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**NORWICH PLANNING COMMISSION  
AFFORDABLE HOUSING SUBCOMMITTEE**

**AGENDA**

Monday, November 4, 2019  
Tracy Hall, Multi-Purpose Room

MEETING: 6:00 PM

1. Approve Agenda
2. Comments from the Public
3. Approve Minutes – July 29, 2019
4. Announcements, Reports & Correspondence
  - a. Richards Email re: Marion Cross School Wastewater 9-26-19
5. Draft Housing Chapter – Loeb
6. Possible revisions to Housing Strategy
7. Other Business
8. Comments from the Public

Enclosures:

1. AH Minutes\_2019\_7-29D
2. Richards Email 9-26-19
3. Draft Housing Chapter

NORWICH PLANNING COMMISSION  
AFFORDABLE HOUSING SUBCOMMITTEE

DRAFT MINUTES

Monday, July 29, 2019, 5:00pm Tracy Hall, Multipurpose Room

**Members Present:** Jeff Lubell, Jeff Goodrich, Paul Manganiello, Kathleen Shepherd

**Members Absent:** Ralph Hybels, Creigh Moffatt, Brian Loeb

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

Goodrich moved and Manganiello seconded a motion to nominate Lubell as temporary Chair, in the absence of Chair Hybels or Vice-Chair Moffat. Motion Carried 4 — 0

Lubell called the meeting to order at 5:12pm

1. **Agenda:** Goodrich moved and Manganiello seconded a motion to approve the Agenda. Motion Carried 4 — 0
2. **Comments from the Public:** None
3. **Minutes:** Deferred
4. **Announcements, Reports & Correspondence**
  - a. Richards Email re: Mega Development s Again Explained, 7-16-19 acknowledged
5. **Housing Needs Document:** Discussion deferred
6. **Public Outreach for Affordable Housing Strategy:** Lubell confirmed that a workshop on Housing in Norwich is scheduled for September 12, 2019 in the Tracy Hall multipurpose room. Members discussed the most effective format and the subject matter for the meeting.
7. **Other Business.** None
8. **Adjournment:** 6:03pm

Respectfully submitted

Rod Francis

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

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**Pam Mullen**

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**From:** Stuart Richards <stuartrichards50@gmail.com>  
**Sent:** Thursday, September 26, 2019 1:01 PM  
**To:** norwich@lists.vitalcommunities.org  
**Cc:** Thomas Candon; Herb Durfee; Planner  
**Subject:** MARION CROSS WASTEWATER SYSTEM COSTS

In the latest survey Norwich residents identified the high rate of taxation as the most important issue facing residents. You may not be aware but it appears if the information below is correct that Norwich will very soon face some very large costs in repairing or replacing the Marion Cross wastewater system. Decision making and fact finding by the Norwich School Board is ongoing as the Board tries to reach consensus and understand what the best alternative is for the School and the community. According to information presented by Pathways Consulting LLC, Jeffrey Goodrich, President, the costs can range from a low of an approximate conceptual cost between \$381,500 and \$526,500 to repair/replace the existing system to a high of \$1,720,000 to hook up to Hartford. To these very approximate costs which are likely to rise need to be added "soft costs." It should be noted that there are other alternatives to these two options which either have been or are under consideration. In addition, there's quite a bit more that needs to be considered in addition to the numbers themselves. I'm sure that if the time is taken to read the two Pathways letters below there will be many questions which you would like answered. The next meeting of the Norwich School Board will occur on October 2 at 6:30PM in the MCS library. The agenda is available at: <https://www.boarddocs.com/nh/sau70/Board.nsf> I'd encourage anyone who has an interest to come to that meeting. The two public documents that I've received can be found below. If you have trouble opening them please don't hesitate to contact me for a pdf. I'm forwarding this email to School Board, Selectboard, Planning Commission and Affordable Housing Subcommittee officials and ask that this email including a print out of the Pathways letters be entered into the official documents of the entities that they are a part of.

<https://tinyurl.com/y6ajx3xv>  
<https://tinyurl.com/y4yuh5dy>

Stuart Richards  
802-649-3928

## Housing

### OBJECTIVES, POLICIES AND ACTIONS, 2020-2028

The objectives, policies and actions are derived from the Affordable Housing Strategy prepared by the Affordable Housing Subcommittee in 2019. The strategy includes significantly more detail about the actions in particular. For reference, the strategy is included as an appendix to this town plan.

#### OBJECTIVES

1. Ensure that households of *all* incomes can find quality, affordable, homes in Norwich appropriate to their needs.
2. 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. Increase the numbers of both rental and for-sale homes in Norwich. Among other needs, these housing efforts should support.
  - a. 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.
  - b. Families with children who are in the market for rental housing or homeownership.
  - c. The town workforce, including teachers, police, and other employees of the town.

This objective will be measured by the achievement of the following quantitative goals:

- ~~Demonstrate that town residents have developed a~~ At least 15 Accessory Dwelling Units developed by residents to be used as rental units;
  - ~~Facilitate~~ The construction of at least 15 units of "missing middle" housing (duplexes, triplexes, etc.); and;
  - ~~Complete~~ Construction and occupancy of at least 25 units of dedicated affordable housing, and initiate the process of developing another 25 units;
3. Reduce energy use and greenhouse gas emissions by increasing housing in areas served by public transit, with easy access to employment and retail centers, and by using green building materials and practices.
  4. ~~Formalize and grow the affordable housing revolving fund by advising developers of its availability and by soliciting contributions from private citizens to grow the fund.~~

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POLICIES

1. Promote the construction of a variety of housing types in areas of town with good access to transit, employment, community facilities and retail opportunities.
2. Continue to engage the community about the central role the adequate supply of homes has for our future.
3. Seek solutions to the barrier that wastewater management presents to denser housing development in much of Norwich.
- 3.4. Formalize and grow the affordable housing revolving fund by advising developers of its availability and by soliciting contributions from private citizens to grow the fund.

