Route 5 South/River Road Rezoning Proposal

NORWICH TOWN PLANNING COMMISSION
Public Meeting

Public meeting agenda

- 7:00-7:45 Introductions
  Planning Commission Presentation
- 7:45-8:45 Comments from the Public
- 8:45-9:00 Closing Comments and Adjourn

Role of the Planning Commission

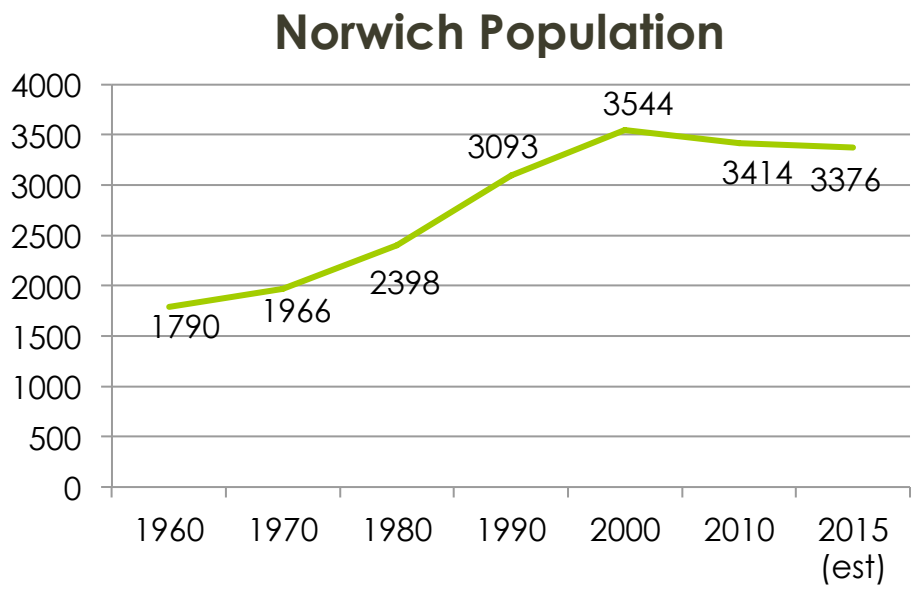
- Norwich Planning Commission has 7 volunteer members
  - appointed by the Select Board to four year terms
- **Responsibilities** include:
  - preparing a town plan,
  - preparing zoning and subdivision regulations **based on the town plan**, and
  - studying other planning issues and making recommendations to the Select Board
- The Planning Commission **does not** develop projects.

The problem

- Regional housing need of 5,000 units
- Workers, young families, and seniors need more housing options

Norwich population is in decline

- **Norwich VT population declined by about 5%** from 2000-2015
- During this same time, the **region grew by about 4%**
  - Lebanon NH-VT NECTA



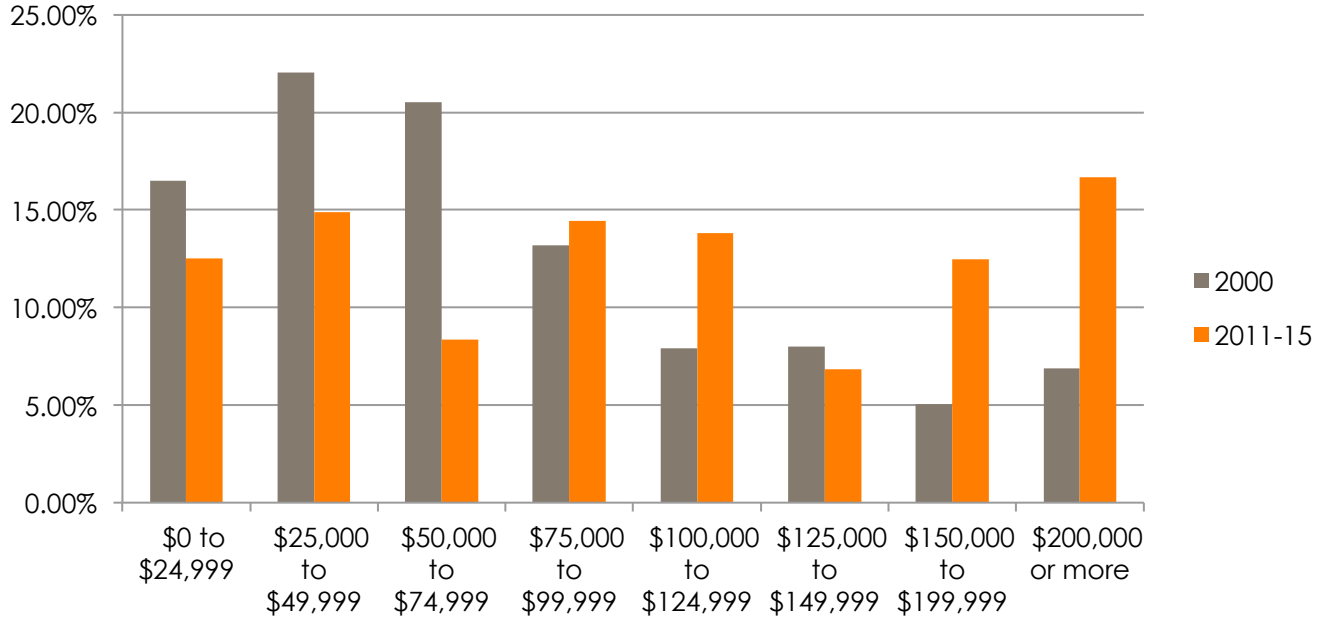
Enrollment in Marion Cross has shrunk by 33% from the mid-1990s

