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# Community & Economic Development

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## Overview

Our concepts of community are rapidly changing in response to an increasingly interconnected, mobile, and shrinking world, but nevertheless underscore the value of human interaction within the bonds of civil society. The term *community* continues to evoke both geographical ties to the place where we live and social ties to the networks that sustain us.

Communities up through much of the nineteenth century consisted of people firmly rooted in place who generally shared common traditions, values, and beliefs. Community centered on extended family ties and limited social networks. When uprooted, people worked to reestablish familiar social structures: many Vermont municipalities were settled by southern New Englanders who imported and, in the face of competing claims, defended their system of landownership and governance. Municipal charters required that land be set aside for churches and schools, and taxes were raised to construct public roads and meetinghouses—creating the basic infrastructure needed to support commerce, social interaction, and local governance. Vermont's traditional system of participatory government, in the form of town meeting, has come to symbolize community as civic engagement.

For much of the state's history, local government tended to local needs for public facilities, education, and for the care of residents who lacked other means of support. The relative wealth of late nineteenth-century Vermont also gave rise to a number of social movements and civic organizations—some of which



**Municipalities can plan a key role in developing planning strategies and partnerships to promote job creation, brownfields redevelopment, community improvements, and sustainable economic growth.**

are still in existence—that focused on improving both the public realm and the human condition. These groups emphasized the importance of public service for the betterment of the community. Many of Vermont's most remarkable public buildings and institutions, including many local town halls and public libraries, date from this period.

During the twentieth century, with the rise of the social sciences and government programs, concepts of community in theory and practice took on more institutional overtones, and community development evolved as a particular function of government and an emerging nonprofit sector. Starting with New Deal legislation enacted in the 1930s during the height of the Great Depression, community development at the national

level came to focus on aiding those most in need, through social service, housing, infrastructure, urban renewal, and economic development initiatives designed to combat poverty and unemployment. Many federal programs and sources of funding were directed to the state to be administered through qualified local governments or nonprofit organizations. Key federal legislation from this period that continues, in some form, to support related community and economic development efforts in Vermont are highlighted on the following page.

Community development under these programs has often been a top-down process tied to available funding—with the intent to address locally identified needs that meet federal and state program

requirements. Federal funding, however, has become increasingly tenuous in response to shifting spending priorities and ongoing attempts to reconstitute, consolidate, or eliminate federal programs.

In recent decades, the state has stepped in to help finance development initiatives that meet state objectives that promote, for example:

- infrastructure improvements

- job retention and creation
- workforce training
- small business development
- tourism and marketing
- farming, forestry, and value-added industries
- affordable housing
- downtown revitalization
- brownfields redevelopment
- targeted public investment in locally designated growth centers, down-

towns, villages, and new town centers

These include various assistance and financing programs administered through the Agency of Commerce and Community Development, including pass-through funding to regional organizations and the Vermont Community Development and Vermont Downtown Programs, such as the Agency of Agriculture, the

## Key Federal Legislation

### Farmers Home Administration

(FmHA) was established in 1946 under the U.S. Department of Agriculture to provide financing in rural areas for housing, community facilities, and business development (replaced by USDA Rural Development in 1994).

### Housing Acts of 1949 and 1954

created federal programs and funding for urban renewal projects that often included the wholesale demolition of slums and blighted areas. The 1954 Housing Act also linked federal programs to comprehensive planning and provided funding for local planning (Section 701 funds). Federal programs resulted in the subsequent enactment of state legislation for municipal urban renewal, including the use of eminent domain (24 V.S.A. Chapter 85), and for the establishment of regional planning and development commissions by municipal governments (24 V.S.A. Chapter 117). Federal urban renewal programs were highly controversial, leading to their eventual demise in the 1970s and a shift in federal policy from urban renewal to more broad-based community development.

**1956 Federal Highway Act** funded the construction of the interstate highway system, including I-89 and I-91 in Vermont, setting the stage for a period of renewed growth and development in the state.

**1964 Economic Opportunity Act**, a centerpiece of the Johnson administration's War on Poverty, established a variety of federally supported programs for low-income individuals to be administered through local Community Action Agencies (CAAs). There are five regional nonprofit

CCAs operating in Vermont. CAA boards of directors draw their membership equally from the low-income community, public officials, and the private sector. Because CAAs are governed locally, each agency offers a different mix of programs. All partner with the Vermont Agency of Human Services, local communities, and other organizations to deliver needed services. The federal Economic Opportunity Act was rescinded in 1981 to be replaced by Community Service Block Grants (CSBGs). Vermont CAAs continue to receive grants through the state under this program, though funding levels have dropped precipitously in recent years.

