CCRPC Growth Center Designation Reform Recommendations
10/16/2013

BACKGROUND

The Commissioner of Housing and Community Development has been asked by the legislature to provide recommendations regarding improving the state designation processes including a look at industrial parks and rural areas.

ECOS Plan perspectives:

- Before 1970 less than 20% of new development occurred in rural areas. (Figure 41)
- Between 1970 and 2005, new development in rural areas almost doubled to more than 35%.

Strategy 3.2.2 - Strive for 80% of new development in areas planned for growth, which amounts to 15% of our land area.

Action 5. State/Local Permitting Coordination & Improvement

a. Support changes to the local and state permitting process to make the two more coordinated and effective. Participate in the Agency of Commerce and Community Development's (ACCD) process to improve the State's designation programs designed to encourage development in appropriately planned places and discourage development outside of those areas. This program could be improved with regulatory and/or fiscal incentives. These could include expedited permitting processes for projects in areas that are: a) designated for growth; and, b) where a community has a robust plan, regulations and staff capacity; and reduction of redundancies such as delegation of permitting for certain local and state reviews (such as exemption from Act 250). In conjunction with delegation it may be appropriate to develop more stringent standards and thresholds for development review in rural areas.
b. Collaborate with stakeholders to ensure local and state regulations, bylaws and plans encourage transparency, predictability and timely review of sustainable and environmentally sound development applications.
c. Develop a transportation assessment process and fair share mitigation assessment that supports existing and planned land use densities and patterns in Center, Metro, Suburban, Village, and Enterprise Planning Areas to allow for more congestion and greater mode choice than allowed by current standards. The CCRPC will collaborate with the Vermont Agency of Transportation (VTrans), the Natural Resources Board, and other state and local stakeholders to develop a process that evaluates the transportation impact from a multi-modal perspective rather than just a traffic flow standpoint. Further, the District Commissions must adhere to a consistent formula and assessment process in consultation with the Agency of Transportation.

RECOMMENDATIONS

General – The following reflect statements of principles and ideas and not specific legislative proposals including all of the details necessary for statutory change.

Permitting Process, in general - The state permit process should encourage development in appropriately planned places and discourage development outside of those areas. This could include expedited processes for projects in areas designated for growth and where a community has a robust plan, regulations and staff; for example improve the process and reduce redundancies (consider delegation in appropriate situations) for certain local and state reviews and Act 250. If this recommendation would result in a more efficient and timely process in designated growth areas, it may be appropriate to develop more stringent standards and thresholds for development review in rural areas.

Tiered Designations – The designation review and approval process and associated incentives should build upon each other. In order: Village Centers, New Town Centers, Downtowns (all with associated neighborhood planning areas), Enterprise Zones, Growth Centers.

Approval Process –

1. Building upon the work done in last year's neighborhood planning area; proposed designations should be clearly identified in the municipal and regional plans.
2. Appropriate zoning should be in place to support the development of designation and protection of critical natural resources.
3. Infrastructure should be in place or planned with appropriate capacity for projected development.
4. RPCs should assist, review, and make recommendations to the State for approval regarding the subjects below. The Downtown Board should review to confirm.
    a. For all designations:
        i. Consistency with adopted municipal and regional plans and planning processes.
        ii. Zoning to implement the designation.
        iii. Infrastructure (transportation, wastewater, water, storm water, etc.) plans to implement the designation.
        iv. Community facilities (municipal buildings, parks, libraries, public safety facilities, etc.)
    b. For growth centers/enterprise zone:
        i. Mapping, projections, and build-out analyses.
        ii. The proposed designation's impact on the village, downtown, or new town centers associated with, or potentially impacted by, the growth center.
        iii. Evaluate agriculture within growth center and provisions for urban agriculture in municipal plan and zoning.
        iv. The efforts of the applying municipality and/or adjacent municipalities to further the goal of retaining a more rural character in the areas surrounding the growth center.
    c. For Enterprise Zone

   i. With RDC, confirm that the site is needed for high wage, value-added employment.
   ii. Eliminate conditional uses by municipalities in this zone.
5. VTrans, ANR, Ag, and ACCD should make recommendations to Downtown Board. Early municipal and RPC consultation with these agencies should be encouraged.
6. Remove the restriction regarding no more than 150% of residential development and 100% of commercial and industrial growth. This presumes a degree of certainty regarding projections that is not realistic. (The state and municipalities should be working together to encourage more growth in these locations, not limiting it.)

