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## 2010 VERMONT HOUSING NEEDS ASSESSMENT

### *Demographic Trends Among Vermont Households*

This assessment was conducted by Vermont Housing Finance Agency for the Vermont Department of Economic, Housing and Community Development, with financial and technical support from the Vermont Housing & Conservation Board, Vermont Agency for Human Services, and Vermont State Housing Authority.

Based on national and state data, this assessment estimates current housing needs in Vermont and projects trends for the next five years. Results focus on housing needs among the state's 55,000 lower income households that have incomes at or below \$41,000, approximately 80% of the state median.

[An explanation of the study's methodology is online.](#)

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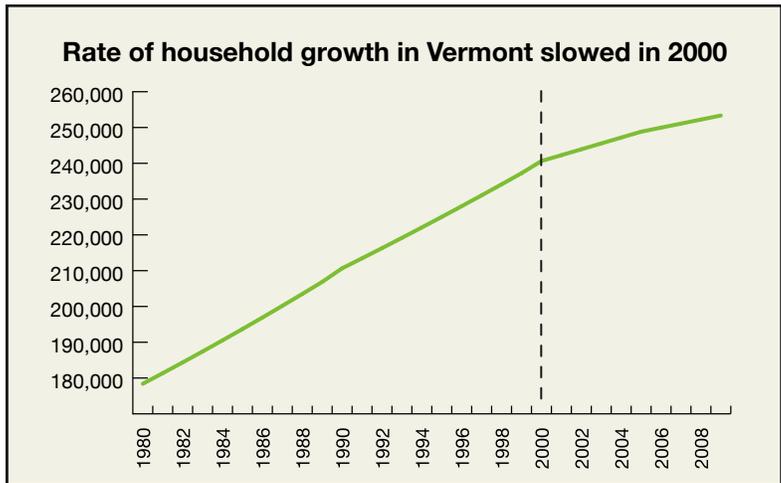
## DEMOGRAPHIC TRENDS AMONG VERMONT HOUSEHOLDS

### Summary

- The number of households living in Vermont continues to expand, but at a slower rate than the national average. Vermont's annual average growth rate now (1,400 households) is less than half that experienced during 1980-2000
- All of Vermont's household growth is due to expansion in the number of households headed by people who are at least 55 years old. The number of households headed by younger people is expected to fall slightly between 2009 and 2014.
- Vermont's high homeownership rate is expected to continue with the addition of an estimated 4,700 owner households between 2009 and 2014. An estimated 1,100 additional renter households are expected during this period.
- A persistent number of Vermont households have lower incomes (that are less than 80% of the median). An estimated 57% of the new households expected in Vermont between 2009 and 2014 will have lower incomes. This rate is likely to be even higher when focusing solely on new renter households. An estimated 84% of these new households are likely to have lower incomes.
- Vermont households are smaller than the national average by several measures. Fewer Vermont families are large and slightly more of the state's households are comprised of a single person.

### Slow growth in the number of Vermont households

As of 2009, an estimated 253,344 households live in Vermont. This represents about 1,400 new households in the state each year since 2000, or an average annual growth rate of 0.6% — slower growth than that experienced in the U.S. as a whole.<sup>1</sup> Prior to 2000, Vermont’s population and number of households had been growing at a faster pace. Between 1980 and 2000, the number of households grew at an average annual rate of 1.5%. New households occur when grown children leave their parents’ homes, through separations and divorce, and as households move into the state. Vermont’s average household size decreased from 2.6 in 1990 to 2.4 in 2000.<sup>2</sup>

