

Buttermilk discussion document for 6/5/24

The Planning Commission is working on updating the zoning for the Jolina Court Zoning District. When the “permanent” (as opposed to the “interim”) zoning was put in place in 2020, building 1 was permitted and building 2 was planned. At that time commercial real estate was struggling, but we still had hope that we could expand our village center with the traditional style of ground floor businesses and upstairs residences. Over the last 4 years, however, the commercial real estate market has continued its downward spiral to the point that it no longer appears feasible to finance this arrangement for building 2. Building 1 continues to fill its residential units and to experience difficulty keeping its commercial space filled.

So over the last few months, the Planning Commission has been considering various options to allow this project to move forward in order to provide Richmond with additional housing, and we are now interested in bringing two of the other stakeholder groups – the public and the Selectboard - into the discussion. Buttermilk LLC, the development group which remediated the brownfield and developed the Creamery project, is the third stakeholder who must have a financially viable project before building 2 can be built, even though it is permitted under the current zoning. They have weighed in periodically on the PC’s discussions. It appears that loan funding is not available for small residential projects that are burdened with a commercial requirement and additional income-reducing constraints. So at this time we are looking for a compromise plan that combines some elements of the interests of the three stakeholder groups.

Here are the options that the PC has been discussing:

1) Remove the ground floor commercial requirement from all buildings in the Creamery project except those with Bridge St frontage (i.e. Building 1)

Comments: the PC agrees that this makes sense given the lack of interest in commercial real estate and subsequent inability to finance building 2. Building 1 would continue to require ground floor commercial tenants. Building 2 could replace some or all of the 8,000sf of ground floor space with residential units.

2) Consider increasing the total of number of dwelling units currently allowed for the whole project from 45 to some greater amount in order to utilize the freed-up commercial space in building 2. The current zoning density of 15 U/A (on 3 developable acres) allows for an additional 31 units in building 2 to add to the 14 units in building 1 for a property total of 45 dwelling units.

Comments:

While most of the PC feels that some increase is desirable, there is debate on this point, and on what the actual increase would be. Why would we want to increase the residential density?

- a) **we have a housing crisis**, with a lack of housing in all price ranges throughout Chittenden County. More units = more housing.
- b) It is efficient to have a greater density of housing where there is municipal water and sewer infrastructure, and more dwelling units would utilize more of the excess capacity of the treatment plant thus reducing costs for other W&S customers.
- c) more units and/or smaller units ( if there are more units than will fill the ground floor of building 2, with the same proposed footprint, the units will have to be smaller) will make the units **relatively more affordable**.

How might we increase the density?

The most straightforward method is to just increase the zoning district's base density. The developer would be entitled to these extra units, and the town would be assured of extra housing. The developer has stated that they do not intend to expand the size of building 2 to accommodate additional residential units. This method is the most likely to allow successful financing.

- a) We could increase the base density from 15 U/A to 18 U/A, which provides an additional 9 units, for a building 2 total of 40 units and property total of 54 units (including the 14 units in building 1).
- b) We could increase the base density from 15 U/A to 20 U/A, which gives building 2 an additional 15 units (this might fill the ground floor) for a property total of 60 units.
- c) We could increase the base density to 24 U/A, which gives building 2 or future phases an additional 27 units (Buttermilk has proposed a redesign of building 2 to incorporate up to 24 additional units along with the 31 currently allowed) for a property total of 72 units.

We could also increase the density by offering density bonus units. This would only allow the developer to add units if they meet the specific criteria we have set up, to a maximum density. The developer would have the option of electing to use the density scheme or not, and the town may or may not gain additional needed housing. Density bonus restrictions add difficulty to financing a project and add complexity to our regulations.

Possible types of density bonuses we have considered:

- Senior/ageing-in-place units (equipped for people with physical limitations)
- Workforce housing (rent is kept at a “relatively” affordable level; with or without an income -sensitive component)
- Types of bonus units we have touched on that are less possible for various reasons: Condos (promote home ownership) ; “true affordable,” (income sensitive), or public or leased parking (these options all have major difficulties). The developer has stated that their plans do not include selling part of their lot or involving a third-party not-for-profit “true affordable housing” developer.

We could adopt a combination of base density increase and density bonus units, whereby a certain number of additional units are allowed and a certain number of additional units could be selected if the developer wished to abide by our criteria. (For example, increase base density to 18 U/A and offer up to 6 density bonus units.)

What concerns have been expressed about adding increased units?

There seem to be two areas of concern that the Planning Commission is aware of: one is parking and traffic, and the other is a generalized discomfort with the scale of the project relative to the village setting.

a) parking and traffic - In Buttermilk’s permit for building 2, issued by the DRB on 7.26.23, 176 parking spaces were approved for the whole Creamery project, even though the proposed uses required only 165. For building 2, 65 residential parking spaces were approved. Since the state adopted Act 47 last July, municipal zoning is only allowed to require 1 parking space per dwelling unit. This means that the 65 approved residential parking spaces are adequate for 65 dwelling units. Some of the total 176 spaces were designated for the commercial uses that we are now proposing not to require, so that creates additional space on the lot if needed. So parking seems to be adequate for building 2.

In March of 2023 the Wall Consultant Group analyzed the actual and projected traffic from building 1 and proposed building 2 and found that it did not surpass the threshold of 70 PM peak trip ends that our regulations list as requiring mitigation (as would be specified by the DRB). The current proposal for more residences and less commercial uses may alter this calculation somewhat, and a new traffic study could be required. The Jolina Ct / Bridge St / Railroad St intersection will likely need

to be reassessed for the new grocery store on Railroad St at some point, and traffic from Jolina Ct would be considered as well. Foot traffic in the downtown area would likely be increased, but this would help to support local businesses without bringing in more cars from outlying areas. Having sidewalks on both sides of Bridge St would reduce the number of pedestrian street crossings.

b) The feeling that significantly increased density would somehow alter the character of the village has been brought up, but never really explained. The footprint of building 2 is not proposed to increase if additional residential units are allowed, and the size (footprint and height) of the building has already been approved by the DRB, so adding density would not result in a larger building. The offsetting benefits of additional rental housing and the evolution of village centers will likely be discussed if this item seems to be an issue.

From tonight's discussion, we hope to develop a reasonable proposal to move this project forward. The planning consultant engaged by the Housing Committee in 2021-22 documented Richmond residents' concern with a lack of diverse housing, and the Creamery project is well positioned to address this lack. We know there are many aspirational goals out there amongst our engaged and thoughtful Richmond residents, but we are hoping to arrive at a balanced solution that is both feasible for Buttermilk and acceptable to the other stakeholder groups.

Discussion document prepared by Virginia Clarke