

To: Rep. Helen Head, Chair, House Committee on General, Housing and Military Affairs
From: Northeastern Vermont Development Association planning staff
RE: H. 635 (proposed modifications to 24 V.S.A §4412 to encourage affordable housing)
Date: March 17, 2016

Legislation has long been needed to assure that every municipality provides its fair share of affordable housing, and to assure that low and moderate-income families have equal access to every public school system in the state. Presently, low-income housing tends to be overly concentrated in the older urban centers. As this proposed legislation appears to recognize, an overabundance of subsidized, income-restricted units, even if well-maintained, can depress a weak housing market and is detrimental to the overall health of the community.

An article appearing in the HUD journal *Cityscape* that discusses the appropriate use of Housing Choice Vouchers (Section 8 vouchers) notes that neighborhood context needs to be a consideration: “Any initiative that guides households to high-opportunity neighborhoods may need to consider the amount of assisted housing that already exists within the receiving neighborhood: too many assisted units or households may be harmful to the receiving neighborhood.”

This article suggests restricting the housing choice voucher program to neighborhoods with the following characteristics:

- Low poverty (less than 10 percent of the population)
- Low presence of other assisted rental units (less than 15 percent project-based housing and 4 percent voucher households)
- Low incidence of adults who did not complete high school (less than 15 percent)
- Low incidence of unemployment (less than 5 percent)
- Low incidence of minorities (less than 20 percent)
- Declining poverty¹

While these parameters may have to be adjusted a bit for Vermont’s demographics, it provides guidance for both the distribution of vouchers and the creation of project-based subsidized housing. The proposed legislation’s cap of 16% of housing to be income-restricted in a given town appears to be consistent with the housing literature.

Questions/comments:

1. It will be very useful to have data that can alert planners and housing providers to the numbers of subsidized units in a municipality. However, it is not clear how this data will be collected. It may not be appropriate to burden individual towns with this data collection, particularly towns that have few paid municipal staff members.

¹ *The Prospects for Guiding Housing Choice Voucher Households to High-Opportunity Neighborhoods*
By Kirk McClure. *Cityscape: A Journal of Policy Development and Research*, Volume 12, Number 3, 2010
USDHUD, Office of Policy Development and Research

2. It would be helpful to publish guidance regarding the appropriate locations within a municipality for income-restricted housing. For example, in locations with access to transportation corridors and close to existing settlements.
3. How is it anticipated that the vacancy rate in a town will be factored into a town's obligation to provide affordable units? The percentage of the housing stock that is vacant/for sale at affordable prices should be taken into account.
4. For rental units, those created or rehabilitated through state and federal subsidies will have covenants restricting their rents and occupancy. However, many privately-owned affordable rental units do not have restrictive covenants but are priced so as to permit occupancy by occupants with housing choice vouchers. It would seem equitable that privately-owned units where housing choice vouchers are utilized that year should also be counted towards a Town's affordable housing obligation.
5. Since high quality rental units are lacking in many towns, it is recommended that a percentage of the required housing units be met through rental housing. In addition, although there is a need in the NEK for both market-rate and affordable senior housing, it is recommended that only a percentage of the affordable housing requirement be permitted to be met through age-restricted housing.
6. While the requirements in (H) (ii) are useful in providing a mechanism that will promote the development of affordable housing, they are not strong enough to assure that affordable housing will actually be built. Although there is a mandate to put affordable housing development proposals to the front of the line, this is dependent on proposals for affordable developments actually materializing. Requiring restrictive covenants on 20% of subdivision lots will only be effective if the lots are actually built --they could end up remaining vacant for years. Furthermore, by applying this requirement only to subdivisions of 6 lots or more, it creates a loophole by which property owners can simply subdivide their property five lots at a time to avoid the requirement. Where towns don't meet the minimum thresholds for affordable housing, it may be appropriate to place responsibility for developing affordable units in those towns with the State DHCD, through partnership with regional housing providers, rather than burdening towns with the planning and implementation of this work.
7. There are municipalities in the NEK that are so remote and have populations so low that this requirement should appropriately be waived. It is suggested that towns with a population of less than 300 be exempt from this requirement.
8. It is recommended that section (iii) specify that such developments assure access by residents to schools in both municipalities.