Project Proposal for Inclusion in CEDS

Windham Region Residential Real Estate Market Analysis

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Organizational Overview

The mission of the Windham Regional Commission (WRC) is to assist towns in Southeastern Vermont to provide effective local government and work cooperatively with them to address regional issues. The Windham Region is comprised of the 23 towns of Windham County, the towns of Readsboro, Searsburg and Winhall in Bennington County, and Weston in Windsor County, and has a land area of more than 900 square miles. The Commission is composed of town selectboard-appointed Commissioners (up to two per town), and ten Citizen Interest Commissioners representing specific regional interests such as business and industry, natural resources, energy, and housing. The WRC is organized to perform those functions authorized by 24 V.S.A. 4345 and 4345a; the preparation, maintenance and implementation of a Regional plan as provided by 24 V.S.A. 4348a; advise and assist member towns in their preparation, adoption and implementation of municipal plans pursuant to 24 V.S.A. 4381-4426; and coordinate and assist in efforts to promote the health, safety and general welfare of the people of the Windham Region through development and planning activities affecting human resources and natural resources. In all efforts the Commission fosters the wise expenditure of public funds and resources necessary for the efficient delivery of governmental and community services. We currently have 10 professional staff, an operating budget of approximately $1.3 million, and a well-established record of managing large federal and state grants and infrastructure implementation projects.

Project Overview

Project Need

Growth of non-seasonal housing within the Windham Region is essentially stagnant. Housing affordability and supply are cited as contributing to the region’s inability to retain its workforce, and as a reason why employers in the region have difficulty recruiting new hires. While there’s much anecdotal evidence of market dysfunction in terms of costs of development per unit, risk of return on investment, and the causes of failed market-rate residential development in the past, the region needs an objective market analysis to understand the root causes, what it means for the region’s economy and workforce, and what may be done to both improve investment in existing housing stock and develop appropriate new housing stock.

Project Description

This project would fund a real estate market analysis to establish a foundational understanding of the current residential real estate market in the Windham Region, and what present and future market conditions imply for the economic development of the region, including the affordability and availability of housing for the current and future regional workforce. This analysis would specifically investigate: the residential housing market in the Windham Region; housing affordability relative to the region’s current and anticipated
workforce and within the context of surrounding regions; housing needs and trends, including demand for different types of housing; the impact of energy on the housing market; and physical, financial, regulatory, and other barriers to both new housing development and investment in existing housing stock. This analysis would establish the basis for the development of a cross-sector residential development plan and strategy to be implemented by private, public, and not for profit partners.

Current Conditions Note: All figures are from the draft Windham Regional Profile (http://windhamregional.org/images/publications/windham_region_profile_housing.pdf).

The majority of housing units in the Windham Region are single family homes (see Figure 2-18). From 1990 to 2000, the proportion of single family homes increased from 66% to 72%. However, by 2010, that percentage had decreased back down to 66%.

The remainder of the housing stock in the Region consists of 29% multi-unit housing and 5% mobile housing, with a negligible amount of housing that falls within the Boat, RV, Van, etc. category. Within the category of multi-unit housing, the subdivisions of unit categories are evenly distributed, each ranging between 3% and 6% of the total housing. In general, the categories with a greater number of units, 10 to 19 units and 20 or more units, accounted for the smallest percentage of housing in the Region. Between 2000 and 2010, the Region’s housing stock grew by about 8.8% with the addition of about 2,802 housing units. This rate of growth is an increase from the 5% growth rate in housing stock that occurred from 1990 and 2000 in the Region. However, this rate is still nowhere near the growth rate the Region experienced between 1980 and 1990, when the number of housing units grew by nearly 32%.
Growth in total housing units within the Region’s towns has varied (see Figure 2-19). Somerset is the only town that experienced a decrease in housing units, from 28 in 2000 to 21 in 2010. Interestingly, the towns with the greatest rate of growth in housing stock in the last ten years were not the towns that saw highest percent of increase in population. The town of Stratton saw an increase in population of 58.82% from 2000 to 2010, and also had the largest increase in housing stock with a 32.6% increase. However, the next three towns with the largest housing stock increases, Vernon (17.9%), Townshend (17.4%) and Whitingham (14.5%) saw population increases of only 3.04%, 7.22%, and 4.55% respectively. The same holds true if one looks only at numeric increases. The towns with the greatest number of added residents were Athens, Marlboro, Windham and Jamaica. The towns with the greatest addition of housing units were Stratton, Brattleboro, Dover, and Wilmington. This is a new development since the last Regional Plan, and may indicate shifting of occupancy make-up in the new and existing housing stock. Seasonal housing can also be an explanation for increased housing in some towns, without significant increases in population.

