

**NORWICH PLANNING COMMISSION
AFFORDABLE HOUSING SUBCOMMITTEE**

AGENDA

Monday, March 21, 2022 START TIME 6:00 pm

Topic: Affordable Housing Subcommittee

Time: March 21, 06:00 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 – 2-21-22
4. Follow-up on planning commission discussion of affordable housing (10 min)
5. Use of ARPA funding for affordable housing (10 min)
6. Educational Sessions on Affordable Housing (30 min)
7. Other business
8. Comments from the Public

Enclosures:

1. 2-21-22 AH Draft Minutes
2. Norwich Affordable Housing Strategy
3. NCSHA Blog on ARPA Final Rule
4. 2-4-22 Memo from Ernie Ciccotelli to the Planning Commission
5. 2-8-22 Email from Ernie Ciccotelli

NORWICH PLANNING COMMISSION
AFFORDABLE HOUSING SUBCOMMITTEE

Monday, February 21, 6:00- 7:00 PM Eastern Time

No Physical Meeting Location. Attending by Zoom access: Jeff Lubell, Kathleen Shepherd, Paul Manganiello, Jeff Goodrich, Brian Loeb, Gordon Greenfield

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Topic: Affordable Housing Subcommittee

1. Approve agenda. Motion to approve made by Shepherd, seconded by Manganiello. There was no discussion. Approved 5-0.
2. Comments from the public. None
3. Approve minutes of 1-10-22. Motion to approve by Manganiello, seconded by Greenfield. Approved: 5, rejected: 0, abstained: 1.
4. **Next steps on properties identified through this subcommittee's review of publicly owned land.**

The subcommittee's proposal on assessing Fire District land for possible affordable housing sites has been submitted to the Planning Commission which passed it on to the Selectboard with a request for a discussion with the Selectboard, to be followed by a meeting between the Selectboard and the Fire District. A member of the PC submitted questions that Lubell will include in the packet for our next meeting. One of the questions focused on the location of the proposed housing sites relative to the village center and public transportation.

One subcommittee member suggested we take a regional view and compare the relatively short commute from sites on Beaver Meadow road to job centers in Hanover and Lebanon to the travel needed to access those job centers from more distant towns in the Upper Valley. It was also pointed out that it is very difficult for people with lower incomes to access housing in Norwich and it is important to address this issue.

There has been no action on the potential site near the transfer station. Lubell will reach out to the Vermont Housing and Conservation Board to discuss the site.

5. ADUs, tiny homes, and other affordable housing topics

The subcommittee discussed a range of topics related to affordable housing, including:

- **ADUs and tiny homes:** While they are different, they both offer smaller, more affordable homes. Should we have an open forum to get public interest and gather people's ideas?
- **Community Land Trusts:** the oldest land trust is Champlain Housing Trust (1975). Does the Upper Valley Land Trust plan for housing in the future? The community land trust concept generally involves a 99 year lease of the land by a trust or municipality to preserve long-term affordability. Governance is usually by a board comprised of representatives from three groups (the residents, the nonprofit board, and the government)
- **Norwich wastewater:** Lack of wastewater capacity is one of the biggest obstacles to a number of affordable housing options, including accessory dwelling units. A study is planned by the Planning Commission to assess the town's wastewater needs and options.

6. Information sessions on affordable housing

Members of the subcommittee discussed the possibility of holding informational sessions on various affordable housing topics. There was generally a favorable view of this idea. They could be offered on Zoom, with recordings provided. The topic will be put on the agenda for the next meeting with a goal of agreeing on a plan then.

The group brainstormed ideas for sessions, including:

- introduce the Norwich affordable housing strategy, with the goal of informing about all we do, not just one project.
 - describe our work to locate housing sites on publicly owned land and our broader objectives.
 - explain the idea of "missing middle" housing, and put it on our website. (possible speaker: Daniel Parolek.)
 - invite Jill Davies to discuss Woodstock community trust model.
 - get Vital Communities help.
 - Invite speakers: from Twin Pines, Hanover Conservancy, Star Lake, Norwich subsidized Senior Housing.
 - What can we learn from Habitat?
7. **Preserving long-term affordability.** Loeb mentioned that in some cases external funders will require long-term affordability, so the requirements do

not always need to be imposed by the town. We could provide an educational memo to town on how long-term affordability is preserved.

8. Other business: Ralph Hybels has resigned from committee.
9. Comments from the Public. None.
10. Manganiello made a motion to end the meeting at 7:00, which was supported unanimously.

Norwich Housing Strategy 2020-2024

Approved November 21, 2019
Norwich Planning Commission

This document is based on a draft developed by the Affordable Housing Subcommittee of the Norwich Planning Commission in 2019:

Ralph Hybels (Chair)
Jeff Goodrich
Brian Loeb
Jeff Lubell
Paul Manganiello
Creigh Moffatt
Kathleen Shepherd

Summary

This document describes the housing strategy for the town of Norwich for the five-year period beginning January 1, 2020 and ending December 31, 2024. The strategy articulates the town's interest in this important issue and provides guidance to town officials on how to advance the town's housing objectives.

This strategy has been adopted by the Norwich Planning Commission based on a draft developed by the Affordable Housing Subcommittee. It was informed by input from a series of Affordable Housing Listening Sessions, an Affordable Housing Education Series, town surveys, stakeholders, and the Selectboard. Its adoption fulfills an action item specified in Norwich's 2018 town plan.

To achieve the three core housing objectives of affordability, diversity, and environmental sustainability, this document outlines a series of action items to advance four strategies:

1. Encourage the development of dedicated affordable housing;
2. Facilitate the development of lower-cost housing types;
3. Reduce barriers to the development of new housing; and
4. Expand public understanding of housing issues.

To facilitate tracking of the town's progress in achieving its goals, the strategy has identified the following numeric goals for the five-year period of 2020 - 2024:

- Construct at least 10 Accessory Dwelling Units;
- Construct at least 10 units of "missing middle" housing (duplexes, triplexes, etc.); and
- Construct at least 25 units of dedicated affordable housing

These goals will be revisited from time to time to ensure they remain relevant and appropriate.

