2017 Mad River Valley Housing Study

MAD RIVER VALLEY
PLANNING DISTRICT

"Carrying out a program of planning for the future of the Mad River Valley, directed toward the physical, social, economic, fiscal, environmental, cultural and aesthetic well being of the member Towns and its inhabitants."

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Executive Summary

Study Purpose

The Mad River Valley Planning District undertook this study to assess the current housing situation and highlight opportunities to help guide a multifaceted approach among the towns of Waitsfield, Warren, and Fayston to increase access to affordable housing as a way to support future economic growth and long-term viability. The core purpose of the study:

- Acknowledge common housing challenges and past efforts
- Understand demographic and economic trends that have contributed to existing housing challenges and will help guide policy development and implementation
- Assess the current housing supply and market
- Understand the gap between market-rate housing and affordability
- Recommend policies and initiatives that will increase access to affordable housing

Methods & Sources

This study focuses on empirical data to establish trends, assess the current housing market, and determine the present housing affordability gap in the MRV. Demographic and economic data was gleaned primarily from the U.S. Census Bureau, Vermont Finance Agency's Vermont Housing Data website, and the Vermont Department of Labor. Housing market data was compiled from the Department of Housing & Urban Development (HUD), Multiple Listing Service, Front Porch Forum, The Valley Reporter, Craigslist, and short-term rental platforms including Airbnb & VRBO/Homeaway.

Local knowledge helped to balance out the statistical data for this study. Survey responses from recent housing seekers and business owners provided community input to the planning process. The study also uses resort and non-resort communities as case studies to help identify some creative approaches to increase access to affordable housing. The Mad River Valley Housing Coalition played a pivotal role in guiding the development of this study and serving as a forum for providing critical feedback. Local stakeholders in business, real estate, and development also provided their professional perspective on challenges and potential solutions to housing affordability issues in the MRV.

Key Findings & Observations

The analysis covered broad topical areas including: population, income, employment, workforce housing challenges, quality and price of housing stock, housing demand, and the affordability gap. In an effort to make all of the statistical information easier to digest, key findings and observations are summarized below and available in a 30-page overview document, *2017 MRV Housing Study: an overview*.

- The three towns of Waitsfield, Warren, and Fayston share many of the same housing challenges including seasonality, abundance of second-homes, poor quality housing stock built between 1960-1979, and a lack of wastewater capacity to support dense housing development.
- Affordable housing is key to retaining and attracting young people, as well as maintaining a strong workforce.
- Rising housing costs have been outpacing increases in median household income between 2000 and 2014.

- Smaller units are needed to accommodate an aging population, single people, declining family sizes, and non-family households.
- Purchasing a single-family home is out of reach for all but those households earning over 120% of area median income.
- Less expensive single-family homes are few and far between, and often require major capital repairs.
- Rents are more expensive in the MRV than surrounding communities.
- Studios are the most affordable rental options, but in some cases do not provide basic amenities.
- A single person earning minimum wage would have to work 93 hours a week to afford a market-rate 1 bedroom unit.
- A single person working 40 hours a week would have to earn $22.22 an hour to afford a market-rate 1 bedroom unit.
- A majority of housing seekers are looking to buy a single-family home on less than two acres or rent a 2-bedroom apartment.
- A small minority was looking for condo ownership or studio rentals, highlighting the mismatch between the bulk of the MRV's housing stock and housing demand.

Key Recommendations

The study outlines a variety of housing types and opportunities to be considered when developing a multi-faceted approach to tackling the issue of affordable housing in the Mad River Valley. A few key recommendations include:

1. **Increase wastewater capacity** in areas prioritized for housing development, particularly in Irasville.
2. **Incentivize and connect landlords with qualified tenants** in conjunction with Home Share Now and/or by working with employers to incentivize landlords to house their employees.
3. **Reduce barriers through regulatory changes** by reducing minimum lot sizes, accommodating tiny houses in local zoning bylaws, and regulating short-term rentals.
4. **Commit municipal resources to housing project(s) to reduce fixed costs** of development. All three towns own parcels that were identified in this study, which could be donated towards the construction of affordable housing. Available municipal water or wastewater capacity could also be dedicated toward a future affordable housing project.
5. **Pursue tiny houses a strategy to quickly increase the supply of affordable housing.** A process is needed by which tiny houses are a legitimate and viable housing option that clearly outlines applicable zoning bylaws, suitable locations, willing financial lenders, interested insurers, experienced appraisers, and more flexible wastewater regulations. A program to encourage local residents to host tiny houses as accessory dwelling units, a pilot project at the Verdmont Mobile Home Park in Waitsfield, and the development of tiny house communities are also examples of projects to help spur tiny house development in the MRV.

Tackling the issue of affordable housing is not insurmountable if the towns of the Mad River Valley prioritize the issue and stakeholders work together to pursue identified opportunities.

Introduction

The Mad River Valley (MRV) is situated in a watershed created by the Northfield Range and the Green Mountains, home to over 5,000 residents, historic villages, a working landscape, and two ski areas. The community offers rural charm and a small village lifestyle, as well as numerous recreational opportunities and unspoiled scenic beauty. It has been said that people come for the mountains, but stay for the Valley's unparalleled quality of life.

During the 1980s and 1990s, the Mad River Valley was a relatively affordable place to live, the ski industry was booming but housing prices were still on par with the rest of the State of Vermont. In the early 2000s, housing costs started becoming less affordable for current and prospective residents alike. The lack of affordable housing has outgrown casual conversations about expensive rent or difficultly buying a house; community leaders and business owners have come to recognize the need for affordable housing as key to the long-term viability of the Mad River Valley.

The three towns of Waitsfield, Warren, and Fayston have invested time and resources into planning for the future of the watershed through the creation of, and support for, the Mad River Valley Planning District (MRVPD). MRVPD has a long history of engaging in community planning throughout its 32-year history and distilled decades of important planning documents into a Vision Statement that provide a unified declaration of the Mad River Valley's common values, concerns, and hopes.

MRV Vision Statement: ***The Mad River Valley is an innovative, vibrant, connected and caring community honoring its past, celebrating its landscape and actively pursuing its potential.***

The MRVPD commissioned and Economic Study in 2014 that established an economic baseline for the MRV considering broad topical areas, including population, housing, a business sector analysis, and employment. As a next step to the study, in 2015 MRVPD partnered with the MRV Chamber of Commerce in leading the MRV Economic Vitality Series, a 10-workshop program designed to create a discussion with the business community about issues and opportunities in the local economy. The top barrier to economic vitality that emerged from the discussion was the lack of affordable housing and its associated effects on businesses.

While solving the issue of affordable housing is no small feat, the purpose of this study is to understand the current housing situation and guide a multifaceted approach to increase access to affordable housing in the Mad River Valley. In addition, this study seeks to facilitate community partnerships that will increase access to *"safe, affordable, and energy efficient housing for current and prospective residents"* as specified in the subsection of the Mad River Valley Vision Statement.

The 2017 MRV Housing Study explores **census and market data** to identify the gap between affordability and housing needs. **Survey responses** from recent housing seekers and business owners provide community input to the planning process. This study also uses resort and non-resort communities as case studies to help identify some creative approaches to achieve the MRV's shared housing vision.

Recent housing efforts and opportunities to increase affordable housing throughout this study are organized into three categories:

1. **Planning & Infrastructure**
2. **Regulatory**
3. **Development**

The first category refers to planning and program options, as well as investments in infrastructure that can support the development of affordable housing. The second category focuses specifically on zoning and other regulatory changes aimed at reducing barriers to affordable housing. Lastly, the third category focuses on taking a development approach to actively create affordable housing in the Mad River Valley.

What is affordable housing?

The U.S. Department of Housing and Urban Development (HUD) defines **affordable housing** as "housing for which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs."[1] **Gross housing costs** include principal/interest payments, property taxes, insurance, and utility costs for owner occupied housing and rent and utilities for rental housing.

It is expected that the market will supply adequate housing for most households with incomes above 80 percent of the area median income. Based on data and feedback from the MRV community, the local housing market has not been able to produce an adequate supply of housing for a much broader segment of the population. 30 percent of homeowners and 45 percent of renters are presently **cost burdened** in the Mad River Valley, paying more than 30 percent of their income on housing expenses.[2]

Common Housing Challenges in the Mad River Valley

The three towns of Waitsfield, Warren, and Fayston share many of the same housing challenges, as well as a three decade history of working together to find impactful solutions. The seasonality of ski resorts and other tourism-related amenities play a significant role in the affordability of housing in the region. The tourism industry affects the types of housing developed due to the large market for second homes and recreational dwellings. As households earning higher incomes from outside of the MRV purchase second homes or rent seasonal units, housing costs are driven up and become unaffordable for local residents and workers.

The availability of affordable land is also an important consideration for the MRV housing market. On the supply side, a lack of affordable housing can be due to a limited amount of developable land that can be obtained at an affordable price. This is a problem for individuals who cannot afford the high cost of land and cannot find financing through a bank. The cost of raw land can also make construction of affordable housing cost-prohibitive for developers, who then pass that cost onto the consumer. This creates a situation where greater densities are often needed per acre for a project to be financially workable, but the necessary densities may be inappropriate within the context of the MRV. The construction of affordable housing becomes more financial viable utilizing town-owned, donated, or land sold as a bargain sale.

Growth and change in the demographic make-up of the Mad River Valley impacts the type of housing needed in the region. The MRV's aging population and small average household size result in the need for additional housing units for smaller families, single individuals, and those looking to downsize. With half of the MRV workforce employed in low wage hospitality and retail jobs, additional rental and ownership units are needed that are affordable at the prevailing wage in those industries. The MRV contains a significant percentage of workers who are either self-employed or telecommute to work, if this trend continues the MRV could attract additional residents looking to live here but work remotely. However, with an ability to work from anywhere, remote workers may look elsewhere if affordable units are in short supply.

Another common challenge in the MRV is related to the age of the housing stock. Almost half (49%) of the MRV"s housing was built between 1960 and 1979, which was labeled the "resort era" by the 2014 MRV Economic Study.[3] The MRV has a larger share than other resort areas of housing built during this period, with 10 percent more than Killington for example. This "resort era" housing was intended to be seasonal and not built for year-round occupancy; therefore many of the units are in need of major capital repairs and are difficult to rehab given that many of them were generally not built with high quality materials.

Wastewater capacity is also a major factor in the viability of new affordable housing development. The Irasville section of Waitsfield serves as the commercial and development center for the Mad River Valley, but the lack of municipal wastewater infrastructure limits the infill and redevelopment potential of this central location. Areas identified for future housing require adequate wastewater facilities in order to reach their full potential and minimize health and safety challenges. The availability of water and wastewater infrastructure in a municipality is generally an incentive for development because it helps to reduce fixed costs of a project and on-going maintenance costs. The Waitsfield Decentralized Wastewater Loan Program has provided a cost-effective way to finance shared decentralized wastewater systems in recent years, and a reauthorization of the program would likely yield positive results in the future.

Recent Housing Efforts

Community leaders and organizations have been working to address affordable housing in the Mad River Valley for nearly three decades. In terms of planning and infrastructure, three previous studies were undertaken in 1991, 2001, and 2006. Waitsfield has made significant progress with the construction of its municipal water system and creation of the Waitsfield Community Wastewater Loan Program that provides low-interest rate loans for shared decentralized wastewater systems. All three towns have updated zoning bylaws to allow smaller minimum lot sizes, expanded mixed use districts, and increased flexibility for accessory dwelling units. While limited in number, some key affordable housing projects have been developed since 2005 – Downstreet Housing & Community Development's Wheeler Brook Apartments and the Valley Affordable Land Initiative's (VALI) development of a home on German Flats Road sold below market rate to an eligible family. Table 1 provides a list of recent housing efforts completed in the Mad River Valley since 2005.

Table 1: Housing Efforts completed since 2005 in the Mad River Valley

Planning & Infrastructure	Regulatory	Development
• Waitsfield municipal water system • Waitsfield Community Wastewater Loan Program • Warren municipal wastewater system • MRV Accessory Apartment Guide • Reinvigorating of the MRV Housing Coalition	• Reduced minimum lot sizes • Expanded mix use districts • Increased flexibility for accessory dwelling units • Updated Sugarbush Affordable Housing Agreement	• Downstreet built Wheeler Brook Apartments • VALI's affordable single-family home on donated land. • Sugarbush renting private condos for employees

Key Demographic & Economic Trends

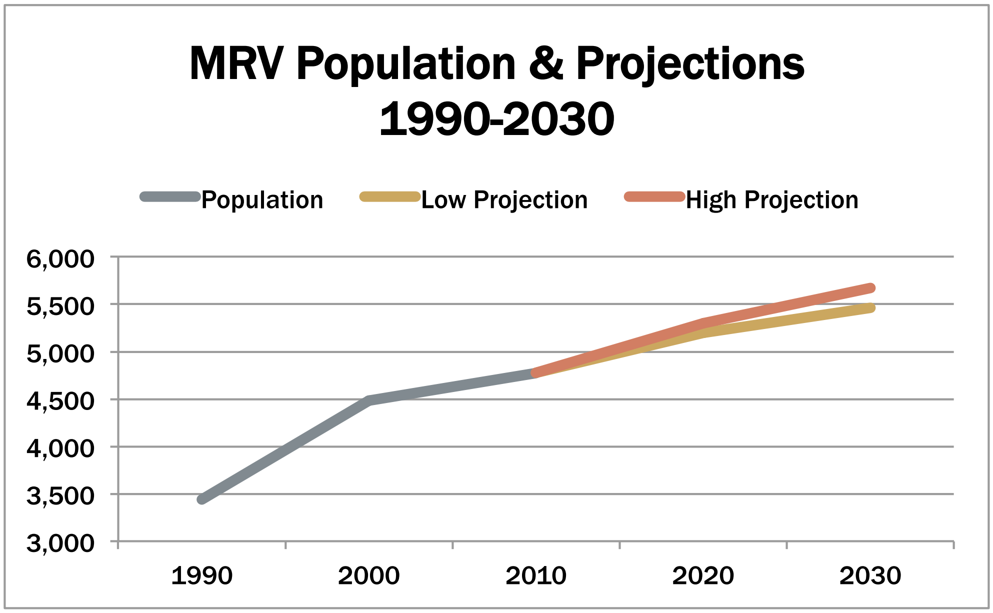


Figure 1- Source: 1990-2010 U.S. Census, VT ACCD

Analyzing recent demographic and economic trends will help to inform the need for additional affordable housing in the Mad River Valley. Figure 1 shows that between 1990 and 2000, the MRV saw a 30 percent growth in population.[4] Growth slowed to just 7 percent between 2000 and 2010, with the total MRV population sitting at 4,777 people in 2010. Fayston was the fastest growing town in the MRV during this period.[5] According to population projections from the Vermont Agency of Commerce and Community Development (ACCD), the population of the MRV is expected to grow between 14 and 19 percent between 2010 and 2030.[6] The 2014 Mad River Valley Economic Study found that net migration (net gain of "move-ins" after "move-outs" are subtracted) accounted for a larger percentage of the population increase from 2000 to 2011 in the MRV than it did for similar incases in Washington County during the same period.[7] One of the study's take-aways is that the MRV is relatively attractive to persons moving into Vermont- or from other parts of Vermont.

The MRV saw positive changes in both population (7%) and households[i] (9%) between 2000 and 2010.[8] The greater growth in households compared to population is related to the continued downward trend in average household size from 2.29 in 2000 to 2.19 as of 2015.[9] Households in the MRV were also smaller than the average size in Washington County (2.31) and the State (2.34) in 2014.[10] Interestingly, the MRV also experienced a 19 percent increase in non-family households from 2000 to 2010.

2030 Housing Projection

The Mad River Valley is projected to add 459 households by 2030 based on the calculation and data shown in Table 2 below. The population projections for each town were taken from Vermont Population Projections 2010 – 2030 Report produced by the Agency of Commerce and Community Development in 2013. The report provides both low and high population projections; the low projections were utilized in the housing analysis in order to arrive at a more conservative estimate of housing demand. Utilizing a similar methodology to the 2008 Waitsfield Application for Growth Center Designation, the projected population was then divided by an average household size to

[i] The U.S. Census Bureau defines a household as persons living (owned or rented) in an occupied housing unit.

yield households or housing unit demand. Average household size was held constant at 2.1 for 2020 and 2030 based on the aforementioned downward trajectory in household size, and the assumption that household size will continue to decrease slightly and then stabilize over time.

	Census	Projections		Change 2010-2030	
	2010	2020	2030	#	%
Population	4777	5202	5461	684	14%
Housing	2141	2477	2600	459	21%

Table 2- Source: VT Agency of Commerce & Community Development, VT Population Projections 2010-2030

If the low population projections hold true, the three towns would need to accommodate 459 new households by 2030. A break down by town shows that Fayston is projected to experience the largest increase in households (218), followed by Warren (156), and Waitsfield (85).

The median age in the MRV increased from 40 to 46 between 2000 and 2014, which is significantly older than the United States median age of 37.4 in 2014.[11] The MRV also experienced a significant decrease in the number of young people from 20-39 years old residing in the area between 2000 and 2010 by 23%[ii], which is more significant than losses in Washington Country (9.5%) and Vermont (7.4%) during the same period.[12] **These trends highlight the need to focus on increasing the stock of smaller housing units in the Mad River Valley.**

In 2014, 80% of MRV households owned their homes and 20 percent rented.[13] The MRV saw a positive change of 13% in owner-households and a negative 20% change in renter-households from 2000 to 2014.[14] However, **the number of individuals owning homes under the age of 35 years old in the MRV decreased by 55% from 2000 to 2014**.[15] There are likely many factors related to the sharp decrease in homeownership among younger sectors of the population, including student loan debt, increasing gap between wages and home values, and lack of job security.

2014 Median Household Income

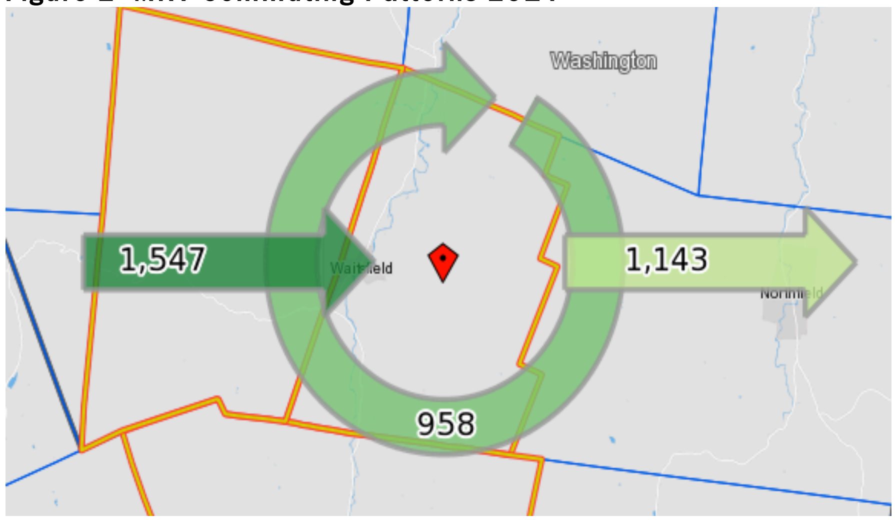
Mad River Valley: $73,101
Washington County: $58,293
Vermont: $54,477

Households in the MRV earned a median income of $73,101 in 2014 compared to $58,293 in Washington County and $54,477 in Vermont.[16] Despite the relative affluence of the MRV, the leisure & hospitality and retail sectors consistently supply a majority of the jobs in the region as shown in Figure 2 below. Jobs in those sectors offered average annual wages between $19,560 and $24,159 in 2015, much lower than the median household income for the MRV.[17] It is interesting to note, however, the industry with the largest number of businesses (83) in the region is Professional Businesses Services, which offered higher annual wages ($69,511 in 2015).[18] The economic make up of the MRV's businesses indicates a mismatch between affordable/workforce housing to address the needs of the 50 percent of "low wage" leisure & hospitality and retail employees. But it is also important not to lose sight of the need to accommodate the needs of year-round employees for other more high paying sectors of the economy.

