MEMORANDUM

To: Dan Monks, Assistant Town Manager

From: David G. White, White + Burke
     Stephanie Clarke, White + Burke
     Dominic Cloud, City of St. Albans

Date: December 15, 2021

Re: Bennington Economic Development – Preliminary Findings & Recommendations

Introduction

Over the past few months, we have collected information from the Town, toured the TIF District and other key properties, met with local stakeholders, and reviewed materials. Thus far, our impression is as follows:

1. Bennington has had some solid successes in the past several years that did not require large amounts of public investment.
2. There is more ambient background growth naturally occurring than in many other parts of the state.
3. There are several strategic development opportunities currently pending where the Town’s direct participation could make the difference between a successful project and another good idea that never got off the ground.
4. ARPA funds are restricted to a limited range of uses. Analysis should be done on a project-by-project basis regarding whether a given project may be eligible.
5. Tax Increment Financing offers the most potential for providing the public support to bring these projects to fruition.
6. Housing demand (at all levels) is high and can provide substantial ballast for the TIF district to accomplish mixed use and non-housing development projects.
Priority Projects

We recommend starting with the most shovel-ready initiatives with active players at the table, and then building momentum to the more complex projects requiring a heavier Town lift. As can be seen on the attached matrix, we suggest a new tier system for the needs and ideas shared by the Town. Tier 1 projects are those with a near-term opportunity, players at the table, and a possible role for the Town. We believe these will create the momentum needed to implement an effective economic development initiative and maximize the use of TIF. The three priority projects that separate themselves from the field are Benn High, Downtown Grocery Store, and Putnam II.

Benn High Redevelopment

Benn High seems ripe for the Town to participate directly and launch this project from the drawing board to the permitting office and construction. Success at Benn High would demonstrate the power of Tax Increment Financing and inspire voter confidence in future, more complicated projects. It might also generate some increment that can be used to fund planning and predevelopment work on future projects.

Whether subsidized, market rate, or a combination, the majority of Benn High redevelopment would likely be housing. But the potential to include recreational and senior services as a part of the ground floor build-out to complement the residential component creates the opportunity for a public-private partnership that can spread risk, liability, and cleanup costs over a wider base. The Town could fund a series of tasks such as land acquisition, site development, cleanup, fit-up, and other capital costs by qualifying as a public facility under TIF. The remainder of the building could be renovated as housing, either affordable or market rate or a mix of both.

Affordable units can typically pay more toward development costs but pay lower taxes; market rate units can typically pay less up front but more in taxes over the long haul. The two different ownership scenarios would impact the incremental property tax revenue, so the Town would need to calculate how much of the up-front cost of the recreational and senior space could be financed with TIF as a public facility. But this project strikes us as a perfect opportunity to kick off the TIF District and give the property the boost it needs to get it in motion.

A development agreement could be negotiated with the developer calling for the private development to be completed no later than a certain date and at no less than a certain
grand list value. With a known date when the value would hit the grand list, we can determine how much bonded debt the incremental taxes could support. For example, if there are 40 residential units worth $150,000 each, it would support about $2 million in debt. This debt could be a substantial portion of the funds used to buy and renovate the east wing for the community uses. If other funding sources can be found to help, it could reduce the amount of TIF support that is ultimately necessary.

Through the development agreement, this project could be tightly packaged in a way that has little risk for the Town and local taxpayers. The Town would not incur any debt until and unless the private project was ready to proceed and contractually bound to do so. Voters could be shown how TIF funding fosters development without increasing their taxes.

Downtown Grocery Store

The effort to locate a new grocery store in the downtown may need support from the Town to close the financial gap and may also require the political and project management capacity the Town can provide. It is a worthwhile economic development initiative. A strong board and the existing momentum rise it into the group of top priorities. We understand the group has signed a LOI for the Laflamme property. We agree this may be the best site due to location, functionality, parking, and size.

ARPA funding should be explored for this project. ARPA funds, both the Town’s allocation and possibly through the state’s Capital Investment Program, are targeted to specific uses (see ARPA discussion below). This project may be eligible, given the conventional food scarcity within walking distance of downtown and the disproportionate impact of COVID on Bennington County. The State’s CIP funds may be exhausted by the time this project is ready to apply, but there is already talk about additional dollars being allocated to this program.

We are not aware of any public infrastructure barrier for this project, so TIF may not have a role. However, the Town can play a considerable role through staff support to assist with researching grants and low interest loans, as well as preparing applications for such funding. USDA, SBA, and VEDA programs, all of which are briefly discussed in the appendices, may be helpful.
Putnam – Phase II

All our conversations with Putnam stakeholders paint the same picture. New investors and funding sources will be needed, including significant public subsidy. On the positive side, there is a track record to point to; housing demand has never been stronger; and there is the potential to scale up the project by adding additional units to overcome some of the hurdles.

The Town could be a pivotal part of getting the block completed. After a preliminary review of the financial summary, public investment in Putnam seems to be both necessary and offer the potential for substantial incremental tax revenue. If Putnam II could generate approximately $20 million in incremental grand list value, that could likely service $5-7 million in TIF debt, paid from the project’s new incremental taxes. Much of Putnam II’s increment might be needed to bring Putnam II to fruition, but it could also be a source of increment for the rest of the district to fund other economic development initiatives. It also raises a series of questions that need to be explored, such as ‘what is the Town’s appetite for managing a parking resource and how does it fit within the Town’s overall parking management program?’

But $20 million increment will require roughly $45 million in private investment. That is a large project and one that may need to be split among multiple developers. The more the Town can use its governmental powers to absorb the elements that make the project less attractive, the easier it will be to attract private developers, and for them to spend their money on things that create increment and tax base for all.

If the Town is willing to consider a larger role in the project, there are a series of questions to explore with M&S Development in order to understand the financial gap and how best to fill it.

