**Burlington Planning Commission**
149 Church Street
Burlington, VT 05401
www.burlingtonvt.gov/cityplanning



# Burlington Planning Commission

**Tuesday, July 14, 2026, 6:00 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=bGZBNzNyV1liL3p5NkhIL2dqUFIzdz09**
**Passcode: 658929**
**To Join the Meeting on a Phone**
**Number:+1 646 931 3860 US Meeting ID: 979 4188 3790**

## 1. Agenda

## 2. Public Forum for items unrelated to ZA-27-01 Inclusionary Zoning

| | |
|---|---|
| **Subject** | **2.1. The first Public Forum is an opportunity for members of the public to speak on topics unrelated to the Collaborative Working Group discussion. The Planning Commission requests that comments not exceed three minutes. If you expect your comments to exceed three minutes, we ask that you instead submit written comments to planninginfo@burlingtonvt.gov. Your written communication will be circulated to the Planning Commission, posted online via Civic Clerk, and included in the Agenda Packet. <u>Please note that any written comments related to planBTV New North End will be circulated to the Planning Commission in advance of the Public Hearing on July 28.</u>** |
| Meeting | July 14, 2026 - Planning Commission & IZ Collaborative Working Group - Tuesday, July 14, 2026, 6:00 PM, Burlington Planning Commission |
| Category | 2. Public Forum for items unrelated to ZA-27-01 Inclusionary Zoning |
| Department | Planning |
| Type | |

## 3. Director's Report

## 4. 6:15pm - Annual Organizational Meeting

| | |
|---|---|
| **Subject** | **4.1. The Commission will hold its annual organizational meeting to elect officers and appoint members to its committees to serve for FY2027.** |
| Meeting | July 14, 2026 - Planning Commission & IZ Collaborative Working Group - Tuesday, July 14, 2026, 6:00 PM, Burlington Planning Commission |
| Category | 4. 6:15pm - Annual Organizational Meeting |
| Department | Planning |

Type

Recommended Action

## 5. 6:30pm - Collaborative Working Group on Inclusionary Zoning

| | |
|---|---|
| **Subject** | **5.1. The experts on Inclusionary Zoning in attendance will have the opportunity to introduce themselves.** |
| Meeting | July 14, 2026 - Planning Commission & IZ Collaborative Working Group - Tuesday, July 14, 2026, 6:00 PM, Burlington Planning Commission |
| Category | 5. 6:30pm - Collaborative Working Group on Inclusionary Zoning |
| Department | Planning |
| Type | |
| Recommended Action | |

| | |
|---|---|
| **Subject** | **5.2. Following introductions, City staff will share a brief presentation of the changes proposed under ZA-27-01 Inclusionary Zoning.** |
| Meeting | July 14, 2026 - Planning Commission & IZ Collaborative Working Group - Tuesday, July 14, 2026, 6:00 PM, Burlington Planning Commission |
| Category | 5. 6:30pm - Collaborative Working Group on Inclusionary Zoning |
| Department | Planning |
| Type | |
| Recommended Action | |

## 6. 7:00pm - Discussion of ZA-27-01 with Inclusionary Zoning Experts

## 7. Discussion related to Proposals 1 & 2 in ZA-27-01 amongst Working Group members

## 8. Public Forum related to ZA-27-01 Inclusionary Zoning

| | |
|---|---|
| **Subject** | **8.1. The second Public Hearing is an opportunity for members of the public to speak on ZA-27-01.<br>The Planning Commission requests that comments not exceed three minutes. If you expect your comments to exceed three minutes, we ask that you instead submit written comments to planninginfo@burlingtonvt.gov. Your written communication will be circulated to the Planning Commission, posted online via Civic Clerk, and included in the Agenda Packet.** |
| Meeting | July 14, 2026 - Planning Commission & IZ Collaborative Working Group - Tuesday, July 14, 2026, 6:00 PM, Burlington Planning Commission |
| Category | 8. Public Forum related to ZA-27-01 Inclusionary Zoning |
| Department | Planning |
| Type | |
| Recommended Action | |

## 9. Adopt Minutes & Accept Communications

| | |
|---|---|
| **Subject** | **9.1. Please note that any written comments related to planBTV New North End will be circulated to the Planning Commission in advance of the Public Hearing on July 28.** |
| Meeting | July 14, 2026 - Planning Commission & IZ Collaborative Working Group - Tuesday, July 14, 2026, 6:00 PM, Burlington Planning Commission |
| Category | 9. Adopt Minutes & Accept Communications |
| Department | Planning |
| Type | |

## 10. Adjournment

# ZA-27-01: Proposed Amendments to Inclusionary Zoning

COLLABORATIVE WORKING GROUP MEETING

JULY 14, 2026

# Overview of **Proposed Amendments**

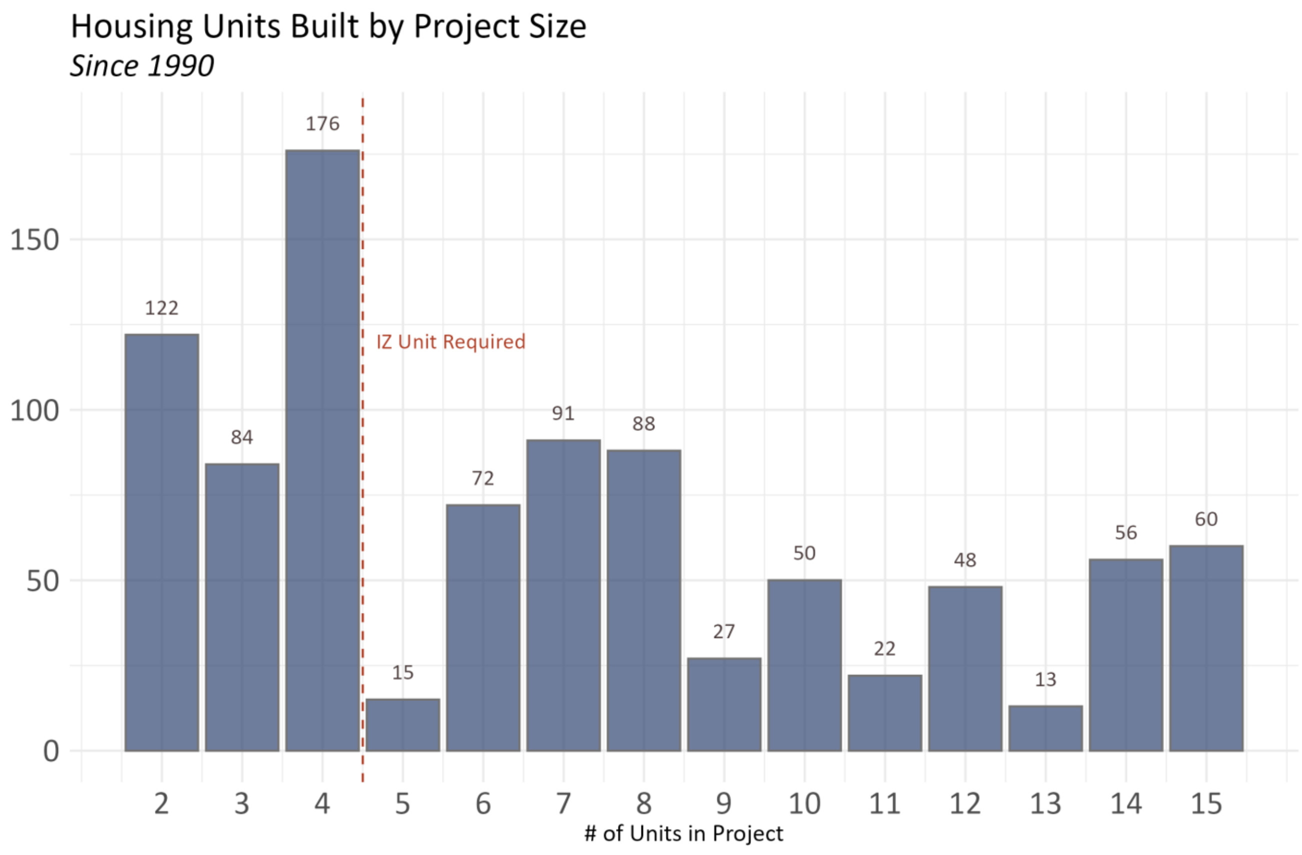
# Proposal #1:
# Current IZ threshold

## Current Policy

- 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.



# Proposal #1:
# Current IZ threshold – Current Policy

**Sec. 9.1.5 Applicability**

This ordinance provision shall apply to any development of five or more residential units in a single structure. Multiple developments or projects by the same applicant or responsible party within any consecutive twelve (12) month period that in the aggregate equal or exceed the above criteria shall be subject to these regulations.

Except as otherwise provided in this ordinance, these regulations shall apply in the instances specified below.

(a) The creation of five (5) or more residential units through new construction and/or substantial rehabilitation of existing structures, including the development of housing units utilizing development provisions other than those specified in Sec 9.1.5 (b).

(b) Where units are created using the Residential Conversion criteria pursuant to the provisions of Art 4, Sec 4.4.5, this article shall be applicable when at least ten (10) or more dwelling units are created.

(c) An applicant may elect to be subject to the provisions of this article when developing fewer than 5 residential units in a single structure, or when new units are added to existing units notwithstanding the applicability in the first paragraph of this section.

(d) Off-campus student housing projects, created through new construction and/or substantial rehabilitation of existing structures, for exclusive use by students.

- The IZ threshold establishes the minimum project size at which affordable housing requirements apply under Article 9 of the CDO.
- IZ standards apply to any development containing five or more dwelling units, as well as to multiple projects undertaken by the same applicant within a twelve-month period.

# Proposal #1:
# Current IZ threshold - Proposal

**Sec. 9.1.5 Applicability**

This ordinance provision shall apply to any development of five or more residential units in a single structure. Multiple developments or projects by the same applicant or responsible party within any consecutive twelve (12) month period that in the aggregate equal or exceed the above criteria shall be subject to these regulations.

Except as otherwise provided in this ordinance, these regulations shall apply in the instances specified below.

(a) The creation of five (5) or more residential units through new construction and/or substantial rehabilitation of existing structures, including the development of housing units utilizing development provisions other than those specified in Sec 9.1.5 (b).

(b) Where units are created using the Residential Conversion criteria pursuant to the provisions of Art 4, Sec 4.4.5, this article shall be applicable when at least ten (10) or more dwelling units are created.

(c) An applicant may elect to be subject to the provisions of this article when developing fewer than 5 residential units in a single structure, or when new units are added to existing units notwithstanding the applicability in the first paragraph of this section.

(d) Off-campus student housing projects, created through new construction and/or substantial rehabilitation of existing structures, for exclusive use by students.

- Proposed amendment recommends increasing the project-size and the multiple-project threshold from **5 to 17 units**.

# Proposal #1:
# Current IZ threshold – Rationale

- Increasing the threshold supports Neighborhood Code implementation.
- Proposal would exempt projects up to 8 units (2 structures w/ 4 units each) and most development in the Residential Corridor.
- Improves feasibility for small-scale developers, who often cannot absorb the cost of affordable units.
- Aligns Burlington with neighboring communities.

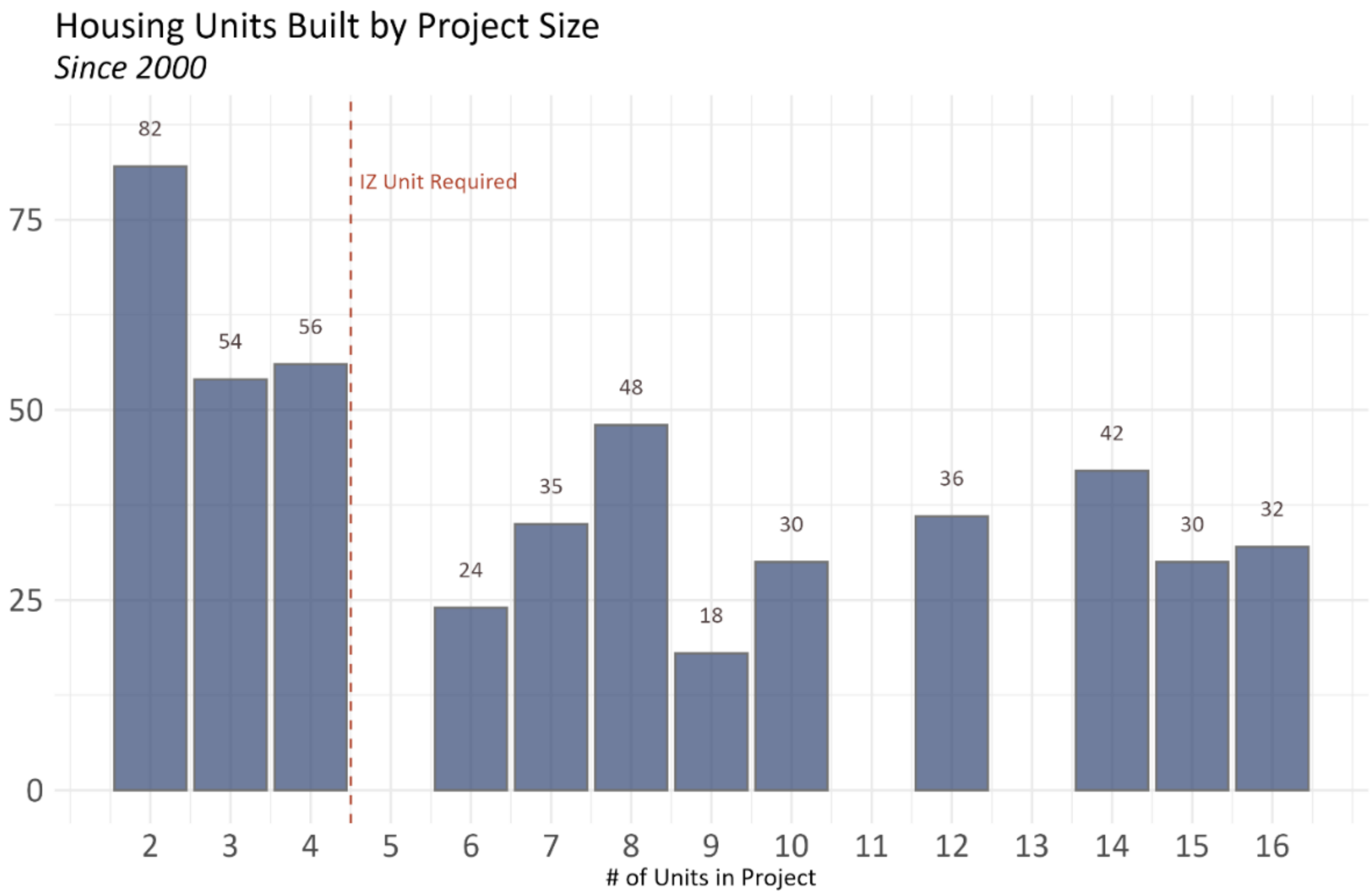
# Proposal #1:
# Current IZ threshold – Rationale

- Increasing the threshold would have limited impact on the number of units subject to IZ.
- Since 2000, approx. 50% of all new housing units have been constructed in developments containing 40+ units.
- 19% have been built in projects between 60 and 40 units.
- These larger developments would remain subject to IZ requirements under the proposed amendment.

