

Vermont Housing Needs Assessment: Highlights

Home building declines statewide

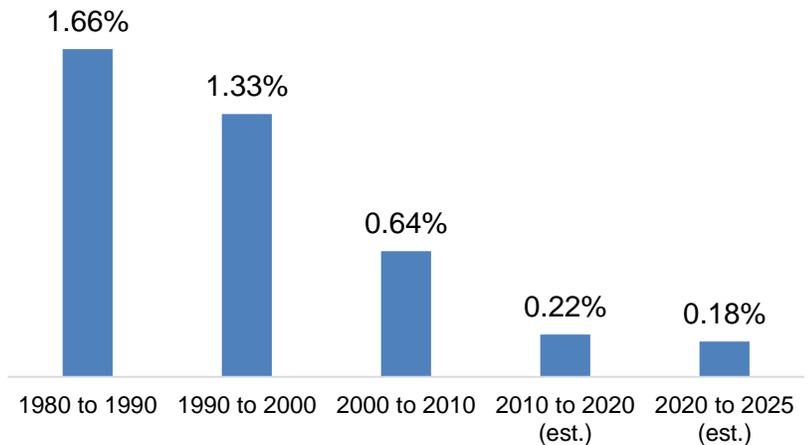
Before 2010, the number of homes in Vermont increased at an average annual pace of 1%. By 2025, that pace is expected to slow to less than 0.2%--a virtual stagnation in the number of year-round Vermont homes. Although less severe in the northwest part of the state, this slowdown is occurring in every Vermont county.

Most expansion of the housing stock occurs through new home construction.¹ New homes are rarely affordable for lower income residents, with the exception of publicly-subsidized housing development. However, when a housing market provides new home options for middle- and upper-income buyers and renters, their existing homes, which are likely more affordable than new homes, become available for other home seekers.

In this way, declines in home building ultimately reduce the availability of affordable housing for lower income Vermonters.

Vermont's role as a vacation destination also affects how its housing stock is used. The number of seasonal homes here continues to grow, comprising 17% of the state's housing stock as of 2017. This is the second-highest rate of seasonal homes in the nation.² Similarly, the use of Vermont homes as short-term rentals has risen in the past 5 years, with at least 8,041 homes listed available in July 2019 (primarily in the state's ski towns). These homes constitute 2.5% of the state's housing stock.

Average annual growth of Vermont's year-round housing stock

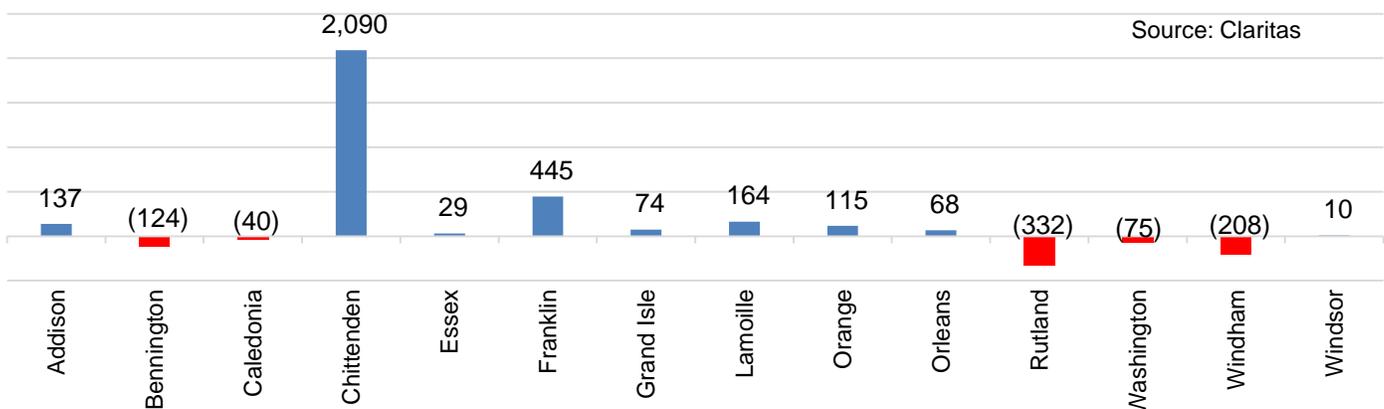


Source: U.S. Census Bureau from [housingdata.org](https://www.housingdata.org) and Claritas.

Household growth projected in northwest counties

The number of households living in Vermont is expected to increase slightly, by 2,353 households between 2020 and 2025. Virtually all of this expansion will occur in Chittenden County and neighboring northwest Vermont counties. Although Vermont's total population has begun to decline slightly, the number of households continues expanding modestly due to factors such as an increasing number of single-person households.

