

12/07/2010 – Commission on Affordable Housing & Conservation – Paul Costello’s testimony

I’m glad to be here, thank you so much. Mr. Chairman. I’m not sure exactly what sort of testimony the committee is interested in from me, but I’d like to share some of our background in working with VHCB – some of our experience and some of our perspective. I’m Paul Costello, I’m the Executive Director of the Vermont Council on Rural Development. We’re a state rural development council charged by the farm bill to help coordinate state and federal policy for Vermont in terms of rural development. My Board is made up of the head of Rural Development, the head of the Forest Service, the head of Farm Service Agency, three Secretaries in state government (Secretaries Dorn, Allbyee, and Wood), leaders in the non-profit sector, statewide leaders in regional planning, economic development, leaders in the business community. Our goal is to help people look outside of categories and across politics around issues of common concern to rural communities at the policy level but also at the community level. We do community visioning and engagement exercises with towns all across the state. We’ve worked with 32 towns to help them build concrete priorities and line up together for action. We’ll bring a 40 person team including Secretaries in state government and others as a SWAT group to go to those towns and help them jump start vitalization efforts. VHCB, Gus Seelig, are often with us on those kinds of teams.

On the other end of the scale we are charged to look at policy coordination in ways that are non-partisan – our neutrality is sacred to us. We don’t think we know better than people in the community level, what’s good for them. We certainly don’t think so at the policy level, where we pull together action teams to address things that we believe are of historic importance and require us to get outside of our administrative and organizational boxes as well as get out of our policy political boxes.

We’ve built a series of policy councils designed to help move the state forward; from work with broadband in the year 2000, to an AG viability council in 2001, forest products council the year later, a council on the creative economy and what those opportunities mean for Vermont, an in-state energy council to look at all of the opportunities in in-state energy development, an analysis of the full future...

We’re very ambitious. We pull top level state, federal, non-profit, local and business leadership together and then we build a structure for a conversation without us trying to predict or control the content conclusions. That’s our usefulness. In all those issues, VHCB is, while not necessarily at the table, it’s one of the key players that is providing the services to the communities that we are designed to serve.

I’m also the immediate past President of Partners for Rural America which is the National Association of State Councils. We look at rural policy coordination and the challenges that communities are facing all across the country in a very systematic way. As the leader of that organization, I had to be the key person in helping to frame their positions on national policy based on what we were observing as common issues nationwide facing rural communities. I also have to say I’m on the Board of Housing Vermont and have been for almost ten years. There’s a relationship/partnership there, but I’ll really basically speak from VCRD.

I want to speak a little bit from this process the council on the future of Vermont. If you haven't seen this report, can I give a couple of these to pass around? I'm not sure if there is anyone sitting here who hasn't heard about the report.

We've been running summit retreats for the Governor for key policy leaders within the administration over the last ten or fifteen years. In those sessions, we would have people say things like, "Well, we don't really know what Vermont's economic future is", so when we look at how we meet economic needs we answer the business calls that come to us. We don't have a long-term strategic economic development plan because we don't have a vision for the future of the state of Vermont. We don't know what the public wants to see. In our policy discussions everywhere you come you say, "Well what is the common purpose that Vermonters have?" and we determine to go out and ask Vermonters that question.

We built what we believe is the most at scale and intensive and extensive analysis of public values and priorities that has ever been done in the history of the state – it cost us \$500,000. We went out and talked to 4,000 Vermonters. We went to every corner of the state and we didn't just go and meet with the people who came to us. We said, "Who can't come to us?" We met with vulnerable populations. We met with people in mobile home parks. We met with people in jail. The next day we went to GBIC and AIV. We talked to business leaders, we talked to lawyers, we talked to environmental groups and development groups and looked at key issues in things that we shared across the board.

In that process we heard a lot about agriculture, a lot about community development, a lot about our core values as a people in Vermont. So I'm stepping a little bit away from some of what you may be hearing at this table in terms of 550 programs and so forth. We're really interested in what do we stand for in our time. What is it that Vermonters unite for. What are we ready to sacrifice for as we look to the future. What are the things that are the most important for us to make substantial, long term investments in.

