II. HOUSING CONDITIONS AND MARKET ANALYSIS

91.210(a)
Based on information available to the jurisdiction, the plan must describe the significant characteristics of the jurisdiction's housing market, including the supply, demand, and condition and cost of housing and the housing stock available to serve persons with disabilities, and to serve other low-income persons with special needs, including persons with HIV/AIDS and their families.

Burlington's housing market is marked by an imbalance between supply and demand, as reflected in low rental vacancy rates and limited inventory of homes for sale – much lower than regional, national and "balanced" levels. This imbalance translates into high housing costs (relative to income) and a lack of affordability. These factors indicate a continuing need to produce new affordable units and to preserve the affordability of existing units.

Burlington's housing stock is old. Over 47% of the city's housing units were built before 1950. These older units generally mean higher costs for maintenance, heat and insurance – and a high incidence of lead paint. Given the age of the housing stock in the city, most housing units are in need of some level of repair or rehabilitation.

The 2000 Census found 16,395 housing units in the city: 9,295 rental units, 6,590 owner-occupied units, and 510 "other" vacant or seasonal units. That represents the following increases over the last decade, with subsequent increases measured by the City Assessor's Office:

Housing Stock	Increase in units from 1990 to 2000	Increases since 2000
Total Units	915	453
Owner-Occupied	683	208
Renter-Occupied	522	173
Source	Census	City Assessor

Regionally, the number of housing units in the county has grown substantially. However, most of that increase has occurred in the owner-occupied market. As of the 2000 Census, Burlington had 49% (almost half) of the rental units in the county. Since then, South Burlington has added several hundred rental units to its housing stock, but rental housing continues to be highly concentrated in Burlington.

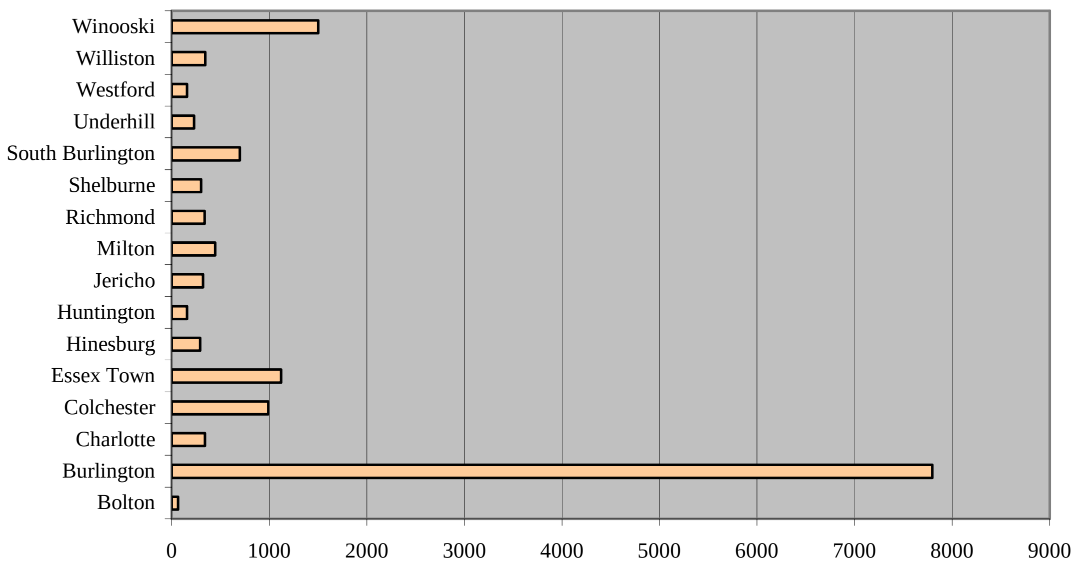
Rental Housing Source: Census	1960	1970	1980	1990	2000
Total units, Chittenden County	22,467	30,668	41,347	52,095	58,864
Total units, Burlington	10,686	12,025	13,763	15,480	16,395
Rental units, Chittenden County	7,834	9,797	13,833	17,262	19,160
Rental units, Burlington	5,217	5,895	7,415	8,773	9,295

This concentration of rental housing contributes to a geographic mismatch between jobs and housing, particularly as public transportation routes are limited.

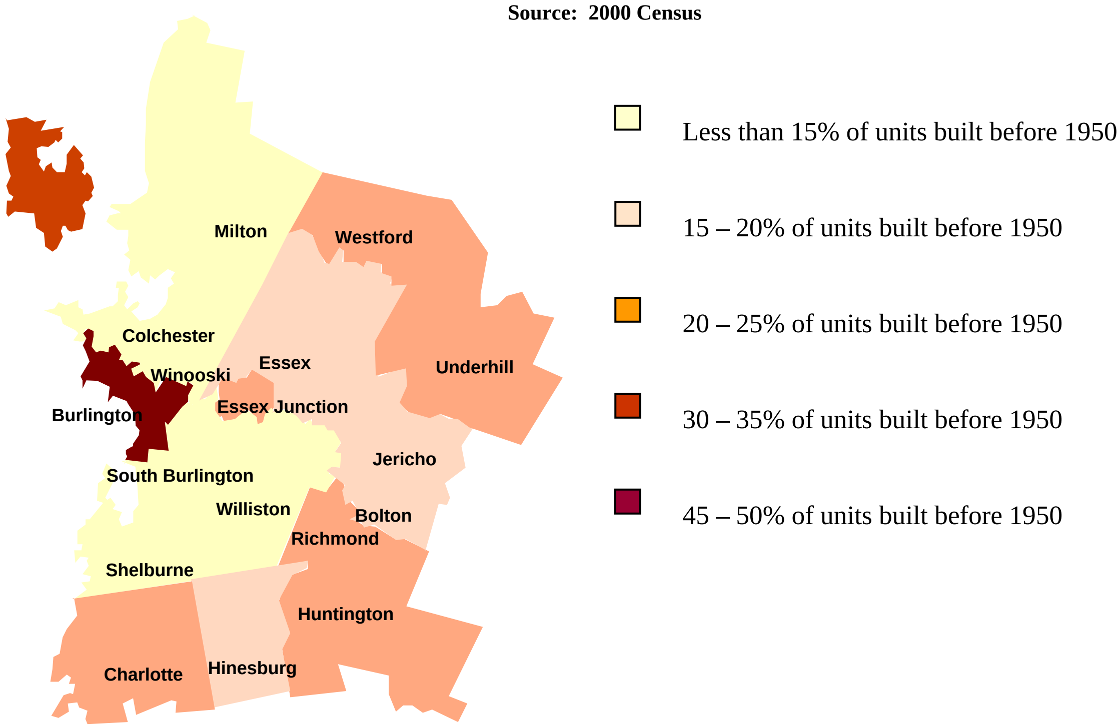
Age of the Housing Stock

Within Chittenden County, Burlington and Winooski have by far the oldest housing stock. Burlington has five times as many units over 50 years old than any other municipality in the county.

