

Making Downtowns & Village Centers More Attractive For Development.

Capitol Plaza
Montpelier, Vt.
November 4, 1998

Executive Summary

Welcome by Chris Barbieri, President, Vermont Chamber of Commerce

Address By Governor Howard Dean, M.D.

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EXECUTIVE SUMMARY

More than 200 business people, town, city and regional representatives; state officials, planners, and citizens accepted an invitation to participate in a day-long conference Nov. 4 in Montpelier on the theme, "Making Downtowns and Village Centers More Attractive for Development." Coordinated by the Orton Family Foundation's Vermont Forum on Sprawl, the conference was sponsored by 14 Vermont organizations.

Downtowns are defined as "the traditional central business district of a community that has served as the center for socioeconomic interaction in the community, characterized by a cohesive core of commercial and mixed-used buildings, often interspersed with civic, religious, and residential buildings and public spaces, typically arranged along a main street and intersecting side streets and served by public infrastructure." The definition is applied both to urban centers such as Burlington or Rutland as well as smaller centers such as Randolph or Morrisville.

The focus of the conference was to identify issues and define opportunities for downtown and village center development. The issues of sprawl and new or potential growth centers were not a focus.

Opening remarks set the context for the conference:

- Vermont Chamber of Commerce President Chris Barbieri noted the session was a "hands-on, open forum" that sponsors hoped would "lead to resolutions that will advance the health of downtowns."
- Orton Family Foundation Chairman Lyman Orton stressed that sponsors were seeking "meaningful solutions to the restrictions that inhibit growth in downtowns."
- Gov. Howard Dean said the meeting "was the most important conference on this issue that I've ever seen because of the people who are here."

Keynote speaker was Donovan Rypkema, principal of Real Estate Services Group in Washington, D.C. He addressed three main areas:

- why developers make the decisions they do.
- myths that serve as barriers to rational problem-solving
- downtowns and why they're important.

A major theme in his remarks was the "cost" of a project and its "value" when completed. Often with downtown projects, cost can exceed value, leading to a "gap" that must somehow be bridged. Otherwise, developers cannot be expected to undertake projects in downtowns.

A panel discussion featured developers, real estate brokers, and community development officials speaking on specific development issues. Break-out groups identified obstacles to downtown development and listed solutions to strengthen development efforts in downtowns.

In his closing remarks, John Ewing, director of the Vermont Forum on Sprawl, indicated that the ideas developed during the conference would immediately be brought back to the steering committee composed of the sponsoring organizations to develop a program of solutions.

Welcome by Chris Barbieri, President, Vermont Chamber of Commerce

The "downtown vs. sprawl issue" is national and even international. Vermont doesn't have any special claim to it. It is an issue of interest to many people, including the people it most affects -- the people in the business community. How the issue is resolved will determine where "the dollar will be invested and where the jobs will be created."

"This is a hands-on, open forum that we hope will lead to resolutions that will advance the health of downtowns."

Remarks by Lyman Orton, Chairman, Orton Family Foundation

These problems are some "of the most difficult that Vermont has ever faced." At this conference, we are seeking "meaningful solutions to the restrictions that inhibit growth and redevelopment in our downtowns." We at the Orton Family Foundation see our role as being "convenors" to a wide spectrum of Vermonters, including the business community. I want to congratulate the business people, who -- as business people -- "are participating at the ground level in shaping a better future for Vermont. In the past, many in the business community sat back and opposed initiatives that actually ended up contributing greatly to the long-term success of business in Vermont." The billboard ban, for example, was opposed by many business people, yet today, "business is better as a result of our billboard ban because Vermont is better."

"I believe strongly that another way to make Vermont better is to maintain and enhance our existing downtowns and village centers. This will produce long-term vitality for residents and for businesses. Vermont is special today for many reasons. One is the relation between our natural and built environments. This is most prominently defined by our towns and villages and by the people who turn them into communities. Today, we refer to these centers as representing the 'integrity of place.' They are widely recognized as being essential to Vermont's future economic well-being."

"As the owner of a business in Vermont, I believe that what's good for Vermont and its citizens will be good for my business. We who own businesses in Vermont know how to do business here and know how intertwined it is with living here. We understand this critical relationship between the good of our state and the good of our businesses. We understand the difference between saying 'What's good for Vermont is good for business' instead of 'What's good for business is good for Vermont' -- a subtle, but critical, difference."

"We Vermont business owners must participate as you are today to assure that the Vermont we leave to our children and grandchildren is truly a better place. If we don't, those who do not understand this supporting relationship between Vermont and its businesses will likely redefine it for us. The problem is, they're not likely to get it, not likely to accept responsibility for this relationship, and Vermont will lose its understanding that there is a great difference between economic activity for short-term gain and economic activity for long-term vitality."

