

# COLCHESTER HOUSING NEEDS ASSESSMENT



## 2017 UPDATE

Sharon Murray, AICP  
Front Porch Community Planning & Design  
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## OVERVIEW

This report updates information originally included in the 2005 Housing Needs Assessment prepared for the town, last updated in 2012, based on available data and a review of more recent studies and trends.<sup>1</sup> This information is intended to help identify existing and anticipated housing needs at the local level, for consideration in the update of the Colchester Town Plan. Key data considerations since 2012:

- Comparative population and housing estimates are now available annually for Colchester through the U.S. Census Bureau's American Community Survey (ACS). At the town level, these estimates are based on survey samples collected over a five-year period (versus a one-year sample) and are issued annually as a five-year estimate (e.g., 2006-2010, as reported in 2010). This is the first year in which 5-year estimates are available for non-overlapping periods (2006-2010 and 2011-2015), allowing for a comparison between 2010 and more recent 2015 estimates.
- It's important to note however that, because of the small sample size each year, ACS 5-year estimates often have high margins of error (MOE), which requires some caution in their use and interpretation. ACS estimates are best used to examine general trends and relationships, rather than more specific, quantitative changes over time; and they often cannot be compared directly to census count data. The reliability of ACS estimates referenced in this report was evaluated using statistical tests recommended by the U.S. Census Bureau. Estimates determined to be especially unreliable have either been excluded, or noted where appropriate.<sup>2</sup> More general ACS reliability indicators are also found on the Vermont Housing Data website ([www.housingdata.org/](http://www.housingdata.org/)) for many of the ACS estimates referenced in this report.
- This update also incorporates supplemental information provided by town staff, including locally reported vital statistics, permit, grand list and assessor data, and relevant *Allen, Brooks and Minor Report* information regarding local market conditions; as well as more recent state and regional housing assessment information. Affordable housing providers were contacted directly regarding the status of subsidized housing units in town.
- Finally, of special note, the amount of online housing and real estate market information available to the public has increased markedly in recent years, through private websites such as Zillow, Trulia and Realtor.com. Monthly market reports for Colchester are now available through the Vermont Association of Realtors ([www.vermontrealtors.com](http://www.vermontrealtors.com)) for Multiple Listing Service (MLS) properties, using data collected through the New England Real Estate Network. These include information for the majority of local properties on the market, and can be very useful in tracking market trends.

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<sup>1</sup> Data spreadsheets accompanying this report include more detailed analyses, charts and source information, as well as associated statistical analyses used to determine the reliability of reported ACS estimates.

<sup>2</sup> This includes estimates for which the calculated "coefficient of variation" (CV) exceeds 30%.

## REGIONAL CONTEXT

While some housing demand is generated locally, local housing needs are commonly addressed within a larger regional context, reflecting prevailing employment and commuting patterns. At the federal level Colchester is included in the Burlington Housing Market Area (HMA), coinciding with the Burlington-South Burlington Metropolitan Statistical Area (MSA), which includes all of Chittenden, Franklin and Grand Isle Counties. At the state and regional level, housing in Colchester is considered in association with housing in the rest of Chittenden County.

## PREVIOUS STUDIES

Studies referenced in the initial 2005 housing study concluded that strong regional job growth experienced during the earlier part of the decade would continue, stimulating further migration into the area, and result in a significant increase in housing demand throughout the region. As highlighted in these reports:

- Housing development had not kept pace with demand for many years, resulting in a regional housing shortage. Factors cited for this included high land costs, the lack of supporting infrastructure, time-consuming, costly and uncertain permitting processes, and regulations that overly limited the type and density of new residential development.
- An aging population and decreasing household sizes also contributed to the need for additional housing.
- Housing shortages were resulting in escalating housing costs that affected both housing affordability – particularly for low and moderate income households – and the ability of local businesses to recruit and retain workers. To find affordable housing, many workers had to live far from their jobs.
- Wages and incomes weren't keeping pace with rising housing costs. Many households locally, and within the larger region, were paying more than 30% of their household income on housing costs.

