

Housing Summit 2019 Recap

Organized by Mayor Weinberger in July & September 2019 to:

- Look at chronic housing challenges, progress in since 2012
- Bring renewed energy, attention to work of 2015 Housing Action Plan
- Identify a list of actionable policy changes to pursue in 2019-2020
- Set the table for additional housing work in the future



2015 Housing Action Plan

- **Expand municipal resources to support new low- and moderate-income housing creation, assist those ineligible for subsidy**
- **Consider land use reforms to address regulatory barriers and disincentives to housing production**
- **Pursue strategies for housing college students, improving quality of life and housing cost in historic neighborhoods**
- **Identify new approaches to homelessness in our community**
- **Provide appropriate housing options for an aging population**

2019 Housing Summit Reforms

- Updating standards for energy efficiency in rental housing- *in progress*
- Making it easier to build Accessory Dwelling Units- *adopted*
- Implementing regulations for short-term rental- *in progress*
- Reforming requirements for building new parking- *adopted*
- Restoring the level of funding for the City's Housing Trust Fund- *approved by voters, but postponed in 2020*

Current draft STR Proposal

Staff has updated corresponding elements to reflect Committee input. Framework includes changes to several city ordinances/policies:

- **Proposed zoning amendments to the *Burlington Comprehensive Development Ordinance***
 - Following discussion, recommend warning for a public hearing
- **Proposed amendments to *Chapter 18 of the Code of Ordinances* regarding “Minimum Housing Standards”**
 - Typically not within the purview of the Planning Commission, but included for discussion
- **Proposed Council Action to impose an additional tax or fee on nights or revenue**
 - Not included in packet, would be recommended when transmitting proposal to Council

STR Discussion Recap

Per Oct 2019 Council Resolution, a framework that “creates tiers for different types of [STRs] and disincentivizes the most impactful uses...by:

- *limiting the number of housing units that can be converted for [STR] purposes and*
- *ensuring that those conversions are contributing to the city’s efforts to preserve and expand permanently affordable housing, while also*
- *preserving some flexibility and ability to earn greater income for Burlington homeowners, and*
- *recognizing that some supply of [STRs] benefits the Burlington economy...”*

Original proposal included three strategies to limit conversion:

- Tiered limit to number of STRs based on units on a property
- Host residency required in all scenarios
- Some STR’s considered commercial use, and/or conditional use

STR Discussion Recap

Per Oct 2019 Council Resolution, a framework that “creates tiers for different types of [STRs] and disincentivizes the most impactful uses...by:

- *limiting the number of housing units that can be converted for [STR] purposes and*
- *ensuring that those conversions are contributing to the city’s efforts to preserve and expand permanently affordable housing, while also*
- *preserving some flexibility and ability to earn greater income for Burlington homeowners, and*
- *recognizing that some supply of [STRs] benefits the Burlington economy...”*

Joint Committee has discussed this proposal in 7 meetings in 2020, providing feedback that has led to changes to:

- number of STRs allowed in multi-unit buildings
- when host is required on-site
- STRs as special residential use (changes applicability of housing replacement)
- fewer scenarios as conditional use