Peak Enrollment		Current Enrollment	
Year	Students	Year	Students
1993	443	2013	326
1994	458	2014	305
1995	478	2015	310
1996	462	2016	302
Average	**460**	Average	**310**

Vermont school tax impact

- **School taxes are 75-80%** of our property tax bills
- **Under Vermont state law**, local school tax rate varies substantially based on per-pupil spending
- **By enrolling more children** in the school system, Norwich could reduce per-pupil spending and thus lower (or slow the growth) of school tax rate

The income composition of Norwich residents is changing

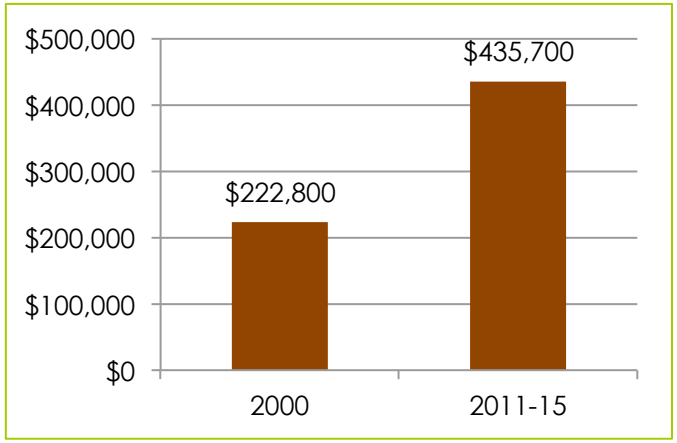


Source: 2011-2015 American Community Survey Table B19001 (Household Income in the Past 12 months, in 2015 inflation-adjusted dollars) and 2000 Census table PO52 (Household Income in 1999).

Note: Windsor county incomes grew 30% over this time period per Tables P053 (2000 Census) and S1901 (2011-15 ACS).

Norwich home values are rising

- Between 2000 and 2011-15, the **median home value in Norwich rose by 96%.**
- This was more than twice the rate of inflation and more than three times as fast as the rise in Windsor County incomes



Source: 2000 census table DP-4 and 2011-15 ACS table DP04

Workers, young families, and seniors need more housing options

How do housing costs in Norwich compare?

- A 2012 study by the Vermont Housing Finance Agency found that **Norwich had the highest median home sales prices** in all of East Central Vermont.
- Norwich median sales prices that year was **$382,000** – **more than double** the median home sales price for Windsor County of $173,000.
- Norwich's median rent of $1,104 was **more than 30% higher** than the County median of $842.
- **Share of units affordable** to moderate-income households in Windsor County (51%) is about three times the share of units affordable in Norwich (17%).

