

VIII. HOUSING RESOURCES

A. Background

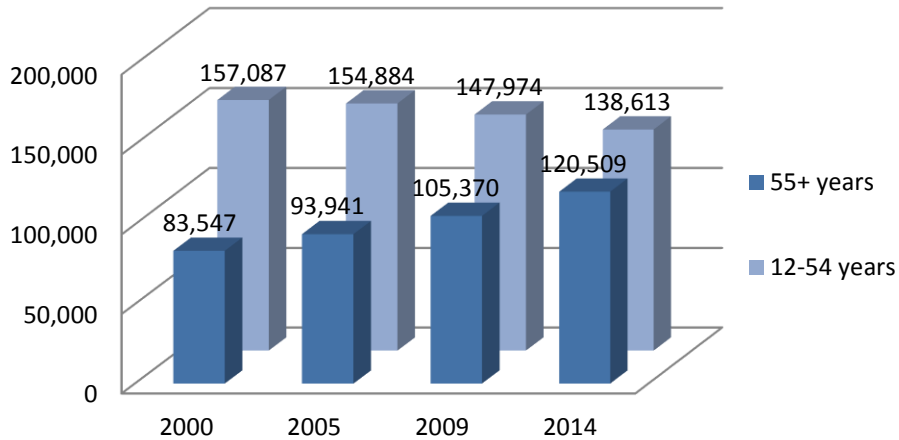
General Trends

Over the past decade, the Two Rivers-Ottauquechee region has seen moderate growth in the housing sector, in spite of the economic downturn of 2008 and Tropical Storm Irene in 2011 (see Table 16, Appendix A). The region, as a whole, is typified by an increasingly tight and costly housing market, one which does not adequately provide the housing necessary to promote continued growth or provide enough affordable housing units, often associated with the younger generation coming of age and gaining financial independence. At the same time, the region is seeing the second-home market become an even larger component of the regional housing market, according to 2010 Census data.

Continued increases in housing costs, coupled with the limited housing supply, have restricted first-time home-buyers from getting into the market. Additionally, many who successfully attain homeowner status do so to find their income does not adequately support the costs of their housing needs (see Tables 17 and 18, Appendix A). Today, a new generation of municipal employees, teachers, service workers, and skilled trades' people are confronted with limited housing options and high costs. The problem is not only a problem for low-income households; rather, the skilled workforce and young professionals increasingly find themselves burdened by housing costs in the region.

According to the U.S. Census, the state of Vermont's population is projected to increase by 88,000 residents by 2030. At the same time, the elderly population in the state is projected to increase to 91,000.¹ As a region, we need to ensure that we have the capacity to support this growing segment of our population, namely with respect to services and affordable housing opportunities. Increasingly, seniors are opting to maintain independence and live at home for as long as is possible, particularly in light of the rising costs of elder care facilities.² Given the lack of residential housing options for the elderly, promoting aging in place ensures that a person is able to maintain their quality of life as they age, allowing retirees to age happily and healthily in homes of their choosing. It serves as an holistic measure that helps communities to keep the aging populace in place, preferably around town centers, as opposed compelling them to move to facilities at a great distance from their homes and families. Given that nursing home care expenses are currently costing the state millions of dollars annually, Vermont officials would like to accommodate seniors' wishes to remain home longer as well.³

Figure 8: Vermont Households, by age of householder



Source: VHFA Analysis of US Census Bureau 2000 SF1 Table P-21; American Community Survey 2005 Table 25007; and Nielsen Claritas estimates (2009, 2014).

Regional Housing Challenges

The region faces numerous housing challenges that this chapter and its policies seek to address. The following list, while not exhaustive, illustrates some of our most pressing housing issues:

- A lack of housing development throughout the region.
- Weak social and built infrastructure in towns, making it harder for towns to attract immigration and sustain housing growth throughout the region.
- A lack of developable flat land in the region, particularly in areas serviced by municipal water and/or sewer systems.
- The need to develop more elder housing and care facilities as well as other measures that ensure elderly lifestyles can be maintained in a manner that fosters continued independence at any age while at the same time balancing age-restricted housing needs with affordable housing for a wider audience across the board.
- A scarcity of affordable housing, both for purchase and for rent, to accommodate the region's workforce.
- Limited adaptive reuse of buildings in town centers, housing conversions, and creation of accessory dwelling units, particularly in growth centers.
- The prevalence of scattered housing in the region away from compact, designated growth centers, which puts a strain on municipal resources and furthers fragmentation.

- Regulatory burdens restricting housing development, such as zoning limitations and permitting processes that make new housing construction difficult.
- The large number of residents burdened by the costs of housing (see Figure 13).
- Roadblocks toward the provision of “affordable housing” are pervasive, perhaps, in part, due to the misunderstandings commonly associated with workforce housing. False notions around declining property values, increased traffic, and alteration of existing neighborhood character are commonplace, and hinder the creation of an integrated, mixed-income region.

Housing Role of the Regional Commission

The following information outlines the Regional Commission’s role in regional housing policy:

Act 250 and Local Appeals process

- Support changes in Act 250 that would create incentives and requirements for the inclusion of affordable housing development in economic development proposals without compromising the Act.
- Advocate for the maintenance of reasonable appeals processes, local and statewide.

Local Technical Assistance

- Mitigate and manage growth, without compromising ~~the of~~ quality of life.
- Continue assisting towns with zoning and planning.
- Encourage ordinance, bylaw, and plan language which allows multi-family housing development, inclusionary zoning, mixed uses, and planned unit developments (PUD).
- Work with towns to understand the Federal Fair Housing Law, its implications, and how to comply with it.
- Adaptively reuse non-housing properties to create more housing units.
- Support the rehabilitation of defunct second and third floors above downtown commercial spaces.
- Support the development of housing for all ages.
- Encourage sustainable development; development which is properly scaled to the ability of the community to support it.
- Encourage compact development and infill near existing centers, prevent sprawl.
- Encourage the protection of biodiversity, by preventing the fragmentation of habitats.
- Encourage towns to have State designated “downtowns,” “village centers,” or “town centers” to trigger housing incentives for developers.
- Assist towns with public sewer and water improvement projects.

Regional Planning

- Work with adjacent regional planning commissions to understand our neighbors’ growth pressures and plan to mitigate the impacts that they may have on the region, including those in New Hampshire.

- Support the work of the existing housing trusts which serve the region, where there is a need for housing and the project is in accordance with our priorities.
- Plan dynamically, understanding that the choices we make on each regional issue, (transportation, economic development, basin planning, etc.), impacts the supply and cost of housing.

Statewide Initiatives

- Represent the Regional Commission's position on the housing issue to the Vermont State Legislature.
- Support the Public Awareness Campaign of the Vermont Housing and Finance Agency.
- Work with the Vermont Department of Housing and Community Development to facilitate the education of our towns on the Federal Fair Housing Law.