Flexibility

While at present the above three projects appear to be the readiest, in economic development it is important to be ever flexible and respond to changing opportunities. Perhaps unexpected stumbling blocks will arise that halt one of these projects. Maybe other possibilities will gain momentum they don’t appear to have today. New ideas may
come forth. Our economy fosters such shifts and effective economic development efforts must be prepared to respond and assist private initiative.

Using TIF to Advance the Projects

It has been our experience that the quickest path to economic development in smaller downtowns like Bennington is typically to support the private sector and eliminate barriers to development through property acquisition, parking, and environmental remediation. These are steps that put the municipality in the driver’s seat with direct investment and in partnership with the developer that enables development to happen quicker and, in a manner more consistent with the Town’s vision.

In order to pursue this approach, the existing TIF plan would need to be amended through the substantial change process. This amendment is necessary anyway due to a pending deadline. But the new plan implicitly envisions a different role for the Town. The new role envisions the Town as a critical player in advancing the projects and without whom the projects can’t happen.

We understand that TIF Districts can be burdensome to administer. But, in our experience, the cost is well worth the benefit. Using TIF, the Town could unlock approximately $7 million in funds that can be used to advance priority development projects that align with the Town’s redevelopment vision. Without the infusion of those funds, the three projects above seem likely to linger on the drawing board.

Financial Considerations

In preparation for a substantial change application, we would identify a funding source to cover the debt service until the increment is produced. This is a common problem in TIFs since it is typically three to five years from project conception to the point where it is creating increment. Typically, this is handled by some form of borrowing, either directly from the bank or from a Town reserve fund, and those funds are then replenished when the increment arrives. This delay is addressed within the financial model and can address any short-term decrement that has arisen. Many communities that choose to pursue Tax Increment Financing realized they needed to take a stronger role in economic development due to a flat or eroding grand list.
Utilizing ARPA for Economic Development

ARPA can be an important tool for economic development in a) Qualified Census Tracts and/or, b) when serving “disproportionately impacted… populations, households, or geographic areas impacted by the pandemic”.

Bennington’s 2022 QCT does not match up with the location of the contemplated projects in the core of downtown, thus eliminating that path for the priority projects. Regarding the second path, the law does not specify how to measure “disproportionate impact”. If it can be shown that the pandemic has had a disproportionate impact in the downtown area and/or that the specific projects will serve disproportionately impacted populations or households, they may be ARPA eligible. For example, some of the programs contemplated for public uses at Benn High, such as the senior center or meals program may serve disproportionately impacted populations.

The law limits ARPA funds to the following uses:

- To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
- To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
- For the provision of government services to the extent of the reduction in revenue due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
- To make necessary investments in water, sewer, or broadband infrastructure.

ARPA may be a good fit to address infrastructure needs of the Town. With this context, you will see that we have broken out the list of concepts provided by the Town into economic development and infrastructure project types. Both categories are important in a successful community. The infrastructure improvements for running and supporting the Town (i.e., computer hardware and rec center facility upgrades) are part of a solid capital investment plan and require a prioritization strategy of their own.

The town should continue to evaluate use of ARPA funds as more information emerges regarding eligible uses, and especially regarding how to measure “disproportionate impact”. In any instance when the Town intends to use ARPA funds, the eligibility should be carefully documented. Particularly if the Town is relying on “disproportionate
“impact” to justify the use of ARPA funds, the Town should do the research to determine whether the population or area being served has been disproportionately impacted by Covid and should retain the supporting data in its records.

**Other Funding Sources**

There are numerous federal, state, and private sources for funding economic development and downtown revitalization. There is no one program or group of programs that can be said to be best for Bennington. Our experience is that economic development does not begin with financing programs, rather it begins with identifying one or more specific development projects and then exploring which funding programs may be suitable for those specific projects.

Each funding program or source has its own eligibility requirements, financing terms, and limitations. Consequently, one should begin with the project and then build the financing that makes most sense for it.

In the appendices we provide brief descriptions of many of the available sources of funding. This includes most of the major sources but is not intended to be comprehensive.

Remember this: first identify the project, then seek the funding.

**Next Steps**

Imagine what downtown Bennington would look like in ten years with the Benn High, Downtown Grocery Store, and Putnam II projects complete. Now imagine Bennington in ten years if none of those projects are complete. The greatest likelihood of achieving the former vision is using the transformative power of TIF.

To use TIF, Bennington needs to amend the TIF District plan to focus on the above projects and get this approved through the substantial change process. We understand that internal capacity is limited, so additional consultant support will be critical. Once this is approved by VEPC, the Town can ask the voters to authorize the borrowing of funds to advance the projects as outlined in the plan. Funds would be used to obtain site control of key properties, pay for the consultants to assemble the projects, and the professional services to determine redevelopment costs. These voter-approved, borrowed funds can reimburse funds advanced to prepare the substantial change application.
Appendix of Town-Identified Needs and Ideas

We have characterized the other prospective development projects and developable sites as Tier 3 level priorities. These Tier 3 projects seem more speculative in nature (some more than others) and the Town needs to be prudent about the time and resources being devoted to each one. We intentionally did not assign any Tier 2 priorities because we think there should be a discussion with the Town to move only the most viable to Tier 2, requiring some Town resources. Of course, with all economic development work, should any one of these projects gain traction and there is a role for the Town, that project would ascend the list in terms of importance.

The properties identified as Tier 4 were part of the original TIF Plan, but it is unclear what barriers exist that the Town could address to incent further development there. In addition, there are three properties that do not seem to have any burgeoning opportunity or needs from the Town, and thus have been marked ‘None.’

