



The Moment is Now to Improve the Health of Housing

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Table of Contents

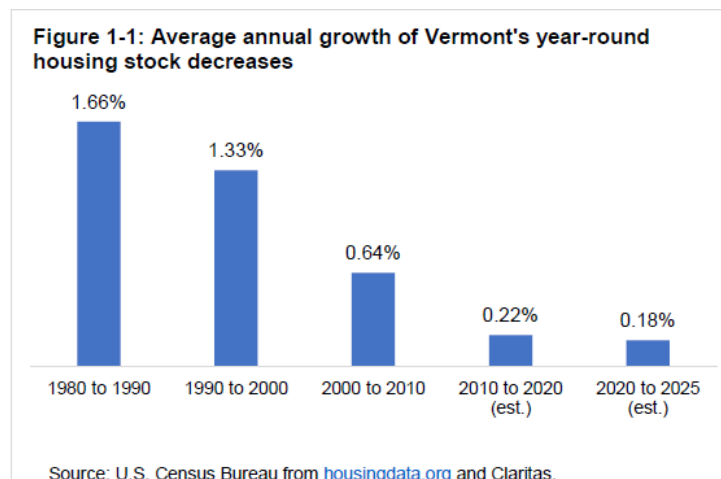
- Introduction 3
- Narrowing the gap 4
- Adapting to new lifestyles..... 6
- Unblocking the housing pipeline 7
- Focusing on pipes, permits, and people 7
- All housing is local..... 7
- About the authors..... 9
- About The Vermont Futures Project..... 9

Introduction

In 2016, The Vermont Futures Project set a target for [5,000](#)¹ new or retrofitted housing units per year to meet the critical need for homes across Vermont. Housing was a need five years ago, and as we strive to recover from the pandemic-caused economic downturn, the health of Vermont's housing market is under more stress than ever. Discussions around the state continue to underscore the need for more housing, with an emphasis on the missing middle.

The moment is now to create a long-term, comprehensive plan to address our housing crisis. Attractive, affordable, and efficient homes will revitalize Vermont communities and enable us to attract and retain the people and businesses we need for a thriving economy for decades to come. We are encouraged by recent proposals to allocate substantial federal funding to improve the Vermont housing landscape by creating 1,135 “missing middle” housing units through the Homebuilder Program, renovating 681 vacant affordable rental units through the Vermont Housing Incentive Program, building 2,434 mixed income units through the American Rescue Plan funds, adding 600 affordable multi-family housing units, weatherizing an additional 900 units, and improving drinking and wastewater systems with the “Healthy Homes” initiative. Additional [federal funding](#)² was also announced to ensure stable housing options for Vermont's most vulnerable.

Like a chronic health condition, Vermont's housing market was suffering long before the Covid pandemic. In early 2020, Vermont Housing Finance Agency used U.S. Census Bureau data to complete the latest [Vermont Housing Needs Assessment](#)³ (VT HNA). The report (Figure: 1) shows that in the 1980s Vermont's housing stock grew at a healthy 1.66% per year, but that in the past five years the growth rate fell to only .18%. This is an alarming drop of almost 87%. Assessing housing health, a decline of this magnitude should trigger immediate and comprehensive intervention.



¹ Source: <https://vtfuturesproject.org/quality-of-place/>

² Source: <https://vermontbiz.com/news/2021/april/12/delegation-announces-11-million-housing-construction-arpa>

³ Source: <https://accd.vermont.gov/sites/accdnew/files/documents/Housing/VT%20HNA%202020%20Report.pdf>

Figure 1: Source: 2020 Vermont Housing Needs Assessment⁴

“There is little question that Vermont has a statewide housing crisis, which is both chronic and acute. It is so long-standing that we need all hands-on deck,” said Maura Collins, Executive Director of the [Vermont Housing Finance Agency](#)⁵. Collins said the housing crunch puts “unrelenting upward pressure on rents and home prices, leaving many with few housing choices and unsustainably high housing expenses.” The result is a tight supply, aging stock, and rising prices near employment centers.

