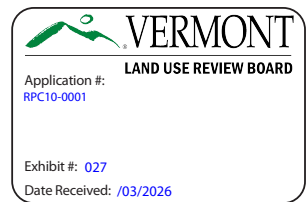


TO: Two Rivers Ottauquechee Regional Commission
FROM: Vermont Department of Housing & Community Development
DATE: July 7, 2026
RE: Regional Plan Pre-Application
SUBJECT: FORMAL REVIEW AND COMMENT BY DHCD



Overview

- This memo provides formal review and comment by the Department of Housing & Community Development (DHCD) on the proposed regional plan referenced above.
- The primary objective of this Memo is to address potential issues prior to RPC hearings, support review and comment by the CIB, and support an affirmative determination of compliance by the LURB.
- The LURB is ultimately responsible for holding hearings and determining compliance with a regionally adopted plan (24 VSA §4348).

Process

- The **Two Rivers-Ottawquechee Regional Commission (TRORC)** submitted a pre-application to LURB on **May 27, 2026**.
- The LURB provided notice to partner agencies on **June 3, 2026**, with [submitted materials](#).
- To establish the new community investment designated downtown centers and village centers and neighborhoods, the LURB must ensure future land use areas (FLUA) proposed for designation meet the requirements under 24 V.S.A. § 5803 and 5804 for designation as downtown and VCs and neighborhood areas (10 VSA §6033).
- A positive determination of compliance by the LURB transfers all legacy State designated areas (Downtown Centers, Village Centers, New Town Center, Growth Centers, and Neighborhood Development Areas) and establishes eligibility for the new [State Community Investment Designations](#) and Act 250 Tier 1B and Tier 1A jurisdiction.
- Upon determination of compliance of the regional plan by the LURB, future land use areas (FLUA) that establish designation will be recognized as Community Investment Program designated downtown/village centers and neighborhoods and tracked in the State's Planning Atlas and Data Center.
- Proposed regional plans will now apply a [standard methodology for FLUA](#) mapping developed by VAPDA and the [Enterprise GIS Consortium](#) is presently considering a proposed regional plan FLUA data standard to support statewide-consistent map data. Both implement the land use categories established by statute: *downtown centers (DC)*, *village center (VC)*, *planned growth area (PGA)*, *village area (VA)*, *transition area*, *enterprise area*, *resource-based recreation area*, *hamlets*, *rural general*, *rural ag/forestry*, and *rural conservation* (24 VSA §4348a).
- The LURB developed a [Mapviewer](#) to assist in its partner agency reviews of the preapplication FLUA map.

- The Department's review and comments are primarily limited and focused on FLUAs establishing a Community Investment Designation and region-wide mapping topics or issues. The Department did not review the remainder of the plan.
- The designated downtown/village centers have three "steps" for (beginner [1], intermediate [2], advanced [3]) with graduated requirements and benefits. All *DCs and VCs* mapped by the RPCs enter the Community Investment Program. Centers associated with a legacy designated downtown enter the program at Step 3. Centers associated with a legacy designated new town center or village center enter the program at Step 2. All other centers, including all newly mapped centers with no legacy designation associated with it, enter the program at Step 1. Municipalities may then apply to submit an administrative application to the Department to advance to Step 2 and 3 (24 VSA §5803). The step data developed will support updates to the [Vermont Planning Atlas](#) and [Data Center](#) upon LURB determinations of compliance.
- Effective July 1, 2026, Acts 152 and 179 make changes to the Community Investment Designation Program.
- Act 152 amends elements of the regional plan; future land uses must now be consistent smart growth principles, added to Chapter 117. It also amends land uses that establish Tier 1 Act 250 exemptions and community investment designations. First, downtown and village centers do not have to be both traditional and historic central business and civic centers and can include 'planned or emerging' centers. *Planned growth areas* have a stronger focus on meeting the housing targets. The prior complete streets and walkability standards for centers and planned growth areas remain. *Village areas* no longer must have municipal water or wastewater, so long as there is either one of those public services, or the area has soils adequate for wastewater disposal, i.e. suitable areas for septic systems. The Act further establishes that historic downtown and village tax credits will only be eligible in Step 2 or 3 centers, or Step 1 centers where a portion of the designated center is listed or eligible for listing in the national register of historic places. Step 2 and Step 3 centers continue to have historic requirements; this means that some planned/emerging centers will not be able to 'step up' to the benefits prioritized for traditional and historic centers.
- Act 179 amends the community investment designation Step 2 and Step 3 requirements, to allow a preexisting (legacy) New Town Center to be a Step 2 or 3 Center without the requirement to be listed in the National Historic Register. The Department is analyzing how to apply this change.

