



Affordable Housing Committee

Town of Hinesburg
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Meeting Minutes – February 28, 2024 In-person and Zoom Meeting – 7:00 PM (Town Hall Third Floor Conference Room)

Committee Members Present: Carl Bohlen, Dave Nagel, Rocky Martin, Xander Patterson, Beth Whitlock, and Dale Wernhoff

Also Present: Chris Lapierre (Vice President, Northern Business Market Manager, National Bank of Middlebury)

Call to Order: The meeting was called to order at approximately 7:05 PM.

Additions/Deletions to Agenda: There were two comments:

1. Carl would like to move our March meeting to 6:30 PM to accommodate Hinesburg Director of Planning and Zoning Alex Weinhagen and/or a member of the Hinesburg Planning Commission. Someone will be joining us, but the Planning Commission and our committee are meeting at the same time.
2. Carl has a brief update on Vermont Smoke & Cure. Roberta will provide additional information at a later meeting.

ADU Funding Possibility, Christopher Lapierre, National Bank of Middlebury: Xander introduced Chris Lapierre of the National Bank of Middlebury. Chris is a Vice President in their commercial lending branch. Chris wants to touch on three topics:

- Housing and its costs;
- The macro stuff; and
- General banking information

There are two components of cost in his mind, capital costs and operating costs. Examples of capital costs are permitting, bricks/mortar (getting the physical project built), and meeting regulations. Operating costs include the mortgage, utilities, repairs and maintenance, and property taxes. In his opinion, there are a few items that can help build a development. One is streamlining the regulatory process because time is money. Another is density; ADUs are a good option because they help defray costs for a homeowner, and a municipality doesn't have to install any additional infrastructure. Building smaller and building vertically helps with density as well. In 1983 the average house size was 1725 SF but by 2013 it had grown to almost 2600 SF. It costs more to build and maintain a larger home. Xander finds that interesting because household size has grown smaller at that same time.

The macro stuff – Chris believes the historically low interest rates we’ve had for a very long time have increased the difficulty in the housing market. Homeowners with a 2.5% mortgage interest rate don’t want to sell when a new home would have a 7% interest rate. Also, when interest rates are low for borrowers and their related mortgage, they’re also low for savers who are trying to earn a return on those savings. Investment in real estate increased when mortgage rates dropped because that was a spot where you could get a return on your money, siphoning off available homes to purchase. Another siphon has been the increase in Airbnb units, which in Vermont have increased from 2000 in 2014 to 12,000 in 2024. That’s 10,000 housing units off the market in ten years. Chris thinks controls on short-term rentals would be advisable. Property taxes also are a major cost, and voters need to weigh wants vs needs at town meetings.

All banks are required to follow the Community Reinvestment Act. This requires an annual evaluation of how well a bank reinvests in its communities, including neighborhoods of varying income levels. Banks participate in the Affordable Housing Program, done by the federal home loan bank system, where the system provides no/low-interest loans to banks for affordable housing projects. Banks are also a part of the federal Low-Income Housing Tax Credit (LIHTC) program, which is the largest source of funding for affordable housing in the country (Evernorth does the lion's share of these projects in Vermont).

Xander asked if a developer came to Chris, what would he be looking for? Chris said the bank would look at the project itself and the developer as the owner of the project. They consider the experience of the developer and his financing and judge each project on its merits. Xander then asked if he engaged in any projects in Hinesburg. Chris said he participated in the development on route 116 north of the CVU light on the former David Carse property, along with another project on the other end of town.

Dave asked if Chris’s bank would do lending for ADUs. Chris said they would and have previously. Carl followed up by asking if they could lend at a lower market rate if it was for an ADU. Chris said they have run loan specials in the past. They hadn’t thought of doing that for ADUs but think it’s an innovative idea and will investigate it.

