

Restoring Funding for Planning Vermont Planners Association Recommendations

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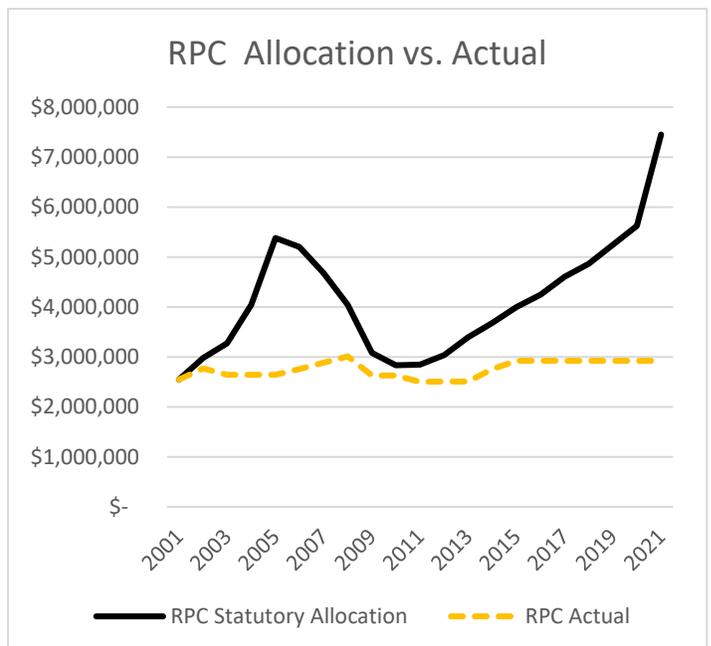
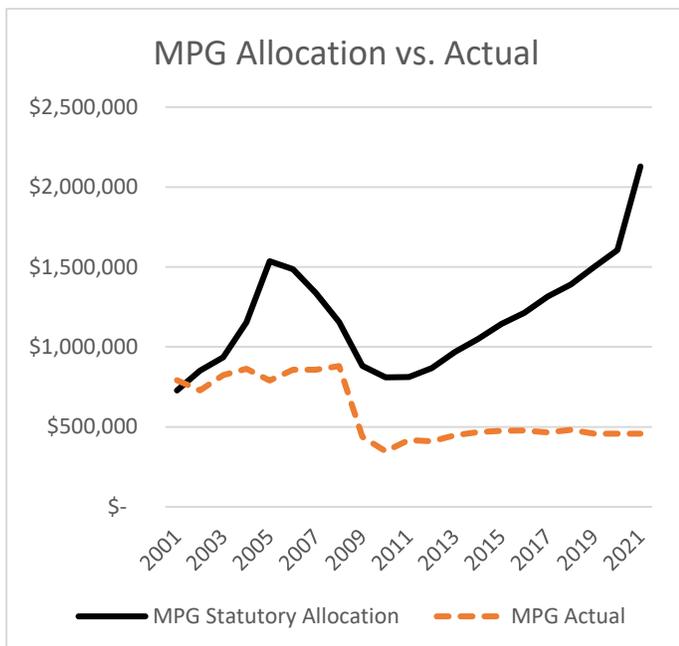
Overview

Vermont faces unprecedented challenges that require planning and action on many fronts – e.g., housing crisis, climate adaptation and mitigation, infrastructure investment, etc. These are complicated issues, but they can be addressed with clear information, community consensus building, and coordinated solutions at municipal, regional, and statewide levels. Planning at all these levels is key to addressing these challenges, but more resources are needed to make this possible.

Challenge

Vermont has real opportunities to address unmet needs, but requires greater investment in planning to effectively meet these challenges. Vermont’s last State Planning Office (Office of Policy Research and Coordination) was effectively eliminated in the 1990s. At the same time, State funding for municipal and regional planning has been stagnant or declining for decades. The Municipal and Regional Planning Fund (MRPF) is a key State funding source for planning. The MRPF provides substantial funding to the regional planning commissions, limited funding to municipalities through the Municipal Planning Grant program, as well as funding for the VT Center for Geographic Information (VCGI). For twenty years, the MRPF has been seriously underfunded.