Projected net increase or decrease in households living in Vermont between 2020 and 2025



Source: Claritas

With respect to the new households expected and the result of this demand on home prices, Chittenden County is in a unique position relative to the state's other counties. Of the additional households who will locate in Vermont during 2020 and 2025, 89% are projected to live in Chittenden County. This demand is likely a key contributor to elevating Chittenden County median home prices 34% higher and median rents 23% higher than the statewide average.

Demand for housing in Chittenden County also creates pressure for nearby Franklin, Lamoille, Addison and Grand Isle counties. These counties have the highest median home sales prices and rents in the state, next to Chittenden.³

Based on these projections, Vermont will need to increase the state's total housing stock by about 5,800 primary homes before 2025 to meet expected demand among new households while also housing the state's homeless and replacing homes likely to be removed from the stock. New homes needed are forecast to be almost evenly split between rentals and owner-occupied homes.

Low-income households statewide have unmet housing needs

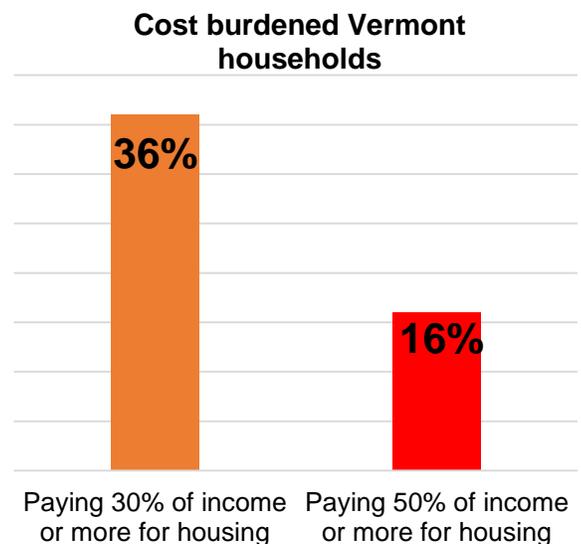
Low-income households have the least flexibility to adjust to higher housing prices or move to other locations and are therefore hard hit when housing markets are constrained or decline. Nearly 90,000 renter and owner households (36% of all households in the state) are cost burdened by their housing costs. This means their monthly housing costs for rent, mortgage, insurance, taxes and utilities consume more than 30% of their income--the maximum level considered affordable for the average household. Of these cost burdened Vermonters, 39,000 households (16%) spend more than half of their income for housing. These households are at especially high risk of housing instability, including frequent moves, eviction and even homelessness.

On the annual One-Night Count held in January 2019, 1,089 Vermonters were homeless— slightly less than during prior years, but indicative of the persistence of life-threatening unmet needs among the non-housed. The length of stay in Vermont's homeless shelters rose to an all-time high in 2019.

Statewide, Vermonters younger than 62 with incomes less than 80% of the area median are the demographic group most likely to experience cost burden and other housing problems.⁴ In half of Vermont's counties, renters outnumber homeowners among those experiencing housing problems. However, in the other half, low-income homeowners outnumber renters among those with housing problems.

Indicators of housing quality challenges

For low-income Vermont homeowners who are already spending more than 30% of their income for their monthly mortgage and recurring housing costs, paying for necessary home maintenance and repairs may be extremely difficult. Low-income Vermonters who rent their homes as well as those who live in mobile home parks face complex challenges of seeking repairs from property owners and managers who may also have few funds available for costly next steps. Unless they are addressed, each of these challenges can lead to foregone home maintenance, overdue repairs and deteriorating housing quality.



Source: U.S. Census Bureau 2017 American Community Survey 5-year estimates from [housingdata.org](https://www.housingdata.org)

Vermont primary homes with Census survey indicators of substandard quality

Homes		Housing quality flag
Owner-occupied	Renter-occupied	Heating fuel type of coal or the home lacked a heat source
		Home lacked complete kitchen facilities
12,094	6,960	Mobile home built before 1979 ⁵
		Home lacked complete plumbing facilities, or
		Rental home built before 1939 with monthly rent less than \$500 or owner house or condo valued at less than \$75,000. ⁶

Although data available on housing quality is limited, analysis of Census Bureau Public Use Microdata (PUMS) suggests that at least 19,054 Vermont households live in homes with serious housing quality issues. These households met at least one out of five substandard quality “flags”.⁶ This number almost certainly undercounts substandard quality homes because Census surveys do not ask about many issues such as poor sanitary conditions, interior air quality and weatherization.

