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Analysis of the

BURLINGTON, VERMONT HOUSING MARKET

as of July 1, 1967

(A supplement to the September 1, 1965 analysis)

A Report by the
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FEDERAL HOUSING ADMINISTRATION
WASHINGTON, D. C. 20411

January 1968

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Urban Development
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ANALYSIS OF THE
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Foreword

As a public service to assist local housing activities through clearer understanding of local housing market conditions, FHA initiated publication of its comprehensive housing market analyses early in 1965. While each report is designed specifically for FHA use in administering its mortgage insurance operations, it is expected that the factual information and the findings and conclusions of these reports will be generally useful also to builders, mortgagees, and others concerned with local housing problems and to others having an interest in local economic conditions and trends.

Since market analysis is not an exact science, the judgmental factor is important in the development of findings and conclusions. There will be differences of opinion, of course, in the interpretation of available factual information in determining the absorptive capacity of the market and the requirements for maintenance of a reasonable balance in demand-supply relationships.

The factual framework for each analysis is developed as thoroughly as possible on the basis of information available from both local and national sources. Unless specifically identified by source reference, all estimates and judgments in the analysis are those of the authoring analyst and the FHA Market Analysis and Research Section.

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ANALYSIS OF THE
BURLINGTON, VERMONT, HOUSING MARKET
AS OF JULY 1, 1967

(A supplement to the September 1, 1965 analysis)

Summary and Conclusions

1. Average nonagricultural wage and salary employment of 30,150 in 1966 was 4,300 (17 percent) above the average reported for 1965 and 7,550 (33 percent) above 1964. Between 1959 and 1964, the gain averaged only 420 a year. The sharp rise in yearly growth resulted mainly from increases at IBM and General Electric. This accelerated rate of growth will not continue, however, and an average annual growth of 1,500 jobs is expected during the forecast period. Unemployment in 1966 averaged 1,050, 3.0 percent of the work force. This represents a "moderate" unemployment level; unemployment was at a "substantial" level in 1964.
2. Median family incomes in July 1967, after deducting federal income taxes, were \$7,050 for all families and \$6,000 for all renter households of two or more persons. By July 1969, the median after-tax incomes are expected to rise to \$7,400 for all families and \$6,300 for renter households.
3. The nonfarm population of the HMA totaled 88,000 in July 1967, an average annual increase of 4,425 over the September 1965 estimate of 79,900. This annual rate of growth is considerably greater than the average of 1,825 a year in the April 1960-September 1965 period. The projected nonfarm population of 94,800 in July 1969 suggests average increases of 3,400 annually.
4. Nonfarm households totaled 23,900 in July 1967, about 1,125 annually more than the September 1965 total of 21,850 households. During the next two years, an average of 900 households are expected to be added each year and the number of households in the HMA will total 25,700.
5. There were approximately 24,900 units in the nonfarm housing inventory in July 1967, a net gain averaging 960 units a year since September 1965. An average of 310 units were added annually during the April 1960-September 1965 period. The net addition of 1,750 units since September 1965 resulted from the completion of 1,650 new units, the addition of 250 trailers, the shift of 50 units from farm to nonfarm use, and the demolition of 200 units. In July 1967, there were 230 single-family units and 120 multifamily units under construction. In addition, building permits had been issued for another 170 multifamily units for which construction had not started by July 1967.

6. Sales vacancies numbered 100 units in July 1967 (homeowner vacancy rate of 0.7 percent) and renter vacancies totaled 200 units (renter vacancy rate of 2.1 percent). The respective vacancy rates in September 1965 were 0.9 percent and 3.0 percent. The decline in the ratios since 1965 has caused the housing market of the HMA to tighten even further than the tight condition that was reported in the September 1965 analysis.
7. There will be a demand for approximately 1,000 units of privately-financed housing during each of the next two years, including 750 units of single-family housing and 250 multifamily units. An additional 125 units of multifamily housing will be in demand at rents achievable with public benefits or assistance in financing or land acquisition. **These totals do not include public low-rent housing or rent-supplement accommodations.** Demand for new single-family housing by **price** ranges is shown on page 16. Annual demand for new multifamily housing is shown on page 16 by rent **level** and unit size.

ANALYSIS OF THE
BURLINGTON, VERMONT, HOUSING MARKET
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Housing Market Area

