

OUR HOMES

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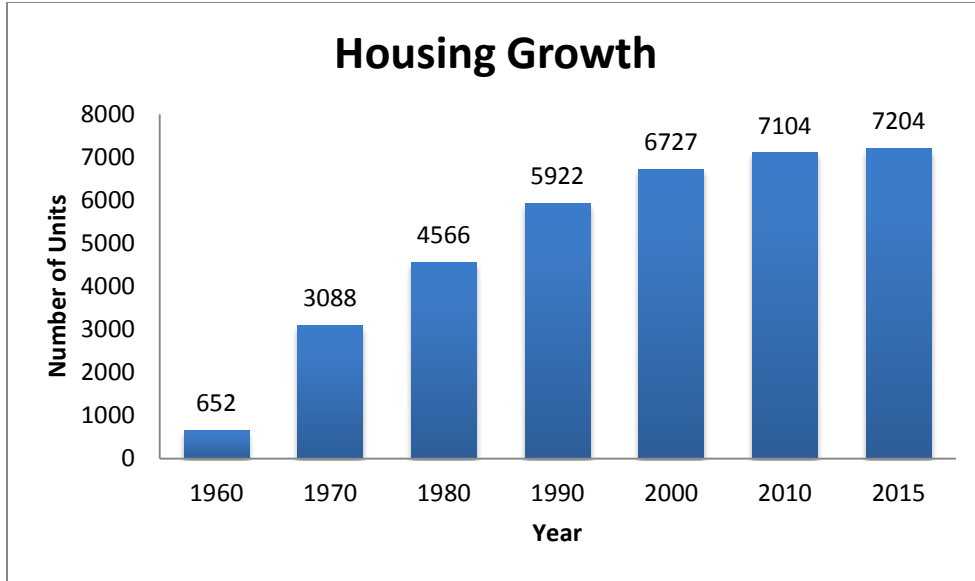
VISION: Colchester should continue to provide a wide variety of housing options. As the community grows, care should be taken to maintain residential affordability and housing quality. Starter, senior, and smaller housing should be priority housing needs for the community over the term of this plan.

GOAL: Housing growth should occur in conformance with the Town’s land use plan.

OBJECTIVE: A sustainable rate of residential growth of approximately 40 new dwelling units a year should be maintained to meet local housing needs as well as to accommodate regional housing needs. It should be recognized that 44 units is an annual average and over the term of this plan there may be years where the number of units annually is exceeded or not met.

OVERVIEW

Colchester benefits from a diverse housing stock that offers a variety of both rental and homeownership opportunities. Fair housing opportunities in Colchester should abound for all regardless of race, color, religion, national origin, sex, familiar status, or disability. The majority of Colchester’s homes were constructed during Colchester’s population boom in the 1960s and 1970s, at a time when an average of nearly 200 new dwelling units were being built each year. The rate of housing growth has since slowed significantly —especially since 2000. Since 2010, the Town has issued permits for an average of 43 units per year, decreasing from 88 units per year in the 1990s. As of the 2015 American Community Survey of the U.S. Census (ACS), Colchester’s housing stock reportedly numbered 7,204 units or 10.7% of the County’s total housing stock. Between the 2010 Census and the 2015 ACS report, 265 units have been added averaging 53 units a year, indicating a slight increase to the rate of growth in recent years. It is notable that this data significantly differs from the Town of Colchester’s Assessor data that indicates that there are 8,101 dwelling units in Colchester in 2018. Town permit data shows approximately 44 units on average being added annually between 2010 and 2019. While there is greater vacillation in recent years of the number of units annually, the number of permitted units on average has not changed substantially in the past decade. Of the total units reported, approximately 56% of Colchester’s dwelling units are single-family homes and 2% rental units.



