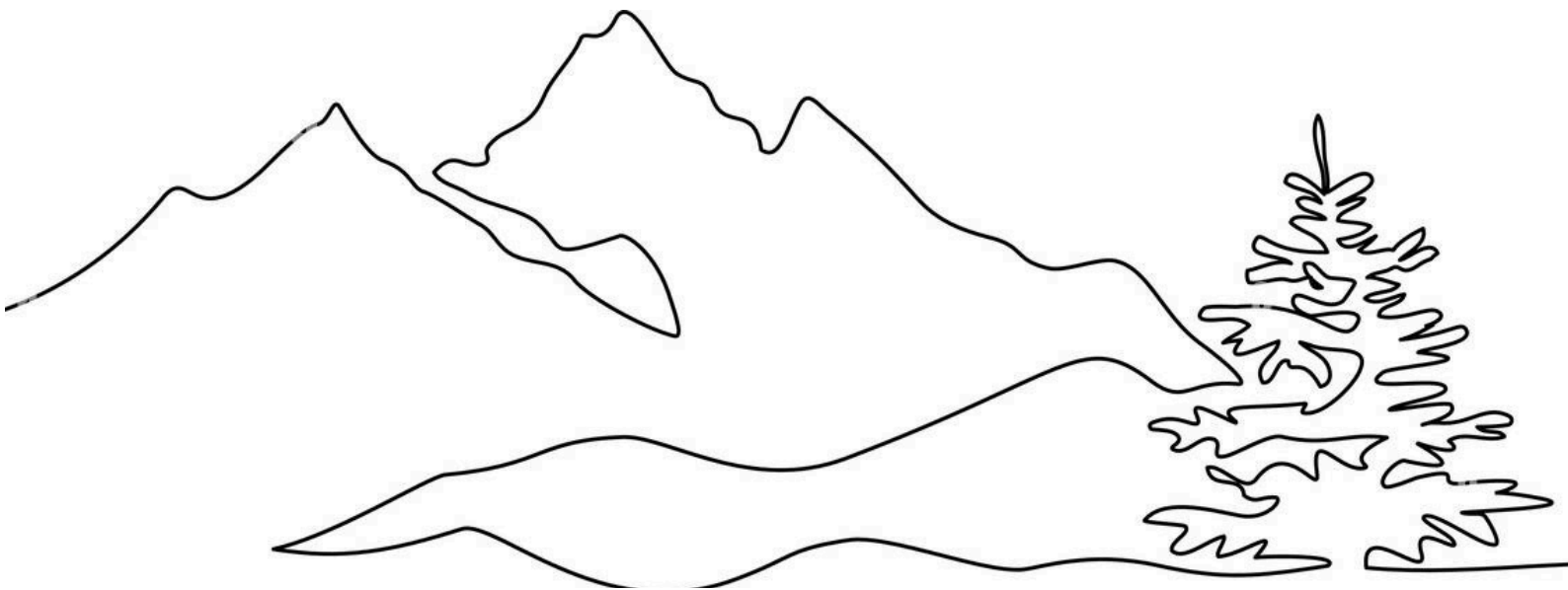




Economic Development Strategic Plan

Waterbury, VT

Written by Owen Sette-Ducati
Economic Development Director
in coordination with the
Waterbury Area Development Committee
Delivered May 2024



Executive Summary

The Economic Development Strategic Plan is developed in coordination with the Waterbury Area Development Committee and Revitalizing Waterbury. It is a strategic plan that is referenced by both entities, as well as the municipal government in order to guide economic priorities in the town of Waterbury. Goals for involved stakeholders are broadly outlined, and focused on growing Waterbury's business and residential sectors while maintaining the historical character of the municipality.

The plan outlines characteristics of Waterbury that define the present economic environment. Strengths of the municipality include diverse economic opportunities, location, a high median-income for the area, and an involved community. Problem areas for the municipality include a lack of available housing, limited commercial real estate, and a floodplain that prohibits development in some parts of the municipality. Specific areas that have development potential are also outlined, including the commercial hub of Waterbury Center and the industrial park.

