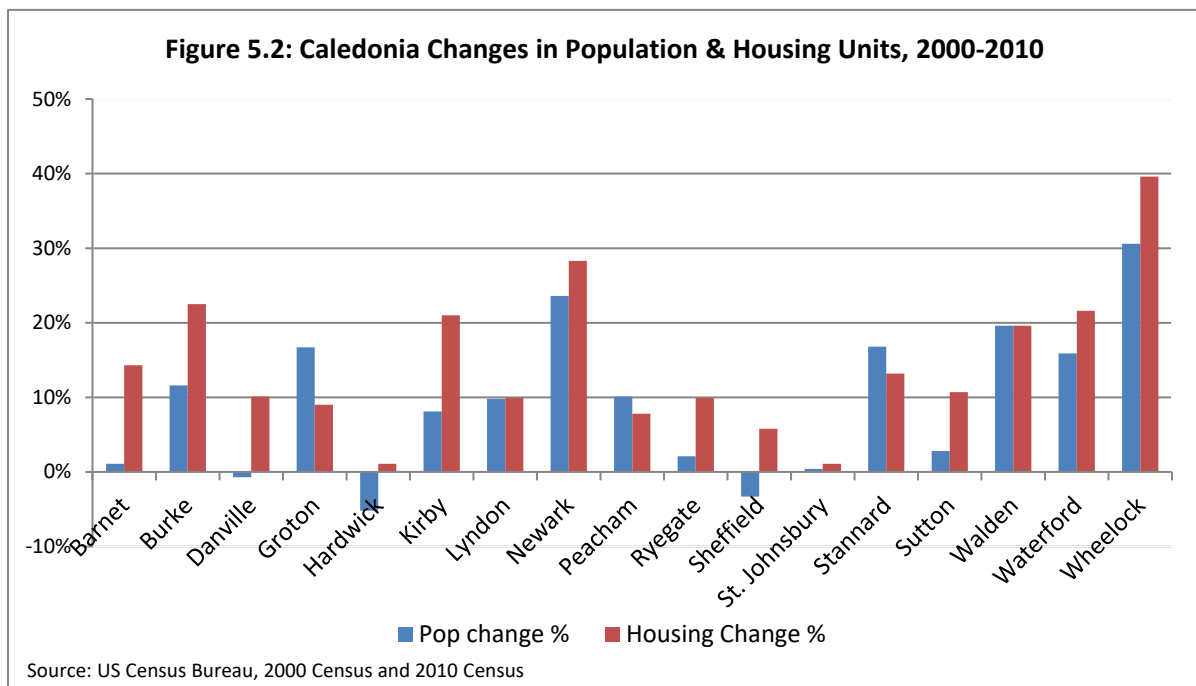
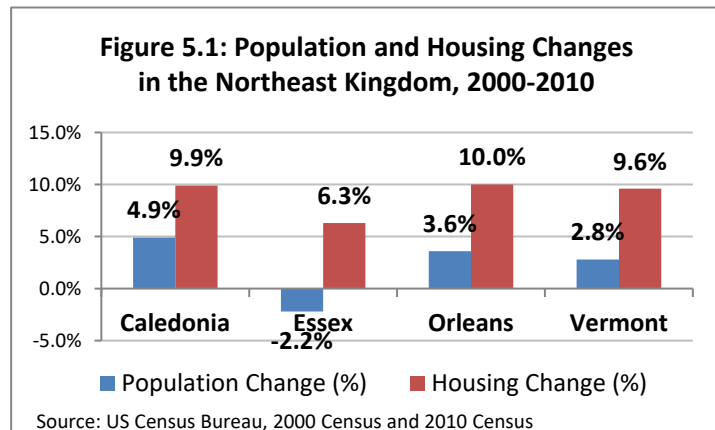


# Chapter Five: Housing

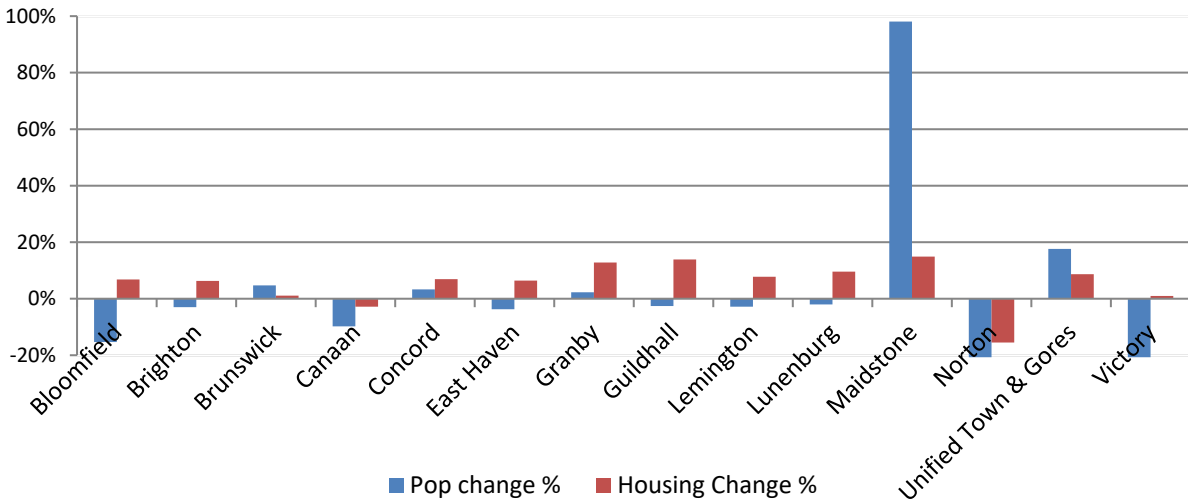
## I. HOUSING OVERVIEW

According to the 2010 Census, there are 37,123 housing units in the Northeast Kingdom, an increase of 9.4% from 33,939 units in the previous decade. The Census defines a “housing unit” as a house, apartment, mobile home, group of rooms, or a single room that is occupied (or if vacant, is intended for occupancy) as separate living quarters. According to the U.S. Census Bureau, the Northeast Kingdom’s population in 2010 was 64,692, which represents a modest increase of 3.6% from the 2000 Census, far slower rate of growth than the region has seen in prior decades. The increase in housing units significantly outpaced the rate of population change, even in Essex County, which saw a net loss in population. (Figure 5.1)

Municipalities throughout the Northeast Kingdom that lost population still saw in an increase in housing units: Bloomfield, Brighton, Danville, East Haven, Hardwick, Guildhall, Lemington, Lunenburg, Sheffield, and Victory. The exceptions to the rule were Canaan, Greensboro, Norton, and Newport City.

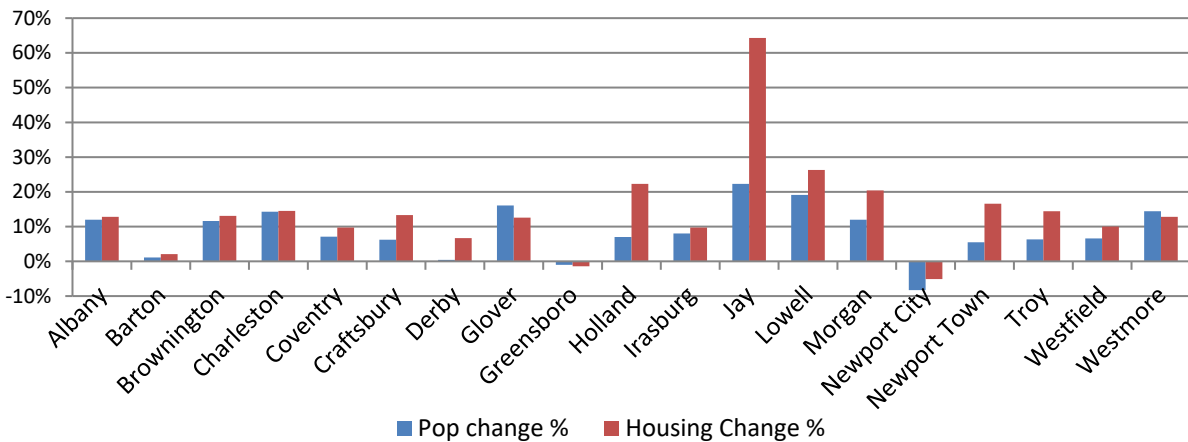


**Figure 5.3: Essex Changes in Population & Housing Units, 2000-2010**



Source: US Census Bureau, 2000 Census and 2010 Census

**Figure 5.4: Orleans Changes in Population & Housing Units, 2000-2010**

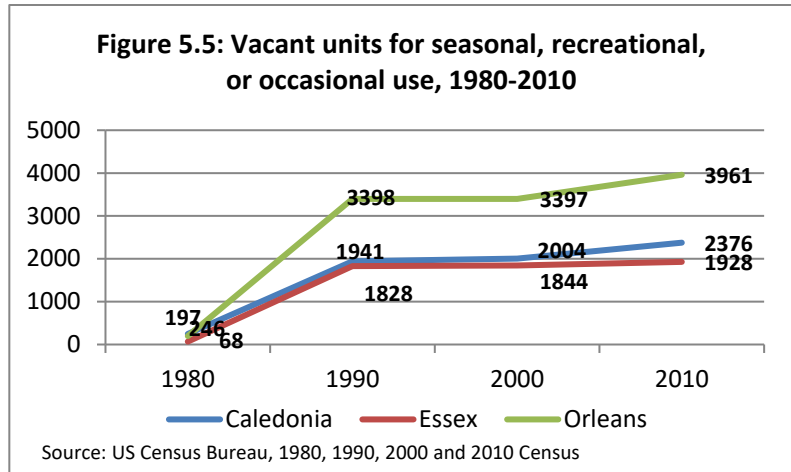


Source: US Census Bureau, 2000 Census and 2010 Census

## Seasonal Housing

A partial explanation for the discrepancy between population growth rates and housing units is the disproportionate share of seasonal and vacation housing. The Northeast Kingdom has traditionally had some of the highest percentages of seasonal and vacation housing stock in the state. According to the 2010 Census, more than one out of every five housing units in the Northeast Kingdom is a vacant housing unit intended for “seasonal, recreational, or occasional use.” By comparison, the statewide percentage of vacant seasonal housing stock is only 15.6%. Like the rest of Vermont, the Northeast Kingdom saw significant growth in seasonal housing units from 1980 to 1990. Growth slowed in the following decade, but appears to have picked up slightly from 2000 to 2010. (Figure 5.5)

In Orleans County, seasonal housing accounts for more than half of the housing stock in Greensboro (53.3%), Jay (63.4%), Morgan (58.0%) and Westmore (67.9%). In Essex, seasonal units account for more than half the housing stock in Brunswick (50.0%), Maidstone (69.7%), Norton (58.2%), and the Unified Towns and Gores (90.6%). Granby’s seasonal stock is at 44.3%. Historically, Caledonia has had a smaller share of seasonal housing stock (currently only 14.9% of all housing units), but seasonal units account for close to half of all units in Newark (49.3%) and Peacham (40.2%).