**1965 Public Work and Economic Development Act** established the Economic Development Administration (EDA) within the U.S. Department of Commerce to stimulate economic and commercial development in economically distressed areas, including communities served by the Economic Development Council of Northern Vermont, a non-profit corporation that provides access to EDA funds.

**1973 Older American Act (OAA)** established and funded community-based Area Agencies on Aging (AAAs) to respond to the needs of Americans aged sixty and over. There are five regional AAAs in Vermont, which partner with the Vermont Department of Aging and Independent Living. AAAs provide or coordinate a variety of advocacy, information and access, housing, and community and in-home care services for Vermont's growing elderly population.

**1974 Housing and Community Development Act** established Community Development Block Grants (CDBGs) as the principal form of

federal aid for local community development. This program is designed to improve housing, public facilities, and economic opportunities for low- and moderate-income persons and is administered in Vermont, outside the city of Burlington, through the Vermont Community Development Program. Planning and implementation grants are available to municipalities largely on a competitive basis to support housing, public infrastructure, economic development, community service, accessibility, and brownfield redevelopment projects. Block grants can be used for a variety of development activities, including loans to private businesses for capital equipment or property acquisition and the establishment of local revolving-loan funds.

**1994 Department of Agricultural Reorganization Act** resulted in the creation of USDA Rural Development to administer former FmHA nonfarm financial programs for rural housing, community facilities, water and wastewater systems, and business development and also former Rural Electrification Administration utility programs. USDA Rural Development community development programs, including grant and loan programs, are administered through the state office in Montpelier.

**1997 Community Reinvestment Act (CRA)** was enacted in response to discriminatory lending practices (such as redlining) and encourages banks to address credit needs within their local communities, particularly in neighborhoods with low- or moderate-income residents. Financial institutions operating in Vermont manage a variety of community development lending programs to meet CRA objectives.

Vermont Economic Development Authority, the Vermont Economic Progress Council, the Vermont Housing and Conservation Board, and the Vermont Sustainable Jobs Fund.

## Application

A few of Vermont's larger, urban municipalities have had the need, staffing, and resources to establish local development programs. The largest, the Burlington Community and Economic Development Office (CEDO), administers a variety of interrelated community, neighborhood, housing, and economic development initiatives, some of which could be adapted for use in other communities.

Smaller communities have come to rely on and support—for example, through annual appropriations—the work of nonprofit corporations and service providers. These include community development corporations and land trusts, regional economic and housing development corporations, and a host of nonprofit health-care and volunteer service organizations.

Community and economic development efforts to date have focused

largely on building infrastructure capacity, attracting new employers (the next IBM) and providing housing and basic services for those most in need. In recent decades, however, efforts have emerged to promote more sustainable, locally derived development and to reassert the importance of local community in the face of increasing globalization, privatization, downsizing, and individual isolation.

We as a society are no longer tied to a place; our mobility and concomitant forms of communication and interaction have weakened both family and community ties. We live far from extended families. We spend more time at work and on the road than we do at home. We are more isolated from our neighbors and have less time, energy, and inclination to volunteer, making it harder for local government and civic organizations to function. Our families have gotten smaller and often depend on the support of outside services that were once supplied by family members, such as care for children and the elderly. We are aging, and our needs and priorities are changing.

Vermont is not immune to these trends. Many communities have abandoned traditional town meeting for lack of participation and can't find enough residents to fill local offices and boards. Fire and ambulance departments are having trouble recruiting new volunteers. Affordable child care is in short supply. There are few places in rural communities for teenagers to hang out. Many seniors are housebound and alone.

In response, community development activities in recent decades have expanded to embrace, in various forms, the following related principles.

**Sustainable Development.** Development that integrates economic, social, and environmental considerations; conserves energy and resources; and builds upon local assets to address current needs without compromising the ability of future genera-

## Regional Development Corporations

The state also established regional development corporations (RDCs)—nonprofit corporations “whose principal purpose is to promote, organize or accomplish economic development”—as the leading source of economic development assistance to local communities. There are twelve RDCs in the state, including one—the Northeast Vermont Development Association—that also serves as a regional planning commission. RDCs undertake a variety of economic development activities in cooperation with the municipalities they serve, including programs to:

- provide technical assistance to local communities to plan for economic growth, development, and stability;
- promote business startups and expansions, including small business development programs and incubator facilities;
- recruit new business and commercial enterprises to the area; and
- develop and expand office and industrial park capacity.

