Housing in Northwestern Vermont

A Review of Demand and Supply of Housing in the Six County Region

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Prepared for: The Vermont Housing Council
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I. Introduction

This study was commissioned by the Vermont Housing Conservation Board (VHCB) in January 2000. The need for this study grew out of a series of reports on housing published over the past three years, on-going discussions between housing experts and economic development officials throughout the State, and information brought to light at the 1999 Annual Rural Development Conference which identified the need to examine future economic development and housing demand in northwest Vermont.

In particular, there has been discussion regarding the need to better understand the effects of tightening housing markets on the housing needs of lower income people–particularly in the greater Chittenden County region–at the past three annual rural summits convened by the Vermont Council on Rural Development. The task to undertake such a study was delegated to the Vermont Housing Council, which turned to the Vermont Housing and Conservation Board (VHCB) for assistance.

VHCB brought together an interagency working group that includes the Vermont Housing Finance Agency, Vermont Department of Housing and Community Affairs, Vermont State Housing Authority, Burlington Community and Economic Development Office, the University of Vermont's Community Outreach and Partnership Center, Vermont Office of Economic Opportunity, Burlington Housing Authority, Lake Champlain Housing Development Corporation, Burlington Community Land Trust, Housing Vermont, Winooski Housing Authority, and USDA Rural Development. This working group developed a proposed scope of work to anticipate the effects of projected job and population growth in the six county region of northwest Vermont on the demand for and supply of housing in general, and affordable housing in particular. The report which follows is the outcome of the study undertaken during the winter and spring of 2000. Organizations which also provided financial support for this study included the Lake Champlain Chamber of Commerce and the Greater Burlington Industrial Corporation.

This study provides a basis for review and understanding of the housing needs–particularly the affordable housing needs–of Vermonters living in the six counties of northwestern Vermont.[1] The study reports the results of a comprehensive review of the future housing needs in the six county area within a one hour commuting radius of Burlington, Vermont and its proximate communities. Housing demand and forecasted housing supply are examined and compared for the study region for 2000, 2005 and

[1] For the purposes of this study, the six counties include Addison, Chittenden, Franklin, Grand Isle, Lamoille, and Washington counties.

2010.

The study includes a review and update of the economic outlook for the six county area. Population and housing needs are forecasted for the study years based on this updated economic outlook. Housing supply estimates for 1998 were updated based on data and information from the State of Vermont and property tax data from selected communities in the study area. Forecasted housing demand and supply data for the 2000 to 2010 period were developed using information from a variety of sources including: (1) the official state short-term economic and demographic forecast for Vermont developed for and published by the New England Economic Project, (2) data from the State of Vermont, and (3) several studies from nonprofit and other regional groups in the northwest region of Vermont.

II. Purpose of the Study

It has been a decade since the last Census was taken in northwest Vermont communities. It will be another three years until detailed information from the 2000 Census will become available. It is the purpose of this study to develop an interim needs assessment until more complete data become available. Secondly, this study also develops a sub-regional needs assessment based on economic and demographic trends in the Franklin and Grand Isle county portions of the six county region, and a review of methods used in other jurisdictions around the country for determining “fair share” approaches for the provision of affordable housing in the region.

III. Summary Conclusions of the Affordable Housing Needs Assessment in Northwest Vermont

The economy of northwest Vermont is currently experiencing a period of nearly unprecedented prosperity. Against the backdrop of an unemployment rate of less than 2.5 percent in the region are recent announcements by major employers which indicate that over 4,000 new, high-quality, good-paying jobs will be created in the region over the next decade. When considered on top of an already dynamic, high-performance regional economy, the northwest region is expected to experience significant population growth–including significant levels of population in-migration–as these new employment opportunities are created and filled.

The northwest region currently has an estimated need for 7,400 additional housing units, given reports of current low vacancy rates–especially in the region’s metro area. This estimated shortage of units indicates that roughly 5,300 units of owner housing and 2,100 units of renter housing are needed in the region to help assure a more rational functioning housing market even before the housing requirements associated with projected economic and population over the next decade.

In view of this confluence of positive economic development events and considering the current housing situation, comparatively little attention has been given to the implications for housing requirements–and particularly affordable housing–associated with the prospective economic, job, and population growth in the six county region in northwest Vermont. This study was undertaken to help fill the information void with respect to the impact on housing from this projected economic and population growth with particular attention paid to the needs of low and moderate income households.

