

**NORWICH PLANNING COMMISSION  
AFFORDABLE HOUSING SUBCOMMITTEE**

**AGENDA**

Monday, July 1, 2019 – Tracy Hall, Multipurpose Room

MEETING: 6:00 PM

1. Approve Agenda
2. Comments from the Public
3. Minutes – June 3, 2019
4. Affordable Housing Strategy Document – Lubell
5. Housing Needs Document — Loeb/ Lubell
6. Other Business
7. Comments from the Public

Enclosures:

1. AH Minutes\_2019\_6-3D
2. Norwich draft outline affordable housing strategy (6-25-19)
3. Housing Needs Document

NORWICH PLANNING COMMISSION  
AFFORDABLE HOUSING SUBCOMMITTEE

DRAFT MINUTES

Monday, June 3, 2019, Tracy Hall, Multipurpose Room

**This set of minutes has not been reviewed or approved by the Subcommittee**

**Members Present:** Ralph Hybels, Creigh Moffatt, Jeff Lubell, Paul Manganiello, Brian Loeb, Kathleen Shepherd

**Members Absent:** Jeff Goodrich,

**Staff:** Rod Francis, Planning and Zoning Director

**Others/Public:** Mary Layton, Roger Arnold, Nathan Margolis

Chair Ralph Hybels called the meeting to order at 6:04 PM.

1. **Agenda** Lubell moved and Loeb seconded to approve the agenda. Motion carried 5 — 0
2. **Comments from the Public.** None
3. **Minutes** – Loeb moved and Moffatt seconded to approve the minutes (as amended) of April 23, 2019. Motion carried 5 — 0
4. **Affordable Housing Strategy Document – Lubell** This version of the document reflects comments collected from members since the last meeting.

Discussion centered on the goals in the strategy. Hybels remarked that the goals in this version of the strategy seemed unrealistic (25 affordable units constructed, initiate another project of 25 affordable units within 5 years). The response was that this represented completion of one project of a viable size and the start of another.

Further comments from members are due by June 14, 2019. The aim is to have the Strategy Document and the Needs document approved by this group by July 1.

5. **Housing Needs Document** Discussion of this item was deferred until the next meeting.
6. **TRORC Interchange Policy (the area around and south of exit 13). (Francis)** The maps provided created some confusion with regard to proposed changes to the TRORC regional plan land use policy. The area east of I91 (McKenna Rd/Lewiston neighborhood) will be 'rural'. It was noted that 'rural' allows for housing to occur at some level of density — similar to the village. The area along Route 5 is proposed to be 'mixed use' ('principal retail is not allowed) with an area that is rural on the western side of Route 5 south straddling Hopson Rd and heading north for approximately ¼ mile. The following observations were made:
  - the maps as rendered in the packets were hard to read, the shading was very pale and difficult to discern and 'rural' does not appear on the key.
  - precluding principal retail in the mixed use area will likely reduce the possibility of housing being added to new developments

— that the group should work with the Planning Commission to prepare written comments for the public comment process

7. **Norwich 2019 Town Plan Process** In comparison to the 2018 Town Plan the 2019 Town Plan is intended to be shorter, more focused on statutory obligations and powers granted to the Town and be more realistic in terms of what the Town can achieve. The total chapter count is down to nine, with Land Use including Natural Resources and Historic Resources and Education being included in the Utilities, Facilities and Services chapter. Small working groups of two or three commissioners working together on each chapter to oversee outreach and gather input from other volunteers engaged in town government. It is expected that the public outreach phase will get underway soon and run until early fall.

8. **Other Business** none

9. **Comments from the Public** none

**Adjournment:** 8:05 PM

Respectfully submitted

Rod Francis

*Affordable Housing Subcommittee Agendas and Minutes available at:*  
<http://norwich.vt.us/Affordable-Housing/>

# Norwich's 2019 Housing Strategy

## Draft, ~~May 30~~ June 25, 2019

### Introduction

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 stay in the school 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.