[ii] 2014 data was omitted in favor of a more reliable and conservative estimate in the change in young people in the MRV between 2000 and 2010. The 2014 data suggests a 60% negative change in residents between 20-39 between 2000 and 2014.

Commuting patterns in the MRV can provide insight into housing trends as well. Figure 3 shows the commuting patterns for Waitsfield, Warren, and Fayston in 2014. There was a 27 percent increase in the number of people who live outside but are employed in the MRV (dark green), and a 41 percent increase in the number of people living in the MRV but commuting out (lightest green) for work in 2014,

Figure 2- MRV Commuting Patterns 2014



Employed in the MRV, live outside | **Employed & Live in MRV** | **Live in the MRV, employed outside**

compared to 10 years prior in 2004.[19] Over the same time period, there was also a 3 percent negative change in the number of people both living and working in the MRV (green circle).[20] **The trend towards an increase in the number of workers commuting into the MRV is consistent with a housing market where prices have outpaced local wages.**

The percentage of people who work from home was 7 percent in both Washington County and the State in 2014.[21] The MRV has more than double the number of people working from home at 16 percent in 2014, an increase from 9.5 percent in 2000.[22] These workers could be self-employed or working remotely for a company located in another state for example. The Mad River Valley is an attractive place to live for workers who are self-employed and/or are able to work remotely. **The MRV needs to both retain and attract those with flexible work arraignments, but if affordable housing options are not available, these workers may look elsewhere.**

Workforce Housing Challenges

As part of the community outreach effort for this planning process, a survey was conducted of local business owners in October 2016 about their experiences with housing challenges in the Mad River Valley. Of the 36 businesses that responded, 97 percent operate year-round. Table 3 shows employer responses by industry; the top three responding industries were Leisure & Hospitality, Professional & Business Services, and Retail Trade. These industries also represent the largest employers by number of employees in the MRV.

Table 3- Employer Survey Respondents by Industry

Industry	% Responding
Leisure & Hospitality	36%
Professional & Business Services	22%
Retail Trade	11%
Other services (repair & maintenance, laundry, landscaping)	8%
Information	6%
Financial Services	6%
Construction	6%
Wellness Services	3%
Education Services	3%

92 percent of respondents believe "in general, there is currently a lack of housing choices in the Mad River Valley." This is a remarkably high percentage of business owners in agreement that the available housing choices in the region are not adequate at the present time.

One respondent stated that their recent hires commute from generally lower cost areas outside of the MRV to work.

Business owners were then asked specifically if “a lack of housing choices in the Mad River Valley is having a negative affect on the success of your business?” and 50 percent agreed that the issue is posing a challenge for their business, while 31 percent said no and 19 percent were unsure. Of those that agree housing is a challenge for their business, Figure 4 shows that 60 percent said it has specifically affected their “ability to attract employees” and 52 percent also believe that it is affecting their “ability to hire employees for new or vacant positions.”

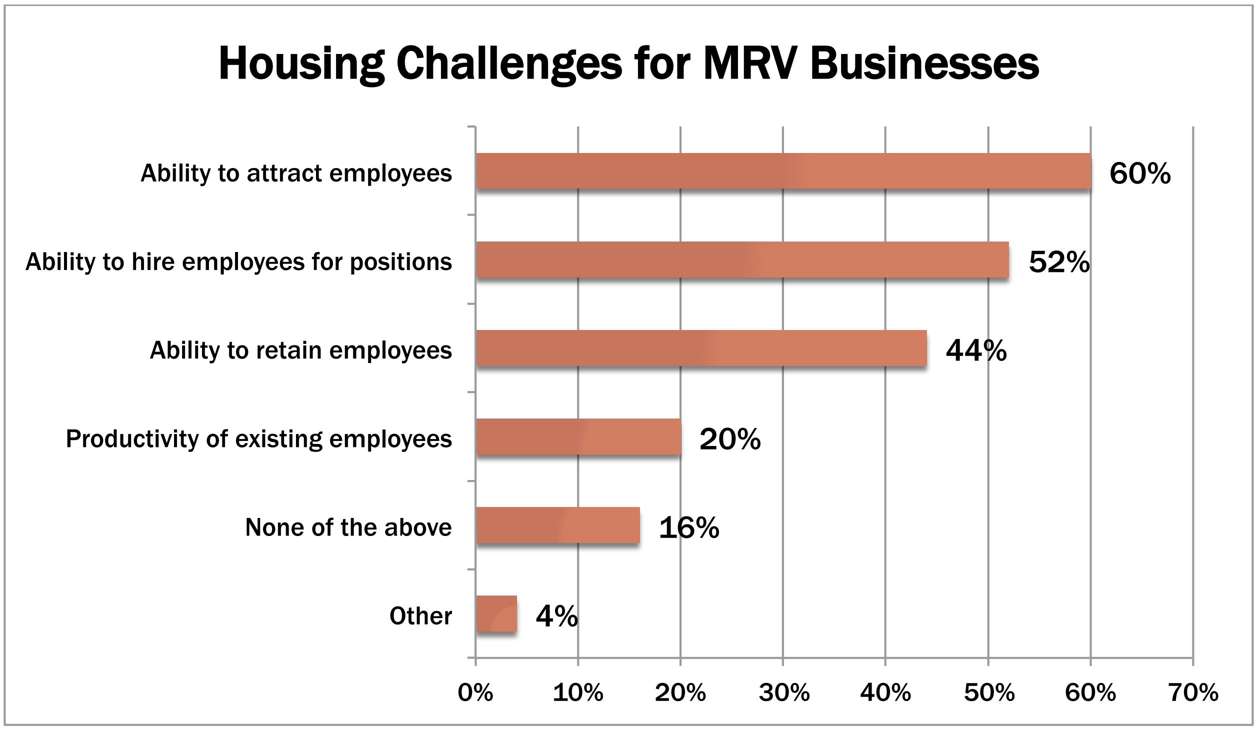


Figure 3 - Source: MRV Employer Housing Survey

Business owners were asked to rank their employees’ difficulty with finding housing in the MRV from 0 = No Difficulty to 5 = Major Difficulty. 85 percent of business owners that said housing is a challenge, ranked the difficulty level at 3-5, with only 12 percent ranking the difficulty between 0 and 2. Respondents were then asked to describe any strategies they have used in the past to assist their employees or prospective employees in finding housing in the Mad River Valley, their answers included:

- Personally offering rental housing
- Assisting with research and contacts
- Paying a competitive salary or bonus for relocation
- Working with local realtors
- Assisting with first/last/security deposit

When asked what type of assistance business owners would consider offering employees in the future to improve their access to housing, 60 percent said assist with research, and the next most popular option at 12 percent was to offer interest free loans for initial rental costs or down payment/closing costs. One respondent suggested implementing a Local Options Tax with a portion earmarked for affordable housing subsidies.

"I feel that it is the right of any hardworking person to afford the dignity of a safe and happy home within their own community regardless of age or income. As a community we need to invest in economic sustainability by raising incomes, increasing access to healthy financing, and building year round affordable housing."

– Samantha Sheehan, Executive Director of Valley.Works Coworking Space, Program Manager, Vermont Businesses for Social Responsibility

Respondents were given the option to select all that apply for who they believe "has a role to play in addressing housing issues in the Mad River Valley," and the top three choices were municipalities (64%), State of Vermont (64%), and the private sector (58%). In the next five years, 36 percent of respondents said their business plans to stay about the same size, however, 33 percent and 19 percent plan to hire 1-2 and 3-5 additional employees respectively.

According to a Sugarbush employee survey during the 2016/2017 season, approximately 47 percent of their employees reside in one of the three MRVPD towns; that's down from 50 percent during he 2015/2016 season. [23] Breaking down the data further into seasonal versus year-round employees- 46% of seasonal staff live in the MRV compared to 53 percent that do so. [24] Compared to the previous ski season, there was a percentage decrease in year round staff (14%) and a small increase in seasonal staff (3%) living in the MRV. This could be related to affordable housing challenges in the area.

Sugarbush typically recruits between 600 to 650 people each winter season to fill jobs at the resort, approximately 10 percent of whom need local housing. According to Sugarbush Human Resources director Annemarie Todd, that number has been growing each year. "Our current employee housing properties can accommodate 63 people, but this still does not meet our anticipated need.[25]"

The MRV has many more employers than just Sugarbush Resort, however, data about their employees is highlighted because they are one of the area's largest employers and they provide the MRVPD with an annual data report.

Existing Housing Supply & Market

The Mad River Valley's attraction as a seasonal destination has a significant affect on the composition of its housing stock. Figure 5 shows in 2014, 51 percent of the housing in the MRV was considered seasonal, up from 47 percent in 2010.[26] Additionally, 49 percent of the housing in the MRV was built between 1960 and 1979, which is what the 2014 MRV Economic Study labeled "resort era."[27] The MRV has a larger

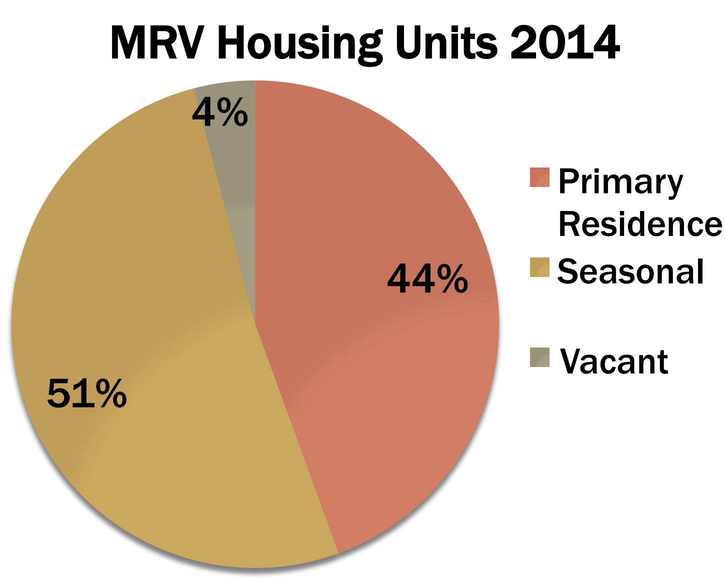


Figure 4 - Source: VT Housing Data

share than other resort areas of housing built during this period, with 10 percent more than Killington (39%) and for 26 percent more than Stowe (23%) example. A large portion of which are condominiums that are not as energy efficient and lack the quality of historic or more contemporary homes.

An analysis of housing construction over time in the MRV based on single-family home building permits from 2000 to 2016 shows that construction began to decline in 2002, and continued into the **recession in the late 2000s and homebuilding has not rebounded fully since**. In 2016, there were a total of 32 single-family home permits pulled in the three MRV towns, compared to 63 in 2002.[28] This reduction in construction activity generally follows the same trend at the state level.

Ownership Housing Market

Median value of owner occupied homes in the MRV and across the State increased steadily between 2000 and 2009 and then plateaued following the recession in 2009 as shown in Figure 6 below. The median value of owner-occupied housing units in Waitsfield was $339,000, compared to $216,200 in Vermont in 2014.[29] **Overall, housing values are significantly higher in the MRV compared to the State.**

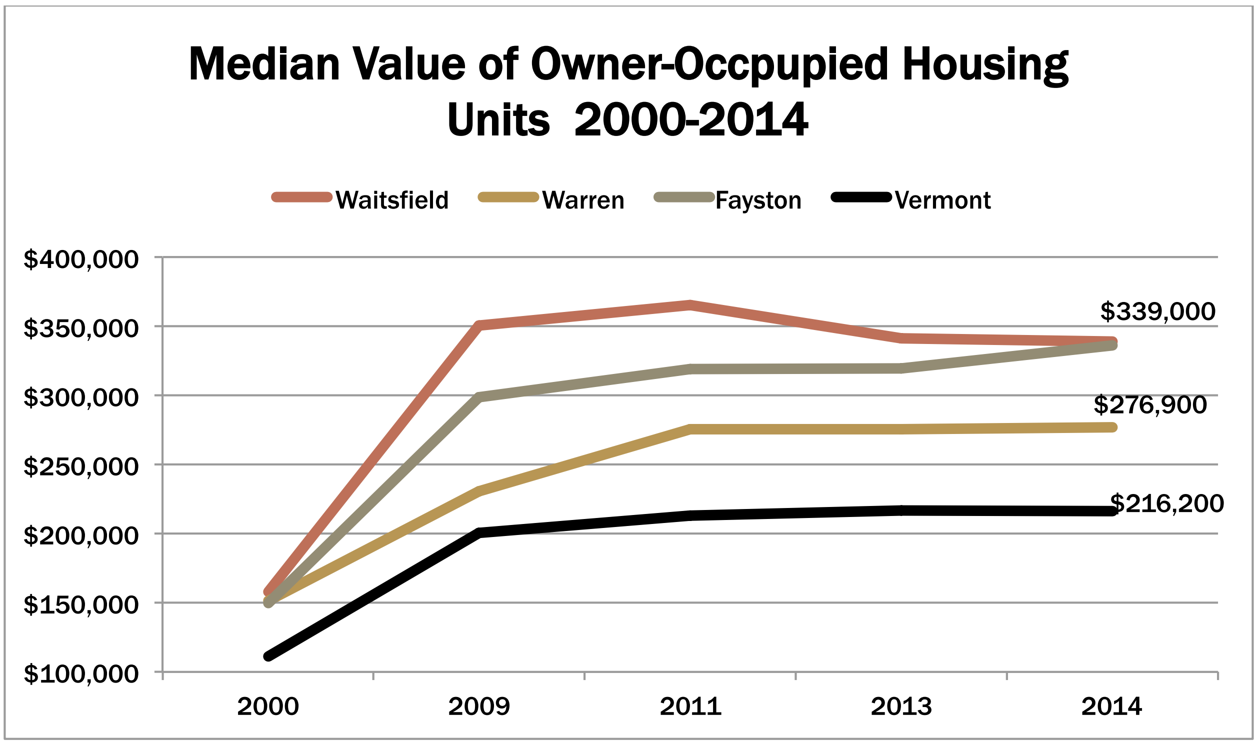


Figure 5- U.S. Census Bureau, 2010-2014 American Community Survey: VT Housing Data

An assessment of units for sale in August 2016 provided a snapshot into the current housing market in the MRV shown in Figure 7 on the following page. On August 24th, there were 114 single-family homes on the market with a median asking price of $425,000. There were 35 homes offered for less than $300,000; 32 homes were offered at prices ranging from $159,900 to $299,000 and

Downstreet Housing & Community Development **Resource**

Provides access to safe, adequate & affordable homes and services in Central Vermont. Their Home Ownership Center can help with home-buyer education, home repair loans, and credit repair. www.downstreet.org/home-ownership-center the 3 remaining homes offered below $150,000 were two hunting camps listed for $18,000 and $49,900 and one house in Warren that needs a substantial amount of work for $135,000.[30] The remaining 79 homes (69% of those on the market at the time) were offered at prices between $300,000 and $2.5 million. [31]

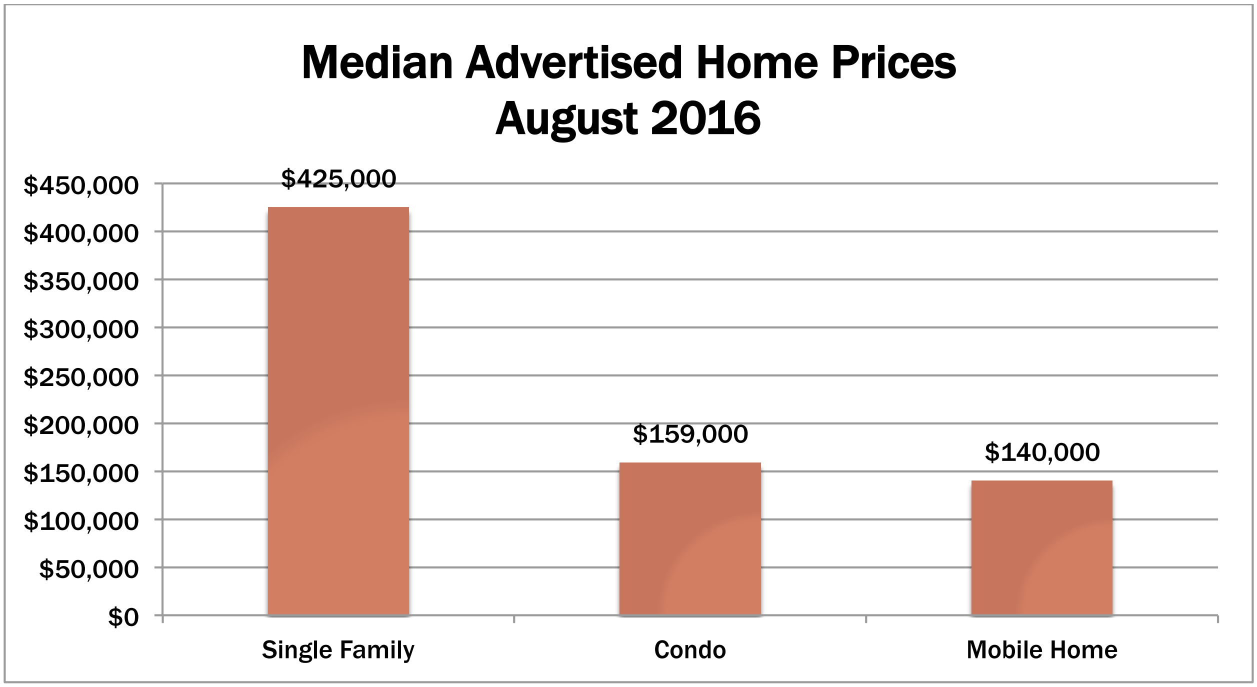


Figure 6 - Source: Multiple Listing Service (MLS)

Condos make up a large portion of the housing market with 122 total listings at the time in the three MRV towns (85% located in Warren).[32] The largest share (51 units or 42%) of the available condos fell within the $150,000-299,999 price range.[33] There were also 16 units available for 300,000+, 29 units offered between $100,000-149,999, and 26 units available under $100,000.[34]

The least expensive mobile home on a ½ acre lot was offered at $140,000. **The median asking price for condos on the market was $159,000, much more affordable than the $425,000 median asking price of single-family homes in the MRV.[35]**

Figure 8 illustrates the skew of the single-family (not including condos or mobile homes) market in the MRV towards higher priced homes. Purchasing a condominium as a "starter" home may provide a transitional option for some individuals and fledgling families.