ACTIONS

- ~~1. Demonstrate that town residents have developed at least 15 Accessory Dwelling Units to be used as rental units.~~
- ~~2. Facilitate the construction at least 15 units of "missing middle" housing (duplexes, triplexes, etc.).~~
- ~~3. Complete construction and occupancy of at least 25 units of dedicated affordable housing and initiate the process of developing another 25 units.~~
- ~~ReDemonstrate that town residents have developed at least 15 Accessory Dwelling Units to be used as rental units.~~
- ~~Facilitate the construction at least 15 units of "missing middle" housing (duplexes, triplexes, etc.).~~
- ~~Complete construction and occupancy of at least 25 units of dedicated affordable housing and initiate the process of developing another 25 units.~~
- 4.1. Use the town's rule-making authority and convening functions to make the construction of new units of more diverse and affordable housing feasible in Norwich by, among other things: search the current status and potential impact of short-term rentals and consider developing a town policy on this issue.
  - 5.a. Adopting Land Use Regulations that eliminate any barriers to the development of affordable and 'missing middle' forms of housing.
  - 6.b. Investigate- Investigating the use of land owned or controlled by the town of Norwich for dedicated affordable housing
  - 7.c. Encourage- Encouraging the donation or conveyance of land for dedicated affordable housing
  - 8.d. Considering whether developments of a certain size should be required to include affordable units.
  - e. Conducting outreach to encourage developers of affordable homes to focus on Norwich, and make it easier for developers and the public to understand Norwich's zoning rules and affordable housing policies.-
  - f. Considering how to address barriers to development related to limitations on septic capacity, in particular through reviewing the findings of the 2005 study conducted by the Norwich Sewer Committee in light of current challenges and burdens.

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- 9. Address the needs of current property owners in Norwich to keep housing costs down by, among other things:
- ~~10.2. Encourage developers and others in the housing industry to make use of new building techniques (e.g. tiny homes) and materials that could lower the costs of homeownership and make housing in Norwich more environmentally sustainable.~~
  - a. Exploring mechanisms for the town and its residents to support weatherization and other rehabilitation efforts for low-income homeowners that would advance the objectives in this plan's Energy chapter;
  - b. Encourageing developers and others in the housing industry to make use of 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;
  - c. Researching 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.
- ~~11. Consider how to address barriers to development related to limitations on septic capacity, in particular through reviewing the findings of the 2005 study conducted by the Norwich Sewer Committee in light of current challenges and burdens.~~
- ~~12.3. Expand public understanding of housing issues and gather data for future use in evidence-based policy making through:~~
  - ~~13.a. Encourage-Encouraging participation in community conversations around housing from groups that are less well represented, such as low-income families and renters generally;~~
  - a. Exploring options for gathering and disseminating information on the town's residential rental market, including the use of a rental registry;:-
  - b.
- ~~14. 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.~~
- ~~15.c. Make it easier for developers and the public to understand Norwich's zoning rules and affordable housing policies. Researching the current status and potential impact of short-term rentals and consider developing a town policy on this issue.~~

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Housing is a top-of-mind concern for many Norwich residents, as revealed in recent [town surveys](#) and public forums. Their concern is two-fold: 1) High property taxes, the high costs of maintaining aging and energy-inefficient homes, and the lack of diversity in types of housing all combine to essentially trap long-time residents in their current homes; and 2) A range of factors, some particular to Norwich and

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others more regional in nature, increase the price of entering the Norwich housing market, either as an owner or as a renter, beyond what many people can afford.

Discussions of housing touch a range of other issues important to residents' visions of Norwich. The town's choices about land use and conservation, transportation, and facilities can improve or restrict the feasibility of rehabilitating or constructing housing in Norwich. And the availability and affordability of housing options impacts the town's sustainability: maintaining sufficient school enrollment to limit education tax rate increases, which are based in significant part on per-pupil spending; providing employees of the town and its businesses the choice to live near where they work; and allowing long-time residents, including those on fixed incomes, to remain in the town they love.

Further, the location and type of housing are drivers of the town's contributions to climate change. Compact housing, near services or with access to public transit, reduces residents' reliance on car travel, leading to lower energy use and greenhouse gas emissions; and more efficient building materials and practices reduce energy loss and the use of fossil fuels for heating.

This chapter provides evidence for understanding the current status and trajectory of housing in Norwich. It is intended to be a reference for town officials and residents in the ongoing discussions regarding housing.

This chapter also includes objectives, policies and actions for the town in the area of housing. These elements are drawn from the town's *Affordable Housing Strategy*, developed by the Affordable Housing Subcommittee of the Planning Commission over a period of 18 months, including extensive public outreach. The goals, objectives and actions are realistic, based on the available evidence, and they respond to widely held sentiments about the future of housing in Norwich.

### TOWN POLICIES

In general, policies regarding housing in Norwich are developed at the level of the Planning Commission, currently a nine-member group appointed by the Selectboard. The [Planning Commission](#) prepares, among other things, the town plan and zoning and subdivision rules, through public meetings, research studies, and outreach activities. The town plan and housing policies are issued as recommendations to the Selectboard.

