



CITY OF BURLINGTON, VERMONT
CITY COUNCIL COMMUNITY DEVELOPMENT &
NEIGHBORHOOD REVITALIZATION COMMITTEE
c/o Community & Economic Development Office
City Hall, Room 32 • 149 Church Street • Burlington, VT 05401
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Councilor Selene Colburn, Chair, East District
Councilor Tom Ayres, Ward 7
Councilor Adam Roof, Ward 8

Tuesday, January 31, 2017
6:00 – 8:00 PM
Contois Auditorium

Draft Minutes

Attendance: Chair Selene Colburn, Councilors and Committee Members Tom Ayres and Adam Roof, Councilor Sara Gionnani, Councilor Max Tracy, CEDO Director Noelle MacKay, CEDO Assistant Directors Gillian Nanton and Marcy Esbjerg, CEDO Housing Manager Todd Rawlings, CEDO Staff Kirsten Merriman Shapiro, Planning Director David White, Charles Simpson, Ibnar Avilar, Devon Ayers (VLA), Genese Grill, Erhard Mahnke, Brian Pine (VEIC), Joe Speidel (UVM), Lisa Kingsbury(UVM), 32+ members of the public in attendance

1. **Review Agenda** – Chair Selene Colburn called the meeting to order at 6:03PM and reviewed the agenda. Councilor Roof made a motion to approve the agenda with an amendment to check in on meeting dates after the public forum. The motion was seconded by Councilor Ayres and approved unanimously.
2. **Public Forum** (15 minutes)
 - Genese Grill – shared comments about the Inclusionary Zoning (IZ) Report which she felt was flawed because some of the data point were outdated. For example, the report refers to an unhealthy vacancy rate yet that number has been changed in recent months but not used in the report. Ms. Grill shared these comments: building the same number of units will lower rents, however when people move out, landlords renovate and charge higher rents. She mentioned that IZ rates are not affordable. She questioned the statement that Burlington is not holding its weight as to the number of housing units because she believes that Burlington is holding its weight. She also believes that regulations do not stop development. Finally, Ms. Grill said to really welcome refugees, we should have housing policies that welcome them and not displace them.
 - Charles Simpson reminded those present to not depend on the federal resources. He The programs and services of the City of Burlington are accessible to people with disabilities.
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said we need to look at housing infill on available surface parking lots. He believes Burlington should keep IZ and enhance the current ordinance. Mr. Simpson asked we demand the demolition around the Airport stop because many of those units are affordable housing. He also questioned why we let developers turn over IZ unit responsibility at deeply discounted rates.

3. **Approval of Minutes – 12/16** – Councilor Roof made a motion to approve the minutes from 12/16 and Councilor Ayres seconded the motion. The motion was approved unanimously.

4. **Renewal of the City of Burlington’s Downtown Designation Application** – Kirsten Merriman Shapiro (10 minutes) –

Ms. Merriman Shapiro presented her memo and explained the Downtown Designation Program the City has been a part of since December of 1999. She explained the City is seeking a renewal for the downtown designation and is asking the CDNR Committee to sponsor the resolution before the Board of Finance and City Council. Councilor Roof made a motion to sponsor resolution and Councilor Ayres seconded the motion which was approved unanimously.

5. **Inclusionary Zoning Report Presentation** – Peter Lombardi, czb, LLC (20 minutes)

CEDO Director Noelle MacKay began the presentation by giving background information. She explained that Burlington is the only community in the state to have an IZ ordinance. Last year the administration, CEDO and the CDNR committee developed and the City Council approved a Housing Action Plan (HAP) and within the Plan was a recommendation to review the ordinance. Ms. MacKay thanked the consultants for their work. She also proposed some next steps which might be a working group to review the recommendations. Ms. MacKay noted that this meeting would be the beginning of soliciting public comment and input and written comments to CEDO would be posted on the CEDO website. She did note that the monitoring piece is something the Administration chose to move forward with ahead of the report because the Mayor does feel strongly that we need to enforce the regulations the City already has on the books.

Assistant Director Gillian Nanton explained CEDO and along with the CDNR Committee embarked on the process about a year ago and the review of the IZ ordinance was one of 20 proposals from the HAP. A Request for Proposals was properly vetted through the CDNR Committee and this firm won the contract. Ms. Nanton explained the consultant visited May and June 2016 and the report gives information and a review of how the IZ ordinance has worked and also recommends next steps.

