

Addendum to Minutes of the Richmond Planning Commission Meeting on 4/3/2024

Presentation by Chris Granda

Buttermilk LLC and the Town of Richmond have a successful agreement that cleaned up the old Creamery site and added additional, much needed housing to the Village. Richmond's regulations relative to development of Jolina Court which were implemented in 2016, put a limit on the number of housing units and required that a percentage of the space developed be for commercial use. There are also additional requirements regarding parking, etc.

Buttermilk LLC successfully implemented Phase 1 of the development at Jolina Court. Since then conditions have changed in the world generally and in the VT commercial real estate market in particular. Buttermilk could proceed with Phase 2 today under existing regulations but have been finding it difficult to obtain financing and have chosen to approach the town to seek some changes to Richmond's zoning to make Phase 2 more financially attractive.

Positions as I understand them:

Buttermilk would like to have a relaxed (or eliminated?) commercial space development requirement for phase 2 and would like to expand the number of housing units that might be included in phase 2.

Some members of the PC would like to make sure that some of the units in Phase 2 are available at either below-market rent for leases, or below-market prices for purchase with a mechanism to preserve the price decrease for some period into the future.

Some members of the PC would like to simply relax the commercial space requirement.

Some members of the PC would like to address a lack of parking in the village and concerns about a development that (as required under Act 47) has only one parking space per housing unit.

The 2018 Town Plan

There are 12 chapters to the Town Plan At the start of each chapter there is a call out box with bulleted priorities. Affordability is the first bullet for the chapters on Community Development, Economic Development, Emergency Resilience, Energy, Future Land Use, Housing, Natural Resources, Transportation, and Utilities and Facilities. The only chapters that don't explicitly prioritize affordability are Education (which is not within the jurisdiction of the Planning Commission, and Historic Resources. The Town Plan reflects the input gathered from Richmond's citizens and reflects their hopes and fears about their future in our town. Given the importance that the Town Plan gives to affordability, it would be negligent of the Planning Commission if we were to ignore affordability in policies that we propose.

The Housing Committee Report

In April of 2022 the Richmond Housing Committee issued a comprehensive report on the status of housing in the town with recommendations. Those are:

1. Foster a culture in Richmond that welcomes new housing and residents
2. Advocate for projects that would diversify and enhance Richmond's housing stock
3. Produce an annual report tracking metrics related to housing creation and **affordability** in Richmond
4. Explore the land trust model to create new housing and preserve the **affordability** of the existing housing stock in Richmond.
5. Assess the condition and efficiency of Richmond's housing stock and recommend actions to promote safe, healthy, efficient and **affordable** homes
6. Cultivate positive relationships with developers, landlords, and housing organizations working in Richmond
7. Require new member training and continuing education for the Planning Commission and DRB
8. Streamline Richmond's development review and permitting process
9. Revise Richmond's zoning and subdivision regulations to support housing choice
"Escalating housing costs are pricing out both younger and older residents."

The report identifies Jolina Court as the first priority site for the development of additional housing in Richmond.

The report also recommends that Richmond adopt the Traditional Neighborhood PUD (TND) for priority sites. TND must include mixed income housing. For ownership units, at least 10% have a purchase price that at the time of sale does not exceed 100% of the new construction purchase price limits established annually for Chittenden County by the Vermont Housing Finance Agency. For rental units, at least 10% of the units meet the definition of affordable housing under state statute.

The town plan calls for building more market-rate housing but is also clear that the lack of affordable housing, particularly for middle- and low-income citizens, will not be met by simply building more units. It calls for additional measures to address affordability.

It would be negligent for the PC not to consider the affordability of housing in any of the changes it proposes to regulations in Richmond, including Jolina Court.

Examples of resources that the PC hasn't explored

S. 100 (Act 47 of 2023)

- In residential districts served by sewer and water, a municipality cannot require more than one parking space per dwelling unit.
- In residential districts served by sewer and water, affordable housing may add additional units up to 40% of the density and may add an additional floor or not.

Rental Revolving Loan Fund (RRLF) from VHFA

- Provides developers of middle-income rental units with a subordinate loan of up to 35% of the cost of eligible construction costs. Might be interesting given the problems that Buttermilk has talked about with obtaining financing. Unfortunately, applications opened on March 1 and close on April 29. Had we had started gathering information following our meeting in March as agreed, we might be in a position to do something about this.

January 14 2022 Joint Fiscal Office Issue Brief Rental Market Supply Resources

SUPPLY: Federal Funds to Build or Rehabilitate Rental Units for Lower Income Populations

LIHTC: To incent the development of below market rental units, tax policy is the primary federal tool. The Federal Low-Income Housing Tax Credit (LIHTC) is administered by the Vermont Housing Finance Agency (VHFA). To qualify, at least 20% of a project's units must go to tenants with income below 50% of AMI or 40% with income below 60% of AMI. In 2020, Vermont's LIHTC allocation plus bond credits was \$3.6 million, generating \$32 million in development investment equity.

HOME: The Home Investment Partnership Program (HOME) is a federal program for the construction, acquisition, and/or rehabilitation of multi-family rental housing where there is a documented need. Usually, Vermont receives \$3 million annually, which the Vermont Housing and Conservation Board (VHCB) administers. Burlington receives a direct allocation. In 2021, ARPA provided \$9.5 million added pandemic program funds.

HTF: National Housing Trust Funds (HTF) are used in conjunction with other existing federal, state, and local efforts to increase and preserve the supply of housing for extremely low- and very low-income households. These funds are allocated much like the HOME funds. VHCB administers the \$3 million HTFs annually.

CDBG: The long-standing federal Community Development Block Grant (CDBG) program can be used for a wide range of projects which includes affordable housing reconstruction and rehabilitation. The Vermont Community Development Program (VCDP) allocates CDBG funds administered by the Agency of Commerce and Community Development. Usually, Vermont receives between \$7 – 8 million CDBG funds, while Burlington gets a direct allocation. In 2020, there was \$8.9 million additional for pandemic response via the CARES Act of which \$2.5 million has been allocated to develop new affordable housing units in the state. Funds were granted to non-profit housing organizations, to increase support capacity and services to low-income families.

The Task

As Virginia has proposed it: The PC should put a proposal in front of the select board that would Remove the commercial space requirement.

Pros: Checks this item off the PC's list

Cons: Doesn't address affordable housing, number of units or parking. It basically kicks the can to the select board without answering any of the critical questions. There is a very high chance that the proposal would sit at the SB for an extended period because it doesn't have the time to address all of the outstanding questions. Bard Hill wasn't able to join us tonight but he is the affordable housing expert on the SB and told me that he was not inclined to simply agree to relax the commercial space requirement without being able to get an agreement that makes progress on other goals for the town, such as affordability. Does Virginia have a political strategy for overcoming Bard's opposition to her proposal?

Alternative proposal: The PC should seek input from affordable housing experts like the Housing Committee and Bard Hill about affordable housing options and resources.

PD would develop a proposal that addresses what we would like to see in Phase 2 in terms of affordable housing, number of units and parking and address what Butter milk would like to see in terms of commercial space and number of units. After giving Buttermilk time to review the proposal, PC would schedule a negotiating session where our representatives get together with Brendan and Josi to hammer out an agreement.