



**vhfa**  
Affordable homes for a sustainable Vermont

 **RSG**

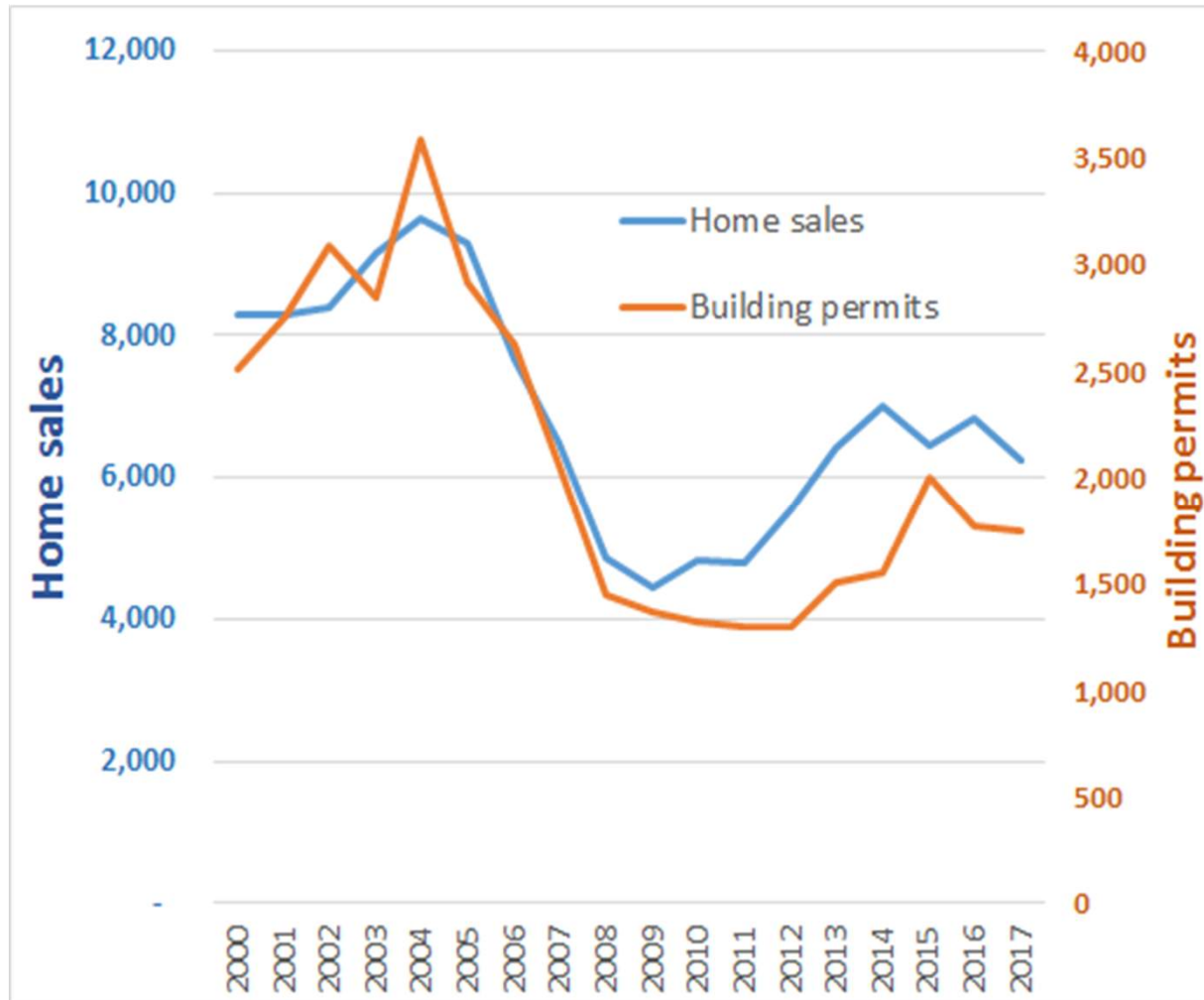
# Housing in Vermont

Vermont Economic Conference  
January 10-11, 2019

## Vermont's GDP in 2017 was \$32.5B.

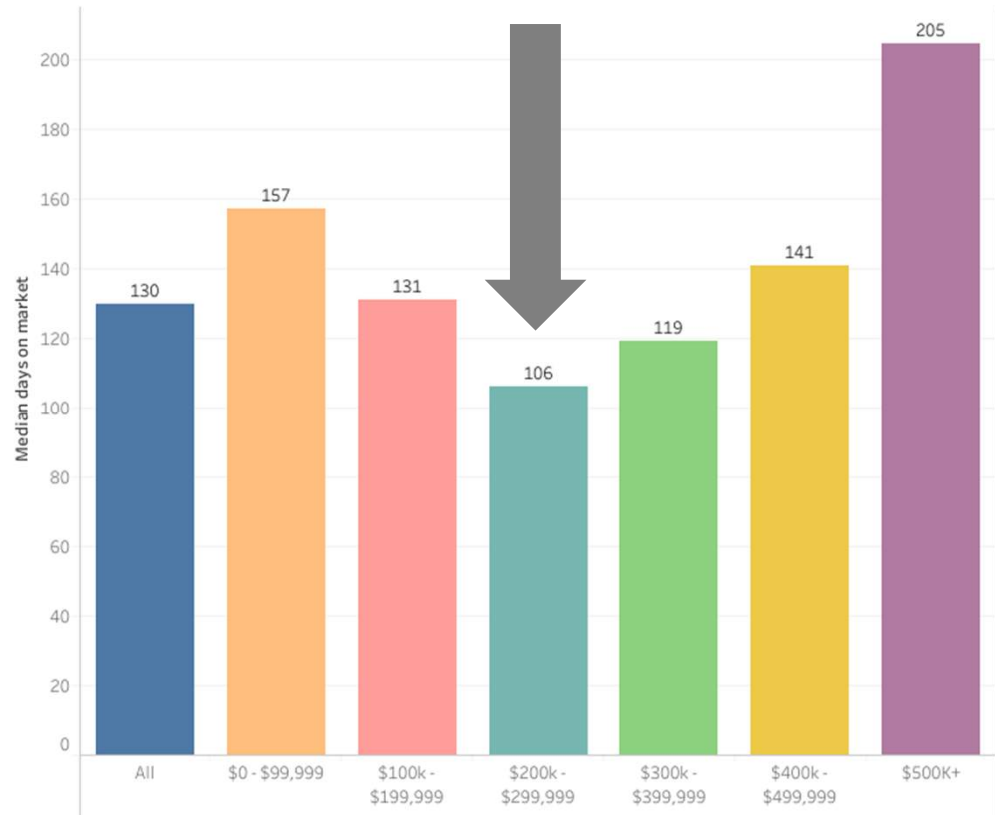
- Housing is usually 15-18%.
  - **Residential investment** (averaging roughly 3-5% of GDP), which includes construction of new single-family and multifamily structures, residential remodeling, production of manufactured homes, and brokers' fees.
  - **Consumption spending on housing services** (averaging roughly 12-13% of GDP), which includes gross rents and utilities paid by renters, and owners' imputed rents and utility payments.

# Inventory of homes sold and building permits remain below peak.



# Homes affordable to middle income home buyers go fast.

- While rents and home prices increase, median household income is stagnant at \$57,000.
- Greatest demand among home buyers is for prices in the \$200,000-\$300,000 range, in terms of days on the market.



## Where does Vermont's housing market stand as of the end of 2018?

- Sales of non-vacation homes picked up slightly to the highest level since the recession, but remain 35% lower than the peak year pre-recession.
- The Vermont median home sales price pushed up to a new high of \$218,000.
- Statewide median monthly rent continues to increase up to an estimated \$975 for 2018.
- Rental vacancy rate statewide is 4.4%—well below the 6% regional rate.



# What is an "affordable" home?



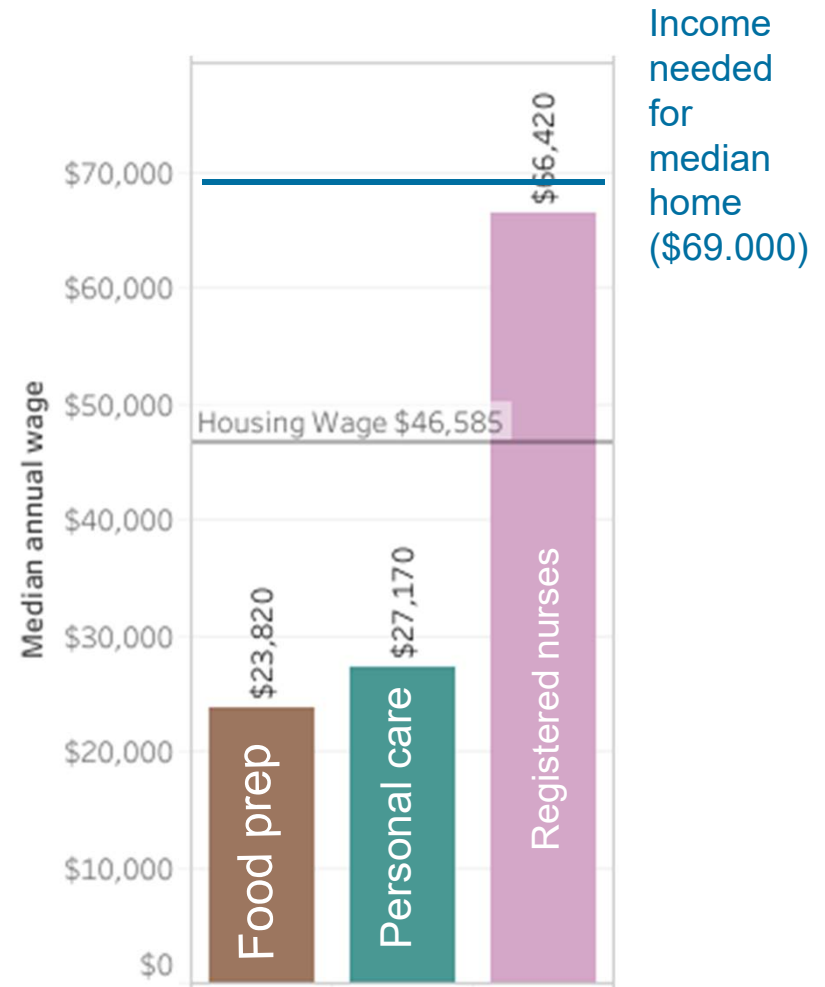
*This Photo by Unknown author is licensed under [CC BY-NC-ND](#).*