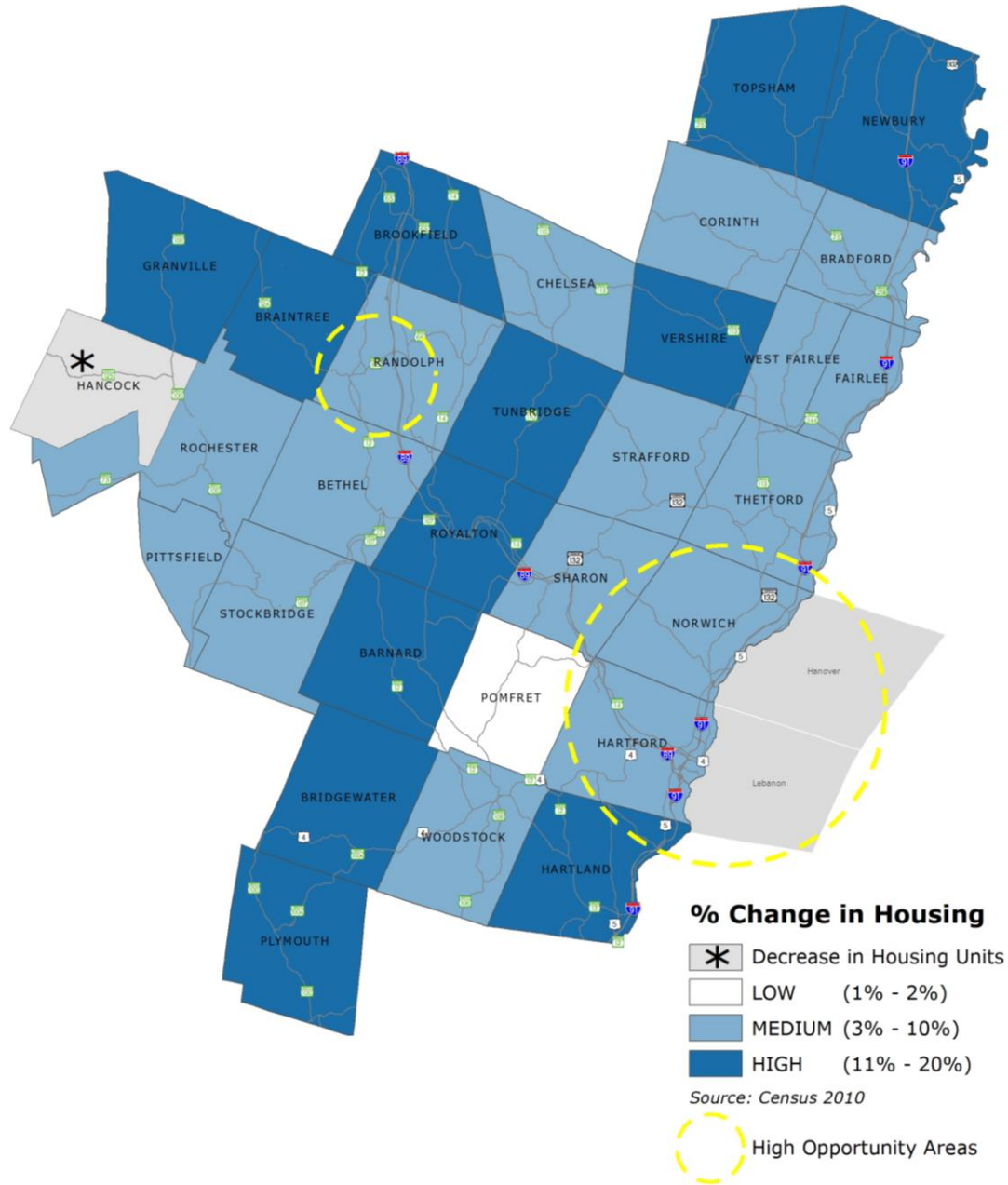
B. Housing Characteristics

Number of Housing Units

The U.S. Census defines a "housing unit" as conventional houses, apartments, mobile homes, and rooms for occupancy. According to Vermont Housing Data, there were a total of 31,486 housing units in the region as of 2010. As of 2000, the total number of housing units in the region stood at 28,822, meaning there was a 9.2% increase in units from 2000 to 2010. The 1990s, by comparison, only had a growth rate of 7.2%, and the 1980s saw a 22.8% boom in growth. The region gained 1,933 total units over the 1990s, and 5,000 total units over the 1980s. Both the region and the state grew at fairly similar rates from 1980 through 2010, with 43.8% growth for the region and 44.5% for the state.

Only one town (Hancock) saw a decrease in housing units between 2000 and 2010 (see Table 16, Appendix A). Many of the towns that had the highest growth between 2000 and 2010 are within close range of designated high opportunity areas, which are the areas in our region that are noted as having the strongest job markets, infrastructure, services, and education institutions. High opportunity areas, even across states lines, are hugely important drivers for growth throughout the Two Rivers region.

Figure 9: Percentage of Change in Housing Units from 2000-2010



Map

source: Two Rivers-Ottawquechee Regional Commission

During the 2000s, housing unit numbers in most towns in the region rose, although often at a modest pace. Newbury experienced the most dramatic change: a town of 1,153 housing units added 225 new units and experienced a growth rate of 19.5%. The number of housing units in Newbury grew over 20% in the past two decades, and growth exceeded 40% over the past

three decades. The following four towns experiencing the next highest rates of growth in housing units from 2000-2010: Bridgewater (18.2%), Brookfield (16.6%), Vershire (15.1%), and Royalton (14.8%). As noted, the only town to have declining housing growth from 2000 to 2010 was Hancock, which saw a loss in six properties despite having grown 6.5% (thirteen houses) in the preceding decade.

The primary factors influencing new housing starts in the region were the relative cost and availability of real estate, evidence of a healthy and vibrant economy, and the comparative ease of access to employment centers. Certain towns have seen growth in second homes, which is partially attributable to access to recreational opportunities in the region and other scenic and cultural opportunities. VHFA's "Housing Needs in East Central Vermont" study looked at projected growth in households in our region, with particular emphasis on those in Windsor and Orange Counties. If VHFA's anticipated projections hold true, Windsor County will see an increased need of 20 households per year at a rate of 1% growth and Orange County will see an increased need of 90 households per year at a rate of 8% (an anticipated 1% growth drop from the 2000-2010 estimates). However, the study also highlighted the current, pressing need for 675 additional elderly housing units and a further 4,409 workforce housing units. Finding the best locations for the region's current and anticipated housing needs is important in order to accommodate growing segments of the region's population. (For further information, please see "Housing Needs in East Central Vermont," Appendix B).

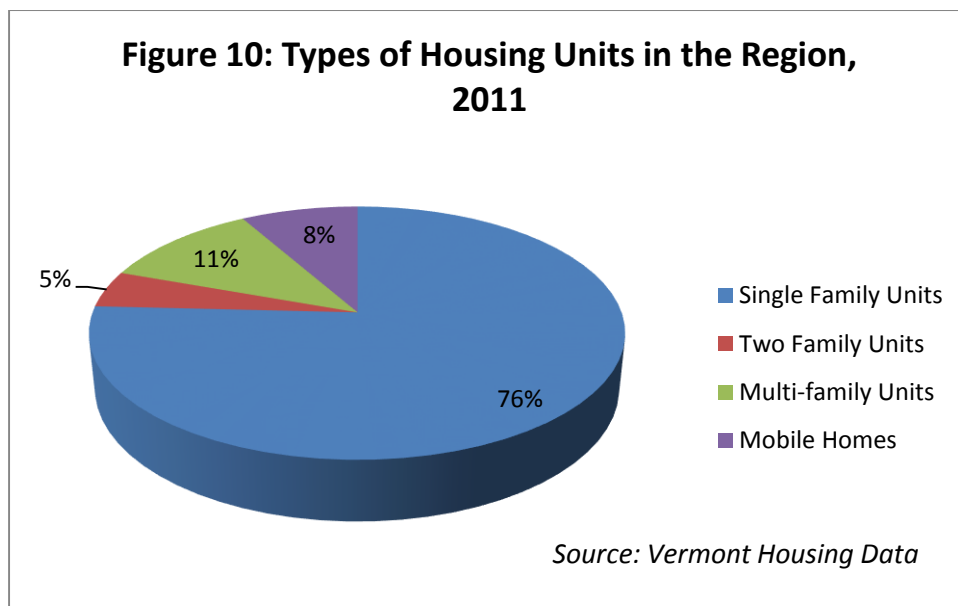
Housing Unit Types

The 2010 Census for the region indicated that 23,987 units (or 75.8 % of the total housing stock) consisted of single-family homes, an increase of nearly 2% from the 2000 Census (see Table 19, Appendix A). The second most common type of housing unit was multi-family units with 3,570 units, or 11.3% of the regional total. The larger communities with defined centers and in closer proximity to work centers have the largest proportions of multi-family housing units: Hartford (30.7%), Royalton (24.4%), Randolph (13.5%), Bradford (11.2%), and Norwich (9.8%). Duplexes, or two-family units, constitute only 7.8% of the housing stock in the region, with the majority of towns (24 in total) having less than the regional average. Royalton, Woodstock, Fairlee, Vershire and Pittsfield exceed the average (9.3%, 8.8%, 8.6%, 8.4%, and 8.1%, respectively).

Mobile homes only constitute 8% of the overall housing stock throughout our region, but these homes offer low- to moderate-income homeowners a valuable housing opportunity. The towns with the largest percentages of mobile homes were: Braintree (23.4%), West Fairlee (20.2%), Sharon (19%), Topsham (17.8%), Hancock (17.2%), Hartland (14.7%), and Royalton (14.3%). While older mobile home units may be much more affordably priced than other housing opportunities for many residents in our region, their lower initial cost may come at the expense

of thermal and energy efficiency. It is estimated that manufactured homeowners in Vermont pay up to 66% more of their income on energy than brick-and-mortar home owners do.⁴ In response to this steep, inherent cost with older mobile home units and the fact that 15% of homes damaged by Tropical Storm Irene were mobile homes, the Vermont Energy Investment Corporation, in conjunction with the Vermont Housing and Conservation Board and other partners, have designed and created new Vermod Nordic Homes, featuring numerous energy saving design elements and priced at under \$80,000 per unit. These homes are currently being constructed in the Two Rivers Region in White River Junction, and may become much more of a feature of the region's housing market, particularly where incentives are available to homeowners to defray the unit price.⁵

The prevalence of single-family homes in the region is higher than that of the state overall. Conversely, the Two Rivers region has significantly lower percentages of two-family and multi-family housing opportunities throughout the region, particularly with respect to multi-family housing (11.3% for our region and 16.6% for the state). Growth in these latter housing sectors will be necessary to increase housing opportunities for low to moderate income households. It is also important to note that the market for single-family homes for sale is incredibly tight for those seeking housing in the median \$173,000 price range, and more has to be done to ensure growth within that area as well.



