

1
2
3
4
5
6
7
8
9

10
11
12
13
14
15
16
17
18
19

H.683

Introduced by Representative Bongartz of Manchester

Referred to Committee on

Date:

Subject: Conservation and development; land use; Historic downtown
development; State designated areas

Statement of purpose of bill as introduced: This bill proposes to update the
State Designated Areas Program by streamlining the designations and
changing the application process.

An act relating to modernizing the State Designated Areas Program

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. REPEAL

24 V.S.A. chapter 76A is repealed.

Sec. 2. 24 V.S.A. chapter 139 is added to read:

CHAPTER 139. DESIGNATED AREAS PROGRAM

§ 5801. DEFINITIONS

As used in this chapter:

(1) “Department” means the Vermont Department of Housing and

Community Development.

1 (2) “Designated Neighborhood” means an area designated under section
2 5805 of this title.

3 (3) “Development-Ready Area” means a geographic area designated
4 under this chapter that overlays a Downtown and Village Commercial Core or
5 Designated Neighborhood. It creates an area that can be applied to cores and
6 neighborhoods in whole or part, within a regionally mapped planned growth
7 area. The purpose of the Development-Ready Area is to extend State
8 regulatory and nonregulatory benefits, including possible Act 250 exemption,
9 delegation, jurisdictional ease, or presumptions of compliance to recognize
10 local conditions and capacity in areas planned for smart growth development
11 and redevelopment.

12 (4) “Downtown” means the traditional central business district of a
13 community that has served as the focus of socioeconomic interaction in the
14 community, characterized by a cohesive core of commercial and mixed-use
15 buildings, some of which may contain mixed-use spaces, often interspersed
16 with civic, religious, residential, and industrial buildings and public spaces,
17 typically arranged along a main street and intersecting side streets that are
18 within walking distance for residents who live within and surrounding the core
19 and that are served by public infrastructure such as sidewalks and public
20 transit. Downtowns are typically larger in scale than village centers and are

1 characterized by a development pattern that is consistent with smart growth
2 principles.

3 (5) “Downtown and village commercial core” or “commercial core”
4 means a district designated by the Vermont Downtown and Village Board
5 under this title. It refers to the core of a traditional settlement, typically
6 composed of a cohesive mix of residential, civic, religious, commercial, and
7 mixed-use buildings arranged along a main street and intersecting streets that
8 are within walking distance for residents who live within and surrounding the
9 core. Industrial uses may be found within or immediately adjacent to these
10 centers.

11 (6) “Infill” means the use of vacant land or property or the
12 redevelopment of existing buildings within a built-up area for further
13 construction or land development.

14 (7) “Local downtown organization” means either a nonprofit
15 corporation or a board, council, or commission created by the legislative body
16 of the municipality whose primary purpose is to administer and implement the
17 community reinvestment agreement and other matters regarding the
18 revitalization of the downtown.

19 (8) “Planned Growth Area” means an area mapped by the regional
20 planning commission on the regional maps, that may encompass a vital core

1 area that has the potential to be designated as either a Commercial Core or
2 Designated Neighborhood, or both.

3 (9) “Smart growth principles” means growth that:

4 (A) maintains the historic development pattern of compact village
5 and urban centers separated by rural countryside;

6 (B) develops compact mixed-use centers at a scale appropriate for the
7 community and the region;

8 (C) enables choice in modes of transportation;

9 (D) protects the State’s important environmental, natural, and historic
10 features, including natural areas, water quality, scenic resources, and historic
11 sites and districts;

12 (E) serves to strengthen agricultural and forest industries and
13 minimizes conflicts of development with these industries;

14 (F) balances growth with the availability of economic and efficient
15 public utilities and services;

16 (G) supports a diversity of viable businesses in downtowns and
17 villages;

18 (H) provides for housing that meets the needs of a diversity of social
19 and income groups in each community; and

20 (I) reflects a settlement pattern that, at full build-out, is not
21 characterized by:

1 (i) scattered development located outside compact urban and
2 village centers that is excessively land consumptive and inefficient;

3 (ii) development that limits transportation options, especially for
4 pedestrians, bicyclists, transit users, and people with disabilities;

5 (iii) the fragmentation of farmland and forestland;

6 (iv) development that does not make efficient use of land, energy,
7 roads, utilities, and other supporting infrastructure or that requires the
8 extension of infrastructure across undeveloped lands outside compact, villages,
9 downtowns, or urban centers; and

10 (v) development that does not contribute to a pattern of strip linear
11 development along well-traveled roads and highways that lacks depth, as
12 measured from the highway.

13 (10) “Sprawl repair” means the redevelopment of developed lands in a
14 pattern that is consistent with smart growth principles and is walkable to an
15 existing core and served by water and sewer infrastructure.