Regulatory incentives – Incentives should build as a municipality attains each higher designation. Specific additional recommendations are:

1. Provided the project is above a minimum density (eg. at least 4 du/ac net density in residential districts, or 2 or more stories), remove the Act 250 jurisdiction in Growth Centers, Enterprise Zone, Downtowns, Villages. This would apply to municipalities with zoning that meets criteria and included in subsequent designation approvals.
2. If Act 250 is not engaged, municipal DRB approval should be contingent upon final approvals from state regarding storm water and transportation, unless delegated to the community.
3. Prime Agricultural soils mitigation should not be required in areas for targeted for development in the designated area (recognizing that some areas in designations are set aside for open space, natural resources, and urban agriculture).
4. To address cumulative rural impacts, reduce thresholds for Act 250 to five lots. Perhaps allow a higher number, but only if clustered on small lots. Also consider tightening the cumulative road rule.
5. A rural fee in lieu of Act 250 should be considered to begin leveling the playing field. (perhaps: a State fee for new homes outside designations (maybe price or size based)) This could be tied to the "Fair Share" for transportation fee and revenues used for transportation/infrastructure improvements in growth centers
6. For project specific access permits, revise VTrans LOS standards in designated areas with other available modes.

Infrastructure Financing incentives -

1. Target Infrastructure Planning Funds – Increase ANR funding and give priority to municipalities planning for water, wastewater, storm water, and other infrastructure to support designation/efficient land use/compact development.
2. *Increase funding of MPG grants if intended for infrastructure planning.*
3. Target, promote and install water/wastewater systems in villages/downtowns/growth centers and enterprise zones.

4. Consider expanding the opportunity for TIF districts, and even some more creative methods that would not include education funds.
5. Simplify local options taxes process to support infrastructure. Allow all municipalities to be eligible. In designations increase the percent for municipalities beyond 70%? (reduce the 30% to the state and processing fee).
6. Expand the capacity of the bond bank to issue revenue bonds (not just general obligation) in revenue bond districts. Reduce interest rate for projects in designations from the bond bank. Like VEDA, provide 1 % loans to be paid back with additional property taxes in the designated area until the loan is paid off. Risk gets paid with an additional year of the property tax revenue.
7. Strengthen and encourage more business improvement/special assessment districts. Relate these districts to business tax deductions.
8. Expand the State Treasurer's municipal equipment loan fund for more eligible purchases related to municipal infrastructure.

Enterprise Zone incentives -

1. Define Enterprise Zone as provided in the adopted regional plan. Provide additional incentives for high wage, value-added employment.
2. Create a VEDA managed RLF for the creation or improvement of industrial parks.
3. Provide site planning assistance in amounts up to 50% of the total cost.
4. Provide financing up to 50% of site acquisition and infrastructure development costs. The State can either fund projects using grants, loans (to be recovered from initial lot sales) or a combination of both.

Suggested Revision to Goals Section of Statute

An acknowledgement of the importance of enterprise zones in growth center/planning and funding legislation must be included via language and purpose statements just as natural resources and agricultural uses are currently recognized. Suggested language to add to Growth Center bill: (Refer to Senate Bill 17 for language as well)

It is acknowledged that there are areas that may not be appropriate for, or compatible with existing uses within the downtown, village center, new town center or growth centers. Therefore, in order to enhance the quality of the aforementioned centers and to create a place for inconsistent uses to locate without sprawling into the countryside, enterprise zones shall be recognized and include lands that may not be contiguous to the above described areas, but have clearly defined boundaries that are zoned or permitted for industrial or business use as of January, 2010 and that have been approved by one or more municipalities in their municipal plans to accommodate a share of the industrial and business growth anticipated by the municipality or municipalities over a 20-year period. These zones shall to the fullest extent possible, function as a single integrated area and provide functional connections to the designated growth centers located within a community. These functional connections mean areas connected by existing or planned public or private infrastructure.