

Benefits

Downtown Designation

The Vermont downtown designation program recognizes and supports local revitalization efforts across the state with specialized training, dedicated staff and funding to help designated downtown organizations build and foster strong communities. Once designated, the community is eligible for the following benefits.



10% HISTORIC TAX CREDITS

- 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% FACADE IMPROVEMENT TAX CREDITS

- Eligible facade work up to \$25,000.

50% CODE IMPROVEMENT TAX CREDITS

- 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.

DOWNTOWN TRANSPORTATION FUND

- Eligible to receive loans, loan guarantees, or grants up to \$75,000 for capital transportation and related capital improvement projects.
- Grants may not exceed 50% of a project's cost.

TRAFFIC CALMING OPTIONS

- Authority to post speed limits of less than 25 mph to help calm traffic and make the downtown a more pedestrian-friendly environment.

NEW SIGNAGE OPTIONS

- May erect and post informational signs to help guide visitors to downtown and to significant historical, educational, recreational or cultural landmarks.

PRIORITY CONSIDERATION FOR HUD, CDBG AND MUNICIPAL PLANNING GRANTS

- Priority consideration for Municipal Planning Grants and funding from Vermont's Community Development Program.

PRIORITY CONSIDERATION BY STATE BUILDING AND GENERAL SERVICES (BGS)

- Priority site consideration by the State Building and General Services (BGS) when leasing or constructing buildings.

SPECIAL ASSESSMENT DISTRICTS

- May create a special assessment district (also known as special benefits district or business improvement district) to raise funds for both operating costs and capital expenses to support specific projects in downtown.

Downtowns

Leanne Tingay
(802) 828.3220
leanne.tingay@state.vt.us

Tax Credits

Caitlin Corkins
(802) 828.3047
caitlin.corkins@state.vt.us

http://accd.vermont.gov/strong_communities/opportunities/revitalization/downtown

Benefits

Village Center Designation

The Vermont Village Center Designation Program recognizes and supports local revitalization efforts across the state with dedicated staff and funding to help designated municipalities build and foster strong communities. Once designated, the community is eligible for the following benefits.



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- May create a special assessment district (also known as special benefits district or business improvement district) to raise funds for both operating costs and capital expenses to support specific projects in downtown.

Village Centers

Richard Amore
(802) 828.5229
richard.amore@state.vt.us
http://accd.vermont.gov/strong_communities/opportunities/revitalization/village_center

Tax Credits

Caitlin Corkins
(802) 828.3047
caitlin.corkins@state.vt.us



Downtown Historic Tax Credits

Overview

Background

Vermonters and visitors alike value our landscape of compact villages surrounded by working landscape. Governors, legislative leaders and advocates agree that this landscape is linked to economy, community spirit and brand, and have set a goal of maintaining and enhancing it through legislation. One of the core strategies for implementing this goal is the State's Downtown Program which provides training and incentives that help maintain Vermont's historic development pattern by targeting state resources to promote the efficient use of land, infrastructure, and resources.

The State's historic tax credit program is one of the primary benefits of Downtown and Village Center designation, and supports the revitalization seen in community centers across the state. The program is popular and to date there are 24 Designated Downtowns and 111 Village Centers. Annually, these designated areas submit well over 30 rehabilitation and renovation projects requesting \$4.3 - 4.5 million in tax credits. Competition is often intense for the \$1.7 million in credits currently available.

In FY14, the program supported 31 projects in 20 different communities and leveraged nearly \$18 million worth of construction activity. Since 2007, the program has supported 150 projects and leveraged over \$180 million in outside investment. Most of the funding supports state-mandated code retrofits like elevators and sprinklers systems that are cost prohibitive to most building owners (often the appraised value of a building is less than the cost of an elevator or sprinklers system which is why many upper floors go unused).

"I was able to grow my businesses from one to four ... [and] went from leasing a space with five employees, to owning a building and employing 26 Vermonters. Between payroll taxes and retail sales taxes, I have more than doubled the state's investment in my business."

Valerie Beaudet, Barre

For More Information Contact:

