



State Designation Programs

State Planning Manual - Module 2
November 2018



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WINDSOR

Why Designation?

Vermont’s landscape of compact centers surrounded by rural farm and forest land is integral to our economy, community spirit, and way of life. To help promote this traditional settlement pattern, the state created a unique framework to recognize and “designate” these centers and offer an array of tools and incentives to keep them economically strong and vital. This approach not only builds Vermont’s economy – but helps achieve related goals like protecting the working landscape and our historic and natural resources.

Across the state, the designation programs have successfully channeled public and private resources to restore historic buildings, create safe and pleasant pedestrian streets, revive commercial districts, plan for thoughtful growth, and build new housing. Communities have used the programs to reverse declines in their grand list, get the most from their substantial public investments in infrastructure like roads, sidewalks, and wastewater treatment, and create places where businesses can thrive and families can live close to jobs, schools, shops, and transportation options.

The state has five different designation programs to help communities of all sizes address local issues like restoring community vitality, expanding economic development opportunities, financing infrastructure improvements, and creating more housing opportunities near work or transit. Many municipalities have maximized their benefits by layering multiple state designations.

The Five Designations

Core Designations



Village Centers

Supports revitalization activities in small to medium-sized historic centers with at least one civic and/or commercial building.



Downtowns

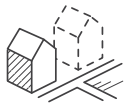
Supports revitalization activities in medium to large-sized historic centers with the community capacity to support a non-profit organization or municipal commission that develops and implements a comprehensive revitalization strategy.



New Town Centers

Provides a framework to create compact, walkable, mixed-use centers for municipalities that have no designated downtown or village center. Successful designations require professional planning staff and a governing body that is committed to making public infrastructure and building investments.

Add-On Designations (must have a core designation to qualify):



Neighborhood Development Areas

Supports housing development inside or within walking distance to the core designation. The municipality must have adopted plans, policies, and regulations that support housing and smart growth. Developers have the option to apply for designation separately or jointly with the municipality.



Growth Centers

Helps shape areas beyond the commercial center with a framework of policies and regulations to ensure that 20 years of future development will enhance the vitality of the designated core, while protecting farm and forest land outside the growth center. Municipalities must have adopted plans, policies, and regulations that ensure walkable, compact, mixed-use development. Successful designations require professional planning staff and a governing body that is committed to making public infrastructure and building investments.

Each state designation offers tailored benefits to help communities implement their municipal plans and achieve their goals ([see Benefits Matrix](#)). Although municipalities apply for designation, some of the benefits flow directly to property owners to encourage private investment in the designated area.

In addition to financial resources, designated municipalities receive specialized training and support from state staff to help them succeed. It's important to note that while the state designation programs have made a difference in many Vermont communities, dedicated local leadership is required to motivate stakeholders to take action.

Which Designation Fits?

Which designation will best serve the needs of your community? This is largely determined by the issues you face, the scale and capacity of your municipality, and the aspirations expressed in your municipal plan.

The process starts by identifying the core commercial or business district—the concentrated centers where people, buildings, and activities come together. Once the core is designated, there may be interest in designating areas beyond the core to encourage housing or more comprehensive community planning.

Designation offers a process for state, local, and regional entities, as well as private business owners and developers, to come together and discuss common concerns and to form an agreement about where and how to invest in the future. Staff from the [Department of Housing and Community Development](#) and from your [regional planning commission](#) are available to answer your questions and assist you with process. On-site community meetings are required before pursuing any application for designation. These meetings are intended to answer community questions and assure the application process goes smoothly.

The following pages provides more detail on each of the state designation programs to help you determine which program is the right fit for your community and its needs. Additional information on the designation programs is included in the application guidelines for each program.

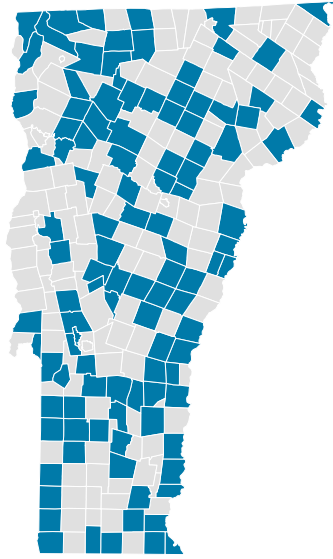


MONTPELIER

Village Centers

Village centers are generally mixed-use areas that serve the surrounding population with goods and services, civic and religious functions, jobs and residences. Village centers must be the traditional historic center with at least one civic or commercial building.

Vermont law defines a village center as “the core of a traditional settlement, typically comprised of a cohesive mix of residential, civic, religious, commercial, and mixed use buildings, arranged along a main street and intersecting streets that are within walking distance for residents who live within and surrounding the core.” (24 (V.S.A. § 2793a) Consider village center designation if the community has an existing traditional village with at least one commercial or civic building.



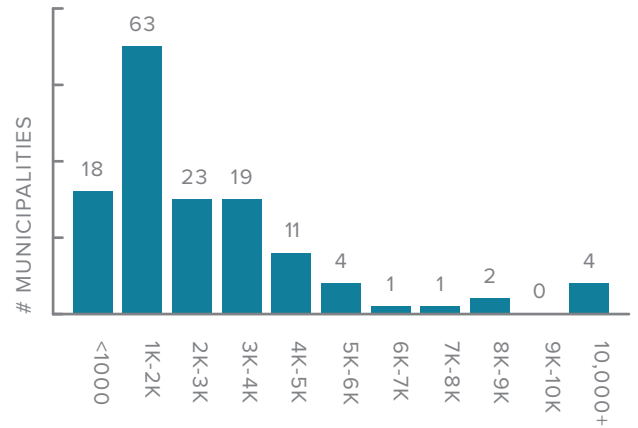
152 VILLAGE CENTERS ACROSS VERMONT

The boundaries of designated village centers range in scale and size from tiny hamlets with a cluster of homes and a storefront and meeting house to larger villages with a concentration of commercial and civic buildings along a main street. Some village centers, such as Jamaica and Fairlee, have only a handful of shops and public buildings while others, such as Hardwick and Woodstock, have a larger critical mass of buildings either arranged along a principal main street or organized around a central community space, such as a village green or common. Municipalities with multiple villages may obtain separate village center designation for one or more villages.

See the [application guidelines](#) for complete details on the application requirements and the benefits of village center designation.

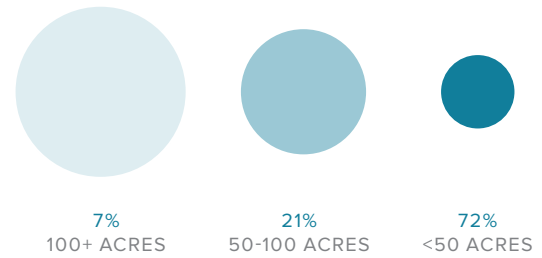
POPULATION OF MUNICIPALITIES WITH VILLAGE CENTERS

Vermont’s incredibly diverse village centers span from hamlets of hundreds to bustling towns of over 10,000. (Source: Census)



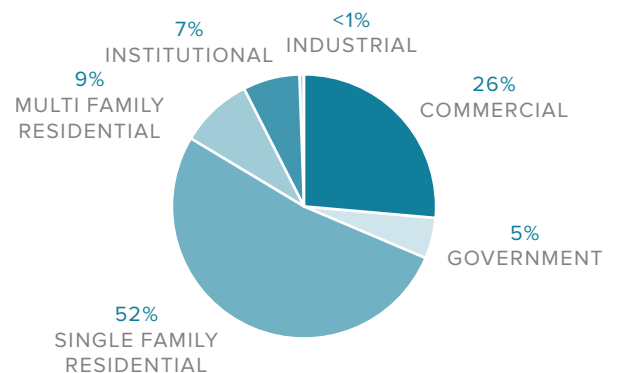
SIZE OF VILLAGE CENTERS

Almost three quarters of Vermont’s village centers are smaller than 50 acres.