16 (11) “State Board” means the State Designated Area Board established
17 in section 5802 of this title.

18 § 5802. VERMONT DOWNTOWN AND VILLAGE BOARD

19 (a) A “Vermont Downtown and Village Board,” also referred to as the
20 “State Board,” is created to administer the provisions of this chapter. The State
21 Board shall be composed of the following members:

1 (1) The Secretary of Commerce and Community Development or
2 designee.

3 (2) The Secretary of Transportation or designee.

4 (3) The Secretary of Natural Resources or designee.

5 (4) The Commissioner of Public Safety or designee.

6 (5) The State Historic Preservation Officer or designee.

7 (6) The Director of Racial Equity or designee.

8 (7) A person appointed by the Governor from a list of three names
9 submitted by the Vermont Natural Resources Council and the Preservation
10 Trust of Vermont.

11 (8) A person appointed by the Governor from a list of three names
12 submitted by the Association of Chamber Executives.

13 (9) Three public members representative of local government, one of
14 whom shall be designated by the Vermont League of Cities and Towns, and
15 two of whom shall be appointed by the Governor.

16 (10) A member of the Vermont Planners Association (VPA) designated
17 by the Association.

18 (11) The Chair of the Natural Resources Board or a representative of the
19 Natural Resources Board designated by the Chair.

20 (12) A representative of a regional planning commission designated by
21 the Vermont Association of Planning and Development Agencies (VAPDA)

1 and an alternate representative designated by VAPDA to enable all
2 applications to be considered by a representative from a regional planning
3 commission other than the one of which the applicant municipality is a
4 member. The alternate designated by VAPDA may vote only when the
5 designated representative does not vote.

6 (b) The State Board shall annually elect a chair and vice chair from among
7 its membership at the first meeting in the new fiscal year.

8 (c) The Department shall provide legal, staff, and administrative support to
9 the State Board, shall produce guidelines to direct municipalities seeking to
10 obtain designation under this chapter and for other purposes established by this
11 chapter, and shall pay per diem compensation for board members pursuant to
12 32 V.S.A. § 1010(b).

13 (d) The State Board shall meet at least quarterly.

14 (e) The Board shall have authority to adopt rules of procedure to use for
15 appeal of its decisions and rules on handling conflicts of interest.

16 (f) In addition to any other duties confirmed by law, the Board shall have
17 the following duties:

18 (1) serving as the funding and benefits coordination body for the
19 Designated Areas Program;

1 (2) reviewing and approving regional land use maps reviewed by the
2 regional planning commission for Commercial Core and Designated
3 Neighborhood recognition;

4 (3) ability to condition designation approvals, modify maps presented
5 and the boundaries of designated areas, and continue hearings when in need of
6 additional information;

7 (4) ability to suspend or remove a designation; and

8 (5) tax credit review and approval under the 32 V.S.A. § 5930aa et seq.

9 § 5803. MAPPING BY REGIONAL PLANNING COMMISSIONS

10 (a) The regional planning commission, as part of the regional plan's future
11 land use maps, shall map areas of their member of municipalities that have the
12 potential to be designated as Commercial Cores and Designated
13 Neighborhoods in consultation with the municipalities. These areas shall be
14 known as Planned Growth Areas and may encompass regionally mapped vital
15 core areas. Proposed Development-Ready Areas may be mapped by a
16 municipality in consultation with the regional planning commission pursuant
17 to section 5806 of this title. The Vermont Association of Planning and
18 Development Agencies (VAPDA) shall develop a standard methodology for
19 the mapping of these areas which shall integrate consistent elements in the
20 municipal and regional plan.

1 (b) On or before July 1, 2027, the VAPDA shall develop standard
2 methodology for the mapping of the designated areas that shall integrate
3 consistent elements in the plan for a municipality. The methodology shall
4 recommend a streamlined procedure for minor amendments by the State to the
5 boundaries of the designated areas.

6 (c) A regional map shall be reviewed by a designated panel composed of
7 representative from at least three adjoining regional planning commissions,
8 and nothing in this section shall prevent any regional planning commission
9 from issuing independent comments. The VAPDA shall develop a preadoption
10 process by which to review the maps and issue findings on conformance with
11 this chapter and chapter 117 of this title.

12 (d) After review by the other regional planning commissions, the regional
13 map shall be submitted to the State Board for review and approval.

14 (e) A municipality may apply to the regional planning commission to
15 request the mapping of areas that would qualify to be designated as
16 Development-Ready Areas. The VAPDA shall develop a process by which to
17 map Development-Ready Areas.

