

Legacy State Designations and New Future Land Use Areas (FLUAs)

A comparison of Vermont's five legacy state designation programs with the new Center / Neighborhood designation framework created by Act 181 of 2024, tied to Regional Plan Future Land Use (FLU) maps.

Overview of the Change

Previously, Vermont had five separate designation programs, each requiring a municipality to apply to the Downtown Development Board: **Downtowns, Village Centers, New Town Centers, Growth Centers, and Neighborhood Development Areas (NDAs)**. Act 181 consolidated these designations into two categories – **Centers and Neighborhoods**. Centers are further divided into 3 steps, where 3 is the highest designation.

These new designations are tied directly to the new regional Future Land Use (FLU) maps and do not require a new application process. The new designations automatically become effective once a Regional Plan's FLU map is approved by the Land Use Review Board (LURB). This replaces the prior process of applying to the Community Investment Board (formerly the Downtown Board).

Legacy Designations Become New FLU Categories

Legacy Designation	New FLUA Category	New Designation	Notes
Downtown	Downtown or Village Center (FLU)	Center — Step 3	Legacy designated Downtowns enter the new program as Step 3 Centers
Village Center	Downtown or Village Center (FLU)	Center — Step 2	Legacy Villages and New Town Centers automatically enter the new program at Step 2
New Town Center	Downtown or Village Center (FLU)	Center — Step 2	Consolidated with Village Centers
Growth Center	Planned Growth Area or Village Area (FLU)	Neighborhood	Legacy Neighborhood Development Areas and Growth Centers are consolidated into Neighborhoods
Neighborhood Development Area (NDA)	Planned Growth Area or Village Area (FLU)	Neighborhood	Same consolidation as Growth Centers
Historic Districts	Downtown or Village Center (FLU)	Centers	Many Village/Downtown Centers were drawn to extend into an adjacent historic district, generally excluding mapped flood hazard or river corridor area
Additional areas without previous designations may be added with new designations as explained below when the new Regional Land Use Map is approved.			
<i>(New area with no legacy designation)</i>	Downtown & Village Center (FLU)	Center — Step 1	New, lower-barrier entry point to the Center designation
<i>(no legacy designation)</i>	Planned Growth Area / Village Area (FLU)	Neighborhood	New entry point for areas around Centers

How the Transition Works

- Automatic conversion, no application needed: once the LURB approves the Regional Plan, any area mapped as a Downtown Center or Village Center is automatically enrolled in the Center designation program, and Planned Growth Area or Village Area is automatically enrolled in the Neighborhood program.
- There is no loss of existing incentives for legacy designated areas upon transition, and legacy boundaries remain visible on the Vermont Planning Atlas.
- Phase-out safeguard: any benefits eliminated by the legislative changes remain in effect until July 1, 2034 for areas transitioned from legacy designations.
- Future boundary changes to the Regional Future Land Use Map require a Regional Plan amendment through the Regional Planning Commission and must be approved by the LURB. There will no longer be a standalone historic-district or designation application. CVRPC guides municipalities through that process.

New Designated Centers (Downtown Centers & Village Center FLUAs)

Centers are organized into three “steps” based on local capacity, planning initiatives, and any associated legacy designation. Step 1 is a new, lower-barrier entry point for any historic center; Steps 2 and 3 unlock progressively more incentives. Legacy Downtowns enter as Step 3; legacy Village Centers and New Town Centers enter as Step 2. Brand-new areas, including those newly created around a historic district with no prior designation, enter as Step 1. Moving to a higher step will happen through an administrative application to DHCD staff.

Center Requirements by Step

Center Requirement	Step 1	Step 2	Step 3
Mapped as downtown/village center in approved regional plan	X	X	X
Has a Legacy New Town Center Designation on 12/31/26			X
Has a Legacy Village Designation on 12/31/26		X	
Has a Legacy Downtown Designation on 12/31/26			X
Capital Plan			X
Local Downtown Organization			X
Available Public Water/Wastewater			X
Permanent Zoning and Subdivision Regulations			X
Historic Preservation Regulations (unless Legacy NTC on 12/31/26)			X
Adopted Downtown Design or Form-Based Code Regulations			X
Regionally Confirmed Municipal Planning Process		X	X
Anchored by Historical Settlement (including National Register eligible areas)	X	X	X

Center Benefits by Step

Center Requirement	Step 1	Step 2	Step 3
Downtown Vibrancy Grant Funding			X
Sales Tax Reallocation Funding			X
National Main Street Accreditation Eligibility			X
Placemaking/Wayfinding/Off-Site Signage Exemptions			X
Housing Permit Appeals Limitations			X
Location Priority for State Office Building Development			X
Downtown Transportation Improvement Funding Eligibility			X
Better Connections Grant Funding		X	X
Infrastructure Funding Priority		X	X
Priority Consideration for State/Federal Affordable Housing Funding		X	X
Municipal Authority to Create Special Taxing District		X	X
Priority Consideration for State/Federal Funding		X	X
Authority to Lower Speed Limits <25 mph		X	X
State Water/Wastewater Permit Fee Reduction		X	X
Exemption from Land Gains Tax		X	X
DHCD Assistance on Municipal Historic Preservation Regs.		X	X
Funding Priority for Municipal & Regional Planning Resilience Fund	X	X	X
Better Places Grant Funding (not currently funded)	X	X	X
Downtown & Village Tax Credit Funding	X	X	X

New Designated Neighborhoods (Planned Growth Area & Village Area FLUAs)

Neighborhoods consolidate the legacy Growth Center and Neighborhood Development Area designations into a single, flat category (no steps). Neighborhoods will include areas mapped as Planned Growth Areas or Village Areas.

Neighborhood Benefits

- Municipal and Regional Planning & Resilience Grant Funding Priority (Municipal Plans/Visioning/Assessment; Special Purpose Plans)
- Better Connections Grant Funding Priority
- Infrastructure Funding Priority
- Downtown & Village Tax Credits Eligibility
- Affordable Housing Funding Priority
- Housing Permit Appeal Limitations
- Municipal Authority to Lower Speed Limits <25 mph
- State Water/Wastewater Permit Fee Reduction
- Land Gains Tax Exemption
- Municipal Special Taxing Authority