

## Stormy Weather

### Hard Times Hit the Housing Market

by Christine Lyons

While much of the talk this season has been about Vermont's unusual weather, an economic storm has been pelting the region for the past five years. Vermont has seen elements of the housing boom and bust. It has suffered a shift away from higher-paying manufacturing jobs. It has felt the impact of the national financial crisis and witnessed the emptying out of seniors' 401K retirement savings. These swirling winds of change have slowly and steadily increased the pressure on the area's housing needs.

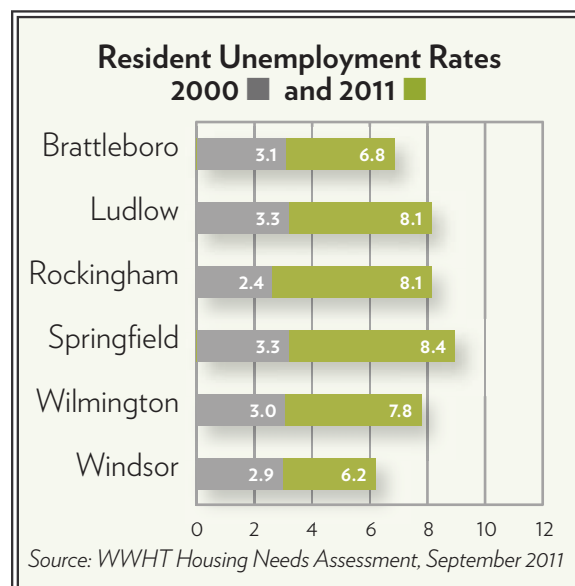
In order to assess the impact of these events on the current housing climate, the Windham & Windsor Housing Trust commissioned a study by John Ryan of Development Cycles in Montpelier, Vermont. Ryan took a detailed look at demographic, economic, and housing trends in the four communities that represent the regional hubs of WWHT's expanded territory—Brattleboro, Rockingham, Springfield, and Windsor. He also considered two ski towns within the WWHT service area, Ludlow and Wilmington. The study provides a comprehensive view of the forces keeping safe, affordable housing a limited commodity here in southern Vermont.

#### Current Conditions

The thunderclap of the nation's housing collapse and subsequent financial crisis continues to reverberate through the economies of Windham and Windsor Counties. It was not so long ago that Windham County had more jobs than working residents. These days, both counties are facing job losses in the thousands and unemployment rates that have doubled in a decade. Rising foreclosure rates are a sure sign of the pressure building on families.

Individual towns are reeling from the effects of the changing economy, though some feel it more than others. Windsor has the strongest economy of the four larger towns surveyed. It bucked the county's overall jobs trend, adding jobs at a rate of 4.8%.

Brattleboro, on the other hand, lost 1,400 jobs since 2000. Springfield was hit hard as well with 700 job losses in that same time period. It should be noted that Brattleboro's unemployment rate was only



slightly higher than the statewide average, and both are significantly lower than the national rate of 9.1% in September 2011.

While a job loss is felt keenly at any age, young adults face a different challenge all together. They are entering the workforce at a point when it cannot absorb them. For those able to find work, the picture is only slightly less gloomy. Wages are up, but they are certainly not keeping pace with inflation or with the rising cost of housing. And, many entry-level jobs pay minimum wage, which is far below the housing wage in either county.

#### The Housing Wage:

It is the amount of money an hourly worker needs in order to afford a modest, two-bedroom apartment.

Continued on page 2

### Vermont Housing Wage Facts:

- Housing wage in Windham County: \$19.19/hour
- Housing wage in Windsor County: \$17.38/hour
- Vermont's Minimum Wage: \$8.15/hour
- % of Vermont Jobs paying less than housing wage: 53%

Source: Vermont Housing Finance Agency

When taken together, the forces of a stressed economy are creating a growing disparity between well-off homeowners and lower-income renters. This is best illustrated by looking at the incomes of these groups. In both Windham and Windsor County, median homeowners' income is roughly twice that of renters' income. Migration of wealthy out-of-staters is exacerbating the divide between the haves and have-nots. The overall result is a hollowing out of the middle class, with increasing numbers of upper- and lower-income residents.

## The Rental Front

Outside of foreclosures, the region's housing crisis is seen most vividly within the rental market. Census data shows the population of young adults in Brattleboro is outpacing the rest of the region, up 500 from the year 2000. This is a welcome trend at a time when so many are concerned about the "graying" of Vermont. It represents a moment of opportunity to capitalize on the life young adults and families can breathe into a community.

