

Winooski Housing Commission - Virtual Meeting

Tuesday, August 22, 2023, at 6 PM

- Attend in person: Winooski City Hall ([27 West Allen Street](#))
- Attend online: <https://us06web.zoom.us/j/88653025010>
- Attend by phone: 1 646 558 8656
- Webinar ID: 886 5302 5010

I. Call to Order

II. Public Comment

This item is reserved for comments and questions on topics that are **not** included on this agenda. Time for public comment is included by default for each item below!

III. Approve Previous Meeting Minutes

<https://winooskivt.gov/AgendaCenter/ViewFile/Minutes/07252023-1168>

IV. Discussion: Reorganization of Housing Commission Members

V. Discussion: Housing Commission Work Plan FY24

Documents:

[Housing Commission FY24 Work Plan.pdf](#)

VI. Discussion: Housing Trust Fund Changes

Documents:

[Housing Trust Fund - Proposed Changes Update.pdf](#)

VII. Discussion: Short-Term Rentals in Winooski

Documents:

[Short-Term Rentals - Summary.pdf](#)

VIII. Adjourn

Housing Commission Work Plan- FY24

GOAL		MASTER PLAN HOUSING GOAL	TIMELINE
1	Implement new changes to the Housing Trust Fund to increase utilization within the community	1, 2, 3, 5, 6, 7, 10	
2	Identify potential funding streams for the Housing Trust Fund	1, 2, 3, 5, 6, 7	
3	Assess need for short term rental regulations within Winooski	1, 2, 4, 5, 10	
4	Continue exploring ways to incentivize the availability of 3+ bedroom units, and homes built for sale	1, 2, 4, 5, 6, 7, 8, 9	
5	Continue to explore updating ordinances and the Unified Land Use and Development Regulations to address housing priorities identified by City Council, including renter protections	1, 2, 4, 5, 6, 7, 8, 9, 10	

Suggestions from the Housing Roundtable: inclusion of service oriented goals for community members dealing with housing insecurity/ homelessness, tenant/ landlord education, and the retention of both physical properties and renters.



City of Winooski

Vermont's Opportunity City

27 West Allen Street
Winooski Vermont 05404
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winooski.vt.gov

Agenda Item	Housing Trust Fund changes
Date	August 22, 2023
Description	Update on progress surrounding proposed changes to the Housing Trust Fund's Down Payment (DPA) program, Home Improvement Program (HIP), and the proposed Interest Rate Buydown (IRB) program.

Proposed changes to Winooski Housing Trust Fund

I. Interest Rate Buydown (IRB)

Proposed change: addition of an interest rate buy-down program to the Housing Trust Fund program portfolio

- All 5k will be a grant
 - As long as the home remains the buyer's primary residence, and if they don't sell or refi within 5 years. If they do, they will need to pay back the money as a loan.
 - If a buyer moves in the 1st year, 4k turns into a loan; if they move 2nd year, 3k turns into a loan... and so on.
- AMI limit 120% with requirements mirroring the DPA program?
- Can people apply to both the IRB and the DPA?
- By reducing the interest rate, you end up paying less interest on your loan each month. This, in turn, lowers your monthly payment, making it more affordable during the initial years. It can be especially helpful if you expect your income to be lower in the beginning and anticipate it to increase later on.
- Interest would be reduced depending on someone's credit as determined by OCU.
- OCU refers eligible borrowers to DPA/IRB (5k), VHFA DPA (15k), and Federal Home Loan of Boston (25-27k).

Home Improvement Program (HIP):

Vermont Housing Improvement Program (VHIP) is similar in nature to the City of Winooski's Home Improvement Program. VHIP offers grants up to \$50,000 per unit for repairs needed to bring vacant rental units up to Vermont Rental Housing Health Code guidelines, add new units to an existing building, or create an accessory dwelling unit on an owner-occupied property.