6. **Review of scheduled meetings through March 2017 and agendas** – (10 minutes)

While the consultant was setting up his presentation, Chair Colburn reviewed the amended agenda to discuss the next meeting dates and topics. The Committee is scheduled to meet again on 2/23 in Contois Auditorium. At that meeting, an update on the Neighborhood Stabilization Program and next steps on IZ will be discussed. Chair Colburn also said the community benefits surrounding the Burlington Town Center agreement will be discussed at the City Council next week during public comment. There is also a CDNR meeting scheduled for 3/23 in CR 12 with an agenda to be determined.

5 **Continued: IZ Report Presentation** Peter Lombardi –

- Mr. Lombardi started the presentation by sharing how the firm approaches the research asking these questions: How to approach policy evaluation – how well is it working? What problem are you trying to solve? What outcomes do you seek? He explained a bit about the environment when the IZ ordinance got started in 1990 was a volatile time for housing and reduced federal support in the 80’s. In Burlington, there was concern about development on the waterfront and experimentation with local policies. IZ was not

seen as a magic bullet to solve affordable housing or inclusion. Key points from the analysis in the report:

- Has IZ created inclusive/economically integrated housing – yes! 95% of the units have been collocated market rate and income restricted units. Only 5% took the buyout or developed elsewhere. 270 IZ units are in service.
- Most projects took place in LMI census areas which brought market rate units to lower income areas along with affordable units. This resulted in a break up of areas of concentrated poverty. IZ is not taking place in areas where zoning is mostly single family homes.
- Does IZ provide affordable units – yes – but not at a scale that kept pace with the cities' regional share of housing, generating 2500 fewer units over the past 25 years than it should have compared to the population growth of the county; The variables that influence the lower share of housing – limited supply of vacant land, high land prices; higher construction costs; finance costs; interest costs, development review process; regulatory environment to name a few.
- Are there ways for IZ to work better or contribute more to affordable housing in Burlington? Yes – but changes would need to be made and there would need to be funds pay for it. 58% of Burlington residents still are cost-burdened; over 1/3 pay over 50% on housing; Burlington still has an affordability problem.
- What does Burlington want – a range of housing of all types and for all incomes and a reduction in cost-burden? How could the City possibly achieve these goals?

The Report outlines tools to for 3 paths or directions to take:

- **Status quo plus** to improve how it works but not more housing or affordability: monitoring not just on units but how IZ is working; increase development threshold (raising it to applying to 10 units or more); generalize unit comparability (same size and quality rather than setting size);
 - **Fully functional IZ** – as above and more: functioning cost offsets (ie density bonuses and parking waivers – generally not realized), lower payment in lieu; less restrictive off-site option; flexible income target for homeownership.
 - **Moving the Needle** –including the recommendations from the first two sections along with a larger local funding commitment for affordable housing which is compared to Seattle's levy initiative for affordable housing.
7. **Inclusionary Zoning Report Discussion** (60 minutes) – Chair Colburn's point of order placed Council committee members first to ask questions of the consultant.
- Councilor Ayres who represents Ward 4 stated it was good report based on fact. He noted a significant jump in IZ units from 2010-2014 and other time frames and other trend lines – what did those trends represent? Per the consultant, the trends represented economic cycles also the time it takes to go from conception to housing production. Councilor Ayres drew attention to page 24 where there is a look at income targets – more flexibility. He commented that IZ doesn't have any impact on single family detached neighborhoods and it might be a good place for ancillary or smaller ADU's there. Councilor Ayres asked how much open space does the City

have and what about density building up and not out and where there is lower density. He suggested the City be specific about where boundaries are for offsite receipt of IZ units. He also commented that in the policy matrix, some town/gown communities that were of different sizes were listed and inquired if the consultant looked at how the intersection of colleges and IZ policies interacted. The consultant had not explored that aspect but suggested it might be a next step.

