

Program Overview

This designation program increases housing options by reducing the time and cost of state permitting in areas within easy walking distance of commercial centers — whether converting a wing of a house into an apartment or developing an entirely new neighborhood.

Municipalities or developers may use this designation to encourage the creation of new homes in development-ready locations near shops and services and to reduce pressure to develop on farm and forest land. Municipalities with an existing designated downtown or village center, with adopted plans and regulations that support housing and compact development can qualify for neighborhood development area designation.

Municipalities with NDA Designation

- Berlin
- Brattleboro
- Burlington
- Essex Junction
- Hinesburg
- Manchester
- Middlebury
- Putney
- Randolph
- Rutland City
- South Burlington
- St. Johnsbury
- Vergennes
- West Brattleboro
- Westford
- Winooski

New in 2023 / Expanded in 2023

By the Numbers



16
designated NDA's



5
new NDAs in 2023



4
NDAs expanded in 2023



7
months average
time saved in state
permitting



\$50,000
average saved in
state permit fees

Hinesburg: Kelley's Field II

Cathedral Square and Evernorth partnered on the Kelley's Field II project, which will provide 24 units of affordable housing for older adults, age 55+ with SASH® (Support and Services at Home) services. The Town of Hinesburg was actively supportive of this project, which is located in the village center and on municipal water/sewer, and helped apply for a NDA.

Once the NDA was approved by the Downtown Board, project partners obtained a Jurisdictional Opinion that Act 250 was not required. This saved the project time and money (permit fee and engineering time on the permit application). Alleviating this village center housing development from Act 250 was a positive step in getting the project to groundbreaking on October 18, 2023.



For more information, please contact:

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Benefits for Housing Developers

State Permitting

- Qualified mixed income housing projects are exempt from review.
- Act 250 projects not qualifying for the exemption receive a 50% discount on application fees
- Act 250 off-site mitigation fees are reduced for projects impacting primary agricultural soils in NDA's associated with a designated downtown, and that are subject to Act 250 review.
- If subject to Act 250, projects within an NDA (and other designated areas) are within an "existing settlement" and not required to provide additional analysis under Act 250 Criterion 9(L) that addresses scattered development.
- Agency of Natural Resources fees for wastewater review are capped at \$50 for projects that have received sewer allocation from an approved municipal system
- Pilot Downtown and Village Center Tax Credits

Tax Benefits

- Exemption from the land gains tax for housing units that are sold.

Municipal Regulation

- Local conditional use decisions that determine the "character of the area" criteria is met, cannot be appealed to the Environmental Court if the project is within an NDA.


Benefits for Municipalities

Priority consideration for various grants and incentives supporting projects within an NDA including:

- Municipal Planning Grants (ACCD)
- Better Places Grants (ACCD)
- Vermont Community Development Program (CDBG) Grants (ACCD)
- Better Connections (VTrans/ACCD)
- Brownfield Revitalization (ANR/ACCD)
- State affordable housing funds

Program Benefits

State designation of neighborhood development areas (NDAs) provides incentives for housing developers and municipalities to help increase the creation of new homes within walking distance of shops, jobs, services, and schools. Once designated the following benefits will be available within an NDA.

[NDA Application Guide](#) 

A pilot program established in 2021 made \$2M available in **Downtown & Village Center Tax Credits** for NDAs. These credits can be used to renovate income-producing properties outside a downtown or village center for improvements, such as reviving a neighborhood store with apartments, or using flood mitigation credits to get utilities out of the cellar. In 2023, 7 tax credit applications came from projects within NDAs, and 4 were funded.



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