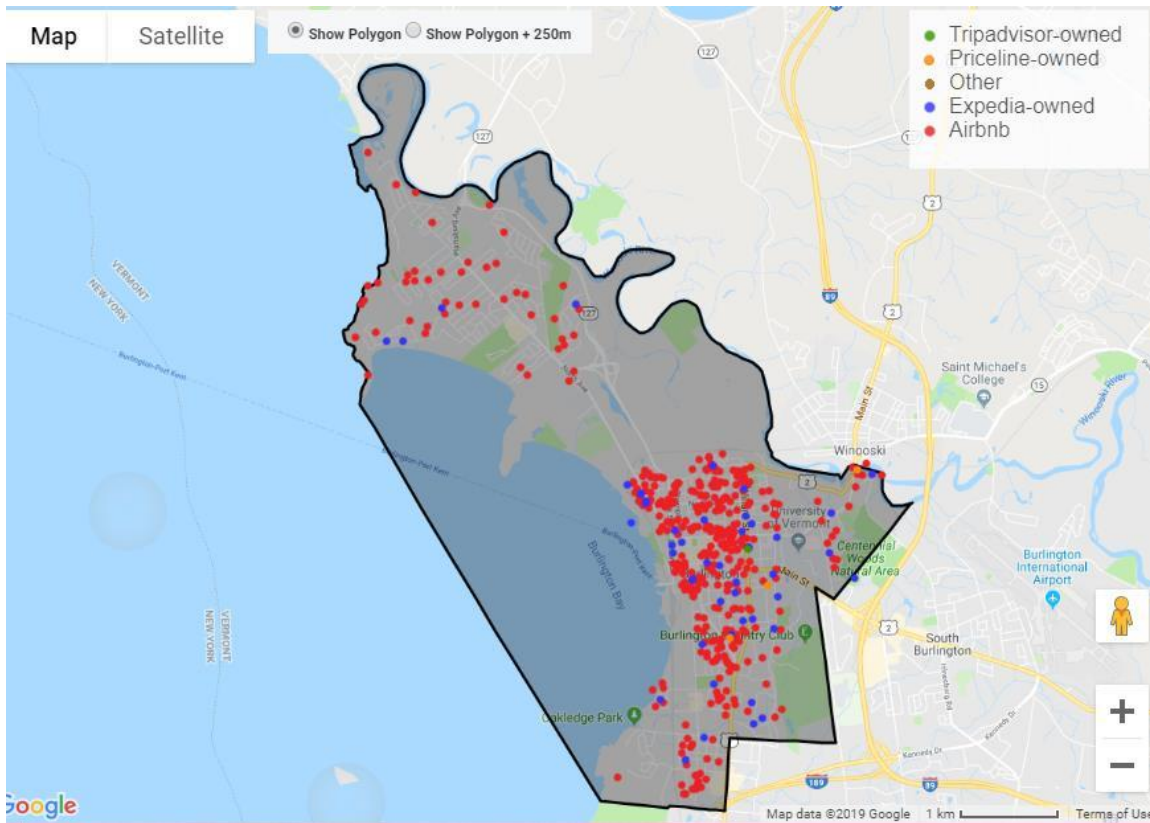
Key Policy Questions

We are looking for consensus from Committee on the following issues:

- Scenarios that allow for off-site host
- Whether hosts must be an owner
- Proposed limits on the number of STR's by property type
- Policy objective behind a nightly fee for STR use

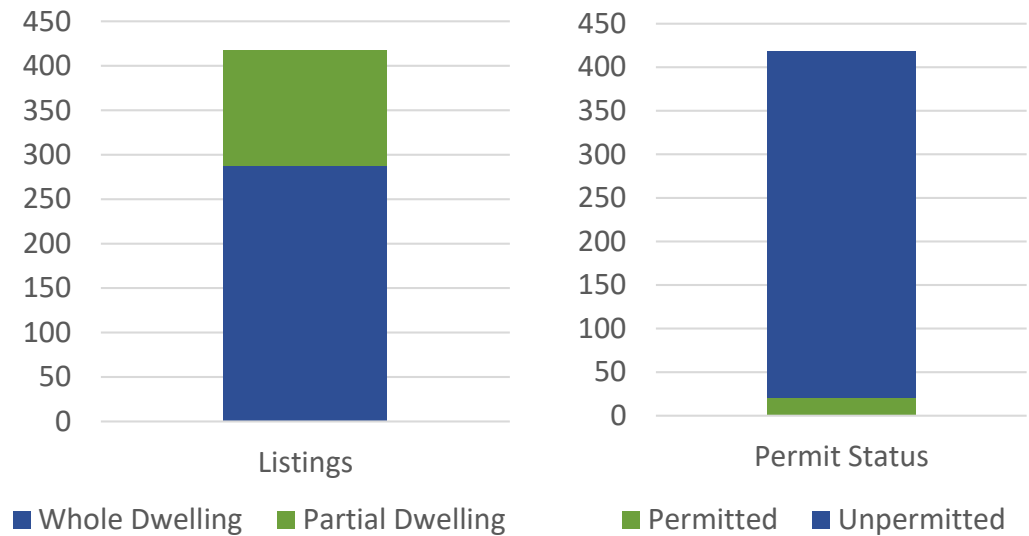
- Others?

Background on STR's in Burlington



Short-term rentals are dwelling units rented in whole or part to guests for stays of 30 days or less.