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Source: U.S. Census Bureau – Census of Population & Housing (Summary File 1)

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Historically, Colchester’s housing stock was scattered throughout the Town, located near waterways, tillable fields and along major roads. During the housing boom of the 1960s and 1970s large housing developments were built in the Bay and by Colchester Village, close to major roads, potable water supplies, and services. Development also occurred in areas with potable water and percable soils. The Town’s zoning during this time period was fairly basic and frequently revised based upon development pressures. Mobile home parks, apartment complexes, and a range of single-family homes were built during Colchester’s housing boom. Development during the 1980s and 1990s focused on increasingly larger single-family homes, duplexes, and townhouse developments.

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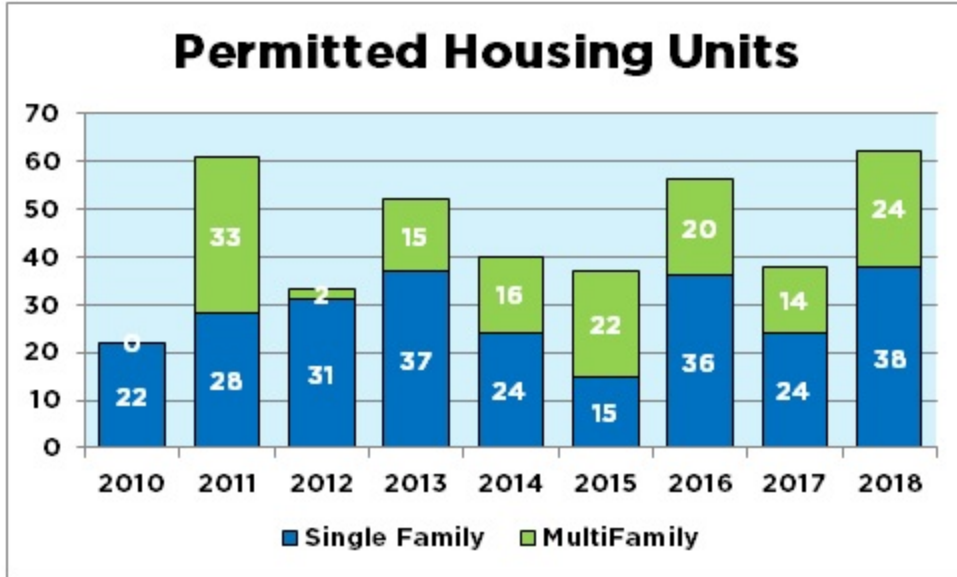
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Since the 1990s the growth rate of homes has tapered off and the size of dwelling units has increased. Single-family homes constructed during the 1960s and 1970s ranged from 1,000 to 2,000 square feet, while homes built in the past two decades range from 2,500 to 3,000 square feet. The number of mobile homes on the Town’s grand list has remained fairly constant since 2000. There were 625 mobile homes included on the 2018 grand list. More than 600 of these units are located in the Town’s five mobile home parks and represent affordable housing for many Colchester residents. Conversion of seasonal residences also leveled out. Traditional summer “camps” and other vacation or second homes continued to make up around 5.4% of the Town’s housing stock. According to Census data, in 2010 Colchester had 30% of the County’s seasonal residences and 28% or more of the County’s mobile homes. Since 2000, more multi-family than single-family units were constructed in Town, reflecting a shift in the regional housing market. The development of the Severance Corners Growth Center, an area served by municipal water and sewer, has accounted for a substantial amount of residential growth since 2004 especially smaller multi-family units.

