

# Chapter 4 : Renters

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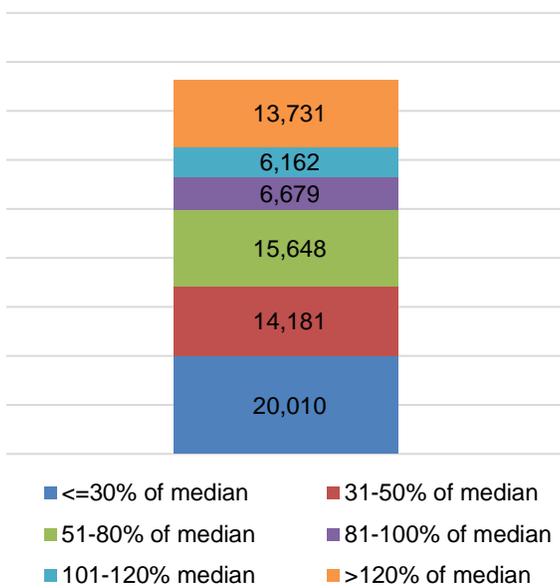
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## Demand for rental homes

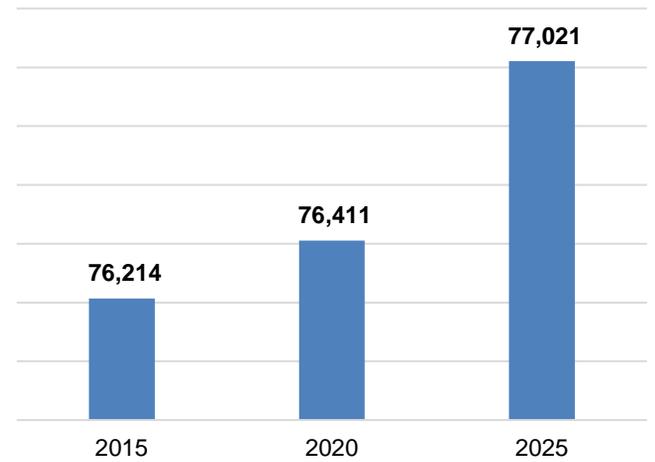
Statewide, the number of Vermont renter households is projected to continue its modest increase, with an additional 610 households expected between 2020 and 2025. Most (74%) of Vermont’s renter households have incomes less than the median.

**Figure 4-2: Renter households by income bracket**



Source: Claritas.

**Figure 4-1: Renter household growth**



Source: U.S. Census Bureau 2017 American Community Survey 5-year estimates and Claritas.

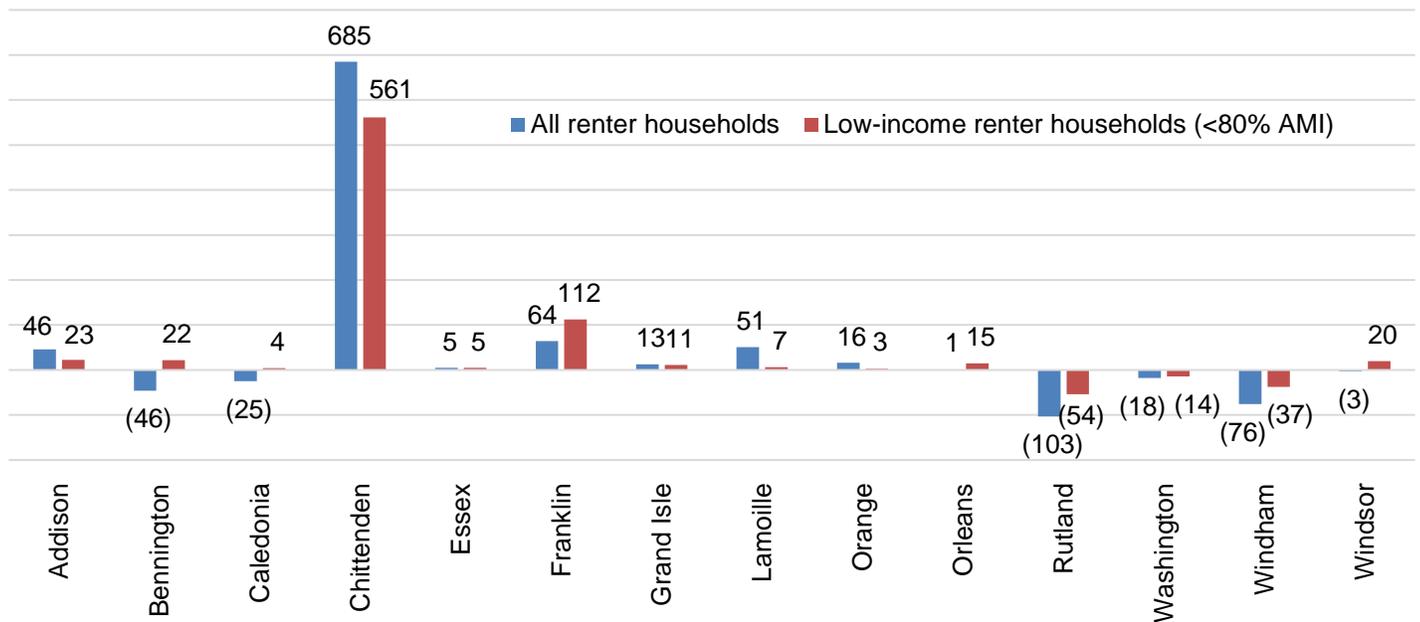
**Figure 4-3: Income groups in Vermont, 2020**