Short-Term Rentals, Burlington *July 2020*

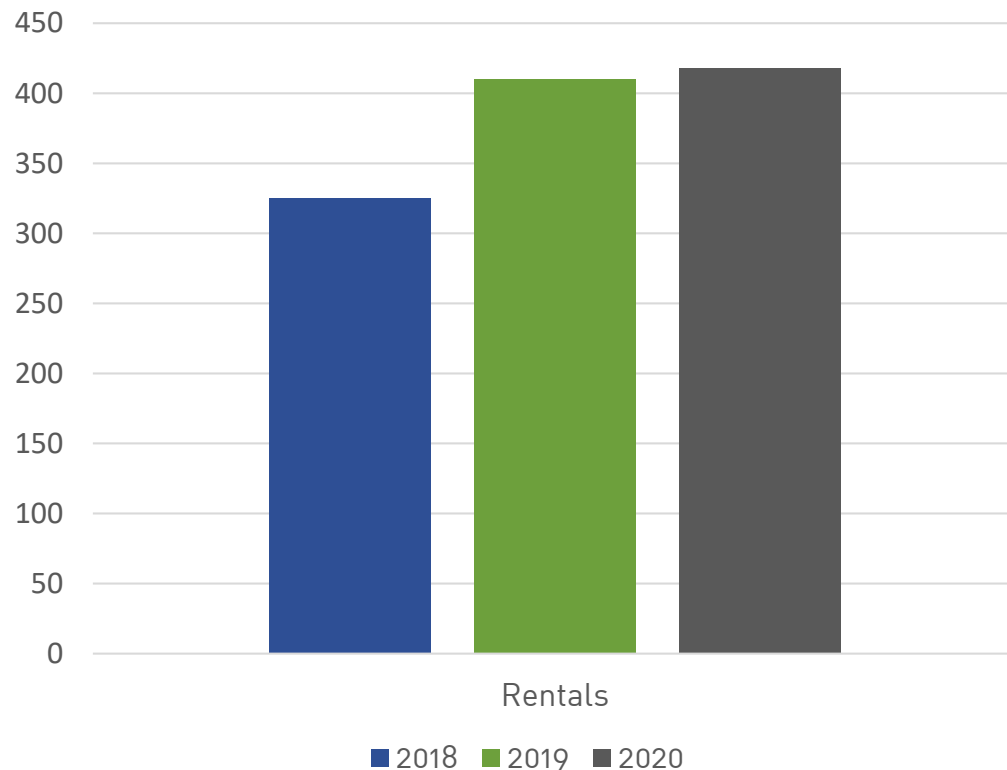


Map and data on number of STR's in Burlington provided by HostCompliance. Data on number of permits issued provided by Department of Permitting & Inspections.

Slides have previously been presented to Joint Committee in meetings throughout 2020. Some slides may not be current based on changes to the proposal. These slides are being shared for reference, and most current proposal can be found in upcoming Planning Commission agenda.

Background on STR's in Burlington

Growth in STR Listings in Burlington



Data in charts/graphics on slide provided by Host Compliance. Total listings has varied from 405 to 420 listings between June - Sept. 2020

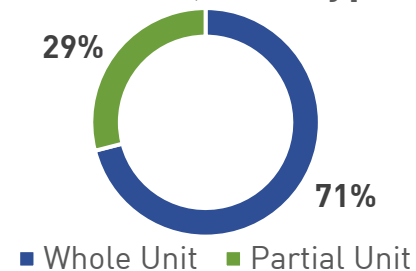
2019 report by AirBnB:

- Burlington was #1 destination in VT, summer 2019
- Avg. monthly revenue for a STR in Burlington was \$2,700 in 2019.

Sept 2020 Data from Host Compliance:

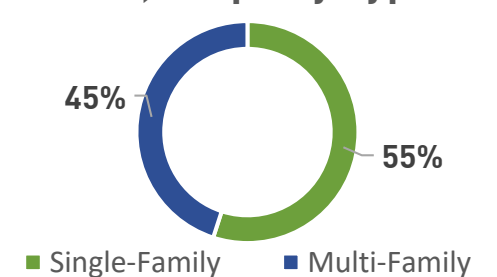
- Median Nightly Rate in BTV is \$129, from \$119 in July 2019

% of STRs, Unit Type



Update: Whole Unit STR's increased from 67% to 71% in the last year.

% STRs, Property Type



Update: Single-Family properties decreased from 58% to 55% in July.