Yet, despite rising numbers of young adults, there are few additional households—only 120 over the past 10 years. Clearly, a need exists for more affordable rental housing, as well as assistance for first-time homeowners.

So, what's happening to prevent this group from finding affordable housing?

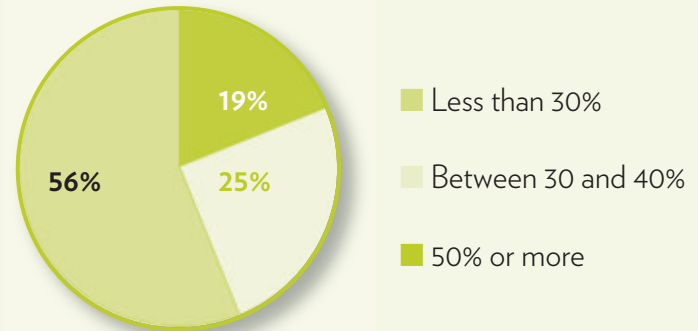
1. While older, established households hang on to jobs, few opportunities exist for young adults to enter the job market.
2. Wages that have not kept pace with inflation stymie young adults who are able to find work.
3. Young adults looking for an apartment find rental prices continue to climb (the number of renters paying 50% or more of their income rose by 16.6% since 2000).
4. Unable to afford homeownership, higher-income renters are staying in the rental market longer and driving up rental prices.

### Affordability Facts:

With median income at \$24,400, Brattleboro renters must spend 45% of their gross income to afford a modest two-bedroom apartment.

Nearly half of all renters in Brattleboro pay a greater percentage of gross income than what is considered to be affordable.

Figure 2: Percentage of Income Paid for Rent in Brattleboro



Source: WWHT Housing Needs Assessment, September 2011

"It's the big squeeze," says Connie Snow, executive director of WWHT. "No matter how you look at it, renters in Brattleboro are losing the means to afford an apartment." (See Figure 2.)

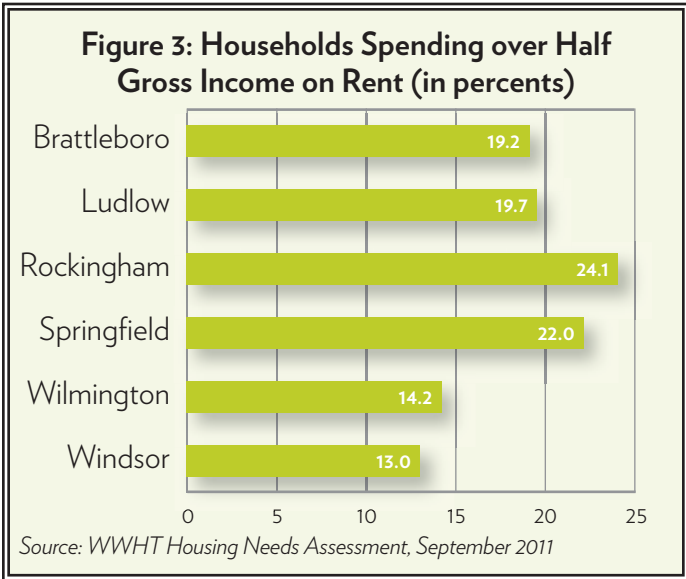
The result is more young adults, aged 18 to 34, continue to live in their parents' homes or extended families combine households. Another method of survival is the formation of unrelated households—with individuals and even families taking on roommates. This is of particular concern because of the effect it has on the area's young families. Both academic studies and anecdotal evidence confirm that students in safe, stable housing show improved performance in schools.

Brattleboro is tackling the problem, adding 131 subsidized apartments for families since 2000. But, with only one in three very low income families in subsidized apartments, more can be done to address the problem.

In contrast, Brattleboro's seniors are well served by the current housing situation. Over 60% currently reside in subsidized housing. Throughout the two counties, more seniors are staying put in smaller towns. This trend could increase the need for small-scale, high-subsidy senior housing outside of traditional hub communities.

"The big squeeze" of high rental prices and low wages is occurring throughout the two counties. In Rockingham and Springfield, over one in five renters pays more than 50% of their income in rent. (See Figure 3.) For Rockingham, this represents an 87% jump since the year 2000.