Number of Housing Units Built Before 1950
Source: 2000 Census

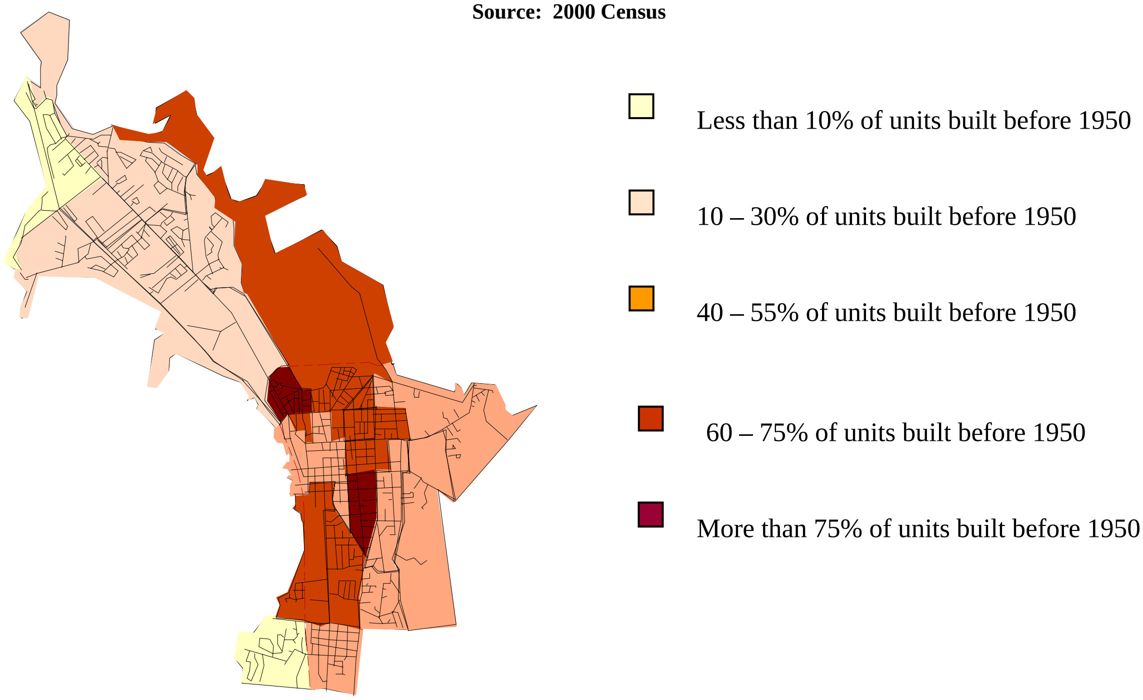


Percent of Housing Stock Built Before 1950
Source: 2000 Census



Within Burlington, there are particularly high concentrations of housing units over 50 years old in the Old North End, King Street and Lakeside neighborhoods. Only in census tracts 1 and 2 (the New North End neighborhoods) and census tract 11 in the South End was most of the housing stock built after 1950.

Age of Housing Stock in Burlington
Source: 2000 Census



<u>Vacant and Abandoned Buildings</u>

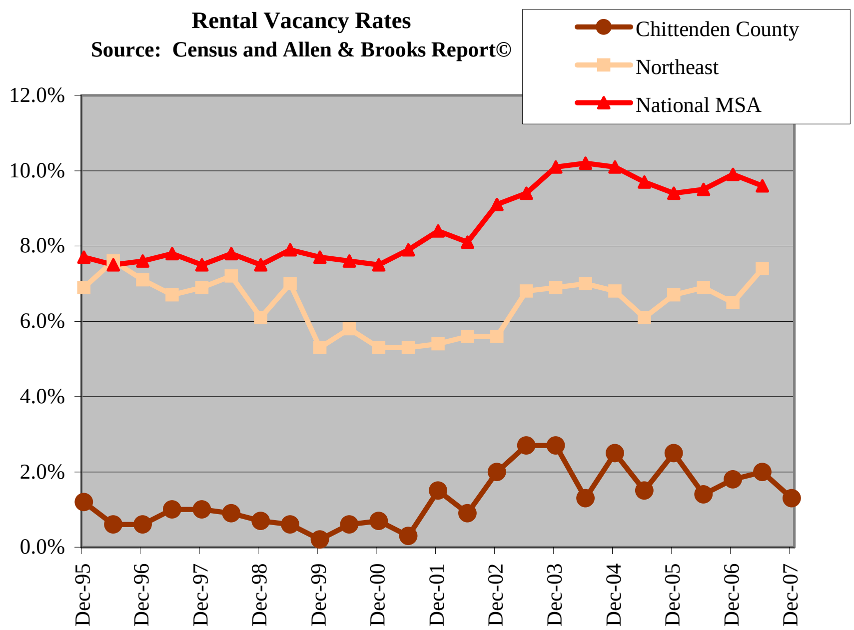
> *91.210 (a)*
> *Data on the housing market should include, to the extent information is available, an estimate of the number of vacant or abandoned buildings and whether units in these buildings are suitable for rehabilitation.*

Despite the age of the housing stock in Burlington, there are few vacant or abandoned buildings. Because property values are so high, abandonment is not an issue in Burlington. And, in 1999, the Burlington City Council adopted an ordinance designed to discourage vacant and abandoned buildings. At that time, there were approximately 20 to 30 such buildings scattered throughout the city. After the Code Enforcement Office re-committed to enforcing the ordinance in 2005, the number of vacant buildings is estimated at less than six. Nearly all of the remaining vacant buildings are deemed suitable for housing rehabilitation and would be considered eligible for listing on the national register of historic resources.

<u>Rental Market</u>

In a healthy local housing market, the rental vacancy rate would be between 3% and 5%. That is generally considered by most experts to be "balanced" between supply and demand. When it falls below that level, a lack of supply will lead to spiraling rent increases; will leave people unable to find housing; and will limit economic growth.

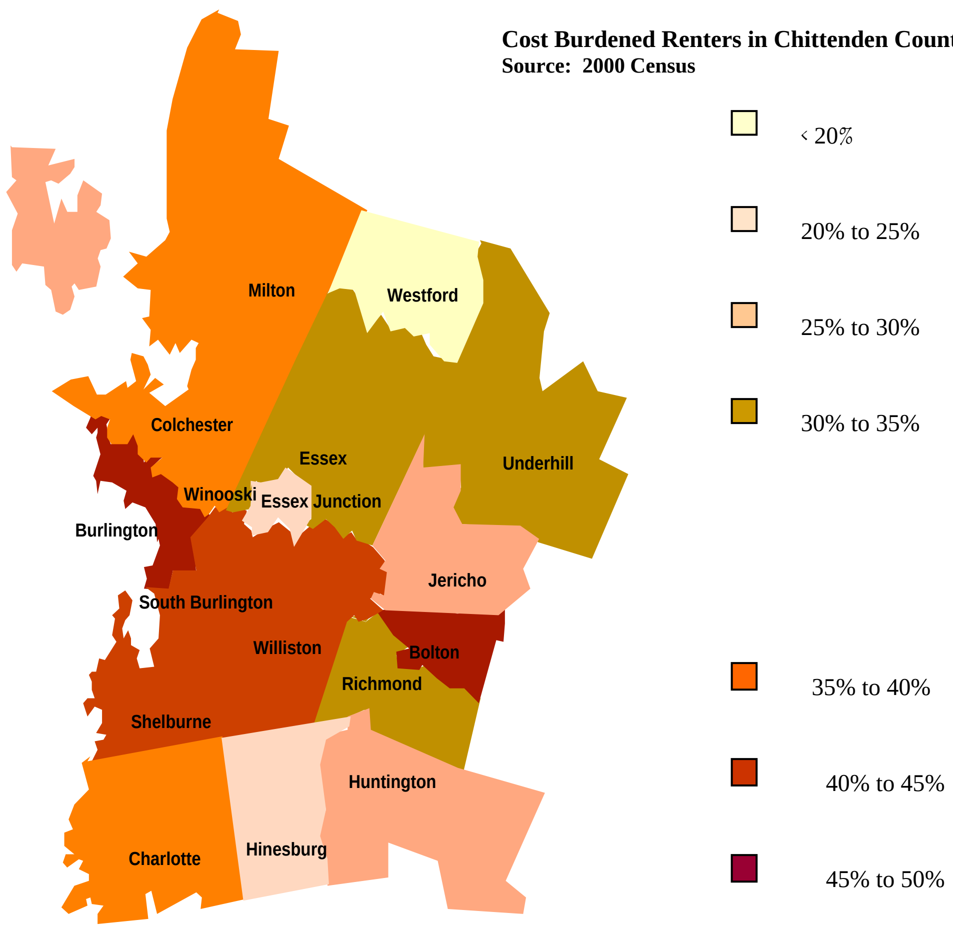
The rental vacancy rate for the county is measured every six months by the Allen & Brooks Report©. For five years (between June 1996 and June 2001), the rental vacancy rate in Chittenden County was extremely low – below 1%. It has improved somewhat since then, but has not reached 3%. It consistently runs well below national and regional rates, which are reported by the Census Bureau.



Rents in Chittenden County increased, on average, 27% from 2000 to 2007. Rents rose again in 2007 after increases abated in the previous three years. The figures below come from the December 2007 Allen & Brooks Report©, and are for apartments where the tenant pays for utilities.