As mentioned previously, the other initiatives and needs are marked as town infrastructure. While these are important efforts, they will not be addressed as part of our scope. Our scope is focused on economic development initiatives and prioritizing what could be most catalytic and most feasible in the near term. While there are many needs in the community and many opportunities, we focused on the low hanging fruit that would have the highest return on investment and tracked closest to the Town’s long term strategic goals.
### Bennington Needs and Ideas
Compiled 10/11/21, updated 12/15/21

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<thead>
<tr>
<th>Project Name</th>
<th>Description</th>
<th>Recommendation</th>
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<tbody>
<tr>
<td><strong>Putnam Block Phase II</strong></td>
<td>Project with plans</td>
<td>Tier 1 Econ Dev</td>
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<tr>
<td><strong>Benn High</strong></td>
<td>Project with plans</td>
<td>Tier 1 Econ Dev</td>
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<td><strong>Downtown Food Market</strong></td>
<td>Needed use</td>
<td>Tier 1 Econ Dev</td>
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<td><strong>Alcaro/LaFlamme's Building</strong></td>
<td>Developable site</td>
<td>Tier 1 Econ Dev</td>
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<tr>
<td><strong>Friendly's Building</strong></td>
<td>Developable site</td>
<td>Tier 3 Econ Dev</td>
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<tr>
<td><strong>Downtown Hardware Store</strong></td>
<td>Needed use</td>
<td>Tier 3 Econ Dev</td>
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<tr>
<td><strong>People's Bank Building</strong></td>
<td>From TIF Plan</td>
<td>Tier 3 Econ Dev</td>
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<tr>
<td><strong>Catamount School</strong></td>
<td>Project with plans</td>
<td>Tier 3 Econ Dev</td>
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<tr>
<td><strong>Tuttle Lot</strong></td>
<td>Developable site</td>
<td>Tier 3 Econ Dev</td>
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<tr>
<td><strong>Energizer</strong></td>
<td>Developable site</td>
<td>Tier 3 Econ Dev</td>
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<tr>
<td><strong>Everett Estate (SVC Campus)</strong></td>
<td>Developable site</td>
<td>Tier 3 Econ Dev</td>
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<tr>
<td><strong>Bennington Brush</strong></td>
<td>Project with plans</td>
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<td><strong>Cone Building</strong></td>
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<td><strong>Nichols Building</strong></td>
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<td><strong>Ritchie Block</strong></td>
<td>From TIF Plan</td>
<td>Tier 4 Econ Dev</td>
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<td><strong>Greenawalt Lot</strong></td>
<td>From TIF Plan</td>
<td>Tier 4 Econ Dev</td>
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<tr>
<td><strong>Sleeman Lot</strong></td>
<td>From TIF Plan</td>
<td>Tier 4 Econ Dev</td>
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<td><strong>120 Depot Street</strong></td>
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<td>Tier 4 Econ Dev</td>
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<td><strong>Expanded Revolving Loan Programs</strong></td>
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<td><strong>Purchase by Municipality of Blighted Properties</strong></td>
<td>Initiative</td>
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<td><strong>Harte Block</strong></td>
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<tr>
<td><strong>Banner Building</strong></td>
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<td><strong>Old Drysdale Building</strong></td>
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<td><strong>Armory Building</strong></td>
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<tr>
<td><strong>Improvements to Streetscape, Infra, Facades</strong></td>
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<td><strong>Wastewater Dept Proj</strong></td>
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<td><strong>Highway Dept Proj</strong></td>
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<td><strong>Police Dept Proj</strong></td>
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<td><strong>Rec, Parks &amp; Pathway Proj</strong></td>
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<td><strong>Town Facilities Dept Proj</strong></td>
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<td><strong>Town Admin Proj</strong></td>
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<tr>
<td><strong>Other Proj</strong></td>
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Project Funding Sources

For downtown development projects in Vermont to be viable they typically require numerous financing sources. Depending on the specific project, there are myriad funding programs that may be considered, each with its own eligibility requirements, benefits, constraints, and application process. Some funding sources may work for one project, but not another. Consequently, consideration of funding begins with understanding the project in detail, including its location, uses, anticipated tenants, population(s) being served, whether it’s a brownfield, new construction or historic renovation, whether there is any missing or inadequate public infrastructure holding it back, and numerous other considerations specific to each project. Once these are well understood, one can begin looking at possible sources of funding.

I) Powerful Programs for Economic Development

In broad terms two of the most powerful financing programs are Tax Increment Financing (TIF) and New Market Tax Credits (NMTC). Both are limited to specific defined geographic areas. Fortunately, much of downtown Bennington is eligible for both.

a) Tax Increment Financing (TIF)

TIF can be used to finance public improvements that directly support or incentivize private development. Because it only uses new incremental taxes that would not otherwise exist, it finances public investment without increasing property taxes.

TIF cannot be used for operating expenses or for a municipality’s general capital needs. Public improvements financed with TIF to incentivize private investment may include utilities, transportation improvements, public facilities and amenities, and site preparation for development or redevelopment including acquisition, demolition, and environmental remediation of contaminated property. TIF funds cannot be directly invested in private development projects.

Experience with TIF in Vermont shows that often it can be powerfully used to leverage private development through site preparation investments described above and through development or expansion of public parking.
b) New Market Tax Credits (NMTC)

NMTC is a federal program that provides tax credits for certain investments. It is one of the most powerful sources of funding for private investments in NMTC’s designated geographic areas. It typically can pay for 20% to 25% of the total project costs. That said, it is extremely complex and has very high transaction costs, which can reach $500,000 or more. Due to NMTC’s complexity and transaction costs, it is generally not used for small projects costing less than, say, $10 million. It also has limited funds and is highly competitive. Obtaining NMTC awards for a project are not assured.

Due to the competitive nature and complexities, specialized professionals are typically required. Both for-profit and non-profit businesses are eligible for NMTC. Government entities can facilitate acquisition of NMTC funding for private businesses but are not themselves eligible to use NMTC.