☐ **The likely strong regional economy over the next decade will stimulate significant additional need for housing that will not be met if units are added to the inventory at rates experienced in recent history.**

The study found that the relatively strong economic growth expected in the six county region will stimulate significant additional need for housing in the region. Before considering the effect of likely new construction and the development of additional housing by non-profit organizations and municipalities, the study estimates that more than 23,600 additional housing units will need to be added to the housing stock over the 2000-2010 period in order to accommodate the shelter needs of the regional population in the expected economic climate. Just over three-fourths or nearly 18,000 of the additional units required are expected to be in the owner housing category, and approximately one-fourth or 5,600 units are expected to be rental housing.

Even if market construction and the efforts of affordable housing groups are able to deliver roughly 1,750 units per year to the regional housing inventory over the next decade, there will be an unmet need or gap of more than 10,000 housing units in the region by 2010.[2] [3] That gap represents just over 1/3 of the expected increase in total housing demand over the study period. If the housing needs of the workforce are not met, the ability of the six county region to realize its otherwise bright economic development potential may be stymied.

☐ **The regional population continues to age and household size will likely decline over the next decade. As a result, there will be a need for more housing units per 1,000 of population over the period as well.**

Beyond the sheer magnitude of the economic growth and housing demand numbers, the underlying demographic dynamics of the changing regional population will have a significant impact on housing demand over the next decade. This study found

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[2] That is a level that is significantly higher than the 1990s but somewhat lower than the 1980s housing boom.

[3] This represents an average between the high-end estimate of and estimated 2,142 units per year added to the inventory between 1985 and 1999 and the 1,322 units per year added to the inventory during the slow-growth 1990s.

that the continued aging of the baby-boom generation will likely lead to the largest population increase occurring in the 55-64 years age category, followed by the next most significant increases occurring in the 45-54 years and the 65-74 years age groups. The study indicates that these groups are projected to account for three-fourths of the total population increase in the region over the next decade and they will therefore greatly influence the demand for housing in the six county region. This dynamic is important in that household size can generally be expected to decline as the population grows older. Declining household size, in turn, implies that more housing will be needed per 1,000 persons of population in the region over the next decade as this aging trend continues.

- **The economic forecast indicates that the region will likely continue to experience significant economic and population growth over the study period but at rates that are remarkably ordinary by historical benchmarks.**

The regional economy is expected to add an estimated 44,250 jobs over the 2000-2010 period, and will experience a population increase of roughly 41,450 over the same period. This forecast suggests that the regional economy will be adding an exceptional number of jobs and people. However, it is important to note that the region as it grows can achieve those aggregate, forecasted numbers with remarkably ordinary rates of growth. For example, the job growth forecast can be attained with a 1.8 percent annual rate of growth over the 2000-2010 period versus a 2.4 percent rate of job growth actually experienced in the region over the 1985-97 time period. In addition, the projected population growth corresponds to a 1.2 percent annual rate of increase, just one-tenth of one percentage point higher than the 1.1 percent annual rate of population growth experienced in the region over the 1985-97 period. In this context, the projected 1.2 percent annual rate of population growth looks strong only in comparison to the slow growth during the 1990s.

- **The long-term economic forecast also indicates that over half of the region's new employment opportunities–or 22,800 jobs–will be created in the service sector, and another 8,000 jobs will be created in trade–a category of jobs where wages are low and housing assistance needs tend to be high.**

Although some of these jobs are high-paying, the majority of jobs in Services and Trade are among the lowest-paying in the regional economy. That means that nearly one in two new jobs to be created in the region over the next decade will be in job categories where affordable housing needs tend to be high. Therefore, a key economic performance question for the six county region for the future is how and where the people who are likely to fill these generally lower-paying jobs will find affordable housing.

☐ **More than one-half of the projected growth in owner households over the next decade will occur in income categories which generally require housing assistance.**

The long-term demand projections indicate that owner households are projected to increase by just over 17,500 households over the 2000-2010 time period–a level that is over 10 percent higher than the growth in the number of owner households during the 1990s. Of the owner households, roughly 3,500 households are projected to be in the less than 50 percent of median income categories, 2,850 households are projected to be in the 51 percent to 80 percent of median income class, roughly 1,700 more are projected to be in the 81 percent to 100 percent of median income class, and roughly 1,800 more are projected to be in the 101 percent to 120 percent income class. In total, roughly 9,800 owner households are projected to be in the less than 120 percent of median household income categories–the categories generally thought to include those who require housing assistance.

