

# Memo

**To:** Norwich Planning Commission

**From:** Affordable Housing Subcommittee

**Date:** October 8, 2021

**Re:** Use of Publicly Owned Land in Norwich to Develop Homes that Will Rent or Sell at Below-Market Levels

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In the first half of 2021, the Affordable Housing Subcommittee conducted a review of land owned by the town of Norwich and the Norwich Fire District to identify parcels that could potentially be used to develop housing that would rent or sell at below-market levels (below-market homes). This memo summarizes the findings and recommendations of the Subcommittee based on this review.

## Goals

- Identify publicly owned land that could be used to support the development of homes that rent or sell at below-market levels.
- Facilitate the long-term affordability of these homes through deed restrictions or other mechanisms.

## Summary of Recommendations

The high cost of land is a major barrier to the development of below-market housing in Norwich. By identifying parcels of publicly owned land suitable for development, the Town could address this serious barrier and facilitate the development of more affordable housing options in Norwich. Many towns and cities regionally and around the U.S. have used publicly owned land to successfully develop below-market housing; Gile Hill in Hanover is a nearby example.

As reflected in the attached description of notable properties identified during our review, the subcommittee has identified a number of properties owned by the Town of Norwich or the Norwich Fire District with the potential for development of below-market homes. At this time, the subcommittee recommends follow-up action on two of these properties:

1. SPAN: 450-142-12272 – This is a 24+/- acre parcel owned by the Town that houses, in the southern section, the Department of Public Works and the transfer station. The northern portion of this property could potentially be used to develop housing that rents or sells at below-market levels without interfering with the continued operations of the DPW and the transfer station.

2. SPAN: 450-142-11592 and 450-142-12882 – The Norwich Fire District owns a considerable amount of property along Beaver Meadow Road. While much of this land may be challenging to develop, it is likely that there are several individual home sites along the road that could be used for single-family homes or duplexes.

With information provided by the Director of Planning and Zoning, the subcommittee has conducted an initial investigation of these properties and determined that they hold some promise for the future development of affordable homes. However, further investigation is needed to assess and confirm the development potential of the properties.

Accordingly, the subcommittee seeks authorization to move forward with further investigation of these properties through a combination of internal assessment and the services of one or more consultants.

Through a Q&A format, this memo briefly summarizes our thoughts about how these properties could be used to address Norwich housing challenges.

### **Why is it important to identify publicly owned land for affordable housing?**

The high cost of land is one of the biggest contributors to high housing prices. By making publicly owned land available at no cost (or at below-market levels), the town could reduce the cost of newly constructed homes, allowing them to be rented or sold at below-market levels.

### **What are the assets and limitations of SPAN: 450-142-12272 for affordable homes?**

There are three main assets to this 24+ acre property that would make it a good site for affordable homes:

1. It includes a large northern section that is not used by the DPW or transfer station that would provide land to construct affordable homes.
2. It is relatively close to the village center.
3. It is likely that the soils near the DPW and the transfer station are well drained and will accommodate on-site wastewater disposal.

The chief limitations of the property appear to include:

1. Vermont Agency of Natural Resources records document that a 0.5 acre landfill existed on this 24-acre property. Before proceeding with any residential development, it will be important to assess and understand this issue to ensure that the property can be safely developed for residential use. Presumably, housing would be located on a portion of the property that would not be affected by the landfill, but it would nevertheless be important to fully understand what regulatory processes might apply to a development site proximate to existing development and the former landfill site.

One of the Subcommittee members remembers coming to the landfill as a child, which she identifies as being located at the southern tip of the property, south of the current transfer station. The great distance between this location and the proposed development site substantially reduces the chances that it might interfere with the

ability to develop housing on the northern section of the parcel.

2. A communication tower serving Town needs.
3. Slope, wetland, and other regulatory considerations.

As with all parcels in the Town, current subdivision and zoning regulations also provide limitations on what may be developed on this parcel.

Through the limited engagement of consultants to assist with assessing site feasibility for development of this parcel at below market-rate housing, the Affordable Housing Subcommittee could assess its development potential and provide a clearer understanding of what types of development, and how many units, could practically be developed on this parcel. If the assessment confirms that the property could support multifamily or townhome construction, the resulting economies of scale could help to reduce construction costs, further contributing to the affordability of the property's rents or sales prices.

### **What are the assets and limitations of SPAN 450-142-11592 and 450-142-12882 for affordable homes?**

These two SPANs cover more than 800 acres owned by First District along Beaver Meadow Road. While much of this land is wet or sloped and would be difficult to development, we believe it is likely that individual home sites could be developed as single-family or duplex homes.

The watershed for these lands formed the historic source of surface water supply for the Village, but the Town committed to gravel packed wells on Route 5 north for its potable water supply some decades ago. We understand that the Fire District views the lands along Beaver Meadow Road as a potential backup location for future water supply, if needed. We have structured our recommendation so as to reduce the possibility of interfering with this potential future use.

