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## **1. Introduction**

This study was conducted by the City of Montpelier Department of Planning and Community Development and funded by a planning grant from the State of Vermont Agency of Commerce and Community Development. The need for this study has been cited for many years in the city's Master Plan and grew out of an awareness that adequate housing data for the city was not available. The need for the study has become more apparent in recent years as the community has become more aware of what many in Montpelier perceive as a housing crises. Rents and sales prices are rising at rates which far exceed increases incomes. Vacancy rates are extremely low. Anecdotal information suggests that working professions find it difficult to purchase homes in the city. Concern has been expressed over the loss of housing units due to conversions, commercial uses, and to the effect that the student population is having on the community.

It is our intent that the information contained in this report will help us gain a better understanding of existing conditions and past trends which will, in turn, enable us to make better informed decision in the future. It is also our hope that the data contained in this report will serve as a starting point for the ongoing compilation of housing data.

## **2. Method**

This study relied on US Census data, State Property Transfer Tax data, city Zoning and Building Permit data, city grand list information, and a direct mailing survey to rental property owners. Some of the information in the report was compiled by members of the Montpelier Housing Task Force. None of the financial data has been adjusted for inflation.

## 1. Population Analysis

Changes in Montpelier’s population responds to the services the city provides and the needs of its inhabitants. The information gathered from the US Census shares a perspective on how the capital city is changing.

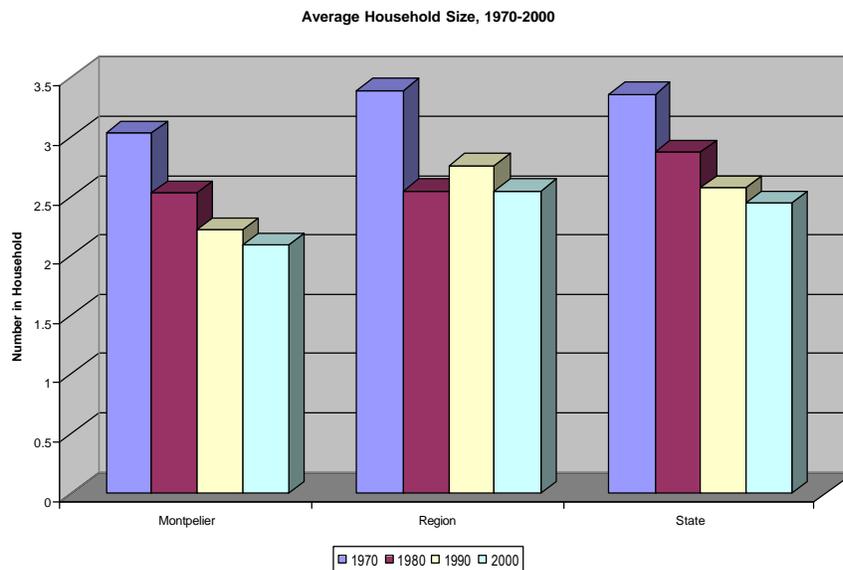
### A. Population and Households

The population in Montpelier from 1960-2000 has seen a cumulative -8.5% percent change (a loss of 747 residents). The greatest loss occurred in the decade of 1970 -1980. Washington County, unlike Montpelier, experienced a steady population growth since 1960.

In spite of this decreasing population, the number of households in Montpelier has increased. From 1970 to 2000 the number of households increased by 31.6% or 898 households. A declining population and an increase in the number of households can only mean one thing, namely that household sizes are also getting smaller. The average household size in 2000 was 2.09 persons, down from 3.03 persons in

“Increasing affluence, longevity, lower birth rates, and a trend away from sharing homes with parents and grandparents contribute to the decrease in household size... Even couples who call it quits, splitting a single household into two, play a role”

by Andrew Bridges, Burlington Free Press, 1/13/03



Source: US Census

1970. Montpelier has historically had fewer persons per household than the county or the state. One can interpret this to mean the demand for housing in Montpelier is tied to the increasing number of smaller households and is not driven by an increase in population as in the rest of the county.

According to the 2000 Census, the number of householders in Montpelier living alone was 39.4%, or 1,475 people, out of a total number of 3,739 households. One might assume that a percentage of those who live alone are 65 years or older, as 13.1% of householders in Montpelier are 65 years and older.

In 2000, 1,019 Montpelier households (27.2%) contained children under the age of 18. Married couples caring for their own children represent 38.5 % of the total number of households, and 10.1% are headed by single mothers caring for their own children.