Municipalities & FLUAs Proposed for Designation

Summary on FLUAs proposed as Centers & Neighborhoods

Designated Areas Proposed	81	
Total New	26	32%
Total Legacy	55	28%
Centers	68	
Step 1 Centers Proposed	17	25%
Step 2 Center Proposed	49	72%
Step 3 Centers Proposed	2	3%
<i>Legacy Centers</i>	<i>51</i>	
<i>New Center</i>	<i>17</i>	
Neighborhoods	19	
Planned Growth Area Neighborhoods	4	21%
Village Area Neighborhoods	15	79%
<i>Legacy Neighborhoods</i>	<i>4</i>	
<i>New Neighborhoods</i>	<i>15</i>	

Commentary

The Department of Housing & Community Development's (DHCD) most heavily weighted consideration in evaluating the Future Land Use maps is whether a region has included sufficient area in Centers and Neighborhoods to safely enable the region to achieve its [statewide and regional housing targets](#), established as part of Act 181 (24 V.S.A. § 4348a(a)(9)). BCRC has conducted robust engagement with its communities and municipal leadership to identify the centers and neighborhoods where growth is most desired.

Statute (24 V.S.A. § 4302(c)(1)(A)) requires that a substantial majority of the units be encouraged in downtown centers, village centers, planned growth areas, and village areas. The upper targets for the Region as established in the statewide and regional housing targets are 3,640 during the period of 2025-2030, and 15,162 during the period of 2025-2050, indicating average annual unit creation in the County of 728 per year to achieve the 2030 target or 606 per year to achieve the 2050 target.

According to the [DHCD Housing Development Dashboard](#), Two River Ottauquechee Regional Commission is substantially lagging in residential unit production toward their housing targets. The current rate of production puts the region far behind the pace for their upper 2030 housing targets. The region is on pace to build only 827 units during the 2025-2030 period according to the dashboard. According to building permit data obtained from the US Census Bureau and as reported on [HousingData.org](#), between 2012 and 2025, the region only permitted an average of about 108 units per year, with a low of 49 units permitted in the entire region in 2012 and a high of 378 in 2024. While the region's housing production is trending in the right direction, a substantial gap remains between the area's production and its ideal production to achieve a robust and healthy housing market.

While this is a review and comment of the Regional Plan, and thus indirectly the underlying municipal plans, it does not provide direct comment on local zoning and bylaws. The Department encourages the RPC and municipalities to ensure that zoning and bylaws account for and accommodate the growth needed to achieve the statewide and regional housing targets and to enable the growth sought by this Regional Plan.

