

TO: Richmond Selectboard

FROM: Ravi Venkataraman, Town Planner

DATE: April 24, 2020

SUBJECT: Updates on the Affordable Housing Density Bonus Regulations

Following both the April 14, 2020 and April 20, 2020 Selectboard meetings, I have continued researching affordable housing density bonus regulations, and corresponded with Michael Monte of Champlain Housing Trust (CHT) regarding the draft regulations.

On April 17, 2020, CHT provided the following comments to be taken into consideration in the Town's affordable housing density bonus regulations. In response to some of the comments, I have revised the draft Affordable Housing Density Bonus Regulations. This iteration of the draft regulations are enclosed. Next to the comments from CHT below, I have also added comments in *italics* in response:

- Explicit language stating that the sales price should be based on what someone earning 80 percent of the Adjusted Median Income (AMI) – *This comment has been addressed in the enclosed draft regulations. In addition to this consideration, the enclosed “Maximum rent and purchase price affordability thresholds by income and household size” table procured by Vermont Housing Finance Agency (VHFA) will need to be included in the appendices of the affordable housing regulations*
- The eligibility for affordable housing units should be for people earning 100 percent of AMI so that a range of households would be able to buy the property. Otherwise, there would be very few people who can both afford the unit and be eligible to purchase the unit – *This comment has been addressed in the enclosed draft regulations.*
- Based on CHT's experiences, buyers of shared equity homes average 0.97 people per bedroom, not 1.5 persons as listed in the draft regulations – *This comment has been addressed in the enclosed draft regulations.*
- CHT would not agree to use a covenant as put forth in the draft regulations, because it would conflict with their current formula – *I will need to check with CHT if a different instrument, like an Affordable Housing Agreement, would be suitable. A boilerplate/draft agreement as well as boilerplate/draft legal instruments will need to be included in the appendices of the affordable housing regulations.*
- Rent changes should be tied to HUD-determined Fair Market Rents
- Regarding the definition of affordable housing dwelling unit, affordability could be set at 80 percent AMI but this does not imply that the household would be spending less than 30 percent of their income on housing – *This comment has been addressed in the enclosed draft regulations. According to [data from the U.S. Census American Community Survey compiled by VHFA](#), 51 percent of households in Vermont spend more than 30 percent of their income on housing. I do not expect that number to lower in the near*

*future, especially because of the current Coronavirus epidemic and the related economic downturn.*

Based on the discussion during the April 20, 2020 Selectboard meeting, additional research is necessary on the following items:

- Administration and enforcement – This include mechanisms and legal instruments needed to administer the system. I have reached out to CHT regarding third-party agreements so it could monitor and evaluate all the affordable housing units in Town. Additional information is required from CHT on how such a system would work and the possible costs of such a system. One item I should clarify: the Zoning Administrator would be responsible for administering the draft affordable housing regulations, as they would be for all the zoning regulations in place—even if a third party were to monitor and evaluate the affordable housing units. The Zoning Administrator would be working with the third party to make sure the units are in compliance with the zoning regulations in effect at the time. The draft language as presented would give the Selectboard the authority to administer the regulations but also delegate the authority of the regulations. My understanding was that the Selectboard would initially delegate authority to the Zoning Administrator upon enacting the affordable housing regulations, and if and when a housing advisory committee is established, the Selectboard would distribute responsibilities among the Zoning Administrator and the housing advisory committee. Further clarification on the administration of the regulations will be provided in later iterations of the draft regulations.
- Incentive for developing affordable housing – In the current regulations, all the units gained in the density bonus would be allocated as affordable housing. Having reviewed affordable housing bonus regulations and inclusionary zoning provisions in a sampling of municipalities throughout the US, no municipality requires all of units gained through a bonus to be set aside as affordable units. For affordable housing bonus regulations, the requirement ranges from 30 to 50 percent of the bonus gained to be set aside as affordable housing units. I have reached out to Michael Monte to provide additional information and any resources on the economics of developing affordable housing, in order to gain a stronger understanding of developing affordable housing and determine an amount that would serve as an incentive for developers as well as a benefit for the Town as a whole.

Do feel free to let me know if you have any questions.