



MEMO

Date: February 26, 2026
To: Project Review Committee
From: Christian Meyer, Executive Director
Re: Letters of project compatibility

✉ **ACTION REQUESTED:** Consider issuing letters of compatibility for the following municipal grant applications:

1. Montpelier – **Utilities Extension and Highway Improvements US Route 2 and Country Club Road** – Community Development Block Grant -Disaster Recovery
2. Downstreet – **Montpelier Northbranch Apartments Project** – Community Development Block Grant -Disaster Recovery

The City of Montpelier, and Downstreet have each requested letters of compatibility for funding applications to the CDBG-DR program. Per CVRPC guidelines, both triggered a CVRPC Board or Project Review Committee review. The following memo does not provide staff recommendations on these projects but rather aggregates relevant background information and regional goals and policies along with limited context for how these relate to the proposed projects.

The CVRPC TAC will consider taking action on a recommendation about the City of Montpelier at their regular meeting on 2/24/2024.

Standard of review:

As required for the application for the Community Development Block Grant – Disaster Recovery program, on behalf of the applicant, the RPC shall provide a written statement “that the project is not at odds with the ongoing regional initiatives.”

The basis for CVRPC’s internal guidance on letters of compatibility has been that 24 V.S.A. § 4302(f), where compatibility is defined. Under said statute, "compatible with" the regional plan means that the project, “as implemented, will not significantly reduce the desired effect of the implementation of the other plan.”

1. CITY OF MONTPELIER – UTILITIES EXTENSION AND HIGHWAY IMPROVEMENTS US ROUTE 2 AND COUNTRY CLUB ROAD – COMMUNITY DEVELOPMENT BLOCK GRANT -DISASTER RECOVERY

City of Montpelier has requested a letter of regional compatibility from the CVRPC for infrastructure investment to support the planned residential and mixed development at Country Club Road. Specifically, the project aims to complete:

- New water and sewer lines from the roundabout at US Routes 2 and Route 302 to the intersection of Country Club Road and then up Country Club Road to the site.
- Improvements to the roadway of US Route 2 to elevate the road 2 feet to better match the elevation of Country Club Road at the intersection.
- Complete reconstruction of Country Club Road to lower the grade to a consistent 12% for safer navigation. Adding an uphill bike lane on the east side of the road and a sidewalk on the west side.

Plans for these improvements are attached.

This project is being brought before the Project Review Committee because per CVRPC guidelines, this project will add new active transportation infrastructure, and the adjoining housing project (100+ acres) lies predominately within an Interim Act 250 exemption area for priority housing.

This infrastructure project represents a significant step in the project to development as many as 300 units of housing at this location. However, there are still very few details about the type, the exact number, and ultimate site design for this new housing development. Based on this limited information, staff has provided the following list of goals and policies where the proposed project may support or may be in conflict with the regional plan.

As noted in Mike Miller’s attached request from the City, the housing development is yet to be determined and is not funded by the grant. A request for proposals (RFP) process is ongoing with prospective developers where the city has expressed a desire for up to 300 units with a number of them being required for LMI (to meet grant requirements). This development may result in a need for a traffic signal at the intersection of US-2 and Country Club Road. The cost of that signal is accounted for in a proposed future CHIP application and is not a part of this CDBG-DR grant application.

ACT 250 Interim Exemptions (expires 1/1/27)

The City-owned Country Club Road parcel lies predominately within the Growth Center ½ mile buffer. Therefore, under the interim Act 250 exemptions, a priority housing project of any size is exempt from Act 250 review. The interim exemptions are set to expire January 1, 2027. The definition of a Priority Housing Project and supporting definitions are provided below.

Under this grant, The City would be committing to building roughly 24 housing units affordable for Low to Moderate Income (LMI) residents as defined by US Housing and Urban Development. Assuming the LMI definition as defined by US HUD meets one of the requirements under the

State definition of affordable owner-occupied housing or affordable rental housing, without expanding beyond the Minimum MLI requirements under this grant, under the interim rules, construction could begin on around 120 units (*Disclaimer – these are unverified estimates*) at this location under a Priority Housing Project without Act 250 review.

10 V.S.A. § 6001 (35) “**Priority housing project**” means a discrete project located on a single tract or multiple contiguous tracts of land that consists exclusively of mixed income housing or mixed use, or any combination thereof, and is located entirely within a designated downtown development district, designated new town center, designated growth center, or designated neighborhood development area under 24 V.S.A. chapter 76A.