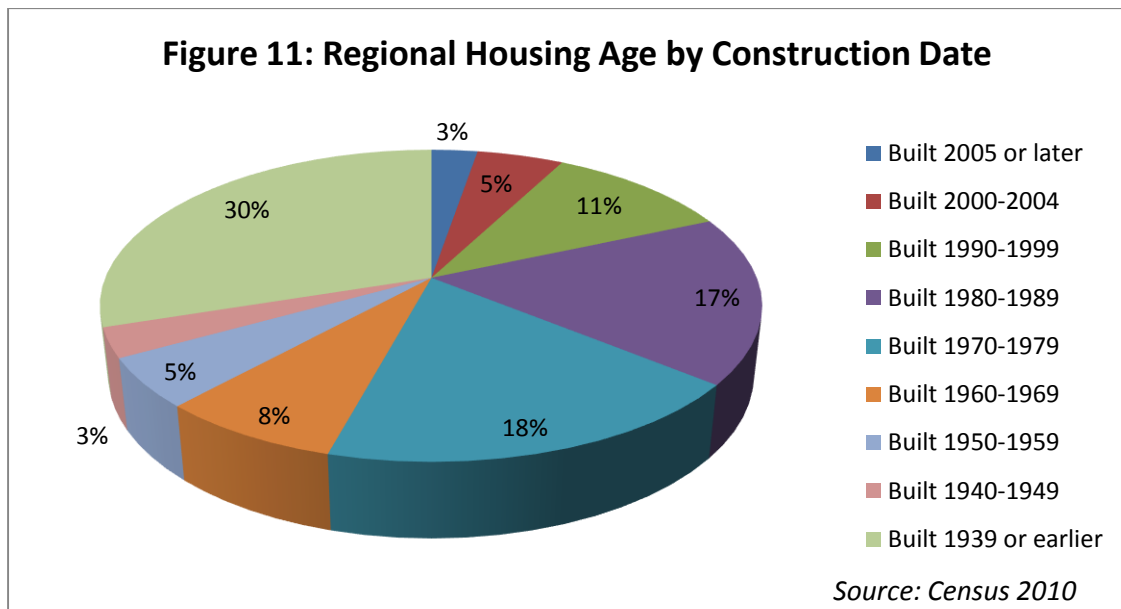
Housing Age

The age of the region's housing stock is skewed heavily toward older homes that are increasingly more costly to maintain and heat and may be financially burdensome on their

owners. Nearly half (45.77%) of the region’s housing stock predates 1970. Renovation, retrofitting, and general maintenance on these properties are imperative in order to ensure the health and well-being of residents in as much as it is imperative to maintain house values and overall aesthetic appeal.

The 2010 Census shows that only 7.7% of the region’s housing stock has been built since 2000, which is less than the state total of 10.3%. Eleven towns experienced higher than average rates of housing construction over the last decade, with three much higher than the regional average: Topsham at 14.3%, Tunbridge at 12.7% and Bradford at 11.3%. Three towns experienced significantly below-average rates of construction in the 2000s: Fairlee (3.9%), Pittsfield (2.9%), Randolph (2.9%) and Pomfret (2.7%). Pittsfield is a fairly remote community, which lends to its slow pace of growth. Randolph and Fairlee, conversely, can be reached quickly and easily, but prime lots in the town center are largely accounted for. With respect to Pomfret, buying land or housing requires financial assets which are not available to the majority of the region’s population, thereby contributing to slow growth in Pomfret. The greatest percentage of housing in this region was built prior to 1939 (30%); the region’s slowest growth era was 1940-1960 (8.2% cumulatively).

Viewing the region’s existing housing stock by the age of the units illustrates how the majority of houses (81%) were built prior to 1990, exceeding twenty or more years in age. As a consequence, many houses in the region are increasingly costly to maintain and repair, and, in many cases, houses are not energy efficient, placing added financial strain on houses that are overburdened by housing expenditures. Figure 11, below, depicts the breakdown of new housing construction in the region by selected timeframes:



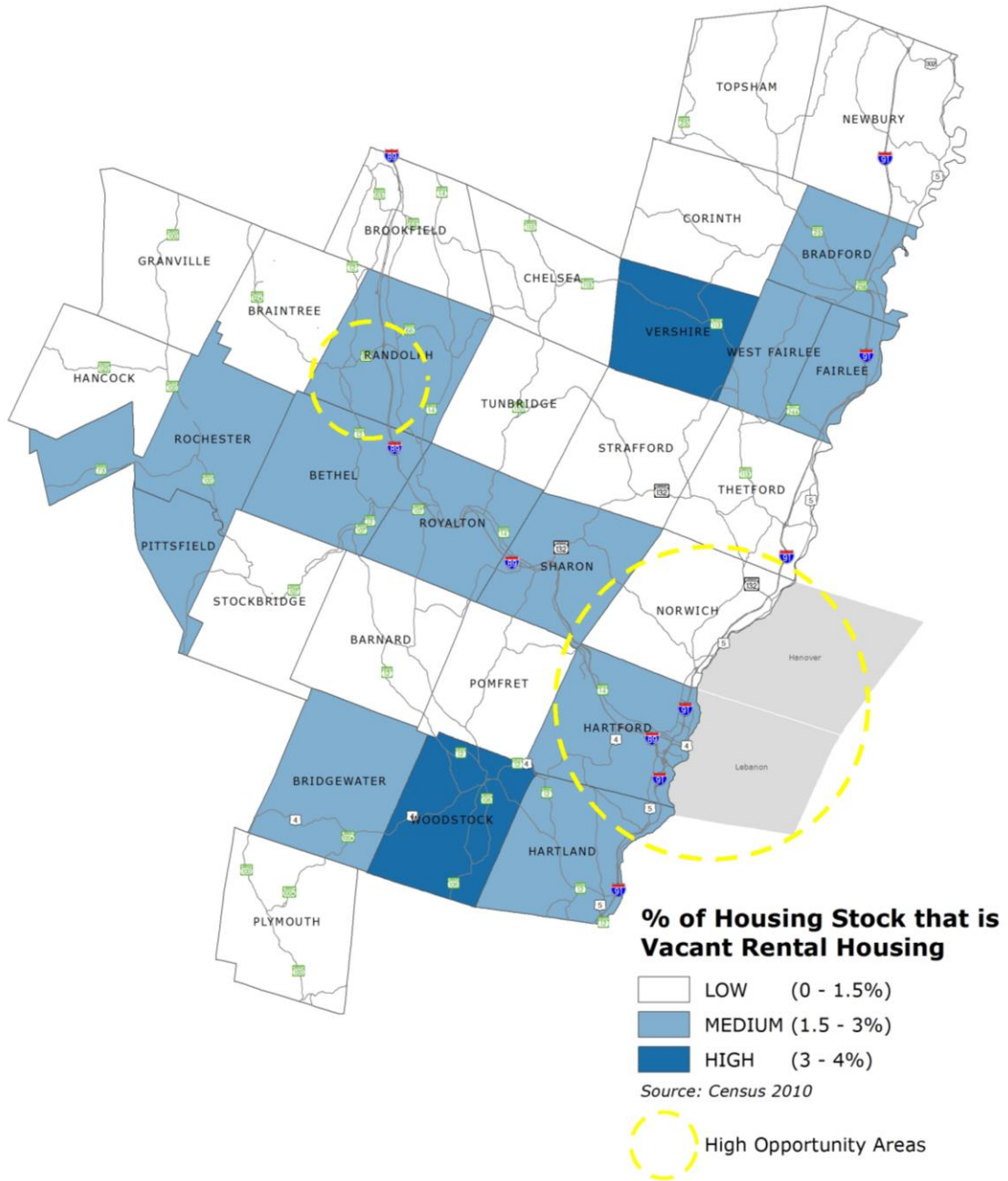
Housing Occupancy

The region is currently experiencing a shortage single-family, two-family, and multi-family housing, as illustrated by vacancy rate numbers from the 2000 and 2010 Censuses. This is a region with a strong second-home and seasonal-home housing market, which can distort overall figures for vacant homes for rent or purchase on a year-round basis. To interpret the vacancy rate numbers, we must extract just the rate that applies to primary residences, and not allow the vacancy rate to be skewed by seasonal residences. In 1990, the vacancy rate for the region's primary residences (those having year-round occupation), was 6.6% (see Table 20, Appendix A). In 2000, it dropped to 4%, and remained fairly steady between 2000 and 2010 (3.99%). A vacancy rate at or below 3% is considered to be a "functional zero." There are deemed to be no vacant units at 3% or less because, of the units that may be available, obstacles like sub-standard conditions keep the vacant units from being inhabited.