- 550 units have been rehabbed/built so far in the program
- 4 units have been brought online in Winooski through VHIP
 - In the next 4 months one 1 bed, two 2 beds, and one 4 bed will be coming online
- Property owners who are rehabilitating existing units or creating a new unit that is not an ADU must work with Coordinated Entry Lead Organizations or resettlement agencies to identify suitable tenants exiting homelessness.
 - Either 5-year affordability w/ CE or 10-year affordability and rental to someone under 80% AMI

- There is a new option to pay out of this agreement if it is not working out
- The waitlist is always 'open' but they take groups of applications in different rounds using a prioritization matrix.
 - There are always 2 to 3 times more applications than there are funds in each round. The most recent round had even more than usual.
 - The prioritization matrix is made up of different criteria including location and project readiness.
 - Winooski as a location would make a project more competitive.
 - Project readiness is considered which includes both financial and time related components.
 - Income is not included in this prioritization.
 - Due to project readiness being considered but not income, it is common that people with more assets, history of redevelopment, and experience are chosen over individual lower-income homeowners.

Due to the fact that VHIP does favor experienced developers regardless of income level, and that they regularly have 2-3 times more applications than funding for projects, the City of Winooski's HIP program seems to fill a gap.

Program participants are required to provide a 20% match for VHIP project grants, maintain HUD Fair Market Rent prices.

- Our HIP could be used in tandem with VHIP towards its match requirement, although this would likely be fairly rare.

Questions from Prabin:

- Is the City of Winooski prepared to extend a 0% HIP loan to borrowers? Should this be the case, OCU will charge 6.99% per loan to the City of Winooski until the loan is paid in full.
- It is essential that the loans are fully backed by the City of Winooski, meaning that in the event of a borrower's default, the City is obligated to cover the outstanding balance to OCU.

CORE v. new exploratory option

Conversations with CHT's CEO and Director of Homeownership have begun with the aim of exploring potential opportunities for Housing Trust Fund money to be utilized in an expansion of CHT's shared equity homeownership portfolio in Winooski. A housing market analysis is being done by CHT to guide any next actions using the Winooski grand list information from the reappraisal. Updates will continue to be provided as conversations progress.



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Agenda Item	Short-term rental regulations in Winooski
Date	August 22, 2023
Description	The City of Winooski Housing Initiative Director has created a preliminary research document and from that formed an abbreviated executive summary for the convenience of the Housing Commission.

Executive Summary

The short-term rental (STR) market in Winooski has fluctuated month to month from 2018 to 2021. It was not until January of 2022, that there was a sharp increase in the amount of STRs available in the city. While Winooski is not large in population at 8,328 residents and a total number of 3,970 dwelling units, the rate of increase of STRs shows a concerning pattern for our renter heavy (over 60%) population. In March of 2022 there were 58 units (entire unit) listed on sites like Airbnb and VRBO. In June at the time of writing, that number is 84. While Vermont's tourism fluctuates greatly depending on season, this time last year there were 37 active listings. The current rate of STRs in Winooski makes up about 2.1% of the entire housing stock in the city, which in itself is not a major concern, but rather the rate at which it is increasing.

Positives of STRs in Winooski include additional income generated for homeowners, diversification of income streams for homeowners, tax revenue for the city through the 9% meals and lodging tax, and increased room inventory in a city with no hotels. Negatives include a loss of potential long-term housing units during a serious housing crisis, negative externalities (noise, parking, trash) which are borne by long-term resident neighbors, and ongoing concerns of outside (state and Winooski) investors flipping units to use as STRs.

Other communities in both Vermont and Chittenden County have taken/are considering action by embracing new STR registries, increasing taxes on STRs, increasing registration fees, and imposing restrictions regarding when, who, and how STRs can operate within their municipality. As other neighboring municipalities take action (Burlington) Winooski will undoubtedly be impacted. Case studies from 9 municipalities can be found in the report below detailing the specific policies they chose to implement.

Regulatory policy options vary greatly, making it possible for Winooski to choose many different paths. While Winooski already has a strong public building registry, short term rentals are not treated differently than the long-term rentals are. At the minimum, an increase in requirements, fees, and permitting for STRs would be beneficial through the public building registry or through the services of an agency such as Host Compliance (contracts with Burlington, Ludlow, and Chester). In addition to registration there are a number of restrictive policies that can be considered and are included in some case studies below. While this would be the most proactive approach for Winooski, staff capacity, city resources, and implementation/ enforcement are major barriers. Any of these policies would likely need to be paired with an internal system or external contract to manage compliance and enforcement of said policy.

