



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: City Council President Jane Knodell, Brian Pine, Michael Monte, Eric Farrell, Erik Hoekstra, Noelle MacKay, Nancy Owens, John Davis, David White

IZWG Members Absent: Bruce Baker

CEDO staff members: Todd Rawlings, Ian Jakus

Public: City Councilor Karen Paul

Thursday February 8, 2018

8:00 – 9:30 AM

City Hall Conference Room 12 (CR 12)

DRAFT MEETING MINUTES

1. Approve Agenda

- Brian Pine moved to approve the agenda with unanimous agreement

2. Public Comment

- Brian Pine said he met with a staff member from Vermont Legal Aid about the IZWG. They said that the constraints or challenges facing their clients, in relation to housing, are not being abated. Their perspective is that the Inclusionary Zoning (IZ) requirements for affordable housing need to be strengthened.

3. Approve minutes

- Minutes from January 11th were tabled as there were no copies of the minutes distributed.

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

- Chair Jane Knodell began by saying that the group should aim to come to a consensus on recommendations coming out of the working group.
- David White explained that the ordinance was changed so that inclusionary housing is not a conditional use subject to review. There are also design criteria.

The goal ultimately should be predictability in terms of the IZ regulations and process.

- Nancy Owens stated it would be helpful to reduce conditional uses more broadly as they create a high degree of unpredictability.
- The group began to revisit key ideas discussed based on each recommendation included in the 2017 IZ evaluation report to see where there was consensus.

Increase Development Threshold:

- There was broad agreement that the threshold to trigger IZ should be raised, but no specific agreement as to what the threshold(s) should be. The group decided to focus on what the base threshold should be as a starting point:
 - Erik Hoekstra suggested 60 units because that is a single building project. He said that his projects have been between 20 – 70 units; these single building projects do not allow for partnership with non-profits and all costs for IZ have to be absorbed by the developer. The next project that Redstone is doing will be the last they can do with Vermont Community Loan Fund, which is helping make these projects feasible, because they have loan limits per borrower. Interest rates are rising rapidly and Redstone will be unable to continue to develop, and no one else is currently developing new housing at that scale.
 - Nancy Owens suggested that there would need to be a dedicated loan source with a lower interest rate moving forward. She suggested the IZ percentage be based on the project size where there would be less units on the low end and more on the high end.
 - Erik Hoekstra said that from his perspective the Housing Trust Fund (HTF) is non-profit money and he cannot access it as a for-profit developer. There is also not enough funding in the HTF for this use.
 - Michael Monte pointed out that looking at what has been built there isn't much that has been over 60 units, so that threshold would lead to a large loss of affordable units. Several others agreed that 60 units was too high of a threshold.
 - There was a discussion about a methodology to determine a threshold, that one can look back at what has been built in the past, but that would not tell us about the future conditions for feasibility.
 - Chair Jane Knodell pointed out that the subcommittee analysis did not include feasibility based on the scale of the project, only on a per unit basis. She asked where the frontiers of development are in Burlington.
 - Erik Hoekstra responded that development will take place primarily in the Residential High Density zones and the Neighborhood Activity Center zones. That you cannot build a duplex on any less than 2 acres under the current RL zoning.

- The idea of linking the threshold for triggering Inclusionary Zoning to the zoning district was raised, but it was determined that just raising the overall threshold would accomplish the same desired result which is to ensure small infill projects continue to be financially feasible.
- Discussion began about the lack of inclusion in low density areas, and that this is largely a zoning issue. Parcel sizes in RL zoning districts are only appropriate for single family and duplexes and therefore these areas will not contain developments of the scale that triggers IZ:
 - Nancy Owens suggested that there could be areas within low density neighborhoods where increased density would make sense, such as street junctions.
 - Brian Pine stated that there should be more explicitly defined core areas within residential areas.
 - David White said that these are the transit corridors and are already typically denser.
 - John Davis said that in order to increase inclusion, especially in low density areas, it is a question of regular zoning as much as inclusionary zoning.
 - Chair Jane Knodell noted that this is an issue that goes beyond the IZ ordinance but that should be included in any further analysis or document related to the IZWG, regarding how to spread inclusion to other parts of the City.
- The discussion shifted to the Payment In Lieu (PIL) (See [IZ Ordinance](#) Sec. 13) and whether or not it could be more widely utilized and a more effective way of providing inclusion rather than requiring each development to include the units on-site. Currently the Development Review Board must determine there is an impediment to developing IZ units on-site in order to allow PIL.
 - Michael Monte suggested making the PIL option 'by right'.
 - Noelle MacKay asked if it was done on a per building basis if that would prevent inclusion and how we could monitor that.
 - David White said that the HTF could prioritize IZ units in a certain area in need of inclusion with the payment in lieu funds but there would need to be a clear policy process for determining the use of PIL funds.
 - Michael Monte suggested that PIL funds could also be used for home ownership units that could help inclusion in residential neighborhoods. He suggested something similar to VHCB's [HOMELAND](#) program, that would increase inclusion in single family neighborhoods.

- Noelle MacKay stated that it may take a while for the HTF to fill up enough to fund a feasible project in a particular area which is different than how the HTF currently operates.
 - John Davis said that there would need to be a clear way to measure any changes to PIL to ensure that they're consistent with inclusion. Also there should be something in the ordinance that clearly lays out the intent.
 - Chair Jane Knodell brought the group back to determining the IZ unit thresholds, and asked about also adjusting the income thresholds.
 - Noelle MacKay suggested creating a draft table summarizing the different options at different thresholds. This would include the unit thresholds, the IZ rate (15%, 20%, 25%), the Payment in Lieu. CEDO will work on a draft table to distribute at the next meeting to begin a discussion on specifics.
 - Michael Monte suggested coming up with a loose framework in an intuitive manner, adjusting the actual requirements iteratively. He requested also adding the target income and sale price.
 - Erik Hoekstra said that the income requirement for all rental units should be set to 80% of Area Median Income (AMI) because if you go below 65% you're overlapping with the affordable market served primarily by the Low Income Housing Tax Credit projects, and designated areas for Act 250 also uses the 80% AMI threshold.
 - Reducing impact fees was discussed, in terms of how much the City does this currently, and whether it could be used as an additional lever. Currently there is a waiver of an impact fee for an affordable unit based on the level of affordability of that unit. A 100% waiver of impact fees exists for units that are rented below the 50% AMI limit, more typical for a non-profit project and a 50% fee waiver is more typical for private projects with IZ units that rent below the 65% AMI limit. It was not clear that this would make a significant difference in feasibility.
- The group decided the next meeting will be scheduled for March 8th and hold March 22nd as an alternative.
 - The meeting was adjourned at 9:30