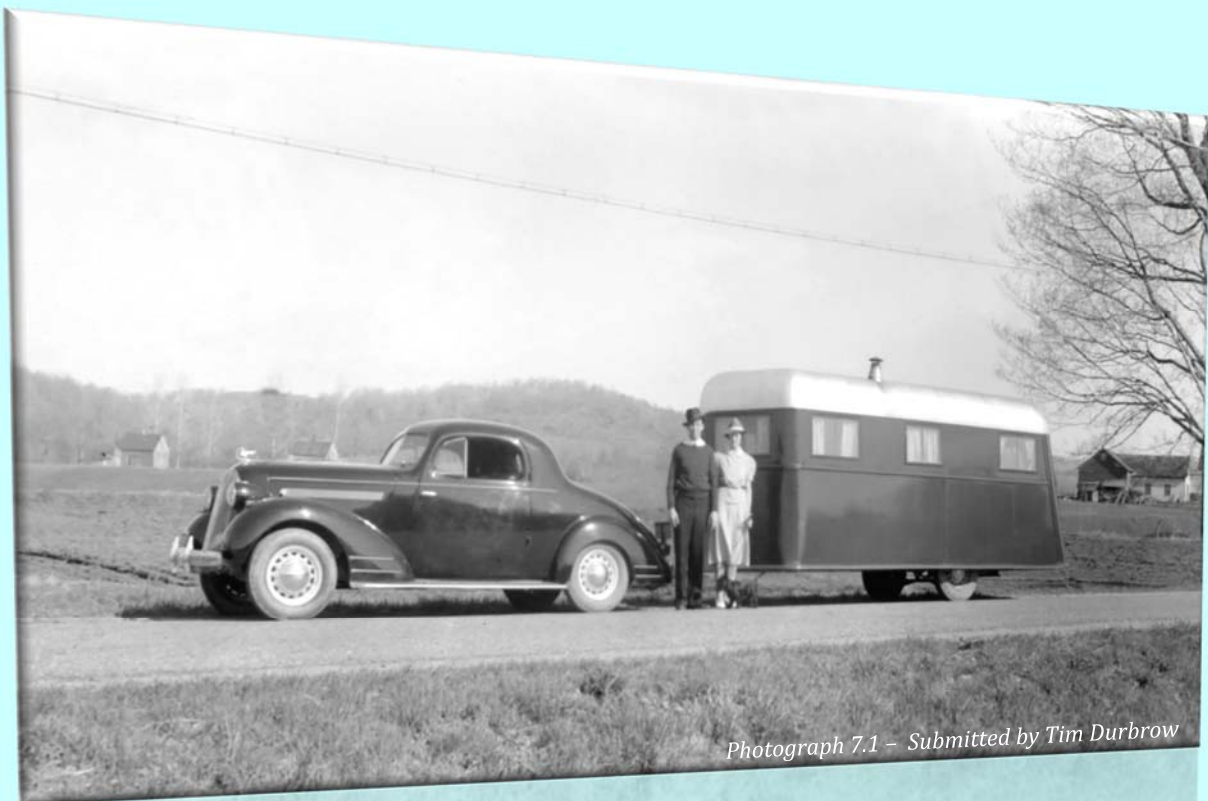


Chapter 7



Photograph 7.1 – Submitted by Tim Durbrow

Housing

GOAL 1: Increase the supply of housing opportunities to serve residents of all income levels, age groups and special needs.

GOAL 2: Maintain a balance among: the need for housing in the community; encouraging housing growth in Underhill’s two village centers; and the impact on the environment, public facilities and services.

POLICY 1: Support the creation of affordable housing stock.

Strategies:

1. Explore alternative strategies to individual wells and septic systems to serve Underhill Center and Underhill Flats that would support greater density, such as community wells and shared septic systems.
 2. Research the feasibility of extending municipal water and sewer.
 3. Review and consider providing greater density opportunities in areas designated as village centers, especially by encouraging duplexes and multi-family dwellings.
 4. Evaluate the minimum lot size in village growth centers and determine if it should be reduced to encourage increased density in the applicable areas.
 5. Encourage affordable housing by considering regulations that remove some of the restrictions on accessory dwellings.
 6. Review and consider results from the impending Statewide (and potential County-level) housing needs assessment study to guide Town housing policies.
 7. Produce a housing needs assessment that studies the housing needs of the community and devises strategies to meet these needs.
 8. Continue to apply for grants and other financial opportunities that consider and incorporate strategies provided by the Housing Needs Study.
 9. Recommend to the Selectboard the creation of a Housing Board.
-

POLICY 2: Support the creation of housing stock that allows for young individuals, young families, and older community members to remain in the community.