Windsor's rental picture differs slightly in that the town has experienced positive economic growth. This growth has led to the highest median renter income of the four communities, and yet, the median Windsor renter spends nearly 34% of their gross income on rent. Affordable housing is defined as spending 30% or less. Additionally, it has:



- The highest rate of rental vacancies.
- The lowest growth of young adults.
- The greatest loss of elderly residents.

A need for affordable options exists in this community.

### Sun Shines on Home Ownership

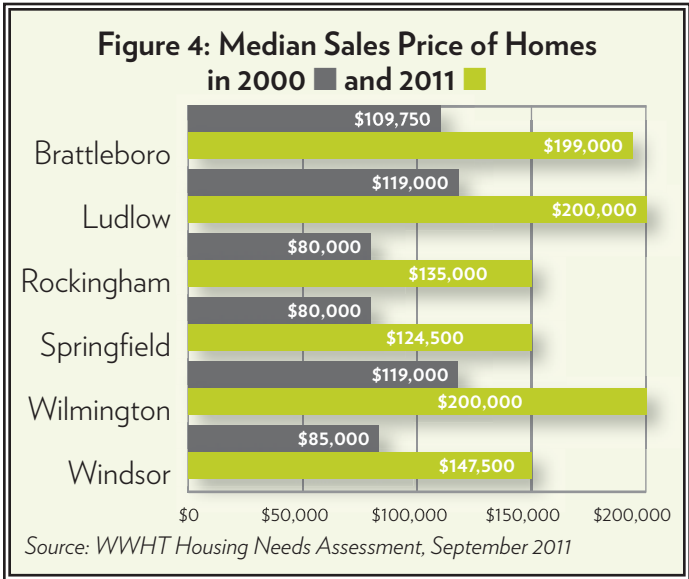
Overall, the housing market is still relatively healthy throughout Windham and Windsor Counties. It did not experience the extremes of boom and bust felt in other areas of the country, like Florida or Arizona.

Across the state, home sales are at a 20-year low. However, this has not produced the glut of unsold homes on the market some might have predicted. Similarly, prices have not crashed as they have in areas with higher exposure to the mortgage crisis. Median home prices are up from where they were at the start of the decade, but the explosive growth in prices has subsided and prices are now hovering at 2006 levels. (See Figure 4.)

Average homebuyers in the region experience this as an actual savings. Combined with the drop in long-term interest rates from 2006, it has the effect of lowering monthly payments even while prices remain steady. Homes are now more affordable than they were just 5 years ago.

Springfield, where over 60% of homes sold in the first seven months of 2011 were under \$150,000, presents another significant bright spot. A high percentage of younger households here own their homes. Ryan suggests this trend may be a signal of renewed energy and vitality in Springfield.

The rise in home prices can be seen as good news as well. In Brattleboro, median home prices are up 81% since 2000. Rockingham and Springfield have seen similar, if not quite as dramatic a rise in home prices. All three are above the state average of 63%. This indicates demand is still high and these areas are still desirable.



Of course, some hurdles to home ownership endure and they are most pronounced in Brattleboro. Despite home prices stabilizing, home ownership remains out of reach for many within these markets. In Brattleboro, only 15% of renters make the \$45,000 necessary to cover the costs of buying a median priced home. Also, competition from wealthy out-of-state migrants continues to buoy home prices and keeps pressure on the housing market.

Over the four years of this study, foreclosure rates doubled in Windham County. Windsor was only modestly better. Foreclosures have slowed slightly in 2011, but they are still up from 2000 levels. WWHT's housing counselors will continue to work through these challenges with residents to help them remain in their homes.

### Ski Report

Windham and Windsor County are each home to a major ski town, Wilmington and Ludlow respectively. Of the two towns, Ludlow's economy is faring better. It has gained nearly 100 goods-producing jobs, while service-sector employment has held steady. Wages, too, are up. However, the seasonal nature of employment and high unemployment numbers cloud over otherwise good news.

Interestingly, as jobs disappear with the melting snow, inexpensive off-season rentals crop up. What this trends suggests is that there are more residents actually living in these two areas than reflected in the Census. What this can mean for

# In Wake of Irene WWHT Mends Its Properties and Offers Aid

by Deborah Holman

## Day One

On Sunday, August 28, a weakened hurricane named Irene ripped through Vermont delivering not big winds, as expected, but a tropical storm deluge that sent streams and rivers over their banks to record heights, in record time.

