

Vermont Statewide Trends

Vermont has experienced a prolonged period of generally positive economic expansion, moderate population growth, and an inadequate supply of several types of affordable housing. Despite the best efforts of affordable housing developers, regional and local planning support, and for-profit and non-profit funding organizations, the lack of affordable housing is problematic; decent and affordable housing remains beyond the reach of many Vermonters.

This report examines current and future affordable housing needs in Vermont and its 14 counties between 2000 and 2010.

I. Emerging Trends: Affordable Housing Lacking in Vermont

There are really two housing worlds in Vermont. In one world, the population can afford the rapidly escalating costs of housing – these are Vermonters who benefit from prosperity generating high-quality jobs and an expanding real estate market. A very different part of Vermont’s population has persistently low incomes and struggles to find affordable, high quality housing. This report examines general trends describing the lack of affordable housing for low- to moderate-income Vermonters looking for rental opportunities, wanting to buy a home, or needing special needs housing.

1. Renter Households

There is an overall need for newly constructed rental housing and for existing rental housing to become affordable for cost-burdened low income households.

In 2005, an estimated 47,381 households have incomes at or below 80% of the estimated state median income level (Table 1). These households can afford monthly rents (including utilities) ranging from \$0 to \$940, depending on their individual incomes. The total estimated number of units with rents ranging from \$1 to \$940 in 2005 is 61,382. However, more than half of these units are estimated to be occupied by upper income households and an additional five percent of the units are assumed to be vacant at any particular point in time, leaving only about 26,490 units available for low-income households--an estimated shortage of **20,891** affordable rental units.

Table 1			
Unmet Needs of Low-Income Renter Households, 2005			
Vermont			
Housing Demand		Housing Supply	
Estimated Low-Income Households (Incomes <=80% AMI)	Estimated Higher Income Households Demanding Units Affordable to Low-Income Households***	Estimated Number of Affordable Rental Units In Housing Stock*	Estimated Additional Affordable Units Needed**
47,381	31,822	61,382	20,891
*Affordability is defined as spending 30% of household income for housing expenses. Excludes units with no cash rent. Statewide, an estimated 4,300 rental units had no cash rent in 2005.			
**Includes a rental housing vacancy rate of 5% typical in healthy housing market conditions.			
***Assumes that the percentage of units affordable to households with incomes <=80% AMI that were occupied by higher income households is the same in 2005 as in 2000.			
Sources: Gent Communications analysis of data from Claritas, HUD CHAS Data Book, Census American FactFinder, Census 2000 Summary File 3, and the Census Bureau's Building Permits Survey.			

The actual need for additional affordable rental units in Vermont is no doubt higher than this estimate. Some households who occupy apartments considered “affordable” to low-income households cannot afford those apartments without a rental subsidy. Specifically, it is unlikely that the individual incomes of these 47,381 low-income households are distributed exactly the same way as the individual rents of the remaining “affordable” 26,490 housing units. Also, there may be mismatches between the location of low-income households and the location of available affordable units.

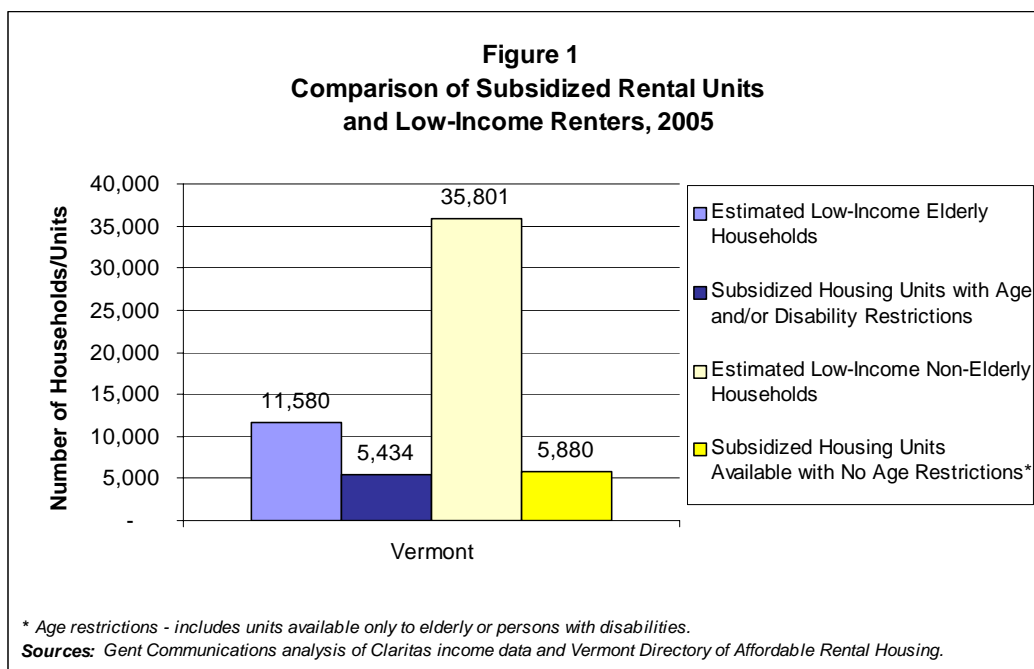
Existing rental housing creates cost burdens for many low income households (Table 2). In 2000, about 23,940 low-income Vermont households paid unaffordable rents, according to HUD’s CHAS tables. In fact, about 54% of renter households with incomes at or below 80% of the area median income experienced cost burdens in 2000.

Table 2			
Number of Households With Cost Burdens Greater Than 30%, By Income Level and Household Type, 2000*			
Vermont			
Household Income Level Relative to Area Median Family Income	Renters	Owners	Total
<=30%	10,877	7,648	18,526
>30 to <=50%	8,410	8,881	17,291
>50 to <=80%	4,653	11,854	16,507
>80%	735	12,741	13,476
Total	24,676	41,124	65,799
Total <=80%	23,940	28,383	52,324
*Includes all households with a housing cost burden greater than 30% of income.			
Source: CHAS 2000 VT data tables.			

Rents for Vermont’s unsubsidized rental housing stock are unlikely to decrease. Therefore, providing additional affordable units for cost-burdened low income renters will require affordable housing developers and public agencies to take additional steps-- through either rental assistance or development of additional subsidized rental units. Eliminating the affordability gap

for these cost-burdened low-income households requires that at least 20,891 affordable units be developed or made available through rental assistance. The current production rate of 300 subsidized units per year would not reduce the affordability gap sufficiently. These subsidized units do not include “affordable” rental units in the marketplace occupied by low-income households and the associated needs/gaps for that type of housing.

