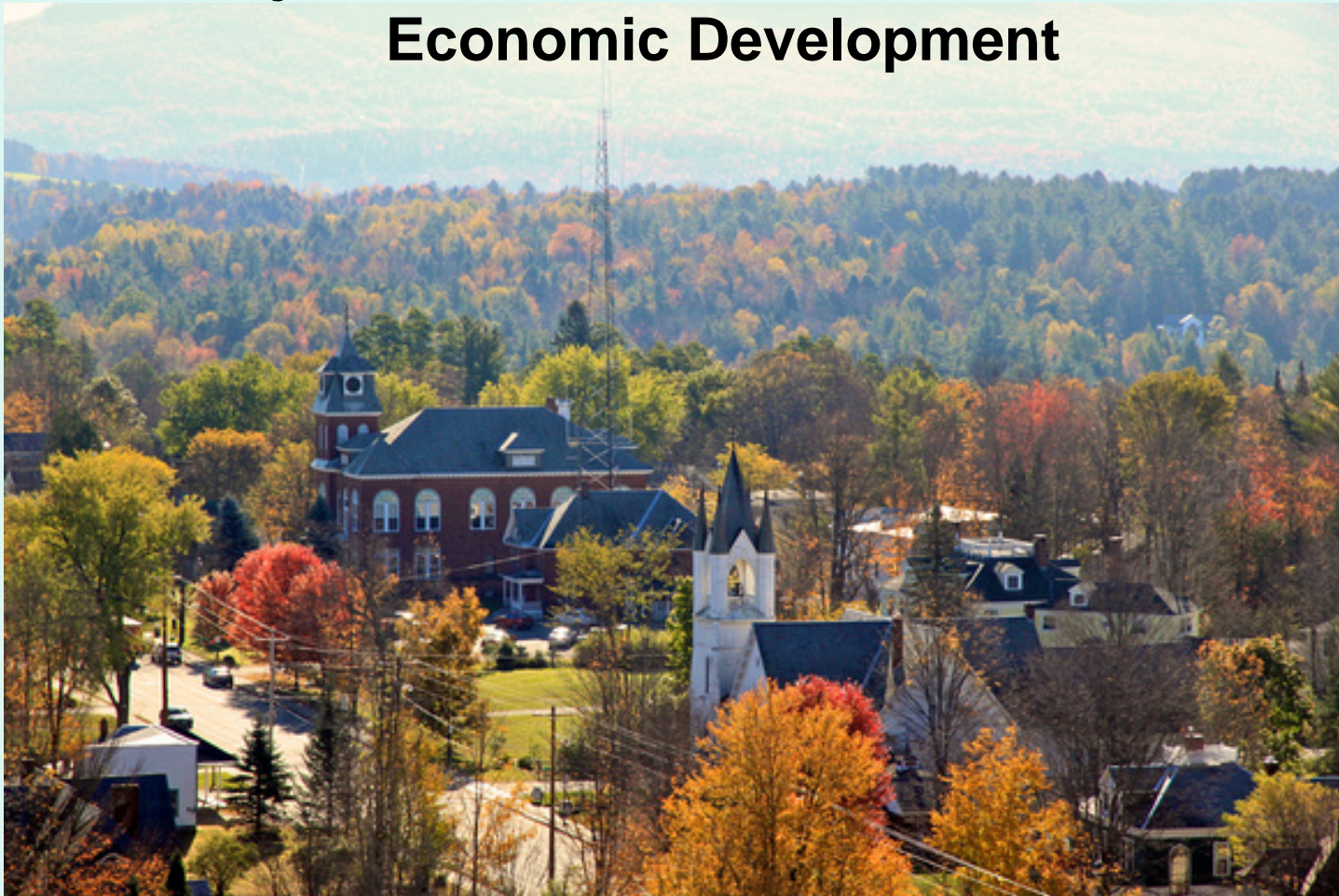


S.33: Project Based TIFs, Rural Wastewater and Economic Development



**Seth Jensen, Vermont Planners Association
Town of Westford, Planning Commission
February 4, 2021**

Wastewater & Economic Development



Vermont State Planning Goal (24 V.S.A. § 4302): To plan development so as to maintain the historic settlement pattern of compact village and urban centers separated by rural countryside...