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Source: Town of Colchester Permit Data

CONDITION OF HOUSING STOCK

Colchester’s housing stock is generally in good condition based upon traditional measures of the ACS including age, occupancy, and whether homes have full kitchen or plumbing facilities. According to the ACS estimates, all Colchester housing units have indoor plumbing and kitchen facilities. The estimated median year of house construction was 1979 which suggests half of local housing predates the 1978 ban on the use of lead paint, and may therefore be subject to new EPA remodeling and construction requirements. The Colchester Assessor’s data rates the quality of homes on a scale of one to ten with one being the lowest quality. In 2018, the average Assessor rating of Colchester homes was 3.5. This rating reflects the age of the housing stock and perhaps the need to update and weatherize many of our oldest homes. The Town’s building code and inspection process work to improve the condition of local housing. First adopted in 1960, Colchester’s building code has ensured that the majority of the Town’s housing stock meets construction standards. Colchester’s on-site septic regulations, first adopted in 1967, also have ensured the quality of residential infrastructure. The Town has also taken over the State’s Wastewater Program and inspects for local as well as State septic permits. These programs will continue to ensure the quality and safety of Colchester’s homes.

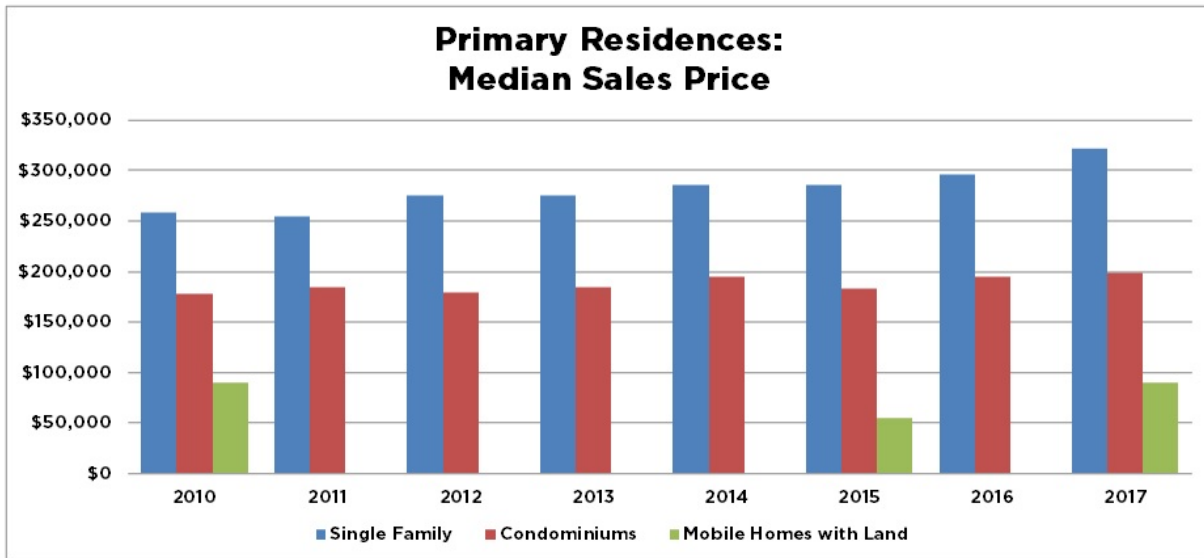
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Since 1990, approximately 30% of the Town’s current housing stock has been added. Permit data from the Town indicates a trend toward renovating and adding onto existing homes in recent years. It is often more affordable for homeowners to upgrade in place rather than buying up in a tight housing market. As noted in the Powering Colchester Chapter, renovations are opportunities for weatherization and improved efficiencies. According to the 2017 Housing Needs Assessment conducted by the Town of Colchester, an estimated 6,000 homes were built before 1998 (over 80% of current stock) and, based on their age, should be weatherized. Given the high number of properties that could benefit from weatherization, it is recommended that the Town promote retrofits and other efficiency programs.

92 Unfortunately tight housing markets, as currently seen within the region, create competition for
93 housing that can result in occupancy of substandard rental units. Colchester, in accordance
94 with State Statute, has a Health Officer that responds to complaints regarding rental units.
95 While the majority of these units are public buildings regulated under State Building Code,
96 State-wide inspection of rental units is not proactive leaving communities to enforce
97 complaints as they arise. This system is inadequate. While Colchester could put into place a
98 localized rental inspection process, the number of rental units and associated complaints does
99 not warrant such a program at this time. Types of rentals are anticipated to increase over the
100 term of this plan as Airbnb, VBRO, and other short-term online rental programs increase with
101 little oversight. While rental complaints should continue to be evaluated and appropriate
102 solutions pursued as needed, the renovation of existing housing and the continued addition of
103 new homes should gradually improve condition of housing stock.