The town plan sets the framework for the housing policies, in that the regulatory and non-regulatory rules the Planning Commission prepares must be in [conformance](#) with the vision established in the plan. The two most important regulatory rules regarding housing are the [zoning regulations and the subdivision regulations](#) (rules and exemptions pertaining to Planned Unit Developments are found in both of these documents):

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- The zoning regulations, last updated in 2009, establish five types of zoning districts and the allowable uses of property in those districts.
- The subdivision regulations, last updated in 2013, establish the maximum allowable density of housing development in each type of zoning district, using a formula that results in a higher allowable density for parcels on paved roads and close to the village center.

These policies are implemented by the [Development Review Board](#), the members of which are also appointed by the Selectboard. Applications and proposals made to the Development Review Board must adhere to the policies as well as to the intent described in the town plan.

Under certain circumstances, applications and proposals regarding housing are subject to further scrutiny beyond the Development Review Board. The most prominent of these circumstances is when a given project may be required to obtain an [Act 250 Permit from the state's Natural Resources Board](#). For housing purposes, this would be the case for projects with [10 or more units](#). In addition to increased requirements on community input, the Act 250 process would include an evaluation by the [Two Rivers-Ottawaquechee Regional Commission](#), the jurisdiction of which includes Norwich. The project application, the town's policies, and the town plan itself would need to conform to the regional plan, which defines its own land use types and districts.

Comment [L1]: Rod: Please review for accuracy.

In Norwich, the issue of housing affordability has been a prominent concern to such an extent and for so long that in 2002, following a [rigorous research study](#), the Planning Commission created an Affordable Housing Subcommittee, which today has a membership including community members in addition to members of the Planning Commission itself. More recently, in 2015, the Planning Commission undertook a study of potential development in the Route 5 South and River Road corridor<sup>1</sup>; that study included extensive public input about residents' visions for future growth. And in 2019, the Affordable Housing Subcommittee prepared the town's Affordable Housing Strategy. The issues and proposals in the strategy echo the work of the preceding decades, demonstrating both the persistence of housing challenges in Norwich and the sincere dedication of residents to make the town more accessible and affordable for their current and prospective neighbors. A further demonstration of these widespread sentiments: In November 2018, Norwich voters approved the re-instatement of Norwich's \$45,000 revolving fund for affordable housing<sup>2</sup>, with [80% voting in favor](#).

### REGIONAL HOUSING DEMAND

The demand for housing in Norwich is high, in part because of particular aspects of the town that make it attractive and in part because of the strong regional job center driven by Dartmouth College, Dartmouth-Hitchcock Medical Center and several other large employers located in close proximity to Norwich. While there are actions that Norwich can take to increase the diversity and affordability of its

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housing stock, it is unlikely that a sufficient number of units can be produced in Norwich to make a sizable contribution toward the region's acute need for housing. This is due to the town's small size and the limited range of policy tools available, as well as other constraints described in this plan, including the lack of a public wastewater system. Even if Norwich's contribution to the regional need will at most be modest, the housing objectives, policies and actions in this chapter are important for their own sake: They can help Norwich use housing as a means to realize the local, shared vision described in this plan.

The [2019 Two Rivers-Ottawaquechee Regional Plan](#) identifies housing challenges facing Norwich and the regional commission's 29 other towns in Vermont. In short: "The Region needs significantly more homes to rent and buy in order for the market to be functioning well." That plan is an excellent resource for understanding how broadly the issues in Norwich are shared across the region. And the regional commission's recommendations regarding housing guided the development of this chapter of the town plan.

While the regional plan solely speaks to Vermont, the dynamics it describes have much in common with those identified by New Hampshire's [Upper Valley Lake Sunapee Regional Planning Commission](#). Indeed, the characteristics of Norwich housing, the need for housing in the town, and the challenges facing the town should all more properly be considered in the two-state context of the Upper Valley as a whole. Such was the approach taken by the two regional planning commissions when, in 2012, they jointly conducted a [Housing Needs Assessment](#). That study projected the need for additional housing in the region over the following decade based on the recent level of population growth, as well as on the trends in employment.

The region's employers are increasingly focused on housing issues as important to their ability to attract and retain high quality employees. Several of the largest employers constitute the Corporate Council, which, under the auspices of the organization Vital Communities, provides a forum for discussing shared challenges and developing joint solutions. In recent years, Corporate Council members devoted a series of working sessions to housing. In September 2019, several of these members provided insights to members of the Economic Development, Housing and General Affairs Committee of the Vermont State Senate who were examining state-level housing strategies, including bond issues.

To the extent that these concerns have been translated into action, efforts are piecemeal and small in scale. To date no large-scale employer has invested in housing in the area, though Dartmouth College and Dartmouth-Hitchcock Medical Center are jointly investigating opportunities to build employee housing on underutilized land owned by the institutions. Twin Pines Housing Trust, in partnership with the state housing finance agencies in Vermont and New Hampshire, has in recent years developed several small- to medium-sized rental projects in the communities surrounding Norwich, including Hartford, Woodstock

and Hanover. In addition, the Woodstock Community Trust has begun to buy, rehabilitate and sell homes in the town for below market value to households identified and approved by Twin Pines.<sup>iii</sup>

**HOUSING STOCK CHARACTERISTICS**

Housing in Norwich consists predominantly of detached single-family homes. There is a limited number of townhouse-style buildings and manufactured homes, as well as a dedicated senior living community, but these collectively house a small proportion of the town’s residents. According to Norwich’s Grand List, at the end of 2018 there were [1,325 residential properties](#) in Norwich, including single-family homes (98%), mobile homes (1%), and commercial apartments (0.5%).

