

Addison County Regional Planning Commission Monthly Meeting

Wednesday, November 8, 2000

The Addison County Regional Planning Commission Meeting on November 8, 2000 was held at the Kirk Alumni Center at Middlebury College in Middlebury with Harvey Smith presiding.

ROLL CALL:

<i>Addison:</i>		<i>Monkton:</i>	Thea Gaudette
<i>Bridport:</i>	Ed Payne	<i>New Haven:</i>	Harvey Smith
	Kent Wright		Allen Karnatz
<i>Bristol:</i>	Bill Sayre	<i>Orwell:</i>	
	Jim Peabody	<i>Panton:</i>	
	Peter Grant	<i>Ripton:</i>	
<i>Cornwall:</i>	Don Shall	<i>Salisbury:</i>	
	Bill McQuillan	<i>Shoreham:</i>	
<i>Ferrisburgh:</i>	Ted Ingraham	<i>Starksboro:</i>	
<i>Goshen:</i>		<i>Vergennes:</i>	Randy Friday
<i>Leicester:</i>		<i>Waltham:</i>	
<i>Lincoln:</i>	Rick Good	<i>Weybridge:</i>	
<i>Middlebury:</i>	Fred Dunnington	<i>Whiting:</i>	Ellen Kurrelmeyer
	Karl Neuse		
	David Smith		

CITIZEN INTEREST REPRESENTATIVES:

<i>AC Chamber of Commerce:</i>	
<i>AC Community Action Group:</i>	Bob Bernstein
<i>Otter Creek Audubon Society:</i>	Judy Kowalczyk
<i>AC Economic Development Corp.:</i>	

STAFF: Adam Lougee
Kevin Behm

Public Program

Jeff Carr, an economist from Economic and Policy Resources, Inc. and author of a study entitled “Housing in Northwestern Vermont” spoke regarding the study and its implications for Addison County.

Jeff identified the main issue on the table: availability of affordable housing in Vermont, not just on the lower end of the pricing spectrum, but throughout the gamut of value. According to anecdotal evidence from major employers in Vermont, they are drawing good employees who then become shocked by the cost of housing and accept jobs elsewhere. According to Jeff, this is not a bad problem to have, as it is one that we can deal with accordingly, once we know what we are looking at. By the time economic analysts have enough data to identify a gap in the supply and demand of housing, it is several years too late to correct immediately.

As a member of the Town of Essex selectboard for more than a year, Jeff realizes that housing is a very different issue in the northern part of the state because the metropolitan area in and around Burlington assumes more than its fair share of the responsibility for housing. Jeff develops formulas to determine the “fair share” of housing which must be provided in various areas to prevent the constraint on the economy which is caused by the lack of affordable housing. His firm provides economic revenue work and studies for many different groups, and he sees this as an opportune time (especially with new census materials being published) for Addison County to develop a database to configure household growth along with the value distribution of the housing supply in the next five to ten years.

The results of his study of housing in Northwestern Vermont predict an influx of 44, 250 jobs to the six county region of the study over the next ten years. This also entails a population increase of 41, 500 people. The goal for this region is to continue the high performance rate of the current economy, which included an unemployment rate of under two- percent. This influx is not actually as dramatic as it first sounds. Over the ten year period, the growth rate of jobs is only 1.2 % (down from the previous growth rate of 2%), and the growth rate of the population with these numbers would be under one percent, a bit less than the average of 1.1%.

Because of commuting patterns in Vermont, the increasing amount of high-paying jobs created by such corporations as IBM and IDX will effect people in Addison County. It is the highly integrated regional economy in this part of Vermont which makes it difficult for analysts to isolate one particular county. Most people do not live in the same area they work in; they commute. Thus, Jeff and his firm conduct regional analyses to see the implications of this influx of jobs.

Jeff once again pointed out that this is a good problem to have, as it involves the creation of high-paying jobs, as well as spin-off jobs which provide service and trade to these new employees. However, it is these individuals occupying the spin-off jobs which are in need of assistance to find affordable housing for their families.

Over the next ten years, who will provide the housing to close the widening gap in supply and demand? We are currently in the midst of the longest expansionary period in economic history: 118 months and counting. According to the patterns established in the past, we should have seen a recession, a recovery, and be in the midst of another recession at this point. However, Jeff points out that despite this, many households accumulating less than \$49,000 per year are in need of low interest rates because of debt. When these individuals are forced to take out high interest loans for something like housing, consumption rates suffer.

Question: How are the rising gas and heating prices factored into this model? Jeff responded that they took the official short term forecast from the state and expanded it to accommodate these areas. Long term projections, however, account for these added expenses by adjusting the overall growth rates downward.

Jeff pointed out that it is the formation of new household that drives the demand for housing up, not directly the increasing population. To conduct this study, it was necessary for Jeff and his firm to translate the population numbers into the number of household units. A normal functioning vacancy rate is also built into the model, usually 5% in rental vacancies and 2.5% in owner vacancies. In this region, the current rates of vacancy are less than 1% rental vacancy in Burlington and less than one and a half percent owner vacancies.