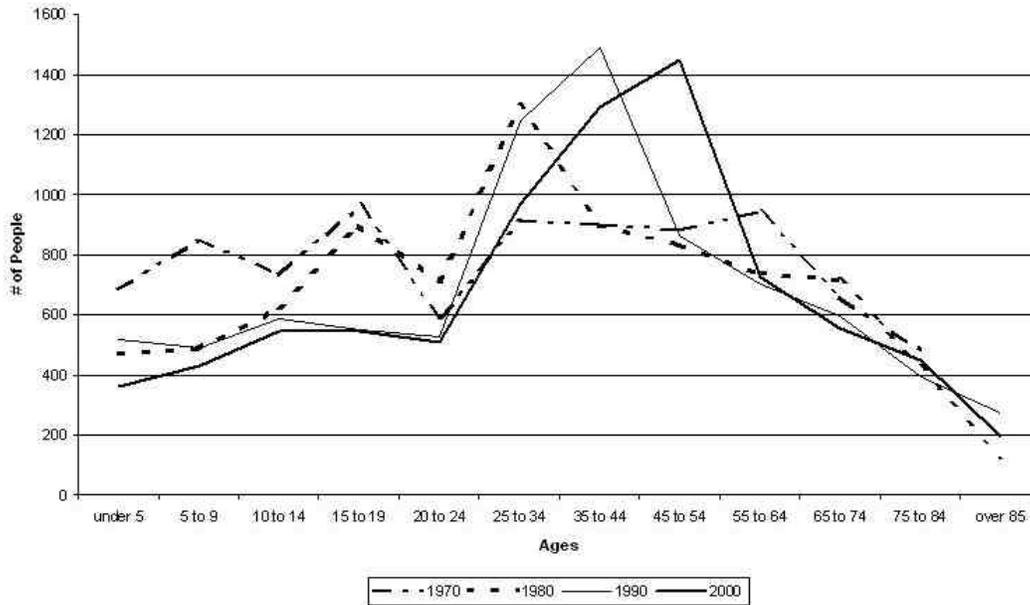
#### B. Residents with Disabilities

In 2000, 19% of Montpelier residents between the ages of 21 and 64 had a disability. In 1990, 19.7% of residents between the ages of 16 and 64 had a disability.

#### C. Age

Census data reports the median age in the city has increased from 36.3 years of age in 1990 to 40.5 years of age in 2000, with the 35 and over group holding 58% share of the population. The median age in the county and the state are traditionally younger than Montpelier's, reported at 38.3 and 37.7 respectively for the year 2000. The 44-54 age group has the largest share of the population in the city. Given the rising cost of housing in the city we may speculate that the rising median age in the city is due in part to the inability of young families to purchase or rent affordable housing in the city, a trend that may be further evidence of the city's declining school enrollments.

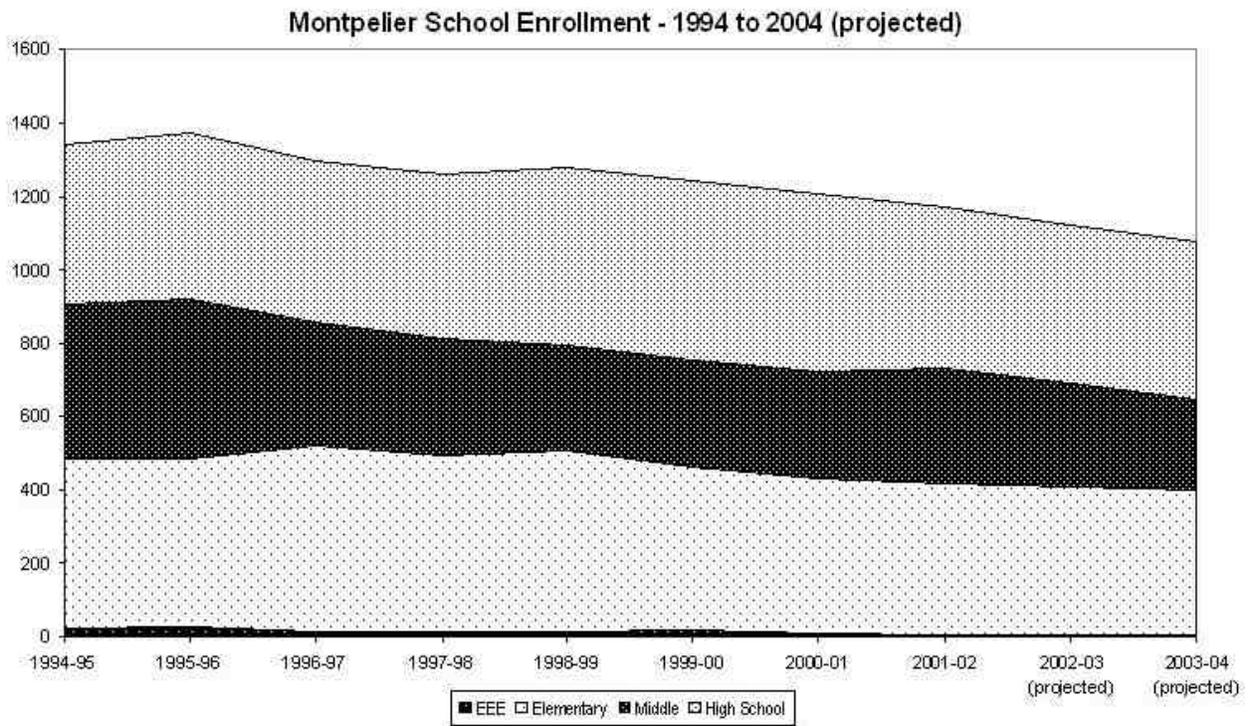
**Montpelier Age Distribution - 1970 - 2000**