# What is an "affordable" home?

- We have lots of similar terms:
  1. affordable housing
  2. subsidized housing
  3. workforce housing
  4. market rate housing
  - 5. Affordable Housing**
  6. Section 8 housing
  7. Public Housing
  8. moderate income housing

# Wages of top-growing occupations keep most housing out of reach.

- Food preparers, personal care aides, and RNs have most new jobs in Vermont.
- None of these occupations has a median wage high enough to afford to buy the median-priced home here.
- RNs can afford VT's median monthly rent, but others must pay unsustainable portions of income for housing.





# Housing powers the economy

 Housing & Economy

## Powering Growth and Opportunity

Affordable and well-located housing options are at the heart of individual economic opportunities and strong local economies.



FACILITATE ASSET BUILDING



SPUR ECONOMIC ACTIVITY



CONNECT WORKERS TO JOBS

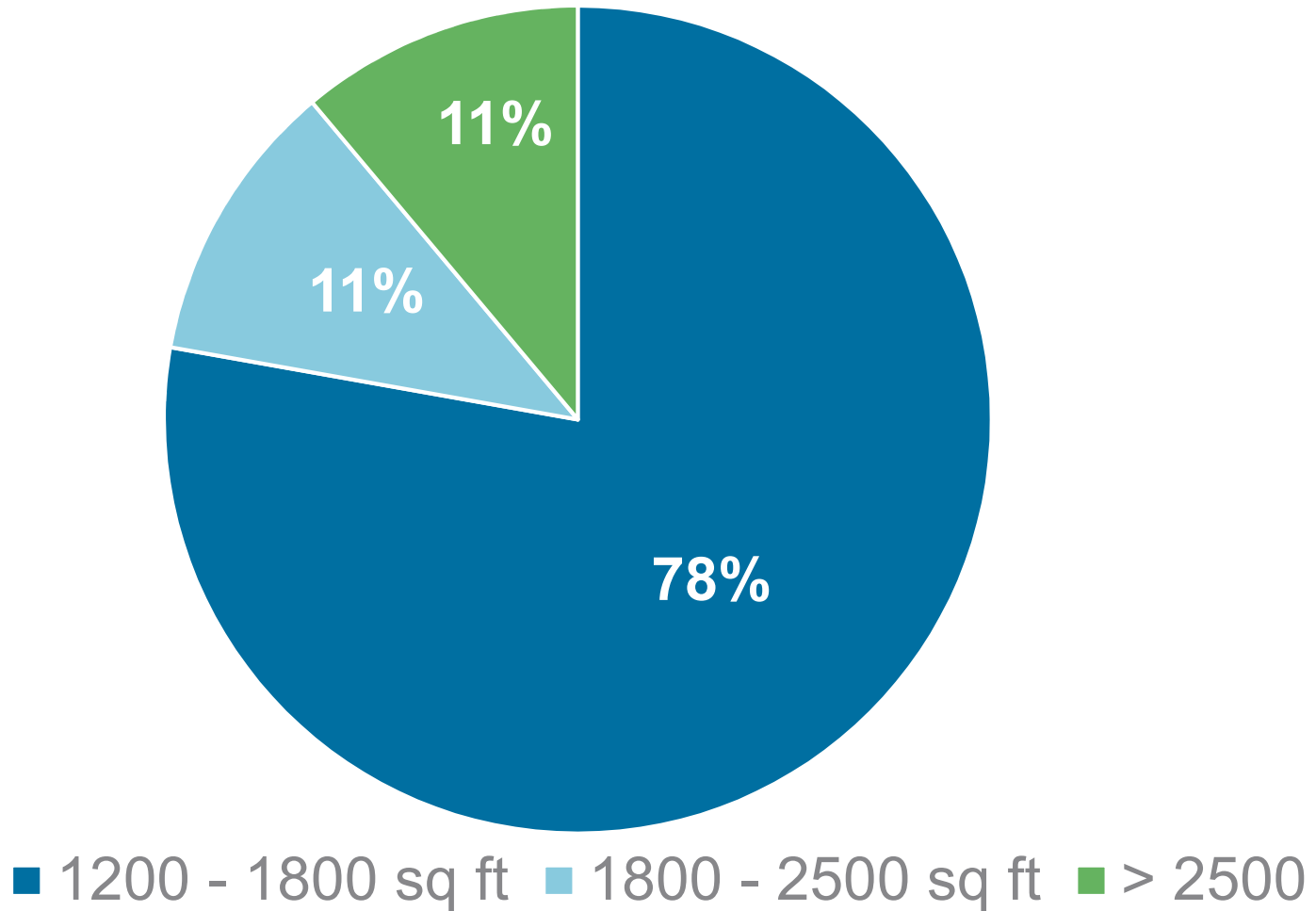


I want an affordable house

... what other criteria

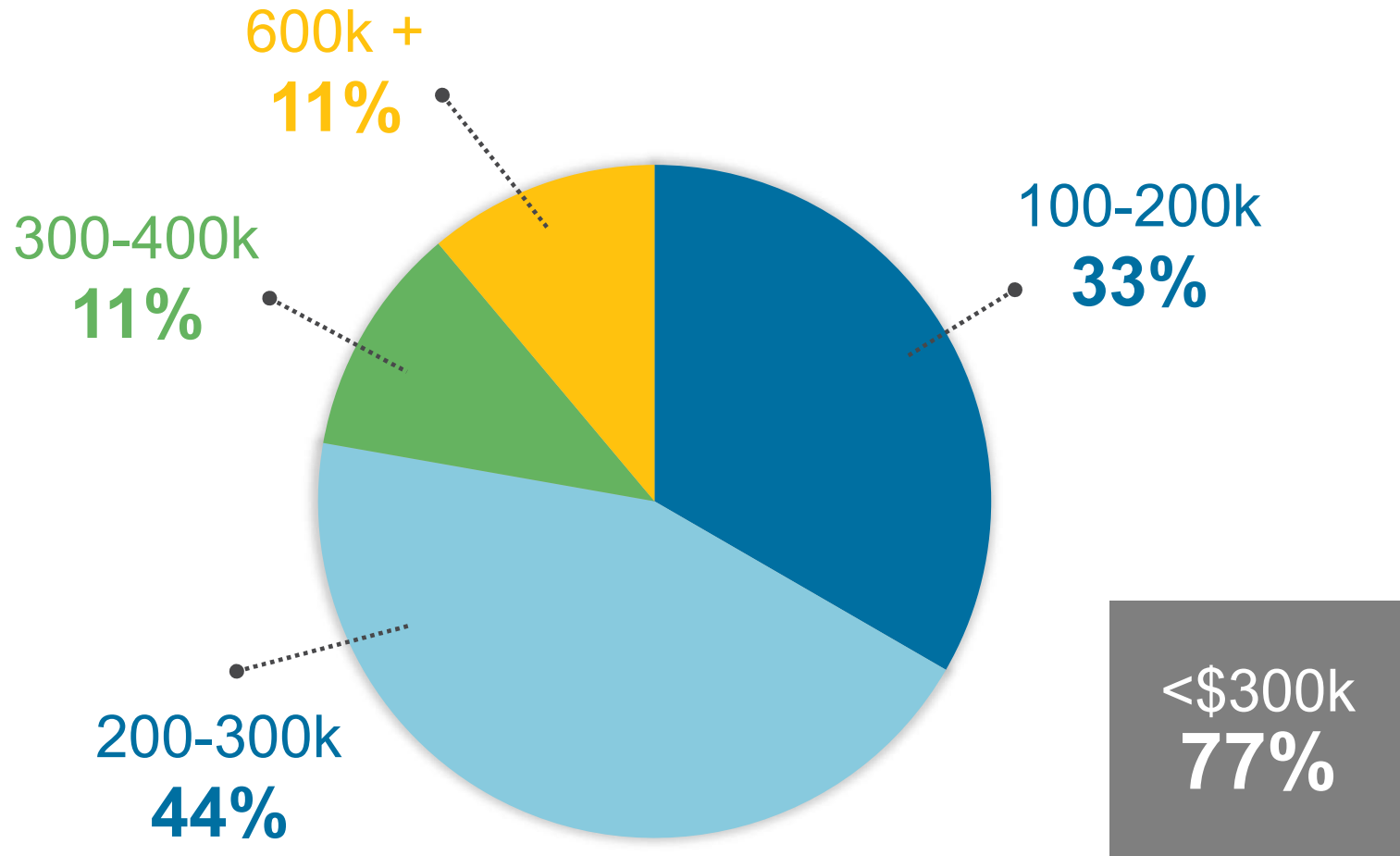
# Desired House Size

Slason – informal housing survey (Jan 2019)