Strategies:

1. Host a housing forum to solicit resident input about affordable housing needs in Underhill.
2. Explore the feasibility of creating a Neighborhood Area Designation for Underhill’s village centers: Underhill Center and Underhill Flats.
3. Encourage multi-generational and multi-income housing by supporting planned residential and planned unit developments, especially in the Town’s village centers.
4. Continue to evaluate where multi-unit structures are appropriate.
5. Explore the feasibility of cottage housing.
6. Work with Chittenden County Regional Planning Commission to implement appropriate housing-related strategies in the ECOS Plan in Underhill.

BACKGROUND

Housing is an essential component of any community and the type, cost, distribution, and location of housing significantly impacts the physical appearance and social makeup of a community. Housing places demands on public services, and if built or placed inappropriately, can negatively impact natural and environmental resources. All of the abovementioned factors must be considered when new development is proposed.

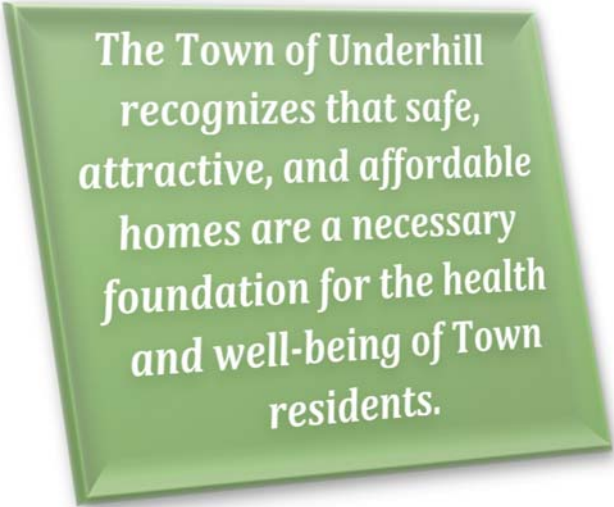
The Town of Underhill recognizes that safe, attractive, and affordable homes are a necessary foundation for the health and well-being of Town residents. This concept is in alignment with Vermont State statute 24 V.S.A. § 4302, which encourages safe and affordable housing for all Vermonters.

To ensure the availability of safe and affordable housing for all residents, the Vermont Municipal & Regional Planning & Development Act (24 V.S.A. Chapter 117) requires that municipal plans address the housing needs of low and moderate-income persons.

Affordable housing is defined under 24 V.S.A. § 4303 as:

Housing that is owned or rented by its inhabitants, whose gross annual income does not exceed 80% of the county median income, or 80% of the standard metropolitan statistical area (MSA), as defined by the U.S. Department of Housing & Urban Development, and the total annual cost of housing is not more than 30% of the household's gross income.

In reference to the affordable housing definition above, 80% of Chittenden County's median income was approximately \$53,525 in 2018, while 80% of Underhill's median income was approximately \$79,185. Thirty percent (30%) of the median household income for Chittenden County was approximately \$20,072, and for the Town of Underhill, 30% of the median household income was approximately \$29,694.



The Town of Underhill
recognizes that safe,
attractive, and affordable
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and well-being of Town
residents.

The health of the local and regional economy is often related to the availability and affordability of housing. The location and design of dwellings can also contribute to the cost of providing infrastructure and services to the area. Vermont's zoning laws are intentionally permissive of accessory dwelling units, recognizing their role in creation of additional, affordable housing. Accessory dwellings are separate living areas with their own eating, sanitary, and rooming facilities, and may be attached or detached from the principal dwelling unit. These dwellings are an important tool to help expand the affordable housing stock not only at the municipal level, but also on the regional and state levels. In addition, accessory dwelling units can provide multiple benefits to the property and community, including a revenue source or a mechanism to allow aging parents to reside in close proximity to family.

PLANNING ISSUES RELATING TO EXISTING HOUSING IN UNDERHILL

Underhill has struggled to find effective methods to encourage affordable housing due to both (i) the characteristics of the community's existing housing stock – mainly single-family dwellings, and (ii) the Town's efforts to preserve its rural character. Since rural character is commonly associated with single-family residences on larger lots, multi-family dwellings can be perceived as incompatible with rural life. However, multi-family dwellings can be appropriate for village centers, and zoning tools, such as setbacks, can incorporate multi-family dwellings without impacting the rural character of the Town.

