2017 MRV Housing Study
an overview



Affordable housing in the Mad River Valley …a key to future economic vitality

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."

MRV HOUSING STUDY – AN OVERVIEW

What is affordable housing?

Housing for which the occupants are paying no more than 30 percent of their income for gross housing costs.

Gross housing costs include principal/ interest payments, property taxes, insurance and utility costs for owner occupied housing and rent and utility costs for rental housing.

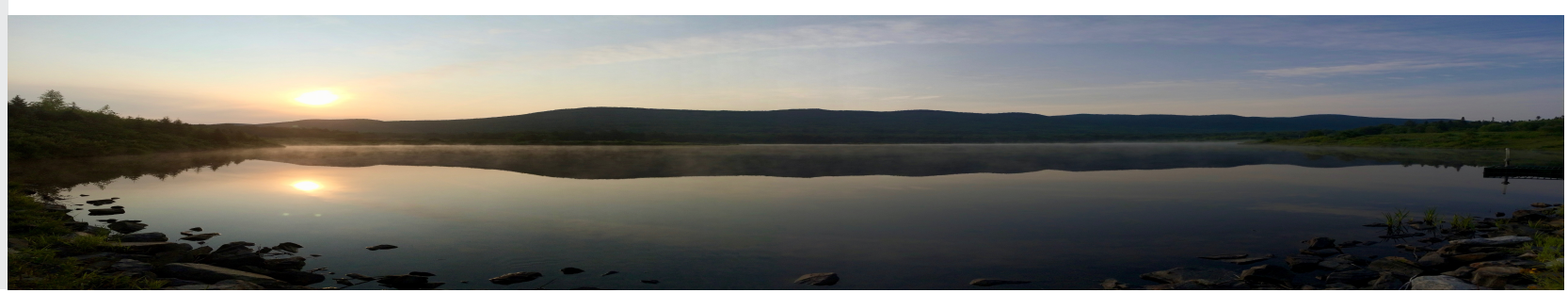
Common Housing Challenges in the Mad River Valley

The MRV offers rural charm and a small village lifestyle, as well as numerous recreational opportunities and unspoiled scenic beauty. 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. Key housing challenges found across the Mad River Valley:

- The seasonality of ski resorts and other tourism-related amenities play a significant role in the affordability of housing in the region. As households earning higher incomes from outside of the MRV purchase second homes or rent seasonal units, housing costs are driven up and become unobtainable for local residents and workers.
- The cost of raw land is a challenge for potential homebuyers, as well as developers because the cost of land can add substantially to the overall cost of a project making the construction of affordable housing cost-prohibitive.
- 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.
- Nearly half of the MRV's housing stock was built from 1960-1979 during the "resort era;" many of these units were not built with high quality materials and are in need of major capital repairs.
- Areas suitable for infill affordable housing lack the wastewater capacity to reach their full potential.

"The affordable housing issue is not just a Warren challenge, it is a Valley-wide challenge and should be addressed as such."

-Miron Malbeouf, Town of Warren, Zoning Administrator



To obtain the full study visit www.mrvpd.org or contact the Mad River Valley Planning District at 802-496-7173

Shared Opportunities

Increasing housing options and access to affordable housing is a daunting task, but one that is worthy of addressing given its importance to the future vitality of the Mad River Valley. Tackling the issue of affordable housing is not insurmountable when stakeholders work together to pursue shared opportunities.

Community leaders and organizations have been working to address affordable housing in the Mad River Valley for nearly three decades.

The Mad River Valley Housing Coalition (MRVHC) was created in 1989 and obtained non-profit status to support affordable housing options through education, advocacy and coordination. It continues today and serves as a resource for developers, individuals, municipalities, and nonprofits.

Waitsfield has made significant progress through the construction of its municipal water system and the 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 allowing smaller minimum lot sizes, expanded mixed use districts, and increased flexibility for accessory dwelling units.

The Valley Affordable Land Initiative (VALI) was established to help facilitate affordable home ownership for first time homeowners who live or work in the MRV by greatly minimizing the cost of buying land. With land donated by Sugarbush Resort, the group was able to build and sell a home to a local family at a very affordable price in 2012.

Key affordable housing projects have been developed, including Downstreet Housing & Community Development's Wheeler Brook Apartments, Mad River Meadows Apartments, and Evergreen Place. Sugarbush Resort has also begun renting private units for their employees.



Photo: Community Volunteer Appreciation Celebration, June 2015, American Flatbread at Lareau Farm

Mad River Valley 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.

KEY DEMOGRAPHIC & ECONOMIC TRENDS



The Mad River Valley Planning District commissioned an Economic Study to establish an economic baseline for the MRV that considered broad topical areas including population, housing, business sector analysis, and employment. The study found that housing costs and conditions are a major challenge in the MRV.

As a next step to the study, in 2015 the MRVPD partnered with the MRV Chamber of Commerce in leading the Economic Vitality Series, a 10-workshop program designed to initiate a discussion with the business community about issues and opportunities in the local economy. The top barrier to economic vitality that emerged was the lack of affordable housing and its associated effects on businesses.

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 towns of Waitsfield, Warren, & Fayston. This study also 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, as developed through the Economic Vitality Series effort.

An analysis of recent demographic and economic trends provides the community with a better understanding of where we are now and informs where we need to go to address the issue of affordable housing in the Mad River Valley.



"What we need in the valley is housing that is suitable for our workforce. What we want is a Valley that supports itself – the entire community from the workers to the visitors"

-Sarah Nussbaum, Community Service Coordinator, Capstone Community Action

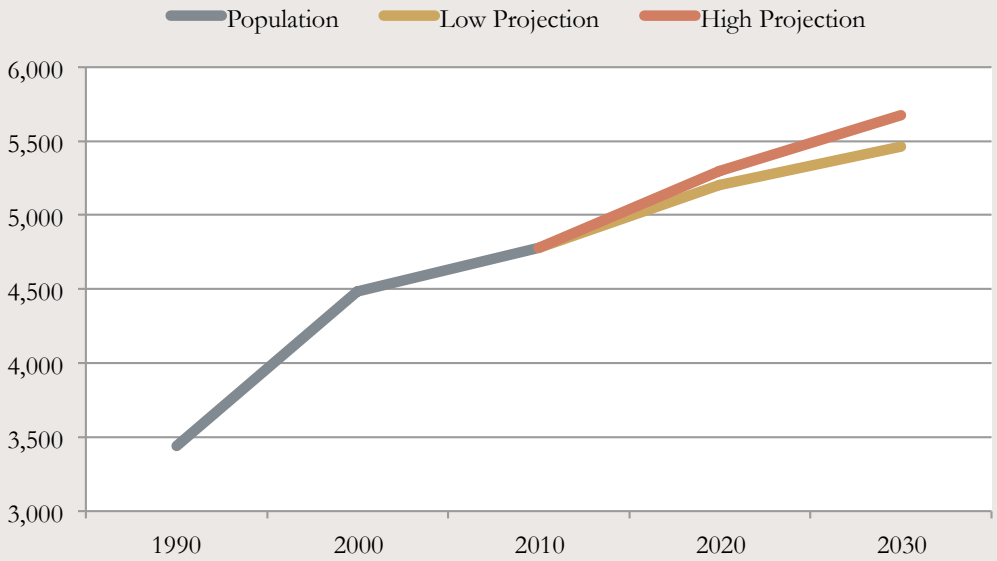
Photo: 2014 MRV Economic Summit, American Flatbread at Lareau Farm

Facts & Takeaways

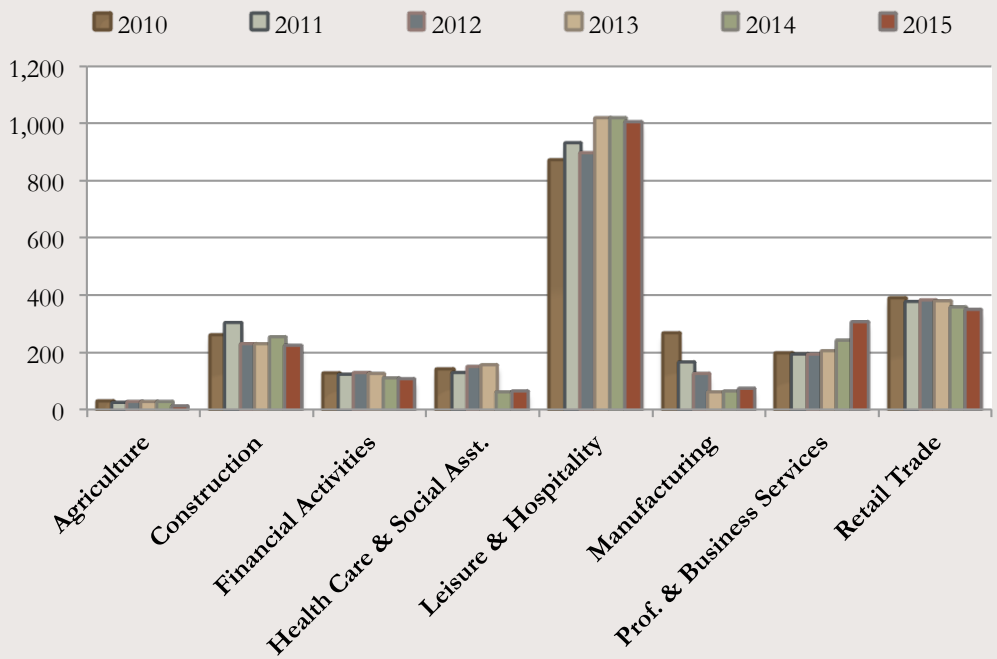
- The MRV will need to accommodate 459 additional households over the next decade to meet population projections (14-19% increase by 2030).
- Households are getting smaller, the population is getting older, and single & non-family households are on the rise – creating a need for additional small housing units.
- There was a 55% decrease in the number of people <35 years old who owned homes between 2000 and 2014, signaling a need for affordable ownership opportunities to attract and retain young people & encourage first time home buyers.
- Median household income was $73,101 in the MRV in 2014, but 50% of jobs are in the Leisure & Hospitality and Retail sectors that offer annual wages between $19,560 and $24,159; signaling a need for additional workforce housing.

