

Colchester Housing Needs Assessment



Final Report: **Findings &** **Recommendations**

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**Prepared for the
Colchester Planning Commission**



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COLCHESTER HOUSING NEEDS ASSESSMENT: FINDINGS & RECOMMENDATIONS

Where will our children and parents live?

A regional housing shortage is affecting Colchester, making it harder for local workers, young families, and seniors to find affordable housing in the area.



Colchester has many fine homes, but are there enough to meet our present and future housing needs?

The Town of Colchester was awarded a municipal planning grant from the Vermont Department of Housing & Community Affairs in 2004 to identify local housing needs, and to develop strategies the town can pursue to help meet those needs.

An evaluation of the town's housing stock – and population, employment and market trends affecting the community – was included in an initial report, presented at a January 2005 public forum sponsored by the Colchester Planning Commission.¹ The town, in association with project consultants, then hosted a meeting of housing providers – including local developers, builders, realtors, housing advocates, and officials – to gain their insights into the community's housing needs, and to identify existing and potential barriers to new housing development. Finally, recommended strategies were presented, in draft form, at a second public forum held in April 2005 to help identify those options the town should most actively pursue in meeting its housing needs. Focus group and forum summaries are appended to this report.

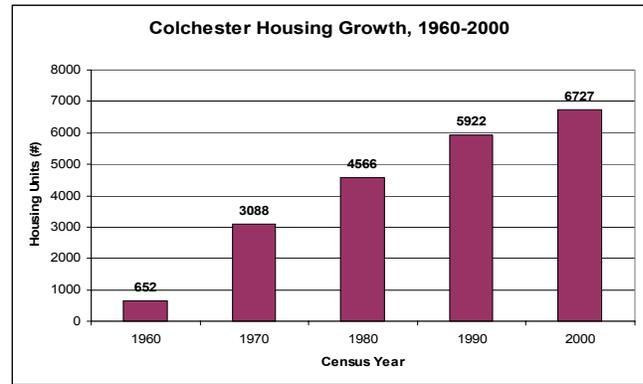
This report:

- Summarizes key study findings.
- Highlights public forum and focus group perspectives on local housing needs, and the potential challenges and opportunities faced by the community in addressing those needs.
- Incorporates Chittenden County Regional Planning Commission's 2004 Housing Targets Task Force recommendations for Colchester, which informed the section on housing needs.
- Recommends strategies that the town can pursue to achieve locally defined housing objectives in the context of its overall development goals.

¹ Colchester Housing Needs Assessment: Preliminary Report of Existing Conditions. Burnt Rock/Sharon Murray, AICP, and Michael Munson, Ph.D., AICP, December 2004.

Housing Highlights

Colchester ranks third in the county – and fourth in the state – for total number of housing units. According to the U.S. Census, in 2000 there were **6,727** housing units in town – representing **11.4% of the county total**. Colchester’s share of the region’s housing stock has increased over the years – up from 10.1% in 1970.



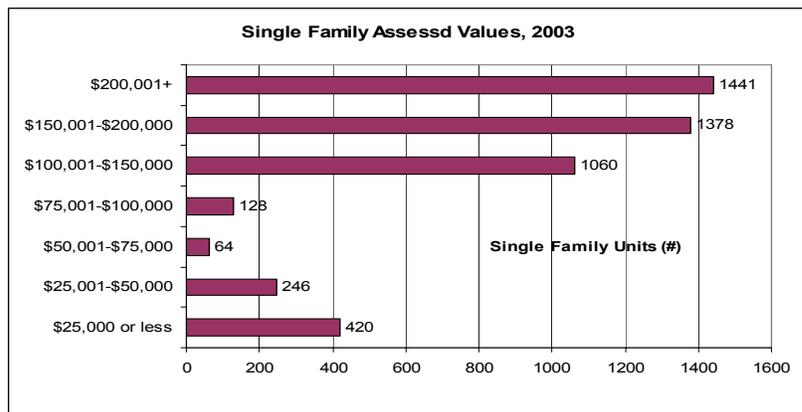
Colchester has a very diverse housing stock. Many homes date from the 1960s and '70s when the town went through a period of rapid development – averaging nearly 200 new units per year (compared with a current rate of around 88 units per year). As a result, much of the existing housing stock consists of modest, relatively affordable homes. The town also has five mobile home parks that include 619 leased lots (33.4% of the county total), and seven subsidized housing developments with 314 rental units (8.5% of the county total) – 40 of which are senior housing.



Mobile homes, apartments and townhouses provide a variety of relatively affordable housing – including rental units and condominiums units that offer initial opportunities for home ownership.

There is a significant supply of moderately priced housing. An evaluation of residential properties on the town’s grand list, following a 2003 reassessment, indicated that:

- 18% of single family homes were valued at less than \$100,000, and
- 69% were valued at less than \$200,000.

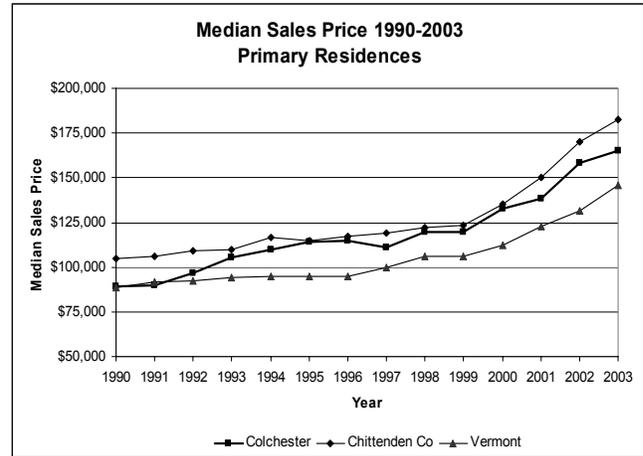


Local rental rates are slightly less than those for the Burlington area. An analysis of local rental rates, based on a survey conducted by the town in 2003 (referencing 2002 data for 324 rental units) indicated that – with the exception of one-bedroom units – local rents were slightly below the 2004 HUD-estimated rents for the Burlington area:

Unit size:	Colchester Rent ¹	Burlington MSA Rent ²
Efficiency Unit	\$471.47	\$521.00
One Bedroom Unit	\$657.10	\$638.00
Two Bedroom Unit	\$801.97	\$850.00
Three bedroom Unit	\$1,074.85	\$1,159.00

¹Local rates were adjusted upward 20% from 2002; ²2004 HUD estimated Fair Market Rents.