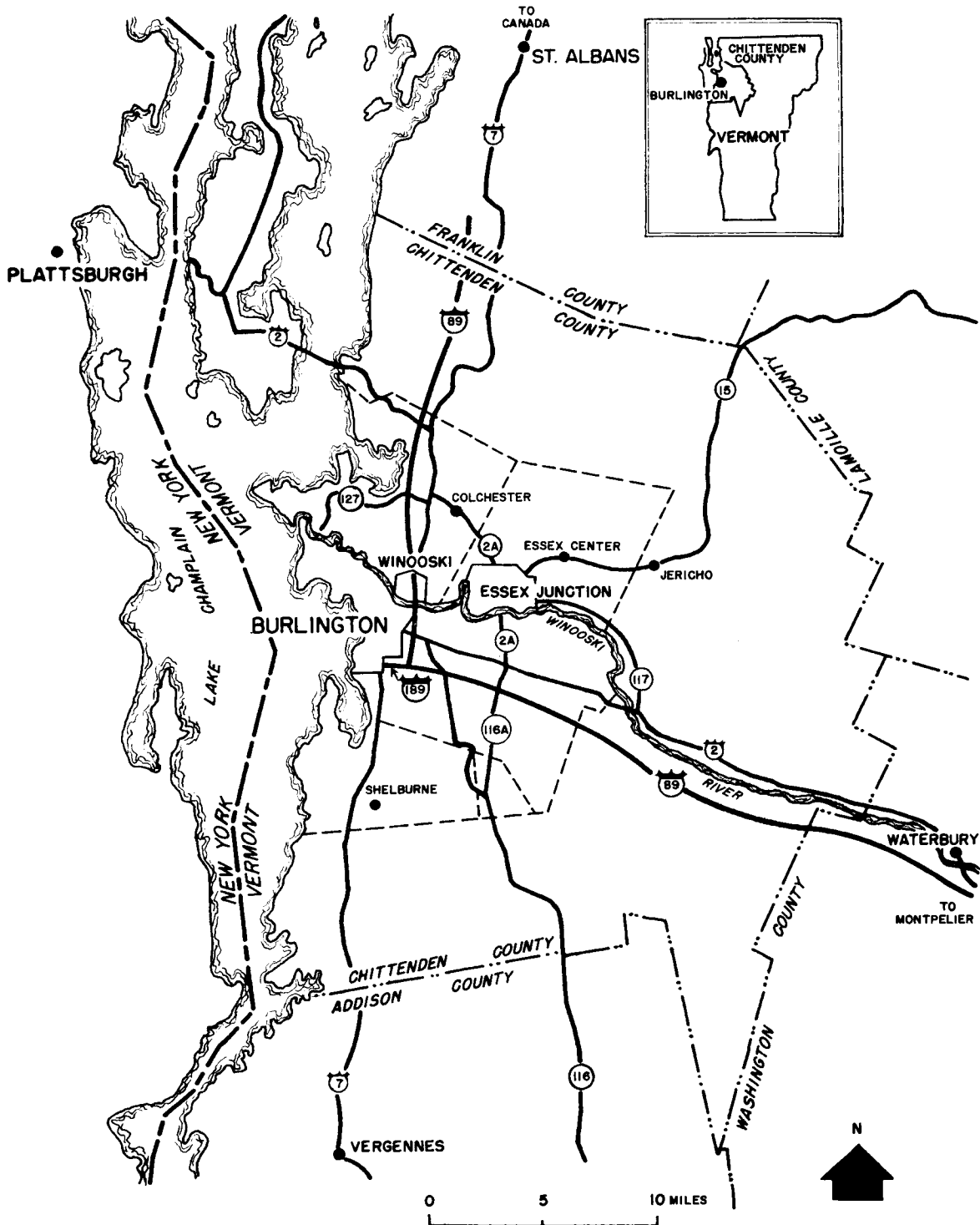
As in the previous analysis, the Burlington Housing Market Area (HMA) is defined as being coextensive with Chittenden County, Vermont. Burlington is located on the shores of Lake Champlain in northwestern Vermont, approximately 90 miles south of Montreal, Canada, 35 miles west of Montpelier, Vermont, and 160 miles north of Albany, New York.

Transportation facilities serving the HMA are adequate and are improving. Interstate 89 was recently completed between Burlington and Montpelier and is being extended northward to Canada. Interstate 189 on the south side of Burlington connects I-89 with U.S. Route 7, the main route to the south. Construction of a highway that will extend through the city of Burlington, from the interchange of U.S. 7 and I-189 in the south to the interchange of U.S. 7 and I-89 in the north, will begin in 1968; a short section will be completed in 1969. Air service is provided at the Burlington Municipal Airport, which is located a few miles east of the downtown area in south Burlington.

According to the 1960 Census, there was a net in-commutation to the Burlington HMA of about 80 workers, with about 855 area residents working outside the area and about 935 persons commuting to the HMA. Based on records of several large employers and on a survey conducted by the Vermont State Department of Employment Security, it is estimated that approximately 3,000 workers commuted daily to work in the Burlington HMA in July 1967. No data were available on out-commutation, but there is no reason to believe that there has been a comparable increase.

Inasmuch as the rural farm population constituted 5.9 percent of the total population of the Burlington HMA in 1960, all demographic and housing data used in this analysis exclude the rural farm component, except where specifically noted.

BURLINGTON, VERMONT, HOUSING MARKET AREA



Economy of the Area

Character and History

Higher education, medical facilities, and the manufacture of computer components and military hardware have provided the economic framework within which the Burlington HMA has developed in the past 10 years. Three colleges and one university in the HMA (Champlain, Saint Michael's, and Trinity colleges and the University of Vermont) are expecting a combined fall 1967 enrollment of approximately 8,000 students. This will be about 1,200 more students than in the fall of 1965 and 550 more than in the fall of 1966. Employment at these institutions currently totals about 2,500 persons, about 500 more than in September 1965.

The merging in early 1967 of the Mary Fletcher Hospital and the DeGoesbriand Memorial Hospital into the Medical Center Hospital of Vermont established a medical facility with nearly 600 beds and 1,500 employees. The addition of a new seven-story wing, when fully completed in 1970, will increase the bed capacity to 800 and the employment to about 1,900. The first floor will be operational by the end of 1967. The newly established center is affiliated with the Medical College of the University of Vermont.