II) Second Tier Programs for Economic Development

Calling these “second tier” may be misleading. For many projects these sources are critical. In fact, even for projects that use NMTC and/or TIF, most will also require one or more of these. Among the more important ones for general economic development projects are Opportunity Zones, Historic Preservation Tax Credits, brownfield remediation funding, and VEDA. Projects that include housing have their own list of significant funding sources.

a) Opportunity Zones (OZ)

Opportunity Zones help attract equity investment into private projects in designated geographic areas. Most of downtown Bennington is in an OZ. OZs are a federal program that provides a tax incentive for private parties to invest in eligible projects. An OZ investment allows an investor that has a capital gain from some other investment to defer the capital gains taxes if the proceeds are invested in an eligible OZ project. If all the rules are followed successfully, the capital gains are not only deferred, but also reduced. Moreover, if the investor leaves the investment in the OZ project for at least 10 years, no capital gains taxes are due on any gain from the OZ investment itself.

For the OZ project, the benefits are two-fold. First it helps attract needed equity. Second it marginally reduces the amount of return on investment the investor will require from the OZ project because a portion of the investor’s return will come from reduced capital gains taxes. But in general, this should not be expected to make a dramatic difference in the project’s cash flow.

b) Historic Preservation Tax Credits

Both the state and federal governments offer tax credits for renovation of historic buildings, so long as the renovations conform with the Secretary of the Interior’s
standards for historic rehabilitation. For the right projects these are a valuable financing source.

c) Brownfield Funding

There are numerous programs that help pay for environmental remediation of contaminated sites. The amount of funding, requirements to be eligible, and process vary from time to time. In all cases of which we are aware, accessing these funds requires working closely with the VT Department of Environmental Conservation (DEC) to develop and implement a corrective action plan.

d) VEDA

The Vermont Economic Development Authority can be an excellent source of subordinate financing. This makes a project more attractive to a conventional lender by giving greater security. We have successfully used VEDA financing for downtown projects.

e) Other Sources

We are attaching an extensive list of other funding sources for projects in designated downtowns (of which Bennington is one) published by the VT Agency of Commerce and Community Development. We are also including a list of additional funding sources we compiled that are not included in ACCD’s publication.
Designated Downtown and Village Centers

Funding Directory - Historic Buildings

**Downtown and Village Center Tax Credit***

State tax credit for qualified historic rehabilitation, façade, and code improvements for properties at least 30 years old and located within a state designated downtown or village center.

- **Range:** 10 – 50% of eligible expenditures
- **Eligibility:** Income-producing and nonprofit properties within a state designated downtown or village center
- **Deadline:** Annually the first week of July
- **Contact:** Caitlin Corkins, (802) 828-3047, caitlin.corkins@vermont.gov
- **Website:** [http://www.nps.gov/tps/tax-incentives.htm](http://www.nps.gov/tps/tax-incentives.htm)

**Federal Rehabilitation Investment Tax Credit**

Federal tax credit for 20% of the rehabilitation costs (including labor, materials and architects or other consultant fees) for income-producing buildings listed in the National Register of Historic Places.

- **Range:** 20% of eligible expenditures
- **Eligibility:** Owners of income-producing historic buildings
- **Deadline:** Rolling application deadline; file application before construction
- **Contact:** Caitlin Corkins, (802) 828-3047, caitlin.corkins@vermont.gov
- **Website:** [http://www.nps.gov/tps/tax-incentives.htm](http://www.nps.gov/tps/tax-incentives.htm)

**State Historic Preservation Grants***

State 50:50 matching grants for the repair and restoration of historic buildings listed or eligible for listing in the National Register of Historic Places.

- **Range:** $1,000 - $20,000
- **Eligibility:** Municipalities and non-profit organizations
- **Deadline:** Annually the first week in October
- **Contact:** Caitlin Corkins, (802) 828-3047, caitlin.corkins@vermont.gov
- **Website:** [http://accd.vermont.gov/historic-preservation/funding/historic-preservation-grants](http://accd.vermont.gov/historic-preservation/funding/historic-preservation-grants)

**Cultural Facilities Grant Program**

Matching state grants for community facilities used to provide cultural activities to the public and to enhance or expand the capacity of an existing building to provide cultural programming.

- **Range:** $1,000 - $30,000
- **Eligibility:** Municipalities and non-profit organizations
- **Deadline:** Annually at the beginning of May
- **Contact:** Michelle Bailey, (802) 828-3294, mbailey@vermontartscouncil.org
- **Website:** [http://www.vermontartscouncil.org/grants-and-services/organizations/cultural-facilities](http://www.vermontartscouncil.org/grants-and-services/organizations/cultural-facilities)

**VHCB Outstanding Historic Building Grants***

Funding for acquisition or rehabilitation of “outstanding” historic buildings located in downtowns and village centers as determined by VHCB. Projects are protected by a historic preservation easement.

- **Range:** Varies. Match required for locally significant historic projects; no match required for buildings of statewide significance, but matching funds make applications more competitive
- **Eligibility:** Municipalities; nonprofit housing and conservation organizations
- **Deadline:** Multiple, depending on the availability of funding; deadlines on VHCB website
- **Contact:** Karen Freeman, (802) 828-5067, karen@vhcb.org
- **Website:** [https://vhcb.org/our-programs/conservation/apply-for-funding](https://vhcb.org/our-programs/conservation/apply-for-funding)

**Preservation Trust of Vermont**

Implementation and planning grants available to preserve and rehabilitate historic buildings.

- **Range:** Varies
- **Eligibility:** Municipalities and nonprofit organizations
- **Deadline:** Varies
- **Contact:** Ben Doyle, (802) 839-9914, ben@ptvermont.org
- **Website:** [https://ptvermont.org/grants/](https://ptvermont.org/grants/)

*Grant program awards priority consideration for state designation.*
Designated Downtown and Village Centers

**Funding Directory - Buildings and Infrastructure**

**Human Services and Educational Facilities Grant Program**
Matching state grants for capital costs associated with the major maintenance, renovation, and development of facilities used for human services and health care, or educational opportunities.