[1] Source: 1990-2010 U.S. Census, VT Agency of Commerce & Community Development
[2] Source: VT Dept. of Labor's Economic & Labor Market Information

MRV Population & Projections 1990-2030[1]



MRV # of Employees by Industry[2]



WORKFORCE HOUSING CHALLENGES



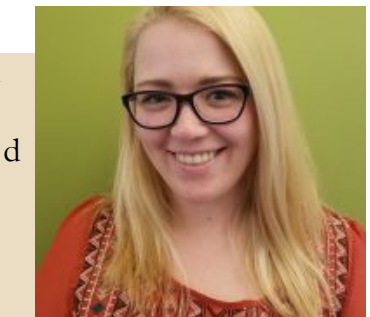
During the Economic Vitality Series, business owners made it clear that affordable housing was a barrier to economic success. In order to gain additional insight into challenges that businesses are facing, a survey was conducted in October 2016 of local business owners about their experiences with housing challenges in the MRV.

They were asked to respond to an array of questions including whether or not they feel there is currently a lack of housing choices in the MRV and if it has negatively affected their business. Business owners were also asked if and what type of assistance they would be willing to offer employees in the future to improve their access to housing.

Of the 36 businesses that responded, 97% operate year-round. The top 3 responding industries were Leisure & Hospitality, Professional & Business Services, and Retail Trade, mirroring the top 3 industries by number of employees in the MRV.

"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

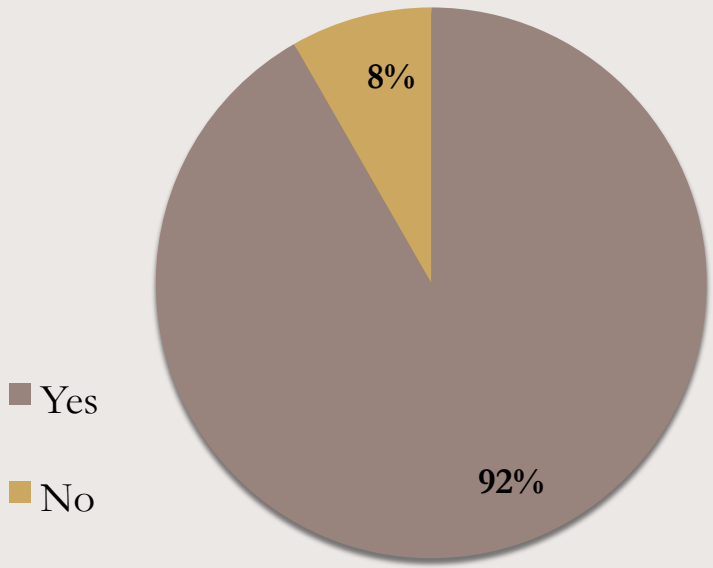


Facts & Takeaways

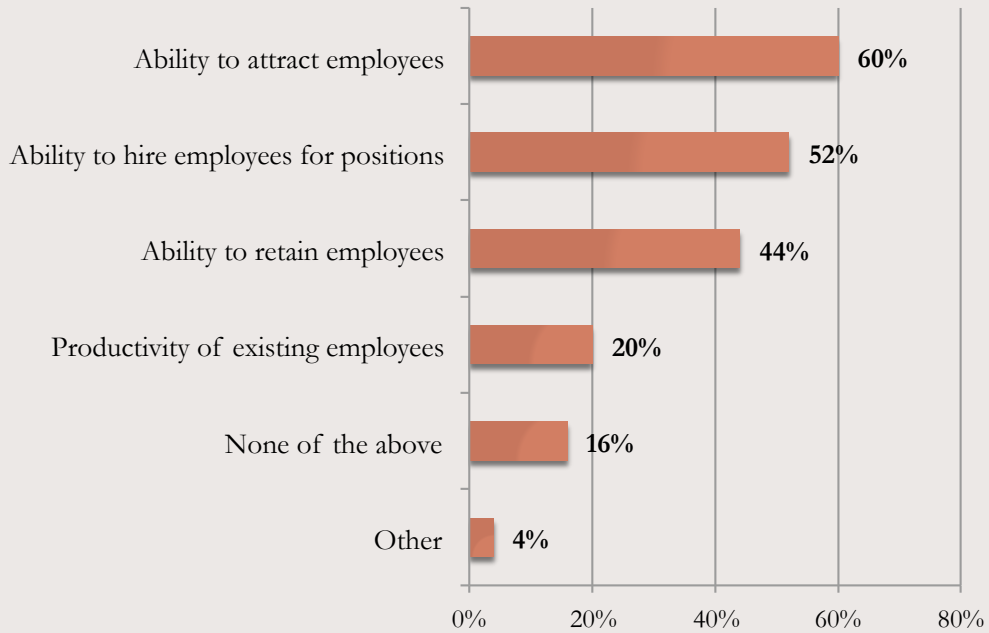
- A very high percentage (92%) of responding business owners are in agreement that the current housing choices in the MRV are not adequate.
- 50% of business owners agreed that a lack of housing choices in the Mad River Valley is having a negative affect on the success of their business.
- 60% said a lack of housing choices has specifically affected their ability to attract and hire employees.
- 60% of business owners said they would consider assisting employees with research, and 12% were willing to offer interest free loans for initial rental costs or down payment/closing costs.
- 64% of business owners said they believe municipalities and the State of Vermont have a role to play in addressing housing issues, while 58% said they think the private sector has a role to play as well.

[3] Source: 2016 MRV Employer Housing Survey
[4] Source: 2016 MRV Employer Housing Survey

In general, do you think there is currently a lack of housing choices in the Mad River Valley?[3]



What challenges has the lack of housing options posed to your business?[4]



EXISTING HOUSING SUPPLY

The Mad River Valley's attraction as a seasonal destination has had a significant affect on the supply and cost of housing. 51% of the MRV's housing is considered seasonal, recreational, or occasional use, limiting the supply for year-round residents and helping to drive up overall housing costs.

49% of the MRV's housing stock was also built during the "resort era" from 1960 to 1979, compared to just 23% in Stowe. A large portion of which are condominiums, lacking energy efficiency and design qualities of historic or more contemporary homes.

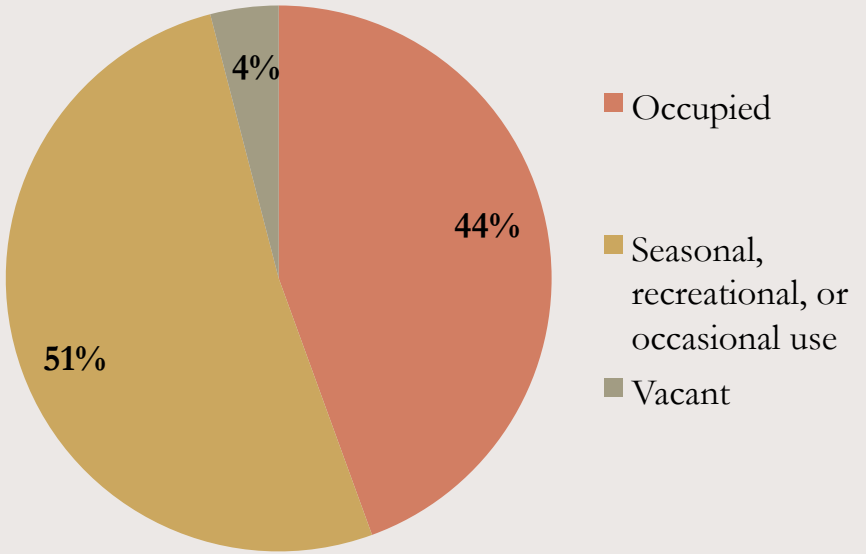
Construction of single-family homes in the MRV began to decline from its height in 2002 and has yet to recover from the Great Recession.