The dominant employers in the HMA are the International Business Machines (IBM) and the General Electric Corporation (GE). IBM manufactures basic components and functional units for information processing systems and GE produces armament systems and components, water desalting plants, and re-entry vehicle systems and components. IBM employment increased from 500 in 1957 to 1,000 in 1964 and to 3,000 in 1967. Employment at GE has been more volatile, but the trend has been upward. A peak was reached in 1963 when 2,500 persons were employed in the production of Skybolt Missiles, among other projects. When this program was cancelled, employment fell to about 1,000 in late 1963. Increasing demand for Miniguns, a 6,000-shot-per-minute gatling gun type of weapon that is mounted on helicopters, airplanes, and anti-air craft installation in Viet Nam, has caused employment to rise to a July 1967 level of 3,050.

Employment

Current Estimate. Nonagricultural employment in the Burlington HMA averaged 30,150 in 1966, as reported by the Vermont State Department of Employment Security. This level of employment was 4,300 (17 percent) above the average reported for 1965 and 7,550 (33 percent) above 1964. In the first five months of 1967, employment averaged 30,900, about 2,200 (eight percent) above the average in the same period of 1966 (see table I).

Distribution by Major Industry. Yearly employment increases of 1,950 and 2,550 in manufacturing between 1964 and 1966 resulted in total manufacturing employment of 9,000 in 1966. Employment in durable goods (including IBM and GE) increased from 2,850 in 1964 to 7,250 in 1966, a gain of 4,400, or 154 percent.

In nondurable goods industries employment rose by 50 during the two years to a 1966 average of 1,700 workers. The five-month average for manufacturing employment in 1967 was 9,650, approximately 900 greater than the comparable average in 1966. Durable goods employment was up by 1,000 and nondurable goods employment was down by 100.

Employment in nonmanufacturing increased by 1,300 (seven percent) between 1964 and 1965 and by 1,800 (9 percent) between 1965 and 1966. Although all nonmanufacturing industries experienced gains, the largest increase occurred in "other" nonmanufacturing^{1/}, in which the number of jobs increased by 1,350, or 20 percent between 1964 and 1966. Nonmanufacturing employment averaged 21,250 in the first five months of 1967, about 1,300 (seven percent) above the average for the same period in 1966. Because the increases in manufacturing employment have been larger than those in nonmanufacturing since 1964, the ratio of manufacturing to total wage and salary employment increased from 20 percent in 1964 to 30 percent in 1966 and to 31 percent in the first five months of 1967.

Unemployment

The level of unemployment in the Burlington HMA declined from 1,750 in 1964, or 6.0 percent of the civilian work force, to a 1966 average of 1,050, or 3.0 percent. As shown below, unemployment was higher in the first five months of 1967 than during 1966. This reflects seasonal factors and the twelve-month average for 1967 is expected to be about the same as the 1966 average.

Work Force and Unemployment Burlington, Vermont, HMA^{a/} 1964-1967

<u>Year</u>	<u>Work force</u>	<u>Unemployment</u>	<u>Percent of work force</u>
1964	29,000	1,750	6.0
1965	31,150	1,300	4.2
1966	35,300	1,050	3.0
1967(5 mos.)	37,400	1,200	3.2

^{a/} Includes Chittenden County and the towns of Grand Isle and South Hero.

Source: Vermont State Department of Employment Security.

^{1/} Includes construction, finance, insurance and real estate, government, quarrying, and agricultural services.

Estimated Future Employment

During the next two years, nonagricultural wage and salary employment in the Burlington HMA is expected to increase by 3,000 workers. The annual growth (1,500) is well below the yearly increases between 1964 and 1966, when employment rose rapidly at both IBM and GE. Although several hundred thousand square feet of space is being added to the existing facilities at each of these firms, employment is expected to increase only moderately because the added facilities are designed mainly to alleviate the overcrowding that was caused by the rapid increases in employment since 1964. As a result of the expected increments in job totals by the principal firms and moderate increases by other manufacturing firms, employment in manufacturing is expected to increase by an average of 500 annually during each of the next two years.

Nonmanufacturing employment will receive major stimuli from the addition to the Medical Center Hospital of Vermont (an expected addition of 350 new jobs by September 1969), from continued expansion of the university and colleges (about 300 new jobs), and from employment increases in services, trade, construction, and government. Based on these expectations, non-manufacturing employment should rise by about 1,000 during each of the next two years.

Incomes

Wages. Average weekly gross earnings of production workers in manufacturing were \$103 in 1966. This was \$4 greater than the average in 1965, which was \$8 greater than the average of \$91 in 1964. The increase between 1964 and 1965 resulted mainly from an increase of about 2½ hours worked each week and the increase between 1965 and 1966 resulted from an increase in average hourly earnings of \$.11. As may be seen in table II, the earnings in durable goods are greater than those in nondurable goods (by 30 percent in 1966) and the increase of earnings in durable goods between 1964 and 1966 also was greater (\$9 in durable goods and \$6 in nondurable goods).

Family Income. As of July 1967, median family incomes in the Burlington HMA after deducting federal income taxes were \$7,050 for all nonfarm families and \$6,000 for nonfarm renter households of two or more persons. Approximately 28 percent of all families and 39 percent of the renter households had after-tax incomes of less than \$5,000, and 12 percent and seven percent, respectively, had after-tax incomes of \$12,500 or more (see table III). By July 1969, the median after-tax income of all nonfarm families is expected to increase to \$7,400 and the median after-tax income of nonfarm renter households of two or more persons is expected to rise to \$6,300.

Demographic Factors

Population

Current Estimate. The nonfarm population of the Burlington HMA totaled about 88,000 in July 1967, an increase of 8,100 (10 percent) since September 1965. The average annual increase of 4,425 in the September 1965-July 1967 period compares with an average annual gain of 1,825 between April 1960 and September 1965. In the city of Burlington, the population increased by an average of 390 a year between April 1960 and September 1965 and by an average of 1,000 annually since September 1965. Currently, the population in the city is estimated at 39,500 persons.