Background on STR's in Burlington

Listings:

- All rental advertisements that are available across all platforms
- May duplicate portion(s) of other listings

Unique Properties:

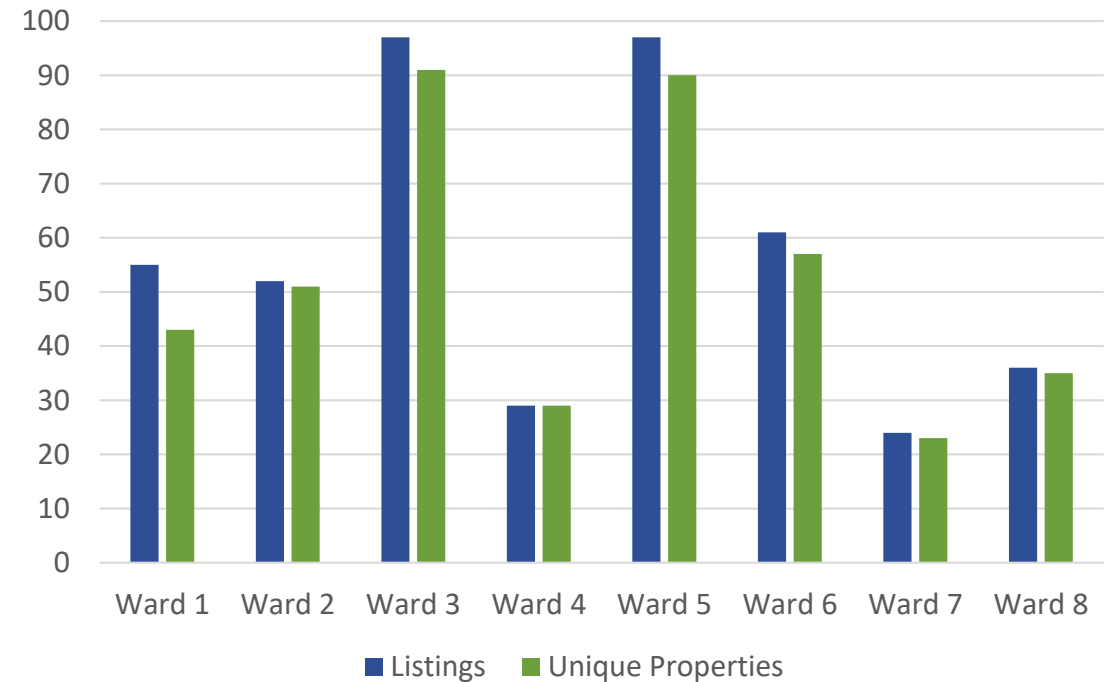
- Controls for duplicate listings

Active Listings

- STR's currently being advertised for rent, whether booked or available.

Varying approaches to renting in 2020 may impact ongoing variation in "active" listings, frequency of rentals

Short-Term Rentals by Ward *Jan. 2020*



Map and data on number of STR's in Burlington provided by HostCompliance.

Additional Data on STR's

Additional stats are included on following slides regarding the number, type, and frequency of short-term rentals in Burlington.

- 25% increase in number of STRs 2018-2019, doubled 2016-2019. Not much change in total listings in 2020; unclear what long-term COVID-19 impacts will be.
- There is some, but not dramatic, seasonal variation in the number of STR's. During 2020 Stay Home Stay Safe Order, all STRs were prohibited, and AirBnB disabled renting. Aug 2019- Aug 2020 data shows impact of COVID-19 in shift in number of nights rented (slide 13).
- In Nov 2020, AirDNA estimated that 74% of active STRs are efficiency, one-bedroom, or two-bedroom units
- In FY2019, City collected ~\$121,000 in RMT taxes attributable to STRs, for ~\$6.05M in host income. This is 12.4% of RMT collected in 2019.
- In FY2020, City collected ~\$103,715 in RMT taxes attributable to STRs, for ~\$5.2M in host income. This is 13% of RMT collected in FY20, and 14% less than FY 19

Housing Characteristics

There are approximately 17,000 housing units in Burlington, 60% of which are renter-occupied.