The number of single-family homes in Norwich has been relatively flat in recent years. Over the five-year period from 2014-2018, just 25 building permits were issued by the town for new construction. This includes homes to be built on open land and on parcels to be subdivided, but it does not include permits for demolition and reconstruction on the same site. These figures overstate the recent growth in the housing stock for two reasons: Two-thirds of the properties receiving these permits have not had a subsequent sale as of August 2019<sup>iv</sup>, and at least some of the permits have not been utilized (2019 Norwich Grand List figures suggest the parcel does not yet have a dwelling). Figure 1 below shows how the recent level is lower even than in the mid-2000s.

Figure 1: Permits issued for residential new construction in Norwich



This low level of recent activity aligns with estimates by the US Census Bureau.<sup>v</sup> Table 1 below shows the 2017 estimates for the tenure of total housing units. Of note, compared with the average for the rest of Windsor County, Norwich experienced somewhat of a building boom in the 1980s and 1990s, whereas elsewhere in the county there is a greater share of much older homes. Still, over half (55%) of homes in Norwich are 40 years old or older.

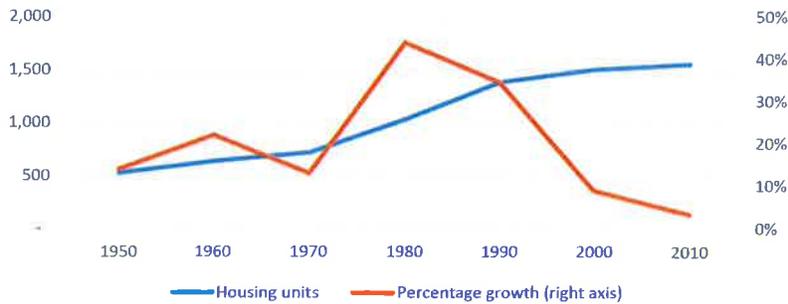
Table 1: Year structure built for total housing units

	Norwich	Windsor County (non-

		Norwich)
2000 to 2013	9%	12%
1980 to 1999	36%	27%
1960-1979	24%	23%
1940-1959	12%	10%
1939 or earlier	19%	28%

The changing dynamics are evident in historical Census counts of housing units in Norwich.<sup>vi</sup> Figure 2 below shows the total units at each decennial census.

Figure 2: Decennial count of all housing units in Norwich



Local experts in real estate development and financing attribute the low level of homebuilding in recent years to five related factors that continue to increase in intensity:

1. In prioritizing work in Vermont or New Hampshire, the region’s developers weigh heavily Vermont’s relatively stringent environmental review and public input processes and are unable or unwilling to take on this added risk for projects of a certain scale;
2. There is a regional crunch in materials prices and the cost and availability of construction labor; because margins are low and sub-contractors are so difficult to find, few developers can afford to focus on the Upper Valley in general;
3. Wastewater management is highly costly through individual septic systems due to the town’s geology, and, absent a treatment facility in town or connection to another municipality’s sewer system, the upfront costs of infrastructure are difficult to recover through rents or in a sale;
4. There is a widespread perception in the development community and among funding institutions that Norwich is not receptive to development, and those organizations therefore prioritize projects in other municipalities; and

- 5. There are simply few available parcels for sale in Norwich, and those located in close proximity to public transit routes or other services have been repeatedly evaluated by the area’s housing developers.

Most of the existing stock of housing in Norwich is used as the primary residence of the homeowner. According to estimates by the Census Bureau, in 2017 about 21% of occupied housing units in Norwich were rented, as opposed to owner-occupied. This figure is lower than Hartford (34%), Springfield (32%) and the remainder of Windsor County (26%).

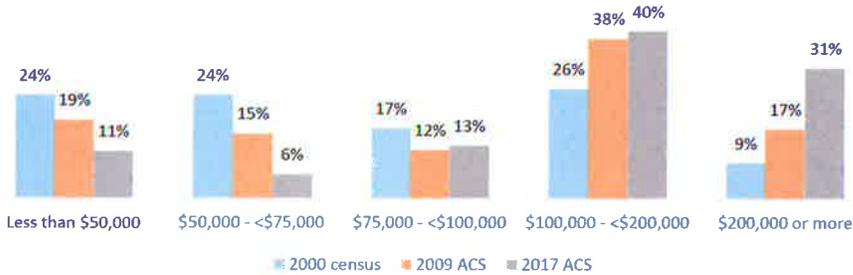
Comment [L2]: TO BE ADDED: Figures on homestead declaration from town clerk.

If the rental estimates are applied to the figures from the Grand List, it means that there are about 278 rental units in Norwich. These units are, according to industry experts, largely in single-family homes, either in a primary residence or a secondary unit on the same property as an owner-occupied unit (called an Accessory Dwelling Unit, or ADU).

### ACCESS AND AFFORDABILITY

Many long-time Norwich residents express nostalgia for a degree of economic diversity that existed as recently as the 1990s. Since then, there has been a substantial shift in the town’s income profile, as documented by Census Bureau data. Figure 3 below compares the percentage of Norwich families in various income bands from the time of the year 2000 census<sup>vii</sup> and the 2009<sup>viii</sup> and 2017<sup>ix</sup> American Community Surveys.

