

Addressing the Housing Crisis

Vermont Planners Association Recommendations

1/14/2022



Overview

Vermont is suffering from a housing crisis. It shows up in a variety of ways: Employers are having a difficult time hiring, half of renters are paying too much for housing, first time homebuyers can't find homes, people end up having to buy housing further away from their jobs, and there aren't enough housing options available for all parts of the market.

The reason for the housing demand is due in large part to VT's aging demographic, an increase in single person households, and population growth in some regions; combined with a declining rate of new home construction over the last four decades and made worse by the COVID pandemic.

In addition, Vermont has vast racial disparities in housing, with a nearly 50% difference in the homeownership rate between Black and White families. VT's population growth has been and is projected to be from populations of color¹. Creating more inclusive opportunities will result in economic and social benefits for the state.

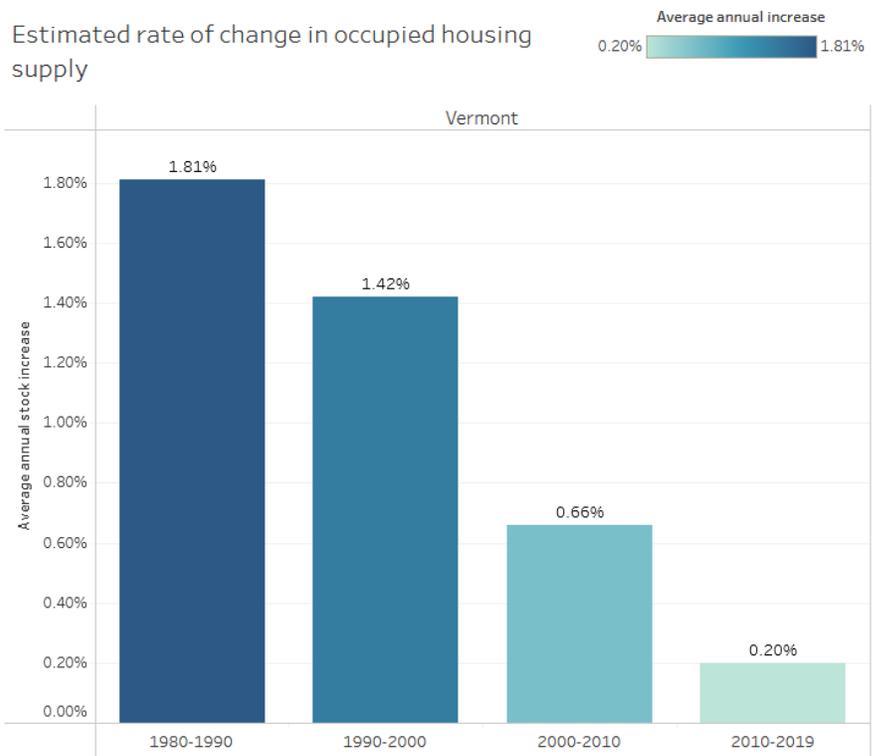
Finally, Vermont has not effectively defined where new homes should go. Without that level of planning, state policies and funds can sometimes be at cross purposes making it more difficult to deliver homes to those that need them.

Challenge

Home building declines statewide, while the need for homes has increased. In accordance with Vermont Housing Finance Agencies' 2020 VT Housing Needs Assessment, "Before 2010, the number of homes in Vermont increased at an average annual pace of 1%." That pace dropped to only 0.20% between 2010 and 2019. Meanwhile the need for homes has increased due to reductions in household size in all parts of the state, and population growth in some parts of the state. The Needs Assessment also identifies a need for 5,800 new primary homes in Vermont by 2025. This is likely a low projection and we are already behind the ball with COVID challenges.

Housing is unaffordable for many.

Nearly 90,000 renter and owner households (36% of all households in the state) pay more than 30% of their income on their housing costs. "These 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" (Vermont Housing Finance Agency, 2020 VT Housing Needs Assessment).



Source: U.S. Census Bureau: American Community Survey 5-year estimates (Table B25003), US Decennial Census (for years prior to 2010)

¹ Report of the Executive Director of Racial Equity, January 15, 2020. Prepared by Xusana R. Davis, Esq. https://racialequity.vermont.gov/sites/reap/files/doc_library/EDRE%20Report%20to%20GA%202020%20-%20REVISED_0.pdf

Homeownership among Black and African American households is significantly lower than White households.