Background

Housing affordability is on the minds of many Norwich residents. Families that have lived here for decades or even generations express nostalgia for the greater economic diversity that once characterized the town. Newer arrivals know what a scramble it was to put an offer in for the one suitable house that came on the market or respond to the one listserv post advertising a rental with enough bedrooms. And the school community understands how climbing housing costs threaten families' ability to remain in Norwich and keep others out of Norwich altogether. A more robust, dynamic housing market – serving a range of housing needs and income levels – is essential to the sustainability and vibrancy of the town.

The Norwich Selectboard has identified housing affordability as a high priority for the town, as did a majority of the town in a 2018 town survey. To inform the strategy, the subcommittee sought out broad public input during subcommittee meetings and in five affordable housing listening sessions:

- Two of the sessions (on May 5 and May 10, 2018) were public meetings, held at Marion Cross Elementary School and Tracy Hall
- Two of the sessions involved joining previously planned meetings of the Norwich Business Roundtable (January 12, 2018) and Energy Committee (February 27, 2018).
- The fifth session was hosted by the Congregational Church on April 15, 2018.

The roundtables helped identify topics for a speaker series on affordable housing held in the fall of 2018, which in turn informed the development of this strategy. The speaker series included sessions on Government funding of Affordable Housing (August 7, 2018), Developing Housing by the Private Sector (September 17, 2018), and Alternative Septic Systems to Facilitate Affordable Housing (October 22, 2018)

The planning commission held a public meeting on September 12, 2019 to consider input on this draft strategy before it was finalized, followed by a publicly-advertised teleconference on October 8, 2019.

Objectives

Through this housing strategy, the town seeks to advance the following objectives:

- **Affordability** -- Ensure that people of all incomes can find quality housing they can afford in Norwich.
- **Diversity** -- Increase the diversity of the housing stock so that it includes a range of housing types suitable for people of different incomes and backgrounds and at different stages of their life. Increased numbers of both rental and for-sale homes are needed in Norwich. Among other needs, housing efforts should support:
 - **Older adults who wish to age in place** in a safe and energy-efficient home as well as those who want or need a communal living environment.
 - **Families with children** who are in the market for rental housing or homeownership.
 - **The town workforce**, including teachers, police, and other employees of the town.
- **Environmental sustainability** -- Reduce energy use and greenhouse gas emissions by increasing housing in areas served by public transit and with easy access to employment and retail centers, as well as through the use of green building materials and practices.

Some housing plans or strategies provide strict definitions of affordable housing, sometimes distinguishing between “affordable” and “workforce” housing, and breaking out the population that cannot afford market-rate into a number of different segments, such as low-income, very low-income,

and extremely low-income. While definitions are necessary to implement specific policies, in this broad housing strategy document, the town prefers to focus on the full spectrum of housing needs. The strategies proposed in this document are designed to encourage the development of housing at a range of different price points to meet the needs of people with a range of different incomes. The ultimate goal is to ensure that people of all incomes can find housing they can afford in Norwich.

Housing Needs

Very few homes come on the market in Norwich every year, and those that do tend to sell for prices that far exceed what the typical household in Windsor County can afford. In 2018, just 35 single family homes were sold (to be used as either primary or secondary residences), and the median value for those homes was \$649,000. This price was a sharp jump from the medians in 2015 (\$480,000), 2016 (\$431,000), and 2017 (\$500,000),¹ but even the 2015-2017 levels were largely unaffordable to the typical household in the region. As shown in Figure 1, only about a quarter of the homes sold in Norwich over the past five years – and no more than one-third in any given year – sold at levels affordable to a family at the median income for Windsor County.² Since older homes in Norwich are often upgraded at the time of sale, these home sale data provide a more realistic yardstick of the affordability of home purchases than Norwich’s Grand List, which is based on current property values.

While the cost of entering the town through homeownership is high, the cost of remaining a homeowner is also high. Much of the housing stock is aging (55 percent of units were built in 1970 or before), with implications for septic systems, weatherization and heating, and general maintenance that can present tough choices for households struggling with mortgage payments (31% of homeowners in Norwich with a mortgage spend 30% or greater of their household income on housing).³

Rental housing in Norwich is more affordable than for-sale housing, with an estimated 43 percent of units renting for less than \$1,000 per month (including utilities). Rental housing in Norwich is still more expensive than in Windsor County, however, where an estimated 59 percent of units rent

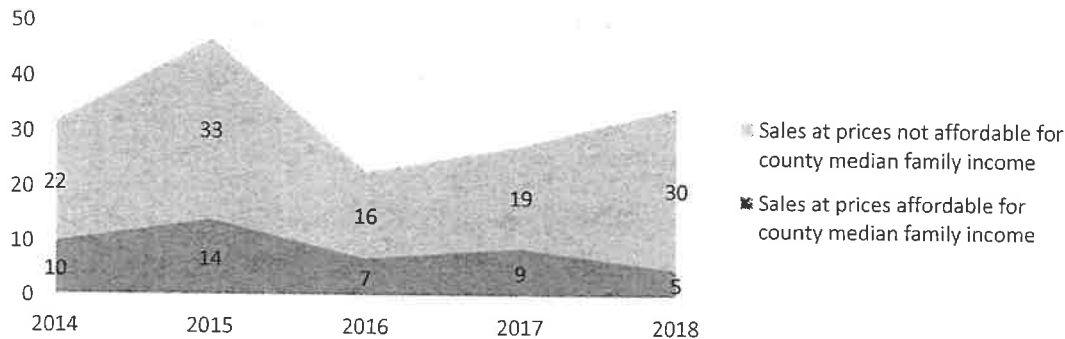
¹ These statistics do not include property sold as open land, and they do not include condominiums or mobile homes. In other areas, these other forms of homeownership may be significant components of the housing stock, but they are not in Norwich. In the period 2014-2018, just 9 condominium units sold, and zero mobile homes sold.