Vacancy rates in the Upper Valley are some of the lowest in the state, outstripping demand for properties in the region. The lack of stock increases demand, which in turn can increase prices for financially burdened residents.⁶ Steady job growth and a shortage of housing development (especially housing that is affordable to low and middle incomes earners) have given us a very tight housing market. The lowest vacancy rates in the region were in these seven towns: Strafford (1.47%), Thetford (1.83%), Chelsea (1.9%), Newbury (2.56%), Topsham (2.57%), Braintree (2.68%) and Pomfret (2.68%). Vacancy rates this low were a new development across the board, though Strafford and Braintree both previously had rates below the "functional zero" threshold in the preceding decade, per the Census. The highest vacancy rates were in: Woodstock (7.8%), Rochester (7.33%), Plymouth (6.71%), and Vershire (5.9%). Proximity to work and affordability play a role in maintaining the above-average percentages of vacant housing in these towns.

Vacant seasonal units are a measure of the secondary housing market. Over the past decade, the number of vacant seasonal units has increased in all but four of the region's towns. Many homes that were originally built for seasonal use, be they rental or for purchase, can inflate vacancy rate figures in seasonal recreation and resort areas, particularly in Windsor County towns near to the Killington and Sugarbush ski areas.

Figure 12: Number of Vacant Housing Units for Rent in 2010



Map source: Two Rivers-Ottawaquechee Regional Commission

Housing Tenure

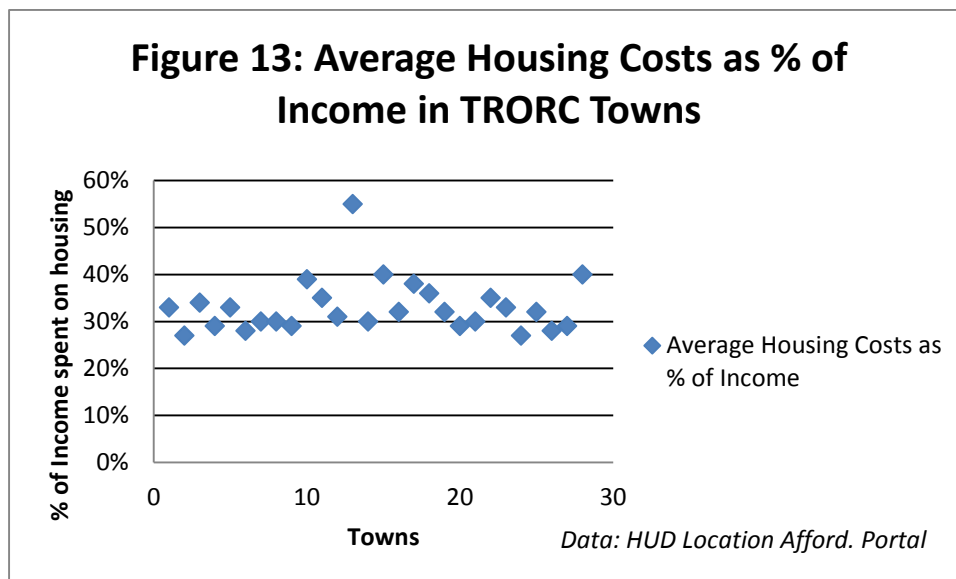
Historical Census figures on housing tenure reveal the relationship between owner-occupied housing units and renter-occupied units. Between 1990 and 2000, the region's housing stock became even more invested in owner-occupied units, a trend that has steadily continued since 2000, with growth in owned units continuing to outpace rental unit opportunities (see Table 21, Appendix A). For Census purposes, housing units, both rental and owned, are considered occupied with the property in question is the usual place of residence for the individual(s) living there. By extension, owner occupied units are those where the owner(s) lives in the unit, be it mortgaged or owned outright.

In 1990, nearly 78% of the region's housing stock was owner-occupied, including all currently owned units, seasonal units, and units on the market. This trend continued in 2000, and slowly increased by over .5% from 2000 to 2010. The majority of the region's housing units are occupied by their owners (78.49%), more so than the state average (74.99%). Only eight towns in the region have less than the regional percentage of owned-homes: Bethel (76.38%), Bradford (69.71%), Fairlee (75.2%), Hartford (71.77%), Randolph (71.68%), Royalton (59.48%), Sharon (76.05%), and Woodstock (76.07%). Of these, only four towns have a higher percentage of rental units than the state's average (Bradford, Hartford, Randolph, and Royalton). These statistics are largely attributable to access to major job centers in the region, access to major highways, and, in the case of Royalton, the glut of rental housing opportunities for the Vermont Law School student and faculty population compared with for-sale properties.

The construction of rental units has not kept pace with the construction of homeownership units in the region. According to Census data, twelve towns in the region have seen a decrease in the number of rental units available. High percentages of owner-occupied units and decreasing supplies of rental units make transition from rental to ownership difficult in this region because the housing market is so tight.

Housing Affordability

Housing affordability is measured based on the amount that an individual pays toward housing, including rent and other associated housing-related expenses. Housing is no longer considered affordable when a household spends more than 30% of its income on housing and related expenses, be that electricity, heating, fuel or other ancillary expenses. Thirty-percent is the universally employed HUD-defined affordability threshold in housing data analysis and in financial and banking transactions, such as determining mortgage eligibility requirements. When housing costs exceed this threshold, the excess housing costs place strain on other financial decisions in both the short- and long-term, creating burdened households.



As the retirement age segment of the region's population living on a fixed income increases, so does the need to consider housing provisions that allow older generations to age in place without the need to move out of their community. Further, a large portion of the region's population is comprised of younger people who generally only have access to lower-wage jobs, and they are precluded from entering the property market as a direct result. These population groups rely on access to housing that is affordable within their income brackets. Key to this is being able to access housing that is near compact growth centers, as they are more likely to benefit from better infrastructure and public services, including transportation links and health centers. Both younger and elderly populations are best served by increasing the numbers of apartments, condominiums, small starter homes, assisted living and other care home opportunities in and around these compact center areas.

The cost of land and housing is a function of access as well as travel time to key service, retail and employment centers. One major consequence of the housing shortage in the region has been the continued increase in commute times from towns in the region to larger employment centers, often outside of the region. While housing development has occurred in traditional centers, most of the single-family development has occurred in the towns which border these centers. Land and homes are more favorably priced in outlying towns, but there are costs associated with longer commutes, the clearing of undeveloped land, road construction, and expansion of private water and septic systems. A recent study of 2010 Census transportation data by the Regional Commission found that over 20% of individuals are traveling 50 or more miles to work. Lengthy commutes cost the average resident of Windsor or Orange Counties \$13,030 per year in transportation costs alone based on data from the Department of Housing and Urban Development's Location Affordability Portal (<http://www.locationaffordability.info>).

The ability of rural communities to finance the impacts associated with new growth can be strained. As a consequence, voters in rural towns have often been more inclined to support the development of second-homes/vacation-homes because they are seen as a net-gain. These homes are seen to contribute to the tax base without requiring many services beyond road maintenance. Several towns in the region have been assuming a disproportionately larger share of the local fiscal impacts of the region's tight housing market.

The trends associated with housing demand and growth are anticipated to continue. The issues of fiscal impact will not disappear, regardless of whether housing is characterized as affordable or not. The decision facing town governments is whether they will take affirmative steps to welcome the development of affordable housing and participate in programs that benefit Vermonters who are at-risk in terms of housing but who offer valuable contributions to the ongoing vitality and character of the region.

The State of Regional Homeownership

Most residents in the TRORC region own their homes. Home ownership rates are generally a reflection of the rental and home ownership options in the market, whether there is an adequate supply to meet residents' demands, and whether properties can be deemed affordable in relation to income. When viewed in terms of affordability for the median income resident in the region's towns, most of the housing stock is valued in excess of residents' financial grasp, particularly in the towns of Hancock, Strafford, Pittsfield and Norwich (see Table 17, Appendix A). Spending such a large percentage of income on housing has repercussions that trickle throughout the economy.