# Proposal #1:
# Current IZ threshold – Rationale

Since 2000…

- Projects between 5 and 15 units only account for about 10% of all units built
- No projects have been built at the current 5 unit threshold



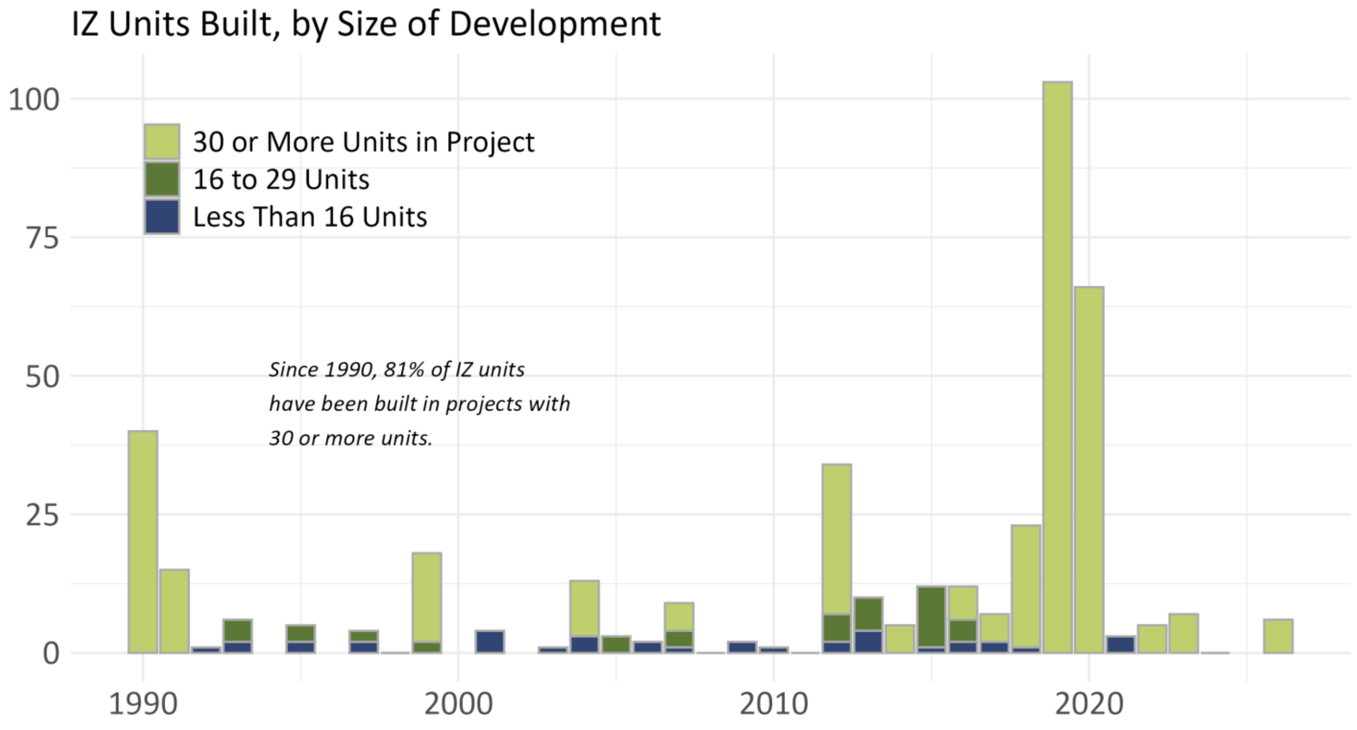
# Proposal #2:
# Eliminate IZ Tiering

## 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.

## Proposed Policy

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



# Proposal #2:
# Eliminate IZ Tiering – Current Policy

| Table 9.1.8-1 Inclusionary Zoning Percentages | |
|---|---|
| If the average sale and rental price of project units is affordable to a household earning: | The percentage of units which are subject to rent and sales prices as per Sec. 9.1.9 and are subject to marketing and continued affordability provisions (Sec. 9.1.15 and Sec. 9.1.16) shall be at least: |
| Less than 139% of AMI | 15% |
| 140%-179% of AMI | 20% |
| Development in any Waterfront district (RM-W, RL-W, NAC-CR and FD5 west of Battery St) or 180% of AMI and above in any other district | 25% |
| Off-campus student housing | 15% of total beds |

- Projects where IZ applies are required to provide a certain percentage of affordable housing units based on the relative cost of development.
- 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 & rental price

# Proposal #2:
# Eliminate IZ Tiering – Proposed Change

**Current Policy:**

| Table 9.1.8-1 Inclusionary Zoning Percentages | |
|---|---|
| If the average sale and rental price of project units is affordable to a household earning: | The percentage of units which are subject to rent and sales prices as per Sec. 9.1.9 and are subject to marketing and continued affordability provisions (Sec. 9.1.15 and Sec. 9.1.16) shall be at least: |
| Less than 139% of AMI | 15% |
| 140%-179% of AMI | 20% |
| Development in any Waterfront district (RM-W, RL-W, NAC-CR and FD5 west of Battery St) or 180% of AMI and above in any other district | 25% |
| Off-campus student housing | 15% of total beds |

**Proposed amendment** eliminates the tiered IZ structure in favor of a uniform requirement:

- 15% of units in qualifying projects be affordable to households earning 65% of AMI or less

# Proposal #2:
# Eliminate IZ Tiering – Rationale

- Replacing tiering with a uniform standard **improves predictability for developers**
  - Removes the need to forecast rents years before project completion
  - Reduces uncertainty during project financing and underwriting

# Proposal #2:
# Eliminate IZ Tiering – Rationale

- Replacing tiering with a uniform standard **simplifies IZ policy administration**
  - Creates a consistent citywide affordability requirement
  - Reduces the administrative burden for both developers and City staff

# Proposal #2:
# Eliminate IZ Tiering – Rationale

- Replacing tiering with a uniform standard **reflects market conditions**
  - Higher affordability tiers are rarely triggered
  - Most projects do not exceed the 140% AMI rent threshold

# Proposal #2:
# **Eliminate IZ Tiering – Rationale**

- Requiring 15% of units in qualifying projects be affordable to households earning 65% AMI or less **maintains meaningful affordability**
  - 65% AMI remains a deeper affordability target than many peer communities
  - Focuses affordable units on lower-income households

# Proposal #3:
# Allow Off-Site Units Anywhere

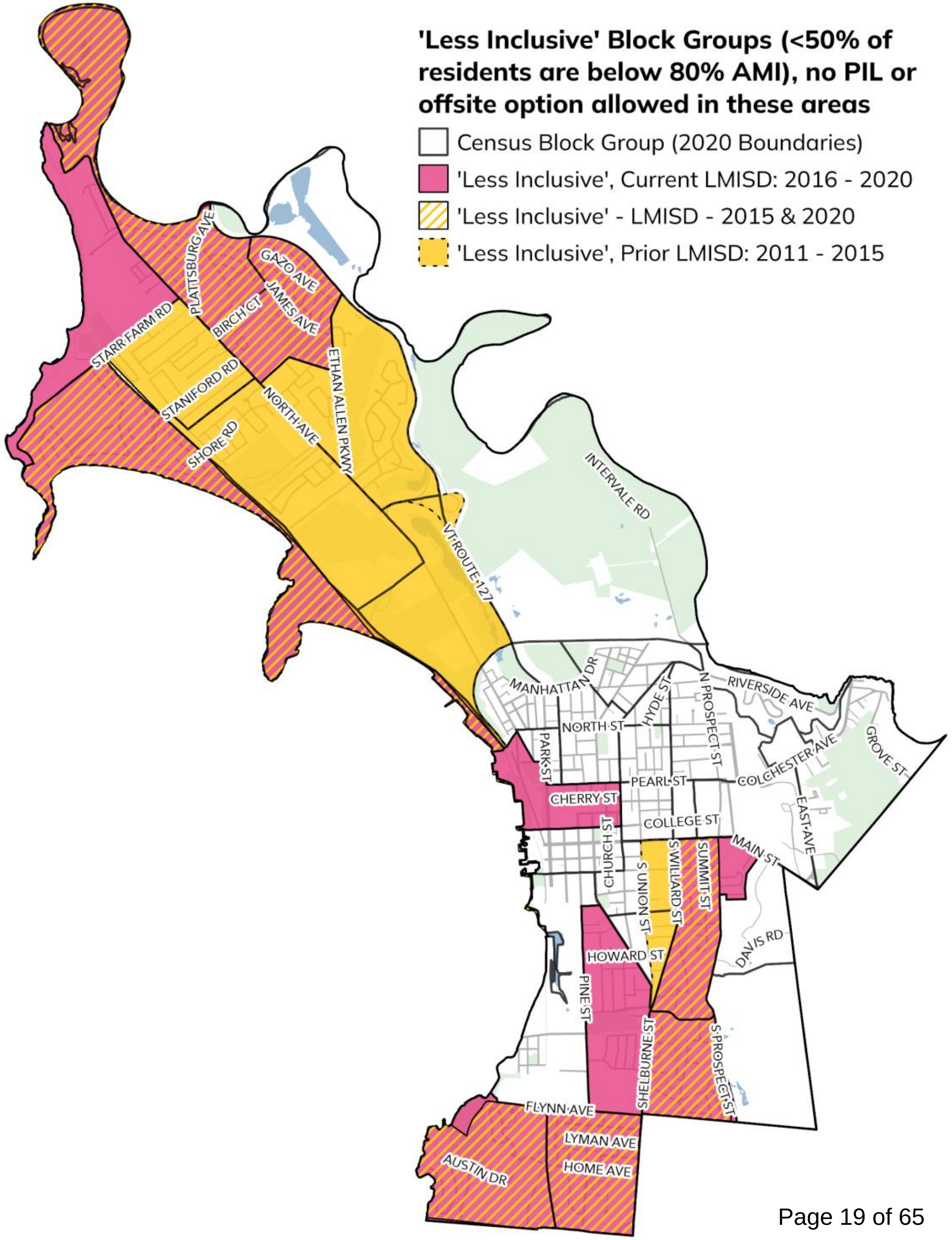
## Current Policy

A developer may construct required IZ units on a different site within Burlington. However, option not permitted in:

- "Less inclusive" areas of the city
- For any project within a "waterfront" district per Table 9.1.8-1
- For any project within the newly created South End Innovation District

## Proposed Policy

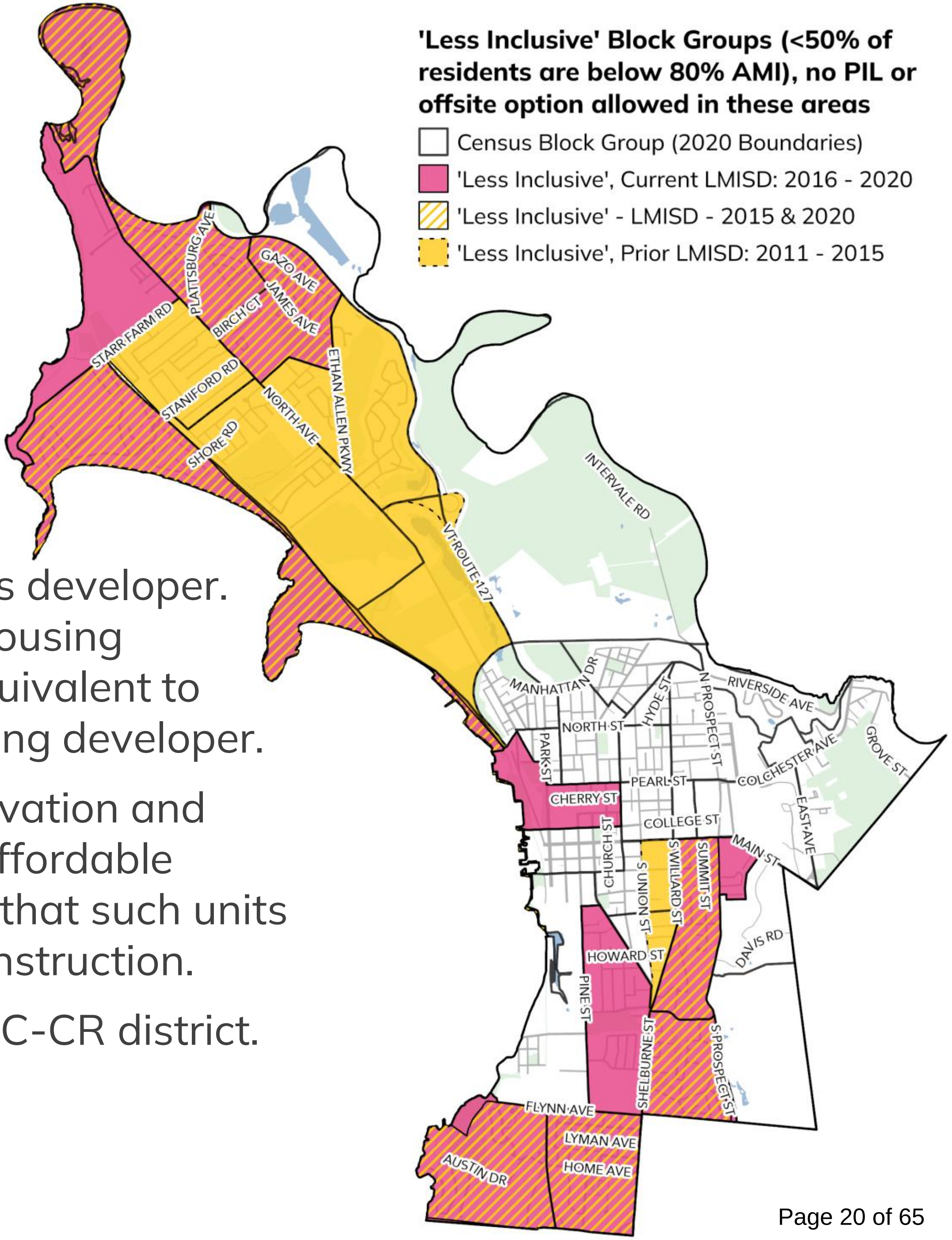
- Allow off-site option for projects in these prohibited areas, as long as they are located within the same census block group.