**D. School Enrollment**

School enrollment in Montpelier, like many adjacent towns in the county, appears to be declining, albeit at a slow rate. Some communities attribute this change in the decrease in families of child bearing age (Roxbury Town Plan, 2001). Montpelier could credit their decline in enrollment to an aging community and to the inability of young families to afford housing in the city.

Montpelier experienced an overall decline in the birth rate since 1989, which would have a direct relationship with the decline in school enrollment, and some parents' option to enroll their child in private and parochial schools.



**2. Economic Analysis \***

The purpose of this section is to provide information about wages, employment and commuting. The information was gathered from the US Census and the Vermont Department of Employment and Training.

**A. Number and type of jobs**

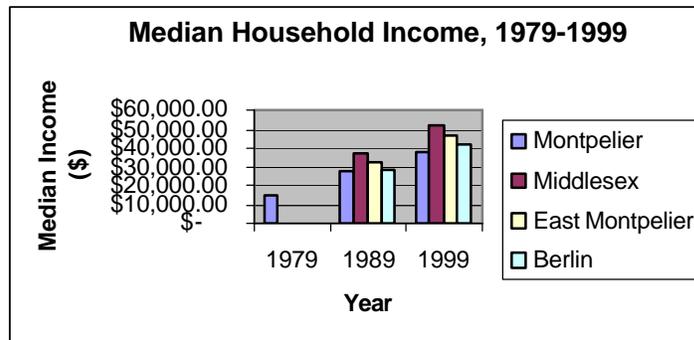
The number of jobs in Montpelier increased by 729, to 9,260 jobs between 1990 to 2000. However, increases did not take place in all sectors of employment. Finance, Insurance, and Real Estate (FIRE) suffered the greatest loss (270 jobs) in that same period. Montpelier also saw a decline in manufacturing jobs, while the state saw an increase in this type of employment. Retail, FIRE, services, and Government account for almost 92% of the jobs in Montpelier. These same sectors account for 75.2% of jobs in Washington County, and 68.5% statewide.

**B. Wages**

The average wage paid in Montpelier has been historically higher than in the county, but has increased at a slower rate. The average wage in Montpelier was \$22,517, compared to \$20,067 for the county for 1990. In 2000, the wage in Montpelier experienced a 38.6% increase, while the county experienced a 41.1% increase. Except for manufacturing, all sectors saw real wage growth over and above inflation as the decade between 1990 and 2000 progressed.

**C. Median Household Income**

Montpelier’s median household income for 1999 was \$37,513, up from \$27,702 in 1989, and \$14,486 in 1979. The median household income of adjacent communities surpassed Montpelier’s as gathered for the US Census for 1999 and 1989.



\* Values not adjusted for inflation

#### D. Poverty Level

In 2000, a total of 141 families in Montpelier were living below the poverty level. This represents an increase from the 128 families in 1990 and follows an almost 24% decrease between the years of 1980-1990. In 2000, the percentage of families living below the poverty level in Montpelier was 7.2% compared to 5.5% in Washington County.