Average Rent **Source: Allen & Brooks, 2007©**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**% Increase 2000-07**
Efficiency	$492	$508	$540	$554	$597	$529	$534	$545	11%
One BR	$562	$600	$636	$652	$675	$660	$674	$703	25%
Two BR	$719	$749	$803	$837	$872	$860	$872	$888	24%
Three BR	$971	$1,039	$1,096	$1,115	$1,180	$1,213	$1,247	$1,356	40%

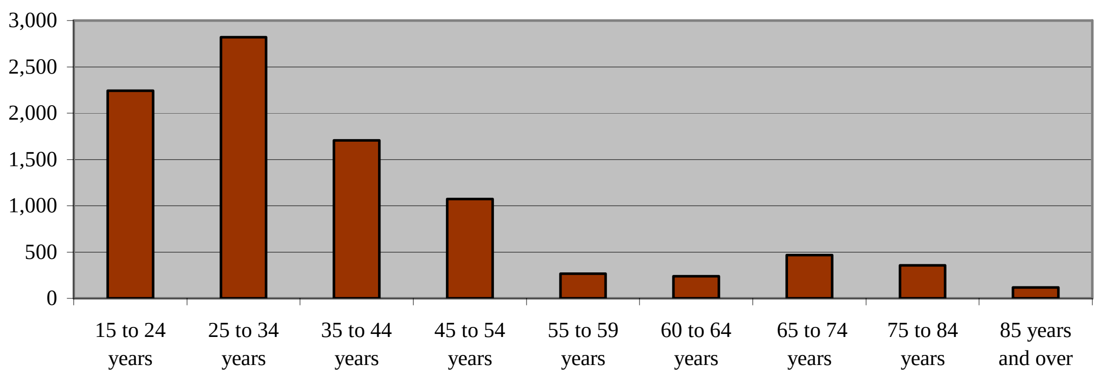
Not surprisingly, the level of cost burden among renters is high. Cost burden occurs when a household pays more than 30% of its gross annual income on housing expenses. According to the 2000 Census, 4,338 Burlington renter households (46.8% of all renter households) were cost-burdened. The proportion was even higher in census tracts 3, 4, 5, 6, and 10, where two-thirds of renter households were cost-burdened. These tracts correspond, roughly, to the Old North End, Ward One, Downtown, and the King Street and Lakeside neighborhoods. Citywide, 2,055 renter households were severely cost-burdened, i.e., paying 50% or more of their income on housing. This data does not distinguish between college students and non-student renters, however, so it overstates the level of long-term systemic cost burden in the city.



The cost burden situation for renters in Chittenden County is not likely to change in the near future absent a large infusion of public subsidies. According to the March 2007 Allen & Brooks Residential Report©, countywide demand for rental units is expected to increase by 126 households annually between 2006 and 2011, with 80% of that growth occurring among households earning less than 70% of area median income. The Report's data indicates that 44% of new renter households over this five-year period will not earn enough to pay the market rent on an efficiency apartment, and 68% will not earn enough to pay the market rent for a two-bedroom apartment.

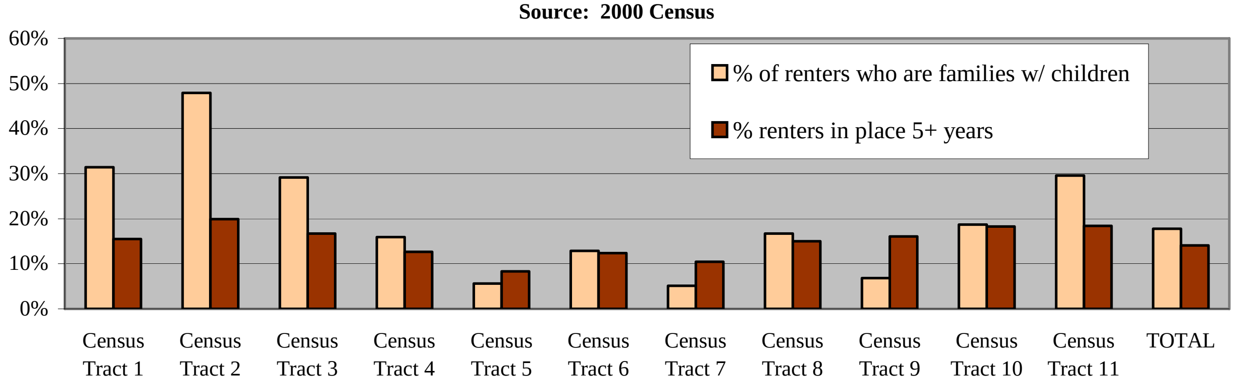
Burlington renters are, for the most part, young – reflecting in part the large college student population and in part the large number of renter families with children. Forty-nine percent of Burlington's families with children are renters, and around 18% of city apartments are occupied by families with children.

Rental Households by Age
Source: 2000 Census



While most renters are highly mobile, there is a core (15 to 20%) of longer-term renters in many neighborhoods. High levels of transience among renter families with children may mean that the children experience disruption in schools, child care and other settings.

Renters - Families and Transience
Source: 2000 Census

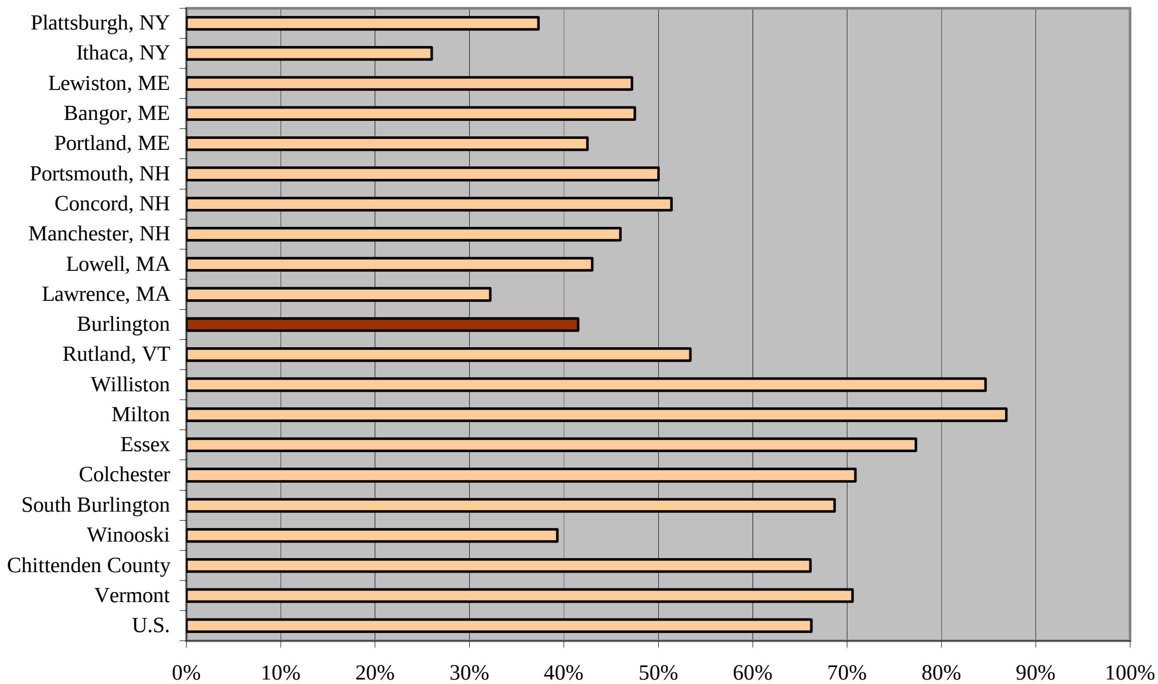


There is a map showing the location of the city census tracts on page B-1.

Owner Market

Homeownership rates in Burlington are lower than in surrounding suburban areas, in Vermont or in the nation as a whole – but are comparable to other urban areas in the region.

Homeownership Rates
Source: 2000 Census



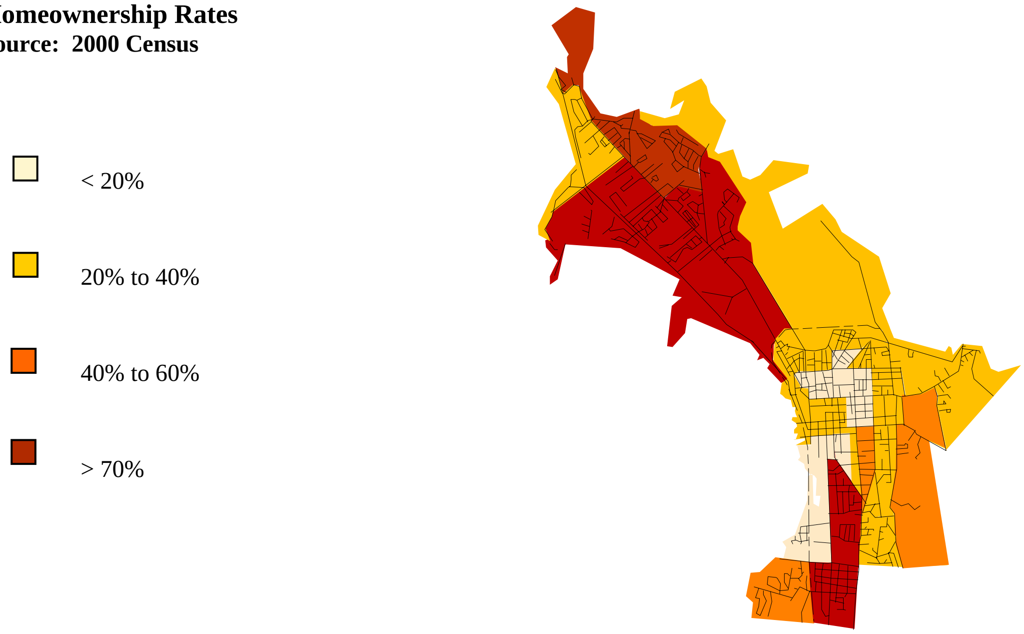
Even in the 1960's, the homeownership rate in Burlington never topped 50%. The homeownership rate shrank from 1960 to 1990, but then began to grow:

Citywide Homeownership Rate Source: Census				
1960	1970	1980	1990	2000
48.3%	48.0%	43.4%	40.2%	41.5%

The drop in homeownership between 1970 and 1980 coincided with enrollment growth at the University of Vermont during that same time period. With no new dorm construction, many homes in the surrounding neighborhoods were converted to student rentals in response to enrollment growth.