Pursuant to 24 V.S.A. § 4306(2), the MRPF “shall be composed of 17 percent of the revenue from the property transfer tax under 32 V.S.A. chapter 231 and any monies from time to time appropriated to the Fund by the General Assembly or received from any other source, private or public.” Unfortunately, actual funding has not followed this formula, and the MRPF has been grossly underfunded even as property tax transfer revenue has grown substantially. As shown in the charts below, funding for regional planning commissions (RPCs) and the Municipal Planning Grant program has been largely flat or declining for two decades. This sustained funding gap has compromised Vermont’s ability to plan for and address the challenges we now face.



Funding for the MPG program remained flat until FY2009, when it was slashed by 50%. It has remained at this artificially reduced level ever since. During that same period of time, property transfer tax revenues have ballooned thanks to ever increasing property valuation and property sales. In FY2020, the MRPF only provided a fraction of what it should have to support planning per the statute. RPCs received only 52% and municipalities only 28.5% of the statutory allocation. If inflation was factored in, the long-term underfunding situation would be even more significant.

Opportunity

Taking action on climate adaptation and mitigation, building critical infrastructure, creating more housing – all while staying focused on equity issues. Vermont communities are up for these challenges, but they need adequate funding to plan for and implement solutions. Every year, the Municipal Planning Grant program is oversubscribed. In 2020, the total requests exceeded \$690,600; however, MPG funding of \$457,482 was only sufficient to make awards to 32 of 45 applications. In the five-year period of 2016-2020, Vermont communities requested \$3.9 million in grant funds, but due to underfunding of the program, only \$2.3 million could be awarded.

“Excellent program for small rural towns, who don’t have the resources to investigate or research solutions to community needs. My experience is that needs far outpace resources.” - 2019 MPG Survey Respondent

Unprecedented need for investment in planning:

- ARPA - With a 2024 deadline for obligation of ARPA funds, and a 2026 spending deadline, Vermont communities have much planning to do.
- Federal Infrastructure Funding – With new federal funding on the horizon, now is the time to plan for and prioritize infrastructure improvement projects.

Community, regional, and statewide planning are needed to identify priorities and implement solutions. Planning is critical to ensuring this infusion of federal funding is used efficiently to address Vermont’s challenges – with community input and equitable outcomes.

Recommendations

1. **Restore funding of the Municipal and Regional Planning Fund to the level outlined in existing State statute, 24 V.S.A. § 4306(2) – i.e., 17% of property transfer tax revenue.**
 - a. First step, in the current fiscal year (FY22), make a budget adjustment of at least \$500,000 to fully fund this year’s Municipal Planning Grant program requests, and to narrow the funding gap for the Municipal Bylaw Modernization Program. This year there were MPG requests totaling \$851,165, but only \$443,261 in available funds. Similarly, the one-time Municipal Bylaw Modernization Program saw requests totaling \$687,220, with only \$500,000 in available funds.
 - b. Second step toward restoring MRPF funding to the level stipulated in statute, in the next fiscal year (FY23), boost each of the programs (MPG, RPC, and VCGI) by \$500,000 for a total increase to the MRPF of \$1,500,000. Sustain this increased base funding in future fiscal years, as discussions continue on restoring full funding levels outlined in statute.

2. Ensure the resulting funding increases to the MPG program, RPCs, and VCGI are focused on municipal and regional planning related to the statewide challenges Vermont faces – now and on the horizon.
 - a. Climate Action – adaptation and mitigation
 - b. Infrastructure – water/sewer, transportation, stormwater, broadband
 - c. Housing – increasing supply, providing affordable housing, addressing demographic change and equity issues
 - d. ARPA & Federal Infrastructure Funding – prioritization and efficient use
3. Reaffirm the future of the MRPF by ensuring unspent balances remain in the fund and accrue interest for future use. As already provided for in existing State statute - 24 V.S.A. § 4306(2).

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VPA is a non-profit advocacy and educational organization of nearly 200 planners and related professionals. We are dedicated to the advancement of community planning in Vermont at the local, regional, and state levels, to foster vibrant communities and a healthy environment.

Our membership is diverse, including municipal planners, regional planning commission staff, private planning consultants, state planning professionals, etc. We also work to coordinate VPA's advocacy and education with other groups involved in planning policy such as VAPDA (VT Association of Planning & Development Agencies), VLCT, and the Agency of Commerce and Community Development.



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