Specific economic strategies are outlined in order to support Waterbury's continued growth and ensure that it is a sustainable and equitable municipality to reside and do business in. Housing development is a priority of the strategic plan, with a focus on high-density housing opportunities. Infill development and infrastructure development are other major priorities identified by the strategic plan.

Secondary goals include targeted business recruitment and support, pushing for education on accessory dwelling units, short-term rental policies, and utilization of Waterbury's Revolving Loan Fund.

Finally, the plan describes actionable steps to be taken by invested actors in order to bring the goals outlined to fruition. Since this plan is intended to be used for long-form developmental guidance, the actionable steps are not exhaustive. Examples of active steps include engaging in business outreach to fill vacant commercial spaces and a Revitalizing Waterbury study on Route 100 engagement.

An addendum at the end of the plan outlines goals and areas that were in previous versions of the plans, including the Waterbury State Office Complex and reforming the town's zoning bylaws.

Part 1: Introduction

The Economic Development Strategy Plan (EDSP, or “the plan”) is developed in conjunction with the Waterbury Area Development Committee (WADC) and Revitalizing Waterbury to guide development in Waterbury and promote strategies that help to ensure that Waterbury continues to grow as an economically prosperous community.

The EDSP provides guidelines, analysis, and strategies for economic growth within Waterbury. It is a fluid plan, providing high-level goals and guidelines for the committee. It reflects the changing attitudes, climate, needs, and wants of the current members and leadership of the WADC. Should this plan be adopted, it would be implemented with the understanding that it should be updated every five years by economic development officials and municipal entities.

Part 2: Assumptions and Goals

2.1 Assumptions

In developing the plan, the following economic assumptions are recognized:

- Waterbury’s cultural and business landscape is ever-evolving, and the plan seeks to implement flexible strategies that can accommodate the changing business landscape.
- The Central Vermont region will continue to undergo dynamic changes that will influence alternative development strategies.
- Rapid technological innovation and globalization have resulted in an unprecedented rate of business innovation. Waterbury should be poised to accommodate emerging businesses that will provide future generations with stable employment and opportunities.
- “Smart Growth” principles¹ will provide guidelines and development standards, while promoting the vitality and health of the Waterbury community.

2.2 Goals

- Promote ways to reduce barriers to economic growth in Waterbury.
- Promote development strategies that foster representation and inclusion, ensuring equitable opportunities for historically marginalized groups.
- Grow Waterbury’s reputation as an outstanding community for business-owners and residents.
- Strengthen private and public organizations by working with stakeholders to eliminate physical and financial barriers to success.
- Implement growth strategies in a manner that preserves Waterbury’s historical character and rural charm.
- Recruit new businesses and organizations that support community needs.
- Assist with and support efforts to maintain, improve, and expand Waterbury’s infrastructure to create a suitable environment for economic prosperity.

¹Smart Growth Principles are an overall approach to development that encourages a mix of building types and uses, diverse housing and transportation options, development within existing neighborhoods, and robust community engagement.

Part 3: Present Economic Environment

Waterbury enjoys an attractive economic environment with development potential, as evidenced by robust growth in the past decade. Recent economic trends present a few key areas in need of improvement in order to sustain continued growth. These trends are not isolated to Waterbury, and are often reflective of state-wide and nation-wide issues. Regardless, steps should be taken to ensure continued growth. This section outlines Waterbury's strengths and opportunity areas, and defines problem areas that might hamper development for the municipality.

3.1 Strengths

Diverse Economic Opportunities

Waterbury's economic diversity is a major strength, and avoids the pitfalls of being hyper-dependent on a specific sector. Waterbury's history as a "company town" means that the attitude towards business growth from the residents is notably more friendly than that of comparable Vermont municipalities. The tenure of businesses such as Green Mountain Coffee Roasters, Keurig-Dr. Pepper, Ben & Jerry's, and Darn Tough Vermont are indicative of this historical reputation. The state of Vermont is another major employer in the municipality, with a wide variety of offices located in the Waterbury State Office complex. Due to the departure of Keurig-Dr. Pepper, the multitudes of small businesses throughout the municipality are much more indicative of the current business climate and fill employment gaps in the absence of a single major employer.