The subsidized housing built by Vermont’s affordable housing developers (mid 1970s to 2004) provides for less than one quarter of Vermont’s low-income renter households in 2005 (those earning less than 80% of median income) (Figure 1). About 11,314 low-income Vermont households rent units subsidized through federal and state housing programs. About half of Vermont’s subsidized housing stock is designated for elderly and/or disabled households. The other half is not age restricted. Typically, most non-elderly low-income renter households (about 30,000 households) rent homes through the private rental market. About 6,000 elderly low-income renter households rent homes through the private rental market.



For housing developers, understanding the size of rental apartments (bedroom size) needed is very important (Table 3). As expected, apartments for elderly tenants are smaller in size, with one bedroom apartments most prevalent. When units are available for non-elderly or disabled residents, apartment sizes tend to be larger (two bedroom apartment most common).

Vermont					
Number of Bedrooms	Units for elderly tenants only	Units for disabled tenants only	Units for elderly or disabled tenants only	Units without elderly/disabled restrictions	Total*
SRO	127	59	17	107	310
0	381	12	226	177	796
1	2,760	48	1,003	1,072	4,883
2	321	4	54	2,467	2,846
3	1	0	0	1,097	1,098
4	0	0	0	155	155
5+	0	0	0	12	12
Not available	427	111	117	559	1,214
Total	4,017	234	1,417	5,646	11,314

*Total does not equal total for all subsidized housing projects because for some projects, the number of bedrooms in units designated for elderly and/or disabled tenants is not available.

Source: Vermont Directory of Affordable Rental Housing.

2. Owner Households

Many low-income Vermont households are owners. A majority of low- and moderate-income renter households aspire to own a home. Between 2005 and 2010, there is a need for new construction of **12,321** owner-occupied homes to meet the total demand from the 186,600 Vermont owner households expected in 2010 (Table 4). Producing this many new homes would involve doubling the rate at which homes were added to the owner housing stock between 2000 and 2005.

Vermont			
Number of Owner Housing Units (2000)	Estimated Number of Owner Housing Units (2005)	Estimated Number of Households in 2010	New Housing Units Needed By 2010*
172,652	180,183	186,634	12,321

*Assumes a vacancy rate of 3% and an annual housing destruction rate of 0.03%

Sources: Gent Communications analysis of data from Claritas, Census 2000 Summary File 3, and the Census Bureau's Building Permits Survey.

Table 2 (in Renter Household section above) also displays the cost burden for low-income homeowners. A total of 28,383 low-income owner households had cost burdens in 2000. These cost-burdened households comprised 56% of all low-income owner households in the state in 2000. Several trends in Vermont suggest that cost-burdened owner households may be at risk for financial difficulties. With home prices increasing, many owners take out home equity loans to cover various expenses. Should home prices decline, these owners may be over-leveraged, a particular problem for low-income cost-burdened households. In addition, cost-burdened owners are at risk for foreclosure when unexpected financial problems arise.

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For Vermonters of modest means, the gaps between incomes needed to purchase a home and purchase prices are growing dramatically (Table 5). This reflects the rapidly escalating home purchase prices and a much slower growth rate in current and estimated future median incomes. Between 2000 and 2010, the gap between the median income and the income needed to purchase a home will grow by 300%. This situation will likely restrict from ownership all but a few lower-income Vermonters.

In Table 5, the “affordable homes based on median income” decreases in 2010 because this calculation takes into account expenses beyond the mortgage, such as taxes and insurance which are based on the increasing median home price. This leaves less income available for the mortgage payment.

Table 5						
Comparison of "Affordable" Home Prices and Incomes						
Vermont						
	Median Income (Claritas)	Median Home Price (PTT Data)	Affordable home based on median income	Income needed to afford median home	Gap between "affordable" home and median home price	Gap between income needed and median income
2000	\$41,148	\$116,000	\$103,239	\$51,981	(\$12,761)	(\$10,833)
2005	\$46,936	\$174,359	\$129,681	\$64,411	(\$44,678)	(\$17,475)
2010	\$52,654	\$211,794	\$106,499	\$96,778	(\$105,295)	(\$44,124)
Note: Interest rates: 2000 annual average (8.05%); 2005 projected (5.68%); 2010 ten-year average (8.52%)						
Sources: Freddie Mac weekly survey (interest rates); Claritas (median income data); VT Property Transfer Tax data (home prices)						

There are very few affordable homeownership options available for low-income households seeking to purchase a home. Based on an estimated supply of 22,414 homes with values of \$75,146 or less, there will be a gap of 32,400 homes that are affordable to low-income households in 2005 (Table 6). This gap will be compounded by an additional 6,000 low-income owner households between 2000 and 2010, many of whom will be new retirees, as 35% of current owner households will turn 65 by 2010. (This will be discussed in Section II: Population and Demographic Trends.) These households will compete for the limited number of available affordably priced homes with two other groups of Vermonters: (1) any of the existing 54,814 low-income homeowners who need to move, and (2) upper income households who want to spend less than 30% of their incomes for housing costs.

Table 6		
Comparison of Housing Demand and Supply Estimates		
Low-Income Home Owners, 2005		
Vermont		
Estimated Number of Households With Incomes <=80% of Area Median	Maximum Affordable Purchase Price*	Estimated Number of Homes In Stock With Values Within Maximum Affordable Price**
54,814	\$75,146	22,414
*Assumes a down payment of 5% and prevailing interest rates and property tax and insurance rates as of October 2004.		
**Total owner units for 2005 based on building permit data and on Census total housing estimates in Table HU-EST2003-04-50 Population Division, U.S. Census Bureau, Release Date: July 23, 2004. Assumes the same ownership rate as in 2000. Portion of stock within maximum affordable price is based on 2003-2004 home purchase prices.		
Sources: Gent Communications analysis of data from Claritas, Vermont Property Transfer Tax Data, American FactFinder, Census 2000 Summary File 3, and the Census Bureau's Building Permits Survey.		

The number of affordable homes for sale is extremely limited for any low-income household entering Vermont’s home purchase market (Table 7). Only an estimated 1,150 of the primary homes sold in 2004 were at prices someone earning 80% of the area median income could afford.

Table 7		
Few Homes Sold in 2004		
For Prices Affordable To Low-Income Households		
Vermont		
Maximum Affordable Purchase Price*	Number of Homes Sold in 2004 at or Below This Price	Median Home Price in 2004
\$75,146	1,150	\$159,000
*This is the estimated purchase price affordable to a household with income equal to 80% of the area median. The estimate assumes a down payment of 5% and prevailing interest rates and property tax and insurance rates as of October 2004.		
Source: Vermont Property Transfer Tax Data.		