Figure 3: Family income in the past 12 months in Norwich



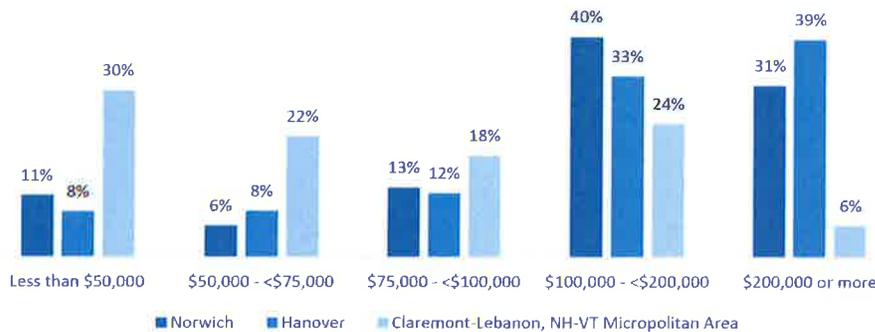
To some extent, economic diversity still exists in Norwich, in the sense that low-income individuals and families continue to make Norwich home and support the town’s vitality. However, the share of the Norwich population with annual income below \$50,000 has dropped substantially since 2000, and the share of the population with annual income above \$200,000 has increased. Lower-income residents and potential residents are increasingly limited in their housing options,

squeezed out of homeownership opportunities and into rental arrangements that lack long-term security and affordability protections.

### COST BURDENS OF NORWICH HOUSING

Figure 4 below compares the family income in Norwich with that of larger Claremont-Lebanon micropolitan area, which consists of Sullivan and Grafton Counties in New Hampshire and Orange and Windsor Counties in Vermont.<sup>x</sup> As this comparison illustrates, households in Norwich have much higher incomes than households in the broader region. The income distribution of Norwich residents is much closer to that of Hanover, New Hampshire.

Figure 4: Family income in the past 12 months (2017 estimates)



However, many current Norwich families do struggle to afford their homes. The Census Bureau estimates that in 2017, among homeowners with a mortgage in Norwich, 31% paid 30% or more of their household income for housing; 38% of renters paid 30% or more of their household income in gross rent.<sup>x1</sup>

Renters' incomes tend to be lower than homeowners' incomes. A recent report from the National Low Income Housing Coalition<sup>xii</sup> estimates that in Windsor County, renters earn on average \$11.83 per hour, and that the median renter household earns \$34,344 per year. At that income, the report estimates a renter household could afford a rent of \$859 per month. This contrasts with a fair-market rate for a 2-bedroom apartment in the county of \$988 per month, which translates to 64 hours per week (i.e. both household members working full-time) at the average renter's wage. For individual renters, the picture is starker: They need to work 53 hours per week, on average, to afford a 1-bedroom apartment at the fair-market rate of \$810.

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The staff and school board for the Marion Cross School report that these dynamics have a direct connection to access and equity in the school: Each year families that rent in Norwich must leave the school, and likely the wider Dresden School District, as well, because their rent rises beyond what they can afford.

Even residents that see rising housing costs may be surprised at the degree of poverty and need experienced by some in Norwich. The Upper Valley Haven, the area's principal service provider for individuals and families who are homeless or are at risk of homelessness, serves many Norwich residents. In 2018, the Haven's food shelf, which provides free healthy food options, served 32 Norwich households (accounting for 80 residents). Households can only come to the food shelf once a month, and on average they come four times per year. In the same year, eight Norwich households received case management services from the Haven. And in recent years, the Haven's shelters for homeless individuals, families, and those with seasonal (i.e. winter) needs have housed between one and three households that had lived most recently in Norwich.

The Upper Valley Haven's leaders say that these households are willing to stretch their finances by living in Norwich because they value the community and the services it offers, and, often, for the purpose of staying in the school district.

Two developments in Norwich could be considered "dedicated affordable housing," in the sense that there are long-term, binding instruments to ensure that the units will be affordable to low- and moderate-income residents.

Starlake Lane, a neighborhood of 14 homes, is an example of a community land trust: Twin Pines Housing Trust owns the land, and the homeowners own their homes and much of the improvements. Twin Pines makes grants to income-qualified homebuyers to help them make the initial purchase, and then when households decide to sell their homes, the return on their equity is shared with Twin Pines. Among current Starlake residents are employees of Norwich's post office and the Marion Cross School, as well as owners of local businesses. While the Starlake model provides access to homeownership in a way that is largely unattainable elsewhere in Norwich, the neighborhood's location, off of Farrell Farm Road just south of Route 132, is not accessible by public transit or near town services or amenities.

Norwich Senior Housing consists of 24 1-bedroom units of dedicated affordable housing, meaning tenants pay 30% of their adjusted gross income in rent. The demand for affordable senior housing in the area is such that there is an eight- or nine-year waiting list. The board of directors that oversees Norwich Senior Housing has in the past explored options for expansion on site but found that the infrastructure needs would make that infeasible. Simpson Properties, the local company that manages Norwich Senior Housing, confronted similar challenges with another of its Norwich projects, a condominium complex at the southern entrance to town; that complex has half the number of units that could exist on the parcel absent septic needs.

