



COMMUNITY & ECONOMIC DEVELOPMENT OFFICE

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Date: May 6, 2020

To: Burlington City Council

From: Luke McGowan, CEDO Director
Gillian Nanton, Assistant Director, CEDO

CC: Chapin Spencer, Director - Burlington Department of Public Works;
Cindy Wight, Director – Burlington Parks, Recreation & Waterfront;
Katherine Schad, CAO; Eileen Blackwood, City Attorney; Mayor’s Office

Re: **Cambrian Rise – First Amendment to Development Agreement**

Request:

This memorandum requests Burlington City Council adopt the attached resolution which authorizes the Mayor to execute an amendment to the Cambrian Rise Development Agreement in substantial conformance with the documents attached hereto, subject to the review and approval of the City Attorney. This First Amendment to Development Agreement relates to BC Community Housing, LLC’s (BCCH) request to the City to increase the cap imposed by the Development Agreement on the number of housing units at Cambrian Rise from 770 units to 950 units, to account for changing market conditions.

Background:

On December 21, 2015, Burlington City Council adopted a resolution authorizing the Mayor to execute a Development Agreement between the City of Burlington, Vermont Land Trust, Inc., (VLT), Champlain Housing Trust, Inc., (CHT), and BCCH, related to the development and disposition of real property situated between North Avenue and Lake Champlain, with an address of 311 and 329 North Avenue, Burlington. This Development Agreement was fully executed on January 7, 2016. The property in connection with the project is now known as Cambrian Rise.

Cambrian Rise is a development with mixed commercial and residential uses, related buildings and infrastructure across approximately 21.65 acres. The project is in an area long targeted in the city’s Municipal Development Plan for intensified development and is consistent with the Neighborhood Activity Center (NAC) – Cambrian Rise (CR) District, a new center for mixed use development that allows for a range of housing types and tenures, and accommodates a diverse range of complimentary general office, institutional and neighborhood-oriented, small-scale retail service uses. Cambrian Rise, when fully built out, aims to create a dynamic new mixed-income, mixed-use, inclusive, pet-friendly neighborhood where residents can live, work, grow and play on the shores of Lake Champlain. The development is well on the way to becoming the city’s first sustainable living community.

Since execution of the Development Agreement in January 2016, several provisions outlined therein, have been implemented. These are:

- ✓ The City and VLT acquired 12 acres of Public Open Space, which VLT has since conveyed its interest to the City. This Public Open Space is now wholly-owned by the City and managed by the Department of Parks, Recreation and Waterfront.
- ✓ Liberty House (former orphanage), the first residential building opened its doors in July 2017. The building features 64 attractive, well-constructed energy-efficient living units, with generously sized common areas that are warm and inviting. At Liberty House, 90% of expiring leases are renewed and there is a perpetual waitlist for vacancies.
- ✓ The City has negotiated a Memorandum of Understanding and Agreement with BCCH that BCCH will construct and pay for the increased cost of the public connector path from North Avenue.
- ✓ CHT acquired a portion of the property from BCCH and together CHT and Cathedral Square Corporation (CSC) will construct 146 rental units, of which 128 are Inclusionary Zoning (IZ) rental units. Since mid-September 2019, seventy-six (76) families have occupied CHT's affordable apartments; CSC has begun construction of its 70 units of senior housing and is on track to be occupied by later this year.
- ✓ Early in 2019, BCCH began construction of its 351 North Avenue building which will feature primarily studio and one-bedroom units with generous common living areas on each floor. This building, compared to Liberty House, is anticipated to have expanded bicycle storage, added storage for kayaks, canoes and paddle boards. Its completion is planned for mid-June 2020.
- ✓ The City has granted BCCH a stormwater easement over and through the Public Open Space.

BCCH's Request to increase Residential Density and its Impact

Over the past several months, city departments (CEDO, Planning & Zoning, DPW and BPRW) have met internally and with BCCH technical teams to discuss the proposed increase in residential density at Cambrian Rise. In a memorandum dated August 15, 2019, Eric Farrell, President, BCCH, formally requested an increase in the housing density limit at Cambrian Rise, of 770 units, as set forth in the Development Agreement, to a maximum of 950 total residential units.