The high proportion of seasonal and vacation housing creates complicating factors in the region’s housing scenario. As Vermont becomes a more attractive destination for retirees, long-time seasonal residents may be more likely to become full-time residents. This appears to be the case in Maidstone, where the population practically doubled from 2000 to 2010, the community’s share of owner-occupied housing *increased* by more than 13% and the share of seasonal *decreased* by more than 13%. Growth in seasonal units during this period was largely concentrated in Barnet, Burke, and Jay (a net of 81, 97, and 200 units respectively).

**Table 5.1: Average and Median Real Estate Values in the Northeast Kingdom and Surrounding Counties, 2016**

	Primary Residences Sold		Vacation Residences Sold	
	Average	Median	Average	Median
<b>Caledonia</b>	\$154,846	\$147,000	\$145,206	\$116,500
<b>Essex</b>	\$111,525	\$96,500	\$135,024	\$110,000
<b>Orleans</b>	\$160,428	\$146,000	\$183,015	\$128,000
<b>Franklin</b>	\$208,933	\$202,000	\$128,685	\$118,950
<b>Lamoille</b>	\$304,960	\$224,500	\$559,394	\$313,900
<b>Washington</b>	\$213,899	\$188,000	\$214,956	\$153,750
<b>Orange</b>	\$184,490	\$174,900	\$208,292	\$139,700
<b>Vermont</b>	\$242,332	\$205,000	\$289,547	\$205,000

Source: Vermont Department of Taxes, accessed from Housingdata.org. Average and Median figures include single family residences, mobile homes with land and condominiums sold in 2016.

The relatively lower cost of vacation homes in the Northeast Kingdom in comparison with the rest of the state is likely an ongoing attraction to potential seasonal home buyers. In all cases the median – the “middle” selling price of all residences when prices are sorted in ascending order – is lower than the average. This indicates that outliers -- sales of extremely high-priced homes -- are skewing averages upward.

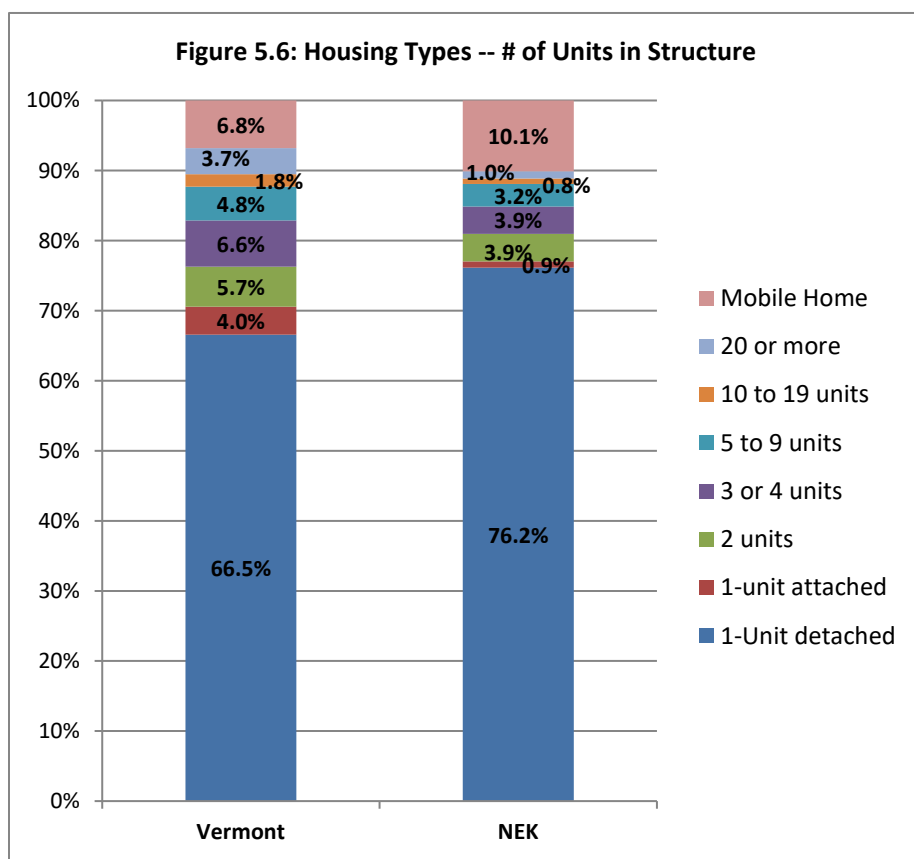
Even though the average and median prices of primary residences in the Northeast Kingdom may be lower than statewide, real estate is not necessarily a bargain for those who live and work here, because median and mean (average) household and family incomes are lower than statewide incomes (Table 5.2).

	Household Income		Family Income	
	Median	Mean	Median	Mean
<b>Caledonia</b>	\$46,931	\$60,787	\$60,141	\$72,354
<b>Essex</b>	\$39,467	\$49,494	\$48,316	\$57,532
<b>Orleans</b>	\$43,959	\$56,883	\$55,101	\$66,155
<b>Franklin</b>	\$58,884	\$73,478	\$72,249	\$86,993
<b>Lamoille</b>	\$53,316	\$69,394	\$67,566	\$81,495
<b>Washington</b>	\$58,171	\$73,660	\$74,036	\$88,431
<b>Orange</b>	\$54,263	\$67,388	\$67,105	\$78,337
<b>Vermont</b>	\$56,104	\$73,016	\$71,465	\$88,340

Source: US Census Bureau- American Community Survey 5 Year Averages, 2012-2016

## Housing Supply

The Northeast Kingdom’s supply of housing primarily consists of single family dwellings (1-unit unattached). Compared with statewide figures, single family homes and mobile homes account for a greater share of the overall housing stock. Multiunit dwellings and attached 1-unit dwellings (such as accessory dwelling units and apartments over a commercial use) account for a smaller share. (Figure 5.6) More than half of the region’s housing units have three or more bedrooms. (Figure 5.7).



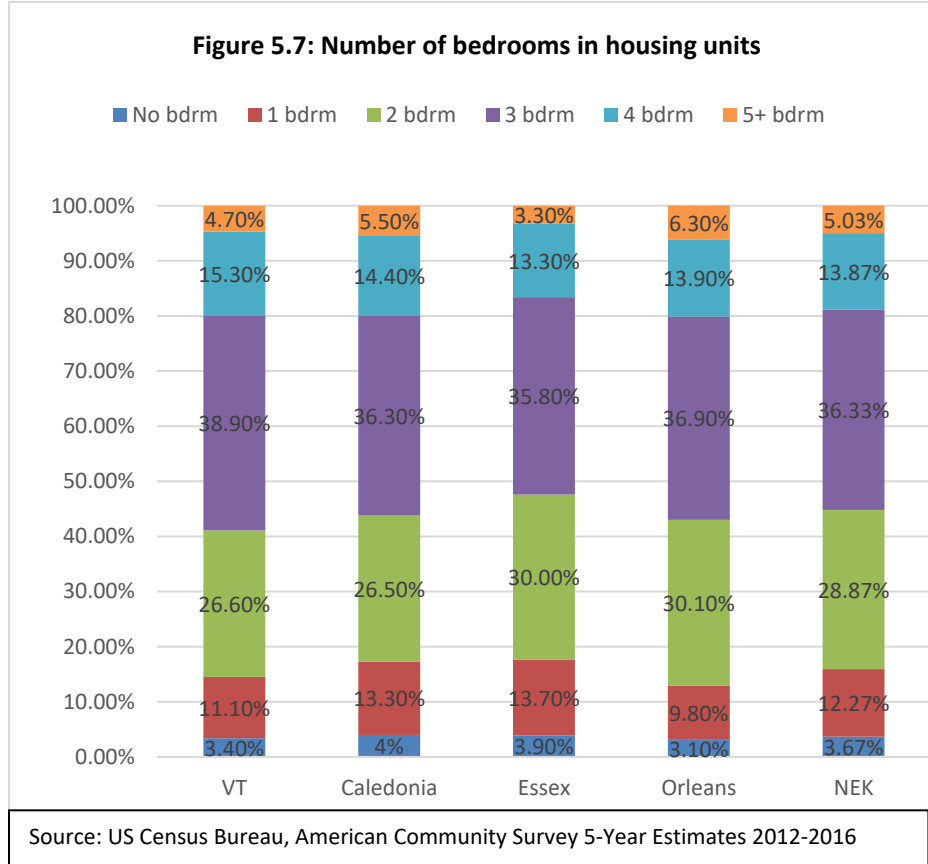
Source: US Census Bureau, American Community Survey 5-Year Estimates 2012-2016

Residential development trends have favored large lot rural residential in recent years. According to the 2016 Grand List, there are 22,249 residential properties in the Northeast Kingdom (i.e. not seasonal or mobile homes). More than a third of residential properties (37.7%) are on lots that are six acres or larger. (Vermont Department of Taxes).

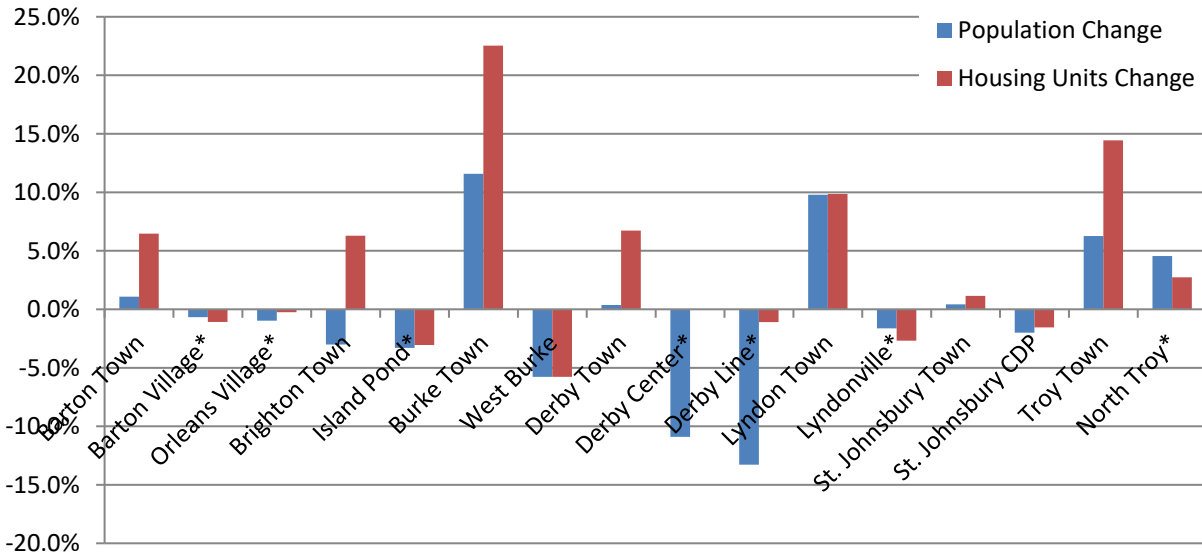
A key statewide planning goal is to plan development in order to maintain historic settlement patterns of compact villages and urban centers separated by rural countryside. (24 V.S.A. 4302(1)).

