

Addressing the Housing Crisis

Vermont Planners Association Recommendations

January 13, 2023



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, which was exacerbated 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.

Recommendations

VPA recommends continuing to identify ways to incentivize or encourage development of housing, specifically "the missing middle." There has been a lot of work on this topic already, including a significant amount of funding in the 2022 legislative session. Continued funding is needed for diverse housing types that aren't well represented in the market, and are more inherently affordable – e.g., small multi-unit buildings, small single-unit dwellings, accessory dwelling units. VPA believes there are five specific categories of work to be done:

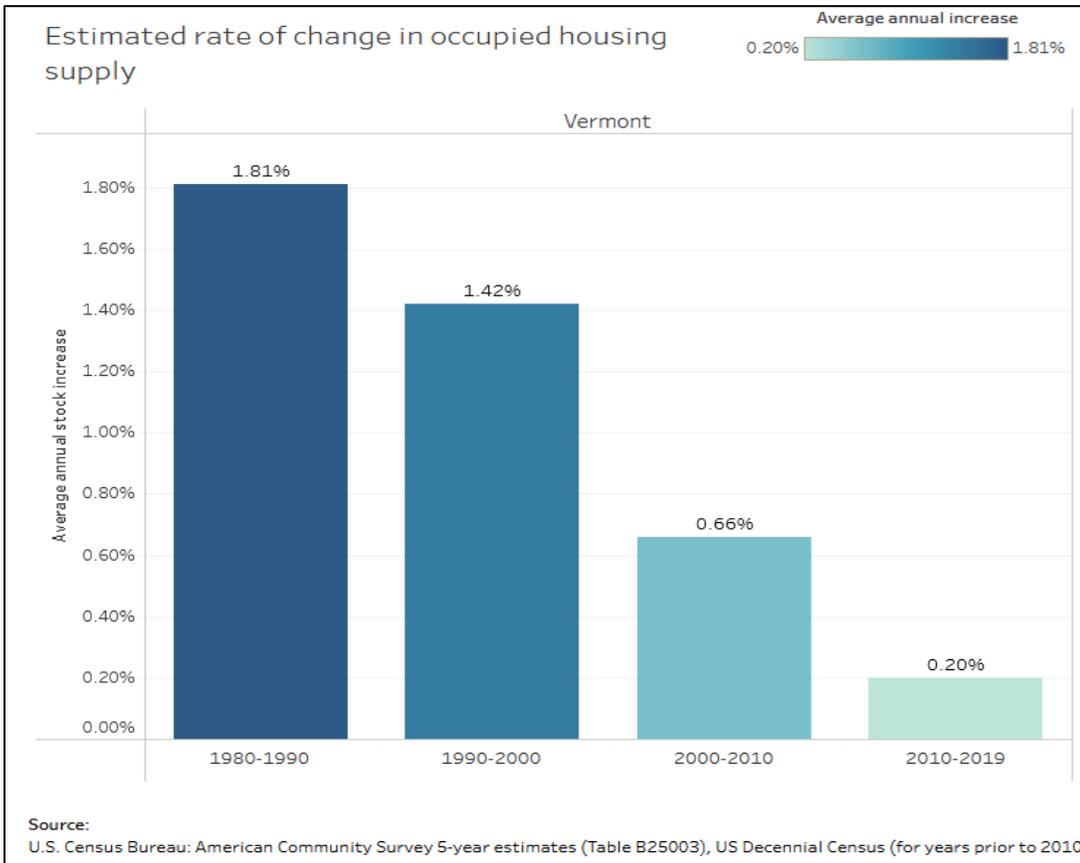
- a. **Wastewater:** A major limiting factor to housing development in our Villages is wastewater. This includes funding issues and permitting issues. Specifically, VPA requests additional funding for the Village Water and Wastewater Initiative for planning and design of rural wastewater systems. VPA also believes it is important to clarify state wastewater permit requirements for Accessory Dwelling Units, reduce State wastewater permit burden for some or all municipal sewer/water hookups, and ease requirements for alternative wastewater systems.
- b. **Zoning and Chapter 117:** 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. In the short-term, continue to fund the Bylaw Modernization Grant program to address incremental and focused changes at the municipal level. Consider targeted changes to Chapter 117 during the 2023 legislative session. Looking forward, establish a study committee, comprised of planners, housing developers, housing providers, equity professionals, and other key stakeholders to analyze and recommend further changes to Chapter 117.
- c. **Data Improvements:** Currently there is no consistent data throughout the state on how many homes exist and are newly built. Without this data it is hard to properly define the problem and the solution. In addition, population and housing projections are necessary for future planning, and are not done consistently at the state level. Provide VCGI with funding and resources needed to produce annually updated municipal- and regional-level population and growth projections that can serve cross sector policymaking.
- d. **State Policies and Programs:** Align state policies and programs to remove barriers to development within the state designation areas (for reference this is only 0.3% of the state's land area). Consider reforms to Act 250 to help facilitate the development of more high-density housing, including reductions in Act 250 jurisdiction within state designated areas as may be recommended by reports commissioned in Act 182 of 2022. 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.