This document describes the housing strategy for the town of Norwich for the fiveeight-year period beginning on \_\_\_ 2019 and ending on \_\_\_ 2024. The strategy clearly articulates the town's interest in this important issue and provides guidance to town officials on how to advance the town's housing objectives.

Developed by the Affordable Housing Subcommittee of the Norwich Planning Commission, the strategy is intended to be attached to, and incorporated by reference into, the 2019 Norwich Town Plan. 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)

An additional public meeting will be held to consider input on this draft strategy before it is finalized.

## 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. In addition, 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.
- **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

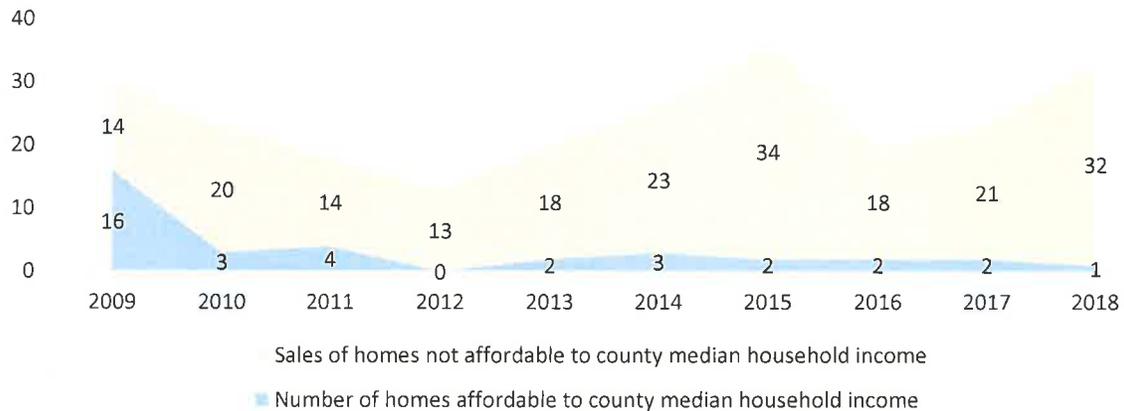
Very few homes come on the market in [See other document]Norwich every year, and those that do tend to sell for prices that far exceed what the typical household in Windsor County can afford. In 2018, just 33 single family homes were sold as primary residences, and the median value for those homes was \$620,000. This price was a sharp jump from the medians in 2015 (\$480,000), 2016 (\$431,000), and 2017 (\$485,000),<sup>1</sup> but even the 2015-2017 levels were largely unaffordable to the typical household in the region. As shown in Figure 1, only a small fraction of the homes sold in Norwich over the past five years sold at levels affordable to a household at the median income for Windsor County.<sup>2</sup> Since older homes

<sup>1</sup> 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 2009-2018, just 18 condominium units sold, and just 1 mobile home sold.

<sup>2</sup> Data from the American Community Survey, accessed using <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml> on May 30, 2019. Calculations assume a household can afford to spend 30% of monthly income on mortgage payments, a 30-year fixed-rate mortgage at 4.5%, and

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.

Figure 1: Affordability of Norwich homes



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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).<sup>3</sup>

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 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.<sup>4</sup>

According to the most recent Census data available for Norwich – 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

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 household income in Windsor County was \$58,192, which under the assumptions specified here would allow for the purchase of a home of about \$311,546.

<sup>3</sup> 2013-2017 American Community Survey, accessed on June 25, 2019, [https://factfinder.census.gov/bkmk/table/1.0/en/ACS/17\\_5YR/DP04/0600000US002752900](https://factfinder.census.gov/bkmk/table/1.0/en/ACS/17_5YR/DP04/0600000US002752900).

<sup>4</sup> 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

is up from 11.0 percent as of the 2000 census, tracking a broader U.S. trend toward the aging of the population.<sup>5</sup>

For additional data on the characteristics of housing in Norwich, see the Housing Chapter of the 2019 Town Plan.