LAND USE MIX

Village Centers include a diverse mix of residential, commercial and institutional services. (Source: E-911)





HARDWICK

Case Study: Hardwick

Designation Leads to Hardwick's Revival

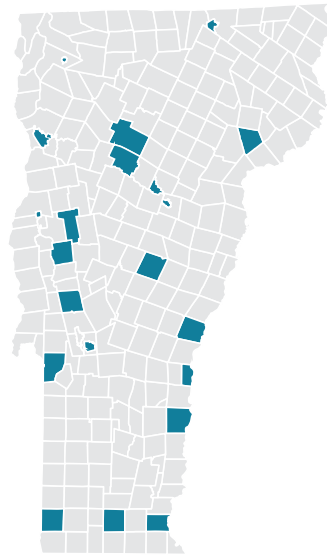
Village Center Designation, 2003

Several years ago, Hardwick's Main Street, like so many in communities around Vermont, was in a state of decline. Many of its buildings were run down, underused, or even condemned. To add to the issues, a tragic fire gutted a prominent building in the heart of town. Instead of tearing it down to create a parking lot or park, the community chose to restore this historic building and create new business and housing opportunities. This key decision not only signaled a new direction for Hardwick—it helped show other small towns that saving one historic building can spur the redevelopment of an entire community.

In Hardwick, seven buildings were rehabilitated with the help of tax credit-financing and another five are nearing completion. Nearly \$625,000 in state tax credits leveraged over \$7.5 million in outside investment to date, helping jump-start new business, create quality housing, create jobs, and bring new vitality to the commercial district. What's more, a study of property values (grand list) in the village center demonstrates that public investment to improve these buildings is quickly returned in increased property taxes. Downtown and village center tax credits help close the financial gap, made the projects financially viable, sparked community revitalization, cemented a sense of place, and brought vacant and abandoned buildings back onto the tax rolls. Based in this success, Hardwick is now passing plans to apply for downtown designation, which brings additional benefits to the community.

Downtowns

Downtowns are larger in scale than village centers with a higher density of mixed-use development. The development pattern and form is usually compact and uninterrupted, although there may be some public space, like a park or green, within a downtown. Multi-story buildings are often centered in the core of the downtown aligned along a main street with adjacent side streets. In general, the street level is active with commercial uses that invite



23 DOWNTOWNS ACROSS VERMONT

pedestrian activity with retail, restaurants, and service businesses and upper floors typically have office space for professional services and residential housing units. Downtowns provide a greater range of functions than any other location in the region that serves as a place for employment, shopping, worship, tourism, housing, government services, dining, entertainment, lodging, and cultural attractions. All of these activities are usually situated within a compact area that is easily walkable with pathways and sidewalks that are sufficiently wide, offering interesting, attractive amenities, such as building façades, window displays, landscaping, and open spaces.

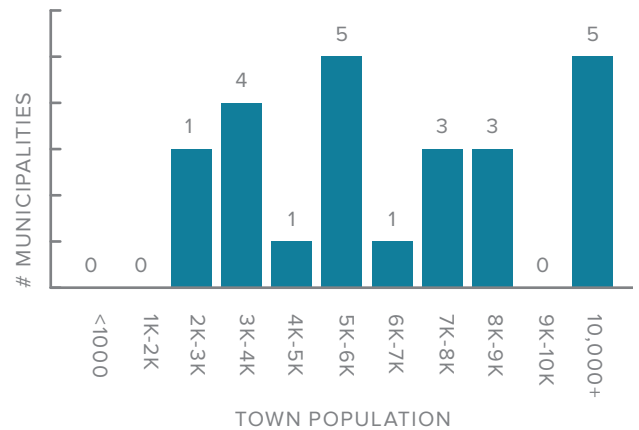
Vermont law defines a downtown as “the traditional central business district of a community that has served as the focus of socio-economic interaction in the community, characterized by a cohesive core of commercial and mixed use buildings, some of which may contain mixed use spaces, often interspersed with civic, religious, residential, and intersecting side streets that are within walking distance for residents who live within and surrounding the core and that are served by public infrastructure such as sidewalks and public transit.” ([24 V.S.A. § 2793](#))

The boundaries of designated downtowns vary in size and are largely driven by the historic development pattern in the community. Poultney and Wilmington have relatively small downtown districts while Rutland and Bennington’s districts are substantially larger.

See the [application guidelines](#) for complete details on the application requirements and the benefits of downtown designation.

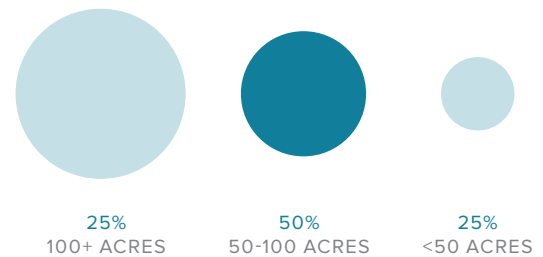
POPULATION OF MUNICIPALITIES WITH DOWNTOWNS

Communities with designated downtowns can be big or small, but all have total populations of at least 2000. (Source: Census)



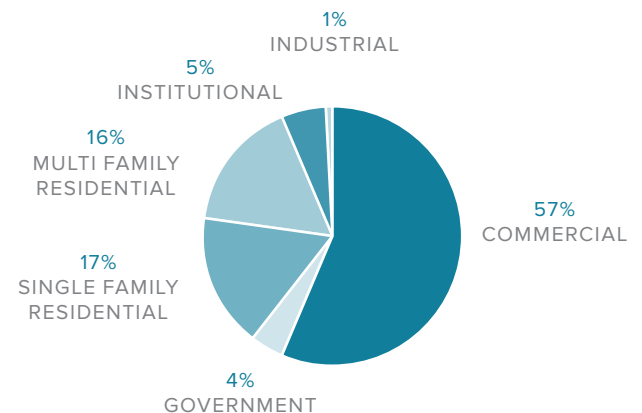
SIZE OF DOWNTOWNS

About half Vermont’s downtowns are between 50 and 100 acres.



LAND USE MIX

A little over half the buildings in Vermont’s downtowns are commercial buildings. (Source: E-911)





BARRE

Case Study: Barre

Designation Leads to New Infrastructure, New Businesses and Jobs Downtown

Downtown Designation, 2000

After multiple years of economic decline in downtown Barre, the city was struggling with empty store fronts, low commercial rents, and declining property values. Turning things around took time and didn't come without challenges. The city spent a decade investing heavily in the creative/tourist economy without any results. According to Mike Miller, the former Director of Planning, "We needed to better understand our strengths and weaknesses. Barre is never going to be Stowe, but what Barre has is plenty of water and sewer capacity, industrial activity, highway access, and a great stock of historic buildings with affordable rental office space." With those things in mind, a group of municipal officials and stakeholders identified three major goals to help jump-start revitalization: bring 500 new workers to Barre over five years by improving the city's image with investments in public infrastructure and marketing; recruiting businesses and services to meet the needs of local residents; and modernizing Barre's existing industrial assets to attract entrepreneurs and new start-up businesses.