Waterbury's restaurants enjoy a high local pedigree and are supported by the numerous service and boutique businesses throughout the town. Waterbury's thriving art scene provides even more variety to the retail offerings within the downtown. This combination, along with an industrial park complete with full-scale manufacturing capabilities, has resulted in a municipality that benefits from seasonal tourism dollars, but is not solely reliant on them.

Location

Waterbury's geographic location in the center of Vermont provides residents with easy access to regional commercial centers, including Chittenden County and Montpelier. Waterbury is also located within a hub of recreational opportunities, with easy access to Stowe, Bolton Valley, and the Mad River Valley. Waterbury has its own recreational draws including Perry Hill, a premier mountain biking destination, and the Waterbury Reservoir. The wide variety and easy access to year-round recreational opportunities is one of the town's major strengths.

High Median Income

Waterbury's median household income is high for the area. As of 2022, the median household income in the area was \$106,976.² Waterbury is located in Washington County, which has a median household income of \$70,128. This results in a larger tax base and more market potential for goods and services that cater to residents of the town.

Involved Civic Community

Waterbury has an active civic community, with a variety of volunteer organizations and residents who are engaged with town happenings. A variety of volunteer organizations, including the Waterbury

² United States Census Bureau. "QuickFacts: Waterbury town, Washington County, Vermont." Accessed May 8, 2024. <https://www.census.gov/quickfacts/waterburytownwashingtoncountyvermont>.

Rotary Club, Revitalizing Waterbury, the Waterbury Historical Society, and others, provide residents with a range of opportunities to support community activities in their town of residence. Waterbury has such a strong sense of community that a housing study commissioned by Revitalizing Waterbury stated that “Waterbury’s resources and assets would not be complete without mention of its residents. Residents of Waterbury feel adamantly that it is a wonderful place to live, work, and recreate and this became evident during our kick-off meeting.”³

3.2 Problem Areas

Housing Stock Inventory

One of Waterbury’s most pressing issues is its limited housing stock. Waterbury is an attractive location to live in, but there are few vacancies for individuals looking to rent space or purchase a home. There is a need for additional residential units to support demand and foster economic growth, and housing for middle-income earners is becoming increasingly unaffordable.

A vacancy rate refers to the number of vacant units available in the area. A healthy vacancy rate for rentals is 5%, and a healthy vacancy rate for owned units is 3%. Washington County’s vacancy rates currently sit at 1.65% for rented units and 1.57% for owned units. These estimates are conservative, and the true percentages are likely lower. The county has the lowest rental vacancy rates in the state, outside of Chittenden County.⁴

Vacancy rates are a widely-used metric to gauge the health of housing stock in the area. Due to Waterbury’s low vacancy rates, housing availability provides a significant constraint on servicing the existing economy and continuing Waterbury’s growth trajectory.

Limited Commercial Real-Estate

Similar to limited housing availability, Waterbury also has a limited stock of commercially viable properties. Antiquated zoning requirements and limited incentives to build commercial properties mean it is difficult for prospective businesses to find adequate spaces to house their businesses.⁵ The commercial properties that remain available often consist of small office spaces that are unusable for goods-or-services oriented businesses, or massive complexes that typically exceed the needs of a “typical” Vermont business.

Floodplain Management

Much of Downtown Waterbury and the Route 2 corridor is located within a 100-year floodplain. The increased prevalence of flooding and the associated costs make developing in these areas a risky endeavor. Due to flood insurance costs and regulations, developing within the floodplain is also prohibitively expensive and not desirable for most developers.

³ Main Street Group & Revitalizing Waterbury. “Waterbury, VT Housing Study.” 2022. Accessed March 20, 2024.

⁴ Agency of Commerce and Community Development. “Webinar: Housing Deficit Data and Demographic Trends Presentation. December 15, 2023. Accessed January 15, 2024.

⁵ Zoning requirements are currently being updated to better incentivize development goals for the town.

3.3 Opportunity Areas

Identified below are specific parcels and zones within Waterbury that have potential for re-development or expanded development. Implementing Smart Growth principles in these areas would allow for better connections between areas of Waterbury and increase the livability and viability of the town as a whole. Focused development in these areas is a goal of the Plan.