² Income data are from five-year averages of American Community Survey data, inflated to the end year, accessed using <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml> on May 30, 2019. The American Community Survey is an annual survey administered by the U.S. Census Department and is a replacement for the long form previously administered every ten years. The most recently available American Community Survey data as of July 1, 2019 are for the 2013-2017 period. Homeownership affordability calculations assume a family can afford to spend 30% of monthly income on mortgage payments, a 30-year fixed-rate mortgage at 4.5%, and down payments of 10% of purchase price. County income estimates are not available yet for 2018 from the American Community Survey, so the 2017 figure has been adjusted for inflation for 2018. To illustrate the methodology, in 2017, the median family income in Windsor County was \$74,662, which under the assumptions specified here would allow for the purchase of a home of about \$409,316.

³ 2013-2017 American Community Survey, accessed on June 25, 2019, https://factfinder.census.gov/bkmk/table/1.0/en/ACS/17_5YR/DP04/0600000US5002752900.

for this level. Moreover, only about one in five (21.3 percent) households in Norwich are renters, which means that most households who wish to live in Norwich will need to purchase a home. Renters make up a modestly higher share of occupied households (28.3 percent) in the County.⁴

Figure 1: Affordability of Norwich homes



According to the 2013-2017 American Community Survey, an estimated 16.5 percent of the 3,341 individuals in Norwich are 65 years of age or older. This is up from 11.0 percent as of the 2000 census, tracking a broader U.S. trend toward the aging of the population.⁵

For additional background on housing in Norwich, see the Housing Chapter of the 2020 Town Plan.

Strategies

Over the five-year period from 2020 to 2024, the town will work to advance its housing objectives through four strategies:

1. Encourage the development of dedicated affordable housing;
2. Facilitate the development of lower-cost housing types;
3. Reduce barriers to the development of new housing; and
4. Expand public understanding of housing issues.

⁴ 2013-2017 American Community Survey Tables B-25063 (Gross Rent) and DP-04 (Selected Housing Characteristics), accessed using <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml> on June 23, 2019. Tables

⁵ 2013-2017 American Community Survey Table DP-05 (Demographics and Housing Estimates) and 2000 Census Table DP-1 (Profile of General Demographic Characteristics), accessed using <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml> on June 23, 2019.

This section provides a brief overview of these four strategies. The next sections specify the action items the town will undertake to advance each of these strategies.

Overview

There are two main ways to increase housing affordability. The first is to expand the stock of housing that is reserved over the long-term for people with low or moderate incomes. These homes are known as “dedicated affordable housing” because they come with legal covenants that regulate the rent or sales prices of the units in order to ensure they are and remain affordable over time, even as the rents and sales prices of market-rate units increase. Norwich currently has two developments that provide dedicated affordable housing: Norwich Senior Housing, a 24-unit development of rental homes for seniors in the village center and Starlake, a 14-unit development of for-sale homes kept affordable over time through a “shared equity” arrangement.⁶ The first of Norwich’s four housing strategies focuses on encouraging the development of more homes that provide dedicated affordable housing.

The second way to expand housing affordability is to increase the overall supply of housing, and in particular the supply of lower-cost housing types, such as duplexes, triplexes, and multifamily housing developments. The second and third of Norwich’s four strategies focus on these approaches.

To make these efforts possible, Norwich land owners and the region’s housing developers need to be aware of the town’s interests in developing a diverse and affordable housing stock as well as the incentives Norwich provides to encourage this outcome. The fourth and final strategy focuses on expanding public understanding of housing issues.

Strategy #1. Encourage the development of dedicated affordable housing

The most common approach for developing dedicated affordable housing is to use subsidies provided by the federal or state government. In Vermont, most housing subsidies are obtained by nonprofit housing developers through applications to the state (most notably, for an allocation of federal Low-Income Housing Tax Credits). Municipalities may also apply for grants from the state, which typically are used to supplement the larger subsidies that nonprofits obtain. Another way to create dedicated affordable housing is to require that a share of newly developed housing units be provided at a price or rent that is affordable for a certain income level, or to create incentives for this outcome.

Norwich’s strategy focuses on both of these approaches. Specifically, Norwich will do the following to encourage the development of dedicated affordable housing:

⁶ In “shared equity” housing, a for-sale home is kept affordable to future buyers through provisions specifying for the sharing of home price appreciation. Typically, upon sale, a portion of the appreciation is retained by the owner while the balance stays in the home to keep it affordable to subsequent homebuyers.

A. Formalize and grow the affordable housing revolving fund. In November 2018, Norwich voters approved the re-instatement of Norwich's \$45,000 revolving fund for housing⁷, which had lapsed. The town encourages applications for use of the funds to produce dedicated affordable housing under the terms approved by the Norwich Selectboard on April 24, 2019. While the fund amount is modest, it provides a tangible signal to developers that the town is interested in the development of dedicated affordable housing. In addition to maintaining and administering this fund, the town will conduct outreach to advise developers of its availability and to solicit contributions from private citizens to grow the fund. To donate to the fund, contact the town planner at planner@norwich.vt.us.

B. Review Norwich's density bonus. A density bonus allows a property owner to develop more homes or housing units on a particular parcel than would otherwise be permitted. Norwich's Zoning Code provides a density bonus of 25 percent (i.e., ten units instead of eight) for planned developments in which at least 20 percent but less than half of the units are affordable, and a density bonus of 50 percent (i.e., twelve units instead of eight) for developments in which at least half of the units are affordable. (A larger bonus applies to the Village Residential II district). To date, this provision has not been used. During the period covered by this housing strategy, the Planning Commission and its Affordable Housing Subcommittee will review the town's density bonus policy to determine whether and if so how it should be adjusted to increase the likelihood that it is used to produce dedicated affordable housing. The town will also conduct outreach to advise owners and developers of its availability.

C. Consider whether developments of a certain size should be required to include affordable units. For such requirements to be effective, they need to be structured in a way that does not undermine the financial feasibility of new development. Therefore, they are typically adopted in conjunction with density bonuses or other provisions that make development more financially feasible. In addition, they generally only apply to developments over a certain size, such as 10 or 15 units. The current version of the regional plan for the Two Rivers Ottauquechee Regional Commission requires that a share of homes in developments of 10 or more units be affordable, but does not provide specific details on how this requirement can be satisfied. During the period covered by this housing strategy, the Planning Commission and Affordable Housing Subcommittee will consider whether Norwich should adopt its own affordable housing requirement and how best to implement the provision of the regional plan, should it be included in the final adopted plan.