Using support from the downtown designation program, over the past five years Barre was able to secure almost \$20 million in public investment in the downtown spurring \$45 million in private investment that has brought 24 new businesses, reduced vacancy rates by 8%, increased commercial rental rates by \$6-10 dollars a square foot and attracted over 350 jobs. This investment also includes major streetscape and public infrastructure improvements, construction of City Place, a new state office building with commercial/retail spaces on the ground floor, and rehabilitation of several prominent downtown blocks with the help of federal and state tax credits. "Technical support through the state's designation program helped us plan projects, identify funding sources and leverage public investment," Steve MacKenzie, Barre's City Manager.

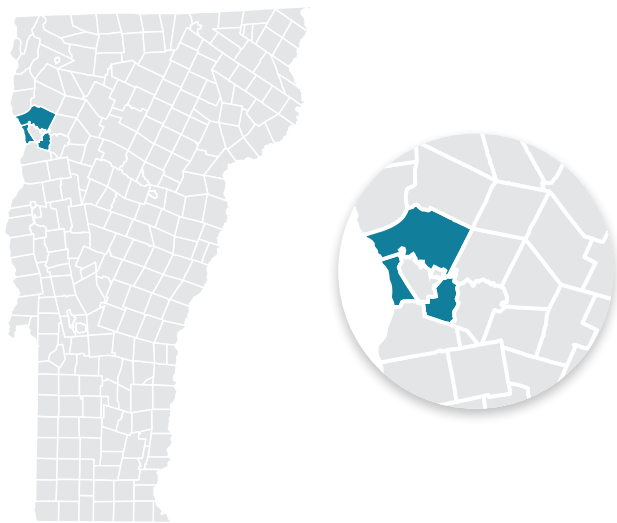
New Town Centers

New Town Center designation is for towns without a historic downtown or village center, with plans for a new, mixed-use downtown, built or retrofitted to be compact and pedestrian friendly. The new town center must be designed to be walkable, meet smart growth principles and have plans to include civic buildings in the center. An existing auto-oriented shopping mall, for example, should not be included in the new town center unless the municipality has undertaken the planning, adopted regulations, and identified the financing for redevelopment of the site.

Vermont law defines a new town center as an “area planned for or developing as a community’s central business district, composed of compact, pedestrian-friendly, multistory, and mixed-use development that is characteristic of a traditional downtown, supported by planned or existing urban infrastructure, including curbed streets with sidewalks and on-street parking, stormwater treatment, sanitary sewers and public water supply.” ([24 V.S.A. § 2791](#))

Statute defines the maximum size of a new town center boundary, based on the population of the municipality ([24 V.S.A. § 2793b](#)). The boundaries should only include those areas that have been planned as a civic and commercial core of the community and provisions are in place to ensure walkability.

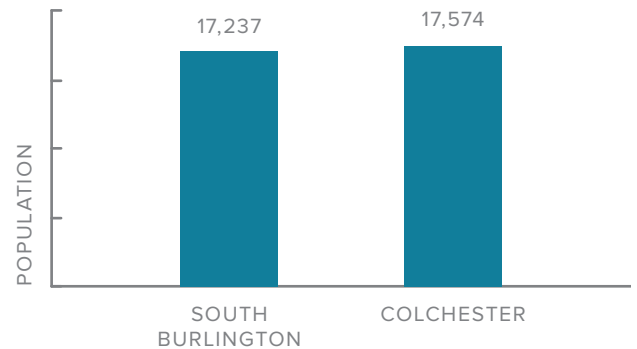
See the [application guidelines](#) for complete details on the application requirements and the benefits of new town center designation.



2 NEW TOWN CENTERS ACROSS VERMONT

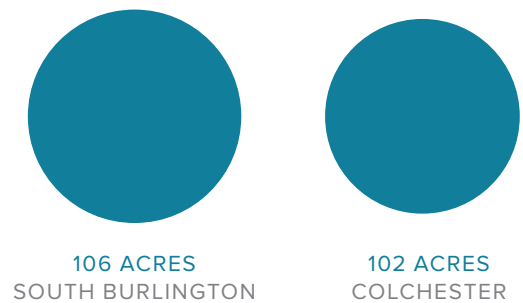
POPULATION OF MUNICIPALITIES WITH NEW TOWN CENTERS

Vermont’s new town centers are in two of Vermont’s largest communities. (Source: Census)



SIZE OF NEW TOWN CENTERS

The two new town centers are both around 100 acres in size.





Case Study: South Burlington

Designation Leads to a New Downtown

New Town Center Designation, 2010

Neighborhood Development Area Designation, 2014

For over 30 years the City of South Burlington has identified the area around Dorset Street and Williston Road as the future City Center. Dominated by shopping centers, standalone retail and service establishments, with some office and multi-family uses, the bulk of the area was developed over 50 years ago for an auto dominant lifestyle. As part of the effort to create a central downtown to support the vibrant civic life and build community pride and identity, the city sought and received a new town center designation in 2010.

This designation provided the city with priority for municipal planning grants and opened the door to Tax Increment Financing (TIF) District approval and a neighborhood development area designation. State and regional planning grants and public infrastructure projects facilitated by the TIF District have allowed landowners and business owners to see the opportunities and value of investing in a compact walkable, transit friendly, and bikeable urban center.

Since the new town center designation, two high quality infill projects have been built, and one attractive 12 unit housing development is underway. Many more projects are in the planning stages and will take advantage of planned city infrastructure like roads and parks and public building investments such as a library and City Hall wholly or partially financed through the TIF District. Projects will also benefit from lower development costs in neighborhood development areas. In addition to supporting an increase of millions of dollars to the city's grand list, the designations are helping the city realize their vision of a center they are proud of.

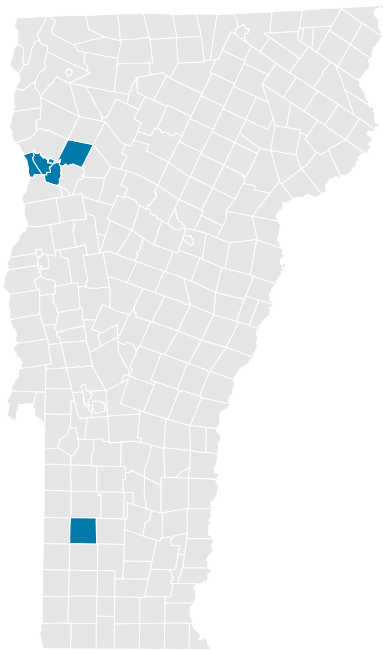
Neighborhood Development Areas

This designation helps lower the cost to build housing in areas within easy walking distance of the core commercial centers — whether converting a barn or wing of a house into a ‘mother in law’ apartment or developing an entirely new neighborhood.

Within the designated areas, the program aims to help communities build and maintain walkable neighborhoods that are pedestrian oriented, contain a mix of uses (both residential and non-residential), accommodate but manage vehicular traffic, provide a variety of public spaces, have a sense of identity or place, and connect to adjacent neighborhoods and the downtown/ village core.