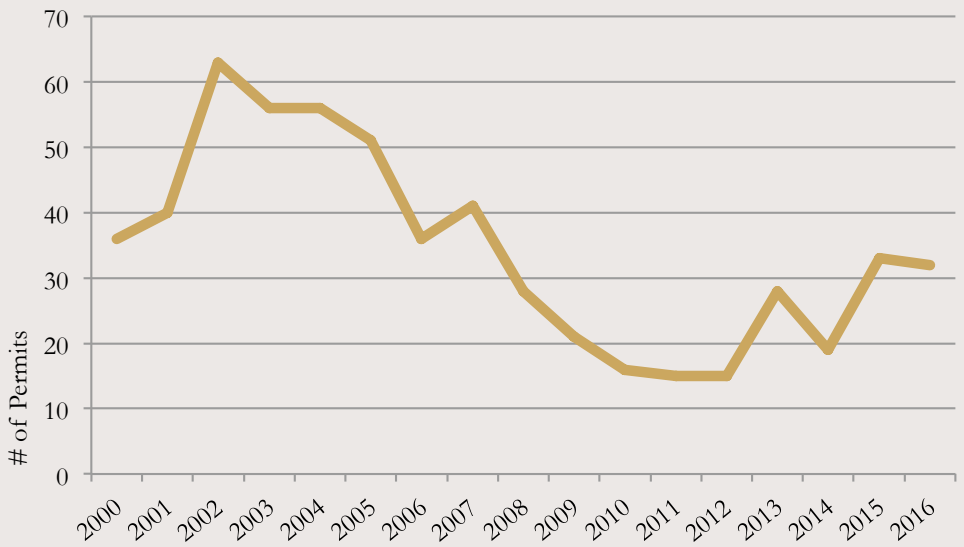
"The current affordable housing market is quite competitive. That is, homes that are in an affordable price point, and in suitable condition to qualify for conventional financing, do not last long on the market. From a Realtor's perspective, I think it will take some sort of philanthropy to create new affordable housing. The overall costs to build new construction, including infrastructure for water, septic, and power do not equate with "affordable housing" in my mind unless it is subsidized somehow."

- Erik Risner, Managing Partner, MRV Real Estate

MRV Housing Units 2014[5]



MRV Single-Family Home Permits Issued 2000-2016[6]



[5] Source: VT Housing Data
[6] Source: Annual Reports of the Towns of Waitsfield, Warren, & Fayston, VT Housing Data

SHORT-TERM RENTALS

Short-term rentals (STRs) have become an integral part of local housing markets 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."

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 STRs are operating as "commercial listings," entire units rented out full time. Critics of these types of platforms argue that commercial listings, in particular, take rental units off the market that would otherwise be available to local residents, reducing housing supply and increasing rents.

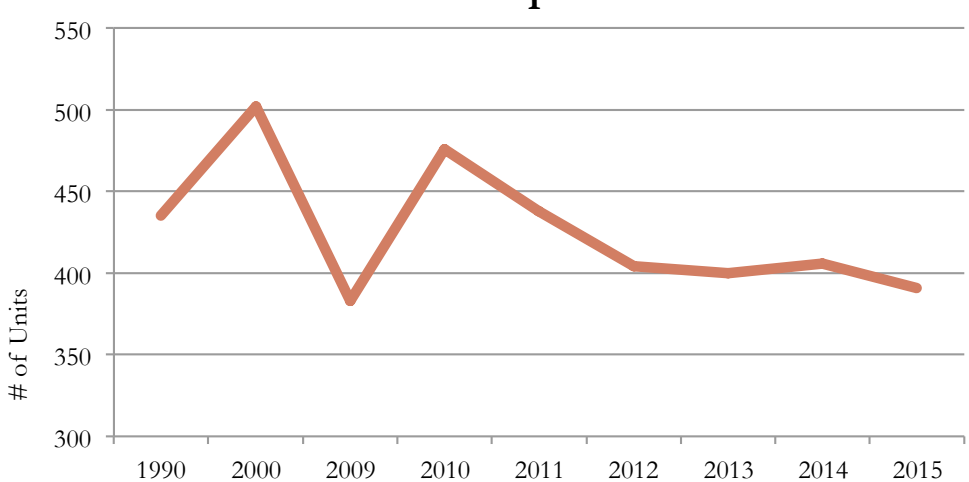
The Mad River Valley's draw as a tourism destination inherently creates demand for short-term rentals. As such, it is important to consider the role that short-term rentals play in the local housing market.

A 2016 Harvard Law Review article suggests that every 1% decrease in housing stock may lead to a 0.2 % increase in rent. [8] Other studies have concluded that short-term rentals have had a more limited impact on housing supply, but suggest that is likely to change as the practice becomes more wide spread. The MRV Renter-Occupied Units chart 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 the rise in popularity of Airbnb around the same time period, however, data is not available to establish causation.

Based on an analysis of short-term listings in the MRV in Nov. 2016, there were 254 STR listings out of an overall 413 lodging properties.[9] The MRV Short-term Rentals by Town table shows that STRs equal between 1% and 11% of the total housing units in the three towns, and 6% in the MRV as a whole.

Municipalities are choosing to deal with the proliferation of STRs in different ways, and some not at all. It is up to the elected officials to decide if and how short-term rentals should be tracked, regulated, and permitted in the MRV going forward.

MRV Renter-Occupied Units 1990-2015[7]



MRV Short-term Rentals by Town[10]

	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%**
Total MRV	4,616	254	**6%**

[7] Source: U.S. Census Bureau 1990-2015

[8] Source: Dayne Lee, "How Airbnb Short-Term Rentals Exacerbate Los Angeles' Affordable Housing Crises: Analysis and Policy Recommendations."

[9-10] Source: U.S. Census Bureau, American Community Survey 2010-2014; Middlebury College, Rural Geography, Peter B. Nelson, Dept. of Geography, Fall 2016

OWNERSHIP MARKET ANALYSIS



Housing prices in the Mad River Valley generally followed the State trend through the 1990s and early 2000s, but prices have become increasingly volatile and expensive since the mid-2000s. Housing values are also significantly higher in the MRV compared to the State.

An assessment of the MRV housing market in August 2016 found that out of 114 single-family homes (not including condos or mobile homes) on the market at the time, only 35 (31%) were listed below $300,000. This figure highlights the skew of the single-family market in the MRV towards higher priced homes.

There were also 35 condos and 1 mobile home on the market at the time. Mobile homes and condos made up 24% of the housing market and are generally the most affordable ownership opportunities in the MRV.

Purchasing a condominium as a "starter" home may provide a transitional option for some individuals and fledgling families. However, a condo may not be an attractive permanent living option for some and new condo construction in the MRV is generally higher-end and priced accordingly.

Resource

Downstreet Housing & Community Development

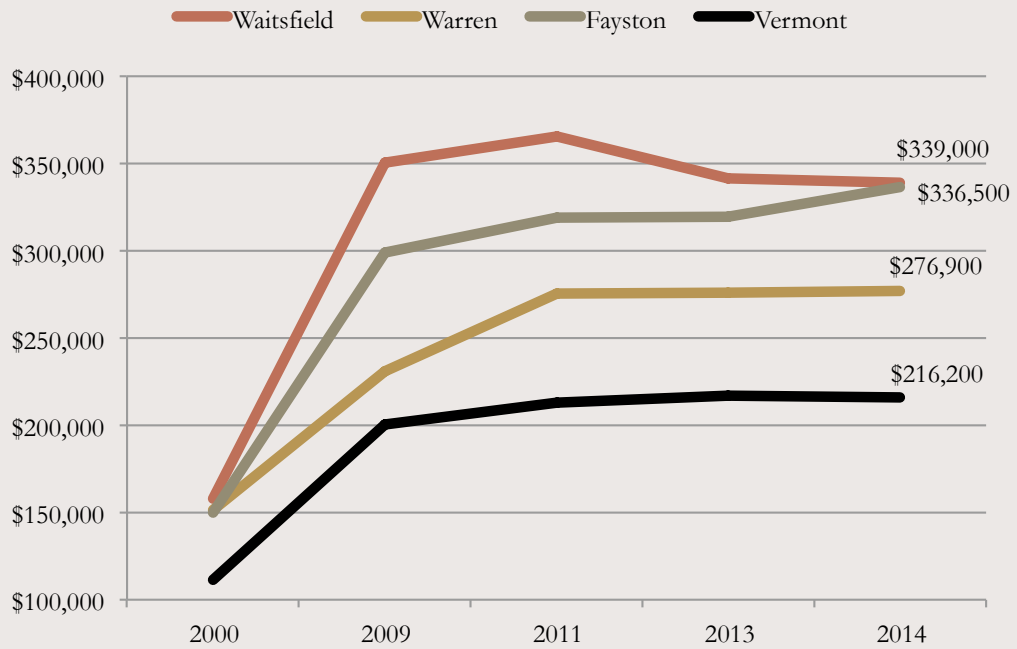
Provides access to safe, adequate & affordable homes and services in Central Vermont. Their Home Ownership Center can help with home-buyer education, home repair loans, and credit repair.

