



## **Winooski Housing Commission Meeting**

Tuesday, September 26, 2023 at 6 PM

- Attend in person: Winooski City Hall ([27 W Allen St](#))
- Attend online: <https://us06web.zoom.us/j/88653025010>
- Attend by phone: 1 646 558 8656
- Webinar ID: 886 5302 5010

### **I. Call to Order**

### **II. Public Comment**

This item is reserved for comments and questions on topics that are **not** included on this agenda. Time for public comment is included by default for each item below!

### **III. Approve Previous Meeting Minutes**

<https://winooskivt.gov/AgendaCenter/ViewFile/Minutes/08222023-1179>

### **IV. New Members and Introductions**

### **V. Discussion: Housing Trust Fund Changes - Updates**

### **VI. Discussion: Housing Trust Fund Changes - Interest Rate Buydown Policy**

Documents:

[Interest Rate Buydown Policy.pdf](#)

### **VII. Discussion: Short-term Rentals**

Documents:

[DRAFT Framework and Features of a Short-Term Rental Policy.pdf](#)

### **VIII. Adjourn**



## Housing Trust Fund Policy Guidelines

### Section V: Interest Rate Buydown (IRB) Program

Low to moderate-income individuals who are buying their first home are encouraged to apply for this grant program. This program, called the IRB program, can help lower the interest rate on a mortgage. The IRB assists for the first 5 years of the mortgage. If the applicant qualifies for this grant, they could receive up to \$5,000. However, there are some conditions. To keep the grant, one must live in the home as their primary residence for at least 5 years after buying it. If they move out, refinance, or sell the home within 5 years, the grant turns into a loan, which will need to be paid back, depending on how long they lived in the home. The amount the buyer's interest rate can be reduced will be determined by their credit score, as determined by Opportunities Credit Union.

#### A. Eligibility Considerations

##### 1. Geographic Area

The area served by the Winooski Housing Trust Fund shall include the geographical limits of the City of Winooski, Vermont.

##### 2. Eligible Applicants

a. Low to moderate-income first-time homebuyers. The buyer's total household income cannot exceed [one hundred and twenty percent \(120%\) of the area median income \(AMI\) for the Burlington-South Burlington Metropolitan Statistical Area](#), as established annually by the US Department of Housing and Urban Development, by household size. The income chart for the year 2023 is included, one must make below the amount listed depending on household size. This chart is updated yearly.

% of AMI	Income limit by household size				
	One person	2 person	3 person	4 person	5 person
120% AMI	\$95,600	\$109,200	\$122,800	\$136,400	\$147,400

b. To be eligible, the person applying must be someone who is buying a home for the first time, as defined by HUD. This means the applicant or family hasn't owned a home for the three years leading up to when they are looking to buy the home. However, if the person applying was married and lived in a home owned by their spouse, they can still be considered a first-time homebuyer and qualify.

c. The participant(s) must live in the home as their primary residence during the entire length of program assistance (5 years), otherwise the grant (no repayment required) becomes a loan (repayment required). The 5-year period begins on the date the buyer moves into the home.

- If the homeowner moves, refinances, or sells after 1 year, 20% remains a grant and 80% is required to be paid back as a loan.

- If the homeowner moves, refinances, or sells after 2 years, 40% remains a grant and 60% is required to be paid back as a loan.
- If the homeowner moves, refinances, or sells after 3 years, 60% remains a grant and 40% is required to be paid back as a loan.
- If the homeowner moves, refinances, or sells after 4 years, 80% remains a grant and 20% is required to be paid back as a loan.
- If the homeowner moves, refinances, or sells after 5 years, 100% remains a grant.

d. Participants must qualify for a mortgage loan from a bona fide institutional lender.

f. Participants may not hold more than \$30,000.00 in savings or any other form of liquid asset. Participants must pledge any sum over \$30,000.00 for down payment or closing costs. (Maximum liquid assets requirement)

g. Participants must receive a homebuyer education certificate from an approved program.

h. Participants must be unable to purchase the home without assistance.

i. Participants must utilize all other available resources.

j. Non-resident co-borrowers are not allowed on title.