10 V.S.A. § 6001 (27) “**Mixed income housing**” means a housing project in which the following apply:

(A) At least 20 percent of the housing units meet the requirements of affordable owner-occupied housing under subdivision (29)(A) of this section, adjusted for the number of bedrooms, as established and published annually by the Vermont Housing Finance Agency.

(B) For not less than 15 years following the date that rental housing is initially placed in service, at least 20 percent of the housing units meet the requirements of affordable rental housing under subdivision (29)(B) of this section, adjusted for the number of bedrooms, as established and published annually by the Vermont Housing Finance Agency.

10 V.S.A. § 6001 (28) “Mixed use” means construction of both mixed income housing and construction of space for any combination of retail, office, services, artisan, and recreational and community facilities, provided at least 40 percent of the gross floor area of the buildings involved is mixed income housing. “Mixed use” does not include industrial use.

10 V.S.A. § 6001 (29) “Affordable housing” means either of the following:

(A) **Owner-occupied housing** for which the total annual cost of ownership, including principal, interest, taxes, insurance, and condominium association fees, does not exceed 30 percent of the gross annual income of a household at 120 percent of the highest of the following:

(i) the county median income, as defined by the U.S. Department of Housing and Urban Development;

(ii) the standard metropolitan statistical area median income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development; or

(iii) the statewide median income, as defined by the U.S. Department of Housing and Urban Development.

(B) **Rental housing** for which the total annual cost of renting, including rent, utilities, and condominium association fees, does not exceed 30 percent of the gross annual income of a household at 80 percent of the highest of the following:

(i) the county median income, as defined by the U.S. Department of Housing and Urban Development;

(ii) the standard metropolitan statistical area median income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development; or

(iii) the statewide median income, as defined by the U.S. Department of Housing and Urban Development.

ACT 250 Tier 1 Exemptions (effective 1/1/27)

Parcels located within a **Downtown or Village Center, Village Area, or Planned Growth Area** on the regional Future Land Use Area map will be eligible for Tier 1b designation. Under Tier 1b designation, the development of 50 residential units or fewer, or a project on less than 10 acres, will not require an Act 250 permit.

Parcels located within a **Downtown or Village Center, or Planned Growth Area** on the regional Future Land Use Area map will be eligible for Tier 1a designation. Under Tier 1a designation, all development regardless of size and use will not require an Act 250 permit.

The CVRPC Board of Commissioners will designate all Future Land Use Areas as part of a new regional plan and future land use map adoption. As such, this parcel cannot be considered for Tier 1 until a regional plan is adopted and accepted by the LURB.

Land Use Goals and Policies

Goal 2, Policy 2 of the CVRPC Regional Plan encourage a close review of new roads or water and wastewater expansions. Where these investments are adjacent to primary agricultural soils, they often precipitate new development.

NOTE: *In this case, the City has clearly indicated that they are in the process of developing this site for mixed and residential uses.*

Throughout the **Land Use Chapter**, the Regional Plan promotes development within flood plains. This project has been proposed in part to create new housing opportunities at an elevated location clear of the mapped flood plains. For example:

Goal 1, Policy 5: Avoid or limit development and investment in identified flood hazard areas...

Land Use Area: The property at Country Club Road is mapped in a **Rural Land Use Area**. Per the regional plan, this land use area is defined as follows:

Rural areas encompass the majority of the Region's land area and are generally rural in character. Much of the Region's residential development in recent decades has occurred in these areas in a low-density pattern along transportation routes. These areas encompass much of the Region's large forest blocks, sand/gravel/mineral deposits, and prime agricultural soils that, when in productive use, contribute to the working landscape and have significant economic value. Rural areas also include residential, small-scale commercial and industrial, and recreational uses.

New subdivisions can be planned to incorporate the positive characteristics of earlier rural settlements, such as a community identity, public open spaces, and preservation of important resources (such as agricultural soils and forest blocks). Many of these objectives can be realized by clustering lots to create a Hamlet-type character around the homes, while setting a significant percentage of the project area aside as open space reserved for agriculture, forestry, wildlife habitat or public recreation.

Economic Goals and Policies

Goal 2, Policy 8.D: Implement the goals and policies presented in the Land Use element of this Plan related to continued use, sustainability and protection of productive forests and prime agricultural soils.

Goal 5, Policy 17.D: Work with municipalities to identify viable options for expanded commercial and public outdoor recreational facilities, including trail development and related infrastructure that are environmentally and culturally sustainable.