Question: What is the current vacancy rate for commercial property? Jeff responded that although it isn't included in the study, it is under 5%.

The supply and demand discrepancy is exacerbated when households remain in their home even after an increase in income. This creates a logjam for the lower income household who cannot afford to jump over these other homeowners. This, in turn, creates competition at the lower end of the spectrum, thus driving up the costs.

Question: Is the solution a move towards more concentrated housing, such as apartments and condos? Jeff responded that many people have decided that this is indeed the solution, although he is not one of them. He points out that this kind of solution will require a major shift in the popular notion of what a permanent housing unit is, from the previous notion of a single family dwelling with a yard and a white picket fence to 150 rental units on top of a large commercial space, such as Staples.

Question: What is the current vacancy rate in Addison County? Jeff responded that no one will know until the census report is published in a few years. However, he hypothesizes that the vacancy rate of owner housing in Addison County is around eleven percent, and the figure for rental units would be even lower, as rental units turn over more frequently in urban areas. Currently, in Addison County, there is a 450-unit deficit for housing, and Jeff predicts this number will triple over the next ten years.

Question: What drives this gap in supply and demand? Jeff responded that it is simply a question of lack of inventory. He pointed out that people are selling their homes in as little as three days without needing a realtor.

Question: What about new homes? Jeff replied that the homes he was referring to are re-sells, not new homes. He also pointed out that one of the most important aspects of the study is that the formula assumes no limitations on supply, while in reality, the amount of residential housing construction is shrinking. This is partially due to the conflict of interest between those who are looking to build their dream home in Vermont and those who are trying to prevent our cities and towns from sprawling. The implications of the report are that there will be no choice but to sprawl, as most people prefer to live in outlying communities rather than on top of commercial spaces. Many towns, he added, should be rethinking their zoning requirements at this time, as many have policies that are sprawl-promoting.

Question: The anti-sprawl scenario described is like that of a company town, where people live within walking distance of where they work. Because of Act 60, aren't we paying for housing in the urban areas because of the statewide property taxes? Jeff responded that this is correct if one only looks at the property tax. However, this same scenario also generates property tax revenues. As long as the state is subsidizing high quality, above-average-paying jobs, the overall tax burden is lowered for everyone. Jeff cautions that taxpayers in Vermont should compare what they paid this year with what they would have paid without Act 60, rather than comparing this year to last year.

Question: Does your study propose any solutions to these problems? Jeff responded that no, it does not propose solutions, but this is by design. The funders of this study wanted to know what the problems are and where they are, then they will begin to consider policy.

Question: The state septic regulations are a big problem pertaining to housing. Does funding for the town sewer systems make housing any easier? Jeff replied that the septic regulations are currently changing and becoming more restrictive. This adds significantly to the cost of housing, and it acts as another factor preventing low/moderate income households from moving into their first home. Instead, they keep on renting, which, in turn, drives up the rental prices in a classic real-estate price cycle.

Question: Can you explain why the number of construction permits issued is down while there is such a lack of housing units? Jeff responded that this depends a lot on the value distribution and the fact that a permit does not guarantee that a house will be built. This is also assuming that what applies to the six county region focussed on in the study also applies to Addison county. Basically, the disparity indicates that the economy is slowing down, individual households have acquired substantial debt, and the market is not able to deliver housing units that fit all the various value distributions.

Jeff pointed out that there are many homes in the \$200,000 and up range being built, but the \$150,000 and less range is really suffering. In addition, the mobile homes in the region aren't counted until the census, as they don't require development permits. Karl argued that a permit is

necessary for a mobile home. Jeff clarified that while a zoning permit may be necessary, a new housing or building permit is not.

Question: How are the regions grouped in the study? Jeff replied that the communities are grouped logically into four regions because a smaller geographical area yields less reliable data. Most of the boundaries are meaningless economically.

Question: How do we protect the interests of the small rural businesses against the new competition of the larger corporations? Jeff replied that at the moment, there is a double standard in the government policies regarding the applications of businesses. He also stated that permit reforms may help to establish a minimum standard in these instances.

Question: Did this study consider other parts of the country? Jeff answered that yes, the study included a conjoined macroeconomic input-output model in which the wages reflect the cost of living. Jeff identified this as an important part of the study.

Business Meeting

Approval of Minutes: 10/11/00

Harvey asked for any omissions/amendments to the October meeting minutes. There being none,

Don Shall moved to approve the minutes of the monthly meeting on October 11, 2000. Karl Neuse seconded the motion. All approved, with Kent Wright and Ellen Kurrelmeyer abstaining.

Treasurer's Report

Adam announced that the commission is in good shape. There is a significant "rainy day" fund, and 47% of the total revenue is now in for the year. Twenty-seven percent of the expenses are in for the year, and things are right on track.

Fred Dunnington moved to accept the Treasurer's Report. Allen Karnatz seconded the motion. The motion passed.