## Strategies

Over the ~~five~~eight-year period from 2019 to ~~2024~~2027, 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.

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 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.<sup>6</sup> 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.

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<sup>5</sup> 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.

<sup>6</sup> 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.

## 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 ~~with approved town plans~~ 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:

**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 housing<sup>7</sup>, 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](mailto:planner@norwich.vt.us).

**B. Strengthen 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 (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 how it could be strengthened 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

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<sup>7</sup> 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?"

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.

**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](mailto: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 inventory 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. 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 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 in the town 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 density<sup>8</sup> and (b) inviting

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<sup>8</sup> 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.

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.

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 conduct an investigation into the pros and cons of connecting to a neighboring town's water and wastewater system. Based on this investigation, the Planning Commission will make recommendations to the Selectboard that align with the broader vision and goals embraced in the 2019 Norwich Town Plan.

#### 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. **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 unique formula in Vermont for setting property taxes in which the educational property tax rate is set 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. ~~Due As a result, to this unique formula,~~ 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.

- C. **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.

## 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~~eight-year period covered by this housing strategy, 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

- Facilitate the development of at least:
  - 15 ADUs
  - 15 units of “missing middle” housing (duplexes, triplexes, etc.)
  - 50~~25~~ units of dedicated affordable housing, in two or more affordable developments
- ~~Initiate the development of at least another 25 units of dedicated affordable housing for completion in the next five-year period.~~

## 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 fiveeight-year period is to complete at least one-two development of dedicated affordable housing, ~~while laying the groundwork for a second development that would be completed in the next five-year period.~~

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.

## Conclusion

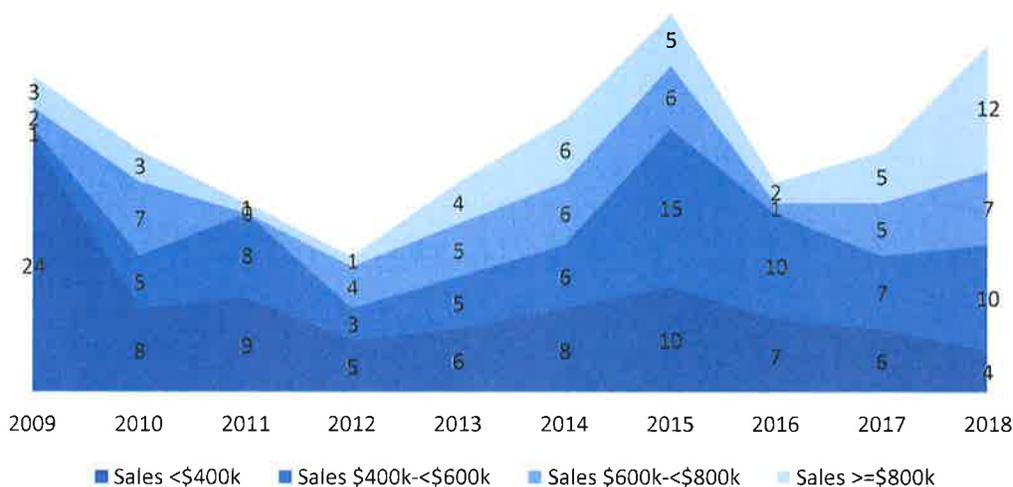
~~{to come}~~ There is a significant need for a more diverse housing stock in Norwich that includes housing options affordable to people of all incomes and promotes environmental sustainability through energy-efficient construction and the location of housing near job and retail centers. Implementation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

## Housing Needs

The housing shortage is a drag on the regional economy, as many businesses report they are unable to hire workers because of the high costs of housing, and the shortage is also a contributor to greenhouse gas emissions, as households are forced to commute long distances to the core towns of Lebanon, Hanover, Hartford and Norwich. While the regional demand for housing is high and climbing, Norwich is only a small contributor to the supply side. The underlying dynamic is that Norwich’s high land and building costs (including due to infrastructure challenges) prevent building at significant scale. This can be seen in both the markets for homeownership and residential rental.