State median household income		\$ 64,513
<=30% of median	<= \$ 17,342	
31-50% of median	\$ 17,343 -	\$ 28,904
51-80% of median	\$ 28,905 -	\$ 46,246
81-100% of median	\$ 46,247 -	\$ 64,513
101-120% median	\$ 64,514 -	\$ 69,370
>120% of median	> \$ 69,370	

Source: Claritas.

Most of these additional renters will be located in Chittenden County, with others in nearby Addison, Lamoille, Franklin and Grand Isle counties and a small number to the east in Essex, Orange and Orleans counties. Total expansion of renter households in these counties is projected at 881. However, renter households in the remaining counties are expected to decline by 271 between 2020 and 2025, which means the net statewide expansion of renter households will be an estimated 610.

Figure 4-4: Projected change in renter households by county, 2020-2025



Source: Claritas.

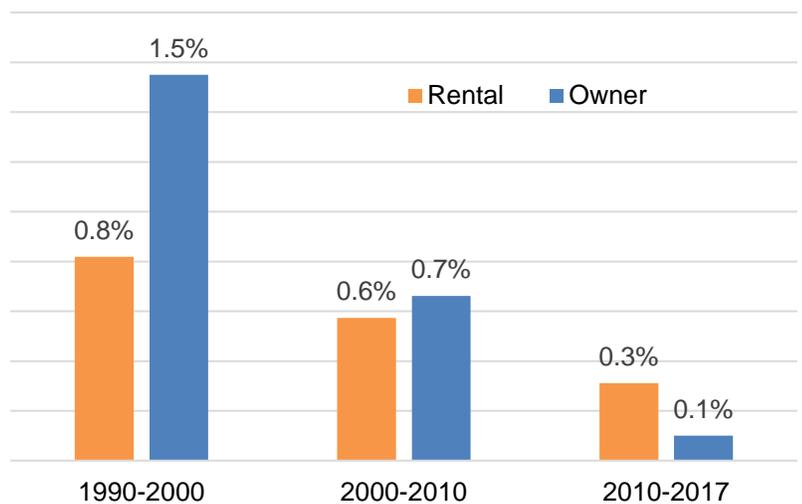
## Supply of rental homes

### Expansion of total housing stock

As with owner occupied Vermont homes, the rate of expansion of Vermont’s stock of rental homes has declined each decade since 1990. Since 2010, the number of non-vacation occupied rental homes in Vermont has increased at an average annual pace of 0.3%-down from 0.6% in 2000-2010. Nevertheless, the pace of rental housing stock growth has surpassed that of owner homes for the first time in the state’s recent history.

The stock of affordable, publicly-subsidized apartments for lower income Vermonters increased by 552 homes between 2015 and 2019.<sup>1</sup>

