HOMES IN THE REGION

8

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A. Background

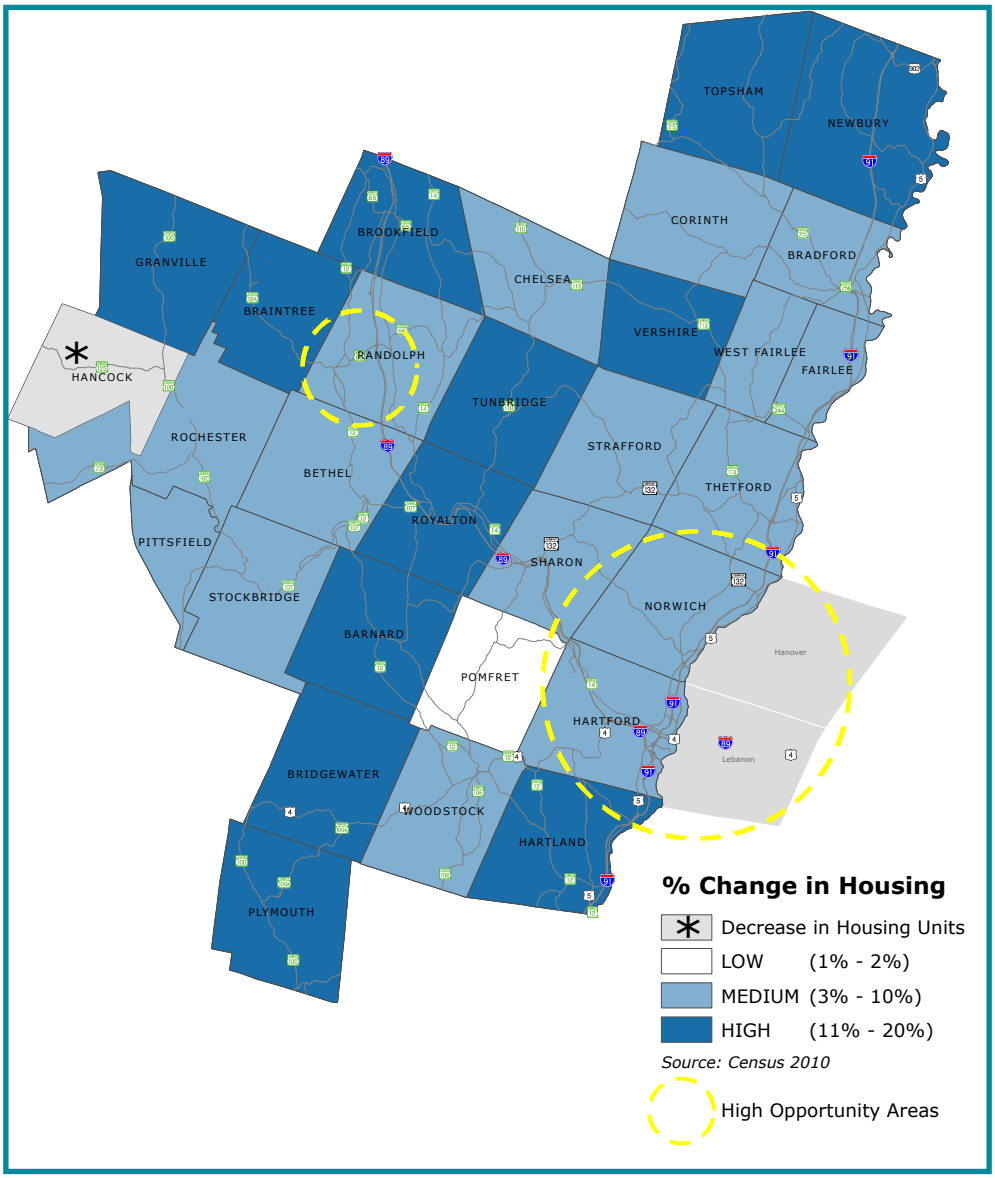
General Trends

During the 2000-2010 period, the Two Rivers-Ottauquechee Region saw moderate growth in the number of homes in spite of the economic downturn of 2008 (see Table 16, Appendix F). The Region as a whole is typified by a tight and costly housing market that does not adequately provide the types and availability of homes necessary for current residents or for younger families and others we want to attract to fill workforce needs. At the same time, the second-home market has become an even larger component of the regional housing market, according to 2010 Census data.

Continued increases in purchase and rental prices of homes, coupled with the limited housing supply, restrict first-time home buyers from getting into the market. These buyers are both people wanting to move to the Region for jobs and younger families ready to buy a home. Additionally, many people who successfully attain homeowner status find their income does not adequately support the expense of homeownership (see Tables 17 and 18, Appendix F). Municipal employees, teachers, service workers, and skilled tradespeople, among others, are confronted with limited housing options and high costs, including costs associated with transportation. There are real costs to towns when employees must commute considerable distances to other towns where they can't afford to live: road crews can't respond as well to brief storms, police take longer to be called in, and the feeling of helping one's own community lags. This problem is not limited to low-income households; skilled workforce recruits and young professionals increasingly find themselves burdened by housing costs in the Region. Many businesses rank housing costs as their number-one impediment to attracting new talent and economic growth.