Housing markets changed dramatically following the 2005 study – the result of a 2008 collapse in global financial markets that precipitated a national economic recession, now often referred to as the “Great Recession.” As reported in 2012, the economic slowdown resulted in a loss of jobs, higher unemployment rates, reduced work hours and wages, and stagnant household incomes. The recession also affected the regional housing market:

- Housing became very difficult to finance, especially for developers and first-time homebuyers, as reflected in declining home starts and sales. Though interest rates remained low, lending fees and required down payments increased dramatically.

- Renters remained in the rental market due to tight lending requirements, and the perception that homeownership had lost its investment appeal. Low vacancy rates and an increase in the demand for rental units resulted in rising rental rates.
- Rental apartments became a favored property type for many real estate investors, providing a reliable income stream even during the recession. Apartment construction increased dramatically in the region, in relation to condo and single family home construction, backed by available financing.
- Demographic trends – including projected increases in the region’s young adult (25 to 34), empty nester (55 to 64) and senior (65+) populations – were expected to sustain the demand for additional rental housing going forward. Households continued to get smaller, increasing the demand for smaller studio, 1- and 2-bedroom units.
- It was anticipated in 2012 that, given these trends, multi-family development – in the form of rental apartments and higher-end condo units attractive to downsizing empty nesters – would continue to outpace single family home development within the region for the foreseeable future.
- It was also expected that housing would become increasingly unaffordable for a growing number of households, as wages continued to lag behind rising housing costs for homeowners and renters.

## **CURRENT MARKET TRENDS**

Vermont, and especially Chittenden County, was less affected by the Great Recession than much of the country, but by 2012 local and regional housing markets were just beginning to show signs of recovery. According to the most recent federal housing market analysis and forecast for the three-county Burlington Housing Market Area (January 1, 2016):

- The regional economy (nonfarm payroll) started to recover in 2010, and continued to grow through 2015, averaging an additional 2,100 jobs annually, concentrated in professional, business, emerging technology, health care and educational services. By 2015 the average unemployment rate had fallen to 2.9%. Nonfarm employment was expected to increase 1.5% annually through 2019.
- The estimated population of the HMA increased by 1,150 people per year from 2010 through 2015. From 2004 through 2008 this growth was due to a natural increase; but the rate of growth slowed as a result of net out-migration. Since 2008 net in-migration has resulted in an average annual rate of increase of 0.5%. The population of the HMA was expected to grow, on average, by 1,225 residents annually through 2019, in relation to anticipated job growth.

- Between 2010 and 2015, the number of households in the HMA increased an average of 0.6% annually (550 households/year), down from 0.9% per year the previous decade. This slower rate was expected to continue through 2019.
- The housing market within the HMA was reportedly “balanced” (though still a seller’s market), as of January 2016, based on an estimated vacancy rate of 1.8%, and a 4.6-month inventory of units. Annual home sales in the region had increased since 2011, however the number of sales reported in 2015 remained well below the pre-recession peak of 2005-06, due to more stringent lending requirements. Condominium sales, comprising 16% of all home sales in 2015, were on the decline. Average sale prices increased 2% annually through 2015.
- Prior to the recession, the construction of new single family housing was strong (averaging 660 homes annually) in response to a tight sales market. Activity slowed significantly (to 300 homes annually) during the recession, attributed to decreasing sales. From 2012 through 2014 homebuilding rebounded slightly (370 units per year), but then declined to 260 units in 2015. Few large single family housing developments were being constructed within the HMA.
- Demand for an additional **1,225 homeowner units** within the 3-county HMA was anticipated through 2019, including single family, townhouse and condo units. Some of this demand was expected to be met by homes under construction, and other vacant units within the HMA that came up for sale. Around 65% of forecasted demand was for homes priced from \$300,000 to \$400,000.
- The HMA rental market was also considered balanced as of January 2016, based on an estimated vacancy rate of 6.0% – up from 4.5% in 2010 (and 2.1% in 2000). A very tight rental market through 2013 was alleviated by the construction of a large number of new apartment buildings. Students attending the four colleges within the HMA (95% residing in Chittenden County) occupied a notable portion of available rental units, accounting for an estimated 9% of all rental households within the HMA, largely in and around Burlington.
- Demand for an additional **850 new market-rate rental units** within the 3-county HMA was anticipated through 2019, including an estimated 350 units currently under construction. Gross rents were expected to range from \$900+ for smaller studio units to \$2,300 or more for 3+ bedroom units.

