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ACCESSORY DWELLING UNITS IN NORWICH, VERMONT

Investigating ADUs as an Affordable Housing Solution

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EXECUTIVE SUMMARY

In October 2018, the town of Norwich was denied access to state grants after the Two Rivers-Ottawaquechee Regional Commission found that the proposed town plan failed to meet state standards for regional approval.¹ Norwich was cited, in part, for its failure to set a goal for multifamily or affordable, housing.² As a result, Jeff Lubell of the Norwich Planning Commission sought to determine the feasibility of zoning, implementing, and constructing Accessory Dwelling Units (ADUs) as a solution for increasing affordable housing accessibility and stock. To this end, this report presents a significant analysis of the current state of ADUs in Norwich, Vermont, key stakeholders, and major barriers for both residents and the greater community. The report then details four municipalities that have implemented successful ADU planning strategies. We conclude the report discussing our finding—while ADUs have been successful in increasing housing stock and helping homeowners, they have not succeeded as affordable housing options.

1. INTRODUCTION

This section provides a definition of Accessory Dwelling Units (ADUs) in specific terms and describes the present state in Norwich, VT. The section also discusses the goal of the brief in investigating ADUs as an affordable housing solution and feasibility for implementation.

1.1 What are ADUs?

ADUs are small, fully functional dwelling units located on the same lot as a single-family residence.³ ADUs can be attached to the main residence as an addition or basement conversion or can be an entirely separate unit on the same lot, such as a converted garage.⁴ These dwellings must be entirely independent of the main unit, and include all necessary amenities for residency, including kitchen and bathroom facilities.⁵ Also known as granny flats or accessory apartments, these units have become more common in recent years and provide homeowners with the ability to house family members or become landlords while providing new housing opportunities to an already built neighborhood.⁶ ADUs are particularly common in suburban areas or in cities with housing shortages. They have also been lauded as a solution to lack of affordable housing in expensive areas, as the smaller, subordinate dwellings are less expensive than the single family homes on the same plot.⁷

1.2 Current State of Norwich VT

Norwich, VT is a town of 3,300 on the eastern edge of Vermont along the Connecticut River.⁸ The town is in close proximity to Hanover, NH, home to Dartmouth College. The median household income is \$99,663, making the town one of the richest in the state.⁹ In recent years, the town has failed to meet state standards for affordable housing and affordable housing plans, a failure that impacts access to state grants.¹⁰ Residents generally support increased affordable housing, with over 60 percent supporting the construction of eight or more affordable housing units in the next five years.¹¹



The town has begun to take steps to increase access to affordable housing options. A fund of \$45,000 has been set aside for affordable housing development.¹² One option on the table to increase affordable housing stock in the town is to increase the use of ADUs, an option that would not require major construction projects that could change the character of the small New England town and could allow seniors living on fixed incomes to continue to support themselves in an area with increasing property values and cost of living.¹³

As part of an equal housing treatment bill, the Vermont legislature passed bylaws on zoning regulations that prohibit municipalities from restricting the construction of ADUs.¹⁴ In accordance with this law, ADUs are currently permitted in Norwich with some restrictions. These restrictions are consistent with regulations seen in other towns across the country.¹⁵ Zoning laws permit only one principal dwelling structure per residential lot with the potential to add one ADU to the property, subject to conditional use review. The ADUs must follow requirements in Section 5.03 of the Norwich Subdivision Regulations, Site Plan Review including (1) being located in the same area of the lot as the principal dwelling, (2) being located in an approved development envelope, (3) having a floor area of less than half the floor area of the principal dwelling or 1,600 square feet, whichever is less, (4) having adequate off-street parking, and (5) being clearly defined as a separate dwelling under the same ownership as the primary residence.¹⁶ Additionally, only the principal dwelling or the accessory dwelling may be rented at one time.