#### E. Commute

According to the US Census more Montpelier residents are commuting longer distances to work. The mean commute time for Montpelier residents increased from 13 minutes to 19. The average commute time for the state is 18 minutes. Of those residents who commuted to work in 1990, 2,603 (or 62.7%) worked within Montpelier and 1,549 (or 37.3%) worked elsewhere. Census data for 2000 shows that 503 workers car-pooled and 652 workers walked to their places of employment.

### 3. Housing Supply Analysis

#### A. Purpose and Method

One of the primary goals of this study was to gain a better understanding of the quality and characteristics of Montpelier's housing stock: How many and what type of units do we have; how old are they and what condition are they in. City tax assessment records and permit data, and US Census data provide us with some of this information. Information regarding apartment sizes (number of bedrooms) was not available from these sources so a direct mail survey was conducted to all rental property owners. The survey had a 82% response rate with 473 buildings surveyed and 387 respondents.

#### B. General Description

Montpelier contains a wide variety of housing styles and types ranging from large historically significant single and multi-family structures to modern condominium styles and modest single family homes. Small apartments still dot upper floors of downtown buildings. Many older historic properties near downtown have been converted into residential or mixed uses. But the most common residential streets typify the tree-lined traditional New England neighborhood in small cities--mostly single family and duplex housing distributed throughout a small street grid. Most households (96%) are tied into public sewer systems, with the remaining 153 units using a private septic tank. Public or private water companies supply nearly 96% of all dwellings, with about half of the remaining units drawing from individual wells. (US Census, 2000)

#### C. Tenure

According to the 2000 Census, 54.7% (2,044 units) of Montpelier's housing stock is owner occupied. The census indicates that the city has 1,531 renter occupied units which places Montpelier second in the county to Barre City (2,030) for total rental units. Montpelier's rental units comprise 27% of the county total.

Housing Type	Total Units	% of Total Units	Number of Buildings
Single Family	1,765	47.0%	1,763
Condominiums	332	8.8%	72
Duplex	386	10.3%	186
Multifamily & Mixed Use Rental	1,222	32.6%	286
Student Housing	47	1.3%	14
Total:	3,752	100.0%	2,321

source: rental unit survey and assessment records

How does the ratio of renter to owner occupied housing compare with other city's and towns in Vermont? Of the 10 other communities analyzed for this report the 2000 census puts Montpelier in the middle with 43.5% of its housing units being renter occupied (see Figure 11). Fifty-one percent of Barre's housing is renter occupied. Per capita, Montpelier has 21.1 rental units per 100 persons with Barre coming in at 24.6 rental units per 100 persons (see Figure 12).

#### D. Age of Housing Stock

Montpelier's housing stock is significantly older than the county and state averages, with the majority (52.2%) of housing constructed prior to 1940. Montpelier has the second highest concentration of housing constructed prior to 1940 in the county at 2,035 units. Barre City ranks first at 2,547 units. These old buildings add to the city's historic character and charm but also present a unique challenge to property owners to maintain these older structures and bring them into compliance with current building codes. Because most of Montpelier's housing stock pre-dates World War II, much of it may contain lead paint, a health issue particularly in homes with small children.

Year Constructed	Number of Properties	Percent of Total
1990-2000	148	3.8%
1980-1989	415	10.6%
1970-1979	380	9.7%
1960-1969	362	9.3%
1940-1959	558	14.3%
Pre 1940	2,036	52.2%
Total:	3,899	100.0%

source: 2000 census data

#### E. Restricted Housing

Montpelier has 309 units of restricted housing which represents 7.4% of its entire housing stock. Restricted housing is defined as housing that is not available to the general public and is reserved for elderly, disabled, or low and moderate income households. The city also has 58 units/beds of assisted living.

Type of Unit	Number of Units	Percent of Total
Restricted Housing	309	8.1%
Unrestricted Housing	3,510	91.9%
Total:	3,819	100.0%

source: city data

Facility	Beds/Units
Heaton Woods	41
Gary Home	17

How does Montpelier's stock of restricted housing compare with other Vermont communities? A comparison of 10 other cities and towns puts Montpelier in the middle. Data available from the 2000 Census and the 2003 Vermont Directory of Affordable Rental Housing reveals that 17.6% of Montpelier's rental units are restricted. By comparison, 23.2% of Barre City's rental units are restricted (see Figure 9). The number of restricted rental units per capita is also about average with 3.7 restricted units per 100 Montpelier residents (see Figure 10). The ratio in Barre City is considerably higher with 5.7 restricted units per 100 persons.