Low vacancy rates, however, reflect a regional housing shortage that is driving up local housing costs – sale prices have increased 47% since 2000, following regional trends. New houses being built are also considerably larger and more expensive, reflecting current market trends. **The median price of single family homes sold in Colchester in 2004 was \$225,600** – only slightly less than the county median of \$232,000.



Condo prices are also going up with the construction of new luxury units such as these on Marble Island.

While housing is getting larger, local households are shrinking – by 2000, single- and two-person households made up 56% of all households in town. Of those living alone, 22% were seniors. **In 2000, the average household size was 2.5** (2.64 for homeowner households, 2.17 for renter households).

Colchester’s population is also aging, following national and regional trends. During the 1990s, the major population increase occurred in the 35-54 year age group – those most likely to “buy up” or renovate existing homes. Shifts in the town’s demographic profile suggest that local demand may increase for rental units and starter homes as “echo boomers” enter the housing market; and for smaller apartments, condominium units, and senior housing to serve a growing number of empty nesters and retirees.

Employment in Colchester has been growing much more rapidly than housing and population – Colchester is now a major job center for the county. Wages have also been increasing, but still lag somewhat behind the county average. Local jobs in some sectors, including retail, education and health services, do not on average pay a “housing wage” – the estimated income needed to afford a modest, two-bedroom apartment. This makes it difficult for single wage earners – including teachers, nurses, social workers, salespeople, and even some municipal employees, to find affordable housing locally.

Housing is affordable for most current homeowners and renters, but ... due to rising housing costs in relation to local wages and household incomes, it is increasingly unaffordable for those on fixed incomes or who are now entering the housing market. Most of the town's existing housing stock (84%) should be affordable to households at or above the HUD-estimated median income for a family of four (\$68,800 in 2004) – however this income level may be overestimated, given that most local households are one- and two-person households. Moreover, many units now for sale in town (those being sold for more than \$255,000) are not affordable to those earning at or below the median. Rental units appear to be more affordable, in part because of the number of subsidized units.

Housing is considered “affordable” if no more than 30% of household income is spent on housing costs.

How Affordable is “Affordable?”

- **Affordability reflects housing costs in relation to household income** – Housing is considered “affordable” if no more than 30% of household income is spent on housing costs. For homeowners, housing costs include mortgage payments, property taxes, insurance and condominium fees. For renters, they include rent, utilities, and condominium fees.
- **Affordability is also tied to relative income levels** – For planning, housing program and regulatory purposes, this is generally determined from estimates of median family household income (for a family of four) within the Burlington Metropolitan Statistical Area (MSA), as issued annually by the U.S. Department of Housing and Urban Development (HUD).

In 2004, the estimated median family income for the Burlington MSA was **\$68,800**. Accordingly, income and study affordability limits were defined as follows:

Income Limits (2004)	Income Limit ¹	Max. Sales Price ²	% Affordable Units ³
Median Family (4-person)	\$68,800	\$255,453	84%
Moderate (up to 120% median)	\$82,560	\$306,544	92%
Low (up to 80% median)	\$55,050	\$204,362	71%
Very Low (up to 50% median)	\$34,400	\$127,727	31%

¹HUD definitions. ²Calculated for 30-yr fixed mortgage at 5.5% with 5% down. ³As determined from 2003 assessed values.

- **Affordability also relates to household size** – As noted, the HUD-estimated median family income is typically reported for a family of four but, for program eligibility, is also adjusted for family size on a basic assumption that income limits should be higher for larger families and lower for smaller families:

Income Limits (2004)	Family Size		
	1-person (70% MFI)	2-person (80% MFI)	3-person (90% MFI)
Median	\$48,160	\$55,040	\$61,920
Moderate (up to 120% median)	\$57,792	\$66,048	\$74,304
Low (up to 80% median)	\$38,550	\$44,050	\$49,550
Very Low (up to 50% median)	\$24,100	\$27,500	\$30,950

As indicated, housing would be less affordable for smaller households – but the majority of homes in Colchester should still be affordable to 1- or 2-person households at or above median income limits. Local housing providers, however, have suggested that the HUD figures may overestimate area incomes, but no other annual estimates are available. Note also that income adjustments do not specifically consider the number of wage earners per household.

Housing Needs

Available population and employment projections suggest the need for an additional 420 to 1020 housing units between 2000 and 2010. In order to meet regional housing needs – including existing unmet, or latent, demand – the Chittenden County Regional Commission's Housing Task Force has recommended a housing target for Colchester of 1,270 units over this same period – 20% of which should be affordable to low and moderate income households.

Available projections indicate that Colchester may need to accommodate up to 1,020 new dwelling units – or 102 new units per year – between 2000 and 2010 in order to meet local housing demand. The targeted number of units needed in town to help address regional housing needs is 1,270 units – an additional 25 units per year – over the same period. The Housing Targets Task Force has also recommended that at least 10% of new units be affordable to households with incomes between 80% and 120% of the median, and that an additional 10% be affordable to households with incomes at or below 80% of median.



Colchester is permitting around 88 new units per year – some of which are now under construction.

The following four basic housing needs were identified based on a review of existing conditions, public forums, and the focus group:

1. **Accommodate anticipated demand for new housing in Colchester.** Estimates of need range from 420 and 1,270 new units between 2000 and 2010. The town, since 2000, has been permitting an average of 88 new units per year. Meeting the upper level of projected need, and the gap between permitted and projected units since 2000, calls for a rate of housing growth that is nearly double that experienced over the past few years – up to 166 units per year from 2005 through 2010. Accommodating this growth means not only finding ways to allow new housing construction, but also to meet increased demands for related municipal services such as schools and recreation facilities.
2. **Retain the existing supply of modestly priced dwellings.** The continuing regional demand for housing is causing the prices of existing houses to increase more rapidly than wages, incomes or general inflation. While the town cannot control regional housing demand, it should seek to ensure that the impact of that demand on existing housing prices is minimized.
3. **Ensure that new construction includes modestly priced dwellings.** There is a marked need for affordable starter homes in the \$225,000 or less range. In addition, the town should encourage construction of affordable rental dwellings for newly formed households.
4. **Provide more – and more varied – housing options for seniors.** Mature households looking to downsize their dwellings may seek options ranging from smaller condominiums and rentals, to graduated care retirement communities and assisted living facilities, to full-service nursing homes. Providing these options may make some of the existing housing stock available to younger families.

