

Planning Commission & City Council Ordinance Committee - Collaborative Working Group on Inclusionary Zoning

Tuesday, May 12, 2026, 6:30 PM

Remote & Virtual Meeting via Zoom

In person option available:

Bushor Conference Room (Room 102), 1st Floor of City Hall, 149 Church St.

To Join the Meeting on a Computer

Link: <https://zoom.us/j/97941883790?pwd=bGZBNzNyV1liL3p5NkhIL2dqUFIzd09>

Passcode: 658929

To Join the Meeting on a Phone

Number: +1 646 931 3860 US Meeting ID: 979 4188 3790

1. Agenda

Subject	1.1. Motion to amend/adopt agenda
Meeting	May 12, 2026 - Planning Commission & City Council Ordinance Committee - Collaborative Working Group on Inclusionary Zoning - Tuesday, May 12, 2026, 6:30 PM, Planning Commission & City Council Ordinance Committee - Collaborative Working Group on Inclusionary Zoning
Category	1. Agenda
Department	Planning
Type	
Recommended Action	

2. Adopt Minutes & Accept Communications

Subject	2.1. Adopt Minutes & Accepts Communications
Meeting	May 12, 2026 - Planning Commission & City Council Ordinance Committee - Collaborative Working Group on Inclusionary Zoning - Tuesday, May 12, 2026, 6:30 PM, Planning Commission & City Council Ordinance Committee - Collaborative Working Group on Inclusionary Zoning
Category	2. Adopt Minutes & Accept Communications
Department	Planning
Type	

3. Director's Report

4. Public Forum

5. Review of Collaborative Working Group's Workplan & Process

Subject	5.1. Staff will provide an overview of the purpose of this working group, meeting schedule, and intended topics of each meeting.
Meeting	May 12, 2026 - Planning Commission & City Council Ordinance Committee - Collaborative Working Group on Inclusionary Zoning - Tuesday, May 12, 2026, 6:30 PM, Planning Commission & City Council Ordinance Committee - Collaborative Working Group on Inclusionary Zoning
Category	5. Review of Collaborative Working Group's Workplan & Process
Department	Planning
Type	
Recommended Action	

6. Review of Burlington's current Inclusionary Zoning program & policies

Subject	6.1. Staff to present on and facilitate a discussion of current IZ policies & programmatic strengths and challenges. See attached Report on IZ prepared by staff.
Meeting	May 12, 2026 - Planning Commission & City Council Ordinance Committee - Collaborative Working Group on Inclusionary Zoning - Tuesday, May 12, 2026, 6:30 PM, Planning Commission & City Council Ordinance Committee - Collaborative Working Group on Inclusionary Zoning
Category	6. Review of Burlington's current Inclusionary Zoning program & policies
Department	Planning
Type	
Recommended Action	

7. Overview of proposed amendments

Subject	7.1. Staff to present a high-level overview of proposed amendments that will be discussed by the working group over the coming months. An overview of the proposed amendments can be found on pages 14 - 22 of the IZ Report prepared by staff.
Meeting	May 12, 2026 - Planning Commission & City Council Ordinance Committee - Collaborative Working Group on Inclusionary Zoning - Tuesday, May 12, 2026, 6:30 PM, Planning Commission & City Council Ordinance Committee - Collaborative Working Group on Inclusionary Zoning
Category	7. Overview of proposed amendments
Department	Planning
Type	

8. Adjournment

CITATION/NOTICE OF MUNICIPAL CONDEMNATION HEARING

STP5000 (29): Colchester Avenue, Riverside Avenue, Barrett Street, Mill Street Intersection Project

PLEASE TAKE NOTICE that—pursuant to 19 V.S.A. Chapter 7—the City of Burlington plans to hold a public hearing to consider condemning certain parcels of land for the purpose of reconstruction and alteration of the Colchester Avenue, Riverside Avenue, Barrett Street, and Mill Street intersections, and, if so, to determine the damages sustained by those owning or interested in the parcels. Based on municipal records, such parcels are located in Burlington, Vermont at 448-450 COLCHESTER AVENUE, 457-459 COLCHESTER AVENUE, and 465-467 COLCHESTER AVENUE. Pursuant to such condemnation, the City of Burlington will consider whether it is necessary for public use and benefit to take the subject parcels on both a temporary and permanent basis for use in alteration and reconstruction of the intersections. Such temporary basis will last until a project completion date of July 1, 2030, but may be extended depending on project needs. The permanent basis will be needed to accommodate the altered intersection configuration and associated geometry changes as well as utility relocation and undergrounding. The necessity and compensation due to those owning or interested in such property for such condemnation will be addressed at the hearings held at a meeting of Burlington City Council, Mayor Presiding, on Thursday, May 21st, 2026 at 6 p.m. EST, located at 149 Church Street, Burlington, Vermont. There will be a site visit beginning at 8:30 a.m. EST on May 21st starting at the corner of Mill Street and Colchester Avenue. No testimony will be taken at the site visit. Testimony will be accepted at the hearing from interested parties. Meeting information and instructions for remote participation are posted here once the agenda is published: <https://burlingtonvt.portal.civicclerk.com/>

CITATION/NOTICE OF MUNICIPAL CONDEMNATION HEARING

Burlington-Winooski BF RAIZ(2) – Winooski River Bridge

PLEASE TAKE NOTICE that—pursuant to 19 V.S.A. Chapter 7—the City of Burlington plans to hold a public hearing to consider condemning certain parcels of land for the purpose of a bridge to replace the current Burlington-Winooski Bridge over the Winooski River, and, if so, to determine the damages sustained by those owning or interested in the parcels. Based on municipal records, both parcels are located in Burlington, Vermont at 1 Mill Street. Pursuant to such condemnation, the City of Burlington will consider whether it is necessary for public use and benefit to take the subject parcels on both a temporary and permanent basis for use in construction of said bridge replacement. Such temporary basis will last until a project completion date of July 1, 2030, but may be extended depending on project needs. The permanent basis will be needed to accommodate the new bridge configuration and associated geometry changes. The necessity and compensation due to those owning or interested in such property for such condemnation will be addressed at the hearings held at a meeting of Burlington City Council, Mayor Presiding, on Thursday, May 21st, 2026 at 6 p.m. EST, located at 149 Church Street, Burlington, Vermont. There will be a site visit beginning at 8:30 a.m. EST on May 21st starting at the corner of Mill Street and Colchester Avenue. No testimony will be taken at the site visit. Testimony will be accepted at the hearing from interested parties. Meeting information and instructions for remote participation are posted here once the agenda is published:

<https://burlingtonvt.portal.civicclerk.com/>



BURLINGTON
V E R M O N T

A Review of Burlington's Current Inclusionary Zoning Policies & Proposed Amendments



Date Posted: May 8, 2026

This report was prepared by City of Burlington's Internal Cross-Departmental Working Group on Inclusionary Zoning in advance of the Collaborative Working Group on Inclusionary Zoning and ZA-26-04.