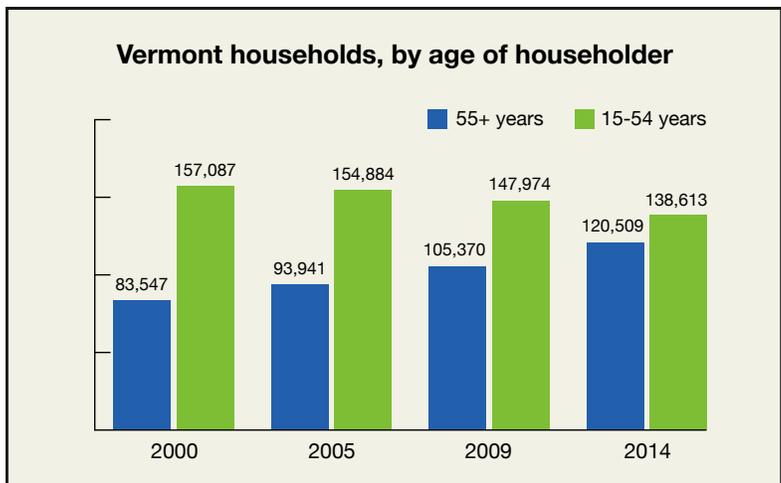


SOURCE: VHFA ANALYSIS BASED ON INFORMATION FROM U.S. CENSUS BUREAU — CENSUS OF POPULATION & HOUSING 2000 AND AMERICAN COMMUNITY SURVEY 2005 AND ESTIMATES PROVIDED BY NIELSEN CLARITAS.

### Vermont’s growth is due to older households

Between 2009 and 2014, an additional 5,800 households are expected in Vermont. Householders aged 55 are fully responsible for this growth. The number of these households is expected to continue increasing in Vermont between 2009 and 2014. This trend is occurring nationwide, as the Baby Boom generation (born in 1946-64) approaches its senior years.

By contrast, the number of households led by someone younger is expected to decline between 2009 and 2014. By 2014, only an estimated 84,705 Vermont householders (33%) will be younger than 45 years old, as shown in the bottom tier of the graph on the following page.



SOURCE: VHFA ANALYSIS OF U.S. CENSUS BUREAU CENSUS 2000 SF1 TABLE P-21; AMERICAN COMMUNITY SURVEY 2005 TABLE 25007; AND NIELSEN CLARITAS ESTIMATES (2009, 2014).

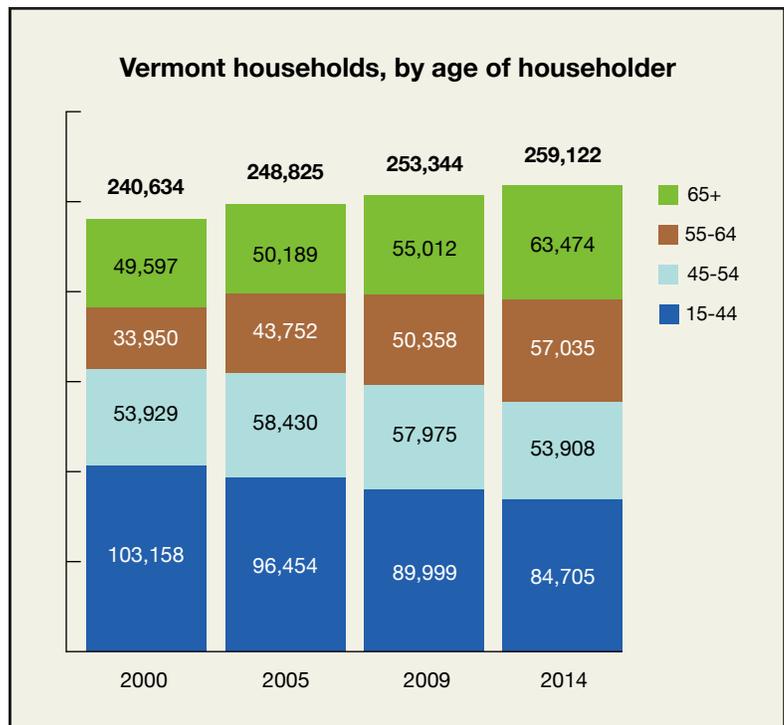
The convergence of these trends combined with other unique characteristics of the state's population have led Vermont to have the lowest birth rate in the nation. Vermont's birth rate is 10.4 births per 1,000 of population, compared with 14.2 for the U.S.<sup>3</sup>

