

Between a Rock and a Hard Place: Housing and Wages in Vermont

A report commissioned by the
Vermont Housing Council

Released in conjunction with the
Vermont Housing Awareness Campaign



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■ Introduction

A safe, decent place to live is one of life's basic necessities, but thousands of Vermonters are having a tough time finding a home they can afford. The cost of renting an apartment or buying a house in Vermont is rising much faster than wages, causing a serious threat to the well-being of our people and our state.



This report analyzes the causes and consequences of the growing gap between housing costs and wages in Vermont, as well as the gap between the demand for and supply of housing working families can afford.

There are two main reasons why housing is becoming harder to afford. First, development of new housing — particularly housing that working Vermonters can afford — has not kept pace with the need, and that drives up housing prices. Second, despite a period of generally healthy economic growth in Vermont, most Vermont families have actually seen their wages fall behind the rapidly rising cost of rents and mortgages.

Unfortunately, it does not appear that either of these trends is likely to change in the near future.

This is not just a Burlington or Chittenden County problem. While the Burlington area is one of Vermont's tightest housing markets, this report shows that affordability problems occur in every county of the state.

Nor are the effects of this situation felt only by those at the lower end of our state's economic ladder. While Vermont's poorest people are hit hardest by the gap between wages and housing costs, this problem reaches well up into the middle class. **In some parts of our state, people in households with incomes of \$50,000 cannot find decent housing they can afford.** Your town's police officer, your child's caregiver, the clerk at the grocery store, or the nurse at your health clinic — any or all of these people might be having trouble paying for a safe, decent place to live.

There is no quick and easy solution to this problem. Solving it will require citizens, employers, housing advocates, builders, bankers, and local and state officials acting together to make sure one of life's necessities — a place to call home — doesn't fall out of reach for Vermonters.

■ **A few definitions:**

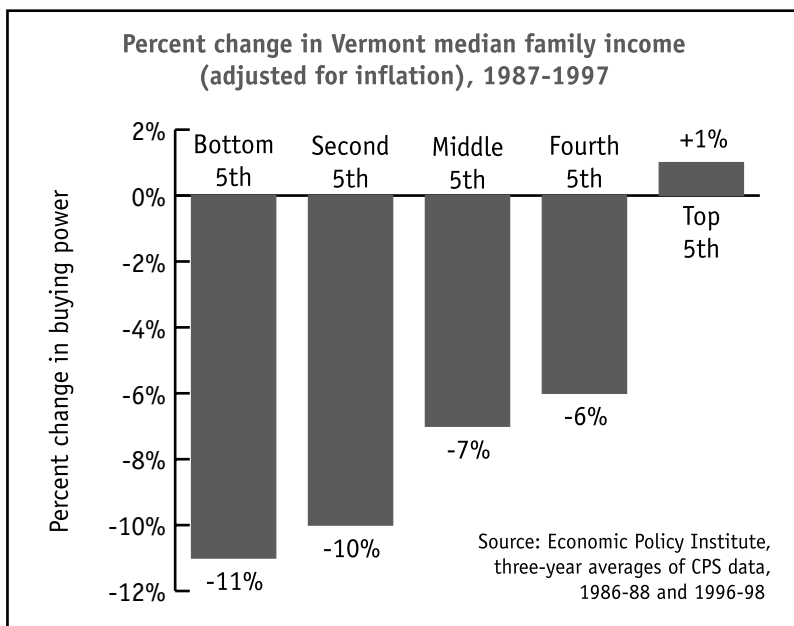
Working families and housing affordability

When we talk about “Vermont’s working families” in this report, we refer to a range of households with at least one full-time worker earning at least the minimum wage (\$13,000/year) on up to those earning \$49,090/year (120% of the state’s median household income).¹

When we say that housing is not “affordable” to a family, we mean the family must pay more than 30% of its income for rent and utilities, or for mortgage, taxes, and insurance if they own their home. Paying no more than 30% of income for housing is how the federal government has defined “affordability” since the early 1980s. This 30% standard is not an ideal indicator — it’s too high a percentage to leave most households with enough for other basic needs. However, from it we can calculate the “Housing Wage” (how much a family needs to earn to afford a modestly priced two-bedroom apartment) as well as the home-buying potential of working families.

Two factors affect the affordability of housing: the price of the housing and the ability of a household to pay that price. Therefore, to understand what is happening with housing affordability in Vermont, we must take a look at income and cost of housing trends in our state.

Earnings aren’t keeping up with inflation



■ **The 1990s: A decade of economic growth and escalating housing costs**

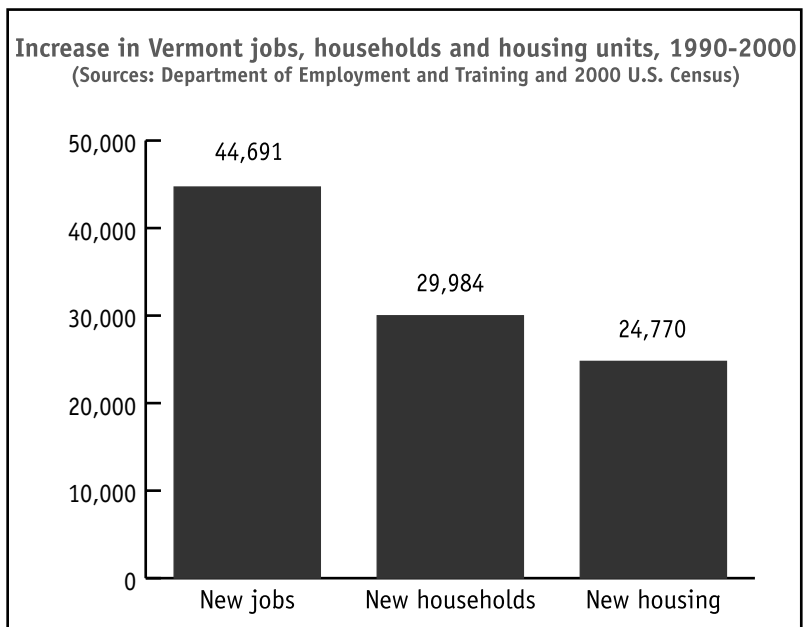
By many measures, Vermont prospered during much of the 1990s. Thousands of new jobs were created; unemployment rates dropped to record lows; there were noticeable declines in the number of people on welfare rolls. But that prosperity was not enjoyed evenly by all working Vermonters. **Over the last decade,**

four out of five Vermont households actually lost buying power, as their earnings did not keep pace with the rate of inflation.²