105 **HOME VALUES**

106 Home values are quantified and tracked through U.S. Census Bureau estimates, sale prices
107 reported for property transfers, and local assessment data. House sales and prices perhaps
108 most accurately reflect current market conditions. Local home sales over the past decade
109 have continued to track regional market trends. Since the national 2008 mortgage crisis
110 and subsequent recession, increased financing regulations have cooled off home buying,
111 especially for first-time homebuyers.



114 *Source: VT Tax Data*

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116 During the first half of the last decade, prices gradually increased. A shift in the regional
117 market occurred from single family homes to condo units. The sales prices of condos have
118 stagnated in recent years as new supply has increased and financing requirements have
119 presented some difficulties with condo purchases. Rental housing has become more
120 attractive to local developers as barriers to home financing have increased and the cost of
121 homeownership has become out of reach to more people.

HOUSING AFFORDABILITY

Given the variety of Colchester’s housing stock, a significant portion remains affordable for most households. The traditional definition of “affordable” housing is housing for which a household spends no more than 30% of its income on housing-related expenses including mortgage or rent as well as insurance, taxes, and association fees. Under this definition, ACS estimates for Colchester suggest that housing is currently unaffordable for 30% of local homeowners with mortgages, 20% of homeowners without mortgages, and 49% of renters. New definitions of housing affordability also incorporate estimated commuting costs. Housing under this definition is unaffordable if a household spends more than 45% of its income on housing and commuting expenses. Under this definition, housing and commuting expenses average 49% for Colchester households (H+T Affordability Index, <http://htaindex.cnt.org/map/>).

The U.S. Department of Housing and Urban Development (HUD) estimated that, in 2018, the median income for a family of four in the Burlington-South Burlington Metropolitan Statistical Area (MSA), including Colchester, was \$93,000. At that income level, a homebuyer could afford to purchase a house valued up to \$295,500 under traditional models (30% of household income) and combined house and transportation costs of \$356,000 based upon the new definition (45% of household income for housing and transportation). Based on assessed (listed) values, 70% of the Town’s existing housing stock, and the majority of primary residences for sale in recent years (including condos and mobile homes) would be considered affordable. This has increased five percent in the past seven years and is perhaps reflective of the increase in smaller multi-family units constructed during that time period. For moderate income families (making up to 120% of median income) approximately 83% of homes would be affordable.

Local Housing Affordability						
	HUD Incomes (MSA)		Affordable Price		% Listed Properties	
	2011	2018	2011	2018	2011	2018
Median Family (4-person)	\$75,500	\$93,000	\$254,000	\$295,000	59.2%	70.0%
Moderate (120%)	\$90,840	\$111,600	\$305,000	\$355,000	75.0%	83.3%
Low (80%)	\$60,550	\$74,400	\$202,500	\$234,500	32.5%	45.6%
Very Low (50%)	\$37,850	\$46,500	\$126,000	\$146,500	12.9%	14.7%
1-person (70% MFI)	\$52,990	\$65,100	\$176,500	\$206,500	22.3%	31.9%
2-person (80% MFI)	\$60,560	\$74,400	\$202,500	\$234,500	32.5%	45.6%