1.3 Our Role

This project aims to assess the possible use of ADUs as an affordable housing option in Norwich, Vermont, with primary objectives of identifying key barriers to ADU development and identify policy solutions to overcome these barriers. Secondary objectives include holding town hearings and developing education materials to support ADU development in Norwich. While the process of building ADUs is inherently individual, this project aims to provide stakeholders and Norwich residents with the information needed to streamline the process of ADU development if this is the path chosen to increase affordable housing stock in the town.

2. METHODOLOGY

This section describes the methodology used to research and publish this policy brief. The section details the steps taken to collect data and engage in qualitative interviews. The section concludes with a case study of four towns that are at different stages of implementing ADUs and potential further plans in expanding this brief.

2.1 Literature Review

The initial phase of research focused on examining existing literature on ADU use and development. This literature review was conducted using online search engines, with a focus on academic and governmental works, including Housing and Urban Development



documents on the history of ADUs and case study analyses. This review allowed the research team to build their knowledge of ADU development and prepare for stakeholder interviews.

2.2 Stakeholder Interviews

In order to gain insight into the specific conditions in Norwich and the unique challenges that face ADU development in the town, the research team conducted stakeholder interviews with a variety of interested individuals. Interviewees included Rod Francis, the director of planning and zoning for Norwich, Jolin Kish, a local property owner, and residents of the town including Andrew Samwick, a professor at Dartmouth College. Additionally, discussions with our client, Jeff Lubell, provided the team with valuable information on the current conditions in Norwich and the long-term goals of the town council in regard to affordable housing development.

2.3 Case Study Analysis

A case study analysis of four representative towns was conducted in order to better understand the current utilization of ADUs across the country and their success. The cases were identified based on a variety of criteria in order to showcase the different ways ADUs can be promoted in different settings and the different impacts they can have. Lexington, MA, a suburb of Boston, was chosen due to its similarity to Norwich in high home prices and reluctance to build other types of affordable housing, as well as its prominent display in other case study analyses. Lyons, CO, a town of 3,000 people outside of Boulder, CO, was selected for its demographic similarity to Norwich and its contemporary debate over ADU use. This case study is an example of a demographically similar town attempting to use ADUs to address an affordable housing shortage, and the outcomes in Lyons are a valuable window into ADU development in small rural towns. Portland, OR, was selected due to its status as one of the most prominent examples of successful ADU development, as the city has effectively used ADUs to address a housing shortage. This example shows the potential for successful development and allows for the examination of the city policies that allowed this development to take place. Finally, Brattleboro, VT was selected as an example of a Vermont city that effectively funded and regulated the development of accessory apartments to increase housing stock.

Each case study was extensively researched through publicly available sources such as census data and existing research. In addition, key town officials and stakeholders were contacted in order to gather more information. This has allowed for a detailed analysis of each case, giving four distinct windows into ADU development across the country.

2.4 Future Plans

In the coming weeks and months, this project may continue in the form of a town hearing and information session or through the creation of an informational pamphlet to encourage



ADU development in Norwich. These steps are aimed at increasing public engagement and promoting ADU development in Norwich.

A town hearing could be held in Norwich in two distinct forms: either a forum for residents of Norwich to voice their opinions on ADUs and other affordable housing development or an information session explaining the benefits and role of ADUs in affordable housing development where residents can ask any questions they may have about this type of development. These meetings would allow for more public engagement with ADUs and encourage the development of ADUs in the area. These meetings could also take the form of smaller scale conversations with subject matter experts facilitated through city planning officials with the purpose of educating interested residents and answering additional questions.

An informational pamphlet could be passed along to Norwich residents either through the Office of the Town Clerk or the Norwich Planning Commission to provide additional information on the approval, building, and implementation aspects of ADU development. Current lack of information and misperceptions have deterred residents from building ADUs on their property.¹⁷ The goal of the informational pamphlet would be to increase understanding of the processes required to implement ADUs in Norwich.