Short term rental regulations research

Background:

- While there have been several bills proposed on the state level in Vermont, none have passed, leaving the 250 municipalities the authority to regulate short term rentals via their own ordinance or bylaws. Short term rentals are defined by the state as “means a furnished house, condominium, or other dwelling room or self-contained dwelling unit rented to the transient, traveling, or vacationing public for a period of fewer than 30 consecutive days and for more than 14 days per calendar year.”¹
- For the purpose of this report STR= short term rental

Potential reasons for action to be taken:

- The conversion of rental units formerly utilized as long-term rental units into STRs increases supply and therefore decreases price of short-term housing, but in turn decreases supply and increases cost of long-term housing in Winooski.
 - [One study](#) found that with the addition of 12 STRs in a census tract causes an increase in long term rents by 0.4%. ²
 - [Another study](#) found a 10 percent increase in Airbnb listings in a ZIP code leads to a 0.42 percent increase in ZIP code rental prices and a 0.76 percent increase in house prices. They also find that the increase in rents is larger in ZIP codes with a larger share of nonowner-occupied housing.³
- Data shows that even in municipalities across the U.S. that have inflating STR stocks, the number of travelers does not increase significantly. This reveals a potential substitution of STR as opposed to utilizing hotels. A study found that only 2-4% of travelers using Airbnb said they would not take the trip if no STRs were available.
 - (Note this could bring tax revenue into Winooski as we currently have no hotels).⁴
- Expressing prioritization of investing in long term rental residents in a city with a majority renter population.
- While STRs make up a small # of all rentals in Winooski, this is a preventative opportunity to ensure that number doesn't rise as neighboring communities restrict STRs. It has been found that acting regionally is beneficial, as the actions of Burlington for example, could have a strong impact on Winooski's STR market.
- Burlington at 0.5% and South Burlington at less than 1% had similarly low shares of STRs yet took/ are discussing action.^{5 6 7}
- Potential income generating (Burlington's STR regs fund their housing trust)

¹ <https://legislature.vermont.gov/statutes/section/18/085/04301>

² https://www.researchgate.net/publication/319400631_Is_Home_Sharing_Driving_Up_Rents_Evidence_from_Airbnb_in_Boston

³ https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3006832

⁴ <https://www.epi.org/publication/the-economic-costs-and-benefits-of-airbnb-no-reason-for-local-policymakers-to-let-airbnb-bypass-tax-or-regulatory-obligations/>

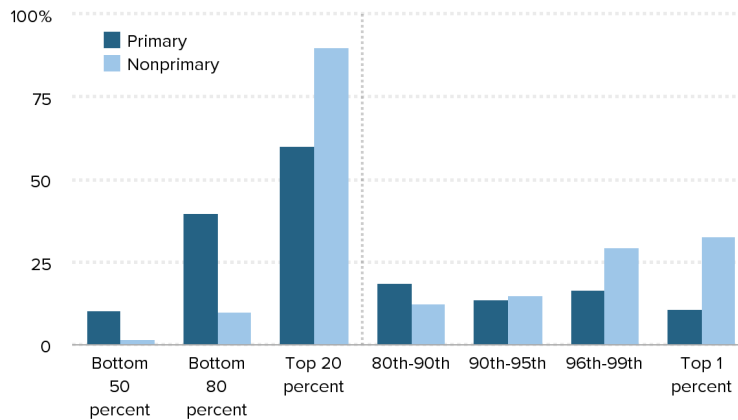
⁵ <https://www.housingdata.org/profile/housing-stock/short-term-rentals>

⁶ <https://www.census.gov/quickfacts/winooskicityvermont>

⁷ <https://www.wcax.com/2023/04/10/south-burlington-drafts-registry-ordinance-try-get-handle-rentals/>

- The benefit of STR operation and ownership is skewed heavily towards top earning, primarily white households.³
 - In 2016, 60% of primary housing wealth was held by the top 20% of earners.³
 - The top 20% of earners held 90% of nonprimary (multi home) housing wealth.³
 - These are even more severe when looking at racial/ ethnic disparities.³

Share of total primary and nonprimary household housing wealth in the U.S. economy held by each wealth class, 2016




Note: Primary housing wealth is wealth from owner-occupied housing. Nonprimary housing wealth is wealth from nonowner-occupied housing. The wealth classes depicted overlap, with the top 20 percent broken down into households falling within the 80th to 90th, 90th to 95th, and 96th to 99th percentiles.

