

**Joint Meeting of Burlington City Council Ordinance Committee and Community Development
& Neighborhood Revitalization Committee**

Draft Meeting Minutes

Wednesday, November 7, 2018

City Hall
149 Church Street
Conference Room #12, First Floor
Burlington, VT
5:30 p.m.

CDNR Committee

City Councilor Brian Pine (BP) (Ward 3) (Chair)
City Councilor Adam Roof (AR) (Ward 8)
City Councilor Karen Paul (KP) (Ward 6)

Ordinance Committee

City Councilor William “Chip” Mason (CM) (Ward 5) (Chair)
City Councilor Sharon Bushor (SB) (Ward 1)
City Councilor Jane Knodell (JK) (Central District)

City Staff in attendance: David White (DW) Planning & Zoning Director, Anthea Dexter-Cooper Assistant City Attorney, Todd Rawlings (TR) CEDO Housing Program Manager, Ian Jakus CEDO Policy & Projects Specialist

Public in attendance: Joe Speidel - UVM, Colin Hilliard - BBA

Meeting commenced at 5:36 PM

As previously agreed Chair Chip Mason was chair for this second meeting.

1. Agenda

Councilor Adam Roof moved to adopt the agenda, Councilor Mason seconded.

SB moved to approve the agenda, seconded by AR – unanimous approval

2. Public Forum

No comments.

3. Approval of Minutes October 16,2018

BP moved to approve the minutes, seconded by SB – unanimous approval

4. Discuss Inclusionary Zoning Working Group (IZWG) Report Recommendations Continued (see attached IZWG Recommendation Chart, Recommendations in Bold)

Offer a Less Restrictive Off-Site Option for Low Poverty Receiving Areas

TR explained that the recommendation is to define areas that are more inclusive or less inclusive based on data.

JK clarified that if a developer was building a project in a less inclusive area they would not be able to build their units off-site.

SB agreed that there is a danger in allowing a less inclusive area to build their IZ units off-site.

AR asked if a project just builds market rate units in a more inclusive area, and built the IZ units off-site in a less inclusive area, would that cause gentrification?

BP responded that as the ordinance is intended to ensure that neighborhoods are inclusive, having off-site IZ units located in areas that need more inclusion is one way to achieve this.

JK said that the main goal is that projects in areas that need more affordable housing should not be able to build the units off-site.

BP supplied an example of how off-site has worked in the past. Redstone developed a project on Maple and St.Paul Streets, and they deeded an adjacent parcel to CHT, and supported them to lower their cost of acquisition, which allowed them to meet the inclusionary requirement.

SB said she thought the intent was to keep the units in the building to promote integration.

DW explained that having non-profit affordable housing developers build the units in a separate building is not about making the management easier, but allowing them to finance the development to make it feasible.

SB said she is willing to live with this in the interest of developing further units.

BP said the 1.5 unit multiplier included in the ordinance made off-site IZ units impossible.

TR explained that this 1.5 multiplier for off-site units also applies to the payment in lieu fee as currently written.

CM summarized that he is not hearing a disagreement with the concept but we need to see more language.

Adjust the Income Target for OwnerOccupied Units from 75% of AMI to a Flexible Range of 80% to 100%

JK said that for owner occupied IZ units they are almost all marketed by CHT, and there the lowering the target cost of the unit to 70% of AMI from 75% of AMI is because they are not competitive with market rate condos regionally due to the shared equity restrictions.

SB asked if CHT is having to get more money to lower the price of these units.

BP explained that when someone can go out into the market and get a similar cost condo, without resale restrictions, the IZ homeownership units languish. Thus CHT must provide additional subsidy to lower the cost.

DW clarified that the effect would be to shift 5% of the additional subsidy required to the developer.

KP asked what the difference between 75% sale price or 70% sale price is in dollar value.

BP responded that a 2 bedroom IZ unit can sell for \$185,075 at 75% and at 70% it would be \$163,000 so the difference is over \$20,000.

BP explained that Michael Monte from CHT provided Cambrian Rise as an example, where they paid \$6.3 million for 30 IZ homeownership units and the additional subsidy required to sell them was \$1.6 million.

TR said that the Mayor's memo points out that this shifts additional costs onto the developer, which could be a deterrent to homeownership projects.

KP said that if the developers are saying that lowering the sales target price to 70% will just shift costs to the market rate units, is this really feasible? I would need to know that.

CM said the challenge is that as a whole there are some benefits and some additional costs to developers. This needs to be communicated as a package.

BP said that we have not been aware of the mayor's opinion on this issue until this afternoon. Cambrian Rise is the first homeownership project built in years because the condo market was not strong until recently.

CM speculated that there are not many large parcels left for homeownership projects.

DW said while that is true there will be other opportunities for condos to be built on smaller parcels.

CM summarized that the consensus what the recommendation of the IZWG would stand.

Craft a Funding Plan that Relies on Local Resources to Boost Production of Affordable Housing

CM said that this recommendation is not directly related to the ordinance and therefore is referred to the CDNR committee.

BP said it is helpful to know that the Mayor thinks this is a good recommendation.

Achieve Support for an Affordable Housing Levy or Bond from City Voters

CM said that this recommendation is not directly related to the ordinance and therefore is referred to the CDNR committee.