To reduce the impact on forest blocks and ensure the development does not interfere with possible future development of a surface water supply, we recommend that a handful of sites be identified close to the road that could each support the development of single-family, duplex or triples homes. While these sites would be located on an excellent road, their distance from the center of town means it is unlikely that state or federal funding will be available to reduce project costs. However, by making the land available at no or low-cost, and using duplex construction, the per-unit costs of the homes could be reduced, allowing them to be sold or rented at below-market levels. If multiple sites are identified and construction pursued at several sites simultaneously (or in rapid succession), it may be possible to take advantage of economies of scale.

### **What work is needed to assess and advance the potential for development of the properties as affordable homes?**

As described in the Appendix to Attachment B, there are site considerations that need to be assessed more fully before concluding which properties may be developed. At a minimum, it will be important to understand existing conditions at the DPW/Transfer Station site relative to the potential for one or more drilled wells up-gradient from developed areas and consider any additional safety constraints that apply to new development given the presence of a former landfill on another part of the property. Additionally, as sites are further investigated, hydrological and wetland evaluations will be needed.

The subcommittee recommends that preliminary technical assessments be conducted at this time to confirm the development potential of the properties. Should those assessments confirm the properties' development potential, the next step would be for the Subcommittee to create a set of procedures for constructing the homes and ensuring they remain affordable over time. The Subcommittee recommendations would be shared with the Planning Commission.

### **How will the Town ensure the homes remain affordable?**

The ongoing affordability of the homes would be maintained through legally binding covenants. The covenants could specify, for example, that the homes must be rented at below-market levels to families meeting certain income limitations. Alternatively, the homes could be sold through a shared equity arrangement that balances the home purchasers' ability to build wealth with the Town interest in preserving the affordability of the homes to future purchasers.

### **Additional Consideration about Fire District Property**

We understand that the Fire District is considering putting much of the land that it owns into conservation. Until the potential of this land for the development of below-market homes can be assessed, the Affordable Housing Subcommittee strongly recommends that this action be deferred. While it's likely that the bulk of the land owned by the Fire District is difficult to develop, it is important to first ensure that any developable sites are identified and repurposed for below-market homes, before the remainder is conserved.

## **Notable Properties from the Affordable Housing Subcommittee's Review of Publicly Owned Land (September 2021).**

This document describes a number of properties that the Subcommittee found notable in its review of the possible use of publicly owned land for affordable homes, including two properties that the Subcommittee recommends be pursued for possible development in order to advance the Town interest in increasing the diversity and affordability of the housing stock.

### **Methods**

Director of Planning and Zoning, Rod Francis, conducted an inventory of land owned by the Town and the Fire District and prepared lists and maps of these properties. The Subcommittee considered the properties that seemed to be potential candidates for the development of affordable homes. (For example, we excluded from consideration cemeteries and areas identified as important natural resources from publicly available mapping.) A list of properties reviewed by the Subcommittee is available upon request.

The Subcommittee also received helpful input from Brie Swenson; members of the Norwich Conservation Commission; Michael Goodrich and staff of the Norwich Fire District and members of the public who attended Affordable Housing Subcommittee meetings during the course of the review. The conclusions reached by the Subcommittee represent the views of the Subcommittee alone, however.

### **Notable Properties**

The Subcommittee identified a number of sites that could potentially be used for the development of below-market homes. As reflected in the accompanying memo, the Subcommittee recommends action at this time on the two properties described below.

*Sites the Subcommittee recommends be pursued for possible construction of affordable homes*

1. SPAN: 450-142-12272 – This is a 24+ acre parcel owned by the town of Norwich that houses, in the southern section, the Department of Public Works and the transfer station. Below-market homes could potentially be developed on the northern portion of the land without interfering with the current uses. Potential development would need to take into consideration a communications tower that is presently housed on the northern portion of the property, as well as significant slopes. Access to the northern portion of the property could be achieved through the existing entrance to the property on New Boston Road, but depending on where the development is located on the property, other access points may be needed. It appears that a portion of this property may previously have been used as the Town dump. This issue should be probed fully to ensure the ultimate location of any development is safe for residential use. The Subcommittee has not formally studied the potential of the property to house a septic system, but the septic potential is believed to be good proximate to the DPW complex.
2. SPANs: 450-142-11592 and 450-142-12882 – These SPANs cover more than 800 acres of land owned by the First District to which the Town has development rights. The Subcommittee envisions the identification of one or more home sites in disparate locations along Beaver Meadow Road that could be used to construct single-family or duplex homes.

