

**NORWICH PLANNING COMMISSION
AGENDA**

Thursday, November 21, 2019, 2nd Floor Conference Room, Tracy Hall, NOTE START TIME 5 pm

Special Meeting:

1. Approve Agenda
2. Meeting Objective:
 - o Discuss Town Plan pre-hearing draft
3. Discuss Town Plan pre-hearing draft
4. Comments from the Public (not in agenda)

Future Meetings:

**Friday, Dec 6, 3:15 pm Regular Meeting
Thursday, Jan 16, 7 pm Regular Meeting**

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HOUSING

OBJECTIVES

1. Ensure the availability of safe and affordable housing in Norwich which will meet the needs of diverse social and income groups, particularly for low and moderate income households (24 VSA §4302 (c) (11) (A)).
2. Encourage new and rehabilitated housing conveniently located to employment and commercial centers and coordinated with the provision public facilities and utilities (24 VSA §4302 (c) (11) (B)).
3. Encourage intensive residential development primarily in the village and suitable adjacent areas and discourage strip development along highways, (24 VSA §4302 (c) (1) (A)).
4. Allow for multi-family and manufactured housing in locations similar to those generally used for single-family conventional dwellings (24 VSA §4302 (c) (11) (C)).
5. Increase the diversity of the housing stock in Norwich 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 number of both rental and for-sale homes.
6. 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.
7. Implement the Norwich Housing Strategy (see Appendix A) to increase Norwich's housing stock within the first five years of the plan by 10 accessory dwelling units (ADUs), ten units of "missing middle" housing (duplexes, triplexes, etc.) and at least 25 units of dedicated affordable housing.

Policies

Advance the following four key strategies included in the town's Housing Strategy:

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.
4. Expand public understanding of housing issues.

Actions

1. Encourage the development of dedicated affordable housing by formalizing and growing the affordable housing revolving fund (currently \$45,000).
2. Encourage landowners to donate land for dedicated affordable housing.
3. Investigate the use of land owned or controlled by the town of Norwich for dedicated affordable housing.
4. Conduct outreach to encourage developers of affordable homes to focus on Norwich.

5. Implement the recommendations made in this chapter when revising the Norwich Zoning and Subdivision Regulations to:
 - a. Ensure the continued right to construct multi-family and manufactured homes in any district where housing is a permitted use.
 - b. Promote the construction of affordable housing through regulatory mechanisms such as:
 - i. Offering substantial density bonuses,
 - ii. Using alternative density measurements to encourage smaller unit sizes,
 - iii. Considering whether to require large projects to include affordable units,
 - iv. Allowing for combined commercial and residential uses in a single structure as a permitted use in the mixed use district.
 - c. Facilitate the creation of duplexes, triplexes and other “missing middle housing”.
 - d. Require Certificate of Compliance inspections on all new dwelling units and major residential rehabilitations to ensure that the Vermont Residential Building Standards (VT-RBES) are met.
6. Ensure that the new Norwich Zoning and Subdivision Regulations are clear, accessible and avoid any unnecessary barriers to developing housing.
7. Continue to encourage ADUs to increase Norwich’s stock of rental housing.
8. Consider how to address barriers to development related to limitations on septic capacity, including a review of the findings of the 2005 study conducted by the Norwich Sewer Committee in light of current challenges and changes in wastewater management.
9. Make it easier for developers and the public to understand Norwich’s affordable housing policies by developing educational materials and conducting outreach.
10. Develop educational materials that address frequently asked questions about affordable housing in Norwich and increase public understanding of how new development will affect town and school property taxes.
11. Monitor the effect of short-term rentals (e.g. Airbnb).
12. Encourage broad-based participation in community conversations around housing, including low and moderate income households, younger residents and renters.

Regional Market

The major land use in Norwich is residential. Situated just west of Hanover and Lebanon, New Hampshire and north of Hartford, Vermont, Norwich is a predominantly rural residential bedroom community (with a vibrant village) for these employment and commercial centers. The housing situation in Norwich is best understood within the context of the Upper Valley residential market. This chapter is based on extensive outreach conducted over a period of 18 months with Norwich residents and professionals in the Upper Valley residential real estate market.