And in that process, everywhere we went we heard two poles of what it means to be in Vermont today. Why did I move to Vermont? You ask people what your values are in Vermont and they say, "Well I moved here fifteen years ago, but I'm not a Vermonter yet." And then they'll say, "But the reason I moved here is because there's something about Vermont that I felt like I fit with. It's the sense of community, it's the cohesive downtown, it's that vision of people working together community by community, and it's the working landscape that surrounds us. It's our ability to be close to nature. It's our ability to connect to people who are working the land. It's the farm/forest environment around us." We heard that from kids in jail, and we heard that from business leaders. If you ask business leaders why they're in Vermont, they don't immediately say because of the low tax environment, and they don't immediately say because the regulatory system is so clear, simple, and easy to go through. They say – and this has been studied by the Agency of Commerce – the key attractant to Vermont businesses according to their statistical analysis is businesses want to be in Vermont for the quality of life. It's our core.

We wanted to test these things. You hear a lot...you get a pile of anecdotal information and we had a stack of testimony a foot thick from all of these sessions all around the state. We analyzed them, we did cluster analysis, and then we did polling to test the statistical significance. When we ranked Vermont values around community, affordability, independence – the things that people had such pride in as Vermonters, and indeed, really pride. Many Vermonters would say things like, “Vermont and Texas are the only place with the kind of ego that we have here. We are so proud of who we are.” The highest ranking value was around the working landscape and its heritage. 98% of Vermonters, when they talk about what’s core to us, they point to that.

One of the core findings of the Council on the Future of Vermont was that pride in our working landscape and its heritage and the contradiction that’s inherent in the actual demographics of what’s going on in our farm and forest environment. The dairy economy has been in a cyclical three year process of decline over the last forty years or more. There were 11,000 dairy farms in the state of Vermont after World War II; we’re down to just over 1,000. In the last ten years, we’ve lost more than 600 farms -- more than a third of the farms that were in existence then. Incomes are down in agriculture. The land is under great pressure for transitions of all sorts. New farming methods and efficiencies in larger scale dairy keep cows inside and hilltop pasturage is not as essential. If it’s not hay field, it’s not used nearly as much as it used to be used.

Meanwhile, there’s a quiet crisis in the forest products industry that’s unheralded in Vermont that people don’t know about. But the people who have made the long-term economic decisions around the working forest are in a much more precarious situation than they’ve been in in a generation.

In the last ten years we’ve lost 43% of the mills in the state of Vermont and we’re down 40% in terms of production in the forest products milling industry in the last ten years. These indicators are of tremendous concern. When you think about where we want to be in twenty years, and then you think about our core values in terms of this working landscape and the connection to the outdoors and having working lands around us and all of the testimony that we heard from people who say we don’t want to be like southern Massachusetts or southern New Hampshire, that we really value this working land around us, there’s a fundamental contradiction facing us as a people today.

The existing institutions that are working to address that contradiction are really led by VHCB, which has been the key instrument for public investment in the working landscape and in the enterprises that support the working landscape by conditioning long-term land use decisions.

You all know that there are thousands of housing units that are occupied as a result of VHCB investments from the State of Vermont and hundreds of thousands of acres that are in conservation as a result of their investments. Without those two investments, Vermont would be a different and much less attractive place. As we look at the contradictions that we face as we work to the future, those investments are going to seem more and more crucial. What we’ve done to this point, twenty years from now when we look back, we’re going to see those investments as being extremely farsighted and we’ll see the return on those investments in ways we can only imagine today, I believe.

We have a huge opportunity with the local foods movement, with the innovative entrepreneurial folks in the working landscape economy today to go forward today and to grow enterprises and so forth and there's a great deal of discussions of those opportunities and I think that VHCBC will be a key player as we look at the next steps to go there.