18 § 5804. DESIGNATION OF DOWNTOWN AND VILLAGE

19 COMMERCIAL CORE

20 (a) Designation established. A regional planning commission may apply to
21 the State Board for designation of all commercial cores within that region as

1 Downtown and Village Commercial Cores, also known as the Commercial
2 Core, by submitting the adopted regional map reviewed by adjoining regions.
3 The proposed map shall include historic downtowns and villages with
4 community economic activity and civic assets like municipal offices, libraries,
5 post offices, and sidewalks. It shall encompass an area that extends access to
6 benefits that sustain and revitalize existing buildings and maintains the basis of
7 the program's original focus on strong downtowns and villages by promoting
8 development patterns and historic preservation practices vital to Vermont's
9 economy, cultural landscape, equity of opportunity, and climate resilience.

10 (1) A preapplication meeting shall be held with Department staff to
11 review the program requirements and review the regional maps and adjoining
12 regional planning commission reviews. The meeting shall be held in the
13 region unless another location is agreed to by the region.

14 (2) An application by a region shall contain the regional planning map
15 that outlines the Core Areas for the municipalities throughout the region. The
16 application shall also include evidence that the municipalities have been
17 notified of the regional planning commission's intent to apply, evidence that
18 notice of its application has published in a local newspaper of general
19 circulation within the region, and information showing that the district meets
20 the standards for designation established in subsection (f) of this section.

1 (b) Exclusions. The area designated by the region for the Commercial
2 Core shall not include the following categories defined in regional maps:

3 (A) leap-frog development that is disconnected from a Core and that
4 lacks a pedestrian connection to the Core via a complete street;

5 (B) Transitional Areas;

6 (C) unplanned expansions not served by infrastructure;

7 (D) Resource-Based Recreation Areas;

8 (E) Enterprise Areas not part of Planned Growth Area; and

9 (F) Rural: farms, forest, conservation areas.

10 (c) Approval. At the first meeting of the State Board held after 45 days of
11 receipt of a completed application, the State Board shall designate Commercial
12 Core if the State Board finds in its written decision that the regional planning
13 commission has met the requirements of at least one step on the benefits ladder
14 described in subsection (f) of this section.

15 (d) Data Center. The Department shall maintain an online Municipal
16 Planning Data Center indicating the status of each designation within a
17 municipality to be updated at least once per year using information provided
18 by the regional planning commissions.

19 (e) Transition. All designated village centers, new town centers, or
20 downtowns existing as of July 1, 2024 will remain vested with the current
21 benefits until July 1, 2029 or upon approval of the regional maps, whichever

1 comes first. All existing designations in effect on July 1, 2024 will expire on
2 July 1, 2029 if the regional planning commission does not gain approval under
3 this chapter. All benefits for designated village centers, downtowns, and new
4 town centers that are removed under this chapter shall remain vested with prior
5 designations existing as of July 1, 2024 until July 1, 2032.

6 (f) Benefits Steps. A Commercial Core may receive associated types of
7 benefits based on the number of requirements it meets on the benefits steps.

8 (1) Step One.

9 (A) Requirements. Any municipality with a designated village center
10 in effect as of July 1, 2024 shall automatically reach Step One upon approval
11 of the regional map. Regional maps supersede vested areas that may already
12 meet the Step One requirement.

13 (B) Benefits. A Commercial Core that reaches Step One is eligible
14 for the following benefits:

15 (i) Funding and technical assistance for site-based projects,
16 including tax credits, the Better Places Grant Program, and other programs
17 identified in the Department's guidelines.

18 (ii) Funding for developing or amending the municipal plan,
19 visioning, and assessments.

20 (2) Step Two.

21 (A) Requirements. A Commercial Core reaches Step Two if it:

1 (i) meets the requirements of Step One or, if upon approval of the
2 regional map, has an existing new town center;

3 (ii) has a confirmed municipal planning process; and

4 (iii) has a municipal plan with goals for core investment.

5 (B) Benefits. In addition to the benefits of Step One, a municipality
6 that reaches Step Two is eligible for the following benefits:

7 (i) general grant priority for bylaws and special-purpose plans;
8 area improvement or reinvestment plans, including the Better Connections
9 Program and other applicable programs identified by Department guidance;
10 and for capital plans;

11 (ii) funding for infrastructure project scoping, design, and
12 engineering, including participation in the Downtown Transportation and
13 Related Capital Improvement Fund Program established by section 5808 of
14 this title;

15 (iii) the authority to create a special taxing district pursuant to
16 chapter 87 of this title for the purpose of financing both capital and operating
17 costs of a project within the boundaries of a Commercial Core;

18 (iv) priority for affordable housing funding;

19 (v) authority for the municipal legislative body to lower speed
20 limits to 20 mph;

1 (vi) wastewater connection fee capped at \$50.00 for residential
2 development; and

3 (vii) exemption from the land gains tax.

4 (3) Step Three.