Figure 4-5: Annual rate of Vermont housing supply growth

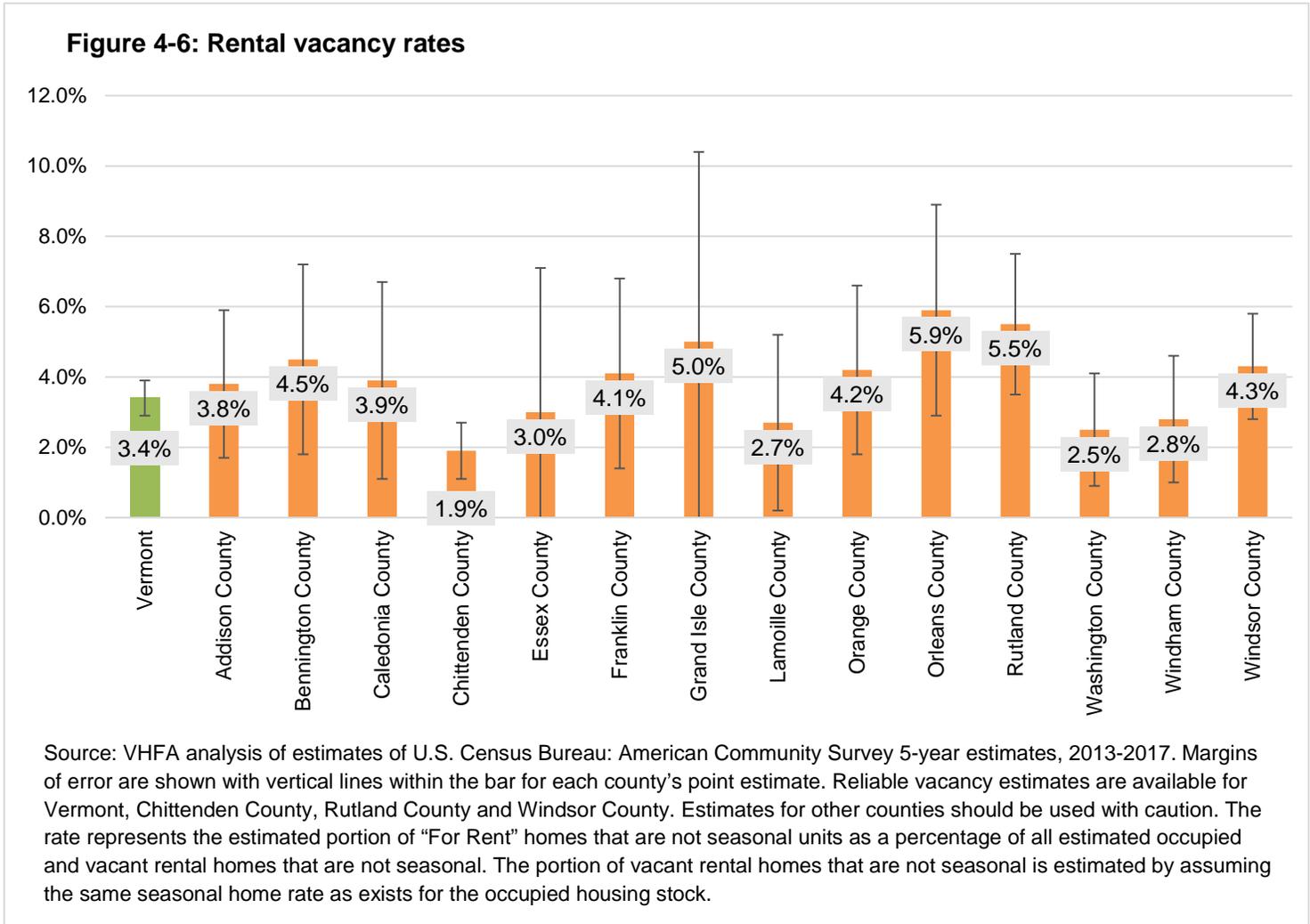


Source: U.S. Census Bureau: American Community Survey 5-year estimates, 2013-2017 (Table B25003), U.S. Decennial Census, from [housingdata.org](http://housingdata.org).

<sup>1</sup> Apartments first occupied in 2015-2019 in Vermont Directory of Affordable Rental Housing from [www.housingdata.org](http://www.housingdata.org).

## Vacancy rates

Vermont’s average rental vacancy rate was 3.4% in 2017 (based on the latest Census estimates available at both the state and county level). The most reliable estimates are available for Vermont, Chittenden County, Rutland County and Windsor County.



It is likely that in counties with rates lower than the statewide average, such as Chittenden, Lamoille, Washington and Windham, the relatively low number of vacant units for rent has pressured rent levels upward. Towns in other counties may also suffer from vacancy rates lower than the statewide or countywide average and experience upward pressure on rents.

Vacancy rates among Vermont’s subsidized rental homes are typically lower than the rates among all rental homes. As of December 2019, 102 of these apartments were listed for rent across the state, indicating a vacancy rate of 0.8%.<sup>2</sup>