3. MAJOR BARRIERS

This section describes significant obstacles for both residents and communities when implementing ADUs. These barriers include but are not limited to zoning issues, short term rental guidelines, social issues such as NIMBYism, safety and utilities, affordability, and taxes.

3.1 Zoning Issues

Individuals looking to build an ADU often face a variety of obstacles, many of which take the form of zoning bylaws. These laws mandate the size and necessary components of an ADU, and if an ADU can be built on a given plot. In Norwich, ADUs are permitted on all plots that are zoned for single unit dwelling.¹⁸ These units must have less than half the floor area of the principal residence, be clearly designated as an accessory unit, meet local zoning regulations for primary dwellings, such as distance from the street.¹⁹ The ADU must also have sufficient off street parking and not increase the non-compliance of an already non-compliant lot.²⁰ These units would be subject to a conditional use review under Norwich bylaws, but state statute limits the authority of municipalities to regulate accessory apartments that are “within or appurtenant to an owner-occupied single-family dwelling.”²¹ Likewise, prohibiting barriers to ADU construction goes against this regulation, preventing the town of Norwich from requiring conditional use reviews for property owners.²² This allows property owners to simply submit ADU plans for review of dimensions and flood risk, rather than go through the longer process.



In total, zoning regulations are unlikely to pose a large barrier to ADU construction in Norwich. The waiving of conditional use applications and unrestrictive review of ADU permits allow for easy construction, and other requirements, with the exception of septic connections, discussed below, are unlikely to pose major problems. These generous bylaws combine with a culture of trust, where regulators trust homeowners to do right by the law and do not rigorously enforce zoning bylaws.²³

3.2 Discontinuous Renting and Vacation Rentals

A major concern in ADU development is the possible failure to rent an ADU continuously as a home, which can result from renting the ADU on weekends and holidays to vacationers or through stopping rentals after several years due to lack of motivation.²⁴ This can also occur through landowners choosing to transition their ADU from a rental property to a spare space to house family members or visitors.²⁵

Online rental sites such as AirBnb are rising in popularity and are increasingly becoming viable sources of income for property owners, especially in popular vacation areas.²⁶ Homeowners may be able to make as much in weekend rentals as they would be able to generate in in rent, leading to these owners maximizing their profits without providing the town with the important social benefit of increased affordable housing.²⁷ The use of ADUs as vacation rentals is a likely prospect, as many Norwich residences are already listed on online rental sites, and high demand for rental homes during commencement, reunions, and other major events at Dartmouth leads to high rental prices.²⁸ These prices are also bolstered by foliage tourism.

The issue of short term vacation rentals has been addressed in some cases through mandated rental periods of 30 days or more as in Lyons, CO, a method that has decreased the use of ADUs as vacation rentals, reserving them for full-time residents.²⁹ In Lyons, this was enacted at the same time as a waiver for utility connection fees, a tradeoff that allowed the otherwise unpopular measure to pass.³⁰ While this type of regulation was a possible method to address AirBnb rentals in Lyons, but may not be politically or socially acceptable in all cases.

Other issues around discontinuous renting are generally based around homeowners choosing to no longer act as landlords, either ceasing due to the stress and heavy workload or choosing to convert the ADU to family accommodations. This issue was clear in Brattleboro, where a successful program to create accessory apartments found that after the end of the 2008 recession, rental rates of the constructed properties declined.³¹ This was attributed to greater financial instability, as well as increased awareness of the level of effort needed to be a landlord. Individuals who chose to stop renting their properties were likely to convert the space to guest rooms for visiting family members.

Discontinuing ADU rental is a difficult issue to address and is closely tied to personal and social aspects of the property owner. One contributing factor to this discontinued use is the pressures of acting as a landlord, which were cited in conversations about Brattleboro



apartments. Many homeowners saw renting a space as easy money and did not realize the true burden of the job. Even with the support of a peer group, property owners decided to stop renting their extra apartments when they could afford to do so.³² Increased management support and training could be used to give property owners the ability to cope with this situation better, but currently, no models have been able to eliminate this issue.