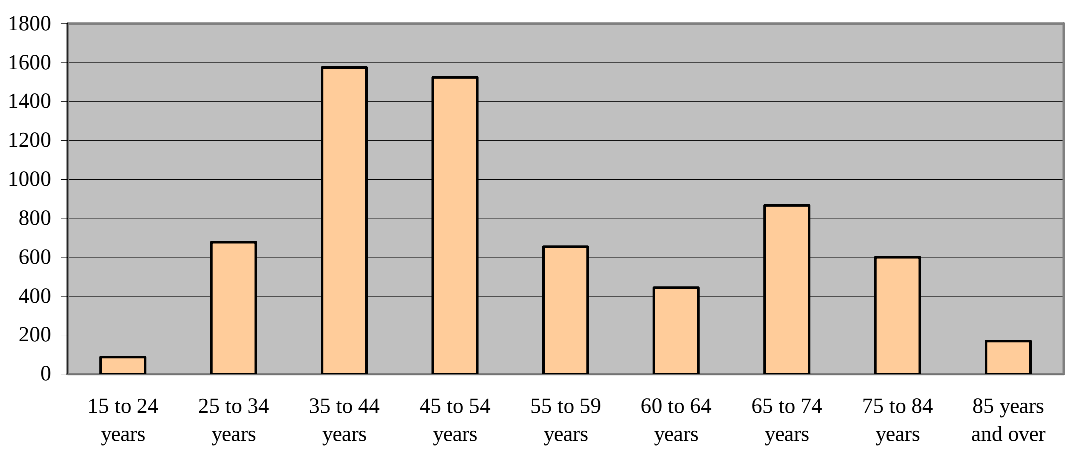
Homeownership rates vary greatly in different areas of the city:

Homeownership Rates
Source: 2000 Census



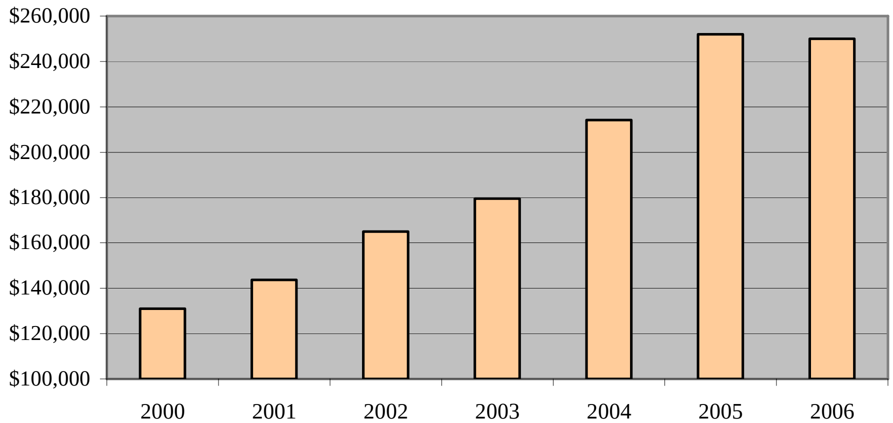
According to the 2000 Census, only 27% of Burlington's homeowners are families with children. Another 39% are families without children, and the remainder are non-family households. There is relatively little turnover in the homeowner market – as of the 2000 Census, only 11% of Burlington homeowners had moved in within the last year, and over 47% of Burlington homeowners had lived in their houses for twenty or more years. However, although many homeowners are aging in place, there are substantial numbers of younger homeowners in the city.

Burlington Homeowners by Age, Number of Households
Source: 2000 Census



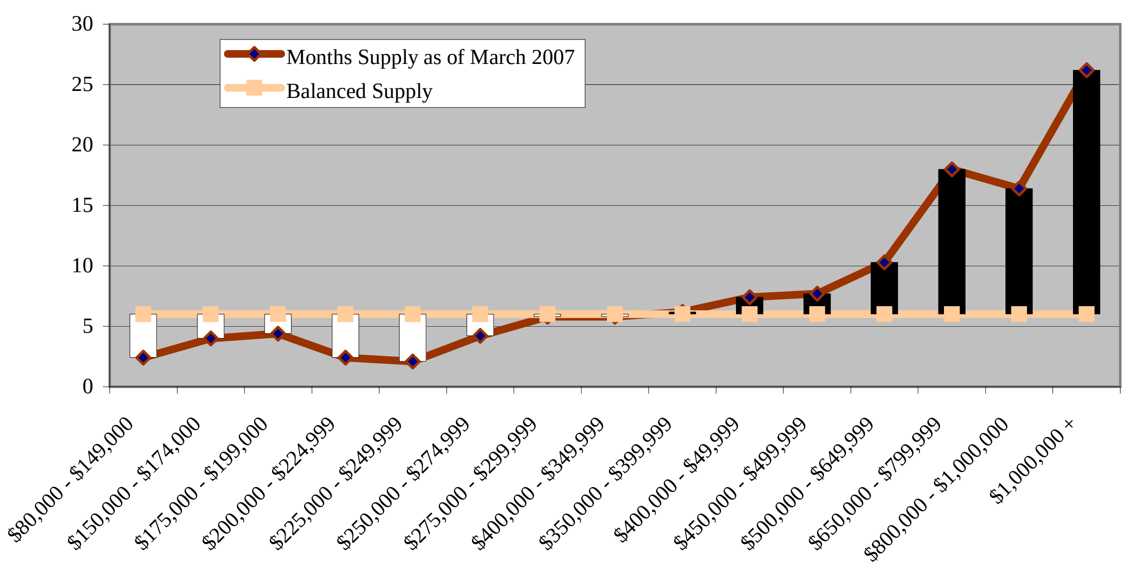
The median purchase price of a home in Burlington increased 91% from 2000 to 2006, though price increases have leveled off recently:

Median Home Purchase Price
Source: Vermont Tax Department



As with rental units, the supply of owner units is out of balance with demand – particularly in the lower price ranges. The March 2007 Allen & Brooks Residential Report© compared the average monthly single home sales against the average monthly inventory of homes available for sale at various price ranges against the "balanced" market standard of a 6-month supply. It shows an undersupply of available homes priced under $275,000:

Supply / Demand Analysis for Single Family Housing
Source: March 2007 Allen & Brooks Report©

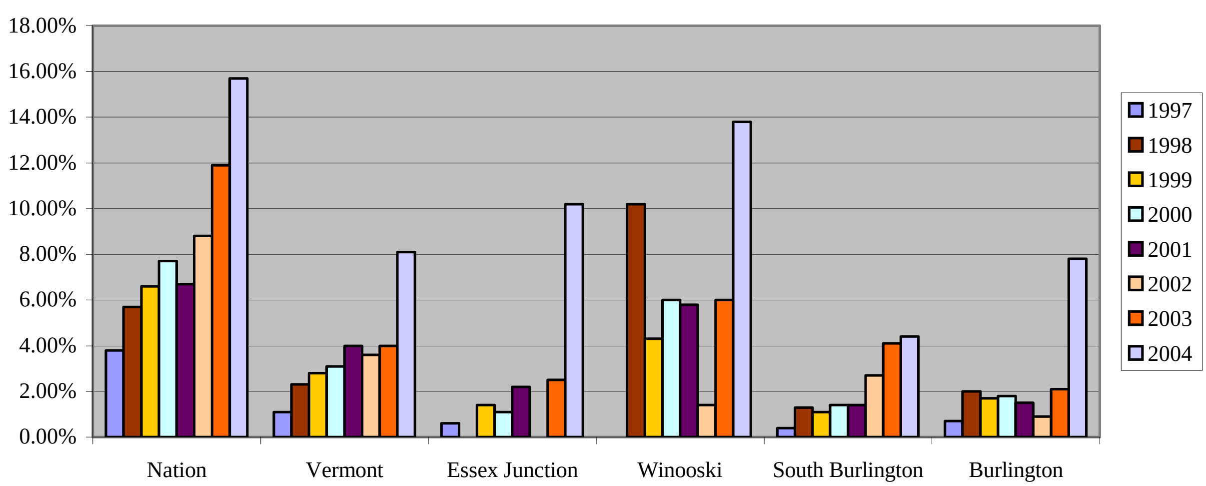


Subprime lending in Burlington, as in the nation, has increased since 2000. However, subprime lending in Vermont and in Burlington runs at lower rates than the national average. The charts below and on the next two pages show information which comes from Home Mortgage Disclosure Act (HMDA) data, Federal Financial Institutions Examination Council, provided by DataPlace™, http://www.dataplace.org, December 7, 2007, and is the most recent data readily available.