# Proposal #3: Allow Off-Site Units Anywhere

## Proposed Policy

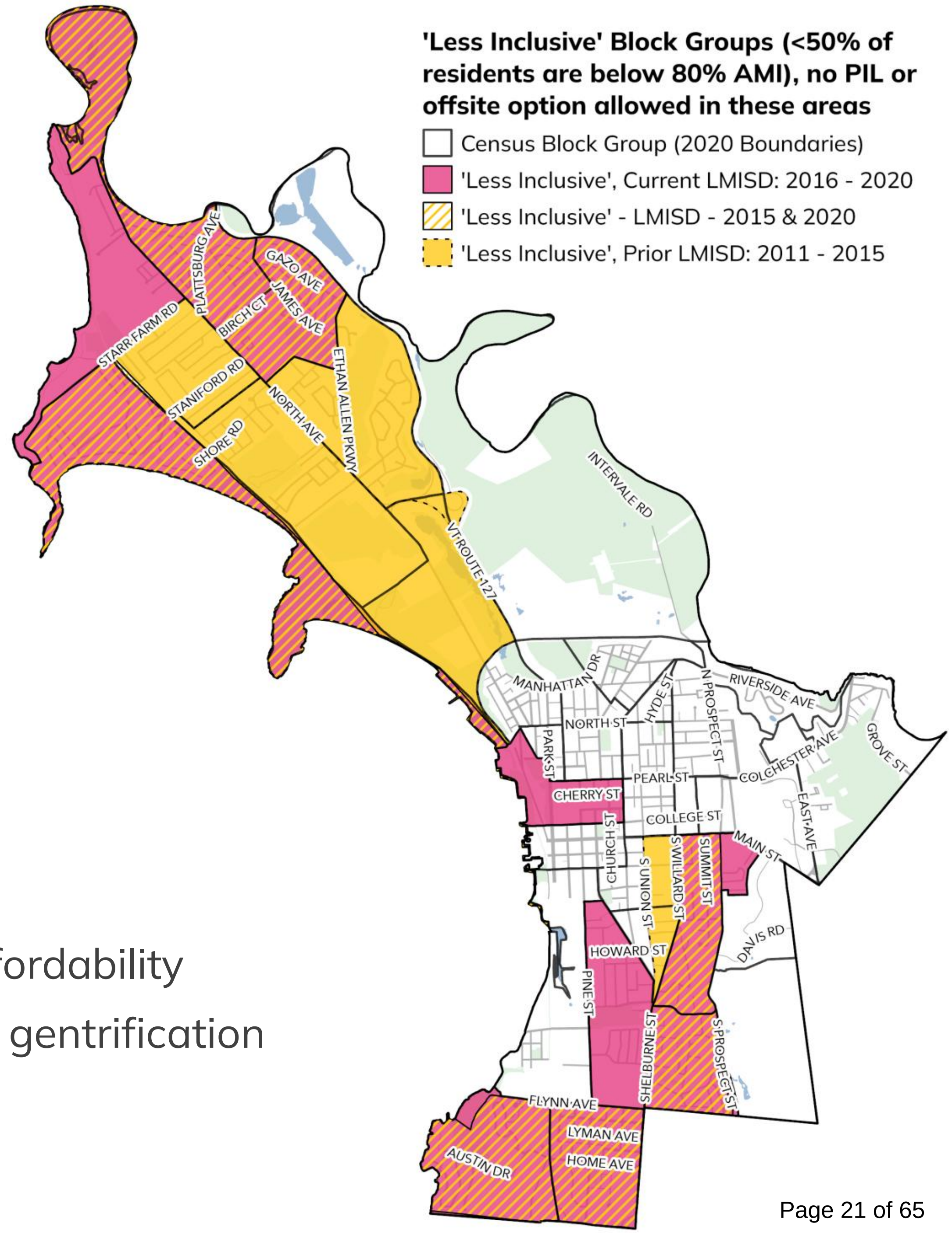
- Allow the off-site construction of IZ units anywhere within the City of Burlington, regardless of the project's location.
- Require off-site IZ units to be constructed by the project's developer. When a private developer partners with an affordable housing developer, the private developer must contribute fees equivalent to revised payment-in-lieu amounts to the affordable housing developer.
- Expand off-site compliance options to include the preservation and rehabilitation of existing housing units as permanently affordable housing. If allowed, this off-site option must also ensure that such units are rehabilitated and of relatively high quality to new construction.
- Remove the prohibition of off-site construction in the NAC-CR district.



# Proposal #3:
# Allow Off-Site Units Anywhere

## Rationale

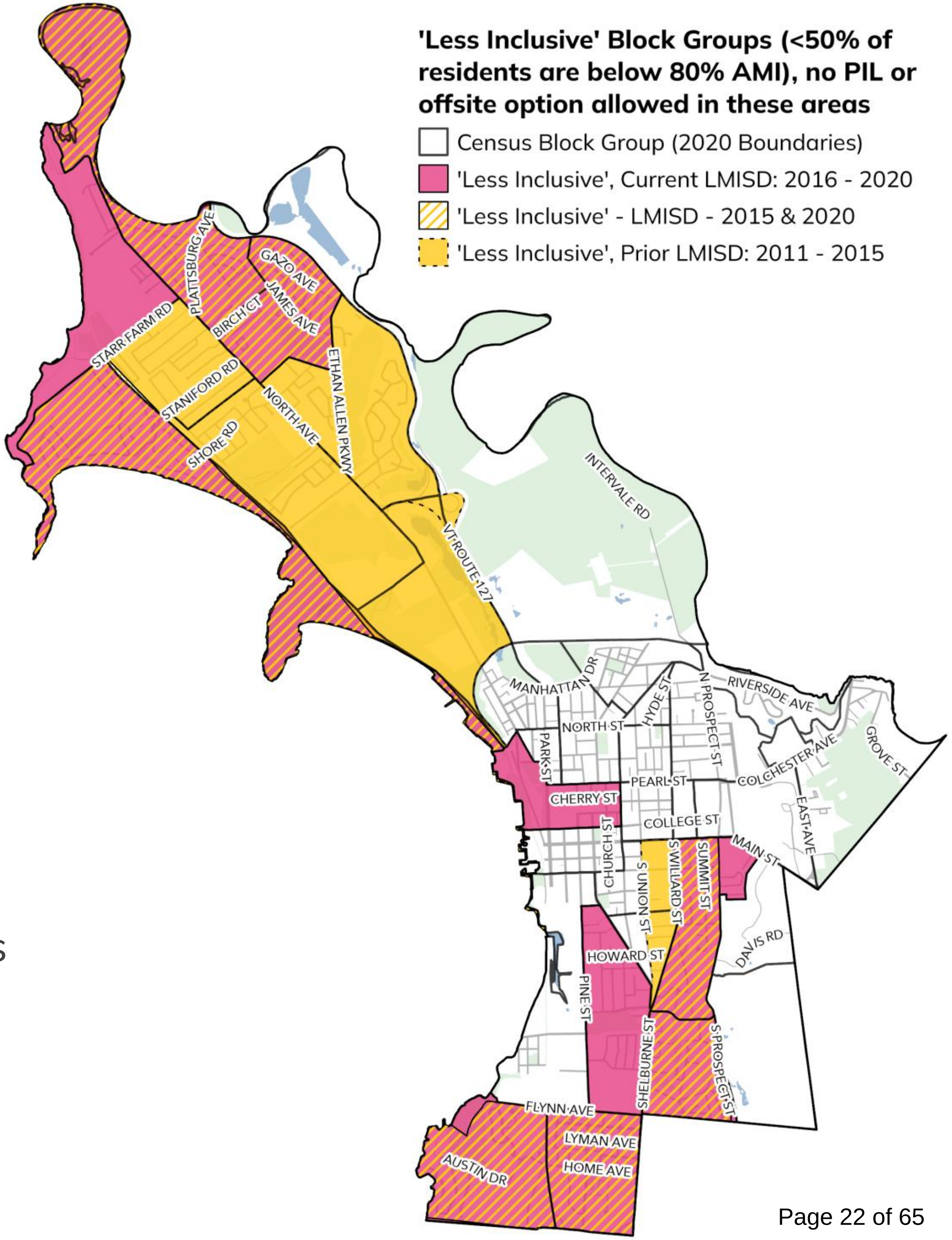
- **Supports public-private partnerships on City-owned land:**
  - Gives the City flexibility to use available parcels for affordable housing, regardless of census block
  - Makes it easier to pair market-rate development with affordable housing projects on City land
  - Allows the City greater control over project design, affordability, and sustainability
- **Helps preserve existing affordable housing:**
  - Allows acquisition of existing homes to maintain affordability
  - Can protect housing in neighborhoods experiencing gentrification and displacement pressures



# Proposal #3:
# **Allow Off-Site Units Anywhere**

## Rationale

- **Reflects changing patterns of opportunity:**
  - Current "inclusive" area boundaries do not always align with access to jobs, transit, services, and amenities
  - Some areas currently excluded from the off-site option may offer fewer opportunities than neighborhoods where it is allowed.
- **Provides flexibility while recognizing community benefits**:
  - Mixed-income housing can create positive outcomes
  - Keeping affordable housing within established communities can preserve social networks and community connections



# Proposal #4:
# Allow Payment-in-Lieu Anywhere

## Current Policy

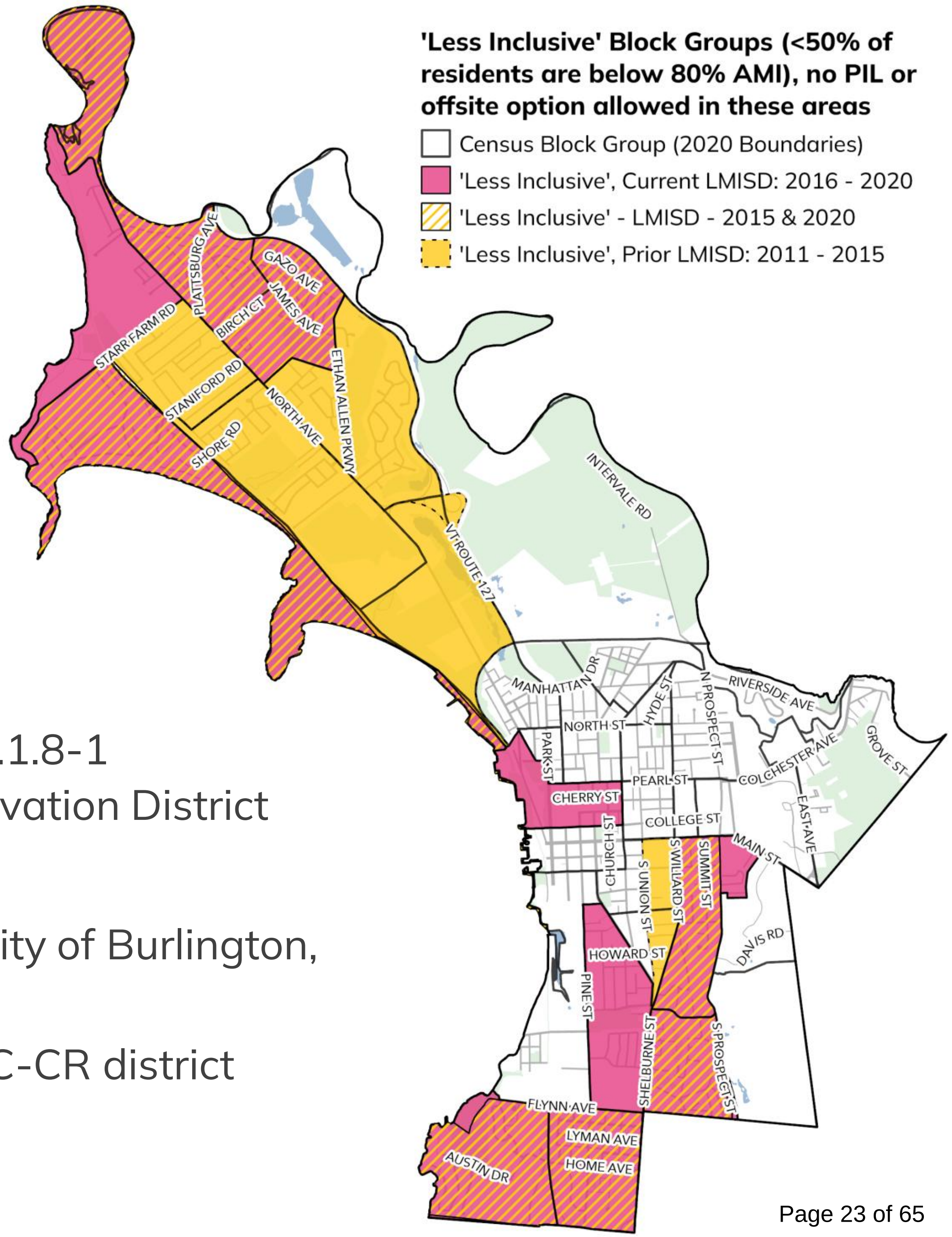
Developer may provide a payment-in-lieu of building some/all of required IZ units. Fee per unit ranges from $35,000 to $85,000 depending on project size/units provided in-lieu.