More housing units are needed to keep up with demand

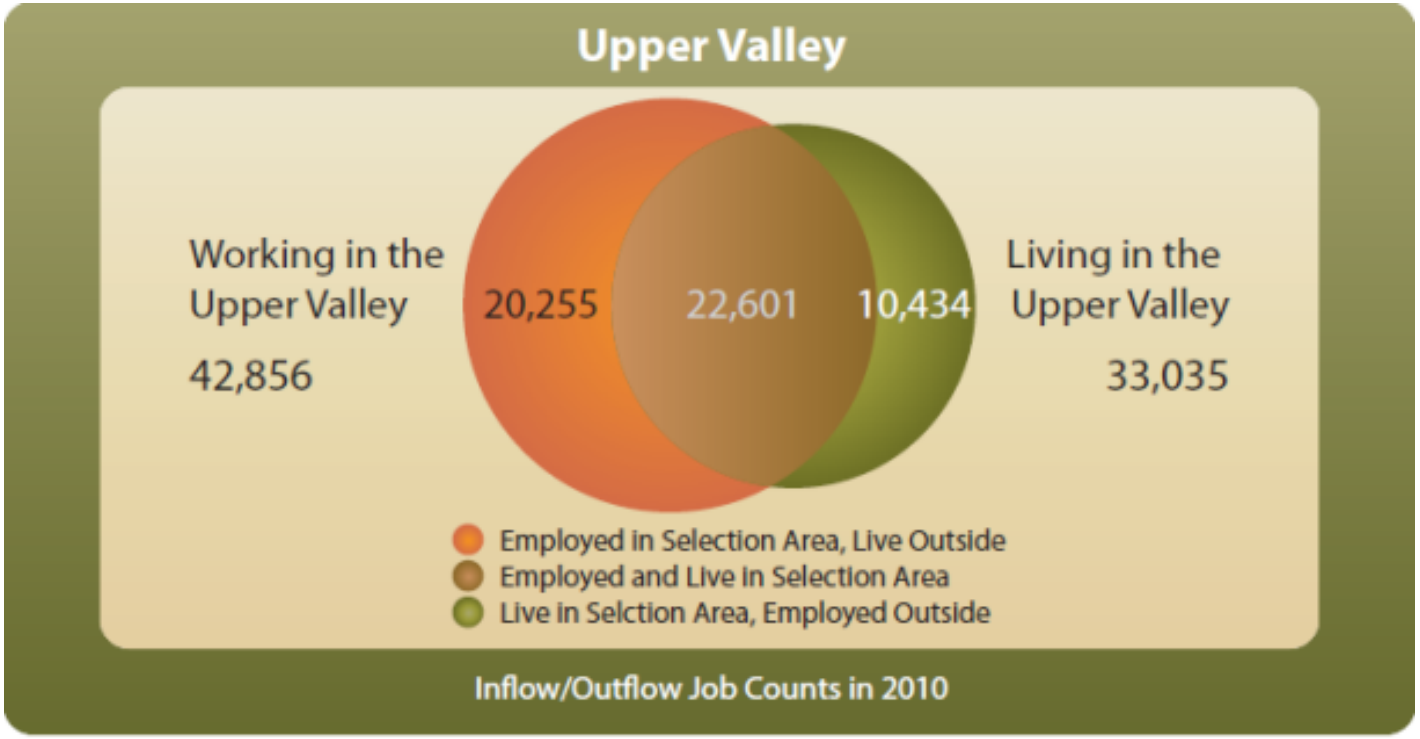
- A 2006 study **estimated a shortage of 1,900 housing units** in the employment center of the Upper Valley.
  - The study further estimated a need for an **additional 5,600 housing units** in the next 10 years.
- The Upper Valley Lake Sunapee Regional Housing Needs Assessment (2012) estimated a need for **3,346 to 5,540 new housing units** between 2010 and 2020 to keep up with regional growth in the Lebanon NH-VT NECTA.
- **Rental units** in scarce supply and vacancy rates very low
- Some workers **commute an hour or more**

Norwich is close to all three of top regional job locations

Town	All Jobs (2014)
Lebanon, NH	18,199
Hartford, VT	11,134
Hanover, NH	9,239
Royalton, VT	1,150
Norwich, VT	997

Source: 2014. Longitudinal Employer-Household Dynamics Database. U.S. Census Bureau. Figures represent all jobs. Extracted from On the Map, Dec. 20, 2016.

Nearly half of Upper Valley workers commute from outside the region



More housing options in the Upper Valley are needed

Source: 2012. New Hampshire Economic and Labor Market Information Bureau. *The Upper Valley – OnTheMap A profile of the Lebanon-Hanover NH-VT Micropolitan NECTA*

Three options in front of us

Option	Consequences for Norwich
1. Do nothing	-- Norwich population stagnates -- Housing becomes even less affordable -- Sprawl increases
2. Allow scattered growth in Norwich	-- Expenses for basic services increase -- No leverage to require affordable housing -- Sprawl increases
3. Plan for compact and inclusive growth	-- Town has leverage to require affordable housing -- Growth limited to narrow area of Norwich to maintain rural character and village feel

In support of Town Plan, the Commission recommends Option 3

A brief history of affordable housing study in Norwich

- 1996 Town Plan raises issue
- 2002 Subdivision regulations
- 2005 Housing charrettes – report issued May 2005
- 2011 Norwich Town Plan establishes a sustainable housing goal
- 2013 Route 5 South/River Road Study commissioned
- 2014 Community hearings
- 2015 Route 5 South/River Road Study released and Planning Commission begins work on new zoning proposal
- 2016 Input from the public at Planning Commission meetings
- 2017 Community hearings