Type of Structure	% of All Occupied Units
Single Unit Detached Dwelling	30%
Single Unit Attached (i.e. townhomes)	5.5%
2 Units	13%
3 or more Units	50.3%
Mobile home or other type	1.2%

- Single-unit properties (attached and detached):
 - 35.5% of total housing stock, but
 - 80% of all owner-occupied housing units
- Duplex (2-unit) properties:
 - 13% of total housing stock
 - 5.5% of all owner-occupied units, 17% of all renter-occupied units
- Multi-unit properties:
 - 50.3% of total housing stock, and
 - 73% of all rental housing units

Housing & Vacancy Trends

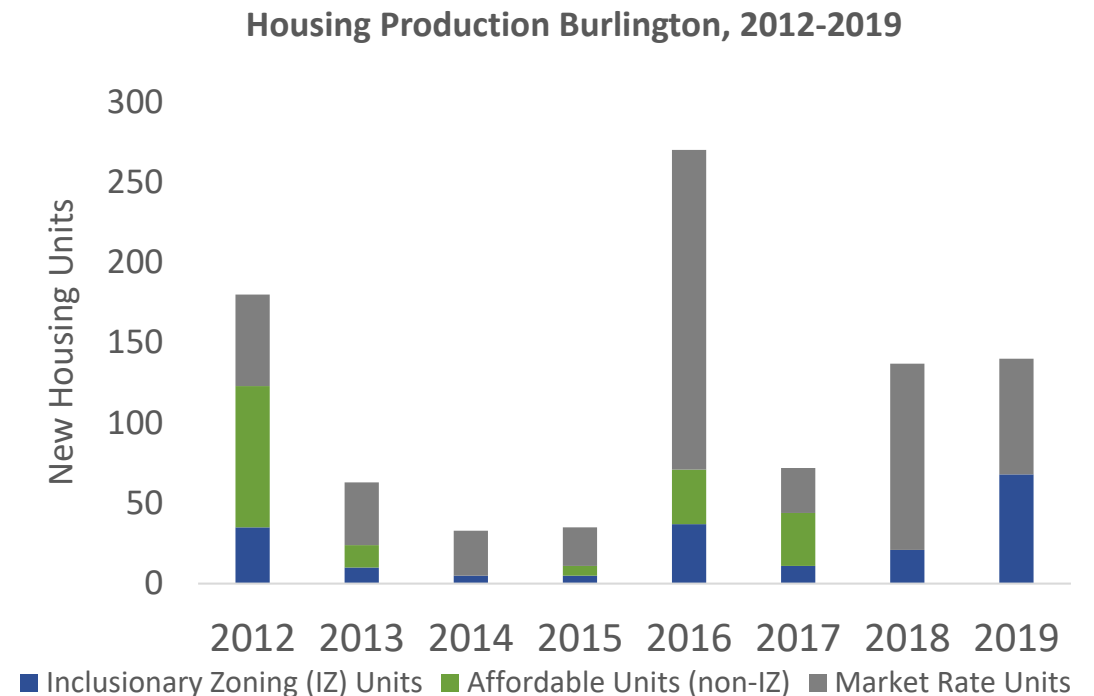
Despite some positive progress, **BTV's apartment vacancy rate continues to be less than 2%.**

According to Allen, Brooks & Minor:

- 1.6% in July 2019, compared to 2.5% in Chittenden County
- Average annual vacancy rate in Burlington was:
 - 0.7% from 2006-2011
 - 1.5% from 2012-2018

Housing Growth

- Approx. 930 new housing units 2012-Sept 2019
- Vast majority have been in multi-unit, rental developments
- According to ABM, 60% of new housing growth in 2019 was in suburban Chittenden County



Source: CEDO IZ Reports, AMANDA

Housing & Vacancy Trends

Most of the recent and anticipated **housing growth is in multi-unit developments.**

According to Allen, Brooks & Minor:

- 1.6% in July 2019, compared to 2.5% in Chittenden County
- Average annual vacancy rate in Burlington was:
 - 0.7% from 2006-2011
 - 1.5% from 2012-2018

Housing Growth

- Approx. 930 new housing units 2012-Sept 2019
- Vast majority have been in multi-unit, rental developments
- According to ABM, 60% of new housing growth in 2019 was in suburban Chittenden County

Housing Units in the queue (all multi-unit)

Permitted

- 113 units received zoning permits in FY20 and so far in FY21; not yet built/have certificate of occupancy