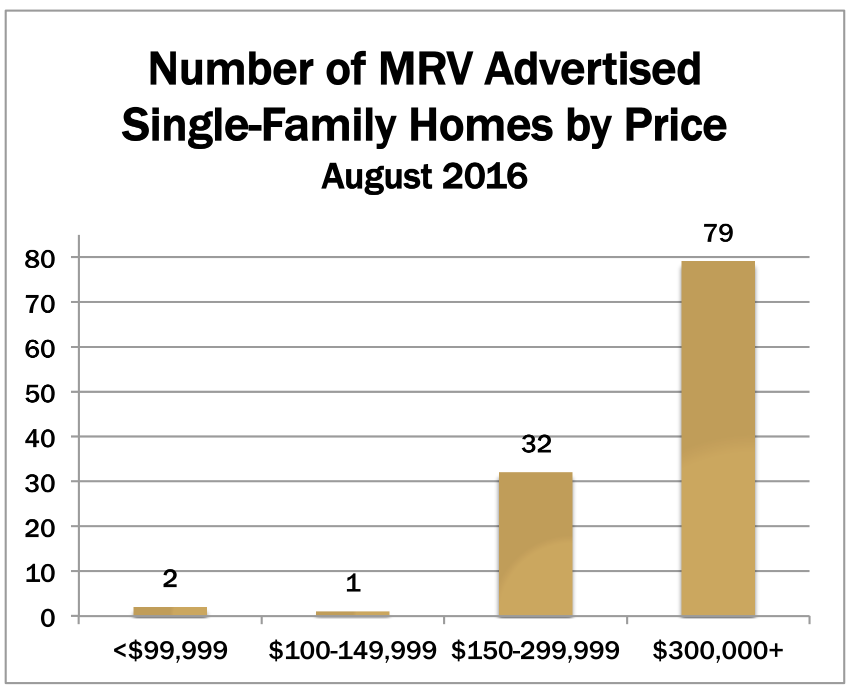


Figure 8- Source: Multiple Listings Service (MLS)

There are several issues with relying on condos to supply affordable housing in the MRV, including that most condominiums were not designed or built for year-round residency and are in need of major renovations. New condo construction currently supplied by the market in the MRV is generally higher-end and they are priced accordingly.

Rental Housing Market

Rental costs in the Mad River Valley are more expensive than surrounding communities and have become more expensive over time. The average median gross rent (including utilities) in the MRV in 2014 was $994, an increase from $640 since 2000.[36] **Average median gross rent was higher in all three MRV towns in 2014 compared to Montpelier, Waterbury, and Washington County as a whole** as shown in Figure 9**.**[37] It is also interesting to note in Figure 9 that the two towns (Fayston & Moretown) with the highest median gross rent in 2014 do not have any subsidized rental housing.

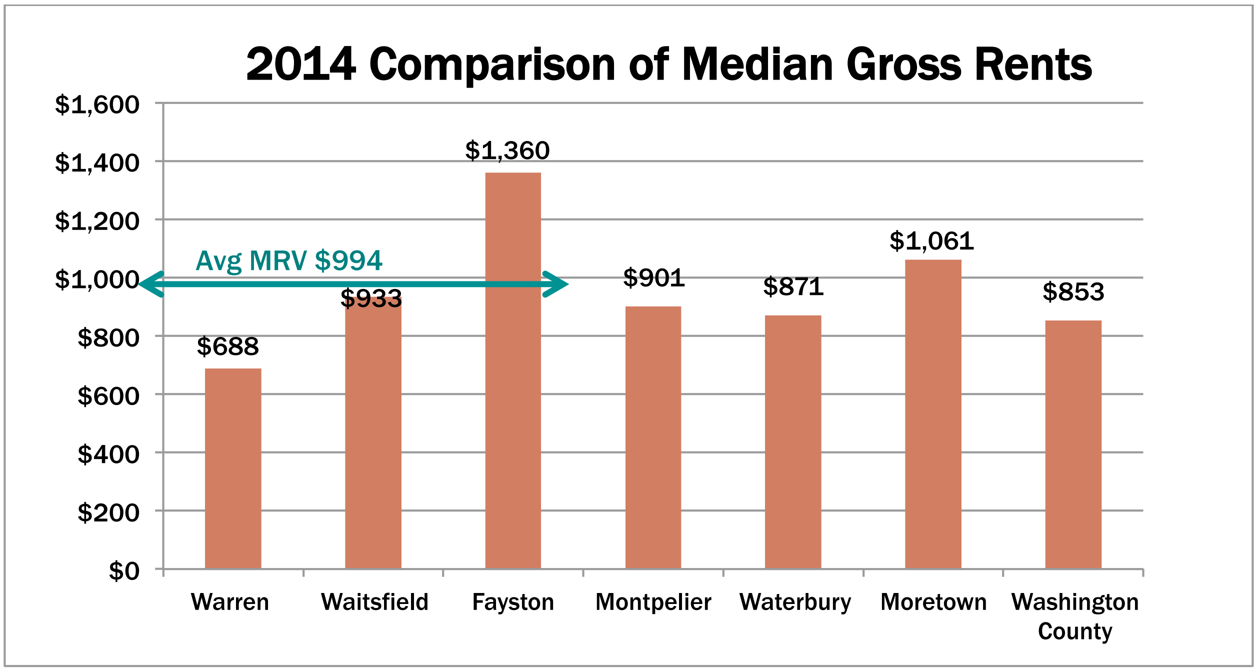


Figure 9 -Source: VT Housing Data

Analyzing gross rents over time in the MRV illustrates a **significant decrease in the percentage of available units for rent under $500 to $749, as well as a corresponding increase in rents over $1,000** in Figure 10.[38] Between 2000 and 2015, units renting for under $500 and up to $749 decreased from 73 percent to 36 percent, while units renting for $1,000 or more increased from 6 percent to 52 percent in the MRV.

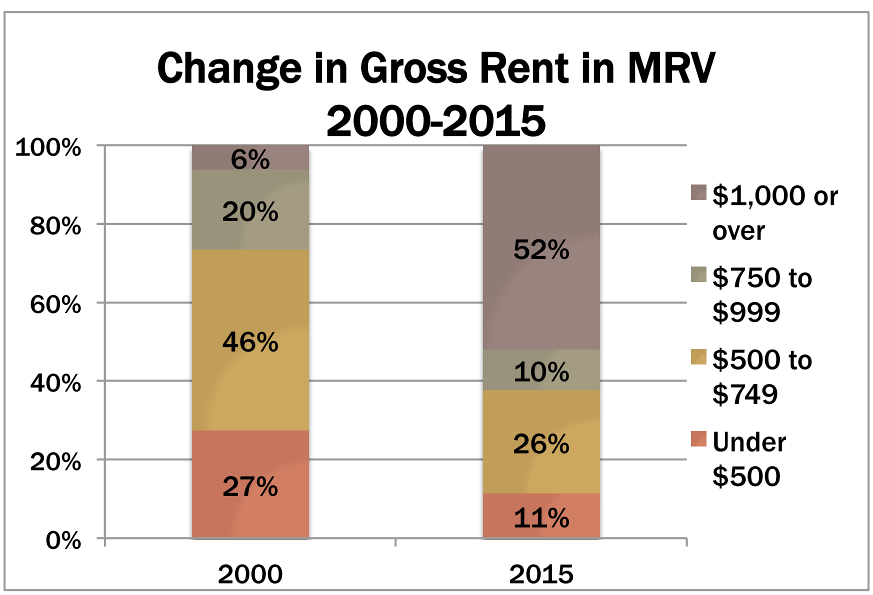


Figure 10- Source: VT Housing Data

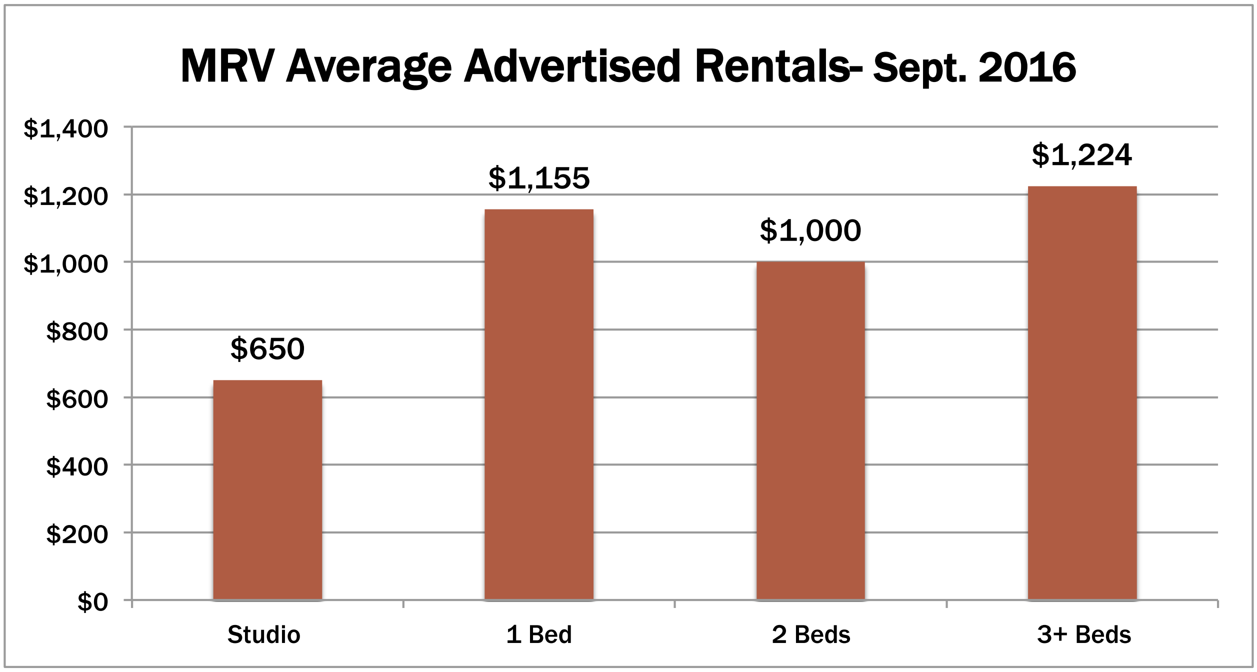


Figure 11- Source: Front Porch Forum, The Valley Reporter, Craigslist

An assessment of advertised rental units on Front Porch Forum, The Valley Reporter, and Craigslist in September 2016 provides a snapshot into the rental housing market in Figure 11.[39] **Advertised rentals were sparse, particularly for 2-bedroom units.** There were 4 studio units on the market with an average rent of $650.[40] However, one of these listings only offered a hot plate in lieu of a stove. 1-bedroom units averaged $1,155 for rent.[41] There were only two 2-bedroom units advertised at the time of the search with an average rent of $1,000, while at the same time there were ten 3+ bedroom units for rent averaging $1,224, largely due to demand for large seasonal rentals.[42]

2016	Studio	1 Bed	2 Beds	3+ Beds
Market-rate Avg. Rent				
MRV	$650	$1,115	$1,000	$1,918
Fair Market Rent				
Washington County	$732	$737	$986	$1,224+

Table 4- Source: Front Porch Forum, The Valley Reporter, Craigslist; U.S. Dept. of Housing and Urban Development

Fair Market Rent (FMR) is defined by the U.S. Department of Housing and Urban Development as typical rents paid for units in the middle of the price range in the local market.[43] Comparing the median-market rate rents available in the MRV to the Fair Market Rent established for Washington County in Table 4 shows that **median rents for all unit sizes are above FMR except for efficiency/studios.**[44]

Short-Term Rentals

Short-term rentals have become an important aspect of the housing market for communities to consider given the rise in popularity of online platforms like Airbnb and HomeAway/VRBO. As defined by the State of Vermont, a short-term rental (STR) refers to "a furnished home, condominium, or other dwelling 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.[45]" In 2017 the Legislature of the State of Vermont created a Short-Term Rental Working Group within the Department of Health for the purpose of making recommendations regarding the short-term rental industry in the state. The Group created a 2017 Report to the Legislature in which it conservatively estimated that there were 10,000+ STRs in the state and Airbnb hosts alone earned $26.4 million after commission; but acknowledged that there is currently no mechanism in place to gather accurate data.[46]

For the MRV, students from Middlebury College's Rural Geography course created a Lodging Inventory to establish the total number of listings in the area by scouring online short-term rental platforms including Airbnb and VRBO in November 2016. They found the platforms to have high seasonal variability in terms of the availability and number of listings and therefore the inventory represented a snapshot in time. Accounting for overlap, they found 254 STRs out of an overall 413 listings of all lodging properties in the MRV. Table 5 shows total housing units and STRs by town; STRs equal between 1% and 11% of the total housing units in the three towns, and 6% in the MRV as a whole.

While online short-term rental platforms rose to prominence as a way for renters and homeowners to rent out extra space to visitors, a growing number of Airbnb rooms are "commercial listings," entire units rented out full time.[47] Critics of these types of platforms argue that commercial listings, in particular, take units off the market that would otherwise be available to local residents, reducing housing supply and increasing rents. The Mad River Valley's draw as a tourism destination inherently creates demand of short-term rentals. As such, it is important to consider the role short-term rentals have on the local housing market.

	Total Housing Units 2014	STR Listings 2016	STRs as a % of Total Housing Units
Waitsfield	1,027	115	11%
Warren	2,452	133	5%
Fayston	1,137	6	1%
MRV	4,616	254	6%

Table 5- Source: U.S. Census Bureau, American Community Survey 2010-2014; Middlebury College, Rural Geography, Peter B. Nelson, Dept. of Geography, Fall 2016

Much of the in-depth analysis of the effects of STRs on the supply and cost of housing is concentrated on major cities. While not directly applicable to the Mad River Valley, it is worth considering other analyses of this relatively new pressure in local housing markets. A 2015 San Francisco Budget and Legislative Analyst's Office Policy Analysis Report concluded that short-term rentals listed on Airbnb removed approximately 15 percent of San Francisco's vacant rental housing from the market.[48] A 2016 Harvard Law Review article argues that by converting long-term rentals into short-term, Airbnb significantly reduces the rental housing supply in Los Angeles. The author found that the overall residential rental supply was reduced by up to 3 percent in Los Angeles neighborhoods with the highest concentrations of Airbnb listings.[49] In New York City, a report from the Attorney General's office found that Airbnb removed as many as 4,600 units from the city's permanent housing market in 2013.[50]

In an effort to determine a potential effect on the supply of rental housing in the MRV by short-term rentals, data on renter-occupied housing units was gathered from 1990 to 2015. Figure 12 shows a steady decline in renter-occupied housing units in the MRV beginning in 2010. It is plausible that this downward trend could be related to the rise in popularity of Airbnb around the same time period, however, the number of short-term rentals in each town over time is not available to establish causation.

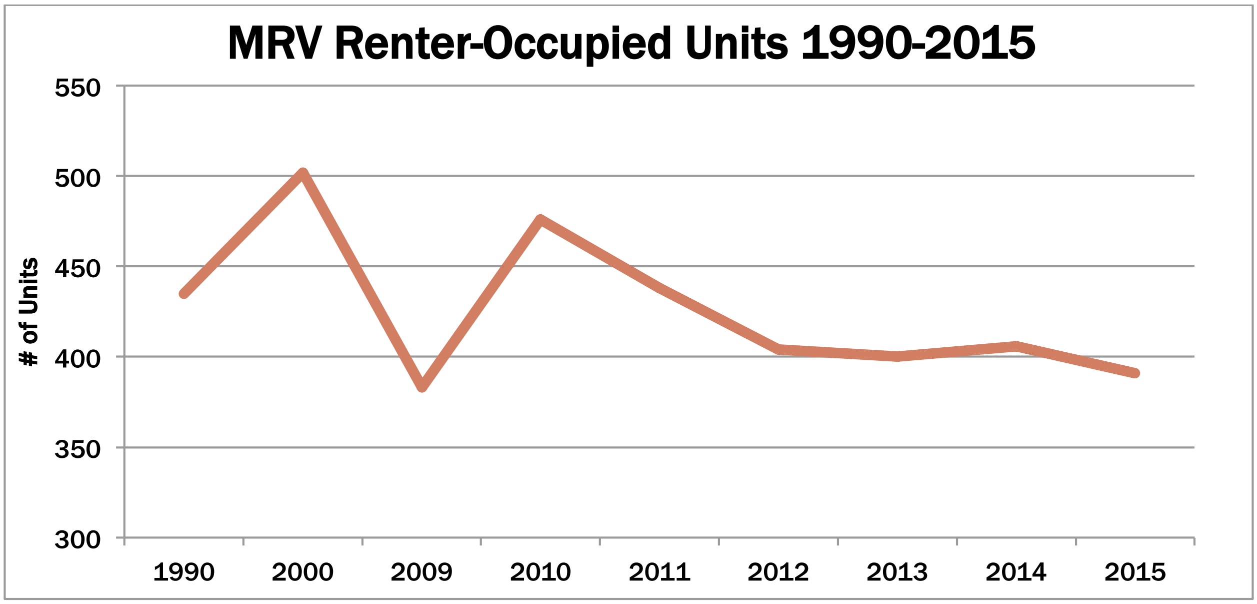


Figure 12- Source: U.S. Census Bureau 2000 & 2010, American Community Survey 2009 & 2011-2015, VT Housing Data

One analysis recommends looking at revenue, rather than raw listings, as a measure of the short-term rental companies' impact on the housing market because listing numbers alone don't reveal how often a unit is booked. "A spare couch and a professionally managed apartment both count as a "listing" on Airbnb, but the couch, which might only be booked a few nights a year, has no practical impact on the local housing market. An apartment that is reserved by Airbnb users 250 days a year, by contrast, is a unit that isn't available for local residents to rent."[51] According to the 2017 Report to the Legislature by the Short-Term Rental Working Group, "Fewer than 3% of all Airbnb listings in Vermont are rented for more than 180 days a year, and many of the listings in that category include traditional, full-time licensed lodging establishments, who may advertise and book their properties on Airbnb's site.[52]" However, more detailed data is needed to determine the types of units and rental frequency to determine the impact on the local housing market.