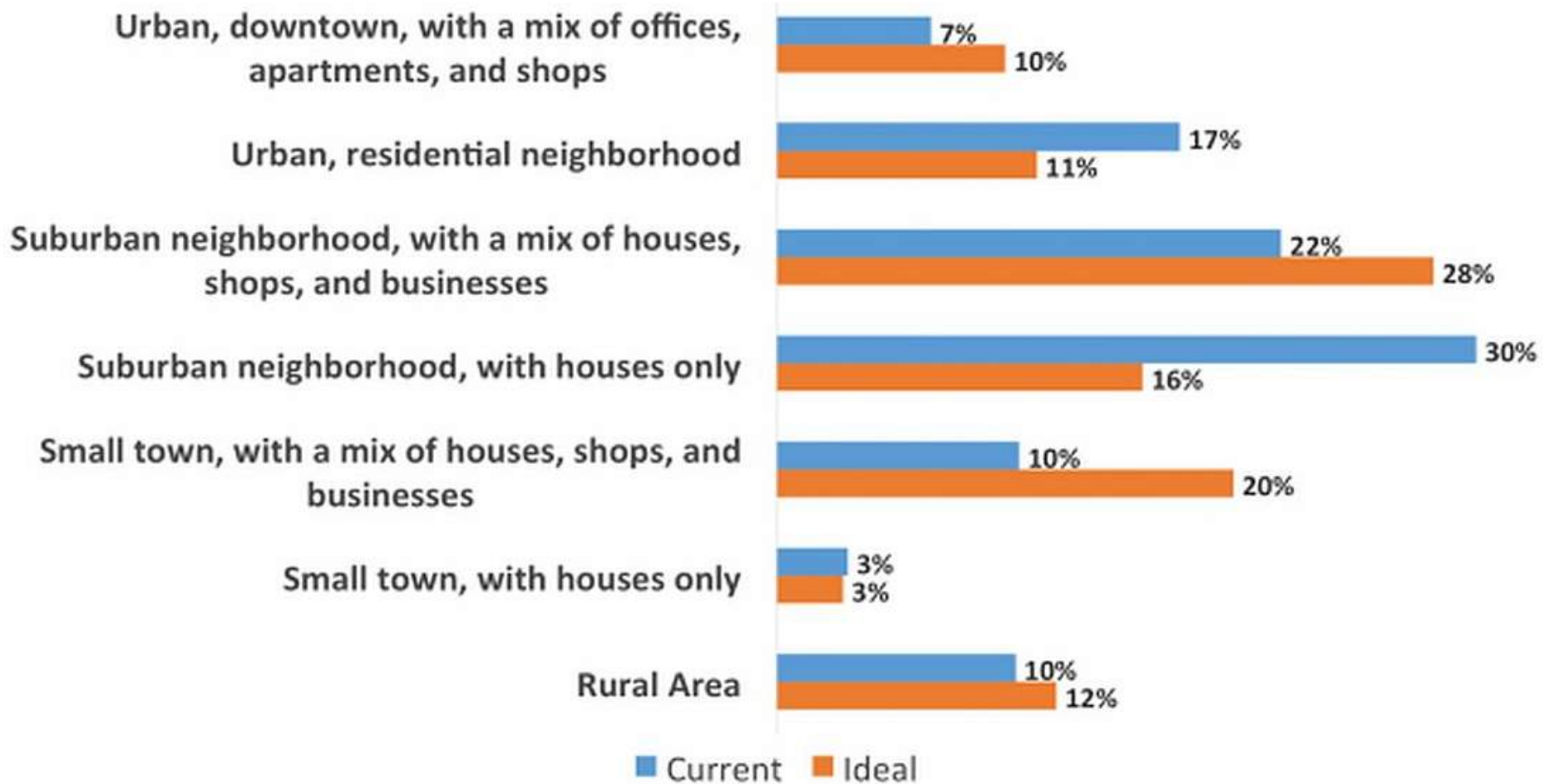


# Desired Price Range

Slason – informal housing survey (Jan 2019)



# Current vs. Ideal Neighborhood Type



## A Shift on the Horizon

*“Although Millennials still have relatively pro-transit attitudes, they now face the same factors that tend to pull people away from transit—**starting families, seeking larger homes, and moving to less-dense neighborhoods....**”*

