

## Workforce Housing Zones

### Bill Summary

To facilitate the development of housing near jobs, this bill creates a new neighborhood designation called Workforce Housing Zones. This will help to advance three core objectives:

- **Increase housing supply and affordability.** By increasing the supply of housing where demand is highest, this bill will improve affordability for working families and others.
- **Facilitate economic growth.** A key limitation on economic growth in Vermont is the lack of an adequate supply of housing near job centers. By expanding the supply of housing in these areas, this bill will help ensure that workers have a place to live, allowing businesses to expand.
- **Slow climate change.** By facilitating the development of housing near job centers, this bill will reduce the commutes of many workers, helping to reduce vehicle miles traveled and the corresponding emission of greenhouse gases.

The proposed bill would establish workforce housing zones within close proximity to the largest job centers in or within close commuting distance of Vermont. Specifically, Workforce Housing Zones would be defined as areas within:

- 6 miles of the centroid of a census tract that has 7,200 or more jobs
- 5 miles of the centroid of a census tract that has 5,000 to 7,199 jobs
- 3.5 miles of the centroid of a census tract that has 2,500 to 4,999 jobs

These distances were selected to define areas within a short commuting distance of the job centers. The Zones are larger near census tracts with more jobs to account for the correspondingly greater demand for housing in these areas. While the size of the zone could conceivably be increased and still define an area within a reasonable commuting distance of the job center, the size has been curtailed here in order to maximize preservation of open space. The centroid is the population weighted center of the census tract.

Development in these areas would be subject to the same benefits as Neighborhood Development Areas, an existing Vermont designation for areas where increased housing development is desired. In addition, the Act 250 threshold would be raised from 10 to 50 units / lots for areas with permanent zoning and subdivision bylaws and from 6 to 25 lots for areas without permanent zoning and subdivision bylaws. The bill also directs the state to take steps to facilitate the development of public water and wastewater systems in these areas.

Unlike Neighborhood Development Areas, localities will not need to apply to the state to obtain the benefits of a Workforce Housing Zone, as the Zones will apply automatically. However, the bill includes provisions allowing a locality to adjust the boundaries of a Workforce Housing Zone through a duly adopted Town Plan with the agreement of the regional planning commission.

The table below shows the census tracts with the most jobs within Vermont or close commuting distance of Vermont.<sup>1</sup> This analysis includes tracts in Grafton County, NH as jobs in Lebanon, NH and

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<sup>1</sup> Source: Data for all jobs in Vermont and Grafton County, NH by census tract, U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (2020). This list consists of the top ten Vermont

Hanover, NH are significant drivers of demand for housing in Vermont. As reflected in the table, six of the 13 census tracts with the most jobs are in Chittenden County and three are in the Upper Valley. The four remaining tracts are in Rutland County (Rutland), Addison County (Middlebury), Washington County (Berlin), and Windham County (Brattleboro). The list of the top 13 census tracts includes tracts with 5,114 or more jobs.

**Census tracts with the most jobs in Vermont or close commuting distance to Vermont**

<b>Jobs</b>	<b>Tract</b>	<b>County</b>	<b>City/Town/Village</b>
12,449	9617.01	Grafton	Lebanon, NH
11,216	31.01	Chittenden	Williston, VT
9,842	10	Chittenden	Burlington, VT
8,399	9656	Windsor	White River Junction, VT
7,595	39	Chittenden	Burlington, VT
6,849	40.02	Chittenden	South Burlington, VT
6,494	9633	Rutland	Rutland, VT
5,967	9616.04	Grafton	Hanover, NH
5,735	9608	Addison	Middlebury, VT
5,690	22.01	Chittenden	Winooski, VT
5,276	9545	Washington	West Berlin, VT
5,120	33.04	Chittenden	South Burlington, VT
5,114	9685	Windham	Brattleboro, VT

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tracts, plus two tracks in Grafton County that fall within this same range, plus a tract manually added from Windham County because it is very similar to the 10<sup>th</sup> highest Vermont tract.

## Draft Legislative Text

### 1. Whereas:

- a. There is a significant shortage of housing close to major job centers that is affordable to working families and others in Vermont, resulting in high housing costs.
- b. The housing shortage near job centers inhibits the economic growth of Vermont businesses that need an adequate supply of housing close to jobs to attract workers.
- c. The housing shortage near job centers also contributes to climate change by causing workers to live further from work than otherwise necessary, leading to longer and more frequent car trips and increased emissions of greenhouse gases.
- d. Among other barriers, limited access to public systems for water and wastewater is a key barrier inhibiting housing development within the commuting shed of some job centers in or within close commuting distance of Vermont.