Source: Author's analysis of microdata from the Federal Reserve Board Survey of Consumer Finances (2016)

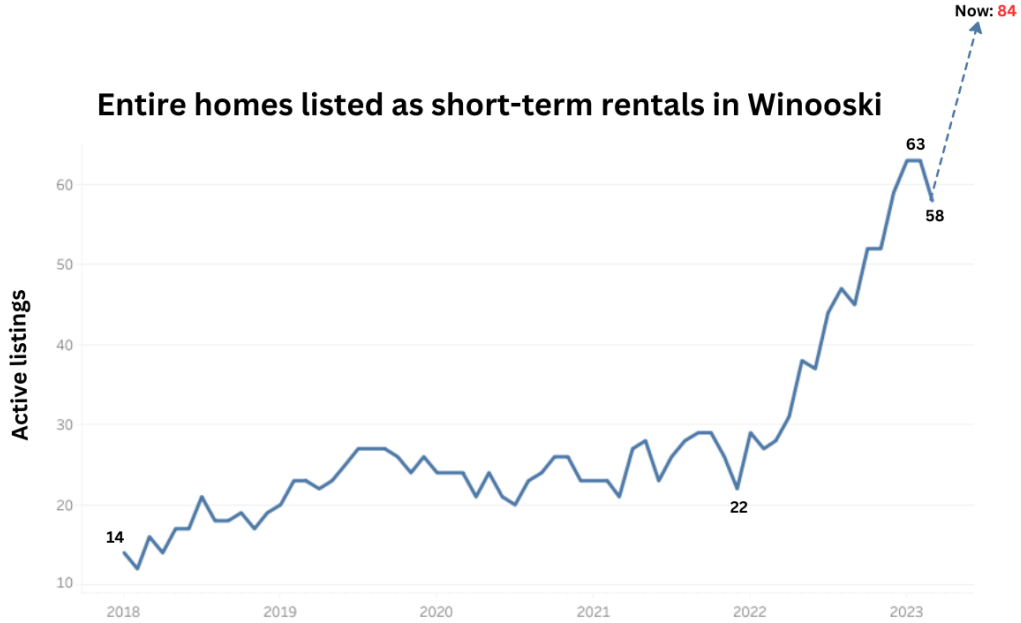
Economic Policy Institute

Although there is great financial opportunity for Winooski residents and homeowners within the STR market, **most negative outcomes** (increased rent, trash, noise, parking, safety issues, transient population) **are borne by the long-term community members**. Property owners generally have the most to gain from an unregulated STR market, with long term residents not receiving much in return.⁸

Tax structure: Short term rentals are supposed to remit the same taxes as hotels. That is difficult to enforce if a STR is being self-posted for short term rental rather than using an official booking site. It has recently come to the attention of City staff that Airbnb was not charging the 1% local options tax for rooms that it should have been; however, other sites like VRBO were charging users correctly. Finance reported this issue to the state and they appear to have resolved the issue. Meals & Rooms at the state level is 9% and the city charges local options tax of an additional 1%. 

⁸ https://granicus.com/pdfs/Whitepaper_-_A-practical-guide-to-effectively-regulating-short-term-rentals-on-the-local-government-level.pdf

Entire homes listed as short-term rentals in Winooski



Source:
AirDNA short-term rental listings

(Adapted from VHFA, 2023)

Month	March 2023 (VHFA)	June 2023 (Airdna)
Active STR Homes:	58	84
Total Reservations:	273	-
Avg Listed Days per property	26	-
Avg Reserved Days per property:	13	-
Avg. Occupancy Rate:	0.47	-
Avg. Reservations per property:	5	-
Avg Daily Rate:	\$220	-
Avg Monthly Revenue per home:	\$2,746	-
% of total Winooski dwelling units (3,970)	1.4%	2.1%

** data currently only accounts for units that are listed as an "entire home/apartment" – this does not include homes sliced into component bedrooms. Currently there is no systematic means of quantifying just how many of those situations there are, so thus have made the assumption that one "entire unit" STR is approximately equal to one unit of comparable year-round housing. Nate with VHFA is working on collecting data which shows information about their hosts, including if they live in Vermont or not. If they don't, we will know the home is not owner-occupied. This will provide a glimpse at the ballpark of STRs that *might* be owner occupied

