

Bolstering Funding for Planning **Vermont Planners Association Recommendations**

January 13, 2023



Overview

Vermont faces unprecedented challenges that require planning and action on many fronts – e.g., housing crisis, climate adaptation and mitigation, infrastructure investment, etc. The Legislature made unprecedented investments in FY22 & FY23 to address these challenges. It's time for all of us to get to work on implementation! Given this historic opportunity, and the complexity of these issues, planning for coordinated solutions is essential at municipal, regional, and statewide levels.

Recommendations

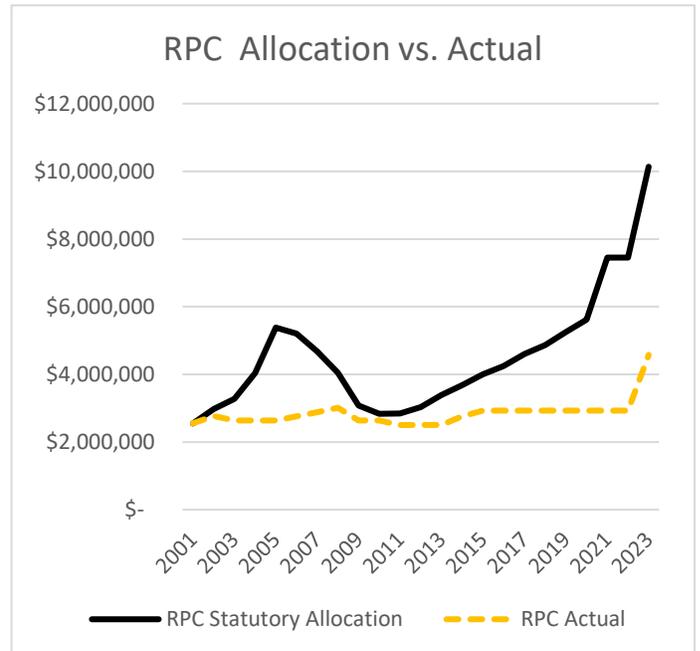
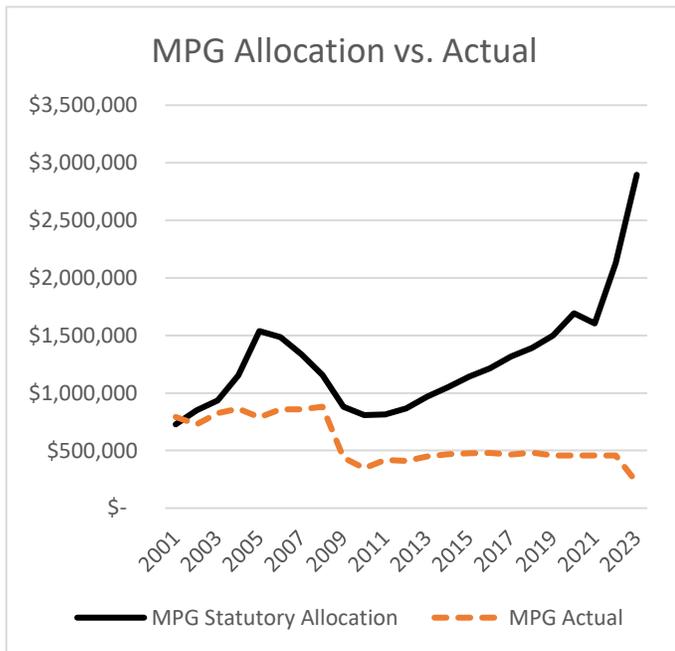
1. **Restore funding of the Municipal and Regional Planning Fund to the level outlined in existing State statute, 24 V.S.A. § 4306(2) – i.e., 17% of property transfer tax revenue.**
 - a. **Increase FY24 funding for regional planning commissions by 3% to \$4,711,648 consistent with the rest of State government increases to partially address inflationary pressures.**
 - b. **Increase FY24 funding for the Municipal Planning Grant (MPG) program to at least \$800,000.** Sustain this increased base funding for municipal planning in future fiscal years, as discussions continue on restoring full funding levels outlined in statute.
 - c. 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).
2. Ensure the funding increase to the MPG program is focused on municipal 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. Allocate FY23 budget adjustment funding to support the acquisition of improved statewide LIDAR data. High resolution elevation data and other LIDAR products support all areas of planning, from climate adaptation to housing development. VCGI has applied for USGS funding, which requires state matching funds.

Challenge

Vermont has real opportunities to address unmet needs, but requires greater investment in planning to effectively meet these challenges. 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. Thankfully, the Legislature began to address this with targeted increases in the FY23 budget. Continued investment in the MRPF remains necessary!

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 was 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%. Since 2009, property transfer tax revenues have ballooned thanks to ever increasing property valuation and property sales. In FY22, the MRPF only provided a fraction of what it should have to support planning per the statute. RPCs received only 45% and municipalities only 7.7% of the statutory allocation. Even with the funding boost in FY23, RPC and municipal planning funding is expected to be small fraction of the statutory allocation.



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 FY22, there were MPG requests and related municipal bylaw modernization requests totaling \$1,538,385, but only \$943,261 in available funds at the beginning of the fiscal year. In 2021, the total requests exceeded \$849,000; however, MPG funding of \$691,434 was only sufficient to make awards to 39 of 51 applications. In the five-year period of 2018-2022, Vermont communities requested \$4 million in grant funds, but due to underfunding of the program, only \$2.5 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 federal infrastructure and inflation reduction dollars flowing, 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.

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VPA is a non-profit advocacy and educational organization of over 150 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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