BARRE CITY COUNCIL
HOUSING WORK GROUP

Keys to Barre City

An American Rescue Plan Act proposal to meet housing needs and sustainably grow the City's grand list

Lucas Herring, Mayor | Samn Stockwell, Ward 3 | Jake Hemmerick, Ward 1

December 29, 2021

Introduction

The American Rescue Plan Act (ARPA) offers Barre City an unprecedented opportunity to put people first by investing in homes and grand list growth to sustain vital community services and offer a vibrant and desirable quality of life. Of the many investments the City can make with these funds, few have the direct and ongoing payback that housing does. It is a direct investment in people and the grand list, and supports productive and healthy lives. It is a direct investment in the city's economic development with a measurable payback for the city' future. Now is the time.

Background

Barre City is a convenient, walkable, amenity-filled and comparably affordable community, but too many people are finding it hard to rent, purchase, or maintain a home here. This is straining our community's economy and finances: from individual households, to businesses looking for workers, to essential public services. Community leaders must make time to identify and confront the greatest challenges facing our city, including population loss, declining ability to sustain public services, and growing inequity.

Now is the time for Barre City to commit to policies that:

1) grow population and households in the city,

2) grow the city's grand list to deliver cost-effective services for a high quality of life, and

3) ease the inequities of poverty, discrimination, and housing insecurity.

We know that safe, accessible, and decent housing is the foundation for a successful and productive life, but too many of our friends, neighbors, aging parents, relocating workers, and young people cannot find a home that meets their needs at a price they can afford -- and too many are struggling to maintain the home they have. Today, Barre City faces a housing crisis with needs that are quite different than Washington County or the State as a whole.

Our Key Challenges & Common Understandings

- **We understand that pandemic related market forces have increased sale prices and rents, and decreased vacancy rates and real estate listings, contributing to a housing crisis in Barre**
    - The median price of a home sold in January through June of 2021 in Barre City was 19% higher than in 2020, at a price of $195,875 (Barre City Housing Needs, VHFA 2021)

- **We understand that opportunities for ownership and equity building is more limited in Barre than in other Vermont communities**
    - Homeownership in the city, which is closely linked to wealth building and generational wealth transfer, is 35% below the Vermont average. 47% of households own their homes in Barre City compared to 82% for the State as a whole. (Barre City Housing Needs, VHFA 2021)
    - Citizen reports indicate that access to Federally underwritten conventional financing can be unavailable for homes with legacy hazards like knob-and-tube electrical, limiting the pool of potential buyers to investor landlords, and further limiting ownership opportunities in the city.
- **We understand that everyone deserves access to safe housing and housing is not affordable to many of the city's residents**
    - 44% of the city's households are cost-burdened (spending at least 30% of household income on housing) and 25% are extremely cost burdened (spending at least half of household income on housing) -- this is nearly 30% above the Washington County rates. (Barre City Housing Needs, VHFA 2021)
    - It would take an annual household salary of at least $53,000 to afford the median home in Barre City in 2021, but the median household income in Barre is $38,142 compared to the $62,791 in Washington County. (Barre City Housing Needs, VHFA 2021)
- **We understand that Barre City is losing population and households, an indicator of economic stress that is not a private problem with a private solution. A strong regional center is the foundation of a strong regional economy.**
    - In the last decade, Washington County as a whole, including Barre Town grew households by 0.3%. During the same period Barre city lost 0.5% of its households, having 190 fewer households today than the city did in 2020. (Barre City Housing Needs, VHFA 2021)
- **We understand that the City's housing stock is very old, with deferred maintenance and life/safety/ADA and code issues; housing starts have stagnated**
    - Barre City has the oldest housing stock in the entire state of Vermont with the exception of Fair Haven. The median construction year of a residential building in Barre City is 1942. (Barre City Housing Needs, VHFA 2021)
- **We understand that land use regulations limit the construction of flood-safe, energy-efficient, and decent homes the city needs and residents will support**
    - Large areas of the City are limited to large lot, single-family residential development making developments like small patio townhouse condos (popular among downsizing seniors) difficult to build.
- **We understand that household and family composition is changing, with higher numbers of single and two-person households**
    - 69% of Barre City households are 1 or 2 person households.
- **We understand that jobs are going unfilled because housing is unavailable for hires.**
    - BADC has noted that lack of housing is a contributing factor in fulfilling job openings.