According to Census data, the State of Vermont's population is projected to increase by 88,000 residents by 2030. At the same time, the elderly

Figure 8-1: Percentage of Change in Housing Units, 2000-2010



Map Source: TRORC

population in the State is projected to increase by 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 possible, particularly in light of the rising costs of elder care facilities.[2] However, these homes are often much larger than they need and not suited for the elderly. Many seniors could move to smaller, more accessible homes and apartments (especially if such housing were in their towns so they could retain their social circles), but these options are largely not available in their communities. 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 that take into account the needs of seniors (single floors, accessible doors, smaller yards, etc.). Aging in place allows communities to keep their aging populace, conserving vital sources of local knowledge and a cadre of volunteers, as opposed to 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]

Regional Housing Challenges

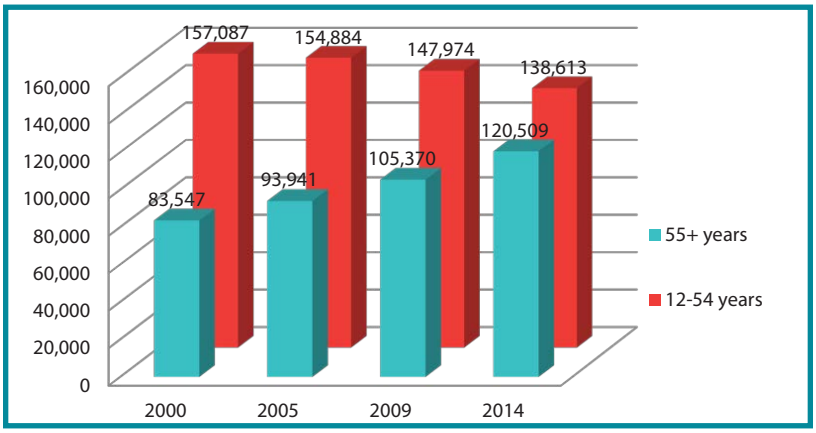
The Region faces numerous housing challenges that this chapter and its policies seek to address. The following list, while not exhaustive, illustrates some of our most pressing housing issues:

- A lack of construction of homes of the appropriate types and prices needed for residents and newcomers throughout the Region.
- Poor infrastructure in town and village centers, making it harder for these areas to attract in-migration and provide the needed housing growth.
- A lack of developable flat land in areas serviced by municipal water and/or sewer systems.
- The high cost of land in many towns.
- The aging of a significant part of our population and the need to develop more elder housing and care facilities as well as other measures that ensure seniors can maintain their lifestyles in a manner that fosters continued independence.
- A scarcity of housing that is affordable across the income spectrum, both for purchase and for rent, to accommodate the Region's current and future workforce.
- Limited adaptive reuse of buildings in town centers, housing conversions, and creation of accessory dwelling units, particularly in growth centers.
- The prevalence of most new construction as scattered housing away from compact designated growth centers, which puts a strain on municipal resources and furthers fragmentation.
- Regulatory burdens restricting housing development, especially around multi-family houses, and permitting appeal processes that make new housing construction difficult.
- The large number of residents burdened by the costs of their current housing (see Figure 8-6).
- Widespread resistance to increasing the density of housing.

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 integrated, mixed-income, mixed-tenure neighborhoods. In fact, affordable homes help a community prosper. They allow new families to move to town, bringing in fresh energy, children for schools, and replacement workers for an aging workforce. New small, accessible units let seniors safely stay in their towns and lead independent lives. Rentals that are affordable provide competition so that apartment quality is kept high and renters can save for a down payment. Housing that is affordable frees up income that is then spent on the local economy for food, clothing, and services.

Local processes and the Act 250 process can hinder projects or raise costs, especially if there are appeals. However, this challenge can be avoided or improved with state exemptions available in compact centers and good zoning.

Figure 8-2: Vermont Households by Age of Householder



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

B. Characteristics of Our Homes

Number of Homes

People live in homes. Some rent and some own.

Some homes are small apartments and others are large estates. Though we don't call where we live a "housing unit," that is the term the U.S. Census uses to define separate living quarters, whether they are conventional houses, apartments, mobile homes, or rooms for occupancy. According to the U.S. Census Bureau, there were a total of 31,486 housing units in the Region as of 2010, an increase of 9.2% from 2000 to 2010. The 1990s saw a more modest growth rate of 7.2%, following the 1980s and a 22.8% boom in growth. 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) in the Region saw a decrease in housing units between 2000 and 2010 (see Table 16, Appendix F). Our largest towns grew slowly, and several smaller towns had the highest growth rates between 2000 and 2010, some within close range of high opportunity areas and others likely due to lower land costs.

During the 2000s, Newbury experienced the most dramatic change, adding 225 new units for a growth rate of 19.5%. The four towns with the next highest rates of growth in housing units from 2000 to 2010 were Bridgewater (18.2%), Brookfield (16.6%), Vershire (15.1%), and Royalton (14.8%).

