



# Building Homes Together

A campaign to strengthen Chittenden County communities

## Year 4 Data Results – September, 2020

In 2016, the Building Homes Together (BHT) campaign launched with the support of well over a hundred municipal officials, businesses, nonprofits, Legislators and individuals. The BHT campaign set a target of creating 3,500 new homes in Chittenden County over the next five years, with 20% of them permanently affordable. Those goals translate to 700 new homes per year, with 140 homes affordable.

The average new home construction over the first four years of the campaign is 787 homes/year, exceeding the annual goal. A net total of 775 new homes<sup>1</sup> were added to the County in 2019. This includes 601 multi-family homes, 193 single family homes, and 26 accessory dwellings. There were also 45 demolitions in 2019.

New Homes Constructed and First Occupied in Chittenden County (all years refined in 2019) <sup>2</sup>									
2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
263	334	645	468	613	587	1008	730*	634**	775

\* Does not include a net gain of 304 dorm beds at UVM.

\*\* Does not include 314 student beds within 105 apartments at Champlain College at 194 St. Paul Street.

Unfortunately, the County continues to fall short of the second goal of the campaign—to build 140 affordable homes annually for five years, with only an average of 112 affordable homes per year. For a total of 449 homes in the first four years, shy of the 560 goal.

Affordable Homes in Chittenden County <sup>3</sup>				
2016	2017	2018* (housing bond)	2019 (housing bond)	2020 projected
118	76	86	169	68**

\*In 2018, Champlain Housing Trust permanently protected naturally occurring affordable housing at Dorset Commons in South Burlington; these 105 homes are not included in the 2018 count as this is an outlier.

\*\*A hotel to affordable apartment conversion project will add 68 apartments, but no other new affordable construction is expected to open in 2020. Juniper House (Cathedral Square at Cambrian Rise in Burlington) will open with 70 units in 2021.

Looking forward, Allen, Brooks & Minor reports only 255 apartments projected to open in 2020; and all are market rate and not age restricted<sup>4</sup>. Champlain Housing Trust will also be opening 68 affordable apartments in a hotel conversion project. There is no projection for other home construction, but with only 323 apartments the pace is significantly lower than previous years of this campaign (average of 612 new apartments/multi-family homes over the last four years). Construction projects were shut down in the spring because of COVID-19 and the Governor's Stay Home, Stay Safe order. Also, the Housing Bond has already been fully allocated for projects and looking further down the road, the projection for new affordable homes is well below the Building Homes Together goal of 140/year. With the affordable

<sup>1</sup> CCRPC data collection from Chittenden County municipalities on new homes first occupied in 2019. Mobile homes (17) are included in the single-family home category.

<sup>2</sup> CCRPC data collection from Chittenden County municipalities, 2014-2019 accounts for demolitions. Note: this data is refined each year to account for duplications and clarifications of year occupied.

<sup>3</sup> In the first year of the campaign (2016) only the number of newly constructed affordable homes were counted. The campaign changed the methodology slightly in 2017 to tell a more complete picture about affordable housing – the change includes capturing inclusionary housing units and homes brought into a permanently affordable portfolio (such as Champlain Housing Trust's shared equity homes).

<sup>4</sup> Allen, Brooks & Minor Report, June 2020. A comprehensive semi-annual analysis of the real estate market.



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housing bond fully allocated, and COVID's impact on new construction, we are facing an extreme reduction in new multi-family home construction.

New Multi-Family Constructed and First Occupied in Chittenden County				
2016	2017	2018	2019	2020 <b>projected</b>
707	672	466	601	323

## **COVID's disastrous impact:**

The COVID pandemic has exacerbated many of the existing housing challenges, and uncovered a housing market that was even worse than previously documented for low-income households. Counts of homeless households increased as those who were temporarily housed with friends and family needed to leave for social distancing. These people, temporarily placed in motels, have few options in the tight and expensive rental market in the county. While the Chittenden County January homeless point in time count was 217 households, this increased to 508 in August. There are about 500 homeless households living in temporary motel/hotel placements as of September 2020 (homeless families = 45; homeless individuals = 444).