Option not permitted for:

- "Less inclusive" areas of the city
- For any project within a "waterfront" district per Table 9.1.8-1
- For any project within the newly created South End Innovation District

## Proposed Policy

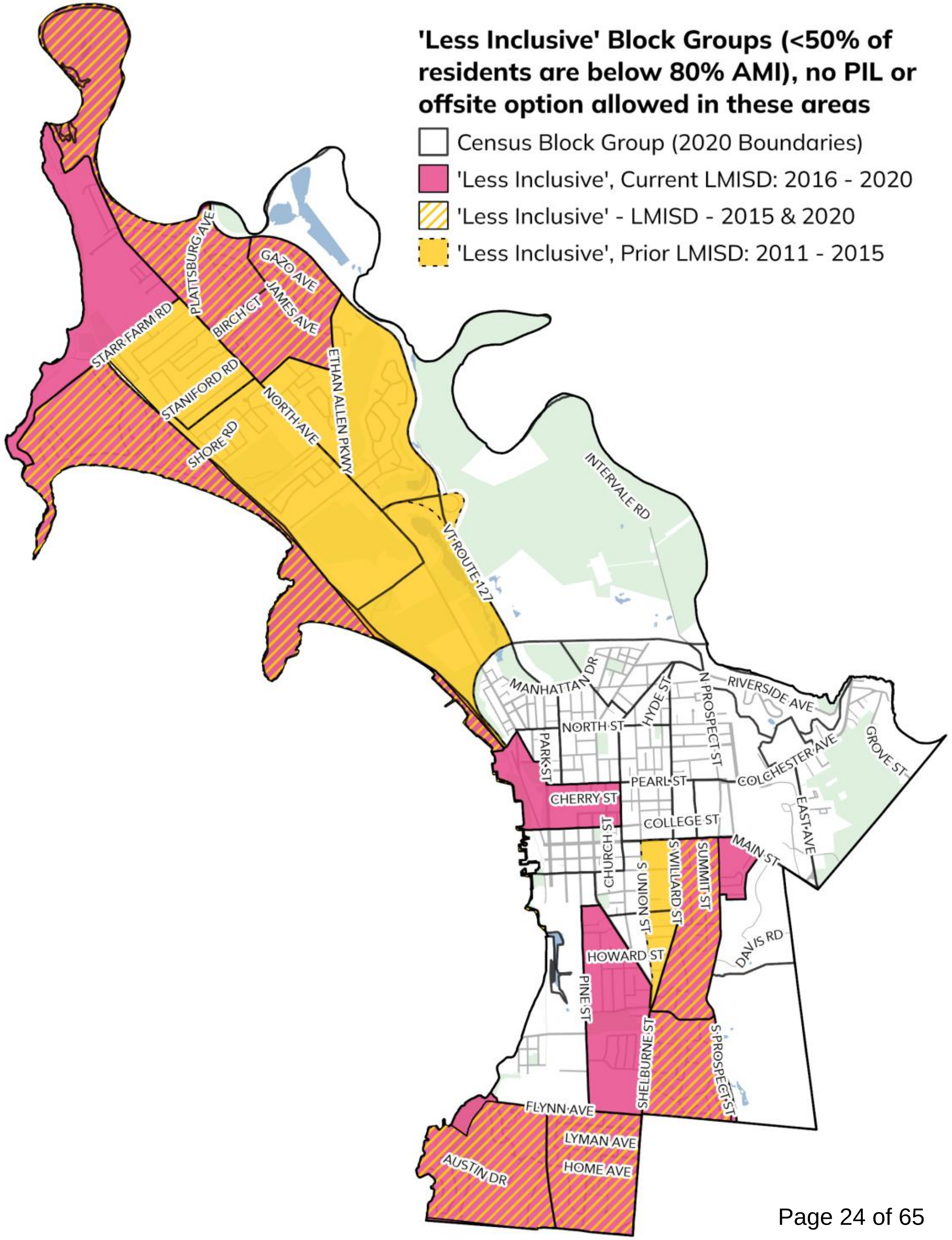
- Allow the Payment-in-Lieu option anywhere within the City of Burlington, regardless of the project's location
- Remove the prohibition of off-site construction in the NAC-CR district



# Proposal #4:
# Allow Payment-in-Lieu Anywhere

## 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 Payment-in-Lieu Calculation

## 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

## Proposed Policy

- 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.

# Proposal #6:
# Allow Tenure Flexibility in Large Projects

## 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

## Proposed Policy

- 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

# Proposal #7:
# IZ home ownership opportunities for households at 100% AMI

## 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

## Proposed Policy

- 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.

# Questions about **Proposed Amendments?**

City of Burlington, VT
149 Church Street, 3rd Floor
Burlington, VT 05401
Phone: (802) 865-7194
www.burlingtonvt.gov/plan

**TO:** Burlington Planning Commission
City Council Ordinance Committee
**FROM:** Sarah Morgan, AICP, Principal Planner
Charles Dillard, AICP, Director of City Planning
Nancy Stetson, Dept. of Finance & Administration, Senior Policy and Data Analyst
Maggie Callaghan, CEDO, Housing Program Manager
**DATE:** July 10, 2026
**RE:** Proposed ZA-27-01 Inclusionary Zoning

---

The goal of this memo is to summarize the June 9th meeting of the Collaborative Working Group on Inclusionary Zoning, respond to comments or data requested relevant to the proposals discussed, and share additional considerations for Proposals 1 and 2 in advance of the July 14th meeting.

## Proposal #1: Increasing the IZ Threshold

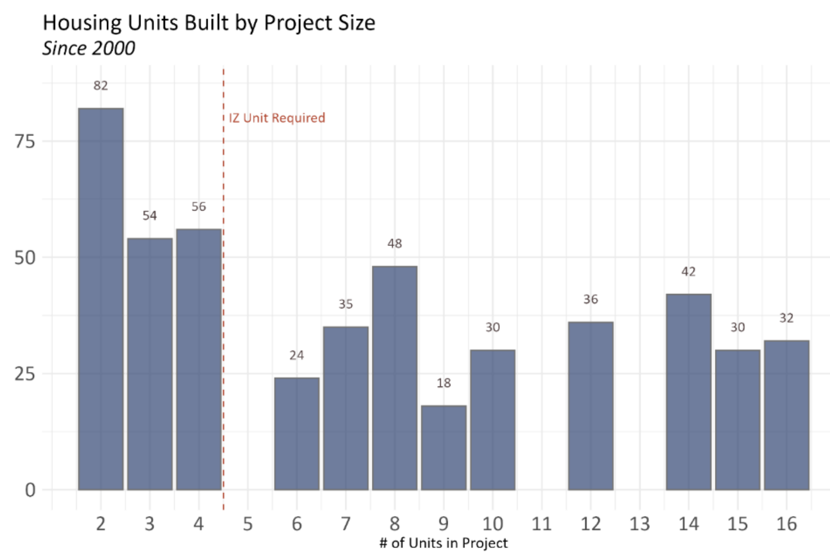
**Current Policy:** Article 14 requires that Inclusionary Zoning standards apply to any project containing **5 or more units**. Standards also apply when multiple projects by the same applicant within any 12-month period aggregating **5 or more units**.

**Proposal:** This amendment proposes that Inclusionary Zoning standards apply to any project containing **17 or more units**. Standards also apply when multiple projects by the same applicant within any 12-month period aggregating **17 or more units**.

**Rationale:** A key goal of this change is to remove a significant barrier to implementing the recently adopted Neighborhood Code. Raising the threshold to 17 units would exempt most Neighborhood Code-enabled infill development from IZ requirements, including as-of-right projects of up to eight units on residential lots and most development within the Residential-Corridor district. Small infill developers and property owners pursuing Neighborhood Code-enabled housing often lack the financial capacity to absorb the costs associated with constructing affordable units, as well as the specialized administrative resources necessary to navigate ongoing IZ compliance requirements.

Recent housing production data suggest that increasing the threshold would have a limited impact on the number of units subject to IZ requirements. Since 2000, approximately half of all new housing units constructed in Burlington have been built within projects containing more than 40 units, while an additional 19% were built in projects containing between 16 and 40 units. A similar share of units was constructed in projects with fewer than five units, which are already exempt from IZ requirements.

By contrast, projects larger than the current threshold but smaller than 16 units are relatively uncommon, accounting for only about 10% of all units built during that period.



Notably, no projects have been constructed at the current five-unit threshold since 2000, suggesting that the requirement to include affordable units at that scale may be a barrier to housing development.

Affordable and inclusive neighborhoods will continue to be supported through a more diversified use of the Housing Trust Fund, including the acquisition of existing properties, gap financing for new affordable housing construction, and the pursuit of tax policies that encourage the creation and preservation of quality affordable housing.

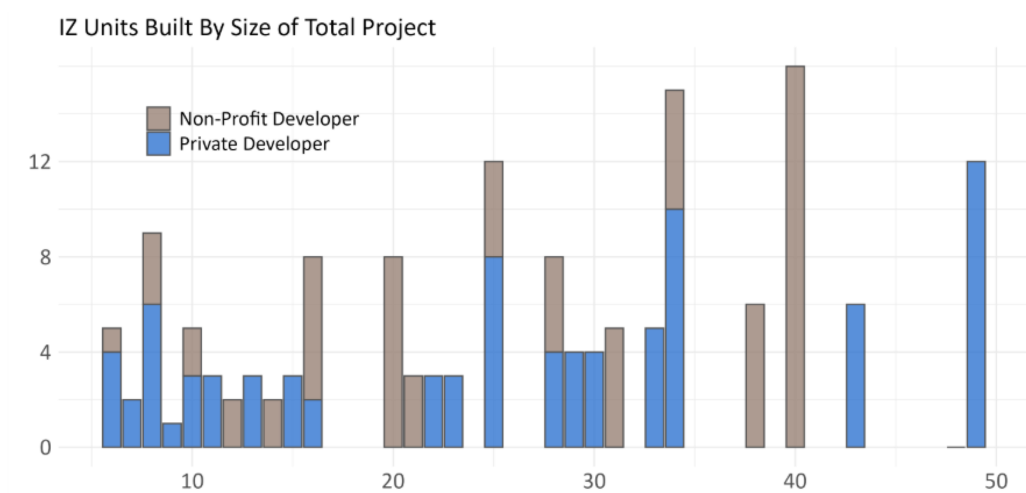
**Working Group Discussion:** When this proposal was discussed during its meeting on June 9th, several working group members expressed support for raising the threshold, suggesting that the number be rounded up to 20. Supporters of the increased threshold shared that they felt it would improve the feasibility of building more neighborhood-scale housing options and overall development. Other members of the Working Group expressed concern that raising the threshold may reduce the production of affordable housing. The Working Group members raised questions about the relationship between project size and the cost of providing inclusionary units. Staff agreed to return with additional analysis showing how different threshold options could affect affordable housing production.

**Additional Information:**
One of the questions that staff has tried to answer is "How would a higher threshold for IZ have decreased the number of IZ units built, based on historic production?"

If hypothetically, the IZ threshold was higher than five units in past years, projects under that threshold would not have required an IZ unit. The table below looks at the number of projects below certain thresholds and the number of total units that would not have been built.

| Inclusionary Zoning threshold | IZ Units Unbuilt at Threshold (Total) | % of All IZ Built | Private Developer Units | Non-Profit Developer Units |
|---|---|---|---|---|
| **10** or more units | 17 | 4% | 13 | 4 |
| **13** or more units | 27 | 6% | 19 | 8 |
| **15** or more units | 32 | 8% | 22 | 10 |
| **17** or more units | 43 | 10% | 27 | 16 |
| **21** or more units | 51 | 12% | 27 | 24 |
| **25** or more units | 63 | 15% | 33 | 30 |

The chart below illustrates the number of Inclusionary Zoning units built at each size of project, from five to 50 units. In projects with more than 50 units total, 273 IZ units have been built.




**Staff Recommendation:** Staff maintains the recommendation of raising the threshold to **17 units.**

However, an alternative threshold that has been contemplated by staff is 13 units. As discussed during the June 9th meeting, staff expects the majority of these Inclusionary Zoning units to be build as part of Planned Unit Developments (PUDs).