"The work of the Orton Family Foundation is to help citizens reduce the surprises they now experience as change and growth occur in communities. Your work today will be a monumental first step towards this."

Address by Gov. Howard Dean, M.D.

"This is the most important conference on this issue that I've ever been to because of the people who are here."

"We really do need to make investments in downtowns and to make sure that what happens in Vermont is not what happens in so many cities across the country." The state is setting an example for downtown redevelopment through projects such as the ones in Newport and Springfield. "We are determined from the state's point of view to redevelop old sites inside downtowns before we spread out and do that development outside the borders." Investment and infrastructure make the difference in keeping downtowns vital.

The question before the conference is, "What private/public partnership can we have?" Private capital will go where returns are good. The state tries to enhance returns through efforts such as tax credits, brownfields, infrastructure, the Vermont Housing and Conservation Trust Fund, and the Community Development Block Grant program.

But "leadership must come from the community. It must come from local business people who want to do things at the local level."

We must take a long-term perspective. "This conference is about a 100-year horizon....The investments that you make today are going to affect your community for 100 years or more." This is the challenge of this conference. "Impact will last far longer than any of us." We must be able to be proud of our decisions.

Keynote Address by Donovan Rypkema

(Donovan Rypkema, keynote speaker, is the principal of the Real Estate Services Group in Washington, D.C. He has undertaken real estate and economic development consulting work throughout the United States for state and local governments as well as nonprofit organizations. Following are excerpts from his talk.)

"The issue of sprawl was an issue in many parts of the country" during the November elections. However, "vitriolic screaming matches are not appropriate means to consider this issue." We all benefit from a rational discussion of the issues around sprawl -- look for answers, not arguments.

Vermont was the first state to identify the issue of sprawl, and it is in the forefront of identifying solutions. While people at today's forum are looking for answers to questions about strengthening Vermont's downtowns and village centers, "the rest of the country is also looking to Vermont for answers to their questions about sprawl."

Quoting from Eudora Welty: "The move we make in the place we live must signify our intent and meaning." He asks, What is our intent? What is our meaning? "And is our intent and meaning better reflected in our downtowns or in development at the edge?"

Three focuses of today's talk:

1. Frame the issue about why decisions are made as they are.
2. Identify assertions coming from many sides of the sprawl debate that are untrue and serve as barriers to rational problem-solving.
3. Discuss downtowns and why they're important.

Developers are not demons. "You can't demonize people who are making rational economic decisions." Sprawl critics must be understanding of the alternative perspective. "If Vermont is going to look seriously for additional responses to encourage downtown development, it's critical that there be strong understanding and acceptance of the validity of the alternative perspective."

There are four elements to the dichotomy of perspectives between developers and sprawl critics:

1. time -- the development perspective is necessarily a relatively short-term horizon, yet the community perspective ought to have a long-term horizon. A developer has immediate obligations such as tax bills and mortgage payments. A short-term perspective is shared by mom-and-pop businesses, too. "Yet communities that don't consider the long term are absolutely doomed."
2. how an individual member of the community is viewed -- to a discount retailer, the person is a customer; to a community, a citizen.
3. orientation toward the automobile or pedestrian -- no difference in the sprawl vs. downtown debate is more striking than the split between orientation toward either the automobile or the pedestrian.
4. lot lines -- developers focus on the land within their lot lines, while the community is largely indifferent to lot lines. Businesses focus on the parcel they own, community focuses on the whole within which the parcel is only a piece.

"None of these perspectives is inherently wrong. To fully satisfy one perspective, however, is to deny the other. And that's what makes the work people here are undertaking all that more difficult. Yet if you get caught in an either/or way of thinking, no lasting solutions are possible."

Why do developers choose "edge" locations for development? Eight factors come into play:

1. time
2. cost
3. predictability
4. accessibility to customer
5. land assemblage (if land is not cleared, and can't be purchased from a single owner, the first three items are adversely affected)
6. uniformity (affects operation and is a means of attracting customers through a clear identity; saves costs and time)
7. building to respond to operations (chains have learned what shape, size, and configuration maximizes service to customer, and that's the building they want)
8. avoidance of hassle (conflicts adversely affect the first three items)

All eight factors affect the ability of developers to raise debt and equity.
Why don't developers choose downtowns?

Why don't developers choose downtowns? It's important to understand why. Unless the issues of time, cost, predictability, land assemblage, and hassle can be mitigated, and creative responses to the issues of uniformity and access be developed, the development community is being asked to act irrationally. We need to build a tool kit to address these things if we want healthy downtowns as an alternative to sprawl. "The development community's perspective by necessity is largely driven by economic considerations." We must understand the considerations.