Challenges

Meeting existing and anticipated housing needs will not be easy. If it were, the demands for more housing – including more affordable housing – would have been satisfied long ago. Communities experiencing significant growth pressure face a variety of challenges that can make it difficult to address their housing needs. Based on the assessment of existing conditions, and public forum and focus group findings, the following existing or potential obstacles to new housing were identified in Colchester:

1. **Lack of available building lots.** There are currently few new building lots available for development in town. This cuts many ways. It obviously limits the number of dwellings that can be constructed. It also causes building lots to be priced so high that it is not economically feasible to construct modestly priced dwellings. New building lots also tend to be larger – due in part to zoning and also the need to support on-site water and wastewater treatment systems. Low densities further limit the development of modestly priced dwellings.
2. **Lack of wastewater treatment capacity.** It is generally recognized that, because of land costs, modestly priced housing can only be provided at moderate to higher densities of development and that this is not feasible without centralized or off-site wastewater treatment. At present, there is no available wastewater capacity to serve new residential development – all new housing requires the installation of in-ground systems, again resulting in relatively low densities of development.
3. **Uncertain or complicated regulations.** Small developers have indicated that the permitting process is too complicated and difficult. Larger developers claim that local and state permitting processes take too long – in some cases five years or more – costing them time and money. They have also suggested that review standards are not always consistently applied, and that because of project delays and appeals, the ultimate results are uncertain.
4. **Excessive public works standards.** It was also suggested that Colchester’s public works standards – by requiring wide streets, street lighting, sidewalks and other infrastructure improvements intended to protect public safety and welfare – may impose unnecessary costs on new residential development.
5. **Negative public attitudes toward “affordable housing” and “density.”** These include often cited beliefs that providing “affordable” housing will invite low income, indigent and transient residents, and that this will adversely affect local property values and the character of the community. Moreover, the higher densities of development necessary to achieve affordability – even where allowed – are not viewed as being compatible with neighborhood character. Vocal and public opposition to proposed housing developments may result in permit denials that defeat projects – or appeals, delays and conditions that add to the cost of housing.



Colchester has fairly stringent public works standards. It's not clear what affect these standards may have on the cost of individual units.

Opportunities

The following recommendations are designed to overcome noted obstacles and to allow the town to move forward in meeting its housing needs. Four general recommendations are outlined, each of which may address several needs or challenges.

Planning Initiatives

If Colchester is to successfully address its housing needs, and overcome related challenges, the town will need to develop a strategic plan for housing that is consistent with, or an integral part of, the town's master plan.² The 2002 Colchester Master Plan has a brief housing section (Section Six) that includes the stated goal to "continue to provide a wide variety of housing options," including "...an adequate share of affordable housing that is defined on a regional basis" (p.72). To this end, the plan should be updated as appropriate to incorporate relevant study information and findings, and to:

1. **Set local housing targets.** The plan should identify a rate of housing growth that the town can reasonably accommodate and that will meet identified housing needs, especially for low and moderate income units. Based on the analyses cited above, it would appear that a reasonable rate would fall somewhere between 85 and 120 new units per year. The portion of new units that meet various affordability criteria should also be specified in the plan.
2. **Evaluate growth center capacity.** The 2002 Master Plan identifies three proposed growth centers that have, or are planned to have, the capability to accommodate higher density residential development – Exit 16, Exit 17 and Severance Corners. Ideally, most new housing development would occur in these proposed growth centers, in the form of compact, higher density, and mixed use development, rather than being dispersed throughout town. These areas should be evaluated in more detail for their existing and future potential to accommodate locally proposed housing targets. A variety of housing types should be anticipated, thus encouraging both rental and owner-occupied housing at a wide range of prices. Compact, mixed use areas are also perfect places to encourage various types of housing for mature residents, such as congregate housing, senior communities, and continuing and long-term care facilities.
3. **Plan for infrastructure.** One of the most intractable obstacles to meeting housing needs is the lack of municipal wastewater treatment, particularly within those areas proposed for higher densities of development. The comprehensive wastewater management plan for the town, as referenced in the current plan, should be reviewed to determine whether proposed housing targets within designated growth centers can be met by existing and planned wastewater infrastructure. The master plan's facilities and housing sections should more specifically recommend a schedule at which these systems will be implemented as needed to accommodate proposed housing, and this should be incorporated into an adopted capital program and budget. In addition to sewer, other infrastructure and facility needs should be identified and programmed into the capital plan and program.
4. **Inform and educate the public.** During the process of developing a housing plan, public meetings and open discussion of housing needs should be encouraged, potentially in cooperation with a local housing task force (see below). This may help explain the need for moderate, as well as low income housing, and help mollify those who are concerned about the negative consequences of new housing development.

² 24 V.S.A. Chapter 117, Vermont's Planning and Development Law, specifies that a municipal plan include a housing element that addresses how low and moderate income housing needs will be met.

Infrastructure Initiatives

As noted above, the provision of municipal wastewater collection and treatment service is one of the most critical factors in the town's ability to meet its housing needs. Off-site sewage disposal is currently available in the Exit 16, Severance Corners, and Route 15/Fort Ethan Allen areas. The town system also serves mobile home parks on Route 7 and at Creek Farm Plaza. Of the town's 650,000 gallon per day capacity (under agreement with South Burlington), Fire District #1 controls nearly half (310,000 gallons per day). The system's existing capacity has been allocated – much of it to serve commercial uses – and no reserve capacity exists. Given this very real limitation, it is recommended that the town:

- 1. Review and update its comprehensive wastewater management plan as needed to accommodate local housing targets, particularly within designated growth centers.**

This could include more detailed consideration of:

- proposed service areas (to correspond with designated growth centers),
- the needed capacity to serve anticipated housing development,
- associated costs and financing mechanisms,
- a schedule for system implementation (e.g., a capital program as noted above), and
- the adoption of a wastewater allocation ordinance that would allocate, or set aside, future reserve capacity for residential development, and specifically for affordable housing.