Over the same period, the demand for housing in Vermont increased substantially. To measure new housing demand, we look at the growth in the number of *households*, rather than the growth in *population*. During the 1990s, Vermont gained almost 30,000 new households.³

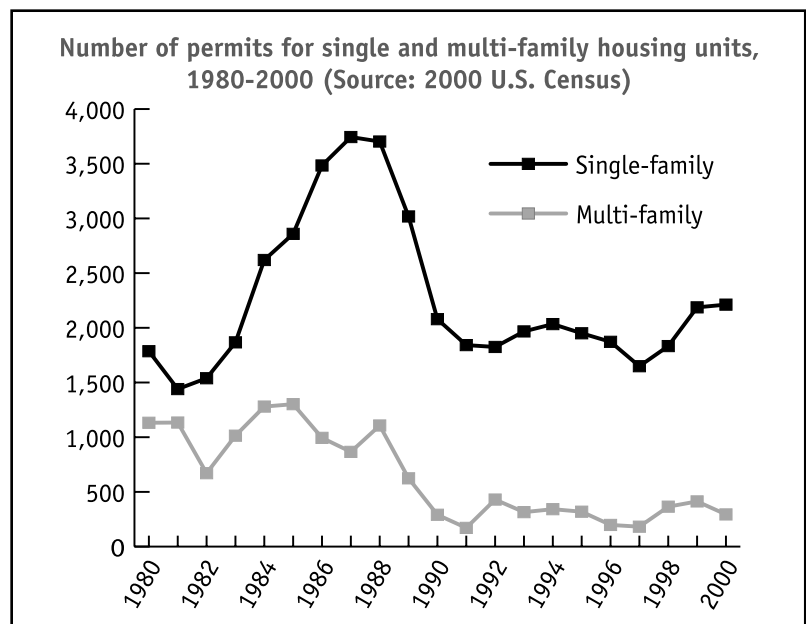
However, the supply of housing hasn't kept up with the increase in demand. **Between 1990 and 2000, Vermont added only enough new housing units to accommodate five out of every six new households.**⁴ Vermont's housing boom peaked in the mid-1980s, and production has dropped off sharply since then. Statewide, the number of permits for new single-family housing dropped from more than 3,500 in 1987 to fewer than 2,500 in 2000. For new rental housing, the number of permits dropped from almost 1,500 in 1987 to fewer than 400 in 2000. Even the slight increase in the number of permits issued in 1998 through 2000 didn't come close to keeping up with the demand.

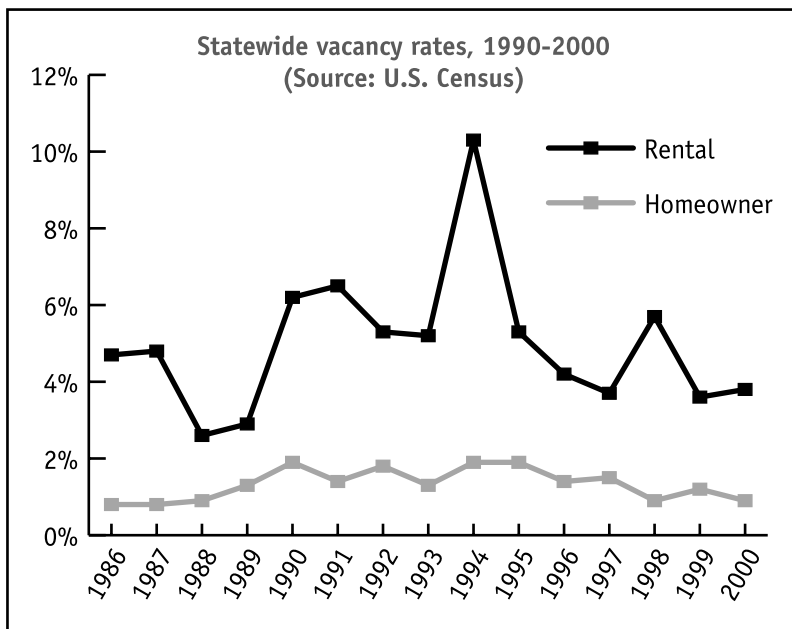
With supply lagging so far behind demand, vacancy rates have plummeted to very low levels. Many housing economists say that a 3% vacancy rate for owner-occupied housing and a 5% rate for rental housing ensure a reasonably healthy degree of price competition in the housing market. But Vermont's statewide vacancy rates are currently just 0.9% for owner-occupied housing and 3.8% for rental housing. **In fact, according to the 2000**



Housing demand far outpaced new housing built in the 1990s ...

... as housing construction remained relatively flat during the decade.





U.S. Census, Vermont's rental vacancy rate is now the third lowest in the nation, and our homeownership vacancy rate was tied for the fourth lowest.⁵

The housing market is particularly tight in the Upper Connecticut River Valley, where apartment vacancies are in the 2% range, and in Vermont's six northwestern counties, where the rental vacancy rate is currently 2.5% (and was below 1% in Chittenden County from 1996 until December, 2001)⁶

Vermont's vacancy rates are among the lowest in the nation.