Neighborhood development areas may include the entirety of the underlying state designated core as well as areas suitable for development extending 1/4 mile from village centers and new town centers, and 1/2 mile from downtowns or within a designated growth center. In certain circumstances, the area may extend beyond these distances.

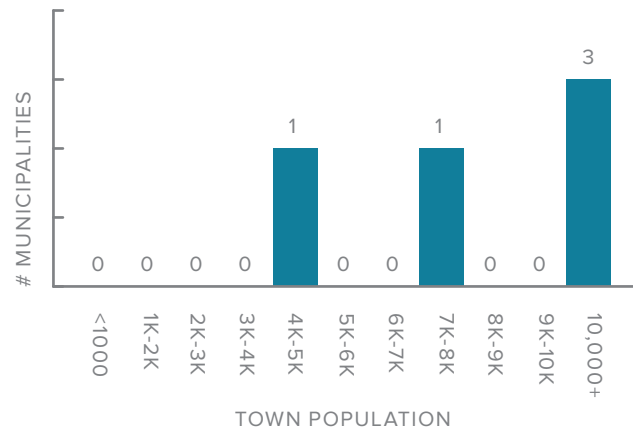
See the application guidelines for complete details on the [application requirements](#) and the benefits of neighborhood development area designation.



5 NEIGHBORHOOD DEVELOPMENT AREAS ACROSS VERMONT

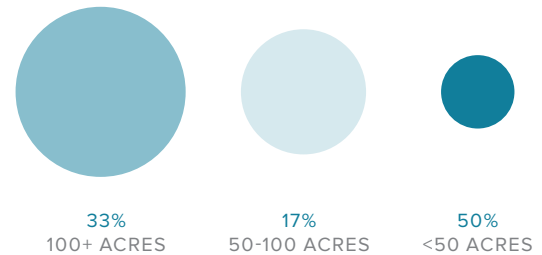
POPULATION OF MUNICIPALITIES WITH NEIGHBORHOOD DEVELOPMENT AREAS

Vermont’s Neighborhood Development Areas are currently in medium and large Vermont communities. (Source: Census)



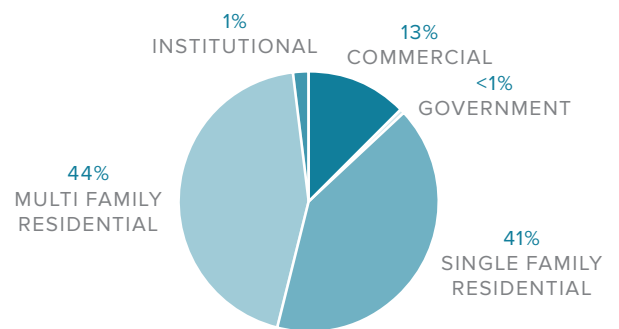
SIZE OF NEIGHBORHOOD DEVELOPMENT AREAS

Half of Vermont’s neighborhood development areas are smaller than 50 acres.



LAND USE MIX

The large majority of neighborhood development areas in Vermont is, as expected, largely residential. (Source: E-911)





BURLINGTON

Case Study: Burlington

Designation Lowers Housing Costs

Downtown Designation, 1998

Neighborhood Development Area Designation, 2014

Burlington’s vibrant mixed-use downtown, walkable neighborhoods, historic character, and world-class employers have made the city a desirable place to live and work, attracting visitors and new residents from New England and beyond. These circumstances, however, have placed significant pressure on the local housing market as an influx of new residents and college students compete for a limited supply of available homes. Despite historically low vacancy rates of around 1%, according to the city’s 2014 Downtown Housing Strategy Report, only 222 units were built in the downtown area between 2002 and 2013. As a result, the downtown market is facing severe housing supply constraints, rising home prices, and escalating rents that are further impacting affordability in a market where a typical renter household allocates more than [44% of their total income to housing costs](#).

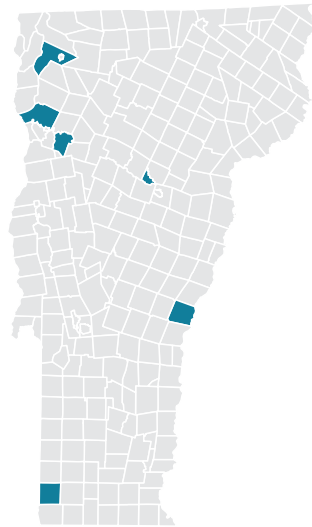
Burlington has responded to these housing challenges with a housing action plan that highlights the use of the neighborhood development area designation to help lower the costs of building well-designed mixed-income housing that fits into Burlington’s existing character. Since becoming designated, the city has plans for approximately 1,000 new units proposed to be built in the coming years. Among these projects is the Champlain Housing Trust’s Bright Street Coop, a 42 unit mixed income infill housing project on 1.35 acres of land in Burlington’s Old North End neighborhood. Located within Burlington’s designated neighborhood development area, the project was able forgo Act 250 review - saving over \$50,000 in associated costs and three months of permitting time. Additionally, the project saved another \$5,000 in wastewater connection fees and eliminated the risk of a project appeal. Burlington’s neighborhood development area designation is expected to continue to help the city address its housing shortage by lowering the cost of building new mixed-income development in and around the designated downtown.

Growth Centers

This designation aims to align public infrastructure and private building investments with a local framework of policies and regulations to ensure that 20 years of future development will enhance the vitality of the designated commercial center, while protecting farm and forest land outside the growth center.

Growth Centers must be in or adjacent to a designated core area and aim to create higher density, mixed-use development that:

- Builds upon Vermont’s historic settlement pattern of compact village and urban centers separated by rural countryside;
- Is defined by an infrastructure service area boundary;
- Is planned to accommodate most of the anticipated growth in the community without resulting in widely scattered, low-density development;
- Is supported by public investment in infrastructure;
- Features a variety of land uses, including formal and informal public spaces;
- Supports walking, public transit, and alternative forms of transportation.



6 GROWTH CENTERS ACROSS VERMONT

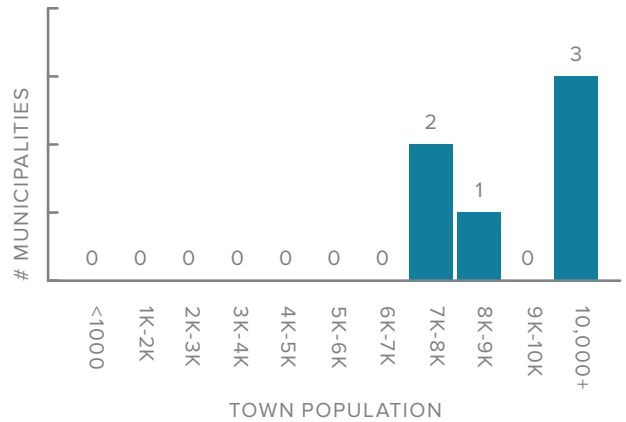
The boundaries can include both existing and proposed development and redevelopment areas. While boundaries will ideally correspond to land use districts in the municipal plan, the designation boundaries are determined through a series of analyses demonstrating that the growth center meets the following requirements based on the 20-year growth targets:

- Is large enough to accommodate a majority of the 20-year growth (at least 51%) but is no larger than what is needed to accommodate 150% of the residential and 100% of the commercial/industrial growth;
- The growth cannot reasonably be accommodated in the designated core area;
- Provisions are in place to ensure development within the growth center will be compact and walkable and not compete with the vitality of the core area.