Estimated Future Population. The nonfarm population of the Burlington HMA is expected to increase by an average of 3,400 during each of the next two years and total 94,800 in July 1969. This annual rate of increase will be approximately 23 percent below the average increase between September 1965 and July 1967, because of an expected slower rate of increase in employment.

Net Natural Increase and Migration. Approximately 3,425 births and 1,300 deaths in the Burlington HMA resulted in a net natural increase of 2,125 between September 1965 and July 1967, an annual rate of 1,150. The total population increased by an annual average of 4,325; therefore, net in-migration averaged 3,175 annually. This compares with an average annual in-migration of 365 persons between April 1960 and September 1965 and an annual out-migration of 160 during the 1950-1960 intercensal period.

Households

Current Estimate. There were approximately 23,900 nonfarm households in the Burlington HMA in July 1967, some 2,050 (1,125 annually) more than in September 1965. Between April 1960 and September 1965, the number of nonfarm households increased by an average of 540 a year. In the city of Burlington, the number of households increased by an average of 150 a year between April 1960 and September 1965 and by an average of 200 a year since 1965. The July 1967 total in the city was 11,300 households.

Estimated Future Households. Nonfarm households in the HMA are expected to total 25,700 in July 1967, about 1,800 (900 annually) greater than the current total of 23,900 households. This estimated increase in households is based on reduced rates of increase in employment and population and on a constant average household size.

Household Size Trends. Based on the sharp increase in in-migration during the past two years, it is estimated that the size of the average household increased from slightly less than 3.48 persons in September 1965 to slightly more than 3.48 persons in July 1967. Based on a slower rate of population increase and, hence, a reduced level of in-migration during the two-year forecast period, it is estimated that the average household will remain at about the current size during the July 1967-July 1969 forecast period.

Housing Market Factors

Housing Supply

Current Estimate. The nonfarm housing inventory of the Burlington HMA totaled 24,900 units in July 1967, a net gain of 1,750 units (eight percent) since September 1965. The average annual net increase of 960 units during this period represents a sharp increase over the average net addition of 310 units annually between April 1960 and September 1965 (see table IV). The September 1965-July 1967 increase resulted from the completion of 1,650 housing units, the addition of 250 trailers, the shift in use from farm to nonfarm of 50 units, and the demolition of 200 units.

Residential Building Activity

Past Trend. Residential building activity, as indicated by building permits, fluctuated in a narrow range between 1960 and 1964, and averaged 280 units annually during the five years. Between January 1965 and June 1967, an average of 975 units were authorized each year. A total of 740 units authorized in the first six months of 1967 is just short of the 1966 total of 780 units, and the twelve-month total for 1967 may surpass the previous yearly peak of 925 units reached in 1965.

Single-family units authorized averaged 270 from 1960 to 1964, including a high yearly total of 310 units authorized in 1961. Subsequent to 1964, single-family authorizations increased about 2½-fold to annual totals of about 700 units in 1965 and 1966. The rate of authorizations in the first six months of 1967 (460 units) is running ahead of each of the two preceding years.

Multifamily authorizations were minimal during the 1960-1964 period. In 1965, however, a total of 225 privately-financed units were authorized in the HMA. Multifamily authorizations dropped to 85 units in 1966 because of the lack of construction and mortgage money. In the first six months of 1967, about 280 multifamily units were authorized. This six-month total accounts for 43 percent of the multifamily units authorized during the past 7½ years and is 23 percent greater than the previous high in 1965. In addition to 640 privately-financed multifamily units authorized in the HMA since 1960, nearly 100 units of public housing were authorized for construction.

New Housing Units Authorized by Building Permits
Burlington, Vermont, Housing Market Area
1960-June 1967

<u>Year</u>	<u>Single- family</u>	<u>Multi- family</u>	<u>Total</u>
1960	201	2	203
1961	310	-	310
1962	297	6	303
1963	266	20	286
1964	272	24	296
1965	698	226 ^{a/}	924
1966	694	85 ^{b/}	779
1967 (6 mos.)	<u>463</u>	<u>278</u>	<u>741</u>
Total	3,201	641	3,842

^{a/} Excludes 48 units in public housing.

^{b/} Excludes 50 units in public housing.

Sources: United States Bureau of the Census.
Local permit-issuing authorities.

Units Under Construction. Based on the results of a July 1967 postal vacancy survey, on the number of units recently authorized by building permits, and on personal observation, an estimated 230 single-family units and 120 multifamily units were under construction in the Burlington HMA as of July 1, 1967. Building permits had been issued for another 170 units of multifamily housing but construction had not started.

Tenure of Occupancy

Sixty percent (14,350 units) of the occupied housing units in the Burlington HMA were owner-occupied in July 1967. This proportion represents a slight increase from September 1965, when 12,850 owner-occupied households represented 59 percent of total households. In April 1960, nearly 60 percent (11,250 units) were owner-occupied. The decrease in the ratio of home-ownership between 1960 and 1965 resulted from conversion activity and the increase since 1965 resulted from increased purchase of sales housing that was occasioned by the lack of suitable vacant available units for rent.