Caitlin Corkins at (802) 828.3047 or caitlin.corkins@state.vt.us

The Downtown and Village Center Tax Credit Program Stimulates Private Investment

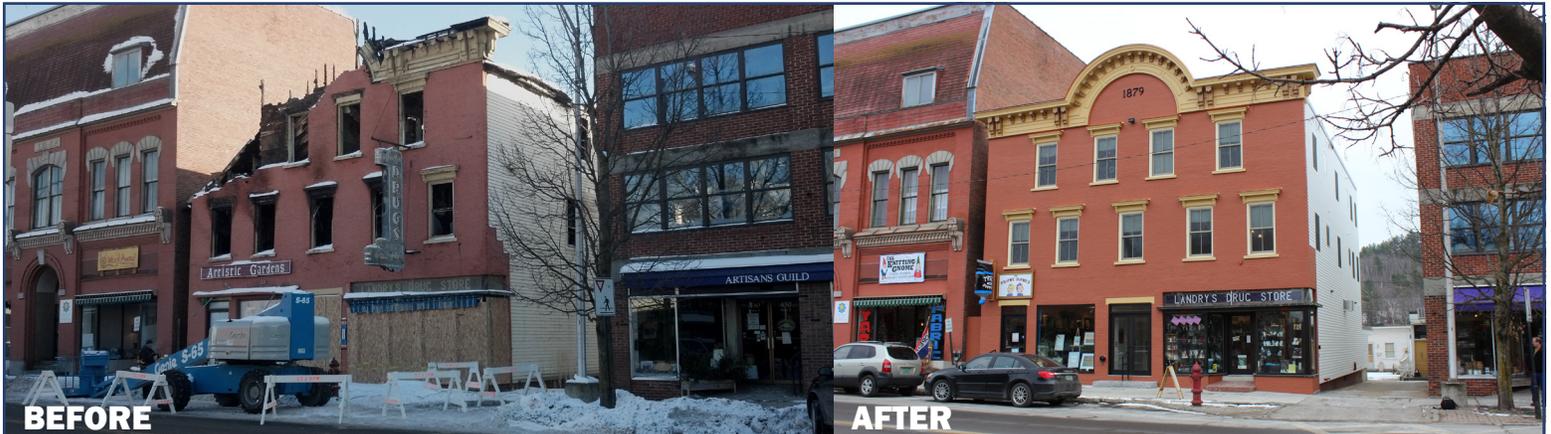
Every dollar of tax credits awarded leverages \$14 in additional investment and Department of Taxes analysis of Grand List values from the program's project portfolio show significant gains in property values as a result of projects funded through the program. What's more, across the state rehabilitation of a single prominent building is in some cases sufficient to stimulate the revitalization of an entire area. In other cases, a series of smaller rehabilitations can ultimately result in a critical mass necessary to return a community center or neighborhood back to prosperity, as is demonstrated by our case study of Hardwick.

Tax Credit Projects Create More Jobs

In Vermont every million dollars in tax credits resulted in 109 jobs. Excluding new elevator installations (cars are built out of state) – 60% of the total project costs was labor. This result is consistent with an economic impact study done for the State of Michigan (and many other states), that found rehabilitation projects devote 60-70% of total project cost to labor, compared to 50 percent in new construction. Our survey data also supports other state studies that found building rehabilitation creates more jobs than the construction of new buildings – not because rehabilitation is more expensive, but because it's more labor intensive.

The Program Increase Business For Local Suppliers and Generates Tax Revenue

Again, excluding elevator cars – 89% of materials were purchased locally. Given that tax credits are not paid out until the project is complete; the project starts to pay back the state's investment immediately with revenues generated from taxes on wages and the purchase of local materials. A Maryland study found that for every \$1 paid out by the State, \$0.34 was returned prior to any credit being paid out, \$1.02 was returned in the first year, and \$3.31 in the fifth year after the project's completion. This study showed that the balance of forgone revenue is returned within a year of project completion; thereafter, the increased property taxes become a revenue generator.



After a fire just before Christmas 2012, the Landry Block (1879) on Railroad Street in St. Johnsbury was saved and rehabilitated with the aid of tax credits in 2013. Not only was the historic character of the building preserved, code improvements mean the two commercial units and four apartments are now fully accessible.

Conclusion

Vermont's downtowns and village centers are an essential part of the State's brand. It's increasingly clear that to maintain Vermont's quality of life and economy we must make investments to make them strong and vital (and discourage consumptive development patterns increasingly seen across the state). Current development trends if left unchecked, not only threaten what we all cherish about Vermont, but also come with enormous social, environmental and economic costs – the burden of which has largely been hidden, ignored, or quietly borne by Vermonters. We ignore these costs at our peril. The state is at a unique and unprecedented point in its history with an opportunity to work collaboratively across state agencies and with our partners. Strategies and programs that invest in smart, sustainable growth today will pay dividends in the long-term fiscal, economic, and environmental viability of the state.



Neighborhood Development Areas

Benefits

Overview

The Neighborhood Development Area designation encourages municipalities and/or developers to plan for new and infill housing in the area within walking distance of its designated downtown, village center, new town center, or within its designated growth center. By incentivizing needed housing the designation further supports the commercial establishments in the designated centers. Within these areas, the objective is to create and maintain walkable neighborhoods that have a human scale, are pedestrian oriented, contain a mix of uses (both residential and non-residential), accommodate but manage vehicular traffic, provide a variety of public spaces, have a sense of identity or place, and are connected to adjacent neighborhoods and the downtown/village core.

Eligibility and Benefits

Areas eligible for designation must be within a neighborhood planning area defined as an area surrounding an existing designated area, extending a 1/4 mile from Village Centers and New Town Centers, a 1/2 mile from Downtowns and encompasses the areas contained within a designated Growth Center). Mapped neighborhood planning areas may be viewed at <http://smartgrowth.vermont.gov>

Within the neighborhood planning areas, applicants identify areas most suitable for residential development (infill, redevelopment and new). Within these areas communities are eligible for the following benefits:

- Qualified “mixed income” projects are exempt from Act 250 regulations;
- Act 250 projects not qualifying for the exemption receive a 50% discount on application fees;
- Agency of Natural Resources fees for wastewater review are capped at \$50.00 for projects that have received sewer allocation from an approved municipal system;
- Exemption from the land gains tax.