Funding Request for a Housing Action & Investment Program

- **$1M of the $2.5MM in Barre City ARPA funds**

- Of the $1M, a percentage (yet to be determined) is intended to support project administration/management to ensure the feasibility of conceptual pathways, recommend additional alternatives, and stand-up and administer cost-effective programs that meet the Council's Policy Goals and Program Targets listed below. Most of the projects below will also require significant legal resources to set up agreements and contracts.
- City Council has discussed funding an Assistant Planner position, from the $100,000 of ARPA funds tentatively allocated, to assist with administration and management of this program.
- Project management and administration will be determined once City Council has finalized FY22 budget and ARPA allocation discussions; it may take the form of project management hours billed by City staff to ARPA, which would ease upward pressure on the tax rate.
- Allocation of the $1M will support conceptual strategies below that advance the goals and targets.
- Disclaimer: these items will need to be fully vetted for ARPA eligibility.

City Council Policy Goals & Program Targets

These goals are bold -- some may say too bold -- but more importantly, they say where we want to go. They provide a vision and direction and can be adjusted as we move forward and learn, together.

- **Grow the City's grand list by at least $20,000,000 by April 2027**
- Create **100 new homes the next 5 years, 25% of which will be affordable** to those earning less than 80% of area median income, and the remainder of which should be affordable to those earning less than 120% of area median income as reported by the Vermont Housing Finance Agency.
- **Rehabilitate 25 existing homes in the next 5 years**
- **Invite private capital off the sidelines and leverage $20 in additional investment by other parties for every $1** of city funds spent, which may include private funds, state tax credits, federal tax credits, community development funds, funding from the Vermont Housing & Conservation Board, funding from the Vermont Housing Investment Program, etc.
- Homes built and rehabilitated must **meet of variety of housing needs** through a balanced and targeted:
    - Mix of housing types, such as single-household dwellings, accessory dwelling units, duplex, triplexes, multi-family, and senior housing;
    - Mix of downtown and neighborhood housing;
    - Mix of dwelling unit sizes, such as one-to-three-bedroom units;
    - Mix of building types, such as townhouses, patio homes, apartments, tiny homes, etc.;
    - Mix of tenancy: including single-family ownership, condominiums, common interest ownership, co-op, and rental;
    - May include the subdivision of land, rehabilitation of vacant or blighted units, the conversion of commercial square footage to residential units, and the unitization of existing buildings.

Keys to Barre City - Strategies

Strategy 1: Support and Coordinate with the Barre Housing Task Force

The All-In-For-Barre Housing Task Force, an outcome of the Vermont Council on Rural Development Visit in the summer of 2021, has broken into the following subcommittees to research, report and make recommendations. These insights will be important and should inform adjustments to this program.

1. Conduct Analysis of Current Resources
2. Conduct Housing Needs Assessment
3. Research Creative Housing Solutions
4. Review Current Zoning in Consultation w/ the Planning Commission
5. Develop Strategies to Improve Building Trades Skills Within the Community

City Council and staff must partner with this group to soundboard strategies and ensure that the overall approach and funding will be used on lowest cost, highest impact projects.

Strategy 2: Create a Housing Investment Fund

The primary strategy to achieve the Housing Action & Investment Program will be the establishment of a housing investment fund with input and prospective partnership with Downstreet, Capstone Community Action, Central Vermont Habitat for Humanity, and Good Samaritan House.

The allocation will support project management/administration and investment in three potential activity centers:

- A housing reinvestment revolving loan fund;
- A land banking for redevelopment fund; and
- A housing grant fund program.

Program staff will be tasked with identifying the highest impact, lowest cost projects that best implement the policy goals above – as well as administer approved projects. Key considerations of all funding should be:

- The advancement of the policy goals and program targets above.
- Addressing funding gaps and avoiding the duplication with existing funding sources;
- Strategies resulting in a reimbursement and cost recovery for reinvestment;
- Promoting equity and ownership opportunities;
- Strategies that address homelessness;
- Supporting owner-occupied multi-unit dwellings; and
- Leveraging additional investments.

HOUSING RE-INVESTMENT REVOLVING LOANS

The **housing re-investment revolving loan fun**d may be used conceptual investment like:

- Bridge loans to assist in access to state reimbursement grant programs
- Low-interest loans for essential life/safety/health code/energy efficiency repairs, such as:
    - Lead Abatement
    - Asbestos Abatement
    - Mold/Moisture

    - Knob & Tube Wiring
    - Weatherization
    - Permitting
- Low-interest loans for cash-strapped, low-equity accessory dwelling unit/duplex/multi-family conversions for owner-occupant landlords (e.g. Brattleboro model)
- Short-term loans for the rehabilitation of an unoccupied home prior to re-sale to reinvest in neighborhoods.