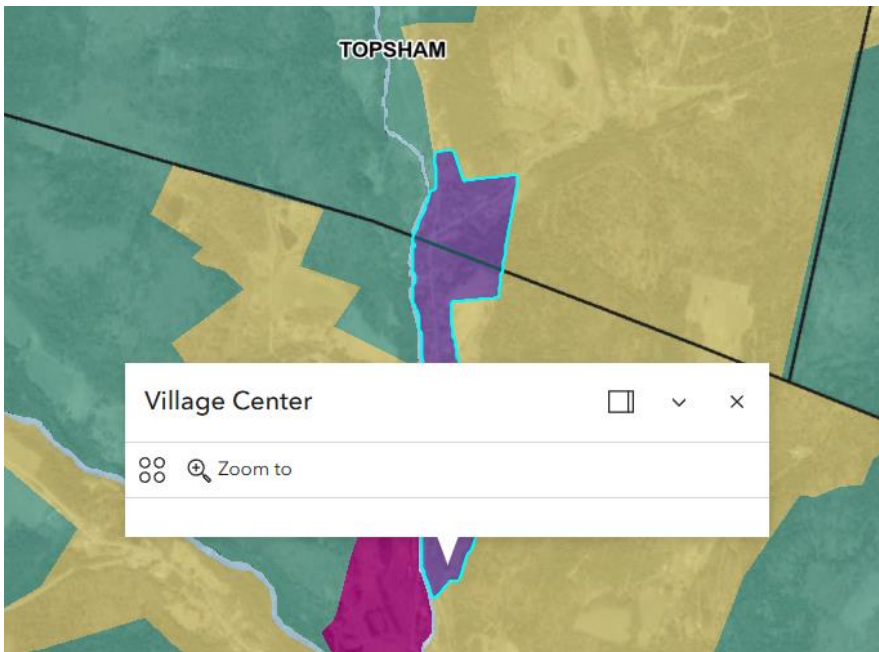
Region-wide Mapping Topics

GIS

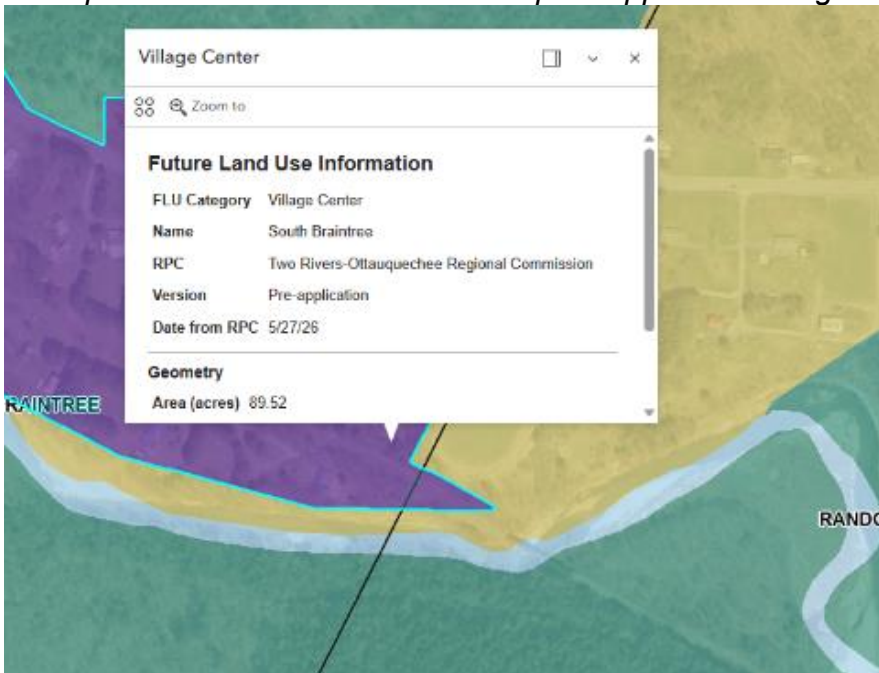
The data standard for [future land use maps](#) is modeled with one polygon layer for all future land use areas within a municipality with names for the areas to be designated.

When center or neighborhood designation FLUA crosses a municipal boundary, it must be mapped as a separate feature/polygon.

Example: The East Corinth VC located in Topsham must be a separate center and features/polygon than that in Corinth.