Providing sewer service will help overcome one of the most serious obstacles to affordable housing development, and will allow for the construction of new modestly priced housing (both renter and owner occupied) as well as the development of varied housing options for seniors. This will be an expensive endeavor, but it will never become less so. Some of the costs can be offset by levying allocation fees and hook-up fees on new development. It is also reasonable to expect that existing development to be served will share in the costs. The town should also continue to pursue, and actively participate in, regional efforts to address wastewater management – with neighboring communities and the Chittenden County Regional Planning Commission.

- 2. Schedule wastewater system – and other planned infrastructure and facility improvements – in the capital improvement program.** In addition to wastewater treatment capacity, the town should also carefully assess its existing and future needs for water distribution, roads, parks, schools and other facilities, and schedule necessary projects in the capital budget and program. The fact that the Colchester recognizes its role in accommodating regional housing needs does not mean that the cost of servicing future development must be placed on existing property owners. Impact fees, tax increment financing, and other tools are available to shift a proportionate amount of these costs to new development that will benefit from new capital facilities.

Regulatory Initiatives

Development is regulated locally under Colchester's zoning regulations, subdivision regulations, public works specifications and standards, and fire prevention, fire protection, and life safety regulations. All of these potentially affect the timing and extent of the local review process, and the costs of obtaining municipal permits. It's generally recommended that the town take a close look at all its regulations with an eye towards eliminating unnecessary regulatory barriers to the creation of new, modestly priced housing, while making sure not to short change future residents in terms of available public services and amenities. What follows are some additional recommendations based on a preliminary review of local regulations:

- 1. Streamline development review.** Colchester has instituted a development review board (DRB) for conducting all development reviews under its land use regulations, and allows for concurrent hearings. The DRB should consider using its ability to combine hearings for different approvals (such as site plan and conditional use review), and the consolidation of submission and hearing requirements, as a means of further streamlining the development review process. The town should also consider adopting an integrated, unified development ordinance that could further reduce duplicative or unnecessary review procedures and standards, and "on the record review" (e.g., for larger projects), that would help limit the scope and extent of appeals to Environmental Court.
- 2. Update zoning regulations.** The town's zoning regulations were amended in November 2004, in part to bring them into conformance with recent changes in the Vermont Planning & Development Act (Chapter 117). As such they are generally consistent with new state requirements for "the equal treatment of housing and required provisions for affordable housing."³ Under new state requirements, however, all subsequent bylaw amendments must clearly conform to the Colchester Master Plan, including provisions for new and affordable housing.⁴ If the town intends to encourage the creation of modestly priced housing, it would be appropriate to state this in the purpose section of the ordinance (Section 1.01). Other suggestions include the following:
 - **Incorporate specific definitions of "affordable housing" and "affordable housing development."** For planning and regulatory purposes, basic definitions are included in 24 V.S.A. §4303. As defined, affordable housing includes owned or rented units that are affordable to households earning up to 80% of the median income (for the Burlington Metropolitan Statistical Area), without having to devote more than 30% of their income to housing. Some municipalities now address "affordable housing" as a specific use type with different associated lot size and density requirements. Others use these definitions in conjunction with the application of density bonuses, waivers or inclusionary zoning provisions that are intended to promote, or require, affordable housing development.
 - **Reconsider the required merger of existing small lots (Section 2.04).** Merger is no longer required by statute and, in some cases, small lots can accommodate small, modestly priced homes.
 - **Allow for smaller lot sizes and increased densities of residential development – in particular for multifamily units – in districts to be served by the municipal wastewater system.** Current lot

³ These provisions, found under 24 VSA §4412, require that no bylaw exclude, or have the effect of excluding, mobile homes and modular housing, mobile home parks, accessory dwellings (as permitted uses to single family dwellings), group homes (serving up to eight residents), or multiunit or multifamily dwellings.

⁴ The Planning Commission is required to document conformance in a written report, to include a determination that a proposed amendment "conforms with or furthers the goals and policies contained in the municipal plan, including the effect of the proposal on the availability of safe and affordable housing" [§4441].

size and density limits are generally more consistent with development based on on-site wastewater treatment and disposal and, as such do not facilitate production of additional moderately priced housing. At present, even with the density bonuses offered for congregate (senior) housing, the maximum allowed density appears to be 12 units/acre (within the GD3 and GD4 Districts). Where the master plan indicates areas suitable for more intense residential development, allowable densities should be adjusted upward. Additional design criteria also may be appropriate in these areas to help mitigate the visual impacts of higher density development. The lower densities in the R1, R5, and R10 districts probably should not be changed for this purpose.

- **Revise other district dimensional requirements (e.g., frontage, setbacks, coverage) accordingly to allow for more compact patterns of development within these areas.** At minimum, provisions for waiving dimensional requirements (e.g., subject to conditional use rather than variance review, as enabled under Chapter 117), could be used to allow for more affordable homes on smaller lots.
- **Re-evaluate the extent of the Mobile Home Park (MHP) District to ensure that current district boundaries and dimensional requirements do not have the effect of excluding new or expanded mobile home parks.** New statutory requirements that provide for the replacement of mobile homes within existing, nonconforming parks also should be added.
- **Consider expanding Planned Unit Development (PUD) provisions (Article 9) to provide incentives for affordable housing.** This could take the form of a density bonus or provision for smaller lots where affordable or moderately-priced units are created (similar to those now offered for congregate housing). It may also be appropriate to create incentives for mixing single family detached units and multi-family structures within the planned development, thus encouraging a mix of housing types and prices.
- **Consider density bonuses for affordable housing outside of PUD provisions (e.g., under subdivision or conditional use review) if some portion of units meets stated standards of affordability.** At a minimum, all density bonus units should be affordable.
- **Consider extending density bonus provisions offered to congregate housing to other forms of elderly housing** such as compact apartments with common rooms and care facilities, assisted living facilities, long-term care and nursing home facilities. In fact, long-term care and nursing facilities can be defined as commercial uses that are not subject to residential density limits.
- **Consider adopting use allocation ratios (e.g., in zoning and/or a wastewater capacity allocation ordinance) for residential and commercial development within specified zoning districts (e.g., General Development Districts) to ensure that residential development is balanced with commercial development, and that a mix of uses is phased in over time.**
- **Consider establishing an “inclusionary zoning” provision whereby developments over a specified number of units must include some portion of affordable and moderately-priced units.⁵** The inclusionary provision may mirror the recommendations of the Chittenden County Housing Targets Task Force that 10% of units should be affordable to moderate income households and 10% should be affordable to low income households. The definitions should be consistent with the definition set forth in the ordinance.