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Introduction

The City of Burlington has maintained a mandatory inclusionary zoning (IZ) ordinance since the early 1990s as part of a comprehensive housing strategy to address long-term affordability and supply constraints. As one of the first locally initiated IZ programs in the United States, Burlington's ordinance established an early framework for integrating affordable housing production into market-rate residential development.

The ordinance requires that all new residential developments of five or more units include a proportion of permanently affordable housing. The required set-aside ranges from 15 to 25% of total units and is structured on a tiered basis tied to market conditions. Specifically, the required affordability percentage increases as the average market-rate price of units exceeds 140% of Area Median Income (AMI), thereby calibrating requirements to project economics and anticipated returns.

Burlington's Inclusionary Zoning program includes several features that have been influential in shaping national inclusionary zoning practices. Burlington was the first municipality to explicitly index affordability requirements to market-rate pricing, a tiered approach that, while uncommon, has since been adopted in some other jurisdictions. In addition, the ordinance established a 99-year affordability control period, effectively ensuring permanent affordability, an approach that has become more common among more recent IZ programs. The ordinance also permits density and lot coverage bonuses ranging from 15 to 25% and allows these bonuses to be applied flexibly within mixed-use developments, including for commercial floor area.

Modernizing the City's Inclusionary Zoning Ordinance stands as one of three cornerstone initiatives in Mayor Mulvaney-Stanak's people-first housing agenda, announced on January 13, 2026. This strategy provides a roadmap for accelerating housing production while prioritizing equity, affordability, community stability, and democratic participation.

Over the last several months, City staff have prepared a comprehensive package of amendments to significantly update the existing IZ ordinance. These proposed changes are designed to promote high-quality development, ensure sustainable funding for affordable housing better reflect current market realities, and align with the Administration's broader housing strategy, all while simplifying the structure to reduce administrative burden and uncertainty. The updates also draw on national best practices and aim to align with Burlington's community goals and values. This report offers context and rationale for the amendment package, drawing on previous reports, stakeholder feedback, market analysis, and an extensive review of program performance data.

This report was prepared by City of Burlington's Internal Cross-Departmental Working Group on Inclusionary Zoning in advance of the Collaborative Working Group on Inclusionary Zoning and ZA-26-04.

Staff involved in the Internal Cross-Departmental Working Group on IZ include:

- Charles Dillard, AICP, Director, Office of City Planning
- Sarah Morgan, AICP, Principal Planner, Office of City Planning
- Maggie Callaghan, Housing Program Manager, Community & Economic Development Office
- Nancy Stetson, Senior Policy & Data Analyst, Department of Finance & Administration
- Scott Gustin, AICP, Zoning Division Manager, Department of Permitting & Inspections

About the Inclusionary Zoning Collaborative Working Group

The Office of City Planning has proposed the formation of a Collaborative Working Group on Inclusionary Zoning, bringing together members of the City Council Ordinance Committee and the Planning Commission to undertake a coordinated zoning amendment process related to the City's existing Inclusionary Zoning (IZ) standards.

The Collaborative Working Group on IZ is set to kick off on Tuesday, May 12th at 6:30pm, and continue over the next six months. The process is intended to create a shared forum for both bodies to review, discuss, and refine a comprehensive set of amendments to the IZ ordinance, as developed by staff.

The Working Group will meet regularly to review the proposed amendment package, discuss and refine changes, and help develop a recommendation that will be referred by Planning Commission to City Council for its consideration and adoption in November or December of 2026.

Both the Planning Commission and the Ordinance Committee bring important perspectives and institutional knowledge related to inclusionary zoning in Burlington. The proposed Collaborative Working Group is also intended to leverage this expertise through a coordinated review process and ensure that the proposed amendments are thoroughly discussed prior to formal consideration by the full City Council.

To support this effort while maintaining momentum on other City priorities, including the comprehensive planning process, staff proposes utilizing one of the Planning Commission's regularly scheduled monthly meetings for this work from May to November 2026, supplemented by additional special meetings as needed. This structure is designed to streamline review, promote shared understanding between bodies, and integrate policy, technical, and implementation considerations early in the process.

Collaborative Working Group meetings will be hybrid meetings, with the in-person meeting option taking place in City Hall at 6:30pm. The following are the scheduled meeting dates for the Collaborative Working Group:

- Tuesday, May 12
- Tuesday, June 9
- Tuesday, July 14
- Tuesday, August 11
- Tuesday, September 22
- Tuesday, October 13

An (Abbreviated History) of Burlington's Inclusionary Zoning Policies

During the 1980s and early 1990s, Burlington became a center of innovation in affordable housing policy. Faced with declining federal housing support and escalating housing costs, local leaders developed community-driven solutions to expand affordability and make housing accessible in neighborhoods undergoing redevelopment. Key initiatives from this era included the establishment of the Champlain Housing Trust, the launch of a locally funded Housing Trust Fund, and, by 1990, the adoption of one of the nation's earliest inclusionary zoning ordinances.

Initially, Burlington's inclusionary zoning program operated without explicit state authority, relying instead on Vermont's planning statutes that require municipalities to address residents' housing needs. This changed in 2005 when Vermont formally authorized inclusionary housing policies as part of a broader set of affordable housing initiatives. These actions were driven by a growing recognition of statewide housing needs and the link between housing access, economic growth, and job creation.

Burlington's IZ ordinance was designed to fulfill 24 V.S.A. Chapter 117, ensuring housing opportunities for all Vermonters, particularly those with low and moderate incomes. The policy also aimed to support a diversity of income levels by discouraging the exclusive development of market-rate housing on the city's limited buildable land. Further, it promoted the creation of economically integrated neighborhoods to enhance the quality of life and foster social and economic diversity. Finally, the ordinance sought to prevent overcrowding and deterioration of the affordable housing supply, advancing public health, safety, and general welfare.

Today, six municipalities in Vermont use Inclusionary Zoning as a tool for building affordable housing in their communities, including South Burlington, Winooski, Hartford, Hinesburg, and Shelburne. Several of these policies, including Winooski's and South Burlington's, have only been adopted in the last two years.

2017 – 2019: Comprehensive Assessment & Adoption of ZA-19-10

The 2015 Housing Action Plan called for a comprehensive assessment of Burlington's IZ ordinance. Completed in 2016 by czb, the evaluation found that while the policy succeeded in producing economically integrated housing, it did not keep pace with housing demand. The report estimated that since 1990, Burlington had underproduced approximately 2,500 housing units, identifying both structural and market factors behind this shortfall and offering guidance for policy updates.

In response, the City Council established the Inclusionary Zoning Working Group (IZWG) in 2017, a 10-member panel of local housing experts. The IZWG reviewed the czb findings and [developed recommendations on key elements of the ordinance](#), such as applicability thresholds, set-aside requirements, affordability definitions, and compliance alternatives. These recommendations were formally documented and sent to the City Council.

In 2018, a joint Council committee refined the IZWG recommendations before forwarding them to the Planning Commission. The Commission made additional revisions and submitted a final package, which the City Council adopted as ZA-19-10 in October 2019 as a comprehensive update to Burlington's IZ ordinance. Recommendations made by the IZWG are included as an attachment to this report.