When a project is completed, its value must be greater than the cost of creating it.

- Cost is the total dollars it takes to bring a project from a concept to a finished building. It includes acquisition price, construction, construction financing, professional services, and fees. Virtually all of these things are adversely affected by time.
- Value is what the property is worth to someone else once the project is completed. It includes ongoing operation (rent, vacancy, expenses), financing (amount, rate, term), equity (risk, return alternative investments, and tax benefits), and market changes (appreciation, liquidity, management burdens).

Developers build on the edge because they judge value will exceed cost. They often avoid downtowns because they judge cost will exceed value.

"No one in the private sector begins a project and anticipates that it will cost more to build than it will be worth when it's done. Nobody builds at the edge instead of downtown because they hate downtown. They build on the edge because it is anticipated that their total value will be greater than their total cost. And further, they often make the judgment that if they build downtown, their total cost would exceed their total value, and quite frankly that's often true."

However, the developer does not, in his calculations, "include costs to the community (economic and other) that building on the periphery creates, and that accrue to the community but are not borne by the property owner. There are also values created (economic and other) by building downtown instead of the edge of which the community and not the developer is the beneficiary. Those costs and values also need to be made part of the whole equation, but it's not the developer's responsibility to measure those costs and benefits. That's the community's job."

The difference between cost and value is called "the gap." A private sector developer won't undertake a project with a "gap" in place. Financial incentives can bridge the gap. When cost exceeds value, the difference is known as "the gap" and "no rational private sector participant will make an investment decision with that gap in place." "If we want to encourage alternative economic behavior, we need to close that gap between cost and value, and that's the ultimate purpose of development incentives." The purpose of financial incentives is to bridge the gap -- not to pad pockets.

There are numerous development incentives:

- income tax incentives (increase value)
- cost-reducing incentives
- financing incentives (loans, loan guarantees)
- operational incentives (property tax abatements)
- policy incentives (state building policy)

Both developers and development critics believe certain myths that should be dispelled. A number of myths should be dispelled:

1. Free enterprise is the American way. "You have to let me do what I want," as some say. Yet, ironically, corporations often insist on non-competition clauses in contracts.
2. Excessive greed permeates retailers. In reality, the profit margin of discount stores is very small. They need large volume to make up for thin profit margins, which means large stores, extended hours, and limited real estate costs.
3. Owning real estate exempts you from responsibilities. Indeed, "the so-called property rights claim is the biggest myth in the sprawl debate." Instead, there is now broad movement generally, in many areas, toward balancing rights and responsibilities. business people cannot be exempt from this; rights bring responsibilities. Not recognizing this is the "ultimate gimmick to pass on bankrupt cities and towns to our kids 20 years from now."
4. Cheaper underwear isn't important to people. It is.
5. Major chain retailers have competitive advantages that are unique to sprawl stores. Vehicular access is actually their only real advantage in terms of the downtown/edge location debate. Lower prices, one-stop shopping, better inventory could all be offered downtown.
6. Sprawl developers are doing your community a favor by locating there, raining money down on your community. Market demand will supposedly increase out of nowhere. Usually, however, new sales aren't created; existing ones are simply re-allocated.

America is fast becoming "generic," a place where everything is the same. This is "at the heart of the challenge of economic development."

Americans' jobs are changing. Two-thirds of workers will be able to choose where to live and work.

In the next years, the American workforce will be divided roughly into thirds:

1. "locationally indifferent" workers, or workers who can work wherever they choose -- consultants, stock brokers, graphic artists, software engineers, technical writers; this mode of work is possible largely because telecommunications opportunities make location irrelevant.
2. "locationally attached" workers, or workers who must be attached to a specific place - teachers, police, retail clerks, ministers; yet even they can choose alternate locations because every community needs them.
3. the remainder, who are attached to a job in a specific location.

For the two-thirds of workers who can choose where to live and work, quality of life is the most important determinant in their choice. And, the physical character of a community will increasingly be an important ingredient in the quality-of-life equation.

Everyone will have a slightly different definition of quality of life, but the "five senses" will play an important part in how people judge a location:

Quality of life will be the most important factor in people's decisions where to live and work. Here, downtowns have an edge.

1. sense of place
2. sense of evolution
3. sense of ownership
4. sense of identity
5. sense of community

"Downtown builds on the five senses....Generic undermines all five senses. Downtown is also the only place in a town where a person is both a citizen and a customer -- a critical component of a surviving community. We have gone for three decades increasing customer sovereignty, and we need to re-examine our commitment to citizen sovereignty."