Within the TRORC region, it is common to find towns where a large percentage of residents are living well in excess of the HUD-defined level of housing affordability. Indeed, according HUD's

Location Affordability Index, neither Windsor nor Orange Counties qualify as being affordable when housing and transportation are considered together. Taking into consideration the market price levels and costs of living, greater emphasis must be placed on providing housing that is adequate, both in standard and location, for low to moderate income households while not compromising the householders' basic needs. An integral part of this requires working to provide housing with monthly carrying costs that can be afforded on a long-term basis.

The True Costs of Housing in the Two Rivers Region

In recent years, the cost of housing throughout Vermont has increased along with increases in food, fuel, and transportation costs. These housing costs have outstripped increases in income that ordinarily absorb the shock of rising costs associated with inflation. Lack of affordable housing across all socio-economic sectors means that financially burdened households paying at or in excess of 30% of their income on housing will be forced to make sacrifices, including lowering fuel consumption in colder months, decreasing visits to medical professionals, delaying necessary home repairs, and failing to adhere to retirement planning needs and investments in education.

According to the 2011 update of "Between a Rock and a Hard Place," produced by the Vermont Housing Finance Agency, Vermonters earning the 2009 median income of \$52,000 and equipped with a \$14,000 down payment (including closing costs) could afford a home priced at approximately \$175,000.⁷ However, the median home price in the state as of 2010 was \$195,000, requiring an income of at least \$58,000 and a down payment of at least \$18,000. Additionally, 81% of Vermonters, per VHFA's analysis, are earning wages below the state median wage. Coupled with rising costs of goods and services that produce a small decline in real income, fewer residents are able to affordably ascend the property ladder in Vermont.

In the 2000 Census, the Census Bureau collected a new piece of information: "Housing Costs as a Percentage of Income." As stated, the standard measure of "affordability" is that a household should not pay more than 30% of its income on housing and associated housing costs. Listed in Table 18 (see Appendix A) are the percentages of households in the region that do not live affordably, paying 30% or more for their income on rental or ownership costs. The highest percentages of renters paying more than 30% of their income on housing were in Topsham (100%), Bradford (83.4%), Corinth (80%), Plymouth (78.6%), Tunbridge (71%), Hancock (64.1%) and Barnard (62.1%). The highest percentages of home owners paying more than 30% of their income on housing were in Plymouth (43.2%), Pomfret (41.9%), Topsham (40.2%), Pittsfield (39.3%), Fairlee (38.5%), Norwich (36.5%), and Royalton and Vershire (both 36.2%).

A further complication in assessing the true cost of properties is the issue of housing development in rural areas that lack public sewer and water. Only nine of our region's thirty

towns have both municipal sewer and water facilities (Chelsea, Randolph, Bethel, Rochester, Royalton, Woodstock, Hartford, Norwich, and Bradford). Lacking both of these or even lacking one places logistical and practical restrictions on property lot sizes by requiring more land to accommodate on-site water and waste treatment. Smaller lots that would be more affordably priced for low and moderate income households (e.g., parcels of one acre or less) may not be adequate to build on if the landowners are required to install water and septic systems for a property, assuming such lots are even available in towns. Consequently, towns that lack these services may limit the number of future residents who cannot afford larger parcels of land to build on.

More “affordable” properties that have lower asking prices often have additional hidden costs built into their purchase and rental prices because their attractive price tags tend to obscure the true ownership and lifestyle costs associated with their physical location, including energy/heating efficiency, environmental and lifestyle costs. With respect to increased commute times, there are unseen impacts of affordable housing being located at a greater distance from employment centers. Quality of life is directly affected by longer commutes that cut into time spent with family, friends, and cultivating interests outside of the workplace. The increased costs of commuting and other house-related needs divest income that could otherwise be funneled into local businesses in the community. Furthermore, there are detrimental environmental consequences from these commutes for the entire region as a consequence of fossil fuel consumption.

Regional Housing Concepts, Fair Share Housing, and Fair Housing

Low and moderate-income households continue to have difficulty finding affordable housing in desirable locations, and the housing shortage throughout the Upper Valley has made the market even tighter and more expensive. Land-consumptive large-lot, single-family home development and land conservation are taking place in many of the region’s towns. As stated on the preceding page, some of the region’s villages have public water and sewer systems, but many of our smaller villages rely on private water supplies and septic systems. If the region is to provide for a full range of housing choice, financial and otherwise, growth should be directed toward growth centers that can support new housing, taking into consideration the needs of the lowest income residents of our region.

All towns are responsible for providing a realistic opportunity for the construction of their share of the region’s affordable housing supply, which would be affordable to people making 80% of the median income or less. The “fair share” housing concept originated from the *Mount Laurel* legal decisions of 1975 and 1983, wherein the New Jersey Supreme Court declared that municipal land use regulations that prevent affordable housing opportunities are unconstitutional. Therefore, a municipality cannot foreclose the opportunity for any class of

people, especially low and moderate-income families, to acquire affordable housing. Local regulations must afford all persons the opportunity to access such housing in as much as is determined to be the municipality's fair share, taking into consideration both present and prospective need. Mount Laurel's principal argument in support of its zoning plan that limited affordable housing was advanced as a fiscal argument, designed to limit an increasingly heavy burden on homeowners for local taxes and school costs. While the Court was sympathetic with the need to control costs, it found that the municipality could not legitimately accomplish this end by restricting certain types of housing (i.e. mobile homes and multiple housing dwellings). [See: *So. Burlington Cty. N.A.A.C.P. v. Tp. Of Mt. Laurel*, 336 A.2d 713 (1975); *So. Burlington Cty. N.A.A.C.P. v. Tp. Of Mt. Laurel*, 456 A.2d 390 (1983)].

Vermont Statutory Housing Requirements

Federal law prohibits housing from being denied on the basis of race, color, national origin, religion, sex or familial status (having children). In addition to these characteristics, Vermont law extends protection and prohibits housing being denied on the basis of sexual orientation, age, marital status, income level or because a person receives public assistance. Where appropriate, towns should explore cooperative agreements with their neighbors and housing providers to promote a cooperative team approach to housing planning and development in the region. No single town should be burdened with the responsibility of addressing affordable housing needs alone. It is in the region's interest to affirmatively advance the concept of fair share housing.

The Vermont Municipal and Regional Planning and Development Act (24 V.S.A. Chapter 117) places responsibilities and requirements on municipalities and regional commissions. Essentially, the *Mount Laurel* concept discussed above has been integrated into the Act in § 4412. Exclusionary zoning practices are expressly prohibited. All housing is to be treated equally, including accessory dwelling units, multi-unit residences, mobile homes, mobile home parks, modular or prefabricated housing, and residential care or group homes. Additionally, as stated in § 4382 of the Act: "[a] plan for a municipality...shall include the following: (10) A housing element that shall include a recommended program for addressing low and moderate income persons' housing needs as identified by the regional planning commission pursuant to § 4348a(a)(9) of this title."

The Act was amended in 2004, further supporting the development of affordable housing. One of the 2004 updates is the change in permit status for "accessory dwelling units." An accessory dwelling unit is defined as an efficiency or one-bedroom apartment that is clearly secondary to the owner-occupied residence, but does not need to be physically attached to it. State law used to protect accessory dwelling units as allowable conditional uses in any town in the state; however, as of September 1, 2005, they are protected as permitted uses anywhere in the state.

A new section was added to the Act empowering the Vermont Attorney General to investigate complaints. From § 4453 – Challenges to Housing Provisions in Bylaws: “The attorney general or a designee shall investigate when there is a complaint that a bylaw or its manner of administration violates subdivision 4412(1) of this title, relating to equal treatment of housing and adequate provision of affordable housing.” If the violations continue after being told to correct them, the court shall order the municipality to grant all requested permits and certificates of occupancy that were wrongly denied.

A further addition to the Act was the creation of powers and duties for municipal housing commissions. From §4433 - Advisory Commission and Committees: “Municipalities may at any time create one or more advisory commissions...or a combination of advisory commissions to assist the legislative body or the planning commission in preparing, adopting, and implementing the municipal plan.” Subsection 4433(5) lists the powers and duties of housing commissions. An abbreviated list of those powers and duties is as follows:

- (a) Make an inventory and identify any gaps;
- (b) Review municipal regulations and make recommendations, such as increasing allowable densities to increase the possible number of affordable housing units;
- (c) Assist appropriate municipal panels and district environmental commissions by providing testimony on the housing needs in town when there is a pertinent application before them;
- (d) Cooperate with the legislative body, planning commission, zoning board of adjustment, sewer or water commission, road foreman, or other organizations on affordable housing;
- (e) Collaborate with not-for-profit housing organizations, government agencies, developers, and builders in pursuing options to meet the housing needs of the local residents.