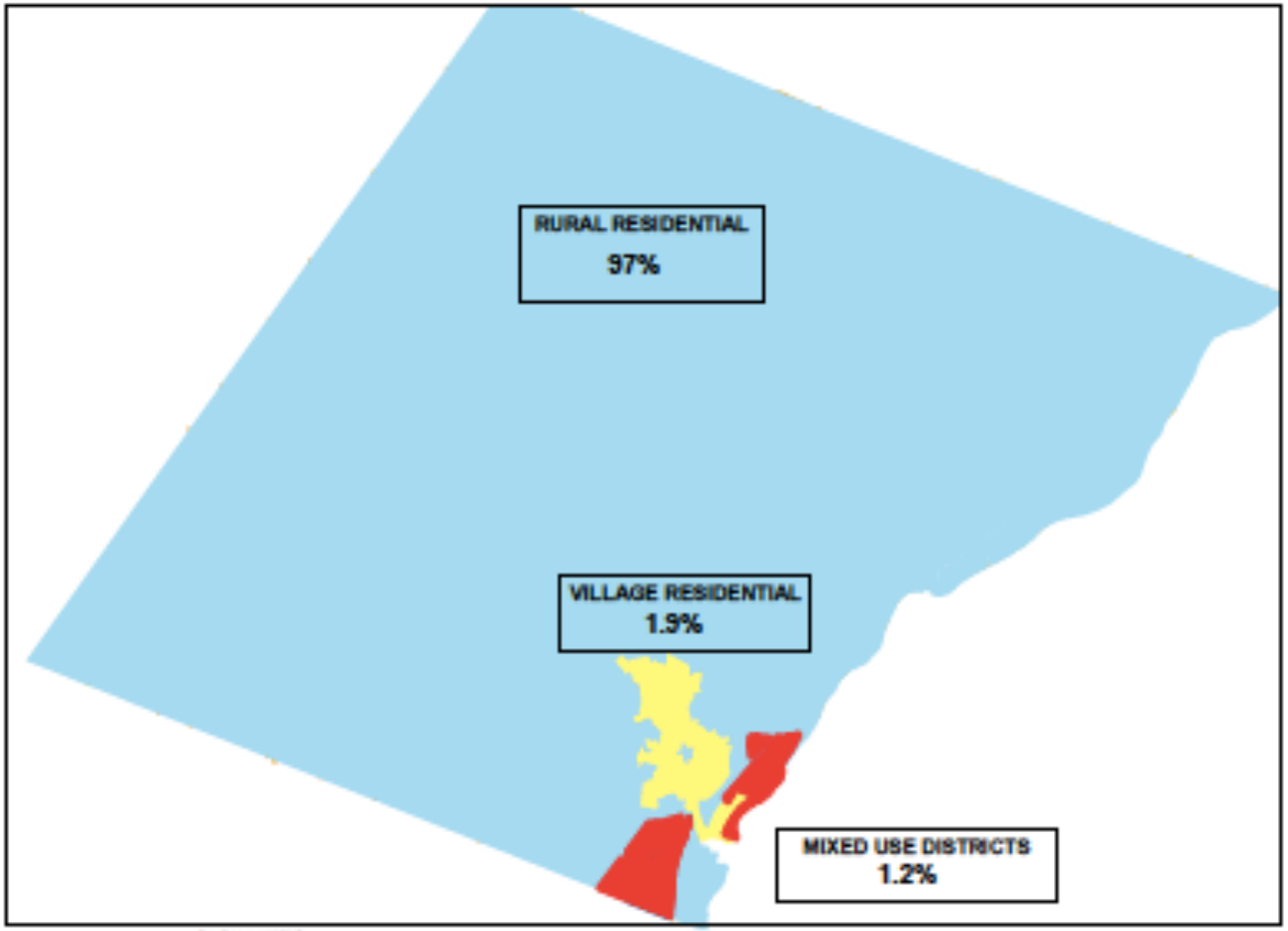
The need for affordable housing in Norwich has been studied and acknowledged for two decades.