Studies have also analyzed the affect of short-term rentals on rental prices. A 2016 Harvard Law Review article suggests that every 1 percent decrease in housing stock may lead to a 0.2 percent increase in rent based on findings that rent in certain neighborhoods in Los Angeles increased 33 percent faster than rental prices citywide.[53] It is important to keep in mind that estimating the true effects of Airbnb, particularly commercial listings, is difficult because the company has withheld bookings data, citing privacy concerns.

Other studies have found that short-term rentals are having a more limited impact on housing supply. According to a 2016 Home Price Expectations Survey from Zillow, a popular online real estate market place, a majority of the 111 housing experts surveyed believe that short-term rentals have little to no impact on housing supply and affordability.[54] Fifty percent of respondents said short-term rentals have a meaningful but small effect on housing affordability, and 40 percent said that they think such platforms have no meaningful effect on the market. Five percent said that short-term rentals have a significant impact on housing.[55] An analysis from FiveThirtyEight claims that Airbnb's impact is likely limited in most cities, despite the increasing number of commercial listings, because the number of commercial units in most cities remains low, under 1,000 in all but the largest cities.[56] However, this could change as Airbnb proliferates across the country and into smaller markets. George McCarthy, president of the Lincoln Institute of Land Policy, a land use, taxation, and land regulation think tank, said he is not convinced that Airbnb is having a significant impact on housing markets currently, but the prospect of new investors, including massive, national real estate firms, is real- "Landlords might see it as a better option in the market than conventional renting," he said.[57]

Short-Term Rentals in Resort Communities

While detailed analysis on the effects of STRs on the supply and cost of housing is not well documented outside of major cities, a 2015 study entitled "Vacation Home Rentals Issues, Emerging Trends and Best Practices" (hereafter referred to as the "CAST study") by the Colorado Association of Ski Towns (CAST) provides a much more applicable case study that the MRV can draw from to determine how to potentially address the issue using best practices from similar communities.[58] The CAST study found that the percent of STRs ranged from 1% to 52% among the ten participating communities (Crested Butte, Durango, Estes Park, Frisco, Jackson, Mt. Crested Butte, Ouray, Park City, and Steamboat). Due to the population size, the MRV would be most comparable to either Estes Park or Frisco in the CAST study, which had 4,176 and 3,167 housing units and 301 and 184 STR listings, for a percent of units listed of 7% and 6%, respectively.[59]

For many resort communities short-term rentals are concerning from a variety of standpoints. The CAST study surveyed staff and elected officials in the participating communities and found that their top five concerns regarding STRs are:

- Loss of free-market rental housing previously rented to the workforce on a long-term basis
- Collection of lodging/sales tax
- Community character
- Neighborhood change; and
- Vision/plans for the future[60]

Below is a summary of efforts by the State of Vermont, as well as best practices identified in the CAST study for tracking, regulating, and permitting STRs, as well as offsetting the effect of STRs on workforce housing. This information is intended to provide background on the current landscape of STRs in Vermont and suggestions for elected officials considering policy changes to address the impacts of STRs on the community and local housing market in the Mad River Valley.

Taxing of Short-Term Rentals

As of October 2016, Airbnb began collecting and remitting Vermont Meals and Rooms Tax for lodging offered by its hosts to the Department of Taxes.[61] The Department is also working towards reaching out to other platforms that offer STRs in hopes of entering into similar agreements. However, in the meantime, those hosts using platforms other than Airbnb are personally responsible for collecting and remitting tax to the Department for "rooms in homes, homes, second homes, and other types of accommodation owned by private individuals for which a rental fee is charged."[62] The Department of Taxes did offer a short window of time for hosts to voluntarily register with the Department to collect and remit Meals and Rooms tax going forward in exchange for no liability for any back taxes.[63] In addition to Vermont Meals and Rooms Tax, hosts may also be required to collect and remit a 1% local option tax imposed by participating municipalities and must include all rental income on income tax returns.

The CAST communities appear to have further authority to collect taxes on STRs using a mix of sales tax, lodging tax, local marketing district tax, and personal property tax (for furnishings).[64] Some communities have additional entities that collect taxes, for example, the Breckenridge Mountain Master Association also collects a 2% assessment on STRs and the Summit County Housing Authority collects a similar tax (.125%) intended for affordable housing projects.[65]

Tracking of Short-Term Rentals

Many communities have begun tracking and collecting information on STRs in an effort to determine the impact on the local housing market, ensure the safety of occupants, and enable the collection of taxes. There was strong support from the Vermont Short-Term Rental Working Group for an approach similar to that of the State of Virginia. "In the 2017 legislative session Virginia passed Senate Bill 1578, a law granting municipalities the ability to establish, by ordinance, a mandatory short-term rental registry. Municipalities may also charge a "reasonable fee" for registration that relates to the costs of "establishing and maintaining the registry." Virginia's law caps the penalty a municipality may charge a short-term rental owner who fails to register at $500.[66]" Conversely, the Group also stated that in Vermont similar legislation may not be necessary since municipalities already have the legal authority to pass ordinances to regulate this industry. However, questions remain as to the charging of fees and the establishment of short-term rental registries depending on a town's particular charter. While the Group recognized that "local jurisdictions may be better positioned to identify seasonal rentals through registration or zoning permits," they also acknowledged that "historically, most municipal governments are reluctant to enter into an inspection agreement for a number of reasons, including but not limited to: no funding, no legal department, liability issues, no administrative support, no capacity to manage a program, and inability to find qualified people.[67]"

In the meantime, communities are struggling to gain cooperation from hosting sites and owners. In the CAST communities, most began tracking STRs in the mid-2000s on VRBO, Airbnb, HomeAway, Craigslist, and through local property manager sites and newspapers. However, challenges remain to collect complete information (addresses, owner contact info, and owner occupancy of the unit) and allocate the staff time required to manually track and crosscheck with licensing/permitting records to ensure compliance. Some best practices for tracking include requiring permit numbers to be displayed on all advertising and coordinating across departments to better share information (i.e. police that enforce nuisance regulations) to assist with identifying non-compliant properties and new listings.[68]

The CAST study also recommends best practices in staffing to help track and ensure compliance with local STR regulations. Generally, the responsibility falls within the purview of community development/planning/economic development/building staff, while Park City hired a specialist to implement an inspection program.[69] The Study also identifies the need for a regional entity to develop a tracking system and database that could be replicated by municipalities to track, license, and inspect STRs in order to ensure efficient oversight.[70] Mapping can also be a powerful tracking tool through which complaints can be logged, illegal STRs can be located, and elected officials can easily understand changes in their communities to help inform changes to policies and codes.[71]

Regulating Short-Term Rentals

If local communities identify a need to regulate STRs, they likely will not be able to depend on the State of Vermont to do it for them. In a 2016 study commissioned by the Vermont legislature, "Internet-Based Lodging Study," the Division of Fire Safety said there was no way they could inspect every Airbnb, while the Department of Health said that small rentals fall outside its jurisdiction for food and lodging.[72] Some communities in Vermont and around the country have moved toward developing local regulations to address the proliferation of STRs. In March 2017, the town of Hinesburg put out a notice reminding Airbnb hosts that they need a local permit. The Town of Dummerston did the same and held a public forum on the topic in June 2017.[73]

The Town of Woodstock has gone further, requiring conditional use approval for rentals fewer than 30 days. "Short-term rentals in the village are allowed no more than six times a year while short-term rentals in the town are allowed no more than ten times a year. No permits are needed during fall foliage season, Sept. 15 to Oct. 21.[74]" Zoning officials in Woodstock research STRs on various hosting sites about once a month, and if they find hosts that have not applied for the necessary permits, they send them a letter with information about the conditional use permit requirement and compliance with the Vermont Division of Fire Safety.[75] The Town of Morrisville allows short-term rentals with three or less bedrooms by right with no restrictions; anything over three bedrooms must comply with the town's zoning requirements for "Lodging Facilities.[76]"

A majority of the CAST communities limit STRs in certain zoning districts. Durango goes further and limits the number the total number of STRs within 'Established Neighborhood' zones with the goal of preventing clustering of STRs and maintaining neighborhood integrity. This regulation equates to a 3% cap of the total number of lots in any neighborhood and a limit of one unit per street segment; a second STR could be located on the street segment if it meets specific criteria and obtains a Conditional Use Permit."[77]

CAST communities also do not apply STR regulations to all properties within all zones equally, typically because STRs are less desirable or have a larger impact in some areas than in others. For example, Breckenridge permits STRs in all zones, but includes additional restrictions for single-family homes. A single-family residence is permitted as a STR once the property owner purchases an accommodation unit license.[78] In Steamboat Springs, only duplexes and single-family homes outside of the Resort Residential districts are required to get STR licenses. Condominiums and rentals in the Resort Residential districts are still required to pay applicable taxes, though they are not subject to parking and maximum guest imitations that apply to STR licensed properties.[79]

Regulations regarding the rental of bedrooms as STRs vary widely. For example, some CAST communities have restrictive bed-and-breakfast requirements that may prevent the practice, while places like the City of Petaluma, CA have proposed changing the definition of a bed-and-breakfast to three-or-more bedrooms in order to subject 1-2 bedroom STRs to the desired regulations.[80] Steamboat Springs' regulations provide flexibility for local residents to supplement their income by distinguishing between year-round STRs (typically investor or second homes) and those that are owner-occupied most of the year.[81] Another potential best practice to discourage speculative STR purchases is to implement owner-occupancy requirements. In Portland, OR owners are required to occupy the home for nine months of each year and in San Francisco, CA they have a cap of 90 rental nights per year on non-owner-occupied units.[82]

A majority of the CAST communities also require a local property manager/emergency contact to be available 24/7 to ensure quick response. Some communities have safety standards for STRs that are triggered prior to issuing permits or changes in ownership to ensure compliance with building, fire, municipal, and health codes. Any potential regulation of STRs should be thoroughly vetted, narrowly tailored, and consistently enforced by ensuring adequate staff time is available.

Licensing & Permitting of Short-Term Rentals

Municipalities that regulate STRs generally require a zoning permit to ensure STRs are operated in accordance with local regulations and permit applications typically collect background information, including unit type, number of bedrooms, owner and property manager/emergency contact information and can require hosts to submit to fire and safety inspections, and provide "good neighbor" information to guests.[83] Permit renewal requirements also vary by community, but generally renewal ensures owners remain up-to-date on STR regulation changes and give the municipality the ability to withhold a permit in cases of violations, complaints, applicable taxes have not been paid, or if there are health and safety issues on the property.

Some communities that regulate STRs require permit fees to cover paperwork processing, tracking, and property inspections. In the CAST communities, permits range between $500 and $750, imposed as a one-time application fee. Yearly renewable fees vary; some are flat fees, while others are based on bedroom size.[84] The CAST study recommends a potential practice of increasing license/permit fees to fund affordable housing projects as a way to mitigate the effects of STRs on the local housing market, but notes that a nexus study may be required to quantify the link between the impacts of STRs on the local housing market and fees charged.[85]

Ensuring STR hosts obtain the required permits is challenging, however, CAST communities had a higher compliance with license and tax requirements than larger cities, likely due to the smaller STR pool and local staff knowledge. The CAST study found the "most successful communities combine dedicated staff time to locate illegal VHRs [Vacation Home Rental], education of the public and owners of VHR requirements, and enforcement procedures backed by a willingness to enforce."[86]

Workforce Housing Impacts

Both resort communities and cities are concerned about the impact that STRs are having on the availability affordable housing. The concerns are related to the conversion of long-term rentals into STRs, as well as rent increases due to the loss of units from the local housing inventory. Unfortunately, it is difficult to quantify how many units have converted from long-term to short-term rentals without a robust tracking system in place. Breckenridge maintains a property database developed for tracking real estate transfer tax (RETT) and new owners are contacted when units are sold to determine changes in use; they have not seen major changes in long-term rentals as a percentage of their housing inventory despite fluctuations due to new construction and conversion into STRs.[87] Durango has found, through its STR permitting system, that roughly half of hosts are out-of-town owners or professional property managers.[88]

Some communities are specifically prohibiting the rental of workforce housing as STRs by including provisions in deed restrictions or by posting notices, similar to the one on the Aspen/Pitkin County Housing Authority website that reads, "Under NO circumstances are you allowed to rent your deed restricted home or room out through VRBO, Airbnb, or equivalent. "[89]

The CAST study recommends additional practices to reduce the impact of STRs on workforce housing including crosschecking of deed-restricted housing with STR permit applications, allocating tax revenues from STRs into an affordable housing fund, and replacing lost units by developing additional workforce housing units.[90]

Takeaways for Resort Communities

The rise in popularity of online short-term rental platforms is likely to continue into the future as this technology has unlocked a new market in the "sharing economy" for individuals looking to supplement their income or businesses adding them to their real estate portfolios. Places people want to visit for a short period of time are inherently going to have higher rates of STRs, whether they are cities or resort communities. Municipalities are choosing to address the proliferation of STRs in different ways, while others are choosing not to deal with them at all. Compared to the ten CAST communities, the percentage of STRs in the MRV currently falls on the lower end of the spectrum. However, regular monitoring and/or additional study could be carried out to track impacts on the local housing market and determine the number of "commercial" STRs in the MRV as well. It is up to elected officials to decide if and how short-term rentals should be tracked, regulated, permitted, and the effect on workforce housing mitigated in the MRV going forward.

Affordability Gap

A comparison of median household income to both median value of owner-occupied housing units price and median gross rent shows a widening of the housing affordability gap over time in the MRV. Table 6 shows that median household income in the MRV, when adjusted for inflation, has only increased by 9% from 2000 to 2014.[91] Over the same time period, median value of owner-occupied housing units have increased substantially by 51 percent.[92] Rent has increased at a slower rate (13%) than the value owner-occupied housing units; however, median gross rent still outpaced median household income growth between 2000 and 2014.

	2000[iii]	2014	% Change
Median Household Income	$67,129	$73,101	**9%**
Median Value of Owner-occupied Housing Units	$210,295	$317,467	**51%**
Median Gross Rent	$880	$994	**13%**

Table 6 - Source: U.S. Census Bureau, 2010-2014 American Community Survey; VT Housing Data

Finding affordable housing in the MRV is difficult, but calculating the gap between what people can afford and available housing will allow us to quantify the problem. First, it is important to know what workers in the Mad River Valley earn. Figure 13 shows the average annual wage that employees (employed by businesses required to provide unemployment insurance) earned in twelve industries in the MRV in 2015. Employees in the Agriculture and Leisure & Hospitality industries earn less than $20,000/year, a majority of sectors earn less than $30,000/year, and a few sectors including Local Government Administration, Financial Activities, Construction and Professional & Business Services, and Information sector employees earn the highest annual wages in the area.

[iii] Adjusted for inflation, shown in 2014 dollars

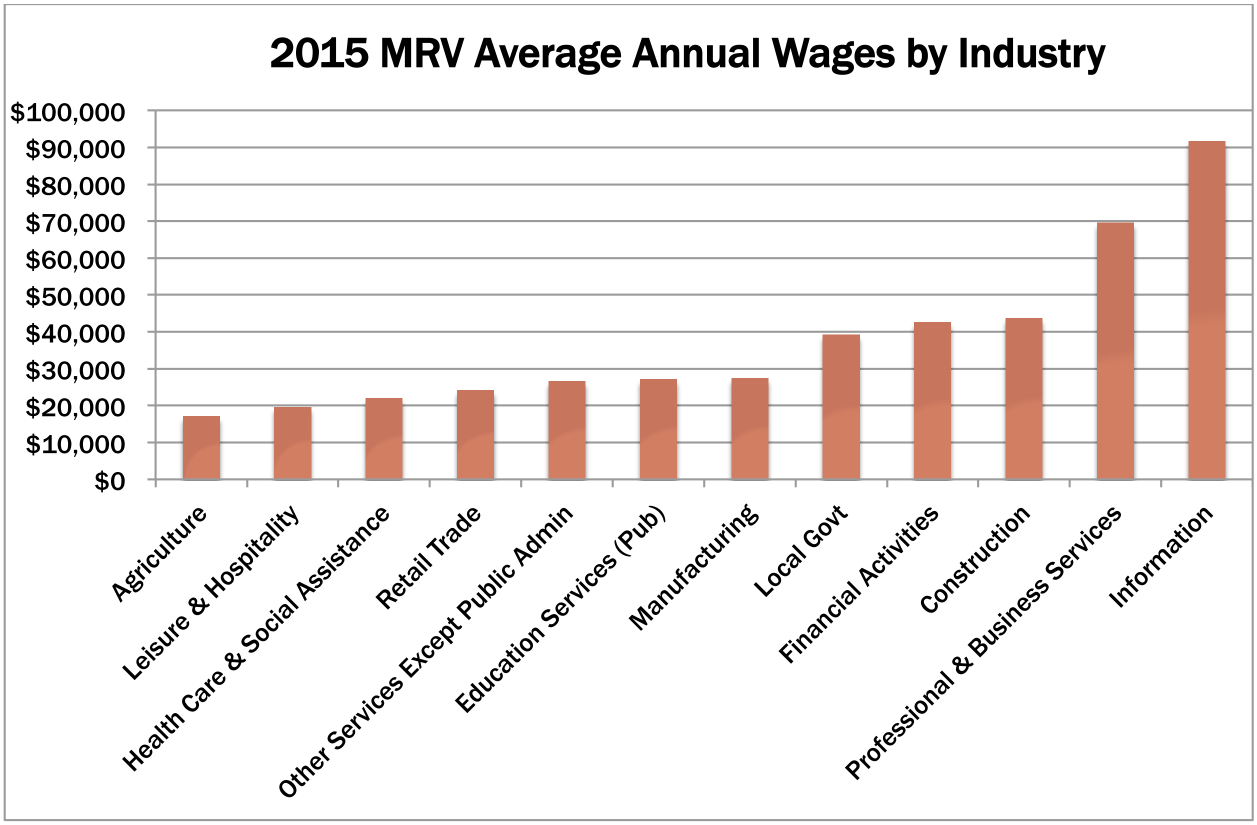


Figure 13- Source: Vermont Dept. of Labor

The homeownership affordability gap is determined by analyzing the maximum home price a household can afford based on their income, while not exceeding 30 percent of income. Table 7 below shows the breakdown of household income and affordable purchase price based on the HUD calculations for Washington County for FY2016. Affordable purchase price is based on the following assumptions:

- 30-year fixed rate mortgage at 3.5% interest rate
- 10% down payment
- $400/ month for taxes, mortgage and homeowners Insurance, and upkeep or condominium fees

Persons in Household	1	2	3	4 or More
Extremely Low Income (<30% of AMI)				
Income Range	$0-15,250	$0-17,400	$0-20,160	$0-24,300
Affordable Purchase Price	N/A	N/A	N/A	N/A
Very Low- Tax Credit Eligible (30%- 59.9% of AMI)				
Income Range	$15,251-30,500	$17,401-34,800	$20,161-40,320	$24,301-48,600
Affordable Purchase Price	N/A	$80,000-115,000	$102,000-149,000[4]	$124,000-187,500[4]
Low-Moderate Income (60%-79.9% of AMI)				

Income Range	$30,501-40,600	$34,801-46,400	$40,321-52,200	$48,600-58,000
Affordable Purchase Price	$88,000-150,000	$115,000-174,000	$149,000-197,000	$199,500-233,000
Moderate Income (80% -120% of AMI)				
Income Range	$40,600-61,000	$46,400-69,600	$52,200-80,640	$58,000-97,200
Affordable Purchase Price	$150,000-250,000	$174,000-290,000	$197,000-325,000	$233,000+

Table 7- Source: U.S. Department of Housing and Urban Development (HUD), 2016 Housing Needs Assessment for Selected Communities within Washington, Orange, and Lamoille Counties[iv]

According to Table 7 above, a 2-person household with one wage earner in Retail Trade and one in the Health Care & Social Assistance sector for example, that makes 80 percent of median income ($46,400) can afford to buy a $174,000 home.[93] Based on the housing market in August 2016 (Figure 8 on pg. 17), that household could only afford to buy a condo or a mobile home without spending more than 30 percent of their income on housing costs. In general, purchasing a single-family home is out of reach for all but those households that earning over 120% of area median income.