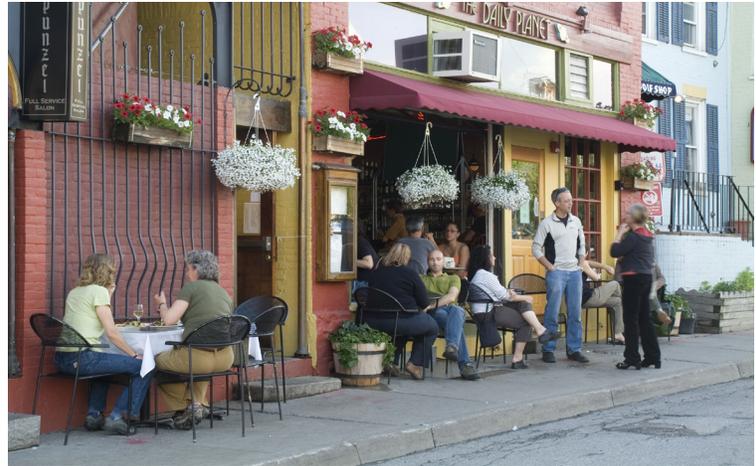
For More Information Contact:

John E. Adams at (802) 828.0162 or john.e.adams@state.vt.us

Downtown, Village Center and New Town Center Designations

New Rules for Linking Designation in Municipal Plans

To strengthen the linkage between community revitalization and planning, municipalities must now describe, in their Municipal Plans, how a designated Downtown, Village Center or New Town Center supports community goals. Municipal Plans must include this information prior to applying for and renewing a Downtown, Village Center or New Town Center Designation after July 1, 2014. The Regional Planning Commissions are happy to help communities update their plans to meet this requirement.



Statutory Requirements

Applications:

For applications filed on and after July 1, 2014, the intention to apply for designation under this section shall be included in the plan of the municipality, and the plan shall explain how the designation would further the plan's goals and the goals of section 4302 of this title. 24 V.S.A. § 2793 (a) (1), 24 V.S.A. § 2793a (a) (1) and 24 V.S.A. § 2793b (a) (1).

Renewals (not applicable for existing New Town Centers):

On and after July 1, 2014, any community applying for renewal shall explain how the designation under this section has furthered the goals of the town plan and shall submit an approved town plan map that depicts the boundary of the designated District. 24 V.S.A. § 2793 (c), and 24 V.S.A. § 2793a (d).

Before applying for a new designation – what does a Municipal Plan need?

- There should be at least one statement that recommends state designation as a way to help achieve the goals of the Plan. The statement should link the goals in the municipal plan to the relevant purposes and benefits of state designation. The municipal plan shall explain previous, current and future revitalization activities in the designated area.

Before designation renewal - what does a Municipal Plan need?

- Every renewal application must explain how designation helps implement the relevant goals in the municipal plan. The explanation should link the goals in the municipal Plan to the relevant purposes and benefits of state designation. The municipal plan shall explain previous, current and future revitalization activities.
- The adopted municipal plan shall include the designation boundary on at least one map. At a minimum, the Board Approved map can be included to meet this requirement. DHCD also recommends including the designation boundary on any maps that illustrate statements referencing designation.

More Questions?

For additional information, please contact Richard Amore, richard.amore@state.vt.us or your Regional Planning Commission (<http://www.vapda.org/>)

Intent of State Designation:

24 V.S.A. § 2790 (b)

1. Support historic downtowns and villages by providing funding, training, and resources to communities designated under this chapter, to revitalize such communities, to increase and diversify economic development activities, to improve the efficient use of public investments, including water and sewer systems, and to safeguard working landscapes;
2. Improve the ability of Vermont's historic downtowns and villages to attract residents and businesses by enhancing their livability and unique sense of place; by expanding access to employment, housing, education and schools, services, public facilities, and other basic needs; and by expanding businesses' access to markets;
3. Coordinate policies and leverage funding to support historic downtowns and villages by removing barriers to collaboration among local downtown organizations, municipal departments, local businesses, and local nonprofit organizations and increasing accountability and effectiveness at all levels of government to revitalize communities and plan for future growth;
4. Promote healthy, safe, and walkable downtown and village neighborhoods for people of all ages and incomes by increasing investments in those locations; providing energy efficient housing that is closer to jobs, services, health care, stores, entertainment, and schools; and reducing the combined cost of housing and transportation;
5. Encourage investment in mixed use development and provide for diverse housing options within walking distance of historic downtowns and villages that reinforce Vermont's traditional settlement patterns and meet the needs of community members of all social and economic groups;
6. Develop safe, reliable, and economical transportation options in historic downtowns and villages to decrease household transportation costs, promote energy independence, improve air quality, reduce greenhouse gas emissions, and promote public health; and
7. Reflect Vermont's traditional settlement patterns, and to minimize or avoid strip development or other unplanned development throughout the countryside on quality farmland or important natural and cultural landscapes



More Questions?

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