Status of Existing Programs in the Region Supporting Fair and Affordable Housing

Subsidized housing is any housing that is publicly funded or supported, and comes in the form of financial assistance to help individuals afford housing. This support can come in a variety of forms, including public housing; subsidies, non-profit sponsored housing, cooperative housing schemes, and rent supplements. There are two basic approaches to reducing housing costs for low and moderate income families, the elderly, and other groups through subsidies. The first involves interest subsidies that reduce interest on mortgages to a level well below market

interest, thereby reducing total costs required to cover home ownership or rental costs. The second approach involves direct subsidies through either a housing authority, private developer, or a tenant to cover the difference between 30% of a tenant's income and rent.

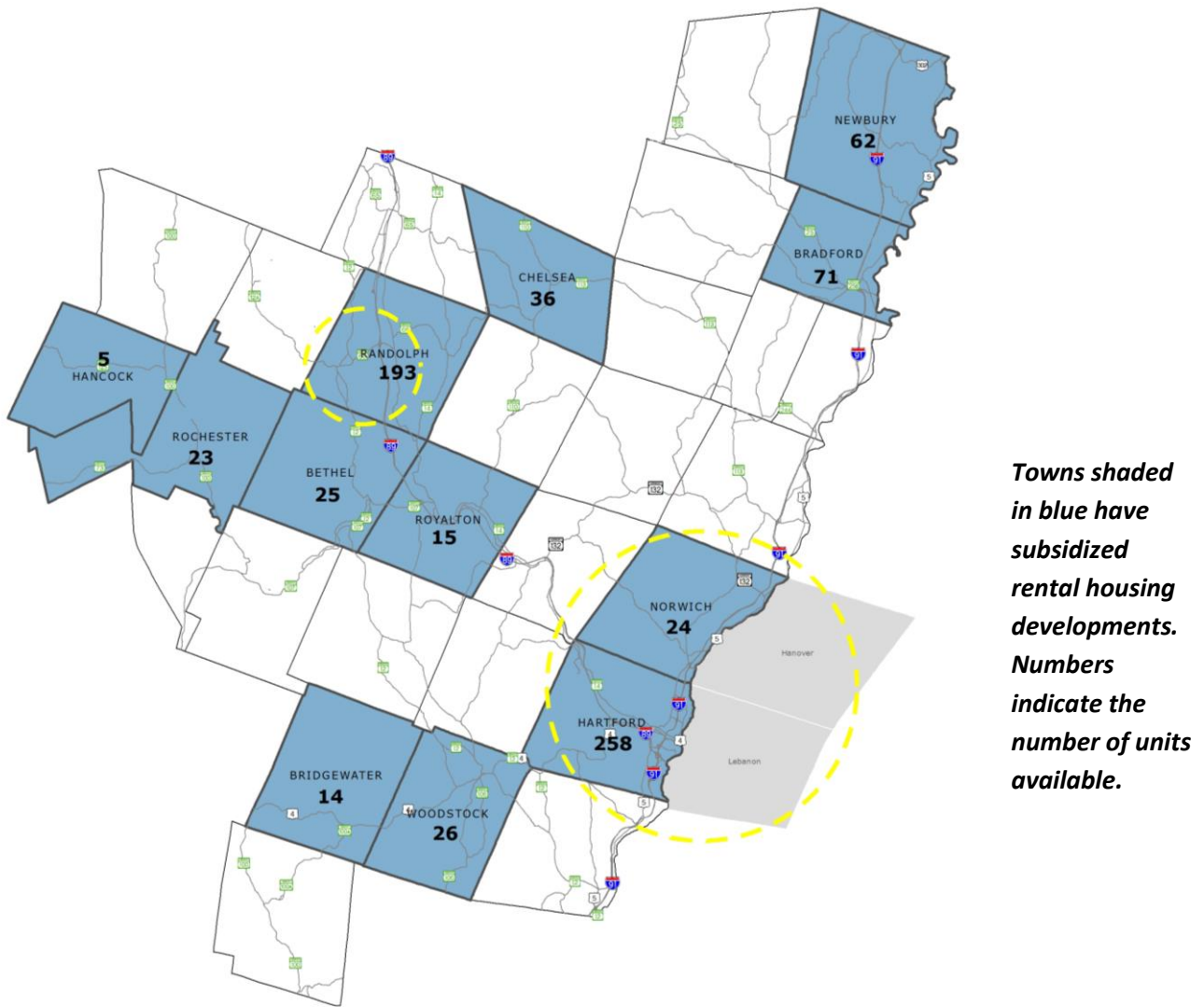
Examples of this approach are the Section 8 Public Housing and Fannie-Mae Rental Assistance Programs. These subsidies may either be project-based (tied to a specific development) or tenant-based (tied to an eligible tenant). In some cases, both approaches are combined into one project when rental housing is involved. In these situations, the owner/developer secures below-market interest financing from a federal or state program and provides housing units to tenants that have been pre-qualified to receive a subsidy in housing rents. However, earlier in 2013, Department of Children and Families Commissioner Dave Yacavone was quoted by VPR as saying that Vermont lost 774 Section 8 vouchers, stymying access to affordable housing to some of the most economically vulnerable families in our region and elsewhere in the state.⁸

In the state of Vermont and within our region, there are numerous types of organizations that promote the availability of and access to affordable and fair housing:

- Regional Planning Commission
- Twin Pines Housing Trust
- Randolph Area Community Development Corporation
- U.S. Department of Housing and Urban Development
- Housing Vermont
- Vermont Affordable Housing Coalition
- Vermont Housing Finance Agency
- Upper Valley Housing Coalition
- Vermont State Housing Authority
- Vermont Housing and Conservation Board

The Vermont State Housing Authority (VSHA) was created by the Legislature in 1968 to improve housing opportunities for families of low and moderate incomes. As a non-profit organization, the VSHA manages rental housing, provides rental subsidies, and works toward rehabilitation and development of affordable housing. It manages a variety of programs, many of which involve housing in the region.

Figure 14: Geographic Distribution of VSHA Housing in the Region - 2013



Map source: Two Rivers-Ottawaquechee Regional Commission

The increase in subsidized housing units in the region has not come from existing developments becoming larger by adding units; the growth has come from rehabilitation or from the siting and construction of new housing units. Twelve out of the thirty towns in the region have some publicly assisted housing; the eighteen towns listed below do not:

Barnard	Corinth	Hartland	Pomfret	Strafford	Tunbridge
Braintree	Fairlee	Pittsfield	Sharon	Thetford	Vershire
Brookfield	Granville	Plymouth	Stockbridge	Topsham	W. Fairlee

Table 22 (Appendix A) contains a list of developments in the region as of 2013. This is a summary of publicly assisted housing developments that subsidize rents through programs from the U.S. Department of Housing and Urban Development (HUD) Section 8 Rental Assistance Program and Section 202 Housing Program for the Elderly, and the U.S. Department of Agriculture Rural Development 515 Loan Program. There were a total of 752 affordable rental units in the region in 2013 (units that were financed in some part with Federal money and require proof of income eligibility); 428 of those units also involved the use of various rental assistance programs.

The Vermont Housing Finance Agency (VHFA), organized in 1974 to address the shortage of mortgage money available from conventional lending sources, has served to assist low and moderate income Vermonters with housing finance needs. As of December 2013, the VHFA has provided home ownership assistance to over 27,000 Vermonters, and rental assistance for nearly 8,400 multi-family rental units. Most of the VHFA’s programs are conducted in cooperation with Vermont’s mortgage lending institutions. Regionally, as of December 2013, VHFA has financed nearly 2,715 homes in Windsor and Orange Counties, and nearly 946 rental units. Use of VHFA programs has been consistent over past years and this trend is expected to continue given that no dramatic shifts in income or residential real estate markets are projected. After analyzing the poverty and housing statistics for this region, it is evident that there is a need for local and regional non-profit housing organizations to develop more publicly-assisted or affordably priced housing.

HUD finances the Vermont Community Development Program (VCDP). The state has designated four communities that meet the criteria for populations of at least 51% low- and/or moderate-income persons: Granville, Chelsea, Corinth and Wells River Village. These towns qualify as meeting HUD’s test of “Area Wide Benefit,” meaning VCDP projects proposed in these towns that do not have to prove they will benefit low to moderate income populations.

Shared Equity Homes

The Two Rivers region has a small number of shared equity affordable housing units in the region, operated through the Central Vermont Community Land Trust (CVCLT) in Orange County. CVCLT administers the Homeland Grant Program, providing an amount up to \$40,000 toward the purchase of affordable, eligible homes to buyers meeting specified income criteria. Buyers sign a covenant that creates a cap on the property’s future sale price, thereby ensuring

that other low to moderate income households will have an opportunity to purchase the property affordably in the future at a below-market price. There are a total of five shared equity homes in the region at present: three in Randolph, one in Braintree and one in Bradford.

