



Report to the Vermont General Assembly

by the

Vermont Housing & Conservation Board

on the

Rural Economic Development Initiative

January 15, 2018

As required by Act 77 of 2017 (S.34), the Vermont Farm & Forest Viability Program of the Vermont Housing & Conservation Board is pleased to submit this report on the activities and progress of the Rural Economic Development Initiative (REDI). With \$75,000 for the implementation of REDI, the Viability Program built upon its existing services and provider network to help rural communities and enterprises access grants for community economic development.

This report comprises the results of the first six months of the initiative, recommendations for improving the program and observations on barriers to economic growth in the rural areas of the state. At the time of this writing, REDI has assisted six projects applying for nearly \$1 million of federal and philanthropic funding, with \$350,000 secured for one project and the balance pending. A total of 14 towns and businesses were provided project guidance, referrals, technical or grant-writing assistance. Additional projects will be assisted in the coming months.

Background

Act 77 created REDI “to promote and facilitate community economic development in the small towns and rural areas of the State. The Rural Economic Development Initiative shall collaborate with municipalities, businesses, industrial parks, regional development corporations, and other appropriate entities to access funding and other assistance available to small towns and rural areas of the State when existing State resources or staffing assistance is not available.” Act 85 – the FY18 Appropriations Act – included \$75,000 for VHCB, through a grant from the VT Agency of Agriculture, Food & Markets to fund the initiative. REDI was established by the General Assembly to provide services to rural areas for accessing funding and facilitating business development in coordination with the Agency of Commerce and Community Development. Priority business types for development is placed on dairy projects, the outdoor recreation industry, value-added food and forest projects, phosphorus removal technology, and composting facilities. Another element of the initiative is the exploration with towns of underused school buildings or other facilities appropriate for coworker or generator spaces. For the purpose of the initiative, small towns are defined by Act 77 as those of 5,000 in population or less.

VHCB staff understands the primary goal of REDI to be maximizing the use of federal funds or other untapped resources for community and economic development projects and ensuring they are well utilized and accessed for rural economic efforts in Vermont. VHCB has targeted REDI to complement, not duplicate, assistance the regional development corporations (RDCs) and regional planning commissions (RPCs) currently provide to rural areas.

Summary of REDI activities in 2017

Six projects receiving support through REDI have applied for nearly \$1 million in federal or philanthropic funding, with \$350,000 secured and all other requests pending.

Staff spent the summer and fall identifying federal and philanthropic funding opportunities. It began inviting potential projects in the fall. To date, VHCB has helped six small towns or rural entities across the state to apply for project funding and will use the remaining REDI funding (\$39,093) to assist additional projects in the second half of the fiscal year.

Outreach by VHCB staff to identify funding and projects included to USDA Rural Development, Agency of Commerce and Community Development, Vermont Council on Rural Development, Agency of Agriculture, Food and Markets, the regional development corporations and the Vermont

Sustainable Jobs Fund. VHCB's Viability Program staff is in ongoing communication with these organizations and participates in regular funders meetings to identify and prioritize community needs.

REDI efforts are focused where they can strategically move a project forward. They are coordinated with any assistance they may be receiving from other agencies. VHCB determined using REDI funds to pay for grant writing assistance is the most effective way to advance the goals of the initiative within the \$75,000 available. Descriptions of the six projects that have developed into applications for funding thus far are below.

REDI Project Descriptions and Status

Yellow Barn Project, Hardwick

Project Partners: Town of Hardwick, Northeastern Vermont Development Association, Center for an Agricultural Economy
Funding Sought: \$100,000 from USDA RD Rural Business Development Grant

The Town of Hardwick is developing the former Greensboro Garage into a multi-tenant commercial business facility to house enterprises such as co-working space, a brewery, retail for locally-made products, a wood products manufacturing space, and a cheese making & aging facility. The Town's recently completed business needs assessment indicated that warehouse space, manufacturing space, retail space and fulfillment are all growing needs of the local business community. VHCB's REDI funds are supporting the final stages of a feasibility and market assessment, and an application for \$100,000 in USDA Rural Development Funds. The project partners will likely pursue U.S. Economic Development Administration and ACCD funding in the future.