### 3. Eligible Activities

Funds can be used for an interest-rate buydown on the purchase of a condo, townhome, detached single-family home, or owner-occupied duplex, triplex, or quadplex. For purchases of duplexes, triplexes, and quadplexes, the owner must live in one of the units.

### 4. Eligible Properties

a. The residence to be purchased must be located within the city limits of Winooski.

b. At the time of initial occupancy, the property to be purchased must meet the City of Winooski's current minimum housing requirements.

c. All owners and purchasers will be provided with a federally approved lead hazard information pamphlet.

## B. Application Procedures

Applicants shall initially complete an application to the Housing Trust Fund IRB program with the assistance of Opportunities Credit Union. Opportunities Credit Union will perform a credit analysis and determine eligibility based on income and other criteria required by this program. Once eligibility has been confirmed, the application and buyer information will be sent to the City of Winooski Housing Initiative Director. The Housing Initiative Director will ensure that all personal information is redacted, and the application will be shared with the Housing Commission for approval.

## C. Review Process

The Interest Rate Buydown Program shall follow the review process established for the Affordable Housing Development and Rehabilitation Program in Section II E of this document, except Section II E 3 b.

## D. Terms & Conditions

1. Funding Amount: The maximum grant amount per applicant is \$5,000.
2. Financial Standards: Per MOU with Opportunities Credit Union

## City of Winooski- Draft Short-Term Rental Policy

<b><u>Agenda Item</u></b>	City of Winooski- Draft Short-Term Rental Policy
<b><u>Date</u></b>	September 26, 2023
<b><u>Recommended Action</u></b>	Receive presentation from staff on draft short-term rental policy framework, discuss question areas, and provide direction on the framework.
<b><u>Background Information</u></b>	<p>Short-term rental policy action was first initiated as a priority for City Council, and has since been taken up as a topic by the Housing Commission. The Housing Commission began this discussion in August, covering the current short-term rental landscape, data on the topic, reasons for potential action, and values a policy should incorporate. The Housing Commission left off last month ready to begin exploring policy mechanisms and options. Since that meeting, the Housing Initiative Director has involved both the Planning and Zoning, and Code Enforcement departments as their teams will be heavily involved in any ultimate policy recommendation. Due to this, an ordinance framework has been drafted based on the requirements and recommendations of internal City operations, capacity, and staffing. The framework features:</p> <ol style="list-style-type: none"><li>1. Incorporate a process specific to short-term rental property owners in the existing Public Building Registry process.</li><li>2. Short-term rental property owners are charged additional fees.</li><li>3. Owners who do not live on the same lot as their short-term rental property are charged higher fees.</li><li>4. Higher requirements for insurance, posted information, and fines than for long-term rentals.</li><li>5. Allows Council to set a cap on the total number of unhosted short-term rental units allowed in the city.</li></ol> <p>This proposal is currently the most feasible way forward in the pursuit of STR policy implementation in Winooski, and staff recommends the Housing Commission direct staff to continue refining it within the scope of the framework.</p> <p>Within the framework, these areas need the guidance and input of the Housing Commission:</p> <ol style="list-style-type: none"><li>1. Definition of hosted and unhosted STRs</li><li>2. Parking considerations hosts must share with STR guests</li><li>3. Yearly license fees for hosted and unhosted STRs</li></ol>

	<ul style="list-style-type: none"> <li>4. Does the cap on licenses make sense/ does it accomplish our goals?</li> <li>5. Fines and penalties for noncompliance</li> <li>6. Does this policy mechanism seem to accomplish our goals?</li> </ul>
<b><u>Supporting Documents</u></b>	Draft short-term rental policy framework
<b><u>Interested Parties</u></b>	All residents and persons owning property in the City.

**City of Winooski- Draft Framework and Features of a Short-Term Rental Policy**

**Values listed by Housing Commission:** preservation of affordability (both rental and homes for sale), safety of neighborhoods, availability of 3+ bedrooms, preservation of neighborhood community, ability for owner-occupants to supplement income responsibly.