However, getting chains to locate downtown isn't the whole answer. The answer "is getting them downtown in a built form that is appropriate for our community. And that will take major adjustment in the thinking of national retailers."

Which variables can be addressed to influence the choice between "edge" and downtown? Policy changes could affect the variables of:

Certain variables can be addressed to influence developers' choices between "edge" vs. downtown locations.

- time
- avoidance of hassle
- predictability

If financial and human resources were available, perhaps these variables could be affected:

- land assemblage
- cost
- access

Two other variables, however, require significant adjustment on the part of chain stores:

- uniformity
- building to respond to operations

A warning: If aggressive national retailers are brought downtown, it's likely they will drive out many mediocre local businesses. "We could win the sprawl battle and still have plenty of local casualties."

The built environment expresses our diversity, identity, individuality, and differentiation. Sprawl at the edge is the opposite of differentiation.

"In economics, it is the differentiated product that commands a monetary premium." "If in the long run we want to attract capital, to attract investment to our downtowns, to our communities, we must differentiate them from anywhere else. It is our built environment

that expresses perhaps better than anywhere else our diversity, our identity, our individuality, our differentiation. Sprawl at the edge is the opposite of differentiation."

"For the next century's economic development, there may be no more important issue than addressing sprawl. It will not be easy. It will require compromise. It will require resources, and it will require political will. But you're all headed in the right direction, and those of us in the rest of the country are anxious to learn from your experiences."

Panel Discussion

Moderator: Julie Taylor, general counsel for Pizzagalli Construction Company.

Jeffrey Glassberg -- Developers' motivations and constraints

(Jeffrey Glassberg is the principal of Renaissance Development Company, a real estate consulting and project management firm.)

What motivates developers?

- eternal optimism -- believe supply will create demand; search for opportunities, not problems
- they are gluttons for punishment -- they get no respect
- they deliver competitive financial returns to investors, commensurate with the risk
- they meet the needs of customers and clients
- most developers have a desire to contribute to the communities in which they work

Constraints to developers:

- real estate development is all about controlling variables and mitigating risks. Downtowns often lose to green fields because there are more variables when developing, or redeveloping properties downtown; the variables include
 - site control
 - regulatory process
 - zoning bylaws in cities have been modified to accommodate intensive development; those in smaller villages have not -- they are based on suburban models
 - regulation is enforced by various agencies, each of which passes only on its aspect of review; no one is responsible for a comprehensive look at the proposal; those areas of interface create hassle, which takes time and money.
 - construction costs are higher in downtown areas because of problems with construction worker parking, construction noise, and construction trash/dirt
 - analysis of environmental risks can eat up to 10-20 percent of "hard" costs of project (for example, asbestos checks)
 - variables present additional costs, yet for downtown projects the value is often not enough to offset the additional costs

The central challenge is this: How can we control these variables to get at the cost vs. value discussion?

Jeffrey Davis -- Market forces in downtown vs. suburban, and Alternative approaches (Jeffrey Davis is president of JL Davis, Inc., a Burlington-based real estate development and construction firm, and president of Taft Corners Associates, a Williston-based development firm.)

We can together come up with solutions to help our downtowns because we all care about them. Relates story of location of Banana Republic store to Church Street in downtown Burlington. The BR real estate rep was at first reluctant to consider Burlington as a site for a new store, but when he finally came to Burlington and stood at the top of Church Street, he knew the location was special and that his company would build a store there. "He saw our wonderful downtown and saw the wonderful buildings that are at the top of Church Street...and he wanted to be there."

But for every experience like that, there are many others that are opposite -- businesses that simply will not come to downtown. They are committed to coming to our market, but they don't want to locate downtown. "It's a tough problem." We must remember that consumers create demand; developers react to the demand.

Clients have two main concerns:

- cost -- downtown projects cost 25-30 percent more to build, yet office and retail rental costs are basically the same in downtowns and suburbs in the Burlington area
- access -- everyone wants nearby parking, both for customers and employees

We need to look at incremental steps we can take to begin to negate the competitive disadvantages some downtowns face. These might include:

- access and transportation -- building of the Chittenden County circumferential highway would improve access to city and benefit downtown
- parking -- cities must replicate the free, easy, and convenient parking found in suburbs
- zoning ordinances -- they could be more innovative, such as revisions to allow varied building heights
- land gains tax and property transfer tax -- the former was designed to discourage speculation, but speculation is not a problem in downtowns so the tax could be changed for downtowns
- location of government projects -- government offices should locate downtowns
- Act 250 -- it needs technical help; more developers could take advantage of the umbrella permit process; master plan permits for towns and villages would help greatly
- state assistance -- continue it
- Act 200 planning process -- continue with it
- rhetoric -- slow it down; the press attacks certain projects, which polarizes people; we must work together to help our downtowns survive and prosper

Jeffrey Staudinger -- Public sector role, Public/private partnerships, Incentives vs. regulatory approaches, and the Importance of community values particularly in smaller towns and village centers

(Jeffrey Staudinger is a consultant in community development, working with municipalities and nonprofit organizations.)

