



# TOWN OF RICHMOND

## RICHMOND TOWN CENTER

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To: Richmond Housing Committee  
Fm: Keith Osborne, Director of Planning

Subject: What exactly is Affordable Housing?

Abstract: The definition of affordable housing differs from region to region within the country but for the purposes of this discussion, the definition offered under 24 VSA § 4303 would apply. When speaking of “Affordable” housing, it should be noted that the particular “program type” of housing should be conveyed for clarity. In short, affordable housing is an umbrella term for housing that is not at or above market rate.

Housing Definitions as utilized in the State of Vermont.

### I.) Affordable Housing

- Owner-occupied housing for which the total annual cost of ownership, including principle, interest, taxes, insurance, and condominium association fees, does not exceed 30 percent of the gross annual income of a household at 120% of the highest of the following:
  - County Median Income
  - Standard Metropolitan Statistical Median Income or SMI
  - Statewide Median Income
  
- 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% of the highest of the following:
  - County Median Income
  - Standard Metropolitan Statistical Median Income or SMI
  - Statewide Median Income

Note: Chittenden County utilizes the Standard Metropolitan SMI for Burlington.

### II.) Affordable Housing Development

- A housing development of which at least 20% of the units or a minimum of five units, whichever is greater, are affordable housing units. Affordable Housing Units shall be subject to covenants or restrictions that preserve their affordability for a

minimum of 15 years or longer as provided in **municipal bylaws**. Emphasis added as this is the mechanism to retain this type of development.

### III.) Subsidized Housing for tenants

- Per VtLaw, Subsidies and Subsidized Housing are typically provided by the Federal Government through the Department of Housing and Urban Development or HUD. This entity provides assistance to local housing authorities and project developers/landlords, so they can subsidize rent.
- State and Federal entities that support Subsidized Housing: Vermont State Housing Authority (VSHA), U.S. Department of Agricultural Rural Housing, HUD.
- Private entities/Developers that support Subsidized Housing: Champlain Housing Trust, Cathedral Square, Habitat for Humanity, etc.

### IV.) Supported Housing

- Per the Vt State Housing Authority or VSHA, there are multiple programs that focus on this issue and are as follows:
  - Permanent Supported Housing (PSA)
  - Medicaid Permanent Supported Housing
  - Family Supported Housing (FSH)
  - Local Housing Authorities.
- The approach is to create a safety net for vulnerable populations by providing housing and essential services/infrastructure to foster stability and well-being. These programs are also subsidized by HUD for the most part.
- Vulnerable populations are individuals or groups in the community who are unable to promote and protect their personal or environmental health.
- State and Federal entities that support Supported Housing: Vermont Agency of Human Services, Vermont State Housing Authority, Vermont Office of Economic Opportunity.
- Private entities that support Supported Housing: Pathways Vermont, Vermont Coalition to End Homelessness, Vermont Affordable Housing Coalition.

### V.) Market Rate Housing

- The Google states that Market Rate Housing is housing that is based on existing area and market demand, rather than relying on any kind of subsidies or government assistance.

**Comment:** I believe it is important to understand the complexity and differences between these definitions when engaging in education, discussions and negotiations on “Affordable Housing”. Each one of these approaches to housing have a different development pathway that must be realized and understood when promulgating municipal bylaws.

## **Proposed Richmond Definitions for Housing - June 20, 2024**

**Market Rate Housing:** Housing that is driven by the local housing market. Dwellings can be either rented or owned by those who pay market-rate rents or who paid market value to purchase a property without direct subsidy.

Further resources:

[What Is Market Rate Housing? | Planetizen Planopedia](#)

[What is Market-Rate Housing? - National League of Cities \(nlc.org\)](#)

**Workforce Housing or Middle-Income Housing:** Housing that is “affordable” (my quotations) for households with moderate income, without the need for subsidies.

*Using Middle Income Housing as the definition instead of Workforce Housing appears to have less of a stigma attached based on my readings. Rent controls not based on income could be an approach utilizing the VSHA Affordability Index.*

[Workforce housing - Wikipedia](#)

[Workforce housing and middle-income housing subsidies: A primer | Brookings](#)

**Subsidized Housing:** Housing that is subsidized based on income and is supported by Private, Local, State and/or Federal funding.

*There is not a one-size that fits all definition for Subsidized Housing as there are a myriad of programs that support this definition along with the Vermont Statute definition based on types of development. Please see above for a detailed description based on Vermont Statutes.*

[Subsidized housing - Wikipedia](#)

[Vermont Laws](#)

**Other Resources:**

[Housing Links - Vermont State Housing Authority \(vsha.org\)](#)

[VHFA Affordability INDEX 2024.pdf](#)