The safety of many rental homes in Vermont is not regularly monitored or surveyed, leading to uncertainty about the type and scope of problems within this significant portion of Vermont’s housing stock. About 44,000 Vermont rental homes (58%) are inspected sporadically or only upon request because they are not publicly subsidized or in a town with rental registration and/or inspection. Of these, an estimated 6,960 rental homes are likely to have quality deficits, according to analysis of Census PUMS estimates.

Nearly 7,000 Vermont households live in mobile home parks.⁷ At least 300 to 400 of these homes are of substandard quality, with assessed values less than \$10,000, built before 1976 or identified by park owners as in such poor quality they will likely be abandoned or unmarketable within five years, based on a 2019 study of parks containing about 2,000 mobile homes.⁸ Because the study’s sample is likely representative of the universe, the total number of homes in all Vermont mobile home parks with quality concerns is likely to be closer to 1,050-1,400.

Demand for service-enriched housing persists

Vermont has 18,000 households with incomes less than 80% of the area median headed by someone with a disability who is at least 62 years old.⁹ These frail seniors, as well as the many younger Vermonters with significant disabilities far outnumber the supportive services available to help them live safely and independently in their homes. Vermont’s work force includes only about 5,626 home health aides and personal care aides and its residential care system offers only an estimated 2,400 assisted living and residential care units statewide. In addition, most of the 6,412 subsidized apartments in Vermont reserved for seniors or people with disabilities provide assistance through Support and Services at Home (SASH).¹⁰

Despite increased federal funding to combat homelessness and improvements in the state’s coordinated system of care, Vermont consistently has a relatively high rate of people experiencing homelessness compared to other states.¹¹ In response to persistent gaps between the needs of Vermont’s homeless population and corresponding supportive facilities and services, several important studies were conducted in Vermont during the past five years. In 2017, Vermont commissioned the Roadmap to End Homelessness project and hired the Corporation for Supportive Housing to identify ways to end homelessness in 5 years. Following this, Vermont’s Specialized Housing Vouchers Working Group was formed to study the state’s underutilization of federal rental assistance subsidies from the U.S. Department of Housing and Urban Development (HUD) for vulnerable populations including individuals and families experiencing homelessness.

Recommendations from the Vermont Roadmap to End Homelessness include 3,148 new permanent housing interventions (consisting of additional homes and/or services). Specialized Housing Vouchers Working Group identified lack of services funding and service design, delivery and coordination as among the root causes of subsidy underutilization and made a series of recommendations for improvement.¹²

1. Increasing the number of homes in an existing building, such as converting part of a house into an accessory dwelling unit, is a smaller scale method of expanding the housing stock.
2. From IPX1031 Research, based on Census Bureau estimates. Only Maine's rate of seasonal homes exceeds Vermont.
3. Median home price and rent estimates from www.housingdata.org.
4. HUD Comprehensive Housing Affordability Strategy defines housing problems as housing costs of 30% or more of income, lack of kitchen or plumbing facilities, and overcrowding.
5. The National Manufactured Housing Construction and Safety Act was passed in 1976 and required basic safety and quality standards for mobile homes. 1979 is the closest year available in the PUMS data.
6. Households were flagged with potential quality issues if they had any of the following criteria:
 - The heating fuel type was coal or the home lacked a heat source.
 - The housing unit lacked complete kitchen facilities.
 - The housing unit lacked complete plumbing facilities.
 - The housing unit was a mobile home built before 1979.
 - The housing unit was a rental unit built before 1939 with rent less than \$500 per month (According to the HUD's "American Housing Survey Components of Inventory Change: 2011–2013", homes built before 1940 and homes where renters paid less than \$600 in rent were more likely to be demolished or condemned, signaling potential poor quality.)
 - The housing unit was an owner home with an estimated property value of \$75,000 or less (excluding mobile homes or RVs/vans/boats).
7. Vermont Department of Housing & Community Development, Vermont Mobile Home Park Program, 2019 Registry & Mobile Home Parks Report from <https://accd.vermont.gov>
8. Development Cycles, Sustainability Assessment of Affordable Mobile Home Parks in Vermont from vhcb.org.
9. AARP, "Across the States 2018: Vermont State Profile"
10. Vermont Directory of Affordable Rental Housing. SASH or "Support and Services at Home" is a program that coordinates with partners such as social service agencies, healthcare providers and nonprofit housing organizations to help Vermonters that want to live independently at home.
11. The Council of Economic Advisers, The State of Homelessness in America from whitehouse.gov.
12. Vermont Agency of Human Services, Homelessness Study: "Vermont Roadmap to End Homelessness", 2017 and Vermont Agency of Human Services, Report to the Vermont Legislature: Specialized Housing Vouchers Working Group from legislature.vermont.gov.