☐ **Nearly three-fourths of the projected regional growth in renter households over the next decade will occur in income categories which generally require housing assistance.**

Renter households are projected to increase by roughly 5,600 households over the 2000-2010 time frame–a level that is more than 80 percent greater than the renter household growth rate during the 1990s. Of the renter households, roughly 1,700 households–or nearly 1/3 of the household increase–are projected to be in the less than 31 percent of median income class. Roughly 925 more are projected to be in the 31 percent to 50 percent of median income class, meaning that over 50 percent of the 5,225 renter household increase over the next ten years are projected to be in the less than 50 percent of the regional median household income categories. Over 1,000 more are projected to be in the 51 percent to 80 percent of median income class. As a result, over 70 percent of the projected increase in renter households, or roughly 3,670 households over the next ten years, is expected to be in the less than 80 percent of median household income categories. These are the income categories which are generally expected to require housing assistance.

Geographically, nearly one-half of the housing units in the region in 1998 were found in Chittenden County. That implies that a roughly proportional number of the total need for additional housing units in the region over the next decade will likely be found in Chittenden County as well. Since rental units tend to be concentrated in urban areas, it is likely that Chittenden County–which includes the region’s significant metro area–could be expected to account for an even greater percentage of the need for renter units and a somewhat lower share of owner units.

☐ **The expected continuation of the regional's economic strength, inadequate housing supply, and the aging population will likely result in rising cost pressures and reduced housing affordability over the next decade.**

The housing demand implications of the expected strong, underlying performance of the regional economy, the aging population, and the potential for a significant level of unmet housing demand will place significant upward pressure on regional real estate and housing prices over the next decade. Past experience with unmet demand pressures of this nature and size have historically led to housing cost increases which have reduced the affordability of housing–particularly for low and moderate income households who have fewer housing choices.

This affordability pressure is most clearly illustrated in the study in the less than 50 percent of median household income category where the gap between supply and need is estimated to be large–at nearly 16,000 units in the six county region. These are households–including families and individuals–which have the fewest number of housing choices. In the case of renter units–at nearly 11,500 units in 2010–the unit gap is projected to exceed the aggregate total for the entire income class spectrum.[4]

The combination of the continuing economic growth, the growing supply and demand imbalance, and an aging population will likely further exacerbate low and moderate income housing needs because higher income households may choose to live in and compete with lower income households for housing units lower price categories than they otherwise could afford. This competition may be a major factor causing what has been perceived by some as recent upward pressure on rent levels and housing prices around the region. This is an area that was beyond the scope of this analysis and one that appears ripe for further research and analysis.

☐ **An examination of current practices concerning "fair-share" affordable housing allocation strategies concluded that a combination of "carrot and stick" approach was the most successful approach employed in jurisdictions around the country.**

This study examined "fair share" housing initiatives throughout the United States. Four factors were identified that would be necessary for the successful implementation of a "fair share" allocation strategy in any region. The first factor involved creating an

[4] The estimated housing unit shortage in the less than 50 percent of median household exceeds the number for the entire income class spectrum because there are housing unit surpluses in other, higher income categories.

environment of public acceptance and support in order to help define the need and overcome resistance to the concept in participating, individual communities. The second factor, which was closely related to the first, was the need to develop long-term and sustained political leadership on the issue. The third factor was the need to find a unifying umbrella of governance which had the attributes to handle what is likely a regional or multi-jurisdictional issue. The fourth factor was the need to develop a balanced and fair method to implement a "fair share" approach in the region.

Experience has found that strictly voluntary and purely regulatory approaches have nearly always failed on one aspect or another. Conversely, cooperative approaches with appropriate regulatory enforcement and financial inducements, such as state and/or federal funding, appears to offer an opportunity to address the regional aspects of the "fair share" affordable housing issue in the region. Extreme care needs to be exercised in the development of any "fair share" strategy's allocation mechanism. A credible formula would employ only high-quality and appropriately-detailed data so that unintended consequences can be avoided. A "fair share" approach that adheres to the above guidelines would likely have the best chances for success in any region.

