

HOUSING

Providing and encouraging housing retention and development is a fundamental element of this plan. Safe and affordable housing well-matched to circumstances supports a high quality of life, retains existing businesses, supports economic development, and attracts future residents. Diverse housing options at a range of price points grows the local community and economy. Housing options for a range of lifestyles and life stages can allow our residents to remain in South Burlington as they move through life, can provide housing for our children to remain in South Burlington, and can attract 20-somethings, young families, multi-generational families, and seniors, all of which add to the vibrancy of our community.

Meeting housing needs relies on a combination of affordability and availability, which go hand in hand. We recognize the need for an increased supply of housing affordable to middle- and lower-income households; the challenge of availability of quality housing at lower price points has been an issue in central Chittenden County for many years and has recently intensified. Increasing supply of housing across the board can have the effect of tamping down excessive growth in housing prices that outstrip growth in earnings regionally. Providing both permanently affordable housing (through inclusionary zoning and affordability covenants) and a greater total variety of market rate housing options can make housing more affordable for many members of our community.

Overall, housing supply and cost are critical to maintaining a healthy, varied, and supportive community, to growing our local businesses and economy, and to meeting our climate-change mitigation goals by reducing commuting distances and building a walkable/bikeable community.

OBJECTIVES

INVENTORY, ANALYSIS, & CHALLENGES

Existing Housing Stock. Approximately 48% of housing units are single-family houses, 6% are duplexes (either side-by-side or stacked), and 46% are multi-family (three or more units in the building). This represents a dramatic shift over the past two decades. In the year 2000, over two-thirds of all dwellings in the city were single family homes and less than 30% were multi-family. Within the next handful of years, based on known development, the majority of all housing in the City will be multi-family.

South Burlington experienced its first wave of residential development after WWII with construction of significant numbers of single-family homes and duplexes. Approximately 16% of existing housing units were built prior to 1960. These include homes in neighborhoods like Chamberlin, Mayfair Park, and the Orchards. Homes from that era have evident challenges with insulation, energy efficiency, and building materials. The next wave of housing included a mix of single/two-family homes and mid-scale multi-family housing near Dorset Street, Kennedy Drive, and Shelburne Road. These are also will need reinvestment. Approximately 35% of housing units in South Burlington were constructed prior to 1980, and risk having lead paint.

Over the last forty years, the City has averaged adding approximately 145 dwelling units per year (with cyclical fluctuations). The type of housing added over the past 25 years has been weighted toward multi-family structures (both apartment rental and condominium ownership). Single-family homes have

trended toward being larger and more expensive than the stock of existing single-family homes. Vacancy rates for existing housing have remained stubbornly low for both owned homes and rental homes, contributing to ongoing price increases in this market.

In recognition of the significant housing need, the City has been a participant in the region's Building Homes Together campaign since its inception in 2018. Significant continued investment in additional housing is necessary to address residential construction costs, demand in this core employment area for the state, and equity in access to safe and affordable housing in the region.

Housing Loss. Contributing to the tight housing market, approximately two-hundred homes were bought out and removed as part of a noise mitigation program adjacent to the Burlington International Airport between the late 1990s to the mid 2010s. The City advocated diligently for the Airport and FAA to terminate this program and replace it with a sound insulation program for qualifying homes. This program, piloted in 2022 and underway in 2023, is an important reinvestment in the neighborhood and is directly consistent with the goals of this Plan. The land where the homes were removed is not at this time eligible for new housing under FAA restrictions; instead, the City and Airport are collaborating to utilize this area to enhance quality of life for the neighborhood (further discussed in the Land Use Chapter of this Plan). To a lesser extent, housing has been lost elsewhere in the City. In 2016, the City adopted its first-ever housing preservation requirements, requiring replacement of any home that is removed in most parts of the city. This program serves the dual purpose of maintaining the number of homes in the City and encouraging retention of older (often more affordable) homes.