Following the adoption of ZA-25-02, Burlington's PUD standards in the Residential Low and Residential Medium districts are limited to 12 units per structure. Increasing the threshold from 5 units to 13 would:

- The neighborhood-scale multifamily building (with a maximum of 12 units) envisioned under the PUD standards would be exempt from IZ standards
- Require IZ standards when a PUD constructs 13 or more units in a single structure, as permitted in the Residential High and Residential Corridor districts
- Require IZ standards when a PUD develops multiple buildings as part of a larger project.

## Proposal #2: Eliminating IZ tiering in favor of uniform approach

**Current Policy:** The number of required Inclusionary Zoning units, expressed as a percentage of a project's overall unit count, is determined by the project's average sale and rental price.

| If the average sale and rental price of units is affordable to a household earning… | Then the following percent of units are subject to rent and sales prices per Sec. 9.1.9 and are subject to marketing and continued affordability provisions: |
|---|---|
| Less than 139% of AMI | 15% |
| 140-179% of AMI | 20% |
| 180% of AMI and above* | 25% |
| Off-campus student housing | 15% of total beds |

**Developments that are built in the Waterfront Districts (NAC-CD and FD5 west of Battery Street) are also subject to a 25% set-aside.*

**Proposal:** The proposed amendment eliminates Burlington's current tiered inclusionary zoning structure and instead establishes a **uniform requirement that 15% of units** in qualifying projects be affordable to households earning 65% of AMI or less.

**Rationale:** The primary rationale for this change is that the existing tiered system requires developers to forecast future rents and sale prices years before projects are completed and occupied. 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. Additionally, in practice, the higher affordability tiers are rarely triggered because market rents seldom exceed the thresholds associated with 140% AMI or above.

**Working Group Discussion:** Working Group members generally supported the goal of simplifying the ordinance but raised questions about the proposal's impact on housing affordability across different income levels. Several commissioners expressed concern that focusing affordability at 65% AMI may not address the housing needs of moderate-income households (65-100% AMI) or encourage the production of larger, family-sized units. Other commissioners felt strongly that the ordinance should continue to hold waterfront developments to higher affordability standards.

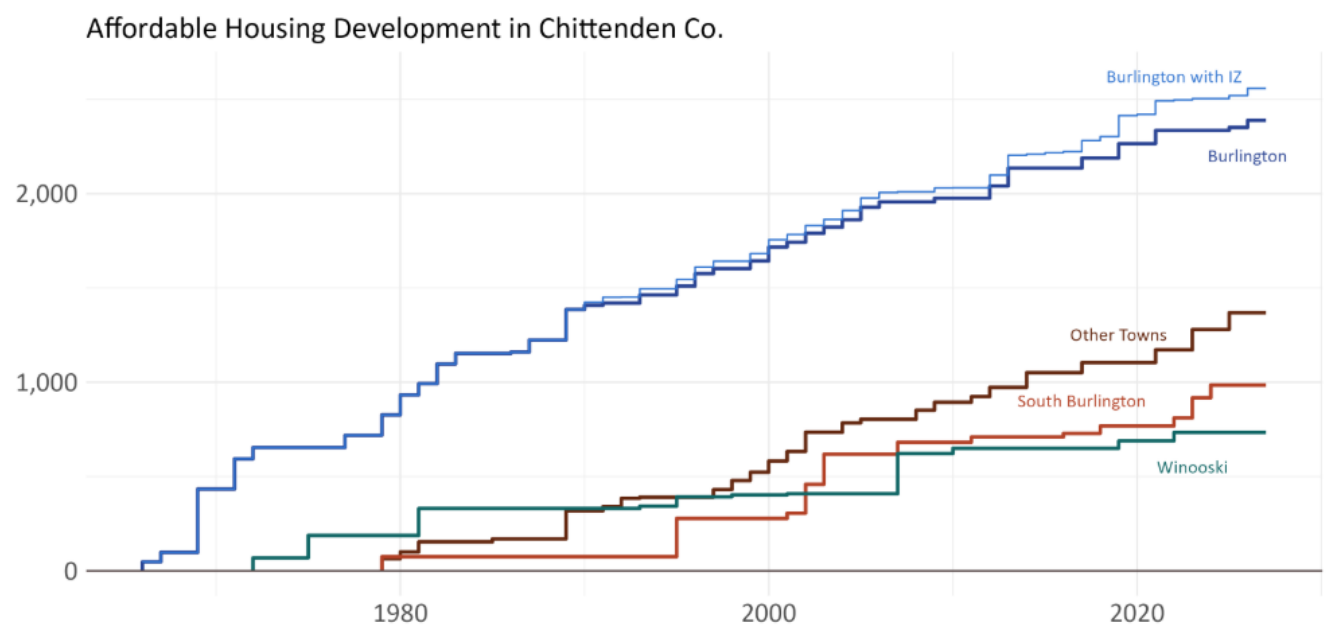
**Additional Information:** An important clarification is that the AMI specified in Article 9 determines how the price of an inclusionary unit is calculated, but Article 9 does not establish an income cap for who is eligible to occupy that unit. Under the current ordinance, inclusionary rental units must be priced to be affordable to a household earning 65% of AMI. Similarly, inclusionary ownership units must be priced to be affordable to a household earning 70% of AMI. This does not mean that only households earning below 65% (for rentals) or 70% (for ownership) of AMI are eligible to rent or purchase these units. These AMI levels are instead used to establish the maximum affordable rent or sale price of the inclusionary unit.

**Staff Recommendation:** Staff retains the recommendation to eliminate Burlington's current tiered inclusionary zoning structure and instead establishes a uniform requirement that 15% of units in qualifying projects be affordable to households earning 65% of AMI or less. However, if there is a strong desire to hold waterfront developments to higher affordability standards, the Working Group could consider requiring that a 20% of a development in any Waterfront district (NAC-R and FD5 west of Battery Street) be affordable to households earning 65% of AMI or less.

## Data Requests and Analyses from June 9 Meeting

**Request 1: How does affordable housing production compare across neighboring municipalities?**
Using the Directory of Affordable Housing from VHFA, we can track the number of permanently affordable rental units that have been built or converted since the 1960s across towns in Chittenden County. The chart below shows that Burlington's creation of affordable housing has outpaced the surrounding towns. Out of each town's total housing units, affordable rentals make up 13% of Burlington's total units, 10% of South Burlington's, and 19% of Winooski's.

The chart also includes an additional 169 inclusionary zoning units built by private developers in Burlington, which the directory does not otherwise include.




*Includes publicly subsidized projects via VHFA and privately developed inclusionary zoning units in Burlington.*

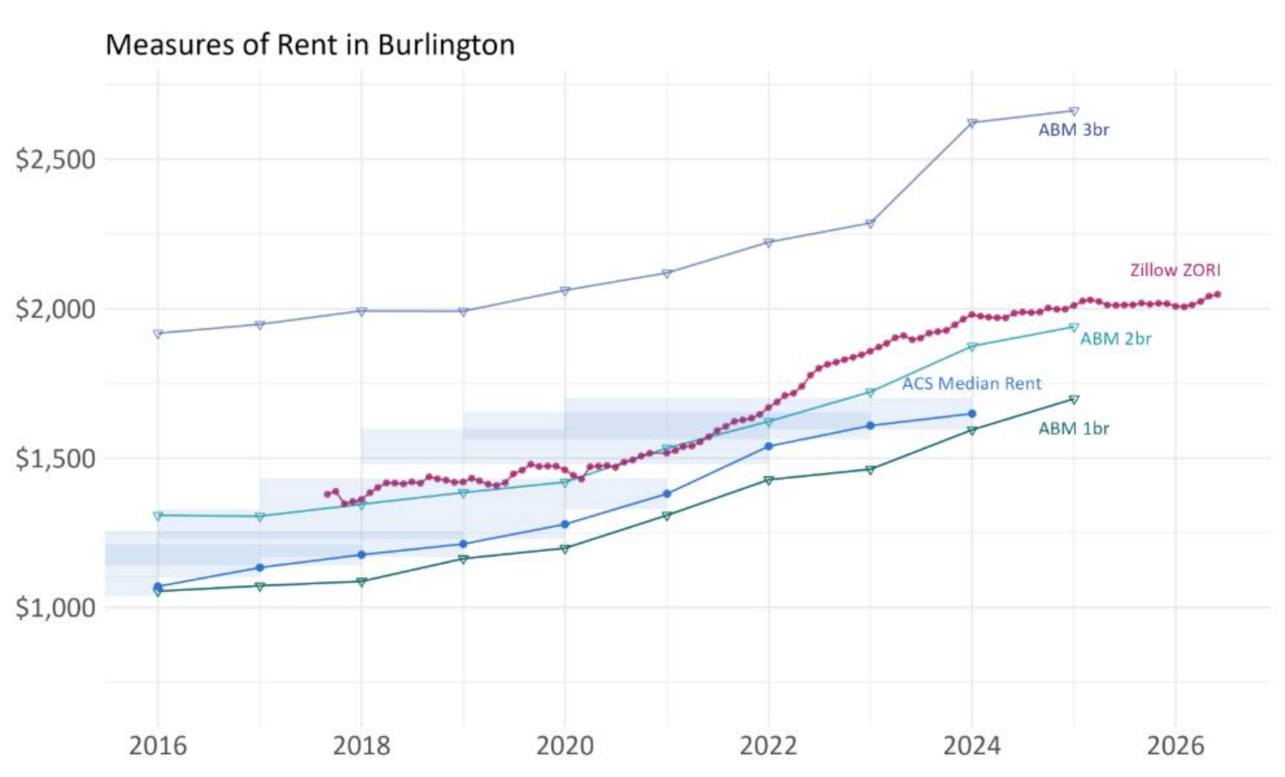
**Request 2: Burlington specific rental market data from the Allen, Brooks and Minor report**

The Allen, Brooks & Minor (ABM) report which the City subscribes to does not break out residential rents by town and instead reports the results of their survey for the entire Chittenden County. In their most recent report, they estimated the average countywide rent for a 1 bedroom at $1,699, a 2 bedroom at $1,940 and a 3 bedroom at $2,663.

While the Allen, Brooks & Minor report is useful for its detailed analysis of real estate trends, the City also uses other sources to understand and track rent in Burlington. The American Community Survey (ACS) is less current than ABM but more comparable to other municipalities. Zillow provides an "Observed Rent Index", or ZORI, which is current and comparable to other cities, but relies on an opaque methodology.

The chart below combines these measures of rent for 2010 through 2026. The Census line shows the estimate for the final year of each 5-year survey. The shaded bands around it represent the margins of error and the span of years each survey covers.

The sources largely align, showing rents accelerating in the early years of this decade. Zillow ZORI estimates have stayed approximately flat since early 2024, hovering around $2,000 a month.




**<u>Request 3:</u> How many projects triggered the higher tiers of IZ percentage requirements due to high average rents?**

In the current IZ ordinance, a project with average rents affordable to households at 140% or 180% of AMI must set aside 20% or 25% of units as inclusionary, respectively. However, it is rare that these higher tiers are triggered.

After reviewing data for projects built in the last ten years, only one, 157 Champlain St, had an average rent by bedroom that was higher than a rent affordable at 140% AMI, at $4,427 for a 2-bedroom unit. CEDO calculations show that 20% of the 11 2-bedroom units were required to be IZ, though this did not result in a whole unit increase (15% of 11 is 1.65, rounding to 2; 20% of 11 is 2.2, also rounding to 2). The project elected payment in lieu of building any IZ units.

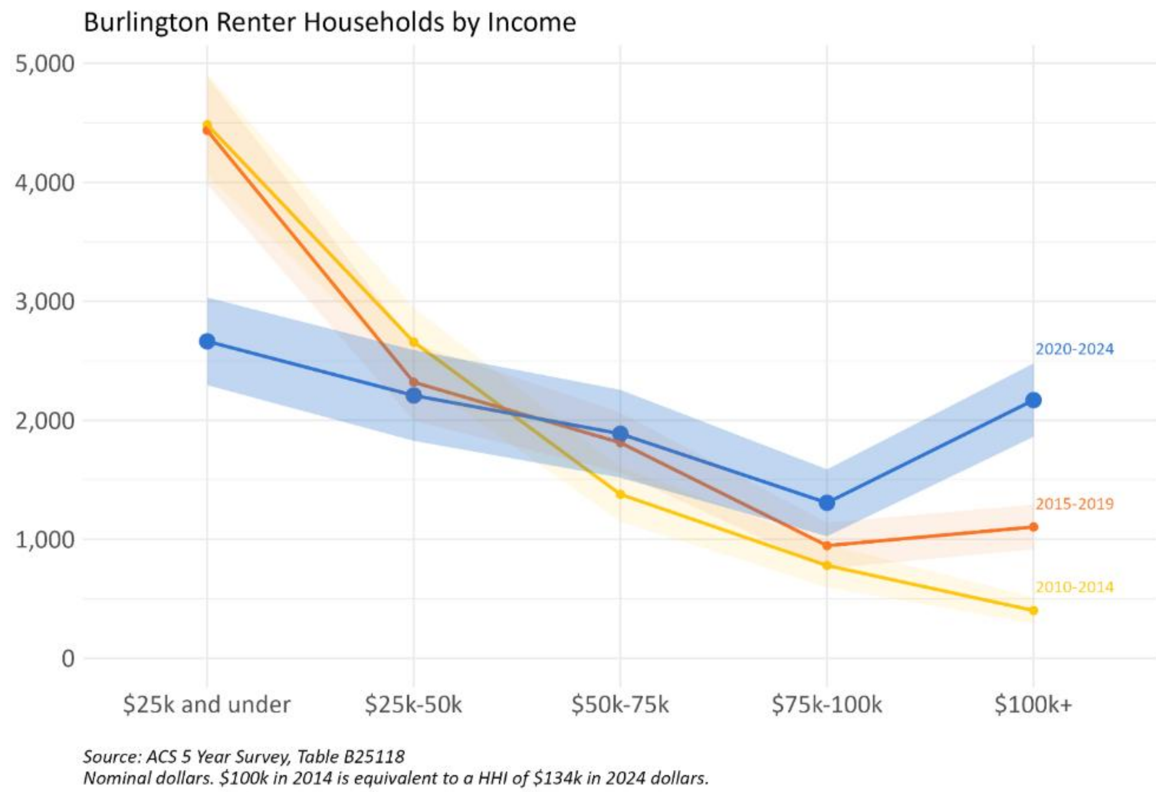
Of all projects in the IZ inventory, there are five projects with an IZ percentage higher than 19%. Two of those projects have 10 total units, which require two IZ units due to rounding from 1.5. Two projects were built within the waterfront district (300 Lake St and 1 Steele St) and were required to have 25% IZ units. 88 King St built 25% IZ units, as they built two offsite units for a neighboring project.