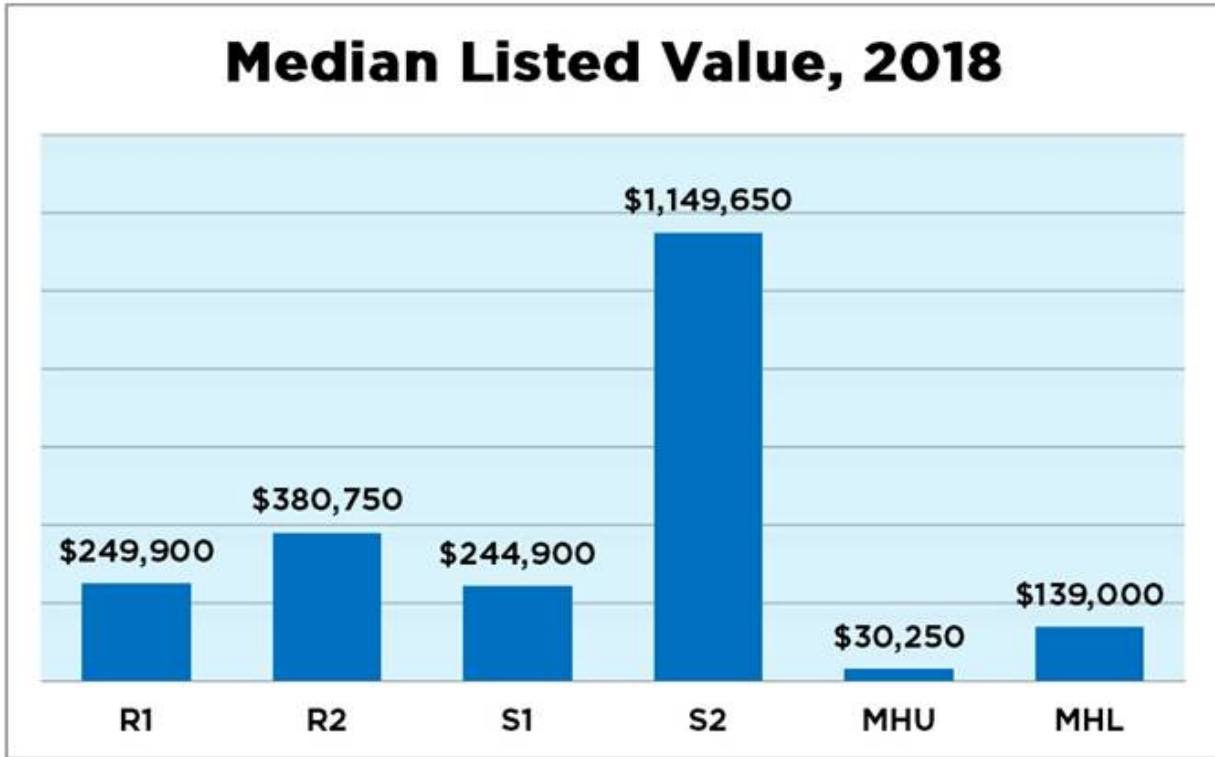
Note: Affordable prices based upon VHFA Assumptions: 5% down payment; average interest rates, property taxes, insurance premiums and closing costs; no more than 30% of household income spent on housing expenses. Listed properties are from Colchester Assessor data.

MSA = Metropolitan Statistical Area from the U.S. Dept. of Housing and Urban Dev.

MFI = Median Family Income

Housing affordability, for purposes of planning, land use regulation, and many affordable housing programs, is defined more specifically to apply to lower income households as housing that is affordable to households earning 80% of the median income for the Burlington-South Burlington MSA or, in 2018, \$74,400. At this income level, a homebuyer could buy a housing unit valued up to \$234,500 or slightly less than half of the housing units

161 in Colchester. The median assessed value of year-round residential properties in 2018 (R1,
162 R2 shown below) was \$253,000 and slightly lower than the 2015 ACS estimated median of
163 \$264,400. Mobile home units (MHL), especially those on leased land (MHU), continue to
164 provide the most affordable form of homeownership and for this reason will continue to be
165 an important part of providing affordable home options in Colchester. While mobile homes
166 present challenges in efficiency, improvements in manufactured housing continue to
167 improve. These medians do not include condo units. The Primary Residence Median Sales
168 Price Chart shows condo median sale prices at than \$125,000 in 2018. The majority of
169 condo units are therefore affordable.