<http://transitcenter.org/2018/11/14/growing-up-and-away-from-transit/>



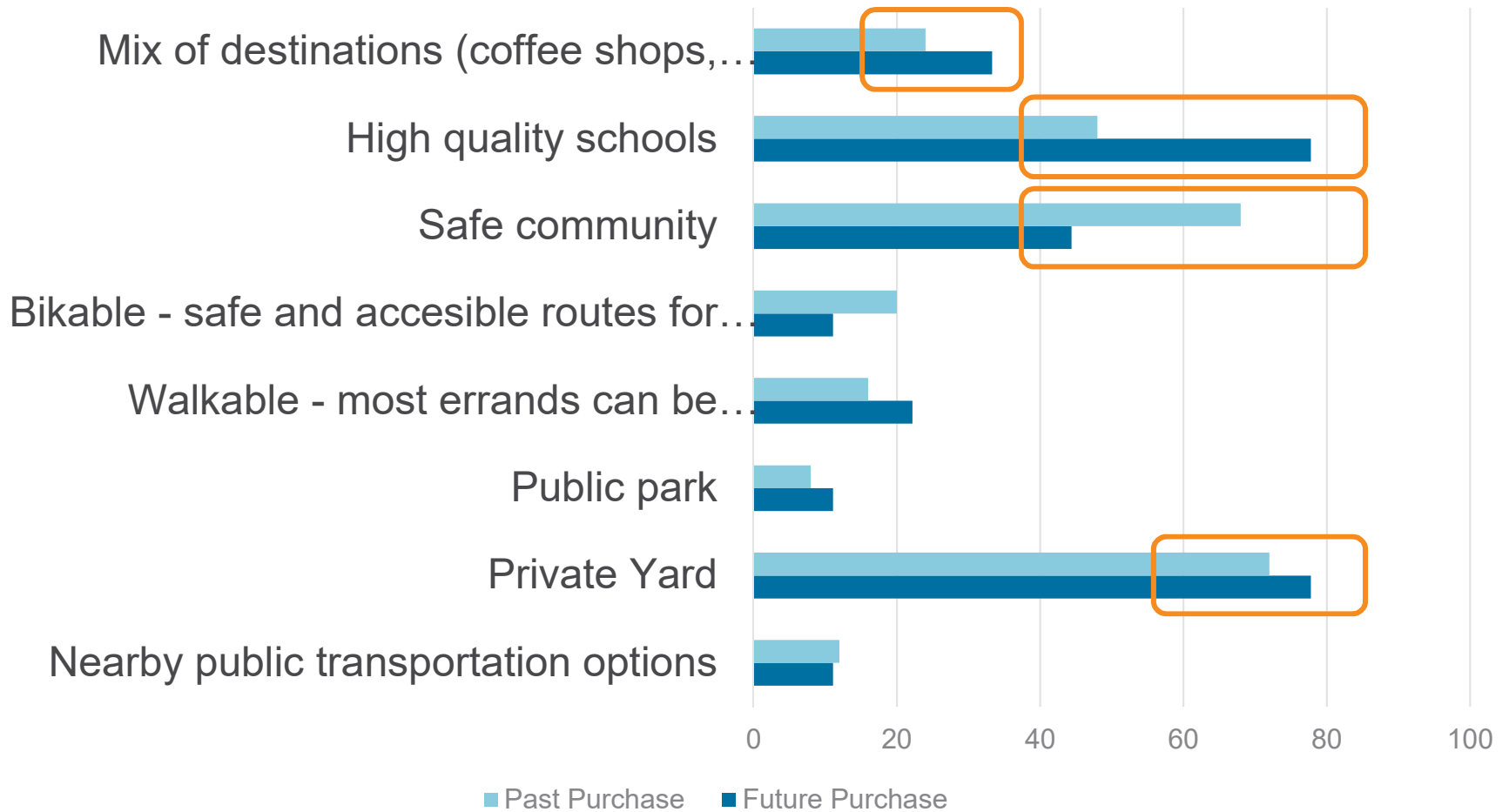
# Informal Survey: Vermont Findings

## FUTURE BUYERS

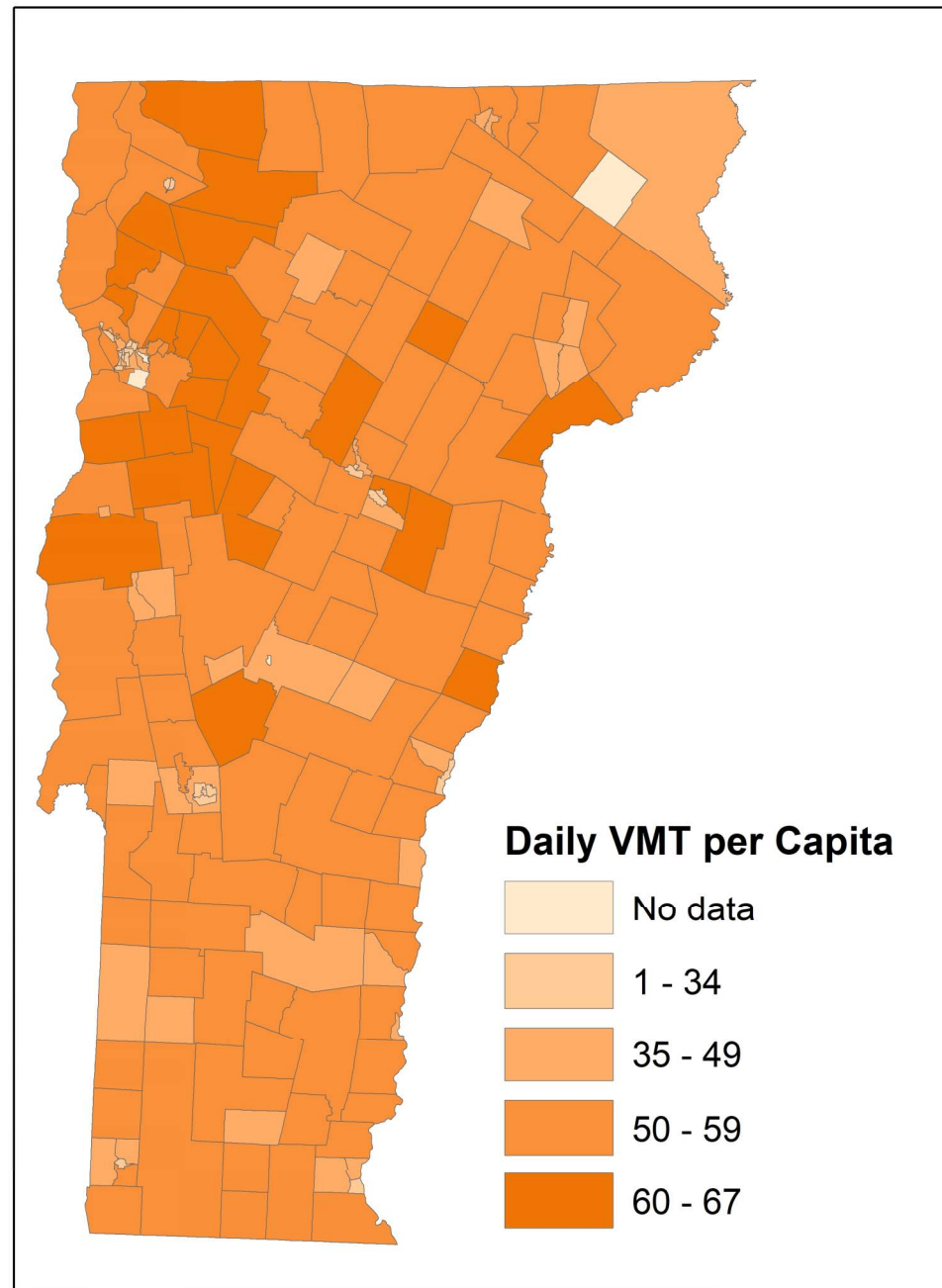
- **71%** would select a “safe area” over “financial burden”
  - **47%** of previous buyers select “safe area”
- **86%** would avoid a financial burden housing choice over:
  - a home in within walking distance of shops, stores, or restaurants
  - a spacious home
  - short commute
  - a beautiful area
- **71%** prefer “beautiful area” over “short commute,” but **86%** prefer “short commute” to “spacious home”
  - **55%** of previous buyers select “short commute” vs. “spacious”

# Informal Survey: Vermont Findings

Top 3 Attributes  
(% of responses)



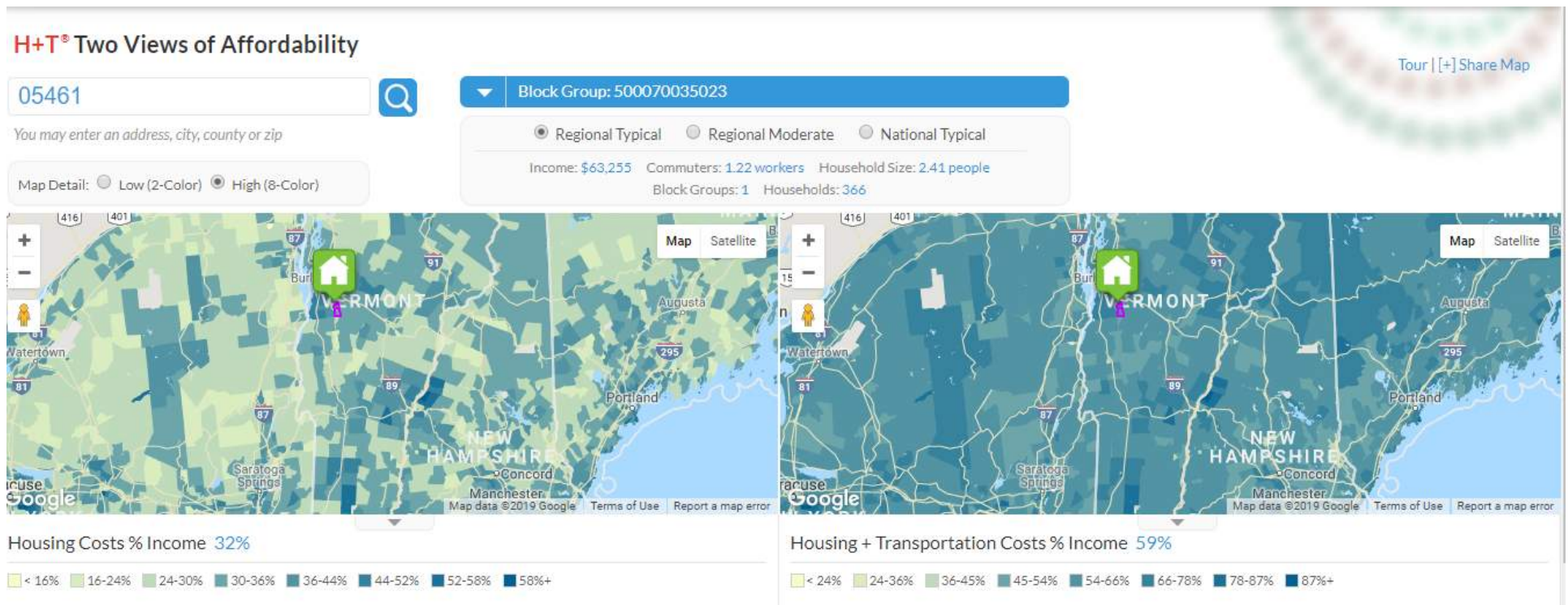
# Transportation Impacts of Housing Location

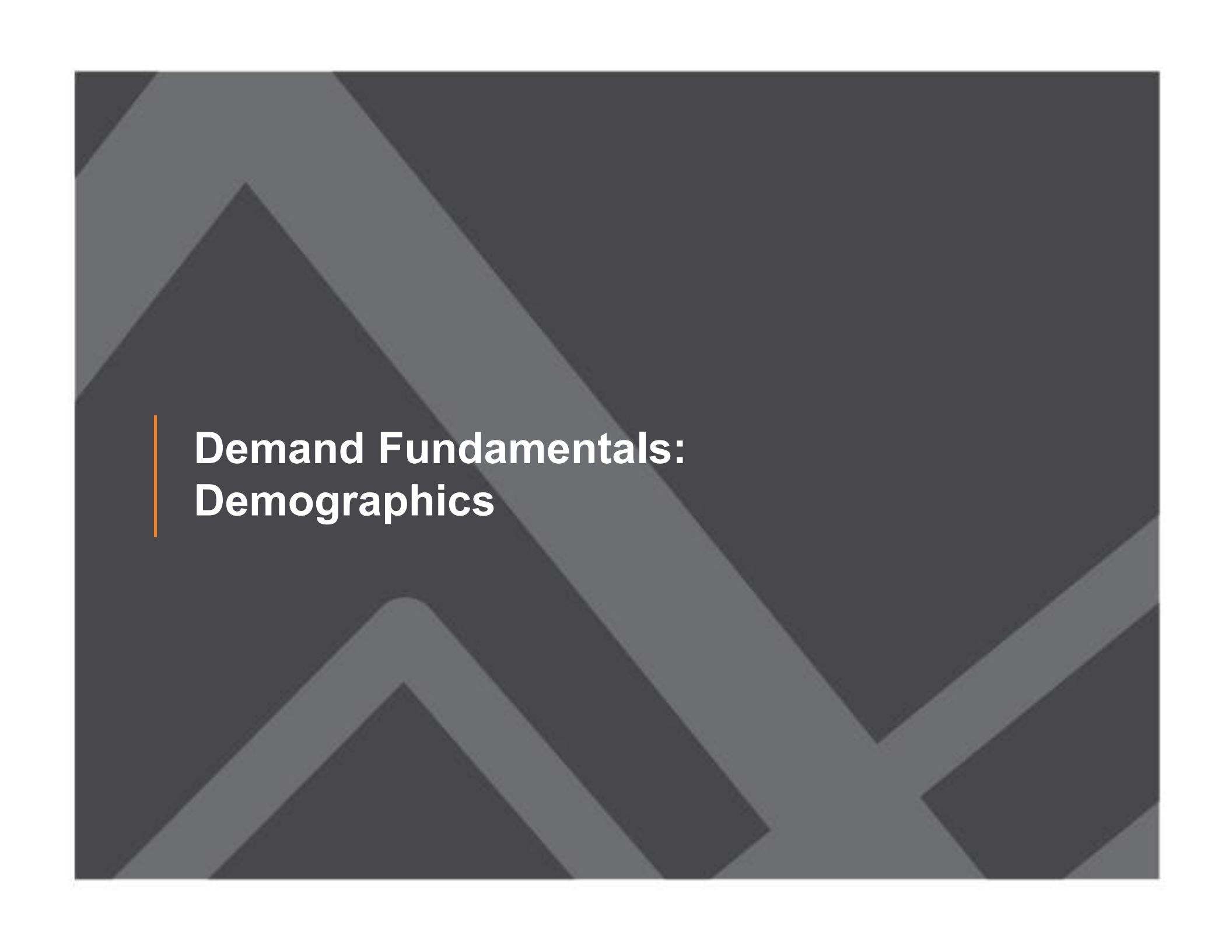


# Housing + Transportation

National dataset on median household prices, median income, and travel distances and behaviors.