Bridge Street -- Richmond, Vermont -- Richmond Village is served by public wastewater and water supply systems, allowing a denser, walkable development pattern, small businesses, and diverse housing options.

Wastewater & Economic Development



Lack of wastewater capacity prevents redevelopment of the “1705 Property” on Route 128 – the “Main Street” through Westford’s Town Center. Septic system located under Town Office parking lot. Thick clay soil and high groundwater table limit options for onsite replacement.

Wastewater & Economic Development



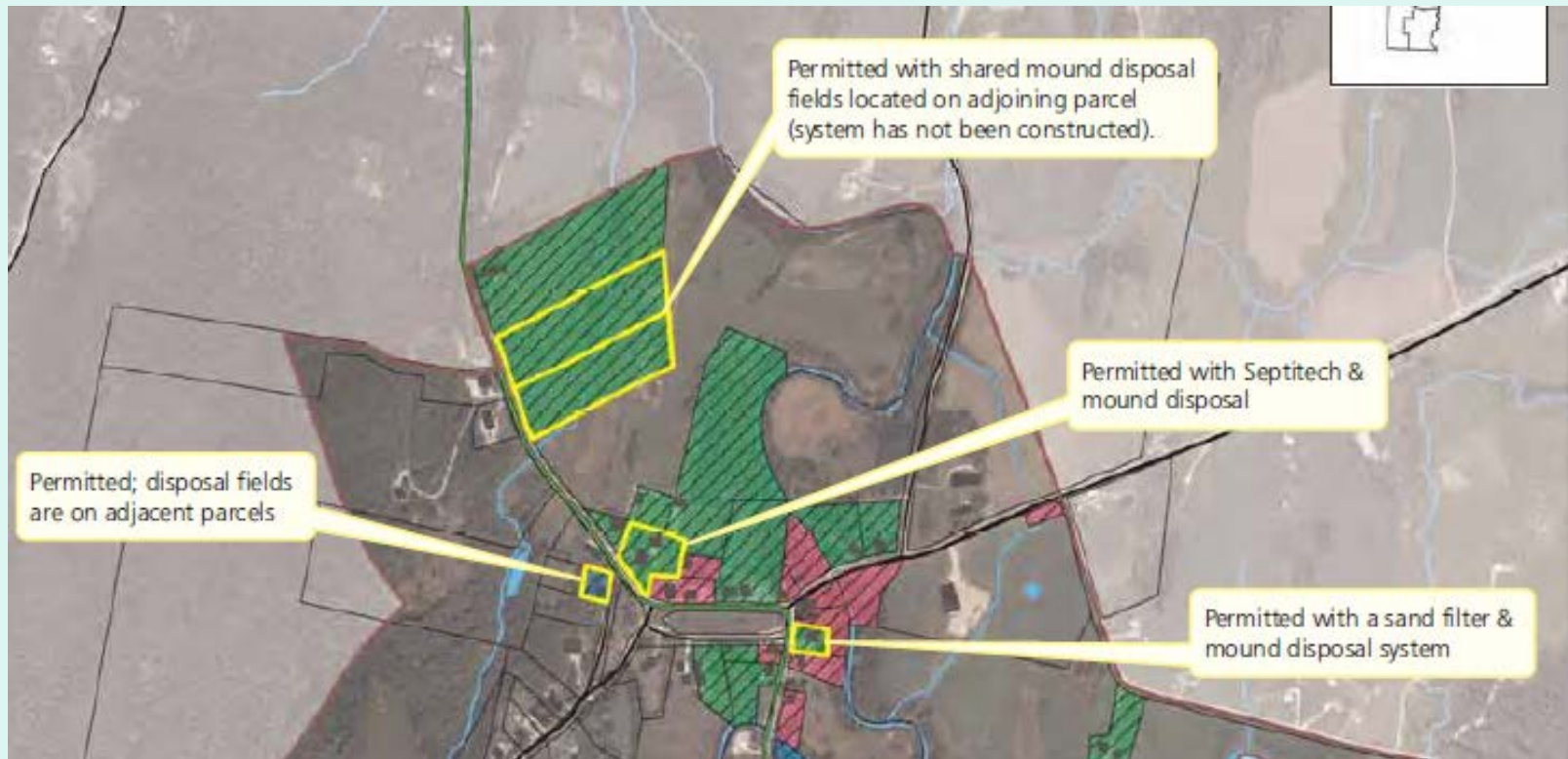
Town currently working with property owner, Regional Planning Commission, and Green Mountain Habitat for Humanity to plan redevelopment, including affordable housing element. Form Based Code and State Designations streamline development review process—but redevelopment is not possible without wastewater capacity.

