



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:** Councilor Jane Knodell, Councilor Brian Pine, Michael Monte, Todd Rawlings, Nancy Owens, David White, John Davis

**IZWG Members Absent:** Erik Hoekstra, Eric Farrell, Bruce Baker

**Staff:** Ian Jakus

**Attendees:** Councilor Richard Deane, Councilor Adam Roof, Allyson Laackman, Ted Wimpey, Regina Mahoney, Sandy Wynne, Barbara Wynroth, Vikas Mangipudi, Erhard Mahnke, Gillian Nanton, Joe Speidel, Katie Jickling

Monday June 11th, 2018

5:30 PM – 7:00 PM

City Hall Conference Room 12 (CR 12)

### **DRAFT MEETING MINUTES**

#### **1. Adoption of Agenda**

Michael Monte moves to approve the agenda. Councilor Brian Pine seconds.

#### **2. Presentation of Draft IZWG Recommendations**

Chair Jane Knodell presented on the IZWG recommendations (presentation found [HERE](#)):

- General background of IZWG
- Membership of IZWG
- Burlington's Inclusionary Zoning Ordinance
- Key Elements of IZ ordinances
  - Applicability: Does the law apply to all projects, or only some projects?
  - How many: How many affordable homes must be included.
  - For whom: How should "affordable" be defined.
  - Other options: Can a developer meet the obligations in some way other than on-site affordable homes?
- Summary of recommendations
  - Applicability
  - How many affordable homes must be included
  - How to define "affordable"
  - Payment in lieu

- Off-site option
- Density Bonuses
- Other recommendations

### 3. Public Hearing

Allyson Laackman, Executive Director, Burlington Housing Authority, asked how the City is monitoring compliance with Inclusionary Zoning units?

Todd Rawlings responded that the requirement is that the tenant be income eligible at time of purchase or initial renting. After that initial income certification the city is not looking at the income eligibility for that property until it is sold again or the lease is not renewed.

Allyson Laackman stated that the IZ policy seems geared to middle-income not low-income. She asked if the money raised from the payment in lieu would be used for very low-income housing?

Michael Monte responded that the payment in lieu funds would go into the City's Housing Trust Fund (HTF), which has often gone to a non-profit developer such as CHT or the Committee on Temporary Shelter, that serve very low-income people as part of their projects.

Allyson Laackman followed up asking if the IZWG has taken into account the large housing projects that are about to come on line.

Michael Monte responded that in the past two years running 700 units have been built in the county, which has been more than the past ten years combined. This has not affected the rents significantly. The need is still there at all levels; there has not been any easing of the need based on new market supply.

Councilor Adam Roof stated he is concerned about those who qualify for IZ units based on their income at initial rental or purchase, but whose income subsequently increases. He asked if there is a way we could do surveying or exit interviews to determine how to ensure that housing is reaching the right people. It would be good to know if these units are serving the purpose of providing upward mobility.

Todd Rawlings said he has done research on how other jurisdictions administer their ordinances. Some require income certification every year and are comfortable displacing folks who are beyond that level. Burlington is completing the first phase of monitoring and found 80% of the households in the inventory are income eligible. Further analysis could demonstrate how income breaks down.

John Davis said it would also be useful to know how long people are staying in the units. When the ordinance was created the intention was to create perpetually affordable housing not perpetually affordable people, thus ongoing income eligibility is not required.

Councilor Adam Roof stated that HUD Area Median Income is a standard currently in use is problematic because it includes multiple counties around Burlington.

Chair Jane Knodell responded that IZWG had many discussions on the income standard because inclusionary rents are increasing 11% this year, which is a large increase, and should be prevented in the future. Burlington incomes are lower than the county and surrounding area.

Brian Pine suggested rent changes could be pegged to either the change in HUD AMI, or the Consumer Price Index, whichever is lower. This would create more stability for the owners and renters.

Nancy Owens said we should make sure there are both a cap and a floor on changes in IZ rents. In the past we have seen the AMI go down and developers had to reduce rents and change their projects, but the reason we ended up with this, is that this is the same standard used for most housing programs.

John Davis stated that even though we have come up with a recommendation he would like to acknowledge this AMI issue in the report and we should ask for more analysis done on this before the recommendations go to City Council.

Erhard Mahnke, Vermont Affordable Housing Coalition, made the following points:

- He did not see any confirmation of the consultants finding that we have been successful at inclusion. He would like to see that in the recommendations. Also that IZ was intended not a mechanism to spur development but create inclusion.
- The table of contents picks up the consultants recommendations making it seem like those are the recommendations of the IZWG.
- The hourly wage required for a 1.5 person household (1 bedroom apartment) to afford an IZ rent at 65% of AMI is \$20 an hour.
- To afford a 2 bedroom apartment a household needs to be \$25.84 / hour. If that's a single parent with children that is quite high.
- He recommended that CEDO staff do further analysis of what Burlington incomes are compared to the rest of the county.
- Consider lowering 65% to 60% - at this lower rate a 1 person household would need to make \$19.88 / hr to afford a one bedroom IZ unit.
- Regarding payment in lieu and the off-site option he recommends disallowing this for the Central Business District, because we want more affordable housing there.

