

**NORWICH PLANNING COMMISSION
AFFORDABLE HOUSING SUBCOMMITTEE**

AGENDA

Monday, January 10, 2022 START TIME 6:30pm

Physical Meeting Location: Multipurpose Room Tracy Hall. Instructions for access to Tracy Hall are at the link below:

<http://norwich.vt.us/wp-content/uploads/2021/12/ToN-Face-Covering-Rule-2021-Dec-10.pdf>

http://norwich.vt.us/wp-content/uploads/2021/11/COVID_Conting.-Plan-No12.-2021-1124.pdf

Topic: Affordable Housing Subcommittee

Time: January 10, 06:30 PM Eastern Time (US and Canada)

Join Zoom Meeting

<https://us02web.zoom.us/j/81242668798>

Meeting ID: 812 4266 8798

877 853 5257 US Toll-free

1. Approve Agenda
2. Comments from the Public
3. Approve Minutes – 12--20-21
4. Preserving long-term affordability
 - a. Review and consider discussion draft of key concepts in affordability
5. Zoning revisions to promote affordability
6. Other business
7. Comments from the Public

Enclosures:

1. 12-20-21 AH Draft Minutes
2. Key Concepts in Affordability – 1-02-22 Draft

NORWICH PLANNING COMMISSION
AFFORDABLE HOUSING SUBCOMMITTEE MINUTES: **DRAFT**

Monday, December 20, 2021 START TIME 6pm
Physical Meeting Location: Creigh Moffett
Zoom access: Jeff Lubell, Jeff Goodrich, Brian Loeb, and Paul Manganiello

Topic: Affordable Housing Subcommittee
Time: December 20, 2021 06:00 PM Eastern Time (US and Canada)

1. Approve Agenda: Motion was made to approve the agenda by Manganiello, seconded by Moffett. There was no discussion. It was approved unanimously

2. Comments from the Public: None

3. Approve Minutes – 10-18-21: Motion was made to approve the minutes by Lubell, seconded by Loeb. There was no discussion. It was approved 4-0-1 abstention

4. Update on memo to planning commission re publicly owned land: After discussion, Loeb proposed in a motion that Lubell’s memo titled “Next Steps: Investigation of Fire District Land for Affordable Homes” be endorsed by the Affordable Housing Subcommittee. Goodrich seconded the motion. There was no discussion. The motion passed unanimously.

Loeb further moved that the memo be sent to the Planning Commission for review with a request that they request funding from the Selectboard for the activities described in the memo. Goodrich seconded the motion. There was no discussion. It passed unanimously

5. Preserving long-term affordability. The subcommittee discussed the need to provide for the affordability of any units created on town-owned land over the long-term, and ideally in perpetuity. This could come in the form of covenants for rentals or private housing managed by non-profit developer or a form of shared equity homeownership. Creigh suggested looking at the covenants between the town/state and the Starlake development and Norwich Senior Housing. This topic will be taken up at the next meeting

6. Zoning revisions to promote affordability: deferred Zoning to our next subcommittee meeting.

7. Other business: None

8. Comments from the Public: None

Next Meeting: A date of January 10th @ 6:30 has tentatively been set, pending confirmation from town officials that the meeting date does not conflict with other town meetings.

Motion to adjoin: Moved, seconded, and passed 5/0

Minutes submitted: Paul Manganiello

Key Concepts in Affordability for the Norwich Affordable Housing Subcommittee

This document provides working definitions of two key concepts for consideration by the subcommittee. This is a draft and has not yet been reviewed or approved by the subcommittee.

1. **Affordable at occupancy** – Any homes produced through the efforts of the Norwich affordable housing subcommittee must be occupied by households meeting the income requirements set by the subcommittee and be affordable to those households. For purposes of this definition, a home is considered affordable at occupancy if the monthly housing costs consume no more than 30 percent of the household's monthly income. For example, if a household has income of \$48,000 per year, the household will be able to afford up to \$1,200 in monthly housing costs. This is 30% of the household's monthly income of \$4,000. For renters, housing costs include payments for rent and primary utilities (electricity, heat, water). For owners, housing costs include payments for principal, interest, taxes and insurance (PITI) plus primary utilities.