Low vacancy rates mean competition in the housing market becomes intense, and prices inevitably rise. **The median price of a single family house in Vermont increased by over 29.8% between 1996 and 2001. In just the past two years, the median price jumped by 13.6%, well over three times the overall rate of inflation.** Lamoille, Windsor, Franklin, Windham and Rutland counties saw the largest percentage increases in home prices.⁷

Renters have likewise seen sizeable increases in what they have to pay. **The average "fair market rent" for a 2-bedroom apartment in Vermont rose almost 20% in the past five years, and jumped by 10.9% in the past two years.** In addition to the Burlington area, Caledonia, Franklin and Grand Isle Counties all saw average rent increases of more than 15% in those two years.⁸ In fact, a recent national study reports that over the past year, Vermont's rural areas had the third highest increase in rental housing costs in rural America.⁹

"Our recent 24-month search indicates zero availability of affordable units that don't require major cash outlays to make the units livable. It's a market for only the upper classes of the economy."¹⁰

— Respondent to Mad River Valley housing survey, July 2001

With buying power stagnating and housing prices rising quickly, it is not difficult to see why thousands of working Vermonters are having so much trouble finding housing that is affordable.

■ Vermont's housing wage

One measure of whether wages are keeping up with the cost of housing is the "housing wage." **The housing wage is the hourly wage a household would have to earn so that it would not pay more than 30% of its income for shelter.**

Since most families require at least two bedrooms, the housing wage is usually calculated for a two-bedroom apartment at the "fair market rent," which averaged \$687 per month for Vermont in 2001. This isn't the cost of the "average" rental unit, but of a modest two-bedroom apartment costing about 10% *less* than the median-priced apartment.¹¹ The average rental unit would actually cost quite a bit more.

Vermont's average housing wage to afford a two-bedroom apartment is \$13.21 per hour (\$27,476/year), over twice the state's minimum wage. This is the amount a household would have to earn per hour in order to be able to work 40 hours per week and afford a two-bedroom unit at the statewide average fair market rent.

In the greater Burlington area, where rents are much higher, a household would have to earn at least \$15.67/hour (\$32,600/year) to afford a modest two-bedroom apartment. In Bennington County, the housing wage is \$12.52 per hour, in Washington County it is \$12.27, and in Windham County it is \$12.98. Even in the Northeast Kingdom, where rents and house prices are the lowest in the state, the housing wage averaged \$10.36 per hour, well over one and a half times the state's minimum wage.¹²

The housing wage alone does not tell us the whole picture about housing affordability; we have to compare the housing wage with actual wages in Vermont to see if working Vermonters can afford the cost of housing.

■ Crumbling pillars of the community

At times, we depend on emergency workers for our very lives. But it's very hard to find a place to live in many

County housing wage

Burlington MSA*	\$15.67
Addison	\$11.98
Bennington	\$12.52
Caledonia	\$10.83
Chittenden (non-MSA)	\$14.27
Essex	\$10.58
Franklin (non-MSA)	\$11.85
Grand Isle (non-MSA)	\$10.96
Lamoille	\$11.29
Orange	\$11.44
Orleans	\$9.79
Rutland	\$12.35
Washington	\$12.27
Windham	\$12.98
Windsor	\$12.87

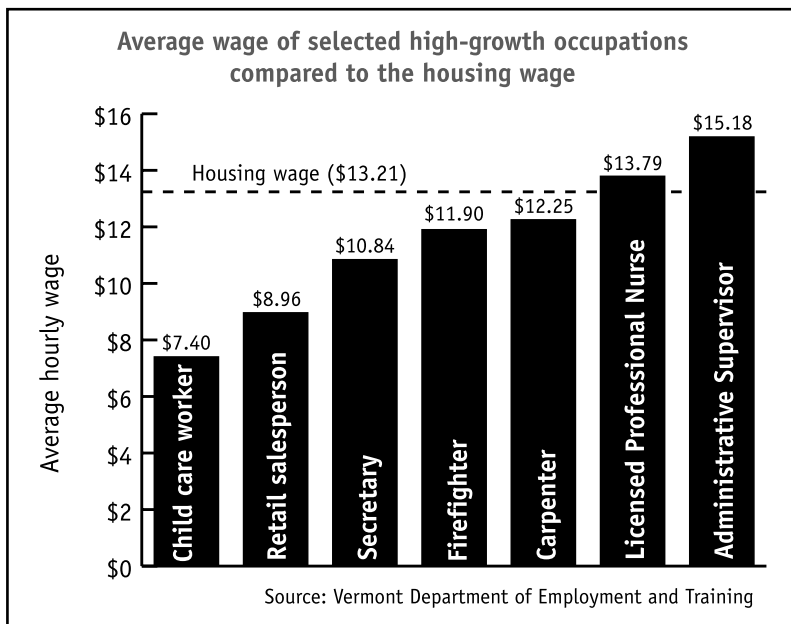
**The Burlington "Metropolitan Statistical Area" (MSA) includes Burlington, Charlotte, Colchester, Essex, Fairfax, Georgia, Grand Isle, Hinesburg, Jericho, Milton, Richmond, St. Albans (City and Town), St. George, Shelburne, South Burlington, South Hero, Swanton, Williston, and Winooski.*

communities as an Emergency Medical Technician (median wage \$9.64/hr), ambulance driver (\$8.17/hr), firefighter (\$11.90/hr), or emergency dispatcher (\$12.09/hr).¹³ None of these wages would enable the worker’s family to afford a modest two-bedroom apartment in an average Vermont town without a second income.

We entrust child care workers to watch over and teach our children, yet the typical child care worker makes just \$7.60 per hour — considerably less than the housing wage. Licensed practical nurses, who tend to the sick in hospitals,

nursing homes, and outpatient clinics, fare better at \$13.79 per hour. While just over the housing wage, it’s still not enough to afford the median priced two-bedroom apartment in Vermont.