Pownal Public Recreation Trail Development

Project Partners: Empower Pownal Recreation Task Force
Funding Sought: \$24,000 from US Department of Transportation's Recreational Trails program

Empower Pownal's Recreation Task Force has actively engaged with the public, local colleges, and landowners to identify and develop recreation projects. The REDI project funded in Pownal, for a river trail at a former Superfund site, has been in development for many years, starting with an Environmental Protection Agency reuse study completed in 2002 that identified recreation and a wastewater treatment facility (which has since been constructed) as high priorities. Empower Pownal seeks \$24,000 towards a \$55,000 project from the Recreational Trails

Program, a US Department of Transportation grant administered by the Vermont Department of Forest, Parks, and Recreation. A pre-application was successfully submitted December 1st, 2017, and a full application will be submitted February 1st, 2018. Decisions are expected in April.

Windham County Composting Equipment

Project Partners: Windham Solid Waste Management District
Funding Sought: \$50,000 USDA Community Facilities Grant/Loan

The Windham Solid Waste Management District is a municipal agency chartered by the state of Vermont to provide solid waste and recycling services, including composting, to 19 mostly rural towns which generate a combined 365 tons per week of food residuals. This district received REDI funds to enable them to apply for a USDA RD Community Facilities Grant for equipment critical to expansion, up to \$17,500 of which is eligible for grant funds and the remainder is eligible for loan funds. If funded, this project will enable WSWMD to increase and improve handling of food waste in response to Act 148. WSWMD submitted their application December 8th and decisions are anticipated spring 2018.

Southern Windsor/Windham Counties & Greater Upper Valley Solid Waste Management District

Project Partners: Southern Windsor County Regional Planning Commission, S. Windsor/Windham Counties Solid Waste Management District and Greater Upper Valley Solid Waste Management District
Funding Sought: \$52,000 USDA Rural Development Solid Waste Management Grant Program

The Southern Windsor/Windham Counties Solid Waste Management District (SW/WCSWMD) and the Greater Upper Valley Solid Waste Management District (GUVSWMD) are public bodies providing solid waste management services and planning to 24 mostly rural member towns in southeastern Vermont. REDI funds supported an application to a USDA Rural Development Solid Waste Management District grant to work with schools, restaurants, and compost haulers to develop appropriate strategies to meet the requirements of Act 148, Vermont's Universal Recycling Law.

Runamok Maple Expansion & Relocation, Fairfax

Project Partners: Runamok Maple
Funding Sought: \$250,000 from the USDA RD Value Added Producer Grant

Runamok Maple, a growing working lands business, has purchased the former Morse Hardwoods/Milton Bradley plant in Fairfax and plans to

use the space to expand its maple candy and cream manufacturing and product development capabilities. REDI funds are being used to hire a consultant to develop and submit a feasibility plan and application to the USDA Value Added Producer Grant Program for \$250,000 to help the company ramp up production, product development and sales efforts. The company anticipates that a successful move and expansion will result in at least 30 new jobs created at the Fairfax facility over two years. The grant application will be submitted January 31st and decisions are anticipated by mid-summer 2018.

Clemmons Family Farm, Charlotte

Funding Sought: \$500,000 Art Place America Grant

Funding Received: \$350,000 Art Place America Grant; see announcement: <https://m.sevendaysvt.com/LiveCulture/archives/2017/12/05/clemmons-family-farm-receives-artplace-america-grant>

The Clemmons Family Farm is one of the oldest and largest African American owned farms in the state and is a site on the Vermont African American Heritage Trail. Clemmons Family Farm has been working to establish an arts and cultural center on their farm, and REDI funds supported the organization to apply to the nationally competitive ArtPlace America Grant to further develop their vision and rapidly expand their programming in history, arts, dance, food, and farming. A \$350,000 grant was announced on December 5th, and Clemmons Family Farm was one of 23 projects funded across the country out of nearly 1,000 applications. Notably, half of the 2017 awardees were located in rural communities.