With respecting the community's desire to retain its the rural character, the Planning Commission intends to research feasible areas to expand housing options (which may include multi-family dwellings) and update the zoning regulations accordingly. While 59.3% of 2019 survey participants responded that they were either against or strongly against multi-family housing in Underhill, exploring less restrictive zoning options relating to multi-family housing may be unavoidable, especially if the Town desires to address affordable housing.³³ To assist with the housing issues Underhill faces, especially in regards to affordable housing and multi-family housing, the Town submitted and was awarded a grant by the Vermont Department of Housing and Community Development to conduct a housing needs assessment. This housing needs assessment will hopefully recommend strategies and initiatives that will allow more affordable housing within the Town. To help implement these strategies, the creation of a Housing Board is recommended.

Prior to the 2011 *Underhill Unified Land Use & Development Regulations*, two-family dwellings were not permitted in every district (though accessory dwellings were permitted) in Town. After the update, which promoted the extension of two-family dwellings, these dwellings were permitted uses in every zoning district. In addition, the updates reduced restrictions on accessory dwellings (though those were tightened in the 2018 update to align with State statutes), as well as provided additional standards for Planned Unit Developments (PUDs) and Planned Residential Developments (PRDs). PUDs and PRDs allow an applicant greater flexibility in the design and layout of the lots, structures, and infrastructure; however, there are typically additional requirements that the applicant must satisfy, such as designating land as open space, etc. Density bonuses were available for projects that satisfied certain requirements; however, as part of the aforementioned 2018 update, these particular requirements were found to not further the goals and policies of the Town. Going forward, density bonuses could be one potential mechanism to encourage affordable housing; however, these awards would need to be better tailored to Underhill and should be researched accordingly.

As mentioned above, the Planning Commission created a new zoning district in 2018 – the Underhill Center Village District. This new district reduced the dimensional requirements of the Water Conservation District to more manageable requirements. The Underhill Center Village District was aimed at better reflecting the character of the old Underhill Center historic center, which contained small lot sizes and buildings close to the property lines. One intended result of the smaller lot size requirement was to allow for greater density, which satisfies the goal of directing denser development towards the Town's two centers. It is worth noting that, greater density does not necessarily equal affordable housing. For example, a new property in Underhill Center recently sold for more than \$400,000, well above the Town's median household cost.

EXISTING HOUSING INVENTORY

Single-Family Dwellings

Underhill's existing housing inventory is largely comprised of single-family dwellings, including mobile homes (95.79%), and a small segment of two-family (3.69%) and multi-family dwellings (0.52%). Table 7.1 below provides a delineation of the residences in Town classified by type, while Table 7.2 provides information regarding the year that the residences were built. The significant increase of residences built between 1970 and 1989 (563 buildings) correlates with the

Table 7.1 – Number of Residences Based on Type

Type of Residence	# of Buildings	% of Buildings
Single-Family Dwelling	1,034	89.29%
Single-Family Dwelling with Accessory Dwelling	30	2.59%
Two-Family Dwellings	61	5.27%
Multi-Family Dwellings	8	0.69%
Mobile Homes	25	2.16%
Total	1158	

Source: Underhill Assessor's Office

³³ Questions 7, 9-12 of the 2020 Town Plan Survey.

Table 7.2 – Number of Residences Based on Year Built

Year Built	# of Buildings	% of Buildings
Before 1950	187	15.74%
1950-1959	17	1.43%
1960-1969	108	9.09%
1970-1979	304	25.59%
1980-1989	266	22.39%
1990-1999	133	11.20%
2000-2009	105	8.84%
2010-Present	68	5.72%

Source: Underhill Assessor's Office

Note: The "Number of Buildings" equals 1,188, as accessory dwellings are including in this count.

population boom that occurred, a period during which Underhill grew from 1,198 people to 2,799 – a 1,601 person increase.³⁴ Because of Underhill's rural character, as well as its role as a bedroom community for the greater Burlington area, the trend of single-family dwellings is likely to continue, at least in the immediate future.