D. Investigate the use of land owned or controlled by the town of Norwich for dedicated affordable housing. The high cost of land is widely understood to be a key obstacle to the development of dedicated affordable housing in Norwich. Accordingly, the town will investigate whether and to what extent land owned or controlled by the town might be used for this purpose. The town will develop an inventory of all publicly owned land in Norwich, including land owned by the town as well as by the Norwich Fire District, Dresden School District and any other governmental bodies. The town will also explore the mechanisms by which it could make land available for the development of affordable homes.

⁷ Specifically, a majority of voters answered "yes" to this question: "Shall the voters of the Town of Norwich re-establish a revolving Affordable Housing Reserve Fund with previously appropriated funds approved by Norwich voters to be distributed and administered according to a process adopted by the Selectboard in consultation with the Town Manager, the Norwich Planning Commission, and the Affordable Housing Subcommittee?"

E. Encourage the donation of land for dedicated affordable housing. The town encourages residents to donate suitable parcels, either vacant or with homes, for use as affordable housing. Property sales at below-market levels can also help facilitate the development of affordable homes, as the reduced cost of acquisition can be passed along to buyers or renters. In some cases, such donations can be made as part of an effort to preserve open space – for example, housing units may be clustered in one section of a larger parcel. To explore donating or selling land at a below-market-price for purposes of developing dedicated affordable housing, contact the town planner at planner@norwich.vt.us.

F. Conduct outreach to encourage developers of affordable homes to focus on Norwich. The development of dedicated affordable housing will require an organization or business to assemble the land, apply for public subsidies, identify and manage the construction of the development, and operate the development as affordable housing. The town will conduct outreach to encourage developers to develop affordable homes in Norwich.

Strategy #2: Facilitate the development of lower-cost housing types

The overwhelming majority of structures in Norwich are single-family homes. These homes provide a considerable amount of privacy, but tend to rent or sell at levels higher than other forms of housing, such as duplexes, triplexes or multifamily housing. These alternative housing types typically rent or sell at levels that fall below that of single-family homes but above that of dedicated affordable housing. While the town is not a developer and cannot construct these types of lower-cost housing directly, there are a number of steps it can take to promote their development.

To facilitate the development of lower-cost housing types, the town will do the following:

A. Facilitate the creation of Accessory Dwelling Units. Accessory Dwelling Units (or ADUs) are housing units located on the same parcel as a principal unit. Familiar names for ADUs include “granny flats” and “in-law suites.” An ADU may take the form of an apartment in or over a garage, barn or other outbuilding. Vermont state law requires municipalities to allow ADUs, and Norwich’s zoning rules expressly permit them. When not used to house a relative, ADUs are often rented out to members of the public. Because they tend to be small, ADUs often rent for levels below that of other rental homes, providing a source of lower-cost housing and increasing the stock of rental housing. ADUs also provide a stream of revenue to their owners, which can help defray the costs of property taxes and building maintenance.

There is no list of ADUs currently being rented or available for rent within Norwich. It is likely, however, that the number of ADUs can be increased. To help promote the development of ADUs, the Affordable Housing Subcommittee will work to educate residents about ADUs and the process for obtaining financing and contractor services to make an ADU possible. The Subcommittee will also investigate the potential barriers to the development of ADUs and consider how they could be addressed by town action.

B. Facilitate the creation of duplexes, triplexes and other “missing middle housing.” Missing middle housing is a term for the many different forms of housing that fall in between single-family housing and mid-rise construction.⁸ These include, among other housing types, duplexes, triplexes, quadraplexes, town homes, and garden style apartments. Historically, these housing types were included within the mix of housing in many towns

⁸ More information on the concept of missing middle housing may be found here: <https://missingmiddlehousing.com/>.

around the U.S., but in recent decades, housing construction has tended to focus either on single-family development or (in larger communities) larger multifamily structures. Duplexes are already permitted on all parcels in Norwich, but this may not be well understood by property owners and developers. The Planning Commission will examine the town's zoning code to determine whether there might be opportunities for zoning changes that facilitate the development of triplexes, quadraplexes and other missing middle housing types. And it will conduct outreach to educate property owners and developers about these housing options.

C. Ensure that zoning rules permit the development of multifamily housing. Multifamily housing is an important part of the housing stock in all communities, including Norwich. Multifamily housing is an important source of rental housing and tends to rent or sell at lower levels than single-family housing. It can also be useful for meeting the services needs of older adults and persons with disabilities who prefer a congregate living environment. Under Vermont state law, all municipalities must ensure the town's bylaws "designate appropriate districts and reasonable regulations for multiunit or multifamily dwellings" and not have the effect of excluding multiunit or multifamily dwellings from the municipality (24 V.S.A. § 4412). Norwich's zoning code already permits the development of multifamily housing in all zoning districts. The town will increase efforts to educate residents and potential partners that this is the case.

Strategy #3. Reduce barriers to new development

The Upper Valley has a shortage of housing units, which has led to low vacancy rates and rising rents and home prices. While the high demand for housing in Norwich means that most new development in Norwich will likely continue to be fairly expensive, new development in Norwich may free up spaces in older homes that rent or sell at prices that are affordable to more people. New development in Norwich also helps to expand the supply of housing in the Upper Valley, which is important for improving housing affordability in the region.

The town will work to reduce barriers to new development by doing the following:

A. Reduce the cost of developing new housing. The Planning Commission will take a number of steps to investigate options for reducing the cost of developing new housing, including: (a) considering whether there might be appropriate areas in town in which to increase the allowable density⁹ and (b) inviting input from the public, the Development Review Board, and from area developers on whether there are changes the town should consider to the regulations governing new development that might reduce development costs without undermining the objectives underlying these regulations.

B. Consider how to address barriers to development related to limitations on septic capacity. Many sites in Norwich have limited septic capacity due to their underlying geology. This can make development difficult at the densities needed for new projects to be financial feasible. One option to address this limited capacity is to take advantage of shared septic systems, including alternative systems that allow more people to be served. Norwich has already held a forum on alternative septic systems and will take further steps during the period covered by this strategy to educate property owners and developers about the available options.