Wealth creation in the United States is largely driven by homeownership. Black Americans have historically been denied access to housing, homeownership, and home loans due to government policies such as redlining, urban renewal, and race-based housing covenants. While redlining didn't take place in Vermont, these other practices did, and the effect is the same.

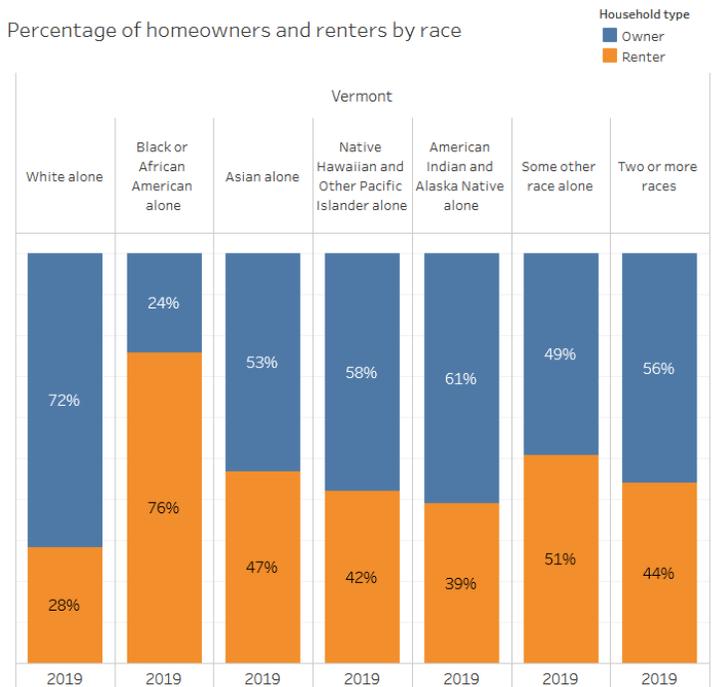
Significant needs exist for supportive housing. The 2020 VT Housing Needs Assessment also highlights housing quality challenges, and a continued demand for service-enriched housing. The number of households requiring supportive services far outnumber the services available. Despite significant effort to address homelessness, VT consistently has a relatively high population of people experiencing homelessness.

There are many actions needed now to address the housing crisis.

Recommendations

1. Fund/implement water and sewer infrastructure in existing settlements and residential neighborhoods surrounding those settlements. Without this infrastructure, compact settlements, higher-density neighborhoods and affordable homes are not possible.
2. Make the Neighborhood Development Area and other state designation programs more effective tools for incentivizing housing and supporting our state goal of compact settlements:
 - a. Make the program more accessible to rural communities as a catalyst for new home construction. While zoning should be in place before designation, water and sewer infrastructure might not be. Allow the designation first to incentivize housing developers to come to the table, and then water and sewer can be worked out collectively.
 - b. Align state policies and programs to remove barriers to development within the state designations (for reference this is only 0.3% of the state's land area). Eliminating redundant development review, and the application and mitigation fees associated with those reviews, will lower the cost of housing development in areas that have been planned for, and recognized as, suitable locations for growth.
3. Support municipalities in reforming development regulations to promote fair housing, create more diverse housing types and opportunities (dwelling unit size, single vs. multi-unit homes, rental and owner-occupied housing), and increase the supply of housing. Establish a study committee, comprised of planners, housing developers, housing providers, equity professionals, and other key stakeholders to analyze and recommend changes to Chapter 117.
4. Continue to fund housing for those experiencing homelessness. Continue to fund supportive housing programs, including first time buyer education and support for historically disadvantaged groups.

Percentage of homeowners and renters by race



Source: U.S. Census Bureau: American Community Survey 5-year estimates (Tables B25003A-G)

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VPA is a non-profit advocacy and educational organization of nearly 200 planners and related professionals. We are dedicated to the advancement of community planning in Vermont at the local, regional, and state levels, to foster vibrant communities and a healthy environment.

Our membership is diverse, including municipal planners, regional planning commission staff, private planning consultants, state planning professionals, etc. We also work to coordinate VPA's advocacy and education with other groups involved in planning policy such as VAPDA (VT Association of Planning & Development Agencies), VLCT, and the Agency of Commerce and Community Development.



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