While the Norwich affordable housing subcommittee seeks to produce homes that rent or sell at below-market levels, the actual level of the housing costs of homes produced through these efforts will depend on the net costs to produce the homes. The lower the net costs of production, the lower the monthly housing costs will be, and thus the lower the maximum income levels that can be applied to the initial occupants. By contrast, the higher the net costs of production, the higher the monthly housing costs will be, and thus the higher the maximum income level will need to be for the initial occupants. The net costs of production are the total construction costs less any government or private subsidy obtained to offset those costs.

2. **Long-term affordability.** In addition to ensuring that the homes are affordable at occupancy to the initial occupants, the Norwich affordable housing subcommittee seeks to produce homes that are affordable over the long-term. This means that the homes remain affordable to one occupant after another for the longest practicable term. The following describes how this principle is applied to rented and for-sale homes:

A. **Rented homes.** Any homes that are rented out must charge an affordable rent to each occupant for a period of at least 99 years. At the time of initial occupancy, the initial occupant must have an income below the applicable income requirements and the housing costs must be affordable to that household, as specified above. Upon turnover, the manager of the rental home must rent the home out at an affordable level to another household that meets the applicable income requirements. When necessary to ensure a home can be maintained in good condition, the income limits can be adjusted modestly.

For-sale homes. Any for-sale homes will be sold with a legally binding mechanism (such as a deed covenant or ground lease) that ensures that when the home is sold, the sales price is limited by a formula intended to keep the home affordable for at least 99 years. At the time of initial occupancy, the initial occupant must have an income below the applicable income requirements and the initial housing costs must be affordable to that household, as specified above. Upon resale, the home must be sold to another purchaser that meets the applicable income requirements at the price determined by the resale formula. When necessary to ensure a home can be maintained in good condition or the home is affordable to the purchaser at resale, the income limits can be adjusted modestly by the entity charged with stewarding the home's long-term affordability.

Resale formulas should strive to appropriately balance the twin goals of ensuring long-term affordability and permitting the accumulation of assets by home purchasers. A number of different resale formulas might appropriately balance these two goals. The following are two examples:

- a. **Appraisal-based method:** Under this approach, a home may be sold at resale for a price equal to: (a) the original purchase price plus (b) the reasonable costs of any major repairs or capital improvements plus (c) one-quarter of the increase in appraised value of the home. For example, assume a household purchases a home for \$200,000 at a discount of \$50,000 on the original \$250,000 market value of the home and spends \$10,000 on major repairs or capital improvements. If the market value of the home is \$310,000 at the time of sale (without consideration of resale restrictions), the home may be sold at resale for \$225,000. This is the \$200,000 purchase price plus one-quarter of the \$60,000 increase in appraised value (\$15,000) plus the \$10,000 in repairs/capital improvements.
- b. **AMI-based method.** Under this approach, a home may be sold at resale for a price equal to the following: (a) the original purchase price times (b) the increase in Area Median income (AMI), calculated as the ratio of the current AMI to the AMI at the time of original purchase, plus (c) the reasonable costs of any major repairs or capital improvements. For example, if a home was purchased for \$200,000, the AMI has increased by 7.5% since the time of purchase, and the household invested \$10,000 in major repairs or capital improvements, the home can be sold for \$225,000. This is the \$200,000 purchase price times 1.075 (the increase in AMI) plus \$10,000.

To ensure the long-term affordability of rental properties, a property manager will be needed. The rent set for rental properties may reflect a reasonable fee for the services of the property manager. To monitor the long-term affordability of for-sale homes, and ensure they are sold to qualified purchasers at resale, a steward will be needed. A reasonable fee for the steward's services may be charged at the time of resale to the subsequent purchaser of a home. This fee will be added to the maximum sale price determined by the formula to increase the resulting sales price of the home at resale.