www.downstreet.org

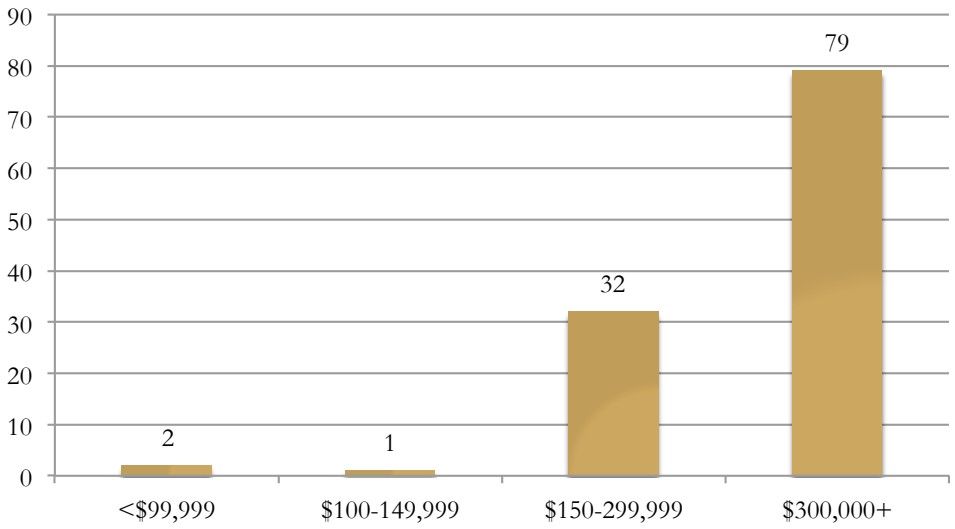
Facts & Takeaways

- 69% of single-family homes (or 79 homes) on the market in Aug. 2016 were offered at prices between $300,000 and $2.5 million, while 31% (or 35 homes) were listed below $300,000.
- Home values were significantly higher on average in the MRV ($317,467) compared to the State ($216,200) in 2014.
- Condos and mobile homes are the most affordable ownership options with median asking prices of $140,000 & $170,317, respectively, compared to single family homes ($438,300).
- Less expensive single-family homes are few and far between, and often require major capital repairs.

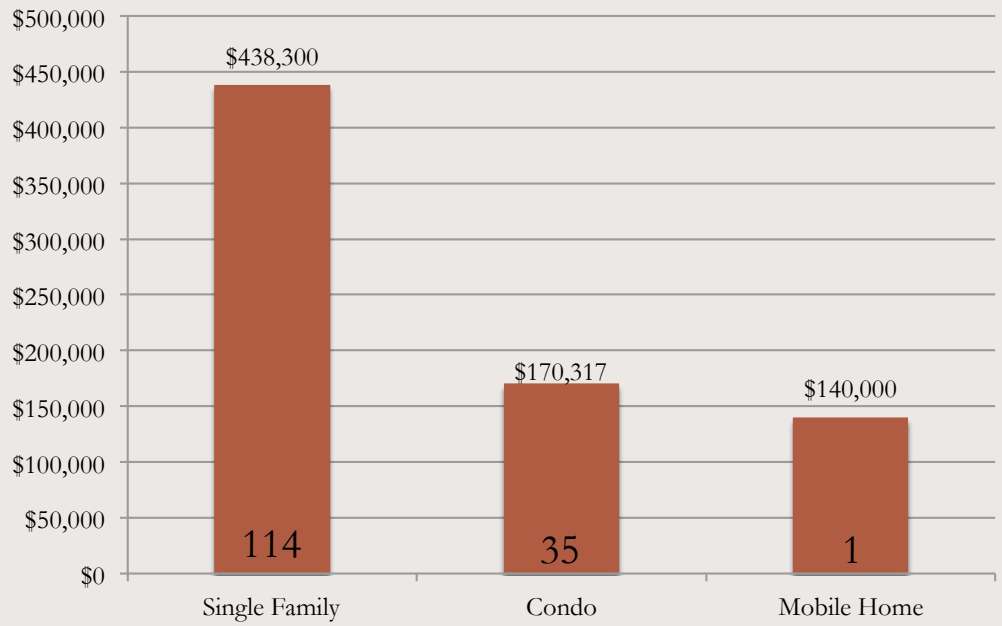
Median Value of Owner-Occupied Housing Units 2000-2014[12]



Number of Advertised Single-Family Homes by Price in MRV-Aug 2016[11]



MRV Median Advertised Home Prices August 2016[13]



[11] Source: Multiple Listing Service (MLS)
[12] Source: U.S. Census Bureau, American Community Survey 2010-2014; VT Housing Data
[13] Source: Multiple Listing Service (MLS)

RENTAL MARKET ANALYSIS



Rental costs in the MRV are generally more expensive than surrounding communities and have become more expensive over time. The average median gross rent (including utilities) in the MRV was $994 in 2014, higher than most surrounding communities such as Montpelier and Waterbury, as well as Washington County as a whole.

Units with rents less than $500 and up to $749 have decreased considerably, while the percentage with rents over $1,000 have increased significantly. The market of affordable rental units has been shrinking over time.

An assessment of advertised rental units available in September 2016 provides a snapshot of the MRV's rental housing market. Advertised rentals were sparse overall, particularly two bedroom units. Average rents for all advertised unit sizes, except for studios, were above the U.S. Department of Housing and Urban Development's Fair Market Rent, which establishes the typical rents paid for units in the middle of the price range in the local market.

Resource

Front Porch Forum

A local source for available rental opportunities. Housing seekers should sign up and post that they are looking for housing. This approach appears to be more successful than waiting for landlords to post an opening.

www.frontporchforum.com/areas/179

Facts & Takeaways

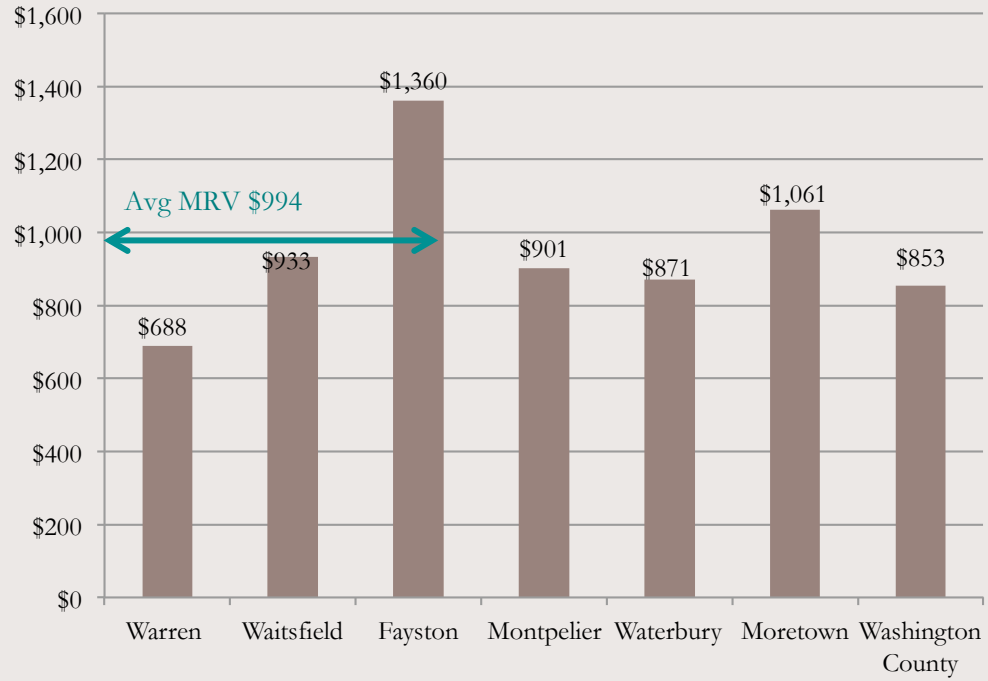
- MRV's median gross rent including utilities ($994) was more expensive than surrounding communities, including Montpelier ($901), Waterbury ($871), and Washington County ($853) in 2014 .
- Between 2000 and 2015, units renting for <$500 and ≤$749 (with utilities) decreased from 73% to 36%, while units renting for $1,000+ increased from 6% to 52% of the MRV rental stock.
- An assessment of advertised rentals in Sept. 2016 provided a snapshot of the rental market; studios are the most affordable rental options (but can lack basic amenities like a stove), one-bedroom units averaged $1,155/month, there were very few 2 bedroom units, and 3+ bedroom units were expensive (likely due to the market for seasonal rentals).
- Rents for all unit sizes advertised in Sept. 2016 (except for studios) were above Fair Market Rent (as defined by the U.S. Department of Housing & Urban Development).

