

Memorandum

To: Mayor Lott and City Council
From: Heather Carrington, Community and Economic Development Officer
 Winooski Housing Commission
Date: November 15, 2021
Re: FY22 Policy Priorities and Strategy Update: HOUSING

Per the Council adopted 2021-2022 Policy Priorities and Strategies and the accompanying monitoring plan, we present the first goal update on Housing. Below you will find a chart of the adopted strategies, a narrative of the updates, as well as actions the Council can expect over the next few months.

Council Priorities

Key

	= proceeding as planned		= started but not proceeding well
	= proceeding but slower than planned		= not started yet

POLICY		Implementation - Effort or Intended Outcome	
Area	Policy Goal	Priorities	Status
Housing (H)	Ensure a mix of quality housing that maintains and enhances Winooski's unique sense of place and supports the needs of the entire community.	Identify potential funding streams for the Housing Trust Fund	
		Evaluate effectiveness of Housing Trust Fund in addressing Master Plan housing goals, and identify areas for policy changes	
		Implement Champlain Housing Trust development agreement and support construction of Butternut Station	
		Update Public Building Registry Ordinance	
		Evaluate Housing quality in Winooski (defined as health and safety of housing)	
		Assist Housing Commission with policy work	



Update on Priority Housing Efforts

Identify potential funding streams for the Housing Trust Fund

A Housing Trust Fund (HTF) was established by City Council Resolution on Monday, January 7th, 2019. As written and approved, the resolution allocated the full amount of the Housing Improvement Loan Program funds (appx. \$348,000) to the Housing Trust Fund, with the Housing Improvement Loan Program to operate with a portion of the funds under the umbrella of the Housing Trust Fund.

Recognizing that \$348,000 is a very limited fund, City Council prioritized staff and Housing Commission work to identify potential funding streams to expand and sustain the HTF. Based on the timeline for discussing ARPA funds, staff initiated a conversation with the Housing Commission about potential funding streams for the Housing Trust Fund at their October 25th meeting. The following potential sources were discussed:

1. **ARPA funds** – Eligibility for state ARPA funds for this use appears unlikely. However, a portion of the municipal ARPA funds could be allocated to the Housing Trust Fund. This would require the ARPA allocated funds to be fully spent out by 2026. In order to accomplish the full spend required, staff could potentially rewrite the HTF policy to include a grant component which incentivizes use of Home Improvement Loans and Rehabilitation Loans to improve the quality of the existing housing stock in Winooski.
2. **Winooski Community Development budget reserves** – Staff has been incrementally building the Community Development budget reserves as a future resource for incentivizing and assisting high priority community and economic development projects. While a large portion of the reserves has been set aside for the development of the municipal garage construction at 17 Abenaki Way (\$200,000), an additional \$75,000 remains available in the reserve fund.
3. **Reallocation of a portion of the Winooski Small Business Loan Fund** – The Winooski Small Business Loan Fund has been a vital support for small businesses both before and more importantly during the COVID-19 business shutdowns. Zero interest emergency bridge loans were made to businesses to help keep them afloat during the first weeks and months of the pandemic. However, the fund has never come near to expending the full \$250,000 available. Currently, the fund holds an available balance of just over \$206,000. The loan program may be slightly overfunded for the community need. The Housing Commission could recommend that \$75,000 – \$100,000 should be reallocated to the Housing Trust Fund.
4. **An annual percentage of the TIF revenue** – Upon the successful completion and retirement of the TIF debt in FY 2025, the increased tax increment from new development in the TIF district that was previously used to pay off the debt will become part of the general fund revenue.



Some of the revenue has been discussed to pay for the Main Street Revitalization project without necessitating a tax increase, and a portion will be required if the community chooses to maintain the Community and Economic Development Officer, Communications Coordinator, and Planning and Zoning Manager positions which are all paid in part through the TIF payments to the WCDC note, or the Equity Director position at the end of the Working Communities Challenge Grant funding. However, even with those assumed expenses there will be additional revenue. A small percentage of the overall additional annual tax revenue could be allocated to grow the Housing Trust Fund. Even at a 3%-5% annual allocation, this could result in roughly \$25,000 - \$50,000 being added to the HTF annually.