5 (A) Requirements. A Commercial Core reaches Step Three if it:

6 (i) meets the requirements of Step Two or, if upon approval of the
7 regional plan, has an existing designated downtown;

8 (ii) is listed or eligible for listing on the National Register of
9 Historic Places;

10 (iii) has a downtown improvement plan;

11 (iv) has a downtown investment agreement;

12 (v) has a capital plan that implements the downtown improvement
13 plan;

14 (vi) has a formal local downtown organization;

15 (vii) has available water and wastewater service;

16 (viii) has permanent zoning and subdivision bylaws; and

17 (ix) has a design, form-based, or historic preservation regulations
18 and review.

19 (B) Benefits. In addition to the benefits of Step Two, a municipality
20 that reaches Step Three is eligible for the following benefits:

1 (i) Funding for the local downtown organization and technical
2 assistance for the Commercial Core.

3 (ii) Tax Increment Financing location pursuant to 32 V.S.A.
4 § 5404a.

5 (iii) A reallocation of receipts related to the tax imposed on sales
6 of construction materials as provided in 32 V.S.A. § 9819.

7 (iv) A rebate of the cost of a qualified sprinkler system in an
8 amount not to exceed \$2,000.00 for building owners or lessees. Rebates shall
9 be paid by the Department of Public Safety. To be qualified, a sprinkler
10 system must be a complete automatic fire sprinkler system installed in accord
11 with Department of Public Safety rules in an older or historic building that is
12 certified for a State tax credit under 32 V.S.A. § 5930cc(a) or (b) and is located
13 in a Commercial Core. A total of not more than \$40,000.00 of rebates shall be
14 granted in any calendar year by the Department of Public Safety. If in any
15 year applications for rebates exceed this amount, the Department of Public
16 Safety shall grant rebates for qualified systems according to the date the
17 building was certified for a State tax credit under 32 V.S.A. § 5930cc(a) or (b)
18 with the earlier date receiving priority.

19 (v) Signage options.

20 (vi) Certain appeal limitations pursuant to chapter 117 of this title.

1 (vii) Access to the Downtown and Village Center Tax Credit
2 Program described in 32 V.S.A. § 5930aa et seq.

3 (viii) Priority for locating proposed State functions by the
4 Commissioner of Buildings and General Services or other State officials, in
5 consultation with the legislative body of a municipality and based on the
6 suitability of the State function to a downtown location.

7 (ix) Until 2032, regulatory benefits under 10 V.S.A. chapter 151.

8 (g) Appeal. A decision of the Board on designation under this section may
9 be appealed to the Natural Resources Board within 15 days following the
10 issuance of the decision.

11 § 5805. DESIGNATED NEIGHBORHOOD

12 (a) Designation established. A regional planning commission, by its
13 legislative body, may apply to the State Board for designation of a residential
14 area within that region as a Designated Neighborhood. Neighborhoods
15 surround a Commercial Core that are principally walkable, historic, and
16 compact, but may include areas transitioning to complete streets and smart
17 growth through municipal capital planning, programming, and budgeting. It
18 creates a base area surrounding and distinct from a Commercial Core that
19 extends access to nonregulatory benefits that sustain and revitalize existing
20 smart growth areas. This designation recognizes that continued reinvestment is
21 needed to maintain the vitality of core and neighborhood areas, and the

1 benefits structure must ensure that any subsidy for sprawl repair or infill
2 development of vacant areas is secondary to a primary commitment to
3 maintain the livability and maximize the climate resilience and flood-safe infill
4 potential of these areas.

5 (1) A preapplication meeting shall be held with Department staff to
6 review the program requirements and to review the regional maps and
7 adjoining regional planning commission reviews. The meeting shall be held in
8 the region unless another location is agreed to by the regional planning
9 commission.

10 (2) An application by a regional planning commission shall contain a
11 map that accurately delineates the Designated Neighborhoods throughout the
12 region and is located within the Planned Growth Area for the municipality on
13 the regional map. The application shall also include evidence that the
14 municipality has been notified of the regional planning commission's intent to
15 apply, evidence that notice of its application has published in a local
16 newspaper of general circulation within the region, and information showing
17 that the district meets the standards for designation established in subsection
18 (d) of this section.

19 (b) Exclusions. The area designated by the municipality for the Designated
20 Neighborhood shall not include the following categories defined in regional
21 maps:

1 (A) leap-frog development that is disconnected from a Commercial
2 Core and that lacks a pedestrian connection to the Core via a complete street;

3 (B) Transitional Areas;

4 (C) unplanned expansions not served by infrastructure;

5 (D) Resource-Based Recreation;

6 (E) Enterprise Areas not part of Planned Growth Area;

7 (F) Rural: farms, forest, conservation; and

8 (H) Flood Hazard Areas and River Corridors unless the municipal

9 bylaws are consistent the rules from the Agency of Natural Resources.