Many of the people who provide essential services to our communities can’t afford the prevailing rents and house prices in their areas without either another wage earner in the family or some form of outside assistance. But the housing affordability gap is not limited to the professions mentioned. **In fact, the most recent**



Many important professions don’t pay enough to cover the rent

data from the Department of Employment and Training show that fully 66% of the jobs in Vermont pay less than the statewide housing wage of \$13.21, and four out of ten jobs paid less than \$10 per hour.

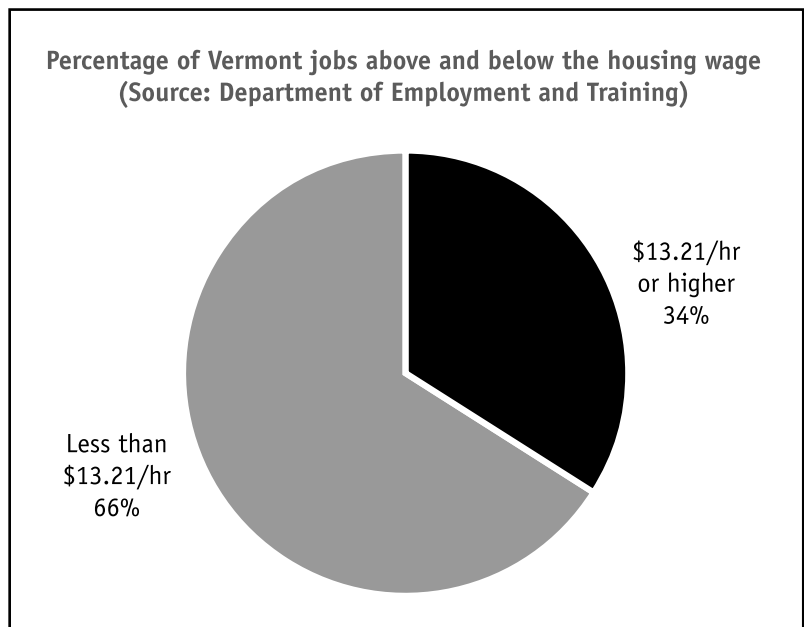
When income lags behind housing costs, affordability problems abound. The 1999 Vermont Housing Needs Assessment estimates that 22,000 Vermont households were likely paying more than 30% of their income towards rent and/or were living in sub-standard housing. Of these, 90% were families with children.¹⁴

A national study estimated that in 2000 just under half of all renter households in Vermont paid more

than 30% of their income for rent and utilities. By this standard, Vermont was tied that year for the least affordable state in the nation for both two-bedroom and three-bedroom apartments.¹⁵

■ **How much can you work?**

Many Vermonters try to bridge the gap between their incomes and the cost of housing by working overtime, taking on a second job, or with the help of a second wage-earner in the household.

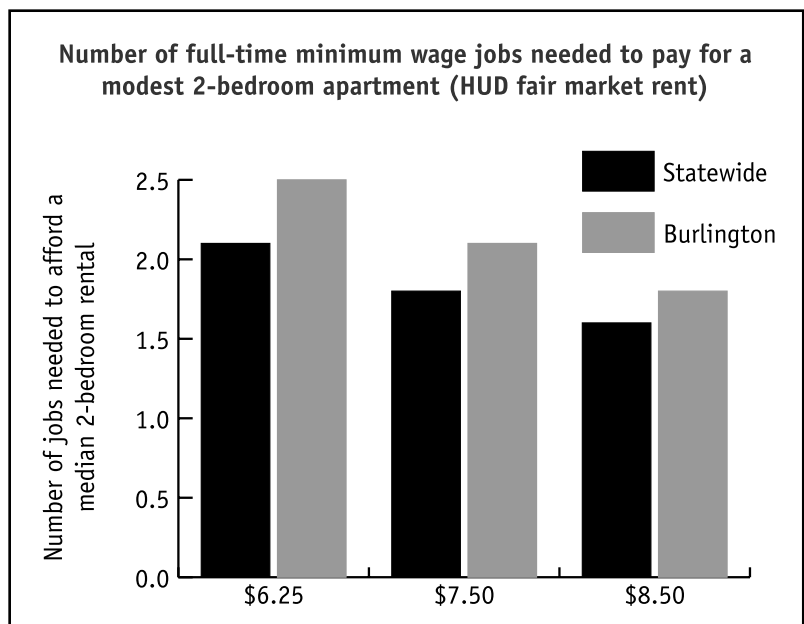


In order for a family with one worker earning \$8.50/hour to afford the modest two-bedroom apartment we have been discussing, that person has to work over 62 hours/week. At Vermont’s minimum wage of \$6.25, a single wage earner has to work almost 85 hours a week to afford the same apartment. If there were two minimum wage workers in the household, each would have to work 42.5 hours a week. In Burlington, it takes two people each working 50+ hours a week to afford the fair market rent for a two-bedroom apartment. Even in the Northeast Kingdom, it takes one full-time minimum wage worker and a second working 26+ hours/week to afford the fair market rent.

Most Vermont jobs pay less than the “housing wage”...