The Housing Commission expressed support for looking at ARPA and TIF revenues, but was not in support of using Community Development budget reserves or a reallocation of the Winooski Small Business Loan Fund for one time infusion of additional funds.

Evaluate effectiveness of Housing Trust Fund in addressing Master Plan housing goals, and identify areas for policy changes

The Housing Trust Fund has not yet been rolled out to accept applications, thus the Housing Commission is as yet unable to evaluate the impacts. There are several steps that are required prior to roll out. Opportunities Credit Union has completed staff trainings on two of the three programs covered by the Housing Trust Fund. The third training should be completed in November. In addition, the application forms for the three programs must be translated into the six languages most commonly spoken in Winooski besides English, and trainings with USCRI and AALV to explain the programs to case managers will be held. In order to equitably provide access to these funds, the program should not be rolled out until it is available to and inclusive of all of our community. The City Community and Economic Development Officer and Equity Director are jointly working to organize trainings for partner organizations.

Implement Champlain Housing Trust development agreement and support construction of Butternut Grove

The Development Agreement, Parking Agreement and Property Transfer of the Lot 2 parcel at 32 Malletts Bay Avenue were executed between the City and Champlain Housing Trust (CHT) on July 9, 2021 after Council authorization at their June 7th meeting. Construction of "Butternut Grove", a CHT built perpetually affordable homeownership opportunity at the street front of the O'Brien Community Center, commenced shortly thereafter. The project is well underway, and staff continues to work with the contractor and O'Brien Community Center tenants to communicate the status of the project, and address any logistical issues. The project is currently on-schedule to be completed by summer of 2022. CHT has coordinated with City Equity Director to connect with the School Liaisons to provide workshops about the homes, each specific to one targeted new American community with interpreters on site. Thus far two



workshops have been held, nearly 50 people have attended, and there are more workshops planned throughout November.

Update Public Building Registry Ordinance

Staff has been discussing the need for updates to the public building registry ordinance for the last couple of years. Updates to the registry have been identified as a Council priority for FY22. The Housing Commission discussion to evaluate housing quality in Winooski has commenced, and will help to inform areas of the ordinance that require changes. In addition, with a Municipal Planning Grant funded equity audit of housing underway, this priority is currently being deferred until the audit findings are provided in January/February of 2022. The results of the audit will guide the policy changes to the ordinance.

Evaluate Housing quality in Winooski (defined as health and safety of housing)

The Housing Commission initiated this conversation in 2020 with a dive into information about code violations in rental properties using data collected by Winooski's Code Enforcement Department. Using a 56-point checklist, Code Enforcement inspects every rental property on a four-year cycle. Winooski's housing stock is older on average than others in Chittenden County, and some properties have significant needs for maintenance. The highest number of violations as of the 2020 discussion were for lead paint, which is specifically prioritized as one of the evaluation criteria for applications to the Housing Trust Fund. In addition, the commission discussed the low number of renter complaints and whether the City could play a role in ensuring renters feel secure in advocating for fixes to health and safety issues. This topic was scheduled to be revisited at a future Commission meeting, to which Fire Chief John Audy would be invited to discuss these issues further. The Commission discussed the possibility of considering further policy changes to the HTF as a result of this discussion.

The Housing Commission work plan for this year calls for the Commission to "Evaluate housing quality in Winooski." Fire Chief and Director of Code Enforcement, John Audy, and Equity Director, Yas Gordon joined the Commission to kick off the discussion at their October 2021 meeting. Chief Audy discussed some of the intersecting issues that impact the safety and health of rental housing in Winooski. Yas Gordon discussed the city equity audit and the specific focus on housing equity. The equity audit is projected for completion in January/February of 2022, and will inform policy action to address findings.