Several factors influence new housing growth: the relative cost and availability of real estate, a healthy and vibrant economy, good schools or school choice, 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 2013 "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 a need to house only 20 additional households per year between 2010 and 2020; and Orange County will see a need to house 90 additional households per year between 2010 and 2020. However, the study also highlighted the current pressing need for 675 additional elderly housing units and a further affordable 4,409 workforce housing units for existing residents who are currently cost-burdened by housing. Finding the most suitable locations for the Region's current and anticipated housing needs is imperative to accommodate the needs of the Region's aging population and the population segments the Region wishes to attract. Accommodating these needs will help keep communities vibrant and thriving. (For further information, please see "Housing Needs in East Central Vermont," Appendix G.)

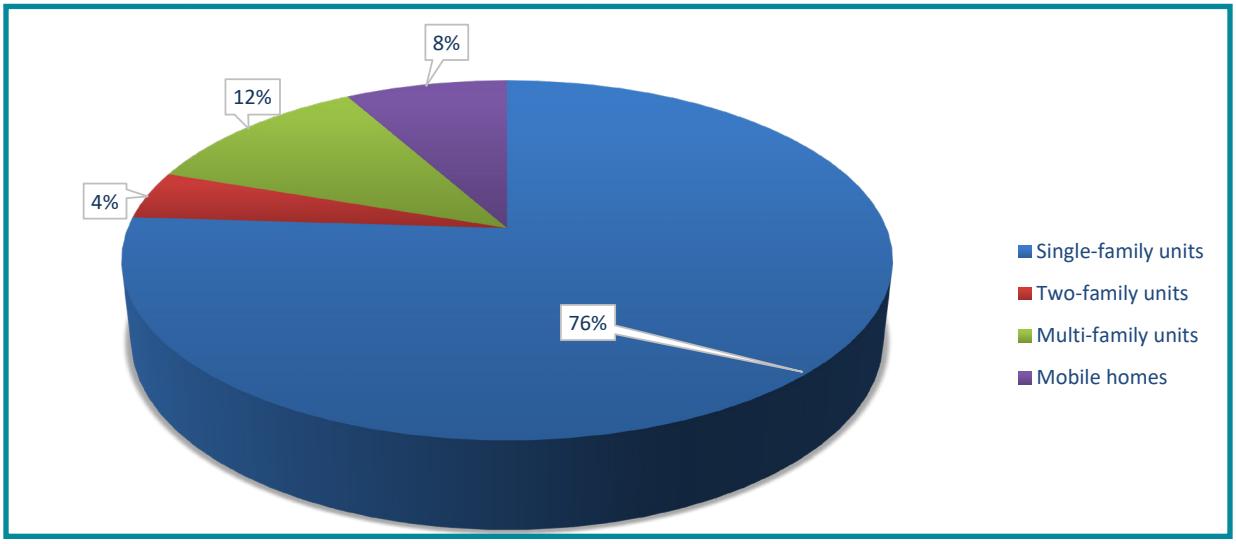
Types of Homes

Single-family homes are the most common housing type in the Region. The second most common type of housing unit is multi-family units (which can range from a triplex to an apartment building). The larger communities with defined centers and in closer proximity to employment centers have the largest proportions of multi-family housing units.

Mobile homes constitute only 8% of the overall housing stock throughout our Region, but these homes offer low- to moderate-income homeowners a financially accessible housing opportunity. The towns with the largest percentages of mobile homes in 2016 were Braintree (23.8%), West Fairlee (20.1%), Hancock (17.6%), Topsham (16.5%), Royalton (14.7%), and Sharon (14.7%), according to the U.S. Census. 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 also comes at the expense of thermal and energy efficiency. It is estimated that owners of manufactured homes in Vermont pay up to 66% more of their income on energy than owners of brick-and-mortar homes do.[4]

In response to the ownership cost associated with older mobile home units and the fact that 15% of

Figure 8-3: Types of Homes in the Region by Structure, 2016



Source: Housingdata.org

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. These homes feature numerous energy-saving design elements and are priced at under $125,000 per unit. Vermod homes have been constructed in the 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]

Single-family homes are more prevalent in the Region than in the State overall. Additionally, the TRO Region has significantly lower percentages than the State of two-family and multi-family housing opportunities, particularly with respect to multi-family housing (11.3% for our Region compared to 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 near the median price of $173,000, and more has to be done to ensure growth within that area as well.