2022 – 2024: Ongoing Policy Discussions & Targeted Amendments

Following the adoption of ZA-19-10, City staff in Planning, CEDO, and DPI have identified several technical clarifications and policy issues in the IZ Ordinance, including questions regarding evolving state law. At the same time, elected officials, developers, and community stakeholders have proposed additional adjustments in response to post-pandemic shifts in Burlington's housing market and development conditions.

Targeted amendments were adopted to address immediate concerns. ZA-23-02 increased flexibility in bedroom mix requirements, while ZA-24-01 clarified that intensity bonuses apply only to projects with on-site IZ units, restricting off-site or in-lieu payments after occupancy. These changes resolved key technical and policy issues without reopening the entire ordinance.

Since mid-2023, CEDO, Planning, and DPI staff have worked on a package of amendments to address construction costs and add flexibility, while preserving the policy's core affordability goals. In 2024, these ideas were presented to the Planning Commission, with the subsequent action calling for continued research by City staff.

Further study included a 2024 report conducted by Economic & Systems Planning, Inc. Titled "Inclusionary Housing & Development Feasibility: Initial Assessment". This report included a pro-forma feasibility study of typical Burlington housing prototypes and evaluated how possible changes could impact development feasibility and public benefit. Early results showed that development feasibility is already extremely challenging, even before factoring in IZ requirements.

Separately, in March 2024, the Council directed the Planning Commission to review the payment-in-lieu (PIL) option for complying with the IZ program. The resolution was later broadened to include additional IZ-related amendments, with recommendations requested within the year. Former Mayor Weinberger's signing statement underscored the challenge of balancing affordability goals and project feasibility.

Building a Network of Affordability Strategies

On January 13, 2026, Mayor Mulvaney-Stanak launched Burlington's 2026 Housing Strategy, establishing a comprehensive framework to accelerate housing production while focusing on equity, affordability, community stability, and democratic participation. The strategy is designed as a coordinated system of complementary policies rather than reliance on any single tool.

Modernizing the Inclusionary Zoning (IZ) Ordinance is a key pillar of the Mayor's people-first housing agenda. Over the coming months, the City will update the IZ Ordinance (Article 9) to better reflect current market conditions, incorporate national best practices, and align regulatory requirements with Burlington's housing goals. The goal is to support high-quality development while ensuring sustainable production of affordable housing.

However, IZ reform is just one piece of a broader, integrated housing strategy. The City is advancing a multi-pronged approach that coordinates regulatory tools, funding sources, land use policy, and public assets within a unified framework for housing affordability. Inclusionary zoning has historically carried much of the responsibility for advancing affordable housing production on its own. The current strategy acknowledges that no single policy can address the complexity of the housing crisis.

Instead, Burlington is taking an integrated approach in which zoning policy, funding tools, land assets, and development regulations are intentionally coordinated to improve housing production, strengthen affordability outcomes, and ensure that policies reinforce rather than work against one another.

This systems-based strategy moves away from siloed interventions toward a unified approach that strengthens and aligns all available tools. Together, the following initiatives reflect a shift from isolated policy actions to a coordinated housing system designed to maximize overall effectiveness.

Strategy 1: A Modernized Inclusionary Zoning Policy

The proposed amendments to the Inclusionary Zoning Ordinance are designed to better align with today's housing market realities and development feasibility while maintaining strong affordability outcomes. The updated framework aims to keep IZ an effective tool for delivering permanently affordable housing, without unintentionally limiting overall housing production.

Additionally, IZ policy functions as a critical funding source for the Housing Trust Fund through payment-in-lieu contributions, further strengthening its role within the City's broader affordability strategy.

Strategy 2: Strengthening the Housing Trust Fund

The Burlington Housing Trust Fund (BHTF) provides grants and loans to support the production, preservation, and retention of long-term affordable housing for very low-, low-, and moderate-income households. Eligible recipients include nonprofit organizations, municipal entities, cooperatives, for-profit developers, and individuals.

The BHTF also supports capacity-building grants for nonprofit housing providers, including staffing, planning, and organizational development. The City is currently working to revamp the Housing Trust Fund to increase its financial capacity and strategic impact, enabling greater leverage for affordable housing investment citywide.

Strategy 3: Strategic Use of Public Land and Partnerships

The City is advancing efforts to leverage publicly owned land to support affordable housing development through public-private partnerships. By making underutilized land available for housing development, the City aims to reduce one of the most significant barriers to production: land acquisition costs.

This approach is intended to work in coordination with updated IZ policies and an enhanced Housing Trust Fund to accelerate the delivery of affordable housing projects while improving efficiency and project feasibility.

Strategy 4: Activation of the Neighborhood Code

Adopted in 2024, the Neighborhood Code establishes a new zoning framework for residential districts that enables a broader range of housing types, including single-family homes, accessory dwelling units, duplexes, small multi-unit buildings, and townhouses.

A primary goal of the Neighborhood Code is to support thoughtful infill and neighborhood-scale densification. While infill development can be difficult to build in Burlington, the City is working to address barriers, including regulatory constraints and public awareness, to unlock additional housing opportunities within existing neighborhoods.

About Burlington's Current Inclusionary Zoning Policy

Inclusionary Zoning uses several tools to regulate the creation of affordable units, including the number of units developers must build and where those units must be built. This section outlines key requirements and standards associated with [Article 9 of Burlington's CDO: Inclusionary and Replacement Housing](#).

How is Affordable Housing defined in Burlington?

Sec. 9.1.4 of the IZ ordinance defines "Affordable" as housing in which the total cost of the housing, including principal is not more than thirty per cent (30%) of the household's gross annual income.

For renters, housing costs include the total rent, utilities, and condo fees. For home ownership, these costs include the principal, interest taxes, insurance, and condo fees.

All inclusionary units must remain affordable for a minimum of 99 years. The affordability requirement is enforced through deed restrictions and legally binding agreements satisfactory to the City Attorney's office. Additionally, the resale of ownership units is subject to limitations on the appreciation of equity.

Area Median Income – Who is the Affordable housing being built for?

Area Median Income (AMI) is the midpoint of household incomes in a defined region. Burlington's AMI is based on the Burlington Metropolitan Statistical Area (MSA) and is calculated annually by the US Dept. of Housing & Urban Development (HUD).

AMI represents the income level at which half of families in a region earn more than the median, and half earn less. Burlington, like many other federal housing policies and programs, uses AMI to determine eligibility for affordable housing and to set rent and sale price limits.

The current AMI of the Burlington/South Burlington Metropolitan Statistical Area is \$123,400. This figure is then adjusted based on household size using standard HUD ratios (for example, a 1-person household is set at 70% of the 4-person base, a 2-person household at 80% of the base). Affordable rents are calculated based on 30% of a household's monthly income, based on these levels.

	2 Person Household		4 Person Household	
	Income	Affordable Rent	Income	Affordable Rent
65% AMI	\$64,850	\$1,621	\$81,050	\$2,026
100% AMI	\$99,800	\$2,495	\$124,700	\$3,118
140% AMI	\$139,700	\$3,493	\$174,600	\$4,365

Applicability – Who is required to build the Affordable housing?