With apartments and homes across Windham and Windsor counties, WWHT had a lot to account for on the day following the storm. The staff immediately began assessing the damage to its own properties, including a four-unit condominium that sits beside the Black River in Proctorsville and two rental units in Saxtons River. The Wilder Block in downtown Brattleboro

lost power when the basement filled with water from the Whetstone Brook, which had widened to make a virtual river of nearby Flat Street. In addition, two of WWHT's own employees had sustained major damage to their homes.

## Early Response

The first line of action, according to Connie Snow, executive director, was to make sure employees and housing trust residents were safe and had places to stay if they had evacuated. The staff then prepared for lots of phone calls, but for the first four or five days the phones didn't ring.

Eventually they did begin to hear from displaced residents looking for rentals and subsequently, information about loans and insurance, help with FEMA applications and now, FEMA appeals.



*Flooding undermines the foundation in this 4-unit condo in Proctorsville*

### WWHT is offering a range of services including:

- temporary and permanent rentals for those displaced by the flood;
- finding trailer lots for those who not only lost their mobile home but also their site;
- structural rehab assessment;
- rehab loans;
- counseling and support with paper work, applications, and dealing with mortgage and insurance companies and federal aid programs;
- assistance through the Homeland Program, which provides grants.

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“People were in shock. Reactions were delayed. They were asking themselves, what is my situation? How do I get help?” recalled Snow. As reality sank in the questions became, “How do I navigate the system, how much financial assistance will I get...and when?” She said it’s a one-foot-in-front-of-the-other process, and it’s been difficult for people to make plans when they don’t have the full picture.

Cathy Semans, director of WWHT’s HomeOwnership program, added, “Right after the storm, there was an immediate and massive volunteer effort to help with the cleanup. I think with that initial help there was initial hope that FEMA and other federal programs would come through quickly, too. Now people are learning there are gaps in the federal aid.” She said there also is a big emotional component for people dealing with countless and often confusing details.

## Next Steps

To help, WWHT first had to figure out what options were available for people, how FEMA works, and how to find the hundreds of affected residents who could use their assistance. “It’s been a very complex, slow-moving process,” said Snow, “and a huge learning curve in disaster response for us and everyone in human services.”

WWHT staff began calling the hardest hit towns in its jurisdiction and setting up meetings with select board members and chairs, town managers and clerks, and emergency officers. They’ve participated in weekly meetings with United Way, talked with service organizations like rotary clubs, and checked in regularly with representatives from affected housing communities like Glen Park, Mountain Home, and Melrose Terrace in Brattleboro.

## Six Weeks Out and Counting

The biggest challenge now, said Snow, is determining who needs help and making contact with those who could use WWHT assistance: “With over 350 homes in Windham and Windsor counties that sustained \$10,000 or more in damages or loss from the storm, we’re working with towns to locate these homeowners and calling them person by person.” Through WWHT’s outreach efforts, Snow said, they’ve gathered a fairly comprehensive list of names so far, but the process is ongoing.

Semans has walked the damaged roads in devastated towns like Jamaica posting WWHT flyers and handing them to people she meets. A lot of them are still in shock and perhaps have lost perspective, she said. She cited a woman whose neighbors lost everything. She remains in her home even though she doesn’t have running water, but she hasn’t called anyone for help because—compared to her neighbors—she thinks she’s in good shape.

“We’ve always addressed thorny community development needs,” said Snow. “Irene is our first natural disaster. Responding to it fits into the core of our mission.” It’s a big puzzle, she continued, but WWHT will keep working to find the right program matches for those who could benefit from all the housing trust has to offer.

For more information, visit WWHT’s website at [www.w-wht.org](http://www.w-wht.org). ■

### Affordability Facts: Increase in Average Wage since 2000

Ludlow: Up 22% to \$26,781

Wilmington: Up 43% to \$27,943

the towns is that a portion of their low-income population may be uncounted and underserved. As throughout the counties, the income gap between owners and renters is pronounced. Locals face competition from wealthier vacation home buyers. While there is a larger inventory of homes in these towns, few primary residences actually sell. Pressure from second home purchasers keeps prices elevated, with only a handful of homes selling for less than \$150,000.

## Forecasting the Future

The purpose behind the WWHT study was twofold. The first was to present a clear picture of the affordable housing landscape as it stands now. Then, once market conditions are fully understood, it will be used to identify ways to meet the need within WWHT’s home area.