Both of these problems lead to ADUs not being used as residences and are important to consider when subsidizing and encouraging ADU development. If the newly built ADUs may not enter the long term rental market or stop being used commercially after five to ten years, the return on any investment in their development to the town in terms of increased affordable housing stock is significantly reduced. This is one of the most concerning issues when examining ADUs as viable housing options, as property owner choices can entirely exclude ADUs from the housing market, instead using them to generate profit from tourism, for personal use, or largely abandoning the structures.

3.3 NIMBYism

Many towns struggle with “Not In My Back Yard” (NIMBY) attitudes when it comes to affordable housing, an issue that is exacerbated in the case of ADUs, which are often physically in one’s backyard. This could take the form of either individuals not wanting to build ADUs due to not wanting strangers on their property or neighborhoods pushing back against increased use of ADUs as housing options. This second form of NIMBYism is often due to concerns about the character of a neighborhood, specifically in areas with long term owners of single-family homes or visual externalities of the ADU.³³

Norwich residents and stakeholders have stated that NIMBYism is unlikely to be a major barrier to ADU development.³⁴ Residents in the close-knit town feel that ADU owners will only accept trustworthy renters; no concerns have been raised about ADUs compromising the village identity of Norwich.³⁵ In a survey conducted by Jeff Lubell, only 11 percent of Norwich residents responded that they opposed measures to improve affordable housing, indicating broad support for the goal of ADU proponents.³⁶

While NIMBYism does not currently appear to be a major barrier to ADU development in Norwich, it is an important factor to monitor through the Norwich Listserv and discuss with residents as the process to increase ADU stock in Norwich moves forward.

3.4 Safety and Utilities

Across Vermont, a construction permit from the Division of Fire Safety is not required for an ADU that is an “efficiency” or one-bedroom apartment that does not exceed thirty percent of the habitable square footage of the house.³⁷ However, smoke and carbon monoxide detectors are required with an additional permit for the electrical and plumbing work and a licensed plumber is required for any plumbing work.³⁸ This is unlikely to be a major barrier to ADU development but is important to note when homeowners are planning construction.



The largest barrier to ADU construction in Norwich is the lack of a central waste treatment system.³⁹ Each residence in the town has a private septic system, which is designed with the size of the original residence in mind.⁴⁰ These systems are classified by the number of bedrooms they can support and are not usually built to be larger than needed for the principal dwelling.⁴¹ Expanding or replacing a septic system can be extremely expensive: the current cost of a septic system in Norwich is approximately \$15,000.⁴² Outside of the Norwich Village proper, septic tanks can cost approximately \$20,000.⁴³ Old septic system infrastructure is often quite challenging to replace and requires significant construction.⁴⁴ Without enough septic capacity, homeowners cannot build an ADU, making this one of the most important barriers to overcome. Additionally, the lack of this utility reduces the power of one of the major policy levers, the waiving of utility connection fees, used to incentivize ADU development.

3.5 Improving Affordability

ADUs can help homeowners afford their large properties which depending on the size, may no longer be needed. If desired, homeowners can choose to live in the smaller ADU and rent out their original property.⁴⁵ However, using ADUs as a mechanism for increasing affordable housing in Norwich may present several challenges. Affordable housing is often provided close to public transportation and in Norwich, neighborhoods that are near public bus routes are already highly populated and consist of densely built land.⁴⁶ As a result, ADUs might only be able to be built on the outskirts of the town, effectively minimizing their ability to serve as potential affordable housing.⁴⁷ A lack of available information regarding costs, procedures, and guidelines regarding renting may also deter homeowners from building ADUs.⁴⁸ As a result, less ADUs are available to be rented, limiting the effectiveness of ADUs increasing affordable units in Norwich.