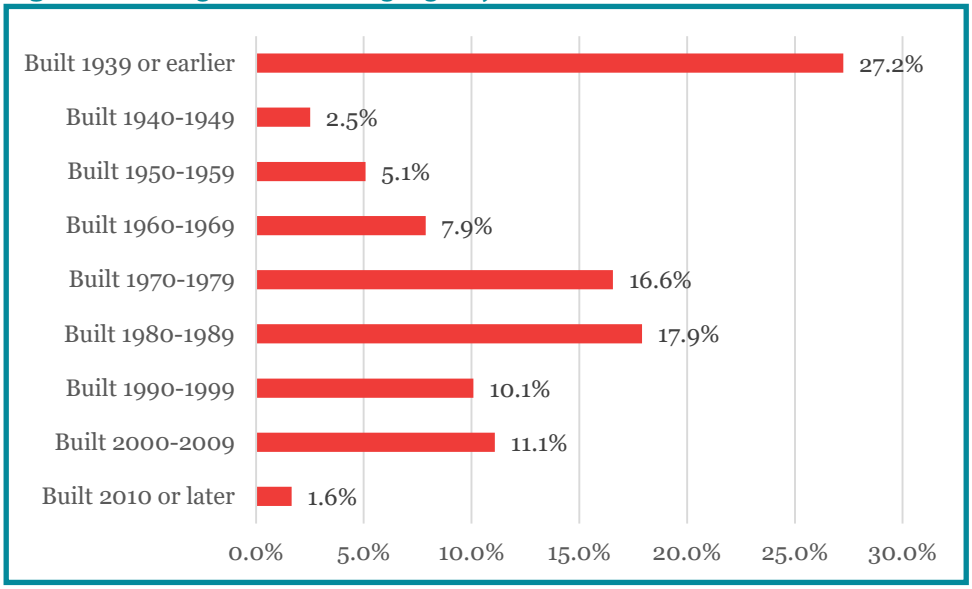
Housing Age

The age of the Region's housing stock, like much of the rest of Vermont, is skewed heavily toward older homes that are increasingly more costly to maintain and heat and may be financially burdensome to their owners. The greatest percentage of housing in this Region was built prior to 1939 (27.2%); the Region's slowest growth era was 1940–1959 (7.6% cumulatively). Much of the Region's housing stock (42.7%) predates 1970. Likely this also means that there are a large percentage of homes that have the existence of lead paint. Renovation, retrofitting, and general maintenance on these properties are imperative in order to ensure the health and well-being of residents just as much as to conserve energy and maintain home values and overall aesthetic appeal. Larger, older homes may offer opportunity for additional units if the residential zoning permits multi-family housing.

U.S. Census data show that only 12.7% of the Region's housing stock has been built since 2000, which is similar to the state percentage of 13.4%. However, ten towns experienced higher than average rates of housing construction since 2000, with three much higher than the regional percentage: Barnard (24%), Sharon (21%), and Stockbridge (19.9%). Three towns experienced

significantly below-average rates of construction in the 2000s: Braintree (7.5%), Pittsfield (6.9%), and Bradford (6.3%).

Figure 8-4: Regional Housing Age by Construction Date, 2017



Source: 2012-2017 American Community Survey 5-Year Estimates

Figure 8-5 depicts the breakdown of new housing construction in the Region by selected timeframes.

Housing Occupancy

The Region has a shortage of single-family, two-family, and multi-family housing, as illustrated by vacancy rate numbers from the 2000 and 2010 U.S. 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 F). 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 essentially no vacant units at 3% or lower because obstacles like substandard conditions likely keep the vacant units from being inhabited.

Vacancy rates in the Region are some of the lowest in the State as demand outstrips the supply of properties. This in turn increases prices for financially burdened residents.[6] Steady job growth, low unemployment rates, and a shortage of housing development (especially housing that is affordable to low- and middle-income earners) have given us a very tight housing market.

Housing Tenure

Historical Census figures on housing tenure reveal the proportions of owner-occupied housing units and renter-occupied units. Between 1990 and 2000, the Region's housing stock became even more owner occupied, a trend that has steadily continued since 2000, with growth in owned units continuing to outpace rental unit opportunities (see Table 21, Appendix F). For Census purposes, housing units, both rental and owned, are considered occupied when the property in question is the usual place of residence for the individual(s) living there.

The majority of the Region's housing units are occupied by their owners (78.49%), more so than the state average (75%). Only four towns in the Region have less than the average state or regional percentage of owner-occupied homes: Hartford (71.8%), Randolph (71.7%), Bradford (69.7%), and Royalton (59.5%). These towns all have downtown core areas, and, in the case of Royalton, a glut of rental housing opportunities for the Vermont Law School student and faculty population.

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. As a consequence of this and the aforementioned prices of available housing stock in the Region, it is not often easy for prospective homebuyers to climb the property ladder, particularly when attempting to purchase property at an affordable price.