The time is now to take bold action to help Vermont’s ailing housing market get back on the mend. In our usual Vermont style, we have studied our housing problems for decades and made some small efforts to “nibble around the edges,” but the patient keeps getting sicker. As we start to emerge from the pandemic, our housing market has checked into the E.R. It is time for a new prescription and immediate actions:

- [Narrowing the gap](#) between average incomes and housing costs through upskilling support and predictable permitting
- [Adapting to new lifestyles](#) by building subdivided attached units in downtowns, and retrofit old housing, offices, and retail for today’s evolving lifestyle
- [Unblocking the housing pipeline](#) by building elderly housing to free larger homes for reuse
- [Focusing on pipes, permits, and people](#) to accelerate shovel-ready work that creates 5,000 new or renovated units
- [All housing is local](#) so forecast needs with coordinated regional groups that include local businesses leaders

Narrowing the gap

Home building is the pulse of the Vermont economy. It drives key activities such as construction, labor force growth, and additional taxes to support important community services. Due to decades of slowing growth, the health of Vermont’s housing market is under more stress than ever. The diagram below portrays key interconnecting elements that must be repaired and rebuilt to create a healthy post-pandemic economy. As we strive for improved equity, diversity, inclusion, and opportunity, our housing and communities are foundational to securing a thriving economy.

⁴ Source: <https://accd.vermont.gov/sites/accdnew/files/documents/Housing/VT%20HNA%202020%20Report.pdf>

⁵ Source: <https://www.vhfa.org/about/executive-director>



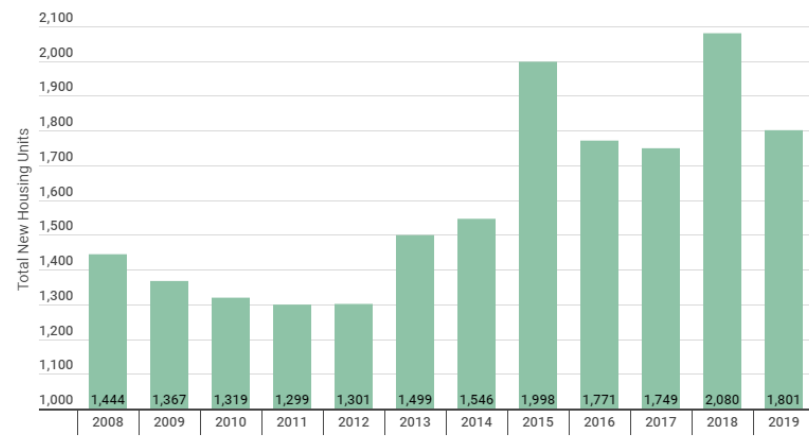
As referenced earlier, in 2016, The Vermont Futures Project set a target for 5,000 new or retrofitted housing units per year (Figure 2) to meet the critical need for homes across Vermont. So far, we have fallen far short of this goal.

Annual Survey of Building Permits



Source: State of Vermont - PVR Annual 2020 Report

New construction continues to recover since the 2008-2009 housing recession. This graph reflects total new housing units throughout Vermont, but most residential building activity is occurring in the Burlington area or communities with substantial seasonal and resort markets. It should be noted that a significant drop occurred between 2018 and 2019.



Share

infogram

Figure 2 Source: Vermont Futures Project⁶

⁶ Source: <https://vtfuturesproject.org/quality-of-place/>

Adapting to new lifestyles

Three key factors contribute to Vermont's chronic housing condition: affordability, availability, and suitability. Housing is considered affordable if it consumes no more than about 30% of a household's income. Vermont housing costs continue to outpace earnings, making it impossible for many families to find affordable housing. The lack of a healthy housing inventory in Vermont has led to bidding wars that are driving up prices.