Older housing stock presents unique challenges ranging from the presence of lead paint to deteriorating structures. Housing construction safety standards continuously evolve over time. The City of Winooski has been fortunate to employ a proactive community risk reduction approach to maintaining health and safety in housing and commercial properties for many years. The City's public building ordinance requires rental and commercial properties to be annually registered with the City, and rentals in Winooski are inspected by staff on a 4-year rotating cycle.

While Winooski is far ahead of most Vermont communities in having a public building registry and regular inspection cycle, staff is also aware that more can be done to support our residents by ensuring the quality



of all housing in Winooski. Chief Audy identified some of the gaps that he sees and the further supports that may be needed. The Chief urged the Commission to consider how Winooski takes care of the housing it already has.

Assist Housing Commission with Policy Work

The Housing Commission staff liaison conferred with both Chief Audy and Equity Director, Yas Gordon, prior to recommending several of the priority strategies for FY22. This priority reflects both staff members' commitment to provide reports, attend several Housing Commission meetings, and share resources from the Code Enforcement Department and the Equity Department to support the Housing Commission as they evaluate housing quality in Winooski.

Form Based Code Incentive Updates

Updating Form Based Code Incentives for affordable housing and energy efficiency was listed as a priority under the Economic Vitality goals. However, the incentives specifically pertain to housing, thus this priority more appropriately belongs under the Housing priorities. With Council's permission, staff proposes to shift reporting on this priority to the Housing Goal Updates. The following report is taken directly from the first Economic Vitality Goal Update presented to City Council at the October 18th meeting.

As the Planning Commission continues their discussion on amendments to the Unified Land Use and Development Regulations, there have been specific discussions related to incentives for developers. The Form Based Code allows for one additional "bonus" story to be included with a development project if the developer includes affordable housing or energy efficiency. As the Planning Commission has discussed at recent meetings, the thresholds for this bonus story are low and easily achievable, thereby reducing the positive impact realized by the City. The Planning Commission has also discussed this from two separate angles, including:

- Is the bonus story a meaningful enough incentive to developers?
- Are the thresholds for the bonus story high enough to be beneficial to the City?

In addition, it has been noted that, while the bonus story will accommodate additional density for the developer, this density will also require additional parking. This required parking may ultimately result in a disincentive to the developer. Specifically, the additional parking may increase the impervious coverage resulting in additional stormwater facilities; reduce the amount of open space that could be provided; or simply not be feasible due to dimensional constraints of the property and other required code elements.

The Housing Commission has provided recommendations to the Planning Commission to reduce the required number of minimum parking spaces per residential unit as a means of encouraging housing affordability and multi-bedroom unit construction. The Housing Commission presented the reduction



of parking minimum requirements as a means of removing what may be a significant cost barrier to utilizing the bonus story incentive for affordable housing. The financial benefit of the bonus story may be nullified by the added cost of constructing additional structured parking at a cost of \$35,000 - \$45,000 per space. A reduction in required parking minimums may allow developers to take advantage of the bonus story incentive.

The Planning Commission has discussed other incentives to offer to developers in addition to the bonus story, however no specific decisions have been reached. Modifications to the minimum parking requirements has been noted as one of those incentives. Ultimately, an a-la-carte system may be identified to allow for multiple options to be utilized that will result in a common goal for both the City and the development community.

Upcoming Council Roles

- Provide guidance and feedback to the Planning Commission on priority changes to the Form Based Code incentives
- Consider and make funding decisions on Housing Commission recommendations for HTF loan applications on an ongoing basis
- Consider potential ongoing funding sources for Housing Trust Fund as part of the budget, municipal ARPA and TIF funds discussion
- Receive affordable housing monitoring report and Housing Trust Fund outcomes reporting per the Housing Commission work plan for FY2022.
- Receive annual gentrification monitoring report (January/February 2022)
- Review, hold public hearings, recommend changes, and adopt revised Public Building Registry Ordinance



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