Waterbury Center

Waterbury has two primary “hubs.” Downtown Waterbury is located to the south of town, along Route 2. This area is walkable and contains substantial infrastructure. Waterbury Center is located to the north of town. Waterbury Center is home to businesses such as Cold Hollow Cider Mill, Vermont Artisan Coffee & Tea, and the Children’s Literacy Foundation. Waterbury Center benefits from a strong business corridor along Route 100 and access to Stowe. Waterbury Center’s infrastructure is lacking in comparison to the downtown district.

A portion of Waterbury Center received a Village Center designation from the State of Vermont Agency of Commerce and Community Development. The boundaries of this designation encompass several commercial properties, a village green, and some residential properties near the intersection of Maple Street, Guptil Road, and Howard Avenue. This designation creates the opportunity for property owners to apply for tax credits, and makes the area eligible for specific state funding opportunities, among other benefits.

Route 100 and Route 2 Corridors

Boundary constraints on Downtown Waterbury mean the area is reaching the limit of its development potential. More development potential exists along the Route 100 N and Route 2 corridors, although a variety of factors make continuing development along these corridors more difficult than within the Designated Downtown District. Floodplain management is a particular concern on the Route 2 corridor, and municipal water and sewer access make development on both corridors costly. The difficulty of developing these areas can be seen in the Alchemist’s decision to build a new facility in Stowe when their preferred choice, on Waterbury’s Route 100 corridor, was not feasible.

Pilgrim Park Industrial Area

Pilgrim Park is home to a large-scale manufacturing plant, and is adequately zoned for commercial usage. Pilgrim Park exists outside the floodplain, is relatively hidden from the view of Main Street, has plenty of parking, and has developable space. The changing nature of commercial production means the manufacturing that occurs in Pilgrim Park no longer hampers residential livability in the commercial district. Zoning standards for Pilgrim Park are changing in the updated zoning bylaws, expected to be completed by early 2025. The new zoning bylaws will allow for conditional multi-unit housing in the area.

Other Individual Sites

Within the boundaries of Downtown Waterbury, there are sites that could support denser development. New zoning bylaws and expanded conditional uses should allow for these sites to be developed in a manner that reflects and supports Waterbury’s current character. These sites are:

- The former Stanley & Wasson building parcel.
- Area behind and in the vicinity of the present Sunoco Gas Station on South Main Street.
- Demeritt Place (north side of the train tracks).

Part 4: Economic Strategies

The WADC has identified a variety of economic strategies that can be employed to achieve the goals outlined in this document. These strategies focus on Problem Areas and Opportunity Areas outlined in sections 3.2 and 3.3, respectively. Strategies are designed to be implemented over an extended period of time and are roughly organized by priority.

4.1 Priority Areas

The priority areas seek to solve Waterbury's major hindrances to achieving the goals outlined in this plan. Smart Growth practices suggest a feasible solution to this problem is to encourage development and redevelopment in high-density downtown areas. This allows for increased economic opportunities, while not hampering Waterbury's historical character and rural charm.

Housing Development

Businesses and other organizations in town express concern that it is difficult to find employees, and a large part of that puzzle is a lack of affordable housing. Strategies to remedy Waterbury's housing issues include developing multiple types of high-density housing including affordable, workforce, senior, and market-rate housing. Affordable, senior, and workforce housing should be prioritized.

Affordable housing is subsidized housing based on the tenant's income. It is important to accommodate individuals who are unable to afford workforce or market rate housing at their current income levels. Income limits to qualify for affordable housing are based on median incomes in the area, with multiple levels of subsidization to account for different incomes beneath the median threshold. The maximum a single person could earn and still qualify for affordable housing in Waterbury is \$59,050.⁶ Affordable housing projects often take more time to develop than market rate housing, due to increased regulations and parameters necessary to obtain funding. In addition, these projects usually require community approval.