LAND BANKING FOR REDEVELOPMENT

The **land banking for redevelopment fund** may be used for conceptual investments like:

- Reviewing city-owned and vacant property registered properties for site control, remediation, sale and redevelopment with an agreement and guaranteed assessment (e.g. Rutland City model)
- The purchase of real estate by the city for below-market sale and redevelopment with an agreement and guaranteed assessment
- The subdivision and acquisition of unbuilt developable lots for re-sale and near-term housing development
- Supporting the marketability and 'clean slate' of properties acquire through tax sale
- Redevelopment of TIF-acquired properties

HOUSING GRANTS

The **housing grant fund** may be used for conceptual investments like:

- Constructing donation boxes for homelessness support services under this fund (e.g. Burlington)
- Winter warming shelter (funding already committed)
- First-time homebuyer down payment assistance grant reimbursed upon sale (e.g. Montpelier Task Force model)
- The establishment of a housing cooperative
- Grants in support of perpetually affordable and supportive housing

Strategy 3: Special Assessment District for Sustainable Infrastructure

No ARPA cost. $5-10k in staff or consultant hours.

Establish a program to build water/sewer/streets/curbing/stormwater/streetlamps/sidewalks under the bonding capacity of the city paid back by future homeowners with special improvement revenues that pay off the initial capital investment and support development patterns that can sustain the ongoing operational/maintenance expense and depreciated lifecycle replacement cost.

Strategy 4: Survey Infill Opportunities, Update the Unified Development Regulations, Fees & Related Ordinances, and Apply for Neighborhood Development Area Designation

$15-25k in staff or consultant hours by a bylaw planning professional.

Although zoning is just one of many factors affecting housing development -- including lending, labor, materials -- the mismatch between housing needs and housing stock can be exacerbated by bylaws that inadvertently drive-up development costs and do not improve housing quality, such as large minimum lot sizes, large minimum frontages at setbacks, large building setbacks, low dwelling unit densities, residential use or building type limitations, excessive parking requirements, overly wide streets, unclear or inconsistent building code requirements, and extended reviews and appeal.

This project should survey existing and future opportunities for infill development by considering reforms to promote housing starts in ways that strengthen the livability and appeal of the city's neighborhoods and build resident confidence that what gets built honors the city's architectural heritage, is compatible with the neighborhood character, and is well-operated.

Such reforms should consider the merits of increased dwelling unit densities, density bonuses for perpetually affordable dwelling units, smaller minimum lot sizes throughout the city, reductions in minimum lot width along street frontages, greater lot coverage, allowing new streets to be narrower, allowing cottage cluster and tiny home developments, appropriate waivers for parking requirements, community-rating system compliance updates to reduce flood hazard insurance, expedited administrative review of low-impact, priority projects, fee relief for priority projects, integrated permits (one-stop), and design standards for multi-family that enhance compatibility, long-term value, neighborhood aesthetic (such as disallowing unscreened garbage containers, haphazard front setback parking, unscreened utilities). The project should further consider recommended reforms in Vermont's Zoning for Great Neighborhoods Guide and prepare the City to apply (in 2023) for a Neighborhood Development Area Designation, which would exempt the area from land gains tax, cap State water/wastewater fees at $50, offer a 50% reduction for any Act 250 application, exempt mixed-income priority housing projects from Act 250 (allowing a faster local review), and qualify the City for more State granting priority.

Where immediate amendments are necessary to address the housing crisis, interim zoning bylaws should be considered.

Strategy 5: Amend the City's Tax Stabilization Policy for More Housing Investment

No additional funding or additional project management needed. Administrative support to prepare a complete application will be provided by the Town Clerk/Treasurer.

The City's Tax Stabilization Policy currently forgoes future tax revenues (carried by the taxpayers as a whole) for projects that: 1) create or retain jobs, 2) create new or improve multi-family residential housing units, 3) eliminate blight, 4) improve aesthetics, and preserves a historic structure, 5) remove environmental hazards, 6) impact municipal services, and 6) be consistent with the municipal plan.

This strategy would amend the policy to be able to stabilize taxes to underwrite other housing types not meeting the definition of multi-family: including accessory dwelling units, affordable single-family homes, and duplexes -- the development of which would not occur without stabilization. This policy should be applied with caution in the TIF District since any stabilization within this district can negatively affect the general taxpayer's liability to pay back TIF Bonds, which are otherwise paid back through incremental increases to properties within the district.

Strategy 6: Convene the developers, lenders, and nonprofits to share the City's housing goals

Following this up with a survey to the community (to see who else not at the meeting would be interested in the program) is also great. Council would get community input, potential participants, while also averting a cost for someone creating an inventory and reaching out individually.