Home Aesthetics

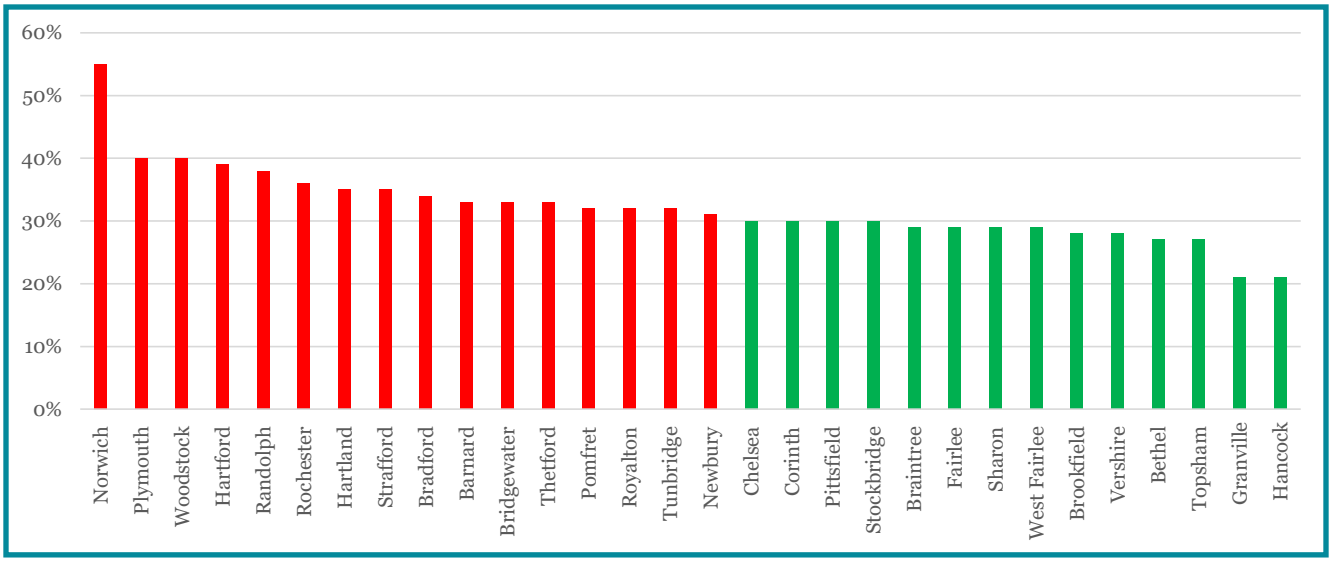
Aesthetic considerations of homes pose another housing hurdle in permitting. People may not want new housing to be constructed in their towns if the homes look unattractive. With a few exceptions, such as design control districts, homes do not go through permitting that addresses aesthetics. This problem can be addressed through good design. This may also include more screening by landscaping, increased setbacks, and placing multistory buildings against hills to encourage higher density while lessening the visual impact of the building height. Such efforts increase cost. Larger projects that trigger Act 250 or that involve conditional use approval at the town level do look at aesthetics.

C. Affording a Home

Whether someone can afford a home is measured based on the percentage of income 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. As can be seen in Figure 8-6, the average home in half of the Region's towns is unaffordable by this measure. Thirty percent is the commonly 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.

Figure 8-5: Average Housing Costs as a Percentage of Income in TRO Towns



Source: HUD Location Affordability Index, 2014

Further, a large portion of the Region's population is comprised of younger people who often 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. It is also important that this affordable housing be near compact growth centers so that both the elderly and younger low-wage workers have access to transit, public services, and health centers. Both younger and elderly populations are best served by increasing the numbers of apartments, condominiums, and small starter homes, and 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, which are often outside of the TRO Region. While some housing development has occurred in traditional growth centers, notably projects in Hartford recently, most of the single-family development has occurred in the towns that border these centers, as land and homes are more favorably priced in outlying towns. But there are direct costs associated with longer commutes—the clearing of undeveloped land, road construction, and construction of private water and septic systems—as well as more indirect costs such as poorer health from more driving and more pollution. A study of 2010 Census transportation data by TRORC found that over 20% of individuals are traveling 50 or more miles to work. Lengthy commutes cost the average resident of Windsor and 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 (https://www.hudexchange.info/programs/location-affordability-index/). This is more than many people should be paying for their homes!

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 F). Spending such a large percentage of income on housing has repercussions that trickle throughout the economy.

Within the TRO 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 to HUD's Location Affordability Index, neither Windsor County nor Orange County qualifies as being affordable when housing and transportation are considered together.

In recent years, the cost of housing throughout Vermont has increased along with increases

East Topsham | *© John Knox*

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 socioeconomic sectors means that financially burdened households (paying at or in excess of 30% of their income on housing) 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. These decisions affect the residents' quality of life, but residents also decide not to go out to dinner, buy a new jacket, or replace worn tires and make myriad other decisions that result in lower total economic activity.

According to the 2019 update of "Out of Reach," produced by the National Low Income Housing Coalition, Vermonters earning an annual wage of $47,375 ($22.78/hour) can afford the Fair Market Rent (FMR) for a two-bedroom apartment.[7] Coupled with rising costs of goods and services that produce a small decline in real income, fewer residents are able to afford living in Vermont.

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 eight of our Region's thirty towns have both municipal sewer and water facilities (Chelsea, Randolph, Bethel, Rochester, Royalton, Woodstock, Hartford, and Bradford). Lacking both of these, or even lacking one, places logistical and practical restrictions on property lot sizes by requiring more land and putting in on-site water and waste treatment, raising the initial cost of a house by at least $15,000. Smaller lots (e.g., parcels of one acre or less) that would be more affordably priced for low- and moderate-income households may not be adequate to build on if the landowners are required to install on-site water and septic systems for a property, assuming such lots are even available in towns. Consequently, when a town lacks these services, it may limit the number of future residents as they cannot afford larger parcels of land to build on.

Regional Housing Concepts, Fair Share Housing, and Fair Housing

Low- and moderate-income households, and even households making well above the median income, continue to have difficulty finding affordable housing in desirable locations. This situation does not meet the goals set out in statute for Regional or Town Plans.

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.[8] Therefore, a municipality cannot use its zoning to foreclose the opportunity for any class of people, especially low- and moderate-income families, to acquire affordable housing.

Mount Laurel's principal argument in support of its zoning plan was that limiting affordable housing was a good fiscal move, designed to limit an increasingly heavy burden on homeowners for local taxes and school costs. While the Court was sympathetic to 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). Vermont planning statutes echo this intent.