2016 MRV Market-Rate Rent & Fair Market Rent Comparison[14]

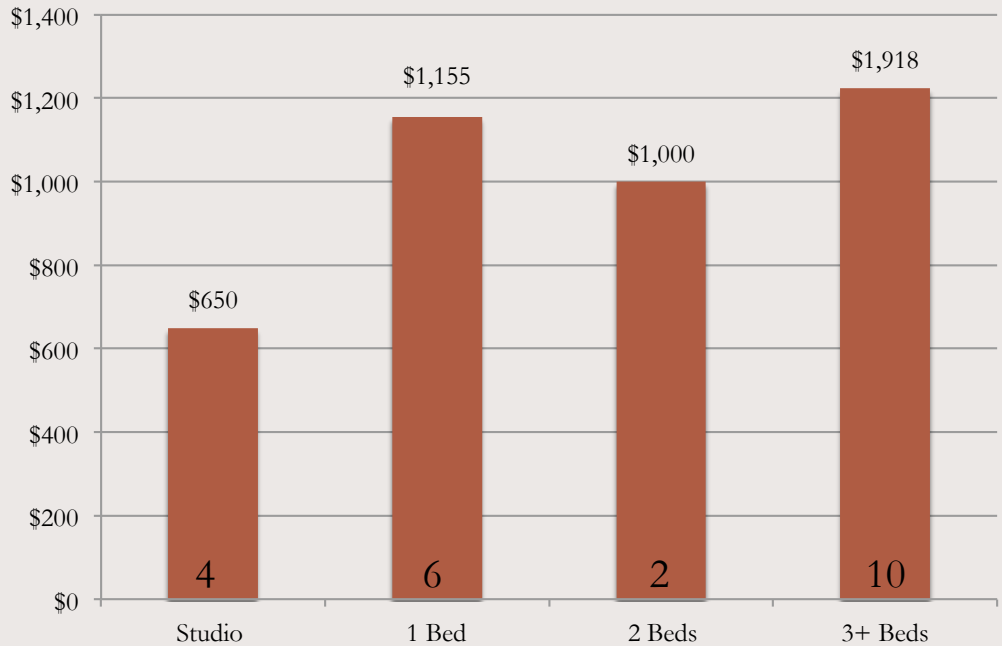
2016	Studio	1 Bed	2 Beds	3+ Beds
Market-rate Avg. Rent				
MRV	$650	$1,115	$1,000	$1,918
Fair Market Rent				
Washington County	$732	$737	$986	$1,224+

[14] Source: Front Porch Forum, The Valley Reporter, Craigslist; U.S. Department of Housing and Urban Development
[15] Source: VT Housing Data
[16] Source: Front Porch Forum, The Valley Reporter, Craigslist

2014 Median Gross Rent Comparison[15]



MRV Average Advertised Rentals Sept. 2016[16]



AFFORDABILITY GAP



Photo: Jeff Knight/The Valley Reporter

Finding affordable housing in the MRV is difficult, but determining the gap between what people can afford and current housing costs makes it possible to quantify the challenge.

A comparison of median household income to both home values and median gross rent in the table below shows a widening of the MRV's housing affordability gap over time. Even accounting for inflation, household income is not keeping pace with increases in the value of primary residences and monthly rents.

Rental housing in the MRV is unaffordable to people making less than 80% of Area Median Income ($46,000-58,000, depending on household size). Likewise, owning a home is also unaffordable to those earning less than 120% of AMI ($61,000-97,000, depending on household size).

MRV Income vs. Home Values & Median Gross Rent 2000-2014[17]

	2000 (adj. for inflation)	**2014**	**% Change**
Median Household Income[17]	$67,129	$73,101	**9%**
Median Value of Owner-occupied Housing Units	$210,295	$317,467	**46%**
Median Gross Rent	$880	$994	**13%**

[17] Source: U.S. Census Bureau, 2010-2014 American Community Survey; VT Housing Data

Facts & Takeaways

- The gap between what people can afford and market-rate housing in the MRV is widening – increases in median value of owner-occupied housing units (46%) and median gross rent (13%) have outpaced increases in median household income (9%) between 2000 and 2014.
- Earning $22.22 an hour in order to afford a 1-bedroom apartment is not feasible for most of the workforce given the availability of employment opportunities in the MRV.
- Working 93 hours a week at minimum wage is not reasonable to expect people to work in order to afford a 1-bedroom apartment in the MRV.
- Based on market-rate home prices in August 2016 and what MRV households can afford, purchasing a single-family home is out of reach for all but those that earning over 120% of area median income.
- Based on market-rate rents in September 2016 and what MRV households can afford, it would be difficult for a single person to afford renting anything besides a studio. The greatest need for rental opportunities in the MRV are for households earning ≤80% of median income.

Hourly wage required if 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 analyzing empirical data, feedback was obtained directly from individuals who have recent experience looking for housing in the MRV. The intent of the October 2016 MRV Housing Seeker Survey was to gain a better understanding of the demand for housing directly from those looking for housing.

Individuals that had searched for housing in the MRV in the last five years were asked about the type and cost of housing they were seeking. The survey link was posted on Front Porch Forum and Craigslist; 107 people responded to the survey.

Results showed a majority of people were looking for year-round rentals and primary residence ownership opportunities. These results challenge the narrative that seasonal employees make up a majority of the MRV's housing seekers.

82% 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."

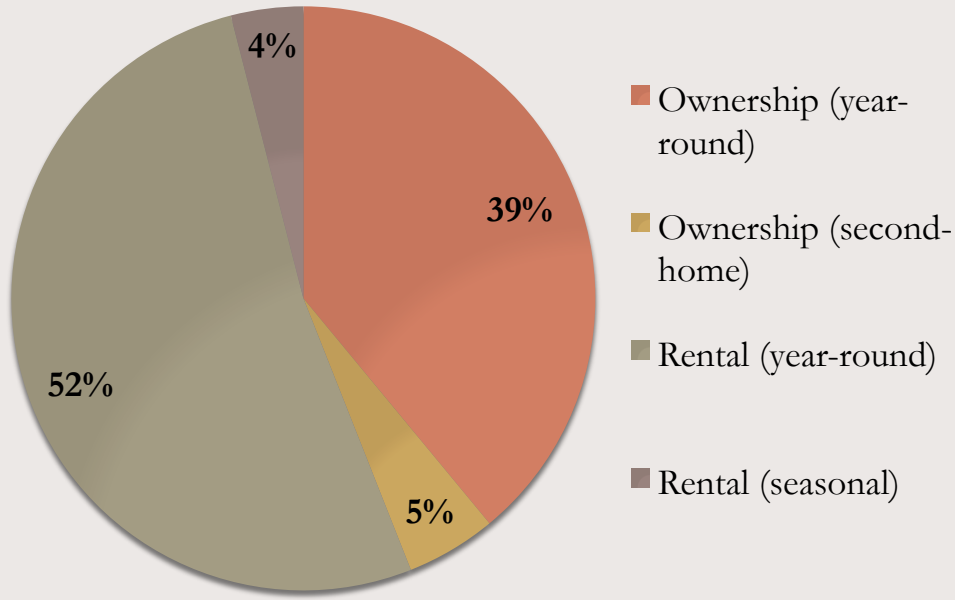
-Respondent to the Mad River Valley Housing Seeker Survey

Facts & Takeaways

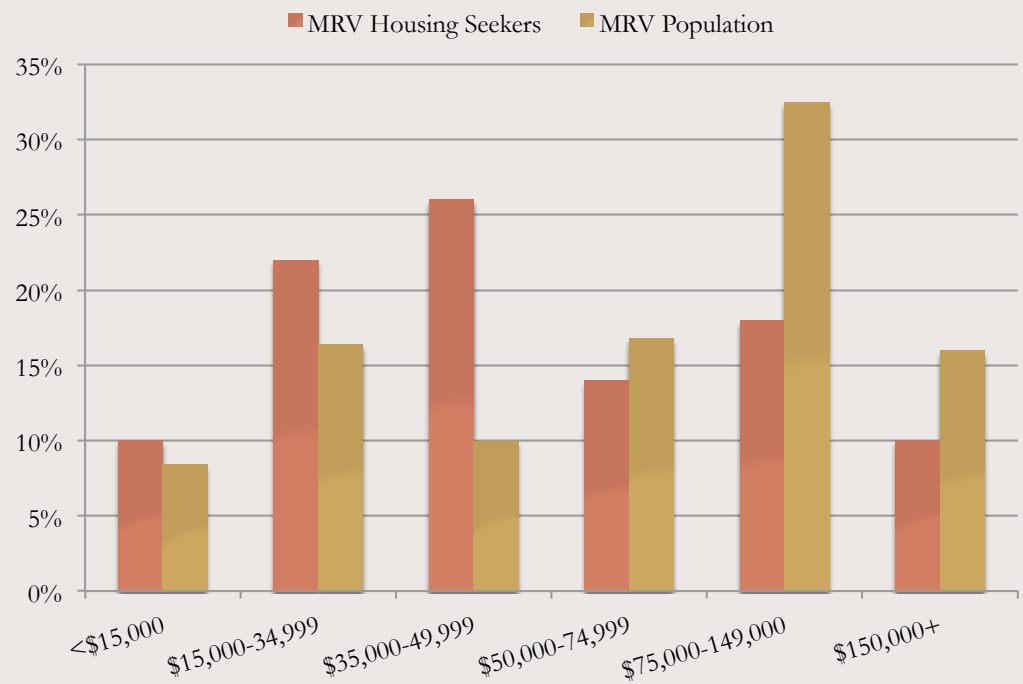
- Most housing seekers were looking for year-round rentals (52%) and year-round homeownership (39%).
- A majority of housing seekers were looking for single-family homes on less than two acres (69%) or a 2-bedroom apartment to rent (57%); a small minority were looking for condo or studio rentals. This highlights the mismatch between the bulk of the MRV's housing stock and housing demand.
- $200,000-224,999 was identified as the maximum affordable purchase price for a single-family home on less than 2 acres by a majority of respondents.
- $700-799 was identified as the maximum affordable rent for both 1 and 2 bedroom apartments.
- Housing seekers' income was clustered between <$15,000 and $49,999, while the general population in the MRV has incomes that fall in the $75,000-149,999 range.
- A majority of respondents do not believe there is adequate affordable housing in the MRV.