... so it takes more than one job to pay the rent

Of course, the working families that are most squeezed are those with just one wage earner. However, many families with two or more wage earners have housing affordability problems as well. Approximately one third of all working families with incomes less than the housing wage of \$27,500 have two or more wage earners, yet they still can’t afford the rent.¹⁶



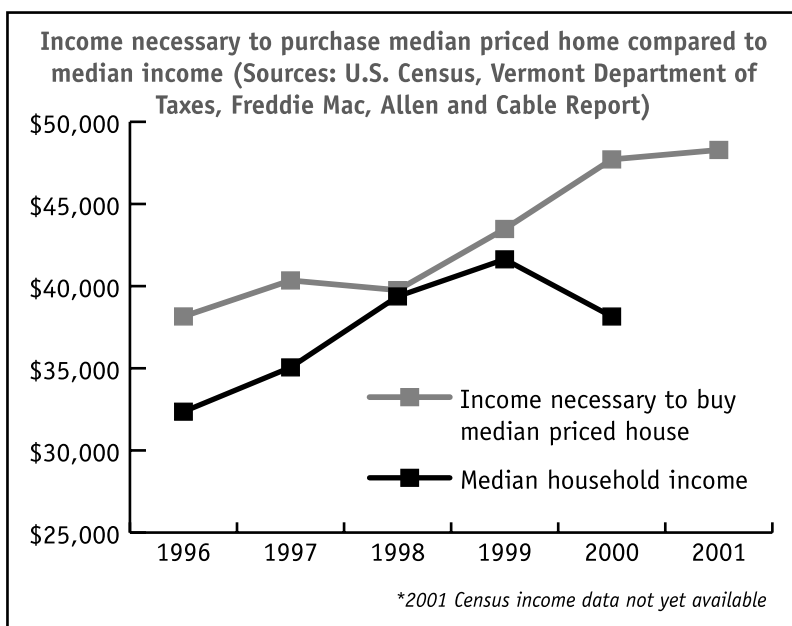
■ Homeownership: Slipping out of reach?

Although Vermont's rate of homeownership did grow slightly over the last decade, it fell behind the national rate of growth in homeownership. Even with the lowest mortgage rates in decades, the dream of home ownership is out of reach for many Vermonters as house prices continue to escalate compared to wages. **The median price of a house in Vermont jumped by 29.8% between 1996 and 2001. In Addison, Franklin, Lamoille, Grand Isle and Essex Counties, the median house price increased by over 35% during that same five-year period.**¹⁷

The median priced single family house in Vermont last year cost \$129,900 (excluding mobile homes). In order to purchase that home, a household would need an income of \$48,290.¹⁸ We can call this the "homeownership housing wage." Not only is this far above the wages paid for the occupations discussed earlier, it is 18% more than Vermont's 2000 median household income of \$40,900.¹⁹

The average price of a house in Vermont last year cost far more, at \$149,430. To afford the average-priced house, a family would need an income of \$54,360.

Homeownership is out of reach for many working Vermonters



The gap between what a household can afford and the income necessary to purchase a home is likely to grow unless there is a significant increase in the supply of houses affordable to first-time buyers, and unless the buying power of Vermont families better keeps up with the rising prices of homes. The current trend is just the opposite. In fact, between 1990 and 1998, all but the top fifth of Vermonters lost buying power in relation to the cost of a home.²⁰

Of course, when families can't afford to buy, they compete for apartments, which in turn contrib-

utes to the growing squeeze and escalating prices in the rental housing market.

■ Will Vermont wages catch up to the housing wage?

In the last two years, the wages of the average Vermont renter household would have had to rise by 11% to continue to afford the same modest two-bedroom apartment it could afford two years before. In the Burlington area the same family would have needed a 17% pay raise.²¹ Few paychecks have seen those kinds of increases.

If we look at projections of job growth in Vermont, the greatest number of new jobs are expected to be in low-wage occupations, and the distribution of jobs by wage range is not expected to change over the next decade. **The State of Vermont projects that in 2008, less than 40% of Vermont jobs will pay more than the *current* housing wage of \$13.21 per hour.**²²

Of course, housing costs, and therefore the “housing wage,” will also increase over the next ten years. Even as this report goes to press in the middle of an economic recession, rental markets in most of Vermont continue to be strong. Although the volume of single family house sales has decreased slightly, sale prices continue to rise as demand has been virtually unaffected by the economic downturn.²³ Recent studies in Northwest Vermont and the Upper Connecticut River Valley project that housing demand will continue to outpace increases in supply in spite of the current recession, which will inevitably lead to rising housing costs.²⁴

■ Northwest Vermont and the Upper Valley: Case studies in housing supply and demand

The six counties of Northwest Vermont, home to over half of the state’s households, have led the state in both job and household growth. A recent study set out to examine, among other things, whether housing production has kept

Mobile homes: A source of affordable homeownership, but not enough to go around

Mobile homes — either in parks or on individually owned land — are an important affordable homeownership option for many Vermonters, and accounted for almost one in ten of Vermont’s housing units. In 1997, sale prices for mobile homes on privately owned land ranged from \$27,000 to \$60,000; on leased lots, existing units ranged from \$13,000 to \$20,000.²¹

However, like other affordable housing options, demand for mobile home lots outstrips the supply. Many existing parks are closing or are at risk of closing because of basic infrastructure deficiencies (electrical systems, drinking water and waste water), and no new mobile home parks are being built. Predictably, the vacancy rate for lots in Vermont’s mobile home parks is tight — 3.2% in 2001 — and lot rents are rising steadily.²⁵

pace with the needs of an expanding economy. The study found that the six-county region is currently 7,400 units short of what it needs to accommodate its present workforce (5,300 homeowner and 2,100 rental units).²⁶

“Housing availability constraints could seriously impede the ability of the six-county region to realize its otherwise bright economic development potential.”²⁸

— Jeffrey Carr, State Economist, testifying before the Vermont Senate General Affairs Committee regarding the need for affordable housing in Northwest Vermont

Even at a modest rate of economic growth, the study estimates that in order to meet the housing needs of the region 23,600 new housing units will be needed by 2010: 18,000 homeowner units and 5,600 rental units. However, the current pace of development by private builders and non-profit housing agencies might add 1,750 new units per year. Just to keep up with the new demand, an additional 2,600 units over the next ten years would need to be added — 12% above the current pace of development. In order to reach a 5% rental and 3% homeownership vacancy rate, the number of units needed jumps to 10,000 — or fully 47% above the current development trend.