⁹ The allowable density in a zone determines how many housing units can be built on a given parcel. It applies to all housing that is developed, and not just to housing that includes dedicated affordable housing. By contrast, the affordable housing density bonus increases density only for properties that include affordable homes.

While alternative systems can be helpful, they will not be sufficient to meet the wastewater needs of many of the properties that are needed to advance the town's housing objectives. Therefore, in consultation with the Dresden School District, area businesses and other stakeholders, the Planning Commission will re-examine the feasibility of providing community wastewater service to the village and adjacent areas, updating an investigation of this issue completed in 2005 and make recommendations to the Selectboard.

Strategy #4 Expand public understanding of housing issues

Increased public understanding of Norwich's housing challenges and planned approach for meeting them is important for building support for this housing strategy and dispelling misperceptions that may arise. Increased understanding of Norwich's goals and housing policies by developers and residents is also important for ensuring that the different participants in the housing market are aware of the available opportunities to take action to increase the diversity of Norwich's housing stock, such as developing more affordable homes or adding an ADU.

To advance this strategy, Norwich will:

- A. **Make it easier for developers and the public to understand Norwich's zoning rules and affordable housing policies.** Publication of this housing strategy as a stand-alone document will help to improve understanding of Norwich's housing objectives and policies. In addition, the affordable housing subcommittee will prepare a series of educational materials related to different aspects of Norwich's housing strategy, including a guide to creating an ADU and a guide for developers underscoring Norwich's interest in a diverse and affordable housing stock that meets the needs of people of different incomes, older adults, families and others, and the policy options available for facilitating this outcome. The materials will also reference Norwich's interests in promoting sustainability through energy-efficient building practices and the prioritization of development locations close to retail and job centers. The subcommittee will also conduct personal outreach to area developers to make them aware of these materials and encourage them to develop a diverse mix of housing in Norwich.
- B. **Develop educational materials that address frequently asked questions about affordable housing in Norwich.** Participants in the September 12, 2019 public session identified a number of questions they would like to see addressed in these educational materials, including the following: How do we define affordability in the Norwich and regional context? What stops us from building affordable housing? Is it true that septic and other infrastructure needs represent the most problematic barrier? Are there sufficient builders in the area who could or would take on projects that address affordability? What is the menu of legal mechanisms that can preserve housing affordability over the long-term? How do you ensure that those who are in affordable housing eventually have the means to move on, either in Norwich or elsewhere? What could affordable housing in Norwich look like, in terms of building design and scale, given today's practices and known constraints?
- C. **Increase public understanding of how new development will affect town and school property taxes.** To reduce confusion about the implications of new development for property taxes in Norwich, the affordable housing subcommittee will produce educational materials on this topic. Among other points, these materials will highlight the fact that most of the property taxes paid by Norwich residents are for school taxes, rather than municipal taxes; for example, in FY 2018, approximately 77% of the property taxes paid by Norwich residents went for school taxes, rather than

municipal taxes.¹⁰ The materials will also highlight the unique formula in Vermont for setting school property taxes in which the school property tax rate is based on the level of per-pupil spending. Under this formula, decreases in per-pupil spending lead to a reduction in the property tax rate while increases in per-pupil spending lead to an increase in the property tax rate. As a result, increases in the number of children in the school can actually lead to reductions in property taxes by allowing the school district to amortize fixed expenses over a larger student body. The relationship between the school population and the education tax rate is not perfectly linear, since some increases can require the addition of new teachers, but in general, a larger student body helps to keep school taxes from rising, and may even allow taxes to be reduced, so long as the physical limits of the Marion Cross building are not reached. With enrollment at Marion Cross below capacity and projected to decline, the capacity limits of the building are not expected to be reached any time soon.

- D. **Investigate models for improving public understanding of the housing stock.** The subcommittee will also seek to learn about successful models implemented elsewhere for improving public understanding of the housing stock and housing issues generally. In particular, the subcommittee is interested in policy options – such as rental registries – that can help increase knowledge of the town’s rental market and encourage all owners of residential rental property to provide safe and well-maintained homes for their tenants. Such learning will be shared with the Planning Commission for consideration as future actions.
- E. **Undertake research to better understand the town’s housing challenges and how best to address them.** Among other issues, the subcommittee will:
 - a. Research the current status and potential impact of short-term rentals and consider whether to recommend the adoption of a town policy on this issue.
 - b. Research the needs of owners of manufactured housing or mobile homes (that predate HUD building codes) in Norwich and explore options for supporting rehabilitation and/or replacement.
 - c. Compile information on new building techniques (e.g. tiny homes) and materials that could lower the costs of homeownership and make housing in Norwich more environmentally sustainable and make the results available to builders, developers and others in the housing industry.

Encourage participation in community conversations around housing from groups that are less well represented, such as low-income families and renters generally. The more inclusive the town’s conversations about housing, the more complete and informative they will be. It is important to hear from as many segments of the Norwich population as possible as well as from individuals who would like to live in Norwich but cannot afford to do so.

¹⁰ Norwich Annual Report for Fiscal Year 2018.

Goals

Specific, measurable goals are an important part of any strategy as they help ensure that progress can be measured and a determination made of whether the strategy is on track. For the five-year period of 2020 – 2024, Norwich’s housing goals are as follows:

Outputs

- Complete the policy actions specified in this strategy
- Complete the educational materials and outreach specified in this strategy

Outcomes

- Construct at least 10 Accessory Dwelling Units;
- Construct at least 10 units of “missing middle” housing (duplexes, triplexes, etc.); and
- Construct at least 25 units of dedicated affordable housing

These goals will be revisited from time to time to ensure they remain relevant and appropriate.

Discussion

These goals are informed by a number of factors, including the 2018 town survey and the practical realities associated with developing housing in Norwich.

In the 2018 survey, a majority (56 percent) of respondents identified affordable housing as a high (or the highest) priority for the use of tax dollars, but a majority (53 percent) also expressed a desire to see the population remain relatively stable, as opposed to “grow[ing] some” (42 percent). When asked how many units of affordable housing should be built in the next five years, the top two responses were 8-16 units (22 percent) and 17-25 units (22 percent), followed by 26-100 units (16 percent) and 8 units or less (12 percent). 11 percent said no units of affordable housing should be built, while 4 percent said 100 or more units should be built and 12 percent were not sure.