To meet the objectives and policies of this plan, consistent with state and regional policies, significant efforts will be needed, as outlined in Norwich’s housing strategy. In addition to local efforts within Norwich, it is important for the towns in the region to coordinate their efforts in order to meet the estimated 6,000 regional housing unit shortfall (insert source). This shortfall is a major cause for concern for employers in the area who struggle to attract and retain workers due to high housing costs. Norwich, through its membership in the Two Rivers Ottauquechee Regional Planning Commission (TRORC) is participating in Keys to the Valley — an initiative of three regional planning commissions (TRORC, Upper Valley Lake Sunapee and Southern Windsor Regional Planning Commissions), covering 67 communities centered on the Upper Valley. This work follows a 2012 Housing Needs Assessment which called for additional housing in the region based on population growth and employment trends in the preceding decade and a 2015 study; *East Central Vermont: What We Want*, which integrated housing, land use, economic and workforce development, transportation and infrastructure.

Local Housing Stock Characteristics

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 total stock of single-family homes in Norwich has changed little in recent years (see map #, Table 1). From 2010 to 2018, just 29 housing units were built. Most of these homes were located a considerable distance from the village and on larger (more expensive) parcels. Not only has there been little new construction, the rate of property sales is also low, suggesting that entry into the Norwich housing market is challenging. From 2014 to 2018, 165 single-family homes sold as either a primary or secondary residence. This represents an annual average of approximately 2.6 percent of all homes changing hands¹.

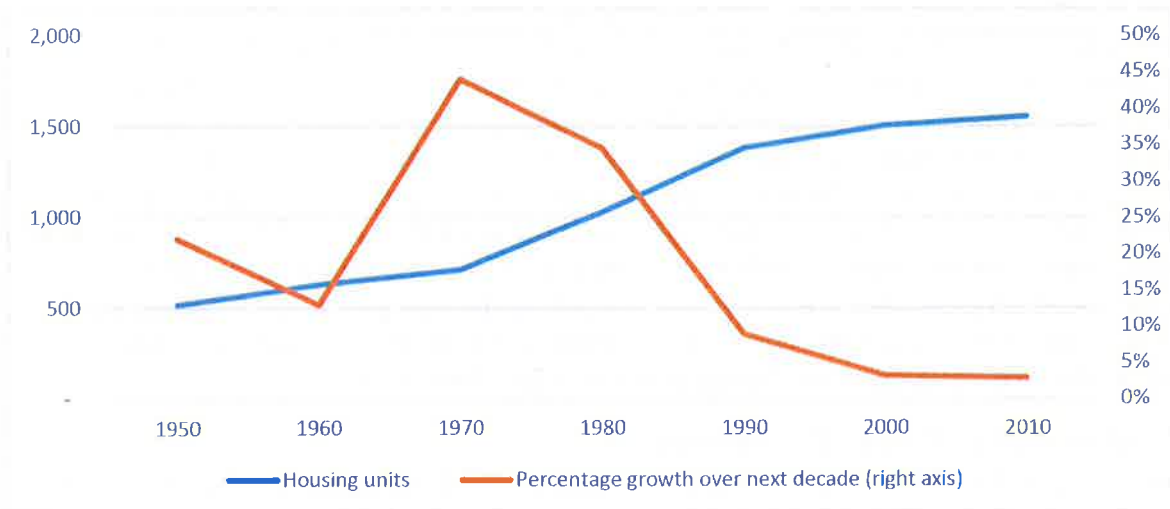
Table 1: Year structure built for total housing units

Year of Construction	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%

Figure 1 below shows the total units at each decennial census (blue line), as well as the percentage growth during the ten-year period following each point on the graph (orange line)². Norwich experienced substantial growth in housing units during the 1970s and 1980s, but much slower growth in the 2000s and 2010s. (Growth in the

decade following 2010 is estimated using the number of new E 911 residential addresses.

Figure 1: Decennial count of all housing units in Norwich



[note: charts to be redone with E911 data]

Regional real estate development professionals cite five reasons to explain the low level of housing development in Norwich.