IV. Executive Summary

An examination of the demand for and inventory of housing in the six county region of northwestern Vermont was undertaken at the request of housing agencies in the region. The Vermont Housing and Conservation Board as representative of public and non-profit housing agencies commissioned the report in January 2000. Economic & Policy Resources, Inc., a Williston, Vermont based economic consulting firm, served as principal economist in undertaking the study and preparing the forecasts. Mr. Thomas Kavet participated in the study as a sub-contractor to Economic & Policy Resources, Inc.

The study examined the housing demand for the approximately 305,000 residents in the ninety-one towns making up the six northwest counties of Vermont over the 2000 to 2010 timeframe. Based on analysis of employment and residence patterns, this geographic area demonstrates strong economic and social linkages. The existence of these linkages influence housing demand throughout the region. However, not all towns in the region participate with equal strength of these linkages. Eight towns in the region account for 40 percent of the region's total population and the largest 36 towns account for 80 percent of the region's total population. The population in a total of seventy of the ninety-one towns in the region was estimated to be less than four thousand persons in 1998.

The forecast of the region's housing needs was prepared by first undertaking a forecast of economic growth anticipated in the six county area through the study horizon. An input-output model of the region's economy was obtained from Regional Economic

Models, Inc. (REMI) in Amherst, Massachusetts. The REMI input-output model is a dynamic modeling tool which uses history to describe the economic linkages within a region's economy and between the region and the U.S. economy. Following adjustments to recognize recent changes in the region's economic structure, the model is employed to produce a forecast of economic activity including employment, GRP, and personal income.

Based on the economic results of the model, population is forecast using current population characteristics and estimates of economic in-migration. In this manner, population and housing are examined in the framework of the region's anticipated determinative economic activity. Table 1 displays the results of the economic modeling employing the REMI input-output model adjusted for recent known development events effecting the region's economic structure.

Table 1.
Base Line Employment, GRP, Personal Income, Inflation, and Population--Northwest Vermont

	Actual			**Forecast**			Avg % Chg.
Economic Variable	1985	1990	1995	2000	2005	2010	00 - 10
Total Employment (Thous)	156.911	185.855	200.106	227.104	252.046	271.345	
Employment % Change	- -	18.4%	7.7%	2.0%	1.8%	1.3%	1.8%
GRP (Bil 92$)	5.755	7.348	7.767	9.584	11.439	13.122	
GRP % Change	- -	27.7%	5.7%	2.8%	3.4%	2.6%	3.2%
Pers Inc (Bil Nom $)	3.466	5.278	6.581	8.609	11.005	13.817	
Per Inc % Change	- -	52.3%	24.7%	4.8%	4.6%	4.5%	4.8%
Inflation Index (92$)	70.104	86.997	100.658	108.31	121.22	135.583	
Inflation % Change	- -	24.1%	15.7%	2.3%	2.2%	2.3%	2.3%
Population (Thous)	265.333	285.762	299.187	314.287	334.937	355.697	
Population % Change	- -	7.7%	4.7%	1.2%	1.2%	1.2%	1.2%

Notes:
[1] Source: Regional Economic Modeling, Inc. (REMI) Amerherst, MA (2000) and Economic & Policy Resources, Inc. Williston, VT (2000).
[2] REMI uses data supplied by government agencies such as the U.S. Department of Commerce, U.S. Department of Labor, U.S. Bureau of Economic Analysis.
[3] The current model includes historic data through 1997.
[4] Percent change shown is compound annual average change.

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Housing Demand

The economic forecast for the six county region anticipates total employment increasing from 215,336 in 1998 to 271,345 in 2010 for an average annual rate of change of 1.8 percent across the forecast horizon.

Gross Regional Product (GRP) is anticipated to increase from $8.8 billion in 1998 to $13.1 billion in real dollar terms in 2010. This is an increase of 49 percent over the twelve year period for an average of 3.2 percent. In response to this economic outlook, population is forecast to grow from approximately 307,000 to 355,700 between 1998 and 2010.

Total households are then forecast from the population forecast and Census Bureau data describing the relationship between population and household formation. The household forecast describes the demand for housing with detail delineated by age of the head of the household and income of the household. The forecast indicates that number of households will increase from approximately 122,750 households in 2000 to 133,700 households in 2005 and 145,600 households in 2010. In total, the region is expected to experience an increase of roughly households between 2000 and 2010. The age distribution of the forecast households is shown in Table 2. Of the total number of new households expected in the region between 2000 and 2010, it is anticipated that 17,640 households will be seeking to own their residences and an additional 5,228 will be in the renter occupied category. A total of 5,373 new households will be headed by persons of age 65 or older between 2000 and 2010. Of this total, 4,036 households are expected to own their residences and the balance of 1,337 households will occupy rental units.