Vacancy

Postal Vacancy Survey. A postal vacancy survey conducted in late June and early July 1967 by two post offices in the HMA covered about 18,900 possible deliveries, 76 percent of the nonfarm housing inventory (see table V). The survey revealed about 195 vacant units, 1.0 percent of the total possible deliveries. There were 120 vacant residences (0.9 percent of the 13,600 residences surveyed) and 75 vacant apartment units (1.4 percent of 5,300 apartments). A total of 160 units were enumerated as under construction: 130 residences and 30 apartments.

Similar postal vacancy surveys were conducted in the HMA in April 1960 and August 1965. A comparison of the three surveys shows that the level of vacancy has declined sharply since 1960, especially between April 1960 and September 1965. The decline between 1965 and 1967, although not as sizable as the decline in the earlier period, is none-the-less significant because it reduced the level of vacancy from a tight condition in 1965 to one of extreme tightness in 1967.

Post Office Vacancy Survey Results
Burlington, Vermont, HMA
April 1960, August 1965, and July 1967

<u>Date of survey</u>	<u>Percent vacant</u>		
	<u>Total</u>	<u>Residences</u>	<u>Apartments</u>
April 1960	3.6	2.8	4.3
August 1965	1.5	1.1	2.1
July 1967	1.0	0.9	1.4

Source: Post office vacancy surveys.

It is important to note that the postal vacancy survey data are not entirely comparable with the data published by the Bureau of the Census because of differences in definition, area delineations, and methods of enumeration. The census reports units and vacancies by tenure, whereas the postal vacancy survey reports units and vacancies by type of structure. The Post Office Department defines a "residence" as a unit representing one stop for one delivery of mail (one mailbox). These are principally single-family homes, but include row houses, and some duplexes and structures with additional units created by conversion. An "apartment" is a unit on a stop where more than one delivery of mail is possible. Postal surveys omit vacancies in limited areas served by post office boxes and tend to omit units in subdivisions under construction. Although the postal vacancy survey has obvious limitations, when used in conjunction with other vacancy indicators, the survey serves a valuable function in the derivation of estimates of local market conditions.

FHA Market Absorption Survey. There were no vacancies in approximately 100 units of conventionally-financed rental housing built in the HMA in the past two years, despite gross monthly rents that ranged from \$175 to \$200 for two-bedroom units, and \$200 to \$235 for three-bedroom units. These units are in projects that range from four units to 44 units. All projects are in desirable locations and offer amenities appropriate to the rentals charged.

Current Estimate. Based on the postal vacancy survey, the data cited above, and on personal observation, it is estimated that 300 units were vacant and available for sale or rent in the Burlington HMA in July 1967, a net vacancy ratio of 1.2 percent. Of the total vacancies, 100 units were available for sale (a homeowner vacancy ratio of 0.7 percent) and 200 units were available for rent (a renter vacancy ratio of 2.1 percent). The level of vacancy, both the number and ratio, has declined sharply since 1960, indicating considerable tightening in the market (see table IV).

Sales Market

General Market Conditions. The sales market was tight in all areas and in all price ranges in July 1967. The upward surge in economic activity is the basic factor for the tightening in the market; local sources indicated that many persons moving to the HMA had to buy homes because good quality vacant rental housing was virtually nonexistent. Another reason for the tight market is the limited ability of the many small builders in the area to increase their scale of operations. The shortage of construction funds (though not as severe as in 1966) and of labor also are obstacles to rapid expansion in the single-family house supply.

Activity in the sales market reached a peak in 1965 according to the number of mortgage recordings. Mortgages recorded in the city of Burlington totaled 850 in 1965, about 18 percent greater than the total of 720 in 1964 and 12 percent greater than the previous high of 760 in 1963. Because of the tight money situation in 1966, the number of recordings fell to 690, a drop of 19 percent from the 1965 level. The number of recordings in the first six months of 1967 (290) suggests an even lower level of activity than in 1966. Part of this declining trend results from the high down-payment requirements that are still

in effect (20 percent minimum on conventional mortgages), despite an expansion in the supply of funds available for residential financing. The lack of an available supply of vacant units for sale in the HMA also may have been a deterrent to expansion of activity in the market. Prospective buyers have a limited selection, especially in the moderate price ranges (\$15,000-\$25,000). Some in-migrants are believed to have bought or rented in contiguous counties because of the lack of available vacant housing in the HMA.

Subdivision Activity. Major subdivision activity is occurring in the city of Burlington and five contiguous towns in the west-central part of Chittenden County--Colchester, Essex, South Burlington, Williston, and Shelburne. The greatest volume is occurring in the towns of Colchester, Essex, and Williston (north and east of Burlington). The IBM plant in Essex, the University of Vermont, and the Medical Center Hospital of Vermont (on the western periphery of Burlington) are the major factors in directing single-family development in the HMA to the vicinity of the Burlington Municipal Airport in South Burlington, and the interstate highway extending north through Colchester and east through Williston.

Speculative Construction. As reported by FHA's unsold inventory survey, 74 percent of the houses completed in subdivisions with five or more completions in 1966 were built speculatively. This compares with 42 percent in 1965 and 41 percent in 1964. Local sources mentioned that speculative construction in 1967 accounted for a lower proportion of total construction than in 1966. Many builders had relatively high inventories of unsold speculatively-built houses in 1966, when the supply of mortgage money became tight. These builders now are hesitant to increase their speculative activity because of the prospects of renewed tightness in the mortgage market.