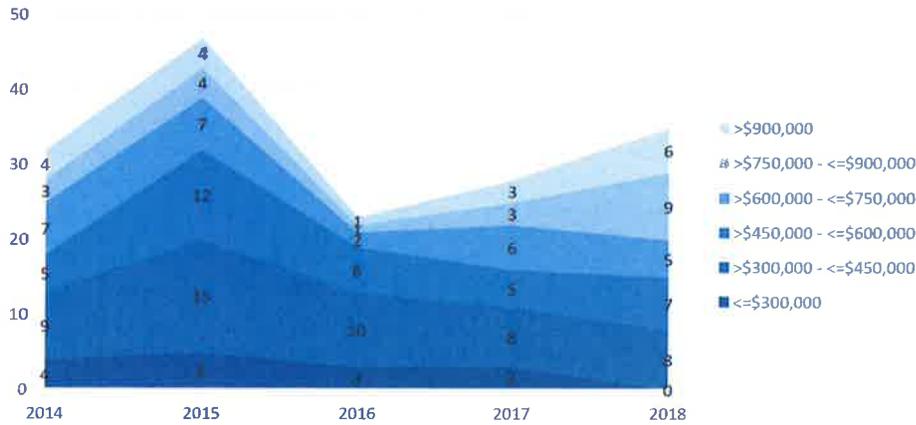
**MARKET DYNAMICS AND PARTICIPANTS**

The fact that much of the Norwich housing stock is aging has implications for septic systems, weatherization and heating, and general maintenance that can present tough choices for households with high mortgage debt. And while the cost of remaining in Norwich can place severe burdens on households, the cost of entry is high, as well, keeping out many households that would like to live in the town.

There are very few homeownership opportunities in Norwich, across the price spectrum. When properties are bought and sold and incur transfer taxes, the State of Vermont records, among other attributes of the sale, the size of the property, the type of any buildings, and the use of the property both before and after the purchase.<sup>xiii</sup> During the 5-year period from 2014-2018, the number of single-family homes sold for use either as a primary or secondary residence accounted for an average of about 2.6% of the estimated number of single-family homes in Norwich. Harford (1.9%), Sharon (1.7%), and Woodstock (1.4%) saw even lower shares of units sold, but the annual Norwich turnover is truly small, resulting in few opportunities for households of any income to move to Norwich.<sup>xiv</sup>

When houses do come on the market in Norwich, it is typically at the higher end. In 2018, the median sales price of a single-family home in Norwich was \$649,000, a jump from \$564,500 in 2014, \$480,000 in 2015, \$431,000 in 2016, and \$500,000 in 2017. As Figure 5 below shows, in four out of the five most recent years, more than half of sales each year have been for \$450,000 or more.

Figure 5: Sales of single-family homes in Norwich by price



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During 2014-2018, the average annual median sales price of single-family homes in Norwich was the highest of any town in Windsor County. As shown in Table 2, the median sales price in Norwich of \$500,000 was more than \$100,000 greater than any of the other towns in the county.

*Table 2: Median sales price by year (\$ thousands), ranked by overall median sales price (Number of sales)*

	2014	2015	2016	2017	2018	Overall
Norwich	\$565 (32)	\$480 (47)	\$431 (23)	\$500 (28)	\$649 (35)	\$500 (165)
Woodstock	\$435 (33)	\$358 (25)	\$316 (22)	\$380 (18)	\$412 (14)	\$397 (112)
Ludlow	\$270 (3)	\$455 (22)	\$360 (19)	\$284 (5)	\$119 (1)	\$396 (50)
Barnard	\$364 (2)	\$1,968 (2)	\$385 (3)	\$200 (3)	\$360 (6)	\$393 (16)
Weston	\$603 (4)	\$388 (8)	\$270 (2)	\$555 (3)	\$187 (3)	\$370 (20)
Pomfret	\$220 (5)	\$1,595 (2)	\$663 (6)	\$260 (6)	\$250 (9)	\$323 (28)
Plymouth	\$361 (8)	\$301 (2)	\$371 (4)	\$194 (1)	\$0 (0)	\$265 (15)
Hartford	\$260 (49)	\$234 (62)	\$238 (50)	\$240 (68)	\$242 (67)	\$240 (296)
West Windsor	\$543 (2)	\$150 (1)	\$197 (5)	\$246 (6)	\$265 (7)	\$238 (21)
Hartland	\$255 (5)	\$226 (8)	\$205 (10)	\$280 (16)	\$200 (11)	\$233 (50)

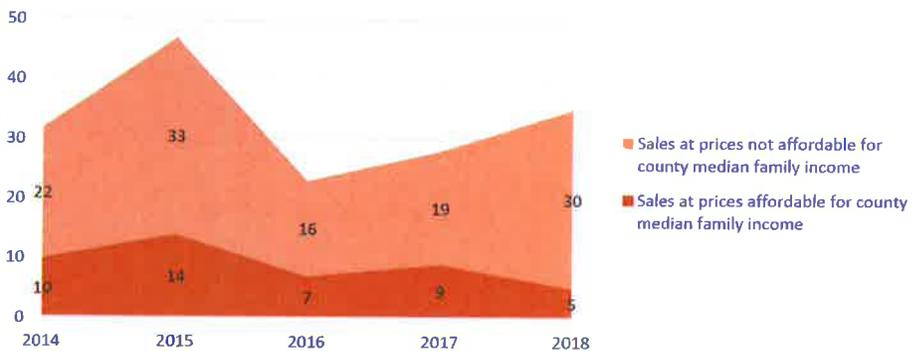
These high sales prices mean that few low-, moderate-, or even middle-income families can purchase a home in Norwich. Table 3 below shows the most a family at the median income in Windsor County<sup>xv</sup> would be able to afford over the period 2014-2018. These calculations assume, for simplicity, a 30-year, fixed-rate mortgage at 4.5%, a down payment of 10% of the purchase price, and a debt-to-income ratio of 30% (and by implication no other debt). These assumptions are likely optimistic: They do not account for the savings required for closing costs, for example, and many borrowers may not qualify for this mortgage type and rate. Hence the maximum purchase price is likely lower than the table suggests.