RDCs participate in cooperative agreements with the state, regional planning commissions, and marketing organizations and qualify for consideration under various state economic

tions to meet their needs (for example, sustainable farming and forestry practices, value-added production, downtown revitalization, and “buy local” campaigns).

**Social Capital.** Initiatives to develop and sustain local institutions, networks, and connections that make civic interaction and cooperative action possible (for example, neighborhood programs, farmers’ markets and community-supported agriculture, local service networks, and currency or barter programs).

**Smart Growth.** Initiatives to support concentrated, mixed-use development within locally defined areas that are supported by public infrastructure and services (for example,

### Burlington CEDO Offerings

**Economic development.** For example, targeted tax incentive, business loan and contracting programs, guides, directories, and space listings

**Center for Community and Neighborhoods (CCAN) programs.** For example, neighborhood planning, improvement, crime prevention, civic engagement, and quality-of-life programs.

**Housing.** For example, financial assistance (loan, grant, and rebate programs), lead hazard reduction programs, and, in association with the HomeOwnership Center (a separate nonprofit organization funded in part through CEDO), rehab assistance, credit counseling, homebuyer, and homeowner education programs.

Source: [www.cedoburlington.org](http://www.cedoburlington.org).

incentive programs and targeted infrastructure investment within designated downtowns, new town centers, and growth centers).

**Creative Economy.** Programs to promote the development of the creative sector of the economy, including cultural diversity and the exchange of information and ideas through invention, innovation, and design (creative business enterprises and organizations); the arts (artist cooperatives and networks); and local culture (cultural and historic facilities, heritage tourism, and community educational programs).

These principles are reflected in relevant state planning goals under the Vermont Planning and Development Act (24 V.S.A. Chapter 117), the Vermont Downtown Program, and recently enacted growth center legislation.

Community development activities should have the purpose of implementing a municipality's comprehensive plan. For many sources of project funding, this is required. The Vermont Planning and Development Act (24 V.S.A. Chapter 117) identifies a number of state planning goals for consideration in local plans that specifically relate to development (§4302), as well as a requirement that municipal plans include a "utility and facility plan" that identifies and includes recommendations for developing needed community facilities and services (§4382). Currently, there is no

similar requirement for an economic development plan, but many municipalities, recognizing the importance of their local economies, include this as well.

Community development is no longer defined by one program or initiative: it's an ongoing, adaptive process that depends for its success on clearly defined objectives, creative financing, and active, broad-based community involvement. In some circles, the traditional language of community development is being replaced by that of community building—to reinforce emerging concepts of ongoing, integrated, and locally driven, rather than externally imposed, community improvement. Steps in this process are generally described as follows.

## Organization

The first and sometimes hardest step is organizing local efforts. Municipalities often appoint ad hoc committees, task forces, or more permanent advisory committees to tackle community concerns that call for special expertise or broad-based community involvement and support. Advisory committees may also be appointed to help oversee specific development projects or programs, such as the construction of a new town hall, a municipal recreation program, a local revolving loan fund, or an energy conservation program. Chapter 117 specifically authorizes the municipal appointment of housing, conservation, historic preservation, and design review commissions (or committees) that serve in an advisory capacity to municipal boards. Community advisory groups—formed either through local appointment or grassroots organization—are critical for community involvement and for developing the leadership needed to undertake successful development projects.

Capacity building to undertake and sustain development programs is an ongoing task. Local advisory committees consist of volunteers who donate

## State Planning Goals Pertaining to Local Community Development

24 V.S.A. §4302

- To encourage citizen participation at all levels of the planning process.
- To consider the use of resources and the consequences of growth and development.
- To plan development to maintain the historic settlement pattern of compact village and urban centers separated by rural countryside.
- To provide a strong and diverse economy.
- To broaden access to educational and vocational training opportunities.
- To provide for safe, convenient, economic and energy-efficient transportation systems.
- To encourage the efficient use of energy and the development of renewable energy resources.
- To maintain and enhance recreational opportunities for Vermont residents and visitors.
- To encourage and strengthen agricultural and forest industries.
- To provide for the wise and efficient use of Vermont's natural resources.
- To ensure the availability of safe and affordable housing for all Vermonters.
- To plan for and provide an efficient system of public facilities and services to meeting future needs.
- To ensure the availability of safe and affordable child care.

their limited time for projects that are personally meaningful, draw upon their interests and skills, and have specific outcomes and lasting benefits. Once the commitment of time becomes too great, or the program becomes too complex, additional staffing or outside assistance will be needed—especially to support long-term programs.