See the [application guidelines](#) for complete details on the application requirements and the benefits of growth center designation.

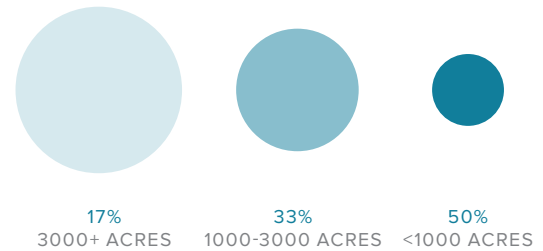
POPULATION OF MUNICIPALITIES WITH GROWTH CENTERS

Vermont’s growth centers all have at least 7000 residents, half of which have over 10,000. (Source: Census)



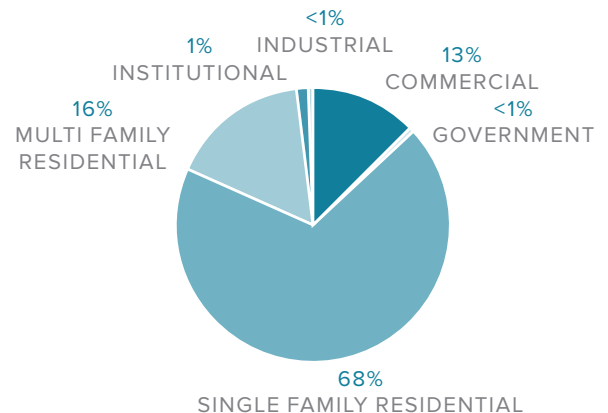
SIZE OF GROWTH CENTERS

Half of Vermont’s growth centers are under 1000 acres.



LAND USE MIX

Vermont’s growth centers are over two-thirds single family residential housing. (Source: E-911)





ST. ALBANS

Case Study: St. Albans City

Designation Leverages Vitality

Downtown Designation, 2004

Growth Center Designation, 2010

If you visit St. Albans today after an absence of several years, you will be astonished by the striking improvements in the bustling and beautiful downtown. The transformation began when the community formed an ambitious vision of a renovated Main Street, new facilities, services, and jobs. Downtown and growth center designation ensured state support for the vision and successful private/public partnerships with strategic use of public funds and taxpayer dollars. Achievements supported by designation include:

- Downtown master planning - \$25,500 in Municipal Planning Grants.
- Streetscape improvement project - more than \$250,000 in state Downtown Transportation Funds and about \$2.5 million from a number of other grants funded by the Vermont Agency of Transportation.
- Renovation and reuse of several prominent historic buildings – State tax credits totaling \$619,955 which sparked over \$4.2 million in private investment.
- A new parking garage, redevelopment of a brownfield site for a new downtown hardware store, and construction of a new State Office Building – infrastructure supported by \$14 Million in TIF bonds.
- A new 88-room downtown hotel opened in 2016.

Additional streetscape enhancements along Main and Lake Streets are underway. All this proves St. Albans is not resting on their past success, but continuing to use its downtown and growth center designations to create a vibrant community with a diverse economic base.



MONTPELIER

Benefits of State Designation

The types of benefits available to municipalities and to private entities are summarized in the [Benefits Matrix](#) and detailed in the following pages.

Municipal Benefits

Financial resources and assistance for designated areas

Most state grants to municipalities are issued through a competitive application process that ranks applications on a set of selection criteria. By obtaining designation, municipalities improve the competitiveness of their applications and their ability to access the following funds:

- [Downtown Transportation Fund](#) – loans, loan guarantees, or grants up to \$100,000 for capital transportation and related capital improvement projects in designated downtowns. Grants may not exceed 50% of a project's cost.
- Priority consideration for specific state agency funding programs – the type of priority given to designated areas and the weight given for designation may vary by designation and funding program and may change from year to year:
 - [Municipal Planning Grants \(ACCD\)](#)
 - [Better Connections grant program \(ACCD and VTrans\)](#)
 - [Vermont Community Development Program \(ACCD\)](#)
 - [Transportation Alternatives Program \(VTrans\)](#)
 - [Bicycle and Pedestrian Program \(VTrans\)](#)
 - [Historic Preservation Grants \(ACCD\)](#)
 - [Property Assessment Fund - Contaminated Sites / Brownfields \(ANR\)](#)
 - [Clean Water State Revolving Loan Fund for Water/Wastewater infrastructure \(ANR\)](#)
 - [State funds for affordable housing \(VHCB\)](#)
- Locating state buildings or offices – priority site consideration by the State Department of Buildings and General Services when leasing or constructing buildings. While not specifically funding for a municipality, the additional “feet on the street” from a state office building adds to the business vitality of the designated area, increasing the value of nearby property and thus of property tax assessments.
- Technical Assistance – dedicated state employees provide assistance to designated communities, offering advice on community planning, revitalization and economic development, one-on-one consultation, board development and assistance with funding to help revitalize and strengthen your community.

In addition, when one-time opportunities for funding or technical assistance arise, such as special funding after disasters, municipalities with designated centers are likely to be selected for technical assistance and funding.

Taxing Authority

Designation may give municipalities the option of adopting taxing mechanisms to raise funds specifically for public facilities in the designated area.

- Special Assessment District – (also known as special benefits district or business improvement district) may be created in a designated downtown to raise funds for both operating costs and capital expenses to support specific projects. Without downtown designation, revenue for special assessments may only be applied to capital expenses.
- Tax Increment Financing (TIF) – this mechanism for funding infrastructure improvements was once available to designated downtowns, new town centers and growth center but the Vermont legislature has currently suspended the creation of new TIF districts.

Special consideration in applying state requirements for designated communities

- Traffic Calming Options – municipalities have the authority to post speed limits of less than 25 miles per hour in designated downtowns to help calm traffic and create a pedestrian-friendly environment. In other locations, 25 miles per hour is the minimum speed on a public road.
- Signage Options – in regards to the state laws governing off-premise signs, municipalities with designated downtowns are allowed to post informational signs to help guide visitors to the downtown and to significant historical, educational, recreational or cultural landmarks.
- Public Street Trees – VTrans offers design flexibility in the planting and maintaining of public street trees within state highway rights of way in designated communities. Designated communities must have an active tree board, adequate maintenance budget, and comply with Vermont State Standards for Design of Transportation Construction and the Landscape Guide for Vermont Roadways and Transportation Facilities.



BARRE

Landowner/Developer Benefits

Reducing the cost of construction

Incentives are available for renovating historic income-producing buildings in designated downtowns and village centers. The neighborhood development area designation provides benefits for creating new residential units in close proximity to a designated downtown or village center.

Downtown and Village Center Tax Credits

- 10% State Historic Rehabilitation Tax Credit – available as an add-on to approved Federal Historic Tax Credit projects. Eligible costs include interior and exterior improvements, code compliance, plumbing and electrical upgrades.
- 25% Façade Improvement Tax Credit – eligible facade work up to \$25,000 in designated downtowns.
- 50% Code Improvement Tax Credit – available for up to \$50,000 each for elevators and sprinkler systems and \$12,000 for lifts. Eligible code work includes ADA modifications, electrical or plumbing up to \$25,000.
- 50% Technology Tax Credits – available for up to \$30,000 for installation or improvements made to data and network installations, and HVAC (heating, cooling or ventilation systems) reasonably related to data or network improvements.
- Sprinkler System Rebate – designated downtown applicants for sprinkler credits are eligible for a rebate of up to \$2,000 on construction permit fees from the Vermont Department of Public Safety.
- [Reallocation of Sales Tax on Construction Materials](#) – municipalities and the developer of the qualified project in a designated Downtown may jointly apply for a reallocation of sales taxes on construction materials. Reallocated taxes must be used by the municipality to support a related and qualified project.
- Exemption from land gains tax for housing projects in neighborhood development areas.