#### F. Apartment Type

The scale of Montpelier's rental properties is in keeping with its small town character. Eighty-one percent of the city's rental properties contain 4 or fewer units (includes duplexes). The rental unit survey identified 546 multifamily apartment units containing 2 or more bedrooms and suitable as family housing (multifamily is defined as a structure containing 3 or more units). If we extrapolate to 100% based on the results of the survey we get a projected total of 780 apartment units containing 2 or more bedrooms. It is our intent to complete this portion of our data base and to track this information over time in an effort to identify trends.

Type of Apartment Unit	Number of Units (82% response rate)	Extrapolated Total
Rooming House	13	16
Efficiency	119	145
1 Bedroom	521	635
2 Bedroom	401	489
3 Bedroom	114	139
4 Bedroom	30	37
5 Bedroom	1	1
Total:	1,199	1,462

source: rental unit survey

### G. Temporary Housing

Washington County Mental Health maintains 2 temporary emergency housing unit at its 9 Heaton Street facility. These apartment units are only available to their clients and are not available to the general public. The only other temporary housing in the county is provided by the Good Samaritan in Barre which has 20 beds and serves approximately 270 individuals a year. Norma Fleury, Homeless Resource Coordinator, indicated that in the past, a few people from Montpelier used the facility, but in recent years there has been a shift so that currently approximately 1/3 of their clients are from Montpelier. The facility frequently operates at full capacity and at times must turn individuals away.

Beginning in the fall of 2003 Good Samaritan will be operating 4 transitional housing apartment units. The goal of this facility will be to move households from the shelter to conventional housing.

### H. Condition

Montpelier is currently undergoing a city wide reassessment of all of its properties. Building condition is one of the factors that will be evaluated with the assessment. In light of this, it was decided not to conduct a separate survey of building condition but rather to gather this information from the reassessment once it is completed.

## I. Rental Assistance

The Montpelier Housing Authority administers a HUD Section 8 Rental Assistance Program which provides a total of 108 vouchers to low income households in the City. The vouchers are tenant based (not dedicated to a specific housing unit) and may be used by the tenant anywhere in the city subject to the consent of the landlord and the unit meeting HUD basic housing standards. Households receiving such vouchers pay no more than 30 percent of their adjusted income for rent or 40 percent on rent and utilities. A number of these vouchers are used within restricted units

## 4. Housing Development Analysis

### A. Development Trends

Census data from 1980 to 2000 indicates an increase of 592 housing units in the city. Most of these units (78% or 462 units) were created between 1980 and 1989 with only 130 units being added between 1990 and 2000. This translates into the second lowest rate of growth in the county (1990 to 2000) at 3.4% (villages excluded). The average rate of growth for the county was 12.9% (1990 to 2000).

City building and zoning permit data shows a net increase of 561 housing units from 1980 to 2002. Most of these units (499 or 89%) were created between 1980 and 1990 with the rate of growth slowing considerably over the past 12 years. It must be recognized that the reliability of permit data in tracking development trends is dependent upon permits having actually been obtained for a development. Experience has shown that property owners do not always apply for or obtain the required permits before enacting a change in use at a property. It is our opinion that permit data serves as an important indicator of trends and that this unrecorded development is limited to small changes that effect both the creation of new units and elimination of existing units with a modest net result. City permit data reveals the following (see Appendix Figure 1).

### B. Condominiums

Of these 561 new housing units new condominiums made the largest contribution at 338 units. The bulk of these (99% or 334 units) were developed between 1980 and 1990. Twenty-four of these new units resulted from apartment conversions.

### C. Single Family Homes

Single family homes made the next largest contribution at 177 units. Sixty-seven percent of these units were constructed between 1980 and 1990.

### D. Apartments

A total of 148 new apartments were created from 1980 to 2002, however, this was offset by the loss of 185 units, resulting in a net loss of 37 units. There has not been a new non-subsidized multifamily housing building constructed in the city since 1990 (other than 105 Elm Street, which replaced a demolished structure).