3. Older and Disabled Vermonters

The proportion of Vermont households with household members over 62 years of age is growing at a rate almost double the rate of all households (Table 8 and Appendix Table A). The rate of change for low-income households (below 80% of median income) is particularly striking, with more than **5,200** new households expected by 2010. This reflects the first cohort of the “baby boom” population as it begins to increase the number of elderly households.

By 2010, a larger share of older Vermonters will have incomes at or below 80% of area median income, representing 61% of the elderly population. *(A detailed discussion about older Vermonters’ incomes is included in Section IV: Incomes and Housing Costs.)*

According to the *Shaping the Future of Long Term Care* report from the Vermont Department of Aging and Independent Living, a commonly held perception is that out-of-state elders have moved to Vermont to be near their adult children and families. The data proved otherwise, in general. The US Census showed that 4,736 persons 65 years and older moved to Vermont between 1995 and 2000. However, there were 4,717 elders who left Vermont during that same time, resulting in a net gain of only 19 persons. Of those elders who left, over 1,500 moved to Florida and 600 moved to New Hampshire. Lastly, a surprising 12,000 older Vermonters moved within the state during that five-year period.

Table 8					
Estimated Number of Households					
By Household Income Relative to Estimated Area Median, 2000-2010					
Vermont -- Households With Householders Aged 62+					
Percentage of Area Median Household Income*	2000	2005	2010	% Change (2000 – 2005)	% Change (2000 – 2010)
<=30%	11,140	12,772	13,576	14.66%	21.87%
31%-50%	10,998	10,885	11,384	-1.02%	3.51%
51%-60%	4,379	5,102	5,480	16.49%	25.12%
61%-80%	7,917	8,649	9,283	9.24%	17.25%
>80%	23,570	23,600	25,333	0.13%	7.48%
Total	58,003	61,008	65,055	5.18%	12.16%
Total <=80%	34,434	37,408	39,722	8.64%	15.36%

Source: Gent Communications analysis of data from Census (2000) and Claritas (2005, 2010)

As discussed earlier in Figure 1 and Table 3, elderly and disabled persons have received a larger portion of subsidized housing created in Vermont to date. Nonetheless, almost **6,150** apartments are needed for elderly households in addition to what is available (over age 62). Many housing providers and state agencies recognize the desirability of residence stability in promoting quality of life for elderly and low-income Vermonters. However, these data suggest that the “opportunity” for affordable rental housing is unlikely to meet the demand in community-based settings.

In 2000, households with mobility and/or self care limitations tended to have greater levels of housing problems (as measured by cost burden, and/or overcrowding, and/or without adequate plumbing or kitchen facilities) (Table 9). A greater percentage of renter households (37%) experienced a higher level of housing problems than owner households (26%). Elderly owner households were more likely to have a housing problem than younger owner households.

Table 9							
Housing Problem Incidence, By Limitations Status and Family Type By Tenure, 2000							
Vermont							
	Renters			Owners			
	Elderly Households (62+)	All Other Households	Total Renters	Elderly Households (62+)	All Other Households	Total Owners	Total Households
Households with mobility and/or self care limitations*	5,412	7,700	13,112	12,002	14,440	26,442	39,554
% with any housing problems**	38%	47%	44%	33%	32%	33%	36%
All Households	12,974	57,861	70,835	42,941	126,851	169,792	240,627
% with any housing problems**	40%	37%	37%	29%	24%	26%	29%

* Includes all households where one or more persons has 1) a long-lasting condition that substantially limits one or more basic physical activity, such as walking, climbing stairs, reaching, lifting, or carrying and/or 2) a physical, mental, or emotional condition lasting more than 6 months that creates difficulty with dressing, bathing, or getting around inside the home.

** A household with any housing problems has a cost burden greater than 30% of income and/or overcrowding and/or without complete kitchen or plumbing facilities.

Source: CHAS 2000 Vermont Data Table

According to the 2000 Census, Vermont’s lowest-income households were much more likely to have mobility and/or self care limitations **and** housing problems (as measured by cost burden, and/or overcrowding, and/or without adequate plumbing or kitchen facilities) (Table 10). These

housing problems extended to both renter and owner households. The trend is particularly noteworthy for Census-defined elderly and extra-elderly households (age 75+), where over 6,000 households pay more than 30% of their incomes or live in substandard housing at the same time that they struggle physically.

Table 10
Households with Housing Problems and Mobility and/or Self Care Limitation, By Income and Type*

Vermont									
	Renters				Owners				Total Households
	Extra Elderly Households (1 to 2 members, with either being 75+)	Elderly Households (1 to 2 members with either being 62 to 74 years)	All Other Households	Total Renters	Extra Elderly Households (1 to 2 members, with either being 75+)	Elderly Households (1 to 2 members with either being 62 to 74 years)	All Other Households	Total Owners	
1. Household Income <=30% MFI	1,205	970	2,695	4,870	1,030	639	1,195	2,864	7,734
% with any housing problems	49%	61%	72%	64%	80%	88%	88%	85%	72%
2. Household Income >30 to <=50% MFI	920	685	1,590	3,195	1,565	1,190	1,635	4,390	7,585
% with any housing problems	36%	32%	71%	52%	48%	59%	71%	60%	57%
3. Household Income >50 to <=80% MFI	620	380	1,550	2,550	1,695	1,425	2,955	6,075	8,625
% with any housing problems	35%	25%	26%	28%	22%	29%	46%	35%	33%
4. Household Income <=80% MFI	2,745	2,035	5,835	10,615	4,290	3,254	5,785	13,329	23,944
% with any housing problems	42%	44%	60%	52%	45%	52%	62%	54%	53%
5. Total Households	3,094	2,318	7,700	13,112	6,529	5,473	14,440	26,442	39,554
% with any housing problems	38%	39%	47%	44%	32%	35%	32%	33%	36%
6. Total Households With Any Housing Problem	1,170	913	3,619	5,704	2,076	1,916	4,679	8,673	14,358

*Includes all households with a housing cost burden greater than 30% of income and/or overcrowding and/or without complete kitchen or plumbing facilities and where one or more persons has 1) a long-lasting condition that substantially limits one or more basic physical activity, such as walking, climbing stairs, reaching, lifting, or carrying and/or 2) a physical, mental, or emotional condition lasting more than 6 months that creates difficulty with dressing, bathing, or getting around inside the home.

Source: CHAS 2000 VT data table.