The rental affordability gap is determined by analyzing the maximum monthly rent a household can afford based on their income, while not exceeding 30 percent of income. Table 8 below shows the breakdown of household income and affordable rent based on the HUD calculations for Washington County for FY2016. A 1-person household working in the Retail Trade sector for example, earning an average annual wage of $24,159 could afford just over $600 per month in rent. Based on market-rate rents advertised in September 2016 (Figure 11 on pg. 19), it would be difficult for a single person to afford any rental unit size besides a studio.

Persons in Household	1	2	3	4 or More
Extremely Low Income (<30% of AMI)				
Income Range	$0-15,250	$0-17,400	$0-20,160	$0-$24,300
Affordable Rent	$0- 381	$0- 435	$0-504	$0-608
Very Low- Tax Credit Eligible (30%- 59.9% of AMI)				
Income Range	$15,251-30,500	$17,401-34,800	$20,161-40,320	$24,301-48,600
Affordable Rent	$381-763	$435- 870	$504-1,008	$608-1,216
Low-Moderate Income (60%-79.9% of AMI)				
Income Range	$30,501-40,600	$34,801-46,400	$40,321-52,200	$48,600-58,000

[iv] An additional table is included as Appendix A that identifies the "community" or number of the renters in each town by household size and AMI that can be used to determine how many people may be eligible for certain housing programs in each town.

Affordable Rent	$763-1015	$870-1,160	$1,008-1,305	$1,216-1,450
Moderate Income (80% -120% of AMI)				
Income Range	$40,600-61,000	$46,400-69,600	$52,200-80640	$58,000-97,200
Affordable Rent	$1,015-1,525	$1,160-1,740	$1,305-2,016	$1,450-2,430

Table 8- Source: U.S. Department of Housing and Urban Development (HUD), 2016 Housing Needs Assessment for Selected Communities within Washington, Orange, and Lamoille Counties

Based on what households can afford in Table 6 and median advertised home prices, the need for ownership opportunities are for households earning 120% or less of median income in the MRV. Based on what households can afford in Table 7 and average advertised rent, the need for rental opportunities in the MRV are for households earning 80% of median income and less.

Another way to analyze the rental affordability gap is to look at how many hours of work or the hourly wage required to afford the average market rate 1-bedroom apartment in the MRV. An individual earning the Vermont minimum wage of $9.60 would need to work 93 hours per week to afford the average market-rate 1-bedroom apartment in the Mad River Valley. An individual working 40 hours a week would need to earn $22.22 an hour, or $46,213 a year in order to afford the average market-rate 1-bedroom apartment in the MRV.

The annual *Out of Reach* report released in June 2017 by the National Low Income Housing Coalition, a Washington, DC based research and advocacy organization, found that Vermont has the 5th largest affordability gap for renters of any state in the nation (only NJ, CA, MD, and HI are larger).[94] Specifically, at the state level in order to afford a modest, two-bedroom apartment at the Fair Market Rent in Vermont, renters need to earn $21.90 an hour, or $45,545.[95] This finding is similar to what is available on the market in the MRV.

Hourly wage required working 40 hours week to afford the average 1-bedroom apartment

$22.22

Hours needed to work per week at min. wage ($9.60) to afford the average 1-bedroom apartment

93 hours

Housing Seekers Survey

In addition to calculating the affordability gap, we surveyed individuals that had recently been seeking housing to obtain supplementary data from those that directly experienced searching for housing in the Mad River Valley. The survey received 107 responses from people; including those who either responded to an email sent to those that had posted on the Front Porch Forum (FPF) in a 6-month period (from May 1st to October 25th, 2016) or those that followed the survey link posted on FPF asking anyone who had looked for housing any time in the last 5 years.

Figure 14 shows a majority of respondents were seeking year-round rentals (52%), 39 percent were looking for year-round homeownership, while only 5% and 4% were seeking seasonal homeownership and rentals respectively. This result is interesting because it challenges the narrative that seasonal employees make up a majority of the housing seekers in the MRV.

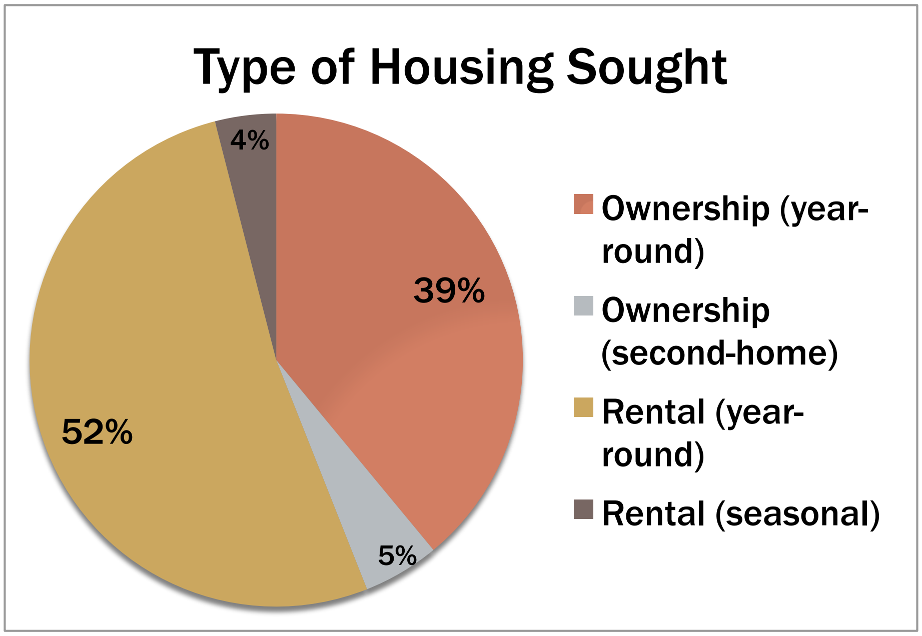


Figure 14- Source: 2016 MRVPD Housing Seeker Survey

Respondents were asked to select all types of homeownership they were looking for in the MRV; 69 percent said a single-family home on less than 2 acres and 55 percent said they wanted the same type of housing but with a larger lot. Only 19 percent were seeking a condo and 14 percent were looking for raw land. Table 9 shows the breakdown of the maximum affordable purchase price by ownership type as selected by housing seekers.

Table 9- Housing Seekers Max. Affordable Purchase Price

Ownership Type	Median Max Affordable Purchase Price
Mobile home	$75,000 - $99,999
Condo	$175,000 - $199,999
Single-family home (<2 acres)	$200,000 - $224,999
Lot/land	$225,000 - $249,999
Single-family home (>2 acres)	$250,000 - $274,999
Multi-unit home	$250,000 - $274,999

For those looking for rental housing, 57 percent were seeking a 2-bedroom unit, 48 percent a single-family home, 43 percent a 1-bedroom, and 24 percent were looking for either an efficiency/studio or a condo. 13 percent were looking for 3 or more bedroom units or to share a unit with a roommate.

Table 10 shows the breakdown of the maximum affordable rent (including utilities) by rental type as selected by housing seekers. **Generally demand from housing seekers appears to be for purchasing a single-family home on less than two acres or renting a 2-bedroom apartment.**

Table 10- Housing Seekers Max. Affordable Rent

Rental Type	Median Max Affordable Rent
Room/home share	$400 - 499
Subsidized Apartment	$500 - 599
Efficiency/studio	$600 - 699
1 bedroom apartment	$700 - 799
2 bedroom apartment	$700 - 799
Condo	$700 - 799
3+ bedroom apartment	$900 to 999
Single-family house	$900 to 999

Interestingly, 63 percent of respondents said they prefer a rural setting, 25 percent prefer a village center, and 13 percent want to live close to a ski resort in the MRV.

63.5 percent of respondents did find housing in the MRV that had been looking within the last 5 years, while

36.5 percent said they did not. Interestingly, of those that did not find housing at the time of the survey, almost half (18%) gave up looking. 80 percent of respondents identified cost as the reason they did not find housing. **Based on their experience, 82 percent of housing seekers did not feel that there are adequate affordable housing options in the Mad River Valley.**

> *"After over a decade of renting in the Mad River Valley, I have concluded that is virtually impossible to find healthy, affordable, quality housing for someone with my income. I have considered leaving many, many times, but it breaks my heart to think of moving away from this amazing community so I intend to work hard, live simply and scrape by for as long as I can. Being able to own here seems more and more impossible as the years go by. The sad reality is, one day in the near future, I may have to leave."*
> *– Recent Mad River Valley Housing Seeker*

An interesting characteristic of the survey respondents is the distribution of household income compared to the overall MRV population. It is important to remember that the Housing Seekers survey and the American Community Survey (ACS) have very different sample sizes, so the results are intended to visually show the difference in the distribution of incomes but is not meant to contradict the ACS data. Figure 15 shows the distribution of housing seekers' household incomes clustered between less than $15,000 and $49,999, while the general population in the MRV has incomes that fall in the $75,000 to $149,999 range.[96]

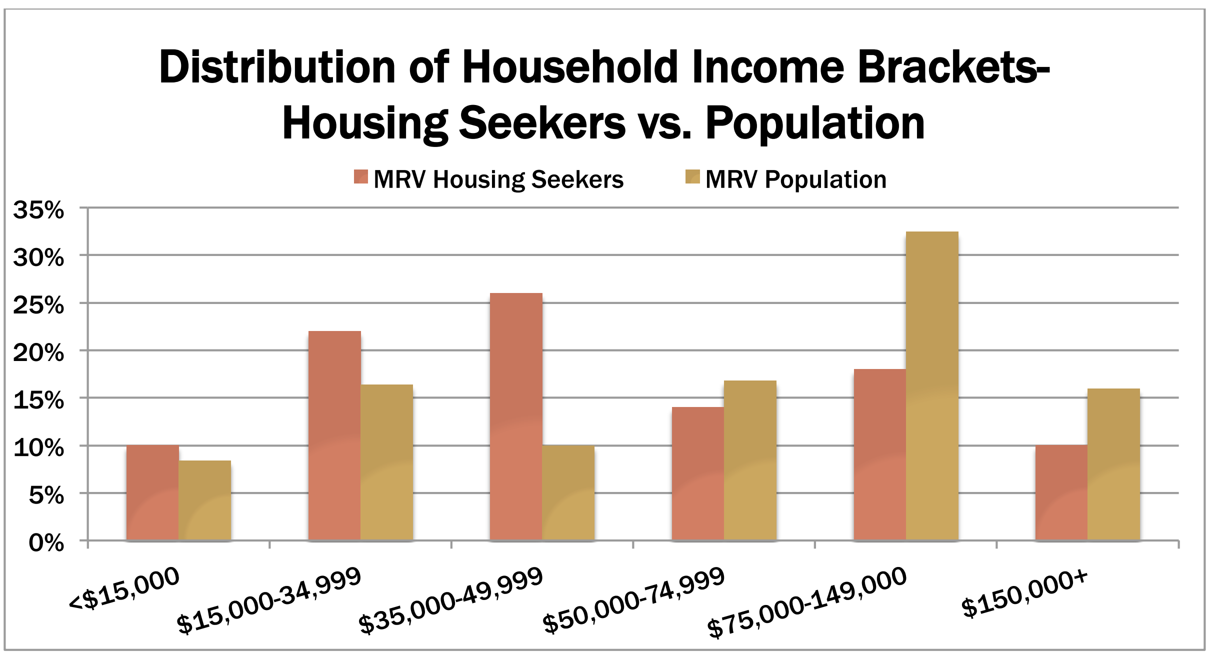


Figure 15 - Source: 2016 MRV Housing Seekers Survey; U.S. Census Bureau 2010-2014 American Community Survey (ACS)

The limitations of the survey include the fact that the principal source of engaging housing seekers was through the Front Porch Forum (FPF). While the FPF is a great resource for the community, it may have skewed the results toward year-round housing seekers due to the fact that people self-select to sign up and it is assumed that a majority of the audience tends to be people that are already established in the community. Additionally, since the population of "housing seekers" cannot be easily defined, it is not possible for the results to be statistically significant.

Emergency Housing

Emergency housing is short-term accommodation for people who are homeless or in crisis. This type of housing is typically provided through a designated shelter or in the form of vouchers for motel/hotel stays but can vary by community. Emergency housing may appear on its face to be an urban issue for people that would otherwise be "sleeping on the street," but it can also apply to anyone evicted from their home or who are in danger of being hurt if they remain in their current housing situation. Traditionally, requests for emergency housing were fielded directly by the Mad River Valley Interfaith Council. Due to the volume of requests, the Interfaith Council and Mad River Valley Community Fund worked together to hire a local staff person at Capstone Community Action. Currently, Capstone Community Action connects people with the Interfaith Council if the available resources meet their needs.

The Interfaith Council provided 46 people/families emergency housing assistance between 2014 and 2016.[97] Table 11 shows the break down of assistance by hotel stays and rent/mortgage assistance. The MRV Community Fund also keeps track of requests for housing assistance, but do not provide that type of assistance at this time. According to their records, 20 of the 50 total requests in 2016 (as of Nov. 2016) for assistance or 40 percent were for rent/mortgage assistance. The data demonstrates that there is currently a need for emergency housing/housing assistance in the MRV.

Table 11- MRV Interfaith Council Emergency Housing Assistance

	Hotel Stays	Rent/ mortgage Assistance
2014	5	14
2015	5	8
2016	4	10
3-Year Total	14	32

Housing Types to Consider

Not all housing types will work within the context of the Mad River Valley. However, it is important to be familiar with the array of options available to address the issue of affordable housing. The following list is not exhaustive, but does provide descriptions of various types of housing that may be appropriate to consider.

Single-family Homes: fully detached or semi attached (side-by-side) homes, row houses, and townhouses separated from an adjacent unit by a ground-to-roof wall that do not share heating/air-conditioning systems or utilities.[98]

Accessory Dwelling Units: a second dwelling unit contained on a single-family residential lot. It has separate living and sleeping quarters, kitchen, and bathroom. It can be upstairs, in an attic, basement, over the garage, or in a barn or new addition. A home and accessory unit may share an entrance, yard and parking spaces.

Multi-family units: residential buildings containing units built one on top of another or built side-by-side that share common facilities (i.e., attic, basement, heating, plumbing, etc.)[99]

Planned Unit or Residential Development (PUD): a type of building development that integrates a mix of land uses and dwelling types clustered together that typically preserve common public or open space. PUDs also add flexibility within the existing zoning code and enhance municipal site plan review functions.

Co-housing: a form of a PUD or a limited equity cooperative that share common amenities including kitchen, dining area, laundry, workshop, library, exercise room, guest rooms, and recreation/open space areas.[100]

Mobile/manufactured homes: a mobile home is a factory-built home that is was built before 1976 and not to any uniform construction code. A manufactured home is any home factory-built to HUD Title 6 construction standards, which took effect in 1976. Manufactured homes are built on a steel chassis but often never moved from their initial site. The terms "mobile home" and "manufactured home" are often used interchangeably.[101]

Modular Homes: residences built in a factory environment in sections and then transported to the site. They also meet all local and state building and energy efficiency codes. Efficiency Vermont is currently partnered with Vermod to build a zero-energy modular alternative to mobile or manufactured homes that offer quality insulation, windows, appliances, and solar panels. They are also working to make these homes affordable to low-income households in Vermont.[102]

Tiny houses: a house between 100 and 400 square feet that is built on a semi-permanent foundation or on top of a chassis that can be towed behind a vehicle. Tiny houses come in all different architectural styles but are appealing to people from the standpoint of simplicity and affordability. A tiny house typically ranges from $30,000 to $100,000 depending on the quality of materials and the amount of sweat equity invested during construction.[103] Tiny houses may be appropriate in mobile home parks, rv/campgrounds, as single and accessory dwelling units, and in a village type (PUD) development.

Yurt: a sturdy wood-framed tent like structure wrapped in wool felt that is easy to assemble, take down, and transport. Yurts can be temporary, semi-permanent or permanent, and local building codes may vary in the interpretation and requirements for these structures. They are appealing from an affordability standpoint and can serve as a temporary structure while building a more conventional home on the same property. Local bylaws differ on zoning and wastewater requirements.

Emergency Housing: emergency housing is short-term accommodation for people who are homeless or in crisis and is typically provided by a designated shelter or in the form of vouchers for motel/hotel stays. Community based programs can vary.

Home Share: connects people seeking an affordable rental with a homeowner with available space. Can be especially helpful for seniors, people with disabilities, or people who need assistance in paying their mortgage or with household chores.

Housing Opportunities in the MRV

Increasing housing options and access to affordable housing is a daunting task, but one that is worthy of addressing given the importance of affordable housing to the future vitality of the MRV. Tackling the issue of affordable housing is not insurmountable if stakeholders work together; partners in this effort include:

- Towns of Waitsfield, Warren & Fayston
- Mad River Valley Planning District (MPVPD)
- Downstreet Housing & Community Development
- Home Share Now

- Vermont Housing & Conservation Board (VHCB)
- Vermont Housing Finance Agency (VHFA)
- Housing Vermont
- Capstone Community Action
- MRV Housing Coalition/Valley Affordable Land Initiative
- Vermont Land Trust
- Sugarbush Resort
- Schools (Yestermorrow, Norwich University, others)
- Mad River Valley Rotary Club
- Mad River Valley Community Fund
- Mad River Valley Interfaith Council
- State of Vermont

There are numerous opportunities to increase the availability of affordable housing in the MRV. Future housing opportunities in the MRV are organized into three categories:

Planning & Infrastructure **Regulatory** **Development**

The opportunities are laid out over the next several pages and include relevant case studies, and funding options where applicable. The list represents a menu of potential opportunities for expanding access to affordable housing in the MRV, but does not tell the community which options to pursue. It will be up to town officials, non-profit organizations, and the community to identify which opportunities are most appropriate to pursue in the future. The Mad River Valley Housing Coalition provided input that informed the Action Priority Matrix included at the end of the chapter to help provide some initial prioritization of the aforementioned opportunities.