Rental Market. Currently, approximately 60% of housing units are owner-occupied and 40% are renter-occupied. XX% of single-family homes, XX% of duplexes, and XX% of multi-family homes are owner-occupied, with the remainder being rentals. As more housing stock ages, total population increases, and vacancy rates remain historically low, we need to develop a stronger toolbox to address health and safety, and to communicate with rental property owners. The City is exploring establishment of a rental registry and inspection program.

Changing Demographics. Future housing development needs to take into account the City's changing population, as well as identifying how the City can affect those trends. South Burlington has an increasing population of older residents, although a lower percentage of South Burlington residents is over 65 (16%) than in Vermont as a whole (20%). Some older residents want to move from high-maintenance single-family homes into managed or supportive communities, including condominiums, 55+ communities, and assisted living facilities, but may be unable if units/spots are not available. This locks up housing stock with two, three, or more bedrooms with one or two residents and prevents turnover to families who desire additional space.

South Burlington housing stock is currently approximately 49% units with three or more bedrooms and 51% with two or less. This both reflects current population with more one- and two-person households but also restricts the ability for residents to remain in South Burlington as they change life stage or lifestyle. It reflects what has been built and not necessarily what is desired.

Short-term rentals. A recent trend has been growth in the short-term rental industry. In 2023, approximately 75 homes in South Burlington were listed for short-term rental. Of these, approximately 60 were “entire house” rentals, and of those, a substantial number were available on a full-time basis. These full-time, entire-house rentals are contribute to the City’s housing shortage, as they are unavailable as primary residences. The City is considering the adoption of an ordinance to restrict the use of entire homes for full-time, short-term rentals.

Affordability. Construction of new housing in Chittenden County as a whole has been outpaced by growth in demand for housing units. Over time, this has created a significant deficit in the number of available homes for a healthy and affordable housing market. This has led to an undersupply of both definitionally “Affordable” housing and housing that is affordable to people at moderate income levels. We define capital “A” “Affordable” as costing, per month, 30% or less of the income of a household making 80% of Area Median Income (AMI). The City has taken steps to require Affordable homes to be built through required inclusionary zoning.

Additional steps and different strategies in incentivization and regulation can result in more homes that are affordable (meaning costing 30% or less of household income) for people at a wider range of incomes, including at 100% of AMI and 120% of AMI. In FY 2021, the AMI for a household of four in the Burlington-South Burlington area was \$95,900, making a home affordable to a household at 100% AMI if it costs approximately \$2,400 per month, including mortgage or rent, property taxes and/or HOA fees, and required utilities (heat, electric, water, and sewer). For rentals, according to the 2021 American Community Survey, approximately 48% of renters in South Burlington are paying 30% or more of their household income on gross rent. For 120% of AMI (\$115,080 for a family of four), an affordable monthly housing cost would be \$2,875 per month. Relatively high consumer mortgage interest rates (approximately 6% in 2023, on average, compared with approximately 3-4% in 2020/21) also reduces buyer purchasing power by increasing monthly payments. Currently, we lack significant inventory of homes in those cost ranges for a variety of reasons including both undersupply and high demand.

The shortfall in affordable housing for low-income and middle-income households is regional. The City strives to be a place in which its workforce can afford to live. According to the 2020 US Census, South Burlington is a regional job center with nearly 18,000 jobs. This significantly exceeds the approximately 10,000 workers living in South Burlington (according to the 2020 US Census). Central Chittenden County functions as an economic system, with residents and workers being broadly exchanged with our near neighbors in Burlington, Williston, Winooski, Essex, Colchester, and Shelburne. We must address provision of a range of housing options within our community, but also acknowledge the need to address this issue regionally, as a cooperative and collaborative member of the Chittenden County community.

Lacking housing restricts economic growth and negatively impacts our ability as a community to meet our climate-change-mitigation goals. If workers cannot afford to live here or have to commute long distances, they may be less likely to accept a job in South Burlington, limiting our businesses’ access to workers. If workers do accept jobs but have to commute long distances, this increases dependence on single-passenger vehicles, increases vehicle miles traveled, and increases vehicle traffic, all of which is counter to our climate-change-mitigation goals.