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171 *Source: Town of Colchester 2017 Assessor's Data with R1 = year round less than 6 acres, R2*
172 *= year round more than 6 acres, S1 = seasonal less than 6 acres, S2 = seasonal more than 6*
173 *acres, MHU = mobile home on leased land, and MHL = mobile home on owned land.*
174

175 Rental affordability is typically defined in terms of a housing wage: the hourly rate or wage
176 required to rent a typical 2-bedroom apartment with associated housing costs totaling no more
177 than 30% of household income. For a 2-bedroom unit in Colchester, the 2018 housing wage,
178 based on HUD fair market rents, was \$27.73/hour (\$57,678/year). Someone earning the average
179 wage paid by Colchester employers in 2018 could likely afford a two-bedroom apartment;
180 however someone earning the minimum wage of \$10.50 per hour, would have to work 83 hours
181 a week to afford a one-bedroom apartment.
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2018 Rents & Housing Wages			
	2018	Wage	
		Hourly	Annual
HUD FM Rent (MSA)			
1-bedroom	\$1,121	\$21.56	\$44,844
2-bedroom	\$1,442	\$27.73	\$57,678
3-bedroom	\$1,921	\$36.94	\$76,840
4-bedroom	\$2,025	\$38.94	\$81,000
Allen and Brooks (County)			
1-bedroom	\$1,076	\$20.69	\$43,040
2-bedroom	\$1,312	\$25.23	\$52,480
3-bedroom	\$1,958	\$37.65	\$78,320

Sources: U.S. Department of Housing and Urban Development Fair Market Rent and the 2018 Allen, Brooks, and Minor Inc. rents survey

Influencing local rental rates are 356 affordable rental units located over eight properties. The Champlain Housing Trust (CHT) operates a significant portion of these rentals. Colchester’s affordable rental housing (excluding mobile homes) represents 9% of the County total. Windemere Estates, one of Colchester’s five mobile home parks, is also owned and operated by an affiliate of the Vermont State Housing Authority. CHT recently increased the number of shared equity homes in Colchester with the conversion of 18 rental units at Coolidge Court to bring Colchester’s total units to 58. Under this model, CHT retains an ownership interest in the unit upon resale in order to maintain affordability for subsequent buyers.

It should be noted that housing typically becomes much less affordable for smaller households including households with only one wage earner, seniors on fixed incomes, and those entering the housing market for the first time. As noted in the Who We Are Chapter, household sizes continue to decline, impacting affordability. Decreases in household size increase the number of households thereby creating more demand for housing, and especially affordable housing. Smaller households, more households, and increases in population have contributed to relatively low vacancy rates in both owned and rental units according to ACS figures. In 2018 the homeowner vacancy rate was 1.8% and the local rental vacancy rate was 2.2%. A healthy housing market for buyers, sellers and renters has a vacancy rate of three to five percent. Due to these factors, there continues to be a regional and local need for more affordable housing including workforce housing for both low and moderate income households.

CURRENT TRENDS

Population and housing growth have stabilized in recent years with smaller, steady gains. These trends will likely continue over the term of this plan with an approximately 40 to 44 new units expected to be permitted and occupied each year. These new units are expected to be sufficient to meet the anticipated housing demand according to population projections that include decreasing household sizes and a slight increase in population (see Who We Are Chapter). Decreasing household sizes will require more housing units even with a relatively stable population size.

