

Local Economy

Goals & Objectives

1. Recognize that the biggest deterrent to jobs and businesses in South Hero is the lack of adequate water and septic capacity, and work to alleviate these barriers.
2. Actively encourage commercial and small, light industrial enterprises in and near the village areas, in suitable locations on major roads, and in small, mixed use homesteads.
3. Support farming and maintain agricultural land to keep the rural landscape of the Town and help the local economy.
4. Explore innovative ways to finance and provide town services to reduce property tax burdens.
5. Provide incentives to maintain farms and preserve agricultural land, through tax policies, regulations, and the purchase of development rights and conservation easements.
6. Administer town regulations in a fair, consistent and efficient way and monitor them for their effectiveness and enforcement.
7. Support the development of home businesses and industries that fit with the rural character of South Hero.
8. Encourage and preserve economic diversity.

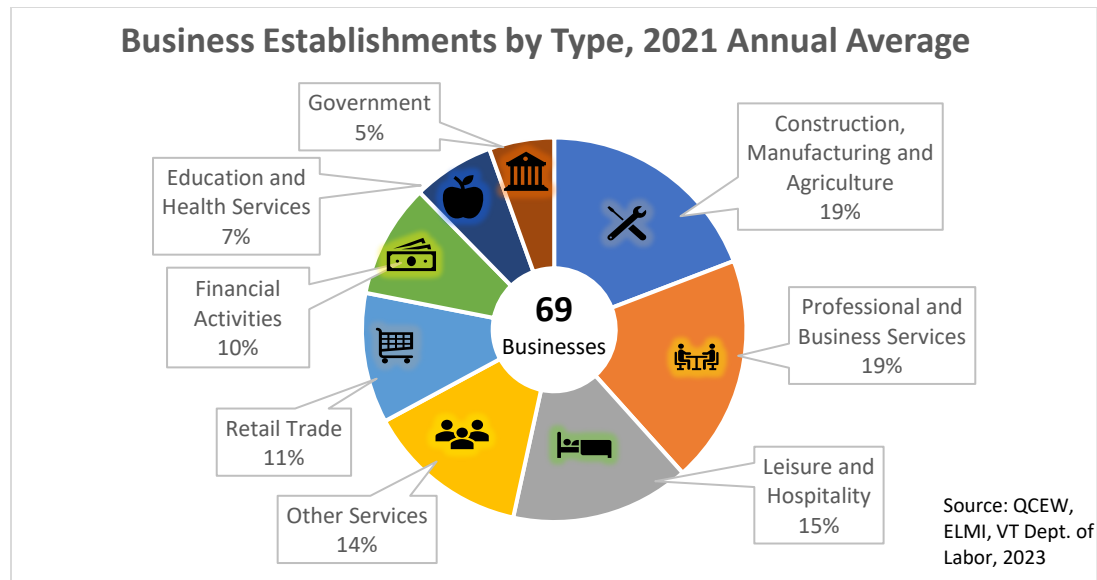
Strategies

1. Home businesses and industry should be encouraged, provided such operations do not interfere with the residential and agricultural character of the surrounding area.
2. Outside the designated village areas, commercial development should be limited to where there is adequate sewage disposal capability, water supply, and road access and where the development will not adversely impact gateways to the village areas or contribute to strip development.

Employment Trends

The labor force in South Hero hovers around 1,000, which includes residents of South Hero aged 16 and over that are employed or unemployed, including those in active military duty. The size of the labor force shrunk by about 6% during the pandemic but seems to have recovered to pre-pandemic levels by the end of 2022. In December of 2022, the labor force was 1,029. The annual average unemployment rate for 2021 was 3%, down from an all-time monthly high of 10.2% in April of 2020.

South Hero has 69 businesses with 363 employees based on 2021 data from the VT Department of Labor. The number of businesses in 2021 is about the same as the number of businesses in 2010. 25% of the employees in South Hero work in the leisure and hospitality sector, 17% work in government and 16% work in retail trade. Tourist and recreation businesses continue to be an area of economic growth; residents run riding stables, recreation facilities, charter fishing, restaurants and year-round lodging facilities. While not a major employer, agriculture remains a prominent sector of the local economy.