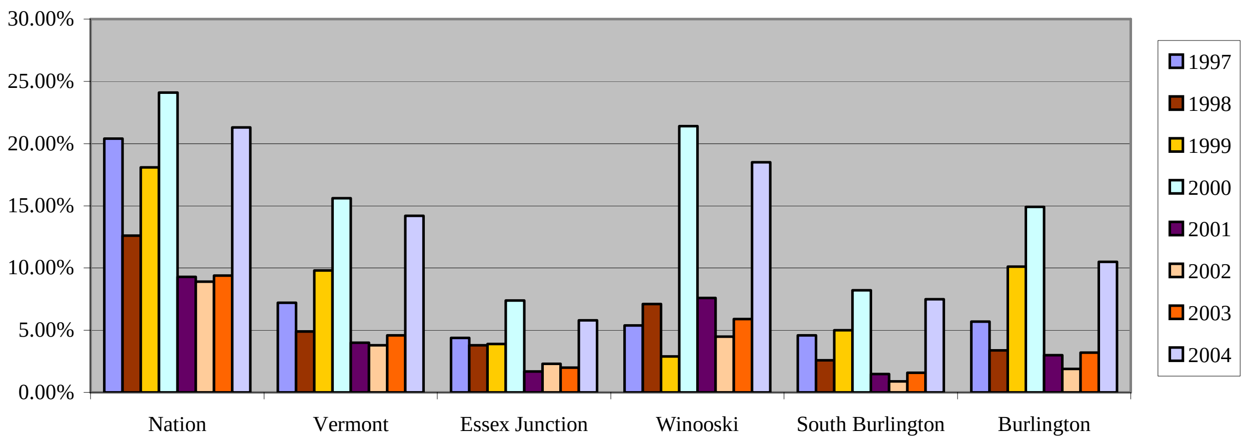
"Subprime lenders" for purposes of this data are those whom HUD has identified as specializing in subprime mortgage lending. Because those lenders may also do prime lending, it is not possible to determine from HMDA data whether an individual loan is subprime. Nonetheless, this indicator can be used to approximate the level of subprime lending.

The first three charts below compare subprime lending rates for the nation, the state, and four Chittenden County communities (including Burlington) for home purchase loans, refinancing loans and home improvement loans. What all three charts show is a sharp spike in subprime lending in Burlington in 2004. Based on national trends, it is reasonable to assume that this upward trend continued through 2007. There was also a spike in refinancing in 2000 and 2001, when interest rates were very low.

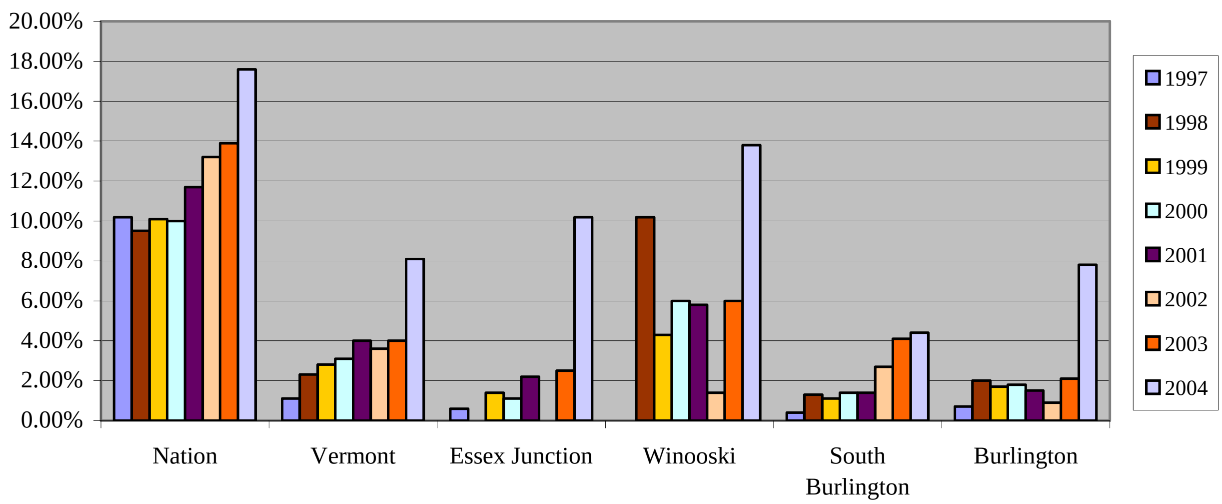
Percent of Conventional Home Purchase Mortgage Loans by Subprime Lenders