The City has taken significant first steps to improve access to, and distribution of, affordable housing. In 2003, the City adopted a system of bonuses and incentives for development of affordable housing through the Land Development Regulations. This was replaced progressively during the 2010s with an inclusionary zoning / supplemental bonus system. Complementing these regulatory tools, the City has made substantial efforts to partner with private sector and non-profit housing developers to fund construction and conversion of existing buildings to permanently affordable housing, through State programs, Federal grant programs, and the City's affordable housing trust fund. Additional work on each of these fronts is needed to meet our known needs.

Affordable Housing Trust Fund. The South Burlington Housing Trust Fund was established by the City Council on November 17, 2014. Its purpose is to fund strategic participation in development that will increase the City's stock of Affordable housing for households below 80 % of AMI. The Trust Fund may, among other options, (1) participate in new affordable housing development through funding supporting project financing of a project undertaken by a private developer, (2) financially support projects preserving existing affordable housing, (3) provide pre-development funding to housing agencies or developers for a project feasibility assessment, and (4) support the purchase of land for affordable housing development.

Ten-Year Affordable Housing Targets. Currently, there are *** permanently affordable housing units in South Burlington, including inclusionary zoning housing and other affordable housing schemes. This plan includes targets of construction, by 2032, of **** new affordable housing units – *** housing units affordable to households earning up to 80% of the AMI and *** housing units affordable to households earning between 80% and 120% of the AMI.

Supporting Private Development. The role the City plays in housing must complement and support the role of the private development sector. The City has no direct control over such cost factors as increases in labor, materials, down payments, mortgage rates, and availability of credit. However, the City can influence housing development costs by changing allowed units per acre density, promoting mixed-use development, streamlining permitting and approval processes, and participation in State initiatives such as Neighborhood Development Areas. It can potentially also support different levels of affordable housing by charging different impact fees.

Building Codes. Construction of rental and multi-unit housing in the City is regulated by State of Vermont Fire Codes through the South Burlington Fire Marshal's Office. With increasing density of development in some areas of the city, the City should consider application of residential building codes to the construction of single-family homes as well. The existence of such codes can decrease insurance premiums, increase fire safety and standardization of necessary firefighting equipment, and provide more assurance to purchasers.

Smart Growth, Infill Housing, and Conversions. A relatively small amount of undeveloped land remains available in the City. South Burlington will need to look increasingly to opportunities for higher-density, mixed-use development in targeted growth areas like City Center and other infrastructure-served portions of the community. We also need to increase density and enable infill development within existing neighborhoods to meet demand for additional housing units without constructing in greenfield areas. The City must be a partner in the Chittenden County Regional Planning Commission's ECOS Plan goal of having 80% of new development take place in areas planned for growth, which amounts to 15% of the (Chittenden County's) Land area.

Historically, new housing built in South Burlington has been on undeveloped land. This is changing due to a combination of market forces and City policy. Infill development between buildings, both residential and mixed-use, has been occurring along the City's major transportation corridors. Recently, the City has seen several conversions of former hotels to permanent housing. Where older commercial buildings are reaching a stage of needed reinvestment, we have been seeing several re-development projects, often at greater densities and more aligned with the City's land use goals.

The City has multiple opportunities to further support these trends supporting this Plan's goals for thriving mixed-use neighborhoods, affordability, and climate action. This Plan supports a combination of larger-scale redevelopment and infill along transit-served corridors, and smaller-scale strategic reinvestment and thoughtful infill within existing neighborhoods. Lot sizes in the City's post-war neighborhoods are typically larger than similar neighborhoods regionally and nationally, which presents opportunities for small-scale contributions to neighborhoods.

ADDITIONAL RESOURCES

- ◆ The Path to Affordability: South Burlington 2013 Affordable Housing Report