*Potential sites the subcommittee recommends not be pursued at this time:*

While we do not recommend any action on these sites at this time, the Subcommittee notes the development potential of these sites in the event the top choices do not end up being practical or the Town decides it wants to pursue additional options for below-market homes:

1. **Barrett Memorial Park.** This site is well located near other residential development close to the center of town. Depending on the wastewater capacity of the site, it could potentially house three duplexes or more. Despite the property's development potential, the subcommittee recommends no action at this time due to: (a) its current recreational use and (b) a deed restriction imposed by the individual who donated the land specifying that if the property were to cease being used as a playground, it would revert back to the donor. It appears that the descendants of the donor would need to agree to release the Town of the restriction and the Town would need to vote on the shift in use.
2. **Huntley Meadow.** This is a 27-acre property that is currently used for a variety of recreational uses, including fields and tennis courts. Given the mostly flat terrain, the prime location close to the center of town and the likelihood of good soils for septic systems, this property has considerable potential for the development of housing. Since the property is large, it is likely the property could continue to accommodate substantial recreational uses, even if a small portion of the property is used for the development of affordable homes. Despite the property's development potential, the Subcommittee recommends no action at this time due to: (a) its current recreational use and (b) the likelihood of opposition to development of even a small portion of this property.
3. **Old orchard between Main Street and the Milton Frye Nature Area.** This area is extremely well located close to the center of town and could potentially hold several homes. The soils on this property are generally poor for wastewater disposal and include a great deal of ledge, but wastewater capacity could potentially be identified for a limited number of homes. It is presently conserved, so the town would need to exercise its power of eminent domain to access it. Given the challenges associated with eminent domain, the Subcommittee has not prioritized this property for further investigation at this time.

*Several additional properties of note:*

1. **Portion of Huntley Meadow.** There is a small property on the east side of Beaver Meadow Road, directly north of the American Legion, that is owned by the Town and not used for recreation. We understand the property was under several feet of water in the 2011 and 2017 major flooding events. While it might be possible to build the development high enough so that it could sustain flooding at this level, the extra cost of raising the development could neutralize the cost advantage of providing free land. Accordingly, we do not recommend that development on this parcel be pursued.
2. **SPAN: 450-142-12675** – This 27+ acre site houses the well that supplies water for the homes served by the water district. Given this, it would be extremely important to investigate carefully any residential use to ensure it does not affect the safety of the water supply. At the same time, the property is believed to have excellent septic potential and is accessible via a state road. If a remote portion of the property could be identified that would not interfere with water safety, this might be worth investigating further in the future. Given the issues related to water safety and limitations on

development included in both an agreement with the State and the Town zoning rules, the Subcommittee has not prioritized this property for further investigation at this time.

3. **SPAN: 450-142-12659** – This long sliver of town-owned property (6+ acres) is between River Road and the Connecticut river. Currently leased for agricultural use, it is likely that this property has excellent soils for wastewater disposal, which could potentially be helpful for supporting nearby development. However, the property is conserved and its use for wastewater disposal is not permitted under the conservation agreement. We thus do not recommend that development on this parcel be pursued, at least not at this time.

#### Appendix: Site Considerations

1. On-Site Wastewater Disposal: Wastewater System and Potable Water Supply Rules (Rules) effective April 12, 2019 require 140 gallons per bedroom for the first three bedrooms in any home and 70 gallons per bedroom thereafter. A duplex with three bedrooms each requires wastewater capacity of 420 gallons per home or 840 gallons total.
2. Hydrological Evaluation: The rules require hydrological evaluation by a Licensed Designer for more than 1,000 gallons per day (gpd) and a qualified hydrologist for flows of more than 2,000 gpd. Additionally, flows of 6,500 gpd or more change the regulatory process and require additional site evaluation. A site with four or more three-bedroom units will require analysis by a qualified hydrologist. The 6,500 gpd limitation would allow approximately 15 units with three bedrooms each (or 23 units with two bedrooms each).
3. Wetlands: State rules require wetland assessments for development and classification by the District Ecologist when wetlands exist (Class III wetlands include a 50-foot buffer for permitting).
4. Site Planning: Site planning would be a useful conceptual step to determine the viability of parcels under consideration.
5. Permit Assessment: With conceptual knowledge of proposed development, a permit assessment would be appropriate at local, State, and possibly federal levels. This will be particularly important for projects with more than nine units, which will require consideration of the ten criteria in Act 250.
6. Transfer Station Assessment: It will be important to understand subsurface water quality for the DPW/Transfer Station site with regard to water quality and supply. Permit information on file with the State under WW-3-0594 and WW-3-0594-01 indicate a non-potable water supply near the DPW entrance serving a storage tank and fire hydrant. The DPW water supply appears to be a surface water spring east of the DPW building. It will also be important to understand whether any regulatory constraints or safety issues apply to residential development given the presence of a former landfill site on another portion of the property