

Additional Affordable Housing Development in Barre City: A Call to Action

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Introduction & Recommendations

In our meeting on May 13, 2021, the Barre City Planning Commission took up discussion of anticipated state and federal funding to support affordable housing, on the suggestion of Commissioner Lauzon. The Commission decided to prepare a short white paper summarizing both the key provisions of the ARP (American Rescue Plan) and Vermont budget as well as excerpts from the 2020 Municipal City Plan that directly related to the development of additional housing in Barre City.

This document is intended to provide the Barre City Council with straightforward summary recommendations for pursuing ARP funding from the state of Vermont, grounded in the existing recommendations of the city plan.

It contains short summary points on both the availability of funding as well as the city plan's action items related to housing, as well as longer contextual information on both affordable housing and future housing development in Barre City.

The final page of the report contains summarized data from the city of Barre on property transfers of single family and multi-unit homes. This information is included to reflect more recent data than is included in the city plan. It is intended to show how quickly the housing situation in the City has changed since the City Plan was completed in September 2020.

It is our intention to share this report with the City Council of Barre City, and to recommend that Council put together a working group to address the availability of housing funding in the near future. The working group can use this summary to guide plan-based actions, and can include constituents identified within the city plan as members.

General Summary Points & Takeaways

The American Rescue Plan of 2021 & the Vermont Budget

While the 2020/2021 COVID Pandemic presented incredible challenges, the resulting American Rescue Plan of 2021 (ARP21) has provided equally incredible opportunities in terms of the availability of funds to develop housing and infrastructure. The 2022 Vermont General Fund budget makes available an unprecedented \$99 million dollars dedicated to housing and homelessness investment.

Assuming that 5,000 housing units could be developed in Vermont over the next three years, it is not unreasonable for Barre city to advocate for 250 additional housing units. While this figure represents 5.0% of the proposed statewide housing units and Barre city represents approximately 1.40% of Vermont population, a case could easily be made for hosting a disproportionate number of the total new housing units.

The 2021 Vermont Budget, H. 439, passed by the House and Senate and signed by the Governor, includes the following provisions related to housing (Sec. G.400) that could be tapped to support an expansion of housing affordability and availability in Barre City:

(a) \$99,000,000 in fiscal year 2022 is appropriated from the American Rescue Plan Act (ARPA) - Coronavirus State Fiscal Recovery Funds as follows:

(1) **\$94,000,000** to the Vermont Housing and Conservation Board (VHCB) to provide housing and increase shelter capacity, with priority given to populations who may be displaced from the hotel/motel voucher problem or are currently without housing, including by providing permanent homes in

mixed-income settings. VHCB shall distribute the funds in consultation with the Secretary of Human Services and may subgrant a portion to other entities, including the Department of Housing and Community Development, the Vermont Housing Finance Agency, and regional nonprofit housing organizations, for one or more of the following purposes:

(A) if necessary, to help ensure that households and areas impacted by the pandemic are served;

(B) to undertake additional housing initiatives, such as home ownership, to the extent permitted by ARPA and related regulations and guidance; or

(C) to provide for the efficient use of the funds.

(2) **\$5,000,000** to the Agency of Commerce and Community Development for the Vermont Housing Incentive Program (VHIP).

(b) **\$91,000,000** is appropriated from other funds as follows:

(1) **\$40,000,000** in fiscal year 2021 is appropriated from the General Fund to the Vermont Housing and Conservation Board (VHCB) for affordable housing initiatives. These funds shall

carryforward into fiscal year 2022 and are in addition to funding provided to VHCB in 2021 Acts and Resolves No. 9.

(2) **\$36,000,000** of funds reserved by motion passed on February 11,

2021 by the Joint Fiscal Committee accepting the Consolidated Appropriations Act, 2021 (Pub. L. No. 116-260) Emergency Rental Assistance Program grant is appropriated in fiscal year 2022 to the Department for Children and Families to implement the Emergency Housing Assistance Program in fiscal year 2022.