John Davis responded that if CEDO cannot recommend an alternative income eligibility standard then the IZWG should consider reducing the IZ rent target to 60% AMI.

Barbara Wynroth stated that 'low income' is not always 'affordable' and that this definition is too subjective and confusing.

Vikas Mangipudi asked what the goal is for usage of the payment in lieu. He noted this runs counter to the stated goal of inclusionary zoning.

Jane Knodell responded that we know there are areas that have achieved a decent amount of economic integration. The payment in lieu option should encourage housing where it doesn't exist right now.

Vikas Mangipudi asked how much the payment in lieu should be used, 0% or 100%?

Michael Monte responded that the high payment in lieu fee was preventing smaller developers from doing projects. This proposal would incentivize more development to occur to give more money for affordable housing that wasn't available before. More developers would pay more into the Housing Trust Fund that could be leveraged to create additional affordable housing.

Nancy Owens stated there are many single-family neighborhoods that haven't benefited from IZ. The \$35,000 payment in lieu fee for small project could be used for down payment assistance for someone purchasing a home in a single-family neighborhood, and that would be significant.

Vikas Mangipudi asked what the City is doing to encourage infill for smaller projects less than 5 units.

John Davis responded that the only recommendation was that we should look into removing barriers to accessory units, and this should be examined and removes obstacles.

Councilor Richard Deane asked regarding the current downtown form based code how the development bonuses for IZ apply.

David White responded that there are two types of bonuses; the first is entitled under the inclusionary zoning provisions. Typically lot coverage and density to go with it. Article 9 does include extra FAR and a ten story building height. There's another bonus, when adding additional IZ units beyond the required amount, you get more density; that is not applicable under the form-based code.

Councilor Richard Deane asked how much diversity of opinion among members of the committee, are these very strong recommendations?

Councilor Brian Pine responded that the IZWG aimed to be unanimous in its decision. The developers wanted to go further but some affordable housing advocates may feel we didn't go far enough.

Michael Monte stated the IZWG included small, medium and large developers whose perspective was taken into account. He believes these developers will have some significant issues about changing the income standards. Moving to an effective payment in lieu option eased a lot of stress for the developers. He believes the group recommendations were balanced in retaining quite a bit of affordability with potential to create more affordable housing with the HTF dollars.

Jane Knodell stated that the payment in lieu recommendations provided sensible way forward rather than raising the threshold. From there we built a consensus, and the group has stuck together.

Katie Jickling asked what the IZWG metrics of success are, and what are the mechanisms in place to measure the effectiveness of this policy?

Jane Knodell responded that it will be important to track where the projects are built, and how much new resources are generated for the HTF and how they are leveraged. The HTF is where we will see a lot of impact, because funds will get leveraged with strong multiplier effects.

David White said the recommendations are not so much about increasing production, but to expand inclusion geographically into other parts of the city that IZ doesn't touch.

Katie Jickling asked if inclusion is measured only by income.

John Davis responded that this ordinance strictly addresses economic inclusion. It has been successful promoting economic integration. We now want to address the geographic aspect of inclusion.

Sandy Wynne gave examples of current units in development or on the market that have very small square footages, and said that the minimum square footages need to be further reduced. She also pointed out that the minimum square footage does not distinguish efficiency units. She made the following points:

- In terms of rents and income how does the student population plug into these numbers?
- The Battery Street Condos cut a deal for affordable housing, and got away with a cheap check, I want to make sure that cant happen again.
- As a real estate agent I see many illegal rentals. I don't know how to stop it but this is a concern.
- I'd like to see more pressure on other municipalities to have Inclusionary Zoning policies at the regional level.

Ted Wimpey, Executive Director, CVOEO, stated that while IZ only addresses the income aspect of inclusivity there's a reasonable presumption that affordable units create more opportunities for those under protected classes under fair housing law, such as persons with a disability who tend to be lower income.

Regina Mahoney, Planning Program Manager, CCRPC, asked if the density bonuses are really going far enough. While the intent of the ordinance is not to build more housing, we do need more housing in totality, and if this ordinance can help us get to more that would be important.

#### **4. Next Steps**

Chair Jane Knodell said the next meeting will be Monday June 18th 8:15 AM – 10:00 AM in CR 12, City Hall. The IZWG will distribute minutes, discuss and incorporate changes.

Michael Monte moved to adjourn the meeting. Councilor Brian Pine seconded. The meeting was adjourned at 7:15 PM.