

Memorandum

To: Honorable Mayor Lott and City Council

From: Eric Vorwald, AICP
Planning & Zoning Manager

Re: **FY22 Policy Priorities and Strategy Update: HOUSING**

Date: April 18, 2022

Per the Council adopted 2021-2022 Policy Priorities and Strategies and the accompanying monitoring plan, included herein is the fourth update on Housing. Below is a chart of the adopted strategies, a narrative of the updates, and 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	
		Form Based Code Incentives	



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 and continued these discussions at their regular meetings throughout the rest of the calendar year. The following potential sources were discussed:

1. **ARPA funds** – When discussed by the Housing Commission, the program details were still in flux. At the time, the Housing Commission discussed the possibility to use ARPA funds through a grant-style program to address housing equity and quality issues. Since this discussion it has been determined that eligibility for ARPA funds may be possible to support the HTF. This would be done by using ARPA funds to cover costs related to government services, thereby creating a surplus of tax revenue in the General Fund, which could then be used to support the HTF. Use of ARPA funds to supplement the HTF was supported by the Housing Commission.
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. After discussion of this funding source, the Housing Commission generally agreed that use of these funds to supplement the HTF was not supported.
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. After discussion of this funding source, the Housing Commission generally agreed that use of these funds to supplement the HTF was not supported.



- 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. While use of these funds has been discussed to support a variety of programs and initiatives, a small percentage of the overall additional annual tax revenue could be allocated to grow the Housing Trust Fund. It is estimated that a 3%-5% annual allocation could result in approximately \$25,000 - \$50,000 being added to the HTF annually. Use of TIF funds to supplement the HTF was supported by the Housing Commission.

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, therefore the Housing Commission is as yet unable to evaluate the impacts. Much of the initial work to activate the program has been completed including the development of the application forms, however several components are still outstanding. This includes translation of the forms into other languages, and training for community partners such as USCRI and AALV. With the departure of the Community & Economic Development Officer, these final steps have been delayed. It is expected that, once the new City Manager is on board this work will resume and be bolstered by additional City staff.

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) in 2021 after Council authorization. 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 were more workshops planned throughout November 2021.

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, the equity audit has been finalized and includes several recommendations related to housing. These recommendations will help inform policy changes to the ordinance.



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

****This section is unchanged from the November 2021 Update****

The Housing Commission initiated this conversation in 2020 by reviewing information on code violations in rental properties using data collected by Winooski's Code Enforcement Department. Code Enforcement inspects every rental property on a four-year cycle and identifies deficiencies with current life/safety requirements. 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 has continued to be discussed by the Housing Commission with Chief John Audy providing details on the inspection process and how violations are addressed. The Commission has also discussed the possibility of considering further policy changes to the HTF as a result of this discussion.

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.

In addition, the equity audit includes specific findings and recommendations related to housing quality and affordability. This information, along with funding to conduct a housing equity action plan will help provide the basis for evaluating housing quality. The housing equity action plan is being funded through a municipal planning grant with a complete plan expected in the spring of 2023.

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. Staff recommended, and City Council concurred, that the discussion on these specific incentives was more appropriate to include in the Housing update since the incentives being discussed related directly to housing. The following information is based on an update to the information that was included in the Economic Vitality Goal update from March 21, 2022.

The Planning Commission has worked on edits to the Unified Land Use and Development Regulations, including the Form Based Code. These amendments address multiple changes to the regulations, including the requirements for a project to be granted a bonus story. It has been noted that the thresholds to achieve the bonus story have been easy to achieve, thereby reducing the benefit to the City.

The Housing Commission has previously provided recommendations to the Planning Commission on ways to incentivize affordable dwelling units and multi-bedroom dwelling units specifically related to the bonus story in the form-based code, however the Planning Commission has been working on draft language that would provide incentives for the development of affordable dwelling units, dwelling units with three or more bedrooms, or both. These draft incentives would apply to all zoning districts and not just the form-based code. The Planning Commission held a public hearing on draft amendments that include incentives for these dwelling types at their regular meeting on April 14th and will continue to work through the process to make a recommendation to City Council to support these housing priorities. It should be noted that staff is working to identify other incentives that would apply specifically to the form-based code in order to support housing priorities as identified by City Council.

Upcoming Council Roles

- 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
- Continue to review amendments to the land use regulations to support housing priorities