(3) **\$15,000,000** in fiscal year 2022 is appropriated from funds received from the American Rescue Plan Act, 2021 (Pub. L. No. 117-2) Emergency Rental Assistance Program to the Department for Children and Families to supplement, continue, or extend, or any combination of the three, the Rental Assistance Program for Reach Up families as permissible by the Emergency Rental Assistance Program.

Housing in Barre City

Affordable, quality housing can attract a workforce to Barre City that can drive economic development. Housing that is situated in, or in close proximity to, Barre's downtown will serve the dual purpose of capitalizing on existing underutilized building stock and providing an economic boost to downtown businesses. Reversing the recent trend of population decline by increasing the quality and affordability of housing stock will provide a better tax base for the city to pursue needed initiatives and improvements.

Barre City already has a higher concentration of subsidized housing than any other municipality in Washington County; 12% of all housing in the city is subsidized, which is the 5th highest percentage in all municipalities across the state. This level of subsidized housing creates a higher use of city infrastructure and services than in many comparable municipalities, which creates budget challenges.

To support and increase property tax rolls, the city also needs to increase its stock of moderate and upper-income housing, and balance that in tension with access to lower-cost housing. Affordability exists across a spectrum of possibility, encompassing both low-cost or subsidized housing as well as middle and higher-end housing that provides opportunities for movement within the housing market. When a homeowner scales up or down, their previous home becomes available, driving market movement and creating opportunity.

Affordability is not exclusively about new housing stock, but also about making existing housing stock accessible and available while making sure existing apartments are safe, healthy, and energy efficient. The most affordable housing in the City tends to be closest to downtown, and among the oldest buildings in the city; they are also the most likely to need improvements. Property improvements also increase neighborhood stability, which improves quality of life overall.

Several factors make Barre extremely well-positioned to accommodate an increase in its housing stock, including significant domestic water and wastewater processing capacity (currently at 60% of capacity), a robust electrical grid with excess capacity due to the consolidation of the granite manufacturing base,

and capacity for additional students within the elementary, middle, and high school systems after recent student population decreases.

There are an estimated fifty vacant and substandard housing units in Barre. The housing units are vacant for a variety of reasons, including stalled and lengthy lender foreclosure processes and investors who hold properties but don't have the desire and/or funds to rehabilitate them. There are undeveloped neighborhoods, streets, and lots within the city boundaries, capable of cumulatively accepting over one hundred additional housing units. Both categories represent potential low-hanging fruit for housing development.

Barre is also well-situated in central Vermont. Its easy access to multiple transportation systems (public transit as well as streets and highways) and proximity to multiple employers make it an appealing option for those looking for a better commute or a lifestyle with easier access to a quality downtown.

Specific Next Steps as Outlined in the City Plan

1. Work to overcome hurdles in the way of residential development such as ownership of "paper streets" or the need for infrastructure upgrades to encourage infill development on vacant lots. (p. 25)
2. Support efforts and programs to improve the energy efficiency of homes in Barre City, particularly those focused on upgrades to rental and affordable housing. (p. 26)
3. Actively monitor vacancies, rental inspection results, and property maintenance/building code enforcement actions to direct revitalization efforts towards struggling neighborhoods. (p. 26)
4. Undertake a study to document the occupancy of downtown buildings and recommend strategies to encourage use of upper floors for housing. (p. 28)
5. Implement a pilot program that would assist with the purchase and management of owner-occupied rental programs in the city. (p. 28)
6. Amend the city's Minimum Housing Code to incorporate stronger and more effective standards. (p. 28)
7. Encourage home-sharing as a means of keeping larger single-family homes intact. (p. 28)
8. Consider implementing a Housing Preservation Loan Program to help with the repairs needed to homes in the City. (p. 29)
9. Identify and take appropriate action with regard to paper streets, particularly those that are limiting the use and development of otherwise suitable lots. (p. 36)
10. Implement the voter-approved Property Assessed Clean Energy (PACE) program. (p. 50)
11. Adopt energy-efficiency standards for rental units, particularly those that do not include heat as part of the rent. (p. 51)
12. Encourage conservation development techniques, such as cluster residential developments, on the remaining large tracts of undeveloped land within the city. (p. 64)
13. Encourage infill development that will be harmonious with the scale, density, and character of the surrounding neighborhood. (p. 71)
14. Encourage the maintenance of the city's existing housing stock and the rehabilitation of deteriorating or substandard housing. (p. 71)