Quicker, predictable, lower cost state permitting

Permitting benefits entice developers to work in compact centers where local, regional, and state goals align to encourage development but where development costs can be higher than when building on undeveloped land.

Jurisdiction

State permit programs, such as Act 250, establish numerical thresholds that determine when a permit is required. In some of the designated areas, thresholds are raised to allow more development to occur without a permit. This helps redevelopment and infill projects reduce the time and cost of development.

- Act 250 Threshold for [Priority Housing Projects](#) – in downtowns, neighborhood development areas, and growth centers the 10-unit threshold is raised for eligible housing projects as defined in the Act 250 statute. The threshold increases according to the population size of the municipality.

Requirements

For projects in a designated area that are required to obtain a state permit, some of the criteria or standards for approval may be relaxed.

- Act 250 Mitigation for Loss of Primary Agricultural Soils – projects that propose to build on agricultural soils must compensate for the loss by contributing to an agricultural land conservation fund at a minimum of a 2:1 ratio for the area of land disturbed. In some designated areas, the compensation required is reduced to a 1:1 ratio.
- Act 250 Existing Settlement under Criterion 9(L) – projects located in a designated area meet the criteria addressing settlement patterns.

Fees

Two state permitting fees are reduced in designated neighborhood development areas.

- Act 250 fee reduction – Permit fees for residential projects in a designated neighborhood development area are reduced by 50%.
- ANR Wastewater fee – When a project is located in a designated neighborhood development area and has received a municipal sewer allocation, the state wastewater permit fee is capped at \$50.

Process

Within designated Growth Centers, Act 250 pre-permitting procedures are available that could reduce the time and effort involved in permitting for individual projects.

- Findings – municipalities may apply to the Act 250 District Commission to obtain findings and conclusions of law on specific criteria for a growth center. Addressing these for the designated area as a whole will enable Act 250 decisions to be issued in advance on criteria that may be difficult to address on a project-by-project basis. This is intended to speed Act 250 permitting for individual projects in the growth center.
- Act 250 Master Plan Permit Application – developers or municipalities may apply to the Act 250 District Commission for a Master Plan Permit for a portion or all of a growth center. A Master Plan Permit gives overall approval for a development concept with findings and conclusions of law on criteria that can be addressed without detailed information about individual buildings. As new construction is proposed, permits may be issued addressing the remaining criteria and confirming that the individual projects are in keeping with the Master Plan.

Other Resources

Statute lists additional resources that designated communities could use but also may be accessed by any municipality, including those without a designated area. The one example currently available is the [State Infrastructure Bank](#), which offers low interest loans for qualified transportation investments.

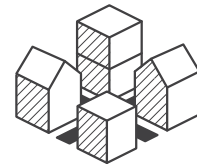
DOWNTOWN AND VILLAGE CENTER TAX CREDITS

2013-2017



141

projects awarded



52

communities served



\$12M

in awarded credits



\$181.5M

in private investment



Applying for Designation

Once you've determined which designation best fits the needs of your community, review the application requirements for designation and begin the application process.

Designation Requirements

To be eligible for any of the designation programs, municipalities must have:

- **A confirmed planning process** – this formal confirmation is provided by your Regional Planning Commission. It involves Regional Planning Commission approval of your municipal plan and confirmation that municipal funds have been allocated for local and regional planning.
- ***Municipal plan language recommending designation** – The municipal plan must include language that expresses the intent to apply for designation and must explain how the designation would further the plan and statewide goals. See examples on the next page.
- ***Municipal Legislative Approval** – All applications for designation must have the approval of the legislative body (selectboard, trustees, city council).

Specific program requirements for each designation are detailed in each program's respective [application guidelines](#). A comparison of the different requirements is summarized in a matrix at the [end of this document](#).

*Does not apply to Neighborhood Development Areas



BARRE

Address Designation in the Municipal Plan

To strengthen the linkage between community revitalization and planning, municipalities must describe in their municipal plans, how a designated downtown, village center or new town center supports community goals. Before seeking designation, municipalities must anticipate and express the intent to obtain designation in the municipal plan, should identify the general area(s) to be designated and indicate which of the town's goals would be furthered by state designation. For those already designated, the municipal plan must be updated before the eight year designation renewal to show the designation boundaries on a map and to explain how designation has furthered the goals of the plan.

TOWN PLAN LANGUAGE PRIOR TO DESIGNATION

Brownington 2015 Town Plan

Two primary goals of this Town Plan are to preserve historic assets and concentrate village-scale commercial and residential uses in these centers at such densities as on-site wastewater disposal can support.

The Village Center designation can help Brownington achieve these goals by:

- Making the Town more competitive for certain state grant programs...
- Tax credits. The primary benefits of this program are state tax credits for fit-up and rehabilitation of certain income producing properties built before 1983...

TOWN PLAN LANGUAGE MAINTAINING DESIGNATION

Brattleboro 2015 Town Plan

Downtown and village center designations achieve the following goals:

- Furthering the intent of the Land Use Chapter – Downtown and West Brattleboro Village are important mixed-use districts. The Town Plan identifies the need to make public and private physical improvements in these area. Continued designation will focus additional resources to help these areas thrive, including the ability to have a special tax assessment in the Downtown Improvement District and priority consideration for several grant programs.
- Preserving significant historic, architectural, and cultural heritage – The access to historic tax credits and code improvement tax credits will support redevelopment of older and historic properties, preserving the historic character of the Designated Downtown and Village Center districts.
- Create safe streets and inviting environments for all road users– The Town has benefited from the Downtown Transportation Fund to make improvements in the Downtown and will continue to seek improvements as necessary.

Application Process

The application process varies for each of the state designations but applicants for all designations will need to follow the same basic steps:

1. **Contact DHCD** – contact the appropriate staff person who coordinates the designation program. Go to the program’s webpage to find the [corresponding staff contact info.](#))
2. **Schedule a pre-application meeting** – DHCD staff will attend a meeting in your town to ensure a common understanding of the application requirements prior to submission.
3. **Build support for designation** – work with the general public, local planning commission, selectboard, regional planning commission, and any other interested individuals and organizations to inform them about designation and to obtain support.
4. **Prepare the application** – when the requirements for designation are met (see [Matrix of Designation Requirements](#)), proceed with preparing the application. Application instructions and checklists for each designation program are available online and linked below:



[Village Centers](#)



[Downtowns](#)



[New Town
Centers](#)



[Neighborhood
Development Areas](#)



[Growth Centers](#)

Your regional planning commission may be able to assist with the application including the preparation of the required designation maps.