Residential development in the Northeast Kingdom does not appear

to be furthering this goal. A recent NVDA GIS analysis shows that over the past decade, more than 95% of residential development in the Northeast Kingdom has occurred outside of development centers (areas characterized by compact settlement patterns and clusters of mixed uses). Furthermore, a review of Census data from 2000 to 2010 shows a loss of population and housing units in “Census places,” concentrated settled areas that are not necessarily incorporated. In Vermont, Census places often are traditional village settlement areas with the capacity to support additional housing opportunities with off-site water and sewer and provide convenient access to civic, cultural, and commercial amenities. Boundaries of Census places can change from one decennial Census to the next, so only the Census “places” with unchanged boundaries are evaluated here. Every Census place in the Northeast Kingdom with comparable historic data shows a loss of both population and housing units, with the exceptions of Derby Center (no net change in housing units) and North Troy (Figure 5.8)



**Figure 5.8: Population and Housing Units, 2000-2010 in Census Places**



Source: US Census Bureau, 2000 and 2010 Census

\*contains areas served by offsite sewer and water

The Northeast Kingdom’s housing stock is relatively old. With a few exceptions (Beecher Falls, Danville CDP, Derby Center, Barton Village, and Greensboro Bend) the majority of units built before 1939 are concentrated in the Census Designated Places. The deferred maintenance and energy inefficiency of these aging structures are likely to make them less attractive to potential homebuyers. This may be one reason why real estate markets in St. Johnsbury and Newport City – both of which contain the Northeast Kingdom’s regional urban centers – are underperforming against the rest of their respective counties.

**Table 5.3 Percentage of Housing Stock Built Before 1939 in Municipalities with CDPs**

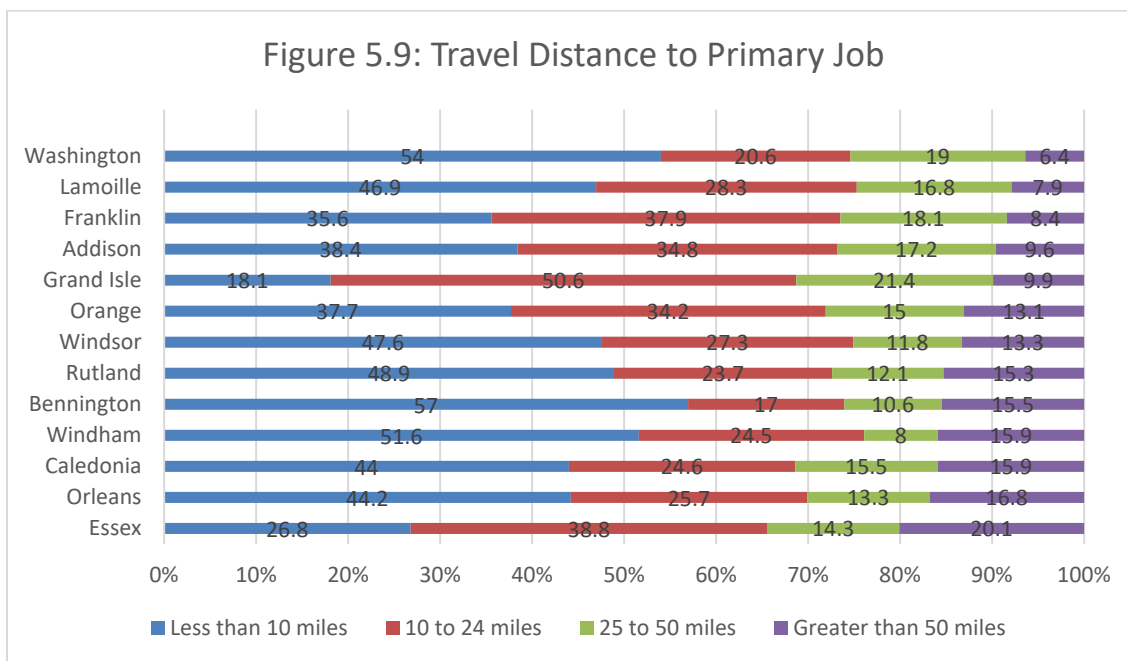
Town/CDP	% of Stock Pre 1939	Town/CDP	% of Stock Pre 1939
Albany Town	35.7%	Albany Village	56.5%
Barnet Town	38.5%	Barnet CDP	60.0%
Barton Town	42.9%	Barton Village	48.2%
		Orleans Village	72.9%
Brighton Town	36.3%	Island Pond CDP	47.7%
Burke Town	27.0%	East Burke CDP	70.4%
		West Burke Village	65.5%
Canaan Town	33.1%	Beecher Falls CDP	25.6%
		Canaan CDP	54.9%
Concord Town	21.8%	Concord CDP	59.3%
Coventry Town	21.8%	Coventry CDP	51.9%
Danville Town	30.6%	Danville CDP	31.0%
Derby Town	26.4%	Derby Center Village	28.7%
		Derby Line Village	52.0%
Glover Town	29.7%	Glover CDP	39.6%
Greensboro Town	45.3%	Greensboro CDP	62.0%
		Greensboro Bend CDP	25.0%
Groton Town	32.1%	Groton CDP	56.9%
Hardwick Town	51.5%	Hardwick CDP	63.7%
Irasburg Town	21.1%	Irasburg CDP	52.0%

Lyndon Town	33.4%	Lyndonville Village	70.6%
Newport City*	54.0%		
St. Johnsbury Town	50.1%	St. Johnsbury CDP	54.6%
Troy Town	44.2%	North Troy Village	70.6%
		Troy CDP	63.4%
Source: U.S. Census Bureau – American Community Survey 5-Year Averages, 2009-2013			
* Newport City is a Census Designated Place and a County Subdivision.			

In 2016, the Town of St. Johnsbury commissioned a Housing Study and Needs Assessment which was completed in December 2017 by Bowen National Research. The study included a comprehensive inventory of the Town's existing housing stock and identified strategies to improve the quality and range of housing options. One of the study's findings was that the Town's lack of diverse and modern housing alternatives put it at a competitive disadvantage with surrounding rural communities. Suggested strategies noted in the report included not only building new housing units, but creating incentives to support reinvestment in the Town's historic neighborhoods. These existing neighborhoods, with an average density of 4 housing units per acre, typify the model of residential density that the State seeks to foster in order to retain the pattern of compact centers surrounded by rural working lands. However, the age and deteriorating condition of the housing stock hinders reinvestment.

A particular problem in communities with aging housing stock and depressed markets is that homeowners that want to use their home equity as collateral in seeking loans for renovations are hampered by low home appraisals. The loan needed to fund needed renovations and weatherization could well exceed the appraised value of the property, making traditional home equity loans inaccessible even if the homeowner has excellent credit and acceptable debt-to-income ratio. Auto Dependence

Auto dependence (particularly work-related) may be reinforcing scattered rural residential development patterns. Jobs are relatively scarce in this region, and residents are used to traveling far and wide to work. Essex, Orleans and Caledonia Counties have the state's highest percentages of residents who travel greater than 50 miles in one direction to their place of work. (Figure 5.9)



Source: U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2002-2015).

## Home Ownership

According to the U.S. Census Bureau 2010 Census, of the 26,691 occupied housing units in the Northeast Kingdom, 20,046 (75.1%) are owner-occupied. Of these owner-occupied units, 61.6% have a mortgage or loan, and 38.4% are owned free and clear. The Northeast Kingdom continues to have high percentages of owner-occupied housing units. However, higher owner occupancy rates are often typical of a rural area and are not necessarily an indicator of economic well-being or affordability. Rather, it may be a reflection of the relative lack of alternatives to home ownership, such as apartments and home shares. For example Essex County, which has the lowest median household income in the state, also has the second highest rate of owner occupancy in the state of just over 80%. By contrast, Chittenden County, which has the highest median household income, has the lowest rate of owner-occupancy in the state of just over 65%.

	<b>Occupied Housing Unit Change (Absolute)</b>	<b>Rate (%) of change</b>	<b>Owner Occupied Change (Absolute)</b>	<b>Rate (%) of change</b>	<b>% of occupied units that are owner occupied, 2000</b>	<b>% of occupied units that are owner occupied, 2010</b>
<b>Caledonia</b>	890	7.6	734	8.6	72.9	73.6
<b>Essex</b>	216	8.3	188	9.1	79.6	80.2
<b>Orleans</b>	874	8.4	816	10.5	74.1	75.6

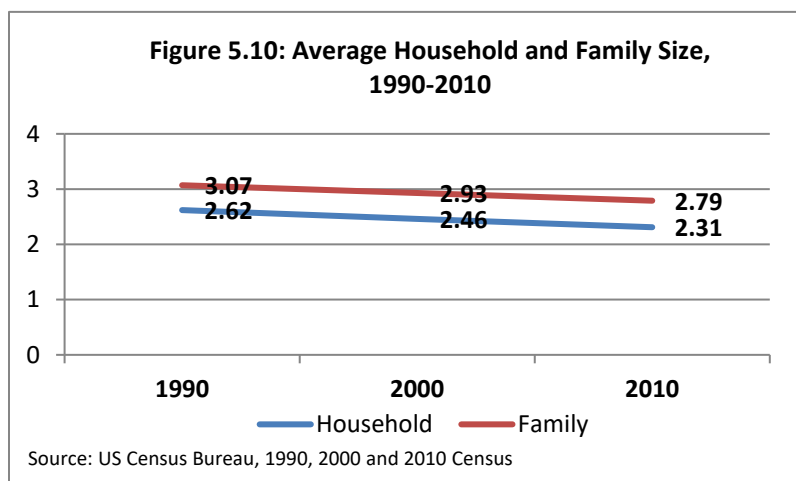
Source: US Census Bureau, 2000 and 2010 Census

Owner-occupancy rates are lowest in the region’s urban centers, where more rental housing is likely to be found: in 2010 the percentage of owner-occupied households in St. Johnsbury was 56.5%, Lyndon 68%, and Newport City 54.6%. It should be noted, however, that Newport City saw a net loss of 231 occupied units from 2000 to 2010. Despite modest gains in regional owner-occupancy rates from the previous decade, many communities experienced a decrease. In Caledonia County, only Burke, Danville, Hardwick, Peacham, Sheffield, St. Johnsbury, and Sutton saw modest increase in owner-occupancy rates from the previous decade. In Orleans County, eight communities saw a drop in owner-occupancy rates: Albany, Craftsbury, Derby, Glover, Jay, Lowell, Newport Town, and Westfield.