When reviewing the affordability of housing in Underhill, pressing issues emerge, especially when reviewing affordability based on the median household income for both Chittenden County and the State of Vermont. As shown in Table 7.3, the median household income in Underhill is \$98,981, while in Chittenden County the median household income is \$66,906 and the State's median household income is \$57,808. As a result, what is considered affordable for Underhill residents is not a true reflection of what is

considered affordable for residents of Chittenden County and the State of Vermont. The average Underhill household can afford a home that is \$145,500 more expensive than the average household in Vermont can afford.

When reviewing the median household income of the average Vermonter or Chittenden County resident in relation to the assessed values of residences in Underhill, the results are concerning as they relate to affordable housing. Specifically, the majority of households in the Town of Underhill exceed the affordability threshold, as

demonstrated in Tables 7.4 and 7.5 below. Table 7.6 illustrates the affordability of housing based on the assessed value in relation to the median household income for Underhill Residents. Please note, the assessed value changes in each of these three tables since the assessed value relates to the percent of median income of a household in, respectively, the Town, County and State.

Table 7.3 – Median Household Income and Housing Affordability

Government Entity	Median Income	Cost of an Affordable House
Town of Underhill	\$98,981	\$347,500
Chittenden County	\$66,906	\$235,000
State of Vermont	\$57,808	\$202,000

Source: Underhill Assessor's Office and Vermont Housing Data Website (housingdata.org)

Table 7.4 – Approximate Cost of Homeownership (State Median Income)

Assessed Value	Affordability Range	Single-Family Dwellings	
	Median State Income: \$57,808	# of Dwellings	% of Units
Less than \$99,500	Less than 50%	0	0.00%
\$99,500 - \$161,000	50% to 80%	28	2.42%
\$161,000 - \$202,000	80% to 100%	82	7.08%
\$202,000 - \$243,500	100% to 120%	176	15.20%
\$243,000 - \$365,000	120% to 180%	520	44.90%
\$365,000 or More	More than 180%	352	30.40%

Source: Underhill Assessor's Office and Vermont Housing Data Website (housingdata.org)

As seen in Table 7.4, less than 10% of the housing stock in Underhill is considered affordable to a household earning the median State household income. When observing these figures for Chittenden County (see Table 7.5), the number is moderately higher,

³⁴ United States Decennial Census

Chapter 7 – Housing though still concerning, as 21.42% of the housing stock in Underhill is assessed at a value that is considered affordable if a household is earning the median county household income or less. The data in Tables 7.4 and 7.5 illustrate an exclusionary effect, as those households that earn below the State or Chittenden County

Table 7.5 – Approximate Cost of Homeownership (County Median Income)

Assessed Value	Affordability Range	Single-Family Dwellings	
	Median County Income: \$66,906	# of Dwellings	% of Units
Less than \$115,000	Less than 50%	1	0.09%
\$115,000 - \$186,500	50% to 80%	65	5.61%
\$186,500 - \$235,000	80% to 100%	182	15.72%
\$235,000 - \$281,500	100% to 120%	227	19.60%
\$281,500 - \$422,500	120% to 180%	455	39.29%
\$422,500 or More	More than 180%	228	19.69%

Source: Underhill Assessor's Office and Vermont Housing Data Website (housingdata.org)

median household income will have a hard time finding a residence in Underhill. This is supported by the data shown in Table 7.6, in which approximately two-thirds of the housing stock in Underhill is considered affordable should the household earn the median household income of Underhill: \$98,981.

This exclusionary effect can be observed in the average sale price of single-family dwellings over the past five years. Table 7.7 provides data relating to the cost of single-family dwellings and should be taken into consideration in relation to the County and State household median incomes - \$66,906 and \$57,808 respectively.

Table 7.6 – Approximate Cost of Homeownership (Underhill Median Income)

Assessed Value	Affordability Range	Single-Family Dwellings	
	Median County Income: \$98,981	# of Dwellings	% of Units
Less than \$172,500	Less than 50%	37	3.20%
\$172,500 - \$278,000	50% to 80%	417	36.01%
\$278,000 - \$347,500	80% to 100%	316	27.29%
\$347,500 - \$416,500	100% to 120%	151	13.04%
\$416,500 - \$625,000	120% to 180%	197	17.01%
\$625,000 or More	More than 180%	40	3.45%

Source: Underhill Assessor's Office and Vermont Housing Data Website (housingdata.org)

In reviewing Table 7.7, the price at which single-family dwellings are sold are compared with the assessed values, last performed in 2014. Oftentimes, Town assessed values are lower than what the market value typically yields, which seemingly makes the comparisons from 2015 to 2016 an anomaly. In 2023, the Town will be performing a