Table 2.
Household Projections for the 6-County Region

Age of Householder	2000 Households	2005 Households	2010 Households	Number Change 2000-10	Annual % Change 1990-00	Annual % Change 2000-10
Total Households						
15-24	6,924	7,517	7,450	526	-0.1%	0.7%
25-34	23,347	23,743	25,486	2,139	-0.8%	0.9%
35-44	29,220	28,178	29,093	(127)	1.2%	-0.0%
45-54	26,510	30,285	30,311	3,801	5.3%	1.3%
55-64	15,849	21,647	27,004	11,155	2.5%	5.5%
65-74	11,096	11,736	15,063	3,967	0.8%	3.1%
75+	9,802	10,610	11,208	1,406	2.2%	1.3%
>65	20,898	22,346	26,271	5,373	1.4%	2.3%
Total	122,748	133,716	145,615	22,868	1.6%	1.7%

Source:
1990 Census Data for Vermont, STF-3, Sample Data, Table P13
Economic and Demographic Projections for 6 County Region as prepared by Economic & Policy Resources, Inc. using REMI EDFS-14 model.

Prepared by: Economic & Policy Resources, Inc. - Williston, Vermont 05495-1660

A total of 48,146 households in the region in 2000 are estimated to be in the 80 percent of median household income or lower category. Of this amount, 23,087 are estimated to be in rented residential units and the balance of 25,059 households are estimated to occupy their own residences. The number of households in this category is expected to increase by 9,976 between 2000 and 2010, an increase of 20.7 percent across the ten year period. Of this total increase in households below eighty percent of median household income, 3,671 households are expected to be in the rental category. A total of 26,691 households are estimated to be first time home buyers during the 2000 to 2010 forecast horizon in the region.

Housing Inventory

An update of the number of housing units in the six county region was undertaken using a modification of the Census Bureau's estimation methodology and the estimates of the Vermont Health Department/Center for Rural Studies at the University of Vermont. The update indicates that in 1998 there were 133,865 housing units in the six county region. Of this total, 82,719 units were owner occupied and 51,146 were renter occupied. An estimated 7,994 of the total renter units were subsidized in 1998. Of the estimated 133,865 units in the region's housing inventory, 119,769 are estimated to be full-time year-around housing units.

Comparing Housing Demand With Supply

A comparison of forecasted housing demand with the 1998 housing unit supply, indicates the need for an addition to the region's full-time year-around housing stock of roughly 7,400 units in 2000–an amount which reflects current need in the region to address the combination of a low vacancy rate and projected demand in the region. A total of approximately 18,700 units are needed in 2005 and a total of just over 31,000 units are projected to be needed in 2010. Of these totals, just over 5,300 units in the year 2000, just over 14,000 units in 2005 and nearly 23,300 units in 2010 are needed for the owner category. The balance of nearly 2,100 units in 2000, just over 4,700 units in 2005 and more than 7,700 units in 2010 are projected for the renter unit category. Of the total projected housing need in 2010, demand in the very low income category (less than 50% of median household income) is expected to exceed 4,200 owner units and be at the level of nearly 11,500 renter units. The total projected need in the renter category actually exceeds the total for all income class categories because the number of units in the supply exceeds demand in higher income categories. The detail of the distribution of unit deficits and surpluses by income class category was beyond the scope of this study and is an area that is ripe for further research.

A comparison of housing unit demand with anticipated additions to the housing inventory from market and other building during the forecast horizon indicates that between 15,864 and 25,938 new housing units are projected to be added to the housing inventory during the 2000 to 2010 forecast horizon. Even with these new units, a housing deficit is anticipated of between roughly 5,100 units under the high-build scenario and 15,150 units under the low-build scenario. Averaging the scenarios over the entire 12-year study period results in a total unmet housing demand in excess of 10,100 total units. Unmet owner housing unit demand of roughly 8,000 units or 670 units per year is projected for the 12 year period. Using the same approach for renter units, results in an unmet need of roughly 2,500 units or roughly 200 units per year. Table 3 summarizes the forecast housing demand compared to the projected unit inventory under the two alternative construction/unit addition scenarios used in this study.