Conversions to commercial uses accounted for the largest loss of apartments in the city at 83 units. Fifty-nine percent of these units were lost within the CB-2 zoning district, a district that was created in 1987 in part to limit the loss of housing to commercial conversions, which had previously been allowed within the HDR zone district. (see Appendix Figure 2)

Student housing also played a significant role in the loss of apartments available to the general public with a total of 44 units either owned or leased by the New England Culinary Institute for its students.

#### E. Elderly & Disabled Housing

Thirty-seven apartments were created for the elderly or disabled. An additional 41 units of assisted living housing were also created. Because the assisted living units do not have their own kitchens they are not counted as new apartment units.

## 5. Housing Affordability Analysis\*

### A. Rental Housing

Census data from 1980 to 2000 indicates that the median rent for an apartment in Montpelier increased from \$202 a month to \$515 a month (154%). This increase is consistent with what happened in the county as a whole which also experienced a 154% increase. During this same time period the Census indicates that the county median income increased from \$14,486 to \$37,513 (159%). This suggests that incomes have kept pace with increases in rents until one looks at the number of renter households spending 35% or more of their income on rent, which increased by 24%, 413 households in 1980, 513 households in 2000.

### B. Vacancies

The 2000 Census puts the city's vacancy rate for rental properties at 1.8% . This is considerably lower than the State rate of 4.2%. This low vacancy rate is not a surprise given the loss of apartments and the increase in the number of households (485 more households since 1980 and 898 more since 1960, census data). Low vacancies have contributed to rising rents and made it very difficult for people to find housing in the city. Generally, apartment supply and demand are considered in balance with a vacancy rate in the 5% range

### B. Single Family Sales

Property Transfer Tax data compiled by the city for the past seven years demonstrates that the median sales price of a single family home in Montpelier has increased by 43% (\$93,000 in 1996, \$132,900 in 2002). This is more than double the rate of increase for the HUD median income in Washington County which only increased by 18% during the same time period (\$40,300 in 1996 to \$47,600 in 2002)(see Appendix Figure 3). This data also reveals that in 2002, a household at the median income can no longer afford to purchase a home at the median sales price (assume 5% down, 7% interest, 30 year term, 30% of income available for PITI) (see Appendix Figure 4 & 5) .

### C. Condominiums

Condominiums have been a source of relatively affordable homeownership in the city for some time. The average sales price of a condominium in Montpelier in 2002 was \$93,035 compared with single family homes at \$141,039 (see Appendix Figure 6 & 5). The average sales price of condominiums increased by 19.5% from 1996 to 2002 compared with an increase of 33 percent increase for single family homes.

Because of the range of sales prices and the smaller pool of sales these numbers are not necessary that reliable. An analysis of 19 condominium sales at Murray Hill Condominiums during the past 7 years (these 19 units were comparable flat configurations) reveals a 55% increase in the average sales price (see Appendix Figure 7).

## 7. Needs Analysis

### A. Homeownership Opportunities

US Census Data reveals that the population in Washington County increased by 10.8% since 1970. Meanwhile the city's supply of homeownership opportunities has increased by 27.3%. It may appear that the city's supply of owner occupied housing has kept pace with population increases in the region, however, given that the cost of homes is increasing at a much faster rate than incomes in the region, it is apparent that these homeownership opportunities are not necessarily available to moderate income households. As a result we would expect to see a decrease in the population of younger families and moderate income families seeking homeownership in the city. Given these trends and declining household sizes it is important that more modest price "starter" homes are developed in the city if economic and social diversity is to be preserved into the future.

### B. Rental Housing

Census data from 1970 to 2000 indicates that the number of households in the city has increased by an average annual rate of 9.6%. Census data for this time period also suggests an 11.1% average annual increase in the number of rental units. This data suggests that rental housing development has kept pace with increasing number of households however, the Censuses does not distinguish between elderly and non-elderly housing and includes rented condominiums and single family housing units in its totals.

City permit data suggests that Montpelier is losing apartment rental housing and that non-elderly rental housing development has not kept pace with population increases in the region or increases in the number of households in the city. Permit data indicates a net loss of 37 units from 1980 to 2000 and reveals that there has not been a multifamily apartment building constructed by a private developer since 1990. The fact that the supply of rental apartment units has not kept pace with demand has lead to increasing rents and the loss of affordable apartments in the city. These conditions will ultimately impact the city in other ways such as a reduced labor force as employers struggle to find workers from the area.