Wastewater Capacity

- Uses with low wastewater capacity demands
 - Dry Goods Retail
 - Office
 - Warehouse
 - *Some Light Manufacturing
- Uses with high wastewater capacity demands
 - Residential/Housing
 - Childcare
 - Medical Offices
 - *Food Preparation (Deli, Tavern, etc.)
 - *Food Based Manufacturing

**Indicates potential
“High Strength Effluent”
that may require
additional treatment or
diversion*

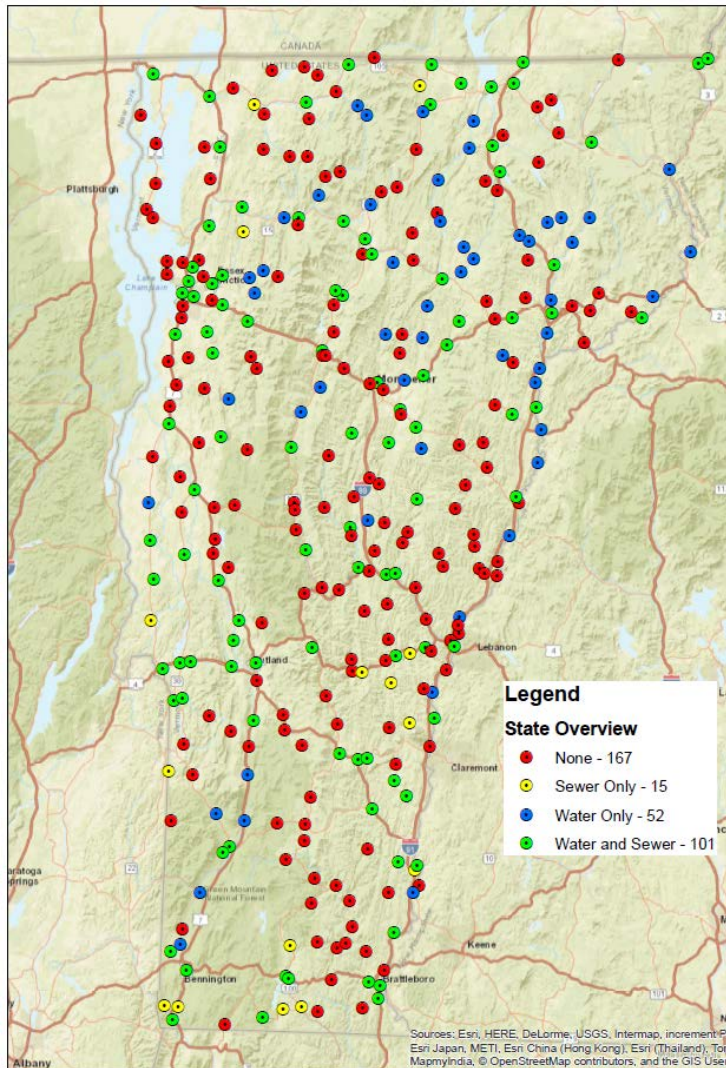
Wastewater Limitations - Rural Villages



Map of properties with barriers to onsite wastewater systems in the Westford Town Center. Barriers include small lot sizes, shallow soils, high groundwater table and proximity to surface waters.

