



CITY OF BURLINGTON, VERMONT
Inclusionary Zoning Working Group
c/o Community & Economic Development Office
City Hall, Room 32 • 149 Church Street • Burlington, VT 05401
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IZWG Members Present: Chair Jane Knodell, Michael Monte, Noelle MacKay, David White, Bruce Baker, John Davis,

IZWG Members Absent: Eric Farrell, Nancy Owens, Brian Pine

CEDO staff members: Todd Rawlings, Ian Jakus

Public: None

Thursday May 14, 2018
8:15 AM – 10:00 AM
City Hall Conference Room 12 (CR 12)

DRAFT MEETING MINUTES

1. Approve Agenda

Michael Monte moved to approve the agenda and Noelle MacKay seconds – unanimous approval.

2. Public Comment

None.

3. Approve minutes 4/26

Erik Hoekstra moved to approve the minutes, John Davis seconds – unanimous approval.

4. Recommendations - 2017 draft IZ Evaluation Report – Discussion Continued

There was discussion about the process for the IZWG moving forward, and this should be the final meeting before a public hearing. There was agreement that the IZWG may not get to a definitive recommendation on each item, that in the interest of time they must move forward, allowing some recommendations to be further refined down the road, for example in ordinance committee.

The group went through the recommendations of the IZ Evaluation Report providing comments as necessary.

The following minutes are organized by the report recommendation in italics:

Increase Development Threshold

Michael Monte and John Davis commented that the reason that smaller housing projects have not been built are due to many factors such as the housing market, zoning, lot availability, and parking. These should be noted.

Generalize unit comparability

The group discussed removing the minimum size requirement versus decreasing the requirement because they are no longer in line with what the market is building, and are too large. There was a preference for a decreased minimum area for IZ units for simplicity. It was suggested there could be an exception where an IZ unit could be smaller than the minimum standard, to match the size of the smallest equivalent market rate unit of equivalent bedroom size.

Erik Hoekstra explained that the group should be careful in requiring general comparability of IZ units with market rate units, where comparable high end fixtures in IZ units would be cost prohibitive. The minimum housing code would still ensure quality and energy efficiency standards would still apply.

Michael Monte raised the issue of ensuring that IZ units are treated equally with market rate units in terms of their exterior appearance and access to the building through the main entrance.

Noelle MacKay reviewed notes from the subcommittee where the following minimum unit sizes were recommended:

- 1 bed 600 sf
- 2 bed 800 sf
- 3 bed 1000 sf
- Reduce minimum bedroom size to 100 sf

The group agreed to recommend these minimums.

Provide density bonuses by right

David White explained that there is a density bonus when voluntarily increasing the IZ unit % as well as an 'allowance' for additional density and lot coverage as part of the IZ ordinance. These two bonuses are often not fully realized due to parking requirements and design factors determined through the Development Review Board process. To remedy this language could be included to limit the ability of the DRB to scale the back the project. For example form based code puts an absolute limit on what the DRB can restrict. Removing the IZ parking requirements was discussed previously.

There was agreement that the article 6 design standards should not be able to supersede the number of units allowed in a project.

Bruce Baker raised the point that the requirement for on-site parking limit the ability to utilize joint parking facilities, and may hinder small development projects.

David White had also suggested that the cost of a parking space not be included in rent if the tenant is not utilizing it.

Michael Monte felt that it would be logistically too difficult for developers to separate parking costs from rent.

David White said that this should be at least encouraged and should go in the additional recommendations.

Impact Fee Waiver

It was explained that Section 3.3.3.C of the CDO established that impact fees may be partially or entirely waived for IZ units based on the degree of affordability of the IZ target rent. There are three tiers of waiver 25%, 50%, and 100%.

Erik Hoekstra stated that it sounds onerous to administer, and that it might be simpler to allow for any unit that meets the IZ affordability requirement to be afforded a full waiver of the impact fee.

The group agreed that the recommendation should be to consider a full waiver for units that meet the affordability requirements of IZ units.

Lower the Payment in Lieu

It was agreed the recommendations should include the methodology to establish income criteria and a map of 'lower' income and 'higher' income areas affecting where the payment in lieu is allowed.

Offer a less restrictive off-site option for low-poverty receiving areas

It was agreed that the off-site option should be made by-right for projects of any size in designated 'lower income' areas; the offsite location being in either 'lower' or 'higher' income areas. Offsite units would not be allowed in 'higher' income areas or on the waterfront.