*Table 3: Estimated threshold for home purchase affordability*

	Median family income for Windsor County	Maximum affordable purchase price
2014	\$70,342	\$385,633
2015	\$70,666	\$387,409
2016	\$71,608	\$392,573
2017	\$74,662	\$409,316
2018	\$76,454 <sup>xvi</sup>	\$419,140

Even with these optimistic figures, it is clear that most home purchase opportunities in Norwich are not available to a large percentage of families in the county. Figure 6 below shows the number of sales of single-family homes each year in Norwich that were sold for a price at or below this maximum affordable level.

*Figure 6: Affordability of Norwich single-family home sales for county median family income*



As low as these absolute numbers are, they likely overstate the affordability of homeownership for another reason: Even the relatively inexpensive homes may not have been purchased by middle-, moderate-, or low-income families. Rather, some may have been purchased by higher-income families for the purpose of significant renovation and/or use as an investment property.

Families in the county that cannot afford to purchase a home in Norwich have more opportunities in other towns. Table 4 below shows how the towns in the county rank in terms of the number of affordable home sales each year. Because of its large size, it is no surprise that Hartford consistently has the most such opportunities. However, it is striking that in many other towns there is a high percentage of sales that are affordable, whereas in Norwich the proportion is consistently low.

*Table 4: Number of sales considered affordable, ranked by total number of affordable sales (Percentage of all sales that are affordable)*

	2014	2015	2016	2017	2018	Total
Hartford	40 (82%)	54 (87%)	48 (96%)	65 (96%)	64 (96%)	271 (92%)
Springfield	8 (89%)	20 (100%)	17 (94%)	20 (100%)	51 (98%)	116 (97%)
Weathersfield	10 (100%)	11 (92%)	7 (70%)	19 (95%)	18 (95%)	65 (92%)

**DRAFT**

Woodstock	13 (39%)	13 (52%)	14 (64%)	11 (61%)	6 (43%)	57 (51%)
Windsor	5 (71%)	9 (90%)	13 (100%)	19 (95%)	10 (100%)	56 (93%)
Hartland	5 (100%)	6 (75%)	8 (80%)	15 (94%)	11 (100%)	45 (90%)
Norwich	10 (31%)	14 (30%)	7 (30%)	9 (32%)	5 (14%)	45 (27%)
Royalton	8 (89%)	8 (89%)	3 (100%)	11 (92%)	9 (100%)	39 (93%)
Sharon	4 (100%)	5 (83%)	9 (82%)	10 (77%)	9 (75%)	37 (80%)
Ludlow	2 (67%)	8 (36%)	11 (58%)	3 (60%)	1 (100%)	25 (50%)

Current rents are also high in Norwich, as high or higher than the county-wide estimates produced in the National Low Income Housing Coalition report. There is no centralized listing of rental properties in Norwich or maintained by the town, so the only way to approximate market conditions is by referencing various websites from the college and the town listserv.

On a day in June, typically a period of high volume in the area rental market, seven single-family homes were listed for rent in Norwich, as well as six apartments on the property of a single-family home. The median asking rent for the houses was \$2,250 per month, and, for the apartments, \$1,075. Again, this may miss some of the available inventory. But it suggests that house rentals are currently oriented more toward groups of graduate students or young professionals, and that families likely struggle to find enough space that they can afford. Those families that are able to stretch their budgets to afford renting in Norwich may be extremely vulnerable to changes in employment or unexpected financial needs.

Despite these asking rents that are out of reach for many potential renters, local experts suggest that renting one's single-family home in Norwich is rarely profitable. Instead, many homeowners are motivated to rent their property as a way of retaining ownership and offsetting holding costs so they can move back into the home in the future, or so they can pass the property down to their children. This helps explain why few rental properties in Norwich are professionally managed (there is not sufficient revenue to pay a management firm), and why there is no evidence for widespread purchase-and-rent activity in the town, as is the case in Woodstock, which has more of a year-round demand for tourism.

<sup>i</sup> PlaceSense (2015), *Route 5 South – River Road Study*, On behalf of the Norwich Planning Commission, accessed October 4, 2019 at <http://norwich.vt.us/wp-content/uploads/2012/06/FinalReport-May2015.pdf>.

<sup>ii</sup> "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

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consultation with the Town Manager, the Norwich Planning Commission, and the Affordable Housing Subcommittee?"

<sup>iii</sup> Anne Wallace Allen (June 19, 2019), "Woodstock group serves as 'rich uncle' to help middle-income buy homes," VTDigger, accessed June 20, 2019 at [https://vtdigger.org/2019/06/19/woodstock-group-serves-as-rich-uncle-to-help-middle-income-buy-homes/?mc\\_cid=0b6206e125&mc\\_eid=7512fa938e](https://vtdigger.org/2019/06/19/woodstock-group-serves-as-rich-uncle-to-help-middle-income-buy-homes/?mc_cid=0b6206e125&mc_eid=7512fa938e).