Anticipated REDI Projects

A number of REDI projects are in the preliminary stages including a recreational path in Newport, coworking space and Wi-Fi in Lyndonville, composting business and recycling infrastructure expansions in three rural communities, and lakeside revitalization in Brighton.

Other REDI Activities

Technical Assistance

To date, VHCB has assisted 14 towns and businesses in eight counties with project development or referrals to others for guidance. In addition, staff have helped several nonprofits and businesses with connections to funders and information on the timeline, requirements, and applicability of different

grants. Receipt of information about potential projects and community needs is ongoing.

School Facilities as Makerspaces

VHCB's Viability staff contacted the VT Agency of Education, the VT School Boards Association, and the VT League of Cities and Towns to explore the potential of using school buildings for makerspaces. Vermont does not formally track or have a list of closed school facilities. While there is no directory from which to identify potential projects, VHCB has learned that recently closed schools could meet the basic requirements and be well-suited for the purpose. Local 64, a coworking space in Montpelier and the Vermont Center on Emerging Technologies collaborated on "Coworking in Vermont: A Starter Guide" that describes how to found and establish a co-working space, and staff are seeking guidelines for makerspaces. Co-working spaces do not have many facilities requirements. There is a national trend towards high schools incorporating makerspaces into existing facilities and curriculum. There are clear benefits to creating makerspaces where students and community members can come together to share ideas and be creative. VHCB will seek to prioritize REDI support to any communities seeking assistance to explore this possibility.

[Evaluation of the effectiveness of the services provided by REDI to small towns, rural areas and industrial parks](#)

To date, a total of \$976,000 in grants for six community and economic development projects has been applied for with REDI funding and VHCB support. The first of the six has a philanthropic grant of \$350,000 while the other five projects (applying for a total of \$476,000) are awaiting funding decisions this spring and summer. Applications on behalf of small towns and other entities in rural areas for at least an additional \$725,000 will be completed in the coming months.

With just six months of program experience, it is difficult to evaluate the REDI's effectiveness. Nonetheless, it is very clear that many rural entities need assistance with securing funding for community and economic development projects and that funding sources are still available.

While VHCB will have more results and be better able to evaluate at the end of 2018, a full measure of the benefits of the proposed projects will not be possible until they are completed and the related economic activity begins and grows.

During this initial stage of the initiative, VHCB's outreach did not generate any referrals for projects in industrial parks. Working with these unique entities is outside of VHCB's expertise. It would take more resources than currently available for VHCB to develop the capacity to be proactive and effective in this sector. Doing so would need to be carefully considered so as not to duplicate existing state support and assistance as directed by Act 77.

[Progress in attracting priority businesses to small towns and rural areas](#)

With REDI projects in the application and funding stage, it is not possible to identify which have been successful in recruiting businesses. Based on a desire to use the REDI funds as effectively as possible and a decision to build on existing strengths and experience, VHCB has not engaged in direct business recruitment. Rather, it has focused on the development and redevelopment of community assets that lead to economic activity and can draw businesses to rural areas over many years.

As required by Act 77, VHCB has been coordinating with ACCD. Recent meetings with the leadership of the agency and the RDCs focused on identifying projects eligible for federal funding from Economic Development Authority (EDA). The state has not received EDA funds in recent years. If an eligible and potentially competitive project arises, VHCB will use REDI funds for grant-writing consultants or capacity as needed for what could be a \$300,000-\$1,000,000 request. Possible EDA projects in the pipeline include the Yellow Barn project in Hardwick and the coworking space in Lyndonville.

[Accounting of grants and other funding that REDI facilitated or provided assistance to receive](#)

In the first six months, \$350,000 in grant funds have been secured for one REDI project. Additional funding decisions for other REDI projects are anticipated from late winter through summer.

As mentioned above, additional applications with help through REDI will be submitted in the coming months. VHCB does not yet know if other of its referrals have led to successful grants or funding requests.