[18] Source: 2016 MRV Housing Seeker Survey
[19] Source: 2016 MRV Housing Seeker Survey; U.S. Census Bureau, 2010-2014 American Community Survey

Type of Housing Sought[18]



Distribution of Household Income Brackets- Housing Seekers vs. Population[19]



HOUSING TYPES

It is important to be familiar with the array of options available to address the challenges of housing affordability. The following list is not exhaustive, but does provide descriptions and pictures of various types of housing that may be appropriate to consider.



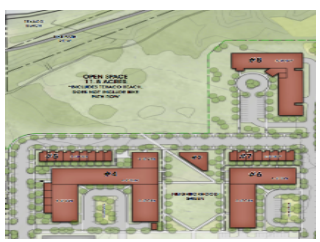
Single-family Homes: fully detached or semi attached (side-by-side) homes, row houses, and townhouses separated from an adjacent unit by a ground-to-roof wall and units must not share heating/air-conditioning systems or utilities.



Accessory Dwelling Units: a second dwelling unit contained on a single family residential lot. It has a separate living and sleeping quarters, kitchen, and bathroom. It can be upstairs, in an attic, basement, over a 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.).



Planned Unit or Residential Development (PUD/PRD): 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. They also add flexibility within the existing zoning code and enhance municipal site plan review functions.



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

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.[20]



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.



Tiny house: a house is typically <500 square feet, built on a semi-permanent foundation or on top of a chassis that can be towed behind a vehicle. Tiny houses can vary in architectural, style 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.



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. They are appealing from an affordability standpoint and can serve as a temporary structure while building a more conventional home on the same property. They primarily utilize composting toilets or outhouses for wastewater disposal.



Home Share Now: 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.



[20] Source: Vermod, Efficiency Vermont ZEM Program: www.vermodhomes.com/efficiency-vermont-zem-program

HOUSING OPPORTUNITIES



Photo of an affordable house on German Flats Rd coordinated by the Valley Affordable Land Initiative and made by possible by a land donation from Sugarbush Resort

Tackling the issue of affordable housing is a daunting task, but one that is worthy of addressing given the importance of housing options to the future vitality of the Mad River Valley.

There are numerous opportunities to increase the availability of affordable housing in the MRV. Future housing opportunities 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.

This section is meant to serve as a menu of potential options for expanding access to affordable housing. Do note that it is not exhaustive and does not identify priorities, but instead categorizes opportunities in a matrix at the end by effort versus impact. It is the responsibility of town officials, non-profit organizations, and the community members to identify which opportunities are most appropriate to pursue.

PLANNING & INFRASTRUCTURE

1. 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 to expand capacity in both Warren and Waitsfield, significant need remains in order to unlock potential housing development. Waitsfield Village and Irasville remain the focus for future wastewater expansion in the MRV, with any short-term wastewater infrastructure likely being decentralized in nature.

Waitsfield has had success in the past with its Community Wastewater Loan Program in financing shared decentralized wastewater systems. Since the program was put into place, several wastewater systems have come on line, including Winter Park, the Mad River Food Hub (Irasville Business Park), Localfolk Smokehouse, Lin property (China Fun), Village Square Shopping Plaza, and Maclay Architects.

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, soil suitability, 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 updated wastewater mapping is available, Waitsfield should consider reconvening their Wastewater Committee, exploring the funding sources on this page to replenish the Community Wastewater Loan Program, and forming new partnerships with private property owners & developers to pursue projects that would increase capacity in prioritized areas.

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 2012, the Town of Waitsfield established the Waitsfield Community Wastewater Loan Program in conjunction with the VT Agency of Natural Resources Revolving Loan Fund & a USDA STAG grant. The program provided funding for six upgraded or new wastewater systems in Waitsfield. The Planning Commission hopes to promote the continuation of this or a similar program to support housing and commercial development in its town center and look for other methods of promoting shared wastewater systems for housing development in designated residential hamlet areas."

-Steve Shea, Chair, Waitsfield Planning Commission



Construction of Mound Wastewater Disposal Area for Irasville Business Park in Waitsfield, VT

Photo: Peter Lazorchak, P.E., Wilcox & Barton, Inc.

2. Promote & Invest in Accessory Dwelling Units

Accessory dwelling units are permitted uses in all three towns. The MRV Housing Coalition created a helpful guide for prospective landlords in 2009, 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 should provide important information for people considering an accessory dwelling on their lot.

Additional options to actively promote these types of units include creating a program to support homeowners in determining the feasibility of construction and providing affordable financing options. The following case studies outline programs in Brattleboro and Montpelier that can serve as examples for the MRV.

3. Apply for Neighborhood Development Area Designation

This State designation provides special permit and tax incentives for developers that commit to building mixed-income housing within and adjacent to designated Downtowns, Village Centers, New Town Centers, & Growth Centers. The designation encourages housing within walking distance of designated centers that support existing businesses.

Warren is eligible and well suited to apply for this designation to obtain incentives for the development surrounding its designated Village Center. Waitsfield would need to address min. lot sizes and confirm their decentralized wastewater approach meets ANR requirements to be eligible.

Case Study

Montpelier "One More Home" Grant Program

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.

Case Study

Burlington Bright Street Co-op

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.

Case Study

Brattleboro Area Affordable Housing (BAAH) – Apartments-in-Homes Program

Homeowners interested in adding additional units contact the BAAH and they send a volunteer to perform 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. A reimbursement of $3,000 is provided upon the completion of the project. It is funded by an allocation from the Town and Program Income from the federal Community Development Block Grant Program.

PLANNING & INFRASTRUCTURE

4. Incentivize & Connect Landlords with Tenants

Marketing existing or developing new programs that connect prospective landlords with vetted tenants could unlock existing rental inventory in the MRV. Home Share Now currently connects 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 can help increase awareness among homeowners and landlords of available services.

Such a program could be expanded, or a new one developed, similar to the Housing Works Initiative in the case study shown to the right to help convert short-term rentals to long-term ones, better serving those who are living and working in the MRV.

Another option is to provide landlords with incentives; other ski areas have used free lift tickets or discounted season passes to incentivize people to rent to their employees.

MRVPD should consider working with Sugarbush Resort to determine the feasibility and interest in developing a similar program locally.

Case Study

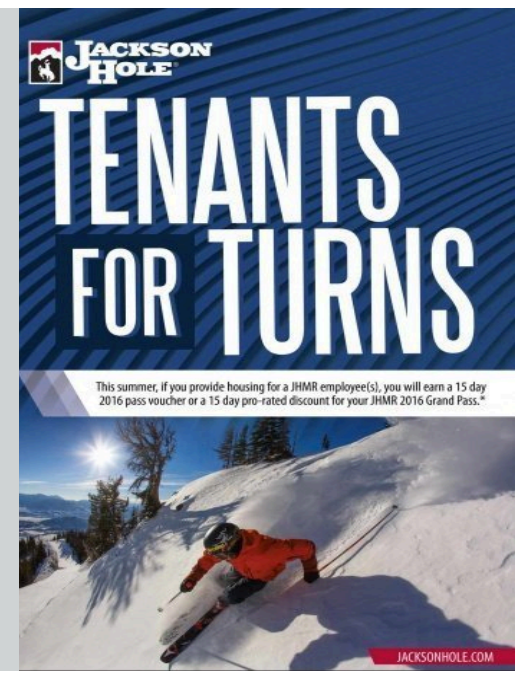
Housing Works Initiative – Summit County, CO

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, background & credit checks, min. household income limits, among others.

Case Study

Tenants for Turns

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



5. Online zoning and parcel maps

Making zoning, parcel, and other GIS data and maps available online for all three towns would allow interested persons or developers to easily view property information without physically having to go somewhere to get answers to simple questions. Increasing the availability of this type of information reduces barriers to development activity.

1. Further Reduce Minimum Lot Sizes & Performance Standards for Connection to Public Utilities

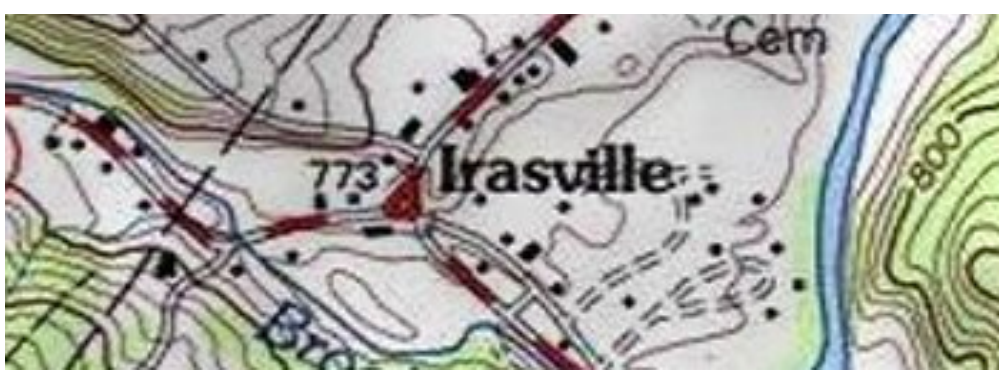
Smaller lot sizes mean lower land costs for homebuyers and developers, resulting in greater density. The minimum lot sizes for Waitsfield's Village Residential District (VR) and Irasville Village District (IV) could be reduced from ½ acre and 1 acre, respectively, to ¼ in both cases. These areas should be prioritized due to their proximity to the municipal water system and other available services.