- Councilor Roof represents Ward 8 and called the report robust and focused on data. Councilor Roof asked what didn't the consultant include in the report that they considered. The Consultant responded that the 99 year affordability clause in Burlington but that was sacrosanct to the community. He mentioned the firm chewed on it in and its influence on financing, etc. Roof also brought up the county approach, noting we are part of a larger county and what the impact was county-wide. The Building Homes Together campaign was mentioned and it is doing some good thinking about how it can ease the affordable housing in the county. Councilor Roof would like to continue that conversation. It was noted a very small number of developers operate in the City; if the goal is to have a larger volume, developers need to be brought into the conversation. Roof raised a question on payment in lieu – what is a normal ratio? Burlington's payment in lieu was set in 2007 and indexed to inflation – should it be lowered to use it? Or should it be higher to reflect the cost of the unit? What would it do in BTV if we lowered the number to \$75K? Councilor Roof referred to p. 16 –and asked what is the expense of syndication? The Consultant said it is related to tax credits. What if Burlington raised the threshold to 10 units, would that create more 9 unit projects to get out of doing IZ? The Consultant has not seen that impact before.
- Chair Colburn asked about Seattle's bonding of money – did it lower the income mark or cost-burden in Seattle? The Consultant said Seattle has been doing a housing levy for many years but was not sure they had collected data about the level of cost-burden in the City or the affordability of units. A more provocative argument might be to serve different income levels; committing enough resources at the lower range to get developers to bite? It was suggested to look at the difference between the MSA AMI or the City of Burlington and how those numbers affect rents. Chair Colburn raised the issue of lowering the payment in lieu number and asked if it doesn't cover the cost of creating a unit, why do it? The response was It isn't enough but it will encourage development even if doesn't raise the cash to build a unit. There was discussion on how to partner with a non-profit developer to manage the units which is a strength in Burlington and brings value. Can partnering with non-profits be addressed in the ordinance and offer predictability

Questions from the Public – Please note all speakers did not introduce themselves.

- Genese Grill – She asked if building the market rate along with IZ units in LMI areas raises the rents in those areas possibly causing gentrification? The consultant answered yes and with that project happening any way IZ allows you to keep some of the new units affordable.
- A member of the public asked if the housing production numbers included– does include institutional housing? Yes.
- Another member of the public asked if the levy numbers and formula presented was scalable if the City wanted to levy more or less funds. Yes.
- Seattle is most prominent example of housing levy – what has it accomplished? This information was not included in the report. The

- consultant did not know of any review of results.
- Rita Markley asked if the levy could be used for the loss of housing subsidy re: cut down to the 50% of the AMI? She noted that Seattle's homeless population is off the charts.
 - There was a question about sharing the burden of developing affordable housing with homeowners who already receive so many benefits? Has IZ created a burden on renters? The Consultant was not sure how to analyze this and suggested to speak more about it afterwards.
 - Director of Planning David White expressed the report confirmed what other reports in Burlington have said about the need for flexibility offsite, payment in lieu, and other options. He noted he felt workforce housing missing – 80-120%? The Consultant believed if you focus on 50 - 80% AMI with IZ it might free up units for the higher income range.
 - Erhard Mahnke said the report was clear and understandable and contained good graphics. He pushed back on calling the 80-120% range 'workforce' noting that people working at minimum wage are workforce and are at 30% low wage sector. He asked about the \$12.9 million levy – what is the math per \$100 for Burlington's tax rate – is it 5x what we collect now? The answer was the Consultant thought so.
 - Brian Pine spoke about the intent of the IZ ordinance was not about production; it is economic integration and inclusion and felt the Consultant and report should be clear on the intent of the ordinance. The consultant did confirm the goal is economic integration and not just production but thought the City should still talk about production with IZ and it be a solid component of the ordinance.
 - Genese Grill asked what if we added current housing development plans and the current higher vacancy rate? The Consultant said a next step could be to look at those changes and bring the report up to date.
 - Charles Simpson asked if a developer transfers to Champlain Housing Trust is it a give or a get? Noelle MacKay responded and explained when it goes to a nonprofit, it is a complicated arrangement and impacts more than IZ with lower rents and deeper subsidies reaching populations like the homeless with supportive housing and wraparound services. Michael Monte, CFO of Champlain Housing Trust commented this is a greater exchange than just IZ units.

Seeing no further questions or comments, Chair Colburn adjourned the meeting at 8:19 PM.
Respectfully Submitted,

Marcy Esbjerg
Assistant Director, CEDO