STR Regulation types and case studies:

There are several categories of STR policy ⁷

- **Prohibition** (complete ban generally only used when there is a dire need for decrease in tourism/ sufficient hotel industry ex: Anaheim, CA)
- **Laissez- faire**: do nothing and let the market regulate itself
- **Limitation/ regulations**: any sort of STR related policy
 - **Quantitative**: limiting the number of STRs allowed to operate, number of days allowed to be rented (60/90/120), or number of visitors allowed
 - **Locational**: limiting the specific locations STRs are allowed to operate
 - **Density**: limits number of STRs in certain areas or neighborhoods
 - **Qualitative**: defines type of accommodation allowed (owner-occupied, complete apt, room, includes requirements for safety related procedure/ items like smoke detectors or a third-party emergency contact on site).

***Registration and permitting requirements**: can be utilized alongside first options, or individually.

Registration: This is a more moderate approach which seeks to garner an understanding on the number of short-term rentals in a given municipality. It is the goal that by registering STRs, a municipality can keep its pulse on the issue without taking any more drastic steps. Registration of units would generally include providing information to a municipal government or contracted third party, and require STR owners to obtain a permit and pay an application fee. For example, rather than preventing non-owner-occupied STRs, a municipality may require higher registration fees for those units as opposed to owner-occupied units. This incentivizes behaviors, without restricting and regulating the behaviors. Additional registration requirements could be looped into the already existing public building registry, or could be maintained by an organization like Host Compliance.

Killington, requires an STR registration from the Zoning Administrator with each unit requiring its own application and fee. Insurance for STRs, a designated operator, and declaration of proposed occupants must all be included in the application. ⁹

Plymouth, as recently as two months ago, adopted more registration and violation penalties to continue building out registration requirements they have had on STRs since 2017. There was consideration of a requirement for **KnoxBox** installation for each STR unit which would allow the Fire Department to enter in an emergency although it was ultimately removed. ¹⁰

Chester, decided to categorize their STR stock into “hosted” and “un-hosted”. To qualify as a hosted unit there must be an owner on property, if not, it is considered unhosted. Hosted units are subject to an annual fee of \$150 while unhosted owners are charged \$300 per unit.

⁹ <https://www.killingtontown.com/?SEC=94EB1515-E187-49C1-A7B2-9E7DE314DB46>

¹⁰ <https://www.plymouthvt.org/wp-content/uploads/2023/05/Select-Board-Minutes-May-15-2023.pdf>

Other information required upon registration of STRs include the owner's date of birth, driver's license, and contact information. ¹¹

Limitation/ regulation: This policy route goes further to not just ensure accurate registration and permitting of units, but to actively limit the amount/ area/ density/ type of STRs that operate in a given area. Most municipalities that enact limitations incorporate one, some, or all of qualitative, quantitative, density, and locational qualities. While registration and fees can de-incentivize to an extent, this is limited in terms of effectively slowing the rate of STR conversions. To take a more aggressive stance in preserving existing and new long-term rentals, this would be the route taken. While this is a more significant indicator of means to control the STR market, implementation and compliance are significant barriers to consider and consultation services would almost certainly be necessary to organize in tandem.

Burlington- has taken the most significant action in Chittenden County surrounding the regulation of short-term rentals. This past summer it was determined that effective August 3, 2022, there would be a limit of one STR registered to each person in Burlington and that the owner must live onsite. There are additional limits on room counts, with 3 being the maximum number of rooms that can be rented in a home. There is an exception that allows landlords who own multiple units within one building without living there to operate one STR if there are at least 2 long term rentals on site that meet criteria of the city's inclusionary zoning or someone receiving a rental subsidy. So far, there have been 25 new affordable units created thanks to this exception.¹² In addition to the regulations, BTV also included a 9% tax on STRs which has brought in \$130,000 in just 6 months. This money has all gone into the City's Housing Trust Fund, which is a fantastic option for the City of Winooski. ¹³

Morristown/Morrisville took steps back in 2017 to restrict STRs in their downtown in an effort to avoid swaths of empty homes in off tourism season like Stowe. At the end of 2022 they expanded these restrictions requiring residents only have one STR and that it must be their primary property, although those with multiple properties were allowed to be grandfathered in. ¹⁴