I want to talk a little bit about the community development side of the impact of VHCBC. When the previous speaker talked about how the market isn't driving investment in low income housing, it's very true. The market also isn't driving the investment in housing in particular places in Vermont. Vermont Council on Rural Development doesn't look for communities that are in trouble to guide our services, but we see a lot of communities in trouble that come to us looking for help. We see the investment that VHCBC serves as the lever point for in places like Hardwick, Groton, Richford, Rutland, Windsor, Johnson, and Pownal where the partnership of non-profits with whatever inefficiencies that are built into that system, are the creative wedge that's saying, "How do we look forward in our community? What ought we to be doing in terms of housing? What are our most pressing human service needs and how do we address them?" And in all of these towns, towns that are in rather desperate situations in some cases, they are building projects that serve... you think about twenty units of housing in downtown Richford or ten units of housing in downtown Groton, the number of units and the particular families that are served are tremendous accomplishments. But when you think of their impact in a community sense of progress and vitality, it's hard to measure. A lot of the best things are hard to measure. But the fact is that there are a lot of communities that feel like their glass is half empty, and where they have lost youth, and they have lost commerce, and they feel the heart kicked out of them and they question their own future and people wonder whether they should stay there or not. Public investment provides signatures to the town that the town is capable of making progress and that things can improve.

It's especially the case with the leverage that has happened in the towns like Hardwick and Groton where you are also leveraging the future of the library or the future of a commercial block that makes the downtown look more attractive and makes the downtown suddenly feel like something is going on. Those investments can inspire emulation by the neighbors in improvement of buildings and can build a sense of possibility in terms of the future revitalization of communities. We see that on the ground everywhere we go.

We also see the flexibility of VHCBC. When we go into a town like Johnson, we'll invite a team of leaders to come with us. They are often night meetings and we are on the road and it's extensive. There are some folks who choose not to attend those kinds of sessions and are too busy to attend, but VHCBC always participates right to the top. We really appreciate that they walk the walk, and that they understand the community end of what they're doing and not just the bureaucratic imperatives of trying to serve.

I guess I'm looking for how to conclude here. I think that we're in Vermont, and maybe it's always true that you're always at a tipping point in terms of community and economic development. One of the things that strikes me... I've just come back from Washington, D.C. where I met with leaders of the

National Rural Policy Center. They've just done an analysis of what the most recent census is telling us about rural America. I also just rode my bike across the country. I road from northern Washington through northern Montana... If you look at the map, it's kind of interesting – where I rode, a lot of it is red on this map. For folks who haven't seen the map, it's quite interesting; I'd love to give out copies to everybody.

What we're seeing in America is... you ride through northern Montana and you see these beautiful working lands: huge fields of grain, cabbages, beans – mile after mile of them. It's beautiful. It's corporate agriculture at its best. But you pull into the little village in northern Montana and you come into a town that maybe had 10,000 people and 50 stores and every single store is empty. Their glass fronts are broken glass – there's glass on the sidewalk. And at the end of the road there's the post office just hanging on. And there's a café and there's no one on the street. And when you go into the café, you see the three older women who run the café and a couple of ranchers or farmers who are retired and have chosen to stay. But youth have fled and they have not invented an entrepreneurial economy to take the place of the need for farm labor at the extent that they used to have. The labor are truck drivers and they live in regional population centers.

In fact, most of rural America is facing two choices: areas are becoming ex-urban with the growth of populations and sprawl. You take a flight from Washington D.C. or New York home to Vermont and you look down and you see that orange glow and you see what I mean. Until you get to Vermont and you see the open space, the population centers clear and distinct, and if you look at the map and you think about the regional population and regional market opportunities for agriculture, forest products, and the natural resource economy in that circle around us of 80 to 90 million people depending on how you cut it. We have an enormous opportunity for tourism, for agriculture, for forestry, and for being the rural center in line with our long-term core character and publicly stated values and processes like this.

VHCB has been investing in both sides of that coin for the last 23 years that it's been in existence. It's interesting to me what a boost they received from the Commission on Vermont's Future under Madeline Kunen and other work that really looked statewide at the same kinds of issues that we've looked at here.

Vermonters have been fairly clear and consistent in terms of some core values. In this megapolitan world to talk about values may sound soft. How do we find first principles in our democracy and first principles in terms of our priorities as we make investments. We think the conversation is meaningful to have.