3.6 Taxes

At the Norwich town level, there are no tax exemptions that would incentivize homeowners to build an ADU. Likewise, ADUs are not eligible for the state-mandated Homestead Tax Exemption for vacation homes which relieves residents from small amounts of property taxes.



4. CASE STUDIES

This section explores four municipalities across the United States that are at different stages of successfully implementing ADUs. The case studies include Lexington, MA, Lyons, CO, Portland, OR, and Brattleboro, VT.

4.1 Lexington, MA

Lexington, Massachusetts is a small city on the outskirts of Boston. The city is known for its role in the Revolutionary War and was the site of the first shot fired in 1775.⁴⁹ Today, Lexington is home to 33,000 residents, with a median income of over \$150,000.⁵⁰ The school system is one of the top ranked schools in Massachusetts, with alumni attending highly ranked colleges across the country, including Dartmouth. This is one driver of the high income demographics of the city: the high quality schools are funded by high taxes, which necessitate high income homeowners.⁵¹ As property prices rose and Lexington became more affluent in the late 20th century, housing became scarce, an issue that has continued into the present.

In 1983, Lexington passed its first zoning bylaw to allow ADUs, resulting in slow growth of ADUs in the city.⁵² By 2002, sixty ADUs were registered in the city, many of which were existing dwellings that were registered to change their use status.⁵³ In 2005 the bylaws were relaxed to allow for larger buildings, giving by-right status to newer buildings to allow them to operate as ADUs, and giving ADU construction special permits.⁵⁴ The town also shifted its emphasis to accessory apartments, an attached unit that serves as a full residence, rather than detached ADUs.⁵⁵ Currently, there are 99 accessory apartments registered with the town assessor's office, many of which are located on plots valued at over \$1,000,000 and are part of historical structures.⁵⁶

In the case of Lexington, it is important to note that the goal of ADUs was not to increase access to truly affordable housing that would enable low income populations to live in the city, but rather to increase overall housing stock in a popular town looking to grow. In this sense, the town has been relatively successful in its goal: the number of registered ADUs has increased due to its policy changes, and 16 new structures were built since the first law was implemented.⁵⁷ However, the increase in ADUs has not significantly impacted housing stock in the town, and ADUs are not common knowledge. This case shows that it is possible to incentivize the development of ADUs or other accessory dwellings, however, the overall impact may be small in areas with a large number of homes available.

4.2 Lyons, CO

Lyons, Colorado is a small town outside of Boulder, home to approximately 2,000 residents.⁵⁸ The town lies on the main route to Rocky Mountain National Park and is a popular home for young families. As of 2016, the median household income in Lyons is \$90,806, reflecting the increasing income of the town over the past decade.⁵⁹



In 2013, a regional flood wiped out the majority of affordable housing stock in Lyons, causing particular damage to a mobile home park and leading to recategorization of flood risk throughout the town.⁶⁰ This combined with rising home values to restrict available affordable housing in the town, which has been an ongoing issue. Following the flood, a town ordinance was passed in 2013 to outline the process for ADU construction and approval as a method of increasing the affordable housing stock of the town.⁶¹ This ordinance defined ADUs for the town and laid out methods for approval. However, in the years following this passage very few new ADUs were developed, in large part due to the large costs of connecting the accessory dwelling to the town utilities.⁶² This barrier was addressed in 2016 with an amendment to the ordinance that waived the connection fees for ADUs, saving ADU owners between \$20,000 and \$40,000.⁶³ This was passed in conjunction with a mandate that ADUs must be rented out for periods of at least 30 days, limiting the use of these units as vacation rentals.⁶⁴ This addressed both a major barrier to ADU development in Lyons and a possible source of loss of these units as affordable housing.