There are many opportunities for new partnerships between public and private sectors. These have perhaps taken place mainly in larger areas but haven't necessarily been used in smaller communities.

Opportunities:

- Nonprofits have taken on a very important, perhaps even an ascendant role, in downtown development. They are less concerned with value; instead, they must simply break even from day to day on their operations. Value may accrue to community generally rather than to the developer specifically. For example, there is value to a community when jobs are created downtown, yet the developer may not benefit directly.
- Nonprofits can bear costs of redeveloping an entire building, but then allow first-floor space for higher-value retail while accepting lower return on upper floors. Commercial condominium arrangements can facilitate this.
- Nonprofits have been very successful in bringing affordable housing downtown, for both low- and moderate-income residents.
- New partnerships in community ownership should be explored, both with nonprofits and cooperatives. Cooperatives often are formed by people who want to make a difference in their communities rather than simply make a profit.
- Think creatively about tax credits. Perhaps they should be increased. Perhaps a downtown VEDA (Vermont Economic Development Authority) should be established.
- Historic preservation rules must be thought of as applying to a whole downtown (a single historic unit/single economic entity), not just a single building. If destruction of one historic building will save an active downtown, it may be worth it.
- Public sector is not good at recruiting uses. Private investors need to help here.

There is often little congruence of values around downtown issues. Advocates don't always agree. Communities don't always agree. Public and private partners could "bring education and advocacy to the issues of development of downtowns and to help people in our communities understand that importance."

Ray Ault -- Lease rates in downtown vs. other areas, and Variations around the state (Ray Ault is a real estate broker based in Rutland.)

Markets around the state are as varied as the many communities around the state. There is a prevailing assumption of a division into downtown vs. suburban market rates. Yet it's often a dichotomy of new (or refurbished) stock vs. old stock. Rents tend to vary not so much according to location as according to age of stock. Rate of return on downtown property can be improved through refurbishing. Some examples:

- Rutland
- downtown, \$5-\$10/sq. ft.
- renovated downtown plaza, \$12-\$17/sq. ft.
- Burlington
- Church Street, \$16-\$25/sq. ft.
- edge/suburban, \$11-\$16/sq. ft.
- older suburban, \$7-\$10/sq. ft.
- Woodstock
- village (street-level retail), \$17-\$25/sq. ft.

Costs are also affected by the size of a project. The bigger the project, the lower the lease costs will be on a square-foot basis.

Obstacles to downtown development:

- "ghost town" stigma -- once attached to a city or town, it's hard to dispel; it's necessary to "think fresh" about downtowns so they are seen for what is there, not what the stigma suggests.
- lack of public investment in infrastructure -- sewer capacity, water supply, roads, and pathways
- poor long-range planning and anachronistic zoning laws
- costly code compliance and accessibility issues
- unpredictability of permit process; "party status" is often too easy to obtain and adds to the unpredictability of the project

Molly Lambert -- Downtown Act specifics and mechanics
(Molly Lambert is secretary of the Vermont Agency of Commerce and Community Development.)

Just as a person's face can indicate the person's health, downtowns are the face of a community and can indicate the health of a community.

Based on a recent study:

- 20 percent of the state's population lives in downtowns
 - 15-20 percent of jobs are in downtowns
 - 15-20 percent of sales are made and taxes collected in downtowns
- "Clearly, downtowns are important to Vermonters. We have a significant investment in our downtowns, whether we work there, or live there, or play there, they are very important." But they're fragile, so it makes sense for the state to want to be involved in them.

Under the Downtown Act, a board will review requests for assistance. Downtown Act is a good start. "It's in an embryonic state."

Ideas to consider:

- a downtown VEDA

- a downtown permitting process
- downtown parking and transportation systems

Other opportunities are available:

- regional development block grants
- historic preservation grants are available, sometimes with a preference for downtown projects
- Agency of Transportation takes a special look at downtown projects
- Vermont Economic Progress Council takes a special look at downtown projects

Three questions must be addressed:

- do we have space and property available downtown?
- do we have a market for downtown space?
- how much will downtown space cost?

OPEN FORUM

Questions/Comments From Audience

Staige Davis, Burlington real estate businessman

How do we re-frame the debate so we all understand what sprawl is?

