

STATE OF VERMONT
HUD Consolidated Plan
for
Housing and Community Development Programs

Volume 1 of 3

Strategy and Action Plan
for Program Years 2005-2010



Department of Housing and Community Affairs
Agency of Commerce and Community Development

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**John S. Hall, Commissioner
National Life Building, 6th Floor
Drawer 20
Montpelier, VT 05620-0501**

PHONE: 802-828-3211

FAX: 802-828-2928

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This Housing Needs Assessment (HNA) was developed by Gent Communications Consulting, LLC under a contract with the Department of Housing and Community Affairs. Gent Communications was assisted by Black-Plumeau Consulting, LLC and the University of Vermont's Center for Rural Studies.

The study is unique in that it provides a focus on the barriers to achieving affordable housing by each of the following groups:

- People with limited incomes;
- People who are homeless;
- People who are disabled;
- People who are elderly, and
- Other subpopulations who lack appropriate housing.

Gent Communications Consulting held regional and statewide focus groups at accessible meeting places to hear comments about special needs housing and independent housing among special needs populations.

The discussions also included the needs of persons who are aging in greater numbers along with general aging trends associated with the baby boom population.

Gent Communications Consulting summarized and included the discussions from these focus group meetings in the state and county chapters of this report.

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Executive Summary Affordable Housing Problem Persists in Vermont

After several years of expansion, Vermont's economy is performing well and outperforming most U.S. and regional markets. Unemployment rates remain low and attractive interest rates support growth within many economic sectors.

Vermont's residential construction and real estate sectors are accelerating at rates not experienced since the late 1980s. Home prices have soared in recent years; Apartment rents are also increasing. Some Vermonters can afford the rapidly escalating costs of housing having benefited from prosperity generating high-quality jobs, the expanding real estate market, and investments. A very different part of Vermont's population has persistently low incomes and struggles tremendously to find affordable, decent housing.¹

Substantial need for rental housing will be seen in the next five years.

- The estimated number of affordable apartments for Vermont's low-income renter households currently falls short of demand by about **21,000** units.
- An estimated **47,400** renter households currently have low-incomes (at or below 80 percent of the state median income).
- Due to the shortage of affordable apartments, an estimated **54%** or **23,940** of Vermont's low income households had high housing cost burdens, i.e., paid more than 30% of incomes for housing expenses in 2000.
- Some households who occupy apartments considered "affordable" to low-income households cannot afford those apartments without a rental subsidy. Specifically, the individual incomes of these 47,381 low-income households are not distributed exactly the same way as the individual rents of the remaining "affordable" 26,490 housing units.
- There may be mismatches between the location of low-income households and the location of available affordable units.

Owner-occupied houses are unaffordable for most low-income Vermonters.

- There is a need for new construction of an estimated **12,300** owner-occupied homes to meet the total expected demand in 2010.
- The median purchase price of a house in Vermont in 2005 is projected to be about **\$174,000**.
- The maximum affordable purchase price of a house for the **54,800** low-income households in Vermont is **\$75,000**.
- Only **1,150** houses sold for \$75,000 in Vermont in 2004, making homeownership virtually impossible for most low-income households.
- About **56%** or **28,000** low-income owner households had housing cost burdens in 2000, i.e., with mortgage and other expenses greater than 30% of income.

¹ The study was commissioned by the Vermont Department of Housing & Community Affairs and the Vermont Housing Council, a consortium of affordable housing and human service agencies. The study will be used to develop strategies to address housing problems, including the HUD Consolidated Plan. The division's Consolidated Plan for Housing and Community Development guides funding decisions for over \$13 million for five years in U.S. Housing and Urban Development funds, and is the State's primary policy directive for other state and federal housing programs.

Affordable housing developers in Vermont have created enough affordable apartments to meet the needs of about **one quarter** of Vermont's low-income renter households in 2005.

- Roughly **11,600 of the estimated 47,400** low-income Vermont households rent homes subsidized through federal and state housing programs. About **one-half** of Vermont's subsidized housing stock is designated for elderly or disabled households.
- In addition to affordability, the quality of housing is a particular problem for low-income households. More than **78,000** units (almost one third) of Vermont's housing stock were built prior to 1939, meaning it is now over 60 years old.

Housing problems (i.e., quality, over-crowding, or cost burdens) compound housing supply issues.

- Among households with mobility and/or self-care limitations, **36%** or **14,200** households experienced at least one housing problem in 2000.
- More than **29%** or **26,000** total households of any income experienced a housing problem.

Obtaining affordable, safe, and decent housing is particularly difficult for individuals with special needs.

- In the next five years, more than **21,000** frail elderly and disabled people will need assistance with activities of daily living in Vermont's community-based housing.
- About **4,000** individuals are homeless at any given time, **one-quarter** of whom are children.
- Other special needs populations include adults with severe mental illness, persons with developmental disabilities, teen runaways, persons with substance abuse problems, and persons being released from Vermont's prison system.
- Approximately **33,500** of individuals with special needs are low-income, compounding their housing difficulties.