[Accounting of funds acquired by REDI for administration of grants or other funding mechanisms and whether these funds are sufficient to offset the cost of the REDI](#)

Because REDI funding was certain for only one year, VHCB did not hire a new person to provide the grant-writing assistance. REDI is being

implemented by existing staff. In this first year, half of the \$75,000 in REDI funding is being used for staff time and administrative costs, and the other half for consultants. All will go to support the projects. To date, four consultants have been identified, hired and managed by staff to assist projects in preparing to apply or applying for funding.

All of the rural entities assisted thus far have the capacity to manage the grants, if funded. Adding VHCB into the project for the purpose of helping to cover the administrative costs of REDI would not have been appropriate or efficient. Looking forward, there will be few, if any, opportunities to budget REDI costs into the projects applying for funding, and administrative costs will need to be covered by the initiative.

[Recommended changes to the program, including proposed legislative amendments to further economic development in small towns and rural areas in the State](#)

Legislative change

VHCB has found that the scope of REDI as enacted exceeds what is possible given the funding available. In addition, program experience thus far has shown the greatest area of potential is to build and expand on the experience, capacity and strength of the Farm & Forest Viability Program. Therefore, VHCB respectfully recommends revising the subchapter establishing REDI in 10 V.S.A. Chapter 15 to narrow it to those areas while allowing flexibility to meet legislative intent and community needs as well as better aligning it with the rest of the Chapter. For example, enterprises that fit well within VHCB's statutory mission but not currently included in the Viability Program include outdoor recreation, dairy processing, and off-farm commercial composting operations.

If the committees of jurisdiction would like to consider such changes, VHCB staff will be happy to provide draft language.

Additional recommendations regarding rural economic development

Based on the REDI Initiative and many years of work in rural communities, VHCB offer the following observations and recommendations for the consideration of the General Assembly.

Continue and expand the Rural Economic Development Initiative of Act 77

If the General Assembly is satisfied with the initial results and sees sufficient future potential in REDI, it could choose to continue the program at the

\$75,000 level or expand it to \$150,000 to allow grant writing assistance to approximately 20 businesses to implement economic development projects.

Supporting municipalities with plan implementation and project development.

One observation VHCB staff made in the first half of this fiscal year is that there is a large need from our small communities and towns for help with implementation after a town or community has gone through a community planning process. Many small towns have very limited staff capacity and staff may have little to no experience applying for funding or managing a federal grant and the recordkeeping and reporting required. We recommend that there be an investment made to help communities after a community visit or planning process through the implementation phase. Ideally, such support would be located in an agency or organization where planning programs exist, such as the Vermont Council on Rural Development's Community Visit process, ACCD's Municipal and Community Development planning grants, and the ACCD-VTrans Better Connections Program. Towns may receive excellent support in strategic planning but often could use additional capacity or expertise to either further develop strategic plans, or to apply for appropriate sources of funds for implementation. While there are many federal, state, and private sources of funding for community and economic development, community groups or towns who have completed comprehensive planning may be limited in their ability to apply for grants and thus implement those plans.

Revitalizing Key Buildings in Rural Downtowns and Village Centers

Funding for the restoration of blighted, often historic buildings, into updated residential and commercial space brings people and economic activity back to community centers. Consider annual funding specific to mixed-use redevelopments in rural areas across the state.

Technical Assistance and Succession Planning for Forest Landowners

Included in the 2015 Forest Fragmentation Report and 2016 Recommendations from the Department of Forest, Parks and Recreation for Forest Health and Integrity were clear strategies to provide technical assistance and succession planning assistance for forest landowners. A robust Forest Landowner Succession Planning Program, to provide a comprehensive set of services and enroll 20-30 forest landowners across the state, could be developed for \$150,000, focusing on landowners in high priority forest areas as identified by the Agency of Natural Resources.