⁵ Inclusionary zoning is now specifically enabled under the Vermont Planning & Development Act [24 V.S.A. §4414(7)] if: 1) it is in conformance with the municipal plan, 2) it is supported through related affordability analyses, 3) development incentives are included (e.g., waivers, density bonuses), and 4) affordability is maintained over a period of time specified in the bylaw.

3. **Update subdivision regulations.** The town’s subdivision regulations, amended through February 2004, do not yet incorporate new statutory requirements. Any future amendments to the subdivision regulations must now conform to housing policies and objectives outlined in the town’s master plan. Again, if the town intends its regulations to encourage the creation of moderately priced housing, it may be appropriate to state that in the purpose section of the Subdivision Regulations (Article 1). More specific suggestions include the following:
- **Consider adding specific definitions for “affordable housing” and “affordable housing development,” for the purposes noted above.** The definitions in the zoning ordinance and the subdivision regulations should be consistent.
 - **Consider designing an accelerated review process** for proposed subdivisions in which at least a specified portion of units will be affordable.
 - **Consider reducing the escrow requirements (Section 318) for proposed subdivisions in which at least a specified portion of the units will be affordable.** This should be done with care, however, so as to not place the town in the position of having to complete installation of needed infrastructure and landscaping.
 - **Specifically apply the Development Review Board’s current authority to waive subdivision standards for landscaping, utilities, outdoor lighting, recreation, open space and common land (under Section 410) for proposed subdivisions in which at least a specified portion of the units will be affordable.** This, however, should not be done unless adequate recreation and open space resources are available nearby, and if the waiver will not result in substandard services or amenities. An alternative is for the town to assume the cost of meeting some of these standards.
 - **Consider expanding the Development Review Board’s authority, under Section 405, to modify the design, installation, or location of required public improvements,** in consultation with the Director of Public Works, as appropriate to reduce development costs while protecting public health and safety.
4. **Re-evaluate public works standards and related costs.** A number of aspects of new residential development are controlled by the town’s public works standards, last updated in February 2004. These specifications – which set forth minimum requirements for such facilities as rights-of-way, streets, sidewalks, bike paths and outdoor lighting– have been established by the town to ensure that the physical infrastructure owned and maintained by the municipality will be of high quality and require limited maintenance. On the other hand, these specifications may not be consistent with other town objectives—particularly the objective of meeting affordable housing needs.

For instance, wide street rights-of-way may be desirable for the convenient location of underground utilities and above ground amenities such as sidewalks, but may not be consistent with the overall objective of promoting compact “smart growth, new urbanism” development – as stated in the master plan for locally designated growth centers (p.38). In addition, wide streets, sidewalks and other infrastructure improvements add to the overall cost of development. Developers frequently claim that “excessive” requirements unnecessarily add to their costs and make it difficult to produce affordable units.

It is not clear that such incremental costs significantly impact the occupancy costs of new housing – this type of analysis was beyond the scope of the initial needs assessment.⁶ Nevertheless, it is recommended that the town look closely at its public works specifications and related costs, and consider, at minimum, allowing waivers for affordable housing development – in accordance with related zoning and subdivision provisions – for such things as right-of-way and street width specifications, sidewalks, lighting, intersection curb radii, and other related requirements. The town should be cautious, however, to avoid creating neighborhoods with substandard infrastructure or amenities.

5. **Re-evaluate fire prevention, fire protection, and life safety standards and related costs.**

There is absolutely no question that fire prevention, fire protection and life safety are important public objectives – as are meeting housing needs and creating compact, visually attractive neighborhoods. Many of the provisions of Chapter 7 of the Colchester Codes apply to residential developments having three or more dwelling units per structure. This is the type of development most likely to provide modestly priced rental housing. It may be useful to examine whether these requirements can be reduced without creating hazardous living environments. For example:

- The requirement to provide access to all residential neighborhoods suitable for the town’s largest fire rig (a tower truck) may not be necessary in neighborhoods containing low rise single family structures.
- The need to provide access to 100% of all facades of Class B residential buildings of three or more stories may be excessive. Certainly adequate access is necessary, but access to 50% or 75% (common in more urban areas) would allow for more compact settlement patterns and possibly lower development costs.

The town is also considering taking on the responsibility for enforcing all or a portion of the state’s Fire Prevention and Building Code under a “Cooperative Municipal Inspection Agreement,” as allowed under 21 V.S.A. §256. This could help further streamline the development review process by avoiding duplicative local and state reviews.⁷

⁶ A recent analysis Michael Munson did for Williston indicates that the modest increase in the per unit development cost resulted in an insignificant change in monthly mortgage costs.

⁷ To date Barre, Bellows Falls, Bennington, Brattleboro, Burlington, and Hartford are operating under such agreements with the state.

Public Outreach & Partnership Initiatives

It has been noted in local housing forums, and similar meetings held throughout the state, that people don't like change, don't like increased densities, and don't like affordable housing, which they equate with urban, subsidized, very low income housing projects. This perception has been cited as a major obstacle to meeting local housing needs – one that can be overcome only through public leadership, education and outreach.

It is important to make it clear that affordable housing is now a problem for the solid working families that have long formed the backbone of Colchester's population—including teachers, town employees, police officers, health care and construction workers, retail sales persons, and small business owners. It is also important to demonstrate that:

- Affordable and moderately-priced housing is an important community asset.
- Higher density housing can create high quality neighborhoods and living environments.
- Mixing housing types and sizes can be done in a manner that does not jeopardize neighborhood quality or property values.