Applications pending

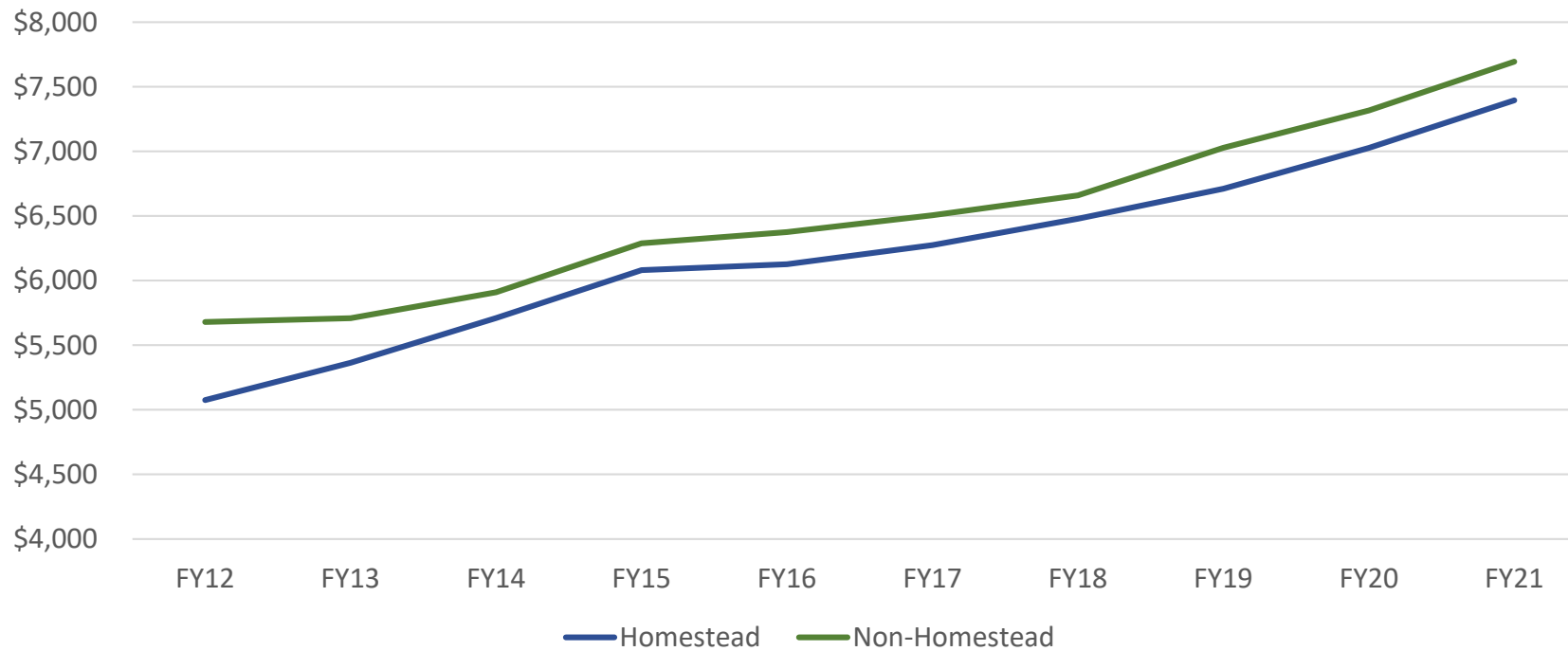
- 64 senior housing units
- ~425 at 75 Cherry Street (City Place)

Conceptual (no application yet)

- ~200 more at Cambrian Rise
- 100+/- in 2 to 3 additional projects

Residential Property Tax Rates

**Municipal + Education Taxes for
Residential Property Valued at \$250,000**



Host Residency on Property

What is the primary objective for requiring host-residency?

- **Limiting the conversion of properties from long-term housing to 100% short-term rental use**
- Enable flexibility for residents to use their own homes to generate income
- May be some benefit from a neighborhood impact perspective, but not primary driver

Considerations:

- STRs can both generate income for hosts to afford homes *and* increase demand for existing housing units
- Original proposal required host on-site in all scenarios; current proposal requires for single-family & duplex properties
- Impact of requiring host on-site varies based on related definition of host
- Property types requiring host on-site relative to share of city's housing stock

Defining STR Host

What is the primary objective for requiring host to be an owner?