5. **Complete and submit application** – use the checklist in the application guidelines to ensure all designation requirements and application materials are included. Email and mail one hard copy of the complete application to DHCD.
6. **Staff Review** – DHCD staff will call or email the local contact to go over any issues or questions and to explain the application review process. A short staff report will be issued at least a week in advance of the Downtown Board meeting and will be sent to the Board members along with the application materials.
7. **Downtown Board Decisions** – attend the Downtown Board meeting. DHCD staff will introduce the application, raise any concerns, and recommend a Board action. For some designations, a presentation by the municipality is required. Board members may have questions and comments about the application and will make a decision to approve, approve with conditions, or deny the designation.

After the Board meeting, a letter with the designation decision is issued by the Department to the municipal contact person.

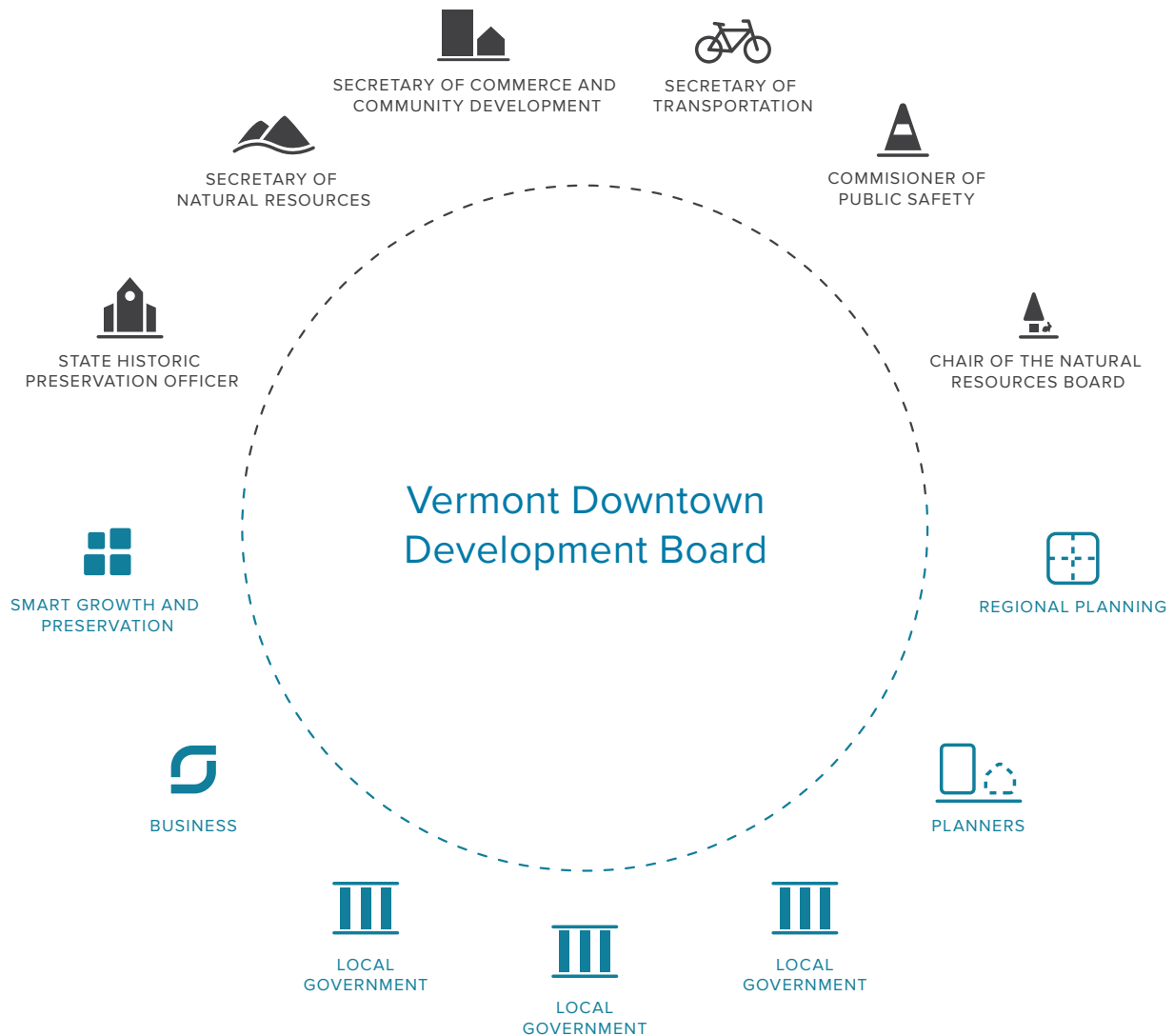
Designation Expiration, Renewal and Interim Review





Designations expire in eight years except for growth centers which expire in 20 years. A renewal process is required every eight years (20 years for growth centers) to maintain designation beyond the expiration. The renewal process is similar to the original designation. Details on the renewal process are found in the application guidelines for each of the individual designations.

The eligibility requirements must continue to be met for a designation to be renewed. For example, if the municipality has allowed the municipal plan to expire and has not obtained regional confirmation, designation will be suspended or withdrawn until the requirements are met. When a designation expires without being renewed, benefits that were awarded before the expiration will remain in effect but no new designation benefits will be available. If a community’s designation is withdrawn, the Downtown Board welcomes a community to reapply for designation when the requirements are met. For designated downtowns and new town centers, an interim review of the designation is required four years after the designation or renewal is granted, to review compliance with the designation requirements. No interim review is required during the 8 year designation period for village centers.

Vermont Downtown Development Board

Decisions about state designations and benefits like tax credits and sales tax reallocations are made by a 13-member Board composed of the following state agency leaders or their designees:



-  **Smart Growth and Preservation** – Governor’s appointee from three names submitted by the Vermont Natural Resources Council and the Preservation Trust of Vermont
-  **Business** – Governor’s appointee from three names submitted by the Association of Chamber Executives
-  **Local Government** – Three public members – one designated by the Vermont League of Cities and Towns and the other two appointed by the Governor
-  **Planners** – Representative of the Vermont Planners Association
- Regional Planning** – Representative of the Vermont Association of Planning and Development Agencies

Board meetings take place monthly in Montpelier, usually on the fourth Monday of the month.