Half of Vermont's Villages Lack Sewage Treatment Facilities

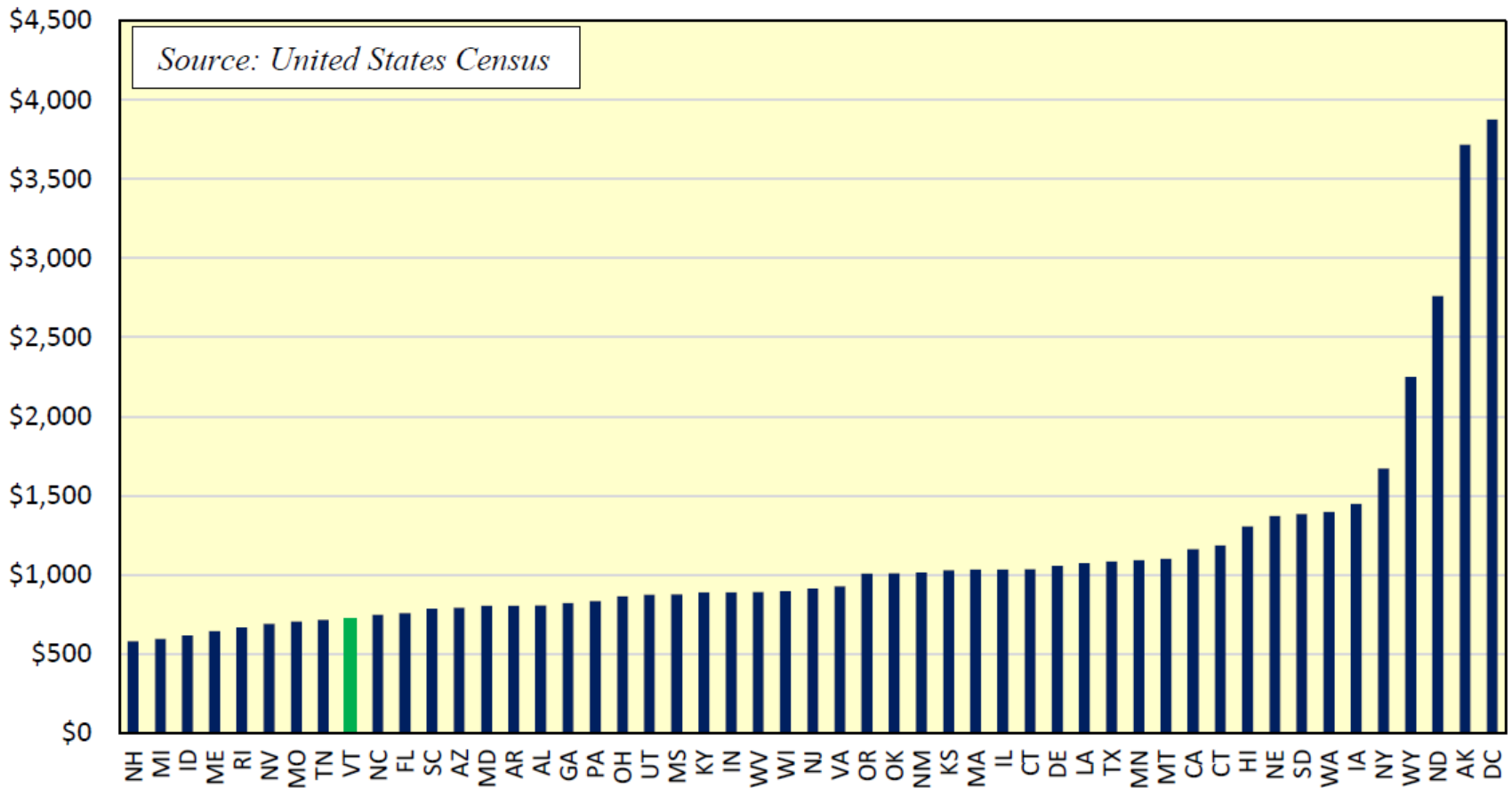
- Most are close to rivers, streams, or lakes.
- Limits opportunities for redevelopment.
- Prevents “missing middle” housing and essential businesses such as childcare centers.
- Difficult to establish water-intensive businesses like food processing, restaurants and breweries.



Soil Based Vs. Traditional Wastewater Treatment Plant

Wastewater Treatment Plant	Soil Based
Typically single treatment plant	Often multiple disposal fields
“Direct Discharge” into surface water	“Indirect Discharge” into soil before reaching ground or surface water
“Sewage” -- solids and liquids	Septic tank effluent (primarily liquids) – solids settle in individual septic tanks
Large sewer mains and pump stations	Smaller sewer lines – effluent only -- gravity fed, and/or small pumps
Costs in Tens-of-Millions or More	Costs in Hundreds-of-Thousands to Millions
Capacity determined by receiving water	Capacity determined by factors including size of disposal field, soil types, separation from groundwater, and receiving water
Capacity – Hundreds-of-Thousands to Millions+ Gallons Per Day	Capacity -- Thousands to Tens-of-Thousands Gallons Per Day
May have ability to treat High Strength Effluent at Plant	High Strength Effluent must receive pretreatment before reaching disposal fields

**Chart 6: State and Local Infrastructure Spending
- \$ Per Capita, 2014 -**



Source: "Report to The Governor and the General Assembly. Making Economic Development Policy: Anecdotes or Peer-Reviewed Literature." Office of The Vermont State Auditor, Non-Audit Report 18-04, 2018, pg. 37.