Notes on Affordable Housing Development in Barre City

Excerpted from "Community Profile: Housing" from the 2020 City Municipal Plan

The state's definition of affordable housing is based on a household earning 80% of the county's median family income, which includes nearly 80% of Barre City residents. According to the Vermont Housing Data website, in 2017 for Barre City, nearly 41% of owners were paying 30% or more of their income toward housing costs, and 19% were paying 50% or more of their income on homeownership. Housing costs for renters include rent and utilities; housing costs for homeowners include principal on mortgage payments, interest, property taxes, and insurance. This remains a level that is typically considered unaffordable.

While homes in Barre City are more affordable as compared to homes in nearby municipalities, the city experienced a rapid inflation in housing prices during the mid2000's similar to most communities in Vermont. Between 2000 and 2007, the average sale price for a primary residence in Barre City increased by 50% above the rate of inflation. While house prices have declined since their peak in 2007, it is still more expensive to buy a home in Barre City today than it was in the early2000's. The median sale price of a home in 2010 was more than \$40,000 higher than it was in 2000 even after adjusting for inflation.

Between 2012 and 2018, there were 160 fair market sales of primary residences in Barre City and the median sale price was \$143,000. Approximately three-quarters of both home sales and home assessments were in the \$100,000 to \$200,000 range that would be affordable to households with an annual income in the \$30,000 to \$60,000 range.

In the 2017, most of the market-rate apartments being advertised for rent in Barre City were one bedroom units with a monthly rent ranging between \$700 and \$1,000; most did not include heat, but did include water, sewer, trash and snow removal. These apartments would be affordable for households with an annual income of \$30,000 or more. There were a small number of apartments being advertised for rents between \$550 and \$700, as well as some larger units with rents of \$1,200 or more.

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Barre City must be an attractive place for people of all ages across economic and social groups. The displacement of people not being able to afford where they live anymore will lead to gentrification of neighborhoods. To meet the needs of today's residents and to attract future residents, diverse housing choices need to be available that reflect the lifestyles and needs of many different demographics. Providing a mixture of housing types results in an approach that is marketsensitive and flexible. Communities with a variety of housing types are more likely to retain residents even as their lifestyles change.

Barre City's housing stock is largely composed of detached homes including single-family homes, duplexes, and larger homes that have been split up into three or more units. There are detached, single-family homes at a range of price points, although there are more homes available in the lowto mid-range than on the high end. There is a large supply of affordable rental housing, but little higher-

cost/higher quality apartments. There are fewer choices for households, such as singles or older couples, who might want a smaller home with minimal maintenance requirements. Some of these segments of the housing market could be met through new housing in the upper floors of downtown buildings. Some of the remaining open land in the outlying portions of the city may be suitable for additional townhouse style development.