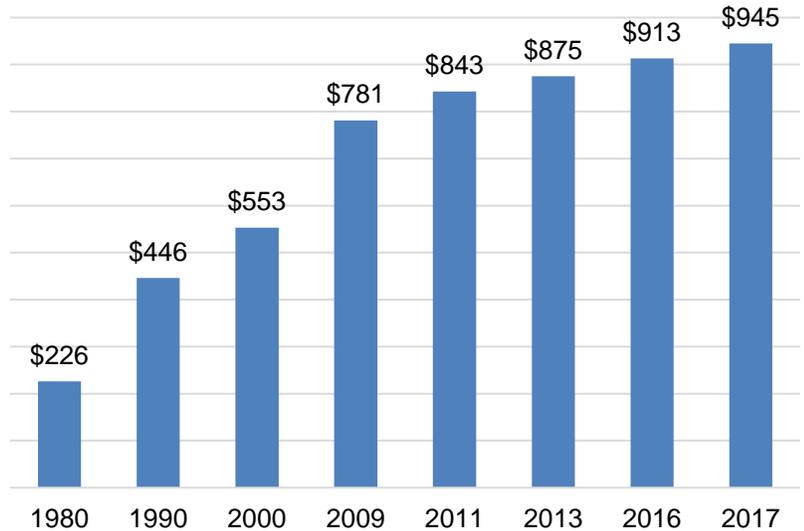
<sup>2</sup> Vermont Directory of Affordable Rental Housing from [housingdata.org](https://housingdata.org)

## Rental affordability

Median rents among all types of rental homes in Vermont have risen steadily, reaching \$945 statewide in 2017, according to U.S. Census Bureau estimates. To afford rent of \$945 per month, a renter would need to earn \$2,835 per month, or \$16.36 per hour.<sup>3</sup> However, the average renter earns just \$13.40 per hour.<sup>4</sup>

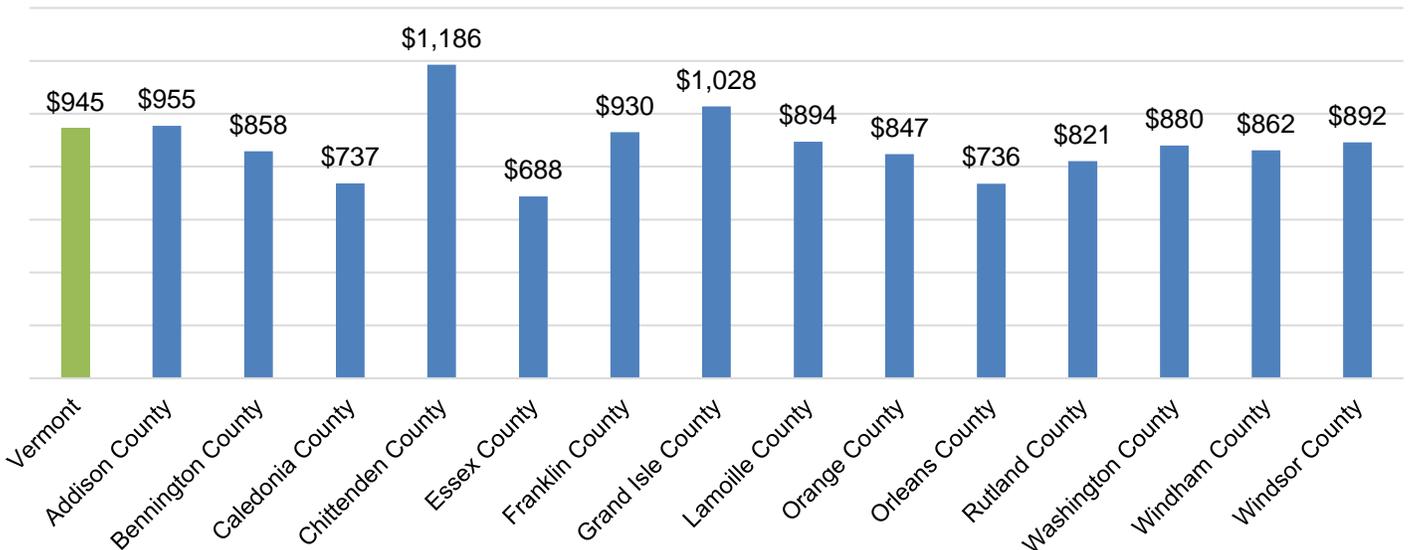
With the northwest counties of Chittenden, Grand Isle and Addison at the high end of the rent spectrum and the Northeast Kingdom counties of Essex, Orleans and Caledonia at the low end, Vermont’s other eight counties have similar median monthly gross rents (of approximately \$800-900).

**Figure 4-7: Median Vermont gross rent by year**



Source: U.S. Census Bureau: American Community Survey 5-year estimates, 2013-2017 (Table B25064), U.S. Decennial Census, from [housingdata.org](http://housingdata.org).

**Figure 4-8: Median gross rent by county**



Source: U.S. Census Bureau: American Community Survey 5-year estimates, 2013-2017 (Table B25064) from [housingdata.org](http://housingdata.org).

<sup>3</sup> Assumes that households should spend no more than 30% of income on housing expenses, the federal standard of affordability. Assumes a 40-hour workweek.

