

For 4-27-2020 Richmond Selectboard Meeting

6.13 Affordable Housing Density Bonus

6.13.1 Purpose – Pursuant to one of the Town Plan goals, the objective of this section is to increase the supply the affordable housing in the Town, and housing opportunities for a variety of income groups. The following provisions are to ensure a supply of standard housing available at below-market rate purchase prices or rents by providing an incentive bonus to applicants who choose to provide affordable housing dwelling units in their respective development.

6.13.2 Applicability – Affordable Housing Density Bonuses may only be granted to Planned Unit Developments and Residential Planned Unit Developments in the following districts: JC

6.13.3 Administration and Compliance

a) Application Requirements. In addition to other applicable submission requirements to proposed projects as specified within the Richmond Zoning Regulations, applications under Section 6.13 shall include the following:

- 1) An Affordable Housing Density Bonus application;
- 2) A site plan which identifies the number, locations, types, and sizes of affordable housing dwelling units in relation to market-rate dwelling units;
- 3) Documentation supporting the allocation of affordable and market-rate units, including affordable housing dwelling unit allocation calculations;
- 4) Descriptions of each unit's type, floor area, number of bedrooms, estimated housing costs, and other data necessary to determine unit affordability;
- 5) Floor plans of the all the housing units (both affordable housing and market-rate dwelling units) in the development;
- 6) Information regarding the long-term management of affordable housing dwelling units, including the responsible party or parties, as required to ensure continued affordability;
- 7) Draft legal documents required under this section to ensure continued affordability;
- 8) Construction timeline for the entire development, and/or phasing plan;
- 9) Other information as requested by the Zoning Administrator to determine project compliance with Section 6.13

b) Affordability Determinations. Affordable Housing Dwelling Units under this section shall be affordable and marketed to income-eligible eligible households as follows:

- 1) Monthly housing costs for affordable housing dwelling units shall not exceed one-twelfth of 30% of annual household income of 80 percent of the Area Median Income corresponding to the size of the specific unit, measured in the number of bedrooms, adjusted for household size. Housing costs used to calculate the affordability of affordable housing dwelling units shall include:
 - i) For rental units – rent (inclusive of any condominium or homeowners' association fees) and utilities (water, electricity and heating costs).
 - ii) For sale units – mortgage principal and interest, annual property taxes, homeowner's insurance, and condominium or homeowners' association fees.
- 2) Income eligibility shall be determined based on household size, household income, and the income guidelines, as adjusted for household size, published annually by the U.S. Department of Housing and Urban Development (HUD) for the Burlington-South Burlington Metropolitan Statistical Area (MSA), or on program-based income eligibility requirements established by a partnering housing organization. The AMI shall be determined using the most recent HUD-published income guidelines available at the time a unit is available for occupancy.
 - i) For renters, households, regardless of household size, are eligible for affordable housing dwelling units so long as their combined household income does not exceed 80 percent AMI.
 - ii) For homebuyers, households, regardless of household size, are eligible for affordable housing dwelling units so long as their combined household income does not exceed 100 percent AMI.

3) Alternative Eligibility Criteria. When an affordable housing organization is a partner in a development that includes affordable housing dwelling units, eligibility may be determined in accordance with program-based eligibility requirements established by the partner housing organization

4) The rental and purchase prices of the affordable housing dwelling units are not linked to the size of the household that rents or purchases the affordable housing dwelling unit. The determination of "number of bedrooms" for this purpose shall be based on the explanation under the annual maximum rent and purchase price tables titled "Maximum rent and purchase price affordability thresholds by income and household size" procured by VHFA. The maximum rent or sale price of an affordable housing dwelling unit shall be calculated based on unit size (i.e. number of bedrooms) and the HUD formula of 1.5 persons per bedroom, which are used to establish the "Household Size Equivalent":

Unit Size	Household Size Equivalent
Efficiency/Studio	1
One-Bedroom Unit	1.5
Two-Bedroom Unit	3
Three-Bedroom Unit	4
Four-Bedroom Unit	5

4) With respect to affordable housing dwelling units offered for sale, sale prices shall be calculated based on an available fixed rate, 30-year mortgage, consistent with a blended rate for banks or other lending institutions offering mortgages in Richmond, or a lower Vermont Housing Finance Agency (VHFA) rate if the developer can guarantee the availability of VHFA mortgages at this rate for all required affordable housing dwelling units. The calculated price shall assume a down payment of no more than 5% of the purchase price.

(c) Continued Affordability. An affordable housing dwelling unit shall remain affordable in perpetuity commencing from the date of initial occupancy, through a deed restriction, restrictive covenant, or through purchase by or a contractual agreement with a local, state or federal housing authority or nonprofit housing agency, to be reviewed by the Town Attorney and approved by the Administrative Officer prior to the recording in the Town of Richmond Land Records and the issuance of any zoning permits associated with the respective unit. Any deed restriction, covenant, or other instrument or agreement ensuring the continued affordability of affordable housing dwelling units shall include:

- 1) Resale Restrictions. Provisions to ensure the affordability of units offered for sale shall include a formula for limiting the resale price to whatever is the higher of the purchase price the seller paid plus 2% for each year of ownership (non-compounding), or what is affordable to a household at 80% AMI at the time of resale;
- 2) Rent Changes. Provisions to ensure the affordability of affordable housing dwelling units as rental units shall require that annual rent changes not exceed the percentage change in the median household income within the Burlington-South Burlington MSA, when the change is an increase; and that annual rent changes match the percentage change in the median household income within the Burlington-South Burlington MSA, when the change is a decrease. An exception to the limit on increases or required decreases is permitted to the extent that further increases or delayed decreases are made necessary by documented hardship or other unusual conditions. Such exceptions may not take effect until approved in writing by the Town Manager or their designee
- 3) Sublet Restrictions. Provisions for affordable housing dwelling units shall prohibit the subletting of units at rental rates that exceed affordability limits established pursuant to this section.