## Household and Family Characteristics

As is with the rest of Vermont, there has been significant shift in the makeup of the region’s households that may have a profound impact on the region’s housing supply and demand. The US Census Bureau defines a “household” as all the people who occupy a housing unit as their usual place of residence. A “family” is a group of two or more people who reside together and who are related by birth, marriage, or adoption. Both household sizes and family sizes are shrinking in the Northeast Kingdom (Figure 5.10)

There are three drivers behind this trend: 1) a smaller percentage of family households from the previous decade, 2) a net loss of families with children under the age of 18 from the





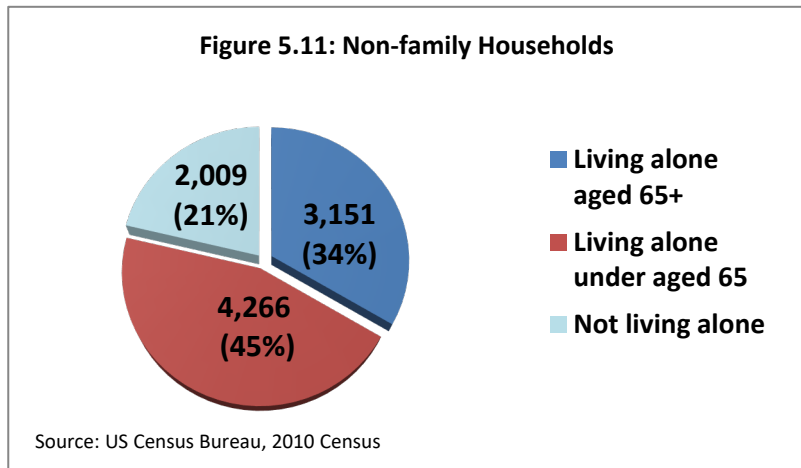
previous decade, and 3) an increase in the share of non-family households (Table 5.5).

	Total Households	Families	% of Households	Families with Children < Age 18	Non-Family Households	Householder Living Alone
2000	24,711	16,861	68.2%	7,962	7,850	6,248
2010	26,691	17,265	64.7%	6,898	9,426	7,417

Source: US Census Bureau, 2000 and 2010 Census

Studies show that married couple households tends to have higher rates of home ownership due to a number of factors, such as dual incomes, better access to credit, and cost-efficiencies from sharing resources. According to the 2010 Census there were 13,389 married couple households in the Northeast Kingdom – the same number as in the previous decade –yet in 2010 they accounted for less than 50% of all households.

In 2010, non-family households accounted for more than 35% of all households in the Northeast Kingdom, up from just under 28% in 1990. The overwhelming majority of non-family households are individuals who live alone. More than a third of those who live alone are 65 years or older. (Figure 5.11). This sector of the region’s population grew by more than 15% over the previous decade.



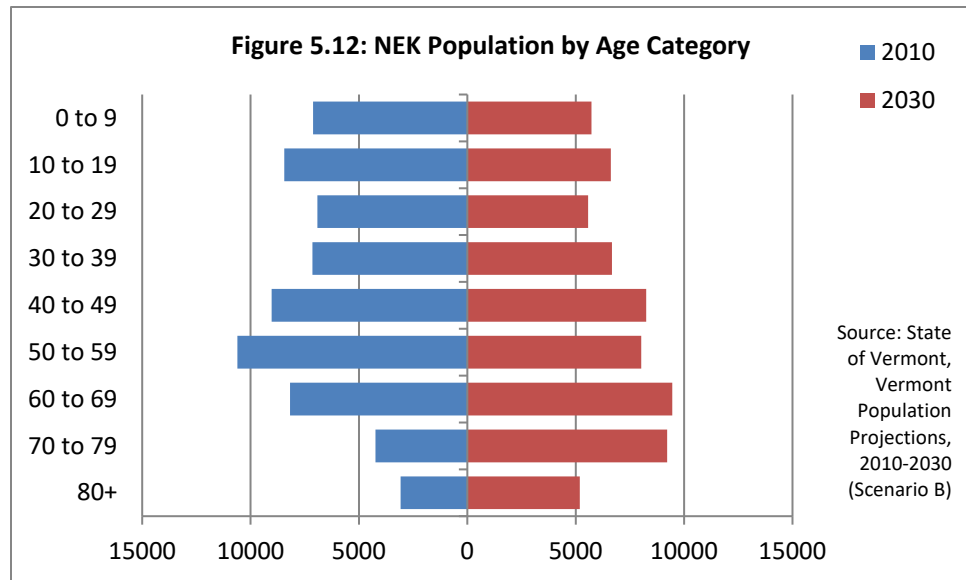
### **Aging Population**

According to the 2010 Census, about just under a quarter of the Northeast Kingdom’s population was aged 65 and older. By 2030 this age group could account for nearly 40% of the population. In 2013, the State of Vermont released two sets of population projections:

A) Based on more robust growth and migration rates seen in the 1990s, and

B) Based on slower migration rates seen in the 2000s.

Both sets of projections show a decrease in every age group under 60 and an increase in every age group over 60. This demographic shift could have a dramatic impact on future housing demands, such as smaller, lower maintenance homes that are located closer to goods and services.



Successful aging in place requires “livable communities,” ones that are characterized by safe, appropriate, accessible and affordable housing located in walkable neighborhoods with convenient access to goods and services. Newport City has taken on this challenge by receiving Vermont’s first “Age-Friendly Community” designation from AARP. In 2014, an advisory council completed an exhaustive survey of the residents in Newport City and Orleans County age 45 and up. Among their findings:

Orleans county residents have lived in Orleans County and their town for a long time and are likely to remain there as they get older. 53% have lived in Orleans County for at least 45 years *and* 53% have lived in their current town for at least 25 years. More than a third said it was extremely or very important to stay in their town as they aged, and 71% said they are not very or not at all likely to move outside of Orleans County after retirement.<sup>1</sup>

Existing housing supply in the region is not likely to meet the needs of an aging population. According to the AARP Liveability Index, less than 3% of housing units nationwide provide “basic passage,” which is determined by doorways and hallways that are at least 36” wide, floors with no steps between rooms, and at least one entry level bedroom and bathroom.

NVDA encourages municipalities to inventory existing housing stock at the town level.

The 2017 St. Johnsbury housing study has identified a need for senior housing, as homeowners seek to downsize and find more accessible housing options. The study notes demographic trends regarding senior homeowners in the secondary study area (SSA), which includes the balance of Caledonia County:

“Within the SSA, it is projected that the greatest growth will occur among senior homeowners with incomes of \$50,000 and higher (292 households, or 13.5%). An increase of 107 households (4.1%) is also projected to occur among senior owner households earning less than \$50,000.”

There are very limited housing options in the NEK region reserved for independent seniors. Even among those units reserved for elderly tenants, a limited number have the proper doorway widths and other features that earn the designation of “accessible.” A list of subsidized housing units are shown on Table 5:10, indicating those units reserved for seniors, as well as how many units are accessible. Most of these units are reserved for tenants with incomes no higher than 80% of Area Median Income. Housing options for

<sup>1</sup> AARP Research, “Successful Aging in Orleans County: The 2014 Survey of Community Residents Age 45+ in Orleans County, Vermont,” April 2015

independent seniors that have accessible design and are available at a variety of price points are needed in the region.

For seniors who are unable to live independently, options in the State include Assisted Living Residences, Residential Care Homes, and Nursing Facilities. These facilities are licensed by the Vermont Department Disabilities, Aging and Independent Living, and are not necessarily limited to seniors but also serve persons of any age with a variety of disabilities.

Assisted Living facilities combine housing, health and supportive services to support resident independence, and offer, at a minimum, a private bedroom, private bath, living space, kitchen capacity, and a lockable door. There are no Assisted Living facilities in the NEK region, although there are 12 such facilities in other parts of Vermont.

Residential Care Homes provide room, board, personal care, general supervision, medication management and nursing overview; while Nursing facilities provide a high level of care with 24-hour nursing services, including room & board. In the NEK region there are 13 licensed Residential Care Homes with a total capacity of 207; and 8 licensed Nursing Homes with a total capacity of 421 (see table below).

<b>Table 5.6: Residential Care Homes and Nursing Facilities in the NEK</b>			
<b>Caledonia County</b>			
<b>Town</b>	<b>Facility Name</b>	<b>Facility Type</b>	<b>Capacity</b>
Danville	Cedar Lane Home	Residential Care Home	4
Lyndon	Pines Rehabilitation and Health Center	Nursing Home	60
Lyndon	Pine Knoll Community Care Home	Residential Care Home	10
St. Johnsbury	Canterbury Inn	Residential Care Home	42
St. Johnsbury	St. Johnsbury Health and Rehab	Nursing Home	99
Waterford	Waterford Group Home	Residential Care Home	4
Total for County			219
<b>Essex County</b>			
<b>Town</b>	<b>Facility Name</b>	<b>Facility Type</b>	<b>Capacity</b>
Concord	Loch Lomond	Residential Care Home	16
Total for County			16
<b>Orleans County</b>			
<b>Town</b>	<b>Facility Name</b>	<b>Facility Type</b>	<b>Capacity</b>
Barton	Maple Lane Nursing Home	Nursing Home	71
Barton	Maple Lane Retirement Home	Residential Care Home	16
Craftsbury	Craftsbury Community Care	Residential Care Home	24
Derby	Derby Green Nursing Home	Nursing Home	23
Derby Line	Michaud Memorial Manor	Residential Care Home	34
Glover	Union House Nursing Home	Nursing Home	44
Greensboro	Greensboro Nursing Home	Nursing Home	30
Newport	Bel_Aire Quality Center	Nursing Home	44
Newport	Bel_Aire Center	Residential Care Home	14
Newport	Kingdom Way Group Home	Residential Care Home	6
Newport	Newport Health Care	Nursing Home	50
Newport	Newport Residential Care Center	Residential Care Home	8
Newport	South Bay Home	Residential Care Home	4
Westfield	Scenic View Rural Edge	Residential Care Home	25
Total for County			393
Source: Vermont Department Disabilities, Aging and Independent Living, January 2018			

## Safety of Housing Stock

**Fire** poses the greatest safety risk to the region's housing supply. According to the 2016 Annual Report of the State Fire Marshal, first responders were called to 373 structure fires in the Northeast Kingdom that year. According to statewide data, residential properties account for the majority of structure fires and civilian fatalities. The senior population is particularly vulnerable. The 2016 State Fire Marshal's report notes that over the last five years, 54.2% of Vermont's fire deaths have been seniors over the age of 60. There a number of factors that exacerbate the risk of fire in the Northeast Kingdom:

- **Age of housing stock:** The region's housing stock is relatively old and more likely to be noncompliant with fire and safety codes. About 36% of the region's housing stock was built before 1950, compared to just under 31% statewide. (American Community Survey 5 Year Estimates) Additionally, Vermont Housing Conservation Board reports that more than a fifth of the state's mobile homes were built before 1976, predating federal safety standards, such as prohibiting louvered windows that obstruct escape from fire.
- **Scattered rural development:** Rural low-density development is likely to lead to greater response times.
- **Long cold winters:** The State Fire Marshal reports that 43% of residential structure fires in 2014 were caused by heating appliances. Rising heating costs may force lower income individuals to turn to unsafe or improperly installed heating alternatives.

Towns do have the authority to address unsafe housing conditions by enforcing rental housing codes. Typically enforced by a town health officer or fire chief, local codes may address fire safety hazards, in addition to lead, mold, sewer, and water. Lyndon and St. Johnsbury have local rental housing codes.