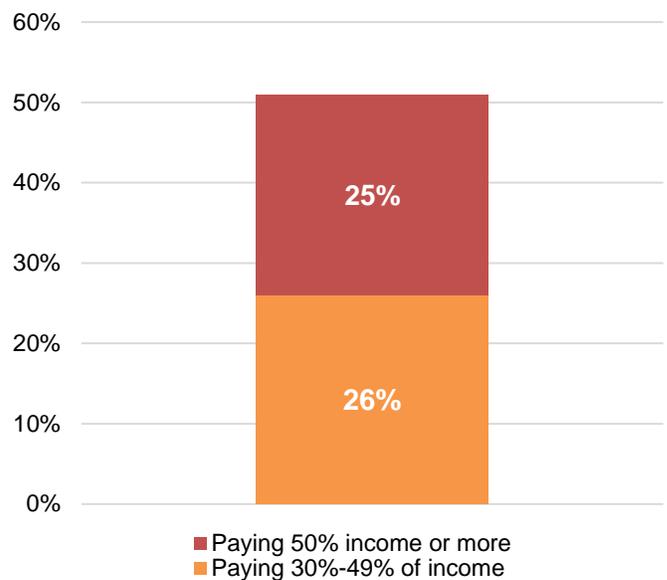
<sup>4</sup> [National Low Income Housing Coalition \(NLIHC\)](http://www.nlihc.org), “Out of Reach: 2019”

## Renter cost-burden

Over half of the renters in Vermont (about 36,000 households) have housing costs that consume more than 30% of their income--the standard for assessing affordability. When housing costs consume more than this, tenants are less likely to have enough income remaining for other living expenses which can lead to housing instability. One quarter of Vermont's renters (about 18,000 households) spend more than half of their income for housing costs. These renters are at high risk of housing instability, including frequent moves, eviction and even homelessness.

The term "cost burden" is often used to describe the hardship of spending high portions of income for housing. Although cost burden is pervasive among all Vermont counties, Chittenden County has the highest rates in the state of both moderate cost burden (spending 30-50% of income for housing) and severe cost burden (spending more than 50% of income for housing). Interestingly, neighboring Addison and Franklin counties have the lowest rates of cost burden statewide.

**Figure 4-9: Portion of Vermont renter households with high housing costs relative to income**



Source: U.S. Census Bureau: American Community Survey 5-year estimates, 2013-2017 (Table B25070) from [housingdata.org](http://housingdata.org).

## Subsidized rentals

Statewide, 13,592 rental homes are made more affordable for lower income Vermonters through project-based public subsidies.<sup>5</sup> These include 1,190 apartments in buildings funded through HUD's Public Housing program and operated by local public housing authorities. In addition to these apartments made affordable through project-based subsidies, 5,462 low-income Vermont households receive tenant-based housing vouchers which can be used toward paying rent in either market rate or publicly subsidized apartments.<sup>6</sup>

A total of 7,546 apartments funded through the Public Housing program and other federal programs receive monthly rental assistance to ensure that residents are not required to spend more than 30% of their incomes for rent.

<sup>5</sup> Vermont Directory of Affordable Rental Housing from [housingdata.org](http://housingdata.org).

<sup>6</sup> U.S. Dept of Housing and Urban Development (HUD), Housing Choice Voucher Program, 2019 from [housingdata.org](http://housingdata.org)

Figure 4-10: Rental apartments in Vermont subsidized through project-based programs

Apartment type*		Total	Apartments with 0-1 bedroom	2-bedroom apartments	Apartments with 3 or more bedrooms
General occupancy	No PBRA	3,019	900	1,563	556
	PBRA	3,313	989	1,558	766
	Total	6,332	1,889	3,121	1,322
Age-restricted	No PBRA	2,982	2,121	708	153
	PBRA	4,233	4,006	171	56
	Total	7,215	6,127	879	209
<b>All apartments</b>		<b>13,547</b>	<b>8,016</b>	<b>4,000</b>	<b>1,531</b>

\*PBRA (Project Based Rental Assistance) is funding attached to multifamily units so that tenants pay no more than 30% of income towards gross rent. Source: VHFA and Vermont Directory of Affordable Rental Housing from [housingdata.org](https://housingdata.org).