Burlington’s IZ ordinance applies primarily to larger residential developments, as well as certain smaller projects under specific conditions:

Project Type	When IZ Applies	Unit Threshold	Intent of Applicability
New Residential Development	New construction or substantial rehabilitation creating housing units	5 or more units in a single structure	Captures most mid- to large-scale development, ensuring affordable housing is integrated into new projects
Phased / Multiple Projects	Multiple projects by the same applicant within a 12-month period	Combined total of 5 or more units	Prevents developers from avoiding requirements by splitting projects into smaller phases
Residential Conversions	Conversion of non-residential buildings to housing	10 or more units created	Ensures large adaptive reuse projects also contribute to affordable housing supply
Off-Campus Student Housing	New or rehabilitated housing intended exclusively for students	Applies regardless of unit count threshold	Brings student-focused developments into the program, helping mitigate pressure on the broader housing market
Voluntary Participation	Developer chooses to opt into the IZ Policy	Fewer than 5 units	Provides flexibility and allows smaller projects to access incentives tied to the ordinance

Inclusionary Set-Aside – How much Affordable housing needs to be built?

The inclusionary set-aside is the portion of housing units in a new residential development that must be designated as “Affordable”. Projects where IZ applies are required to provide a certain percentage of affordable housing units based on the relative cost of development. If the average sale and rental price of project units is affordable to a household earning a certain AMI threshold, then a specific percentage of units are subject to the required:

If the units built are affordable to a household earning...	Then the following percent of units must be affordable:
Less than 139% of AMI	15% of project
Between 140 and 179% of AMI	20% of project
At or above 180% of AMI*	25% of project
Off-campus student housing	15% of beds
<i>*Developments that are built in the Waterfront districts (NAC-CR and FD5 west of Battery Street) are also subject to a 25% set-aside.</i>	

Income Targets & Affordability Standards – How is Affordability Calculated?

Burlington’s IZ ordinance regulates how to determine the maximum rent or sale price for inclusionary units with the goal of ensuring that they are and remain affordable to income-qualified households. In general, per Burlington’s definition of Affordability, housing costs cannot exceed 30% of the household’s income. More information about price calculation and the relationship between unit and household size when calculating rents is located in Sec. 9.1.11 of the Ordinance.

Under the current ordinance, pricing of units is tied to specific income levels:

When pricing...	Cost includes...	Cost must be affordable to...
Rental Units	Rent, utilities, and condo fees	65% of AMI
Home Ownership Units	Principal, interest taxes, insurance, and condo fees	70% of AMI

Development Incentives – How does Burlington incentivize IZ?

Burlington’s IZ ordinance offers density bonuses and other zoning incentives for projects that meet inclusionary zoning requirements, specifically linking these benefits to the construction of affordable units within market-rate developments. This approach encourages physical integration and allows qualified projects to exceed base dimensional standards when on-site inclusionary units are provided.

These incentives, located in Sec. 9.1.12(a), allow for increases in building height, floor area ratio (FAR), and lot coverage, depending on the zoning district. If DRB approval is granted, these incentives include flexibility within mixed-use developments, allowing some residential units to be converted to non-residential uses.

What are alternative options for compliance?

The default expectation for complying with Burlington’s IZ regulations is to build affordable units on-site. However, provided that a project has not benefited from additional density or development allowances in Sec. 9.1.12 of the ordinance, developers may utilize the following options to comply with the IZ regulations.

- Off-site construction within the City (See Proposal 3, p. 17 of this report for current policies related to off-site construction)
- Payment-in-Lieu fees allow developer to pay a fee instead of constructing affordable housing units within a project. These payments go towards Burlington’s Affordable Housing Trust Fund, where they are then used to support the creation of affordable housing elsewhere in the city. (See Proposal 4, p. 20 Of this report for the current policies related to Payment-in-Lieu)

Strengths & Challenges of Burlington’s IZ Policy

Two studies, from [2017](#) and [2024](#), found that Burlington’s inclusionary zoning program has been a major driver of affordable housing, but the following market barriers and other factors have limited its long-term impact and slowed new development.

Development Feasibility in Burlington’s Market

Both studies identified development feasibility is the primary challenge for building affordable housing in Burlington’s market, with major barriers to new residential development being high land and construction costs and limited land availability.

The [2017 czb study](#) highlighted that land costs near downtown, located near jobs and amenities, were often higher than \$500,000 per acre, making high density development necessary for a project’s financial feasibility. In addition to this challenge, the [2024 study conducted by Economic & Planning Systems \(EPS\) Inc.](#) noted that higher interest rates and post-COVID construction costs have placed additional stress on project feasibility and slowed housing development citywide.

Vermont’s small market compounds these development challenges, as limited contractor capacity, labor shortages (particularly in specialized trades), and reliance on outsourced labor all contribute to Burlington’s rising development costs.

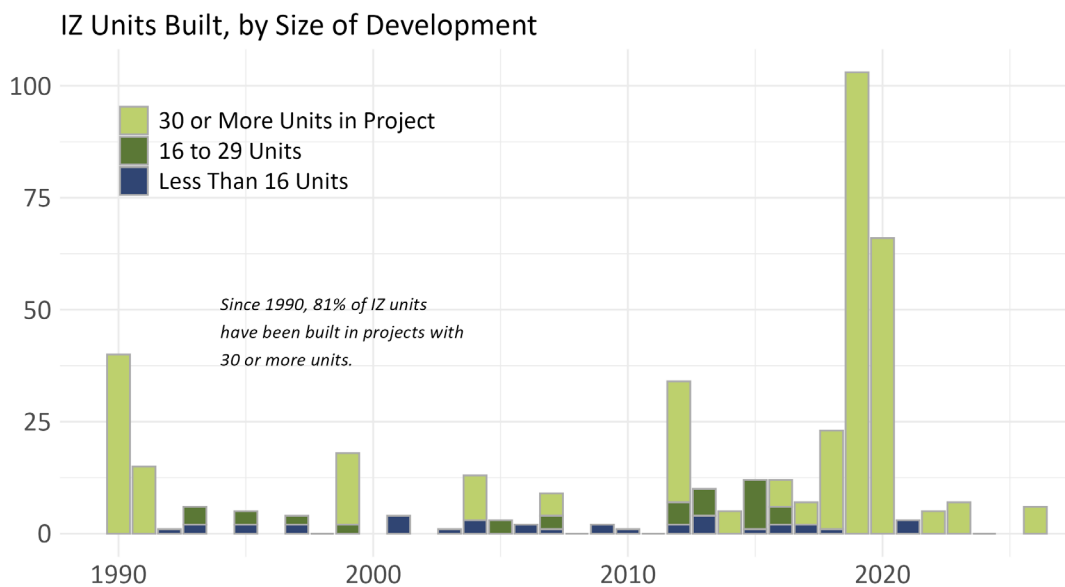
Importance of Incentives & Flexibility

These reports, along with comments collected from Burlington’s affordable housing experts, note that for the policy to be effective, inclusionary zoning must be paired with meaningful incentives and regulatory flexibility. Density bonuses, like those described in Article 9, Sec. 9.1.12, help developers offset the costs of complying to IZ regulations.