**Junky yards**, accumulation of household debris, and hoarding create nuisances and reduce property values, but they also pose public health hazards and threaten drinking water supplies. NVDA regularly receives requests from municipalities for assistance with enforcement, which can require a degree of tenacity and perseverance. In 2009 the regulation of salvage yards – the outdoor storage of junk, motor vehicles, metal scrap, appliances, etc. – was delegated to the Agency of Natural Resources. ANR's criteria for jurisdiction is *any* place or outdoor storage or junk, regardless of whether the activity is connected with a business.

Municipalities may adopt salvage or junk ordinances that meet or exceed ANR standards. They may also request enforcement assistance from ANR's Dept. of Environmental Conservation Salvage Yard Program. ANR will evaluate and prioritize requests based on a number of factors, including whether of the municipality has a duly adopted salvage yard ordinance in place. To date only a handful of communities have such ordinances: Concord, Ryegate, Barton, and Burke.

**Flooding** and flood-related losses can be financially ruinous for any homeowner, but the region's lower income populations may be most vulnerable. Older housing, which is often located in traditional centers of development, may be more likely to be located near rivers. To date, NVDA has assisted two communities with FEMA buyouts of two repetitive loss properties. Mobile home dwellers are also more prone to flood-related losses. Statewide, about 15% of all properties affected by Tropical Storm Irene were mobile homes. Two mobile home parks in the region –in Lyndon and Concord – have lots that are either located in mapped inundation areas or in areas close to rivers and streams prone to fluvial erosion. Most of the region's flood maps are paper, which makes it difficult to quantify the extent of risk to residential properties. NVDA is likely to develop better data as individual communities develop Local Hazard Mitigation Plans. (See Flood Resilience Chapter.)

## Potential Housing Developments

Several significant commercial developments in the northern part of the region, including Jay, Newport and Burke, were proposed in the last decade. While not all projects have come to fruition, investments in the

region's recreational resources have brought, and are expected to continue to bring, more visitors and permanent residents to the region, as well as additional employment.

Over the last decade Jay Peak Resort has undertaken a major expansion of its facilities, including a new indoor ice arena, golf course, hotel, restaurant, spa, conference center, and an indoor waterpark. In late 2017 Jay Peak opened an indoor recreation center adjacent to the Stateside Hotel, featuring a climbing wall and a movie theater, and in early 2018 applied for an Act 250 permit to install two synthetic turf soccer fields.

In 2016, the 116-unit Burke Mountain Hotel and Conference Center was completed, and a partnership between Burke Mountain Resort, the U.S. Ski and Snowboard Association (USSA) and Burke Mountain Academy (BMA) resulted in the designation of Burke Mountain as an official U.S. Ski Team Development Site.

These and other additions to outdoor recreational offerings in the region, particularly trail developments, are expected to attract new residents – both permanent and part-time – to the region.

Residential development in the NEK has historically occurred piecemeal, and multi-unit residential developments that rise to the threshold of Act 250 have typically been rare. It is therefore significant that there are three pending residential developments in Orleans County (Newport City, Derby and Jay) comprising 28 single-family house lots, 20 multifamily units and 84 attached units. Construction of all three of these projects were delayed due to uncertainty regarding market conditions, and have received extensions of their original Act 250 permits, allowing construction to be completed as late as 2022.

## II. AFFORDABLE HOUSING NEEDS IN THE NORTHEAST KINGDOM

A household's total housing costs should be 30% or less of the household income in order to be considered affordable. While the 30% rule applies to housing costs for all income brackets, Vermont statute provides a definition for affordable **housing** which is tied to the incomes of those living in the housing. This definition was recently amended, in response to the Act 157 report which found that Vermonters with incomes higher than 80% of area median income were having difficulty finding suitable housing options that were affordable, and few programs existed to assist these households or provide incentives to developers to create housing for this income range.<sup>2</sup> The new definition of affordable housing sets different income limits for owner-occupied housing and for rental housing. Rental housing is still only classified as "affordable" if it serves households earning no more than 80% of median income, while owner-occupied housing is considered affordable if it is priced to serve households earning up to 120% of median income. Another significant change in the definition is that the higher of the State or area median income (AMI) is now the measure that is used. This change recognized that in areas with high poverty and low median incomes, full-time wage earners, even those in entry level jobs, are often disqualified from subsidized housing because their incomes are just over the limit established by AMI. The housing and rental housing stock that is both affordable and available to this middle income group is typically low-quality. By statutory definition, housing costs for home owners include principal, interest, taxes, insurance, and association fees. For renters, costs include rent, utilities, and association fees.

In the Northeast Kingdom, traditional forms of affordable housing are mobile homes, multi- units dwellings (three units or more), and accessory unit dwellings.

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<sup>2</sup> Act 157 Report to the Vermont General Assembly on ways to improve the quality and quantity of housing and tools to finance infrastructure, Agency of Commerce and Community Development, January 15, 2017

## Mobile Homes and Mobile Home Parks

Mobile homes are the more prevalent form of affordable housing in the Northeast Kingdom. Overall they comprise roughly 10% of the region’s housing stock (compared to 7% statewide), but even higher concentrations can be found in the most rural communities with very small or no centers of development.

<b>Caledonia County</b>		<b>Orleans County</b>	
<b>Municipality</b>	<b>%</b>	<b>Municipality</b>	<b>%</b>
Stannard	29%	Coventry	33%
Sutton	30%	Brownington	21%
Sheffield	21%		

Source: US Census Bureau, American Community Survey, 2012-2016

Although mobile homes are a significant source of affordable housing in our region, the lower price tag may come at the expense of energy efficiency: Vermont Energy Efficiency Investment Corporation estimates that mobile home owners spend about 66% more of their income on energy costs than owners of stick-built properties. The Vermont Housing & Conservation Board (VHCB) recently concluded a pilot project to site Vermod high-performance single-wide mobile homes. When equipped with a solar panel, these energy efficient homes are nearly net-zero. To date there are two Vermod homes in the Evergreen Manor Mobile Home Park in Hardwick.

Vermont statute defines a **mobile home park** as a parcel (or contiguous lots) of land that contains three or more mobile homes. Subdivided lots with more than two mobile homes are also a mobile home park when the lots are owned or controlled by the same person even if there are only one or two mobile homes on each lot. There are 23 mobile home parks in the region. All lot rents run well below the statewide median of \$334 (Caledonia \$285, Essex, \$226, and Orleans \$280), and vacancy rates run above the statewide average of just over 5% (Caledonia is 9%, Essex 7.1%, and Orleans 5.7%) When a park is slated for closure, Vermont law requires the owner to give sufficient notice to residents so that a purchase of the park – coordinated among the residents or with a non-profit housing provider – may be established in order to keep the park open. There are four such parks in the region now operated by non-profits.

<b>County</b>	<b>Town</b>	<b>Ownership</b>	<b>Lots</b>	<b>Vacant Lots</b>	<b>MHs Owned by MHP Owner</b>	<b>MHs Owned by Leaseholder</b>
Caledonia	Burke (Glenwood)	For-profit	33	3	0	10
Caledonia	Hardwick (BCP MHP)	For-profit	7	0	0	6
Caledonia	Hardwick (Evergreen Manor)	Non-profit (Lamoille Housing Partnership)	32	1	13	18
Caledonia	Hardwick (Strong's MHP)	For-profit	3	0	1	2
Caledonia	Lyndon (Maple Ridge MHP)	Non-profit (Rural Edge)	41	3	0	38
Caledonia	Lyndon (Northern Hill Estates)	For-profit	29	0	4	25
Caledonia	Lyndon (Riverview Estates)	For-profit	33	2	5	26
Caledonia	Lyndon (Woodland Heights)	For-profit	34	0	2	32
Caledonia	St. Johnsbury (Green Lantern MHP)	For-profit	55	18	0	36
Caledonia	St. Johnsbury (McGill Avenue MHP)	For-profit	10	1	7	2
Caledonia	St. Johnsbury (Mt. Pleasant MHP)	For-profit	93	1	27	64
Caledonia	St. Johnsbury (Oak Street MHP)	For-profit	8	5	0	3
Essex	Canaan (Canaan MHP)	For-profit	18	0	0	18
Essex	Concord (North Concord Trailer Park)	For-profit	24	3	2	19
Orleans	Barton (Fairview Estates)	For-profit	32	2	10	20
Orleans	Coventry (Nadeau MHP)	For-profit	16	6	1	9
Orleans	Coventry (Nadeau MHP)	For-profit	8	2	1	5
Orleans	Coventry (Poginy's MHP)	For-profit	4	0	2	2
Orleans	Derby (Derby Center Mobile Court)	For-profit	11	0	11	0
Orleans	Derby (Derby MHP)	Non-profit (Housing Foundation)	95	1	0	94
Orleans	Derby (Shattuck Hill MHP)	Non-profit (Rural Edge)	48	1	0	47
Orleans	Derby (Grenier MHP)	For-profit	9	0	9	0
Orleans	Irasburg (Piette's MHP)	For-profit	5	1	0	3
		<b>Total</b>	<b>648</b>	<b>50</b>	<b>95</b>	<b>479</b>

Source: Vt. Dept. of Housing and Community Development: Vermont Mobile Home Program 2017 Registry and Mobile Home Parks Report

## Multi-unit housing

According to latest American Community Survey 5-year estimates, multi-unit housing stock is largely concentrated in the Northeast Kingdom's population centers. Jay and Burke also have a high concentration



of multi-unit dwellings, but these are generally associated with resort populations. Multi-unit dwellings are relatively scarce in remaining municipalities, and many have none at all.

Caledonia County		Essex County		Orleans County	
Municipality	%	Municipality	%	Municipality	%
St. Johnsbury	33%	Brighton	13%	Jay*	30%
Lyndon	20%			Newport City	20%
Burke*	23%				
Hardwick	12%				

Source: US Census Bureau, American Community Survey Five Year Estimates, 2012-2016 \*Likely associated with resort populations.

### Accessory dwelling units

Accessory dwelling units (also called “mother-in-law suites”) are dispersed throughout the region. In 2004 a change in State statute required accessory unit dwellings to be treated as a permitted use of an owner-occupied single family dwelling. However, not all towns in the region have zoning, and these developments may be inconsistently tracked and reported in lister data. Most recent American Community Survey five-year estimates indicate that the majority of “1-unit attached” dwellings are located in Caledonia and Orleans County (182 and 193 respectively) and that there are only 13 such units in Essex County.