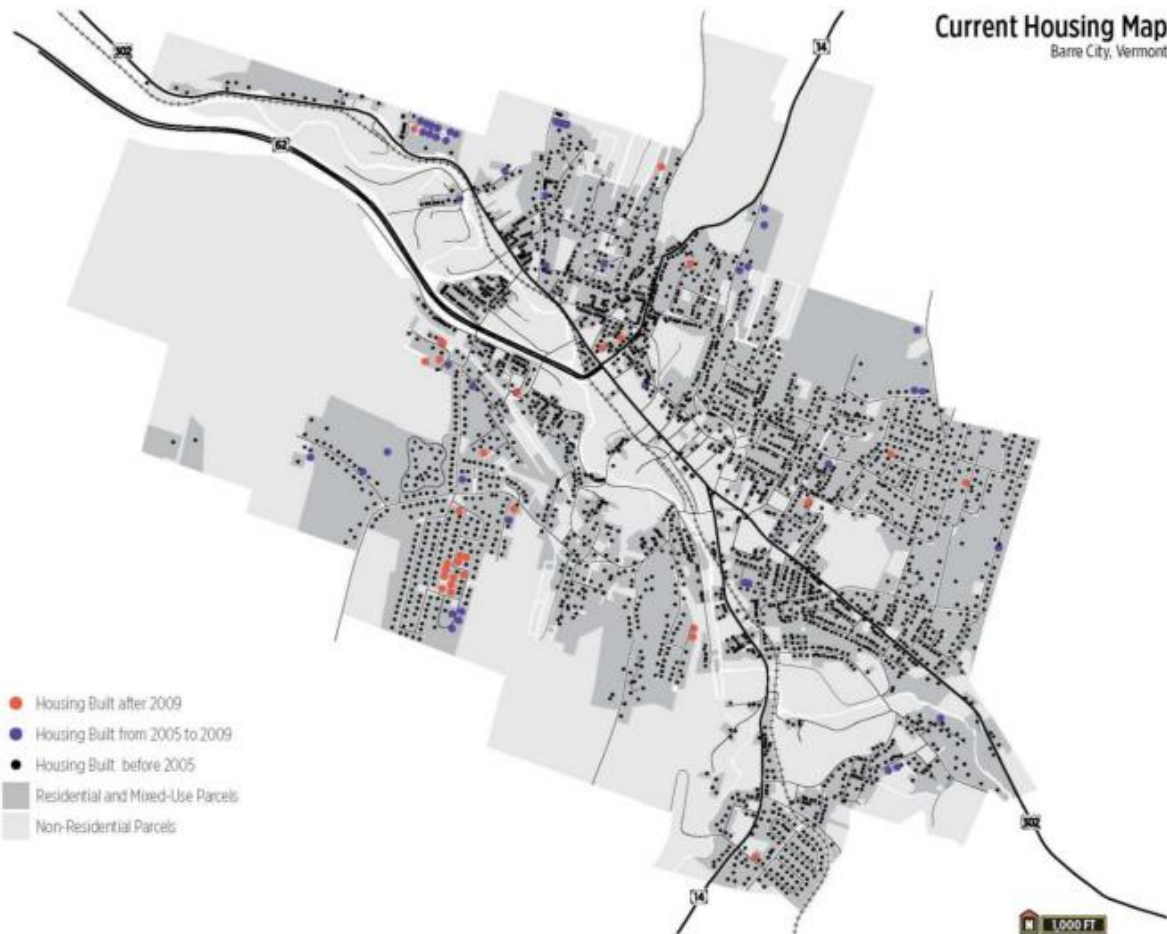


Figure 6: Current Housing Map

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In recognition that housing is a regional issue, the Central Vermont Regional Planning Commission adopted a Housing Distribution Plan as part of its Regional Plan in 2008 and updated in 2018 to encourage the development of more meaningful and practical local housing plans and to promote the sustainable and efficient distribution of housing region-wide. CVRPC formulated the Distribution Plan with the aim of ensuring that all municipalities continue to contribute fairly to meeting the region's total housing need, and balancing the burdens and benefits of providing housing among Central Vermont communities.

Another goal of the Distribution Plan was to curtail sprawl and inefficient patterns of growth in Central Vermont. Therefore, regional centers like Barre City (where housing can be built in proximity to jobs,

services and transportation networks and can be served by existing infrastructure) are expected to provide a greater share of the region's future housing than outlying rural communities.