While infrequently used, alternative methods of compliance like payment-in-lieu and off-site unit construction have the capacity to improve development feasibility while still ensuring the creation of affordable housing.

Development Threshold Considerations

The 2017 report questioned whether Burlington’s 5-unit applicability threshold creates unintended barriers to small-scale infill development and suggested exploring a higher threshold and additional monitoring to understand its impact on housing production.



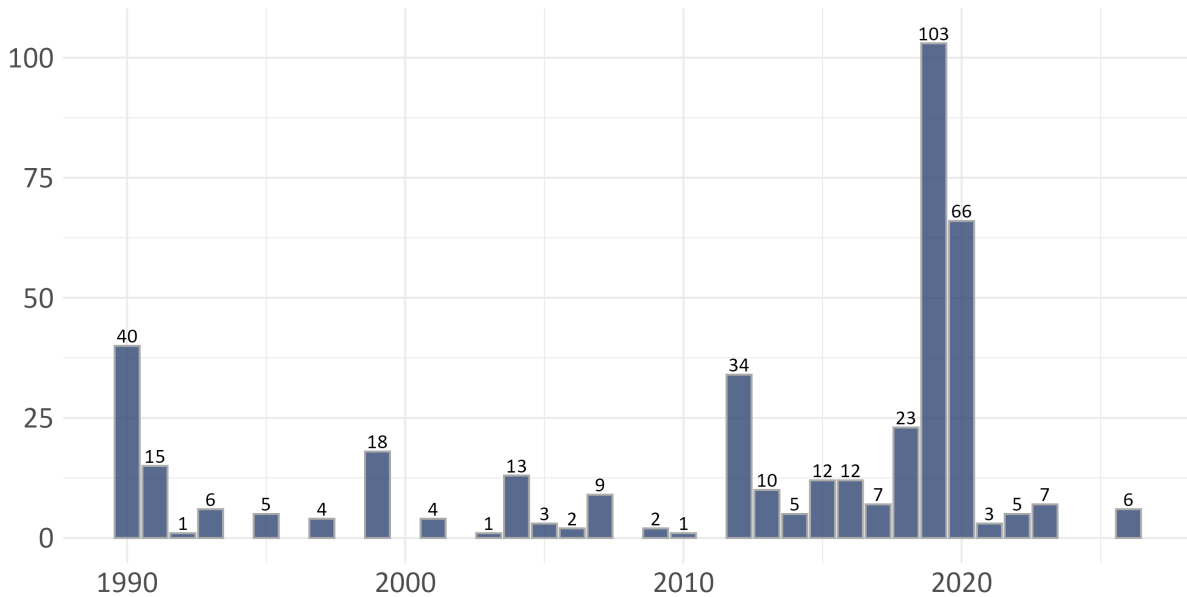
Role of Nonprofit Partnerships & the Affordable Housing Trust Fund

A notable strength in Burlington’s affordable housing landscape is the opportunity to partner with nonprofit housing developers. These partnerships are viewed as an effective way to produce, manage, and monitor IZ units. The 2024 EPS study noted that developers are often better off financially when they partner with a nonprofit developer. If the City improves the feasibility of this strategy, more housing will be created.

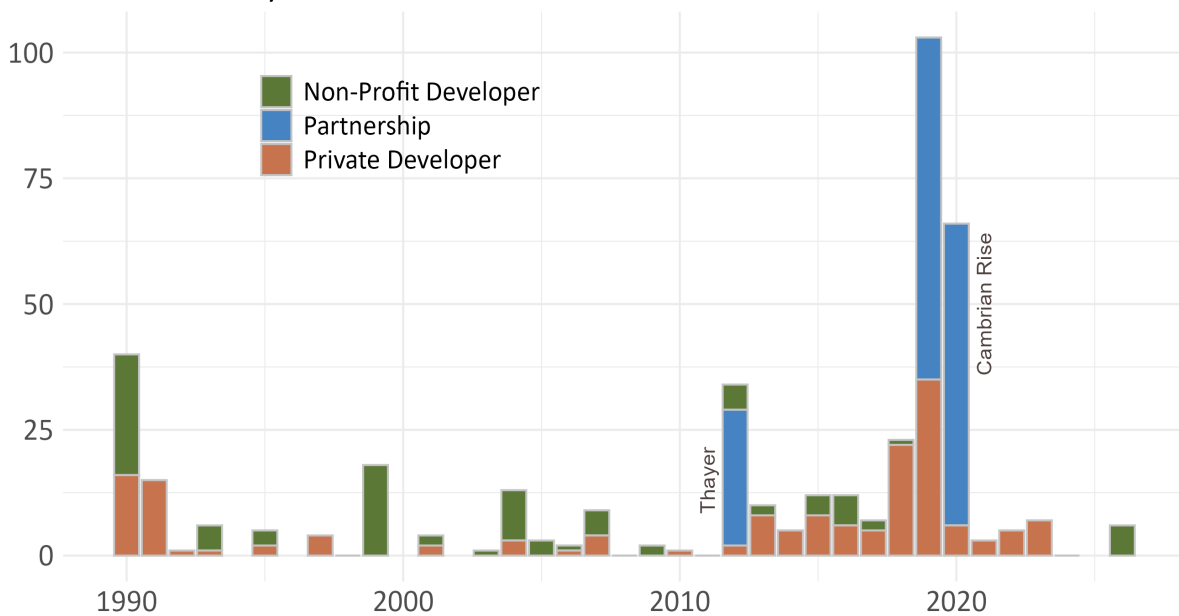
EPS’s study also identified Burlington’s Affordable Housing Trust Fund as a major asset and program strength, citing that this dedicated funding allows the City to support affordable housing production independent of private development cycles.

City data shows that as housing production accelerated in the 2010’s, IZ unit production rose as well. This production can be largely attributed to public-private partnerships at Cambrian Rise and Thayer Commons. However, as the development environment has grown more challenging, fewer IZ units have come online.

IZ Units Built by Year Completed



IZ Units Built by Source



Proposed Amendments

The proposed amendments are one component of a coordinated and proactive response to the growing demand for affordable housing. Importantly, these amendments do not exist in isolation. They have been developed in coordination with other City housing strategies and investments, including expanding and diversifying the Housing Trust Fund, accelerated pursuit of public-private partnerships and use of city land for housing, and addressing persistent barriers to the recently adopted Neighborhood Code. Each of these tools plays a distinct role in shaping Burlington's housing landscape. By aligning inclusionary zoning with these ongoing broader efforts, the City can create a more cohesive and effective housing ecosystem.