Today, there are approximately 60 ADUs in Lyons, and five new conditional use applications were submitted in the last six months, a dramatic increase from the 21 known ADUs in 2016.^{65,66} On January 7, 2019 the town Board of Trustees voted to expand ADU status to include “tiny homes on wheels,” a change that is intended to expand use and allow for prefabricated tiny homes to be used rather than requiring independent construction.⁶⁷

Lyons has been able to increase its stock of ADUs in the past five years, but this has not necessarily translated into an increase in affordable housing. ADUs are rented at market rates, without price controls, which critics have said leads to rates that are not affordable for lower income residents. Additionally, the recent change to include “tiny homes on wheels” in the definition of ADUs has sparked anger about the continuing gentrification of the town, with some members raising concerns about the divide between “tiny homes on wheels” and more traditional RVs.^{68,69} Other stumbling blocks have included enforcement of compliance with town ordinances and relatively short term rentals in neighborhoods that are homes to the same residents for decades, which has raised concerns about changing the identity of the neighborhood and the town.⁷⁰ Attempts to address these issues have been made, but currently no lasting solutions have been found. While Lyons was able to effectively increase the number of ADUs in the town, it is not clear if this has had the impact the town desired when the ordinances were changed in 2013.⁷¹

4.3 Portland, OR

Portland, Oregon’s largest city is nestled between the Columbia and Willamette rivers, and Mount Hood and is home to nearly 650,000 residents.⁷² Founded near the end of the Oregon Trail, its close proximity to water, transportation channels, and timber industry helped the city grow into a 21st century community hub known for its eco-friendliness and sprawling gardens, which have attracted many young professionals. The median income for a household in the city is \$61,532, and 16.2 percent of the population lives below the poverty line.⁷³



In 2010, in hopes of combating the rapidly increasing population and rising home prices, Portland significantly reduced municipal fees and shifted the city's zoning codes to make it easier for homeowners to add ADUs to their properties.⁷⁴ This shift in zoning laws also worked to help residents age in place, maintain their social connections and support system, and have home that meets their needs.⁷⁵ With the new zoning code, the allowed size of ADUs increased to 75 percent of the size of the main property or no larger than 800 square feet. The fees of \$10,000 or more for city services like water and transportation were suspended from 2010 to 2016, significantly reducing costs to homeowners.⁷⁶ While other costs—including building permits and other payments required by construction—are still necessary, the reduced fees addressed one of the main barriers to ADU development and have resulted in a tenfold increase in ADU construction.⁷⁷

The city tackled the issue of short term and discontinuous renting in 2018, stating that any structure that benefitted from the fee exemption could not be rented on short term rental sites such as Airbnb for a given period after construction.⁷⁸ Currently, 80 percent of ADUs in Portland are being used as long term residences, allowing the units to do more than support the growing tourism industry.⁷⁹

In Portland, city regulations were effectively changed to incentivize ADU development and the use of the units as long term residences. This has helped provide more housing in the growing city, but the role of ADUs as affordable housing is still unclear. The majority (80 percent) of ADUs in Portland rent at the market rate, or slightly above, compared to similarly located apartments of the same size.⁸⁰ With an average monthly rent in the city of over \$1,300, this is not an affordable option for many residents.⁸¹ Uniquely, 18 percent of Portland ADU owners have opted to rent their properties below market rates or for free in order to provide affordable housing without intervention from the city.⁸² As time goes on, the impact of this practice and growing ADU stock on the Portland housing market will become clearer, but at present we can conclude that the city effectively incentivized the development of ADUs, but did not tackle affordability, an issue that residents decided to address independently.