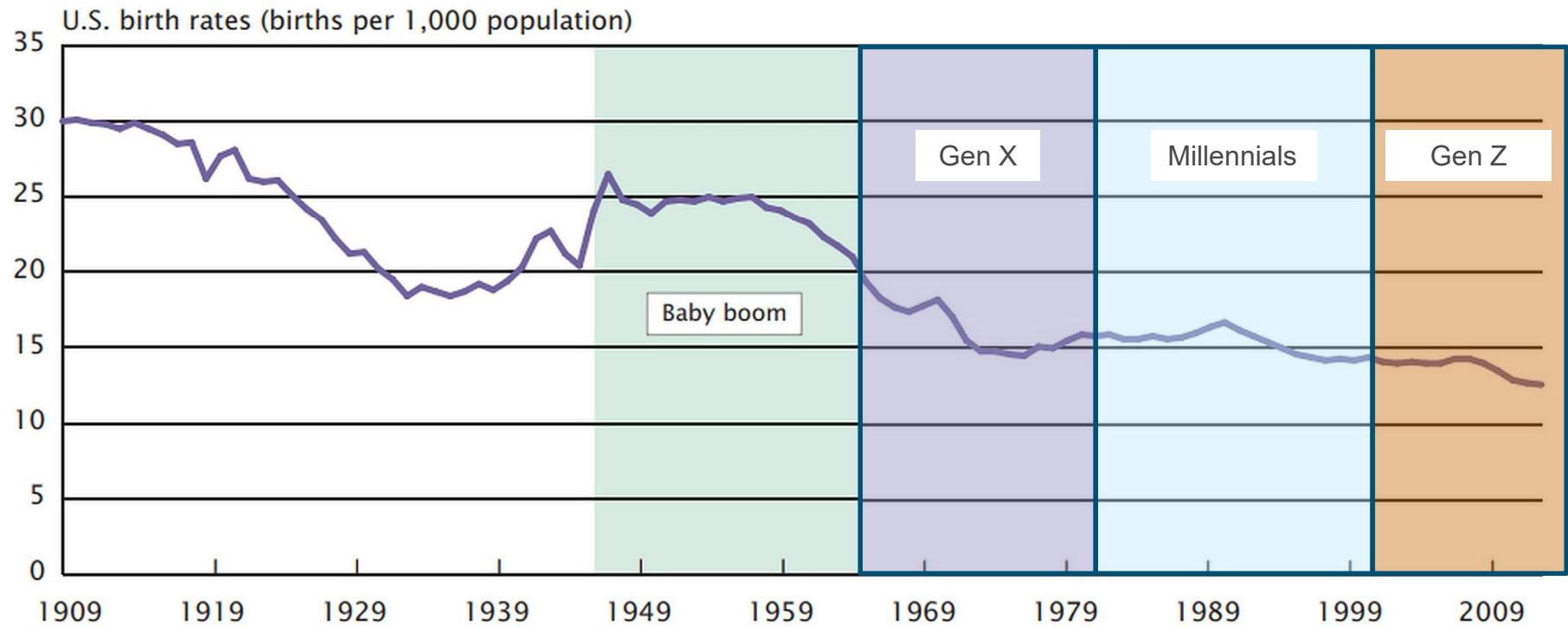
- Bringing together the two largest line items in a household budget.
- **Most areas of Vermont would consume >50% of income for housing and transportation.**