4. Special Needs Housing

Individuals with special housing needs live in the community and face mental, physical, developmental or other barriers to independent living. Many persons with special housing needs also have low incomes and require affordable housing. Because of the particular challenges faced by special needs populations when finding and securing long-term successful housing situations, the State of Vermont seeks to learn as much as possible about special needs populations with respect to the sub-populations and the severity of problems.

NOTE: Chapter 2: Special Needs Housing in Vermont contains detailed information about special needs populations, as well as a summary of discussions at focus groups held in October and November 2004.

Many individuals with special housing needs require a combination of housing and support services (Table 11). Vermont service providers, led by the State of Vermont, assist a portion of these special needs persons. The majority of individuals with special housing needs, however, do not receive services and are often not housed in appropriate subsidized housing.

At a series of thirteen meetings around Vermont in the fall 2004, professionals representing a

cross-section of organizations that work regularly with Vermont’s special needs populations – elderly, corrections, mental health, substance abuse, sex offenders, homelessness, and youth -- reported that the hardest to serve group of people in many cases have multiple problems that cannot easily be addressed within a single department or program. (*Focus group summaries are provided in Chapter 2 and in each county chapter.*)

Table 11 Special Needs Populations	
Vermont Special Needs Population	U.S. Total Population
Frail Elderly and Disabled *	18,694
Adults (18+) with Severe Mental Illness	25,700
Persons with Developmental Disabilities **	10,605
Substance Abusers	
Alcohol	36,000
Heroin	2,500
Probation/Parolees	12,400
Persons with AIDS/HIV	430
Homeless Persons	
Individuals	2,400
Persons in homeless families with children	1,600
Teen Runaways	2,100
Teen Birth Rate	533
* Includes need for assistance with any activity of daily living or independent activity of daily living.	
** Includes about 3,000 blind or visually impaired persons (American Foundation of the Blind and the Journal of Vision Impairment and Blindness)	

II. Population and Demographic Trends

Substantial changes in population, household composition, age cohorts, and other factors will affect Vermont’s affordable housing needs during the next five years.

1. Population and Household Changes

Vermont’s population grew by just 2.5% between 2000 and 2005 (Table 12). It is expected that a similar slow rate will be sustained for the latter half of the decade, resulting in an annual growth rate of approximately ½ percent for the ten-year period. These estimates indicate that there will be an absolute increase of over 30,000 Vermonters, for a total population slightly in excess of 639,000 in 2010.

The number of total households will increase by almost 20,000. (This ten-year growth rate is slower than the rate during the 1990s, when about 30,000 additional households emerged in Vermont.)

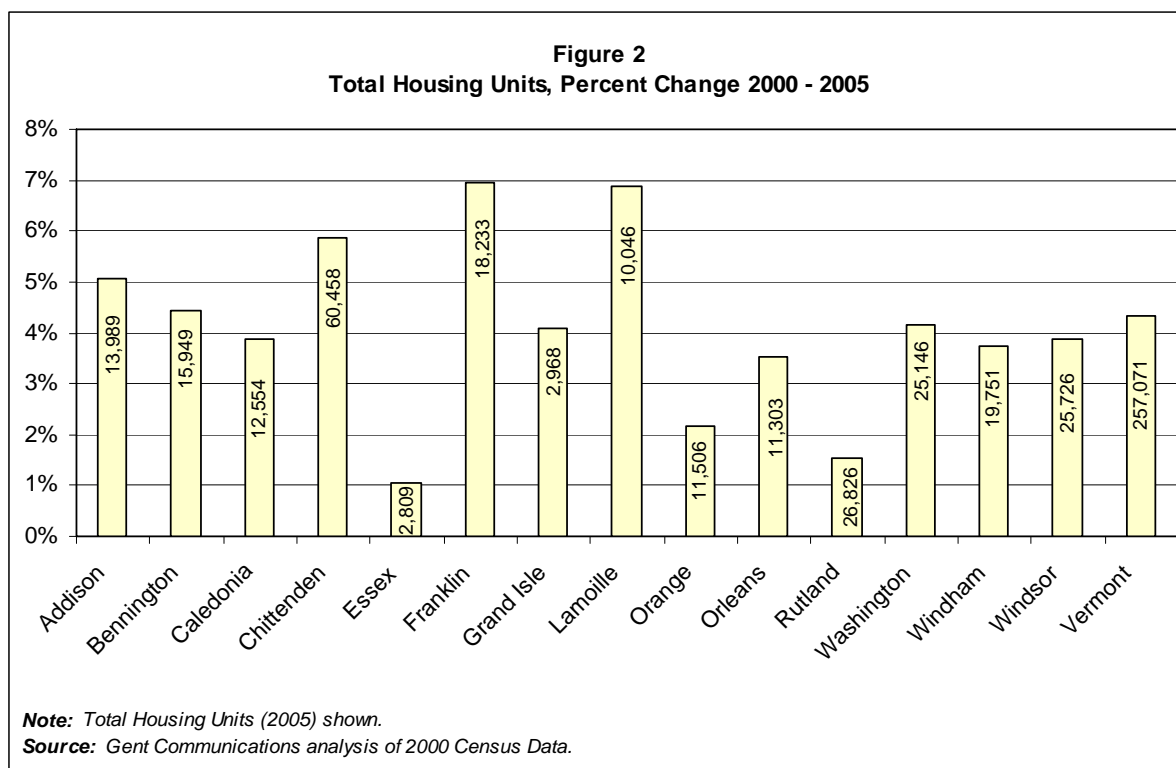
The long-term trend of smaller household sizes is expected to continue. In 2000, the average household size was 2.53 and is projected to drop to 2.46 persons in 2010. As household sizes decrease and Vermont’s overall population increases, this will put added pressure on a tight housing market.

The projected rate of growth for owner households is much more pronounced than that of renter households. For instance, renter households are expected to increase by 3.3% over the decade, contrasted with owned units, at 9.9% for the same time period. Although the number of owner households is expected to grow at a rate three times that of renters, the number of renter households will increase by more than 2,300 households. These projections are based on changing demographics, new construction trends, different rates of growth among age cohorts, and other factors. (Appendix Tables A through D show detailed household change by tenure.)

Vermont	2000	2005 (estimated)	2010 (projected)	% Change (2000 – 2005)	% Change (2000 – 2010)
Total Population	608,827	624,222	639,148	2.53%	4.98%
Total Households	240,634	250,220	259,816	3.98%	7.97%
Renters	70,850	72,588	73,182	2.45%	3.29%
Owners	169,784	177,632	186,634	4.62%	9.92%

Source: US Census (2000) and Claritas (2005, 2010)

There is substantial variation in housing unit growth for Vermont’s counties (Figure 2). One-half of the new projected households in Vermont are located in three counties: Chittenden (4,938 new households), Washington (2,234 new households), and Franklin (2,165 new households). Five counties have a higher percentage change between 2000 and 2005 than the statewide average, including Addison, Bennington, Chittenden, Franklin and Lamoille.