- Staff recommendation prioritized host on property, not owner
- Widely believed that few rental property owners will allow tenants to STR
- **Impact of requiring host to be an owner depends on related question of where host is required on-site.**

Residency Standards:

Primary residence of the host- current proposal

- Host is defined as owner or a tenant operating an STR in their home or on the same property as their primary residence
- Primary residence means they live there at least half the year- I.e. “host on-site”
- Required to live on-site for STRs in single-family and duplex, not required on-site for multi-unit

Owner-occupied

- The property owner lives onsite for at least half of the year

Hosting Requirements

Per the current proposal...

Type of Structure	% of All Occupied Units	% of Unit Type Owner-Occupied	% of Unit Type Renter-Occupied
Single Unit Detached Dwelling	30%	88%	12%
Single Unit Attached	5.5%	69%	31%
2 Units	13%	16%	84%
3 or more Units	50.3%	10%	90%
Mobile home or other type	1.2%	23%	77%

Host: owner or tenant

On Site: single-unit, duplex properties

Off Site: multi-unit properties

- Most single-unit properties can host an STR, including small number of rentals if owner allows tenant to host
- Most multi-unit properties can host STR subject to max building limits
- Duplexes can host STR if owner allows tenant to be host

Hosting Requirements

No change to definition of host, but allow off-site hosting for all scenarios...

Type of Structure	% of All Occupied Units	% of Unit Type Owner-Occupied	% of Unit Type Renter-Occupied
Single Unit Detached Dwelling	30%	88%	12%
Single Unit Attached	5.5%	69%	31%
2 Units	13%	16%	84%
3 or more Units	50.3%	10%	90%
Mobile home or other type	1.2%	23%	77%

Host: owner or tenant

On Site:

Off Site: all scenarios

Who the host is and where they live has no bearing on potential for STR:

- Small, but notable opportunity for single-family rental to become STR, potential to create demand for single-unit properties
- No change to STRs in multi-units
- Makes it easier to STR in a duplex

Hosting Requirements

If host is required to be owner, but no change to on-site requirements...

Type of Structure	% of All Occupied Units	% of Unit Type Owner-Occupied	% of Unit Type Renter-Occupied
Single Unit Detached Dwelling	30%	88%	12%
Single Unit Attached	5.5%	69%	31%
2 Units	13%	16%	84%
3 or more Units	50.3%	10%	90%
Mobile home or other type	1.2%	23%	77%

Host: owner

On Site: single-unit, duplex properties

Off Site: multi-unit properties

- Minimal change to circumstances for single-unit, small number no longer have option for tenant to host
- Little change to when an STR could happen in multi-unit, but no longer allows tenant to host
- **Majority of duplexes not able to STR**

Hosting Requirements

If host is required to live on-site in all scenarios, but no change to who is host...

Type of Structure	% of All Occupied Units	% of Unit Type Owner-Occupied	% of Unit Type Renter-Occupied
Single Unit Detached Dwelling	30%	88%	12%
Single Unit Attached	5.5%	69%	31%
2 Units	13%	16%	84%
3 or more Units	50.3%	10%	90%
Mobile home or other type	1.2%	23%	77%

Host: owner or tenant

On Site: all scenarios

Off Site:

- No change from current proposal for single-units
- **May have a significant impact on STRs in multi-unit properties, unless owner allows tenant to host**
- No change from current proposal for duplex

Hosting Requirements

If host is required to be owner, and live on-site in all scenarios...

Type of Structure	% of All Occupied Units	% of Unit Type Owner-Occupied	% of Unit Type Renter-Occupied
Single Unit Detached Dwelling	30%	88%	12%
Single Unit Attached	5.5%	69%	31%
2 Units	13%	16%	84%
3 or more Units	50.3%	10%	90%
Mobile home or other type	1.2%	23%	77%

Host: owner

On Site: all scenarios

Off Site:

- Little change to circumstances for single-unit, small number no longer have option for tenant to host
- **Will prohibit STR in most multi-unit scenarios**
- **Majority of duplexes not able to STR**

Key Host Questions

With that background, we are looking for consensus from Committee on the following issues:

- Should off-site hosting be allowed in all, some, or none of the scenarios?
If some, which ones?
- Should the definition of host be revised to include only property owners?
If so, why?