Town decision made in 1996 to support sustainable development

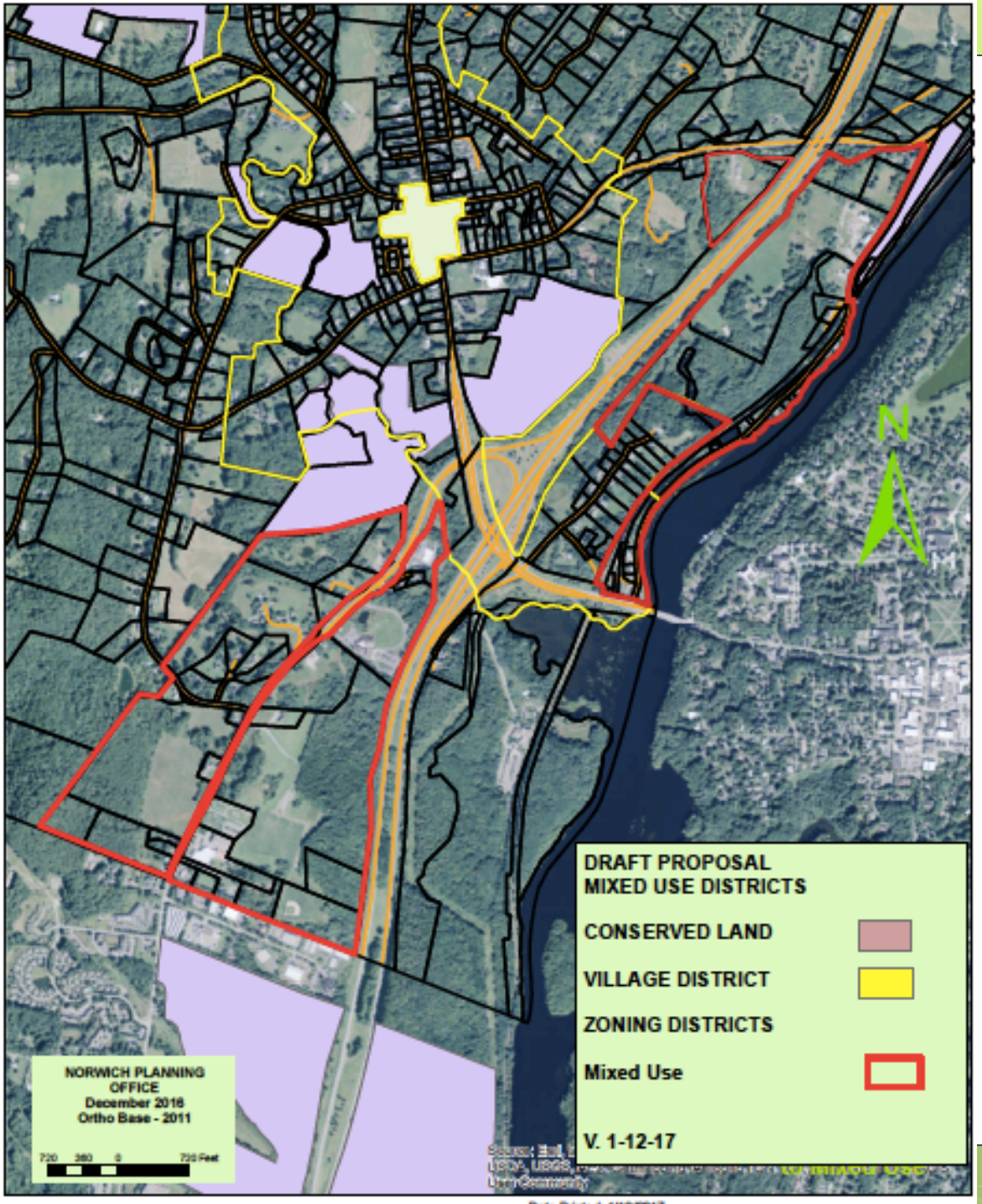
- **Over 95% of Norwich land** is zoned Rural Residential
  - Response to sprawl developing in far out areas and the negative impact on rural character and services
  - Higher density permitted based on proximity to downtown infrastructure

- **Route 5 South-River Road Study** commissioned in 2015 in response to town plan and the need for more diverse housing. Key findings:
  - Development has slowed to a crawl over past decade
  - Route 5 South and River Road areas (1.2% town land) identified as optimal locations for higher density