Woodstock conducted a study in 2019 which found that STRs were a threat to both the housing stock in the Village in addition to the housing character of the Town. Using these findings, they implemented a registration requirement in addition to regulations. Permits and inspections are required for STRs as well as yearly contact with their short term-rental registry. The operation of these units must be controlled by an owner who occupies the

¹¹ <https://www.chestertelegraph.org/2022/12/12/chester-board-adopts-short-term-rental-ordinance/>

¹² <https://www.wcax.com/2023/06/13/burlington-short-term-rental-compliance-effort-underway/>

¹³ https://www.burlingtonvt.gov/sites/default/files/Short%20Term%20Rental%20FAQ_1.pdf

¹⁴ <https://www.sevendaysvt.com/vermont/towns-across-vermont-are-beginning-to-regulate-short-term-rentals/Content?oid=37392495>

property, or if not, owner occupied the owner must contract with a third party available within a 30-minute drive who is able to respond to emergencies. In addition to this, STRS can only be rented 6 times within a 12-month period. The only exception to this is for owner-occupied STRs during foliage season.¹⁵

Considering action:

South Burlington has drafted an ordinance that would establish a rental registry in addition to regulating short term rentals. The discussion of this ordinance, which happened in April of this year, mandates that STRs exist only within owner occupied housing, or housing where the owner occupies the home for at least 6 months and 1 day per year. The inspection fees (\$100 annually for both long- and short-term rentals) is going to be used to pay for 2-3 inspectors/ admin staff.¹⁶

Dorset just this past month has been in a back and forth deliberation over enacting a restriction which would require STRs be owner-occupied for at least four months of the year. There has been significant push back from STR and multi property town members claiming the town is not affordable for the workforce they are claiming need access to housing.¹⁷

Montpellier, Stowe, Rutland, Manchester and other communities are all either currently in development or have prioritized STR policy reform for this year.¹⁸

Leading this discussion (*[A Practical Guide to Effectively Regulating Short-Term Rentals](#)*)⁷

- **Local government leaders should therefore first agree on a specific list of goals that the new short-term rental regulation should accomplish before discussing any of the technical details of how to write and implement the new regulation.** Any draft regulation should be evaluated against these specific goals and only code requirements that are specifically designed to address any of those concrete goals should be included in the final ordinance.
 - Maximize the availability of affordable housing options by ensuring that no long-term rental properties are converted into short-term rentals
 - Ensure that short-term rentals are taxed in the same way as traditional lodging providers to ensure a level playing field and maintain local service jobs
 - Ensure that the city does not lose out on hotel tax revenue that could be invested in much needed services for permanent residents

¹⁵ <https://townofwoodstock.org/wp-content/uploads/2023/02/Village-Short-Term-Rental-Ordinance.pdf>

¹⁶ <https://vtdigger.org/2023/04/09/draft-ordinance-would-create-a-rental-registry-in-south-burlington/>

¹⁷ https://www.manchesterjournal.com/local-news/dorset-zoning-plan-includes-short-term-rental-regulations-with-residency-requirement/article_32d5a0de-edcd-11ed-a5e1-b76a0433ae21.html

¹⁸ <https://vtstra.org/regs>

- Minimize public safety risks and the noise, trash and parking problems often associated with short-term rentals without creating additional work for the local police department
- Give citizens the option to utilize their properties to generate extra income from short term rentals as long as all of the above-mentioned policy objectives are met
- **Only adopt policy requirements that can and will be enforced!**
 - Case example: In the case of Tiburon, the town council instituted a complete ban of all short-term rentals within its jurisdiction, but not only failed to allocate any budget to enforce it, but also failed to put in place fines large enough to deter any violation of the ban. As a result, the number of properties listed for rent has remained virtually unchanged before and after the ban.
- **Keep it simple**
 - Case example: As an example, despite setting up a dedicated department to enforce its short-term rental regulation, the City of San Francisco has only achieved a 10-15% compliance rate as its regulation is so complicated and its registration process so agonizing that most people give up before even trying to follow the rules
- Manually monitoring 100s or 1,000s of short-term rental properties within a specific jurisdiction is practically impossible without sophisticated databases as property listings are constantly added, changed or removed. Burlington contracted with Host Compliance, but we assume at some cost. Would we have the resources/ time to add this to the pre-existing rental registry? At this point the number is only around 80.