A phased, multi-year approach for the build-out of Cambrian Rise is currently being undertaken. If fully constructed, the additional 180 residential units will be integrated into the existing mix of 14 approved buildings by redesigning floor plans to decrease unit sizes reflecting national real estate market trends, as much of the space needed has already been permitted. Where necessary, increasing the height of some buildings closer to the limit allowed under the zoning for this district remains an option. Otherwise, no additional buildings or changes to the permitted footprints is anticipated at this time.

Current zoning does not limit residential density in terms of units per acre, but rather total buildable area using Floor Area Ratio (FAR), which is 2.0 in this District. As a result, the proposed increased unit count alone is not a factor in understanding the development capacity of the site. The Cambrian Rise development parcel measures 943,074 sf (21.7 acres) which means with a FAR of 2 the maximum allowable building area is 1,886,148 sf. Cambrian Rise, with 770 units, is currently permitted for approximately 1,070,000 sf with a FAR of 1.13, meaning an additional 818,000 sf is still allowable. So,

even if the total buildable area were needed to increase owing to the proposed increase in residential units, any final buildout would likely remain well below the maximum allowed.

Traffic Impact

In seeking to determine the impact of increased residential density on traffic, BCCH commissioned Resource Systems Group (RSG) to prepare an updated Traffic Impact Study (TIS).

The Burlington Department of Public Works (DPW) has reviewed the updated TIS (see attached Memorandum dated August 12, 2019 to the City Council) and is concerned about the impact of increased traffic on the intersection of North Avenue, Washington Street and Berry Street. DPW proposes to address those impacts by making intersection improvements consistent with the North Avenue Corridor Study and to use a combination of traffic impact fees paid in connection with the project and a transportation grant that has been awarded to the City. Moreover, in an effort to ensure that these intersection improvements can be completed in a timely manner, BCCH has agreed to pay \$67,000 of the traffic impact fees payable in connection with the project by June 30, 2020. The \$67,000 payment is anticipated to be comprised of traffic impact fees payable in ordinary course of developing Cambrian Rise and the pre-payment traffic impact fees for future buildings.

DPW has also indicated that a detailed review of increased residential density on traffic will be undertaken through the permitting process associated with this change to the Cambrian Rise development.

Inclusionary Housing

As noted, the Cambrian Rise development is now zoned in the Neighborhood Activity Center (NAC) - CR District which requires that 25% of the number of rental units, in addition to 25% of the number of for-sale units, be designated “inclusionary units” or IZ units, as defined in Burlington’s Comprehensive Development Ordinance. This requirement is consistent with the Waterfront District (RM-W) in which the Cambrian Rise development had been previously zoned.

At 770 total units, as indicated in the Development Agreement, there would be a combined total of 193 IZ units. At 950 units, there would be a combined total of 238 IZ units, a net increase of 45 IZ units. The combined total of 128 IZ rental units already committed to be provided by Champlain Housing Trust (CHT) and Cathedral Square Corporation (CSC) satisfy the 25% IZ requirement for up to 512 rental units at Cambrian Rise. (The 512 rental units include CHT’s and CSC combined total of 146 rental units). More importantly, if the final number of rental units at Cambrian Rise includes more than 512 units, BCCH will be obligated to satisfy the IZ requirements, increasing the number of IZ units accordingly. Similarly, BCCH will satisfy the City’s IZ inclusionary requirements with regard to for-sale units at Cambrian Rise.

Workforce Housing

BCCH, according to the Development Agreement, is not required to develop workforce housing. Undoubtedly, persons in the missing middle (families with households’ incomes between 80% and 120% of the median income for Burlington MSA), face severe challenges in accessing Burlington’s housing market. However, if more small energy efficient units were developed, it would make it easier for BCCH to deliver affordable housing choices for middle income households and help meet an urgent unfilled need in Burlington’s housing market. This is a strategy that has been used successfully in many other metro markets.