Swift response by the State of Vermont with CARES Act funding to support renters and homeowners to cover their housing costs prevented a catastrophe to date; it remains to be seen what happens to these financially stressed households when the aid runs out in January if there is no additional Federal relief. This has a potential to create widespread vacancy and other economic ripple effects – not to mention the harm to individuals and families.

In addition, COVID-19 has and will continue to stymie new construction. Construction projects were put on hold for two months (and this could happen again) adding to the cost of construction. The price of lumber has increased 50% since April according to the National Association of Home Builders, driving the cost of new construction out of reach. Developers are also wary from uncertainties and added risk from a reduction in employment, increase in non-payment of rent, and a staying of evictions. As of late Champlain Housing Trust has been approached by for-profit developers to gauge interest in their portfolios indicating uncertainty in moving projects to construction.

Also, there has been an increase in out of state homebuyers adding to the demand – and likely driving prices higher.

In conclusion, the Building Homes Together campaign's affordable goal was only met in one of the four years because of the housing bond which is now fully allocated. At the same time, COVID-19 has further de-stabilized low- and no-income Vermonters, and wreaked havoc on the housing market. The full impact of these circumstances will likely be felt for the foreseeable future.

## **Indicators still point to an undersupplied market:**

*Incomes v. Home Costs* – Over the last decade, while median household incomes have risen at a rate of about 2.2% per year, rent inflation has averaged 2.4% annually; and the median single-family home price has increased by 4.3% annually over the last five years<sup>5</sup>. As rental rates outpace income growth it limits a home buyers' ability to save for a down payment; furthering demand for rental homes in the County. The increase in new home construction may be having an impact on existing rental stock and prices, and while COVID may be causing rents to remain stable for the time being,

<sup>5</sup> Allen, Brooks & Minor Report, June 2020. A comprehensive semi-annual analysis of the real estate market.



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overall rents and home prices are going up at a faster rate than income. More than half of renters in the County are cost-burdened, paying more than 30% of their income on rent<sup>6</sup>. In addition, there are fewer sales of homes less than \$300,000 and the average and median days on the market for those home sales have continued to decrease over the last five years indicating a lack of homes at this price point<sup>7</sup>.

*Many are Waiting for Housing* – Many households are qualified and waiting for affordable housing. As reported in September 2020: Champlain Housing Trust has 870 households on their waitlists. Cathedral Square has 809 households on their unduplicated waitlist (not including independent living apartments, Assisted Living, and Assisted Living Memory Care waitlists); and has 250 names on their inquiry list for the 70-unit Juniper House in Burlington.

*Rental Vacancy Rate* – We are still below a healthy rental vacancy rate. The long-term market vacancy rate in Chittenden County is 1.8%<sup>8</sup>. While the rate hit 3% in 2015 and 2016; it has been below that for the last 4 years. It increases slightly with higher new construction, but those new apartments are absorbed quickly. This indicates that there is still too little supply. Housing experts target a 3 to 5% rate to yield a healthy market for renters and owners alike.

**Rental Apartment Vacancy Rate in Chittenden County (Annual Average, except for 2020)<sup>9</sup>**

2000	2005	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0.7%	2.0%	1.6%	1.2%	1.3%	1.5%	1.3%	3.0%	3.3%	2.6%	1.8%	2.2%	2.6%

\*2020 rate is from July only, not an annual average of the July and December reported rate.

*Employees Live Outside of the County* - While the number of jobs has remained relatively steady in Chittenden County, there are fewer workers living here now than in 2002. Only 68% of County employees lived here in 2017, down from 75% in 2002, indicating a lack of available, affordable homes within the County<sup>10</sup>. With COVID more employees are working from home and this is expected to continue even after the pandemic; however, there are broadband challenges in many rural parts of the state. Unfortunately, this data has not been updated by the Census yet. However, this metric improved slightly from 2014 to 2015, and we hope the next update will be positive as well.

*Impact is Far Reaching* – The shortage of housing has continued to have negative impacts in the region from economic development to public health. Employers continue to identify rents and housing availability as being barriers to economic growth. This is a major hurdle on top of an already challenging shortage of trained and available workforce. Affordable Housing has been identified as one of the top six needs in the community by the UVM Medical Center's 2019 Community Health Needs Assessment<sup>11</sup>.