Burlington Mayor Peter Clavelle

One way to re-frame the debate is to talk less about sprawl and more about downtowns. We need substantial commitment of fiscal resources to close the financial gap that downtown development faces.

Molly Lambert

Agrees that more resources are needed, especially around infrastructure. The question is, is the return on the public investment worth it? We must be able to explain that it is.

Jeff Davis

Downtown development bill is a start, but more state funds are needed. "I think we have to spend millions of dollars if we're going to accomplish the goals we've all talked about this morning."

Jeff Glassberg

We may need less to add public money than to do strategic funding based on successful tools we already have. We need to cut downtown development costs.

Remediation of a building problem

-- such as removal of lead paint -- should be considered a public benefit and paid for with public funds. Also, if we could streamline the regulatory process -- cut time -- we could cut costs.

Duncan Hastings of Georgia

Downtowns are framed by our countrysides. That differentiation is what makes us special. We must recognize the value of open space.

Ann Cousins of Preservation Trust of Vermont

Public transportation funds favor edge development by providing road infrastructure. Can those funds be redirected for parking, for intermodal centers downtown?

Micque Glitman, Deputy Secretary, Vermont Agency of Transportation

Recent changes to AOT policies aim to help development in downtowns -- level of service, evaluation of inter-modal and multi-modal transportation centers downtown, federal TEA-21 and ISTEA funds, state infrastructure bank managed through VEDA using federal transportation dollars (focus on downtown).

Donovan Rypkema

Enhancement set-aside money under TEA-21 is substantial; three or four criteria relate specifically to historic preservation. All successful, sustainable downtown revitalization projects have a historic preservation component to them. This helps funnel a lot of the enhancement money to downtowns. "If you're serious about downtown revitalization, historic preservation has to be part of that."

Rutland Mayor Jeff Wennberg

Downtown revitalization efforts in Rutland were based on "localism," not availability of federal and state funds. "Localism" means determining what local people want. In Rutland, the process included a broad base of people who helped define the shape of the revitalization efforts. "The more the state, the federal government, and everybody else wants to help downtowns, we run the risk that we forget a critical link" -- the opinions of local people.

Molly Lambert

The state supports local efforts. It does not want to dictate planning. "When it gets beyond localism is when the local plan is described, and when the local initiatives are put into place, and when there's a long-term commitment to sustain that local vision as there has been in Burlington and there now is in Rutland....There are things beyond the local level that the local people, the local government, needs assistance with, and that's where I think the state and federal folks can be helpful. Maybe that's why there's been a bit more discussion about infrastructure because that seems to be the really high hurdle for downtowns, and that's when it makes sense for the state and federal people partnering with you. Certainly, the environment needs to be created locally, and the approach in terms of state and federal needs to be when the help is required beyond the local ability to meet the needs."

Jeffrey Glassberg

"There's no argument about the important role the local community needs to play."

Jeffrey Staudinger

"It was leadership from within the community that led to a planning process that involved a tremendous number of people from the community." Previous downtown plans had set on the shelf because of a lack of commitment on the part of the community leadership.

Spence Putnam of Weybridge

Is worried about gentrification of redeveloped downtown areas. Redevelopment makes downtowns nice for tourists, but not hospitable for local folks.

Donovan Rypkema

Downtown must be kept local. Sustainable visitation must be focused on local residents, and then the tourists will come. Local residents must believe a downtown is theirs; if they don't, redevelopment has serious long-term economic consequences. You can't build new and rent cheap; instead, the goal is to save older buildings to keep rents down and keep locals in.

Break-Out Group Reports

(This list compiled from flip chart notes)

1. Gold Group (Jeff Davis reporting)

Opportunities in downtowns

- infrastructure and buildings already exists
- cultural facilities draw people
- multi-use synergy
- citizen involvement helps create shared vision

Obstacles

- access -- state must provide more funds so downtowns have convenient access
- parking -- state should have incentives so downtowns parking can compete with "edge" parking
- existing downtown incentives are not enough -- creative zoning incentives make sense; local option taxes may make sense
- codes, regulations, and permits

Solutions

- access -- roads, mass transit (group not able to agree on solutions)
- need massive investment; local community cannot afford by itself; lots of money to outer roads, nothing inside villages to better access downtown areas
- proactive planning for future use
- parking in downtowns
- management by community