**Demand Fundamentals:  
Demographics**

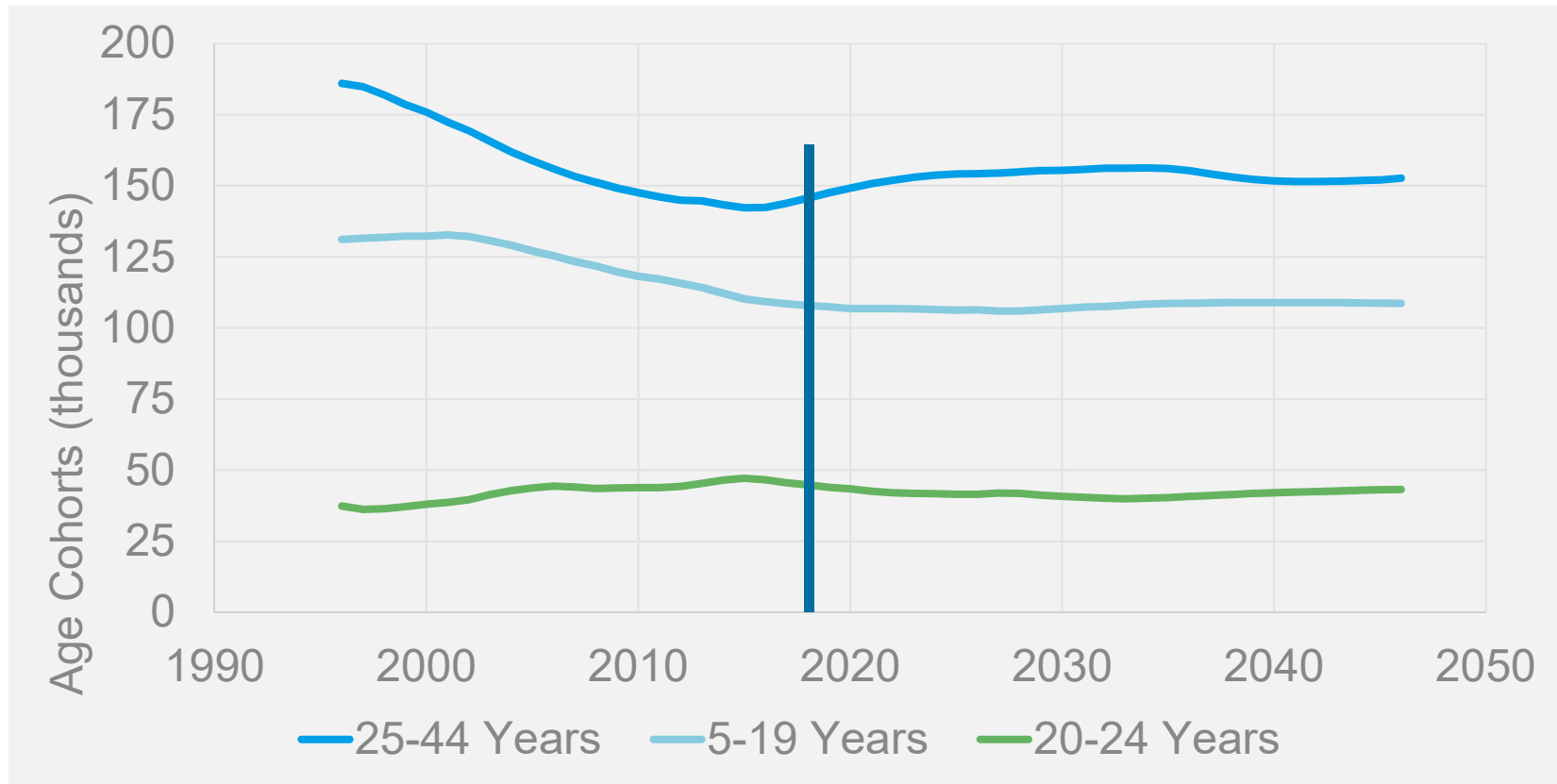
# Birth Rates



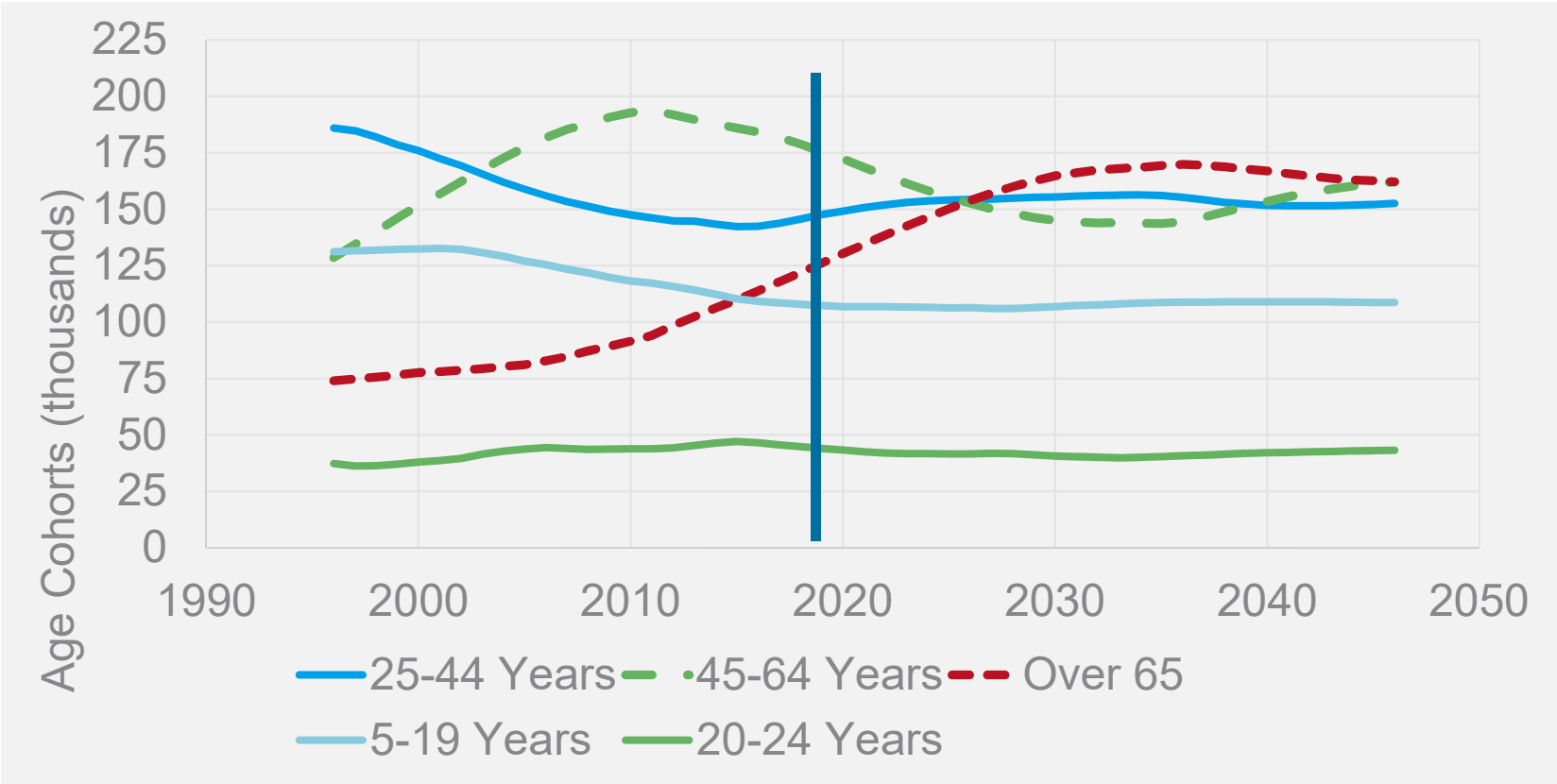
Source: National Center for Health Statistics, 2005; Martin et al., 2012; Martin et al., 2013; Hamilton and Sutton, 2013.



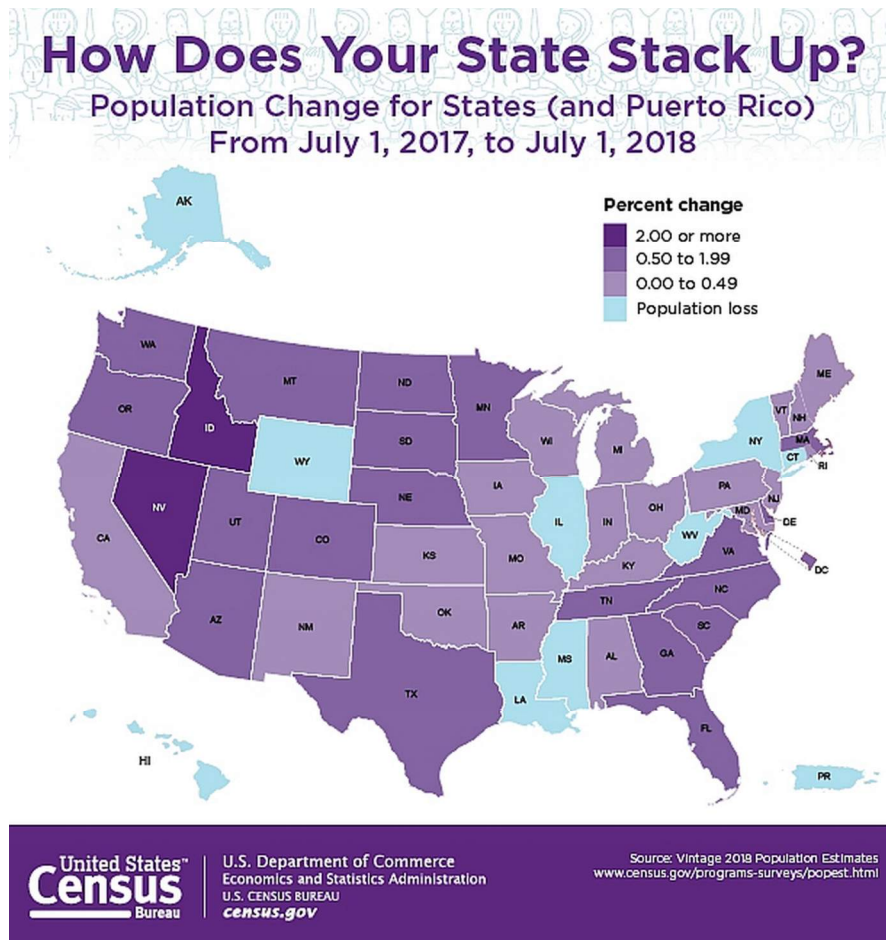
# Population: Cohort Forecasts



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# Slow Growth – Not Just Vermont

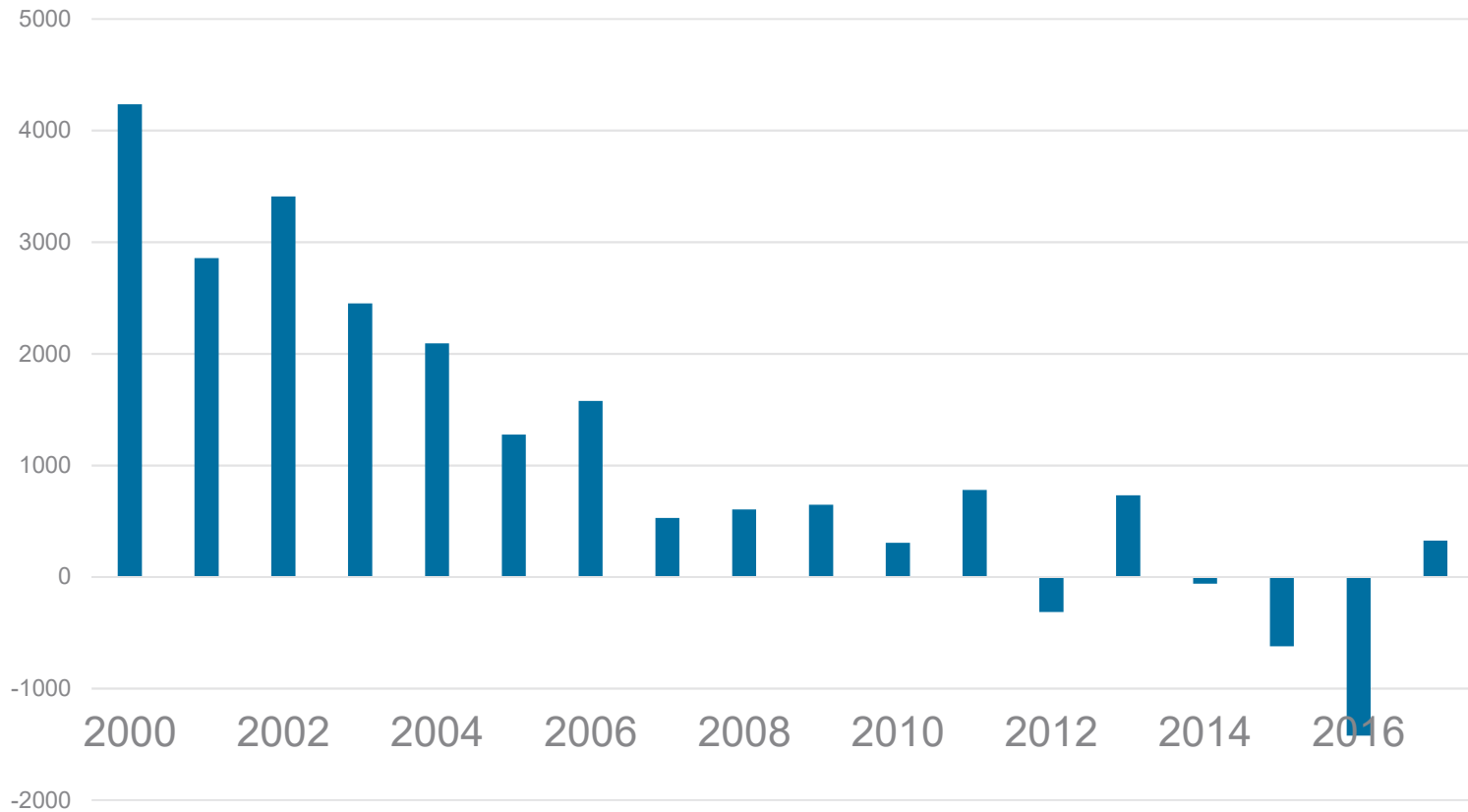


The U.S. population grew by **0.6 percent** between July 1, 2017, and July 1, 2018.



“This is the lowest growth rate since 1937, in the Great Depression when couples were hesitant to have babies and foreigners saw little point in immigrating to the U.S.