SB said she would like levy that to be restored to a full penny, or more. She pointed out that this levy and the conservation legacy fund are not part of the charter which puts the funding at risk.

Adjust Income Targets for Rentals from 65% of AMI to a Range of 50% to 80%

JK explained there are two separate issues as part of this recommendation; the rent target price, and the eligibility of the renter.

TR stated that the Mayor's memo suggests that there is a need for housing serving 100% of AMI and that the eligibility level remains the same.

JK stated dismay over the late submittal of the Mayor's memo, and her inability to fully review it and would need more time to take it into account.

BP stated that he thought the IZWG recommendation to decrease the eligibility threshold should have only applied to the eligibility for IZ rental units, not IZ homeownership units.

AR asked about the AMI standard and how it applies to Burlington?

JK explained the AMI includes the whole Metropolitan Statistical Area that is much larger than Burlington which skews the income figures. She noted that the HTF administrative board just enacted an 11% increase in the AMI standard.

KP asked if there are there other communities that have moved away from AMI.

TR said that he would look into that. He added that many of these units are part of the permanently affordable portfolio of housing agencies and they all use the AMI standards.

SB said the 11% increase in AMI in the last year is a concern.

JK said the concern is that AMI is very close to current market rents, but are significantly lower than the new build units.

CM summarized that the first question of do we continue with AMI as the income standard will be further discussed; second, everyone is in agreement with keeping the 65% rent target; third, reducing the income eligibility ceiling to 80% is undecided.

KP asked what lowering the eligibility to 80% would accomplish.

TR said he would review how many current IZ renters are above 80% AMI.

Contribute Levy Resources to Inclusionary Homeownership

CM said that this recommendation is not directly related to the ordinance and therefore is referred to the CDNR committee.

Address the Intersection of Affordable Housing and College Student Housing

KP said that she agrees with the Mayors memo that we don't want to make a per bed fee a penalty for building student housing.

CM said this applies to student housing off campus and the recommendation arose directly out of the situation with the 194 Saint Paul Champlain College project.

AR asked how a fee should be established?

SB said she has heard that housing is not affordable at UVM, and one of the motivators to move off campus is to save money. She does not think that the Universities should be given a pass from meeting IZ requirements.

KP clarified that this applies to purpose built student housing, that may or may not be built by the University.

DW clarified that currently the Institutional Zoning district is exempt from Inclusionary Zoning requirements.

CM explained that Universities don't charge rent, they offer a complete package of tuition, housing, etc... his concern is that an administrative burden is put onto the universities which they cannot carry out.

AR said the reason he likes the per-bed fee is the money can be directed to the part of the city around that area to help address housing affordability in the student neighborhoods.

DW said that if it is purpose built housing, by or for an institution, the Universities have their own mechanisms for determining affordability of the education as a complete package. These determinations should be made by the institutions themselves.

Joe Speidel said that UVM tries to subsidize the education, and when UVM students come out they have an average debt that is below the nationwide average. This also has to be a reasonable solution for the developer.

CM asked TR to come back with a proposed fee, and an projection of how that would have affected the 194 Saint Paul project. He said we shouldn't forget that the University is already providing aid to students so this is on top of this.

Prevent Cost Shifting

CM said that this recommendation is not directly related to the ordinance and therefore is referred to the CDNR committee.

Identify and Address Factors that Limit the Creation and Utilization of Accessory Units

CM said that this recommendation is not directly related to the ordinance and therefore is referred to the CDNR committee.

DW said work on this report is ongoing.

Parking

CM said that this recommendation is not directly related to the ordinance and therefore is referred to the CDNR committee.

DW said that the parking calculation should be based on number of bedrooms or at best it should be eliminated altogether. He said the planning commission has made this recommendation to the City Council and it did not survive the year, so we are preparing to bring it back

BP said there was a regulatory review task force that made recommendations on parking that should be reviewed.

CM: There will be no recommendation, this will go to the full council.

SB stated that she is concerned with the elimination of parking requirements for IZ units because some people in these units work outside of the City. Additionally requiring someone to pay for parking separately would be a penalty for low income people who work outside the City.

BP said that this is similar to the issues that condos face, with condo fees that can be unpredictable.

AR pointed out that many recent development are not fully utilizing their parking.

DW explained that the fundamental issue is that if you don't have a car why should you pay for a space, and this is 15-20% of the cost of housing. This is artificially increasing the cost of housing. Estimates by 2030 that demand for vehicles and associated parking spaces is projected to decrease by 30 – 50%. The availability of parking also undermines the use of alternative modes.

KP stated that for the younger demographics there are more people who are choosing not to have a car.

CM summarized that this only applies to the ordinance in terms of the IZ unit calculation, otherwise this goes to CDNR for further discussion. He said both infill development and income standards the last two recommendations were outside of the IZ ordinance.

Next Steps

CM said that there will be issues to return to for more discussion at the next meeting – the break points for payment in lieu, and the density bonus are the biggest pieces. The next meeting is scheduled for November 19th and then the public hearing.

The public meeting was tentatively scheduled for December 11th @ 5:30 – 7:30 in Contois Auditorium

5. Adjournment

BP made a motion to adjourn at 7:31 PM, AR seconded, unanimous approval.