In smaller communities, local development programs are often the responsibility of the community planner or town administrator or, in the absence of staff, a nonprofit organi-

## Definition of Community Development

It can be defined to include the many programs or strategies that are undertaken to strengthen and enhance the social, economic, and cultural conditions of a place to increase the living standards of its residents and to make it a more healthful, prosperous, and desirable place to live. Community development is a process that involves the community in building a sustainable future.

zation that works with the community. Larger municipalities, as noted for Burlington, often have one or more staff members who specialize in community development. Staff and support services provide needed administrative and technical support for securing funding, staffing meetings and forums, managing programs, and overseeing contracts and service providers. Staff, however, cannot substitute for citizen advisory boards that draw from and represent broader community interests or for grassroots efforts that build community support.

Initial local efforts often result in the creation of more permanent non-profit organizations—such as community economic development or downtown corporations—that remain closely tied to the community but are more focused in their mission than local government and more flexible in providing services. There are also, as noted above, regional community action, housing, and economic development corporations that can assist local development efforts as their resources permit.

## Strategic Planning

A local development initiative may arise from recommendations included in the comprehensive municipal plan for a new fire station, a local business development program, or needed child-care services or from concerns brought to the attention of local officials. A facilitated, strategic-planning process can be used to help define specific needs or issues to be addressed and the strategies available to address them. Depending on the type of endeavor, strategic planning often includes, in some form, the following elements.

**Identifying community needs and assets** in relation to a particular goal or endeavor, such as through inventories; needs assessments; capacity studies; analyses of strengths, weaknesses, opportunities, and threats (SWOT analyses); and community asset mapping. This should include an

initial assessment of the local capacity to undertake community development projects.

**Setting realistic objectives and targets** to build on local assets and address identified needs—for example, mission statements and related program objectives—based on goals and recommendations, initial analyses, and additional community input. This may include developing associated measures or benchmarks to later determine if development programs are meeting stated objectives.

**Identifying strategies to attain desired objectives**, which often require creative thinking and research (for example, case studies, feasibility studies, alternatives, and cost-benefit analyses) and a system to rate potential strategies in relation to each program objective (for example, checklists or scoring matrices). The fiscal and administrative capacity and the time required to undertake a particular strategy are often considerations in this evaluation.

**Acquiring the resources to undertake proposed projects**, including leadership, organizational, funding, and program capacity. For some projects, such as short-term infrastructure improvements, this can be fairly straightforward: money is raised from traditional sources (such as local taxes), managed in-house, and used to complete the project. Many development initiatives, however, require creative packaging, financing, marketing, and program management to be successful. Partnerships with other established organizations or the creation of a new organization is often required to undertake complex or long-term projects.

There are a variety of tools and techniques available, some noted above, to ensure that local residents and groups remain actively involved in each stage of the planning process and that the process results in a clearly defined program for development—including assigned tasks, responsibilities, schedules, and

benchmarks. Development specialists and professional facilitators can provide valuable assistance in managing the process to develop a realistic plan of action.

## Finance and Management

Community development includes short-term volunteer projects that need little if any funding, ongoing programs that require stable sources of revenue, and large-scale housing, redevelopment, and infrastructure projects that cost millions to complete.

Finding the resources needed to fund projects and sustain programs is one of the most daunting and time-consuming aspects of community development, which is why many larger municipalities and organizations retain staff who are skilled in fund-raising, financial packaging, and program management. Small communities undertaking large projects should seek assistance early on from development professionals, local and regional development corporations, and state and federal agencies to identify, apply for, and administer funds. Even for small projects, some research into available grant programs can save a community time and taxes or result in a better project. Most programs are competitive and come with some strings attached.