Unsold Inventory of New Houses. The results of the last FHA survey of new houses in all subdivisions in which five or more houses were completed in 1966 are presented in the following table. A comparison of this survey with the survey of houses completed in 1965 indicates that although total construction covered declined by six percent from 1965 to 1966, speculative construction increased by two-thirds to an annual total of 250 units in 1966. Along with the increase in speculative construction, the percentage of unsold speculatively-built houses increased from 12 percent in the previous survey to 21 percent in the latest survey. It is probably because of this increase in the ratio of unsold speculatively-built houses that builders have reduced the level of speculative building in 1967.

New Houses Completed in Selected Subdivisions in 1966^{a/}
Burlington, Vermont, HMA

<u>Sales price</u>	<u>Houses completed</u>	<u>Houses presold</u>	<u>Speculative construction</u>			
			<u>Total houses</u>	<u>Number sold</u>	<u>Number unsold</u>	<u>Percent unsold</u>
\$10,000 - \$12,499	15	-	15	11	4	27
12,500 - 14,999	37	1	36	35	1	3
15,000 - 17,499	55	16	39	28	11	28
17,500 - 19,999	75	16	59	43	16	27
20,000 - 24,999	82	23	59	47	12	20
25,000 - 29,999	49	20	29	23	6	21
30,000 - 34,999	21	7	14	10	4	29
35,000 and over	<u>5</u>	<u>4</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>
Total	339	87	252	198	54	21

^{a/} Covers all subdivisions in which five or more new houses were completed in 1966.

Source: Annual Survey of unsold inventory of new houses, conducted by the Burlington Insuring Office.

Rental Market Conditions. The inventory of vacant units available for rent was even more limited (relative to demand) than the supply of vacant units available for sale, and the rental market in July 1967 was extremely tight. As judged by the renter vacancy ratio, the rental market was sluggish in April 1960 and was tight in September 1965. The further tightening since September 1965 occurred when the construction of new rental housing was at peak levels. Because demand has far exceeded supply, virtually all good quality rental units containing modern amenities have been rented. As a result, there is an extremely limited **selection** of vacant units available for **rent**.

New Rental Housing. As of July 1, 1967, there were approximately 120 units of rental housing under construction in the Burlington HMA, including 50 units of low-rent public housing for elderly households. The other 70 units include about 40 units for which construction recently started in the southern part of Burlington, about 20 units recently started in South Burlington, and 10 units in other parts of the HMA. In addition to the units under construction, building permits have been issued for an additional 170 units.

Mortgage Market

Throughout most of 1966 and the first three months of 1967, the mortgage market was under heavy pressure to meet the demand for funds. Because the supply proved to be inadequate, the ratio of loan to value was lowered from 90 percent to 80 percent by one major supplier of funds, and from 80 percent to 75 percent by another. Initiation fees were added and prospective borrowers were put on notice that a two-week waiting period was required before processing of the loan would begin. This waiting period was eliminated in the spring of 1967, when the supply of funds increased.

Urban Renewal

The Champlain Street Urban Renewal Project (R-2) in Burlington is the only project in the HMA that is in the execution stage. Originally, there were about 160 families and 75 individuals residing in the area which included 340 residential units. As of July 1967, approximately 40 families and individuals were left to be relocated and about 65 units remained to be demolished. The relocation and demolition probably will be completed within six months. The only redevelopment project to enter the construction stage to date is a state office building. Other reuses will include residential development, a hotel or motel, office and retail space, and extension of Battery Park.

Public Housing

A 48-unit public housing project for low-income families was completed in January 1966. This was the first low-income project in the Burlington HMA. A 50-unit project designed for elderly families is nearing completion and initial occupancy is slated for mid-July 1967. Two additional projects are being planned to provide 60 units of low-income family housing and 150 units of housing for elderly families. The 60-unit project has been approved by federal authorities and construction should commence in the spring of 1968. The 150-unit senior citizen project could also be under construction by mid-1968, if approval of the project is granted by the U.S. Government and a site is selected by the end of 1967.

Demand for Housing

Quantitative Demand

Demand for additional housing in the Burlington HMA during the forecast period, July 1967 to July 1969, is based on household growth (900 a year) and on proposed demolition activity (175 units a year). Consideration also is given to the current tenure of occupancy, to a continuing trend from renter-occupancy to owner-occupancy, and to an expected increase in the number of trailers. Based on these considerations, demand for new privately-financed housing is estimated at 1,000 units annually; 750 units of single-family housing and 250 multifamily units. At the lower rents achievable with the aid of below-market-interest-rate financing or assistance in land purchase or in financing, an additional 125 units of multifamily housing will be in demand. This demand estimate does not include low-rent public housing or rent-supplement accommodations.

A construction volume of 1,125 units a year, including 125 units to be provided with public benefits or assistance, will be much higher than in any previous year in this decade and will be 200 units greater than the high year of 1965. Construction volume during the past 2½ years paralleled unprecedented increases in employment and in-migration and, though at record levels, did not keep pace with the demand for new housing. As a result, vacancies dipped to levels that suggest extremely tight market conditions. Although prospective increases in employment will not continue at previous high levels, the moderate growth of employment that is projected plus the low levels of vacancy (0.7 percent homeowner and 2.1 percent renter) indicate sufficient absorptive capacity in the market to maintain this high level of demand during the next two years if housing is produced at prices and rents commensurate with the incomes of potential occupants. It would be appropriate, however, to observe the current absorption of new additions to the inventory carefully, particularly of these projects which will be started in near future months, and adjust these demand estimates in the light of actual experience.

Qualitative Demand

Single-family Housing. Based on family income in the HMA in July 1967, on typical ratios of income to purchase price, and on recent market experience, the demand for 750 new single-family houses is expected to approximate the distribution in the following table. Considering prevailing construction and land costs, it is judged that the minimum selling price at which acceptable single-family housing can be produced in the Burlington HMA is about \$12,000.