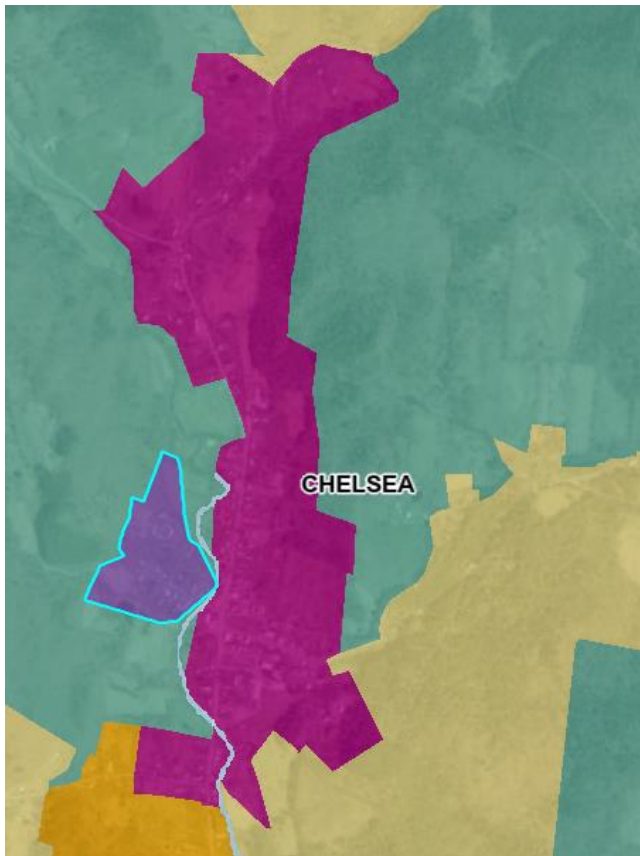


Example: VC in Braintree and Randolph mapped as a single feature instead of 2



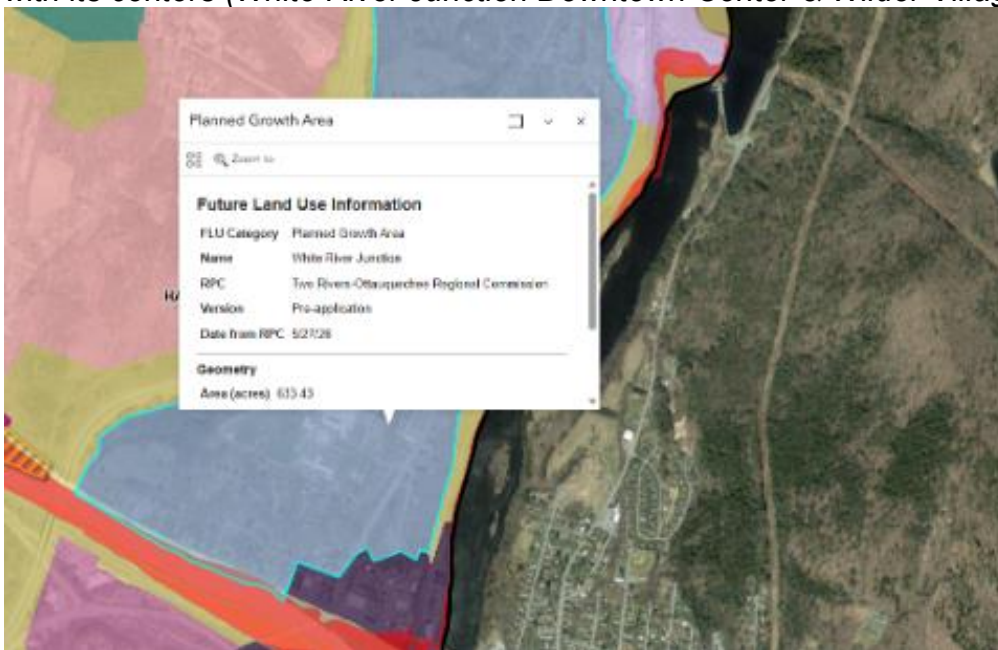
There cannot be separate features/polygons for a single designation FLUA. Throughout the region, there are designated areas with multiple polygons/features that must be combined into a single feature/grouped polygon (even if not contiguous). Otherwise, each feature/polygon will create repeat entries for a single designation in the 'new designation tab' on the <https://stateplanningdata.vermont.gov/> Planning Data Center.

Example: Chelsae VC mapped as three polygons



Neighborhood FLUAs must be mapped with their associated center, and where a neighborhood designation FLUA connects two centers, it should be divided and each neighborhood associated with its most adjacent center.