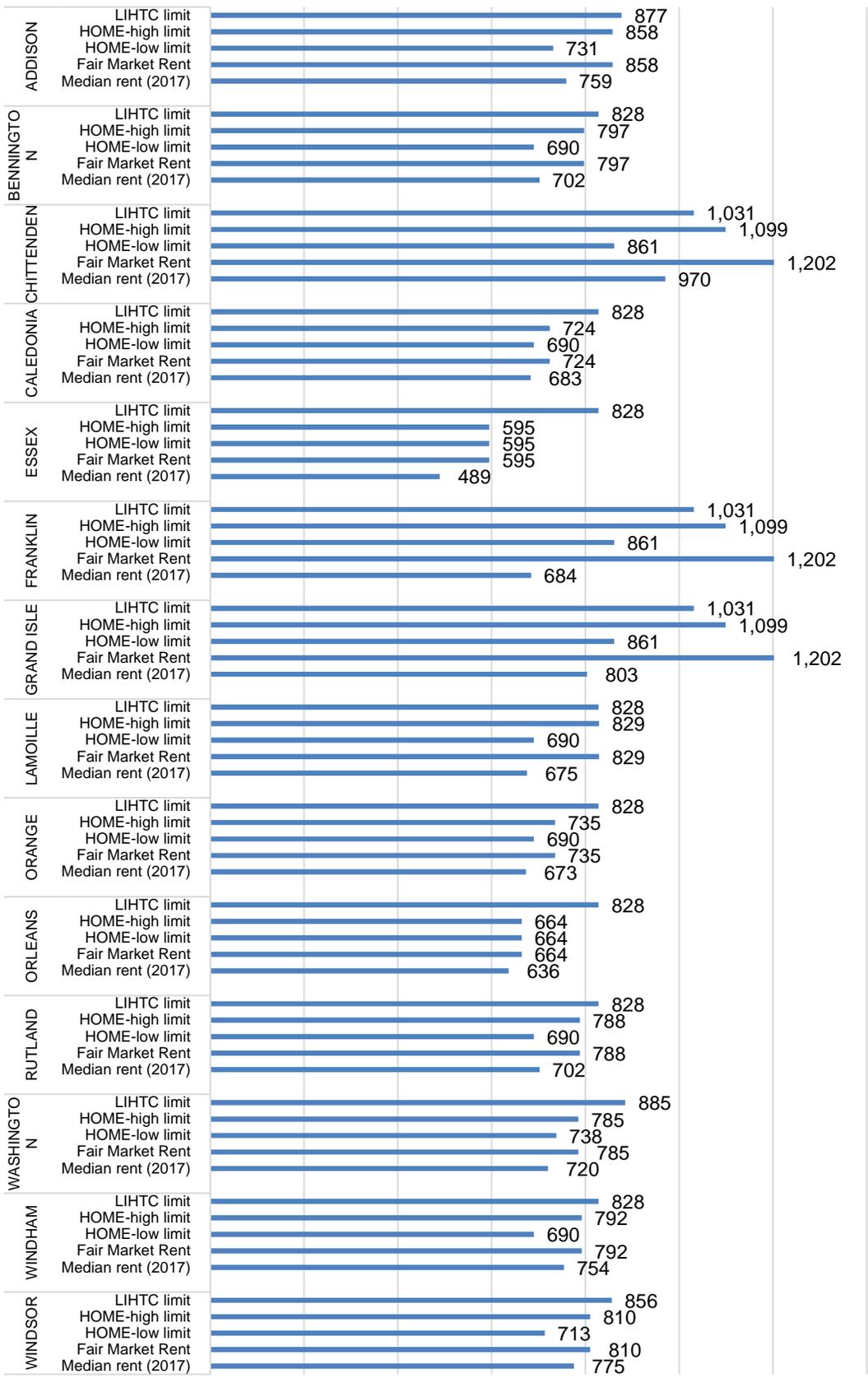
To improve the affordability of publicly subsidized apartments by the low income tenants they serve, these apartments are subject to rent limits set by development and operating funding sources, such as the HOME<sup>7</sup>, Section 8 rental assistance, and Low Income Housing Tax Credit program (LIHTC). The HOME<sup>8</sup> and LIHTC<sup>9</sup> programs have multiple limits per county depending on project characteristics such as unit size and the year the unit was put in place.

<sup>7</sup> U.S. Department of Housing and Urban Development (HUD), HOME Investment Partnerships Program (HOME)

<sup>8</sup> See [2019 HOME Program Limits](#)

<sup>9</sup> See [2019 LIHTC Income limits and rents](#), from Vermont Housing Finance Agency

Figure 4-11: Monthly rent limits and county benchmarks



Data sources: [www.housingdata.org](http://www.housingdata.org) (Median Rent, Fair Market Rent), [VHFA Low-Income Housing Tax Credit program rent limits](#) and [VHCB HOME program rent limits](#).  
 Notes: Rent limits for LIHTC units placed in service before 2019 may be different than shown here. HOME-low limits are used for 20% of the units when a development includes 5 or more units.