**Range:** $1,000 - $25,000

**Eligibility:** Municipalities and non-profit organizations

**Deadline:** Annually in July

**Contact:** Judy Bruneau, (802) 828-3519, judy.bruneau@vermont.gov

**Website:** https://bgs.vermont.gov/commissioner/building-communities-grants

**USDA Rural Development Programs**
The USDA offers federal support for towns and villages through a variety of loan and grant programs aimed at enhancing rural quality of life through investing in housing, essential community facilities, municipal infrastructure, and economic development.

**Range:** Loan and grant support varies by program

**Eligibility:** Varies by program

**Deadline:** Varies by program

**Contact:** Misty Sinsigalli, (802) 622-4119, misty.sinsigalli@usda.gov

**Website:** http://www.rd.usda.gov/vt

**Vermont Arts Council - Animating Infrastructure Grants**
Animating Infrastructure Grants support community projects that integrate art with infrastructure improvements.

**Range:** Grants range from $1,000 to $15,000; no match required.

**Eligibility:** Projects must engage an artist to develop community projects that integrate public art with infrastructure

**Deadline:** Letters of intent due December 2020 with full proposals due March 2020.

**Contact:** Michele Bailey (802) 828-3294, mbailey@vermontartscouncil.org

**Website:** https://www.vermontartscouncil.org/grants-and-services/organizations/animating-infrastructure

**ANR Clean Water State Revolving Loan Fund**
State Revolving Loan to assist in the planning, design, and construction of municipal wastewater and stormwater systems. Details on various programs on website.

**Range:** No maximum or minimum project amount

**Eligibility:** Municipalities

**Deadline:** Accepted on a continuing basis for planning and design loans. Construction loans must apply by February 15 of each year to be on the priority list for the year.

**Contact:** Tom Brown, (802) 622-4205, thomas.brown@vermont.gov

**Website:** https://dec.vermont.gov/water-investment/water-financing/cwsrf

**ANR Drinking Water State Revolving Loan Construction Fund**
State Revolving Loan to assist in construction of public, private and nonprofit community water, wastewater and stormwater systems. Details on various programs on website.

**Range:** $2,000,000 per funding cycle and $6,000,000 cap for any one project. No minimum project amount.

**Eligibility:** Municipalities, private developers and non-profit organizations

**Deadline:** Annually in February

**Contact:** Celia Riechel (802) 585-4904, celia.riechel@vermont.gov

**Website:** https://dec.vermont.gov/water-investment/water-financing/dwsrf

**ANR Drinking Water State Revolving Loan Planning Fund**
State Revolving Loan to assist in the planning and design of public, private and nonprofit community water, wastewater and stormwater systems. Details on various programs on website.

**Range:** $100,000 maximum. No minimum project amount

**Eligibility:** Municipalities, non-profit organizations and private developers

**Deadline:** Accepted on a continuing basis.

**Contact:** Celia Riechel (802) 585-4904, celia.riechel@vermont.gov

**Website:** https://dec.vermont.gov/water-investment/water-financing/dwsrf-water-planning-loan

*Grant program awards priority consideration for state designation.*

For more information, please contact:
Richard Amore: richard.amore@vermont.gov or 802.585.0061
Gary Holloway: gary.holloway@vermont.gov or 802.522.2444
Designated Downtown and Village Centers

Funding Directory - Transportation and Housing

**Sales Tax Reallocation Program***

- Municipalities and the developer of a qualified project jointly apply for a reallocation of sales taxes on construction materials. Qualified projects must be located within a state designated downtown.
- **Range:** Based on sales tax generated in excess of $100,000 to $1M depending on the size of municipality
- **Eligibility:** Joint application between municipality and developer located within Designated Downtown
- **Deadline:** Annually the first week of July
- **Contact:** Caitlin Corkins, (802) 828-3047, caitlin.corkins@vermont.gov
- **Website:** [http://accd.vermont.gov/community-development/funding-incentives/sales-tax-reallocation](http://accd.vermont.gov/community-development/funding-incentives/sales-tax-reallocation)

**Vermont Community Development Program (CDBG)***

- **Accessibility Modification Grants** – Federal grants to bring existing municipal buildings and non-school libraries into compliance with the Americans with Disabilities Act (ADA).
- **Implementation Grants** – Federal grants for economic development, housing, public facilities, and public services that will benefit low to moderate income individuals, eliminate slums or blight, or address an urgent need.
- **Planning Grants** – Federal grants for community development planning, downtown planning studies, and project development to benefit people with low to moderate incomes and/or eliminate “slums and blight.”
- **Scattered Site Grants** – Federal grants to rehabilitate scattered site housing projects to benefit people with low to moderate incomes and/or eliminate “slums and blight.”
- **Range:** $3,000 - $1,000,000
- **Eligibility:** Municipalities and/or municipalities on behalf of organizations and private owners
- **Deadline:** Open application with funding decisions made throughout the year
- **Contact:** Cindy Blondin, (802) 828-5219, cindy.blondin@vermont.gov
- **Website:** [http://accd.vermont.gov/community-development/funding-incentives/vcdp](http://accd.vermont.gov/community-development/funding-incentives/vcdp)

**Downtown Transportation Fund***

- State grants for municipalities to finance transportation-related capital improvements in support of economic development, within or serving a state designated downtown, including construction or alteration of roads and highways, parking facilities, pedestrian and streetscape improvement, rail or bus facilities or equipment, and underground relocation of electric utility, cable and telecommunications lines.
- **Range:** 50% of overall project costs up to maximum of $100,000
- **Eligibility:** Municipalities with a Designated Downtown
- **Deadline:** Annually in March
- **Contact:** Gary Holloway, (802) 522-2444, gary.holloway@vermont.gov
- **Website:** [http://accd.vermont.gov/community-development/funding-incentives/downtown-transportation-fund](http://accd.vermont.gov/community-development/funding-incentives/downtown-transportation-fund)