220 **FUTURE NEEDS**

221 To understand the future needs of Colchester, the regional housing needs must also be
222 considered. The Colchester Housing Needs Analysis, last updated in December of 2017 by
223 Front Porch Community Planning & Design, noted that the Housing Market Area (includes all
224 of Chittenden, Franklin and Grand Isle Counties) was balanced as of 2017 yet a need for an
225 additional 1,225 homeowner units and 850 new market rate rental units existed. According to
226 the Chittenden County Housing Needs Assessment prepared for the Vermont Department of
227 Housing and Community Development in 2014 by Bowen National Research, county
228 population will increase by 2.9% and the number of households will increase by 3.7% between
229 2015 and 2020. An additional 2,971 units will be needed during this period with more than
230 half needed for households earning less than 80% of the median income. In 2016, the
231 Chittenden County Regional Planning Commission launched “Building Homes Together” in
232 concert with local housing providers and business leaders. The campaign seeks to create 3,500
233 new homes in Chittenden County by 2021 with 80% of the new units within planned growth
234 areas such as Severance Corners. Although Colchester’s approximately 43 new units a year
235 are a minor part of the target of 700 units annually, the majority of units that Colchester has
236 added in recent years have been within these planned areas for growth in Colchester. During
237 the term of this plan, it is expected that low vacancy rates will persist driving up demand for
238 housing within the larger region especially for smaller and more affordable units. The Town
239 cannot significantly affect the regional housing market or overcome all of the challenges to
240 meeting housing needs in and of itself. To this end, the Town will continue to work with regional
241 and state entities and organizations to seek housing solutions. A healthy regional housing market
242 is important to Colchester’s future and to the future of economic development within the region.
243

244 Regional demand for housing may further increase pressures on Colchester. With density
245 often limited by environmental constraints, especially on-site septic, Severance Corners will be
246 well poised to accommodate additional demands for smaller and more affordable units. With
247 priority housing projects offering exemptions from the State’s Act 250 permitting process
248 within the Severance Corners Growth Center, mixed income housing is advantaged. Mixed
249 income housing consists of rentals affordable for those making 80% of median income and or
250 owned housing that does not exceed 85-90 percent of "the new construction, targeted area
251 purchase price limits established and published annually by the Vermont Housing Finance
252 Agency.” These owned limits are currently \$255,000 to \$270,000. The majority of owned units
253 at Severance Corners fall under mixed income limits.
254

255 With more multi-family and smaller units added in recent years, Colchester has made gains in
256 affordability despite a rebounding housing market with upward pressures on housing cost.
257 New units and improvements to existing homes along with low vacancy rates can drive up
258 housing costs and decrease affordability making housing cost a barrier to a thriving workforce.
259 Between 2011 and 2018, overall affordability of housing in Colchester increased by five
260 percent. Changes during this time to zoning to allow greater infill development especially in
261 moving to a form based code for Severance Corners likely assisted in these gains.
262

263 Colchester has a more than sufficient supply of residentially zoned land to sustain projected housing
264 growth during the term of this plan. With smaller households, there will be greater demand for high-
265 density residential zoning and less demand for moderate-density zoning such as R1 and R2 district as

266 the need for smaller, more affordable dwellings, including multi-family units, increases. Colchester's
267 land use plan should be looked to for guidance in meeting the community's residential needs. The
268 Lands of Colchester Chapter of this plan denotes areas appropriate for additional residential
269 growth: Growth Center, Suburban Residential, and Village planning areas. High density
270 residential development will be primarily accommodated within Severance Corners. As
271 mentioned in the Lands of Colchester Chapter, this growth center is anticipated to contain the
272 majority of the Town's growth over its 20 year designation (2008-2028). Village planning
273 areas may also be suited to provide additional residential opportunities; however not all village
274 areas are currently conducive to additional residential opportunities and additional
275 development should not detract from the character of these areas. Suburban Residential
276 planning areas will continue to be appropriate areas for residential infill.
277

278 **CHALLENGES**

279 Several challenges exist to meeting existing and anticipated housing needs. These include a lack
280 of permitted lots, a lack of centralized wastewater treatment capacity, the uncertainty of appeals
281 in the permitting process, public perception of density and affordable housing, and infrastructure
282 and design requirements. Smaller household sizes may see the average household having only
283 one wage earner during the term of this plan. An aging population will increase the need for
284 services and facilities for active seniors to age in place. An aging housing stock will increase the
285 need for weatherization and other retrofits including lead abatement. These challenges are
286 further detailed in the 2017 Colchester Housing Needs Assessment which also recommends
287 opportunities for overcoming these obstacles to meeting housing needs.
288