Planning & Infrastructure

Increase Wastewater Capacity

Wastewater capacity is a key component in the viability of new affordable housing development in the MRV. Although progress has been made in both Warren and Waitsfield to expand wastewater capacity, significant need remains in order to unlock potential housing development. Given the lack of density in Fayston and the existing municipal system in Warren, Waitsfield Village and Irasville remain the focus for future wastewater expansion in the MRV. Since a municipal wastewater system in Waitsfield in the near term is unlikely, any new wastewater infrastructure in the Village or Irasville is likely to be decentralized in nature.

Waitsfield has successfully financed shared decentralized wastewater systems in Irasville through its Community Wastewater Loan Program. Since the program was put into place, several wastewater systems have come online including Winter Park (multiple properties), the Mad River Food Hub (Irasville Business Park, shared by tenants), Localfolk Smokehouse, Lin property (China Fun), Village Square (Mad Taco), and Maclay Architects.[104] One way to build on that success is to update relevant GIS data to determine the suitability for additional wastewater capacity in Waitsfield. Maps that include up-to-date locations of existing wastewater facilities, well shields, and parcels that have been connected to the municipal water system will provide direction in prioritizing the financing and installation of future wastewater infrastructure. Once additional wastewater capacity is identified, the funding sources listed below can be investigated and pursued if applicable.

Funding Sources:

- **USDA Water & Wastewater Disposal Loan & Grant Program**
- **Clean Water State Revolving Fund (CWSRF)**
- **Planning Advance**
- **On-Site Loan Program (VT Wastewater & Potable Water Revolving Loan Fund)**
- **ANR Drinking Water State Revolving Loan Construction Fund**
- **ANR Drinking Water State Revolving Loan Planning Fund**

In conversations with housing developers, they indicated that free or discounted connection to the municipal water or wastewater system greatly increases the feasibility of an affordable housing project. A reduction in infrastructure costs could also increase the attractiveness for a developer to pursue an affordable project in the MRV.

Another potential option for expanding wastewater capacity in Irasville is the land located just over the town line in Fayston. An agreement between the two towns could provide wastewater capacity for Waitsfield, in exchange for access to municipal water system for Fayston. Based on the towns' history of working together for find solutions to common issues, this opportunity may not be out of the realm of possibility. The feasibility of such a project would have to be determined before pursuing it any further.

Actively Promote & Invest in Accessory/Add. Dwellings Units

Accessory dwelling units are permitted uses in all three towns and the MRV Housing Coalition has created a helpful guide for prospective landlords, but more can be done to actively promote and invest in accessory or additional dwelling units. Information about building accessory dwelling units should be easy for MRV residents to find online. A new MRVPD website could provide important information for people considering an accessory dwelling on their lot; content from a previous MRV Housing Coalition brochure and other online resources like www.accessorydwellings.org should be included. Two options for actively promoting these types of units include supporting homeowners in determining the feasibility of construction and providing affordable financing options.

Brattleboro Area Affordable Housing (BAAH)- Apartments-in-Homes Program *Case Study*

Homeowners interested in adding an additional unit contact the BAAH and a volunteer performs a home visit to evaluate the space. A report is created after each home visit that assesses the feasibility of the project and identifies next steps. BAAH then sends a builder to provide a cost estimate and an architecture student to help with layout. Costs typically range from $5,000 to $50,000 to build a unit and owners are required to secure their own financing. The program will provide $5,000 when the project is completed as a reimbursement. The owner is also responsible for hiring the contractor and obtaining any needed permits.

The organization has not required affordability standards for the apartments, because it is difficult to monitor rents over time, and affordability is generally assured by the modesty of the apartments (the highest rent asked for apartments they have helped to create is $750 including utilities).[105] The *program is funded by an allocation from the Town of Brattleboro and Thomas Thompson Trust and as of 2017 they have helped create over 50 apartments.*[106]

Another option is to help homeowners or landlords finance the construction of accessory or additional dwelling units through a low interest revolving loan fund. The loan fund could help offset the cost of construction for homeowners.

Montpelier "One More Home" Grant Program *Case Study*

Program offered interested homeowners grants of up to $4,000 to offset the cost of architectural fees, engineering, and other "soft" expenses associated with building an accessory apartment. Zero-interest deferred-repayment loans of up to $4,000 for construction costs and up to $1,000 for sprinkler systems were also available from a revolving loan fund. Any units created were required to meet state affordability guidelines for at least five years.

A few of the lessons learned from the program included that "soft costs" are relatively small portion of the costs associated with building an accessory apartment. Zero interest loans, whose repayment is deferred until the property is sold or transferred, are much less expensive to make available than grants, but are nearly as effective in creating accessory dwellings. Lastly, limiting eligibility for the program to only accessory dwelling units prevented the grants from being used to create duplexes.[107]

Incentivize & Connect Landlords with Qualified Tenants

One way to increase housing options in the MRV without any construction is to make prospective landlords feel more comfortable with the process of finding a tenant and incentivizing them to rent their available units. Home Share Now currently helps connect homeowners with pre-screened housing seekers by preforming thorough background checks. Homeowners are able to meet recommended matches and utilize a two-week "trial" period to ensure the situation works for both parties involved. Increasing marketing efforts of Home Share Now's services and highlighting that they are available for all types of rental situations (housemates, accessory dwellings, caretakers for second homes, rentals where landlords live off-site, etc.) will help increase awareness among homeowners and landlords of available services. Also considering a future expansion of Home Share Now's services or a new program similar to the Housing Works Initiative in the case study shown below may help to convert short-term rentals to long-term ones, better serving those who are living and working in the MRV.

Home Run- Whistler, BC *Case Study*

Home Run is a property rental program matching business owners with property owners for workforce housing. It is administered by the Whistler Housing Authority and managed by a licensed property manager. The goal of the program is to help local business owners find stable accommodation for their workforce, while encouraging homeowners with a streamlined, low risk option to earn rental income.

Property owners can choose their fee-based service - either a full property management or tenant placement service. There are no upfront out-of-pocket fees to the homeowner, as all fees are directly deducted from the rental received after a lease has been signed. Business owners seeking *employee accommodation are encouraged to submit an application to be matched with a rental property.*

Housing Works Initiative- Summit County, CO *Case Study*

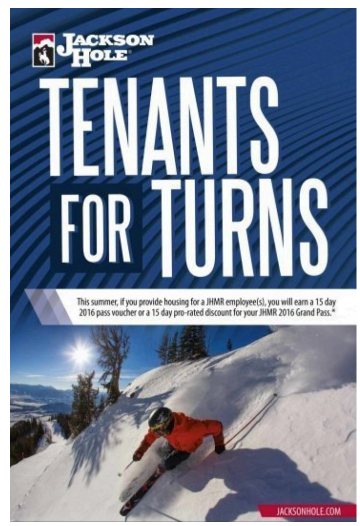
The pilot program focuses on housing for working families by recruiting property owners to convert their short-term units into long-term rentals. The program provides free property management services, guarantees rent through the term of the lease, and connects landlords with qualified tenants. There are several tenant requirements including residency, year-round employment, passing a background & credit check, minimum household income limits, among others. [108]

Offering incentives to landlords who supply affordable housing could also unlock additional rental inventory in the MRV. There are several ski communities around the country that are dealing with similar affordable housing issues and their Tenants for Turns Program can serve as interesting case studies for consideration.

Tenants for Turns *Case Study*

"Tenants for Turns" is a program managed by several ski resorts (including Stevens Pass, Jackson Hole, and Mt. Hood, and Cooper Spur Mountain Resort) around the country that creates a mutually beneficial relationship for both ski resort employees and local homeowners/landlords. The program connects employees with available rentals in the community and provides incentives for landlords in the form of a free or a substantially discounted season pass or lift tickets for landlords who rent to ski resort employees. Incentives vary by resort:

- *Stevens Pass: $100 season pass or 10 lift tickets.*[109]
- *Jackson Hole Resort: 15 day 2016-17 pass voucher or a 15 day pro-rated discount on a season pass.*[110]
- *Mt. Hood & Cooper Spur Mountain Resort: free season pass or 10 lift tickets.*[111]
- *Steamboat Resort is offering $200 a month to landlords if they rent to employees for $500 or less per month.*[112]



Generally, landlords fill out an application to get their rental unit on a list held by the ski resort. The resort's Human Resources Department provides the list to current and new employees looking for housing in the area. Employees contact the landlord directly and come to a rental agreement. Most of the programs suggest an affordable rent based on the surrounding rental market and employee salaries. Once the landlord provides a signed rental agreement to the Human Resources Department, they become eligible for the incentive.

Apply for a Neighborhood Development Area Designation

Applying for a Neighborhood Development Area (NDA) designation from the Agency of Commerce and Community Development provides special permit and tax incentives for communities and developers that commit to building mixed-income housing within and adjacent to designated Downtowns, Village Centers, New Town Centers, and Growth Centers. The NDA designation encourages municipalities and incentivizes developers to build housing within walking distance of designated centers that support existing businesses.[113] Benefits of the designation include:

- Qualified "mixed income" projects are exempt from Act 250 regulations
- Act 250 projects not qualifying for the exemption receive a 50% discount on application fees
- Agency of Natural Resources' fees for wastewater review are capped at $50 for projects that have received sewer allocation from an approved municipal system
- Exemption from the Land Gains Tax[v]

Warren would be eligible and well suited to apply for this designation in order to encourage and incentivize the creation of affordable housing surrounding its designated Village Center. Waitsfield may also consider applying for a NDA designation, surrounding its existing Village Center designation, if minimum lot sizes are reduced in Waitsfield Village to ¼ acre or in conjunction with a future Growth Center designation for Irasville. It is unclear whether or not Waitsfield's Community Wastewater Loan Program will satisfy the requirement for a "community alternative wastewater system" approved by ANR in order to be eligible for the NDA designation. It is unlikely that Irasville will be come eligible for Growth Center designation without the construction of a centralized wastewater system because "policies on the extension of water and wastewater lines that include a defined service area and allocation plan to support the growth center" must be adopted in order to be eligible for the designation.[114]

Burlington Bright Street Co-op *Case Study*

Burlington used the neighborhood development area designation to help lower costs of building mixed-income housing. The Bright Street Co-op is an example of a 42-unit mixed income infill housing project that used the designation to obtain an exemption from Act 250 review- saving money and permitting time. Additionally, the project saved another $3,000 in wastewater connection fees, and eliminated the risk of a project appeal.[115]

Online zoning, parcel maps, and other resources

Making zoning, parcel, and other GIS data and maps available online and/or interactive for all three towns would allow interested persons or developers to easily view property information without physically having to go to the town office to get answers to simple questions. Increasing the availability of this type of information reduces barriers to development activity. Also having all MRV housing resources available online will create a place to direct people who are looking for housing or considering the creation of an accessory dwelling unit on their property for example.

Regulatory

Further reduce minimum lot sizes and setbacks

All three towns made changes to minimum lot sizes in their zoning bylaws over the last ten years. However, there are still a few more changes that would help reduce barriers to affordable housing in the MRV. Smaller lot sizes mean lower land costs for homebuyers and developers. For

[v] A tax on the gain from the sale or exchange of Vermont land that was held for less than six (6) year.

example, both the Village Residential District (VR) and Irasville Village District (IV) in Waitsfield could be reduced from ½ acre and 1 acre respectively to ¼ in both cases.

Planning Commissions are also encouraged to consider reducing setback requirements as well in appropriate districts. An easy way to determine where there are opportunities to reduce setbacks (and lot sizes) is by measuring existing setbacks and lot sizes and reducing requirements to what already exists historically in the community. Using Irasville as an example again, there are some existing buildings that are non-confirming because they have front setbacks that are less than 40 feet. It is prudent to consider reducing minimum lot sizes and setbacks in a place like Irasville where increased density and additional housing development is desired.

Performance Standards for Minimum Lot Sizes Based on Connection to Public Utilities

One way to allow smaller minimum lot sizes in appropriate districts, while also incentivizing homeowners or developers to connect to the municipal or a shared water/wastewater system, is to link the two within zoning bylaws. Access to a municipal or shared water/wastewater on a property eliminates health concerns about well and septic system interactions on smaller lots. This approach would no longer make minimum lot size based on an assumption of an individual well and a septic system on each parcel and creates a more flexible approach to minimum lot size requirements. There are several communities in Maine that have this type of connection between minimum lot size and water/wastewater infrastructure in their bylaws. [116]

Freeport, Maine Subdivision Regulations *Case Study*

Expanded Open Space Subdivision Requirements

A. *Net residential density, single-family: 1 unit per 1 acre of net residential coverage.*
B. *Net residential density, per dwelling unit, two-family, and multiple family dwellings: 1 unit per 25,500 square feet of net residential coverage.*
C. *Minimum lot size, single family, if connected to public sewer: 12,000 square feet.*
D. *Average lot size single family, if connected to public sewer: 17,000 square feet.*
E. *Minimum lot size, single family, if not connected to public sewer: 20,000 square feet.*
F. *Minimum lot area per dwelling unit, two family, and multiple family dwellings if connected to public sewer: 10,000 square feet.*

Accommodate Tiny Homes in Local Bylaws

Tiny houses are becoming affordable options for those who are looking to downsize, purchase a home without taking on a large mortgage, and as an alternative to living in a mobile home or RV. They are relatively cheap to construct compared to the cost of building a conventional home. Some tiny homes are built on a chassis that can be towed behind a vehicle, increasing the convenience of moving compared to the process of selling a conventional home. Tiny houses also have a smaller environmental footprint, allow owners additional flexibility in terms of employment options, and do not require the same amount of maintenance as a large home.

One of the biggest challenges to increasing the supply of tiny houses is acceptance into the ICC Building Code and how they are treated relative to local zoning bylaws. In December 2016, the International Code Council (ICC) stated a tiny-house-specific appendix would be part of the 2018 International Residential Code (IRC); this will allow the issuing of Certificates of Occupancy for tiny houses when built to meet the provisions of the adopted code appendix.[117]

There are a variety of options for accommodating tiny houses within zoning bylaws in the MRV. The first is to consider tiny homes as accessory dwelling units or single-family dwellings under existing zoning bylaws. The other is to create new language that specifically speaks to tiny houses. The same applies to a larger tiny house project- it could be developed as a Planning Unit Development (PUD) or new language could be adopted that specifically speaks to tiny house neighborhoods/villages. Existing state and local regulations related to wastewater may also limit tiny houses that have composting or incinerating toilets. The Vermont Dept. of Environmental Conservation's (DEC) Wastewater System and Potable Water Supply Rules state:

§1-922 Composting or Incinerating Toilets and Greywater Disposal Systems (a) Composting or incinerating toilets may be approved in place of conventional water carried toilets. Use of these toilets in buildings other than single family residences on their own individual lots, is subject to review related to the adequacy of the particular unit for the proposed use…Use of a composting or incinerating toilet does not change the requirements for a potable water supply and interior plumbing. If there will be any interior plumbing, a greywater disposal system must be installed. (d) A greywater disposal system shall comply with all of the design factors for wastewater disposal systems in these rules, except that a reduction in size of the system constructed may be approved. A 25% reduction in size will be approved for residential use. Reductions for use in non-residential situations will be determined on a case by case basis.

Although composting or incinerating toilets are allowed, it does not change the requirements for potable water and interior plumbing, which necessitate a greywater disposal system is installed to obtain a Wastewater System and Potable Water Supply permit from the Vermont DEC. The greywater disposal system must be designed by an engineer or site technician and installed by a contractor. The smallest allowable system is based on a two-bedroom residence and the simplest system that would be approved is an "absorption trench," but it would ultimately depend on the soil type on the site. Bascially, the State regulations treat greywater and wastewater the same' meaning there is not significant cost savings involved in just installing a greywater system. The most significant cost savings in terms of wastewater would be in a tiny house neighborhood/village development where the costs of the infrastructure could be shared. While Fayston and Warren's zoning bylaws defer to the DEC's rules, Waitsfield requires additional oversight by the Development Review Board of alternative sewage disposal methods for primitive camps *(durational limits apply)* in the Forest Reserve zoning district.

A self-contained tiny house unit that is not connected to a traditional water/wastewater system or other utilities, would at the present time either not be allowed or considered a recreation vehicle, camper, or travel trailer and subject to time limitations and other requirements in local zoning bylaws for temporary structures. The addition of specific language related to tiny houses in local zoning bylaws and state wastewater regulations that allowed smaller systems or allowed most cost effective greywater disposal options would provide additional flexibility for tiny houses to be located in the MRV, including those that are built on a chassis and are self-contained.

Nantucket, MA Tiny House Zoning *Case Study*

Tiny House Unit. A detached structure containing a dwelling unit with less than a total of 500 square feet constructed on a moveable trailer to be attached to a foundation pursuant to a building permit issued in accordance with Zoning Bylaw § 139-26. Only one tiny house unit shall be allowed *per lot. The tiny house unit shall not be a recreational vehicle (commonly known as an RV), auto home, shipping container, motor vehicle, semi-trailer, camper, or boat, and shall not be located upon a lot with a commercial or other nonresidential use. The tiny house unit shall be owned by a not-for-profit, religious, or educational entity or shall be the primary residence of a person(s), or the individual beneficiary(ies) of a legal entity, that holds title, common title, or land lease to the property, or any direct family member of that person(s) (their child, parent, grandparent, or brother or sister, or their spouse's child, parent, grandparent, brother or sister). A tiny house unit may be a primary dwelling unit or may be located on a lot in lieu of an otherwise permitted secondary dwelling, garage apartment, or tertiary dwelling. If located on a lot with a primary dwelling, secondary dwelling, or garage apartment, the Planning Board shall make a determination regarding the adequacy of access to the lot and structures prior to the issuance of a building permit.*[118]

City of Fresno, CA Tiny House Zoning *Case Study*

Backyard Cottage. May provide separate, independent living quarters for one household. Units may be attached, detached, or located within the living areas of the primary dwelling unit on the lot, subject to the standards of this subsection. Kitchens, including cooking devices are permitted. Backyard Cottages shall be located behind the primary dwelling unit, unless attached and integral to the primary dwelling unit.

a. A Tiny House may be considered a Backyard Cottage if it meets all the requirements of this section.

b. The Director shall review the design of the Tiny House to insure that the structure is compatible with the main home and the neighborhood.[119]

Rockledge, FL Tiny House Regulations *Case Study*

The City of Rockledge passed an ordinance to make tiny houses in "pocket neighborhoods" a use within two zoning districts. The City also developed a regulation that spells out building requirements related to gross floor area, minimum ceiling height, minimum width, trailers, porches, setbacks, etc.