Committee Reports

Local Government Committee: Thea Gaudette reported that the public hearing for the town of Ferrisburgh will be on the fifteenth. Adam pointed out that the commission received an inclusion in their mailing packet pertaining to the local government committee and what they do. Rick Good asked if there was any way to determine how the various communities are meeting their goals. Thea replied that the commission used to receive a synopsis of each town's goals. Rick asked that the commission receive a synopsis of the staff's recommendations regarding the activity of the towns in the commission. Adam clarified that Rick was asking for a review, not the actual plans of every town. Thea added that this would be a way to communicate why we believe a goal is being met and/or how a town can meet their goals better.

Act 250: Adam mailed a summary of the three currently pending projects: the parking lot at Kenyon Arena in Middlebury College, the storage facility in New Haven on Route 7, and the additions to the Vergennes High School. Judy Kowalczyk asked if there was anything that could be done to minimize the visibility of the storage facility in New Haven. Fred replied that she could request a meeting to discuss it, and he asked Adam about time constraints surrounding this particular project. Adam replied that the deadline was very soon, on November 17. He promised to add a response date to the project update next time. Harvey asked if it was up to the commission to hold a hearing or an informational meeting on this topic. Adam replied that first, it would be an informational meeting for the Act 250 committee. Then, a hearing would be requested if the committee suggests it. Fred clarified that the role of this committee is to focus only on the issues that pertain to the regional plan.

Adam pointed out that they have received three Act 250 permit applications from Middlebury College in the past three or four months. While none of these requests are significant on their own, they could create a different kind of impact when taken together. Fred stated that it is up to the committee to decide whether or not to meet. Judy and Kent Wright expressed a desire to meet. Fred stated that this was fine, but asked for more timely requests in the future. Bob Bernstein asked if it was too late to do anything about the storage facility. Judy stated that it was, so now the issue is whether or not to meet regarding the master plan of the college. Bob agreed that the handling of Middlebury College's multiple applications was a good subject that needs some clarification. Fred declared that the committee would meet and report back next month. Harvey asked if it would be possible to invite the college to a meeting to clarify these issues and their plans. Fred asked that before inviting the college, the commission should meet as a group to decide the appropriate role of the region. Karl agreed that the county needs a better handle on the college's plans, as they affect many more towns than just Middlebury.

Transportation Advisory Committee: Rick Good reported that the TAC met with individuals from the Vermont Agency of Transportation. Their proposals are to be submitted to the legislature in January. As usual, there is little funding, and lots to do.

Joint Partners Report

Jamie Stewart, the executive Director of the EDC, attended the last board meeting to discuss CEDS: Comprehensive Economic Development Strategy. Currently, they are working together

to create a system of web-based maps to promote tourism. Kevin Behm is conducting the GIS aspects of the project.

Delegate/Staff Recognition

Adam introduced the two newest members of the ACRPC staff: Garrett Daque, the transportation planner, and Brandy Saxton, the planner/grant writer. Adam also introduced Bill McQuillan, the newest member of the commission from Cornwall.

Old Business

Project Impact: As previously announced, Addison County was chosen to receive the \$300,000 grant to assist in disaster mitigation within the community. Adam now asks that any towns with requests for projects to be undertaken with this money apply for grants soon.

Municipal Planning Grant Applications: Adam directed attention to the summary of these applications in the commission packet. He made an unofficial prognosis that most likely, all of the requests would be funded fully, with a few cut down by \$500-\$1000.

Other: Kent asked if the construction taking place on Cider Mill Road was to lower the hill as well, and, if so, if he could have the number of someone he can contact regarding this project. Fred suggested that he contact Stewart Johnson.

Kent also asked that the staff place a roll call list on the backside of the agenda for the meetings. Adam agreed to reinstate this practice.

New Business

Other: none

Member's Concerns/Information

Comments from the Delegates: Rick Good asked if the legislators would be attending the next meeting. Adam replied that this is still the plan.

Jim Peabody asked for clarification of the meeting date for next month. Adam stated that the date was the thirteenth, not the fourteenth.

Randy Friday stated that Vergennes will be moving forward with their Municipal Planning Grant. The public hearing will be on Tuesday. Vergennes will then become the tenth Downtown District Town. Fred commented that Middlebury is another of the designated downtown districts, and the town receives funds as a result. They have received twelve proposals and have now chosen four projects. One of these projects is a restoration of the 1801 building next to the Sheldon Museum which currently contains apartments, the Round Robin, and Leatherworks. The renovations include adding handicapped access to the building, replacing the windows, and restoring the front porch. All of this is funded by a state grant received as a result of the Downtown District designation. Bob Bernstein asked about other projects to be funded. Fred replied that there were many proposals with potential, but some were less functional than others. Other projects will be approved and getting underway shortly, he said.

Rick Good asked about the email list which was being gathered several meetings ago. Adam replied that it is not yet complete, but when it is, he will compile and distribute it.

Comments from the Chair: none

Adjournment:

Thea Gaudette moved to adjourn the meeting. Peter Grant seconded the motion. The motion passed, and the meeting was adjourned at 9:45 p.m.

Submitted by: Stacy Johnson