**VTrans Transportation Alternative Program***

- State matching grants for the construction, planning, and design of bike and pedestrian facilities (on or off road), sidewalks, bicycle infrastructure, lighting, and others.
- **Range:** $50,000 - $300,000. Local match of 20% for construction and scoping studies
- **Eligibility:** Municipalities, transit agencies, school district, and regional planning commissions
- **Deadline:** Annually in November
- **Contact:** Scott Robertson, (802) 793-2395, scott.robertson@vermont.gov

**VTrans Bicycle and Pedestrian Program***

- State matching grants for the scoping, design, and construction of bike and pedestrian facilities, sidewalks, bicycle lanes, crosswalks, shared-use paths, and lighting.
- **Range:** No minimum or maximum range. Local match of 20% for construction, 50% for state-funded small scale construction grants; and 20% for scoping projects
- **Eligibility:** Municipalities, transit agencies, school district, and regional planning commissions
- **Deadline:** Annually in July
- **Contact:** Jon Kaplan, (802) 498-4742, jon.kaplan@vermont.gov
- **Website:** [http://vtrans.vermont.gov/highway/local-projects/bike-ped](http://vtrans.vermont.gov/highway/local-projects/bike-ped)

*Grant program awards priority consideration for state designation.*

For more information, please contact:

Richard Amore: richard.amore@vermont.gov or 802.585.0061
Gary Holloway: gary.holloway@vermont.gov or 802.522.2444
Designated Downtown and Village Centers

Funding Directory - Recreation and Conservation

ANR Recreational Trails Grant Program
Matching state 80/20 grants for the maintenance, restoration, design and construction of recreational trails. Both motorized and non-motorized trail projects may qualify for RTP funds.
Range: Maximum of $50,000. Local match of 20%
Eligibility: Municipalities, non-profit organizations, and other governmental entities may apply.
Deadline: Annually February 1st. Mandatory pre-applications due in December
Contact: Sherry Winnie, (802) 760-8450, sherry.winnie@vermont.gov
Website: https://fpr.vermont.gov/recreational-trails-program

BGS Recreational Facilities Grants Program
State matching 50/50 grants for the development and creation of community recreational opportunities.
Range: $1,000 - $25,000
Eligibility: Municipalities and non-profit organizations
Deadline: Annually in July
Contact: Judy Bruneau, (802) 828-3519, judy.bruneau@vermont.gov
Website: http://bgs.vermont.gov/commissioner/building-communities-grants

ANR Ecosystem Restoration Grant Program
State grants for the design and construction projects that target nonpoint sources of pollution that cause or contribute to the state’s surface waters.
Range: Maximum of $250,000. Local match varies
Eligibility: Municipalities, regional organizations, non-profits associations, citizen groups, and state agencies
Deadline: Two rounds annually, varies depending on funding
Contact: Allison Lewis, (802) 490-6124, allison.lewis@vermont.gov
Website: https://dec.vermont.gov/water-investment/cwi/grants/opportunities

ANR Caring for Canopy Grant Program
State 50/50 matching grants to help communities care for tree canopy by taking the necessary actions to developing and sustaining a community-wide tree program, including tree plantings, inventories, maintenance, and planning.
Range: $500 - $5,000. Local match of 50%
Eligibility: Municipalities and non-profits associations
Deadline: Annually in January
Contact: Elise Schadler, (802) 522-6015, elise.schadler@vermont.gov
Website: https://vtcommunityforestry.org/programs/financial-assistance/caring-canopy-grants

ANR Land and Water Conservation Fund
Assists in acquiring land for parks and public outdoor recreation, as well as the development of new facilities and/or renovations of existing facilities or outdoor recreation.
Range: Not specified. Local match of 50%
Eligibility: Municipalities
Deadline: Annually in February, pre-applications due in the fall
Contact: Jessica Savage, (802) 828-1399, jessica.savage@vermont.gov
Website: https://fpr.vermont.gov/land-and-water-conservation-fund

VHCB Local Conservation Projects*
Local conservation projects for agricultural and recreational land, town parks and forests, swimming holes, green- ways, and historic buildings for public use.
Range: Up to $150,000. Match required, at least 33%
Eligibility: Municipalities, eligible non-profit organizations and certain state agencies
Deadline: Multiple, depending on the availability of funding; deadlines on VHCB website
Contact: Ethan Parke, (802) 828-0795, ethan@vhcb.org
Website: https://vhcb.org/our-programs/conservation/apply-for-funding

* Grant program awards priority consideration for state designation.

For more information, please contact:
Richard Amore: richard.amore@vermont.gov or 802.585.0061
Gary Holloway: gary.holloway@vermont.gov or 802.522.2444
Designated Downtown and Village Centers
Funding Directory - Economic Development, Planning, and Efficiency

Northern Border Regional Commission Grants*
A federal/state partnership that invests in economic and community development projects in Vermont.
Range: Grants up to $250,000. Match of 20%-50% of total project cost, depending on location.
Eligibility: Participating member states, local governments (city and county), nonprofit and Native American entities
Deadline: Annually in June
Contact: Kristie Farnham, (802) 398-5268, kristie.farnham@vermont.gov
Website: http://accd.vermont.gov/economic-development/funding-incentives/Northern-Border-Regional-Commission

BGS Regional Economic Development Grant Program
Matching state grants to stimulate the creation and development or retention of economic development of individual or regional Vermont communities.
Range: $1,000 - $25,000
Eligibility: Municipalities and non-profit organizations
Deadline: Annually in July
Contact: Judy Bruneau, (802) 828-3519, judy.bruneau@vermont.gov
Website: https://bgs.vermont.gov/commissioner/building-communities-grants