In terms of Vermont's destiny, I think that's yet to be determined, but I think that the investments that we are seeing today that have spurred and supported agriculture and land conservation and on the other side, the investments in the housing arena that revitalize community centers are sort of aiming at the two poles of core directions that Vermonters established and have repeatedly established at every juncture and that VHCB is fulfilling itself today.

I'd be glad to take questions. I'm no expert on the ins and out of the structure or the particulars probably of some of what you need to be evaluating from your position, but I guess from my point of view VHCB represents a tremendous public value and efficiency in those investments that is hard to match looking anywhere else in state government today.

Question from committee:

"Would you speak a little bit to the value of combining housing and conservation in the same agency. We were asked to look at VHCB's performance – the consistency with their statutory charge, what they've actually contributed to the housing side and to the conservation side. It's harder to gauge, to measure the nexus, the importance of having both of those activities in the same agency. Can you speak to that?"

Answer: "I suspect you know some of the history, John. There's a set of political realities and partnership that were invested to produce VHCB. There's a fascinating nexus in terms of these public values there as well. It's very interesting. When we look at the future of the working landscape as a whole, we see a set of problems that relate to both halves of this arena.

We're going to be proposing a working platform to the new Governor and to the people of Vermont on Friday here in the building that will call for a new structure for the planning system in the state of Vermont. The structure of the planning system that we think is... (this is a working group that we have been managing over the course of the last year including the Secretary of Agriculture and the Secretary of ANR and other folks in the current administration) ...we're going to be proposing that we revive the Governor's Development Cabinet and we add the Secretary of Agriculture to the Governor's Development Cabinet. We're going to encourage the new Governor to look at the Development cabinet as having two essential purposes. One is in developing a long-term strategic economic development plan that works with the regional development corporations and all parties for the common good to think about long term objectives in the ways the economy should proceed in terms of core strategies to support key opportunities in line with public values in the economy for the long term.

On the other hand, Vermont's planning structure, which was designed to be a 'T' in the Act 200 statutory work that happened twenty years ago, has been left unfulfilled. Today we have local plans, connecting in regional plans; regional plans never really connecting in terms of an operating strategy with state agency planning. State agency planning also happens in each agency but there is no center point where those plans are reviewed together, coordinated together, or seen as functionally integrated together. And there's no place where agency plans systematically connect to regional plans. So we're missing the power of democracy which you've incorporated into a local and regional plan, is not incorporated in terms of any meaningful outcomes at the state level. There should be a coordinative center point in a planning office that looks at both sides of those planning structures, that reports directly to the Governor and connects to the Governor's Development Cabinet. So we're saying that the

Governor's Development Cabinet should be responsible for long-term economic planning and operation thereof, in terms of the efficiencies of state government. But also, it should be the center point for land use planning, essentially, the conservation of the working landscape aligned with commercial and housing development and economic development of the state of Vermont. There needs to be a strong, coordinative center point in the long term.

I believe that they got it right back when they built VHCB. It probably wouldn't work in lots of states, but as you all know, it's won national awards. It's the envy of many other states in terms of the way that it builds positive communication across groups that could be seen as at odds.

It's frustrating to watch... when you think about the way that we review this as an issue and the political circular conversation that we have about land use and development, particularly as it relates to VHCB, and the constant evaluation of the VHCB budget instead of fulfillment of the statutory budgetary provisions that were established and are still in statute to provide half of the property transfer tax. It feels like we have this circular conversation instead of a more synthetic conversation that would lead to better outcomes.

In the case of the recent discussion of housing in the last several years, we have a tremendous network and delivery system with tremendous strengths at all levels. To me, the question is, are we working as effectively as we can together to use the public money as effectively to drive as much positive development of low income housing as we can. To me, if you're going to have that conversation, you bring together all of the partners with talent, ability, and leadership into a common conversation and you try to build a draft work plan. You draft strategies for how you work effectively together to get things done. Instead, we've had conversations that have been looking for faults in the system constantly without producing positive outcomes. To me, that's unfortunate. It's sort of like we are using our energies to criticize rather than using energies to promote positive solutions that engage the best of us in moving things forward. It feels to me like it's time that we turn a corner."