### 2. **Definition of Workforce Housing Zone.** The Agency of Commerce and Community Development (Agency) shall establish a neighborhood designation of Workforce Housing Zone as follows:

- a. Workforce housing zones are defined as the geographical areas within:
  - i. 6 miles of the centroid of a census tract that has 7,200 or more jobs
  - ii. 5 miles of the centroid of a census tract that has 5,000 to 7,199 jobs
  - iii. 3.5 miles of the centroid of a census tract that has 2,500 to 4,999 jobs
- b. For purposes of this definition, a centroid is the center of population of a census tract, as determined by the U.S. Census Bureau, and the number of jobs is initially defined as the number of “all jobs” by census tract from the U.S. Census Bureau’s OnTheMap Application and LEHD Origin-Destination Employment Statistics for 2020. While the census tracts that prompt the creation of Workforce Housing Zones do not need to be located in Vermont, Workforce Housing Zones consist solely of the portions of the Zones that fall within Vermont.
- c. The Agency shall revise the boundaries of Workforce Housing Zones every five years using updated data on the number of jobs from the same data source for 2025 and every five years thereafter. In the event this data source ceases to exist or the methodology changes significantly, the Agency shall use a data source for jobs that best approximates this data source, and may adjust via regulation the threshold numbers of jobs in subparagraph (a) to achieve a result that is as close as possible to the result that would have been achieved had the data source continued to be available using the methodology applied to the 2020 data.
- d. The Agency shall publish maps showing the areas initially determined to be Workforce Housing Zones. Once the maps have been published, the Workforce Housing Zones will be in effect. Municipalities do not need to apply to have areas recognized as Workforce Housing Zones.

- e. As part of a duly adopted Town Plan, and with the concurrence of the regional planning commission, a municipality that has land within a designed Workforce Housing Zone may adjust the boundaries of the Zone to account for local circumstances and ensure it includes the land most suitable for development within the municipality. The revised boundaries may not expand, and may not reduce by more than 20 percent, the amount of the municipality's land that is included within the Zone. After adjustments, all parts of the Zone must remain contiguous and reasonably proximate to the job center that prompted the Zone.
3. **Benefits applicable to Workforce Housing Zones.** In order to facilitate the development of housing with Workforce Housing Zones:
- a. The same benefits that apply within areas approved as Neighborhood Development Areas under the authority of 24 V.S.A. § 2793e shall apply to areas within Workforce Housing Zones.
  - b. Within Workforce Housing Zones:
    - i. The threshold for applying Act 250 in 10 V.S.A. § 6001(3)(A)(iv) is raised from 10 to 50 units.
    - ii. The thresholds for applying Act 250 in 10 V.S.A. § 6001(19)(A)(i) is raised from 10 to 50 lots.
    - iii. The threshold for applying Act 250 in 10 V.S.A. § 6001(19)(A)(ii) is raised from six to 25 lots.
4. **State Water and Wastewater Funding.** In order to facilitate residential and economic development, the Agency of Natural Resources shall take steps to make funding and technical assistance available to promote the availability of public municipal water and wastewater systems in Workforce Housing Zones. This shall include at least the following:
- a. Applicants seeking funding for public municipal water and wastewater systems within Workforce Housing Zones shall receive a priority for funding similar to other priority designations.
  - b. The Agency of Natural Resources shall prepare a study that:
    - i. Identifies the portions of Workforce Housing Zones that have public municipal water and wastewater systems and the portions that do not.
    - ii. Analyzes barriers to the development of public municipal water and wastewater systems in Workforce Housing Zones and how those barriers could be overcome.
    - iii. Examines the feasibility of a state-administered program for constructing public municipal water and wastewater systems within Workforce Housing Zones that municipalities could opt into that would minimize financial risk to the municipalities, while defraying costs through connection fees to eventual users.
    - iv. Examines options for expanding septic capacity in Workforce Housing Zones through the use of innovative and alternative wastewater treatment systems and waivers

that would allow approaches for expanding septic capacity approved in adjoining states to be employed within Vermont.

- v. Makes recommendations for how to expand public municipal water and wastewater systems and septic capacity within Workforce Housing Zones.