The inventory of homes for sale in Norwich is low, at any price point. Figure 1 below shows actual closings for single family homes in Norwich over the past ten years.<sup>1</sup> In 2018, just 33 single family homes were sold as primary residences, and the median value for those homes was \$620,000. This price was a sharp jump from the medians in 2015 (\$480,000), 2016 (\$431,000), and 2017 (\$485,000).

Figure 1: Sales of single-family dwellings as primary residences in Norwich



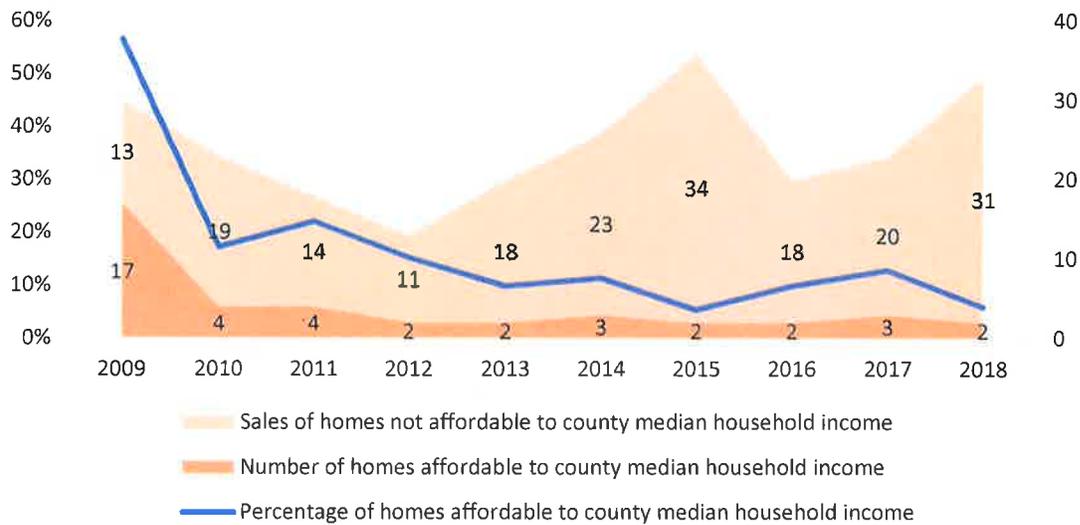
These statistics do not include property sold as open land, and they do not include condominiums or mobile homes. In other areas, these other forms of homeownership may be significant components of the housing stock, but they are not in Norwich. In the period 2009-2018, just 18 condominium units sold, and just 1 mobile home sold.

The homes on the market are out of reach for most households in the area. Figure 2 below shows the number of single family homes in Norwich that would have been affordable for a household earning the median income for Windsor County in a given year.<sup>2</sup>

<sup>1</sup> Real Estate Sales Data From Vermont Property Transfer Tax Public Records, accessed using <http://www.vermontrealestatesales.net>.

<sup>2</sup> Data from the American Community Survey, accessed using <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>. For simplicity, calculations assume 30% of monthly