Substantial population shifts will occur within age cohorts, which will affect the need for

affordable housing (Table 13). Most of the additional householders in Vermont by 2010 will be between the ages of 45 and 64. There is expected to be a sharp decline in the 25-44 cohort and slow growth in the 70-79 age cohort. The number of elders aged 80 or more will also increase at notably high rates.

Vermont						
	2000	2005	2010	%Change (2000-2005)	%Change (2000-2010)	Change in # Households (2000-2010)
All Households:						
15-24	11,231	11,998	12,473	7%	11%	1,242
25-34	36,430	34,866	34,270	-4%	-6%	(2,160)
35-44	55,497	53,760	52,419	-3%	-6%	(3,078)
45-54	53,929	58,393	61,128	8%	13%	7,199
55-59	19,301	22,820	25,469	18%	32%	6,168
60-64	14,649	16,984	19,485	16%	33%	4,836
65-69	13,254	13,576	15,017	2%	13%	1,763
70-74	12,550	12,538	12,804	0%	2%	254
75-79	10,572	10,659	10,732	1%	2%	160
80-84	7,532	8,264	8,727	10%	16%	1,195
85+	5,689	6,362	7,292	12%	28%	1,603
Total	240,634	250,220	259,816	4%	8%	19,182
Source: Claritas						

As householders age, their needs change (Chart 1). So too, age cohort dynamics may dictate changes in demand within a group. The baby boom age cohort has driven housing market changes for the past 30 years because of its sheer size. In the 1970's, baby boomers created a demand for apartments. In the 1980's, they fueled demand for starter homes. Now they are in the 50s age group, are less likely to move, and more likely to rehabilitate, renovate, and expand their housing. Another demographic group with changing housing needs is represented by persons over 75 years of age. They are driving a new demand for congregate and assisted living structures, with accompanying modifications emphasizing safety and mobility.

Chart 1: Overview of Housing Demand Characteristics

Age Group	Characteristics	Housing demand
20s	-lower incomes -high mobility -small households	apartments
30s	-beginning families -small children -low savings -growing income	1 st time homebuyer mobile homes Condos
40s	-growing families -growing income	step up to larger house additions, home improvements
50s	- stable housing -empty nest -income peak	Live in existing homes Renovate and improve housing
60s	- end of income producing years	Begin process of “down- sizing”
70s	- retirement - reduced income - risk of frailty	Smaller homes Condominiums Retirement developments
80s/90s	- risk of frailty or dementia - more single (widowed) households than couples	Prefer aging in place, then: - Assisted living and all forms of residential alternatives - Dementia special care - At risk of institutional care

Source: Adapted from 1998 Vermont Housing Needs Assessment

2. Housing Needs for Racial and Ethnic Groups

Nearly 99% of the state's population is white. Asians constitute 0.6% of the population and Blacks and American Indians about .03% each. About 0.9% of the population (any race) is Hispanic. There were no areas of the state where a disproportionately greater need exists for persons in a particular racial/ethnic as described in 24 CFR 91.205 (b)(2).

III. Labor Force and Occupational Changes

The January 2005 “Economic Review and Revenue Forecast Update” prepared for the State of Vermont Emergency Board and the Legislative Joint Fiscal Committee reports that the Vermont economy has continued to outperform most U.S. and regional markets. In October 2004, Vermont boasted the lowest unemployment rate in the country (3.1%) and was second only to New Hampshire in November. Average rates were highest in some Northeast Kingdom communities near the Canadian border and lowest along the Connecticut River valley. Vermont’s unemployment rate has remained well below the national average between 2000 and

2004 (Table 14). As will be discussed in each chapter profile report, the unemployment rate varied significantly by region in the state, with Addison, Chittenden, Orange, Windham, and Windsor counties having lower unemployment rates. On the other hand, Essex and Orleans counties experienced among the highest unemployment rates, reflecting long-term economic problems in those rural counties.

	Labor Force	Vermont Unemployment Rate	U.S. Unemployment Rate
2000	333,200	2.9%	4.0%
2001	339,400	3.6%	4.7%
2002	348,700	3.7%	5.8%
2003	350,700	4.6%	6.0%
2004	353,400	3.7%	5.5%

Source: Vermont Dept of Employment & Training, Labor Market Information, in cooperation with the U.S. Bureau of Labor Statistics.

The types of jobs being created in Vermont fall into very distinct categories: highly technical, good paying jobs versus low-end, entry-level service oriented positions. The list of the top five occupations held demonstrates this trend (Table 15). The largest number of workers (representing one third of the total) are employed in low-paying jobs (typically office and administrative support positions and production). These employees often struggle to meet the basic costs of living, including housing. On the other hand, high paying management occupations represent about 8% of total employed.

This dynamic pattern of occupational change exacerbates the affordable housing challenges in fundamental ways. Higher income job seekers can afford the prices (rents or purchase prices) for the limited housing supply. Given the lack of supply, lower income families and individuals are simply unable to find suitable affordable housing, being squeezed into a more limited market by the expansion of the more affluent buyers who often convert seasonal housing into permanent homes or purchase and renovate inferior stock.

Vermont				
	Number of Workers 2000	Percent of Total Employed	Average Hourly Wage 2003	Projected Annual Job Growth Rate Through 2012
Office and administrative support occupations	55,281	14%	\$13	0.5%
Sales and related occupations	41,565	11%	\$14	1.1%
Production occupations	34,961	9%	\$13	0.2%
Management occupations, except farmers and farm managers	30,549	8%	\$40	1.3%
Education, training, and library occupations	28,339	7%	n/a	1.8%
Total Employed	392,293	100%	\$15	1.1%

Sources: U.S. Census; Vermont Department of Employment & Training

IV. Incomes and Housing Costs

Median income measures the midpoint level, with exactly one-half of Vermonters' incomes higher and one-half lower than that amount. Because housing programs often use the median income to determine program eligibility, many of the analyses within this report are built on "median income" measures. These were obtained from a private data source and are not based on HUD-produced median incomes.

The "base" figure used in subsequent analyses of unmet affordable housing needs are shown in Table 16. For all households, median incomes are estimated to grow between 16% (Essex County) and 38% (Grand Isle County). Although the median incomes are lower across all counties for householders aged 65 or older, the percentage change ranges from 20% (Essex County) to 36% (Grand Isle County).