10 (c) Approval. At the first meeting of the State Board held after 45 days of
11 receipt of a completed application, the State Board shall designate a
12 Designated Neighborhood if the State Board finds in its written decision that
13 the municipality has met the requirements described in subsection (d) of this
14 section.

15 (d) Transition. Any municipality with an existing designated growth center
16 or neighborhood development area will remain vested with the current benefits
17 until July 1, 2029 or upon approval of the regional maps, whichever comes
18 first. All existing neighborhood development area and growth center
19 designations in effect on July 1, 2024 will expire on July 1, 2029 if the region
20 does not gain approval. All benefits that are removed for neighborhood

1 development areas and growth centers under this chapter shall be remain
2 vested with prior designations existing as of July 1, 2024 until July 1, 2032.

3 (e) Requirements. A Designated Neighborhood shall meet the following
4 requirements:

5 (1) has as existing growth centers and neighborhood development areas
6 in effect July 1, 2024 and shall have access to Designated Neighborhoods
7 benefits upon approval of the regional map or is an area located within a
8 Planned Growth Area on a regional map;

9 (2) is anchored by a Commercial Core designated under this chapter;

10 (3) has a confirmed municipal planning process;

11 (4) as implemented the complete streets principles as defined in
12 19 V.S.A. § 2401 or has a capital plan to implement them; and

13 (5) has adopted permanent zoning and subdivision bylaws.

14 (f) Benefits. A Designated Neighborhood is eligible for the following
15 benefits:

16 (1) general grant priority for bylaws and special-purpose plans, area
17 improvement or reinvestment plans, including the Better Connections Program
18 and other programs identified in Department guidance, and for capital plans;

19 (2) funding for infrastructure project scoping, design, and engineering,
20 including participation in the Downtown Transportation and Related Capital
21 Improvement Fund Program established by section 5808 of this title;

1 (3) access to the Downtown and Village Center Tax Credit Program
2 described in 32 V.S.A. § 5930aa et seq.;

3 (4) priority for affordable housing funding;

4 (5) eligibility for funding for neighborhood infrastructure;

5 (6) authority for the municipal legislative body to lower speed limits to
6 20 mph;

7 (7) wastewater connection fee capped at \$50.00 for residential
8 development;

9 (8) exemption from the land gains tax; and

10 (9) certain appeal limitations pursuant to chapter 117 of this title.

11 (g) Appeal. A decision of the Board on designation under this section may
12 be appealed to the Natural Resources Board within 15 days following the
13 issuance of the decision.

14 § 5806. DESIGNATION OF DEVELOPMENT-READY AREAS

15 (a) Designation established. A municipality, by its legislative body, may
16 apply to the Natural Resources Board for designation of an area within that
17 municipality as a Development-Ready Area. Development-Ready Areas are
18 an overlay to a Commercial Core or Designated Neighborhood that can be
19 applied, in whole or part, within a regionally delineated planned growth area.
20 The purpose of Development-Ready Areas is to extend State regulatory and
21 nonregulatory benefits, including possible Act 250 exemption, delegation,

1 jurisdictional ease, or presumptions of compliance from the requirements of
2 10 V.S.A. chapter 151 through the recognition of local conditions and capacity
3 in areas planned for smart growth development and redevelopment. The goal
4 is to implement best practices that create development-ready places capable of
5 major development and redevelopment within a Commercial Core or
6 Designated Neighborhood.

7 (1) The municipal plan shall include the intention to apply for
8 designation under this section, and the plan shall explain how the designation
9 would further the municipality's goals and the goals of section 4302 of this
10 title.

11 (2) A preapplication meeting shall be held with Natural Resources
12 Board staff to review the program requirements and to preliminarily identify
13 possible designation boundaries. The meeting shall be held in the municipality
14 unless another location is agreed to by the municipality.

15 (3) An application by a municipality shall contain a map that accurately
16 delineates the Development-Ready Area and is consistent with the regional
17 planning map that outlines the Planned Growth Area for the municipality. The
18 application shall also include evidence that the regional planning commission
19 has been notified of the municipality's intent to apply; evidence that the
20 regional planning commission, through action of its board, supports the
21 boundaries of the Area; evidence that the municipality has published notice of

1 its application in a local newspaper of general circulation within the
2 municipality; and information showing that the district meets the standards for
3 designation established in subsection (b) of this section.

4 (b) Approval. At the first meeting of the Natural Resources Board held
5 after 45 days of receipt of a completed application, the State Board shall
6 designate a Development-Ready Area if the State Board finds in its written
7 decision that the municipality has met the requirements of subsection (c) of
8 this section.