As such, the following are recommended for local consideration:

1. **Appoint a Colchester Housing Task Force** (or coalition) that will help the Selectboard and Planning Commission more specifically identify, publicize and address local housing needs. Membership could include elected town and fire district officials, planning and public works staff, housing advocates and providers, and local residents and business people.⁸
2. **Continue to participate in regional housing efforts.** Since this is a regional problem, it makes sense to approach it on a regional basis. It is recommended that Colchester continue to work with other Chittenden County municipalities to support public information/public relations efforts aimed at overcoming negative perceptions about housing. The Regional Planning Commission is already working on affordable housing and could be a logical base for such efforts. Other possible partners include the Housing Awareness Coalition (through the Vermont Housing Finance Agency), the Burlington Community Land Trust, the Lake Champlain Housing Development Corporation, and other regional housing groups, and well as the Vermont Forum on Sprawl, the Home Builders and Remodelers Association, the Vermont Department of Housing and Community Affairs, the Vermont Housing and Conservation Board⁹, and local business groups.
3. **Form public/private partnerships that promote affordable housing development.** Many of the efforts of nonprofit groups and private developers to build affordable housing require municipal support, which could include:
 - grant and other funding application support (e.g., for Community Development Block Grants, funding through the Vermont Housing Conservation Board, and/or locally established revolving loan funds),
 - assistance in identifying available properties, in suitable locations, for development or redevelopment as affordable housing,

⁸ The Montpelier Housing Task Force was cited by focus group participants as a good example of such a coalition.

⁹ For example, the Vermont Housing and Conservation Board and the Burlington Community Land Trust have been especially active in Charlotte's recent housing awareness campaign. VHCB even provided a small amount of funding for the town to do housing outreach.

- hosting public forums on proposed housing projects to help developers identify and address neighborhood concerns prior to the application process,
- municipal support for affordable housing projects that have received local approval in state regulatory proceedings (Act 250).

Nonprofit housing organizations may also be able to assist the town with the long-term management of any affordable units required or established under local regulations, including:

- income eligibility determinations, to make sure applicants meet income requirements,
- establishing rental rates and conditions of resale (e.g., limited equity requirements) to ensure that long-term affordability is maintained, and
- ongoing property management.

By overcoming initial public resistance to different housing initiatives, and by actively supporting affordable housing development through local policies and programs, the way will be cleared to making true progress towards meeting the town's housing needs.

Relative Priorities:

The four initiatives described above, and their constituent parts, were presented at a public forum held on April 28, 2005. After the presentation, and at the end of the discussion, participants were asked to identify the recommendation in each of the four initiatives that they felt should be given highest priority. A tabulation of this ranking is presented in Appendix 3. In short, the following recommendations rose to the top:

- **Planning Initiatives:** Re-evaluate land use designations and density requirements in relation to wastewater treatment capacity.
- **Infrastructure Initiatives:** Three recommendations – evaluate centralized wastewater treatment options, reassess all infrastructures needs, and update the wastewater management plan – all received about equal endorsement.
- **Regulatory Initiatives:** Incorporating additional regulatory incentives for affordable and senior housing.
- **Outreach/Partnership Initiatives:** Continue to participate in regional housing and wastewater management discussions.

This initial ranking may serve as a starting point as the town continues the discussion of how to define and meet its housing needs.

Conclusion: It Can be Done...

This housing assessment has identified current and anticipated housing needs in Colchester – and a series of challenges that, unless addressed locally and within the larger region, could impede progress towards meeting those needs. Overcoming obstacles and meeting local housing objectives will depend largely on the ability of the town to effectively plan for housing in the context of long term, comprehensive planning for the community as a whole. Colchester already has a good planning and regulatory framework in place to get started, and has shown the initiative needed to keep the process moving forward.

Housing needs can be satisfied as part of the town’s overall community development objectives – getting there will take leadership, time, dedication and a long-term commitment on the part of the community, but it can be done!

Housing Resources On-line

Burlington Community Land Trust	www.bclt.net
Cathedral Square Corporation	www.cathedralsquare.org
Lake Champlain Housing Development Corporation	www.lchdc.org
Chittenden County Regional Planning Commission	www.ccrpcvt.org
Champlain Valley Office of Economic Opportunity (CVOEO)	www.cvoeo.org
Champlain Valley Agency on Aging	www.cvaa.org
Homebuilders & Remodelers Association of Vermont	www.vtbuilders.com
Home Share Vermont	www.homesharevermont.org
VT Department of Housing & Community Affairs (DHCA)	www.dhca.state.vt.us
Vermont Housing Awareness Campaign	www.housingawareness.org
Vermont Housing Data Web Site	www.housingdata.org
VT Housing & Conservation Board (VHCB)	www.vhcb.org
Vermont Housing Finance Agency (VHFA)	www.vhfa.org
Vermont State Housing Authority (VSHA)	www.vsha.org
US Department of Housing & Urban Development (HUD)	www.hud.gov

For more information regarding this study, report and related materials, please contact the Colchester Planning Department: (802) 654-0719

REPORT APPENDICES

Public Forum Summary: January 4, 2005

Focus Group Summary: January 12, 2005

Public Forum Summary: April 28, 2005

COLCHESTER HOUSING NEEDS ANALYSIS

PUBLIC FORUM #1

January 4, 2005

The forum began with a presentation of the data analysis and findings by Sharon Murray, Burnt Rock Inc. and Michael Munson, project consultants. The presentation ended with a series of questions to stimulate audience participation. The following comments were offered:

1. Are there other housing needs that have not yet been identified?

- Options for senior housing, recognizing variations in affordability and needed levels of care/service. (It was noted that there was a waiting list of 90 for the 40 units of housing being planned by Holy Cross.)
- Moderately/reasonably priced apartments suitable for both entry level households and seniors.
- Co-housing/congregate housing.

2. What types of residential development should the town accommodate to meet identified housing needs?

- Moderate income housing suitable for such workers as teachers and others working in the town. (It is important to look at the needs of single and two income households.)
- Affordability is relative to income. A family of four has a higher median income than a family of two. Average household size is 2.5.
- Affordable starter homes in the range of \$150,000-\$160,000. The local market starts at \$200,000 for new construction.
- Smaller, low maintenance housing.