And what kind of housing is needed in the region? Over 30,000 of the projected new jobs — seven out of ten — are expected to be in the service and trade sectors, which have a high proportion of lower-wage jobs. **The study estimated that half of the new homebuyers and three-quarters of the new renters will need some form of financial assistance to help them with their housing because they won't earn enough to cover basic needs.**²⁷

“The most challenging facet of housing production during the next decade will be generating a sufficient supply of rental housing... at a price the market can afford to pay.”³⁰

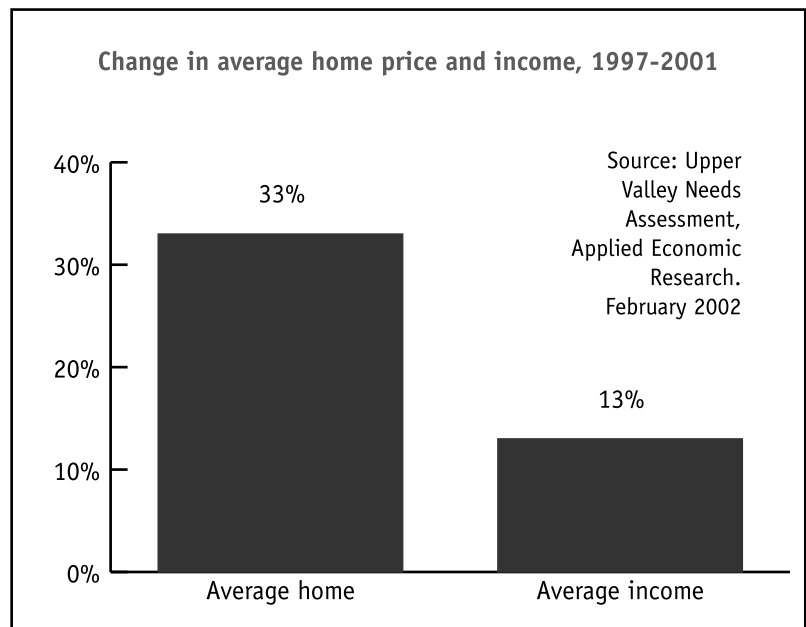
— Russ Thibeault, President, Applied Economic Research, on the imbalance between housing supply and demand in the Upper Connecticut River Valley

A similar study was just completed in the Upper Connecticut River Valley. Over the past decade, the greater White River Junction area added over 2,500 new households, but just under 1,500 new units of housing. Incredibly, the area saw a net loss of 64 apartments over the decade. As result, vacancies rates are among the lowest in the state, housing costs are rising much more quickly than wages, and there are widespread housing affordability problems.²⁹

The study notes that households earning \$40,000/year or more are have difficulty finding suitable housing at an affordable price in the region. Close to half of the renter households in the Hartford area — 2,400 households — cannot afford a median-priced two-bedroom unit without

devoting a disproportionate amount of income to housing costs. Even in the Springfield area, where rents are lower, 1,100 households currently can not afford their rent.

The study reports that over the next ten years almost twice as many new housing units will have to be built than during the last decade in order to resolve current vacancy shortfalls, meet the needs of the expanding economy, provide expanded housing choices for working families, and keep housing appreciation in line with area income growth. The study concludes that in the absence of higher production, the current housing affordability crunch — which is particularly burdensome on working families — will continue.³¹



Home prices are outpacing income gains in the Upper Valley

■ The economic and geographic mismatch of jobs and housing

If so many Vermont families need and want affordable homes to rent or buy, why don't they get built? And why are so many of the new homes being built in Vermont so

The changing composition of Vermont's households adds to the housing crunch

Since 1960, the number of households in Vermont has grown at twice the rate of the population. The average household is smaller than it used to be. The average Vermont household in 2000 contained 2.44 persons, almost one person fewer than it did in 1960.³²

Vermont's population is aging, which means more empty-nester couples, more young people who have left home and are now looking for their first apartment, and more elderly people living alone. Divorce and separation also lead to new and smaller households. For example, one in four families with children is now headed by a single parent, compared with one in five ten years ago.

The fact that households are getting smaller has a significant impact on housing demand, as more housing units are needed today than ten years ago to house the same number of people.

large and expensive, many on lots of five acres or more? Finally, why aren't they being built closer to the new jobs being created, instead of in "bedroom communities?"

Vermont developers stopped building modestly priced homes and apartments because, they said, of low profit margins, the uncertainties of the local permitting process, and local opposition to affordable housing.³³

Another contributing factor is found in town zoning policies that allow residential development only in the form of single-family houses on large, multi-acre lots. This effectively screens out many working families limits the construction of rental housing, and raises serious questions about land use in Vermont.

Between 1982 and 1992, the amount of developed land in Vermont grew by more than 25%, while the population grew by just 9.8%.³⁴ Land which could have accommodated many more houses — or apartments — was developed for larger, single house lots instead.

This development trend has contributed to the loss of almost 600,000 acres of Vermont farmland over the past two decades.³⁵ It also costs towns more in the long run, since construction of "in-fill" housing and rehabilitation of existing housing in town and village centers result in lower education and service costs to towns than large-lot, "sprawl" housing development.³⁶ Additionally, it leads to more exclusive communities where working families have few housing options.³⁷

Yet, many of the new jobs in the Vermont economy are being created in or near these very same communities where the expensive housing is being built. People who work in these towns but can't afford to live in them face long commutes from areas where affordable homeownership and rental housing is concentrated. When people work far from where they live, transportation costs consume a larger percentage of a family's budget, leaving less for basic needs. Perhaps even more importantly, it's harder for families to

"Smart growth initiatives should meet ... housing needs by removing barriers to allow innovative land-use planning techniques to be used in building higher density and mixed-use development and preserving open space; providing for a wide range of housing choices to satisfy the needs of buyers and renters at all income levels; planning and paying for appropriate infrastructure; and ensuring that the approvals process for new housing is efficient, predictable and fair."³⁸

— *National Association of Homebuilders*

find time to get involved in activities, such as serving in local government or participating in children’s school activities. The fabric of community weakens over time.