9 (c) Requirements. A municipality may receive designation as a
10 Development-Ready Area and its associated types of benefits if it meets the
11 following requirements:

12 (1) land development regulations, including addressing 10 V.S.A.
13 § 6086(a)(9)(L);

14 (2) advanced development review administration as allowed under the
15 Natural Resources Board rules;

16 (3) adopted climate change mitigation plan and associated regulations;

17 (4) advanced capital planning;

18 (5) mapped water, sewer, and stormwater infrastructure; and

19 (6) area improvement plan for settlement expansion or sprawl repair.

20 (d) Benefits. A municipality may receive the following benefits for
21 designation of a Development-Ready Area:

1 (1) possible exemption from the requirements of 10 V.S.A. chapter 151;

2 and

3 (2) Tax Increment Financing location.

4 (e) Appeal. A decision on of the Board on designation under this section
5 may be appealed to the Environmental Division of the Superior Court within
6 15 days following the issuance of the decision.

7 § 5807. CONSIDERATIONS FOR COMPETITIVE-BASED INCENTIVES

8 In awarding competitive-based financial incentives under this chapter,
9 including rebate and tax incentives, or in awarding grants or other assistance
10 from the Downtown Transportation and Related Capital Improvement Fund
11 under section 5808 of this title, the Vermont Designated Area Board shall give
12 consideration to the following factors:

13 (1) The vacancy rate for existing buildings in the Commercial Core.

14 (2) The current or projected unemployment rate for the labor market
15 area in which the municipality is located.

16 (3) Ordinances or bylaws adopted by the municipality that support the
17 preservation of the Commercial Core's vitality, including:

18 (A) an ordinance or bylaw requiring that new construction in the
19 Commercial Core shall be compatible with the buildings that contribute to the
20 integrity of the district, in terms of materials, features, size, scale and

1 proportion, and massing of buildings, and that exterior rehabilitation shall
2 respect the historic and architectural significance and its exterior features; and

3 (B) a conditional use provision in a municipal zoning ordinance that
4 supports adaptive reuse of historic properties.

5 (4) The integration of the proposed improvements with any coordinated
6 plan for the Commercial Core and surrounding area.

7 (5) The degree of any deficiency in the Commercial Core of
8 transportation infrastructure including parking facilities.

9 (6) The vulnerability of the Commercial Core to economic decline due
10 to competing development in adjacent areas.

11 (7) The immediacy of the benefits provided and the desirability of
12 prompt action to secure those benefits for a Commercial Core.

13 (8) The amount of investment from individual Vermont taxpayers that
14 has been committed to projects in the Commercial Core. In considering this
15 factor, the Board shall recognize the value of individuals participating in
16 downtown projects by giving preference to applications for incentives from
17 individual Vermont taxpayers, and projects coordinated by developers who
18 have encouraged the participation of such investors.

1 § 5808. DOWNTOWN TRANSPORTATION AND RELATED CAPITAL
2 IMPROVEMENT FUND

3 (a) There is created a Downtown Transportation and Related Capital
4 Improvement Fund, to be also known as the Fund, which shall be a special
5 fund created under 32 V.S.A. chapter 7, subchapter 5, to be administered by
6 the Vermont Designated Area Board in accordance with this chapter to aid
7 municipalities with designated Commercial Cores in financing capital
8 transportation and related improvement projects to support economic
9 development. This shall be the same Fund that was created under the prior
10 section 2796 of this title.

11 (b) The Fund shall be composed of the following:

12 (1) such State or federal funds as may be appropriated by the General
13 Assembly;

14 (2) any gifts, grants, or other contributions to the Fund; and

15 (3) proceeds from the issuance of general obligation bonds.

16 (c) Any municipality with a designated Commercial Core may apply to the
17 Board for financial assistance from the Fund for capital transportation and
18 related improvement projects within or serving the district. The Board may
19 award to any municipality grants in amounts not to exceed \$250,000.00
20 annually loans or loan guarantees for financing capital transportation projects,
21 including construction or alteration of roads and highways, parking facilities,

1 and rail or bus facilities or equipment, or for the underground relocation of
2 electric utility, cable, and telecommunications lines, but shall not include
3 assistance for operating costs. Grants awarded by the Board shall not exceed
4 80 percent of the overall cost of the project. The approval of the Board may be
5 conditioned upon the repayment to the Fund of some or all of the amount of a
6 loan or other financial benefits and such repayment may be from local taxes,
7 fees, or other local revenues sources. The Board shall consider geographical
8 distribution in awarding the resources of the Fund.

9 (d) The Fund shall be available to the Department of Housing and
10 Community Development for the reasonable and necessary costs of
11 administering the Fund. The amount projected to be spent on administration
12 shall be included in the Department's fiscal year budget presentations to the
13 General Assembly.