Workforce housing provides reasonably-priced housing for individuals who earn too much to qualify for subsidized housing, but aren't earning enough to comfortably afford market rate housing. This allows for a wider demographic spread in town and allows for renters, earning a moderate amount, to not spend

⁶Assuming low-income limit of (80%) of area median income; U.S. Department of Housing and Urban Development. "FY 2024 Income Limits Summary: Waterbury town, Vermont." HUD User. Accessed June 20, 2024. https://www.huduser.gov/portal/datasets/il/il2024/2024summary.odn?STATES=50.0&INPUTNAME=NCNTY50023N50023*5002376975%2BWaterbury+town&stalist=&stname=Vermont&wherefrom=%24wherefrom%24&statefp=50&year=2024&ne_flag=&selection_type=county&incpath=%24incpath%24&data=2024&SubmitButton=View+County+Calculations.

an undue portion of income on housing. Workforce housing often targets “middle-income” earners, landing at 60% to 120% of the median income in the area. To incentivize Workforce Housing development, commercial property developers often utilize various grants, trusts, and funds.

Market-rate housing is housing priced by the real estate markets and private developers, with no direct subsidization. A healthy stock of market-rate housing allows high-earners to purchase or rent quality units, and can result in increased economic gains related to spending in the area. This also allows for increased municipal tax revenue from these higher-valued properties, and they tend to be completed more quickly than other styles of housing. Promoting market rate housing projects increases the supply of available units in the town, which has the potential to free up more affordable units, as housing is an inelastic good.

Redevelopment

Redeveloping existing spaces has the potential to mitigate Waterbury’s housing issues. By identifying and transforming these spaces, Waterbury can maintain its historic character while making sure each property is fully utilized. Within the Designated Downtown or Waterbury Center boundaries, property owners or purchasers that choose to redevelop sites that are in disrepair are incentivized to improve them by qualifying for the state tax credit program for those improvements. Other local incentive tools can be created as well, such as a tax stabilization policy, to encourage making the best use of Waterbury’s existing structures and enhancing the current demographic layout of the town.

Infrastructure Development

Lack of infrastructure often hampers development efforts in town, despite adequate available land. This is particularly the case outside of the Edward Farrar Utility District service area, which provides water and sewer access to land developments. Expanding water and sewer access up the Route 100 corridor would allow for increased development of housing and commercial enterprises. The WADC has decided against recommending development along the Route 2 corridor, due to the complications of managing the floodplain in the area.

In community meetings, residents have expressed a desire to establish better connections between Waterbury Center and Downtown Waterbury. Existing recreational trails currently connect the village and center for pedestrian use, but these paths dip into private property and are not formally established trails. Expanding pathways between the downtown and Waterbury Center, and increasing pedestrian access within Waterbury Center are options that should be considered to make Waterbury Center more accessible.

Implementation of these proposed infrastructure expansions would carry extensive costs and require community support. Expanding sewer and water is of particular concern due to the high personal costs placed upon landowners and would require extensive research into the feasibility of an infrastructure expansion.

4.2 Other Strategic Approaches

Targeted Recruitment

A common economic development strategy is building on the existing success of local businesses to generate a hub for a specific type of business. This is somewhat easier in Waterbury, due to the notability of well-known companies like Ben & Jerry's, Cold Hollow Cider Mill, Darn Tough Vermont, and Prohibition Pig. Building on these brands via targeted business recruitment helps leverage commercial interests and promotes Waterbury as a business-friendly municipality.

Business Support and Outreach

Revitalizing Waterbury provides a variety of avenues for business support including networking events, committee involvement, marketing and promotional materials, and grant programs facilitated via the Designated Downtown program. Revitalizing Waterbury's business support encourages business retention in town and encourages businesses to establish new operations within the town of Waterbury.

Accessory Dwelling Unit (ADU) Housing Education

ADUs are already allowed in Waterbury, but their development has been heavily restricted in the past. The Housing Opportunities Made for Everyone (HOME) Act of 2023, Act 47 (S.100) altered language in the Planning & Development statute, also known as Act 250, reducing restrictions on accessory dwelling units. The HOME Act ensures that restrictions placed on ADUs are not more restrictive than those on single-family dwellings.

This Act, in combination with new town zoning ordinances, should allow for the increased creation of ADUs as an additional resource to mitigate housing issues. Educating the public on the benefits of ADUs as a living space or a potential income stream would be beneficial in incentivizing their creation.

