



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:** Michael Monte, Eric Farrell, Bruce Baker, Erik Hoekstra, Noelle MacKay, Nancy Owens, John Davis, David White

**IZWG Members Absent:** City Council President Jane Knodell, Brian Pine

**CEDO staff members:** Ian Jakus, Todd Rawlings

**Other attendees:** Earhard Mahnke

**Inclusionary Zoning Working Group Meeting**

**Thursday, October 26th 2017**

**8:30 – 9:30 AM**

**City Hall Conference Room 12 (CR 12)**

**Draft Meeting Minutes**

1. Approve Agenda

- Noelle MacKay moved to adopt the agenda seconded by Nancy Owens

2. Approve minutes

- Michael Monte moved to approve the minutes and Eric Farrell seconded
- No one opposed or abstained

3. Discussion of IZ Monitoring Efforts

- CEDO staff Todd Rawlings began by giving an overview of the IZ monitoring memo.
  - CEDO has devoted significant resources to IZ monitoring in the past year:
    - Building monitoring systems by going through files and ensuring complete information on all projects
    - Working with city attorney to identify ambiguities in the ordinance
    - Reached out to private landlords to notify them of this effort
    - Property owners are now being updated with the current IZ rents
- A discussion ensued around property owners who have IZ units and their compliance. Todd Rawlings explained that while Champlain Housing Trust (CHT) owns the vast majority of IZ units, some private owners may be unaware of the IZ compliance issues, especially where a property

has changed hands, despite the fact that it would be included in the title. Some of the units don't have a specific IZ covenant because there are other covenants that ensure compliance, so we wouldn't know when those turn over. Currently changes in ownership are best be captured in annual reporting. CEDO is working on developing a system to ensure that new owners understand the requirements of IZ.

- IZ rent levels and income limits were discussed, that while the rent level is set to what is affordable to a household making 65% of Area Median Income (AMI), the income limit is set at 100% AMI which is slightly higher than the 'typical' standard of 80% AMI for affordable housing. The city supplies the rent limits and the property owner is required to comply with the income limit at initial occupancy. If an occupant's income subsequently increases over the limit, CEDO's policy is that they remain in compliance. In regards to section 8 occupants, it is safe to assume those units are in compliance due to federal standards.
- Michael Monte expanded on this point of income limit compliance, explaining that CHT has a threshold when an income increase is too much, and then the unit reverts to market rent, and the next available unit becomes an IZ unit. While this system works for CHT where all units are roughly equivalent, this could be problematic for private developments where some units may be designed to be high-end, causing the owner to take a loss.
- Responding to questions about how the zoning permit process is carried out, Todd Rawlings explained that CEDO has improved the process. In order to release the permit, notice that the applicant met with CEDO is required with a plan to execute the housing subsidy covenant.
- Michael Monte raised an issue on security and compliance, that tenant information needs to be secured and cannot be at risk of becoming public information. This includes the tenant name which would be necessary to verify compliance. Todd Rawlings assured that this was already being done for compliance with the federal HOME program.
- Michael Monte asked for clarification in a situation where CHT is operating/developing IZ units on behalf of a developer, who would be held legally responsible for a violation? It was agreed that legal should look into this issue further.
- Eric Farrell asked if there is a mechanism to buy out a rental or ownership restriction using payment in-lieu? It was pointed out that housing value could exceed the cost of buying out resulting in an incentive that would reduce the number of affordable units. Then because it gets harder to build new units the City would essentially lose a unit. John Davis called on the group to remember that the purpose is inclusion not production, and there was debate on how the report acknowledged this.
- The discussion of further data needs for the IZ Working Group was moved to the agenda for the next meeting that would be an hour and a half.