Percent of Conventional Refinancing Mortgage Loans by Subprime Lenders

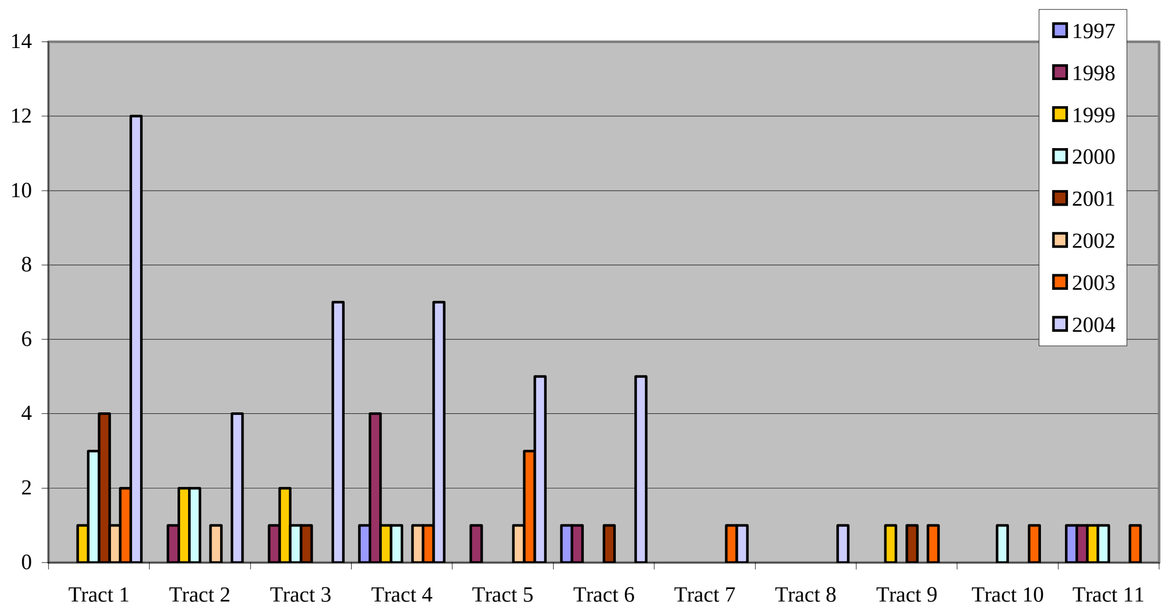


Percent of Conventional Home Improvement Morthage Loans by Subprime Lenders

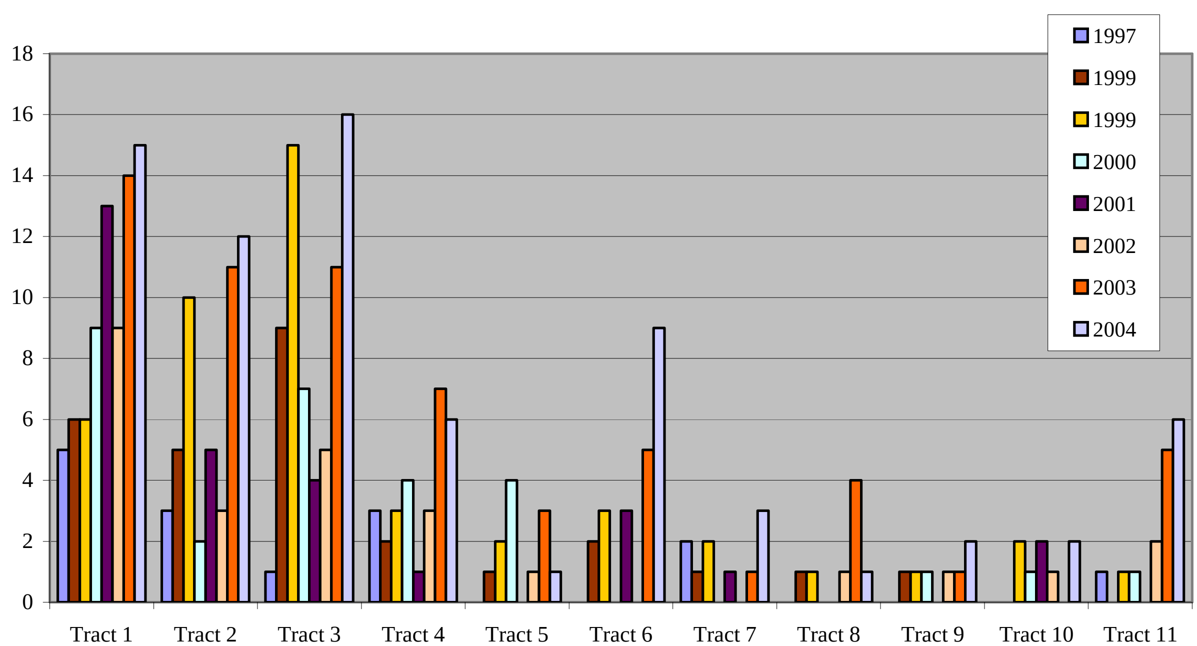


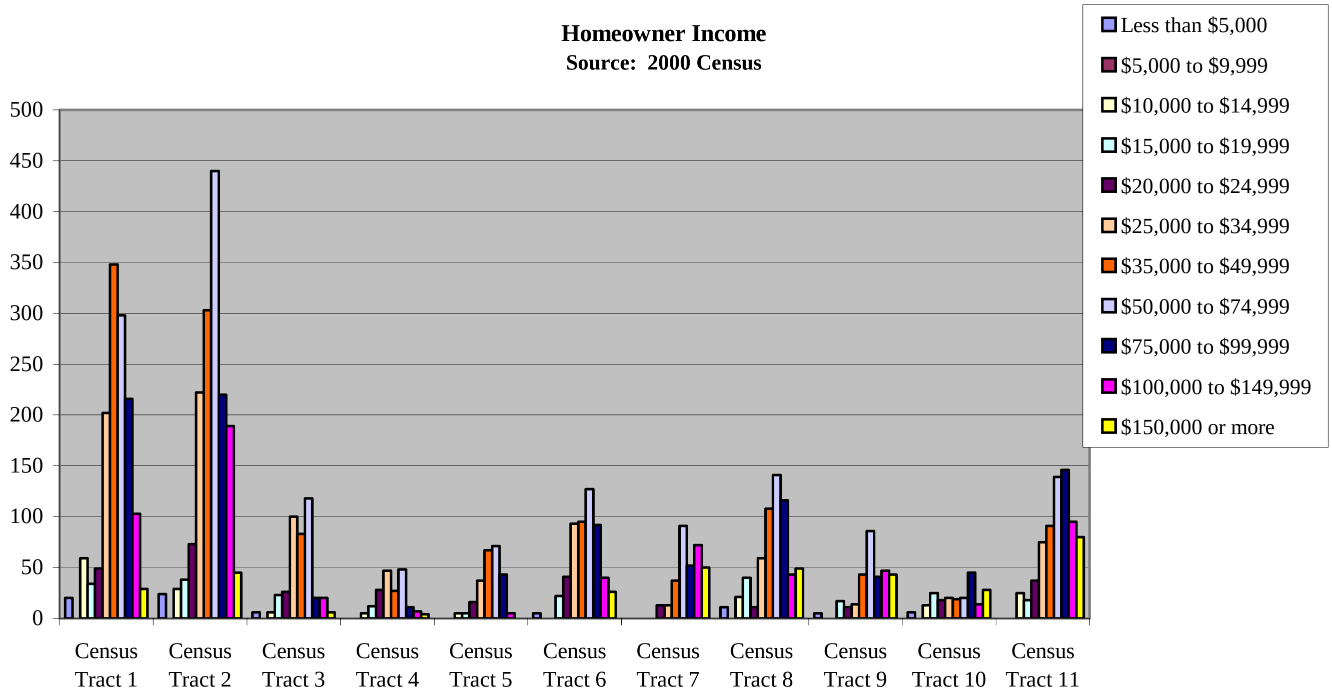
Overall, there are not many subprime loans in the city. However, within Burlington, the number of subprime loans is relatively high in the Old North End (especially census tract 3) – which is consistent with lower income levels and lower credit scores in that neighborhood. The number of subprime loans is also high, however, in the New North End (census tracts 1 and 2), particularly with refinancing loans. That probably arises from the fact that there are many more homeowners in the New North End than in any other area of the city. There is a chart on page 2-24 showing homeowner income levels by census tract, for comparison against the number of subprime loans by tract. There is a map showing homeownership rates in different areas of the city on page 2-19. There is a map showing the location of all the city census tracts on page B-1.

# of Conventional Home Purchase Mortgage Loans by Subprime Lenders

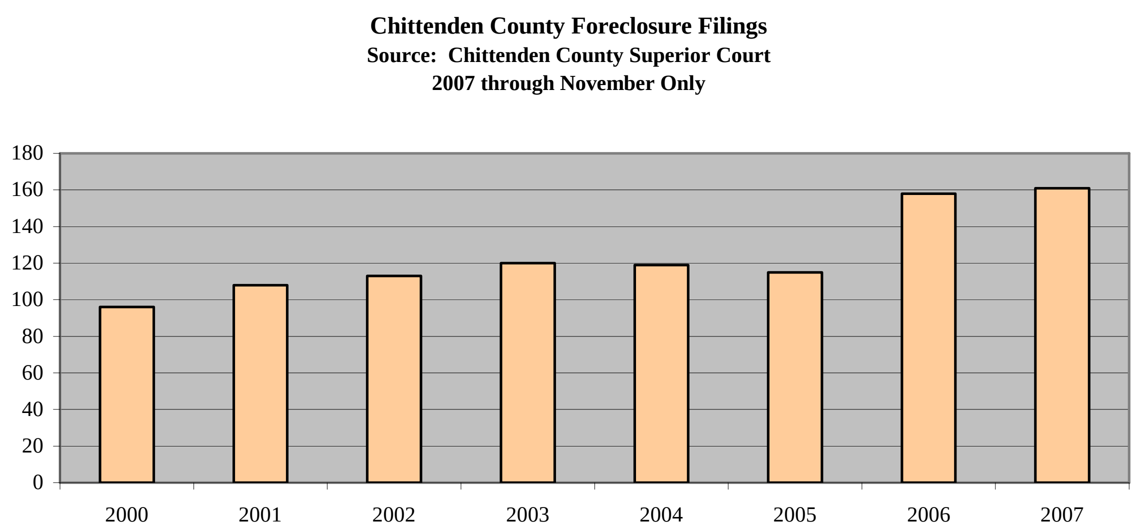


# of Conventional Refinancing Mortgage Loans by Subprime Lenders





Foreclosure and delinquency rates are lower in Vermont than nationally. However, the number of foreclosure filings in Chittenden County is rising:

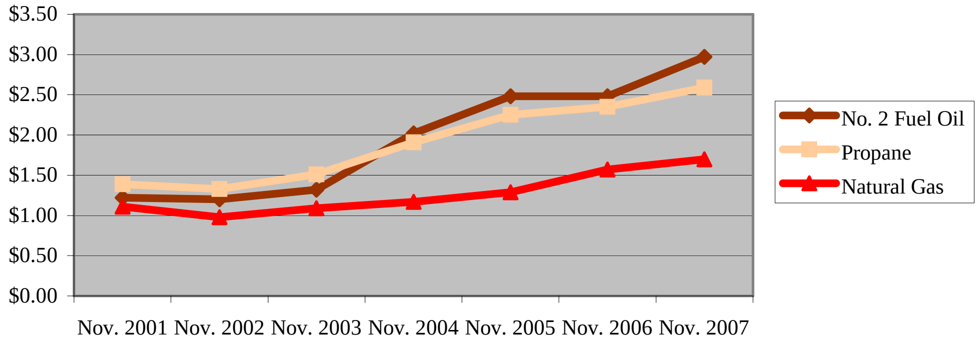


Through October 2007, 27 of 138 county foreclosure filings involved Burlington properties, roughly proportional to the number of homeowners in the city and county. Fourteen of the 27 Burlington foreclosure filings involved single-family homes, five were residential condos, and the rest were multi-unit properties. The properties were scattered throughout the city, showing no concentration in any one neighborhood.