**Relation to [Winooski Master Plan Goals](#):**

Economic Vitality:

- 4) Support initiatives that enhance residents’ quality of life, including aspects of housing, health, accessibility, and community spirit.

Housing:

- 1) Encourage the development of affordable housing options for a broad range of income levels.
- 3) Promote quality housing that is safe, healthy, and durable.
- 4) Preserve and sustain the scale, character, and settlement patterns of our neighborhoods.
- 5) Protect current residents from displacement.
- 6) Support sustainable growth, density, and creation of additional housing units.

Due to the existing robust public building registry that exists within the City of Winooski, it is the opinion of City leadership that an expansion of this program, within [Chapter 17](#), would be most effective and feasible.

**Purpose of a short-term rental policy:**

Register short-term rentals appropriately for safety and quality of life concerns, and limit their number to preserve the amount of long-term rental or ownership properties in the city.

### **Mechanisms in the proposed short-term rental policy to achieve this purpose:**

- A. Incorporate a process specific to short-term rental property owners in the existing Public Building Registry process.
- B. Short-term rental property owners are charged additional fees.
- C. Owners who do not live on the same property as their short-term rental property are charged higher fees.
- D. Higher requirements for insurance, posted information, and fines than for long-term rentals.
- E. Allows Council to set a cap on the total number of short-term rental units in the city.

### **Definitions to be added to the ordinance:**

Short-term rental (STR)- A furnished house, condominium, or other dwelling room or self-contained dwelling unit rented to the transient, traveling, or vacationing public for a period of fewer than 30 consecutive days and for more than 14 days per calendar year. (state definition)

Hosted short-term rental- Property meets [state definition of homestead](#) (needs to be finalized)

- Vermont residency can be established
- Property is not leased for more than 182 days out of the calendar year. (That is, you live on the property for at least 183 days out of the calendar year).
- The property is not used exclusively for a commercial, including commercial rental, purpose
- The property is not used for a second home, camp, vacation, or summer cottage

Unhosted short-term rental- Property meets the [state definition of nonhomestead](#). If one of the following applies then the property is considered nonhomestead and therefore Unhosted. (needs to be finalized)

- Your property is leased for more than 182 days out of the calendar year.
- The property is used exclusively for commercial, including rental, purpose.
- The property is used for a second home, camp, vacation, or summer cottage.

### **To receive a City issued short-term rental license the owner must:**

1. Comply with the public building registry ordinance program
2. Indicate on the public building registry form that they operate a short-term rental

Information required includes:

- a. The name, address, and phone number of the property owner, corporation, or registered corporate agent, mailing address, and email (Already collected through PBR)

- b. The name, address, and phone number of a local emergency contact located in Chittenden County and/or a designated person within the state responsible for services on the property. (Already collected through PBR)
  - c. Requirement for adherence to occupancy limitations as stated by [Article VI of Chapter 9 Minimum Housing Standards](#)
  - d. Certificate of liability insurance
    - i. Proof of short-term rental insurance is needed if the owner has paying guests in their home. Most standard homeowners insurance policies are not expansive enough to cover all potential situations or costs. Short-term rental insurance is designed to cover the property and liability exposure while a home is being rented out by guests.
    - ii. A requirement that the insurance cover the length of the entire public building registry year (July 1- June 30) so that lapses in coverage do not need to be tracked or enforced by City Staff.
  - e. Information made available to all short-term rental guests
    - i. Posted certificate of license inside the short-term rental unit
    - ii. Emergency evacuation route as approved by the authority having jurisdiction
    - iii. Information regarding winter parking bans in the City
    - iv. Information regarding allotted parking for the dwelling unit
3. Associated fees
- a. In addition to the regular \$110 fee required to be paid by any public building on the registry, other fees required to obtain a short-term rental license include
    - i. Hosted short-term rentals - additional \$100-300 per year (TBD)
    - ii. Unhosted short-term rentals- additional \$200-400 per year (TBD)
      - 1. Refer to Chapter 9 for the fees
      - 2. Suggestions are that additional fees are around one-night average
        - a. According to AirDNA, the night average is currently around \$175-225
        - b. This money would all go to the Housing Trust Fund
4. A license would be issued to the short-term rental owner (must be an individual, not a corporation)
- a. License number (abbreviated) needs to be published on ads on all platforms
    - i. Listings within Winooski without a license number posted indicate a short-term rental that is out of compliance
    - ii. Abbreviated license number maintains privacy for the short-term rental owner
    - iii. An internal system for regularly checking platforms will need to be established
  - b. Upon sale of the home, any license is returned to the City for reissue
  - c. License can be revoked and fees incurred if the owner does not comply with regulations listed in this ordinance. Revocation of licenses is determined by the City Council after efforts to remedy noncompliance have been attempted.