### Vermont's high homeownership rate to continue

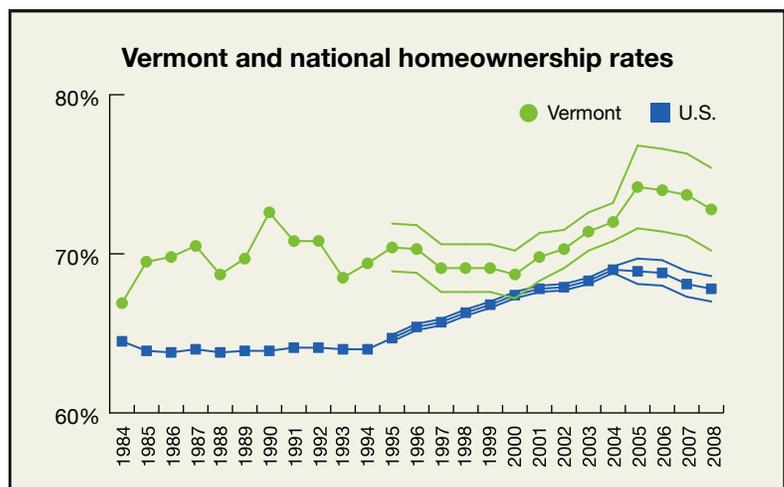
Since 2002, the portion of Vermont households owning their homes has remained above 70%. As with many rural states, Vermont's homeownership rate is consistently higher than the national average.

According to projections provided by Nielsen Claritas, most growth in Vermont between 2009 and 2014 will be among the state's home owners. By 2014, an estimated 4,680 new homeowners will live in Vermont. By contrast, the number of new renter households will be an estimated 1,100. An estimated 38% of these new owner households and 84% of these new renter households are expected to have lower incomes (less than 80% of the median).

The recent surge in foreclosures may propel some homeowners back to the rental market if they lose their home. Despite this uncertainty, the overall homeownership rate in Vermont is unlikely to change dramatically because the overall number of residential foreclosures is relatively small. For example, in 2006-2008, Vermont had 1,235 foreclosures per year on average (including homes and commercial properties). Assuming that:



SOURCES: VHFA ANALYSIS OF U.S. CENSUS BUREAU CENSUS 2000 SF1 TABLE P-21, AMERICAN COMMUNITY SURVEY 2005 TABLE 25007, AND NIELSEN CLARITAS ESTIMATES (2009, 2014).

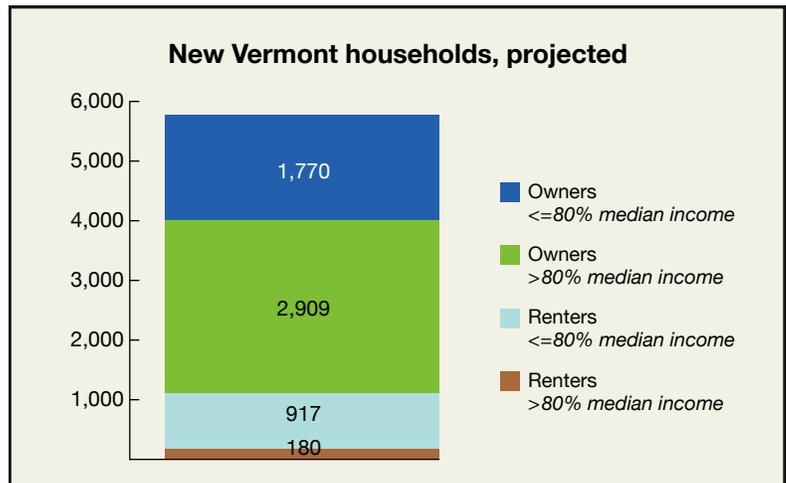


SOURCE: U.S. CENSUS BUREAU, HOUSING AND HOUSEHOLD ECONOMIC STATISTICS DIVISION, HOUSING VACANCIES AND HOMEOWNERSHIP ESTIMATES.

Note: Point estimates are marked with a symbol. For 1995-2008, 90% confidence intervals are shown by lines immediately above and below the point estimates for both Vermont and the U.S.

- All of these households switched from ownership to renting;
- Almost all foreclosures were residences; and
- This high level of foreclosure activity continues through 2011...

Vermont's homeownership rate would drop but not below 70% as an estimated 2,000 additional households shift to the rental market.<sup>4</sup> If foreclosure rates begin to decline before 2011, even fewer homeowners will return to the rental market.



SOURCE: VHFA ANALYSIS OF ESTIMATES PROVIDED BY NIELSEN CLARITAS.

