

Housing

Goals & Objectives

1. Ensure that safe and adequate housing is available and affordable for South Hero residents.
2. Guide the Town in achieving well-managed residential growth that includes a diversity of housing types that meet the needs of South Hero's population at every stage of life.

Strategies

1. Implement zoning regulations in the town's rural areas that require residential subdivisions to use land efficiently and preserve important resource lands, including planned unit developments, clustering lots, expanding on the existing road network and sharing infrastructure.
2. Implement zoning regulations that allow for concentrated residential development in the village districts at higher densities than allowed in other zoning districts.
3. Support efforts to provide adequate infrastructure to support concentrated development in village areas, including municipal wastewater, bicycle and pedestrian improvements and complete streets.
4. Support efforts that incentivize the development of accessory dwelling units for their ability to provide affordable housing options.
5. Study the impact of short-term rentals on the availability of affordable housing for year-round residents.
6. Support, and share information about, programs and resources that help to lower cost of home occupancy and assist in the preservation and maintenance of existing housing units, such as energy conservation, weatherization, and utility assistance.
7. Support, and share information about, programs and resources that assist seniors or low mobility residents remain in their homes such as HomeShare Vermont, Meals on Wheels, and CIDER.

Current Housing Stock & Households

South Hero has 1,096 housing units. South Hero's housing stock is comprised primarily of single-unit detached homes, the majority of which were built between 1960 and 1999. Approximately 163 units have been permitted in the past 20 years. These permitted units are overwhelmingly single-unit detached dwellings with just 2% of all permits being for multi-unit developments. It is important to note that not all permitted units may have been constructed. In 2022, the Bayview Crossing senior apartment complex opened. This complex has 30 rental units and includes a mix of market-rate and affordable units.

85% of South Hero's year-round occupied housing units are owner-occupied, while 15% are renter-occupied.

Seasonal Housing & Short-Term Rentals

Of the 1,096 total housing units, roughly 35% of South Hero's housing stock is used seasonally, which is defined by the Census as units that are lived in less than half the year. According to the Grand List, over 90% of seasonal units have lake frontage. The proportion of seasonal units as a percentage of all housing units has grown by 9% over the last 10 years.

Do you think the Town should adopt more restrictions on short-term rentals?



■ Yes ■ No ■ Unsure

In recent years, the number of short-term rentals has increased across the state of Vermont. Short-term rentals are properties rented for 30 days or less. In South Hero up to 2% of units are used as whole-house short-term rentals. Respondents to the Town Plan Survey were divided on whether or not the Town should implement specific regulations for short-term rentals. The plurality were unsure, while a third opposed restrictions and 20% supported restrictions

Housing Affordability

Affordable housing is defined under 24 V.S.A. §4303 as shown in the box to the right. According to the U.S. Census American Community Survey, the median household income in the county in 2021 was \$85,154. This is higher than the median income of the MSA or state and was therefore used in the affordability calculations below.

Rental Housing

According to the 2021 American Community Survey the median rent & utilities in South Hero is \$1,337. To meet the definition of affordability, a household would need to earn at least \$53,480 to pay the median rent. The median rent is affordable to most residents, but not to those with very low incomes. 18% of current renters in South Hero pay more than 30% of their income for rent (17 households).



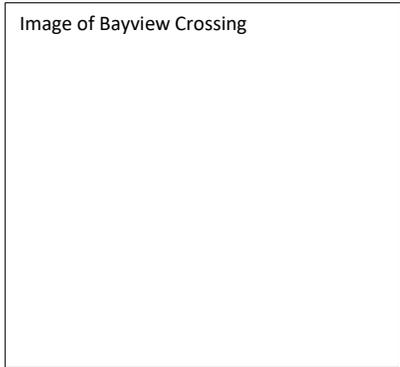
Source: U.S. Census American Community Survey S1901 ACS 5 Year Estimate; U.S. Census American Community Survey DP04 ACS 5 Year Estimate

Definitions

Affordable Housing: Under 24 V.S.A. §4303 affordable housing is defined as:

- 1) Owner-occupied housing for which the total annual cost of ownership does not exceed 30% of the gross annual income of a household at 120 percent of the highest of the county median income, MSA median income, or statewide median income.
- 2) Rental housing for which the total cost of renting does not exceed 30% of the gross annual income of a household at 80% of the highest of the county median income, MSA median income, or statewide median income.

Burlington-South Burlington MSA: A Census-defined geographic region consisting of Chittenden, Franklin and Grand Isle Counties.