Proposed STR Limits

Proposed Whole Unit STR Limits

Units in Building	Whole Unit STRs
Single Unit	1
Single Unit w/ADU or Duplex	1
3-4 Units	1
5-6 Units	2
7 or more Units	3

Considerations:

- Looking for committee to confirm support for proposed limits, which have been revised down for multi-unit properties
- Two options for properties that exceed these limits:
 - Treat as “lodging” - a commercial use that’s prohibited in residential areas
 - Don’t allow properties to exceed these limits anywhere in the city

Additional STR Fees

Comparing revenue from Housing Replacement to a “nightly fee” is difficult:

- We know how much revenue the city has earned in the last 2 years from 2% Gross Receipts on STR income, but we don't yet know long-term impacts of COVID-19 on STRs
- We don't know how many STRs would have continued if housing replacement were applicable
- We don't know how many existing STRs would have been exempt from Housing Replacement
- Housing replacement is based on upfront, one-time fee based on number of bedrooms in unit vs. alternatives which could be based on duration of use as an STR, which could be highly variable.

Considerations:

- Looking for committee to confirm what it views the purpose of a fee to be
- Original intent of Housing Replacement was not to generate a defined amount of revenue for the Housing Trust Fund
- A fee that is more equitable, and based on actual use of STR could be a more fair way for STRs to “contribute to the city's affordable housing efforts”

Housing Replacement Fee

Why {did} some scenarios require Housing Replacement Fee?

- Housing Replacement Ordinance is an existing standard, that applies when a housing unit is converted to a commercial use.
- Fees benefit the Housing Trust Fund

How much are the Fees?

Fees are set each year, based on the cost of subsidizing an housing unit of a similar size to be affordable at 65% AMI. In 2019 these rates were:

- Studio: \$1,700
- 1 Bedroom: \$7,930
- 2 Bedroom: \$19,015
- 3 Bedroom: \$42,950

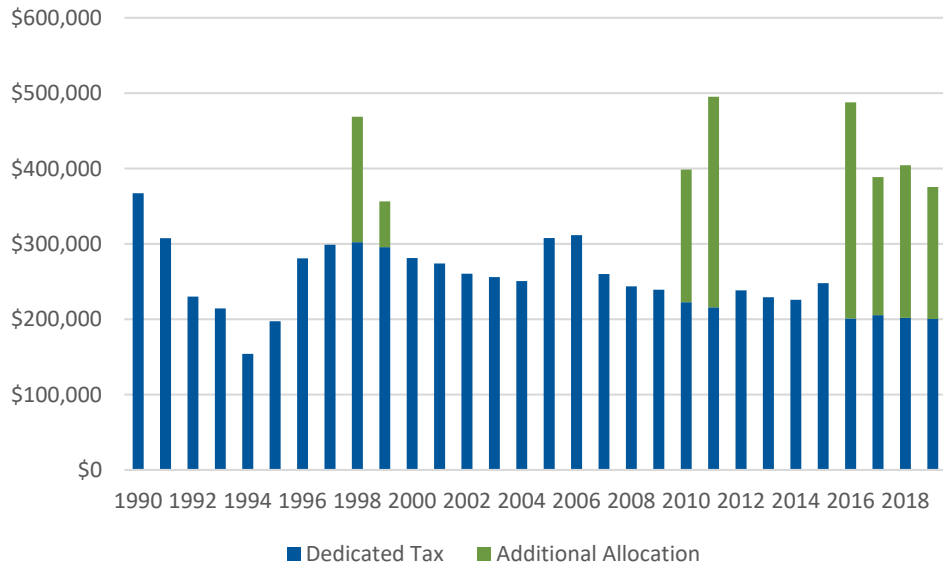
Recap of Committee Discussion:

- Flexible nature of an STR means a unit can be STR & long-term housing in the same year.
Turning a housing unit into an STR is not the same as physical change to a café, for example
- Housing Replacement may remove the incentive for an owner to reconvert a unit to long-term housing due to need to recoup upfront cost.
- Some have suggested as an alternative a special registration fee or tax (annual or on-going) related to duration of actual STR use
Supporting housing affordability still important given many STRs are utilizing existing housing units.

Burlington's Housing Trust Fund

Dedicated tax of ½ penny/\$100 assessed value contributes \$200k/year to Housing Trust Fund.
Since 1990, \$6.9M has been invested to create 1,800 affordable homes & beds.

Historic Contribution to Housing Trust Fund
 Adjusted for Inflation to 2019 Dollar



Low Income Households with Cost Burden