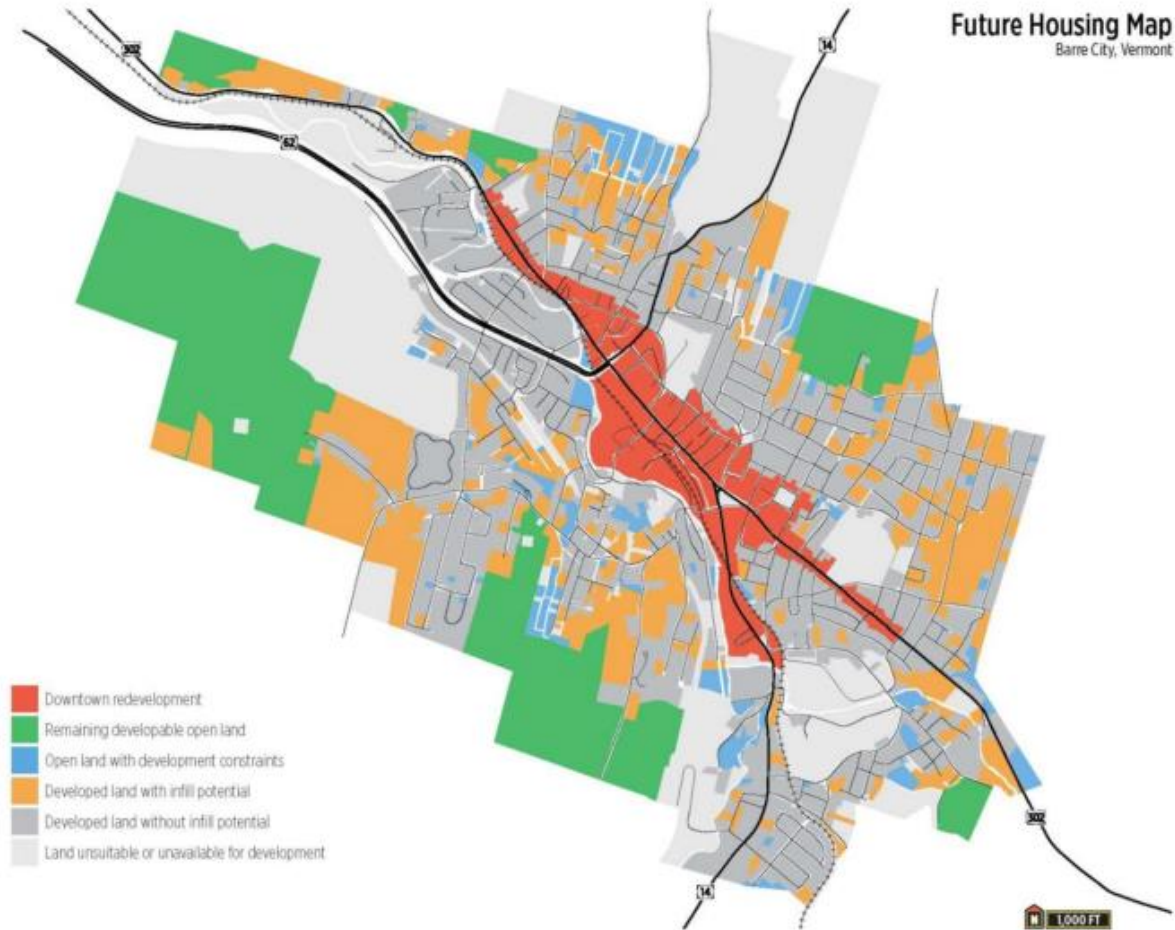


Figure 7: Future Housing Map

CVRPC specifically asked municipalities to include a detailed map identifying the location and number of housing units created since municipality last updated its plan, and a map showing preferred locations for 80% of their housing allocation consistent with current or proposed zoning. Barre City's growth rate is very slow compared to other municipalities of the same size in different counties, therefore, the maps are shown on pages 3-12 and 3-13 have changed very little since 2012.

The Distribution Plan allocates 295 new housing units to Barre City to be built between 2015 and 2020. Residential growth at an average rate of nearly 50 new units per year would be significantly greater than the increase in housing that has occurred in recent years (an average of 3 units per year during the 2000's, and only 1-2 units annually in 2017 and 2018) and would be similar to growth rates last experienced during the 1970's. While the city is seeking to encourage growth in our population and housing stock, it should be noted that the Distribution Plan was developed at the peak of a housing boom and that the subsequent recession has reduced the regional demand for new housing.