NOTE: *Much of the existing golf course is mapped as Primary Agricultural soils, classed as either "Prime" or "Statewide." While there is currently a community garden at this location, these have not been active agricultural lands in recent times, they are located in a largely urban municipality and have documented brownfields.*

Transportation Goals and Policies

Goal 1, Policy 7: Support the planning and design of the Region's transportation system to encourage development and re-development in existing villages, cities, and designated growth centers.

Goal 2: To preserve and maintain the existing transportation system.

Goal 2, Policy 3: Encourage development patterns that reflect the planned capacity of the transportation system. Level of Service C will be taken as the preferred condition. Level of Service D should be accepted within the more urban, built-up sectors of the Region (for example: **Montpelier**, Barre City, Northeast Berlin, South Barre, Waterbury Village, Northfield Village, Waitsfield Village, and Irasville).

GOAL 3: Enable the transportation system to operate at its highest efficiency by managing travel demand and encouraging shifts to under-utilized and more efficient travel modes.

GOAL 4: To integrate modes of travel in order to allow for their most effective use and ultimately reduce dependence on single occupant vehicles.

Goal 4, Policy 3: Ensure adequate mobility for all segments of the population, including residents who cannot or do not use private automobiles.

Goal 5, Policy 6: Promote a transportation system that encourages concentrated development, allows greater access to residences, employment, and services, and facilitates carpooling, bus and rail service, and non-motorized travel.

Goal 6: To make necessary improvements to achieve a transportation system appropriately structured and designed to safely, effectively, and economically move goods and people.

Goal 6, Policy 1: Encourage the appropriate scale and design of streets, highways, and other transportation infrastructure to serve local traffic, destination traffic, and through traffic.

Goal 6, Policy 4: Promote projects that limit the conflicts between the motor vehicle traffic stream, pedestrians, and the rail system.

Goal 8: To promote a Regional transportation system that preserves and enhances residential and economic development potential in growth areas.

Goal 8, Policy 1: Provide transportation system improvements at locations where they will or can serve growth areas.

Goal 8, Policy 3: Encourage transportation system improvements that renew and improve downtowns, growth areas, and neighborhoods.

***NOTE:** This project under review is for the extension of utilities, the elevation of Route 2 and the regrading and the development of a bike lane along Country Club Road. The new infrastructure for active modes of transportation are supported by the regional plan. Green Mountain Transit has indicated the reduced grade on Country Club Road will be beneficial to bus access when and if provided.*

While not being proposed as part of this application, up to 300 new housing units at this location will generate additional trips on US Route 2. Staff have reviewed congestion data with the TAC (2/24/26) provided the said data for PRC consideration. The data show no congestion at this location at this time. The City has indicated that a new traffic signal is budgeted for and will be built at the intersection of US Route 2 and Country Club Road if and when warranted. Further, depending on cooperation from neighboring property owners, the City has indicated that it will complete planning for an alternative route connecting the property to Barre Street via Sabins Pasture.

Housing Goals and Policies

Goal 1: To promote the development of housing opportunities for all residents of the Region, including and especially, affordable, elderly, and special needs housing.

Goal 4: To support the coordination between public, private, and non-profit agencies involved with planning, financing, and developing affordable housing.

Policy 4: Municipalities should seek to ensure at least 20 percent of the housing stock is affordable, as defined by 24 VSA, Chapter 117, Section 4303.

Policy 5: The majority of new housing should be constructed in town centers and designated growth centers.

Policy 7: Housing units that are affordable to households below the area median income and housing near employment centers should be encouraged.

***NOTE:** As noted by Mike Miller, though this funding is not being used to build housing, roughly 24 new units will need to be built as affordable housing as part of the funding agreement.*

Per the statewide housing assessment, CVRPC has the prescribed housing target of 2,540 to 3,864 new housing units by 2030 and 8,045 to 15,856 new units by 2050. To work toward these targets, it seems likely to staff that several large projects like Country Club Road will need to be completed, regionwide.

Utilities, Facilities and Services Goals and Policies

Wastewater Treatment Goal: Improvement and expansion of wastewater treatment facilities and options so as to protect public health, maximize public investment, and reinforce desired patterns of growth.

Wastewater Treatment Goal, Policy 9: Wherever possible, extensions of municipal wastewater collection systems should occur, along or within existing public rights of way.