Erik Hoekstra asked about deed restricting existing market rate units that are offsite to meet the IZ requirement as previously discussed.

There was not agreement on what would specifically qualify as an IZ unit in terms of offsite existing properties.

David White suggested that the group recommend in concept this is a good idea, to be analyzed further.

Adjust the income target for owner-occupied units from 75% of AMI to a flexible range of 80% to 100%

Michael Monte clarified the two components of homeownership; the sale price and the income eligibility of buyers. He said CHT is generally selling to families making less than 80% AMI and the units require significant subsidy at the current 75% of AMI price target. He explained that due to market competition and a perceived reduced value due to shared equity restrictions, the report recommendation is not viable. He added that the location of the condos within Burlington greatly effect the price at which they are able to be sold. The subcommittee's recommendation is to reduce the target price of homeownership units to a target price of 70% AMI.

John Davis stated that right now the city trusts CHT to market the unit to the lower income families, rather than at the top of the income range.

Michael Monte responded that it is fair to assume that CHT will be continue to be involved in most homeownership projects.

Craft a funding plan that relies on local resources to boost production of affordable housing

Noelle MacKay made the point that there are existing plans for housing need in the City that already identify needs for funding. Cities' consolidated plan for HUD, the Affirmatively Furthering Fair Housing report, and the Neighborhood Project should be used here as much as possible to identify funding needs and priorities.

John Davis added that the HTF has ordinance language that limits how you use the money that needs to be taken into account.

Achieve support for an affordable housing levy or bond from city voters

Todd Rawlings noted that the contribution to the Housing Trust Fund was reduced from a full penny levy on property taxes to a half penny with the difference being made up from the general fund. This effectively makes the full funding of the Housing Trust Fund discretionary.

Noelle MacKay stated that the recommendations should include the history of how the funding was reduced after a reassessment and that the recommendation is to return the levy to the full penny.

Michael Monte suggested a clear case be made for the HTF calculating how much housing can be created.

Erik Hoekstra said in regards to a potential affordable housing bond, the State just issued one because the cost to borrow is cheap right now.

Michael Monte responded that while borrowing was cheap, also stakeholders demonstrated how many dollars could be leveraged and how much housing it could build.

It was agreed that the recommendation would be to return the levy to a full penny, and further discuss/research the possibility of a housing bond.

Adjust income targets for rentals from 65% of AMI to a range of 50% to 80%

Jane Knodell said that increasing the IZ rents beyond 65% would not serve those least likely to be able to afford the market rents, whereas people that are making 80% AMI can still find units on the market.

John Davis said if we are going from 75% to 70% on homeownership, why not go from 65% to 60% on rental?

Michael Monte responded that homeownership is easier to manage because it doesn't require ongoing management and operations like a rental unit.

John Davis asked how the IZ rent prices are moving in relation to the housing market?

Jane Knodell responded that it is important to remember these are new construction units, where the cost (and thus rent) is considerably higher than the average affordable rents based on regional AMI. When comparing IZ rents to newly constructed unit rents the IZ rents are well below market.

John Davis stated this should be explained better, that while IZ rents may compare to some existing housing, the difference is that IZ units are newly built units.

Contribute levy resources to inclusionary homeownership

John Davis asked to clarify that any homeownership assistance would be through a shared equity model like CHT currently employs, not just down payment assistance with no long term benefit that shared equity provides.

Address the intersection of affordable housing and college student housing

The group discussed what qualifies as student housing and the recommended per bed fee as an alternative to IZ units in these developments. The consensus was that a development marketed to students could qualify but would require monitoring.

David White said that if the project was no longer dedicated to student housing, they would need to transition to meet the full IZ requirement.

Next Steps

There was discussion of the timeline of the recommendations and having a public hearing at city council on June 11th and a subsequent IZWG meeting tentatively scheduled for June 18th at 8:15 AM – 10:00 AM.

The group discussed important context to include in the recommendation report up front. A major focus should be on the geographic aspects of inclusion, that IZ has not been effective in some areas of the city, and that the recommendations aim to address that fact. Additionally the IZWG tried to strike a balanced approach on the recommendations and address community concerns about increasing rents; despite report recommendations, increasing the threshold for IZ and increasing the rent/sale price for IZ units were not recommended.

The meeting was adjourned at 10:15 AM.

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