These survey results, together with the strong vote in favor of restoring funding for the housing trust fund, confirm the town’s desire to make progress in expanding the affordability of housing. At the same time, the results suggest a desire for incremental rather than transformative change. While annual housing development in Norwich in the 2005-2007 period ranged from 14 to 18 units per year, fewer than 10 units a year have been developed since that time. Achieving the goals specified in this Plan would likely mean restoring development in Norwich to the development level seen in the 2005-2007 period, or perhaps slightly higher, but would not take Norwich back to the level of development seen in the 1990s, when Norwich’s population grew by 15 percent, or in the 1980s, when the population grew by 29 percent.

According to a local developer of affordable housing, the economics of developing housing with low-income housing tax credits in Vermont means that a project in Norwich would generally need to have around 25-30 units to be viable. While more difficult, it may also be possible to combine somewhat

smaller developments into a single “project.” The goal for the five-year period is to complete at least one development providing at least 25 units of dedicated affordable housing.

The goals for ADUs and missing middle housing have been set at modest levels that reflect the challenges associated with developing housing in Norwich and the limited options available to the town for facilitating it.

During the September 12, 2019 public session, some of the participants felt the goals were ambitious but achievable during the five-year life of the strategy, while others felt they would be difficult to achieve within this time frame as it will take time for the actions specified in the plan to be implemented. In other venues, some residents have advocated for bolder goals to help address a larger share of the regional need. While acknowledging that the achievement of these goals will require concerted action on the part of the affordable housing subcommittee and other town officials and committees, the planning commission believes the goals are appropriate for marking the achievement of meaningful progress during the 2020-2024 period.

Conclusion

There is a significant need for a more diverse housing stock in Norwich that includes housing options affordable to people of all incomes and promotes environmental sustainability through energy-efficient construction and the location of housing near job and retail centers. Implementation of this Housing Strategy will help the town make progress towards achieving these goals.

Treasury Issues Final Rule for Fiscal Recovery Funds Program

Published on January 12, 2022 by [Jennifer Schwartz](#)

On January 6, the U.S. Department of the Treasury issued [the final rule](#) for the State and Local Fiscal Recovery Funds (SLFRF) program authorized in the American Rescue Plan Act, which provided \$350 billion to state, local, and tribal governments to support their responses to and recovery from the COVID-19 pandemic. While the final rule responds to [a concern NCSHA and others raised](#) about the interim rule by expanding eligibility for where recipients can use SLFRF for affordable housing development without further analysis and justification, it falls short of making changes NCSHA and other organizations representing state and local governments and affordable housing industry groups had sought for the use of SLFRF with the Housing Credit.

Improvements to the Rule Facilitating SLFRF's Use for Housing for Low- and Moderate-Income Households and Communities

The interim rule established strict limits on income and geographic targeting of SLFRF funds unless recipients demonstrated the specific impacts of the pandemic on certain households and communities. The final rule makes it easier for recipients to assist low- and moderate-income populations without needing to identify and document a specific negative economic impact. Populations falling under the definition of *low income* are presumed to have been disproportionately impacted by the pandemic, while those falling under the definition of *moderate income* are presumed to have been impacted by the pandemic.

The final rule defines a household as low income if it has (i) income at or below 185 percent of the Federal Poverty Guidelines (FPG) for the size of its household based on the most recently published poverty guidelines by the Department of Health and Human Services (HHS) or (ii) income at or below 40 percent of the area median income (AMI) for its county and size of household based on the most recently published data by the Department of Housing and Urban Development (HUD). The final rule defines a household as moderate income if it has (i) income at or below 300 percent of the FPG

for the size of its household based on the most recently published HHS poverty guidelines or (ii) income at or below 65 percent of the AMI for its county and size of household based on the most recently published data by HUD. Recipients may determine whether to measure income levels for specific households or for a geographic area based on the type of service to be provided. Treasury has created a tool with data for determining low- and moderate-income households in areas throughout the country.

Affordable housing and services to address housing insecurity, lack of affordable housing, and programs to increase access to housing among individuals experiencing homelessness were among the activities the interim final rule only made eligible in “disproportionately impacted” communities. However, the final rule expands eligibility for affordable housing and these other uses to “impacted communities.”

The final rule also allows recipients to identify impacted and disproportionately impacted beneficiaries based on their eligibility for other programs. For example, the final rule states, “Treasury will presume that any projects that would be eligible for funding under either the National Housing Trust Fund (HTF) or the Home Investment Partnerships Program (HOME) are eligible uses of SLFRF funds.”

The final rule says recipients may use SLFRF funds for capital expenditures that support an eligible COVID public health or economic response, including building certain affordable housing. Treasury presumes any projects eligible for funding under the HTF or HOME are eligible for SLFRF funds. These programs, however, use different income limits than Treasury’s. “Alignment with these programs,” the rule says, “...is intended to provide recipients ‘comfort and clarity’ as they design a wide variety of affordable housing intervention, including production, rehabilitation, and preservation of affordable rental housing and, in some cases, affordable homeownership units.”

Lastly, the final rule makes other changes to the interim rule, including allowing SLFRF funds to be used for down payment assistance.

The Final Rule's Shortcomings Related to the Use of SLFRF Funds with the Housing Credit

Despite NCSHA's advocacy, the final rule fails to correct one critical problem. NCSHA had urged Treasury to facilitate the use of SLFRF funds as a gap financing source in Housing Credit properties. The pandemic has created new challenges in Housing Credit development, with supply chain disruptions, workforce shortages, and rising prices of construction-related commodities all driving up development costs. Given these challenges, many state and local governments would like to use SLFRF funds with the Housing Credit to fill these gaps.