Connection to Bike Path from North Avenue

In the initial Development Agreement between the City and BCCH, the City was the responsible party for constructing a public and ADA accessible connection path between Cambrian Rise and the Bike Path, and BCCH was responsible for making a financial contribution toward the path. In the months following the approval of the Development Agreement, the City determined that the preferred design of the Bike Path Connector was a higher cost than initially estimated and budgeted. In addition to the First Development Agreement Amendment, the City has negotiated Memorandum of Understanding and Agreement, which is referenced in the Development Agreement Amendment, to shift the responsibility of constructing the Bike Path Connection to BCCH.

The MOU can be summarized as follows:

- BCCH will take on the increased cost of building the Bike Path Connector up to \$525,000.
- BCCH will bring the City's current 30% conceptual designs to 100% construction drawings, and the City will approve the construction drawings.
- The City has agreed that BCCH can use the \$75,000 initially appropriated toward constructing the Nature Path toward the construction of the Bike Path Connector. The BPRW team will work with community volunteers to make improvements to the Nature Path.
- The City will relocate trees that were planted in the area that is identified as an open field or meadow in the Interim Management Plan, and will manage the forested area adjacent to BCCH's property consistent with the Interim Management Plan's guidelines.
- The Bike Path Connector is on City land and the City will maintain full ownership of the paved path.

Burlington's Housing Availability & Affordability Challenge

BCCH's request to increase the number of housing units at Cambrian Rise from 770 units to 950 units is in line with the City's policy to support the development of additional housing opportunities across the income spectrum.

Burlington's decades-long challenges with housing availability and affordability are well-known and well-acknowledged. And over the last several years, in an effort to tackle the City's housing challenges, a two-pronged approach has been adopted, that is: (i) continuing to build as much permanently affordable housing as possible; and (ii) pursuing policies and proactive efforts to create more homes for households of all backgrounds.

This effort to increase more homes for all has brought about a more than three-fold increase in new homes created in Burlington and an uptick in the vacancy rate. Specifically, while 265 new homes were created between 2004 and 2011, that number increased to approximately 900 new units between 2012 and 2019. Similarly, over that time, the average vacancy rate doubled from 0.7 percent during 2006-2011 to 1.5 percent in the period 2012-2019. These housing trends are positive, but more work remains to be done as evidenced by the ongoing housing policy reforms undertaken last summer--fall, as a result of the BTV Housing Summit in June 2019.

Cambrian Rise is a complex, multi-year development. Once fully built-out, it will provide a major boost to diverse affordable housing in Burlington, including inclusionary housing - an overall total of 238 IZ units – the largest number of IZ units in a single development.

Conclusion

Cambrian Rise will be the single largest housing development in Burlington, once completed. With a proposed increase in residential density from 770 units to 950 units, it has the potential to significantly increase Burlington's housing supply, taking the City closer to ensuring a healthy functioning of its housing market.

Cambrian Rise promises a range of housing options affordable to a range of income levels, central for creating economic development opportunities and supporting growth in the City of Burlington. Situated less than 0.5 miles from businesses and services on North Street, with planned connections directly to the bikepath and located on one of the most highly traveled bus corridors, the development is intended to support a healthy lifestyle that embraces various transportation alternatives to the single family car – biking, walking and taking the bus, as well as fitness and community gardening in a neighborhood that is not quite downtown, but far from the suburbs.

Burlington City Council's passage of this First Amendment to the Development Agreement between the City of Burlington, Vermont Land Trust, Inc., (VLT), Champlain Housing Trust, Inc., (CHT), and BCCH, clears the way for BCCH to amend their permitting and embark on this process which will entail a thorough review and compliance with the City of Burlington Comprehensive Development Ordinance and with all state and municipal land use permits and approvals, as well as the requirements of the City of Burlington Department of Public Works.

Thank you.

Attached Documents:

1. First Amendment to the Development Agreement – Draft
2. Resolution – Cambrian Rise – First Amendment to Development Agreement – Draft
3. DPW communication to the City Council, dated August 12, 2019