■ **Housing: The foundation of a strong economy**

An adequate stock of housing that is affordable to working families is not just necessary to maintain vibrant communities, it’s also essential to the economic health of our state. Many Vermont employers report that they can’t attract and keep good workers because there’s no place the workers can afford to live on the wages prevailing in the marketplace.

Vermont’s wage and housing crisis is putting at risk the resource that can ensure our state’s prosperity: good workers who will leave in search of opportunity and a decent living elsewhere. If Vermonters can find decent jobs at good wages and places they can afford to live, they will stay and contribute to the growth and prosperity of our communities. That’s an investment with returns for all of us.

■ **Affordable housing: A winning investment in our communities**

Construction of affordable housing is an excellent economic stimulus for both the local and state economies. Public investment in housing construction and rehabilitation adds net new revenues to state government and stabilizes or increases property values on surrounding sites.³⁹

Housing construction creates jobs for skilled tradespeople such as carpenters, plumbers and electricians, as well as for general construction workers. The dollars earned and spent by these workers recycle through the businesses in their communities, boosting the local economy.

Since 1987, the Vermont Housing and Conservation Board has invested \$92 million of state funds in affordable housing. This has helped to generate over \$320 million in

“There is a growing realization among Vermont’s economic development officials and business leaders that the fate of the Vermont economy is closely tied to housing availability. Increasingly, employers are finding it difficult to attract new hires and retain good employees because of the lack of decent and affordable housing.”⁴⁰

— *2001 Report of the Joint Housing Committee of the Vermont General Assembly.*

construction activity and has created approximately 10,000 jobs in Vermont:⁴¹

“Always crucial to the economy, housing is especially important in today’s unsettled world. It is uniquely positioned to cushion the effects of recession and lead the nation to recovery. ... Housing also is vital to local and state economies, creating jobs and generating taxes and wages that positively influence the quality of life.”⁴²

— *Housing: The Key to Economic Recovery*. National Association of Homebuilders. January 2002.

§ Every \$1 million in VHCB funds spent on construction activity housing creates 36 new jobs in the construction industry. When you add in “ripple effect” jobs created throughout the rest of the local economy, that number rises to 63.

§ For every dollar VHCB invests in housing, more than three dollars are invested from the private sector and other public sources.

§ Every dollar of VHCB funds spent on housing generates an additional \$1.95 spent in the local economy.

Construction of housing that is affordable to working families yields another critical benefit: more stable communities. A town whose families have decent, affordable places to live is a town whose citizens are much more able, and more likely, to invest their time, energy and brainpower in improving their communities and schools.

This is especially true of working families who are able to own their own houses, as they have a heightened financial stake in the health of their communities. Finally, by lowering the amount of money that families spend on housing, they increase the amounts they can spend in the local economy on other necessities.

“What about the quality of Vermont’s housing?”

In some regions of Vermont prevailing wages and market rents do not support adequate reinvestment in housing, making the quality of the housing stock the most pressing housing issue. Vermont has the second oldest housing in the nation, and the condition of many lower-cost rental units is often substandard, especially in respect to fire safety, energy efficiency, lead paint hazards, and accessibility. Vermont has one of the highest fire death rates in the nation; approximately 80% of the state’s fire-related deaths occur in residential housing, half of these in rental apartments. A recent State Housing Needs Assessment estimates that 9,000 Vermont households are living in severe to moderately substandard housing, and of the state’s 33,000 low-income renter households, 27% reside in substandard units.⁴³

■ Something has to give — but what?

The hidden costs of unaffordable housing

What do Vermont’s working families do when they can’t make ends meet? More members of the household may go to work — which may mean large outlays for child care — or someone already working full-time may take on another job. However, far more harmful things can happen.

Families may trade off paying the rent for having enough to eat. Since 1997, Vermont’s food shelves report an increase of 6% in the number of working families using their services.⁴⁴ Six thousand Vermont families went hungry at some point in 2001.⁴⁵

Families may rely too heavily on consumer credit to get by from month to month. The mounting burden of consumer debt has been a major contributor to Vermont’s rising rate of personal bankruptcy over the last decade, which saw a 17% jump last year alone.⁴⁶

The housing situation of these families may become unstable. One study found that two in five families that paid over 50% of their income for housing had moved in the previous six months, compared to only one in twelve in the general population.⁴⁷ Housing instability is especially stressful for those under the age of eighteen. A study by New England doctors found that children in overcrowded or inadequate housing or who experience homelessness are more likely to suffer from anxiety, depression, asthma, infections, burns, anemia, and delays in walking, talking, and learning.⁴⁸

Housing instability may eventually lead to homelessness. Wage-earning families are now the fastest-growing segment of Vermont’s homeless population. **Since 1992 the number of working families in Vermont who are homeless has doubled. More than half of those families had a least one parent employed full time, yet they still had no housing options whatsoever.**⁴⁹ Families that enter shelters are also staying longer because they can’t find permanent affordable housing: a typical client of a homeless shelter in Vermont now spends 23 nights, compared with 13 nights in 1998.⁵⁰

“When children do not succeed as adults, all of society pays the price: businesses are able to find fewer good workers, consumers pay more for their goods, hospitals and health insurers spend more treating preventable illnesses, teachers spend more time on remediation and special education ... mayors must pay to shelter homeless families, judges must hear more criminal, domestic, and other cases, [and] taxpayers pay for problems that could have been prevented.”⁵¹

— *The Children’s Defense Fund
Report on the Costs of Child Poverty*

■ The coming train wreck

If the only homes that are built are too expensive for Vermont's working families, and if Vermonters' wages continue to stagnate in relation to the rising cost of housing, many more families will be forced to live in housing they cannot afford.