Another strategy is to tie smaller lot sizes to whether or not the structure is connected to a municipal water/wastewater system. Municipal water/wastewater connection eliminates health concerns related to interactions between well and on-site wastewater.

Case Study

Subdivision Regulations – Freeport, ME

- Minimum lot size, single family, if connected to public sewer: 12,000 square feet.
- Average lot size single family, if connected to public sewer: 17,000 square feet.
- Minimum lot size, single family, if not connected to public sewer: 20,000 square feet.
- Minimum lot area per dwelling unit, two family, and multiple family dwellings if connected to public sewer: 10,000 square feet.



2. Accommodate Tiny Homes in Bylaws

Towns can consider tiny houses accessory dwelling units, single-family dwellings, or a multi-unit development could be built as a Planned Unit Development (PUD/PRD) under existing zoning bylaws. Self-contained tiny houses would likely be considered a recreation vehicle, camper, or travel trailer and subject to time limitations under existing zoning bylaws and wastewater regulations. Towns can adopt new language in towns plans & bylaws that better accommodate and more clearly encourage tiny houses.

State wastewater regulations limit the potential for self-contained tiny houses with composting/incinerating toilets by requiring traditional wastewater systems to accommodate only greywater and 2-bedroom wastewater systems for tiny houses with flush toilets.

Case Study

Tiny House Zoning – Nantucket, MA

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…..

Case Study

Tiny House Ordinance – Rockledge, FL

Made tiny houses in "pocket neighborhoods" a use within two zoning districts. The City also developed a regulation that spells out building requirements: "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…"

REGULATORY

3. Consider Regulating Short-Term Rentals

Although 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 units listed are considered "commercial listings," or entire units rented out full-time. 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 MRV's draw as a destination for visitors, elected officials may want to consider tracking, taxing, regulating, permitting, and mitigating the impact of STRs on the availability of 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.

4. Revisit Affordable Housing Contribution

Sugarbush has committed to contribute to the MRV's affordable housing stock through a previous agreement with MRVPD and the Vermont Housing & Conservation Board (VCHB). The contribution is based on the addition of residential units contemplated in the development project. This has proved to be a successful mechanism to construct affordable housing in the past, however, the formula should be revisited to determine the equitable contribution towards the provision of affordable housing into the future.

One option would be to apply the contribution requirement to developments that increase the number of employees in the community that need workforce housing, similar to the case study below, and adjust the formula in order to more accurately reflect current and expected construction costs.

Case Study

Colorado Association of Ski Towns (CAST)

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 10 participating communities. Many of the communities have already adopted policies & procedures to oversee STRs and the study highlights best practices including creating a regional database to track units, developing regulations, setting up processes for permitting, committing staff resources, and collecting fees and/or taxes to mitigate workforce housing impacts.

Case Study

Employee Housing Service Charge – Whistler, BC

The Resort Municipality of Whistler implemented the Employee Housing Service Charge Fund in 1990 through a local bylaw. It requires a financial contribution to affordable housing from all developers of commercial, industrial, and tourist accommodation that increases the number of employees in the community. It finances affordable alternatives to market-rate housing for full-time 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 Whistler Housing Authority created a total of 1,413 affordable, resident-restricted dwellings, with more new units being owner-occupied than rental units (69% owner-occupied vs. 31% rental).

1. Pursue Development on Priority Parcels

The MRV Housing Opportunities Map was created to look at affordable housing through a development lens and determine the feasibility and suitability of municipal properties that could be considered for development.* Such an approach addresses one of the largest barriers to creating new affordable housing – the cost of land.

A GIS analysis was done based on parcel and Grand List data from all three towns. The town-owned parcels were then ground-truthed by the MRVPD and all three towns' Planning Commissions – ruling out those that are currently in use or would not be feasible to build housing for one reason or another.

The parcels that are town-owned and where potential exists for affordable housing development were categorized into short or long term options:

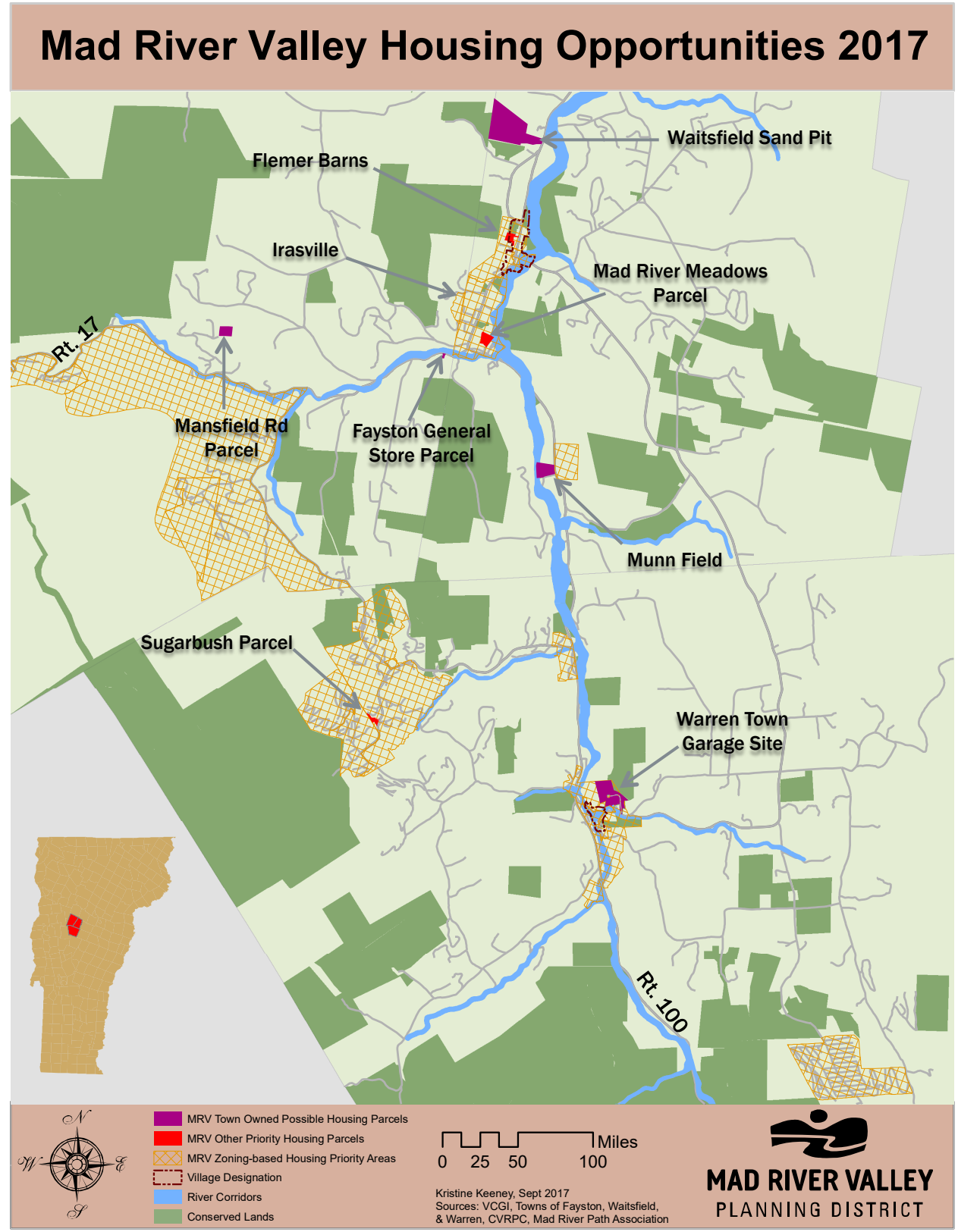
Short-term (5 years):

- Fayston (General Store Parcel) on Route 17
- Fayston Parcel off Mansfield Rd.
- Waitsfield Munn Field

Long-term (over 5 years):

- Waitsfield current town sandpit
- Warren current town garage site

*Other priority housing parcels that are not municipally owned (either private or non-profit owned) are also shown on the map.



DEVELOPMENT

2. 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 developing new affordable housing units is no easy task, non-profit & private partners are key collaborators when it comes to financing and constructing new affordable housing on suitable land. Also a significant new source of funding will be available beginning in 2017 through the Housing for All Initiative detailed to the right which could be a boon to affordable housing development in the MRV.

Examples of non-resort and resort towns that have built new affordable housing are shown below as case studies.

Resource

Housing for All Initiative, 2017-2020

A $35 million Vermont revenue bond to invest in affordable & workforce housing. The bond will be issued by Vermont Housing Finance Agency and administered by Vermont Housing & Conservation Board; VHCB is looking for innovative projects to put in their pipeline for funding over the next three years. The MRV could be well positioned to apply for this money by identifying a parcel and partnering with Downstreet Housing & Community Development or a private developer.

Case Study

Aspen & Snowmass Village – Pitkin County, CO

Aspen has the largest inventory of affordable housing among Colorado ski towns, despite one of the most expensive real estate markets. 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 require 50% of new development to be affordable via its land-use code.