Xander inquired what are the biggest obstacles to overcoming our housing pinch. Chris thinks we’re building larger houses than we need and that they’re too big. Packing them tighter and making them smaller is a win-win. Carl stated that we hear from developers all the time saying they can’t turn a profit building smaller units; does Chris have a response to that? Chris has heard the same comment, and he doesn’t know what the answer to that issue is.

Xander wondered if the inclusionary zoning requirements for affordable housing should consider not the total number of units but instead the total square feet of the development. Carl thought that might be something to pursue.

ADU Forum Update: Everything is on the website and Carl has mentioned it on Front Porch Forum. A town resident who has an ADU as a rental is willing to talk to people who are looking to build one as a landlord. Rocky looked at the state’s ADU checklist. The previous law didn’t have ADUs classified as public buildings. From 2022, the state must review every ADU project to see if it qualifies as a public building. If it does, there are additional permits required, which adds more

complexity and expense. Beth added that now Burlington has a problem with ADUs. The issue there is depending on the ADU's setback from a public road, the ADU may require a sprinkler system. This stops people in their tracks due to the added expense. Rocky said Burlington has its own set of building inspectors so that would only apply in Burlington, but Beth heard that the sprinkler requirement was coming down from the state. We need to scrutinize this because this could make the expense of adding an ADU prohibitive.

Beth then mentioned the Vermont Housing Improvement Program (VHIP) has been renewed. Rocky said the original program was on hold and this renewed version is being called VHIP 2.0, launching on March 25th.

Depending on what we learn about the sprinkler requirement and any information we'd like to share about VHIP 2.0, Carl is thinking we may want to consider hosting a third ADU forum this fall.

Vermont Smoke & Cure Follow-Up: Roberta will be meeting with Vermont Smoke & Cure tomorrow, 2/29/24, about ways of connecting their employees with places available to buy or rent in town.

Housing News Articles Update: The latest edition of *The Hinesburg Record* came out today and has our second article on affordable housing. We now need a third article for the March issue. Xander volunteered to do the next article, which is due around mid-March. In the meantime, Carl will send the second article to *The Citizen*.

Framework Plan Discussion: Carl sent the spreadsheet out before our January meeting and said to let him know if we want anything changed. Dave asked if any tasks were being left behind. Carl didn't think so. Some tasks are coming up that we need to stay on top of.

Green Mountain Habitat Update: Green Mountain Habitat for Humanity (GMHfH) will be closing on the property on Mechanicsville Road tomorrow, 2/29/24. Carl encouraged us to watch the 2/21/24 Select Board meeting where Carl presented our request that the town support affordable housing by providing ARPA funds for this project. While there was no formal vote, three members supported the request, and two didn't support it. There was some discussion about reducing the request from \$50,000 to \$30,000. Also, GMHfH is fairly sure they can do six units in two triplexes. GMHfH doesn't need the funds from the town to close on the property. They would instead use the money to reduce the selling price of the units. The property was purchased for \$230,000 instead of the original \$250,000, so we are gaining six units at a total of \$230,000 instead of the originally planned four units for \$250,000.

Town Plan Update: There's no news tonight, other than asking if we could meet 30 minutes earlier at our next meeting. Everyone said that was doable.

Project Updates: Windy Ridge plans to submit their Preliminary Plat application to the Development Review Board in June.

Consider Next Guests to Discuss Affordable Housing: Our next meeting will have the Economic Development Committee and the Planning Commission.

HAHC Membership Vacancy: Emily Raymond had to resign from the committee last month because her family is moving out of town. Thank you from all of us, Emily! You were a big part of the committee, and you will be missed. Regarding the new vacancy, Carl thinks it would be good to fill it with someone who works at one of the banks in town.

Approve Minutes from January 24th: We reviewed the 1/24/24 minutes. Xander motioned they were to be approved and Rocky seconded. They were approved with minor revisions by voice vote.

Motion to Adjourn: The meeting was adjourned at approximately 8:20 PM.

Next Meeting -

March 27th - Time and topics to be determined; see agenda on the town website.

Respectfully submitted,

Dale Wernhoff
HAHC Secretary