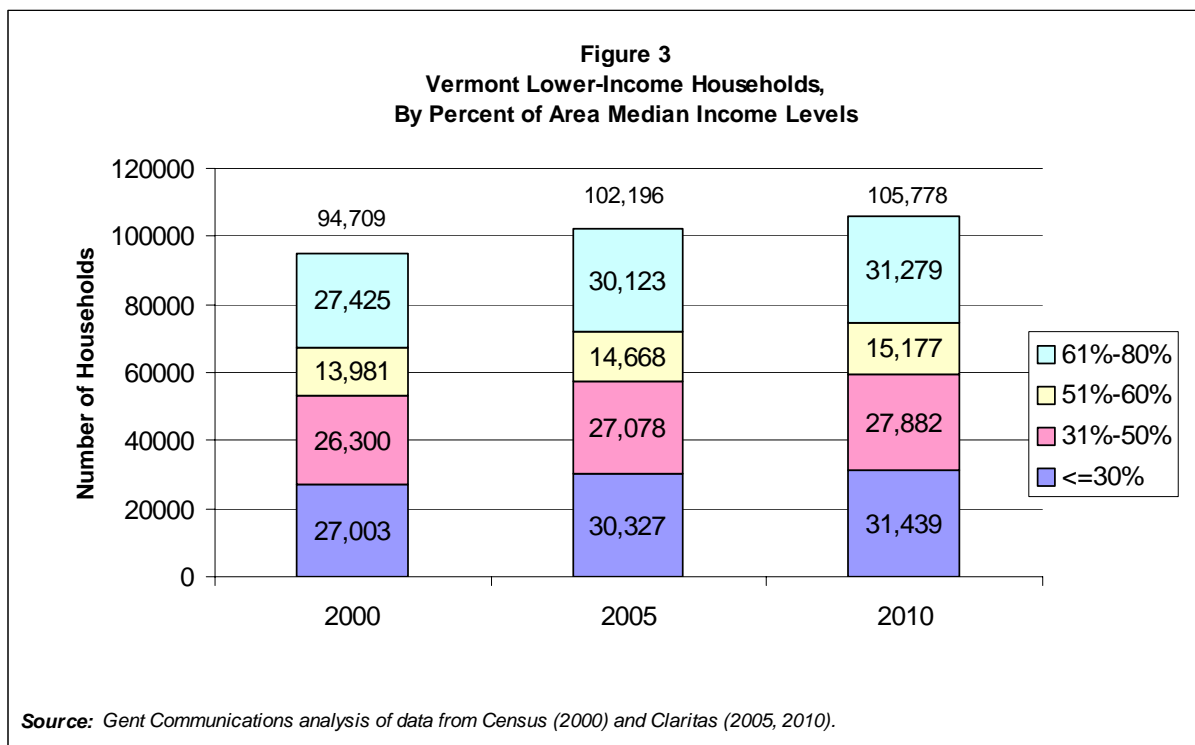
	All Households				Householders Aged 65+			
	2000	2005	2010	% Change (2000-2010)	2000	2005	2010	% Change (2000-2010)
Vermont	41,148	46,936	52,654	28%	25,109	28,833	32,776	31%
Addison County	43,270	50,396	57,392	33%	25,329	29,303	33,528	32%
Bennington County	39,755	45,528	51,264	29%	27,666	31,779	35,830	30%
Caledonia County	34,855	38,858	44,425	27%	21,770	24,454	28,081	29%
Chittenden County	48,131	55,682	62,928	31%	30,039	33,371	38,030	27%
Essex County	30,596	32,660	35,634	16%	16,717	18,206	19,996	20%
Franklin County	41,927	47,926	54,358	30%	22,259	25,147	29,145	31%
Grand Isle County	43,794	51,445	60,382	38%	26,354	30,766	35,829	36%
Lamoille County	39,993	46,166	51,960	30%	27,305	31,627	36,043	32%
Orange County	40,089	45,933	51,010	27%	24,891	28,407	32,214	29%
Orleans County	31,643	35,087	41,303	31%	19,265	22,321	25,913	35%
Rutland County	37,074	41,543	46,634	26%	23,399	26,446	29,981	28%
Washington County	41,387	47,857	54,089	31%	24,641	28,630	32,731	33%
Windham County	38,553	43,822	48,894	27%	25,868	30,094	33,806	31%
Windsor County	40,816	46,308	51,529	26%	27,212	30,527	34,583	27%

* Median income estimates for 2005 and 2010 assume that the medians will change by the average annual change during the prior four years.

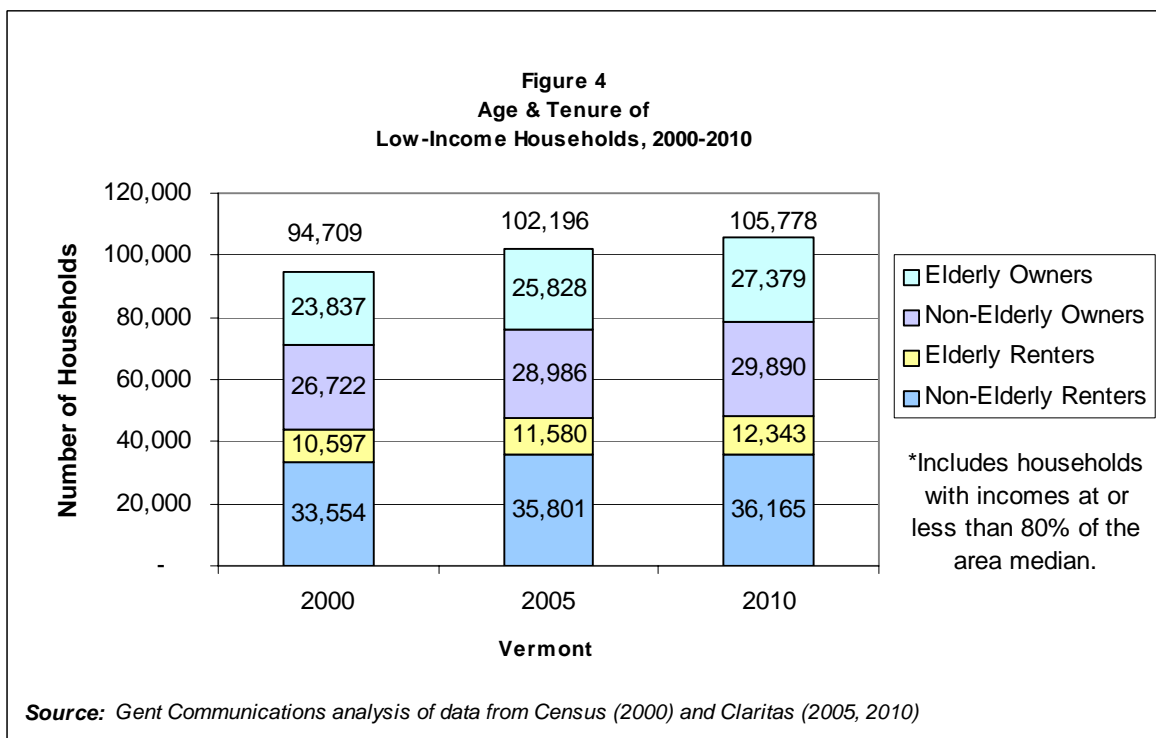
Source: Gent Communications analysis of Claritas data (2000, 2004 and 2009) projected for 2005 and 2010.