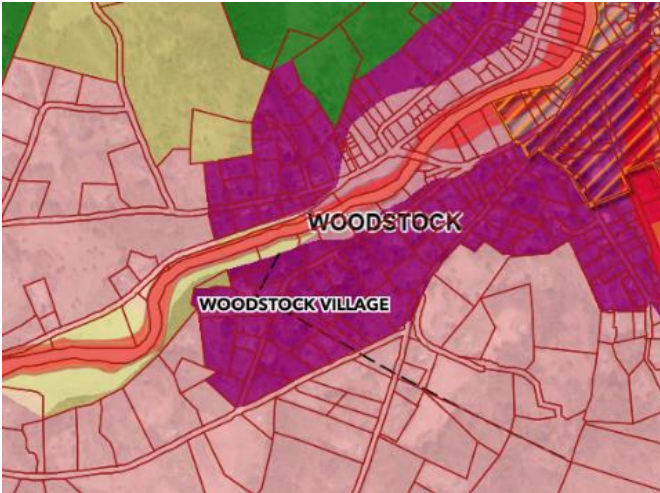
Example: A planned growth area that should be divided into two polygons/features and associated with its centers (White River Junction Downtown Center & Wilder Village Center).



Treatment of Centers

Centers must have a mix of uses, economic activity, civic assets, be the traditional or historic / central business and civic center, and be contiguous and connected. In some cases, the region maps the centers as non-contiguous to avoid expansions into undeveloped flood hazard and river corridor areas, although there are cases where inclusion of existing development to qualify for tax credits may be suitable. DHCD noted centers that may not contain all of the necessary elements or are predominantly undeveloped or residential areas, these areas may be more appropriately mapped as another FLUA, which may include FLUAs that qualify as designated neighborhoods.

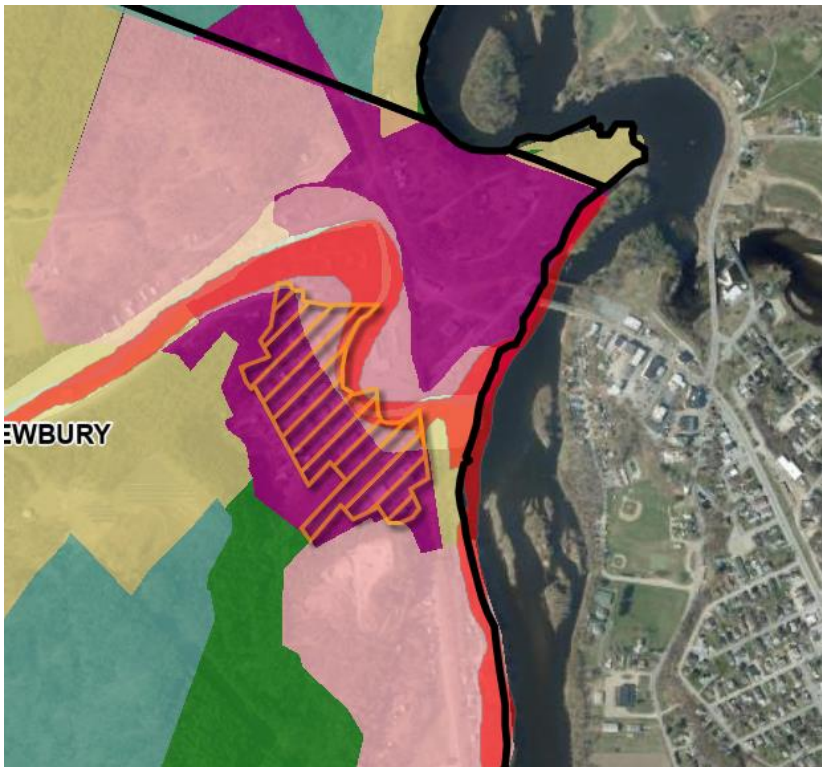
Example: Expansion of a village center into another municipality (Woodstock Town) with what appears to be residential only lands that would qualify as a village area.



Flood Hazard (FH) & River Corridor (RC) Areas in Proposed Centers & Neighborhoods

The Region maps expansions into undeveloped Flood Hazard (FH) and/or River Corridor (RC) areas in the region's Centers and Neighborhoods; some are in municipalities with FH/RC regulations, and some are not. Mapping Centers and Neighborhoods into undeveloped FH/RC (particularly in towns without FH & RC bylaws) increases the risk of development with lower regulatory oversight and higher risk of erosion and flooding. Although inclusion of FH and RC is allowed for new and expanded centers, there are required exclusions for neighborhoods.