3. What issues or limitations should be considered with regard to new residential development?

- Allocations of affordable units—inclusionary zoning.
- Address regulatory barriers such as lot size, setbacks, and other use limitations.
- There is a shortage of lots—a self imposed scarcity due to regulatory limitations.
- The amount, type and location of new housing is directly impacted by the lack of public infrastructure—particularly waste water treatment. Public sewer is needed to support higher densities, and can be used to encourage desired growth patterns. The lack of municipal sewer service is already limiting attempts to create the growth centers at Exit 17 and Severance Corners.
- The town's current development patterns reflect the lack of municipal sewer service. Colchester is the largest town in the state not having municipal sewer service.
- Consider the effect of the cost of infrastructure on the affordability of both new and existing dwellings.
- Work to allow off-site mitigation for use of prime agricultural soils.
- Consider providing incentive for affordable/moderate income housing such as density bonuses (e.g. Falmouth, MA, waivers of lot sizes, setbacks, etc.
- Consider revising density requirements for senior or congregate housing (see South Burlington or Williston).
- Consider allowing smaller lots.
- The price of land, combined with density limitations, makes housing very expensive.
- Regulations (stream setbacks, etc.) limit what can be done, and limits land available for development.

- The lack of public transportation may limit the ability to serve affordable housing.
- Rising interest rates will lower the price ceiling of what is affordable.
- When determining affordability, the cost of utilities should be included for owner occupants, as it is for renters. Utility costs are increasing and this will affect affordability
- The market currently supports construction of high end dwellings.
- There is limited new rental housing being built in Colchester (although there seems to be a slight up-tick in rental construction elsewhere in the county).
- The permitting process, local and state, is too complex for small owner builders. As a result, most units are built by developers, and small lot owners are tempted to either not develop or sell land to developers.
- Will provision for smaller lots, etc., only create the opportunity to build more expensive homes?
- Don't equate density with affordability.
- Housing process may outpace the market. Who will be able to afford the high end homes? Some buyers come from out of state where home prices are even higher.
- Town should take charge of its own affairs, be proactive rather than reactive.
- Does the town want to grow? If so, how much and at what rate? If new dwellings are asked to pay for needed infrastructure, will the dwellings be affordable?
- The town needs to know the real costs of growth. Are we willing to subsidize new development? Rising taxes make existing homes unaffordable.
- If we can't provide affordable housing, do we want our kids to live with us for the rest of our lives?
- Must increase supply to reduce costs. Demand is higher than supply at all levels.
- Check the amount of growth coming from out of state.
- The current town plan does not include a recommended growth rate. This should be defined and clarified.
- What is causing the decline in the number of mobile homes? Mobile homes are clearly a source of affordable housing.
- It was noted that many of our most densely developed areas are also those surrounding impaired waterways. If the town wants to encourage density, it must also address effective stormwater management.

Colchester Housing Focus Group

January 12, 2005

Location: Colchester Rescue Building Conference Room

Hosts:
Sarah Hadd Colchester Town Planner
Sharon Murray Project Consultant, Burnt Rock Inc. Associates in Community Planning
Michael Munson Project Consultant

Participants:
Brett Grabowski Developer, Milot Real Estate
Rick DeAngelis VT Housing Conservation Board
John Powell Lake Champlain Housing Development Corporation
Bill Fitzgerald Developer, Fitzgerald Builders
Peggy Trainer Champlain Valley Office of Economic Opportunity
John Fairbanks Vermont Housing Finance Agency
Amy Demetrowitz Burlington Community Land Trust
Jeff Kolok Developer, Severence Corners
David Roy Colchester Planning Commission
Zafir Bludevich Colchester Planning Commission
Brian French Realtor, Century 21
Bob Campbell Colchester Selectboard, CCRPC Housing Committee
Tim Fluck Chittenden County Regional Planning Commission
Al Voegele Colchester Town Manager
Amy Wright Cathedral Square Corporation

Housing Needs

There is a regional housing shortage. Regional demand must be met through local supply.

More starter homes are needed to help build homeowner equity.

BCLT – assists 35-40 households/year throughout the county; there's a huge demand for existing units, averaging 14 households on the waiting list/unit. Price range: \$65,000 – \$200,000. Most buyers are at ~75% of median income. Resales are generally more affordable; new homes at less than \$200,000. Operate on a shared equity/ appreciation model.

There is also a waiting list and growing demand for senior housing.

There is a large market for homes less than \$200,000, and up to \$250,000.

Condominiums are now the affordable alternative/starter home.

There's a definite need for more rental units – hard sell locally, tough to get permitted. The rental market for market rate units is a little healthier – and new units are being built – but there's still a very low vacancy rate for affordable rental units.

There's also a need to help people remain in their homes – CVOEO has assisted 92 households in Colchester that were endanger of losing their housing. Need to address maintenance issues.

There are no single family lots left in Chittenden County. People are no longer looking for large lots; they're looking for affordable housing (e.g., projects in Hinesburg, Richmond with smaller lots).

Under the status quo, there will be no affordable housing.

The housing market is complex. There are a lot of needs – renter, starter, elderly, affordable – and we can't focus on meeting just one type of need or demand.

Housing Barriers/Challenges

There are both tangible barriers (e.g., cost of land, infrastructure, etc.) as well as intangible barriers (attitudes) that may be much more difficult to address.

1. Regulations/Permitting Processes:

The rules can't always be trusted, given how they're interpreted or applied; it varies from one municipality/ review board to the next.

Requests for additional studies, etc. take additional time – one project in town took 5 years to approve, another (Severence Corners) 10 years – projects generally take 3-4 years to permit. Time is money – permitting delays add to the cost of development. This is a huge issue.

There is no market incentive to build starter homes. Density is needed to bring the cost of housing down – developers often can't build at allowed densities due to open/green space requirements.

Public works standards are too rigid.

Act 250 is also a real issue – last year's legislative changes weren't sufficient. They did not address appeals (still enable broad appeals to the Environmental Court), or the review criteria (e.g., mitigation of prime agricultural soils, especially within designated growth centers).

Local and state review processes should not provide a forum for neighbor negotiations – boards should stick to the review criteria/rules in making decisions.

2. Infrastructure Limitations:

Colchester lacks the centralized water and sewer infrastructure to support higher densities of development. Current regulations (e.g., minimum lot sizes) reflect the need for on-site systems.

The fire department, which sets some of the infrastructure standards, is not under municipal control (fire district) and has a lot of political clout in town.