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

- e. **Funding:** In addition to funding planning work for housing as noted above, continue to fund supportive housing programs, and housing for those experiencing homelessness. These programs should include first time buyer education and support for historically disadvantaged groups.

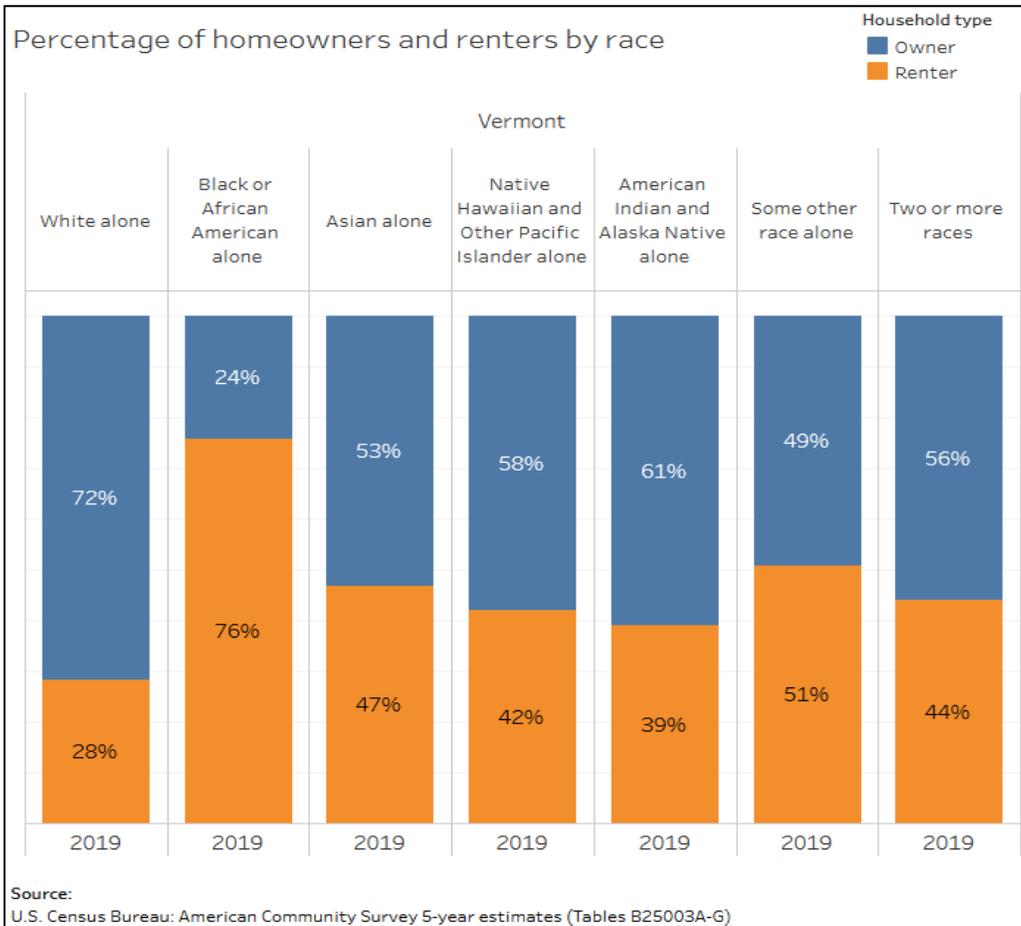
Background Information on Housing Challenges:



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).

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.



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.

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VPA is a non-profit advocacy and educational organization of nearly 150 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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