### C. Housing for the Elderly & Disabled

Given our aging population it is apparent that our elderly population will be on the rise. Disabled persons seem to benefit from the level of services and infrastructure found in Montpelier and it is likely that this population will also see increases in the future. To the extent that these individuals are able to live on their own and are not in need of significant care their housing needs are not significantly different than the rest of the community.

#### D. Temporary Housing

There are 2 emergency housing units in Montpelier. They are operated by Washington County Mental Health and are only available to their clients and do not meet the needs of our community. Given that the Good Samaritan Shelter in Barre is operating at full capacity and that approximately 1/3 of its annual users (90 persons) come from Montpelier we should encourage the creation of a temporary housing facility in the city.

#### E. Projections

The Economic and Demographic Forecast 2000 to 2020 study prepared by Economic & Policy Resources, Inc., November 2001, for the Central Vermont Regional Planning Commission, projects that the population in Central Vermont will increase at an average annual rate of .7%. The average rate of growth for the number of households is projected at .8% per year.

This study projects .1% average annual population rate of growth for the Montpelier/East Montpelier and a .8% average rate of growth in the number of households.

If the rate of rental housing development kept pace with the projected rate of growth for the number of households in Montpelier/East Montpelier then the city would need to develop 517 new rental units by 2020. Given the city's past rate of rental housing development it is unlikely that this level of development will be achieved. This will inevitably lead to higher rents, lower vacancies.

## 8. Obstacles & Opportunities

### A. Obstacles to New Housing Development

Montpelier faces some serious obstacles to the development of new housing. While Montpelier's situation may be somewhat unique these obstacles are common among other communities. These obstacles include but are not necessarily limited to:

- ? Limited developable land;
- ? Site constraints of developable land, (steep slopes, flood plain, ledge);
- ? High property taxes;
- ? Neighborhood opposition to new development;
- ? The appeal process;
- ? High development costs;
- ? Limited Federal and State subsidies for affordable housing;

### B. Opportunities

#### 1. Infrastructure

On the positive side, city services and infrastructure are well developed and have reserve capacity which could accommodate additional housing. According to the Department of Public Works the water treatment facility is operating at approximately 40% capacity and the waste water plant at 55% capacity. School enrollments are down which actually results in a higher tax burden for Montpelier residents due to the State Act 60 allocation which is based upon the number of students enrolled.

#### 2. Zoning Revisions

##### Housing Replacement Ordinance

Some municipalities have adopted ordinances which require a developer to either replace housing units lost to a development or demolition or pay a fee into a housing fund which can be used to help create new housing. Such an ordinance is currently in operation in Burlington.

##### Inclusionary Zoning

These ordinances either require a percentage of new housing units to be available to low or moderate income households or require mixed residential and commercial uses within a development. Burlington and Williston have inclusionary zoning.

### 3. Appeals to the Environmental Court

One of the biggest obstacle to the development of new housing in the city is the opposition that developers face from neighboring property owners. While it must be emphasized that an opportunity for public comment must be maintained there are reasonable measures that can be taken to limit a developer's exposure during an appeal. Under the city's current review process appeals are heard *De Novo* and the judge basically sits as the Development Review Board and reviews the project as if it were a new application. The decision made by the municipality need not have any bearing on the Environmental Court's decision.

Municipalities with Development Review Boards have the option of adopting a more rigorous hearing process. Appeals of these decisions made under this more rigorous process do not receive *De Novo* reviews but rather, a review *on the record* where the judge's role is limited to reviewing the original record for defects. This limits the scope of the appeal and, to the extent that there are no defects, preserves the municipalities decision, as well as providing the developer with a more limited exposure.

### 4. Other Opportunities

- Continue to seek grant funding to subsidize the creation of new affordable housing;
- Inventory developable sites;
- Work with academic institutions to develop dormitory housing for students;
- Help to preserve our existing housing stock and assure that the units are decent and safe by implementing a rental unit inspection program;
- Adopt a tax stabilization policy the contains incentives for the development of housing and prohibits the loss of housing;
- Adopt a sprinkler ordinance for existing structures;
- Work with the city's major employers to develop employer assisted housing programs;
- Work with the Central Vermont Community Land Trust and the Montpelier Housing Authority to develop new rental housing in the city;
- Create a Housing Trust Fund whereby a portion of the city's property tax would go to a fund that could be used to create new housing; and
- Foster other renter and homeownership models that result in perpetual affordability such as land trusts and cooperative housing.
- Encourage the creation of new Accessory and Ancillary apartments withing existing structures.