The business implications are large, both in the market for goods and services and in the supply of labor.” (Forbes, 22 Dec 2018)

# Vermont Population: Annual Dynamics



## Where We Stand

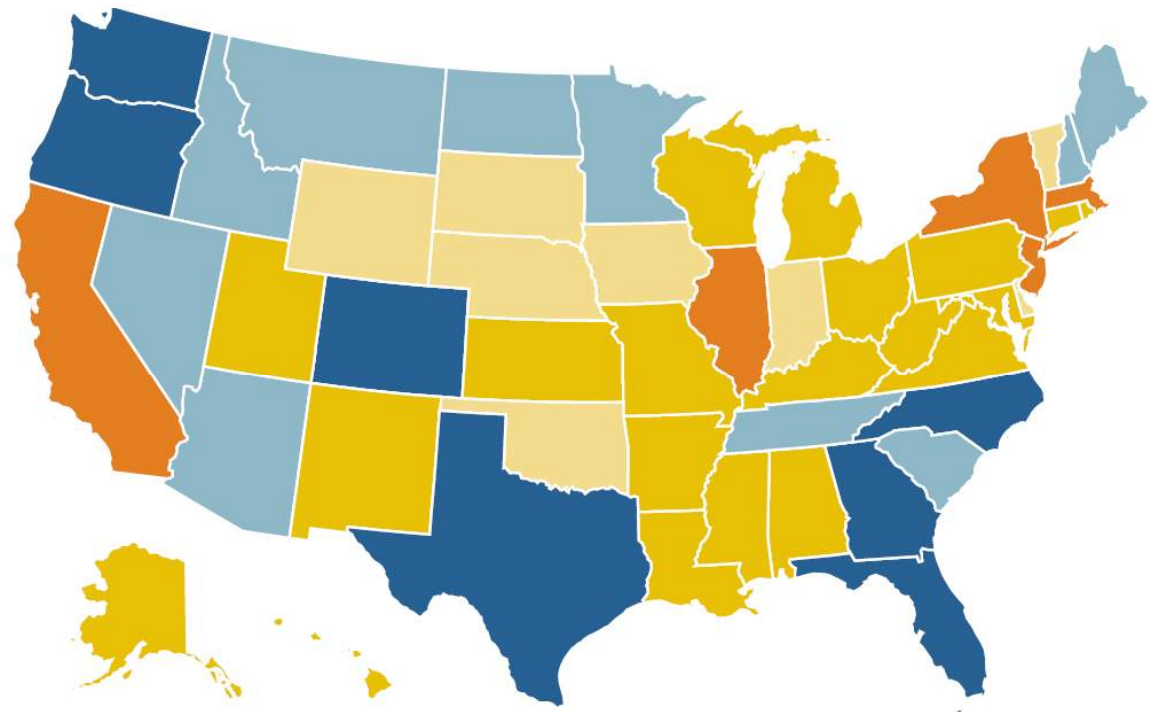
- Natural dynamics 2016 (births – deaths)
  - births: ~5,800 per year trending down 
  - deaths: ~5,900 per year trending up 
- Migration (domestic and international)
  - domestic: increase of ~1,000 people
  - international: net gain of ~3,000 last year

# 26-34 Year Olds – Millennial Migration

## States in the Sunbelt and Pacific Northwest Are Attracting Millennials from Other Parts of the Country

Average Annual Net Domestic Migration of 26–34 Year Olds, 2012–2016

- Inflow of 5,000 or More (Up to 36,600)
- Inflow of Less than 5,000
- No Change (+/- 500)
- Outflow of Less than 5,000
- Outflow of 5,000 or More (Up to 33,900)



Note: The 2012–2016 average excludes 2015 due to data quality issues.  
Source: JCHS tabulations of Internal Revenue Service, Statistics of Income Migration Data.

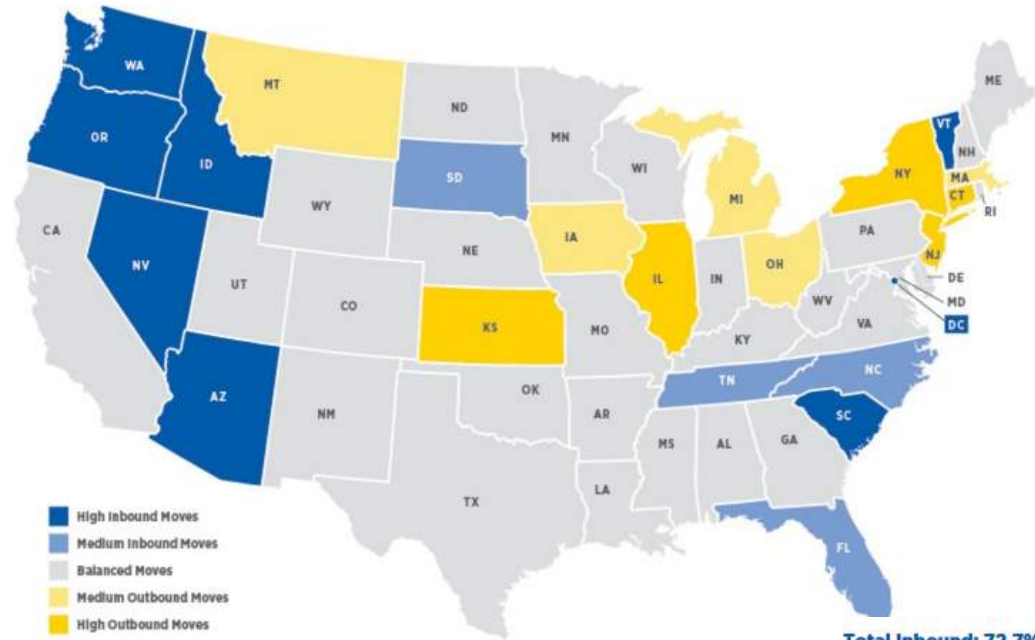


# In-migration?

2018 United Van Lines' National Movers Study



**United Van Lines: Vermont tops moving-in list for second year**



Income		
INBOUND		OUTBOUND
12.00%	\$0 to \$49,999	N/A
4.00%	\$50,000 to \$74,999	N/A
12.00%	\$75,000 to \$99,999	N/A
12.00%	\$100,000 to \$149,999	25.00%
60.00%	\$150,000 or more	75.00%

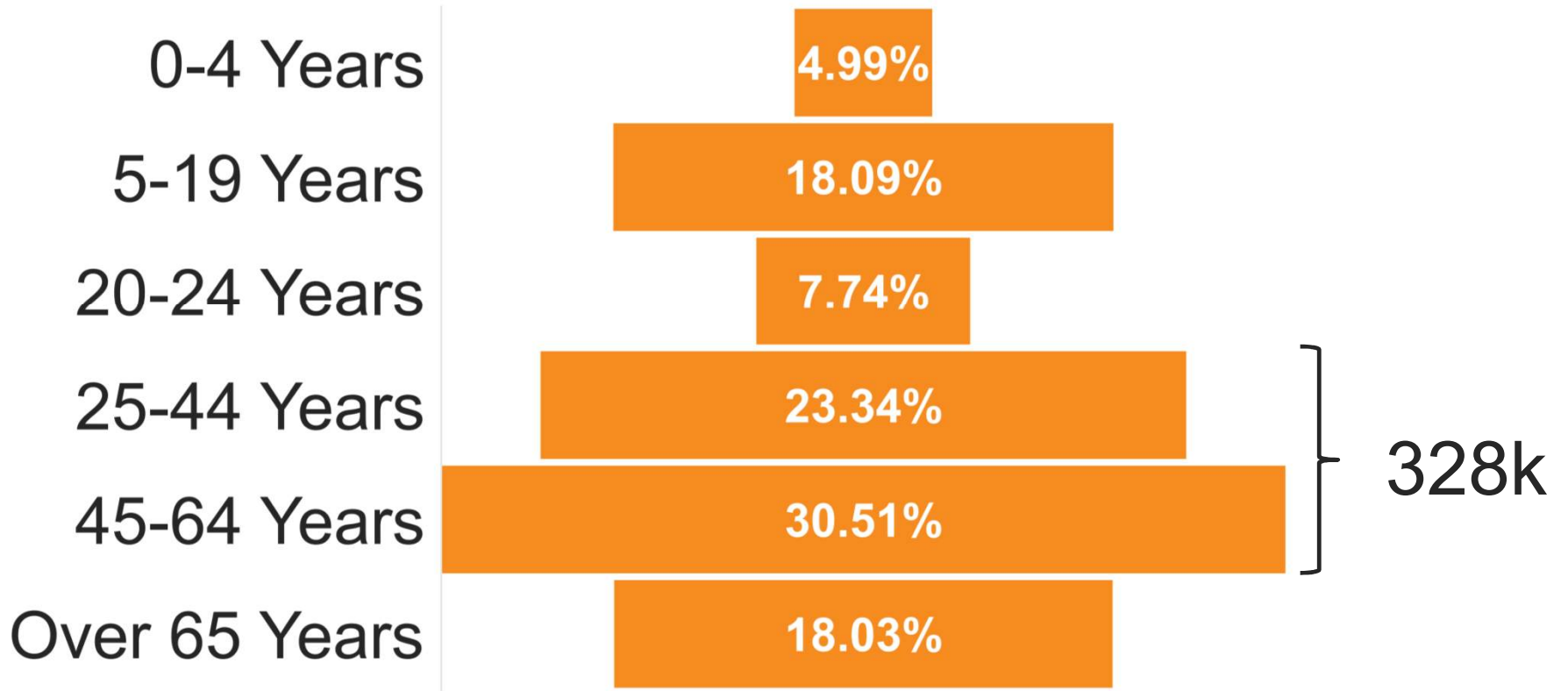
## Vermont

Total Inbound: 72.7%  
Total Outbound: 27.4%

Age Ranges		
INBOUND		OUTBOUND
3.13%	<18 to 34	28.57%
9.38%	35 to 44	14.29%
25.00%	45 to 54	28.57%
31.25%	55 to 64	14.29%
31.25%	65 or older	14.29%