Barre City Property Transfers

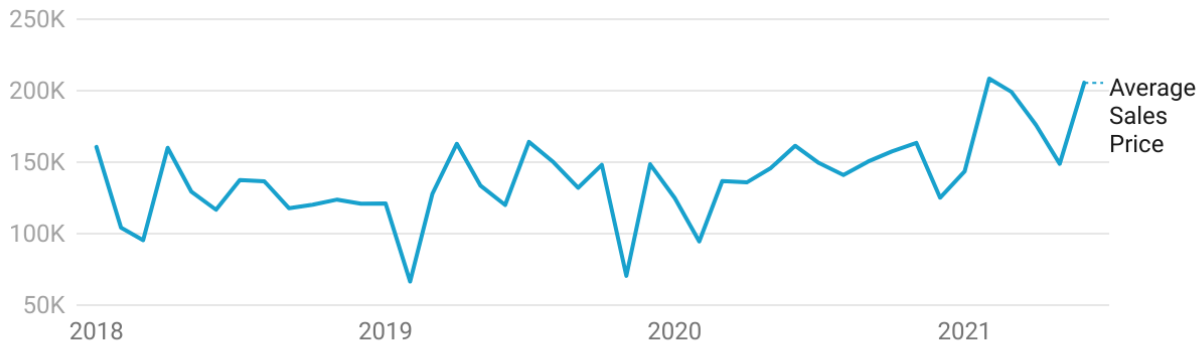
Data covers January 1, 2018 – June 8, 2021

Single Family Homes

Total sales: 383

Single Family Homes

Average sales price by month of single family homes sold in Barre City



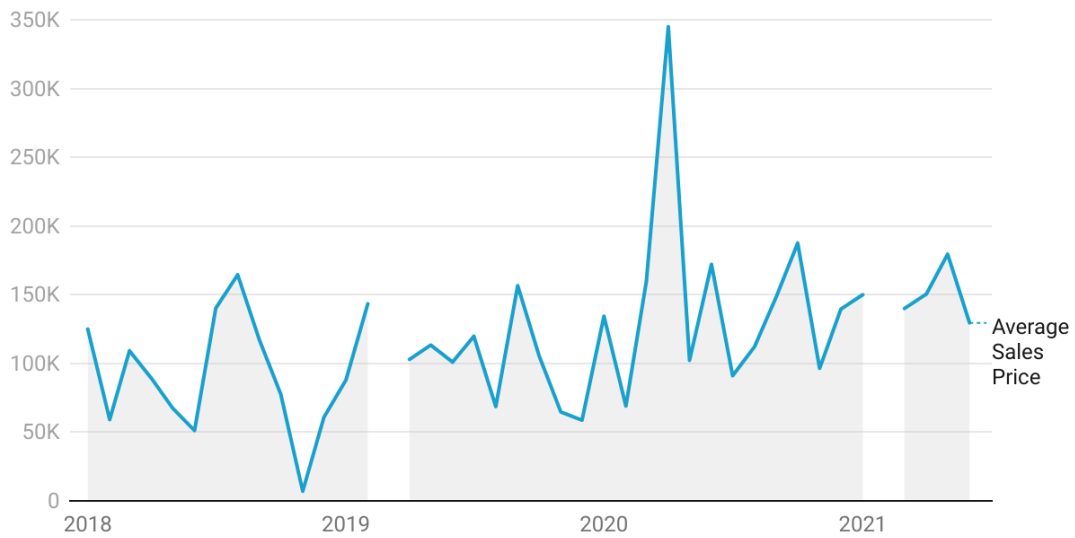
Source: City of Barre • Created with Datawrapper

Multi-Unit Homes

Total sales: 113

Multi-Unit Homes

Average sales price by month of multi-unit homes sold in Barre City



Source: City of Barre • Created with Datawrapper