### Subsidized housing

The term **subsidized housing** refers to government-sponsored economic assistance to help alleviate the cost of housing (usually rental) for people with low to moderate incomes. Funding typically originates from the U.S. Department of Housing and Urban Development and follows one of two models:

1. **Project-based assistance:** Where the subsidy is assigned to a specific housing unit built, developed, and/or managed specifically for the purpose of accepting low-income tenants.
2. **Tenant-based assistance:** Where the recipient receives financial assistance, usually in the form of a Housing Choice Voucher (HCV) to help cover the costs of any qualified housing unit. The housing unit may be privately developed and it does not have to have been specifically developed for housing low-income tenants. Because vouchers provide low-income recipients with a range of housing choices, they may, in theory, support efforts to integrate disadvantaged families into mixed-income communities. This mobility may help to break the cycle of poverty for future generations. A recent study has indicated that young children (about 8 years old) whose families had been given housing choice vouchers to move to a “high opportunity” neighborhood increased the child’s total lifetime earnings by about \$302,000.<sup>3</sup> Private landlords may refuse to accept vouchers, but landlords who have received low-income housing tax credits (see below) are required to accept them. How tax credits are allocated may ultimately determine (or restrict) housing choices for voucher recipients.

Table 5.10 includes properties listed in the VHFA’s database of Affordable Housing, as well as the number of housing choice vouchers utilized in the region. These housing developments have been created through a variety of subsidy programs, most of which require that a percentage of the units be restricted to low and moderate-income tenants for a set period of time. Most of the units listed in the table below are income-restricted. It is noted that the regional centers of St. Johnsbury and Newport City have many additional

<sup>3</sup> Chetty, Hendren, and Katz: “The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment,” Harvard University, May 2015



multi-family units that are not subsidized but have rents as low, or even lower, than the subsidized units. Unfortunately, the quality of these rental units are often poor, as noted in the St. Johnsbury Housing Study and Needs Assessment completed in 2017.

<b>Table 5.10: Affordable Housing Units and HCV use by Town and County</b>						
<b>Caledonia County</b>						
<b>Town</b>	<b>Total Units</b>	<b>Senior only</b>	<b>Senior or Disabled</b>	<b>Accessible</b>	<b>Income restricted</b>	<b>HCVs*</b>
Barnet	0	NA	NA	NA	NA	2
Burke	15	9	12	2	15	0
Danville	12	0	9	0	12	3
Groton	27	9	9	7	27	1
Hardwick	60	0	30	10	58	22
Lyndon	102	27	60	5	80	29
Peacham	6	6	6	0	6	3
Ryegate	7	0	0	0	7	2
Sheffield	0	NA	NA	NA	NA	1
St. Johnsbury	316	89	89	68	285	126
Waterford	1	0	0	0	0	0
<b>Totals for County</b>	<b>546</b>	<b>140</b>	<b>215</b>	<b>92</b>	<b>490</b>	<b>189</b>
<b>Essex County</b>						
<b>Town</b>	<b>Total Units</b>	<b>Senior Only</b>	<b>Senior or Disabled</b>	<b>Accessible</b>	<b>Income Restricted</b>	<b>HCVs</b>
Brighton	55	0	32	3	48	18
Canaan	12	0	12	2	12	2
Concord	0	0	0	0	0	2
Lunenburg	10	0	10	0	10	0
<b>Totals for County</b>	<b>77</b>	<b>0</b>	<b>54</b>	<b>5</b>	<b>70</b>	<b>22</b>
<b>Orleans County</b>						
<b>Town</b>	<b>Total Units</b>	<b>Senior Only</b>	<b>Senior or Disabled</b>	<b>Accessible</b>	<b>Income Restricted</b>	<b>HCVs</b>
Barton Town	82	0	67	7	62	9
Coventry	7	7	7	7	6	0
Craftsbury	24	24	24	24	0	1
Derby	34	0	11	5	17	27
Glover	12	0	12	1	12	1
Greensboro	10	0	10	1	10	1
Irasburg	10	0	10	1	10	0
Newport City	75	15	63	6	75	61
Newport Town	56	13	13	8	55	4
Troy	14	0	6	0	14	4
<b>Total for County</b>	<b>324</b>	<b>59</b>	<b>223</b>	<b>60</b>	<b>261</b>	<b>108</b>
<b>Source: Vermont Housing Data (<a href="http://www.housingdata.org">www.housingdata.org</a>), accessed January 2018</b>						
<b>*Vermont State Housing Authority, September 2017</b>						

## **Workforce Housing**

**Workforce housing** is a term that has been used increasingly by planners, governments, and organizations that advocate for housing policy. It is typically used to describe housing for those who are gainfully employed in occupations that are essential to a community, such as teachers, healthcare workers, first responders, as well as occupations that may pay relatively lower incomes, such as food services, retail, hospitality and tourism. Workforce housing typically does NOT include age-restricted developments. Rather, it is:

- affordable to the local workforce (with or without a subsidy);
- sited in or reasonably near the place of employment; and
- usually available to households that earn up to 120 percent of the area median income.

Most HUD programs are limited to low-income recipients (up to 80% of the area median income) and most subsidized rental housing in the region is restricted to households with incomes of no higher than 60% of area median income. While these subsidized units serve a segment of the workforce, including those with seasonal or part-time jobs, it does not serve working households earning over these thresholds, meaning that other funding sources, including private investment, is needed to create workforce housing for these households.

## **Affordable Housing Partners**

The Northeast Kingdom is served by two non-profit housing development corporations. Rural Edge (formerly known as Gilman Housing) serves all three counties and currently manages about 500 flat rate and income-based housing units throughout the region. Its Homebuyer Education Program provides financial literacy counseling to about 200 individuals a year. Lamoille Housing Partnership also develops and rehabilitates properties for rent or purchase by low- to moderate-income residents. Based in Morrisville they also serve Hardwick. Both non-profits manage mobile home parks in the region.

Additionally, Northeast Kingdom Community Action (NEKCA) provides assistance with locating emergency housing, electrical disconnect, and crisis fuel assistance throughout the NEK in Newport, St. Johnsbury, Canaan, and Island Pond.

## **Funding Sources**

Housing Tax Credits, also known as federal Low Income Housing Tax Credits (LIHTC), have produced most of Vermont's affordable rental housing developed since the program's inception in 1987. Credits reduce federal tax liability for a 10-year period. Qualified recipients must agree to certain operating restrictions and reporting and monitoring requirements for at least 15 years. Vermont's allocation of federal credit for 2017 was capped at \$2.71 million. Vermont also has state affordable housing tax credits which can be used in tandem with the federal Housing Tax Credit to assist in the creation and preservation of affordable rental housing. Both federal and state tax credits can be sold in order to create equity. Investors purchase the "present value" of ten years' worth of credits. For this reason, the equity raised from syndicating tax credits can be substantial. Tax credits are awarded through a highly competitive process administered by the Vermont Housing Finance Agency. Funding rounds are consistently oversubscribed. Allocation is based on the annual Qualified Allocation Plan (QAP), which establishes priorities for awarding credits. In the 2018 QAP, there are five "top tier" priorities, and nine "second tier" priorities. Additionally, in an effort to affirmatively further fair housing as required under Federal housing rules, the 2018 QAP states that VHFA prioritizes geographic targeting towards communities with no affordable housing.

Federal Bond Credits are similar to Allocated Credits, but provide a lower level of credits and therefore lower equity investment to the project. Since 2004 nearly \$ 2 million in State and Federal tax credits and tax-exempt bonds have been awarded to projects in the Northeast Kingdom to acquire, develop, or rehabilitate 234

housing units, in St. Johnsbury, Hardwick, Lyndonville, Newport, Glover, and Groton. Local partners and sponsors have been Rural Edge, Lamoille Housing Partnership, NCIC and Housing Vermont.

<b>Table 5.11: Federal (F) and State (S) Housing Tax Credits and Tax-Exempt (TE) Bonds in the Northeast Kingdom, 2004 to Present</b>						
<b>Year</b>	<b>Project</b>	<b>Local Partner/Sponsor</b>	<b>Location</b>	<b>Type</b>	<b>Amount</b>	<b># Units</b>
2004	Moose River Housing	Gilman Housing Trust*/Housing Vermont	St. Johnsbury	Acquisition, Rehabilitation	\$163,594 (TE Bonds)	28
2006	Groton Redevelopment	Gilman Housing Trust*/Housing Vermont	Groton	Rehabilitation	\$44,000 (S) \$125,845 (TE Bonds)	18
2007	Passumpsic North & South	Housing Vermont	St. Johnsbury	Acquisition, Rehabilitation	\$95,000 (TE Bonds)	28
2007	Hardwick Family Housing	Lamoille Housing Partnership/Housing Vermont	Hardwick	Rehabilitation	\$39,065 (TE Bonds)	8
2007	Bemis Block	Lamoille Housing Partnership/Housing Vermont	Hardwick	Rehabilitation	\$98,000 (F)	14
2007	Glover Senior Housing	Gilman Housing Trust*	Glover	New Construction, Rehabilitation	\$75,755 (TE Bonds)	12
2009	Newport Senior Housing	Gilman Housing Trust*	Newport	Acquisition, Rehabilitation	\$95,665 (TE Bonds)	13
2011	Newport Family Housing	Gilman Housing Trust*/Housing Vermont	Newport	New Construction, Acquisition, Rehabilitation	\$390,000 (F)	21
2012	St. Johnsbury Historic Green Rehab	Gilman Housing Trust*/Housing Vermont	St. Johnsbury	Rehabilitation	\$350,000 (F)	29
2013 - 2014	Maple Street Senior Apartments	Housing Vermont	Hardwick	Acquisition, Rehabilitation	\$54,200 (TE Bonds) \$61,199 (TE Bonds) \$25,000 (S)	16
2016	Darling Inn	Gilman Housing Trust*	Lyndonville	Rehabilitation	\$52,600 (S)	28
2017	Hardwick Housing	NCIC	Hardwick	New Construction	\$250,000 (F)	7
2017	Parkview Apartments	Gilman Housing Trust*	Newport	Rehabilitation	83,000( S) \$107,000 (TE Bonds)	12
Source: Vermont Housing Finance Agency, Allocations and Reservations (website accessed January 2018)						
*Now called Rural Edge						

### III. CHALLENGES TO AFFORDABILITY

Affordability in the region is measured through American Community Survey, and through housing wages determined by the National Low-Income Housing Coalition. HUD also provides a methodology that factors in the cost of commuting. By any measure, the region’s supply of affordable and workforce housing is inadequate to meet the needs of the region. Lagging incomes, scarcity of higher-paying jobs, and aging housing stock are contributing factors. Additional challenges are identified below.