1. New Hampshire is perceived to have less stringent environmental and development review for projects of ten units or more (the threshold for the Vermont Act 250 review process)
2. High construction costs due to high materials and labor prices (skilled labor is in short supply)
3. The high cost of providing wastewater systems for each development because there is no available access to municipal wastewater
4. The perception that Norwich residents will oppose development, making the development review and permitting process longer and more expensive
5. There are relatively few parcels for sale in Norwich. Local developers have evaluated those well located with regard to public transit, employment and commercial centers and found them not economically feasible to develop.

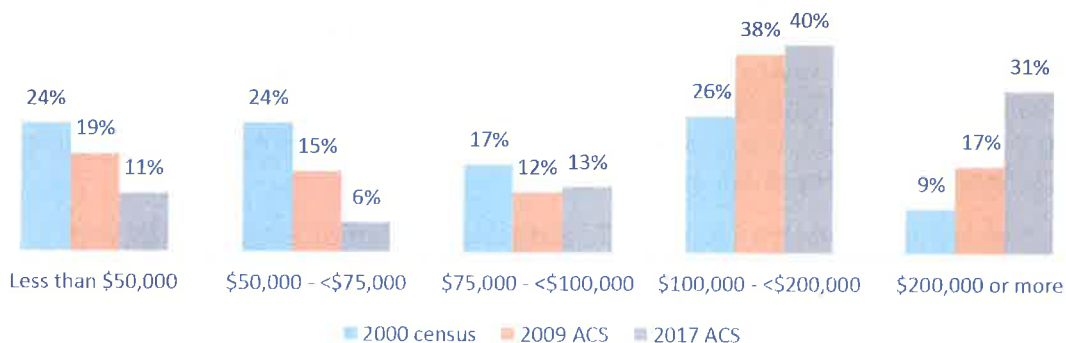
Most of the existing stock of housing in Norwich is used as the primary residence of the homeowner. According to estimates by the Census Bureau, in 2017 about 21% of occupied housing units in Norwich were rented. These units are, according to industry experts, largely in single-family homes, either in a primary residence or a secondary unit on the same property — an ADU. The proportion of rental units is lower than Hartford (34%) and the remainder of Windsor County (26%).

Affordability

Housing affordability has been a prominent concern in Norwich since at least 2002 when the Planning Commission created an Affordable Housing Subcommittee. In 2019, the Affordable Housing Subcommittee, based on input provided during multiple listening sessions, prepared a draft of the town's Housing Strategy; after subsequent revisions to address further public input, the Strategy was adopted by the Planning Commission in December 2019 (see Appendix A). The issues and proposals in the Strategy echo the work of the preceding decades, demonstrating the persistence of housing challenges in Norwich. In November 2018, Norwich voters overwhelmingly approved the re-instatement of a \$45,000 revolving fund for affordable housing.

In the last two decades, the average income of Norwich households has increased substantially. Moreover, there has been a substantial increase in the share of Norwich households that have very high incomes, as documented by Census Bureau data summarized in Figure 2. This figure shows the percentage of Norwich families in various income brackets as of the 2000 censusⁱⁱⁱ and the 2009^{iv} and 2017^v American Community Surveys. 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.