Gaps in Existing Funding Streams

- Existing funding streams are primarily loan based
 - Must be paid back through property taxes or user fees
 - High User Fees may encourage deferred maintenance – shorten life of system
 - Disproportionately impacts low and moderate income
 - Exp. 67% of Westford's renters are housing cost burdened (paying more than 30% of income for housing) and 37% are severely housing cost burdened (paying for than 50% of income for housing). Rates significantly higher than Statewide, despite rents being generally low for Northwestern Vermont.
 - “Success stories” received substantial supplemental grant funds
- ***Project Based TIF fills this gap by providing a tool for bond repayment separate from existing housing costs.***

Gaps in Existing Funding Streams

- No existing mechanism to offset costs associated with capacity for future development
 - Increases cost borne by users or local property taxpayers
 - Encourages **short-term** fixes to increase user base such as sewer line extensions to low density areas that increase **long-term** maintenance costs and reduce capacity available for future housing and economic development.
 - ***EPA Guidance: “Facilities proposed to be constructed to meet future growth needs should generally be supported by additional revenues.”***
- ***Project Based TIF address this challenge by providing “additional revenues” that are directly related to new development.***

Gaps in Existing Funding Streams

- **Capacity Example: Westford Community Wastewater**
 - ~20% Capacity -- Public and Civic Properties – Paid through town-wide property taxes
 - ~60% Capacity -- Existing Private Users -- Paid by user fees
 - ~20% Capacity -- Future Economic Development – Cost must be carried by Users or Town
 - ***Scenario 1: Town pays public/civic + future capacity shares
Users pay only user share:***
 - ~\$25 per non-user parcel, per year.
 - ~\$750 annual user fee.
 - ***Scenario 2: Town pays public/civic only, Users pay user share
+ future capacity:***
 - ~\$12 per non-user parcel, per year.
 - ~\$1,200 annual user fee.
- Assumptions:*** 30-year term, 2% interest w/50% principal forgiveness.
Capacity estimates based on system w/out pre-treatment

Gaps in Existing Funding Streams

- Disconnect between Need, Investment and Return-on-Investment
 - **Need:** Housing, jobs, and childcare address both local and statewide needs.
 - **Investment:** Under the current loan-based model, the municipality is responsible for 100% of bond payback.
 - **Return on Investment:** Approximately two-thirds of additional property tax revenues from new development, 100% of sales tax from new businesses, and 100% of income taxes from new jobs and residents are collected by the State or Federal Government.
- ***Project Based TIFs target a portion of new statewide property tax revenues to fund infrastructure that enabled development.***
- ***State Education and General Funds still receive additional revenues from new development that could not occur without infrastructure.***

Gaps in Existing Funding Streams

- Clean Water Revolving Loan Fund (primary funding stream) designed for environmental mitigation
 - Current Enabling Statute does not provide funding priority to projects that enable housing and economic development
 - Must document failing systems or straight pipes to receive grant share.
 - *Note: In recent years, ANR has been working cooperatively with rural communities to provide principal forgiveness for rural Village systems*
- ***Project Based TIF fills this gap by providing a tool to fund infrastructure based on economic development.***

Gaps in Existing Funding Streams

- Income based grant assistance, such as USDA and CDBG, determined based on median income of ***existing residential*** users
 - Does not consider cumulative housing costs and other important factors -- exp. Westford's renters generally older and lower income, but not majority of users.
 - No process to account for future low/moderate income housing
 - In order to provide infrastructure to enable new low/moderate income housing, current system requires Towns to make housing less affordable for existing residents through high user fees or property taxes.
- ***Project Based TIFs enable infrastructure that supports new affordable housing in a greater number of communities – preventing further economic stratification of communities.***

Questions?