C. Housing Needs and Planning Implications

Housing Needs in East Central Vermont

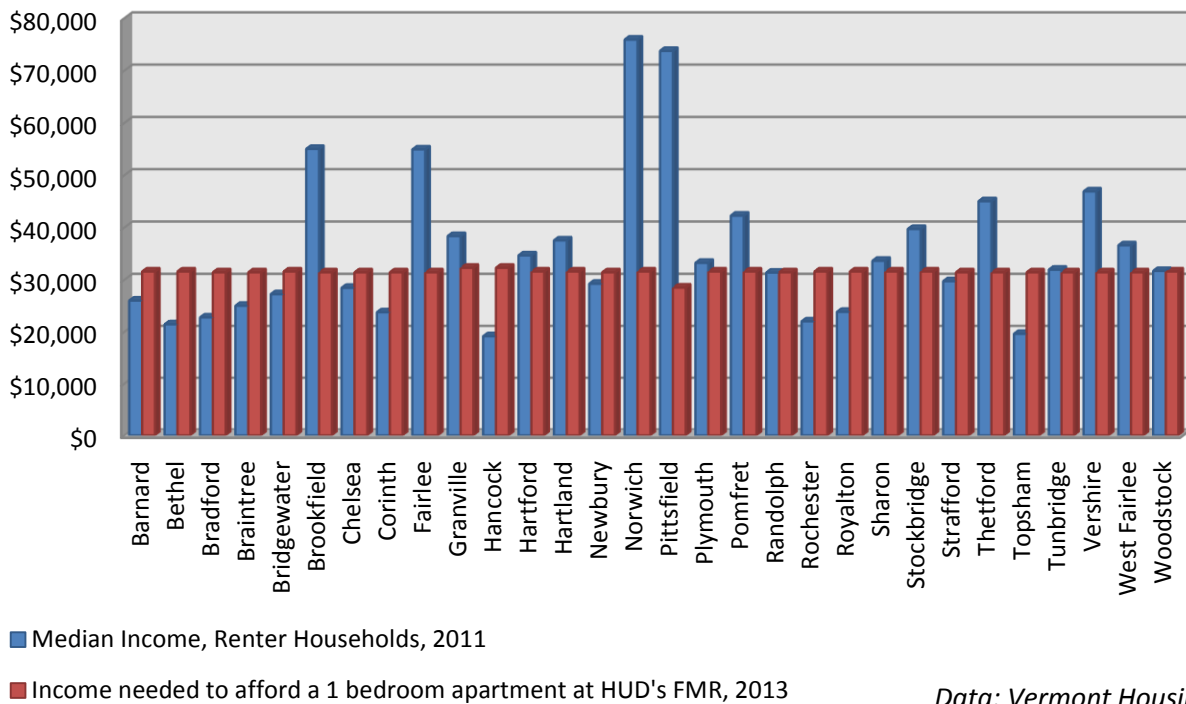
The “Housing Needs in East Central Vermont” report was published in October 2013 by VHFA to highlight the challenges the region’s residents face in finding housing that is both affordable and within reach of job centers and essential services (see Appendix B). The report demonstrates the difficulty a significant portion of the region’s residents face in finding adequate, affordable housing that does not place considerable strain on income that would otherwise be allocated toward other subsistence and savings requirements.

The report, in its analysis of the East Central Vermont housing workgroup policy recommendations, emphasizes the need to rethink housing issues that rural municipalities face, and, to that end, recommends the region capitalize on myriad tools and approaches that may be underutilized at present in areas of high opportunity. Key undertakings that the region should consider includes: expanding the supply of perpetually affordable housing stock; targeting new housing growth in areas with municipal sewer and water infrastructure in place; and prioritizing the provision of safe, affordable housing for all sectors of the market, including the elderly and disabled, in line with smart growth and equitable principles.

According to the VHFA report, the scarcity of rental options throughout the region compounds affordable housing constraints in the region. The East Central Vermont region, which includes the TRORC region and ten towns from the Southern Windsor County Regional Planning Commission region, is short 4,400 housing units to serve the needs of low-income residents.⁹ Additionally, Windsor County has a markedly high proportion of seasonal properties, which serve to tighten the market for year-round residents while also driving up the costs of rental properties.

What the VHFA report demonstrates is that there is a clear need for more workforce housing, region-wide. Workforce housing generally refers to affordable housing that is in close proximity to employment centers. Issues arise for workforce housing when earned income is insufficient to secure adequate, quality housing within close proximity to the workplace. The people who require workforce housing are, as their name suggests, members of the community who are gainfully employed in roles that often require advanced certification or degrees, including police officers, nurses and other medical staff, and school teachers.

Figure 15: Workforce Rental Housing Income Requirements



Subsidies benefiting the elderly are discussed at length in the paper as well. The general consensus is that the region, if not the entire state, may be best served by increasing support to the state’s housing trust fund, the Vermont Housing and Conservation Fund, in an effort to create more perpetually affordable housing across the board. This would help the elderly by subsidizing more elder housing opportunities throughout the state as well as increasing funding for home accessibility modifications that may be used to help the elderly age in place more effectively. VHFA’s analysis heavily promotes providing “more service enriched housing opportunities for elders.”

Density and the Location of the Region’s Housing Opportunities: from Sprawl to Smart Growth

Historically, our region’s development was characterized by growth around compact neighborhoods. It was commonplace for towns to be built around central services and a village green area at the heart of the community. Today, much growth is occurs outside of town centers in a largely scattered fashion that runs counter to many town’s policies directing growth in a way that preserves historic settlement patterns around compact villages. Directing growth back toward village centers, where there is most often municipal infrastructure in place to support growth, is key to a sound regional housing policy that is both viable and sustainable

for our region. Such growth has the support of the Vermont legislature, which passed a Growth Center statute in 2006 (24 V.S.A. § 2790), emphasizing the economic, social, health, and other benefits of strong downtowns. The statute promotes growth that reflects Vermont's traditional settlement patterns to avoid unplanned development throughout the countryside.

One major issue that has impacted our region is the trend toward sprawl around our communities in the latter half of the twentieth century. Sprawl can be defined as rapid and uncoordinated growth outside of compact growth areas. In Vermont, sprawl has increased dramatically over the past half a century or more, as major roads (such as I-89 and I-91) have increased accessibility to more remote areas, as cars have become more readily available, and as fuel has (until recently) been a comparatively cheap commodity. Sprawl increases our dependence on vehicular travel and, by extension, fossil fuels in order to access regional job centers, shopping districts, schools, and other services and recreational facilities. Further, sprawl has other economic and environmental impacts. Scattered development fragments the natural landscape that is so highly prized throughout the region and state, by obstructing open space, fragmenting wildlife habitats, and removing farms and woodlands from working use. Local, historic downtown areas can feel the financial impacts of this growth as people living further afield from downtown areas rely increasingly on larger shopping areas that provide access to box stores and malls.

Smart growth directs growth toward compact centers with a view to social, economic and environmental sustainability for towns, the region, and residents alike. It involves expanding the range of housing stock in rural areas in proximity to designated downtowns, villages, and growth centers throughout the region, with more equitable distribution of housing and employment opportunities and the necessary transportation links to connect these interests. Smart growth decreases burdens on municipal services, concentrating housing growth in areas that have access to public water and sewer and within closer range of emergency services. This growth creates healthy, vibrant communities, where natural and cultural resources are enhanced, and the public health and welfare of residents is considered in development efforts.¹⁰ Promoting adaptive reuse of vacant buildings (ex: through brownfield reclamation), encouraging infill, and allowing for mixed uses in historic downtown areas will increase density and help apply smart growth principles.

Compact settlement principles, key to smart growth, are reinforced by the state Planning and Development Goals (24 V.S.A. § 4302), which seek to plan development in compact village and urban centers, as typified by historic settlement patterns. Two Rivers communities can directly address growth issues through local regulations by promoting the use of density bonuses and clustered development incentives. A large hurdle that can be surmounted to aid such growth is

to target specific, suitable locations for development or expansion of existing village centers, especially those that have municipal water and sewer systems and capacity for growth.

Inclusionary zoning, whereby a municipal or county ordinance that requires that a given share of new construction be affordable housing units within reach of low and moderate income households, is one tool that towns may utilize to expand housing options in the region. These units would exist alongside units that are available at the standard market rate. This practice is advantageous to property developers who may receive a density bonus, allowing a greater number of overall units to be built on-site and potentially boosting overall earnings. Within our region, such ordinances could serve as an effective policy measure toward creating workforce housing and a reduction in economic segregation. These housing policies ensure young professionals, young families, the elderly, and other cost-burdened populations have adequate housing in competitive areas so that they are not forced out of our communities to less accessible areas that may, on paper, appear more cost-effective or to other states entirely.