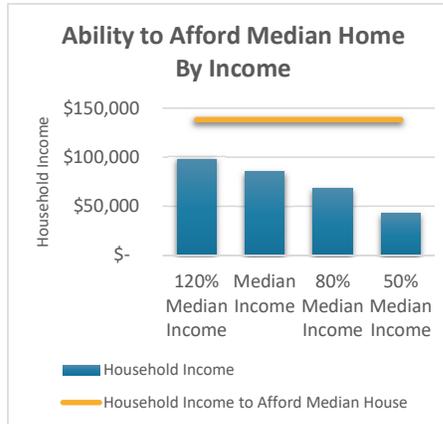
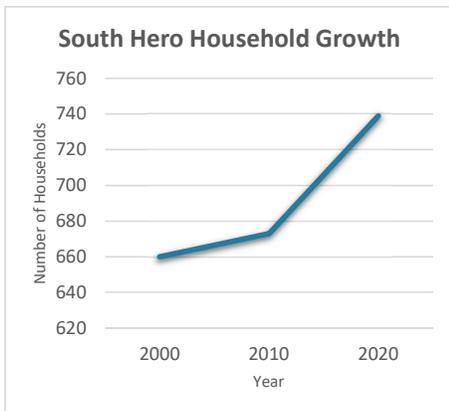
Homeownership

The median sale price of a home in South Hero has increased 74% from 2015 to 2021. Homeownership is extremely unaffordable for households making the median incomes for the county. A household would need an income of almost \$140,000 to afford the median home in South Hero.

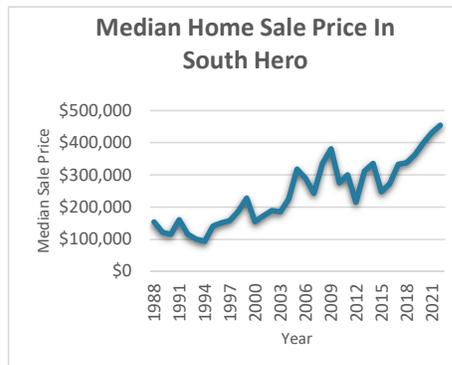
Homeownership affordability limits were calculated using the VFHA Affordable Home Price Calculator under the assumption of a mortgage with 5% downpayment, and average interest rates, insurance, PMI and property taxes.

¼ of current South Hero homeowners pay more than 30% of their income on housing (97 households). Senior homeowners were more likely to find housing unaffordable.

Many South Hero residents are concerned about the impact of high housing prices. In an open-ended survey question about the impact of the increased prices of housing in South Hero common response themes included concerns that only wealthy households would be able to afford to live in South Hero, that South Hero locals would be priced out, and that workers and young people would be priced out. Only 7% of respondents did not feel that price increases had an impact on the community. Roughly 30% of respondents were unsatisfied with current housing options in South Hero.



Source: U.S. Census American Community Survey S1901 2021 ACS Year Estimate; Vermont Department of Taxes, Property Transfer Tax (PPT) Records via Housingdata.org, VFHA Housing Affordability Calculator



Future Housing Needs

While the population of South Hero is relatively stagnant, the number of households has continued to increase over the last 20 years due to the trend of smaller households. If household sizes continue to get smaller, there will be a need for new housing units even if population remains similar. In South Hero many of these new smaller households are senior households, with the number of residents over the age of 65 nearly doubling in the last 10 years. Many of these households would likely prefer smaller, more affordable housing units that are easily accessible to services and community spaces.

There is also a need for more affordable housing options in South Hero. Very low-income households are unlikely to find affordable housing option in South Hero, and even those making above median incomes may be unable to afford homeownership.

To meet future housing needs, the Town will need to move away from the current development pattern of almost entirely large lot single unit houses.

Meeting housing demand with exclusively this type of development will lead to sprawl and will not address the affordability issues. Smaller units, multi-unit structures, accessory dwelling units and mobile homes can all provide more affordable options. For instance, adding an accessory dwelling unit to an existing home provides a new rental unit and can reduce the housing costs for the homeowner.

Municipal regulations and policy play a major role in determining the location, density type and amount of housing available in South Hero.

The Town has identified South Hero Village and Keeler Bay Village as an appropriate place for denser housing development and should consider how best to reduce regulatory barriers to appropriately scaled residential development in these areas. Investments into infrastructure, such as community wastewater, can also support denser residential development.

Equity and Housing

Having a broad range of housing options at all price points can support an equitable and inclusive community. When housing options are unaffordable, those with median or low incomes are shut out of the community.

Municipal regulations can contribute to this problem by creating unnecessary barriers to housing types other than single-unit structures.