- d. Cap: The number of available licenses for Unhosted short-term rentals is established by a resolution of the Winooski City Council as advised by the Winooski Housing Commission according to data available on current rental and real estate market conditions.
5. Enforcement
- a. Fines And Penalties
    - i. Unless otherwise stated, any violation of this Chapter shall be a civil violation and subject to civil penalties and enforcement as provided for in Chapter 1, Section 1.11 of Winooski City Code.  
  
Statutory Cross-Reference: 24 V.S.A. § 1974a
    - ii. In addition, if the City determines that a person has failed to pay the registration fee due under this section, the City of Winooski shall mail to such person a statement showing the balance due and shall add thereto a twenty-five (\$25.00) late payment fee plus interest at a rate of twelve (12%) percent per year. The unpaid balance and penalty shall be subject to interest at a rate of twelve (12%) percent per year from the due date until the date of payment.
    - iii. The charges levied in this chapter shall constitute a lien upon the property on which the rental unit is situated and may be enforced within the time and manner provided for the collection of taxes on real property
      1. Will likely need to check with the Fees and Penalties Chapter
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**Notes:**

- Data: Due to the lack of information currently available to City leadership on short-term rental owners in Winooski, there needs to be time spent collecting this data. Currently, all short-term rentals should be included in the public building registry, although the registry does not currently ask owners to specify if a public building is a short or long-term rental. Unfortunately, there is no way for the City to generate a list of short-term rentals without asking owners to self-certify or paying an outside entity to produce one for us for a significant cost. Initiating a process to have all short-term rental operators identify their units through the public building registry would allow the City to generate a list of all properties that fall into this category, and what proportion of them are hosted and unhosted.
- Timing of when to specify the cap:
  - By allowing the City Council the power to set a cap on the number of licenses the City will issue in any year without specifying the cap within the ordinance, we allow for flexibility to specify and change as we collect more data or as the market changes. This number would likely need to be set once data comes back from the next public building registry mailing.



- The license structure also brings an ease of administration by issuing licenses to existing short-term rental operators who adhere to the registration requirements and fee structures while allowing for the potential of future short-term rental operators to exist if desired. By utilizing a license structure the City will be able to avoid creating pre-existing non-conforming uses in existing unhosted short-term rentals, yet maintain the same process for all licensee holders regardless of the time they applied and received that license.
- Hosted short-term rentals would not be subject to this cap, allowing owner-occupants to continue utilizing short-term rentals as a mechanism to finance and maintain their housing. These units will still be subject to the appropriate registration, inspection, and fee requirements as listed in the public building registry. While it is still ideal to have an increase in long-term rentals as opposed to short-term rentals, by paying an increase in fees for their yearly short-term rental license these owners will still contribute by subsidizing the initiatives of the Housing Trust Fund. It could also preserve the affordability of home ownership, which is a community objective.

**Steps of the process:**

- The Housing Commission approves the policy in principle.
- Staff draft the full proposed policy
- The policy recommendation is finalized by the Housing Commission and recommended to City Council
- Short-term rental policy recommendation is presented to the City Council
- City Council approves the policy recommendation in principle.
- City Attorney reviews and finalizes language for adoption.
- City Council goes through the ordinance adoption process, including a public hearing.
- July 1- If approved, ordinance changes go into effect with the new Public Building Registry mailing
- Late summer- Rental registry forms and fees are returned to the City
- Fall- A list of short-term rentals is generated and compliance rates are assessed by the Housing Initiative Director and Housing Commission