At a high level, these recommendations are designed to add flexibility, reinforce accountability and predictability, and respond to current market conditions and long-term community needs. The proposed amendments address the following topics or standards:

Program Feasibility & Structure

1. Increase the project size threshold at which Inclusionary Zoning rules apply
2. Eliminate IZ tiering with a uniform approach

Opportunities for Flexibility in Compliance

3. Allow off-site units citywide
4. Allow payment-in-lieu citywide
5. Reconfigure Calculation of Payment-in-Lieu Fees

Large Project Tenure & IZ Home Ownership

6. Allow Tenure Flexibility in Large Projects
7. Allow IZ home ownership opportunities for households at 100% AMI

Together, these proposed changes aim to reduce administrative complexity, provide clearer pathways for compliance, and ensure that the program remains both effective and feasible. This balanced approach acknowledges the financial realities developers face—particularly in a high-cost construction environment—while directly responding to the urgent and growing need for affordable housing across the community.

At the same time, expanding the supply of housing quickly cannot come at the expense of fair and thoughtful affordable housing implementation. A balanced framework, one that combines incentives with clear requirements, is essential to encourage development while ensuring meaningful community benefits.

An additional goal of these amendments is to contextualize Burlington's affordable housing strategies within the broader region. Without ignoring Burlington's values and interest in fostering inclusive, affordable neighborhoods, these amendments must acknowledge that Burlington often does compete for scarce housing resources. If inclusionary zoning requirements are overly burdensome or unpredictable, development may shift elsewhere, ultimately undermining the City's housing goals.

Proposal 1: Increase IZ threshold (Sec. 9.1.5)

The IZ threshold is the minimum project size at which affordable home construction is required under Article 9 of the CDO.

Current Policy

Inclusionary Zoning standards apply in the following cases:

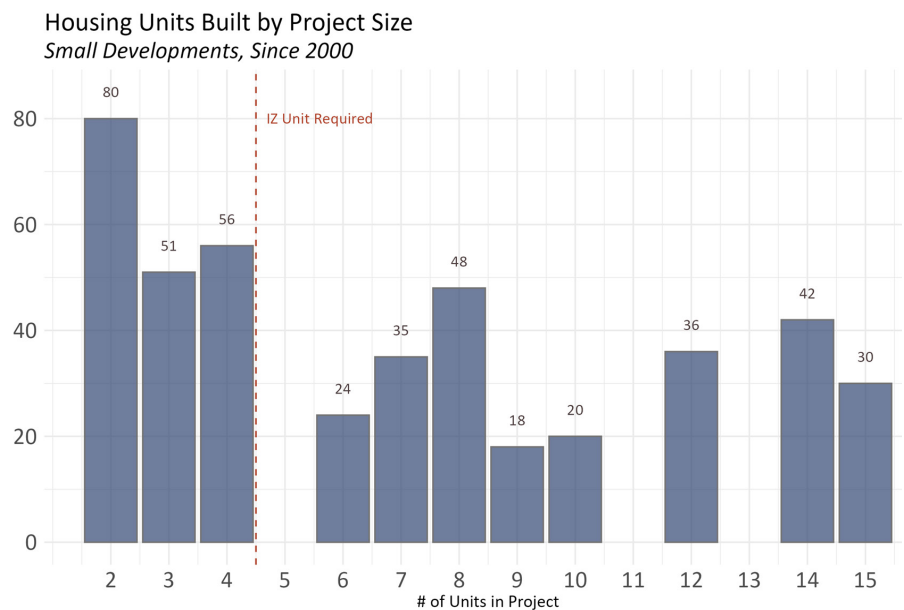
- Any project containing five or more units
- Multiple projects by the same applicant within any twelve-month period

Proposal

- Increase the project size threshold to 16 units
- Increase the multiple project threshold to 16 units

Rationale

- Increasing the threshold to 16 units would remove a primary barrier to Neighborhood Code implementation. As-of-right development of up to eight units on any Residential lot and most projects in the Residential-Corridor district would be exempted from Inclusionary Zoning standards.
- Small infill developers, typically those pursuing infill projects enabled by the Neighborhood Code, typically cannot absorb the costs associated with developing affordable units. These same developers, and residential district property owners pursuing Neighborhood Code-enabled infill, lack the specialized administrative staff necessary to ensure IZ compliance
- Affordable and inclusive neighborhoods will be maintained through diversified use of the Housing Trust Fund, including purchase of existing properties, gap financing for new affordable construction, and pursuit of tax policy to encourage quality, affordable housing.
- A 16-unit threshold would bring Burlington into policy parity with Winooski and South Burlington. Winooski requires IZ for “large projects” only, while South Burlington’s threshold is 10 units. Of note, South Burlington requires affordability at a higher income level – 80% of AMI.
- Half of all new units built in Burlington since 2000 have been built within larger projects of more than 40 units. Another 19% have been built in mid-sized projects of 16 to 40, and a similar share have been built in small-scale projects under five units that do not require IZ. Projects larger than the threshold yet smaller than 16 units are relatively rare, accounting for 10% of all units built within the city.
- No projects have been built in Burlington at the current threshold of five units since 2000, suggesting including an IZ unit at that scale is a barrier to development.



Proposal 2: Eliminate IZ tiering & replace with uniform approach (Sec. 9.1.8)

Inclusionary zoning standards typically require creation of affordable homes relative to the project's overall size.

Current Policy

The number of required IZ units, expressed as a percentage of the project's overall unit count, is determined by the project's average sale and rental price, as follows:

- If the average sale and rental price of project units is affordable to a household earning:
 - Less than 139% of Area Median Income: 15%
 - 140-179% of AMI: 20%
 - 180% or more of AMI: 25%
- Development in any Waterfront district (RM-W, RL-W, NAC-CR and FD5 west of Battery St) requires 25% of units to be affordable
- Off-campus student housing: 15%

For reference, a family of three making 140% of the area median income has a household income of \$157,300 and can afford a monthly rent of \$3,930, according to the standard limit of 30% of a household's monthly income. At 180% of AMI, a household of 3 could afford a rent of \$5,054 or less.

Proposal

- Eliminate the inclusionary zoning tiering system
- Require 15% of units to be affordable to households at or below 65% AMI

Rationale

- The current tiered system infeasibly requires that developers project expected rents far in advance of leasing periods and occupancy. Expected rents often fluctuate based on market conditions at time of project completion. Given the lengthy periods of construction for development projects, it is not reasonable to expect that the City or developers can predict with complete accuracy the rents any project will ultimately generate.
- Related to the above, the complex tiering system creates obstacles to project underwriting, as expected rents and consequential amounts of affordable housing will fluctuate.
- The current tiered system places an administrative burden on City staff
- Burlington's 65% AMI requirement is relatively low in comparison with regional and national peer cities but is important in ensuring affordability for lower-income households. Reducing the percentage of units required to 15% across the board will increase project feasibility.
- In practice, the current higher tiers are rarely required, as market rents rarely reach the 140% AMI threshold
- Establishing a uniform approach will bring Burlington in line with regional and national peer cities.

Proposal 3: Allow Off-Site Units Anywhere (Sec. 9.1.13)

Some IZ policies provide developers choice when it comes to where and how they build their project – often because off-site construction is cheaper to deliver. In others, an off-site option is not allowed or only allowed in some cases. The policy rationale for prohibiting off-site construction is to facilitate or require “more inclusive” neighborhoods. Indeed, inclusion can be considered the fundamental goal of all IZ policies.