Estimated Annual Demand for New Single-Family Housing
Burlington, Vermont, HMA
July 1, 1967 to July 1, 1969

<u>Sales price</u>	<u>Number of units</u>	<u>Percentage distribution</u>
\$12,000 - \$13,999	65	9
14,000 - 15,999	120	16
16,000 - 17,999	115	15
18,000 - 19,999	115	15
20,000 - 24,999	165	22
25,000 - 29,999	105	14
30,000 and over	<u>65</u>	<u>9</u>
Total	750	100

Multifamily Housing. The monthly rentals at which 250 privately-owned net additions to the aggregate rental housing inventory (without public benefits or assistance in financing) might best be absorbed in the rental market are indicated for various size units in the following table. These net additions may be accomplished by either new construction or rehabilitation.

Estimated Annual Demand for New Multifamily Housing
Burlington, Vermont, HMA
July 1, 1967 to July 1, 1969

<u>Monthly gross rent^{a/}</u>	<u>Size of unit</u>			
	<u>Efficiency</u>	<u>One- bedroom</u>	<u>Two- bedroom</u>	<u>Three- bedroom</u>
Under \$124	5	-	-	-
\$125 - 144	10	40	-	-
145 - 164	-	30	45	-
165 - 199	-	25	40	25
200 or more	-	-	15	15

^{a/} Gross rent is shelter or contract rent plus the cost of utilities.

As shown in the table above, the bulk of the rental demand will be for units at moderate rent levels. The demand for units at higher rents is rather restricted. The typical candidate for high-rent accommodations, the family with a head in the upper-age levels without children, does not appear to be a significant factor in the Burlington market. The demand for 125 multifamily units annually at rents below the minimum achievable levels with market-interest-rate financing includes 45 one-bedroom units, 50 two-bedroom units, and 30 three-bedroom units.

The preceding distribution of average annual demand for new apartments is based on projected tenant-family income, the size distribution of tenant households, and rent-paying propensities found to be typical in the area; consideration also is given to the recent absorption experience of new rental housing. Thus, it represents a pattern for guidance in the production of rental housing predicated on foreseeable quantitative and qualitative considerations. Specific market demand opportunities or replacement needs may permit the effective marketing of a single project differing from this demand distribution. Even though a deviation may experience market success, however, it should not be regarded as establishing a change in the projected pattern of demand for continuing guidance unless a thorough analysis of all factors involved clearly confirms the change. In any case, particular projects must be evaluated in the light of actual market performance in specific rent ranges and neighborhoods or sub-markets.

APPENDIX TABLES

Table I

Trend of Nonagricultural Employment a/
Burlington, Vermont, Housing Market Area b/
1964-May 1967

	<u>1964</u>	<u>1965</u>	<u>1966</u>	(5mos.) <u>1966</u>	(5mos.) <u>1967</u>
Total wage and salary employment	<u>22,600</u>	<u>25,850</u>	<u>30,150</u>	<u>28,700</u>	<u>30,900</u>
Manufacturing	<u>4,500</u>	<u>6,450</u>	<u>9,000</u>	<u>8,750</u>	<u>9,650</u>
Durable goods	2,850	4,750	7,250	7,000	8,000
Nondurable goods	1,650	1,700	1,700	1,750	1,650
Nonmanufacturing	<u>18,100</u>	<u>19,400</u>	<u>21,200</u>	<u>19,950</u>	<u>21,250</u>
Trans. and public utilities	1,550	1,550	1,650	1,550	1,650
Trade	5,300	5,550	6,200	5,900	6,300
Services	4,700	5,000	5,400	5,050	5,500
Other c/	6,600	7,300	7,950	7,450	7,800

a/ Totals may not add, because of rounding.

b/ Includes Chittenden County and the towns of Grand Isle and South Hero.

c/ Includes Construction; Finance, Insurance and Real Estate; Government; Quarrying; and Agricultural Services.

Source: Vermont State Department of Employment Security.

Table II

Estimated Hours and Earnings in Manufacturing Industries^{a/}
Burlington, Vermont, Housing Market Area^{b/}
1964 - 1966

	<u>1964</u>	<u>1965</u>	<u>1966</u>
<u>Average weekly hours c/</u>			
Total	40.5	43.2	43.0
Durable goods	41.2	45.4	44.2
Nondurable goods	39.6	37.8	38.9
<u>Average hourly earnings c/</u>			
Total	\$2.25	\$2.29	\$2.40
Durable goods	\$2.43	\$2.39	\$2.46
Nondurable goods	\$1.97	\$2.02	\$2.15
<u>Average weekly earnings d/</u>			
Total	\$91	\$99	\$103
Durable goods	\$100	\$109	\$109
Nondurable goods	\$78	\$76	\$84

a/ Production workers only.

b/ Includes Chittenden County and the towns of Grand Isle and South Hero.

c/ Includes vacations, holidays, and sick leaves.

d/ Gross wages, not take-home pay.

Source: Vermont State Department of Employment Security.