NCSHA and our HFA members identified significant incompatibilities between the Housing Credit and Treasury's interim final rule for SLFRF. Specifically, while recipients may use SLFRF to make grants for affordable housing development, grants generally reduce eligible basis in Housing Credit properties, making this use untenable in most Housing Credit properties. Moreover, Treasury's rules prohibit the use of SLFRF as principal amounts on loans with maturities beyond 2026; typically loans used for Housing Credit properties must pay back principal over a far longer period.

NCSHA led [an effort](#) to urge Treasury to allow recipients to make SLFRF grants to Housing Credit properties without a reduction in Housing Credit basis and to modify the interim rule to allow principal on SLFRF loans to be paid back after 2026. However, Treasury's final rule did not make these critical changes.

The final rule takes effect on April 1 but may be used sooner at a recipient's discretion. Treasury has published [an overview](#) of the final rule's major provisions.

Memo Regarding Affordable Housing in Norwich

Date: February 4, 2022
From: Ernie Ciccotelli
To: Norwich Planning Commission

During the NPC's last meeting on January 11, there was discussion regarding Affordable Housing, and locations that the Affordable Housing Sub-Committee (AHS) proposal. The discussion took place close to the end of the meeting, and since my response to the proposal was lengthy and people were eager to get to the end of the meeting, I made the suggestion that I would send a memo about my position, which was accepted. Hence, this memo.

There are many reasons that I am opposed to the AHS's approach and proposals for affordable housing in Norwich. Some are specific and some are general. I will address the specific ones related to the AHS's proposal discussed at the January 5, meeting first, then address the general reasons after.

Before I state my opposition, I want to make it clear that I agree with, and support providing affordable housing in Norwich and elsewhere. I do not support the approach the Norwich is taking, nor do I agree with or support the reasons for providing affordable housing as they are generally discussed.

1. The Affordable Housing Sub-Committee has proposed building affordable housing on land owned by the Norwich Fire District and near Beaver Meadow Road near Tucker Hill Road or Kate Wallace Road. I oppose this proposal and oppose the expense of public funds of any sort on "investigating", planning and/or justifying this proposal.
 - a. Building that far from the Norwich Village District is counterproductive to the aims of providing affordable housing. The idea of affordable housing in Norwich has always included locating it in such a manner as to permit walking, presuming correctly that those needing affordable housing might not have the wherewithal to afford automotive transportation. Also there is the concern that the Town is encouraging additional climate changing CO2 by encouraging the use of automotive transportation necessary to cover the greater distances from the Town's center of activities and public transportation. Furthermore, there is the effect on forest blocks that such development would have, which is contrary to Vermont's relatively recent legislation for protecting forest blocks. In fact, the Town is supposed to be taking steps to develop regulations to minimize disturbance and subdivision of forest blocks.
 - b. The proposed land for development is very problematic, to start with. The extra automotive travel necessary for such siting is costly. The proposed locations require that those housed there will require all-wheel or 4-wheel drive vehicles, which are both more expensive than ordinary vehicles, and which are heavier thereby being less fuel efficient and emitting more CO2. Another cost related issue with longer driving is the higher cost of repair of more complex vehicles travelling more miles than necessary. Considering the fact that those needing affordable housing often have employment that treats them as

expendable and disposable, and does not generally tolerate the inevitable personal problems such as car problems. (Having lived in that area of the Town for 32 years, I can attest to these problems from personal experience).

- c. The AHS's proposal does not take into account the social and physical isolation of a development that far out of town. Every proposal for affordable housing over the last few years has involved the notion that affordable housing will be clustered somewhere. The AHS's proposal is to create a ghetto far away from the Town's center of activity (and social center) for those whose income is not as high as the majority of the Town's residents. Regardless of location, this will cause the residents of such housing to be unavoidably socially isolated. It is likely to cause discontent, frustration, and anger to fester, and this should be no surprise given the overall tenor of our society at this point in time. Adding to the problem would be the distance from the center of activity in Norwich and Hanover, which would directly cause a more physical kind of isolation for affordable housing residents which would exacerbate the social isolation.
- d. The Town Plan calls for the Town to do what it can to minimize CO2 emissions and encourage reduction of such emissions. Pushing those who need affordable housing to housing built on the outskirts of town contradicts the Town Plan regarding efforts to combat climate change and carbon dioxide emissions.

Now for my general reasons for opposing the present arguments for affordable housing.

- 2. Limited equity financing may seem like a reasonable means to help people needing it a financial leg up, but it is a trap in most instances. Because those in limited equity situations cannot expect that the property they purchase will appreciate at the same rate as property in general, while they may have a roof over their head and it will be a better situation than renting especially in the current price-gouging rental environment, at such time as they would ordinarily be able to sell their home and use the proceeds to partially pay for the next home had they been able to purchase their housing in an ordinary market rate situation, they would instead have considerably less than those who had bought into market rate housing, thereby making them less competitive for market rate housing. The difficulty to get into market rate housing when their incomes have risen enough to disqualify them from staying in affordable housing then makes it difficult to recycle the housing to the next generation of those qualifying for affordable housing.
- 3. The Norwich Planning Commission's powers and duties include economic planning, pursuant to 24 V.S.A. § 4325(4). It is not reasonable nor just to focus on the symptom of inequality – that is the unaffordability of housing – without first addressing the cause of the inequality, that cause being the low wages for a majority of working class population that make it difficult, if not impossible, to be able to afford even the most basic necessities for obtaining the benefits of modern society. This is not just a national problem, or global problem, it is also a State problem and a local problem. It should be noted that inequitable wages have been a problem in the Upper Valley region for over 30 years, well in advance of when the problem became widely recognized nationwide.