**Request 4: More information about renter's income in Burlington**

The chart below shows the number of renter households by income group as estimated by the ACS, with comparisons to earlier periods. As of the 2020-2024 ACS, one in four renter households earns less than $25,000 a year, and another 22% earn between $25,000 and $50,000. One in five earns more than $100,000.

Compared with the 2010-2014 and 2015-2019 periods, renter incomes have shifted upward, with a smaller share in the lowest income category, and a larger share in the highest income category, though some of this effect is due to inflation, as the income brackets are in nominal dollars.

A caveat to keep in mind when assessing this data is many of Burlington's renters are students living off campus, and resources they may rely on, including student loans and rent paid on their behalf, are not counted as income by the Census. This distorts a clear understating of the magnitude of truly low-income renters.



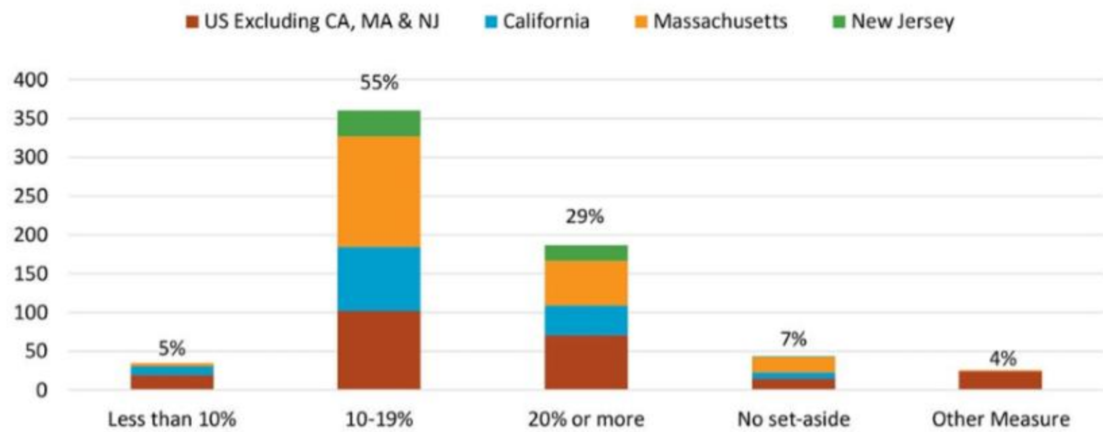

**Request 5: How does Burlington's IZ policy compare to other municipalities in the US?**

The following jurisdictional comparison data was produced in the 2019 Grounded Solutions Network report, Inclusionary Housing in the United States: Prevalence, Practices, and Production in Local Jurisdictions as of 2019. The report assessed over 3,000 jurisdictions with IZ policies nationally, with detailed data for 394 communities that responded to the Network's survey. The peer city comparison table data was taken from Grounded Solutions Network's Inclusionary Housing Map, as well as the respective jurisdictions' zoning ordinances.

***Required Affordable Housing Set-Asides***

A small majority of IZ programs nationally require affordable set-asides between 10% and 19%, while 29% of programs require 20% or more of units to be affordable.

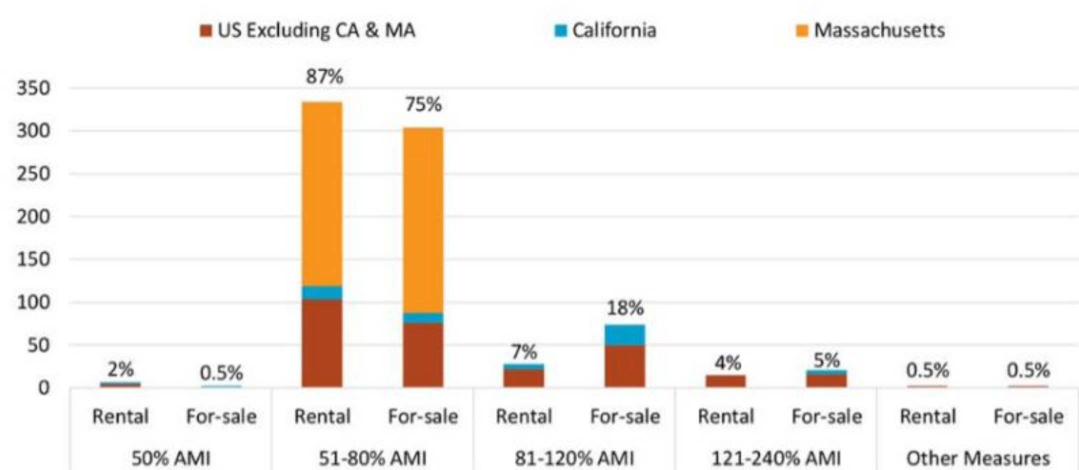
Figure 9. **Program Count and Percentage Levels of Minimum Percentage of Affordable Housing Required** (affordable housing set-aside) (n = 652, or 97% of all programs with on-site option)




***Affordability Levels***

The vast majority of IZ programs require rental units to be affordable to households at 51%-80% AMI, while there are more programs that allow ownership units to be affordable to households making between 80%-12% AMI.

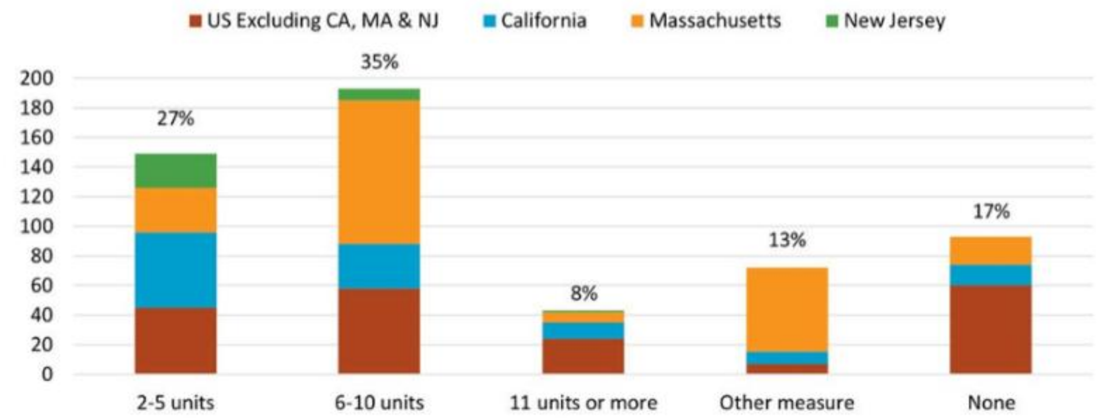
Figure 12. **Program Count and Percentage by the Range of Maximum Income Level** (n = 386, or 98% of all rental programs with single-income targeting requirements; n = 403, or 98% of all for-sale programs with single-income targeting requirements)




***Unit Thresholds***

There is greater diversity in terms of minimum thresholds at which IZ is required. The largest portion (35%) have thresholds between 6 and 10 units.

Figure 15. **Program Count and Percentage by Minimum Applicable Development Size** (n = 550, or 80% of all)




***Tiering***
Just under 2/3 of IZ programs have variable IZ set-asides based on geography and/or affordability of IZ and/or market rate units.

Figure 10. **Program Count and Percentage by Whether Set-Aside varies** (n = 635, or 94% of all programs with on-site option)


***Similar Cities***
The City team has also researched a few similar cities in more depth, a summary of their programs is included in the table below.

| City | Pop. | Unit Threshold | % IZ Required | Affordability Levels | Affordability Term | Year Adopted | # Units Created |
|---|---|---|---|---|---|---|---|
| **Burlington, VT** | 44,000 | 5 | 15-25% | 65% | Perpetual | 1990 | 426 |
| **Chapel Hill, NC** | 65,510 | 5 | 15% | 65%-85% | 30 yrs. | 2011 | 215 |
| **Somerville, MA** | 82,000 | 4 | 20% | 50%-140% | 30 yrs. | 1990 | No Data |
| **Portland, ME** | 70,000 | 10 | 25% | 80% | 10-30 yrs | 2016 | 22 |
| **Portland, OR** | 640,000 | 20 | 10% or 20% | 60% or 80% | Perpetual | 2017 | No Data |

**Request 6: A simpler explanation of Area Median Income and how it relates to the City's Inclusionary Zoning policy**

Area Median Income, or AMI, is a central metric for pricing income-restricted housing. The City of Burlington's Inclusionary Zoning (IZ) policy uses it in three ways: to cap the rent of an IZ unit, to set income eligibility for potential tenants, and to calculate the number of IZ units each project is required to build.

### Background on AMI

AMI is determined by HUD based on income data collected by the Census through the American Community Survey. For each Metropolitan Statistical Area (MSA), HUD calculates the area median family income, using a four-person household as the reference point, then adjusts that figure by household size and by percent of the median. These income levels are used to set affordable rent levels for low-income households (at or below 80% AMI), very low-income households (at or below 50% AMI), and extremely low-income households (at or below 30% AMI). HUD considers rent affordable when it does not exceed 30% of a household's monthly income.

The City uses the AMI set by HUD for the Burlington-South Burlington MSA, which comprises Chittenden, Franklin, and Grand Isle counties.

### AMI in Burlington

The following table provides an overview of AMI levels for a single person household to illustrate what these levels represent in terms of both incomes and affordable rents.

| AMI Level | Annual Income | Max Affordable Rent (30% of Monthly Income) | Typical Professions | # (%) of Studio or 1 Bedroom Units Currently Available on Zillow in Burlington (out of 159) |
|---|---|---|---|---|
| 50% | $43,650 | $1,091 | Home Health Aide, Cook, Janitor | 2 (1%) |
| 65% | $56,750 | $1,419 | Pharmacy Tech, Retail Manager, Dispatcher, Bus Driver | 32 (20%) |
| 80% | $69,850 | $1,746 | Waiter, Carpenter, Electrician, Paralegal | 77 (48%) |
| 100% | $87,300 | $2,183 | Project Manager, Civil Engineer, Registered Nurse | 133 (84%) |
| 120% | $104,750 | $2,619 | Dental Hygienist, Detective, Financial Analyst | 153 (96%) |

Occupational median incomes via Bureau of Labor Occupational and Wage Statistics for the Burlington-South Burlington MSA [link]. Zillow units based on search on June 15, 2026.

### AMI and Burlington's IZ Policy

Currently, the IZ policy relies on AMI calculations to set rent limits, income eligibility, and the required number of IZ units in a project.

**Rent limits:** Rent is limited on IZ units to what is affordable (30% of monthly income) to a household making 65% of area median income, adjusted along with household size for the number of bedrooms.

**2026-2027 City of Burlington Inclusionary Zoning Rent Limits**
Calculated per the Ordinance, Effective May 1, 2026

| Unit Size | Efficiency/Studio | 1 Bedroom (BR) | 2 BR | 3 BR | 4BR | 5 BR |
|---|---|---|---|---|---|---|
| Maximum Monthly Gross Rent | $1,419 | $1,520 | $1,825 | $2,108 | $2,351 | $2,595 |

**Income Eligibility**: Households which make less than overall AMI (or 100% AMI) are eligible to rent IZ units.

**2026-2027 City of Burlington Inclusionary Zoning Income Limits**
Calculated per the Ordinance, Effective May 1, 2026

| Persons in Household | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|---|
| 100% Area Median Income (AMI) | $87,300 | $99,800 | $112,300 | $124,700 | $134,700 | $144,700 | $154,700 | $164,700 |

**IZ Units Required:** All residential projects with five or more units are required to set aside at least 15% of these units as IZ. The City's current policy is to increase this percentage if the expected average rents for the project are especially high, as determined by what is affordable at various levels of AMI.

- If the average rent of a project's units are affordable only to households making 140% of AMI or above (e.g. $3,055 or more for a studio) the project would be required to include 20% of units as IZ.
- If the average rents are affordable only to households making 180% of AMI or above (e.g. $3,929 or more for a studio) the project would be required to include 25% of units as IZ.

In practice, the higher percentages of IZ requirements are very rarely triggered. The City is proposing eliminating this tiering system and replacing it with a 15% requirement, which would reduce the administrative burden for CEDO and decrease uncertainty for development.

## Proposed Amendment ZA-27-01 Inclusionary Zoning

**a) Amendment Type**

| | | |
|---|---|---|
| **Text Amendment** | Map Amendment | Text & Map Amendment |

**b) Purpose Statement**

The proposed amendments to Article 9 are one component of a coordinated and proactive response to the growing demand for affordable housing. these recommendations are designed to add flexibility, reinforce accountability and predictability, and respond to current market conditions and long-term community needs.

**c) Proposed Amendment**

1. *Amendments will primarily be limited to Article 9 of the CDO. Amendments will be outlined below following further discussion.*

**d) Relationship to planBTV**

This following discussion of conformance with the goals and policies of planBTV is prepared in accordance with the provisions of 24 V.S.A. §4441(c).

| | | | | |
|---|---|---|---|---|
| **Theme:** | **Dynamic** | **Distinctive** | **Inclusive** | **Connected** |
| **Land Use:** | **Conserve** | **Sustain** | **Grow** | |

**Compatibility with Proposed Future Land Use & Density**

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.