3. Attitudes:

NIMBYs – neighbors don't like change, feel entitled to have a say regarding what happens on adjoining properties, may unnecessarily hold up process, file appeals

“Vermont Life” – image of Vermont that people want, expect when they move here.

Prejudices against low income groups.

Politically up against the wall – selectboards, voters – cultural attitudes, expectations make it difficult to effect change (in amending/administering regulations, obtaining program funding, support, financing).

Colchester Selectboard – no inherent objections or resistance to housing, including affordable housing, but there are some concerns regarding the fiscal impacts to the community.

Financial attitudes/expectations have also changed – credit card society, don't save for down payments, expectation of early homeownership without much initial investment. This pushes the demand for starter homes. Bad credit histories are a real problem for renters and first-time homebuyers.

Housing Options/Strategies

1. Planning:

Local planning is critical to define public policy, establish clear town support for housing initiatives, and to backup regulations. Neighborhood concerns should be addressed during the planning rather than the regulatory process. Planning efforts can raise community awareness of housing needs, issues, options. Develop a local housing plan that includes a variety of strategies to meet housing needs within a complex housing market. Clearly identify those areas where housing, including higher densities of residential development, will be allowed under local regulations.

Don't get wrapped up in the numbers. It's important to consider housing in relation to social needs – for community, access to jobs, changing households, etc.

Broaden the definition of “affordable” (as now determined for a four-person household) – especially given that household sizes are decreasing and may include only one wage earner or retired residents on fixed incomes.

2. Regulations:

Streamline the regulatory process where feasible to lessen unnecessary delays.

Review existing regulatory standards – including public works and fire department standards – and allow for modifications, reductions, or waiver where appropriate (e.g., for affordable housing).

Provide more flexible regulations that allow for smaller lots, reduced setbacks, narrow streets – e.g., new urbanism models, traditional neighborhood design – greater allowed densities, higher ratios.

Eliminate housing density requirements for senior housing (e.g., South Burlington). Providing more senior housing will open up existing housing for others.

Consider inclusionary zoning (e.g., Burlington) with incentives that help reduce the costs of development.

Consider real Incentives such as density bonuses which are preferable to developers – help spread development costs over more units. Developers could also incorporate more affordable units to help market and sell a project locally.

Promote accessory apartments/dwellings as a cost effective means of providing additional housing, and reflect the nature of how we live – adopt more liberal regulations (than recently required by the state), provide information locally on installing accessory dwellings, start a local loan program.

Control resales to keep units affordable.

Support a regional approach to address Act 250, permitting issues, to avoid a “divide and conquer” mentality and reestablish local control.

3. Infrastructure:

Infrastructure is a regional problem that requires a regional solution – Colchester is currently dependent on other communities for capacity allocations. Consider capacity allocations for residential and affordable housing development once additional capacity becomes available.

A commitment of both municipal and state funding for centralized infrastructure is needed.

Review and consider waivers of infrastructure requirements to help reduce housing development costs.

Consider impact fees, tax increment financing to help cover infrastructure costs associated with new residential development.

Develop local loan programs for structural and infrastructure improvements (e.g., rehabs, accessory apartments).

4. Attitudes:

Provide education, community outreach to promote public support and acceptance of housing – e.g., Housing Awareness Campaign initiatives – highlight good examples. Shift attitudes from “how can we stop this?” to “how can we make this happen?” (www.housingawareness.org)

Provide information regarding housing needs and options – locally publicize available housing programs.

Promote neighborhood discussions prior to the development/permitting process (e.g., during plan development).

Provide strong leadership from town officials and the business community – neighborhood dialogs help, but the support of local officials is critical – especially to back up adopted housing policies and regulations.

When faced with opposition in the permitting process stick to the regulations, publicly support the work of local review boards.

Establish a local Housing Task Force (e.g., Montpelier), consisting of local officials, housing providers, residents and officials, to identify housing needs, raise community awareness of local housing issues, and to oversee an ongoing strategy to meet local housing needs.

VHFA will be issuing two studies which may be of use locally – one dealing with the fiscal impacts of housing development on communities (tax implications), and a second that focuses on housing as economic development.

PUBLIC FORUM #2: RECOMMENDATIONS –PRIORITY RANKINGS

April 28, 2005

The forum began with a summary of existing conditions based on the previous report by Sharon Murray. Michael Munson, followed up by the consultants' recommendations. The meeting was then opened for discussion and comment. At the end, participants were given four yellow stick-on dots and asked to place a dot on the recommendation within each of the four initiatives that they felt should be given the highest priority. One dot was to be used for each initiative. The results are summarized below:

Planning Initiatives:

(Dots)	Rank	Recommendation
(4)	1	Define desired densities of development relative to planned wastewater treatment capacity.
(2)	2	Incorporate locally defined housing targets, including % of low/moderate income units.
(1)	3	Evaluate the capacity of designated growth areas to accommodate proposed housing targets.
(1)	3	Incorporate proposed strategies in an Implementation Plan

Infrastructure Initiatives:

(Dots)	Rank	Recommendation
(3)	1	Continue to evaluate options for centralized wastewater treatment
(3)	1	Reassess all other infrastructure facility needs to include in the Capital Improvement Program
(2)	3	Update the town's wastewater management plan to address target rates of housing development
(0)	4	Adopt a wastewater capacity allocation ordinance with allocations for residential development and affordable housing

Regulatory Initiatives:

(Dots)	Rank	Recommendation
(6)	1	Incorporate additional incentives for affordable and senior housing development
(2)	2	Re-evaluate minimum lot size and density requirements for single and multi-family units in districts targeted for growth
(1)	3	Consider adopting "Inclusionary Zoning" that requires a %of low/moderate income units
(1)	3	Re-evaluate Public works standards and Fire Codes as they apply to affordable development (e.g. consider waivers)
(1)	3	Identify ways to streamline the local development review process
(0)	6	Consider reducing the esc row requirements for affordable housing development

Outreach/Partnership Initiatives

(Dots)	Rank	Recommendation
(5)	1	Continue to participate in regional housing and wastewater management efforts
(2)	2	Appoint a local housing task force
(2)	2	Form public/private partnerships to provide: <ul style="list-style-type: none">• Grant and funding support• Educational/informational forums• Assistance in identifying suitable properties• Act 250 support for projects with local approval