Example: Expansion of a legacy village center into FH & RC past the existing building line in a town without River Corridor bylaws per Vermont's [FloodReady webpage](#)

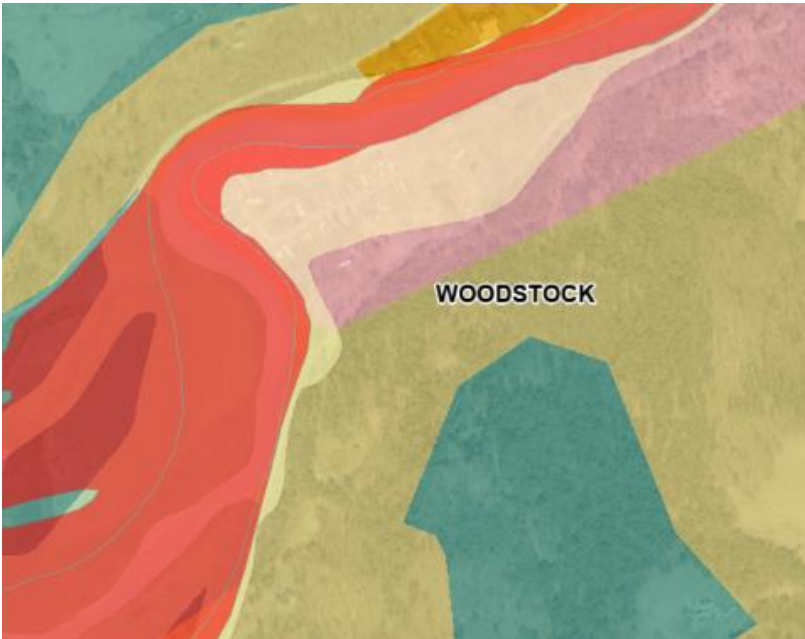


Planned growth areas must exclude FH & RC, unless existing development, and village areas must exclude FH & RC unless regulated locally and existing development. In municipalities without FH/RC regulations, the region may consider excluding these areas from mapped village areas and may be included in planned growth areas for existing development. Undeveloped lands in FH/RC should not be mapped for designation benefits or 1A/1B regulatory exemptions in undeveloped/unregulated areas.

Example: Village area that includes FH & RC in a municipality without RC bylaws.



Example: Village area with mobile home park that includes FH & RC in a municipality without RC bylaws.



Suitable Soils for Septic

Village areas must have water, sewer, or suitable soils for septic. Some village areas contain parcels where data was not available to demonstrate suitable soils, or which may not appear to have water or sewer service in the Mapviewer.

Dense Development for Proposed Planned Growth Area Neighborhoods

The Department encourages the region and municipalities to ensure that zoning and bylaws account for and accommodate the growth needed to achieve the statewide and regional housing targets and to enable the growth sought by this Regional Plan. PGA Neighborhoods must be planned for high density residential and mixed-used development. The regional maps are intended to roll-up and recognize municipal work to establish the condition for smart growth and development consistent with the State's enacted goals. Areas within a proposed neighborhood where the municipality does not allow high-density residential and *mixed-use* development should be rezoned by the municipality to those uses, otherwise, they may be more appropriately mapped as another FLUA.

Some of the PGAs contain areas mapped as general industrial and commercial areas in municipal plan future land use maps that may not allow high-density, mixed-use development that meets Vermont's housing targets.

PGA Neighborhoods must also be served by public water/wastewater. The region should ensure PGAs do not extend beyond these areas.

Walkability & Transportation

While walkability is not defined by statute, the Region may want to consider if a proposed neighborhood/PGA/VA is generally a walkable distance from a center, or has capital plans to provide for multi-modal transportation, complete streets, or transportation choice. Planned transportation

infrastructure includes those investments included in the municipality's capital improvement program pursuant to section 4430 of this title (24 VSA §4348a(12)(B)). The Vermont Planning Data Center contains records on municipal planning and plan implementation, including if the municipality has a capital program. The Vermont Planning Data Center is updated annually (at a minimum) by the Region on behalf of its member municipalities.

PGA mapped by the region appears to include areas without complete streets and no municipality with a mapped PGA is reported to have a capital improvement plan in the Planning Data Center. Where complete streets are lacking in a PGA, capital programs plan for multi-modal transportation.