<sup>iv</sup> Real Estate Sales Data from Vermont Property Transfer Tax Public Records, accessed August 20, 2019 using <http://www.vermontrealestatesales.net>.

<sup>v</sup> U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates, Table DP04 SELECTED HOUSING CHARACTERISTICS, accessed July 12, 2019 using <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>.

<sup>vi</sup> U.S. Census Bureau, Census of Population and Housing, accessed October 11, 2019 at <https://www.census.gov/prod/www/decennial.html>.

<sup>vii</sup> U.S. Census Bureau, Profile of Selected Economic Characteristics, Census 2000 Summary File 3, Table DP-3, accessed August 20, 2019 using <https://www.census.gov/census2000/sumfile3.html>.

<sup>viii</sup> U.S. Census Bureau, 2005-2009 American Community Survey 5-Year Estimates, Table B19101 FAMILY INCOME IN THE PAST 12 MONTHS (IN 2009 INFLATION-ADJUSTED DOLLARS), accessed August 21, 2019 using the tools available at [https://www2.census.gov/acs2005\\_2009\\_5yr/summaryfile/](https://www2.census.gov/acs2005_2009_5yr/summaryfile/).

<sup>ix</sup> U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates, Table B19101 FAMILY INCOME IN THE PAST 12 MONTHS (IN 2017 INFLATION-ADJUSTED DOLLARS), accessed July 13, 2019 using <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>. Note that this tool has since been replaced by "Explore Census Data," at <https://data.census.gov/cedsci/>.

<sup>x</sup> U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates, Table B19101 FAMILY INCOME IN THE PAST 12 MONTHS (IN 2017 INFLATION-ADJUSTED DOLLARS).

<sup>xi</sup> U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates, Table DP04 SELECTED HOUSING CHARACTERISTICS.

<sup>xii</sup> National Low Income Housing Coalition (2019), *Out of Reach 2019*, Vermont State Data, available at <https://reports.nlihc.org/or/vermont>.

<sup>xiii</sup> Real Estate Sales Data from Vermont Property Transfer Tax Public Records, accessed July 11, 2019.

<sup>xiv</sup> Census estimates of number of houses were used for these calculations; these figures are available for each town, whereas Grand List figures are not centrally catalogued in this way. For Norwich, the Grand List and Census figures are nearly identical.

<sup>xv</sup> U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates, Table S1901 INCOME IN THE PAST 12 MONTHS (IN 2017 INFLATION-ADJUSTED DOLLARS), accessed July 13, 2019 using <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>.

<sup>xvi</sup> Because 2018 estimates were not yet available at the time of writing, the number used here is the 2017 estimate increased by the rate of inflation according to the Consumer Price Index. See <https://www.bls.gov/opub/ted/2018/consumer-price-index-rose-2-point-4-percent-over-the-year-ending-march-2018.htm>.

## Norwich's 2019 Housing Strategy

### Summary

This document describes the housing strategy for the town of Norwich for the five-year period of 2020 to 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 was developed by the Affordable Housing Subcommittee of the Norwich Planning Commission over an 18-month period, informed by input from a series of Affordable Housing Listening Sessions, an Affordable Housing Education Series, town surveys, stakeholders, and the Selectboard.

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)

A public meeting was held on \_\_\_\_ to consider input on this draft strategy before it was finalized.

## Objectives

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

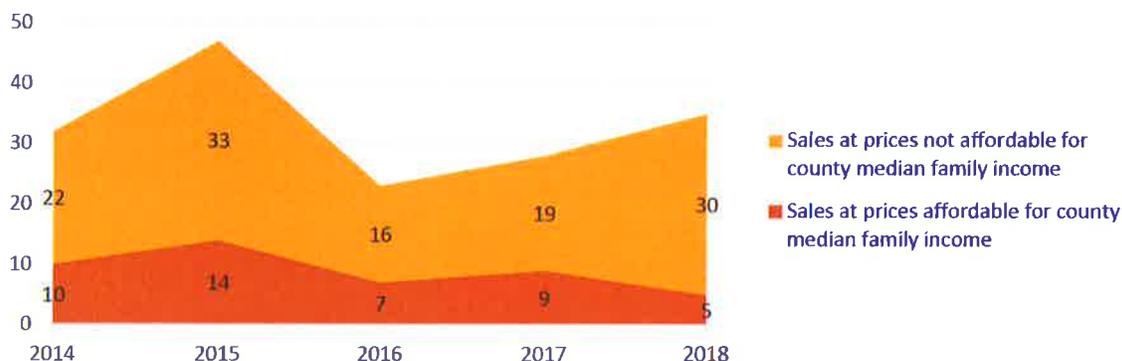
- **Affordability** -- Ensure that people of all incomes can find quality housing they can afford in Norwich.
- **Diversity** – Increase the diversity of the housing stock so that it includes a range of housing types suitable for people of different incomes and backgrounds and at different stages of their life. Increased numbers of both rental and for-sale homes are needed in Norwich. 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),<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 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.<sup>2</sup> 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.

Figure 1: Affordability of Norwich homes



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

<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 2014-2018, just 9 condominium units sold, and zero mobile homes sold.

<sup>2</sup> 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.

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 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.<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-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.

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

<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](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

<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.

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.

### 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:

**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. 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

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<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.

<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?”

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.

**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 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.<sup>8</sup> 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.

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

### 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 density<sup>9</sup> 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.

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:

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<sup>9</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.

- 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 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.<sup>10</sup> 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.
- 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.

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<sup>10</sup> 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.

## 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.