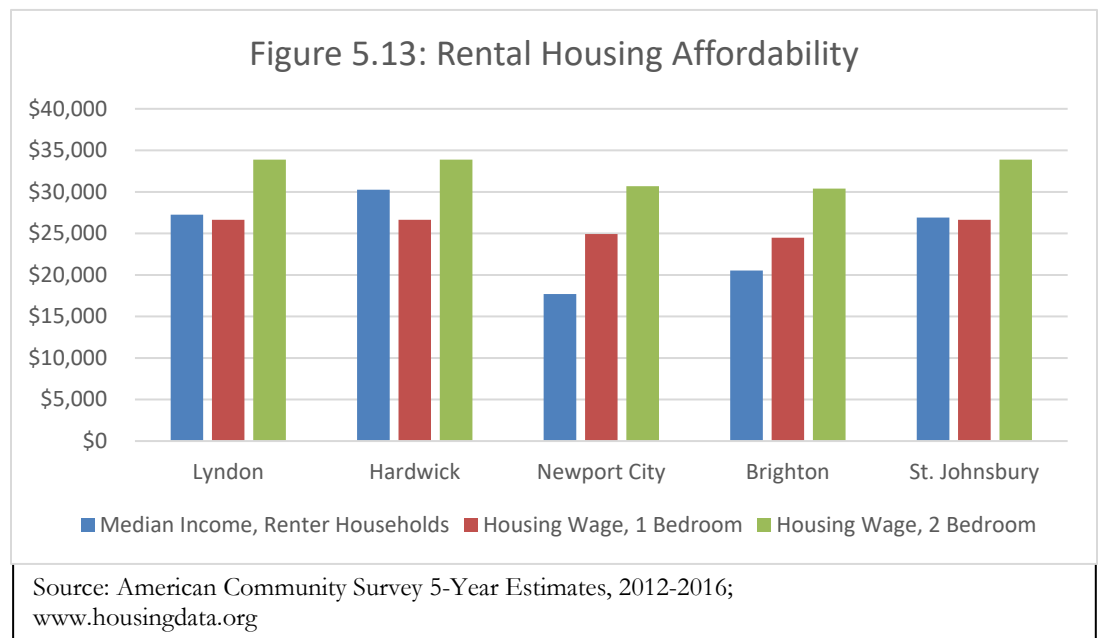
According to most recent American Community Survey 5-Year Estimates, more than a third of homeowners in the Northeast Kingdom pay 30% or more of their income on costs for properties with a mortgage, and at least 20% pay 30% or more on a properties that are owned free and clear. Housing costs include utilities and fuels, which can be quite high during Vermont winters especially if the house is poorly insulated. More than half of renters in Caledonia and Orleans counties pay 30% or more of income on housing. Compared to statewide averages, housing in Orleans County is more likely to be unaffordable, and rental housing in Caledonia and Orleans is more likely to be unaffordable.

	Selected Monthly Owner Costs* as a % of Household Income		Gross Rent**
	Housing Units w/ Mortgage	Housing Units w/o Mortgage	Occupied Units Paying Rent
<b>Caledonia</b>	35.0 %	21.5 %	54.2%
<b>Essex</b>	32.2 %	22.4 %	41.1%
<b>Orleans</b>	37.2 %	24.8%	52.4%
<b>Vermont</b>	34.6 %	23.2%	51.0%

Source: US Census Bureau: American Community Survey 5-Year Estimates, 2012-2016, Table DP04

\* Selected monthly owner costs are the sum of payments for mortgages, deeds, contracts to purchase, or similar debts on the property. It also include property taxes, insurance, utilities, fuels, and where appropriate condominium and association fees or mobile home costs.

\*\* Gross rent includes the estimated average monthly cost of utilities and fuel.



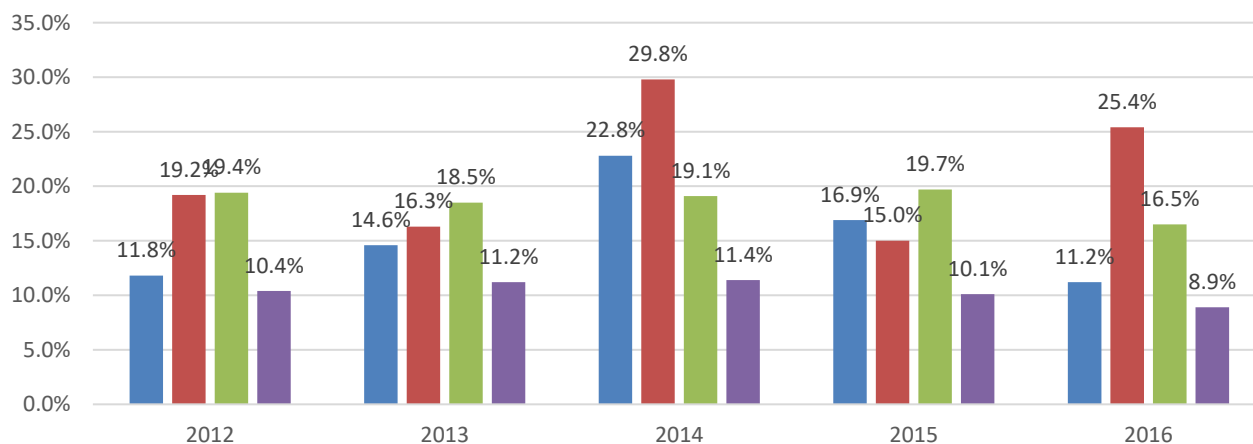
In the Caledonia County towns of Lyndon, Hardwick and St. Johnsbury, median household incomes for renters allow for a one-bedroom apartment, but fall short of the housing wage

needed for a two-bedroom apartment at HUD's Fair Market Rate (FMR), as indicated by the Vermont Housing Finance Agency (VHFA). HUD's FMRs are published annually by bedroom size and are for a modest apartment, costing about 10% less than the area median rents. In the towns of Newport City and Brighton, the median household income of renters is less than the housing wage needed for both one and two-bedroom apartments. Note: Figure 5.14 includes only communities where multi-unit structures account

for at least 10% of housing stock and excludes Jay and Burke, where multi-unit housing is more likely to be related to resort development.

**Credit Access:** Homebuyers – particularly first-time ones – may face considerable barriers. To afford a home costing the median price in Caledonia of \$147,000, the average homebuyer would need a household income of \$43,013 and \$14,950 cash on hand at closing.<sup>4</sup> Lending programs vary, but in general, a 20% down payment is required to avoid private mortgage insurance, and debt-to-income ratios are capped at 43%. Manufactured housing can be harder to finance because they depreciate faster. Loan terms for a used

Figure 5.14: Loan Denials for Home Purchase, Owner-Occupied as a Primary Dwelling



Source: Home Mortgage Disclosure Act, [www.consumerfinance.gov/data-research/hmda/](http://www.consumerfinance.gov/data-research/hmda/)

manufactured unit, for example, will be limited to 10 to 15 years. According to five years of data from the Home Mortgage Disclosure Act, prospective home buyers in the Northeast Kingdom are more likely to be denied a mortgage when compared to the rest of the State. The most cited reason was debt-to-income ratio.

**The Hidden Cost of Rural Living:** Travel is another cost driver for housing in the Northeast Kingdom. Travel from households to destinations (like work) varies on the location of the home, and is considered affordable when it accounts for 15% of household income or less. Combined, housing and transportation costs are considered unaffordable when they account for more than 45% of household income. According the HUD Location Affordability Index, transportation accounts for about a third of household income in the region. Even in St. Johnsbury/Lyndon and Newport City – the regional urban center – transportation accounts for 28% and 32% of household income respectively.

<sup>4</sup> Home Mortgage Calculator, [www.housingdata.org](http://www.housingdata.org).

**Table 5.13:  
HUD Location Affordability by County (for Renters and Owners)**

County	Annual Income for Median-Income Family (4 people, 2 commuters)	Average Cost of Housing as a % of Income	Avg. Cost of Transportation as a % of Income	Location Affordability
Caledonia	\$44,435	26% -- \$11,553	32% -- \$14,219	58% -- \$25,772
Essex	\$40,842	25% -- \$10,214	37% -- \$15,116	62% -- \$25,330
Orleans	\$41,618	26% -- \$10,821	35% -- \$14,566	61% -- \$25,387

Source: HUD Location Affordability Portal, Version 2 (<http://locationaffordability.info/>)

**Mismatched housing supply:** The region’s housing stock is mainly single-family with 3 bedrooms or more, with more than a third sited on large lots. It falls short of the needs of financially strained first-time buyers and aging baby boomers, who may be looking for smaller homes located near jobs, services, and amenities. The region’s downtowns and village centers could provide opportunities for more dense development and lower land costs, but most of the region’s village centers lack off-site water and sewer to support dense development. Non-profit housing developers have had success creating income-restricted rental housing in downtowns and village centers served by public water and sewer infrastructure, but market-rate housing has continued to consist mainly of single-family detached homes located outside of established centers. Denser forms of market-rate housing, such as townhouses, have not yet materialized in the region’s established centers.

**Perceptions about subsidized housing:** One of the most common objections to subsidized housing development is that it will decrease values of surrounding properties. For the most part these concerns are unfounded. The Center for Housing Policy has reviewed numerous studies on the impact of such housing on property values. Developments that are well managed and maintained and attractively designed to blend with surrounding neighborhood properties are more likely to have no effect or even a positive effect on nearby properties. Rehabilitation of distressed properties may positively impact property values as well. However, large concentrations of income-restricted housing should be avoided. Several researchers have found that concentrated income-restricted housing developments were more likely to have a negative impact on neighboring properties. *As long as it is not overly concentrated*, siting low and moderate-income housing developments in strong neighborhoods with stable home values and low poverty rates is unlikely to have adverse effects on neighboring property values.

These findings affirm the trend toward mixed income housing and communities.<sup>5</sup> Mixed-income housing is central to any smart growth strategy because it can support a more diverse population and achieve a more equitable distribution of households of all income levels.<sup>6</sup>

NVDA supports the development of affordable housing that is well managed and maintained and is context-sensitive to existing concentrations of poverty and surrounding property values. Mixed-income housing offers numerous social and economic benefits to a community by preventing residential economic segregation and promoting vitality of urban and village centers. The vast majority of residential development in the Northeast Kingdom has occurred outside of established development centers over the past decade, running counter to the long-range planning goal of maintaining the historic settlement pattern of compact village and urban centers separated by rural countryside. Reversing this trend will require a sustained effort that supports a

<sup>5</sup> The Center for Housing Policy. “Don’t Put it Here!” *Does Affordable Housing Cause Nearby Property Values to Decline?* Insights from Housing Policy Research (Policy Brief Series published between 2008 and 2011.)

<sup>6</sup> Smart Growth Online (<http://smartgrowth.org/smart-growth-principles/>)

range of attractive housing opportunities and choices – for all income levels and age groups -- both in and immediately adjacent to our region’s downtowns and village centers. NVDA supports housing policies and programs that incentivize mixed-income housing development, avoids concentrations of poverty, and supports vibrant and livable neighborhoods that are near existing services, amenities and employment opportunities.

#### IV. TAKING ACTION: TOOLS FOR MUNICIPALITIES TO PROMOTE HOUSING FOR ALL

**Affirmatively furthering fair housing:** The federal Fair Housing Act prohibits discrimination based on race, color, religion, gender, family status, or disability in the sale, rental, or advertisement of housing. Vermont statute extends this prohibition to include discrimination based on age, marital status, sexual orientation, or reception of public assistance. 24 V.S.A., Chapter 117, the statute that regulates planning and zoning, contains requirements and provisions to protect and promote affordable housing. For example:

- Single- and two-family homes cannot be subjected to site plan review.
- It is illegal to prohibit mobile homes or mobile home parks from a municipality.
- Municipalities must designate appropriate districts for multi-unit and multi-family dwellings.
- Residential care and group homes serving up to eight individuals must be considered a single-family residential use of property unless it is located within 1,000 feet of another such home.
- Accessory dwelling units (one-bedroom apartments or efficiencies) subordinate to a single-family dwelling must be considered a permitted use.
- Duly adopted municipal plans must include recommendations for addressing the housing needs of low- and moderate-income individuals and should account for accessory dwelling units as a form of affordable housing.