Home Heating Costs

Home heating costs are increasing at unprecedented rates. The cost of fuel oil has risen by 143% since 2001, the price of propane has risen by 87% and the price of natural gas has risen by 53%.

Vermont Average Retail Price Per Gallon / Per 100 Cubic Feet
Source: Vermont Fuel Price Report, VT Dept. of Public Service, and U.S. Energy Information Administration



91.205(b)
The jurisdiction must define in its consolidated plan the terms "standard condition" and "substandard condition but suitable for rehabilitation."

Substandard Housing

"Substandard" housing conditions are defined by Section 18-19(c) of the City Code of Ordinances to include any housing unit with five or more non-life-threatening code violations or with any one of the following:

- The physical condition or use of the dwelling constitutes a public nuisance;
- Any physical condition, use or occupancy considered an attractive nuisance to children, including, but not limited to, abandoned wells, shafts, basements, excavations and unsafe fences or structure;
- Any dwelling with unsanitary sewage or plumbing facilities;
- Any dwelling designated unsafe for human habitation or use;
- Any dwelling manifestly capable of being a fire hazard or manifestly unsafe or unsecured so as to endanger life, limb or property;
- Any dwelling from which the plumbing, heating or other facilities required by law have been removed, or from which utilities have been disconnected, destroyed, removed, or rendered ineffective, or the required precautions against trespassers have not been provided;
- Any dwelling that is unsanitary or which is littered with rubbish or garbage, or which has an uncontrolled growth of weeds; or
- Any dwelling that is in a state of dilapidation, deterioration or decay; faulty construction; overcrowded; open, vacant or abandoned; damaged by fire to the extent of not providing shelter; in danger of collapse or failure and dangerous to anyone on or near the dwelling.

The city's Code Enforcement Office performs about 6,000 routine inspections of housing units per year and about 200 complaint inspections of housing properties per year. Around 25% of properties inspected are "substandard" under the most easily crossed threshold in the ordinance, more than 5 violations at inspection. The Code Enforcement Office estimates that less than 5% of properties require $5,000 or more per unit of rehabilitation in order to come into compliance. Under an agreement with the Code Enforcement Office, housing units owned or managed by the Burlington Housing Authority are inspected annually for compliance with the federal Housing Quality Standards.

91.215 (g)
Estimate the number of housing units that contain lead-based paint hazards, as defined in section 1004 of the Residential Lead-Based Paint Hazard Reduction Act of 1992, and are occupied by extremely low-income, low-income, and moderate-income families.

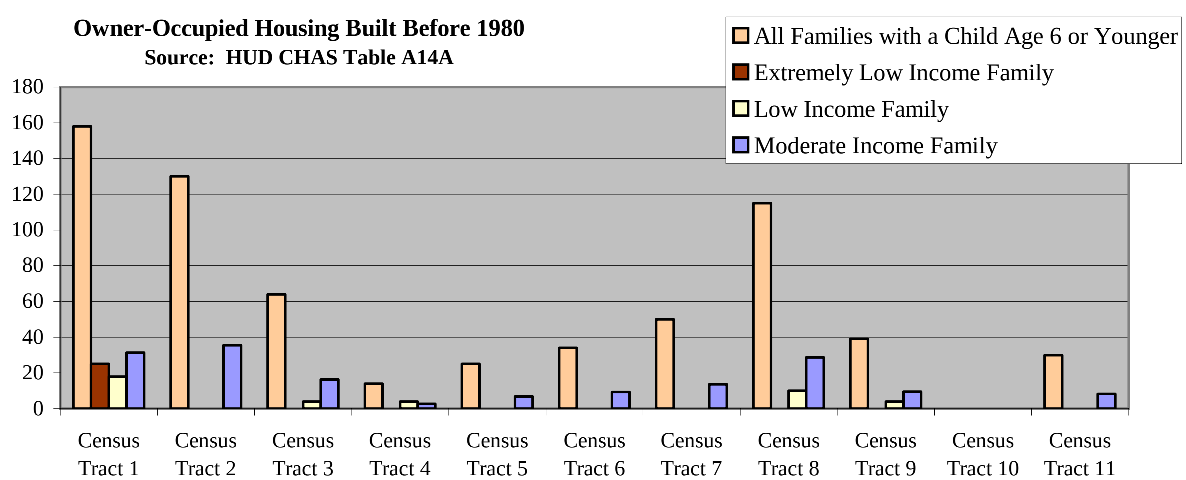
Lead-Based Paint

"Target housing" under the Residential Lead-Based Paint Hazard Reduction Act of 1992 means any housing constructed prior to 1978. The closest census data break-out point is housing units built prior to 1980. Using that cut-off point to estimate the number of units which may contain lead-based paint hazards, the following are occupied by families with children age 6 and younger:

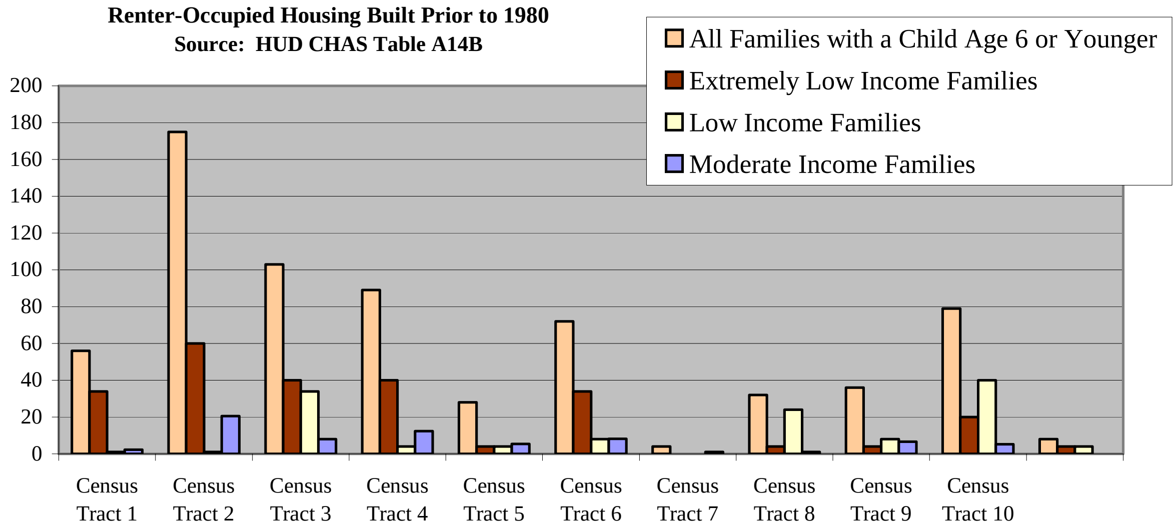
Families with Children 6 and Younger Living in Pre-1980 Housing
Source: HUD CHAS Tables A14A and A14B

	Owner Households	Renter Households
Extremely Low Income	25	245
Low Income	49	190
Moderate Income	156	169
TOTAL, ALL INCOME	659	715

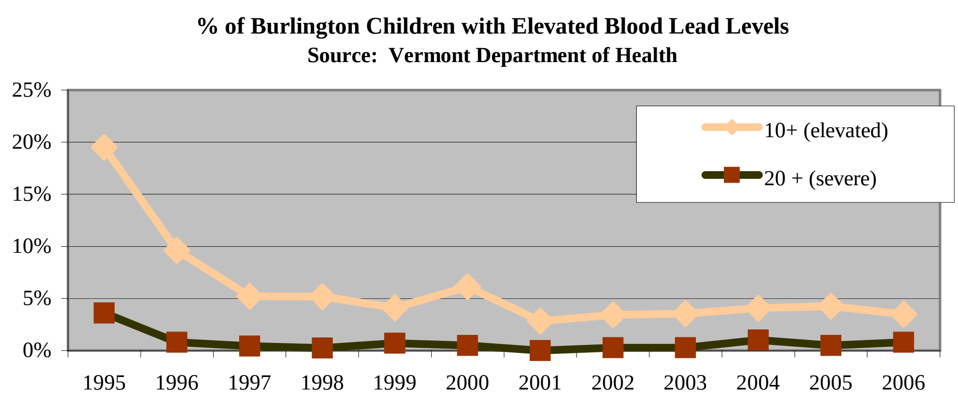
Based on the age of housing, for owner-occupied housing, the greatest risks for families overall would appear to be in the New North End (census tracts 1 and 2) and in census tract 8, which includes the "Five Sisters" neighborhood. There is a map showing the location of all the city census tracts on page B-1.