- who pays for it? public sector needs to step up involvement, assistance, investment
- offer creative zoning incentives
- look to otherwise undevelopable land to develop (brown fields, setbacks)
- existing incentives not enough
- increase financing/partnerships from state and federal sources
- state needs to pull out all the stops to help communities identify all sources
- local option taxes
- more Agency of Transportation investment directly in community
- state commitment to reprioritize the way it invests in downtowns (disagreement -- extra state dollars should not go into downtowns)
- communities themselves make it easier for development (regional development may need to help with staffing, etc.)
- codes, regulations, permits, etc. (not what we protect but how we go about it)
- specific strict timetable for rulings, appeals, whole process for developers and municipalities and opposition groups (performance standards) (disagreement that this is always feasible)
- master permitting process
- assumes you know the future market
- needs flexibility
- downtown and fringe issues different
- streamline, combine process = development review boards
- downtown problems more related to zoning and municipality building codes at local level
- process needs to be consolidated, more flexible
- public/private partnerships, \$ for sprinklers, etc., gap
- customer service training for regulatory staff

2. Silver Group (Lee Krohn reporting)

Solutions

- encourage entrepreneurs with local ties to do local business
- small towns and downtowns can offer diversity; need to capitalize on this (build a better Brattleboro); a few people in each town (downtown stakeholders) pushing for downtown development and redevelopment
- look at how we treat parking lots, curb cuts, etc.; are we willing to buy those costs down in order to even the playing field? how do we do this? solutions lie in funding the gap
- develop local vision and implement through looking at and revising town plans, zoning ordinances, subdivision regulations, etc.
- look at transportation as a priority; independent commission to look at issue; municipalities doing transportation planning
- strong educational program to support downtowns; permit process
- flexible standards; \$ into master planning (from developers, municipalities, state)
- eliminate criteria in Act 250 through proper planning

- different time frames for permitting of downtown projects
- use same educational process for promoting downtowns as was used for recycling
- government should set example (agencies moved from downtown to National Life)
- find middle ground for ADA standards
- address unintended consequence of public policy: single story, horizontal less expensive than multi-story vertical
- no public funds to "sprawl" areas (like in Maryland)

No heading

- affordability of housing or building rehabilitation in downtowns; how to build housing into downtown residences
- desire for downtown residential
- suitability of downtown for different people -- children, elderly, single, couples
- affordable housing downtowns
- need activity of residential use downtown
- cost vs. value; driving businesses for "locals" out of downtowns; cost-prohibitive for some stores (Walmart) to be in downtown
- need to understand cost-benefit analysis of avoiding sprawl
- vibrant downtowns -- multiplicity of uses (parks, services, comm., res.)
- question of scale -- large # of businesses at small scale suitable for downtown; how to survive at smaller scale
- individual responsibility and consumption patterns
- transportation policies which support downtowns
- avoid bypass roads
- support transit projects
- affordable housing -- need services close by so that residents can access them
- economic development offices -- opportunities for public to be the developer
- need for diversity; what about the difficulty for securing financing for mixed use projects; VEDA loan funds not available for retail
- who is providing the goods to low-income Vermonters
- code aspects -- if you start a project have to bring a whole project into compliance -- disincentive
- closing hours of business owners; perhaps responsibility to provide competitive service by changing open hours (50% retail sales after 6 p.m. and on Sundays)
- emphasis on process -- need to refocus on product and achievement
- becoming more goal-oriented in applying codes; no one is looking out for the bigger picture (agencies each coming at an issue from their own specific viewpoint)
- chains able to accommodate large groups (bus driver gets free meal at McDonalds)
- buying groups for stores (Sams joined in order to be able to compete with other stores)
- apply "Walmart" systems to the mom and pop stores
- buy-Vermont campaign for retail
- price of gasoline
- what is government's role? should state government be putting more money into downtowns?
- taxes -- eastern side of state competition with New Hampshire
- focus on gap of cost vs. value -- incentives for investments make up for gap; even

playing field

- permit process should be different for downtowns
- government responsible for buy-down of "gap"
- approach banking industry for residential use qualifying as part of mixed use; educate funders of secondary mortgage market

3. Red Group (Molly Lambert reporting)

Regulatory issues

Transportation, access, parking, convenience

Vision and community identity

Market demand

Intercommunity cooperation (regional)

Competition among communities, states, countries

Financing costs

Financing costs

- tax policy to help communities with infrastructure
- public infrastructure money
- restore planning money
- ~ expand VEDA concept -- downtown capital fund
- broader remediation funds
- alternate building codes
- simplify process for getting money (VEDA, TEA-21)
- eliminate land gains tax for downtowns
- ~ create cost disincentives elsewhere

Market demand

- minimize/share risk for developers for doing what community wants (until no longer risky)
- ready inventory of available space -- maintain
- cooperation/partnership -- municipality/developer
- retention strategy -- build on existing
- full use of buildings
- influence market
- ~ what businesses belong downtown