(d) Administration. The Selectboard, or its designee shall be responsible for the on-going administration of the affordable housing dwelling units as well as for the promulgation of such rules and regulations as may be

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necessary to implement this program. The Selectboard or its designee will determine and implement eligibility priorities, continuing eligibility standards and enforcement, and rental and sales procedures.

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e) Density Increase. The Development Review Board may grant an increase in residential density over the base zoning density in order to create affordable housing dwelling units. The density increases shall be approved on the following criteria and standards:

- 1) The Development Review Board may grant a density increase of no more than 20 percent of the total number of dwelling units allowed under the base zoning density. All of the units gained as a result of a density increase shall be affordable housing dwelling units. Refer to Figure 6.13-2 for additional information.

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Figure 6.13-2. Example calculation of affordable housing dwelling units

	PUDs with both market rate and affordable housing dwelling units
Acreage	3
Base Density	15 units per acre
Base Units	45 units
Bonus Units	9 units
Total Units	54 units
Net Density	18 units per acre
Affordable Units	9 units
Market Rate Units	45 units

2) Distribution. The affordable housing dwelling units shall be physically integrated into the design of the development, and shall be distributed among the housing types in the proposed housing development in the same proportion as all other units in the development, unless a different proportion is approved by the Development Review Board as being better related to the current or projected housing needs of the Town.

3) Minimum Floor Area. The minimum gross floor area per affordable dwelling unit shall not be less than comparable market-rate units in the PUD

4) Housing Types. At the discretion of the Development Review Board, the dwelling units may be of varied types including one-family, two-family, or multi-family dwelling uses, as well as efficiency, one-bedroom, two-bedroom, three-bedroom, and four-bedroom dwelling units within multi-family dwelling uses.

6.13.4 Housing Replacement Requirement

a) If at any point in time an affordable housing dwelling unit is to be removed, demolished, or converted into a different use, including market-rate residential uses, the parties responsible for changing the status of the affordable housing dwelling unit must establish a replacement affordable housing dwelling unit.

b) Requirements for Replacement Affordable Housing. All replacement affordable housing dwelling units must meet the following requirements:

- 1) Each replacement affordable housing dwelling unit shall have at least the same number of bedrooms as the dwelling unit being replaced;
- 2) Each replacement affordable housing dwelling unit must be located within the Town of Richmond;
- 3) Each affordable housing dwelling unit replacement must be established pursuant to Section 6.13.3.

c) Exemptions. This section shall not be applicable to:

- 1) Any dwelling unit ordered demolished or declared unfit for habitation because of damage caused by natural disaster, fire, flood, or other causes beyond the owner's control;

2) The removal of accessory dwelling units.

Section 7 – Definitions

Affordable Housing Dwelling Unit *[add]* – This shall mean either of the following:

- A dwelling unit that is owned by its inhabitants in which: whose gross annual household income does not exceed eighty percent (80%) of the median income for the Burlington-South Burlington Metropolitan Statistical Area (MSA), as defined by the United States Department of Housing and Urban Development, and the total annual cost of the housing, including principal, interest, taxes and insurance, is not more than thirty percent (30%) of the household's gross annual income; or
 - o The sales price does not exceed the maximum price for a household with a gross annual income that does not exceed 80 percent of the median income for the Burlington-South Burlington Metropolitan Statistical Area (MSA), as defined by the United States Department of Housing and Urban Development; and
 - o The total cost of ownership—including principal, interest, taxes, condominium association fees and insurance—does not exceed 30 percent of the gross annual income of a household at 80 percent of the median income for the Burlington-South Burlington MSA at the time of purchase; and
 - o The gross annual household income of the inhabitants at the time of purchase does not exceed 100 percent of the median income for the Burlington-South Burlington MSA; and
 - o The sales price never exceeds 80 percent of the median income for the Burlington-South Burlington MSA, in order for the unit to remain perpetually affordable
- A dwelling unit that is rented by its inhabitants in which: whose gross annual household income does not exceed eighty percent (80%) of the median income for the Burlington-South Burlington Metropolitan Statistical Area (MSA), as defined by the United States Department of Housing and Urban Development, and the total annual cost of the housing, including rent, utilities, and condominium association fees, is not more than thirty percent (30%) of the household's gross annual income
 - o The rent does not exceed the maximum price calculated for a household with a gross annual income with 80 percent of the median income for the Burlington-South Burlington MSA; and
 - o The total annual cost of renting—including rent, utilities, and condominium association fees—does not exceed 30 percent of the gross annual income of a household at 80 percent of the median income for the Burlington-South Burlington MSA at the time of initial occupancy; and
 - o The gross annual household income of the inhabitants does not exceed 80 percent of the median income for the Burlington-South Burlington MSA at the time of initial occupancy; and,
 - o The unit shall remain perpetually affordable to households with a gross annual household income that does not exceed 80 percent of the median income for the Burlington-South Burlington MSA.