Figure 2: Affordability of Norwich homes in the context of Windsor County

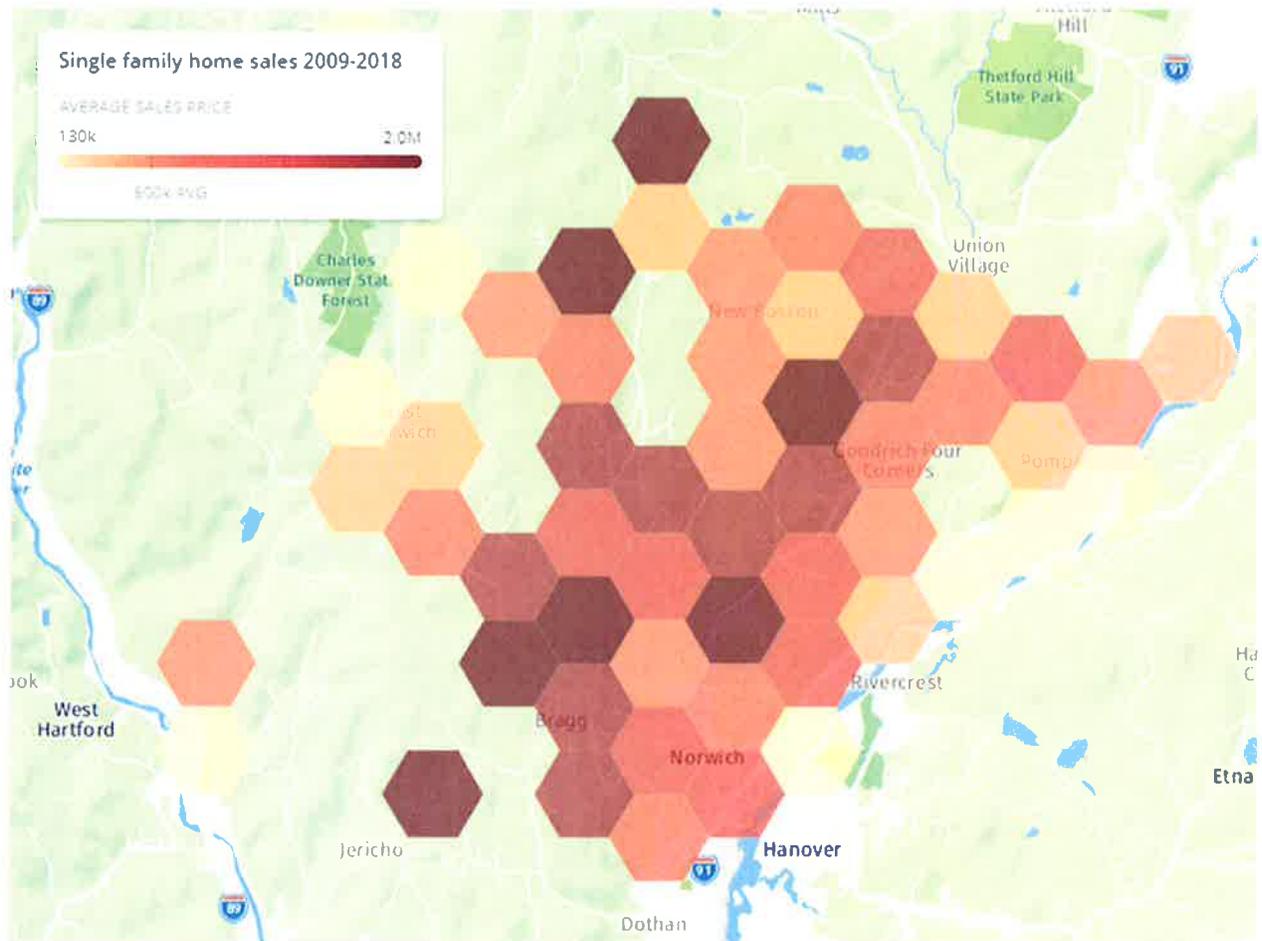


Affordable homeownership opportunities are largely concentrated in certain areas of the town. Figure 3 shows a map of Norwich with average sales prices for equally sized geographic areas. Prices tend to be high closer to town, with the exception of the Huntley Street and Sargent Street area, and lower prices persist along Route 5 North and Tigertown Road. This means that the most affordable homes tend to be in areas least accessible by public transit and most reliant on cars for travel to work and services.

Figure 3: Map of sales prices by area

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income on mortgage payments, 30-year fixed-rate mortgages at 4.5%, and down payments of 15% of purchase price. County income data not yet available for 2018, so 2017 figure used for both 2017 and 2018.



*[To add: Summary of rental market from expert interviews and data on rental turnover and market rates for apartments of various types in Norwich and the broader region.]*