Short Term Rental Housing Policy

Short-term rentals (STR) have seen a significant increase in Vermont and throughout Waterbury, compared to pre-pandemic levels. Roughly 3.6% of Vermont houses are used as short-term rentals, with Waterbury's STR rate at 7.2%. While this is not a sizable percentage of Waterbury's housing stock, STRs often have an outsized representation during discussions about housing stock in the state. Lower rental vacancy rates (and other factors) likely contribute to the continued focus on STRs as a problem statewide. Practical policy solutions should be implemented to deal with the potential growth of STRs and their impact on Waterbury's housing stock.

Revolving Loan Fund (RLF)

The Town of Waterbury is fortunate to have a revolving loan fund at its disposal. The fund was created in the 1980s via an Urban Development Action Grant (UDAG). The RLF has helped finance many important projects in Waterbury, including the Waterbury Train Station and the Ice Center. The revolving loan fund can be used to support project development in the town.

Part 5: Implementation

5.1 Plan Implementation

For successful implementation, the WADC and Economic Development Director (EDD) should make continuous reference to the plan and make an effort to push for policies that support the plan's goals. The Economic Development Director will act as a project champion for the strategic plan and take active steps to support implementation. The Revitalizing Waterbury Board of Directors, WADC members and other stakeholders will fill the role of supporting actors to this implementation.

5.2 Active Steps

Active steps to progress implementation of the plan include the following:

- The EDSP will be endorsed by the town selectboard
- The EDD will sit on the Waterbury Housing Task Force and work with the Task Force to create common-sense solutions to our housing issues.
- The EDD will take active steps to work with commercial property developers to find re-developable property and support developers throughout the development process.
- The EDD will engage in business outreach to fill vacant commercial spaces.
- Revitalizing Waterbury will engage the public in a discussion around developments on Route 100 to determine next steps for the area.
- Promote education around Accessory Dwelling Units as an alternative housing method.
- Determine the feasibility and community support of walkable infrastructure projects in Waterbury Center.
- Determine feasibility and community support of sewer and water expansion projects in Waterbury Center.

Addendum

Waterbury State Office Complex

The completed renovation and restoration of the Waterbury State Office Complex in 2016 was a crucial component to Waterbury's post-Tropical Storm Irene growth. The critical mass generated by having the complex fully staffed and occupied by a total of 1,100 state workers provided the Waterbury community with a steady base of potential customers for all commercial enterprises.

The COVID-19 pandemic of 2019 and subsequent changes in workplace structures resulted in an occupancy decrease at the complex. In spring 2024, the Vermont Department of Health decided to move 380 employees from a Burlington location to the Waterbury location, bringing the State Office Complex back to full occupancy.

In previous drafts of the EDSP, the Waterbury State Office Complex was referenced as a potential redevelopment site. Due to the recent influx of employees, the EDSP will no longer suggest pursuing the site for redevelopment.

Zoning Reform

It is mentioned in previous versions of the EDSP that zoning reform is necessary in order to further development within Waterbury. At the time, Waterbury's zoning bylaws were antiquated and outdated. Waterbury's zoning bylaws are currently being updated, with a complete zoning bylaw update expected by 2025. Recommendations that came from the WADC regarding zoning bylaw updates have been adopted by the town.

Support during Main Street Reconstruction, COVID-19, and Flood Events

In addition to providing business support, Revitalizing Waterbury has frequently assisted in response to expected and unexpected shocks to the Waterbury community. Revitalizing Waterbury supported Main Street Reconstruction, and created a construction specific website and blog, held business support workshops and meetings, and planned local shopping initiatives.

During Covid-19, Revitalizing Waterbury was able to pivot and provide business support via weekly newsletters containing funding opportunities for local businesses. Revitalizing Waterbury also created a new community currency and developed new partnerships with other entities in the region in order to provide better community support during those times.

Revitalizing Waterbury has also provided support for the community during the various flooding events that have occurred recently and in the past. Revitalizing Waterbury was instrumental in providing community support after Tropical Storm Irene and developed a fundraising project raising slightly under a million to rebuild the community. Revitalizing Waterbury also established a Business Flood Relief Fund in order to further expand support for businesses impacted by the storm. Revitalizing Waterbury continued this work during the 2023 floods with a new focus on resiliency.