## Rental housing challenges in 2020-2025

Vermont has an opportunity to plan for the next five years in ways that address its most pressing rental housing challenges. This includes ensuring that the housing stock reflects projected growth in households and existing unmet needs. It also includes addressing risks of expiring affordability use restrictions among publicly subsidized apartments and substandard housing quality. Housing quality is discussed in **Chapter 3 - Housing Stock**.

### Additional homes needed

Vermont will need to increase the state's total stock of rental housing by 2,629 units before 2025 to meet expected demand among new households, replace homes removed from the stock and house the state's homeless. In addition, nearly 18,000 current renter households in the state are at a high risk of eviction and homelessness due to housing costs that exceed half of their income. While constructing new apartments helps to address this, converting existing housing to affordable, energy-efficient, safe homes for lower income Vermonters could also help meet the needs of these 18,000 at-risk, but currently housed, Vermont households.

**Figure 4-12: Projected rental housing stock expansion needed by 2025**

County	Net expansion of total renter households	Homes removed from stock**	Homeless households (2019 1-night count)	Expansion to total housing stock needed***
Addison	46	58	52	156
Bennington	(46)	70	50	74
Caledonia	(25)	53	28	56
Chittenden	685	380	245	1,310
Essex	5	9		14
Franklin	64	79	29	172
Grand Isle	13	9		22
Lamoille	51	50	22	123
Orange	16	42	22	80
Orleans	1	45	15	61
Rutland	(103)	123	54	74
Washington	(18)	121	111	214
Windham	(76)	97	84	105
Windsor	(3)	111	60	168
<b>Vermont</b>	<b>610</b>	<b>1,247</b>	<b>772</b>	<b>2,629</b>

\*\*Assumes 0.33% as likely annual housing stock loss rate, see [U.S. Department of Housing and Urban Development](#) "American Housing Survey Components of Inventory Change: 2011–2013." Table B15. \*\*\*Includes projected expansion of total renter households, homes removed from stock and homeless households. Source: Claritas; U.S. Census Bureau: American Community Survey 5-year estimates, 2013-2017 (Table B25070) from [housingdata.org](#). on renters paying more than 50% of income for rent; Institute for Community Alliances 2019 Vermont Point In Time count of the homeless from [housingdata.org](#).

**Figure 4-13: Total projected 2025 rental housing needs**

County	Expansion to total housing stock needed***	At-risk households with severe cost burden	Total needs including at-risk households (homes)****
Addison	156	665	<b>821</b>
Bennington	74	790	<b>864</b>
Caledonia	56	645	<b>701</b>
Chittenden	1,310	6,620	<b>7,930</b>
Essex	14	97	<b>111</b>
Franklin	172	868	<b>1,040</b>
Grand Isle	22	141	<b>163</b>
Lamoille	123	720	<b>843</b>
Orange	80	493	<b>573</b>
Orleans	61	624	<b>685</b>
Rutland	74	1,694	<b>1,768</b>
Washington	214	1,441	<b>1,655</b>
Windham	105	1,550	<b>1,655</b>
Windsor	168	1,557	<b>1,725</b>
<b>Vermont</b>	<b>2,629</b>	<b>17,905</b>	<b>20,534</b>

\*\*\*Includes projected expansion of total renter households, homes removed from stock and homeless households. Source: Claritas; U.S. Census Bureau: American Community Survey 5-year estimates, 2013-2017 (Table B25070) from [housingdata.org](https://www.housingdata.org). on renters paying more than 50% of income for rent; Institute for Community Alliances 2019 Vermont Point In Time count of the homeless from [housingdata.org](https://www.housingdata.org).

Vermont's vacancy rates are lower than rates considered healthy by most published research.<sup>10</sup> To relieve the upward pressure on rents resulting from sub-healthy vacancy rates in many parts of the state, the number of additional rental homes needed in Vermont's housing stock by 2025 would need to rise even further than shown in Figure 4-12 and 4-13.

## Pressures on Vermont's publicly subsidized rental stock

### Rehabilitation and renovation needs

Owners of publicly subsidized apartments who provide safe, affordable housing must carefully balance the limitations of operating revenue inherent in serving low income tenants with ongoing costs of maintenance and repairs. The median income of a household living in one of Vermont's 6,800 apartments funded through the LIHTC program has an annual household income of approximately \$16,318.<sup>11</sup> For a household at this income level, monthly rent higher than \$408 is likely to be unaffordable. Although many tenants with very low incomes receive rental subsidies that bolster the total operating revenue to property owners, the total amount of rent

<sup>10</sup> See "Vacancy Rates" section earlier in this chapter for more information.

<sup>11</sup> VHFA, computed from tenant data in January 2020.

collected is limited by rent ceilings associated with the public subsidy programs at work in the housing development.