Rodeo Place, Affordable Housing in Snowmass Village, Colorado

Case Study

Green Street Apartments – Hinesburg, VT

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



Green Street Apartments, Affordable Housing in Hinesburg, VT

3. Adaptive Reuse of Appropriate Structures

Another option for affordable housing that avoids new construction is adaptive reuse of appropriate structures. Adaptive reuse is a method of reusing or rehabilitating a building for a purpose other than the one it was designed or built for. Combining affordable housing and adaptive reuse is a win-win for communities due to its investment in architectural and historic assets as well as the creation of needed housing.

Potential buildings to consider for adaptive reuse can include underutilized public or privately owned buildings. Opportunities for adaptive reuse can be a building currently on the real estate market or one that becomes available in the future.



Waitsfield Methodist Church



Millbrook Inn



Flemer Barns

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

4. Rehab/Convert Market-Rate Units for Workforce Housing

Encouraging property owners to invest in their rental units or converting market-rate units to deed-restricted housing can address issues of poor quality housing stock and avoid new construction. One option is to empower private property owners with the capital to invest in their units in the form of grants or a revolving loan fund. Another is to acquire and institute deed restrictions on units that cap 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 the latter approach.

Case Study

Deed-Restricted Workforce Housing – Whistler, BC

The Whistler Housing Authority currently maintains 1,900 deed-restricted rental and ownership housing units that are only available to resident employees They have found this approach to be the "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."

Case Study

Rental Housing Improvement Program – Brattleboro, VT

The Town of Brattleboro offers low-interest rate 10-year loans that range between $3,000- $25,000 to create or upgrade affordable rental housing for code compliance, utility improvements, weatherization, accessibility modifications, etc. It is funded through the federal CDBG program.

Funding Sources:

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

DEVELOPMENT

5. Tiny House Initiative

The proliferation of tiny houses as an affordable housing approach in the MRV requires an active strategy. Current and prospective tiny house owners face challenges ranging from zoning bylaws and wastewater regulations to siting, obtaining bank financing, and acquiring insurance. A program to encourage local residents to host a tiny house as an accessory dwelling unit could create a network of legitimate locations for tiny house owners to site their houses. The creation of a "road map" for tiny house ownership in the MRV, from siting locations to bank financing, could attract development and/or new residents to the area.

Partnerships between local organizations including MRVPD, MRV Housing Coalition, Downstreet, and local schools, including Yestermorrow, Norwich University, or the Central Vermont Career Center, on future tiny housing projects would help reduce construction costs and involve local students in community projects.

A pilot project to site a tiny house at Verdmont Mobile Home Park in Waitsfield and the development of a tiny house village are examples of projects where a partnership with a local school might make sense.

Funding Sources:

- TD Charitable Foundation-Housing for Everyone Grant

Case Study

Norwich University CASA Initiative

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, $20,000 grant from a bank, a $7,000 window/door package donated by a national manufacturer, other donations totaling $4,700, and student and professor labor.

6. Identify & Pursue Dual Goal Projects

Another strategy to reduce the cost of land to build affordable housing is to work with non-profit and municipal partners interested in conserving land to identify opportunities to accomplish more than one goal at the same time. The Vermont Land Trust has a strong presence in the MRV community and is a great resource for identifying potential parcels that might make sense for dual-purpose projects. VHCB has also been working for years on providing funding for projects that meet both affordable housing and conservation goals. VHCB would likely be a willing financial partner for the MRV if such a potential project were identified in the future.

Case Study

Conservation & Housing – Pownal, VT

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 VHCB and private donations.



Quarry Hill Natural Area in Pownal, VT

HOUSING ACTION PRIORITY MATRIX



Due to the limited time, resources, and capacity in the community, it is important to understand the commitment required and the potential impact of each of the aforementioned opportunities. The Housing Action Priority Matrix provides a visual comparison through the lens of effort and impact of all of the future housing opportunities identified in this study.

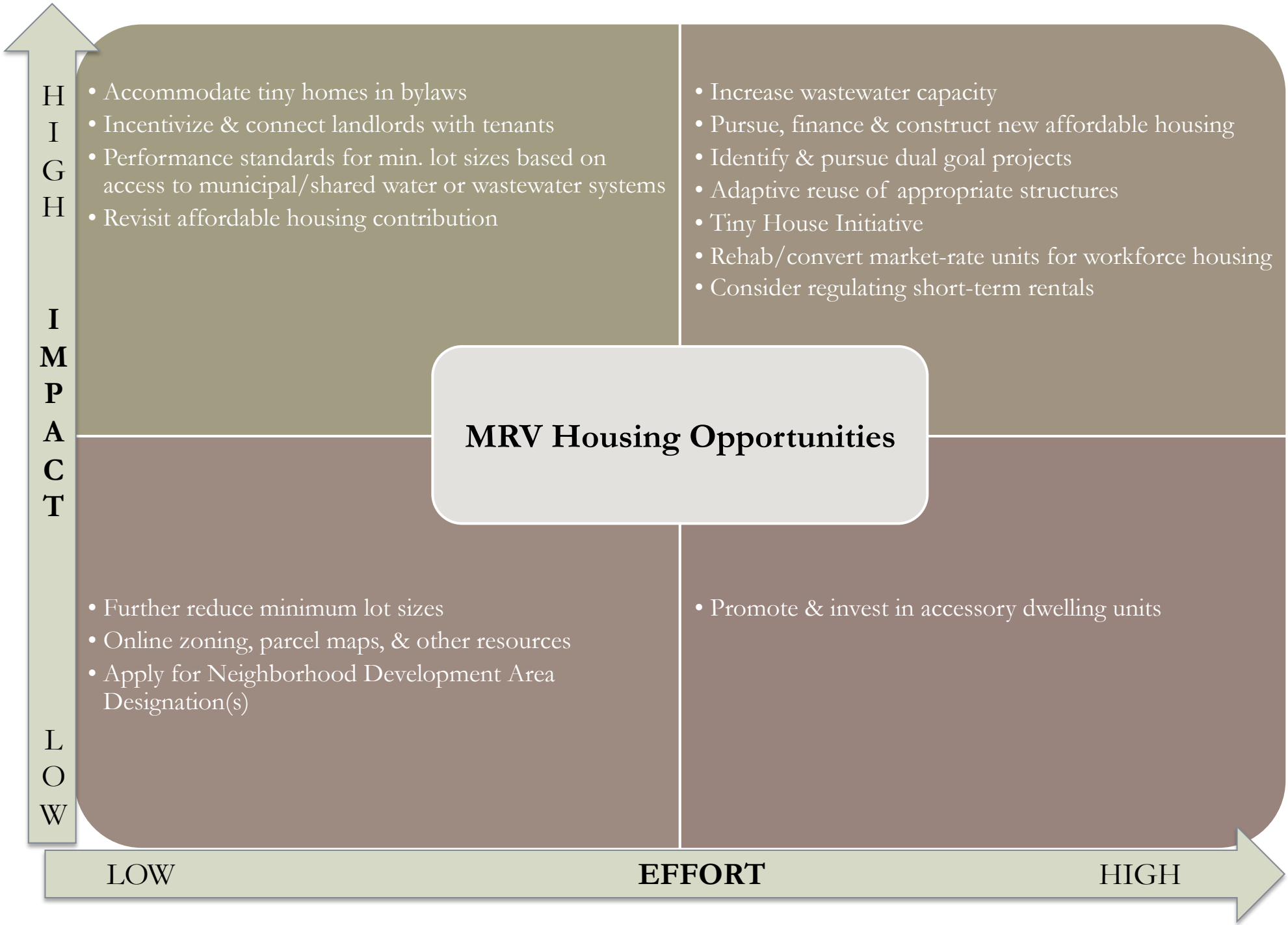
The opportunities located in the upper left quadrant of the matrix represent "quick wins," meaning they require a relatively low effort to implement but will result in a high impact. The upper right quadrant represents "major projects," that may provide good returns, but are also time consuming. The 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 connection to public utilities
- Revisit affordable housing contribution

Major Projects

- Increase wastewater capacity
- Pursue, finance & construct new affordable housing
- Identify & pursue dual goal projects
- Adaptive reuse of appropriate structures
- Tiny House Initiative
- Rehab/convert market-rate units for workforce housing
- Consider regulating short-term rentals


HIGH
IMPACT
LOW
• Accommodate tiny homes in bylaws
• Incentivize & connect landlords with tenants
• Performance standards for min. lot sizes based on access to municipal/shared water or wastewater systems
• Revisit affordable housing contribution
• Increase wastewater capacity
• Pursue, finance & construct new affordable housing
• Identify & pursue dual goal projects
• Adaptive reuse of appropriate structures
• Tiny House Initiative
• Rehab/convert market-rate units for workforce housing
• Consider regulating short-term rentals
MRV Housing Opportunities
• Further reduce minimum lot sizes
• Online zoning, parcel maps, & other resources
• Apply for Neighborhood Development Area Designation(s)
• Promote & invest in accessory dwelling units
LOW
EFFORT
HIGH

AFFORDABLE HOUSING IS KEY TO THE FUTURE ECONOMIC GROWTH AND LONG TERM VIABILITY OF THE MAD RIVER VALLEY

To read the full 2017 MRV Housing Study report, visit mrvpd.org.

For questions or to get involved in the effort to increase affordable housing options in the Mad River Valley, contact the MRVPD at 496-7173 or mrvpd@madriver.com



The Mad River Valley Planning District is located in the General Wait House at 4061 Main Street in Waitsfield, VT