4.4 Brattleboro, VT

Brattleboro is a mid-sized town in southwestern Vermont as a center for local arts and culture. Just north of the Massachusetts border, the town is a popular weekend getaway and is home to multiple higher education campuses, including the Marlboro College Center for Graduate and Professional Studies. The town is home to 11,487 residents, with a median household income of \$44,359.⁸³ The town's densely populated center is located near Vermont's lowest elevation point in the Connecticut River Valley. This steep topography has resulted in closely packed houses and buildings, giving the town a semi-urban atmosphere, despite its small size. Brattleboro decided to increase its affordable housing supply after reports published by the National Low Income Housing Coalition calculated a Vermonter making minimum wage would need to work 1.7 jobs to afford a one-bedroom rental home or apartment.⁸⁴ The report also calculated that Vermont has a housing wage of



\$22.40, the 13th highest in the country.⁸⁵ The “housing wage” is calculated based on how much a full-time worker would have to make per hour to afford a two-bedroom home at fair market value without spending more than 30 percent of their income on housing.⁸⁶ The findings reported Vermont has the fifth largest gap between the average hourly wage renters make, \$12.85, and housing wage prompting a need to reexamine affordable housing options in the state.⁸⁷

The Brattleboro Area Affordable Housing (BAAH) offers technical assistance to homeowners in Brattleboro and Bellows Falls who want to add an ADU to their house, and after the apartment is complete, an additional \$5,000 toward the cost of construction.⁸⁸ BAAH has assisted in the creation of more than 50 new apartments.⁸⁹ To receive the construction assistance, the property must have sufficient wastewater capacity, not exceed 30 percent of the total habitable floor area of the single-family dwelling, and applicable setback, coverage, and parking requirements specified in the bylaws must be met.⁹⁰ Other financial help is offered to homeowners who are interested in borrowing part of the money needed for the work.⁹¹ For instance, the Town’s Rental Housing Improvement Plan may help homeowners with a low-interest loan from \$3,000 to \$25,000 and for five-to-ten years.⁹²

Town officials believe that one key to the longevity of the program is the support services the program offers to homeowners who receive the grants.⁹³ BAAH works with homeowners over the course of a project and recruits students from the local high schools architectural drafting program to help design apartments and provides homeowners with lists of contractors and information on tenant law.⁹⁴

The city of Brattleboro has also instated protection for accessory apartments to promote more accessory housing units in the state. This prevents communities from exclusionary zoning practices and encourages flexible zoning practices that may allow for larger accessory apartments.⁹⁵ Outside of Brattleboro, other communities in Vermont have taken additional steps in actively encouraging the creation of such units through regulatory incentives (waiver of dimensional standards) or additional homeowner assistance programs.⁹⁶

Brattleboro demonstrates that it is possible to successfully increase the production of accessory units through community organization, support for homeowners, and funding. In this case, the use of a revolving loan fund was important in allowing prospective builders to overcome financial barriers, while the expertise provided allowed for more effective use of those resources.⁹⁷

5. CONCLUSION

ADUs have many benefits to residents and the community through increasing housing supply and providing income to long term residents.



Increasing housing supply. ADUs allow large single properties to be converted into multiple smaller properties fit for individuals and small families. Large plots of land that cannot be further developed due to zoning laws can be reconstructed legally to expand the current housing supply, particularly in suburban towns.

Increase the use of high-value land. ADUs can help families afford high-value land that has sentimental value but has become too expensive to individually own. Examples include converting properties with large Victorian single-family homes in Norwich to housing opportunities for more than one resident, resulting in an increase in the utility of the land without decreasing the value of the land.

Helping aging homeowners on fixed incomes continue to afford to live in their high-value homes. ADUs may provide homeowners without steady income, a source of passive income to better afford their homes. In Norwich and surrounding towns, this situation most often arises when couples get older and their children grow up, leaving large homes to be primarily underutilized. As property costs continue to rise, ADUs may allow homeowners to age in place, surrounded by familiar community support and resources.

Throughout this project, we consistently found that while ADUs are successful in increasing housing stock and helping homeowners, they have not succeeded as affordable housing options.

Most ADUs will rent at market rate without regulation, keeping them out of reach of low-income residents in need of affordable housing. As a result, while the overall housing supply will increase, ADUs will not provide residents with affordable housing options. In addition to market prices, low-income residents will be pushed out as ADUs could potentially be listed as short term rentals aimed at Airbnb and vacation renters. Likewise, regulation would be unsustainable in Norwich given the social norms around regulation in Norwich.

