

Selectboard Public Hearing for Jolina Court Zoning District and associated amendments

Buttermilk LLC, developer of the Creamery project, wishes to begin work on their second multi-family building on Jolina Court, but have stated that they are unable to obtain financing under the current zoning restrictions. After more than a year of work, the Planning Commission (PC) has developed some revisions to the Richmond Zoning Regulations (RZR) which we feel will be in the Town's best interest and will also make it easier for the project to advance and to provide some much-needed housing in Richmond. The two changes envisioned are: removal of the commercial-only requirement on the ground floor, and allowance for an overall increase in the number of dwelling units by way of a new town-wide "residential density bonus program." Both of these changes bring up complex issues, and both have proponents and opponents. The resulting documents represent the best compromise we could reach. The Planning Commission voted to approve the following documents dated 1/15/25 for PC Public Hearing on 3/5/25:

Section 3.9, Jolina Court Zoning District; Section 5.12, Planned Unit Development; Section 6.15, Residential Density Bonus Program, and Section 6.16, Affordable Housing Development.

Subsequently, on 2/5/25, a revised version of Section 6.15.5 providing more details on the source of the standards for Accessible/Adaptable Dwelling Units was approved by the Planning Commission to be substituted into the packet of amendments. The Planning Commission approved this packet of amendments for **3/5/25**.

The original permanent zoning for the Jolina Court Zoning District (JC ZD) envisioned a traditional mixed-use, village style district with businesses on the ground floor and residential units on upper floors similar to our existing Bridge St downtown. Buttermilk's building 1 is arranged this way, and we had conceived that building 2 would follow this pattern. However, in the intervening decade, the market for commercial real estate has diminished significantly, and banks have become reluctant to finance such projects. In fact, Buttermilk has found it difficult to keep building 1's commercial ground floor leased, and we do not foresee a return to a robust bricks-and-mortar commercial real estate market anytime soon. In addition, building 2 has no frontage directly onto Bridge St., our visible downtown.

Simultaneously, our housing crisis has intensified, making housing in Richmond, and throughout Vermont, either unavailable or unaffordable. In light of these developments, the PC is in agreement that the ground floor commercial requirement now represents a

barrier to housing development, and that our interests would be better served by allowing ground floor housing in Buttermilk's building 2, enabling a project that helps fulfill Richmond's goal of providing additional, diverse housing opportunities. We are proposing to amend **Section 5.12** of the RZR to enable the removal of the ground floor commercial requirement.

The second part of our deliberations involved the question of "residential density." Should we allow additional dwelling units in this development, as requested by the developer? And should these "extra" units provide benefits to Richmond beyond just the additional housing? Currently 31 new dwelling units are allowed in building 2. If we remove the ground floor commercial requirement, theoretically more residential units could be developed. The Commission was divided on these questions and debated the following options: 1) to not allow more than 31 residential units, 2) to allow an additional number of residential units of any sort, or 3) to allow an additional number of residential units only if certain kinds of units are developed. We discussed anywhere from 6 to 27 additional units, and various types of requirements that might be asked of the developer in order to "earn" the extra units. All the options seemed to have pros and cons

The proposal that we ended up with for tonight's hearing represents a compromise amongst the options. In our amended **Section 3.9**, we are proposing allowing an additional 15 units (besides the 31 that are currently allowed) which can be permitted through a "residential density bonus program," the new **Section 6.15**. These additional units can be "earned" if the developer agrees to provide either affordable units, accessible/adaptable units suitable for seniors, or additional public parking on the Creamery lot.

The costliest option for the developer is the provision of "true affordable" (subsidized) units at a controlled rent level below market rate. For each one of these units provided, Buttermilk would be allowed an additional four market-rate units. A second option is the provision of units equipped for those with physical disabilities. This would be a one-time cost for the developer, and for each two of such units developed, an additional market-rate unit would be allowed. The third and final option in the "density bonus program" is the provision of public parking. For each two public parking spaces provided one additional market-rate unit would be allowed. A complete description of these three options, and how this program would work, is found in the proposed **Section 6.15**.

In addition to the Residential Density Bonus Program, Section 6.15, we are also proposing to add a new **Section 6.16**, "Affordable Housing Development", which contains language directly from Act 47. This section provides an additional, statutorily mandated mechanism by which extra dwelling units can be "earned" by a developer and could be utilized by Buttermilk if they adhere to the requirement to make 20% of the units, or a minimum of 5

units, “true affordable” units. We are already required to follow this law, so this amendment to the RZR is not optional.

Our Director of Planning and Zoning has stated that his department will be doing a traffic study of the Bridge St – Jolina Ct intersection to assess mitigation measures that might be needed due to increasing traffic on Bridge St, Railroad St and/or Jolina Ct. A traffic study provided by Buttermilk did not show critical thresholds being exceeded from the Creamery’s building 2. The additional traffic from extra dwelling units (if elected) would be offset by the reduction of commercial traffic that would result from removal of the ground-floor commercial requirement.

Buttermilk has stated that it is not in agreement with these changes (see letter in packet). However, there is no obligation on their part to submit to any additional restrictions on their project – no “inclusionary zoning” is proposed, any bonus restrictions are entirely optional.

What are the possible outcomes of this packet of amendments?

1) Buttermilk could decide not to develop any of the density bonus units and just continue with the 31-unit plan. As the ground-floor commercial requirement would be removed, that portion of the building could be used for larger, and thus more expensive, units. We would hope that the removal of the ground-floor commercial requirement would allow for financing the project, and Richmond would gain 31 housing units. The traffic at the intersection would be that which has already been permitted by the DRB.

2) Buttermilk could decide to utilize any combination of the density bonus requirements and be allowed up to 15 additional units. In this case, Richmond would receive additional benefits as well as the additional housing stock. We do not know if this would be acceptable to lenders and thus allow for financing of the project. We hope that the additional costs of the bonus units would be offset by the increased total number of units which makes the project more cost-effective, but this remains an unknown.