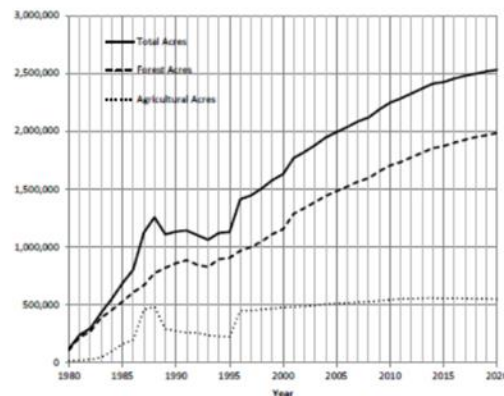
The recent Vermont Housing Needs Assessment indicates that rental vacancies statewide are at an unhealthy 3.4%, well below the healthy range of 4 to 6%. Some areas, including Chittenden County, have rates as low as 1.9%. This drives up rents and leaves the average renter "cost burdened" and struggling to pay for other necessities like food, heat, health care, and childcare. Recent housing insecurity and racial disparities revealed by the pandemic have highlighted the need for greater and immediate assistance.

Vermont has a successful history of balancing development needs with natural resource conservation. Vermont's current Land Use Program shows consistent [upward trends](#)⁷ with a [25% increase in land use permits during the past year](#)⁸. More land enrolled in current use results in less land available for housing development. In more populated towns like [South Burlington, reports show](#)⁹ that only 256 acres, comprising a mere 5% of the undeveloped land, are available for future housing, due in part to growing local building restrictions and open space set asides.

2020 Current Use (Use Value Appraisal) Program

Vermont's Current Use (Use Value Appraisal) Program began in 1980 with the enrollment of fewer than 120,000 acres. As of 2020, this number has soared to 2,531,733 acres and includes 15,669 landowners and 19,259 parcels (see [Figure 1](#) and [Figure 2](#) for details). Based upon ZIP codes of the owners, 4,449 of the enrolled parcels are owned by out-of-state persons (23%). The Vermont statute regulating the Current Use Program is found in 32 V.S.A. Chapter 124.

Figure 1. Annual Current Use Enrollment 1980-2020



⁷ Source: <https://vtfuturesproject.org/infrastructure-stewardship/land/>

⁸ Source: [https://tax.vermont.gov/sites/tax/files/documents/PVR Annual Report 2020.pdf](https://tax.vermont.gov/sites/tax/files/documents/PVR%20Annual%20Report%202020.pdf)

⁹ Source:

<https://cms6.revize.com/revize/southburlington/Committees/Working%20group%20paper%20on%20housing,%20Mar%202024,%202020.pdf>

Unblocking the housing pipeline

Vermont has some of the [oldest housing stock](#)¹⁰ in the country, with 60% of housing units built before 1980 and 25% built before 1939. VHFA estimates that 2,639 occupied homes are expected to be lost to destruction or conversion by 2025 and that 29,000 homes have indicators of serious quality problems. Vermont's community development network, comprised of non-profit and for-profit organizations, are working hard to renovate old buildings in Vermont downtowns by upgrading them for today's housing market.

Beyond our aging housing stock, suitability issues are seen in Vermont's mismatch of inventory and demand, driven by our demographics. These concerns are key to the urban renewal efforts of Bob Stevens at MS Development in Brattleboro. His firm has been instrumental in renovating older downtown buildings in southern Vermont, recognizing that "renovating downtown buildings for housing is essential to meeting the housing needs of our communities while activating Main Street and reducing transportation impacts."

Recent low mortgage rates and pandemic relocations have coupled with past trends to further challenge the Vermont housing landscape by making it even harder to buy or rent housing near workplaces. Two factors play into this challenge: wages not keeping up with increasing costs of living and the limited supply of affordable housing. Due to housing costs, many working Vermonters are forced to live further from work and face higher travel costs as well as increased traffic and CO2 emissions.