Between 2000 and 2010, the number of low-income Vermont households will grow by an estimated 11,000 households (Figure 3). This represents about 50% of the total new households. Low-income households earn less than 80% of the estimated county median income. Over 4,400 of these additional low-income households will have very low-incomes (no more than 30% of the county median), clearly placing them in an "at risk" category.

A series of tables showing the estimated numbers of households by household income relative to the area median incomes are included in Appendix 1 -- Tables A through D.



Most of Vermont’s low-income households are headed by someone less than 62 years old. As was reported in *Section I: Emerging Trends: Affordable Housing Lacking in Vermont*, the number of households headed by someone 62 or older is expected to grow to 66,000 in 2010 (Appendix 1 Table C). Unlike younger low-income households, more elderly low-income households are homeowners than renters. By 2010, the number of elderly, low-income owner households is expected to grow to 27,379 and the number of renters, to 12,343 (Figure 4).



V. Housing Stock Availability and Quality

One measure of a healthy housing market is the level of housing vacancies. The 2000 Census data provided the most recent set of vacancy rate data for every county (Table 17). Low rental vacancy rates have generated much concern, since many areas have less than a 5% rate. For instance, the rental vacancy rate was low for the state as a whole and particularly low in Addison, Chittenden, Franklin, Lamoille, and Washington counties. Conversely, rental vacancy rates in the northeastern counties of Caledonia, Essex, and Orleans counties were substantially higher than the state average.

For owner occupied housing, Vermont was closer to having a reasonable vacancy rate for a healthy market, in which a 3% rate is optimal. (Table 4 shows the estimated need for affordable owner housing, based on this 3% rate.) Less variation among counties existed; Essex County alone stands out with a high vacancy rate.

Vermont								
	Renter Units				Owner Units			
	Renter-Occupied Units (Primary Residences)	Vacant Units for Rent*	Total Rental Units	Vacancy Rate	Owner-Occupied Units (Primary Residences)	Vacant Units for Sale*	Total Ownership Units	Vacancy Rate
Addison	3,271	112	3,383	3.3%	9,797	134	9,931	1.3%
Bennington	4,247	206	4,453	4.6%	10,599	218	10,817	2.0%
Caledonia	3,157	218	3,375	6.5%	8,506	206	8,712	2.4%
Chittenden	19,161	340	19,501	1.7%	37,291	308	37,599	0.8%
Essex	529	62	591	10.5%	2,073	116	2,189	5.3%
Franklin	4,196	109	4,305	2.5%	12,569	176	12,745	1.4%
Grand Isle	517	31	548	5.7%	2,244	60	2,304	2.6%
Lamoille	2,691	82	2,773	3.0%	6,530	95	6,625	1.4%
Orange	2,393	184	2,577	7.1%	8,543	143	8,686	1.6%
Orleans	2,710	267	2,977	9.0%	7,736	203	7,939	2.6%
Rutland	7,754	389	8,143	4.8%	17,924	357	18,281	2.0%
Washington	7,457	256	7,713	3.3%	16,202	224	16,426	1.4%
Windham	5,896	301	6,197	4.9%	12,479	365	12,844	2.8%
Windsor	6,878	336	7,214	4.7%	17,284	270	17,554	1.5%
Vermont	70,857	2,893	73,750	3.9%	169,777	2,875	172,652	1.7%

Sources: Census 2000 Summary File 3.

Note: Vacancy rates for rental units are calculated using the total number of primary occupied rental units plus all vacant units for rent by the number of vacant units for rent. Vacancy rates for owner units are calculated by dividing the total number of primary occupied owner units plus all vacant units for sale by the number of vacant units for sale.

* Includes any seasonal use vacant units that were for rent or sale.

The age of housing stock relates to housing quality since older stock requires more maintenance, updated infrastructure, and safety and code improvements. Vermont's housing stock is old. Based on a 2000 U.S. Census comparison among states, Vermont ranks 11th among states (along with South Dakota) with respect to the median year in which primary structures were built (1968). It should be noted that, with the exception of New Hampshire, the other New England states have even older housing stock than Vermont.

More than 78,000 units (almost one third) of Vermont’s housing stock was built prior to 1939, meaning it is now over 60 years old (Table 18). Less than 10% of the housing stock was built since 1998, which helps substantiate the observation that the amount of housing stock being built is not adequate to meet demand, in particular for rental housing.

Table 18				
Age of Housing Stock, 2000				
Vermont				
Year Structure Built	Rental Units	Ownership Units	Total	Percentage of Total Units
1999 to March 2000	644	3,253	3,897	1.6%
1995 to 1998	2,154	9,789	11,943	4.8%
1990 to 1994	3,087	13,997	17,084	6.9%
1980 to 1989	9,011	31,105	40,116	16.3%
1970 to 1979	11,005	31,271	42,276	17.2%
1960 to 1969	6,735	17,735	24,470	9.9%
1950 to 1959	5,377	11,560	16,937	6.9%
1940 to 1949	4,635	6,649	11,284	4.6%
1939 or earlier	31,102	47,293	78,395	31.8%
Total	73,750	172,652	246,402	100.0%

Source: U.S. Census Bureau - American FactFinder Advanced Query System, Census 2000 Sample Data File
Note: Includes occupied (primary) units and all vacant units for sale or rent.

A special tabulation of 2000 census data measures sub-standard housing in relation to plumbing and kitchen facilities (Table 19). A total of 1,684 housing units had either a lack of plumbing, poor kitchen facilities, or both. This represents the poorest quality housing in the state.