"A tiny home shall be defined as a principal residential dwelling that has a square footage of between 170 and 1,100. Tiny Homes are only permitted within the redevelopment mixed-use district (RMU) or a planned unit development (PUD) in a Pocket neighborhood setting…"[120]

Consider Regulating Short-term Rentals

While online short-term rental (STR) platforms rose to prominence as a way for residents to rent out extra space to visitors and earn supplementary income, a growing number of the units listed are considered "commercial listings," or entire units rented out full-time.[121] Critics of these types of platforms argue that they take units off the market that would otherwise be available to local residents, reducing housing supply and increasing rents. Given the Mad River Valley's draw as a destination for visitors, elected officials may want to consider taxing, tracking, regulating, and permitting STRs, as well as offsetting the effect of STRs on the local housing market by developing more workforce housing. The State of Vermont is largely responsible for taxing short-term rentals, but local communities could consider adopting a Local Options Tax on rooms that would capture additional revenue from short-term rentals. Some or all of the revenue could be allocated into an affordable housing trust fund to be used towards building workforce housing.

Colorado Association of Ski Towns (CAST) *Case Study*

A 2015 study by the Colorado Association of Ski Towns (CAST) entitled "Vacation Home Rentals-Issues, Emerging Trends, and Best Practices" can provide applicable examples for the MRV on how to oversee STRs if they so choose. The report found that STRs have a significant presence in their participating communities (Breckenridge, Crested Butte, Durango, Estes Park, Frisco, Jackson, Mt. Crested Butte, Ouray, Park City, and Steamboat Springs) and the growth in the number of residential units listed on hosting sites in these communities is outpacing much of the rest of the country. Many of the communities have already adopted policies and procedures to oversee STRs and the study highlights best practices that include creating a regional database to track units, developing regulations, setting up a process for permitting units, committing staff resources, and collecting fees and/or taxes to mitigate workforce housing impacts.

Revisit Affordable Housing Contribution

The relevant parties could revisit past affordable housing agreements that use a formula to determine the equitable contribution towards the provision of housing specifically to address the need for additional workforce housing in the MRV. In the past, a contribution has been based on the addition of residential units contemplated in the development project. This mechanism has proved to be a successful mechanism to construct affordable housing in the past, however, in order for this tool to continue to be effective, the formula should be revisited. This may include applying the requirement to developments that increase the number of employees in the community that need workforce housing and adjusting the formula so it more accurately reflects current and future construction costs

Employee Housing Service Charge Fund- Whistler, BC *Case Study*

The Resort Municipality of Whistler developed a unique trust fund approach to providing financing for the construction of affordable housing, to address the need for affordable housing options for permanent and seasonal employees working in the tourism industry. The Employee Housing Service Charge Fund, implemented in 1990 through a municipal bylaw, requires a financial contribution to affordable housing from all developers of commercial, industrial and tourist accommodation in Whistler that increase the number of employees in the community*. It finances affordable alternatives to market-rate housing for full-time, permanent and seasonal employees, their families, and retirees. Both rental and ownership units in a mix of sizes and locations are available through this program, access to which is restricted to Whistler residents. From 1997 to 2012, the WHA created a total of 1,413 affordable, resident-restricted dwellings, with more new units being owner-occupied than rental units (69 % owner-occupied and 31% rental).*[122]

Development

While planning & infrastructure and regulatory approaches help to both incentivize and reduce barriers to the creation of affordable housing, taking a development approach is one way to more actively create affordable housing. The following opportunities have been identified that if pursued, could lead to the renovation or construction of affordable housing in the Mad River Valley.

Pursue Housing Development on Priority Parcels

In an effort to look at affordable housing through a development lens, a MRV Opportunities Map (Figure 16 on page 43) was created to determine the feasibility and suitability of potential properties for development. Constraints including conserved lands and floodways/river corridors were included to indicate where housing should not be a priority. Since one of the largest barriers to creating new affordable housing is the cost of land, the initial investigation determined which parcels are municipally owned. A GIS analysis was performed based on parcel and Grand List data from all three towns to create parcel layers with attributes including ownership and size among others. The town-owned parcels were then ground-truthed by the MRVPD and all three towns' Planning Commissions to rule out those that are currently in use or where it would not be feasible to build affordable housing. A limited but realistic set of **MRV Town Owned Possible Housing Parcels** was identified and shown on the map in a royal purple color. This set of parcels was then categorized into short and long-term options:

Short-term (3-5 years):

- Fayston former General Store Parcel on Route 17- 1 acre
- Fayston Parcel off Mansfield Rd- 7.3 acres
- Waitsfield Munn Field- 12.2 acres

Long-term (over 5 years):

- Waitsfield current town sandpit- 74.2 acres
- Warren current town garage site- buildable acreage unknown

In conversations with housing developers, they indicated that donated municipal land greatly increases the feasibility of an affordable housing project because it reduces the fixed cost of land, which in the case of the MRV, would add a significant cost to a project given market-rate land prices. A donation of land from one of the MRV towns would greatly increase the attractiveness to a developer of pursuing an affordable project in the area.

Other parcels that are currently owned or are under consideration for purchase by area non-profits were also included on the map as **MRV Other Priority Housing Parcels** and shown in a magenta color. In Waitsfield these include the Flemer Barn property and Downstreet's Mad River Meadows property. At the time of writing, a local group is attempting to convert the Flemer Barn property into a community center; there may be an opportunity for a dual goal project to include affordable housing. Downstreet already has an affordable housing development on the Mad River Meadows property, but there is an additional building site that could be developed as planned or as a new project. In Warren, Sugarbush owns a parcel of land that was also permitted for residential units but has been sitting idle for some time. It's proximity to the mountain and location along the Mad Bus route makes it an ideal location for workforce housing.

The map also highlights existing zoning districts in all three towns where housing is a permitted use, as well as Village Designations in Waitsfield and Warren where new housing development is encouraged. The zoning districts are included on the map as **MRV Zoning-based Housing Priority Areas** and highlighted by an orange-hatched pattern. Descriptions of the aforementioned zoning districts are provided below.

Waitsfield Zoning-based Housing Priority Areas

Waitsfield Village (Village Residential, Business Districts)

- Waitsfield Village historically served as the commercial center, but presently it provides mostly community services for the Town with the exception of Bridge Street. The Village Residential District was established to maintain and encourage residential development. A mix of uses is encouraged in the Business District including residential, civic, cultural, and commercial.

Irasville Village District

- The Irasville Village District has served as Waitsfield's principal growth center for nearly 30 years and the commercial district for the surrounding communities. The Tow envisions this area as a high density, mixed-use, pedestrian oriented village with multi-story buildings efficiently in-filling the existing land area. The lack of a municipal wastewater system has resulted in a fragmented development pattern and limited capacity to accommodate the desired growth in this area. However, Irasville should continue to be prioritized for investment in decentralized wastewater systems to support the development of new affordable housing units.

Limited Business District

- The intent of this district was to centrally locate commercial uses in the MRV; however, the area has grown to contain a mix of uses including light industrial, office, residential, and public facilities. The Town would like to see additional mixed-uses, including residential development in this area.

Residential Hamlets

A type of residential development that encourages increased density, while protecting important natural resources. Residential hamlets are characterized by compact settlement patterns, concentrated density (on lots preferably less than ¼ acre), small scale (as few as 4 or as many as 20 residences), residential character with the exception of limited community and commercial buildings, and the presence of common green space and surrounding open space.

The *2005 Waitsfield Hamlet Study*, funded through a Municipal Planning Grant, examined appropriate locations for concentrated residential development and identified necessary regulatory changes. The study recommended changes to subdivision and zoning regulations to include a new "Rural-Residential" District, revised Agricultural-Residential District, and updated Planned Residential & Unit Development (PRD/PUD) provisions. Language in the Town Plan supports the creation of hamlets and highlights specific areas that have been identified for greater residential densities including:

- Area north of Waitsfield Village (to the Moretown town line) & West of Route 100
- Area between Route 100, the Warren town line, and Bundy Road
- Small-scale in-fill development in the area to the south/west of the lower East Warren Road (including the area served by Hastings & Palmer Hill Roads)

Warren Zoning-based Housing Priority Areas

Warren Village (Historic Residential, Commercial, Mixed Use Districts)

- Warren Village serves as the Town's historic center. The potential for locating additional development in the Village is limited, however, there is some infill potential particularly given the ¼ minimum lot size and 4,319 gpd currently uncommitted to the municipal wastewater system that could be allocated toward new residential development in the Village.

Alpine Village

- Alpine Village area was subdivided for high-density development, but a lack of centralized wastewater and environmental constraints including poor soils, is limiting further development on the existing small lots. One option might be for the Town or another organization to buy and consolidate pre-existing, non-conforming lots into larger parcels for new residential development or allow self-contained tiny houses on the small existing parcels.

Sugarbush Village & Base Area (Commercial & Residential Districts, Vacation Residential, German Flats Commercial & Access Road Commercial Districts)

- Sugarbush Village and Lincoln Peak base area serves as the Town's principal modern growth center. Although there are several commercial districts in this area, the Sugarbush Village, German Flats, and Access Road Commercial Districts allow multi-family dwellings and may be reasonable sites for future workforce housing development in addition to the residential districts.

Bobbin Mill Commercial District

- The Bobbin Mill was historically used for industrial purposes but due to its proximity to Warren Village, easy access to Route 100, good soils, and southern exposure, it is suitable for moderate density residential uses once the current sand extraction is ceased.

Warren's Land Use & Development regulations allow for Planned Unit Developments (PUD) to encourage creative site design, minimize development costs, create a mix of housing types, and preserve natural resources and open space. A PUD in rural districts (Forest Reserve, Rural Residential and Meadowland Overlay) must be designed as either a "Crossroad Hamlet," "Farmstead Cluster," or "Upland Enclave." A "Crossroad Hamlet" differs from the aforementioned definition of a hamlet based on the orientation of the buildings toward the road. Given that Warren was originally settled by farmers around a green at the Four Corners (the crossroads of Roxbury Gap Rd, Brook Rd, Airport Rd, and East Warren Rd) and the existing mix of uses, the Four Corners could be a good candidate for a hamlet-type housing development.

Fayston Zoning-based Housing Priority Areas

Irasville Commercial District

- The purpose of this district is to encourage medium density, mixed uses in an area with easy access to Route 100 and other services adjacent to Waitsfield. This district is small in terms of acreage, so development potential is limited.

Resort Development District

- This District is intended to encourage the development of a compact, mixed-use growth center at the bases of Sugarbush (Mount Ellen) and Mad River Glen ski areas. Single-family and two-family dwellings are permitted uses, and multi-family dwellings are allowed as PUDs.

Recreation District

- The Town envisions concentrated development in the form of multi-family dwellings, within close proximity to the ski resorts, in this district through PUDs. For future higher-density development to occur, a centralized wastewater system may be required.

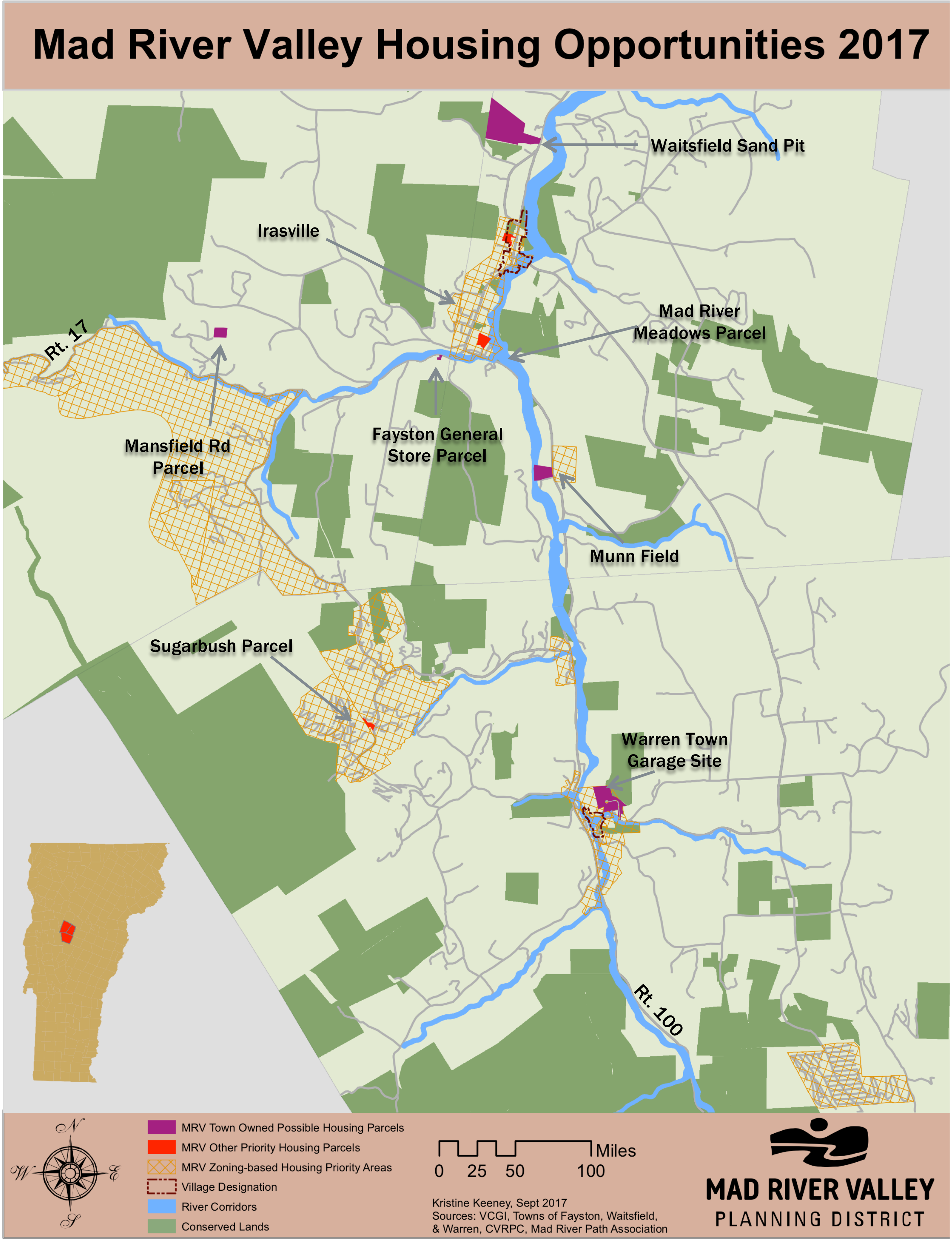


Figure 16- Source: MRVPD Planning District, Towns of Waitsfield, Warren, and Fayston, Central Vermont Regional Planning Commission, Mad River Path Association

Finance & Construct Affordable Housing

There are several existing affordable housing developments in the MRV, including Mad River Meadows, Wheeler Brook Apartments, Evergreen Place, and Verdmont Mobile Home Park. All of the aforementioned properties are currently owned and managed by Downstreet Housing & Community Development. While there are challenges to developing additional affordable housing units, there are opportunities to identify suitable land based on MRV Housing Opportunities Map and work with non-profit partners to finance and construct new affordable housing. Both Vermont towns and other resort communities are building new affordable housing developments to address the need for additional units in their communities.

They MRV could be well positioned to apply for grant funding by selecting one of the identified priority parcels or other parcels as they become available and partnering with Downstreet to sponsor the project or by issuing a Request for Qualifications to gauge developer interested in a proposed project on town land.

Cumberland, ME- Tuttle Road Moderate Income, Multi-Generational Neighborhood Public -Private Partnership Initiative

Case Study

The Town of Cumberland, Maine he town of Cumberland issued a Request for Qualifications in an effort to partner with a real estate developer to build a neighborhood on 31.7 acres of town-owned land that would include housing for people of all ages and income levels. This effort is in response to declining school enrollment, high priced single-family homes, and a decline is the lack of a diverse range of dwelling sizes and types that prevents older residents from downsizing without leaving the community. The project's goal would be to build 75 to 100 dwellings with a mix of one-, two- and three-bedroom units in a compact and multi-generational neighborhood environment. It would include a mix of rental housing including single-family homes, duplexes, townhouses and apartments and have easy access to a multigenerational recreation facility, green space, parks and other shared amenities. The project would include dedicated space for a senior assisted living facility with at least 50 beds. To entice developers, the town is considering a number of options, including "removing or limiting the land costs for the developer," subsidizing the cost of infrastructure such as roads and utilities, and creating a tax increment financing (TIF) district around the neighborhood.[123]

Potential Funding Sources:

- **Housing for All Initiative, VT Revenue Bond 2017-2020**
- **Vermont Community Loan Fund- Affordable Housing Loan Program**
- **VHCB HOME Program**
- **VHCB Housing Feasibility Funds**
- **VHFA Construction & Permanent Loan Programs**
- **VHFA Pre-development Loan Program**

Vermont Housing for All Initiative 2017-2020

A $35 million revenue bond to invest in affordable & workforce housing with the goal of developing 550-650 units of housing statewide. The bond will be issued by VHFA and administered by VHCB; VHCB will be looking for innovative or to pilot new approaches to fund over the next several years of the initiative. The funding priorities are new units and rehabilitation of substandard units, sited in areas targeted for growth and reinvestment (priority given to state-designated areas), readiness to proceed, geographic distribution, and community revitalization and development.

At least 25% of the affordable housing will be targeted to very-low income (below 50% of median income) and at least 25% of housing will be targeted to middle income households (between 80-120% of median income) for workforce housing. Applications accepted beginning Fall 2017, and all funds will be committed by July 1, 2020.

Hinesburg, VT Green Street Apartments *Case Study*

23 new units were developed and built by a private developer in September 2016, with a range of sizes for individuals and families. Rents for a two-bedroom apartments range between $800-945 a month with heat and hot water included.[124] Champlain Housing Trust & Vermont Housing purchased the development once construction was completed using a variety of funding sources including:

- *Vermont Housing and Conservation Board, Vermont Community Development Program, Federal HOME program, and private equity from the sale of state and federal tax credits allocated by the Vermont Housing Finance Agency.*

Pitkin County, CO- Aspen & Snowmass Village *Case Study*

The Pitkin County Housing Authority led the first government, workforce-housing policy in the nation in the 1970s and 1980s. They adopted a "permanent moderate housing" zone and requirement that 50% of new development be affordable into the land-use code. The Housing Authority has right of first refusal on affordable ownership housing units at the time of sale and appreciation caps are placed on deed-restricted units at 3 percent or the national rate of inflation, whichever is lower. Aspen has the largest inventory of affordable housing among Colorado ski towns and can also claim to have among the highest rates of homes that are occupied by local residents year round, despite having some of the most expensive real estate in the nation.[125]

One example is a the Benedict Commons development completed in 1996 by a private developer that included 27 energy efficient units designed for residents earning $17,000-$38,000. It was designed to fit into the neighborhood context by making the multifamily building look like a collection of individual dwellings. Each unit has a private entrance and a roof deck, garden space, or small entry deck. The apartments are built above a parking garage and around a central, sunlit courtyard with mountain views.[126]

Telluride, CO Workforce Housing *Case Study*

In the 1990s, the Town of Telluride developed workforce housing by utilizing private placement tax-exempt revenue bonds to raise the funds necessary to cover the infrastructure and construction costs of the project. The development consists of 104, 1 & 2 bedroom units, 5 buildings, parking, and was completed in 3 phases. From 2004-2010 they built 100 deed-restricted employee units. The Town is planning to install solar panels on two-thirds of its deed-restricted affordable housing stock- in which 30 percent of the town's residents live.