The map on the following page indicates where the provision of off-site units is not allowed.

Current Policy

Off-site construction of IZ homes is permitted only in the following cases:

- Where the project is within a “more inclusive” census block, defined as one where more than 51% of residents are below 80% of Area Median Income

Off-site construction is expressly prohibited in the following cases:

- Where the project is within a “less inclusive” census block, defined as one where fewer than 51% of residents are below 80% of Area Median Income
- Within the South End Innovation District, the Neighborhood Activity Center – Cambrian Rise District, and any property west of Battery Street in the Downtown Form District 5
- Where the project is an off-campus student housing project

Additional standards regulating off-site IZ unit construction are as follows:

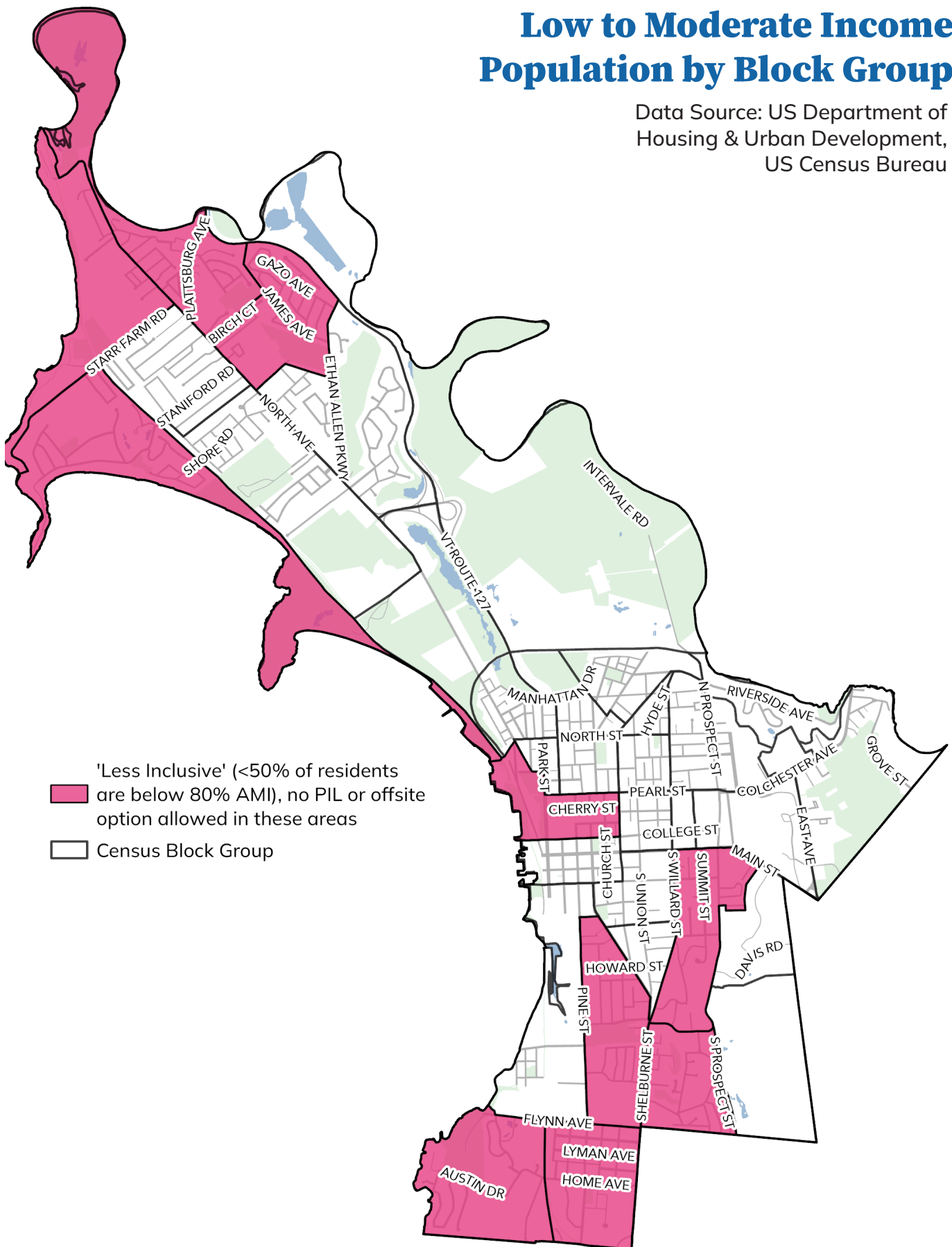
- Development bonuses (Floor Area Ratio, Building Height, and Lot Coverage) are not available to projects providing IZ units off-site
- Off-site IZ units must be constructed within the City of Burlington
- Waiver of Housing Trust Fund provisions related to minimum square footage and bedroom count relative to average size and bedroom count, respectively, are not permitted

These “less inclusive” neighborhoods have historically been populated by a preponderance of higher-income households. The initial goal of this policy was to require to development of affordable units in those neighborhoods as to promote economic diversity and prevent further economic disparities or gentrification.

IZ Projects with Offsite Units			
Year	Source Project	Destination	Units
1993	Queen City Park	Valade Park & Venus Ave	1
2006	1044 North Ave.	354 Manhattan	1
2016	Hinds Lofts, 161 Saint Paul St.	88 King St	2

Low to Moderate Income Population by Block Group

Data Source: US Department of Housing & Urban Development, US Census Bureau



'Less Inclusive' (<50% of residents are below 80% AMI), no PIL or offsite option allowed in these areas

□ Census Block Group

Proposal

Staff recommends the following amendments:

- Allow the off-site construction of IZ units anywhere within the City of Burlington, regardless of the project's location
- Require off-site IZ units to be constructed by the project's developer. Where partnership with an affordable housing developer is proposed, the developer must contribute a fee to the affordable housing developer equal to the revised Payment-in-Lieu fees proposed in this amendment.
- Allow the off-site option to include purchase of existing units, provided they are not already preserved through covenant or other mechanism, as affordable housing. Such units must then be preserved through covenants as affordable housing, in perpetuity and subject to IZ Area Median Income standards. If allowed, this off-site option must also ensure that such units are rehabilitated and of relative high quality to new construction.
- Remove the prohibition of off-site construction in the NAC-CR district