14 § 5809. PROPERTY ASSESSMENT FUND; BROWNFIELDS AND
15 REDEVELOPMENT; COMPETITIVE PROGRAM

16 (a) There is created a Property Assessment Fund pursuant to 32 V.S.A.
17 chapter 7, subchapter 5 to be administered by the Department of Housing and
18 Community Development for the purpose of providing financing, on a
19 competitive basis, to municipalities that demonstrate a financial need in order
20 to determine and evaluate a full assessment of the extent and the cost of
21 remediation of property, or in the case of an existing building, an assessment

1 that supports a clear plan, including the associated costs of renovation to bring
2 the building into compliance with State and local building codes. This shall be
3 the same Fund that was created under the prior section 2797 of this title.

4 (b) The Fund shall be composed of the following:

5 (1) State or federal funds that may be appropriated by the General
6 Assembly;

7 (2) any gifts, grants, or other contributions to the funds; and

8 (3) proceeds from the issuance of general obligation bonds.

9 (c) A municipality deemed financially eligible may apply to the Fund for
10 the assessment of property and existing buildings proposed for redevelopment,
11 provided the Department finds that the property or building:

12 (1) is not likely to be renovated or improved without the preliminary
13 assessment; and

14 (2) when renovated or redeveloped, will integrate and be compatible
15 with any applicable and approved regional development, capital, and municipal
16 plans; is expected to create new property tax if developed by a taxable entity;
17 and is expected to reduce pressure for development on open or undeveloped
18 land in the local community or in the region.

19 (d) The Department shall distribute funds under this section in a manner
20 that provides funding for assessment projects of various sizes in as many

1 geographical areas of the State as possible and may require matching funds
2 from the municipality in which an assessment project is conducted.

3 § 5810. MUNICIPAL TECHNICAL ASSISTANCE

4 (a) The Commissioner of Housing and Community Development shall
5 develop a procedure for providing interagency technical assistance to
6 municipalities participating in the programs under this chapter.

7 (b) The procedure shall include interagency assistance and address the
8 following:

9 (1) general project advising and scoping services;

10 (2) physical improvement design services;

11 (3) regulatory and policy-making project services;

12 (4) programmatic and project management services; and

13 (5) legislative recommendations to the General Assembly to better align
14 designation benefits with strategic priorities on or before December 15, 2026.

15 (c) Procedures and recommendations shall address the following strategic
16 priorities:

17 (1) housing growth and equity;

18 (2) climate resilience;

19 (3) coordinated infrastructure investment;

20 (4) local capacity;

21 (5) equity, diversity, and access; and

1 (6) livability and social service.

2 § 5811. BETTER PLACES PROGRAM; CROWD GRANTING

3 (a)(1) There is created the Better Places Program within the Department of
4 Housing and Community Development and the Better Places Fund, which the
5 Department shall manage pursuant to 32 V.S.A. chapter 7, subchapter 5. This
6 shall be the same Fund created under the prior section 2799 of this title.

7 (2) The purpose of the Program is to utilize crowdfunding to spark
8 community revitalization through collaborative grantmaking for projects that
9 create, activate, or revitalize public spaces.

10 (3) The Department may administer the Program in coordination with
11 and support from other State agencies and nonprofit and philanthropic partners.

12 (b) The Fund is composed of the following:

13 (1) State or federal funds appropriated by the General Assembly;

14 (2) gifts, grants, or other contributions to the Fund; and

15 (3) any interest earned by the Fund.

16 (c) As used in this section, “public space” means an area or place that is
17 open and accessible to all people with no charge for admission and includes
18 village greens, squares, parks, community centers, town halls, libraries, and
19 other publicly accessible buildings and connecting spaces such as sidewalks,
20 streets, alleys, and trails.

1 (d)(1) The Department of Housing and Community Development shall
2 establish an application process, eligibility criteria, and criteria for prioritizing
3 assistance for awarding grants through the Program.

4 (2) The Department may award a grant to a municipality, a nonprofit
5 organization, or a community group with a fiscal sponsor for a project that is
6 located in or serves an area designated under this chapter that will create a new
7 public space or revitalize or activate an existing public space.

8 (3) The Department may award a grant to not more than three projects
9 per calendar year within a municipality.

10 (4) The minimum amount of a grant award is \$5,000.00, and the
11 maximum amount of a grant award is \$40,000.00.

12 (5) The Department shall develop matching grant eligibility
13 requirements to ensure a broad base of community and financial support for
14 the project, subject to the following:

15 (A) A project shall include in-kind support and matching funds raised
16 through a crowdfunding approach that includes multiple donors.

17 (B) An applicant shall not donate to its own crowdfunding campaign.

18 (C) A donor may shall contribute more than \$10,000.00 or 35 percent
19 of the campaign goal, whichever is less.