## Notable Accomplishments

Even though the affordability goals of the campaign have not been met over the first four years of the campaign, there has been significant strides on the tools that the campaign called for. State and local policy makers have been working on the housing shortage and affordability issue. The Building Homes Together campaign originally called for a \$70 million investment in affordable housing statewide. A \$37 million Housing for All Revenue Bond was signed into law in

<sup>6</sup> American Community Survey, 5-year estimates, 2018 from: <https://www.housingdata.org/profile/income-employment/cost-burden>.

<sup>7</sup> Allen, Brooks & Minor Report, June 2020. A comprehensive semi-annual analysis of the real estate market.

<sup>8</sup> Allen, Brooks & Minor Report, June 2020. A comprehensive semi-annual analysis of the real estate market.

<sup>9</sup> Allen, Brooks & Minor Report, June 2020. A comprehensive semi-annual analysis of the real estate market.

<sup>10</sup> Longitudinal Employer-Household Dynamics section of the Census Bureau. Last updated in 2017.

<sup>11</sup> UVM Medical Center's 2019 Community Health Needs Assessment: <https://www.uvmhealth.org/medcenter/pages/about-uvm-medical-center/the-community/needs-assessment.aspx>



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June 2017, helping to fund affordable construction housing in Vermont through 2019. In Chittenden County this has resulted in about 250 more units which would not have happened otherwise. Also at the state level, the VT Department of Housing and Community Development completed a project to develop guidance and model zoning bylaws to update zoning and other local land use regulations to allow a wider range of housing types<sup>12</sup>. Chittenden County municipalities have also been tackling this issue through a wide variety of avenues, including but not limited to:

- Conducted Housing Needs Assessments (Essex, Essex Junction, Hinesburg, South Burlington, and Winooski. Underhill is in progress.)
- Established Housing Committees (Burlington, Colchester, Hinesburg, Jericho, Richmond, Shelburne, South Burlington, Williston and Winooski)
- Increasing density (Burlington, Charlotte, Essex Junction, Jericho, Shelburne, South Burlington, Westford, Williston and Winooski; and many more are considering)
- Relaxed Accessory Dwelling Unit standards (Burlington, Jericho, Richmond, Shelburne, Westford and Williston)
- Review Process Improvements (Burlington, Westford, Williston and Winooski)
- Established Local Housing Trust Funds<sup>13</sup> (Burlington, Charlotte and South Burlington; at least three others are considering)
- Adopted Inclusionary Zoning Requirements (Burlington, Hinesburg, and South Burlington; at least two others are considering)
- Actively pursued grant funding for housing construction (Burlington, Hinesburg, Shelburne, and South Burlington; at least two others are considering)
- Reduced permit or impact fees (Burlington, Milton, Williston, Hinesburg)
- Received State Designation Providing Act 250 Relief (Burlington, Colchester, Essex Junction, Hinesburg, Westford, Williston, Winooski)
- Participated in Regional Housing Discussions and Peer Learning (Bolton, Burlington, Charlotte, Colchester, Essex, Essex Junction, Hinesburg, Jericho, Milton, Richmond, Shelburne, South Burlington, St. George, Underhill, Westford, Williston and Winooski)
- Housing Retention Requirements (Burlington and South Burlington; at least one other considering)
- Other: Burlington's Housing Action Plan; Williston's affordable housing incentives within the Growth Management Program; Hinesburg considering water/wastewater allocation based on community goals including housing needs

Moving forward, Building Homes Together will build upon these accomplishments and continue to call for action to reach the new construction and affordable home goals.

**For more information and to sign on to the Building Homes Together campaign visit:**  
***[ecosproject.com/building-homes-together](https://ecosproject.com/building-homes-together)***

<sup>12</sup> Zoning for Great Neighborhoods: <https://accd.vermont.gov/content/zoning-for-great-neighborhoods>. Funded by the VT Housing & Conservation Board, AARP-VT, and the Vermont, Green Mountain, and National Association Realtors.

<sup>13</sup> IF all Chittenden County municipalities added a penny to the property tax it could amount to approximately \$2 million for housing.