Rationale

- Allowing the off-site option anywhere will support the Administration's accelerated pursuit of public-private partnerships and use of city land for housing and community development, for the following reasons:
 - As the City identifies parcels feasible and appropriate for housing, it could offer ground leases to development partners interested in construction affordable housing on city land. At the same time, the City cannot guarantee that a given development-ready parcel will be in the same census block as a proposed private sector housing project.
 - Offering ground leases of city land for off-site IZ construction could increase both market rate and affordable project feasibility.
 - In offering ground leases on its land, the City can exert greater control over an affordable housing project's program, design, and sustainability performance.
- Areas defined today by the CDO as less inclusive do not necessarily, and frequently do not, offer greater access to jobs, services, and amenities than those considered more inclusive. For example, the New North End, where the off-site option is not allowed, offers lesser access than areas such as the Old North End or Downtown to jobs, mobility options, transportation infrastructure, commercial uses and other elements that enhance quality of life in a city.
- While integration among higher income households has been shown to confer some benefits to lower-income households, especially children, there are several notable negative consequences of social mix imperatives in inclusionary zoning policies:
 - Affordable housing residents in some recent studies have expressed lack of comfort and safety as visible minorities based on racial, class, and/or religious identity
 - Residents moving to new affordable IZ units may experience loss of community and the many mutual aid benefits that it confers
 - Allowing purchase of existing units could preserve affordable housing in areas experiencing gentrification pressure

Proposal 4: Allowing Payment-in-Lieu Anywhere (Sec. 9.1.13)

The most common alternative to on-site affordable home construction in IZ programs nationally is the fee-in-lieu option. Typically, IZ policies establish both the fee amount and an annual recalibration formula to ensure the fee adjusts relative to market conditions.

Current Policy

The Payment-in-Lieu option is permitted only in the following cases:

- Where the project is within a “more inclusive” census block, defined as one where more than 51% of residents are below 80% of Area Median Income (see map on p. 18)
- Where a project of 16 or fewer units is within a “less inclusive” census block, defined as one where fewer than 51% of residents are below 80% of Area Median Income

The Payment-in-Lieu option is expressly prohibited in the following cases:

- Where a project of more than 16 units is within a “less inclusive” census block, defined as one where fewer than 51% of residents are below 80% of Area Median Income
- Within the South End Innovation District, the Neighborhood Activity Center – Cambrian Rise District, and any property west of Battery Street in the Downtown Form District 5

Additional standards regulating Payment-in-Lieu are:

- Development bonuses (Floor Area Ratio, Building Height, and Lot Coverage) are not available to projects providing IZ units off-site
- Off-site IZ units must be constructed within the City of Burlington
- Waiver of Housing Trust Fund provisions related to minimum square footage and bedroom count relative to average size and bedroom count, respectively, are not permitted

Since 1998, the city has received over a million dollars in payment-in-lieu fees over 5 projects:

Year	Project	PIL	Units Replaced
1998	40 College	\$165,000	16
2007	354 Manhattan	\$25,000	1
2011	Westlake	\$371,250	8
2021	77 Pine	\$70,000	2
2024	157 South Champlain	\$490,000	8
2024	15 Hungerford	\$140,000	3
Total		\$1,261,250	38

Proposal

- Allow the Payment-in-Lieu option anywhere within the City of Burlington, regardless of the project’s location
- Remove the prohibition of off-site construction in the NAC-CR district

Rationale

- Allowing the Payment-in-Lieu option will support the Administration’s goal of growing and broadening the uses of the Housing Trust Fund.
- Through such Housing Trust Fund evolution, the City will retain greater control over housing design, location, and typology.
- Growing the Housing Trust Fund through increased access to the Payment-in-Lieu option will allow the City to fund affordable infill projects enabled by the Neighborhood Code.

Proposal 5: Reconfigure Calculation of Payment-in-Lieu Fees (Sec. 9.1.13)

Payment-in-lieu fees are charged as a “replacement” for required IZ unit construction. In Burlington, such fees go directly to the City of Burlington’s Housing Trust Fund.

Current Policy

Fees are established relative to project size:

- 5-16 units: \$35,000 per required affordable unit
- 17-49 units: \$70,000 per required affordable unit
- 50+ units: \$85,000 per required affordable unit

Proposal

- Eliminate the tiered approach that relates the fee amount to the project size
- Establish a FY27 fee of \$80,000 per unit but remove the fee from the CDO
- Establish in the CDO a formula for annual recalibration of the fee amount. The formula should be based on inflation and prevailing interest rates and construction costs.

Rationale

- The current fee-in-lieu amounts have not been adjusted since 2019.
- The proposed fees are identical to those recently established in Winooski and are relatively similar to those in the CDO today
- Annual recalibration is a standard best practice and ensures fees remain sensitive to market conditions
- Removing the fee from the CDO and instead establishing a formula eliminates the need to amend the CDO annually in updated fee amounts
- Increasing the fee amount marginally for projects containing between 17 and 49 units could help grow the Housing Trust Fund
- In eliminating the IZ requirement for projects with fewer than 16 units, the amendment will facilitate construction of infill housing enabled by the Neighborhood Code

Proposal 6: Allow Tenure Flexibility in Large Projects (Sec. 9.1.14(d))

Housing tenure refers to the structure under which housing is secured. Broadly speaking, the two categories are ownership and rental. Within the ownership form, there are subcategories, including fee simple, condominium, cooperative, and limited equity (i.e. community land trust) ownership.

Current IZ policy requires parity in all projects, meaning that if you are building for rentals then the IZ units must also be rentals and vice versa. However, large-scale, multi-phase developments are subject to fluctuating development costs and market demands.

By allowing flexibility, developers and community partners developing the units would be able to change their project demographic depending on supply and demand. The hope is that developers who are often working with affordable housing partners in these projects will be able to shift their projects to better meet the needs of the community.

Current Policy

Projects including both rental and owner-occupied dwelling units have to provide inclusionary units proportionate to the numbers of rental and owner-occupied dwelling units.

Proposal

- In projects of 200 or more units, allow inclusionary units to be rental or owner-occupied.
- When a project includes market rate owner-occupied units, require that 20% of the required inclusionary units or a proportion equivalent to the number of market rate owner-occupied units, are owner-occupied, whichever is less.

Rationale

- In large projects including owner-occupied units, the proposal would ensure that some much-needed owner-occupied ownership units are constructed
- Increases project feasibility and predictability in large, multi-phase projects that are constructed over several years

Proposal 7: IZ home ownership opportunities for households at 100% AMI (Sec. 9.1.11(b))

Current Policy

- Owner-occupied inclusionary units must be sold at a price affordable to households making 70% of AMI
- When unable to sell to households earning 70% AMI, the unit may be sold to the lowest-earning household that qualifies, up to 100% AMI

Context

What is currently affordable to someone making 100% AMI?

- 1 bedroom: \$295,5000
- 2 bedroom: \$354,500
- 3 bedroom: \$409,500

What income % do you need to be to afford the current median?

- Median home price 2024-2025 is \$500k
- Needs household income of ~\$155k What % of homes sold in the last year were affordable to 100% AMI?
- Since the beginning of 2024 there have been 690 condos or sfh sold in Burlington
- 19% have sold for less than \$354k, 31% less than \$409k

Proposal

- Require that at least 75% of owner-occupied inclusionary units be sold at a price affordable to households making 70% of AMI
- Allow 25% of owner-occupied homes to be sold at a price affordable to households making 100% of AMI.

Rationale

- The proposal could create new ownership opportunities for the median household in Burlington, a population that is currently and increasingly unable to afford homes on the market
- Could help modestly decrease the gap between construction and sale price for inclusionary ownership units