Comparison of Designation Programs

DOWNTOWN
 VILLAGE
 CENTER
 NEW TOWN
 CENTER
 GROWTH
 CENTER
 NEIGHBORHOOD
 DEVELOPMENT
 AREA

AUTHORITY	DOWNTOWN	VILLAGE CENTER	NEW TOWN CENTER	GROWTH CENTER	NEIGHBORHOOD DEVELOPMENT AREA
Statute Section (24 V.S.A. Chapter 76A)	2793	2793a	2793b	2793c	2793e
Date Established	1998	2002	2002	2006	2013
ADMINISTRATIVE REQUIREMENTS					
Pre-application meeting with DHCD staff	√	√	√	√	√
Complete application submitted by the legislative body of a municipality*	√	√	√	√	√
Notice sent to RPC and RDC of intent to apply	√	√	√	√	√
Notice of application published in local newspaper	√				
Notice of application sent to adjoining towns and interested parties				√	
Map of proposed designation**	√	√	√	√	√
Preliminary application required				√	
Number of days to a designation decision after application received	45	45	45	90	45
Number of years the designation remains in effect (renewal required to maintain designation)	8	8	8	20	***
Interim review required (interval of years) ***	4		4	5	***
LOCAL CAPACITY AND CHARACTERISTICS					
Area listed or eligible for National Register of Historic Places	√				
Community reinvestment agreement - signed by municipality & others	√		√		
Source of funding for necessary improvements	√				
An organizational structure for long-term revitalization	√				
Meet requirements for sewage and water systems	√		√	√	√
Existing or planned multi-modal transport options including transit			√	√	
Existing or planned mix of uses				√	
Existing or planned civic and public buildings			√		
Existing or planned public spaces				√	
Existing or planned pedestrian friendly features				√	√
Right to use household energy conserving devices					√
PLANNING STATUS					
Confirmed Planning Process (Municipal Plan approved by RPC)	√	√	√	√	√
Plan addresses intention to apply for designation and support for goals****	√	√	√	√	√
20 year plan for growth with local and regional growth projections				√	
Adopted Zoning and Subdivision Regulations				√	√
Bylaw provisions that support the goals of designation	√		√	√	√
Non-regulatory programs that support the designation				√	
Capital budget and program for public infrastructure	√		√	√	
Municipal center plan			√		
Concept plan showing vision for the area				√	
Official Map (optional for Growth Centers)			√	√	
Maps showing resources and development constraints				√	√
Maps showing existing and planned public facilities				√	
Justification for designation location and boundaries			√	√	√
Plan for mixed income housing			√		
Impacts on natural resources avoided				√	√
Compatibility with cultural and historic resources				√	
Regional Planning Commission (RPC) description of regional context				√	
RPC confirms that designation is in conformance with regional plan				√	

* For Neighborhoods, landowners may apply directly. ** Growth Center map requirements differ from others.

*** Neighborhood review and renewal is concurrent with the underlying designation. **** Growth Center plan requirements differ from others.

Overview of Designation Program Benefits

DOWNTOWN
VILLAGE CENTER
NEW TOWN CENTER
GROWTH CENTER
NEIGHBORHOOD DEVELOPMENT AREA

AUTHORITY					
Statute Section (24 V.S.A. Chapter 76A)	2793	2793a	2793b	2793c	2793e
Date Established	1998	2002	2002	2006	2013
PURPOSE					
Historic Preservation*	√	√		√	√
Economic Revitalization*	√	√		√	√
Smart Growth	√	√	√	√	√
Economic Development	√	√	√	√	√
BENEFITS					
10% State Historic Rehabilitation Tax Credit	√	√			
25% Façade Improvement Tax Credit	√	√			
50% Code Improvement Tax Credit	√	√			
50% Technology Tax Credits	√	√			
Downtown Transportation Fund	√				
Sprinkler System Rebate	√				
Special Assessment District	√	√	√		
Reallocation of Sales Tax on Construction Materials	√				
Traffic Calming Options	√				
Signage Options	√				
No appeal of decision on character of neighborhood for housing	√			√	√
Act 250 Threshold for Mixed-Income Housing & Mixed-Use Projects	√		√	√	√
Act 250 Limited Review & Criteria - "Downtown Findings"	√				
Act 250 Findings and Conclusions for Growth Centers				√	
Act 250 Master Plan Permit Application				√	
Act 250 Mitigation for Loss of Primary Agricultural Soils**	√		√	√	√
Act 250 fee reduction					√
Act 250 Existing Settlement under criterion 9(L)	√	√	√	√	√
Exemption from land gains tax					√
ANR Wastewater fee capped at \$50/application					√
PRIORITY CONSIDERATION***					
All State Agencies and Funding Programs - first priority	√	√			
Specific State Agencies and Funding Programs:					
Municipal Planning Grants	√	√		√	√
Bike/Ped and Transportation Alternatives Grants	√	√		√	√
Property Assessment Fund (Contaminated Sites / Brownfields)	√	√		√	√
Community Development Block Grants	√	√		√	√
ANR Wastewater funding	√	√		√	
State affordable housing funds	√	√		√	√
Locating State Buildings	√	√	√	√	

*May not apply to all growth centers.

**Agricultural soil mitigation benefits apply to designated neighborhood development areas only when they are associated with a designated downtown and applies only to new town centers created before 1/1/14.

***Statute establishes that designated downtowns and village centers should have greater priority for state funding and programs than new town centers and growth centers. (24 V.S.A. §2790(d) and 24 V.S.A. §2793c(i)(2)(A))

Hyperlinks

Page 5 - Regional Planning Commission

<http://vapda.org/>

Pages 5, 21 - Department of Housing and Community Development (DCHD)

<http://accd.vermont.gov/community-development>

Page 6 - 24 V.S.A. § 2793a

<http://legislature.vermont.gov/statutes/section/24/076A/02793a>

Page 6 - Village Center Application Guidelines

<http://accd.vermont.gov/community-development/designation-programs/village-centers>

Page 8 - 24 V.S.A. § 2793

<http://legislature.vermont.gov/statutes/section/24/076A/02793>

Page 10 - New town center application guidelines

<http://accd.vermont.gov/community-development/designation-programs/new-town-centers>

Page 12 - Neighborhood application requirements

<http://accd.vermont.gov/community-development/designation-programs/neighborhood-development-areas>

Page 13 - Burlington downtown housing strategy report

<https://www.burlingtonvt.gov/sites/default/files/Mayor/05-2014%20Burlington%20Downtown%20Housing%20Strategy%20Report.pdf>

Page 14 - Growth center application guidelines

<http://accd.vermont.gov/community-development/designation-programs/growth-centers>

Page 17 - Better Connections grant program

<http://vtrans.vermont.gov/planning/projects-programs/better-connections>

Page 17 - State funds for affordable housing

<http://www.vhcb.org/housing.html>

Page 17 - Clean Water State Revolving Loan Fund

<http://dec.vermont.gov/facilities-engineering/water-financing/cwsrf>

Page 17 - Property Assessment Fund

<http://dec.vermont.gov/waste-management/contaminated-sites/brownfields>

Page 17 - Downtown Transportation Fund

<http://accd.vermont.gov/community-development/funding-incentives/downtown-transportation-fund>

Page 17 - Municipal Planning Grants

<http://accd.vermont.gov/community-development/funding-incentives/municipal-planning-grant>

Page 17 - Vermont Community Development Program

<http://accd.vermont.gov/community-development/funding-incentives/vcdp>

Page 17 - Transportation Alternatives Program

<http://vtrans.vermont.gov/highway/local-projects/transport-alt>

Page 17 - Bicycle and Pedestrian Program

<http://vtrans.vermont.gov/highway/local-projects/bike-ped>

Page 17 - Historic Preservation Grants

<http://accd.vermont.gov/historic-preservation/funding/historic-preservation-grants>

Page 19 - Downtown and Village Center Tax Credits

<http://accd.vermont.gov/historic-preservation/funding/tax-credits>

Page 19 - Reallocation of Sales Tax on Construction Methods

<http://accd.vermont.gov/community-development/funding-incentives/sales-tax-reallocation>

Page 19 - Priority Housing Projects

<http://accd.vermont.gov/sites/accdnew/files/documents/CD/CPR/CPR-NDA-Act250-Priority-Housing.pdf>

Page 23 - Village Centers

<http://accd.vermont.gov/community-development/designation-programs/village-centers>

Page 23 - Downtowns

<http://accd.vermont.gov/community-development/designation-programs/downtowns>

Page 23 - New Town Centers

<http://accd.vermont.gov/community-development/designation-programs/new-town-centers>

Page 23 - Neighborhood Development Areas

<http://accd.vermont.gov/community-development/designation-programs/neighborhood-development-areas>

Photos

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