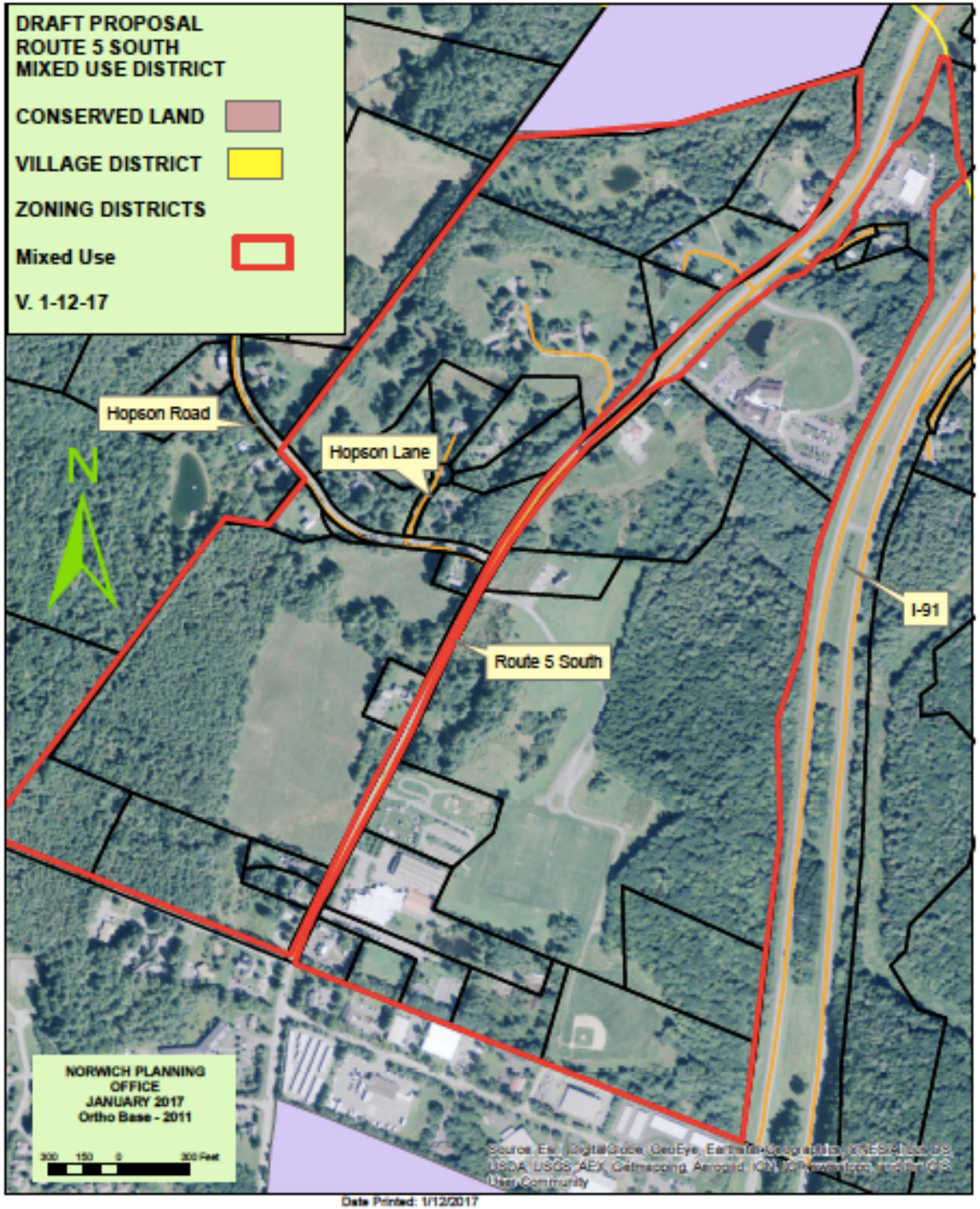
Town area proposed for Mixed Use



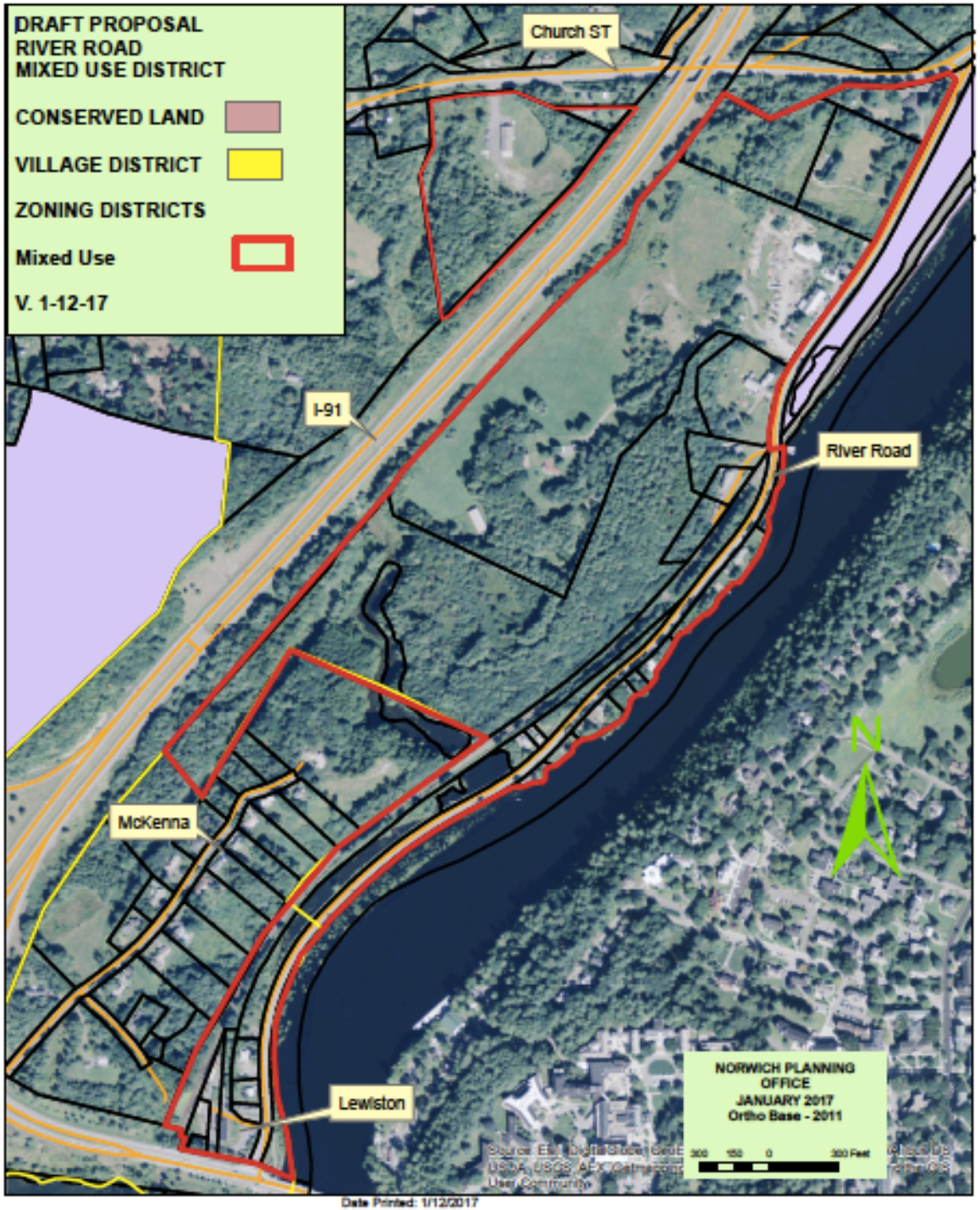
Overview of Proposed Mixed Use District



Root 5 South Proposed Mixed Use District



River Road Proposed Mixed Use District



Current state: River Road

- River Road is zoned **Rural Residential**
  - Lewiston area down the river to ABC Dairy
  - A wide range of pre-existing residential and non-residential uses
  - Access from State Highway

Current state: Route 5 South (west side)

- West side of Route 5 South zoned **Rural Residential**
  - Event Center to the Unitarian Universalist Congregation
  - A wide range of pre-existing uses from residential to offices to farmland due to pre-1990 zoning

- **Rural Residential** is density-based zoning, and allows residences and home-based businesses

Current state: Route 5 South (east side)

- The east side of Route 5 South zoned **Commercial**
  - Car Store to Norwich Commerce Park
  - Existing uses include King Arthur's to residences to Farmers' Market to offices and Foggs Hardware
  - Large portion of land owned by Dresden School District for athletic fields

- **Commercial** zoning allows an assortment of non-residential development

Objectives of mixed use proposal

- **Protect the rural character** of over 95% of Norwich by
  - Providing outlet for growth in less than 2% of the town
- **Provide more housing options** for
  - Workers, young families, and seniors
- **Promote fiscal responsibility by**
  - Creating affordable housing w/o subsidies or tax increases
  - Assuring development where infrastructure is available
- **Protect the environment** by
  - Facilitating the development of housing near jobs

Planning Commission proposal

- **Create a new zoning district** along Route 5 South and River Road corridor that would:
  - **Equalize the maximum permissible density** on the two sides of Route 5 South at levels that accommodate cost-effective new development
  - **Reduce maximum permissible density** of largest parcels from levels now permitted on east side of Route 5 South
  - **Require permanently affordable housing** to be included in any new planned unit development
  - **Allow mix** of housing with non-residential uses subject to Site Plan Review standards that prohibit strip development/sprawl

Affordable housing requirements (1 of 2)

- **25% of new units must be permanently affordable** to households with incomes at or below 70% of Windsor County median income, for family size
- For a three-person household this was **$45,549 i**n 2016.
  - **Monthly housing costs not to exceed $1,139**. For renters, that includes utilities.
  - **Home price of about $180,000** (assumes 10% down payment and 4% interest rate. Amount will vary based on interest rates, down payment, etc.)
- **Permanently affordable means** for at least 99 years:
  - **Rents** must be restricted to affordable levels
  - **Owners must sell homes at affordable levels** (using shared equity formula that allows for modest equity growth for purchasers)

Additional affordable requirements

- **Developments larger than 24 units** must include additional units affordable to households at or below Windsor County median income
- For a three-person household, this was **$65,070** in 2016.
  - **Monthly housing costs could not exceed $1,627** for a three-person household in 2016. For renters, that includes utilities. For owners, that includes PITI.
  - **Home price of about $270,000** (assumes 10% down & 4% interest rate. Amount will vary based on interest rates, down payment, etc.)
- **Larger developments have greater requirements**, e.g.