The Vermont Municipal and Regional Planning and Development Act (24 VSA 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 several places. Exclusionary zoning practices are expressly prohibited. All types of housing must be allowed in towns, including accessory dwelling

units, multi-unit residences, mobile homes, mobile home parks, modular or prefabricated housing, and residential care or group homes.[9] Additionally, as stated in §4382 of the Act, all municipal plans must include "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."[10] Regionally approved Town Plans must work to ensure the availability of safe and affordable homes, and both mobile homes and multi-family homes cannot be shunted off to far corners of the town but be able to locate in areas similar to single-family homes.[11] It is not necessary or even proper to debate if a town or the Region wants affordable homes; that issue has been settled by the Legislature. What this Plan tries to offer, and what is needed in local plans and bylaws, are ways to meet these goals.

It is in the Region's interest to affirmatively advance the concept of fair share housing. Towns should be aware that a new section of statute was added several years ago requiring the attorney general or a designee to "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 a town has been told to correct them, the court shall order the municipality to grant all requested permits and certificates of occupancy that were wrongly denied.[12]

A little-known provision of state law allows for the creation of municipal housing commissions. These commissions can take some of the workload off of planning commissions and can also work in areas outside of planning and regulation on solving the dilemma of providing homes that are affordable. Subsection 4433(5) of Title 24 lists the powers and duties of housing commissions. An abbreviated list of those powers and duties is as follows:

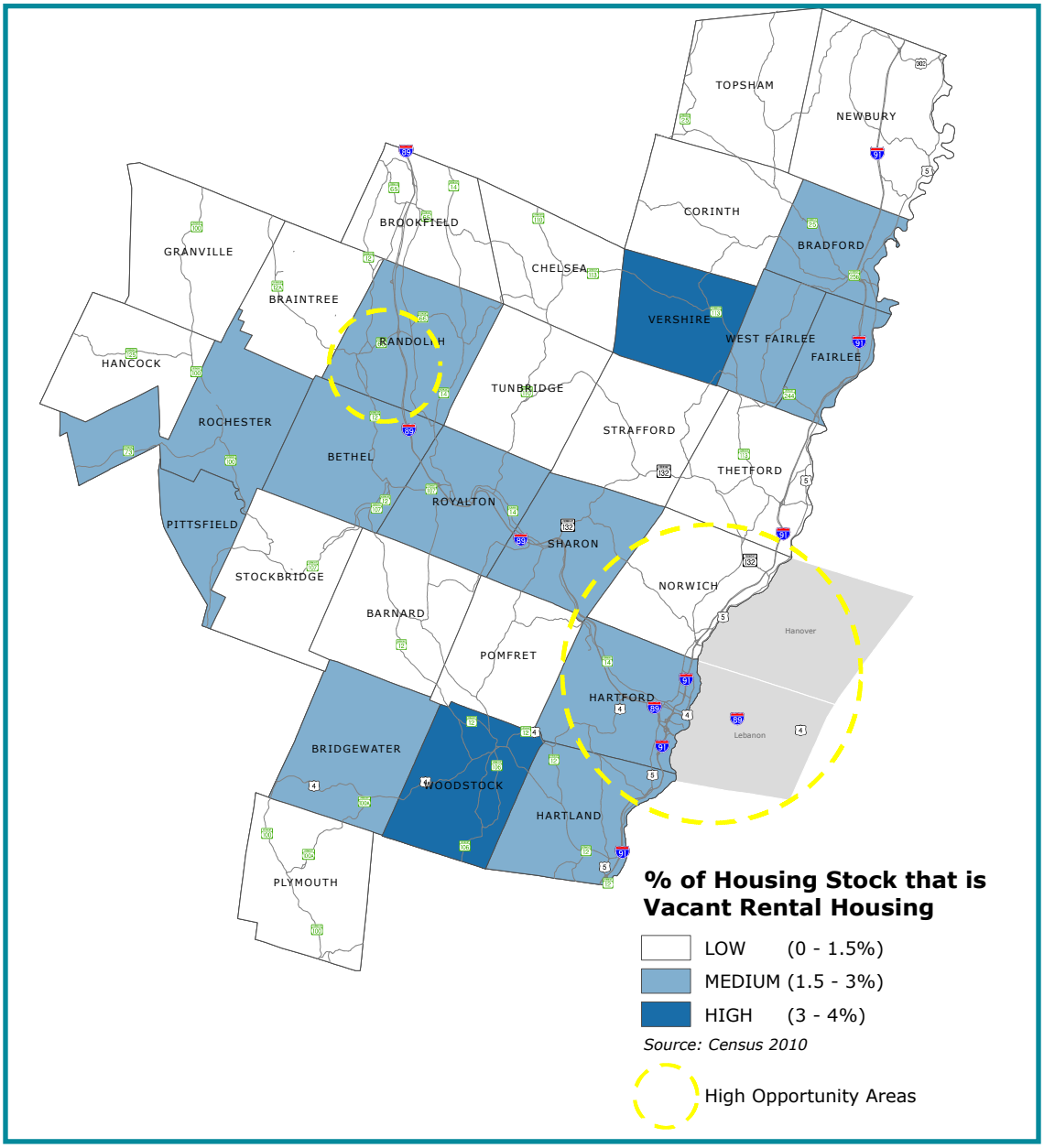
- Make an inventory and identify any gaps.
- Review municipal regulations and make recommendations, such as increasing allowable densities to increase the possible number of affordable housing units.
- Assist appropriate municipal panels and district environmental commissions by providing testimony on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

Federal law prohibits people from refusing to sell or rent homes 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, survivors of domestic or sexual violence, or because a person receives public assistance.