Table 19						
Measures of Sub-Standard Housing by Type of Housing Unit, 2000						
Vermont						
	Renter-Occupied Units	Vacant Units for Rent	Total Rental Units	Owner-Occupied Units	Vacant Units for Sale Only	Total Ownership Units
Plumbing: Yes Kitchen: No	331	37	368	274	46	320
Plumbing: No Kitchen: Yes	222	16	238	534	20	554
Plumbing: No Kitchen: No	215	97	312	510	174	684
Lacking Complete Plumbing Facilities	437	113	550	1044	194	1238
Lacking Complete Kitchen Facilities	546	134	680	784	220	1004

Source: U.S. Census Bureau - American FactFinder Advanced Query System, Census 2000 Sample Data File
Note: Complete plumbing facilities include: (1) hot and cold piped water; (2) a flush toilet; and (3) a bathtub or shower. All three facilities must be located in the housing unit. A unit has complete kitchen facilities when it has all of the following: (1) a sink with piped water; (2) a range, or cook top and oven; and (3) a refrigerator. All kitchen facilities must be located in the house, apartment, or mobile home, but they need not be in the same room.

VI. Housing Conversions and Seasonal Use

Housing demand in the real estate market can serve to stimulate property conversion to different uses. When a housing market is tight, a conversion from housing to another type of use can be problematic because the housing would no longer be available to meet resident needs. Between 2000 and 2004, there was little conversion to commercial uses, which is a positive finding related to availability of housing stock (Table 20). There was some conversion to vacation homes but the level was smaller than the conversion of units from seasonal use to primary housing units (as seen in Table 21). Conversion of rental housing units may be more of an issue in specific markets, but is not analyzed in this report.

Vermont					
	2000	2001	2002	2003	2004
Conversions	650	673	695	867	1,043
--Commercial	89	91	43	56	99
--Vacation homes	540	556	644	797	925
--Other	7	15	6	10	15
All Primary Sales (including conversions)	8,139	8,135	8,442	9,210	9,257

Source: VHFA analysis of Vermont Property Transfer Tax data.

About 15% of Vermont's housing stock is used only seasonally (Table 21). In Chittenden County, the level is significantly lower than the state average. Numerous counties have relatively high rates of seasonal housing, notably Grand Isle, Essex, Orleans, and Windham counties. The number of seasonal units dropped appreciably in 10 of the 14 counties between 1990 and 2000. For the state as a whole, there were 2,345 fewer seasonal units in 2000 than in 1990. This general decline is a reflection of the tight housing market in most areas of Vermont.

Vermont				
	Total Housing Units	Units for seasonal, recreational, or occasional use	As % of Total Housing Units	Units for seasonal, recreational, or occasional use
	2000	2000	2000	1990
Addison	15,312	1,746	11%	1,926
Bennington	19,403	3,673	19%	3,870
Caledonia	14,504	2,004	14%	1,941
Chittenden	58,864	1,291	2%	1,519
Essex	4,762	1,844	39%	1,828
Franklin	19,191	1,940	10%	2,069
Grand Isle	4,663	1,731	37%	1,905
Lamoille	11,009	1,431	13%	1,950
Orange	13,386	1,850	14%	2,123
Orleans	14,673	3,397	23%	3,398
Rutland	32,311	5,293	16%	5,761
Washington	27,644	3,098	11%	2,974
Windham	27,039	7,519	28%	7,695
Windsor	31,621	6,243	20%	6,446
Vermont	294,382	43,060	15%	45,405

Source: Census 2000 Survey File 1; 1990 Summary File Tape 1

APPENDIX 1. ADDITIONAL DATA TABLES

Table A					
Estimated Number of Households					
By Household Income Relative to Estimated Area Median, 2000-2010					
Vermont -- All Households					
Percentage of Area Median Household Income*	2000	2005	2010	% Change (2000 – 2005)	% Change (2000 – 2010)
<=30%	27,003	30,327	31,439	12.31%	16.43%
31%-50%	26,300	27,078	27,882	2.96%	6.01%
51%-60%	13,981	14,668	15,177	4.91%	8.56%
61%-80%	27,425	30,123	31,279	9.84%	14.05%
>80%	145,925	148,024	154,038	1.44%	5.56%
Total	240,634	250,220	259,816	3.98%	7.97%
Total <=80%	94,709	102,196	105,778	7.90%	11.69%

Source: Gent Communications analysis of data from Census (2000) and Claritas (2005, 2010)

Table B					
Estimated Number of Households					
By Household Income Relative to Estimated Area Median, 2000-2010					
Vermont -- Renters					
Percentage of Area Median Household Income*	2000	2005	2010	% Change (2000 – 2005)	% Change (2000 – 2010)
<=30%	15,743	18,004	18,969	14.36%	20.49%
31%-50%	12,691	12,803	12,889	0.89%	1.56%
51%-60%	5,529	5,979	6,029	8.13%	9.04%
61%-80%	10,188	10,595	10,622	4.00%	4.25%
>80%	26,699	25,207	24,673	-5.59%	-7.59%
Total	70,850	72,588	73,182	2.45%	3.29%
Total <=80%	44,151	47,381	48,509	7.32%	9.87%

Source: Gent Communications analysis of data from Census (2000) and Claritas (2005, 2010)

Table C					
Estimated Number of Households					
By Household Income Relative to Estimated Area Median, 2000-2010					
Vermont -- Owners					
Percentage of Area Median Household Income*	2000	2005	2010	% Change (2000 – 2005)	% Change (2000 – 2010)
<=30%	11,260	12,323	12,469	9.44%	10.74%
31%-50%	13,610	14,275	14,993	4.89%	10.17%
51%-60%	8,452	8,689	9,148	2.80%	8.24%
61%-80%	17,237	19,527	20,658	13.29%	19.85%
>80%	119,225	122,818	129,365	3.01%	8.50%
Total	169,784	177,632	186,634	4.62%	9.92%
Total <=80%	50,559	54,814	57,269	8.42%	13.27%

Source: Gent Communications analysis of data from Census (2000) and Claritas (2005, 2010)

Table D					
Estimated Number of Households					
By Household Income Relative to Estimated Area Median, 2000-2010					
Vermont -- Households With Householders Aged <62					
Percentage of Area Median Household Income*	2000	2005	2010	% Change (2000 – 2005)	% Change (2000 – 2010)
<=30%	15,863	17,555	17,863	10.66%	12.60%
31%-50%	15,303	16,193	16,498	5.82%	7.81%
51%-60%	9,602	9,566	9,698	-0.37%	1.00%
61%-80%	19,508	21,474	21,997	10.08%	12.76%
>80%	122,355	124,425	128,706	1.69%	5.19%
Total	182,631	189,212	194,761	3.60%	6.64%
Total <=80%	60,276	64,787	66,055	7.49%	9.59%

Source: Gent Communications analysis of data from Census (2000) and Claritas (2005, 2010)