Table 7.7 – Lowest Sale Price, Average Sale Price, Highest Sale Price of Single-Family Dwellings in Underhill (2015-2020)

Sale Year	# of Sales	Lowest Price	Highest Price	Average Price	Averaged Assessed Value
2015 – 2016	30	\$125,000	\$605,000	\$312,602	\$316,683
2016 – 2017	46	\$190,000	\$695,000	\$306,058	\$299,811
2017 – 2018	32	\$171,000	\$1,040,000	\$367,307	\$352,176
2018 – 2019	36	\$185,000	\$713,000	\$399,815	\$383,794
2019 – 2020*	47	\$190,000	\$695,000	\$371,515	\$313,447

Source: Underhill Assessor's Office and Vermont Housing Data Website (housingdata.org)

Affordable Cost of a House Based on State Median Household Income: \$202,000

Affordable Cost of a House Based on the Chittenden County Median Household Income: \$235,000

*April 1, 2019 thru January 31, 2020 (all other years are April 1 to March 31)

Town-wide reassessment for the first time in nine years. At this time, the assessed values are anticipated reflect market value.

Exploring the data in Table 7.7 in more depth, the average price for a single-family dwelling in Underhill in each of the past 5 years exceeds what is considered affordable if a household is earning the State's median household income (\$202,000). Similarly, the average price for a single-family household in Underhill exceeds what is considered affordable if a household is earning the Chittenden County median household income (\$235,000) (see Table 7.7). More concerning is that the lowest price paid for a single-family dwelling between 2019 and 2020 was only \$12,000 less than what is considered affordable statewide.

FUN FACT:

BETWEEN APRIL 1, 2004 AND MARCH 31, 2005, THE AVERAGE SALES PRICE OF A SINGLE-FAMILY DWELLING WAS \$246,385 (49 SALES), WELL ABOVE THE AVERAGE ASSESSED VALUE OF \$157,827.

Rental Housing

In Underhill, there are 43 accessory dwellings, 43 two-family dwellings and 6 multi-family dwellings currently serving as rental housing.³⁵ As provided by the Vermont Housing Data website, the median gross rent for Vermont is \$945; for Chittenden County, \$1,186; and for Underhill, \$956. Therefore, the median gross rent for Underhill is in-line with the State.³⁶ Unlike the State of Vermont and Chittenden County, where rent has increased from \$781 to \$945 and from \$951 to \$1,186, respectively, between 2009 and 2017, the rental cost has decreased in the Town of Underhill, decreasing from \$1,026 to \$956.³⁷ The median household income for renters in the Town of Underhill dwarfs the median household income for renters Statewide and Countywide. As a result, renters in Underhill do not seem to be experiencing the same type of burden that Statewide and Countywide renters are experiencing. In fact, renters in Underhill appear to easily have the means to satisfy their rent, as rent is considered affordable, unlike renters in Chittenden County and the State of Vermont. See Table 7.8 for more information.

Table 7.8 – Rental Housing Data

Government Entity	Median Household (Renters) Income (2017)	Affordable Rent (2017)*	Median Gross Rent (2009)	Median Gross Renter (2017)
Town of Underhill	\$85,547	\$25,664.10	\$1,026 per month \$12,312 per year	\$956 per month \$11,472 per year
Chittenden County	\$39,989	\$11,996.70	\$951 per month \$11,412 per year	\$1,186 per month \$14,232 per year
State of Vermont	\$33,949	\$10,184.70	\$781 per month \$9,372 per year	\$945 per month \$11,340 per year

Source: Underhill Assessor's Office and Vermont Housing Data Website ([housingdata.org](https://www.housingdata.org))

*Assumed 30% of Median Household (Renters) Income (Utilities Included)

Unfortunately, additional information relating to rental units in Underhill is limited, most likely due to the fact that these units are either accessory dwellings or two-family dwellings, and not the more typical multi-unit structures often associated with rentals units. As a result, ascertaining vacancy rates is a difficult feat, particularly since the

³⁵ Data supplied by the Underhill Assessor's Office

³⁶ <https://www.housingdata.org/profile/rental-housing-costs/median-gross-rent>

³⁷ <https://www.housingdata.org/profile/rental-housing-costs/median-gross-rent>

advertising is not necessarily done through the normal channels typically associated with rental units.