In 2010, the Windham Region had about a 62% occupancy rate of its housing stock, which was similar to rates in 2000. About 69% of the housing stock in the Region was owner occupied, with the remainder being renter occupied. The average homeowner vacancy rate in the region is 2.57%, while the average renter vacancy rate is 9.61%. A significant factor in the Region in terms of occupancy is seasonal housing. Between 1980 and 1990, 92 percent of all new housing units in the Region were built for vacation or seasonal use (6,347 new seasonal out of 6,866 total new units). The construction boom of the 1980’s came at a time when many of the Region’s resorts expanded their facilities to prolong the ski season and accommodate four-season use. This can be seen in Figure 2-20, especially in the towns of Stratton, Wilmington, and Wardsboro during this decade. Some towns, such as Somerset, Dover, and Winhall, had a significant portion of seasonal housing even before 1980, and this has remained true through 2010. Between 1990 and 2000, there was a net gain of 75 seasonal homes, followed by a net gain of 1,626 from 2000 to 2010. Regardless of these fluctuations in development surges, vacation housing continues to be an influencing factor throughout the Region, accounting for one-third of the housing stock within the Windham Region.
Looking at Windham County housing values in comparison to surrounding counties and the State, they fall in the middle. The median home value in 2010 in Windham County was $209,200 (Figure 2-21).
This value is lower than the median home value for Vermont, but higher than some of the counties in the immediate vicinity to the Windham Region. Franklin County, Massachusetts had the highest home values in the vicinity, with median home values over $225,000. Of the counties included in the Windham Region, Windham County fell in the middle.

The towns with the highest home values in the Region are Weston, Winhall, and Stratton. As seen on the previous page, these are also towns with high percentages of seasonal housing. The town of Stratton also has the highest median monthly mortgage value at over $2,000, while the majority of towns in the Region fall between $1,000 - $1,500 median mortgage values (Figure 2-22). The highest gross rent values are found in Brookline, Windham and Marlboro.

![Figure 2-22: Median Mortgage & Median Rent of Housing by Town, 2010 (5 Yr Estimates)](image)

*Project Outcomes*

This project will provide an understanding of the current residential real estate market in the Windham Region, how the market might succeed or fail in meeting current and future demand, especially for the current and future Windham Region workforce, and what barriers exist that limit investment in both existing housing stock and the development of new housing. This analysis will establish the basis for the development of a cross-sector residential development plan and strategy to be implemented by private, public and non-profit sector partners.

*Consistency of Outcomes with SeVEDS Goals and Strategies*

The stagnation of the region’s economy and stagnation in the development of non-seasonal housing in the region are likely interrelated. This project will provide an empirical understanding of that interrelationship. In so doing it will provide the basis for a multi-sector plan and strategy to move the region forward to meet housing needs in general, but especially for its present-day and future workforce. This relates directly to workforce retention, development and recruitment, which are foundational to the region’s economic health.

*WRC Authority to Implement the Project*

Regional Planning Commissions are political subdivisions of the state authorized by 24 V.S.A. § 4341. Our duties authorized under 24 V.S.A. § 4345 and 24 V.S.A. § 4345a, include: prepare, in conjunction with the commissioner of the department of economic, housing and community development, guidelines for the provision of affordable housing in the region, share information developed with respect to affordable housing
with the municipalities in the region and with the commissioner of the department of economic, housing and community development, and consult with the commissioner when developing the housing element of the regional plan; comprehensive planning, including related preliminary planning, state capital investment plans, and engineering studies; carry out, with the cooperation of municipalities within the region, economic development programs for the appropriate development, improvement, protection, and preservation of the region’s physical and human resources; provide planning, training, and development services to local and regional communities and assist communities in evaluating economic conditions and prepare for economic growth and stability; assist existing business and industry, encourage the development and growth of small business, and to attract industry and commerce; promote the mutual cooperation of its municipalities and assist and advise municipalities, compacts and authorities within the region to facilitate economic development programs for the appropriate development, improvement, protection, and preservation of the region’s physical and human resources; advise municipal governing bodies with respect to public financing; provide technical and legal assistance to municipalities in the preparation and maintenance of plans, capacity studies, and bylaws and in related implementation activities.

Related housing polices contained within the current Windham Regional Plan include:

- Facilitate opportunities for housing affordable to the region’s workforce.
- Assist the coordination between public and private agencies involved in planning and financing of affordable housing, including alternative mechanisms such as land trusts, cooperative housing, limited equity cooperatives, and others.
- Promote the development of a diversity of safe and affordable housing to meet the range of needs of all Vermont residents, including those of low and moderate incomes.
- Recognize that adequate and affordable housing is a need in all communities and a regional issue requiring the participation and cooperation of all towns.
- Support affordable housing projects initiated by towns, by nonprofit organizations such as community land trusts and housing authorities, as well as by for-profit organizations; and encourage waiving of fees, tax credits and property tax abatement, and assistance with public grants and other sources of funding, as feasible.
- Improve infrastructure, including enhancement of sewer and water systems, which promote and enable greater housing densities in areas related to community centers and in a manner consistent with traditional growth patterns of compact villages and downtowns.
- Develop housing in a manner that maintains the historic settlement pattern of compact village and urban centers separated by rural countryside, and that has minimal impact on natural resources, open space, and important agricultural and forest lands.
- Employ innovative planning, design, and construction techniques that minimize the long-term cost and energy consumption of housing, including locating housing convenient to community centers and employing energy efficient construction.
- Concentrate new development in areas with essential services, and include multi-unit housing that is compatible with existing architecture and development density for that area.
- Promote and facilitate the design and retrofit of life safety improvements in housing units.
- Meet the housing needs of the growing population of elders and people with disabilities by developing a mix of housing types (including low and moderate income units, independent living units, service enriched units, and subsidized and unsubsidized units) that has easy access to services and public transportation.
- Ensure that publicly funded projects do not revert to market driven housing.
- Rehabilitate and maintain existing affordable housing stock.