Minimum reserve requirements of each public program ensure properties are well maintained. Properties vary with respect to the individual challenges associated with their locations and residents. After the first 15 years of operating as LIHTC rental housing, project owners can seek new financing for renovation needs.

A general rehabilitation project of Vermont's publicly subsidized rental housing typically consists of weatherization (such as new insulation and windows) to improve energy efficiency and upgrading kitchens and bathrooms. However, other recent projects in Vermont have focused exclusively on project-wide improvements such as installing a completely new heating system.

When older apartment complexes originally subsidized through HUD's project-based Section 8 program apply for housing tax credit funding, the project is likely to undergo a full "gut rehab" in which the building is taken down to the studs, rebuilt and brought to current building standards.

Between 2015 and 2020, at least 714 subsidized apartments underwent major renovations, funded through new awards of housing tax credits and other sources. Of all apartments developed with housing tax credits awarded in 2015-2020, 57% were in renovated existing buildings (as opposed to constructing new buildings).

### Preservation of affordability restrictions

Vermont state and local housing organizations have a long-standing commitment to preserve all apartments that received scarce public subsidies to provide lower income renters with safe, affordable apartments. Only 19 apartments in five rental buildings have been converted from the subsidized stock to other uses or "lost" when a project was renovated to include slightly fewer units than the original size.<sup>12</sup>

At least 4,384 publicly subsidized apartments in VT are required to be maintained perpetually affordable. Since the late 1980s, all state housing development funding has required perpetual affordability. The most limited type of housing tax credits (called allocated 9% federal Low-Income Housing Tax Credits) have done the same since the early 2000s.

Many subsidized rental apartments have covenants with expiration dates beyond 2025. Although plans for extending affordability covenants are underway for many, two apartment complexes have covenants that have already expired and three more will expire before 2025.

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<sup>12</sup> These apartments were removed from the subsidized stock at 5 different points in time between 2002-2017 and located in various towns in Vermont.

**Figure 4-14: Publicly subsidized rental housing with affordability covenants expiring before 2025**

Rental housing development	Homes	Location	Public funder	Expiration date
Montebello Hill Apts.	14	Newbury	USDA Rural Development	2009
Green Mountain Apts.	48	Brattleboro	USDA Rural Development	2016
Marigold Apts.	6	Lyndon	USDA Rural Development	2023
Caledonia H.P., Phase II	20	St. Johnsbury	VHFA (Low Income Housing Tax Credits	2024
Queensbury Rd Housing	16	So. Burlington	VHFA (Low Income Housing Tax Credits	2024

In addition, 664 apartments subsidized through Section 8 rental assistance from the U.S. Department of Housing and Urban Development have Housing Assistance Payment (HAP) contracts that expire before 2025. Of these apartments, 417 are monitored by the Vermont State Housing Authority and the remaining 247, by VHFA. Renewal occurs at the date of contract expiration.

### Qualified contracts

Rental properties developed with federal low-income housing tax credits have the option to convert their use to market rate apartments after 15 years, unless the property receives funding through other programs that have longer term or renewed affordability requirements. Nationally, rental housing owners began this “qualified contract process” for properties containing approximately 10,398 homes in 2018 alone.<sup>13</sup>

In Vermont, owners could begin this process for 57 rental housing developments. About two-thirds of these developments are owned by non-profit affordable housing agencies dedicated to providing housing in the long term for low income households. The other developments are owned by for-profit owners for whom converting to market rate use may be appealing. Two Vermont rental developments with an expiring qualified contract have “right-of-first refusal” provisions to enable residents to opt to buy their units.

### Wait lists

Waitlists can be an important indicator of the relative demand for and access to affordable rental housing. However, managers of affordable apartments in Vermont tend to organize applicants on waitlists for apartments in their portfolios based on a number of different criteria, including the location, number of bedrooms needed, the need for rental assistance, and property amenities. Furthermore, applicants may be placed on multiple lists, making it impossible to calculate an overall average length of time on waitlists or the total number of applicants for subsidized rental housing in Vermont. Anecdotally, most managers reported their properties had waitlists of several hundred applicants, and that most applicants remained on the waitlist at least a year, with one property reporting a waitlist of 540 applicants and an average wait time of four to five years.

Of the 513 publicly subsidized apartment developments in Vermont, about 77% have waitlists that are open, based on reports from managers.<sup>14</sup> This means that for the remaining 115 developments, apartment seekers may not even have the opportunity to add their name to a waitlist.

<sup>13</sup> [National Council of State Housing Agencies](#), “The Save Affordable Housing Act of 2019”.

<sup>14</sup> Vermont Directory of Affordable Rental Housing from [housingdata.org](http://housingdata.org).