Other Types of Housing

With respect to other types of housing, such as group housing, senior housing, and public and assisted housing opportunities, Underhill does not contain any of these types of facilities. While senior housing is desired by many residents, construction of any senior housing has yet to be realized. Going forward, the Town should explore mechanisms that would encourage these alternative housing options, especially senior housing.

HOUSING AFFORDABILITY

Adequate and affordable housing is central to a sustainable and healthy community. Vermont State statute defines affordable housing as the following:

(1) “Affordable housing” means either of the following:

(A) Owner-occupied housing for which the total annual cost of ownership, including principal, interest, taxes, insurance, and condominium association fees, does not exceed 30 percent of the gross annual income of a household at 120 percent of the highest of the following:

- (i) The county median income, as defined by the U.S. Department of Housing and Urban Development;
- (ii) The standard metropolitan statistical area median income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development; or
- (iii) The statewide median income, as defined by the U.S. Department of Housing and Urban Development.

(B) Rental housing for which the total annual cost of renting, including rent, utilities, and condominium association fees, does not exceed 30 percent of the gross annual income of a household at 80 percent of the highest of the following:

- (i) The county median income, as defined by the U.S. Department of Housing and Urban Development;
- (ii) The standard metropolitan statistical area median income if the municipality is located in such an area, as defined by the U.S. Department of Housing and Urban Development; or
- (iii) The statewide median income, as defined by the U.S. Department of Housing and Urban Development.

Housing costs for renters include, but are not limited to, rent and utilities; while housing costs for homeowners include, but are not limited to, mortgage payments, property taxes, insurance, and association fees (if applicable).

As stated at the beginning of this chapter, the Town of Underhill has struggled to find effective methods to encourage affordable housing largely due to the characteristics of the local and regional communities. Some of the constraints that inhibit affordable housing are:

- High land prices in Underhill and Chittenden County;
- Undeveloped parcels are becoming more challenging to locate for construction projects;
- Underhill does not contain municipal sewer, and therefore, all new homes must be able to support a septic system (unshared or shared);
- The majority of Underhill’s properties are in the Mt. Mansfield Scenic Preservation District (10-acre minimum lot requirement) or the Soil & Water Conservation District (15-acre minimum lot requirement);

- The Town prohibits development over 1500 ft. in elevation; and
- The Town has 3,654.7 acres in Town Land Contracts and 9,370.4 acres in State Current Use Contracts (a Total of 13,025.1 acres, which represents approximately 39.6% of the Town).

To overcome these obstacles and improve the affordable housing issue in Underhill, identifying and revising regulatory barriers would likely yield the greatest improvement. Potential regulatory amendments that could be considered are: allowing increased density in the village centers where services and infrastructure have the ability to grow, while also keeping development in line with municipal services; reviewing and relaxing the zoning requirements for multi-family dwelling where appropriate; reviewing and relaxing zoning district dimensional requirements where appropriate; reviewing and relaxing the requirements for accessory dwellings where appropriate; and reviewing and relaxing the requirements for PUDs and PRDs. These efforts could potentially lead to changes that encourage the development of affordable and fair housing units.

REGIONAL HOUSING NEEDS

The prolonged housing shortage in Chittenden County has continued to act as a barrier to low- to moderate-income residents searching for affordable housing. The Chittenden County Regional Planning Commission's adopted ECOS Plan is a Regional and Metropolitan Transportation Plan that is designed to manage sustainable growth while protecting resources. The ECOS Plan includes strategies to improve the community by increasing opportunities for safe, energy efficient, affordable, and fair housing for all types of households. Furthermore, the Building Homes Together campaign is a regional initiative calling for more housing development and more affordable housing to help address the housing shortage in the region.

Additionally, since the 1970s, the State has promoted development policies and programs that maintain and enhance Vermont's historic development pattern of compact centers surrounded by a rural landscape. In 2013, the Vermont legislature adopted the Neighborhood Development Area designation to encourage development around designated villages and downtowns. This program provides special permit and tax incentives for communities and developers that commit to building mixed-income housing within and adjacent to designated downtowns, village centers, new town centers, and growth centers. This intent of the program is to support and encourage redevelopment and development in areas planned for growth.

Currently, the Town contains two village designations – Underhill Center and Underhill Flats Village Center. The Town should explore how to promote this program, which could potentially be a catalyst for the development of more affordable housing. For more information, see Chapter 8, Economic Development.