## IDENTIFYING HOUSEHOLDS WITH LOWER INCOMES

One way to identify lower income households is by comparing a household's income to the median income of all households in an area.<sup>5</sup>

Many housing programs restrict eligibility to households with total incomes of no more than 80% of the median income in the area. Other programs target households with even lower incomes by limiting eligibility to households with total incomes of no more than 50% or 30% of the area median.

For 2009, the median income of Vermont households is \$51,000, according to estimates provided by Nielsen/Claritas.

The following chart defines the income categories referred to throughout this fact sheet:

Median income	\$51,000
<=30% of median	\$0-15,000
31-50% of median	\$15,001-25,000
51-80% of median	\$25,001-41,000
81-95% of median	\$41,001-48,000
>95% of median	\$48,001+

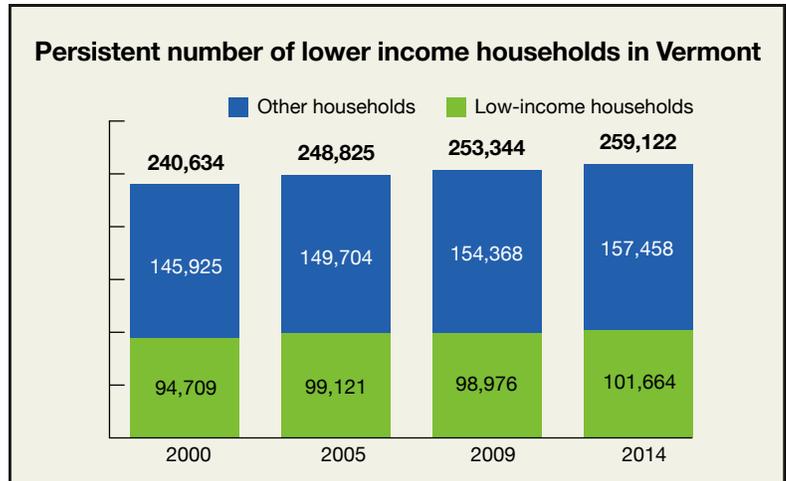
Unlike the income ranges listed above which are based on the overall median income among all Vermont households, eligibility for HUD programs is computed using median income estimates that reflect the size of the household and the county in which the household is located. For this reason, the income ranges shown above do not directly mirror HUD program eligibility dollar limits.

## A persistent number of Vermont households have lower incomes

As of 2009, an estimated 99,000 Vermont households have lower incomes, i.e. incomes at or below 80% of the state median. This number is expected to increase to almost 101,700 by 2014.

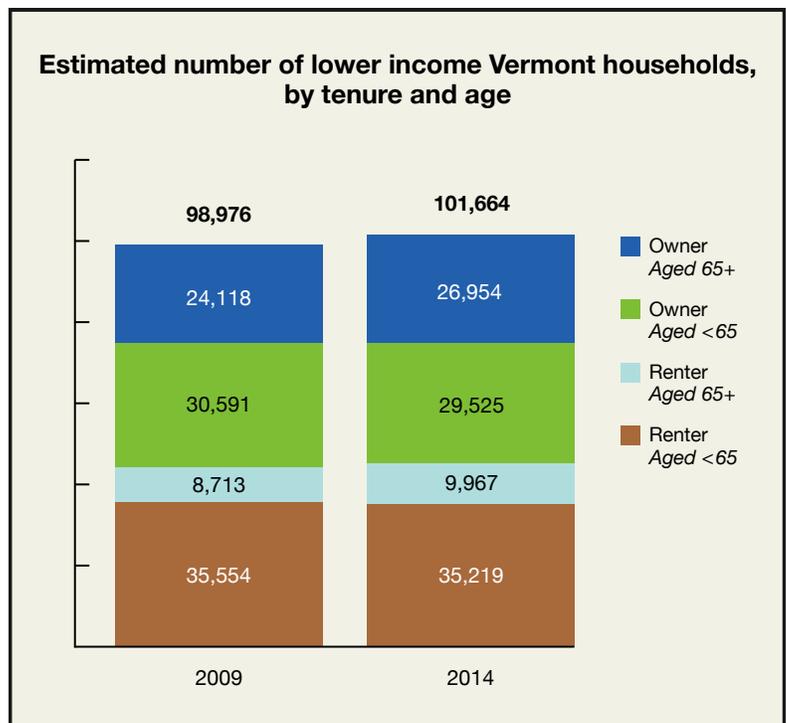
The higher a household's income, the more likely it is to own a home. Nevertheless, Vermont's high home ownership rate is also evident among lower income households. More lower income households (58%) in Vermont with incomes less than 80% of the median own rather than rent their homes. A substantial portion (44%) of these lower income owners are 65 or older. A total of 55,000 Vermont lower income households own their homes.