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

Subsidized housing is any housing that is publicly funded or supported. This public support can come in a variety of forms, including public housing, subsidies, nonprofit 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 homeownership or rental costs. The second approach involves direct

Figure 8-6: Percent of Housing Stock That is Vacant Rental Housing



Map Source: TRORC

subsidies to either a housing authority, a private developer, or a tenant to cover the difference between 30% of a tenant's income and rent.

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:

- Two Rivers-Ottauquechee Regional 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

D. Housing Needs and Planning Implications

Density and the Location of the Region's Housing Opportunities: From Sprawl to Smart Growth

As detailed above, the Region needs significantly more homes to rent and buy in order for the market to be functioning well. We need not only more units but also units of a type and price to fit our current needs and those of people we wish to move here. Historically, our Region's development was characterized by growth focused around compact neighborhoods, central services, and a village green area at the heart of the community since there were no cars. Rural homes, scattered throughout the hills and valleys, were largely farms. Today, with vehicles commonplace, much growth 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 these denser historic settlement patterns around compact villages. Directing growth back toward village and hamlet 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 VSA § 2790), emphasizing the economic, social, health, and other benefits of strong downtowns. The statute promotes growth that reflects Vermont's traditional settlement patterns and seeks to avoid sprawl. "Sprawl" can be defined as rapid and uncoordinated growth that is largely auto dependent and outside of compact growth areas. It is not dense. In Vermont, sprawl has increased dramatically over the past half-century or more. 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. (See Land Use chapter: Rural Areas, Forest-Based Resource Areas). Businesses in historic downtown areas can feel the financial impacts of this growth as people living farther afield from downtown areas rely increasingly on larger shopping areas that provide access to box stores and malls.

Smart growth redirects 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, hamlets, and growth centers throughout the Region, with more equitable distribution of housing and employment opportunities and the necessary transportation links to connect these interests. Smarter, dense growth decreases burdens on municipal services, concentrating housing growth in areas that have access to public water and sewer and are 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.[13] Cleaning up brownfields, 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 VSA § 4302), which seek to plan development in compact village and urban centers, as typified by historic settlement patterns. TRO Region communities can directly

further this goal through local regulations by promoting the use of density bonuses and clustered development incentives. One way to aid such growth is to target specific, suitable locations for development or expansion of existing village and hamlet centers, especially those that have municipal water and sewer systems and capacity for growth.

Inclusionary zoning, whereby a municipal ordinance 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 reducing economic segregation.

Another way to augment affordable housing stock, as mentioned above, is by creating more accessory dwelling units (ADUs). ADUs are currently permitted uses by right across the State; however, they 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 from creating ADUs, their long-term benefits, namely as a revenue stream, may 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.

Town Plans do not build houses, but they must seek to address the local need for additional housing. Plans need to contain language that support housing on a scale that meets the rough dimensions of the need. The placement of the homes is also important.

E. Emerging Issues/Solutions

Tiny houses, which are often considered to be 400 square feet or less, are rapidly growing in popularity around the country as an alternative to traditional housing. People who live in tiny homes are often attracted to the simpler lifestyle, minimal environmental footprint, and relatively lower cost that these homes offer. Tiny homes are still expected to adhere to regulations of regular-sized homes, so zoning and building codes may present legal challenges.

Housing co-ops and homeshares are emerging affordable options that are alternatives to traditional home occupancy. Limited equity housing cooperatives are owned by the residents and offer below-market buy-in for people with low or moderate incomes. Homeshares are formal programs that match owners with people needing housing. Homeshare Vermont is a service that helps to match homeshare hosts and guests.

Airbnb and other online marketplaces for short-term rental of homes have become popular alternatives to hotels and bed and breakfasts. Airbnb allows people to list their homes (or a room within their home) online, and guests can book the home or room through the online service. Because renting out homes on Airbnb is profitable, some homeowners choose to do short-term rentals aimed at temporary visitors instead of putting the home on the rental market. This can result in raised rents and a shortage of rental housing opportunities for town residents. In other cases, people or corporations buy up residences as they come on the market and convert previous primary dwellings to short-term rentals. Towns are grappling with this new trend.

Goals, Policies, and Recommendations: **Homes in the Region**

Goals

1. Sufficient decent and affordable primary homes (both rental and owned) are available now for residents and for needed newcomers.
2. Planning, design, and construction of homes minimize energy consumption and environmental impacts.
3. The existing housing stock for year-round occupancy is preserved.
4. New construction of homes is primarily centered in regional growth areas and, when possible, does not increase parcelization and fragmentation of productive or ecologically important farm and forest lands.