“This study is a key part of our strategic planning process,” explains Snow. “With this in hand, we’ll turn to our towns, our communities to initiate a dialogue on how we can begin to respond to the need we all face for affordable housing in southern Vermont.” ■

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# WWHT Projects in Progress

## WINDSOR VILLAGE, WINDSOR

Since 1978, Windsor Village has served as Windsor's only affordable and subsidized senior housing option. A rehabilitation of the property is currently underway, with a focus on increased energy efficiency, apartment upgrades, and improved environmental quality. The existing, 40-year-old boilers will be replaced with 90% efficiency or greater models; solar domestic hot water systems will be installed; Energy Star windows, appliances and fixtures will be installed. These improvements should achieve 30–50% reduction in energy usage. The rehabilitation work also includes updates to the apartment interiors, the building exterior and the site, as well as carpet replacement, ventilation, and asbestos abatement designed to improve the environmental quality for the residents.

**Town:** Windsor, Vermont

**Units:** 77 apartments (67 elderly and 10 family units)

**Which building is it?** Three large brick buildings on 65 State Street, centrally located next to the high school, down the street from the elementary school, and a short two-block walk from Main Street.

**Timeline:** The project began the end of 2010 and is scheduled to be completed in January 2012.

**Unique Features:** The property is the former and first Vermont State Prison, erected in 1808. Until 1975, the prison supported numerous local commercial services and provided a local labor force

for some of the village's manufacturing concerns. The building was converted to senior housing in 1978. The property has great views of Mt. Ascutney, as well as views of the Windsor High School games played on the adjacent McClay-Royce Athletic fields. Windsor Village is on the State Register of Historic Sites, and is eligible for listing on the National Register.

**General Contractor:** Ingram Construction

**Architect:** Banwell Architects

**Engineer:** Knight Consulting Engineers (Structural) Pearson & Associates Consulting Engineers (Mechanical/ Electrical) Pathways Consulting (Civil)

**Energy Consultant:** Efficiency Vermont

**Owners:** Windham & Windsor Housing Trust and Housing Vermont.



*Windsor Village*

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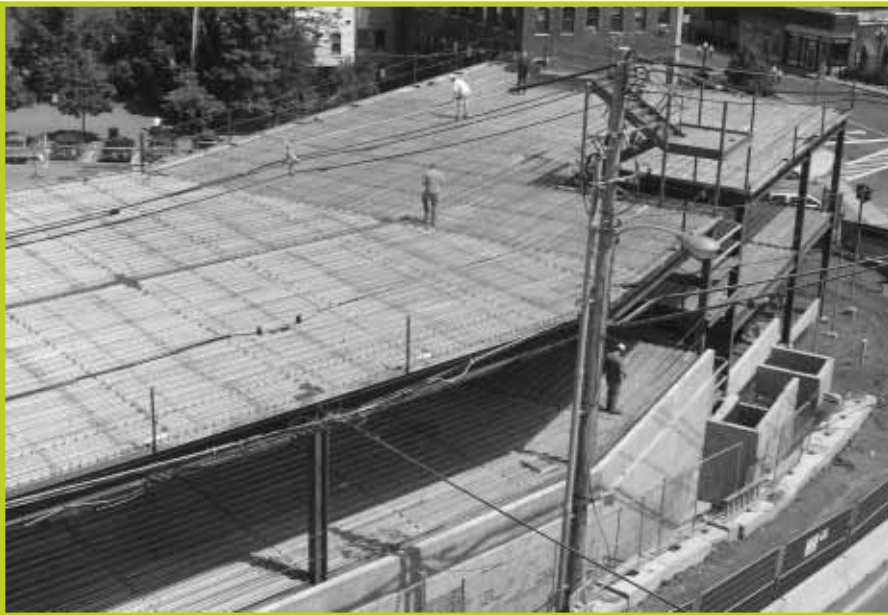
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## UPPER STORY HOUSING/BRATTLEBORO FOOD CO-OP REDEVELOPMENT PROJECT

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The design incorporates both green energy saving construction techniques and innovative “regenerative” building systems. The building will feature a “green roof” which will help cool the building and mitigate storm water runoff. A sophisticated mechanical system will recapture waste heat produced by the Co-op’s refrigeration equipment to heat the building, including the apartments.



*(top left) The Upper Story Housing & Brattleboro Food Co-op Project began in 2010 and is scheduled for its grand opening in 2012.*

*(middle left) The ground floor consists of the Co-op’s retail space. Their offices will be located on the 2nd floor.*

*(bottom left) The third and fourth floors are owned by WWHT. This Upper Story Housing includes 24 mixed income units; consisting of one-bedroom, two-bedroom, and efficiency apartments.*



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