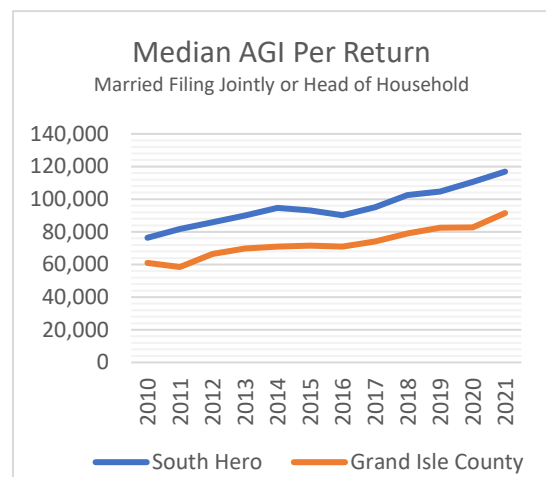
Local Businesses

Businesses in South Hero are largely concentrated in the villages and include restaurants, health care, a small groceries, and a several other personal and professional services. There are many tourist services and attractions including: the Chamber of Commerce, museum, gift stores, marina, fishing access, nearby ferry service, quarries and fossils, restaurant/snack bar/delis, gas stations, groceries, bed & breakfast, campgrounds and historic sites. The closest supermarket is located off island in Milton. The Lake Champlain Islands Industrial Development Corporation provides a directory of local businesses (www.champlainislands.com).

There is no data on the number of people that have home businesses (also referred to as home occupations) but there are many in South Hero due to good internet access and its remote location. The pandemic also increased the number of residents that work from home and while some returned to offices many maintained remote work. This is supported by data from the American Community Survey, which reports that the percentage of workers commuting to work 10 minutes or less increased from 19% in 2019 to 25% in 2021.

Income

Median incomes in South Hero are higher than the County and State. The median family adjusted gross income in 2021 was \$116,985, a 12% increase since 2019. This figure reflects income tax returns filed as married filing jointly and head of household. While the increase is sizable, the 2021 increase was not as high as the increase in inflation during that year. The poverty rate in South Hero is 4.8%, which is lower than the County and the State (U.S. Census Bureau, 2021 ACS 5-year estimates). The poverty rate is higher for the population aged 18-34 and for the population 5 years and under, indicating that affordability for young families is an issue in the community.



Looking to the Future

South Hero's economic development strategy is centralized around concentrating commercial and housing in the villages and continuing to expand and maintain its recreation and trail amenities to support local residents and a robust tourism economy. The opportunity and impact of the tourist and recreation economy in South Hero cannot be understated. South Hero is a destination in the summer months for vacationers, along with day time tourists arriving by bike on the ferry. Efforts to increase bicycle and pedestrian amenities and better connect visitors to businesses and vice versa will grow this sector of the economy.

Factors that influence current and future economic development in South Hero include current zoning and permitting processes, access to high-speed internet, cell phone coverage, and access to water and wastewater infrastructure.

Recently, the town worked with local developers on a new mixed-use development at the southern end of South Hero Village in response to the need for new municipal facilities, senior housing and businesses. The development is a great success that includes a new town library, fire department, health center, restaurant, 30 units of senior housing and additional commercial office space, including for the South Hero Land Trust. A local brewery is currently building a new space next door.

The town has zoning regulations that allow for high-density mixed-use development in its village areas, while limiting the density and intensity of development allowed outside the village areas. South Hero does not have any areas designated for industrial development, but does allow for light industrial development in all areas of town, including the village areas, as a conditional use with site plan review. It is important to allow for light industrial development, but further work is need to better define this use. It may be appropriate to designate certain areas where light industry is not allowed.

It is important to ensure adequate telecommunications infrastructure for business development, including the increased demand for home occupations and remote work. While the majority of South Hero residents have access to service that meets the minimum standards for broadband, 2% still lack broadband service and none are served by high-speed fiber. The majority of residents have cellular access. To support enhanced broadband access, the Town has joined the Northwest Communications Union District (NWCUD).

Wastewater and water supply infrastructure are a significant hurdle for new development in the villages. There are several small private water districts, however there is no municipal wastewater system and local soils severely limit the capacity for on-site soil based wastewater management. It is extremely important for the town to pursue a municipal wastewater system in order to support further smart growth development in and around South Hero Village and Keeler Bay Village.