4. Continual growth is neither sustainable nor feasible. Aside from the obvious fact that nothing is perpetual, including growth for numerous reasons, not the least of which are running out of resources and space, growth causes the rise in expenses, particularly in public services and taxes. As population grows in a linear progression, costs of servicing and protecting the population increases in an exponential manner. Norwich is already an exorbitantly expensive town to live in, from a taxation perspective. More population will only mean higher taxes. Any attempts to make the Town affordable in any way will be defeated by increased property taxes and higher demand for property caused by population growth. Moreover, it has been demonstrated by Phil Auger, (Land & Water Conservation Educator, University of New Hampshire) that open land (undeveloped/unsubdivided land) has the effect of keeping taxes from increasing.
5. Growth is antithetical to combatting climate change (again, as required by the Norwich Town Plan). Every person born contributes to CO2 emissions due to fuel use. Increasing population increases CO2 emissions. This applies to every level of consideration of growth – global, national, state, local, even individual. As it stands now, the average Vermont citizen contributes According to one of our own state representatives, Tim Briglin, Vermont has the highest greenhouse gas emissions in New England. (See: <https://vermontbiz.com/news/2020/february/16/briglin-vermont-has-highest-ghg-emissions-new-england>). The 2019 U.S Energy Information Administration report “Energy-Related Carbon Dioxide Emissions by State, 2005–2016” reports that the per capita emission of energy related CO2 is 9.6 metric tons. That means that the Norwich population’s contribution to climate change totals about 32,640 metric tons (3,400 people x 9.6 mt CO2 = 32,640 mt CO2). We have a choice: either combat climate change or grow the town. We cannot have both. And speaking as a technologist (design engineering) technology is as much the cause of climate change and it may be the weapon to combat it. It is naïve to expect technology to control climate changing emissions.
6. The approach that Norwich is taking for providing affordable housing is inappropriate for a rural town. The approach being used is similar if not the same used in urban locations, with some success. However, that approach requires the cooperation and integration of wealthy private enterprises concerned first with either profit or their own survival. Although there is no mention of such enterprises in the proposals currently, they have been mentioned in the past as possibly the only way to obtain the funding for affordable housing. There is no reason to believe that they will not be brought in once sites are chosen and the town’s people have been made to believe that such enterprises are inevitably necessary.
7. When Creigh Moffat and Ralph Hybels started raising the issue of affordable housing in the early 2000’s, they got little response from the town’s people. In part, there were still a significant number of working class people in the Town who had influence on how the town was managed, and that may have made Creigh’s and Ralph’s arguments somewhat ahead of their time. Most importantly, Creigh and Ralph made their arguments based on moral/ethical/philosophical points – their motivation was altruistic. Then, about 5-7 years ago, affordable housing got new legs, when it was pointed out that Norwich could lower its education-based property taxes if it could dragoon “workforce” people to move into the town so as to reduce the per capita school costs and avoid being an Act 60 “contributing town” as

Norwich had become due to the excessive per capita amounts spent on education. No longer is altruism the motivation for affordable housing, which is necessary to lure the workforce into the town. The motivation is purely mercenary. Altruism is now just a distraction and disguise for the real motivation. I have no doubt that as soon as our regulations are changed to make affordable housing easier to build by builders who will require building some large number of market rate houses in order to get one affordable house, the race to subdivide the entire town to make developers rich will be on, and Norwich will be lost.

8. The Town itself has created the problem of affordable housing. Although housing and land have been relatively high priced for about 25-30 years, there were affordable properties in the past that served a relatively large population in the Town, and this allowed the Town at least an economically diverse population. But the Town has slowly encourage the development of a economically privileged monoculture, primarily by constantly raising the cost of education (80% of the property tax bills) to stratospheric levels, and there remains no end in sight to the increases. This is a problem that must be resolved before affordable housing is reasonable to contemplate.
9. An argument that I have heard is that change is inevitable. And it is true, it is inevitable. I have myself as an engineer, been an agent of significant changes that affect many, maybe even most people. But change does not have to be hurtful, or harmful, or uncomfortable, or expensive, etc. In the case of change to a community it does not have to displace people. The problem is that it seems as if people are moving into Norwich now for the purpose of changing it to their own liking with no concern for those who are already here and happy with the basic rural nature of the Norwich. They are moving here for change for its own sake. If people moving into Norwich do not want it to be a rural town – if they think the Town’s fundamental character should be changed – what gives them the right to make those changes while there are people remaining in the town who are here because it was and is still rural. Why did the advocates of change move here? Because they saw it as raw meat for their own ambitions? Is that fair? Or reasonable? Considering all the suburbs all over the country that want what these people advocating “change” want, why didn’t the advocates for change go to those suburbs? It is not like there is a shortage of suburban and exurban locations to exercise their desire for “change”. I would suggest that the sort of change that is necessary is that which makes our society kinder, calmer, more equitable, safer, anti-racist, and more protective of real freedoms such as those in the Constitution, Article 1, and the 1st - 10th, 13th-15th, and 19th (with significant reworking of the 2nd Amendment). Unfortunately, I do not see realistic attempts to make those kinds of change.
10. I support affordable housing that is created for altruistic reasons, for reasons motivated by social/moral/ethical/philosophical principles. I support affordable housing when the Town of Norwich advocates clearly that wage inequality is the fundamental problem for which the need for affordable housing is the symptom, and that there must be equitable wages for anyone working the standard number of hours of a work week to afford all the necessities required to enjoy the benefits of our society, the necessities which include but are not limited to housing, food, healthcare, education, transportation, utilities, communications, and recreation and adequate time to participate in our democratic republic, and that anyone not able to work the standard number of hours per workweek be paid on a prorata basis.

Reasons for the Affordable Housing Shortage

From: Ernest Ciccotelli (ernieciccotelli@gmail.com)

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Date: Tuesday, February 8, 2022, 08:59 PM EST

At tonight's PC meeting there was a discussion regarding why there is a shortage of affordable housing, which was explained as simply supply and demand: there is more demand than supply. That is true as far as it goes, but it doesn't explain why the demand exceeds supply, especially in light of the slowing of population growth in the nation. There is a systematic reduction or elimination of affordable housing. The primary actors are private equity firms and specialized developers like the company MG2 (reported in today's Valley News to have evicted en masse all the renters in a building in Quechee) who buy up all the low cost housing and renovate it or tear it down and replace it, to make market rate housing, which in this region means luxury housing. In the case of MG2, they are eliminating in one fell swoop more housing than the Affordable Housing Sub-committee is proposing for Norwich at present. It should be also noted how property taxes have driven housing markets up by driving out lower income homeowners who are replaced with individuals who purchase the lower income homeowners' homes and turn them into market rate or luxury homes. This is, in fact what has happened to the affordable housing that was in Norwich, and jeopardizes what is left here now.

Ernie