Transportation, access, parking

- usable, frequent, functional attractive transit
- pedestrian amenities in downtown
- ~ gas price = "true" cost
- attractive integrated transportation network (Ottawa)

- disincentives for big lots outside of towns
- good roads

Vision/community identity

- town have consensus re: where to say "no"
- underwrite community planning initiatives
- fund planning grants (property transfer tax)
- vibrant, mixed use downtown; use 2nd, 3rd floor
- community organizing to get people out -- launch like political campaign -- ex., Valley Vital Signs -- Celebrate with business community
- business community do public education
- do a build-out analysis -- visual

Solutions

Regulations

- money to educate planners
- objectivity (minimize yellow lights)
- ~ master permit
- consistency; eliminate redundancy
- zoning and subdivision = no Act 250
- greater political will, oversight
- ~ change criteria for party status
- better coordinated local/regional plans
- ~ mock Act 250 permit process
- model regulations, training; reflect historic patterns
- affirmative standards
- visual picture of what

4. Fourth Group (Fred Dunnington reporting)

Priorities -- to address

- codes
- how applied downtowns
- uniformity/exemptions
- continually changing
- appeal roadblocks/risks
- coordination needed
- traffic -- dealing with cars and parking
- marketing uniqueness of downtowns
- historic buildings character
- make redevelopment sites known/identify/create

- predictability/uncertainty
- leadership and initiative to fund downtown public infrastructure

Opportunities

- * inventory of beautiful buildings -- historic preservation
- district energy service
- cooperatives
- cogen. with institutions
- less pollution -- less driving
- improved marketing possibilities
- cultural events/amenities/aesthetics -- need for town support

Obstacles

- * risk/uncertainty
- old buildings
- cost -- historic preservation
- getting people to change behavior
- infrastructure-investment
- * uniformity

Opportunities

- traffic (market)
- investment downtown
- jobs
- local economic benefit
- residential building energy standards -- could serve as model for code consistency
- people -- market opportunity
- more "natural partners" resources
- public/private partnerships
- other businesses

Obstacles

- traffic congestion (quality of life -- negative)
- heavy truck traffic (quality of life -- negative)
- code requirements
- inconsistency
- unpredictability
- new unknown codes continually emerging
- low rental rates
- functional obsolescence -- can't compete with new, out-of-town buildings
- difficulty reaching consensus

Solutions

- codes
- exemptions -- certain downtown work
- limit appeal/parties/time delay

- performance based common sense (predictability?)
 - training/funding -- code people (downtown code expert, downtown ombudsman)
 - competence
 - response time
 - consistency
- tax credits and incentives -- penalties-maintenance
trucks/cars/parking
- ring roads -- truck and thru traffic
 - links/alternate routes (without strip development)
 - promote rail (freight and passenger)
 - funding -- parking structures
 - promote transit -- local shuttle buses
 - downtown parking management
 - pedestrian friendliness/amenities
- marketing downtowns
- to customers -- shopping amenities
 - to investors -- downtown improvement plans
 - to people to live downtown -- quality of life, cultural/recreational amenities
- money

5. Fifth Group (Ray Ault reporting)

Obstacles

- reticent local governance
- cost of codes/regulations/permits
- public funding restrictions
- local vs. regional vision
- parking and cost of space for parking
- empty tool box
- no public transportation
- air quality regs
- traffic level of service limits
- "edge" incentives > downtown incentives
- not priority of regulations

Priorities

- develop common vision
- broad political consensus of importance of "downtown" with broad participation,
- community-based and inclusive
- fill the tool box!
- expand private activity bonds
- fund infrastructure

- promote tax incentives
- create "gap" financing program
- provide technical assistance
- software visualization tools
- remove obstacles
- codes, regs, permits made "downtown friendly"
- streamline permit process: Act 250, historic preservation, umbrella permit
- incompatible subsidies
- invest where people live
- balance regulatory and investment incentives

6. Sixth Group (Jeff Glassberg reporting)

Opportunities

- use downtown development board as sounding board
- build on the "downtown network"
- physical core serves as a catalyst
- create new category of project review
- review regs to encourage wanted development
- embrace existing state programs which encourage downtown development and re-development

Obstacles

- too easy (perverse incentives) to develop on the edge
- haven't reconciled urban environmentalists and downtown density
- imbalance of power between town and region
- parking perceived as insoluble
- getting goods downtown

Recommendations

- create expedited permit and appeal process for downtown projects
- ombudsman to facilitate coordination of regs -- focus on outcomes with authority
- review of rules and regs to ensure they meet local conditions and encourage desired development
- recognize, encourage, and increase continued state financial support of downtowns
- more planning money -- encourage regional
- make the undesired development harder -- public investment -- dangerous -- not consensus