**Impact on Safe & Affordable Housing**

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 scare housing resources. If inclusionary zoning requirements are overly burdensome or unpredictable, development may shift elsewhere, ultimately undermining the City's housing goals.

**Planned Community Facilities**

This amendment has no direct impact on planned community facilities.

**h) Process Overview**

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 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 The following chart summarizes the current stage in the zoning amendment process, and identifies any recommended actions:

<table>
<tr><th colspan="6">Collaborative Working Group Process</th></tr>
<tr><td>Draft Amendment prepared by Staff<br>5/12/2026</td><td>Presentation to & discussion by Collaborative Working Group:<br>5/12/26, 6/9/26, 7/14/26</td><td>Approve for Public Hearing</td><td>Public Hearing</td><td colspan="2">Approved & forwarded to Council</td></tr>
<tr><th colspan="6">City Council Process</th></tr>
<tr><td>First Read & Referral to Ordinance Committee</td><td>Ordinance Committee discussion</td><td>Ordinance Committee recommend</td><td>Second Read</td><td>Public Hearing</td><td>Council Approval & Adoption</td></tr>
</table>

BURLINGTON
VERMONT

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

planBTV OFFICE OF CITY PLANNING

CEDO

## Date Updated: July 10, 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.

# Table of Contents

# 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 2016-2017 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.

## 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 Comprehensive Development Ordinance (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 |
| **Developments that are built in the Waterfront districts (NAC-CR and FD5 west of Battery Street) are also subject to a 25% set-aside.* | |

## 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. 21 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.

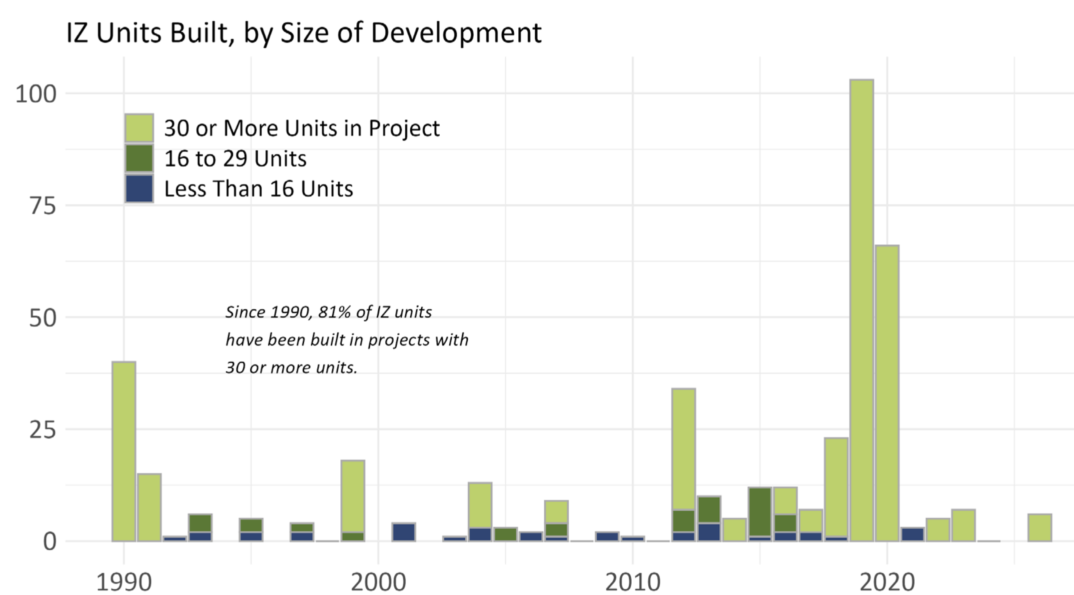
## Importance of Incentives & Flexibility

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.



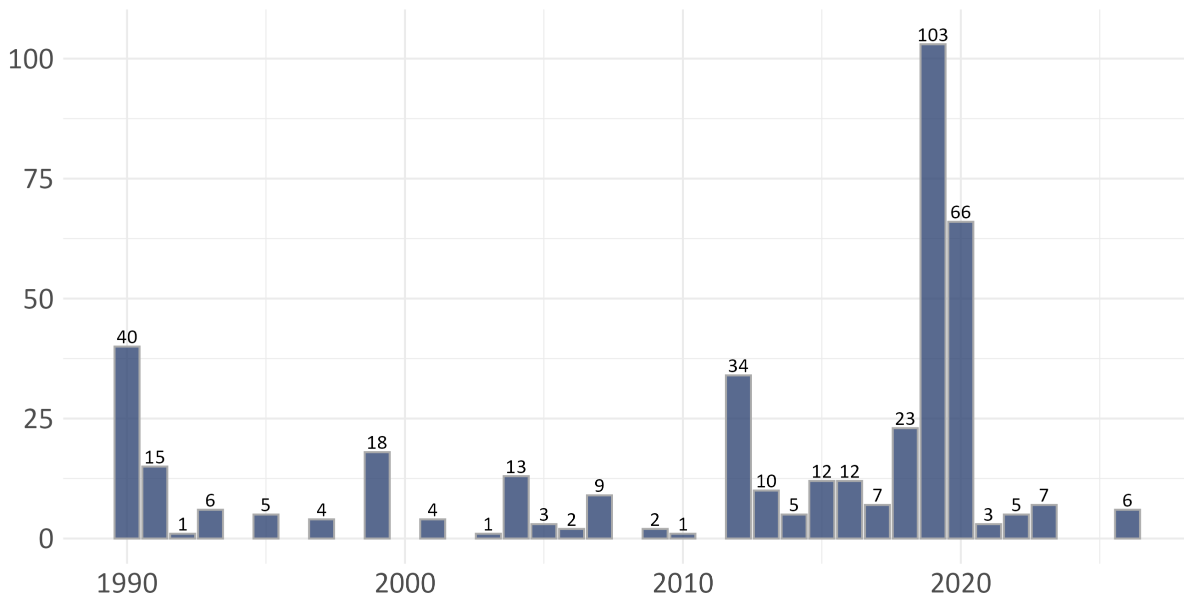
## Role of Nonprofit Partnerships & the Affordable Housing Trust Fund

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.

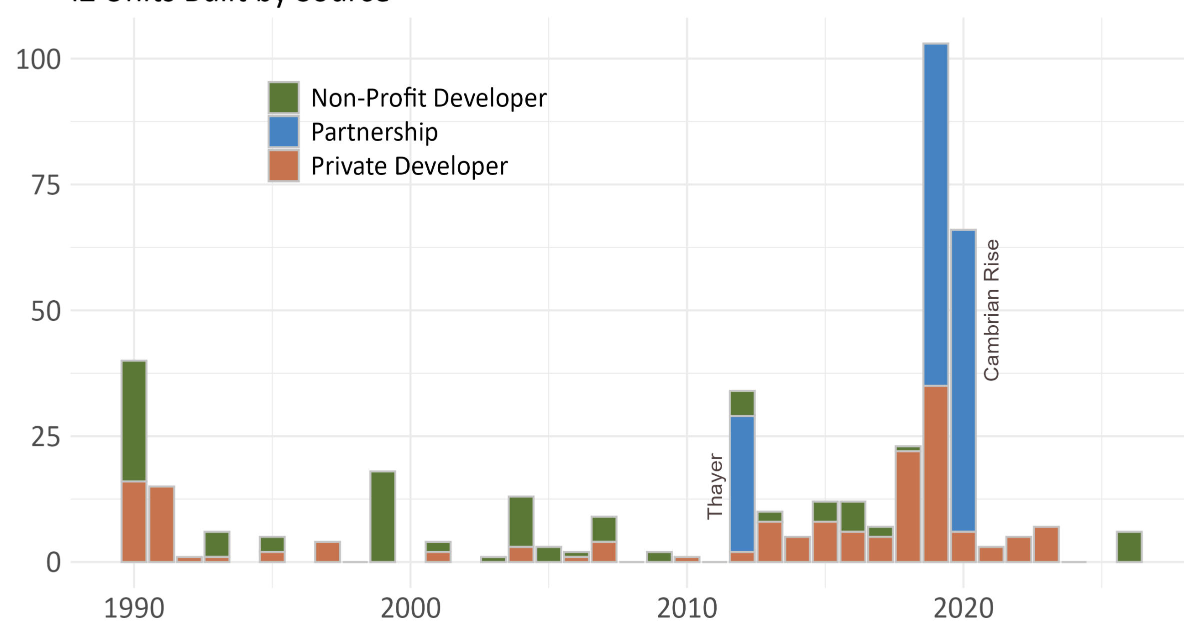
EPS's study also identified Burlington's Affordable Housing Trust Fund as a major asset and program strength, citing that this dedicated funding allows the City to support affordable housing production independent of private development cycles.

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 scare 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 (Article 9, Sec. 9.1.5)

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

### Current Policy

Inclusionary Zoning standards apply in the following cases:

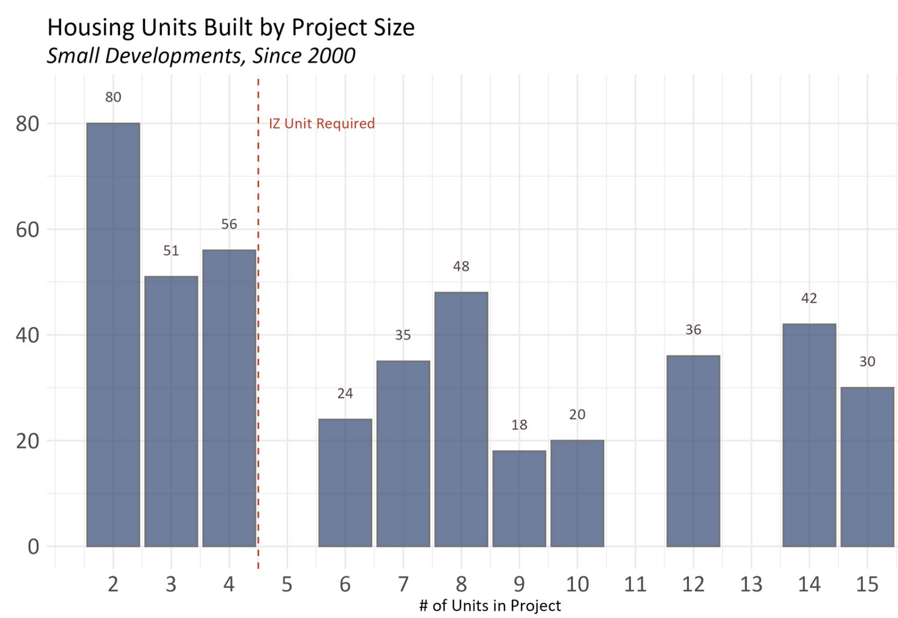
- Any project containing five or more units
- Multiple projects by the same applicant within any twelve-month period

### Proposal

- Increase the project size threshold to 17 units
- Increase the multiple project threshold to 17 units

### Rationale

- Increasing the threshold to 17 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 pursing 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 pursing 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 17-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 (Article 9, 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 (Article 9, 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.

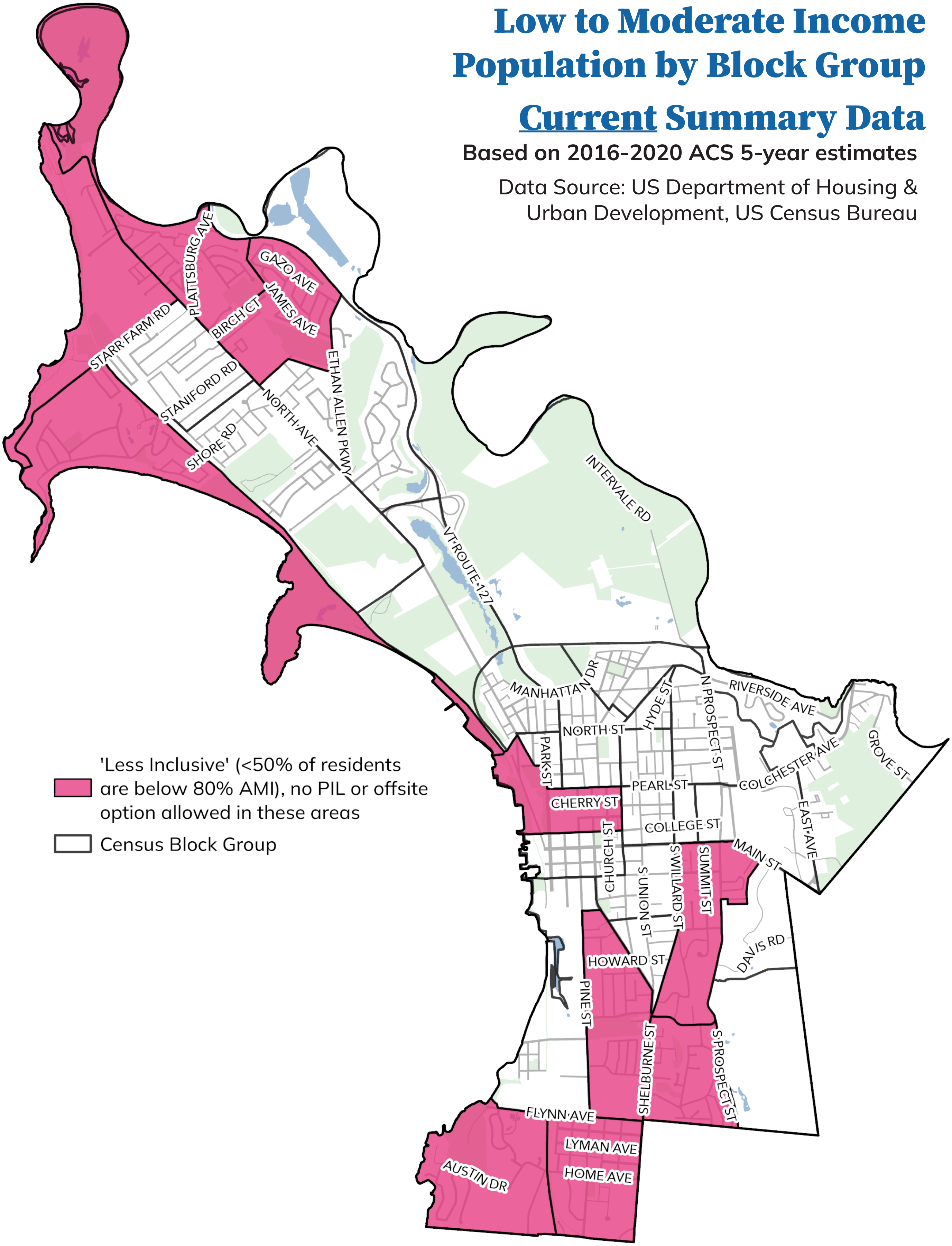
| IZ Projects with Offsite Units | | | |
|---|---|---|---|
| **Year** | **Source Project** | **Destination** | **Units** |
| 1993 | Queen City Park | Valade Park & Venus Ave | 1 |
| 2006 | 1044 North Ave. | 354 Manhattan | 1 |
| 2016 | Hinds Lofts, 161 Saint Paul St. | 88 King St | 2 |