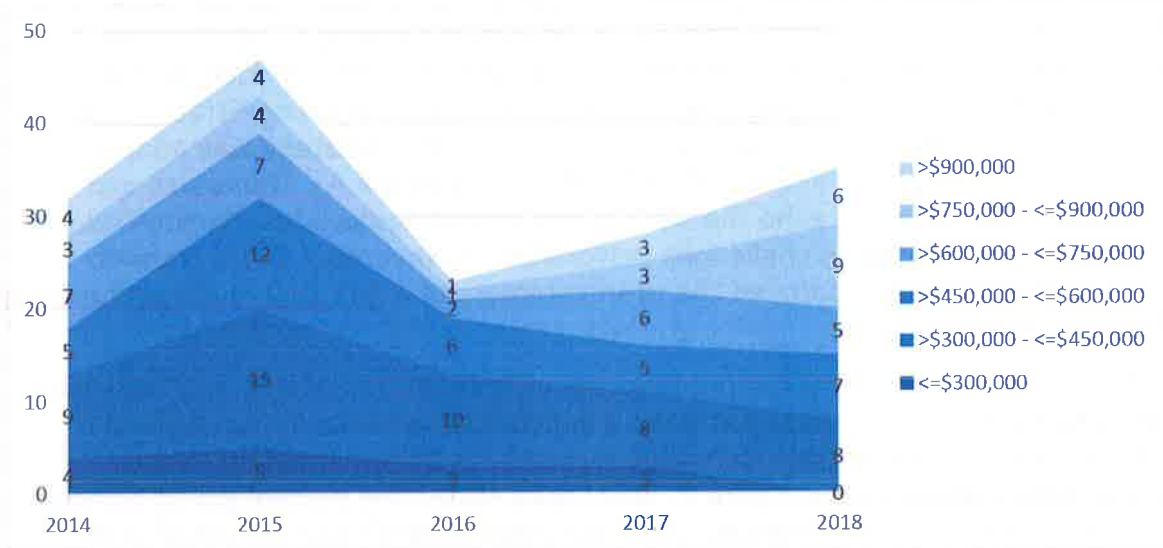
Figure 2: Family income in the past 12 months in Norwich



[note: this diagram will be redone using h/hold income, 2000 and 2017 as points in time for comparison]

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 3 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 3: Sales of single-family homes in Norwich by price



During 2014-2018, the average annual median sales price of single-family homes in Norwich was the highest of any town in Windsor County. The Norwich median sales price between 2014 and 2018 was \$500,000 and significantly more than any other town in the county. The next highest was Woodstock, where over the five-year period the average was \$397,000. In Hartford, the five year average was \$240,000. These high sales prices mean that few low-, moderate-, or even middle-income households can afford to purchase a home in Norwich. In addition to Norwich, several other towns in the Dresden School District and with proximity to job centers in Hanover and Lebanon, NH and White River Junction, VT, have housing sales prices that are high relative to the regional average. For example, [add: comparisons to Hanover and Lyme]

As documented in Norwich's Housing Strategy, only a small share of Norwich's home sales are affordable to families at the median income for the county. For example, of the 35 single-family homes sold in 2018, just 5 were sold at a price that would be affordable for a family earning \$76,454.

Current rents are also high in Norwich, as high or higher than the county-wide estimates produced in *Out of Reach*, a report by the National Low Income Housing Coalition. There is no centralized listing of rental properties in Norwich, so various websites from the college and the town listserv were reviewed.

On a day in June 2019, 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 many households likely struggle to find enough space that they can afford. Those 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.

In addition to the limited supply of affordable housing in Norwich, many existing residents struggle to afford their ongoing housing costs. Census data reveal that among homeowners with a mortgage in Norwich in 2017, 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.^{vi}

The staff and school board for the Marion Cross School report that, 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. Some residents even struggle to afford the costs of food. The Upper Valley Haven, the area's principal service provider for individuals and families who are homeless or are at risk of homelessness, serves Norwich residents. In 2018, the Haven's food shelf, which provides free healthy food options, served 32 Norwich households (approximately 80 residents). Households can only visit 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.

Two developments in Norwich meet the definition of "dedicated affordable housing," with long-term, binding instruments to ensure the units remain affordable. Starlake Lane is a neighborhood of 14 for-sale homes kept affordable through a shared equity model that strives to balance the community's interest in long-term affordability with individual asset building. The development's steward, Twin Pines, also makes grants to income-qualified homebuyers to assist with the initial purchase. Norwich Senior Housing consists of 24 one-bedroom units of dedicated affordable housing in the Village area in which 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.

ⁱ Real Estate Sales Data from Vermont Property Transfer Tax Public Records, accessed July 11, 2019.

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

ⁱⁱⁱ 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>.

^{iv} 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/.

^v 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/>.

^{vi} U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates, Table DP04 SELECTED HOUSING CHARACTERISTICS.