Table 3.
Projected Housing Demand Compared to Anticipated Market Supply Under Two Scenarios

	1998	2000	2005	2010
Full-Time Year-Around Housing Inventory	119,769			
Forecasted Housing Demand (Total)		127,181	138,499	150,788
Forecasted Deficit Before Unit Additions		(7,412)	(18,730)	(31,020)
Forecasted Market/Other Construction				
"Low-Build" Scenario--Units Added		2,644	9,254	15,864
"High-Build" Scenario--Units Added		3,978	14,510	25,938
Forecast Housing Supply (Total)				
"Low-Build" Scenario Unit Inventory		122,413	129,023	135,633
"High-Build" Scenario Unit Inventory		123,747	134,279	145,707
Projected Deficit After Unit Additions				
"Low-Build" Scenario [A]		(4,768)	(9,476)	(15,156)
"High-Build" Scenario [B]		(3,434)	(4,220)	(5,081)
Average of Scenarios [A] and [B]		(4,101)	(6,848)	(10,119)
MEMO: Projected Deficit in Chittenden County		(1,970)	(3,329)	(4,976)

Notes:

[A] The "low-build" scenario adds housing units a rate of growth equivalent to that experienced in the 1990 to 1998 time period or roughly 1,322 units per year.

[B] The "high-build" scenario adds housing units at a rate equal to the average annual compound rate of change during the 1984 to 1998 time period or at an annual average rate of 2,161 units per year.

Sources:

United States Census Bureau, Census Data for Vermont.
Vermont Department of Health
Economic & Policy Resources, Inc., Williston, Vermont

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Lastly, the study attempted to apportion the housing demand and gap analysis figures to Chittenden County for illustrative purposes. The study found that nearly one half of the projected housing demand and, by implication, housing need was generated by economic activity and population growth in Chittenden County, slightly under one-half of the anticipated demand and need for housing will likely occur in Chittenden County. In terms of housing units, this would equate to just under 5,000 total housing units over the 12-year period. Since rental units tend to be concentrated in urban areas, it is likely that Chittenden County–which includes the region's significant metro area–could be expected to account for an even greater percentage of the need for renter units than the owner share. The reader is cautioned that this is not a rigorous estimate of housing unit demand for Chittenden County but is provided with the assumption that all of the conversion factors (e.g. vacancy rates, annual unit destruction rates, etc.) that apply for the region apply for Chittenden County as well.

Summary of the Special Analyses

Four supplemental analyses were undertaken as part of this study. These analyses included an estimate of first-time home buyers in the region over the study time frame, a review of sub-regional estimates for the Franklin-Grand Isle region, and a review of "fair share" affordable housing allocation strategies used in jurisdictions around the country.

Regarding the first, the study found that the northwest region can be expected to have a total of roughly 26,150 over the next decade or an average of 2,600 first-time home-buyers per year. This result was derived using the mid-point between two general approaches–one employing an aging cohort model and the other applying national and regional survey data of home buyers from the National Association of Realtors.

Regarding the second special analysis, both Franklin and Grand Isle counties are expected to experience significant growth in households and housing demand, with growth in the MSA portion of the sub-region generally mirroring the character and pace of the region as a whole. The non-MSA portion will experience somewhat different growth, given its higher home ownership percentage and its more rural economy.

With respect to the third special analysis, the study reviewed the experience of "fair share" affordable housing allocation strategies around the country. Based on that experience, the study identified four enabling factors for developing and potentially implementing such a strategy in the region. They included: (1) the need for a public consensus of the need for such a strategy, (2) the need for long-term, consistent political leadership in participating and potentially-participating communities, (3) the need for a unifying umbrella of regional governance, and (4) the need for a combined incentive-regulatory based approach.

A Final Comment on Affordability

The housing demand projections and the number of units projected to be needed in the region are likely conservative estimates of what is needed–especially with respect to affordable housing units. The housing demand implications of the expected strong underlying performance of the regional economy, the aging population, and the potential for a significant level of unmet housing demand will place significant upward pressure on regional housing prices over the next decade. Past experience with unmet demand pressures of this type have historically led to housing cost increases which have reduced the affordability of housing–particularly for low and moderate income households. The specific implications of these effects require further study.