**Promoting density:** Enabling dense, compact development near downtowns and village centers may reduce land costs for new housing. Although density may be limited by lack of off-site water and sewer, municipalities with zoning should not require minimum lot sizes larger than what is necessary to accommodate on-site water and septic systems in areas in village centers. Traditional opposition to dense residential development is often based on preconceived notions of crowded, monotonous development with little or no privacy. These objections can be overcome with attractive, context sensitive site designs that fit with a rural setting. Design charrettes and buildout analyses might help residents better visualize appropriate housing development.

**Regulatory incentives and inclusionary zoning:** Planned unit development is authorized in Vermont statute to provide for compact, pedestrian-oriented development especially in and adjacent to downtowns and village centers. It is also a popular regulatory tool for promoting affordable housing, provided a strong housing market exists. Provisions for planned unit development may include “density bonuses” to encourage affordable and mixed-income projects. Municipalities also may provide bonuses to homes with smaller footprints (e.g. 1,500 feet or less) or universal access design. A number of communities in the region provide for planned unit development or some form of residential clustering with density incentives. There is no statutory limit to density bonuses, but experience has shown that a minimum of at least 50% density bonus may be needed to incentivize developers. In more urban settings, zoning incentives may include waiver of parking requirements and permitting fees. Unlike density bonuses, **inclusionary zoning** is mandatory, and developers are required to build a percentage of affordable units in developments of a certain scale. As with impact fees, inclusionary zoning should be based on clearly stated local housing policies and well documented housing needs.

**Vermont Community Development Program Grants:** Municipalities with duly adopted plans may apply for Vermont Community Development Program (VCDP) grants to support low and moderate-income



housing, which is one of the program’s top priorities for funding. Because municipalities in the Northeast Kingdom lack the administrative and fiscal resources to develop such housing, they often subcontract to qualified housing partners to develop and rehabilitate affordable housing stock. Municipalities that receive VCDP grants must complete fair housing trainings that are offered throughout the year.

**Local incentives:** In addition to low-interest loans (such as a revolving loan fund capitalized by the VCDP grant), municipalities may be able to encourage housing investments through tax stabilization or abatement programs (e.g. hold the tax rate for a rehabilitated property to its pre-construction value for five years or more).

**Downtown and Village Center Designation:** Qualifying municipalities may pursue downtown or village center designation. Once conferred, the designation is valid for five years. The primary benefit of the program is eligibility for state tax credits for historic rehabilitations, façade improvements, and code improvements (including installation of elevators and sprinkler systems). Income-producing properties (including mixed-use and multi-family structures) can be eligible, and are not required to be income-restricted to qualify for the tax credit. Unlike federal tax credits, state tax credits are relatively accessible to private property owners because they are easy to administer and sell. To date, the Northeast Kingdom has received nearly \$3.1 million in tax credits for 16 projects that included some form of housing, including market-rate housing units. Although tax credits are awarded annually, the Northeast Kingdom has been under-represented in some funding rounds. It is possible that property owners are still not aware of the benefits of Downtown and Village Center designation. Additional benefits of designation include priority consideration for grant program (such as VCDP funds) and Low-Income Housing Tax Credits. (For a map of existing designated Downtowns and Village Centers, see Future Land Use in the Land Use Section.)

**Sales Tax Reallocation:** Municipalities and developers of qualified projects in designated downtowns may jointly apply for a reallocation of sales taxes on construction materials. If awarded, reallocated funds must be used by the municipality to support the project (e.g. sidewalks, stormwater management, streetscape improvements, etc).

**Neighborhood Development Area Designation:** This adjunct to the Downtown and Village Center designation encourages municipalities and developers to plan for new infill housing in pedestrian-oriented neighborhoods within walking distance from the designation areas (1/2 mile from downtown and 1/4 mile from village center). Incentives and benefits include exemption from Act 250 for qualified “mixed-income” projects, and for projects that don’t qualify for a full exemption, a 50% discount on application fees. Waste water review from the Agency of Natural Resources can be capped at \$50.00, and projects can be exempt from land gains tax. “Mixed-income” housing is defined in State statute at 10 VSA Section 6001, and can include both owner-occupied and rental housing.

To qualify for a neighborhood development area designation, the municipality has to incorporate pedestrian design into local planning and zoning (i.e. “complete streets”) and allow for a density of at least four detached single family dwelling units per acre. Newport and St. Johnsbury officials have explored the feasibility of new neighborhood designation. NVDA supports further exploration of this program in order to incent the establishment of pedestrian-oriented neighborhoods that offer a full array of housing choices – affordable, workforce, and market rate.

**Reducing local permitting restrictions:** Revisiting zoning regulations and waiving restrictions such as parking requirements and height of structures may be an inexpensive way for a community to encourage housing in appropriate areas. Permit fees may be reduced or eliminated in some cases. In some communities, where zoning permit fees are not very expensive, eliminating permitting requirements for single- or two-family homes may be appropriate for areas where dense development is encouraged.

**Housing Studies:** Municipalities with duly adopted plans are required to include a “recommended program for addressing low and moderate income persons’ housing needs as identified by the regional planning commission.” Local planning commissions can gain greater insight into housing needs through studies that quantify local housing needs, determine capacities for greater densities (through GIS-based buildouts) and



examine potential impacts of housing policies on property values. Studies may also identify appropriate areas for rehabilitation and new infill housing development, such as brownfields or abandoned, derelict, or underutilized properties.

**Local Housing Commissions:** Municipalities are authorized by statute to create advisory commissions composed of individuals with expertise or interest in specific areas such as historic preservation, design, and housing. Such commissions can assist and advise the planning commission and other officials on housing studies, as well as policies and programs to further affordable housing and improve housing stock.

**Local Rental Codes and Local Enforcement:** State rental housing codes help to promote safe and healthy living conditions. Communities may take this further by enacting local codes and create local registries, or they may enforce state codes locally.

**Derelict/Abandoned Buildings Ordinances:** Local enforcement can help to protect neighborhoods from blight. The Town of St. Johnsbury recently established a rental registry in an effort to identify properties that pose unsafe or blighted conditions, and to better enforce the local housing standards currently on the books.

**Charrettes/Master Planning:** Downtown master plans may help to inspire and attract private investors to new housing opportunities. Newport City's Regional/Urban Design Assistance Team set off an intense two-day envisioning process that ultimately led to the implementation of form-based codes and removed barriers to vertical and infill development. Although planning at this level can be expensive, grant programs are available to cover the cost. (See below.)

**USDA Loans and Grants:** US Department of Agriculture offers home purchase and repair assistance. Households with incomes under a certain threshold may be eligible for the USDA Direct Home Ownership program. Loan terms can be as long as 33 years, and interest rates vary from 1 percent to 3.65 percent. No down payment is required. A household that earns too much to qualify for the direct loan program may qualify for a USDA guarantee on a bank loan, which enables a prospective homeowner to purchase a home at a low interest with no money down. USDA also offers home repair loans to make homes safer and more accessible (e.g. wiring, roof, energy efficiency, ramps and other accessibility modifications). Home repair loans are only 1 percent with a 20 year term. Seniors and very low-income individuals may even qualify a direct grant of up to \$7,500 to improve livability. USDA grants and loans are made directly to qualifying individuals; however, municipalities, local planning commissions, local housing commissions, and NVDA can help to raise awareness of this underutilized resource.

**Other Grant Programs:** Municipal Planning Grants are available annually to communities with a confirmed planning process. Eligible activities include zoning bylaw updates, planning for downtown and village center revitalization and redevelopment. VTrans also offers grant opportunities (Strong Communities Better Connection) to help communities integrate transportation with land use to create safe, convenient and more walkable communities. Downtown Transportation Fund provides grant funds for public capital improvements in Designated Downtowns, including sidewalks and streetscape improvements.

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## GOALS AND STRATEGIES FOR HOUSING

### HOUSING GOALS

- An adequate supply of safe, attractive, and energy-efficient housing will be available to the region's residents in a proportionate balance of affordable, workforce, and market rate housing.
- Existing housing stock – particularly that located in downtowns, village centers, and older neighborhoods in existing centers of development – will be preserved.
- Overall quality, safety, and energy efficiency of existing housing stock in the region will improve.

- Housing will be available in a variety of types that meet the needs of all income groups and ages, and will be located near employment, services, commercial, civic, and recreational uses.
- Partnerships with regional housing and human service providers will be strengthened, allowing for more effective service provision.
- New housing development in downtowns and villages will conform to existing traditional patterns.
- Municipalities will be supported in determining local housing needs.

## **HOUSING POLICIES**

- Support the efforts of local and regional housing providers and organizations, government agencies, private lenders, and developers in identifying and meeting housing needs of the region.
- Encourage innovative strategies that reverse the long-term trend of disinvestment in established development centers. Development resources should be strengthened and directed toward existing neighborhoods.
- Community revitalization and economic development plans should include the needs of all age and income groups.
- Ensure that existing housing programs and incentives promote a proportionate balance of affordable, workforce, and market-rate housing.
- Encourage the development of rental housing on a scale and design compatible with existing neighborhoods.
- Support and sustain livable communities that offer comprehensive mobility options (including alternatives to driving).
- Promote and support zoning that allows for greater densities for the purpose of providing a full range of housing choices (affordable, workforce, market-rate) in a manner that preserves the character of older neighborhoods in downtowns, village center, and other established centers of development.
- Locate affordable and special needs housing in areas with access to appropriate services.
- Support home ownership and property upkeep efforts of citizens and municipalities.

## **HOUSING STRATEGIES**

- Work with regional housing and human service providers, including Rural Edge, NEK Enterprise Collaborative, Lamoille Housing Partnership and NEK Community Action to identify housing needs and support economically integrated communities.
- Review and comment on proposed plans and policies that will impact future affordable housing development (e.g. downtown designation, Qualified Allocation Plan).
- Assist towns to create housing policies that address the affordable housing needs of low-income residents.
- Identify incentives for the development and rehabilitation of work-force and market-rate housing in established centers.
- Assist communities interested in adopting local building codes.
- Assist communities interested in adopting and enforcing “junkyard ordinances.”

- Assist communities applying for designation under the Vermont Downtown Program, Village Center Designation Program, and where appropriate, the Neighborhood Development Area Designation Program.
- Provide outreach and education to property owners of old or substandard housing units in Designated Downtowns and Village Centers.
- Encourage the use of innovative incentives, including density bonuses or tax stabilization for mixed-income developments, universal access design, and small footprint housing.
- Help communities evaluate needs through housing studies and build-out analyses.
- Provide outreach and education on housing programs that improve housing stock and promote home ownership.
- Facilitate fair housing trainings for municipal officials and other interested groups.
- Ensure that NVDA member communities remain eligible for Municipal Planning Grants.