Emergency Management Goals

Goal 1: To build disaster resistant communities in Central Vermont through sound emergency planning and management.

Policy 6: Discourage residential, commercial, or residential development in flood plains.

2. DOWNSTREET – MONTPELIER NORTHBRANCH APARTMENTS PROJECT - COMMUNITY DEVELOPMENT BLOCK GRANT -DISASTER RECOVERY

Through the Northbranch Apartments Project, Downstreet is looking to make necessary improvements to maintain 45 permanently-affordable rental homes serving low- and moderate-income households in downtown Montpelier. This project is for construction, rehab, and climate resiliency improvement of four buildings throughout the downtown (listed below). However, 87 Elm Street is the primary focus of the project, requiring a more in-depth analysis of the building. The July 2023 floods displaced all the residents of all 23 units, four of whom were displaced for nine months. The Northbranch Apartments project is considering elevating the building, abandoning the first floor, demolishing the building, or selling the building.

Locations:

- 87 Elm St, Montpelier - 23 Units
- 89 Elm St, Montpelier - 16 units
- 47 Barre St, Montpelier - 4 Units
- 6 Monsignor Crosby Avenue, Montpelier - 2 Units

ACT 250 Interim Exemptions (expires 1/1/27)

The properties at 87 Elm Street, 89 Elm Street, and 47 Barre Street are all located in the designated downtown district. Therefore, under the interim Act 250 exemptions, residential development, of any size, is exempt from Act 250 permitting. The interim exemptions are set to expire January 1, 2027.

The property at 6 Monsignor Crosby Avenue is located in the designated Growth Center district. Therefore, under the interim Act 250 exemptions, residential developments of 75 units or fewer are exempt from Act 250 permitting. The interim exemptions are set to expire January 1, 2027.

ACT 250 Tier 1 Exemptions (effective 1/1/27)

Per statute, designated downtown districts will be grandfathered into the Future Land Use Area map as Downtown Centers. Parcels located within a Downtown Centers on the regional Future Land Use Area map will be eligible for Tier 1a and 1b designation. Three of the four locations, 87 Elm Street, 89 Elm Street, and 47 Barre Street, are in Montpelier's designated downtown.

Under a Tier 1a designation, development, regardless of size and use, is exempt from an Act 250 permit. Eligible communities must apply to the LURB for recognition as a Tier 1a community.

Under Tier 1b designation, the development of 50 residential units or fewer or a project that is on a parcel less than 10 acres, is exempt an Act 250 permit. Eligible communities opt-in to Tier 1b through their RPC.

Land Use Goals and Policies

Throughout the **Land Use Chapter**, the Regional Plan promotes development within flood plains. For example:

Goal 1, Policy 5: Avoid or limit development and investment in identified flood hazard areas...

***NOTE:** The intent of this project as proposed by the applicant is to address impacts of past flooding for future resilience.*

Goal 3: To encourage the historic settlement pattern of compact village and urban centers separated by rural countryside while promoting development in economically viable locations

Goal 5: Avoid or limit development and investment in identified flood hazard areas. Where established economic and institutional centers exist, development in these centers shall adhere to strict floodplain management standards to minimize flood damage and public safety risk.

Goal 5, Strategy 5c. Fill and new structures within mapped floodways as identified on FEMA Flood Insurance Rate Maps shall be prohibited, except where a substantial public benefit is provided.

Goal 5, Strategy 5e: Assist municipalities in identifying and limiting development on lands adjacent to waterways that provide flood storage or other beneficial function through acquisition, easement, deed restriction or zoning that encourages cluster design, particularly for those upstream floodplains that provide flood protection functions for the Region's downtowns and village centers.

***NOTE:** While this project is not proposing any new structures or development, and the projects being proposed are intended to make the existing buildings more resilient, the plan clearly discourages new construction in the mapped flood plain.*

Regional Land Use Area: The Downstreet project is mapped in a **Regional Center**. Per the regional plan, this land use area is defined as follows:

Regional Centers are the Region's core downtowns, plus their surrounding mixed-use neighborhoods, which accommodate high density commercial, institutional, industrial and residential uses. Regional Centers in Central Vermont include portions of the City of Montpelier, Barre City and Waterbury Village, each of which contains a state-designated Downtown district and infrastructure that includes urban road networks, sidewalks, public spaces and public water and wastewater systems. These areas provide regional services and employment and are areas where efforts to reduce travel demand through ridesharing, transit and multi-modal transit options are critical.