Adaptive Reuse of Appropriate Structures for Housing

Another option that avoids new construction is adaptive reuse of appropriate structures into affordable housing. Adaptive reuse is a method of reusing or rehabilitating a building for a purpose other than the one it was designed or built for. Combing affordable housing and adaptive reuse is a win-win for communities because this approach provides needed housing units and ensures that architectural and historic assets are economically viable contributors to their communities.[127] Potential buildings to consider for adaptive reuse can generally include a power plant, jail, schoolhouse, church, large industrial building, etc. Opportunities for adaptive reuse can be a building that is currently available for sale or that becomes available in the future. One of the advantages of working with a non-profit developer on this type of project is the ability to incentivize long-term owners to donate part of the property value and obtain a tax deduction. Current on-market examples include:

- Waitsfield Methodist Church
- Bongiorno's Restaurant building
- Millbrook Inn & Restaurant building
- Flemer Barns
- Former Mad Bush Inn

Generally more funding is available if the building is listed on the National Register of Historic Places and would also serve the public purpose of preserving historic community assets.

Funding Sources:

- **Federal Rehabilitation Investment Tax Credit (National Register)**
- **State Historic Preservation Grants (National Register)**
- **VHCB Affordable Housing Projects in Historic Buildings**
- **Cynthia Woods Mitchell Fund for Historic Interiors**
- **Hart Family Fund for Small Towns**
- **Robert Sincerbeaux Fund Grants for Project Development**

Rehab/Convert Market-Rate Units for Workforce Housing

In order address the issue of poor quality rental housing stock in the MRV, one option is to encourage property owners to invest in their rental units by supplying incentives in the form of grants or a revolving loan fund. This approach would avoid both new construction and empower private property owners to rehabilitate existing rental units by providing them with the capital to do so. There are several examples of similar local programs in Vermont and a plethora of resources available on the state level to support the rehab of existing housing stock that private property owners might not be aware of. Eligible work under the program could be based on the U.S. Department of Housing and Urban Development (HUD)'s basic housing quality standards (HQS) or another set of standards to be determined by the sponsoring organization or entity.[128] Another consideration for this type of program is whether or not to set an affordability limit or require a deed-restriction in order for property owners to be eligible for the program.

Another option to avoid new construction is to acquire and convert market-rate units into workforce housing. This is accomplished by then instituting deed restrictions on units that caps how much a house or apartment can rent or sell for in perpetuity. Other resort towns have been successful in increasing their affordable housing stock by using this approach. However, in some locations the gap between affordable deed-restricted and market-rate housing has become so large, that people are staying in affordable housing on a long-term basis, causing there to be little turnover in affordable housing stock.

Funding Sources:

- **Downtown & Village Center Tax Credit for Historic Rehab**
- **Vermont Community Loan Fund Affordable Housing Loan Program**
- **Vermont Community Development Program Scattered Site Grant**
- **Housing Acquisition & Rehabilitation (HARP) Program**
- **VHFA Energy & Equity Bridge Loan Program**

Brattleboro, VT Rental Housing Improvement Program

Case Study

The Town of Brattleboro offers low-interest rate loans to owners that range between $3,000 and $25,000 for up to a 10-year loan term to create or upgrade affordable rental housing. Eligible work includes:

- *Bringing the property into compliance with applicable codes*
- *Creation or rehabilitation of rental units in a single- or multi-family building*
- *Structural repairs*
- *Electrical, plumbing or heating improvements*
- *Weatherization*
- *Accessibility modifications*
- *Lead paint or asbestos abatement*

At least 51% of the tenants must have a total household income no higher than the "low-income" limit set annually by the U.S. Department of Housing and Urban Development (HUD) in order for the property to be eligible for the program.[129] *Borrowers are be required to keep rent and utility costs at a level affordable to low- or moderate-income tenants for 5 years or the duration of the loan, whichever is longer.*[130]

Whistler Housing Authority, *Case Study*
Deed-Restricted Workforce Housing

In an effort to ensure that a majority of employees live in the community in which they work, as of fall 2017 the Whistler Housing Authority (WHA) provides and maintains 1,900 units of affordable price controlled rental and ownership units that are only available to resident employees. They have found that this approach to be best means of reducing the impact of market forces, which for the last 20 years has driven the price of market housing out of reach for locals. The WHA stresses, "comfortable, good quality affordable living space fosters the well being of both the individual and the community as a whole. Access to affordable housing attracts skilled and energetic adults as well as young families with children to become part of the community. This in turn helps to ensure a stable resident workforce and a vibrant and diversified community.[131]*"*

Tiny House Initiative

Going beyond just accommodating tiny houses in local zoning bylaws, a more active strategy is recommended to develop a clear process by which tiny houses are a legitimate and viable housing option and pursue the development of tiny houses as a strategy to increase the supply of affordable housing in the MRV. Potential and existing tiny house owners, in addition to issues with zoning bylaws and wastewater regulations, also face challenges related to siting, obtaining traditional bank financing, insurance, appraisals, and wastewater regulations. By bringing these issues directly to banks, insurance companies, appraisers, and regulators, progress can be made to legitimizing tiny houses as a viable housing option.

A program to encourage local residents to host a tiny house as an accessory dwelling unit would create a network of legitimate locations for tiny house owners to site their house. The creation of a "road map," to owning and siting a tiny house, from legitimate locations to bank financing, could attract development and/or new residents in the MRV.

In order to spur tiny house development in the MRV, partnerships could be created with local organizations like the MRVPD, Downstreet Housing & Community Development and local schools including Yestermorrow, Norwich University's Affordable Sustainable Architecture (CASA) Initiative, or the Central Vermont Career Center. This approach could save money on construction costs and involve local students on a project in their community. The MRV Housing Coalition has partnered in the past with the Central Vermont Career Center (formerly Barre Vocational-Technical School) to build an affordable single-family home on German Flats Rd. And Downstreet, Yestermorrow, and Norwich University have expressed interested in collaborating with the MRVPD and towns on projects in the future that will address the need for more affordable housing.

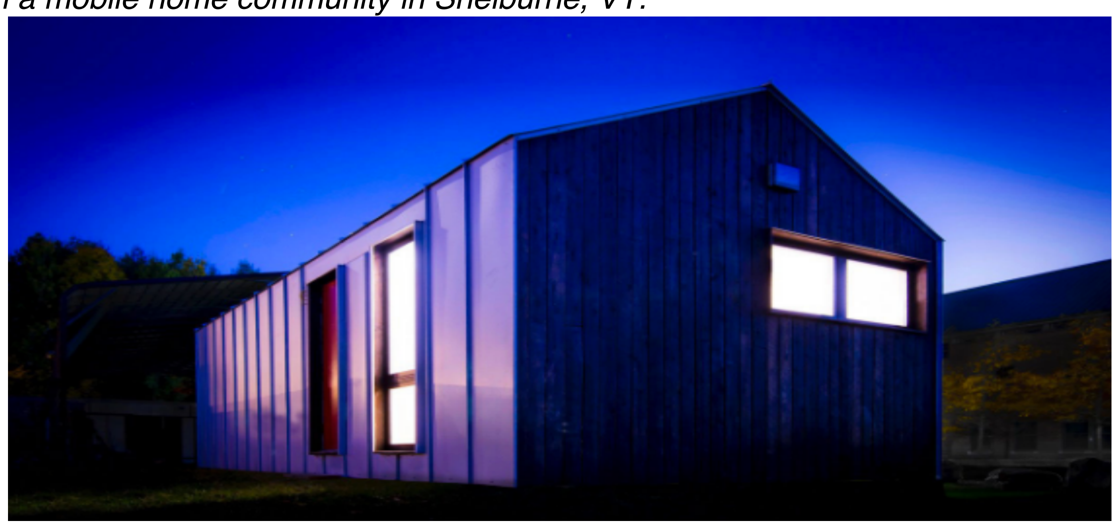
A pilot project to site a tiny house at Verdmont Mobile Home Park in Waitsfield and development of tiny house village are examples of projects where a partnership with a local school might make sense. Yestermorrow currently offers Tiny House Design/Build courses and the Affordable Sustainable Architecture (CASA) Initiative at Norwich University has designed and built affordable tiny homes that reflect the character of the Vermont landscape. Projects like these could set the stage for an event that culminates in a tiny house event for people to visit and highlight the expertise and welcoming environment for tiny houses in the MRV.

Aspen Seasonal Employee Tiny Homes *Case Study*

Aspen Skiing Co. purchased six tiny-houses on trailers and placed them at a campground as a pilot project during the 2016/2017 season to address affordable housing needs for seasonal workers. The units took eight weeks to manufacture and they were hooked into the existing sewer, water and electrical supplies at the campground. Aspen chose this direction for a pilot project because they felt there were not many other ways they could act quickly to alleviate the affordable housing problem. Two models were ordered, one that accommodated roommates and the other a couple and child.[132] Following the pilot project, Aspen Skiing Company is planning on expanding its tiny home employee housing by adding another 34 homes to a RV campground for the 2017/2018 season. The new tiny homes will be able to hold 3 employees and have 1.5 bath instead of just one. Aspen says the additional tiny houses will open up beds for 102 employees for the upcoming season with an estimated monthly rent of $600.[133]

Norwich University CASA Initiative *Case Study*

Students at Norwich University in the College of Professional Schools' Creating Affordable Sustainable Architecture (CASA) Initiative designed and built a 324-square foot micro home that provides affordable housing for all income levels and serves as an alternative to a mobile home. The total construction costs included approximately $30,000 for materials, donations including a $20,000 grant from an international bank, $7,000 window/door package donated by a national window manufacturer, additional donations totaling $4,700, and student and professor labor.[134] The house won the 2016 People's Choice Award from the Vermont chapter of the American Institute of Architecture and currently owned by someone who qualified for low income housing and sits in a mobile home community in Shelburne, VT.[135]



Detroit- Rent-to-Own Tiny House Community *Case Study*

Cass Community Social Services is in the process of building a tiny house community as a way for low-income individuals to become homeowners. They have completed seven of the planned 25 tiny houses on group of formerly vacant lots. This project has been called the only rent-to-own model in the country, with the idea being according to Executive Director, Reverend Faith Fowler, "that this model gives residents an asset, which will help them borrow money in the future."[136] The houses vary between 250-400 square feet and each is architecturally different. Some are studios, while others have a loft, and some have a separate bedroom. A 300-square-foot home is estimated to cost $48,000 to build and electric bill including heat in the winter is estimated at $32 a month.[137] They anticipate that at least half of the renters will be formerly homeless people and the rest will be low-income seniors and students who have aged out of foster care. Residents must have a steady income in order to qualify, but it is an ownership program for people earning as little as $10,000.[138] Ford Motor Company has contributed $400,000 to this project, Herman Miller and Interior Lifestyles have donated furnishings, and Ford employees volunteered their time.[139]

Identify & Pursue Potential Dual Goal Projects

Another strategy to reduce the cost of land to build affordable housing is to work with non-profit and municipal partners that are interested in conserving land to identify where there is an opportunity to accomplish more than one goal at the same time. The Vermont Land Trust (VLT) has a presence in the MRV community and is a great resource for potential parcels that might make sense for dual-purpose projects. The Vermont Housing and Conservation Board (VHCB)'s mission prioritized goal goal projects and they can combine money that has been set aside for housing and conversation projects to provide funding to support dual goal projects. VHCB and VLT are both critical partners for any future project. There are two mechanisms for achieving the dual goals of housing and conservation in one project:

- Conserve a parcel of land, leave out acreage that could be developed as housing in the future
- Conserve a parcel of land, and convey acreage for affordable housing

Conservation & Affordable Housing in Pownal, VT *Case Study*

The Nature Conservancy conserved 105 protected acres at Quarry Hill Natural Area in Pownal, VT. The Nature Conservancy also donated a portion of the property to Bennington County Habitat for Humanity to build an affordable single family home. They were able to identify a building lot that does not contain any environmental sensitive plants or species. This conservation project was partially funded by the Vermont Housing & Conservation Board (VHCB) and private donations.[140]

Housing Action Priority Matrix

As discussed earlier in the study, the opportunities to increase access to affordable housing in the MRV have not been prioritized but instead are categorized by effort versus impact. Because there is limited time, resources, and capacity in the community, it is important to understand the commitment required and the potential impact of each opportunity. The matrix in Figure 17 below provides a visual comparison through the lens of effort and impact of all of the future housing opportunities identified in this study.

The MRV Housing Coalition discussed all of the opportunities and chose a category that they thought would best represent the effort and impact associated with each. The opportunities located in the upper left quadrant of the matrix represent "quick wins," meaning they require a relatively low effort to implement but will result in a high impact. The upper right quadrant represents "major projects," that may provide good returns, but are also time consuming. The lower left quadrant represents " fill ins," or tasks that can be completed in spare time, and lastly the lower right quadrant represents "thankless tasks," that provide little return and require a high amount of effort. If the MRV were to prioritize "quick wins" and "major projects" identified in this study in order to have high impact on addressing affordable housing challenges, it would include the following:

Quick Wins

- Accommodate tiny homes in bylaws
- Incentivize & connect landlords with qualified tenants
- Performance standards for minimum lot sizes based on access to municipal/shared water or wastewater systems

Major Projects

- Increase wastewater capacity
- Pursue, finance & construct new affordable housing development
- Identify & pursue dual purpose projects
- Adaptive reuse of appropriate structures
- Tiny House Initiative
- Rehab older rental stock for workforce housing
- Consider regulating short-term rentals

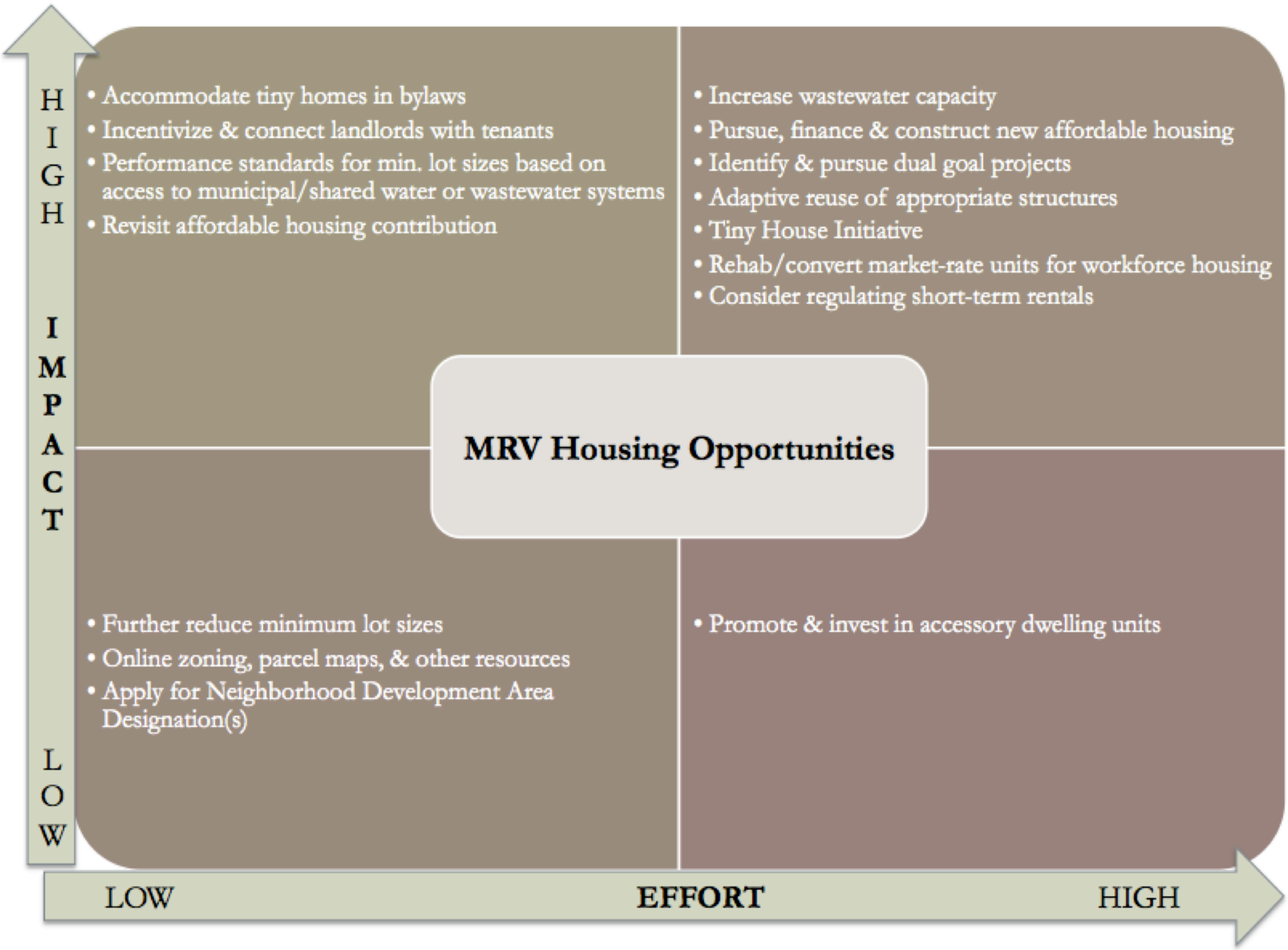


Figure 17- MRV Housing Action Priority Matrix

Appendix

Appendix A

MRV Income Analysis for 2016 Housing Needs Assessment for Selected Communities within Washington, Orange, and Lamoille Counties

Persons in Household	1	2	3	4 or More[1]	Total
Extremely Low Income (<30% of AMI)					
Income Range	$0-$15,250	$0-$17,400	$0-20,160	$0-$24,300	
Community					
Fayston	11	2	1	0	14
Waitsfield	30	9	6	3	48
Warren	19	6	3	2	26
Tax Credit Eligible (30.0%-59.9% of AMI)					
Income Range	$15,251-$30,500	$17,401-$34,800	$20,161-$40,320	$24,301-$48,600	
Community					
Fayston	10	5	1	1	17
Waitsfield	17	5	5	5	32
Warren	22	6	4	4	36
Homebuyer Assistance Eligible (60.0%-79.9% of AMI)					
Income Range	$30,501-$40,600	$34,801-$46,400	$40,321-$52,200	$48,600-$58,000	
Community					
Fayston	4	10	1	2	17
Waitsfield	8	10	7	5	30
Warren	14	7	3	4	28
Market Rate (80% of AMI & Over)					
Income Range	$40,600+	$46,400+	$52,200+	$58,000+	
Community					
Fayston	1	10	8	8	27
Waitsfield	13	14	9	8	44
Warren	28	9	9	5	51
Total					
Fayston	26	27	11	11	75
Waitsfield	70	37	27	21	154
Warren	83	28	19	15	141
MRV	179	92	57	47	370

Table A1- Source: John Ryan, Development Cycles

Endnotes

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