# Low to Moderate Income Population by Block Group

## Current Summary Data

**Based on 2016-2020 ACS 5-year estimates**

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

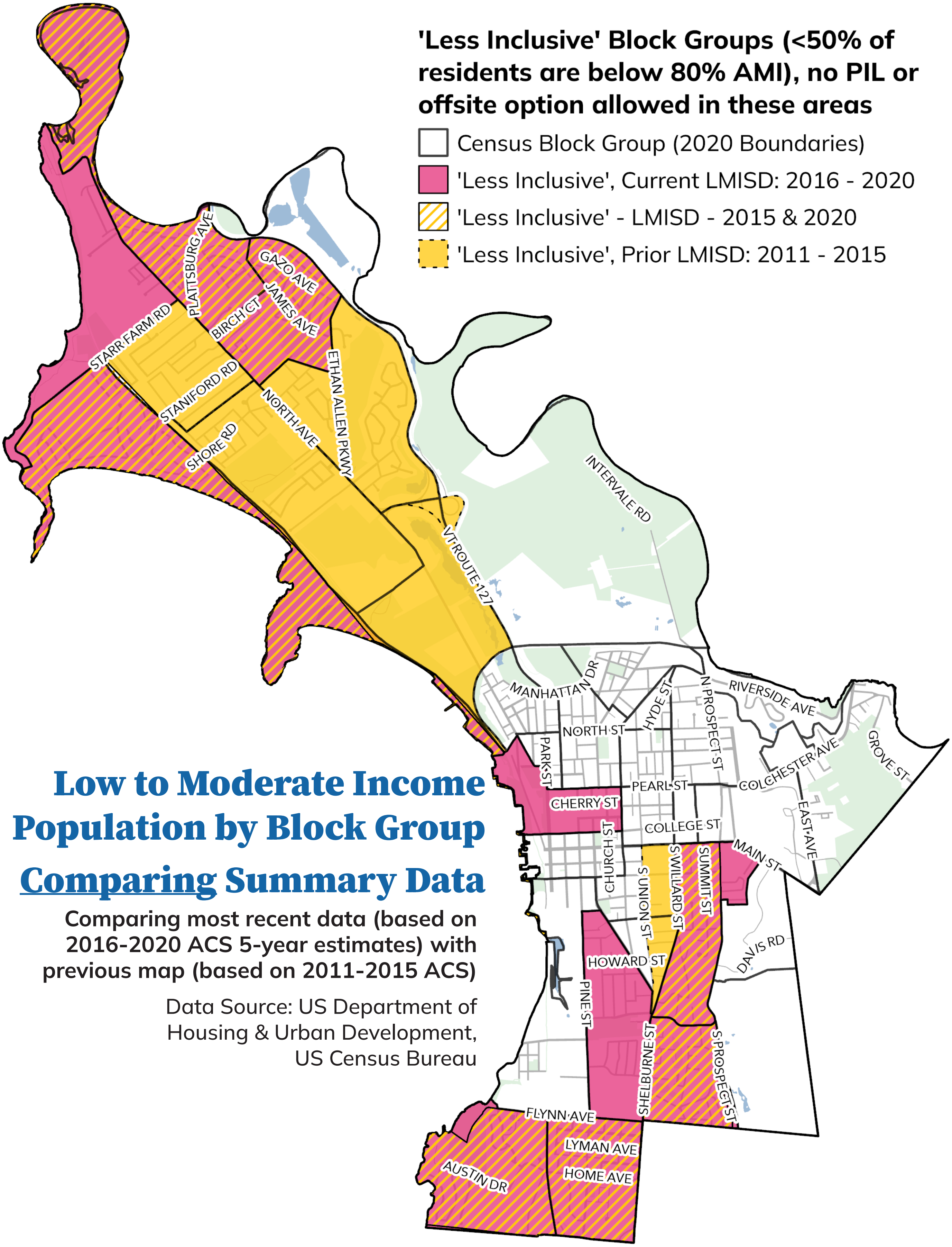
Census Block Group

# Low to Moderate Income Population by Block Group

## Comparing Summary Data

**Comparing most recent data (based on 2016-2020 ACS 5-year estimates) with previous map (based on 2011-2015 ACS)**

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



## 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 a 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 the 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 relatively 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 (Article 9, 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 (Article 9, 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 (Article 9, 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 (Article 9, 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
- 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.

**Burlington Planning Commission**
149 Church Street
Burlington, VT 05401
www.burlingtonvt.gov/cityplanning



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

Tuesday, June 6, 2026, 6:30 P.M.
Hybrid Meeting via Zoom and in City Hall's Bushor Conference Room
Draft Minutes

**Planning Commissioners Present:**
☒ Andy Montroll, Chair
☒ Michael Gaughan
☒ Alexander Friend
☒ Erhard Mahnke
☒ Erin Malone
☒ Julia Randall
☒ Ryan Nick

**City Council Ordinance Committee Members Present:**
☒ Councilor Gene Bergman, Chair
☒ Councilor Mark Barlow
☒ Councilor Sarah Carpenter

**City Staff Present:**
☒ Charles Dillard, Director, City Planning
☒ Kara Alnasrawi, Director, CEDO
☒ Kimberlee Sturtevant, Assistant City Attorney
☒ Scott Gustin, Zoning Division Manager, DPI
☒ Sarah Morgan, Principal Planner, City Planning
☒ Nancy Stetson, Senior Policy & Data Analyst, DFA
☒ Maggie Callaghan, Housing Program Manager, CEDO

**Public Attendance:** Eric Farrell, Jak Tiano, Liz Curry, Sharon Bushor, Amy Wright

## 1. Agenda

**Call to Order:** 6:30pm
**Changes to Agenda:** *Agenda adopted by both City Council Ord. Committee & Planning Commission*

## 2. Adopt Minutes & Accept Communications

**Planning Commission Action:** No minutes posted to adopt, motion to accept communications
Motion by: J. Randall Seconded by: A. Friend Vote: Unanimous
Notes or Corrections: N/A
**City Council Ordinance Committee Action:** Already adopted minutes at prior meeting.
Motion by: N/A Seconded by: N/A Vote: N/A
Notes or Corrections: N/A

## 3. Director's Report

C. Dillard shared updates on the Plan BTV New North End. The Planning Commission reviewed the transportation components and the upcoming review of placemaking design frameworks will take place on June 23.

## 4. Public Forum #1

Amy Wright: Amy provided general comments on the Inclusionary Zoning amendment, emphasizing the need for more data on affordability and suggesting that changes to the housing trust fund should be considered alongside IZ modifications to ensure deeper affordability. In addition to more data, she would like to see more about how this amendment relates to changes being proposed to the Housing Trust Fund.

| | |
|---|---|
| Sharon Bushor | Sharon expressed concerns about the proposed increase in the housing unit threshold from five to 16 units, suggesting that 10 units might be more appropriate and requesting more detailed information on why 16 became the chosen number. Also concerned about the tiering argument and is concerned about the flat 15%. Related felt that eliminating the waterfront housing tier contradicts Burlington's value of reducing inequity. |

## 5. 5/12 Meeting Follow-Up

Staff outlined the format for the meeting discussion on the proposed changes. Staff presented data comparing Burlington's IZ program to surrounding towns, including housing units built, land costs, and impact fees.

**Discussion Notes:**

- Working Group members expressed a desire to hear from experts on IZ in future meetings on these various topics. Staff will coordinate this.
- E. Malone asked how effective the IZ policy has been in achieving its intended goal of increasing socioeconomic and racial integration in the neighborhoods.

## 6. Discussion on Proposal #1: Increasing the IZ Project Size Threshold

Staff presented a proposal to increase the Inclusionary Zoning threshold from 5 to 17 units, sharing research comparing Burlington to neighboring cities, one of which has a threshold of 20.

**Discussion Notes:**

- R. Nick asked why not increase the threshold to 20. C. Dillard responded that this is largely based on building typologies that could be achieved through Planned Unit Developments.
- J. Randall spoke in support of this change, and noted that she doesn't see a huge difference between a 17-unit threshold over 20 units. Would also be in favor of the Commission adjusting the threshold every three years depending on market conditions.
- M. Gaughan is in favor of a rounded number, and that around 17 – 20 is a good number. Does see a lot of value in IZ as a program and feels that it was less about housing production and more about inclusion. None of the comparison cities go lower than 15 units. Would be concerned that if we went lower, there would be implications on the Neighborhood Code.
- A. Montroll shared that, while he's not sure what the right number is, he thinks this proposal does take the Neighborhood Code into account.
- E. Mahnke stated the need to consider the City's goals of the program when having this discussion. Inclusivity and affordability are provided mainly by the non-profit partners, the changes must support the nonprofits to create this housing. Doesn't want to rely overly on supply side solutions. Feels more comfortable with 8 units being the threshold.
- G. Bergman is comfortable with 10 units instead of 17.
- M. Gaughan responded that the threshold needs to consider the debt capacity a developer may lose when going from AMI percentages for 3-person households. The numbers at this scale really matter and comparisons between other cities are not apples to apples.
- When discussing whether Burlington should be more aligned with South Burlington's threshold of 10, R. Nick stated that it's tough to develop in and doesn't feel it's a model to duplicate. Would like to have data around how many developers have looked at the standards of Burlington and decided to pass on developing at all. Also stated that he disagrees that all market-rate housing is rich people housing, and that some are relatively affordable to the average Burlingtonian.
- A. Montroll asked how much the cost of the IZ unit impacts the costs of the other market rate units being built.
- S. Carpenter notes that by increasing the threshold, you might get less units, but they may get more units targeted to the most low income. Not bothered by the 17-unit threshold, given that it matches the state policy.

- E. Mahnke spoke in favor of using bonuses to subsidize the costs of these IZ units. Requested a more in-depth affordability analysis.
- A. Montroll felt that bonuses may not be the best approach and might not align with the work done over the last few years of setting massing standards. C. Dillard shared challenges that come with increasing heights through bonuses, which add to construction costs. A. Friend asked if there were other ways of providing bonuses, like streamlining permits.
- Discussion concluded with staff committing to provide more information on the impact of different project size thresholds (10, 12, 16, 20 units) on the number of affordable units produced, for the next meeting.

## 7. Discussion on Proposal #2: Eliminate IZ tiering & replace w/ uniform approach

Staff presented a proposal to simplify the inclusionary zoning (IZ) tiering system by eliminating current tiered requirements and instead requiring 15% of all units to be affordable at 65% AMI or below.

**Discussion Notes:**

- There was confusion related to AMI requirements. Staff will reframe this proposal for next meeting and provide more clarity about how AMI is used in this context.
- J. Randall is in favor of this change and notes that a dynamic that occurs in affordable housing developments is the stratification in the units that are provided, and middle income is often excluded.
- M. Gaughan shares that by keeping the AMI low, we will continue to see more studio and one bedroom units as opposed to family-size units. We see production occur because it aligns with LIHTC requirements. Would like to discuss raising AMI levels because 65% to 100% is not being served, and that's a lot of the workforce. Thinks 15% is good and it aligns with the current market, but would like to discuss the AMI levels and lack of incentives to providing family type units.
- M. Barlow shares that he's generally supportive of this change but reserves the right to change his thinking as the conversation progresses.
- S. Carpenter asked about home ownership. Asked the same question as M. Gaughan about how we're reaching the 65-100% AMI group. She likes the simplicity of the proposal but is worried that it won't address that huge gap in the marketplace. Would be in favor of another tier to solve that.
- E. Mahnke likes the simplicity of eliminating tiers but questions whether or not we aren't producing some luxury housing that should be responsible for creating more inclusion. Is strongly against the idea of the 25% waterfront affordability requirement.
- G. Bergman is fine with the 15% except for the waterfront.

## 8. Public Forum #2

**Jak Tiano**: Jak shared research on residual land value and development feasibility, suggesting that policies like inclusionary zoning and impact fees act as capture mechanisms for land value, particularly relevant in a built-out city like Burlington.

## 9. Adjournment (8:44pm)

**Action:** Joint motion to adjourn

Motion by: A. Montroll Seconded by: n/a Vote: Unanimous