The remaining 44,000 Vermont low-income householders are renters. The majority (80%) of these households are headed by someone younger than 65.



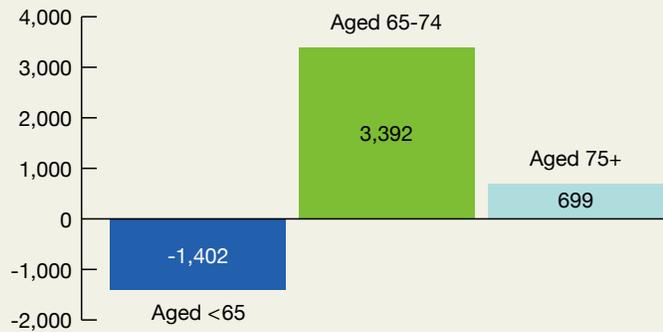
SOURCE: VHFA ANALYSIS OF ESTIMATES FROM THE U.S. CENSUS BUREAU'S CENSUS 2000 AND AMERICAN COMMUNITY SURVEY 2005 TABLE B19013, AND FROM NIELSEN CLARITAS (2009, 2014).

Note: Includes households with incomes at or below 80% of the state median income level.



SOURCE: VHFA ANALYSIS OF ESTIMATES PROVIDED BY NIELSEN CLARITAS

**Change in number of lower income households expected between 2009-2014, by age of householder**



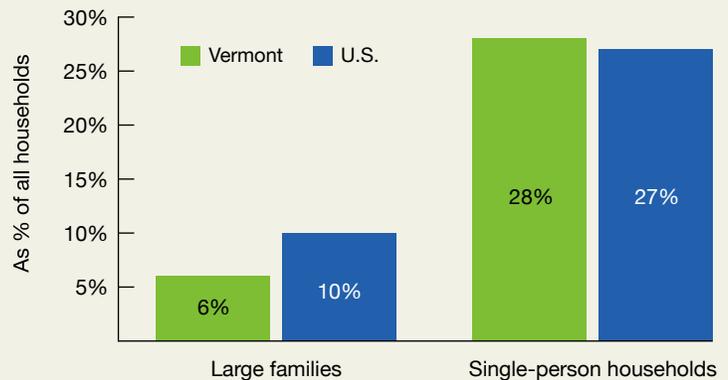
SOURCE: VHFA ANALYSIS OF ESTIMATES PROVIDED BY NIELSEN CLARITAS

Note: Includes households at or below 80% of median income

### Fewer large families and more single-person households

Vermont households are smaller than the nationwide average, according to several indicators. An estimated 6% of all Vermont households are large families, compared to 10% in the U.S. A “large family” has 5 or more members, at least one of whom is related to the householder by birth, marriage, or adoption. About 28% of Vermont households are comprised of a single member, compared to 27% for the U.S.

**Prevalence of large families and single-person households**



SOURCE: U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY 2007, TABLES B25009 AND B11016. A FAMILY OF 5 OR MORE IS CONSIDERED “LARGE.”

- 1 *State and County Quickfacts and 2007 American Community Survey*, US Census Bureau. The number of households in the U.S. grew by 0.9% annually between 2000 and 2007.
- 2 *Census 2000, Summary File 1, Table H12 and 1990 Census*. US Census Bureau.
- 3 *Number of Births per 1,000 Population*. Centers for Disease Control and Prevention, National Center for Health Statistics. 2006.
- 4 VHFA’s analysis of [Vermont BISHCA foreclosure data through 2008](#) and household growth projections provided by Nielsen Claritas.
- 5 The median is the figure that occurs halfway down a list of figures that are sorted from smallest to largest, so that half of all the figures are higher than the median and half are lower.