For rental housing, the greatest risks for families would appear to be in census tract 2, the Old North End (census tracts 3 and 4), Ward One (census tract 6) and the King Street and Lakeside neighborhoods (census tract 10). However, Northgate – in census tract 2, with 336 units – has been tested to be lead-free, so the risk of lead paint hazards in that census tract is less than the age of housing would indicate.



In 1995, over 19% of the children age one and two tested in the City had elevated levels of lead in their blood. Of those children, 3.6% had severely elevated levels. Those percentages have declined significantly, though cases of severe poisoning still occur.



91.210(e)
The plan must explain whether the cost of housing or the incentives to develop, maintain, or improve affordable housing in the jurisdiction are affected by public policies, particularly by policies of the jurisdiction, including tax policies affecting land and other property, land use controls, zoning ordinances, building codes, fees and charges, growth limits, and policies that affect the return on residential investment.

Barriers to Affordable Housing

In 2004, HUD published a series of evaluative questions that serve as good ‘‘markers’’ for effective regulatory reform and that HUD uses to judge whether governmental grant applicants can demonstrate successful efforts in removing regulatory barriers to affordable housing. Those questions, and the local answers, appear below.

Questionnaire for HUD’s Initiative on Removal of Regulatory Barriers **HUD Form 27300**	**1**	**2**
1. Does your jurisdiction's comprehensive plan (or in the case of a tribe or TDHE, a local Indian Housing Plan) include a “housing element? A local comprehensive plan means the adopted official statement of a legislative body of a local government that sets forth (in words, maps, illustrations, and/or tables) goals, policies, and guidelines intended to direct the present and future physical, social, and economic development that occurs within its planning jurisdiction and that includes a unified physical plan for the public development of land and water. If your jurisdiction does not have a local comprehensive plan with a “housing element,” please enter no. If no, skip to question # 4.	☐ No	☒ Yes
2. If your jurisdiction has a comprehensive plan with a housing element, does the plan provide estimates of current and anticipated housing needs, taking into account the anticipated growth of the region, for existing and future residents, including low, moderate and middle income families, for at least the next five years?	☐ No	☒ Yes
3. Does your zoning ordinance and map, development and subdivision regulations or other land use controls conform to the jurisdiction's comprehensive plan regarding housing needs by providing: a) sufficient land use and density categories (multifamily housing, duplexes, small lot homes and other similar elements); and, b) sufficient land zoned or mapped “as of right” in these categories, that can permit the building of affordable housing addressing the needs identified in the plan? (For purposes of this notice, "as-of-right," as applied to zoning, means uses and development standards that are determined in advance and specifically authorized by the zoning ordinance. The ordinance is largely self-enforcing because little or no discretion occurs in its administration.). If the jurisdiction has chosen not to have either zoning, or other development controls that have varying standards based upon districts or zones, the applicant may also enter yes.	☐ No	☒ Yes
4. Does your jurisdiction’s zoning ordinance set minimum building size requirements that exceed the local housing or health code or is otherwise not based upon explicit health standards?	☐ Yes	☒ No
5. If your jurisdiction has development impact fees, are the fees specified and calculated under local or state statutory criteria? If no, skip to question #7. Alternatively, if your jurisdiction does not have impact fees, you may enter yes.	☐ No	☒ Yes
6. If yes to question #5, does the statute provide criteria that sets standards for the allowable type of capital investments that have a direct relationship between the fee and the development (nexus), and a method for fee calculation?	☐ No	☒ Yes
7. If your jurisdiction has impact or other significant fees, does the jurisdiction provide waivers of these fees for affordable housing?	☐ No	☒ Yes
8. Has your jurisdiction adopted specific building code language regarding housing rehabilitation that encourages such rehabilitation through gradated regulatory requirements applicable as different levels of work are performed in existing buildings? Such code language increases regulatory requirements (the additional improvements required as a matter of regulatory policy) in proportion to the extent of rehabilitation that an owner/developer chooses to do on a voluntary basis. For further information see HUD publication: “*Smart Codes in Your Community: A Guide to Building Rehabilitation Codes*” (www.huduser.org/publications/destech/smartcodes.html)	☐ No	☒ Yes

9. Does your jurisdiction use a recent version (i.e. published within the last 5 years or, if no recent version has been published, the last version published) of one of the nationally recognized model building codes (i.e. the International Code Council (ICC), the Building Officials and Code Administrators International (BOCA), the Southern Building Code Congress International (SBCI), the International Conference of Building Officials (ICBO), the National Fire Protection Association (NFPA)) without significant technical amendment or modification. In the case of a tribe or TDHE, has a recent version of one of the model building codes as described above been adopted or, alternatively, has the tribe or TDHE adopted a building code that is substantially equivalent to one or more of the recognized model building codes? Alternatively, if a significant technical amendment has been made to the above model codes, can the jurisdiction supply supporting data that the amendments do not negatively impact affordability.	☐ No	☒ Yes
10. Does your jurisdiction's zoning ordinance or land use regulations permit manufactured (HUD-Code) housing "as of right" in all residential districts and zoning classifications in which similar site-built housing is permitted, subject to design, density, building size, foundation requirements, and other similar requirements applicable to other housing that will be deemed realty, irrespective of the method of production?	☐ No	☒ Yes
11. Within the past five years, has a jurisdiction official (i.e., chief executive, mayor, county chairman, city manager, administrator, or a tribally recognized official, etc.), the local legislative body, or planning commission, directly, or in partnership with major private or public stakeholders, convened or funded comprehensive studies, commissions, or hearings, or has the jurisdiction established a formal ongoing process, to review the rules, regulations, development standards, and processes of the jurisdiction to assess their impact on the supply of affordable housing?	☐No	☒ Yes
12. Within the past five years, has the jurisdiction initiated major regulatory reforms either as a result of the above study or as a result of information identified in the barrier component of the jurisdiction's "HUD Consolidated Plan?" If yes, attach a brief list of these major regulatory reforms.	☐ No	☒ Yes
13. Within the past five years has your jurisdiction modified infrastructure standards and/or authorized the use of new infrastructure technologies (*e.g.* water, sewer, street width) to significantly reduce the cost of housing?	☒ No	☐ Yes
14. Does your jurisdiction give "as-of-right" density bonuses sufficient to offset the cost of building below market units as an incentive for any market rate residential development that includes a portion of affordable housing? (As applied to density bonuses, "as of right" means a density bonus granted for a fixed percentage or number of additional market rate dwelling units in exchange for the provision of a fixed number or percentage of affordable dwelling units and without the use of discretion in determining the number of additional market rate units.)	☒ No	☐ Yes
15. Has your jurisdiction established a single, consolidated permit application process for housing development that includes building, zoning, engineering, environmental, and related permits? Alternatively, does your jurisdiction conduct concurrent, not sequential, reviews for all required permits and approvals?	☐ No	☒ Yes
16. Does your jurisdiction provide for expedited or "fast track" permitting and approvals for all affordable housing projects in your community?	☒ No	☐ Yes
17. Has your jurisdiction established time limits for government review and approval or disapproval of development permits in which failure to act, after the application is deemed complete, by the government within the designated time period, results in automatic approval?	☐ No	☒ Yes
18. Does your jurisdiction allow "accessory apartments" either as: a) a special exception or conditional use in all single-family residential zones or, b) "as of right" in a majority of residential districts otherwise zoned for single-family housing?	☐ No	☒ Yes
19. Does your jurisdiction have an explicit policy that adjusts or waives existing parking requirements for all affordable housing developments?	☐ No	☒ Yes
20. Does your jurisdiction require affordable housing projects to undergo public review or special hearings when the project is otherwise in full compliance with the zoning ordinance and other development regulations?	☐ Yes	☒ No
Total Points:	**3**	**17**