ADUs may not be an affordable option for families. While they may provide slightly lower rent prices, most ADUs that are within the Norwich area will not provide the supplementary features to make the housing options truly affordable including but not limited to being within walking distance of public transportation and easy access to affordable shopping and community centers.

Through our case studies, we have examined multiple cities that decided to implement policies to increase ADU development. These attempts were generally successful, and often relied on similar policies, which include:

- 1. Waiving of utility connection fees.** This policy choice was used in both Lyons and Portland to overcome one of the largest financial barriers to the development of ADUs. Waiving these fees saves homeowners over \$10,000, and is a strong



- incentive for construction, particularly if the fees will be reinstated after a given period.
2. **Loosening zoning restrictions.** This strategy has been used in nearly every city examined and has already been implemented in Vermont through a state ban on conditional use review for ADUs. Looser zoning restrictions allow homeowners to start the process of ADU construction more easily, and also allow for the construction of larger and more desirable ADUs that could bring in more income to the homeowner. However, while looser zoning restrictions can boost ADU growth, it is important to maintain standards for safety and to ensure that these units are truly independent of the main residence.
 3. **Providing technical support for construction.** One of the major barriers to ADU construction is lack of knowledge on the part of the homeowner. Brattleboro was successful in promoting accessory apartments through the BAAH, which provided homeowners with the support needed to start and successfully complete their construction projects.
 4. **Providing financing options for prospective ADU owners.** Building an ADU is a significant investment, and many homeowners who would like to build an ADU may be unable to due to the high cost of entry into this market. In order to overcome this barrier, financing options, like those seen in Brattleboro, can be created, making it possible for more residents to add ADUs to their property.

6. MOVING FORWARD

If Norwich desires to use ADUs as a method to expand affordable housing options, the following steps are options to overcome barriers to ADU development and incentivize the construction of these units.

1. **Officially waive the conditional review process for ADU construction.** In many other towns that have worked to increase ADU construction, removing restrictions such as conditional use review has been a first step. This would show town support of ADU construction and may draw public attention to the issue. In the case of Norwich, this would strictly impact the public perception of ADUs, as Vermont state law prohibits conditional use reviews of ADU applications.
2. **Educate residents and provide information on ADU development.** One barrier to ADU development is lack of knowledge. This could be addressed through a public education program such as an information session or informational pamphlet that educates interested residents on how to build an ADU and available resources. This could include an outline of the process of getting a construction permit as well as connect interested residents to resources in the area.
3. **Waive utility connection fees.** Connections to town utilities are often a major expense associated with ADU construction and are a cost the town has direct control over. While Norwich does not have a town sewer system, one of the major components of the utility connection fee, waiving this fee would decrease the cost of ADU construction and show the support of the town for ADU development.



- 4. Educate homeowners on the process of renting.** Lack of knowledge of the rental market and the relatively large amount of work required of property owners were cited as reasons why homeowners decline to build ADUs, even when they are in need of income and have the ability to build a unit. To combat this, education and assistance navigating the rental market in Norwich could be provided to interested residents, providing them with the confidence and knowledge needed to enter this market.
- 5. Assist residents in expanding or updating their septic systems.** Lack of septic capacity is a very major barrier to ADU development in Norwich. While the town cannot directly impact the private septic systems of its residents, providing support for assessment and expansion of septic systems through technical support by experts could allow residents to better understand their septic systems and ability to expand their capacity to support an ADU on the property.
- 6. Provide and support financing opportunities.** Finances are the source of many of the barriers to ADU development: building an ADU is a major expense, and it can take many years to recoup the investment. Providing financing support, such as the revolving loan fund in Brattleboro, could help residents make the initial investment to build an ADU.



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