Another way to augment affordable housing stock, as mentioned above, is by creating more accessory dwelling units. ADUs, as defined by HUD, are additional living quarters that exist on a single-family lot and are independent of a primary dwelling unit.¹¹ ADUs are currently permitted uses by right across the state; however, while permitted by state statute, ADUs are an underutilized feature of the local housing market in the region. While the initial outlay of funds to convert or create a space suitable for an ADU may discourage homeowners to create ADUs in the short-term, their long-term benefits, namely as a revenue stream, make them a viable and lucrative option. The advantages for towns are manifold as well: increasing the overall local housing supply; increasing the number of affordable housing units for young professionals and the elderly; preventing further sprawl; and increasing the tax base for towns, to name but a few.

D. Goals

1. To promote sufficient availability of decent and affordable primary housing for residents of the region, thus complying with Vermont state legislative mandates and the directives of existing legal trends.
2. To encourage innovative planning, design, and construction of primary housing, minimizing energy consumption and environmental impacts costs.
3. To promote preservation of the existing housing stock, particularly in the regional growth areas of the region.

4. To stimulate the coordination between public and private agencies involved with planning, financing, and development of affordable housing.
5. To promote housing growth in a manner that does not increase parcelization and fragmentation of productive or ecologically important farm and forest lands.

E. Policies

1. Municipalities shall evaluate their role in supplying the region's housing stock by assessing their capacity for growth around historic settlement patterns, and the Regional Commission will look for this evaluation in reviewing local plans.
 - Suitable locations in both towns with infrastructure as well as those without.
 - Collaboration with neighboring towns, regional planning commissions, housing trusts, and other non-profit housing groups (e.g., housing authorities).

Consideration should be given to:

- Aging in Place;
 - Accessible, Safe Housing;
 - Low-income Housing;
 - Work-force Housing;
 - Fair Housing that advances integration and inclusion;
 - Energy Efficiency; and
 - Connection to transit routes or walkable to services.
2. Public housing assistance funds shall be allocated on the basis of local housing or fair share needs as determined by town plans. Where local plans have not adequately addressed current and prospective needs, regional needs assessments (when available and current) should be the basis on which agencies allocate such funds.
 3. Encourage multi-family housing, assisted living facilities and group homes (including Single Room Occupancy facilities), and senior housing in close proximity to services in village and town centers/along public transport routes, in areas with adequate public sewer and water service, or in areas of soils suited to onsite wastewater technology.
 4. Provide incentives to property owners to rehabilitate existing vacant structures for housing in town and village centers that are compatible with existing neighborhoods.
 5. Incentivize affordable housing through a variety of methods:

- Expedited permitting review (if specific conditions are met-e.g. a percentage of fair share housing included);
 - Investigate consolidated permitting methods (that is, consider how multiple layers of required permitting might be satisfied);
 - Bonus densities (and fee waivers) ; and
 - A review of uses, minimum lot sizes, lot coverage, heights and densities in districts.
6. Provide a balance of housing for a mixture of incomes that is driven by the housing market through a variety of mechanisms, such as:
- Raising awareness and support of affordable housing issues among the public;
 - Transfer of Development Rights (TDRs);
 - Cluster development/waivers;
 - Planned unit development;
 - Inclusionary zoning,
 - Density Bonuses;
 - Accessory dwelling units (including educating homeowners about their right to build ADUs);
 - Adaptive reuse of larger buildings to multi-family;
 - Reductions in development fees; and
 - Conversion of single-family to multi-family homes.
7. Create additional state housing credits to supplement the limited supply of federal credits, which can finance the creation of senior housing units.
8. Support higher density neighborhoods and mixed-income housing (including multi-family) in the region's villages and downtowns by:
- Encouraging mixed income housing development to avoid concentrating affordable units in a limited number of areas;
 - Creating funding mechanisms and alternatives for infrastructure (at least wastewater) in smaller, rural towns;
 - Going to smaller lots and reducing other requirements in larger town areas with public sewer or water; and
 - Encouraging infill and second story residential in mixed residential and commercial-use districts in town and village centers.
9. Encourage inclusionary components in new large-scale housing development projects, wherein a specified percentage of units built will be allocated toward mixed-income bracket households.

10. Promote innovative construction and renovation design techniques that enhance affordability, energy efficiency, occupants' health and environmental suitability near employment, transportation lines and/or service centers.
11. Ensure that newly developed or rehabilitated housing that has been subsidized with public funds (such as grants, loans, or subsidies) remains perpetually affordable for a period of at least 30 years.
12. Work with land trusts, regional conservation partnerships and other housing providers including housing authorities to allow compatible residential development on farm and forest parcels.
13. Perpetuation and development of mobile home parks to meet the need for housing in communities are encouraged, subject to equitable town planning requirements. The Regional Commission accepts use of public funds, in the form of loans or grants, to enable mobile home parks to remain affordable over the long-term.
14. New housing projects must be designed and located to minimize the additional financial burden on municipalities and taxpayers. Housing development with access from Class 4 roads, on steep slopes, or in remote areas that place a financial burden on municipalities is not endorsed by this Plan.
15. Discourage new housing developments in vulnerable areas within downtown and village centers that are known to be prone to natural and man-made hazardous or disastrous events, and prohibit such developments in vulnerable areas outside of downtown and village centers.
16. Ensure that mitigation measures are in place to address the vulnerability of existing mobile home parks from hazardous events, such as flooding, fire, hazardous material spills, and other severe weather events.

F. Recommendations for Action

1. The Regional Commission will continue to assist non-profit housing organizations in the development of affordable housing projects when such efforts are consistent with the policies of the Regional Plan.
2. The Regional Commission will continue to provide professional assistance to member municipalities in the identification of need and implementation of local housing assistance programs.

3. Community leaders within the region will work with state housing agencies, non-profit organizations, and lending institutions to ensure the availability of loan or grant funds for Vermonters to purchase, acquire, or improve their primary homes.
4. Towns within the region ~~must~~ should actively cooperate with local and regional non-profit housing trusts to develop and preserve new and existing housing, with mechanisms to assure the perpetual affordability of that housing.
5. Community leaders, housing advocates and the Regional Commission must work to retain Vermont's innovative publicly financed home mortgage lending and housing assistance programs. The region's low and moderate income families, disabled individuals, and the elderly are enabled to secure affordable housing through these programs.
6. The Regional Commission will assist towns in writing strong housing components in town plans that are based on current data that addresses proven needs as opposed to only updating highlighted topics from years past to better address highest current needs.
7. The Regional Commission will actively help identify land that is suitable for development so that towns may work with developers and existing property owners to promote mutually beneficial partnership opportunities.
8. The Regional Commission will educate communities on density allowances in towns, encourage communities to allow for ADU approval at the municipal staff level, and enhance local awareness of the need for workforce housing in the region through community forums.
- ~~8.9.~~ The Regional Commission will facilitate discussions with local land developers, bankers, and community leaders to better understand the structural and institutional impediments to providing new housing throughout the region.

¹ Klyszeiko, Casey. "Housing and the Needs of Vermont's Aging Population." *Vermont Housing Finance Agency*. (September 2007).

² Ibid.

³ Ibid.

⁴ "High-Performance Manufactured Homes Offer Comfort, Affordability to All," *Vermont Energy Investment Corporation*. <http://www.veic.org/our-results/success-stories/high-performance-manufactured-homes-offer-comfort-affordability-to-all>.

⁵ "Manufactured Housing Innovation Project." *Vermont Housing & Conservation Board*. <http://www.vhcb.org/mhip/>.

⁶ Collins, Maura. "Between a Rock and a Hard Place: Housing and Wages in Vermont," *Vermont Housing Finance Agency*. (April 2011).

⁷ Ibid.

⁸ Dobbs, Taylor. "Report: Homelessness On the Rise in Vermont." *Vermont Public Radio News*. (22 November 2013).

⁹ Black-Plumeau, Leslie and Maura Collins. "Housing Needs in East Central Vermont." *Vermont Housing Finance Agency*. (31 October 2013).

¹⁰ "Downtowns, Villages and Historic Settlements: An Idea from the Past that Strengthens our Future." *Vermont Natural Resources Council*. 2013

¹¹ "Accessory Dwelling Units: Case Study." *Prepared for the U.S. Department of Housing and Urban Development Office of Policy Development and Research*. (June 2008).