Regional centers are not only the dominant attractors of work and personal business trips in the Region, they also attract significant numbers of trips from the outside the Region. The Region's greatest concentrations of office space, retail space, banking services and other generators of personal business are located in downtown Montpelier

and Barre City. Relative to the other downtown areas, Montpelier and Waterbury have more office space (such as the State Office Complex). Barre City also has State Offices at the McFarland House and City Place, and has more manufacturing and industrial land uses.

Housing Goals and Policies

Goal 1: To promote the development of housing opportunities for all residents of the Region, including and especially, affordable, elderly, and special needs housing.

Goal 3: To promote preservation of the existing housing stock and the development of future housing in the village/town and employment centers of the Region, or those areas designated as Growth Centers.

Goal 4: To support the coordination between public, private, and non-profit agencies involved with planning, financing, and developing affordable housing.

Policy 3: Municipalities should encourage housing at the maximum densities allowed by local plans and regulations and at densities at or above those of their traditional/ existing neighborhoods.

Policy 4: Municipalities should seek to ensure at least 20 percent of the housing stock is affordable, as defined by 24 VSA, Chapter 117, Section 4303.

Policy 6: The Region's existing housing stock should be preserved and renovated. Adaptive re-use of older and historic buildings should be encouraged especially in town centers.

Policy 7: Housing units that are affordable to households below the area median income and housing near employment centers should be encouraged.

Actions:

- Continue support of local housing groups.
- Promote the density building land use strategies discussed in this Chapter and in the Land Use Element as a matter of course through our technical assistance programs.

NOTE: *Per program guidelines, CDBG-DR funds must support a majority of housing for LMI residents.*

Utilities, Facilities, and Services Goals and Policies

Water System Goal, Policy 6: Water service area expansions should be designed to encourage development in areas where growth is appropriate including Regional Centers, Town Centers, Hamlets, Resort Centers, Rural Commercial and Industrial areas and growth centers as identified by town plans.

Wastewater Treatment Goal, Policy 6: New or expanded wastewater treatment facilities should be planned where municipalities have immediate need or where additional growth

is appropriate, including Regional Centers, Town Centers, Hamlets, Resort Centers, and Mixed Use Commercial and Industrial areas.

Historical and Archeological Resources Goal:

Policy 2: CVRPC encourages development which preserves the historic and architectural character of town and village centers and the rural landscape.

Policy 4: CVRPC encourages the restoration, rehabilitation and adaptation of historic structures where feasible, as this minimizes the environmental impact of development by conserving raw materials, using land already developed, employing existing services.

Emergency Management Goals

Goal 1: To build disaster resistant communities in Central Vermont through sound emergency planning and management.

Policy 6: Discourage residential, commercial, or residential development in flood plains.

***NOTE:** While the Elm Street properties fall within the 1% flood hazard area, the Barre Street and Monsignor Crosby Avenue properties fall within the 0.02% flood area. Both properties are in the flood plain, though the proposed purpose of the project is to address flood risk and improve resilience.*

Transportation Goals and Policies

Goal 2: To preserve and maintain the existing transportation system.

Goal 2, Policy 3: Encourage development patterns that reflect the planned capacity of the transportation system...

GOAL 3: Enable the transportation system to operate at its highest efficiency by managing travel demand and encouraging shifts to under-utilized and more efficient travel modes.

GOAL 4: To integrate modes of travel in order to allow for their most effective use and ultimately reduce dependence on single occupant vehicles.

Goal 4, Policy 3: Ensure adequate mobility for all segments of the population, including residents who cannot or do not use private automobiles.

Goal 5, Policy 6: Promote a transportation system that encourages concentrated development, allows greater access to residences, employment, and services, and facilitates car pooling, bus and rail service, and non-motorized travel.

***NOTE:** The proposed land uses are generally considered positive in terms of transportation impacts. The locations are urban, walkable, bikeable, and served by transit. The proposal currently is not propose a larger number of new housing units (if any at all). Therefore, the project is considered unlikely to impact number of trips or vehicle miles traveled.*

Economic

Policy 15: Increase economic resilience by mitigation of and adaptation to extreme weather events and flooding.

West Central Vermont Comprehensive Economic Development Study (CEDS)

Goal 5 Infrastructure and Resilience: Actively participate in the planning, funding, and construction of infrastructure projects needed to strengthen the regional economy and that support equity, smart growth principals, and economic resilience in response to climate change and other disasters.