Table III

Distribution of All Families and Renter Households^{a/}
by Annual Income After Deduction of Federal Income Tax
Burlington, Vermont, Housing Market Area
July 1, 1967 and July 1, 1969

Annual income after tax	Percentage distribution				b/
	All families		Renter Households		
	1967	1969	1967	1969	
Under \$ 3,000	10	9	14	13	
\$ 3,000 - 3,999	8	7	11	10	
4,000 - 4,999	10	9	14	13	
5,000 - 5,999	11	11	11	11	
6,000 - 6,999	11	10	12	11	
7,000 - 7,999	10	10	12	12	
8,000 - 8,999	10	9	8	9	
9,000 - 9,999	8	9	4	5	
10,000 - 12,499	10	12	7	7	
12,500 - 14,999	4	5	3	3	
15,000 and over	8	9	4	6	
Total	100	100	100	100	
Median	\$7,050	\$7,400	\$6,000	\$6,300	

^{a/} Nonfarm only.

^{b/} Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.

Table IV

Components of the Nonfarm Housing Inventory
Burlington, Vermont, Housing Market Area
April 1960, September 1965, and July 1967

<u>Supply, tenure, and vacancy</u>	<u>April 1960</u>	<u>September 1965</u>	<u>July 1967</u>	<u>a/</u> Annual average change			
				<u>1960-1965</u>		<u>1965-1967</u>	
				<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Total housing inventory	<u>21,460</u>	<u>23,150</u>	<u>24,900</u>	<u>310</u>	<u>1.4</u>	<u>960</u>	<u>4.1</u>
Occupied housing units	<u>18,900</u>	<u>21,850</u>	<u>23,900</u>	<u>540</u>	<u>2.9</u>	<u>1,125</u>	<u>5.1</u>
Owner-occupied	<u>11,251</u>	<u>12,850</u>	<u>14,350</u>	<u>300</u>	<u>2.7</u>	<u>820</u>	<u>6.4</u>
Percent owner	59.5%	58.8%	60.0%	-	-	-	-
Renter-occupied	7,649	9,000	9,550	250	3.3	300	3.3
Percent renter	40.5%	41.2%	40.0%	-	-	-	-
Vacant housing units	<u>2,560</u>	<u>1,300</u>	<u>1,000</u>	<u>-230</u>	<u>-9.0</u>	<u>-160</u>	<u>-12.3</u>
Available	<u>736</u>	<u>400</u>	<u>300</u>	<u>-60</u>	<u>-8.2</u>	<u>-55</u>	<u>-13.8</u>
For sale	<u>200</u>	<u>120</u>	<u>100</u>	<u>-15</u>	<u>-7.5</u>	<u>-10</u>	<u>8.3</u>
Homeowner vacancy rate	1.7%	0.9%	0.7%	-	-	-	-
For rent	536	280	200	-45	-8.4	-45	-16.1
Renter vacancy rate	6.5%	3.0%	2.1%	-	-	-	-
Other vacant ^{b/}	1,824	900	700	-170	-9.3	-110	-12.2

a/ Totals may not add, because of rounding.

b/ Includes vacant seasonal units, dilapidated units, units rented or sold awaiting occupancy, and units held off the market.

Source: 1960 Census of Housing
 1965 and 1967 estimated by Housing Market Analyst.

Burlington, Vermont, Area Postal Vacancy Survey

June 27-July 18, 1967

Postal area	Total residences and apartments						Residences						Apartments						House trailers		
	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant	
		All	%	Used	New			All	%	Used	New			All	%	Used	New			No.	%
The Survey Area Total	<u>18,915</u>	<u>193</u>	<u>1.0</u>	<u>143</u>	<u>50</u>	<u>160</u>	<u>13,610</u>	<u>118</u>	<u>0.9</u>	<u>73</u>	<u>45</u>	<u>130</u>	<u>5,305</u>	<u>75</u>	<u>1.4</u>	<u>70</u>	<u>5</u>	<u>30</u>	<u>387</u>	<u>10</u>	<u>2.6</u>
Burlington	<u>16,816</u>	<u>182</u>	<u>1.1</u>	<u>141</u>	<u>41</u>	<u>113</u>	<u>11,714</u>	<u>110</u>	<u>0.9</u>	<u>71</u>	<u>39</u>	<u>84</u>	<u>5,102</u>	<u>72</u>	<u>1.4</u>	<u>70</u>	<u>2</u>	<u>29</u>	<u>356</u>	<u>10</u>	<u>2.8</u>
Main Office	11,454	129	1.1	113	16	53	7,761	62	0.8	48	14	46	3,693	67	1.8	65	2	7	132	1	0.8
Stations:																					
South Burlington	2,193	21	1.0	14	7	32	2,069	18	0.9	11	7	19	124	3	2.4	3	-	13	63	3	4.8
Winooski	3,169	32	1.0	14	18	28	1,884	30	1.6	12	18	19	1,285	2	0.2	2	-	9	161	6	3.7
Essex Junction	2,099	11	0.5	2	9	47	1,896	8	0.4	2	6	46	203	3	1.5	-	3	1	31		0.0

The distributions of total possible deliveries to residences, apartments and house trailers were estimated by the postal carriers. The data in this table, therefore, are not strictly comparable to the distribution of deliveries by structural type for surveys prior to 1966. The total possible deliveries for the total of residences, apartments and house trailers, however, are as recorded in official route records.

The survey covers dwelling units in residences, apartments, and house trailers, including military, institutional, public housing units, and units used only seasonally. The survey does not cover stores, offices, commercial hotels and motels, or dormitories; nor does it cover boarded-up residences or apartments that are not intended for occupancy.

The definitions of "residence" and "apartment" are those of the Post Office Department, i.e.: a residence represents one possible stop with one possible delivery on a carrier's route; an apartment represents one possible stop with more than one possible delivery.

Source: FHA postal vacancy survey conducted by collaborating postmaster(s).