20 (D) An applicant shall provide matching funds raised through
21 crowdfunding of not less than 33 percent of the grant award. The Department

1 may require a higher percent of matching funds for certain project areas to
2 ensure equitable distribution of resources across Vermont.

3 (e) The Department of Housing and Community Development, with the
4 assistance of a fiscal agent, shall distribute funds under this section in a manner
5 that provides funding for projects of various sizes in as many geographical
6 areas of the State as possible.

7 (f) The Department of Housing and Community Development may use up
8 to 15 percent of any appropriation to the Fund from the General Fund to assist
9 with crowdfunding, administration, training, and technological needs of the
10 Program.

11 Sec. 3. 32 V.S.A. § 5930aa is amended to read:

12 § 5930aa. DEFINITIONS

13 As used in this subchapter:

14 * * *

15 (2) “Qualified building” means a building built at least 30 years before
16 the date of application, located within a designated ~~downtown, village center,~~
17 ~~or neighborhood development area~~ Commercial Core or Neighborhood, which,
18 upon completion of the project supported by the tax credit, will be an income-
19 producing building not used solely as a single-family residence. Churches and
20 other buildings owned by religious organization may be qualified buildings,
21 but in no event shall tax credits be used for religious worship.

1 (3) “Qualified code improvement project” means a project:

2 (A) to install or improve platform lifts suitable for transporting
3 personal mobility devices, limited use or limited application elevators,
4 elevators, sprinkler systems, and capital improvements in a qualified building,
5 and the installations or improvements are required to bring the building into
6 compliance with the statutory requirements and rules regarding fire prevention,
7 life safety, and electrical, plumbing, and accessibility codes as determined by
8 the Department of Public Safety;

9 (B) to abate lead paint conditions or other substances hazardous to
10 human health or safety in a qualified building; or

11 (C) to redevelop a contaminated property in a designated ~~downtown,~~
12 ~~village center, or neighborhood development area~~ Commercial Core or
13 Neighborhood under a plan approved by the Secretary of Natural Resources
14 pursuant to 10 V.S.A. § 6615a.

15 * * *

16 (5) “Qualified façade improvement project” means the rehabilitation of
17 the façade of a qualified building that contributes to the integrity of the
18 designated ~~downtown, designated village center, or neighborhood development~~
19 ~~area~~ Commercial Core or Neighborhood. Façade improvements to qualified
20 buildings listed, or eligible for listing, in the State or National Register of

1 Historic Places must be consistent with Secretary of the Interior Standards, as
2 determined by the Vermont Division for Historic Preservation.

3 * * *

4 (9) "State Board" means the Vermont ~~Downtown Development~~
5 Downtown and Village Board established pursuant to 24 V.S.A. chapter ~~76A~~
6 139.

7 Sec. 4. 32 V.S.A. § 5930bb is amended to read:

8 § 5930bb. ELIGIBILITY AND ADMINISTRATION

9 * * *

10 (e) Beginning on July 1, 2025, under this subchapter no new tax credit may
11 be allocated by the State Board to a qualified building located in a
12 ~~neighborhood development area~~ Designated Neighborhood unless specific
13 funds have been appropriated for that purpose.

14 Sec. 5. 10 V.S.A. § 6027 is amended to read:

15 § 6027. POWERS

16 (a) The Board and District Commissions each shall have the power, with
17 respect to any matter within its jurisdiction, to:

18 * * *

19 (k) The Board shall review applications for a Development-Ready Area
20 and approve or disapprove based on whether a municipal application
21 demonstrates compliance with the requirements of 24 V.S.A. § 5806. The

1 Board shall produce guidelines and adopt rules for municipalities seeking to
2 obtain the Development-Ready Area designation.

3 * * *

4 Sec. 6. TRANSITION

5 (a) On or before July 1, 2029, the regional planning commissions shall
6 update the regional maps to delineate Planned Growth Areas, which may
7 encompass a vital core, and village areas.

8 (b) Until July 1, 2029, any municipality with an existing designated
9 downtown, village center, or new town center may be granted a Commercial
10 Core designation by the State Downtown and Village Board.

11 (c) Until July 1, 2029, any municipality with an existing designated
12 neighborhood development area or growth center may be granted a Designated
13 Neighborhood by the State Downtown and Village Board.

14 Sec. 7. REVISIONS AUTHORITY

15 In preparing the Vermont Statutes Annotated for publication in 2024, the
16 Office of Legislative Counsel shall replace all references to the “24 V.S.A.
17 chapter 76A” with the “24 V.S.A. chapter 139.”

18 Sec. 8. EFFECTIVE DATES

19 This act shall take effect on July 1, 2024, except that Sec. 1 (repeal) shall
20 take effect on July 1, 2029.