While many community activities involve local fund-raising—for example, through solicitations, sales, benefits, raffles, and other local events—most development projects also require the dedication of local property tax revenues in the form of direct budget allocations, reserve funds, or debt service. In certain situations (for example, downtown revitalization or growth center development), special assessment or financing districts (for example, tax increment financing [TIF] districts) may be appropriate to raise revenues from property owners who directly

benefit from targeted improvements.

Tax revenues can finance a project or program in its entirety, but are more often used to match or leverage other sources of financial support. The use of local funds—especially for capital improvement projects—must generally conform to the municipal plan and any locally adopted capital budget and program. As noted, many outside funding sources, including many state programs, also require that

the project to be financed will conform to the municipal plan. More information about local project financing is provided in related papers on capital improvement programming, facilities management, impact fees, growth centers, and downtown revitalization.

Community development initiatives call for vision, creativity, innovation, tenacity, and persistence, but the long-term rewards are usually more than

worth the effort. Sustained activities to improve the quality of our communities—and the quality of life for all who reside in them—result in both tangible and intangible benefits that multiply over time, build civic pride, and serve as the foundation for additional public and private investment and community involvement. It's especially important to celebrate—and build upon—success.

## **Examples of Vermont Community Development Strategies**

**Bellows Falls/Rockingham Office of Community Development** supports several local development initiatives, including a municipal revolving loan fund for business startups and expansions (in association with Chittenden Bank) and a business tax-stabilization program. It also provides staffing for the Bellows Falls Downtown Development Alliance, a nonprofit devoted to downtown revitalization, and the Bellows Falls Area Development Corporation, which focuses on industrial and commercial development, including the development of the Rockingham Industrial Park (in association with VEDA). The town, with the assistance of the Windham Regional Commission, recently redeveloped an old rail yard brownfield site into a visitor center and interpretive facility—the Bellows Falls Waypoint Interpretive Center—as part of the Connecticut River Scenic Byway. A farmers' market opened on the site in 2004. Funds for this project were secured from a variety of federal, state, and regional programs and private foundations.

**Champlain Islanders Developing Essential Resources (CIDER).** CIDER is a nonprofit, volunteer-based service organization, incorporated in 1993, that provides services for Grand Isle County residents with special needs, including elderly and disabled residents, to allow them to live at home for as long as possible. Services offered

include transportation, meals, volunteer support, equipment lending, exercise, home share, and hospice training programs. CIDER evolved out of a study of elderly and child-care service needs in the islands, funded through a planning grant from the Community Development Block Grant program.

**Jamaica Bank Building.** In 2006, the voters of Jamaica agreed at a special town meeting to spend \$160,000 to buy a former Citizen's Bank building—a historic building and important community asset—to give local residents more control over their village center and to possibly attract another bank to serve the community.

**Ludlow Enterprise Fund.** In 2000, the town and village of Ludlow entered into an agreement with Okemo Mountain Inc. to work cooperatively to mitigate impacts created by anticipated growth at the Okemo Mountain Resort. The fund, based on annual ticket sales, is used to help offset the cost of providing local services resulting from ski area expansion and related business development. The Ludlow Enterprise Fund Committee, consisting of representatives from the select board, trustees, water department, planning commission, schools, chamber of commerce, and the public, is charged with soliciting and reviewing grant requests from local organizations and advising the select board and trustees.

**Montpelier Downtown Community Association.** The MDCA was formed in 1999 from municipal efforts to achieve state designation under the

Vermont Downtown Program. MDCA has since undertaken a number of initiatives in support of downtown revitalization and local businesses—including parking, tourism, and rehab studies; securing grant funding for infrastructure improvements; establishing a "Capital City Cash" gift certificate program; developing the Montpelier Visitors Guide; coordinating Montpelier's First Night and Independence Day Festivals; and sponsoring cooperative advertising and marketing campaigns.

**Valley Assets Project.** This project identified existing outreach programs and community assets serving the towns of Rochester, Hancock, and Granville and resulted in the publication of an annotated service directory that is also available on Rochester's town website. The directory lists forty-four organizations serving the three communities—including emergency service, social service, medical and health care, housing, education, youth, recreation, arts, environmental and cultural groups, as well as regional assisting organizations.

**Waterbury Community Fair.** Waterbury holds a community fair during mud season each year, hosted in association with local businesses, to introduce the community to municipal boards, local organizations, and available services and to present proposed initiatives for community review and discussion. The first fair, held several years ago, was initiated by the Waterbury Planning Commission to present its draft municipal plan.