According to a recent poll, 94% of Americans agree that "as a country, we should make sure that people who work full-time should be able to earn enough to keep their families out of poverty."⁵² But we have seen that many of Vermont's working families find the cost of shelter well beyond their ability to pay.

■ "Isn't government doing something?"

In fact, Vermont has been one of the most active states in encouraging and funding affordable housing:

- § Since it was created by the Legislature in 1987, the Vermont Housing and Conservation Board has funded the creation and rehabilitation of over 6,600 housing units that will remain affordable in perpetuity.
- § The Vermont State Housing Authority assists over 7,000 families each year with housing vouchers, subsidized apartments, and affordable mobile home lot rents.
- § The Vermont Housing Finance Agency has financed over 8,000 home loans for first time home-buyers in the last decade alone.
- § The Department of Housing and Community Affairs provides on average one-third of its \$9 million annual allocation of Community Development Block Grants for housing development, one of the highest percentages of any state.
- § The state has a well developed network of private, non-profit, community-based housing organizations that build, renovate and maintain quality affordable

"Just 20 years ago, Chittenden County did not have a family shelter or place like COTS because homelessness was so rare. ... In 1970, there were 300,000 more affordable rental units nationally than there were low-income renters. Back then it was still possible to work as a gas station attendant or a sales clerk without fear of becoming destitute."⁵³

— Rita Markley, Executive Director
of the Committee on
Temporary Shelter

housing in response to the needs of the communities they serve; collectively they house thousands of low and moderate income Vermonters.

But the need for affordable housing far exceeds what the resources can deliver. To make matters worse, federal support for housing has dropped dramatically since the mid-1980s. For example, the “Section 8” new construction/substantial rehab program alone funded the construction of 4,100 affordable apartments in Vermont between 1976 and 1985 (when the program was abolished). Over the next twelve years, only 2,384 units were built with *every remaining form of federal assistance combined*.⁵⁴

While limited in number, there are rental assistance vouchers available to help families whose incomes can’t stretch to cover the cost of housing. However, even if a family is fortunate enough to receive a voucher it is becoming increasingly difficult to find an apartment to rent because the housing market is so tight. **At present, approximately a third of all households in Vermont who receive vouchers from the Vermont State Housing Authority can’t find a place to rent. In Burlington, two-thirds of voucher recipients can’t find an apartment.**⁵⁵

■ “How can I help?”

§ **If you’re a town official**, you can examine your town’s planning policies and zoning ordinances to remove unnecessary regulatory barriers to the construction or rehabilitation of multi-family housing and single family homes that working families can afford.⁵⁶

§ **If you’re a state policymaker**, you can support the state’s continued investment in housing for working Vermonters; you can craft incentives and requirements for cities and towns to plan for and provide affordable housing; and you can encourage and support employers that make provisions for affordable housing as they add new jobs.

“The supply of affordable housing is the most important obstacle to economic development . During Act 250 reviews employers moving into the area should be asked to demonstrate how they plan to help their employees find housing they can afford.”

Remarks of Jim Saudade, President, Green Mountain Economic Development, at VHFA's Vermont Affordable Housing Conference, November 29, 2000.

FOR MORE INFORMATION, contact the Vermont Housing Council at 828-3211, Vermont Housing & Conservation Board at 828-3250 (www.vhcb.org), Vermont Housing Awareness Campaign at 652-3449 (www.housingawareness.org), or the Vermont Affordable Housing Coalition at 660-9484.

§ **If you're an employer**, you can look at your wage and benefits packages and make changes to help your workers better support — and better house — their families. “The Vermont Livable Wage Workbook” is an excellent tool, as are Fannie Mae’s publications on employer-assisted housing programs.⁵⁷

§ **If you're a builder**, you can look at where housing needs are greatest and consider teaming up with state agencies and local non-profit housing development groups to build modestly priced houses and apartments.⁵⁸

§ **If you're an employee or union member** whose retirement savings are in a pension fund, ask whether the fund invests in housing for working families. Many pension funds around the country have invested successfully — and profitably — in affordable housing.⁵⁹ Given the demand for housing in Vermont, this is a solid investment opportunity.

§ **All of us can:**

§ Support more investment by the federal government, and continued investment by the State of Vermont, in housing for working Vermont families.

§ Welcome families into our neighborhoods and communities, by supporting the growth, conversion, and rehabilitation of housing that they can afford.

§ Work with the local selectboard and planning commission to plan for affordable housing.

§ Form citizens committees to raise awareness about the need for affordable housing in our communities.

§ And donate our time and dollars in support of regional or local nonprofit housing organizations.⁶⁰

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Between a Rock and a Hard Place: Housing and Wages in Vermont

Researched and written by:

Roberta Harold, Harold & Associates

Douglas R. Hoffer

John E. Davis, Burlington Associates in Community Development

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The Housing Council is a broad-based group composed of public and private housing entities that was created to oversee implementation of the state's housing policy and to coordinate housing services and initiatives.

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The Vermont Housing Awareness Campaign is an effort by a group of public and private sector interests who agree that Vermont is in the midst of a severe housing shortage, and that it is important for our people and our state as a whole to provide more housing opportunities for all Vermonters.

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U.S. Department of Housing and Urban Development

Report Advisory Committee:

Kenn Sassorossi, Housing Vermont

Arlene Shorten, Vermont State Housing Authority

Erhard Mahnke, Vermont Affordable Housing Coalition

Bill Cormany, Vermont Department of Employment and Training

Pat Peterson, Vermont Department of Housing and Community Affairs

John Fairbanks, Vermont Housing Finance Agency

Ingrid Malmgren, Vermont Housing Finance Agency

David Tucker, Vermont Office of Economic Opportunity

Fred Roane, U.S. Department of Housing and Urban Development

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David Weinstein, Vermont Housing and Conservation Board

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Craig Bailey, Vermont Housing Finance Agency

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