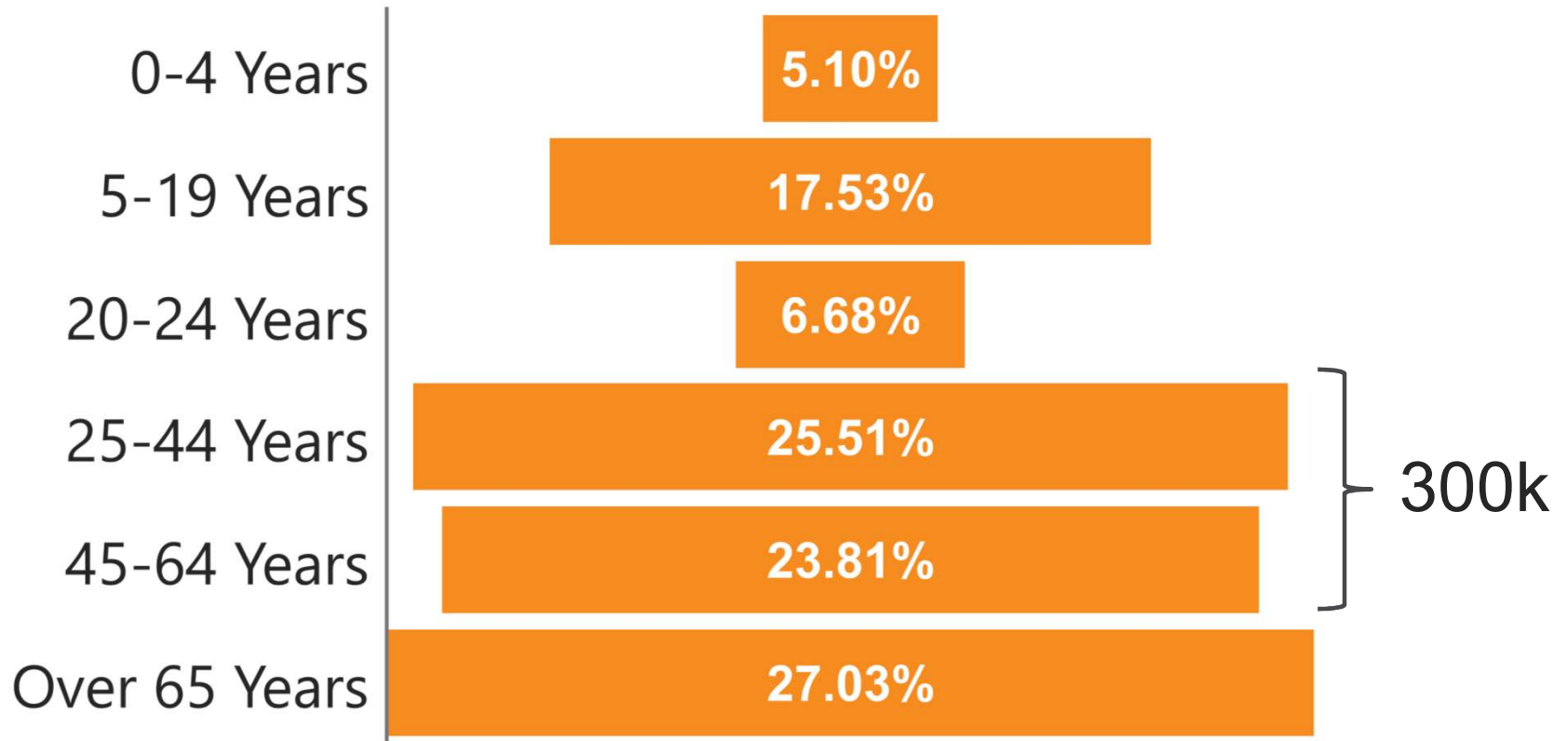
Primary Reason for Moving		
INBOUND		OUTBOUND
31.25%	retirement	N/A
3.13%	health	N/A
18.75%	family	N/A
15.63%	lifestyle	14.29%
34.38%	job	85.71%

# 2015 Population



**Total Population: 626k**

# 2030 Forecasted Population

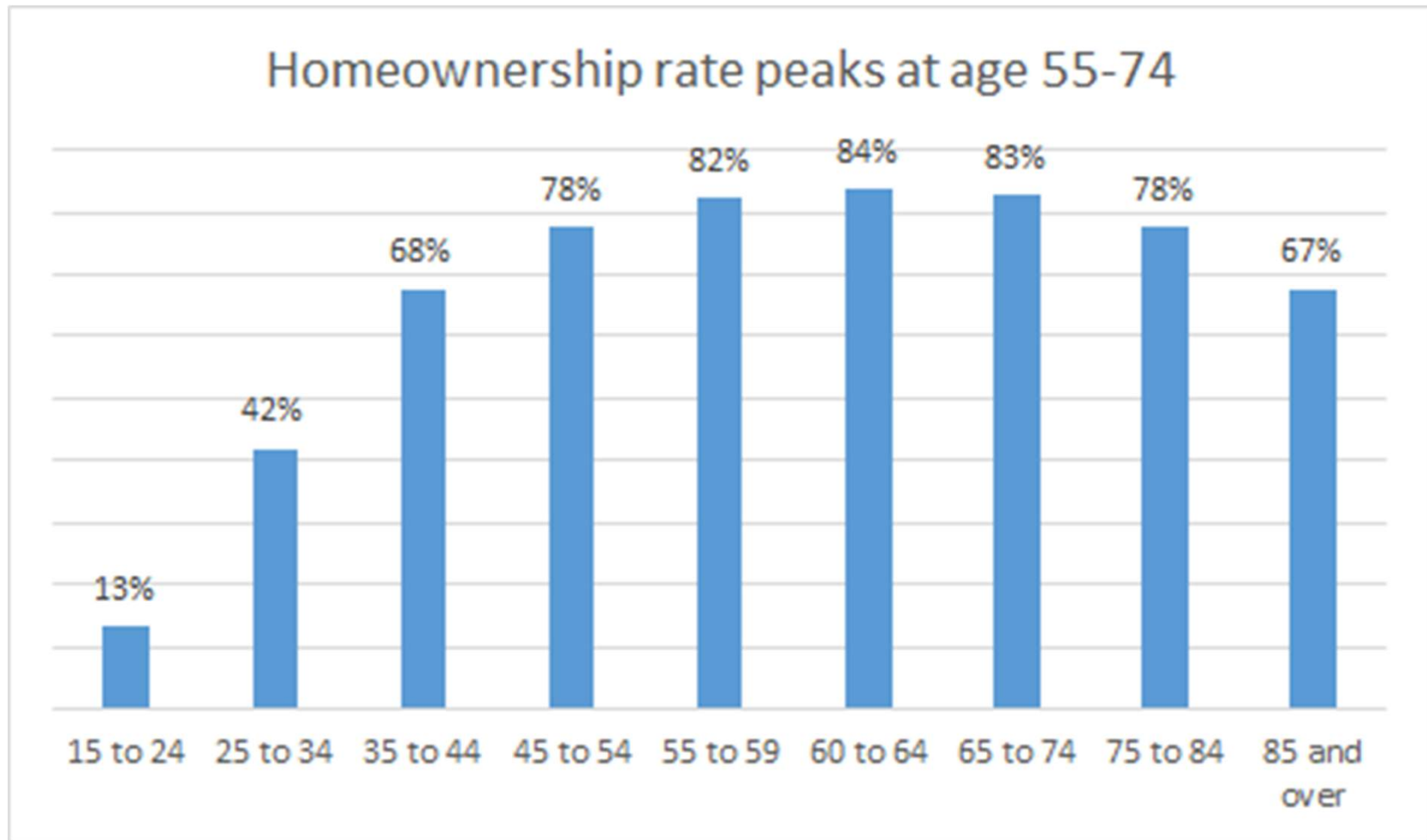


**Total Forecast Population: 644k**



**Challenges Beyond Demographics**

# Who are homeowners?



# Where have all the millennials gone?

## Homeownership among Baby Boomers, Gen Xers, and Millennials in 2015

Generation	Years born	Age	Population	Current homeownership (%)	Homeownership at age 25-34 (%)
Millennials	1981-97	18-34	75,170,263	32.2%	37.0%
Gen Xers	1965-80	35-50	66,441,487	60.4%	45.4%
Baby boomers	1946-64	51-69	74,649,971	75.0%	45.0%

Sources: 1990 and 2000 Decennial Censuses and the 2015 American Community Survey.



# Why not buy?



# Economic Trends That Will Impact Homebuying

- Wages stagnating in Vermont... and nationally
- Rising interest rates
- Low inventories of homes affordable to buyers
- Lack of down payment
  - VHFA has a program for first-time buyers!
  - [www.vhfa.org](http://www.vhfa.org)

## Q & A

### Live polling question

“In Vermont, is the current availability of housing affordable to workers an obstacle to economic prosperity?”

- (1) it is a serious obstacle
- (2) it is a minor obstacle
- (3) It is not an obstacle



Thank you