Certified Local Government Program
Federal grants available for resource identification and planning, National Register nominations, downtown planning, public education, archeological studies, and building feasibility studies.
Range: $500 - $25,000
Eligibility: Municipalities that are enrolled as Certified Local Governments
Deadline: Annually in December
Contact: Devin Colman, (802) 585-8246, devin.colman@vermont.gov
Website: http://accd.vermont.gov/historic-preservation/funding/clg-grants

VTrans Park and Ride Grant Program
Supports the engineering and construction of small municipal owned park and ride facilities to reduce the number of single occupancy vehicles on the roadway.
Range: No minimum or maximum range
Eligibility: Municipalities. Location must be on a municipal, state or leased property on or near a state highway
Deadline: Annually, in August
Contact: Tina Bohl, (802) 793-1743, tina.bohl@vermont.gov
Website: http://vtrans.vermont.gov/highway/parkandrides

Efficiency Vermont Incentives*
Efficiency Vermont offers technical assistance, incentives, and financing for energy-related projects for homeowners and businesses seeking to use less energy, save money, and support a clean energy future.
Range: Varies by program.
Eligibility: Homeowners and business owners. Contact us for details
Deadline: Ongoing, no deadline
Contact: Customer Support, (888)-921-5990, info@efficiencyvermont.com
Website: https://www.efficiencyvermont.com/rebates

Vermont Community Foundation
A variety of grants are available to support projects to improve environmental sustainability, cultural heritage, social justice, historic preservation, and vitality of Vermont communities
Range: Up to $25,000. No local match required
Eligibility: Municipalities, nonprofit organizations, grant availability varies by geographic area
Deadline: Varies by grant, throughout the year
Contact: Sarah Waring (802) 388-3355 x 283, swaring@vermontcf.org
Website: http://www.vermontcf.org/Nonprofits/AvailableGrants.aspx

* Grant program awards priority consideration for state designation.

For more information, please contact:
Richard Amore: richard.amore@vermont.gov or 802.585.0061
Gary Holloway: gary.holloway@vermont.gov or 802.522.2444
### Municipal Planning Grant Program*
State grants for a wide range of municipal planning projects including municipal land use plans, zoning and subdivision bylaws, designated downtown, village and neighborhood planning.

| Range: | $2,500 - $20,000. Local match required |
| Eligibility: | Municipalities with adopted plans confirmed by their regional planning commission |
| Deadline: | Annually in September |
| Contact: | Jennifer Lavoie, (802) 828-1948, jennifer.lavoie@vermont.gov |
| Website: | [http://accd.vermont.gov/community-development/funding-incentives/municipal-planning-grant](http://accd.vermont.gov/community-development/funding-incentives/municipal-planning-grant) |

### Hazard Mitigation Grant Program
Provides grants to implement long-term hazard mitigation actions that reduce structure damage or loss of life due to natural disasters. Examples include upsizing culverts, floodproofing buildings and mitigation planning.

| Range: | No minimum or maximum. Local match of 25% |
| Eligibility: | Municipalities, state agencies, regional planning agencies, non-profits in select circumstances. Eligible entities on behalf of private owners. |
| Deadline: | Funding available after a major disaster declaration. Rolling application deadlines |
| Contact: | Ben Rose, 802-241-5386, ben.rose@vermont.gov |
| Website: | [https://vem.vermont.gov/funding/mitigation](https://vem.vermont.gov/funding/mitigation) |

### VTrans/ACCD Better Connections Program*
State 90/10 matching grants for planning that align land use planning and community revitalization with transportation investments.

| Range: | No minimum. Maximum is $67,500. Local match of 10% |
| Eligibility: | Municipalities, located outside of Chittenden County with a confirmed planning process |
| Deadline: | Fall 2020. Pre-application meetings conducted prior to December 31 |
| Contact: | Jackie Cassino, (802) 272-2368, jackie.cassino@vermont.gov or Richard Amore, richard.amore@vermont.gov |
| Website: | [http://vtrans.vermont.gov/planning/projects-programs/better-connections](http://vtrans.vermont.gov/planning/projects-programs/better-connections) |

### Vermont State Infrastructure Bank
State low interest loan program for the construction or reconstruction of highways, roads and bridges, and pedestrian facilities, as well as certain capital facilities related to rail transit, public transit or electric vehicle charging stations.

| Range: | No minimum or maximum range. Loan term may not exceed 30 years and requires borrower equity of 10-20%. |
| Eligibility: | Municipalities, Regional Development Corporations, or political subdivisions of the state or private sector companies that have entered into a contract with a public authority. |
| Deadline: | No deadline, ongoing loan program |
| Contact: | Cassie Polhemus, (802) 828-5627, cpolhemus@veda.org |

### VEDA Commercial Loan Programs
Low interest loans are available to for profit and non-profit companies to finance downtown revitalization projects under VEDA's Direct Loan Program and its Vermont Small Business Loan Program.

| Range: | Loans for 40% of project costs to a maximum of $1.5 million or for $2 million on renewable energy projects |
| Eligibility: | Projects involving redevelopment of vacant or significantly under-utilized buildings or lots in downtowns or villages that spur employment and economic vitality |
| Deadline: | No deadline, ongoing loan program |
| Contact: | Thomas Porter, (802) 828-5627, tporter@veda.org |
| Website: | [http://www.veda.org/financing-options/](http://www.veda.org/financing-options/) |

### Brownfield Revitalization Fund*
Grants and loans for remediation of brownfield sites.

| Range: | Grants are capped at $200,000 |
| Eligibility: | Municipalities, non-profit organizations and private developers |
| Deadline: | Rolling |
| Contact: | Kristie Farnham, (802) 398-5268, kristie.farnham@vermont.gov |

* Grant program awards priority consideration for state designation.
**VNRC’s Small Grants for Smart Growth**

Provides seed money for community-based initiatives related to smart growth, including efforts related to housing, transportation, community revitalization, conservation, public participation, and advocacy.