Development Size	Units Affordable at 70% AMI	Units Affordable at 100% AMI	Total Affordable Units
32	8	2	10
100	25	35	60

To get affordable housing, feasibility is key

- **This means allowing developers to build at financially viable densities.** We are proposing a sliding scale:
  - For the first 5 acres, 8 units per acre
  - For the next 5 acres, 7 units per acre
  - For the next 5 acres, 6 units per acre
  - For the next 5 acres, 5 units per acre
  - For any additional acres, 4 units per acre
- **There are many constraints that will help ensure we don't get more development than we want**, including:
  - Limited number of parcels and limited wastewater capacity
  - Stringent affordable housing requirements
  - Wetlands
  - Ag soils and Act 250 process
  - Site plan review
- **We are open to viable alternatives**

Why not simply build a 15-unit affordable development and declare victory?

- If this were all we did, we would **NOT**:
  - Reverse the growing income inequality in Norwich
  - Make a dent in affordable housing shortage near jobs
  - Substantially increase housing options in Norwich at different price points to better serve workers, young families, and seniors
- **Planning for a larger number of units close to jobs and infrastructure**, by contrast, does all of these things and helps us:
  - Take advantage of economies of scale to **produce more affordable units without the use of public subsidy**

Regulatory review controls sprawl and strip development

- Existing Site Plan Review standards
- Proposed Mixed Use standards
- State standards

Concerns we've heard

- Impact on rural character of town
- Impact on traffic
- Impact on land use
- Impact on taxes
- Infrastructure cost

In summary

- **Norwich has three options:**

  1. **Do nothing** and Norwich becomes even less affordable
  2. **Allow scattered growth** and increase sprawl
  3. **Plan** for compact inclusive growth

- **We recommend option 3** because:
  - **Ensures the availability of housing affordable to** workers, young families, seniors, and children of residents
  - **Stems the growing income inequality** in Norwich
  - Helps **address the decline in school** enrollment
  - **Improves the environment** by increasing housing near jobs, reducing commutes and greenhouse gas emissions

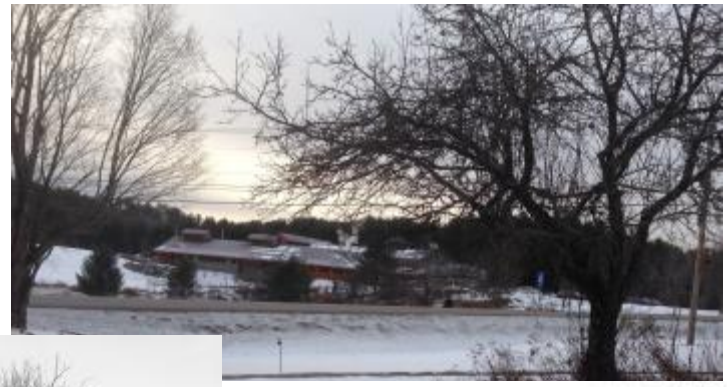
Where we are in the process

Comments and suggestions

Appendix

What's the visual impact of Mixed Use?

- Sample concepts collected by Commission members:



What's the tax impact of proposal?

- **If proposal is adopted and new development occurs:**
  - Compact development accessed by state highways and near town services should have less cost relative to tax revenues
  - Septic and water costs borne by developer and property owners over the life of the system
    - We are not proposing that the town bear ANY infrastructure costs
  - More students in school can reduce per pupil cost and lower tax burden

Can we handle more traffic?

- **Route 5 South is a major state highway**
  - Last study completed for King Arthur expansion showed no capacity issues
- **Any proposed project requires a traffic study** and solutions to minimize impact
  - Norwich Site Plan Review and state review
- **Public transportation** already serves this area

What's the impact on land use?

- **Over 95% of town** remains rural residential
- New development is channeled to less than 2% percent of the town's area that is **the one area close to available infrastructure**
- **Site Plan Review** prevents sprawl and strip development
- Wetlands and steep topography pose **natural limits to development**
- If new development occurs, the **town gains permanently affordable housing units**

Over 95% zoned Rural Residential

Zoning District	Current Acres	% of Total	Changes	Proposed Acres	%
Rural Residential	27,818	97.6%	-229	27,589	96.8%
Village Residential	552	1.9%	-2.4	549.6	1.9%
Village Business	11	0.0%	0	11	0.0%
Commercial	119	0.4%	-119	0	0.0%
Mixed Use RT 5 S	0	0.0%	225	225	0.8%
Mixed Use River RD	0	0.0%	125.4	125.4	0.4%
Mixed Use Total	0	0.0%	350.4	350.4	1.2%

Calculations based on ~ total of 28,500 total town acres

Town of Norwich Zoning Permits for Single Family and Replacement Homes

Permit Year	SFH	Replacement SFH	Combined Total Per Year
2004	11	2	12
2005	9	5	14
2006	11	4	15
2007	17	1	18
2008	5	0	5
2009	4	0	4
2010	6	2	8
2011	2	1	3
2012	7	0	7
2013	4	1	5
2014	6	1	7
2015	5	2	7
2016 (11-16-16)			
TOTAL ALL YEARS			105