Policies

1. Increasing the availability of homes (both rental and owned) that are affordable to our residents is an urgent, high regional priority. Municipalities' plans must reflect their role in supplying the Region's housing stock as identified in the Regional Housing Needs Analysis and in ways that focus growth around historic settlement patterns.
2. When reviewing Town Plans and housing, TRORC will look for consideration of:
   - Aging in place
   - Accessible, safe housing
   - Low-income housing
   - Workforce housing
   - Fair housing that advances integration and inclusion
   - Energy efficiency
   - Connection to transit routes or walkability to services
3. Multi-family housing, assisted living facilities and group homes (including single room occupancy facilities), and senior housing are encouraged in close proximity to services in village, hamlet, and town centers and along public transport routes, especially in areas with adequate public sewer and water service.
4. Vermont should create additional state housing credits to supplement the limited supply of federal credits, which can finance the creation of senior housing units.
5. Housing projects of 10 or more market rate units must include an affordable component. Affordable housing developments are encouraged to have a mix of units so that some are market rate.
6. Innovative construction and renovation design techniques that enhance affordability, energy efficiency, occupants' health, and environmental suitability are encouraged.
7. Towns should plan so that most new residential development is near employment, transportation lines, and/or service centers.
8. Newly developed or rehabilitated housing that has been subsidized with public funds (such as grants, loans, or subsidies) should remain affordable for a period of at least 30 years.
9. Land trusts and other similar organizations must consider whether compatible residential development can take place on farm and forest parcels when drafting conservation easements.
10. Perpetuation and development of properly managed and sited mobile home parks to meet the need for housing in communities are encouraged.
11. New housing projects subject to Act 250 must minimize additional financial burden on municipalities and taxpayers by not locating on Class 4 roads, on steep slopes, or in remote areas.

Goals, policies, and recommendations continued on next page

Goals, Policies, and Recommendations: **Homes in the Region**

Policies (continued)

12. New housing developments shall not be located in NFIP floodways or in mapped special flood hazard areas outside of downtown, village, and hamlet centers and are discouraged from all areas at risk from flooding.
13. Mitigation measures to address the vulnerability of existing mobile home parks from hazardous events—such as flooding, fire, hazardous material spills, and other severe weather events—are encouraged.
14. Towns are encouraged to have state-designated Neighborhood Development Areas to trigger housing incentives for developers.
15. Towns are encouraged to serve core areas with public sewer and water improvements to enable more dense housing.
16. Towns should assess the impact of short-term rentals on their housing needs.
17. Programs such as homeshares, co-op housing, and land trust housing are encouraged.

Recommendations

1. TRORC will continue to assist nonprofit housing organizations in the development of affordable housing projects and programs when such efforts are consistent with the policies of the Regional Plan.
2. TRORC will continue to provide professional assistance to member municipalities in the identification of housing needs and implementation of local housing assistance programs, including revising regulations to encourage more housing to meet town needs and minimize development costs while still protecting community values and to qualify for a Neighborhood Development Area designation.
3. Community leaders within the Region will work with state housing agencies, nonprofit organizations, and lending institutions to ensure the availability of loan or grant funds for Vermonters to purchase, acquire, or improve their primary homes.
4. TRORC will continue to work with the State and towns on regulatory efforts to make quality construction happen.
5. Towns within the Region should actively cooperate with local and regional nonprofit housing trusts to develop and preserve new and existing housing, with mechanisms to ensure the perpetual affordability of that housing.
6. Community leaders, housing advocates, and TRORC must work to retain Vermont's innovative publicly financed home mortgage lending and housing assistance programs.
7. TRORC will assist towns in writing strong housing components in Town Plans that are based on current data that address proven needs. TRORC 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. TRORC 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.
9. TRORC should offer assistance to towns to address aesthetic concerns about housing in ways that reduce permitting obstacles while resulting in quality projects.
10. TRORC 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.
11. TRORC will work with housing providers and adjacent regional planning commissions to understand our neighbors' growth pressures and increase housing production that meets our joint needs.

Goals, policies, and recommendations continued on next page

Goals, Policies, and Recommendations: **Homes in the Region**

Recommendations (continued)

12. Towns and the State should provide incentives to property owners to rehabilitate existing vacant structures for housing in town, village, and hamlet centers that are compatible with existing neighborhoods. Towns should incentivize affordable housing through a variety of methods, including regulatory bonuses, easier permitting, and minimizing lot size, parking, and other requirements.
13. TRORC will represent the Regional Plan's housing policies to the Vermont State Legislature.
14. TRORC will support the public awareness campaign of the Vermont Housing and Finance Agency and facilitate the education of our towns on the Federal Fair Housing Law.
15. TRORC should work with towns facing pressure for short-term rentals so that they retain housing for residents while allowing such a business model to produce income for residents.

Homes in the Region Endnotes

1. Casey Klyszeiko, "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.
6. "Out of Reach," National Low-Income Housing Coalition, 2019.
7. Ibid
8. *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).
9. 24 VSA § 4412(1).
10. 24 VSA § 4382(a)(10).
11. 24 VSA § 4302(b)(11).
12. 24 VSA § 4453.
13. "Downtowns, Villages and Historic Settlements: An Idea from the Past That Strengthens Our Future," Vermont Natural Resources Council, 2013.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