Focusing on pipes, permits, and people

Well-intended land use regulation and half-century old zoning and permitting regulations, coupled with growing direct building costs, have reduced housing opportunities throughout the state. These additional costs have driven the price of housing beyond the reach of most working families and young workers. This upward pricing pressure has forced some to decline good jobs due to the lack of locally available, suitable, and affordable homes. OnLogic in South Burlington is one example of a business that is challenged by the Vermont housing problem. As Lisa Groeneveld said, "Employees would rather take a bike or bus to work to give the planet a break, but to do that they need homes that fit both their needs and their budgets."

All housing is local

The Vital Communities organization in White River Junction has tracked housing inventories in 29 regional towns to understand the types and values of new housing and look for ways to meet future housing needs. The study helps planners and towns develop the partnerships needed to meet the region's housing demands. By partnering with employers, developers, banks, and towns, they are able to make more, and more diverse, housing projects possible.

¹⁰ Source: <https://vtfuturesproject.org/quality-of-place/>

“An affordable place to call home is an essential part of our regional economy,” said Mike Kiess, Vital Communities’ Workforce Housing Coordinator. “By working together with local housing committees and regional partners, we can transform existing and vacant properties into quality places to live and help grow our local economy.”

The Vermont Futures Project’s mission is to look beyond the moment and safeguard Vermont’s long-term economic future. After wide-ranging discussions with Vermont businesses and the Vermont housing community, the following recommendations to improve our chronic housing condition emerged:

- Strike a balance between growth and conservation by modernizing local zoning, land use, and Act 250 regulations to stimulate and expedite housing projects.
- Revise local codes to streamline first permit hearings.
- Accelerate in-filling, duplexes, and triplexes using programs like the Vermont Housing and Community Development department’s “Zoning for Great Neighborhoods.”
- Target housing growth in locations with existing infrastructure capacity.
- Address land use restrictions in more urban areas with prime new housing locations that could support employers needing to attract and retain employees living close to work.
- Retrofit and modernize current structures, like unused office spaces, to revitalize downtowns, build stable housing and attract people seeking urban living.
- Encourage more Vermont towns to create local housing committees to assess their housing situation and recommend changes to meet local housing and rental needs.
- Develop regional strategies and invite business leaders and owners to the table to address worker housing needs.
- Support ways to upskill our workforce to boost wages and household income in relationship to regional housing and building costs.

Our homes are at the center of our lives, our security, our health, and our communities. Vermont must find the right balance between growth and sustainability to improve the health of Vermont’s housing stock. Attractive, affordable, and efficient homes will revitalize Vermont communities, provide secure housing, and enable us to attract and retain the people and businesses we need for a thriving economic future. The time is now for a holistic, long-term plan to improve the health of Vermont’s housing market. We welcome you to join the conversation.

About the authors



Lori Smith is the Executive Director of The Vermont Futures Project, a data-driven initiative working to secure Vermont’s economic future and provide opportunity for all Vermonters. Lori has over 30 years of health care knowledge and how it relates to wellbeing, behavior change, and organizational impact. In 2017, Lori discovered her “encore career” with The Vermont Futures Project as the Business Development Partner. Her passion and commitment led to the Executive Director role in September 2019 joining a great team and a dedicated Board of Directors.



John Burton is the President of Stormseye Associates, a Vermont-based consulting firm working with business leaders and communities around issues related to economic development. He has worked with The Vermont Futures Project to gather insights and create recommendations for the future of Innovation and entrepreneurship in Vermont. Recently his role was expanded to include the remaining four pillars of the six-pillar plan. John also consults with the Distributed Ledger Governance Association around distributed ledger application pilots, project planning and legislation. He is the former President of NPI Technology Management in South Burlington Vermont where he consulted with business executives about their technology planning, budgeting, and project management.

About The Vermont Futures Project

[The Vermont Futures Project](#) promotes the long-term economic health of Vermont through leadership, research, and education. We aim to have an informed conversation around how a healthy economy contributes to Vermont’s vibrant communities and unique quality of life.

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A special thank you to our partners and advisors who provided insights and experience: [VHFA](#), [Vital Communities](#), [MS Development](#), [OnLogic](#), Josh Hanford, [Commissioner](#), Department of Housing and Community Development.