289 As detailed in the Powering Colchester Chapter, the Town should capitalize on opportunities for
290 promoting energy efficiency improvements and education. Partnerships with the Champlain
291 Housing Trust and other housing providers should continue to leverage affordable housing and
292 improvements to affordable housing within Colchester. Efforts to maintain and enhance mobile
293 homes as owned, affordable housing should be continued such as partnering with financing
294 agencies for energy efficient replacement units. The growth center designation for Severance
295 Corners will continue to promote mixed income housing. Maintaining residential building codes
296 and rental requirements will ensure safe and efficient homes.
297

298 Two specific housing needs that warrant further action are the need for affordable starter homes
299 and senior housing. These are two sectors that have significant unmet needs in the community;
300 however it is unclear how these sectors can be positively affected by the Town. Educating
301 condominium associations on maintaining or acquiring Federal Housing Administration
302 approvals for financing could improve first time purchasing options for many, and with little
303 effort. The Town should continue to promote accessory apartments to help seniors age in place
304 while making existing homes available to new families as owners can choose to remain in the
305 main house or move into a smaller apartment onsite. Universal design for occupancy during all
306 stages of life and at all ability levels could be evaluated for incorporation into local code
307 requirements to improve options for aging in place. Co-housing, home-shares, and other
308 programs that provide support to first-time buyers and aging residents seeking to stay in the
309 community should be promoted. Over the course of this plan the Town should evaluate other
310 possible initiatives and look to implement appropriate measures that will address the
311 community's housing needs.

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POLICIES

1. Colchester’s land use plan should continue to guide residential development.
2. Village planning areas may be suited to additional residential opportunities, however not all village areas are currently conducive to additional residential opportunities and additional development should not detract from the character of these areas.
3. Infill residential development should continue to occur within the Suburban Residential planning area.
4. The Town will continue to comply with the Vermont Fair Housing Act in its regulations.
5. Current programs such as the Town’s building code program, on-site wastewater program, and health officer program should be continued and enhanced as these programs help to ensure the quality and safety of Colchester’s homes.
6. The Town should promote energy efficiency improvements such as weatherization, efficient heating systems, and utilization of renewable energy sources.
7. The Town should continue to work with housing providers, regional and state entities, and other organizations to seek solutions for regional housing and leverage affordable housing and improvements to affordable housing within Colchester.
8. Co-housing, home-shares, and other programs that provide support to first-time buyers and aging residents should be promoted within Colchester.

ACTIONS

1. During the term of this plan, the Town should maintain its growth center designation at Severance Corners as a means to promoting mixed income housing that accommodates regional need.
2. The Health Officer should continue to monitor the number of rental units and associated complaints annually and work with the Building Inspector to address necessary code improvements including, if warranted, a more proactive inspection process or program.
3. Possible violations of the Vermont Fair Housing Act reported to or discovered by the Health Officer will be reported to appropriate enforcement authorities such as Vermont Legal Aid or the Vermont Attorney General’s Office.
4. The Town should pursue partnerships with financing agencies for energy efficient mobile home replacements to maintain and enhance mobile homes as affordable owned housing.
5. The Colchester Department of Planning and Zoning should investigate the requirements for Federal Housing Administration financing approvals for condominium associations during the term of the plan and, if found to be tenable reach out to associations to promote receiving and maintaining such approvals.
6. Universal design for occupancy during all stages of life and at all ability levels should be evaluated during the term of this plan as well as other code improvements.
7. During the term of this plan, Planning and Zoning Staff should work to evaluate the benefit of additional code requirements to reduce energy and increase sustainability in construction while considering the need for affordability.