**Range:** $500 - $1,500.

**Eligibility:** Local or multi-town entities, such as a municipality, municipal commission or committee; non-profit organization; or citizens group that is either working with a non-profit or seeking 501(c)(3) status.

**Deadline:** Rolling throughout year.

**Contact:** Kate McCarthy, (802) 223-2328, x. 114, kmccarthy@vnrc.org

**Website:** https://vnrc.org/small-grants-for-smart-growth/

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**AARP Vermont Placemaking Projects for Changing the Built Environment Grants**

Provides funding for small projects that will employ temporary or semi-permanent changes with the goal of leading to permanent change to enhance the livability of the community for people of all ages and abilities.

**Range:** Up to $3,000

**Eligibility:** Statewide, regional and local government entities and non-profit organizations

**Deadline:** Annually in the spring.

**Contact:** Kelly Stoddard Poor, (802) 393-9187, kstoddardpoor@aarp.org

**Website:** https://states.aarp.org/vermont/

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**Vermont Council of Rural Development (VCRD) Community Visits**

The Community Visit program is a way for towns to engage and bring together their residents, set common goals, and directions in a neutral and facilitated structure, and access resources that will help them take action on those goals.

The Community Visit program, provided at no cost to communities by VCRD, gets citizens engaged in working for their communities and connects them to the resources they need to be successful.

**Range:** Municipal commitment to a community dinner and mailing

**Eligibility:** Vermont communities

**Deadline:** Rolling throughout the year.

**Contact:** Jenna Koloski, (802) 225-6091, jenna@vtrural.org

**Website:** https://www.vtrural.org/programs/community-visits/about

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**Local Motion**

Local Motion is Vermont’s statewide advocate for active transportation, vibrant communities, and safe streets. The organization provides technical assistance to communities and helps build local capacity, advocates for safer, more livable streets at the local and state level, and teaches bike skills to students and adults.

**Eligibility:** Vermont communities

**Contact:** Karen Yacos, info@localmotion.org or (802) 861-2700

**Website:** https://www.localmotion.org/

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*Grant program awards priority consideration for state designation.*

For more information, please contact:
Richard Amore: richard.amore@vermont.gov or 802.585.0061
Gary Holloway: gary.holloway@vermont.gov or 802.522.2444
Project Funding Sources and Techniques

to Supplement ACCD’s Funding Directory for Designated Downtowns and Village Centers

December 2021

I. General Economic Development Funding Programs

1) US Department of Agriculture (USDA). USDA has a number of programs that can potentially support economic development projects in downtowns. These include Rural Business Development Grants, Rural Cooperative Development Grants, Business and Industry Loan Guarantees, Rural Economic Development Loan and Grant program and more.

2) US Small Business Administration (SBA). The SBA has at least two programs that can be used for some projects – 504 loans and 7(a) loans.

3) Infrastructure Investment and Jobs Act. This is the approximately $1 trillion funding program passed by congress and signed by the President in November 2021. It is focused on hard infrastructure projects. Little specifics are known yet. But this should be watched closely for possible uses in downtown.

4) VT Capital Investment Program. The VT Legislature passed Act 74 which established the Capital Investment Program to make funding available for transformational projects that will provide each region of the State with the opportunity to attract and retain businesses, create jobs, and invest in their communities by encouraging capital investments. Visit the ACCD website for program details. https://accd.vermont.gov/economic-development/funding-incentives/capitalinvestmentgrant

5) Community Heart & Soul. The Community Heart & Soul Seed Grant Program is uniquely designed for small cities and towns (population 2,500-30,000). Successful applicants will receive $10,000 grants to match funding from a participating municipality or a partnering organization. Apply Here. Read the Grant Guidelines for more information. Awards are made on a rolling basis.
6) **Better Places.** The Better Places program will provide “placemaking” grants ranging from $5,000 to $40,000 that improve the vitality of state designated downtowns, village centers, new town centers, or neighborhood development areas. The Better Places partnership is a place-based economic development program.

7) **Vermont Community Foundation.** In addition to direct grants described in ACCD’s Funding Directory, VCF also occasionally makes Program Related Investments. These are typically low interest loans that help fill financial gaps in projects that have a social benefit. The concept is that VCF must invest their funds to maintain and grow their resources so that they can continue making grants. They have decided that instead of putting all their funds into conventional investments, such as stocks and bonds, a portion of those investments could be made in community projects that support their mission. This can provide subordinate debt with lower interest cost, and other flexible terms.

8) **Patient Capital.** In many communities, including Bennington, there are potential investors that will make an investment in a project because they want to support the community benefits the project is expected to provide. These can be individual investors, institutions, or major employers. The recent Putnam Block project included a number of such investors who were critical to its success.

9) **Master Leasing.** Sometimes a lender is reluctant to commit to a project because of uncertainty around whether the planned spaces will fully lease up at the projected lease rates. One way of handling this is for some entity that has financial strength to master lease the space, thus effectively guaranteeing the rental income. Of course, this moves the risk from the bank to the entity that signs the master lease.

10) **Rent Guarantees.** A similar approach is for an entity to sign a rent guarantee that commits that entity to paying any shortfall in rental income from some agreed threshold, which is generally the amount of rental income required to pay all operating expenses and all debt service. In effect this guarantees the lender there will be sufficient income to make payments to them.

II. **Housing Programs**

There are numerous funding programs for housing projects serving low- and moderate-income people. There are few for so-called “workforce housing” and none that we know of for fully market rate housing. We will not describe these in detail, but among the main ones are Low Income Housing Tax Credits (LIHTC), Vermont Housing and Conservation Board (VHCB), Vermont Community Loan Fund (VCLF), and the Vermont Community Development Program (VCDP) which allocates Community Development Block Grant (CDBG) funds.