Siting a Pellet Mill and Other Wood Products Manufacturing

Providing support and incentives for siting a manufacturing facility in Vermont that will use low grade wood is one of the best things the state could do to support the forest economy and ensure markets for our working forests actively managed for harvest and logging. Maintain Clean Energy Development Fund incentives for installing modern wood heat to drive demand for wood pellets.

Advancing Market Development for Local Food Products

In order to build on one of Vermont's great strengths and previous investments, the state's five food hubs need funding to address key impediments to growth. These include 1) improving food hub logistics for local foods processing, storage, marketing and distribution statewide, and 2) strengthening the business acumen, marketing skills, and brand positioning of food hubs and local food businesses so they can effectively compete and grow to a viable scale. Approximately \$150,000 per year over two years could accomplish this work. Efforts are underway to secure a portion of this funding.

Expanding Access to In-depth, One-on-One Assistance for Small Businesses

The Vermont Farm & Forest Viability Program could expand its business assistance services to outdoor recreation enterprises, off-farm dairy processing and composting operations. VHCB would prefer not to reduce existing services to farm and forest enterprises in order to serve these additional sectors and thus would seek additional funding for this purpose.

Conclusion

VHCB is pleased to be able to report good progress and initial results of the REDI initiative which has directly supported six projects in six counties with several more in development for the second half of the fiscal year. With limited funding, VHCB focused resources on supporting rural municipalities and businesses to apply for federal and other grant funds. VHCB recommends revisions to the subchapter establishing REDI and consideration of expanding the business sectors served by the Farm & Forest Viability Program to include outdoor recreation, dairy processing, and off-farm commercial composting operations. It also recommends new support for rural communities that have recently completed planning projects by providing assistance to those communities to seek funding and implement projects identified in those plans. Such funding for implementation assistance may be best located within organizations or agencies that provide the planning assistance.



Rural Economic Development Initiative

The iconic yellow barn on Route 15 in Hardwick, formerly the Greensboro Garage, is the centerpiece of a redevelopment project that hopes to transform the structure and add new buildings to create a showcase for local businesses in the Northeast Kingdom. REDI is supporting the Town of Hardwick and local partners to study the project's feasibility and apply for federal funding to implement the project. (Credit: Kane Architecture)

In 2017, the Legislature created the Rural Economic Development Initiative (REDI) “to promote and facilitate community economic development in the small towns and rural areas of the state and increase access to federal and other funding for such efforts.” To date, Viability staff have supported 6 projects to identify grant funding opportunities available and contracted for technical assistance in preparing grant applications. REDI is intended to complement, not replace, the assistance Regional Development Corporations and Regional Planning Commissions already provide. Our team has collaborated with these partners to identify projects.



Fundraising Assistance

A former Superfund site on the Hoosic River in Pownal, above, may be transformed into an outdoor recreation location with trails and parking. Assistance from REDI provided a local group, Empower Pownal, with the capacity they needed to apply for Rec Trails Program funding.

Rural Economic Development Projects

Yellow Barn Project, Hardwick – *The Town of Hardwick received support to fundraise for the development of a multi-use business incubator and manufacturing facility from several federal sources including a USDA-RD Rural Business Development Grant.*

Windham County Solid Waste Management District, Brattleboro and surrounding towns – *REDI supported an application to the USDA Community Facilities Grant Program to acquire equipment for expanding composting infrastructure to meet Act 148 requirements.*

Pownal Trails Association & Empower Pownal Recreation task force – *REDI funds supported a Recreation Trails Program grant application to develop a trail and recreation site on the Hoosic River.*

Runamok Maple, Cambridge - *Funding from REDI assisted Runamok with an application to the USDA-RD Value Added Producer Grant to expand the business and move production from Brattleboro to Fairfax.*

Southern Windsor/Windham and greater Upper Valley Solid Waste Districts – *REDI supported an application to the USDA-RD Solid Waste Management District grant program to implement Act 148 requirements.*

Clemmons Family Farm, Charlotte – *Grant writing support enabled the farm to apply to the nationally competitive ArtPlace America Grant to establish an arts & cultural center on the farm focused on African American heritage.*