According to Vermont realtor reports, following the recession the housing market in northwestern Vermont saw steady improvement through 2015, but leveled off in 2016 due to a very tight housing supply and rising sale prices. Changes in federal housing policies and programs, anticipated under the new administration, may have also precipitated this slowdown. Current trends, as most recently reported (VT Realtors Reports, 2016, 2017):

- Housing in the region is expected to remain in short supply, which will continue to drive up the price of available units, particularly in more desirable neighborhoods within walking distance of services and amenities. On hand inventory in Chittenden County dwindled to a 3-month supply at the end of 2016, compared to a 10-month supply in 2015. As a result, buyers continue to look farther afield for more affordable options. At the end of 2016, Colchester had a 4.6-month supply of inventory.
- Sale prices will continue to rise. The “sweet spot” for mid-priced housing in the region is currently \$200,000-\$400,000. In Chittenden County, single family homes less than \$300,000 are in very short supply. Older condominiums have not appreciated significantly in value, and remain a more affordable option for first time buyers who qualify for financing. Renting also remains a more affordable option for many households, given current sale prices.
- The lending environment remains tight. Mortgage interest rates are expected to rise incrementally, but remain relatively low (around 4.75%). That said, even a small (0.5%) change in current interest rates could reduce buying power by 4-5% –a critical factor when affordability is a concern.
- New construction is generally preferred over existing units. New construction is considered more attractive, includes more amenities, is more energy efficient and requires less maintenance and upgrades than older units.
- New construction in the region, however – now focused largely on rental apartments and higher end condos – is not keeping pace with demand. In 2016 Colchester ranked 4<sup>th</sup> in the county, behind South Burlington, Richmond and Williston, in percentage of new construction, accounting for 23% of the county total.
- As a result of reduced inventory and higher prices, many homeowners are opting to renovate and add on to their current homes rather than buying up, thereby increasing the value of the existing housing stock, and further reducing the number of homes on the market. At the national level, the median tenure for sellers living in their homes has increased to 10 years, from an historical median of 5 to 7 years.
- Baby boomers, now making up nearly one-third of all homebuyers, are investing in higher-end, more maintenance-free housing. “Planned Developments” including condo and townhouse developments are increasingly popular for homeowners looking to “right size” their lifestyle by investing in housing of similar value with additional amenities and lower maintenance requirements.
- Millennials represent the next wave of homebuyers, but have been slow to enter the market. Reported reasons for this include high student loan debt, delays in marriage and parenthood, and lingering concerns regarding homeownership as an investment. It’s also suggested that some are skipping entry level housing, and simply waiting longer to purchase their preferred home.

- Rental demand is expected to increase, spurred by both young adults (25-34) and downsizing empty nesters (55-64). The 25-34 age group in Chittenden County is projected to increase by 8.5% between 2015 and 2020, which will add to the demand. Rental vacancy rates during the past decade hovered around 1-2%, but with almost 700 newly built apartment units coming on line in 2016, the vacancy rate increased to 4.4% at the end of 2016. As a result, rents are expected to stabilize.
- Wages continue to lag behind housing costs. As a result housing is increasingly unaffordable for a growing number of low and moderate income households, including renters, potential homebuyers and existing homeowners.

## REGIONAL HOUSING ASSESSMENTS

According to the most recent *Chittenden County Housing Needs Assessment* prepared for the Vermont Department of Housing and Community Development (Bowen National Research 2014), it is anticipated that:

- The county population will increase by 2.9% (4,569) between 2015 and 2020, to 166,316; and the number of households will increase by 3.7% (2,375) to 66,744.
- The median household size will fall to 1.51 by 2020, from 1.6 in 2010. By 2020, 61% of owner and 73% of renter households will be single or two-person households. Through 2020, the number of younger households (<25 years) is expected to decline; while the largest increase will occur in the 65-74 householder age group.
- Household wages will increase 5.9% by 2020 – due in large part to an increase in households with incomes of \$100,000 or more (largely homeowners). Apart from lead paint (for homes built prior to 1980), the greatest housing issue facing local residents will be the cost of housing, due to the lack of available affordable housing. By 2020 it's anticipated that nearly 32,000 households (48%) will be paying more than 30% of their income on housing.
- An additional **2,971 units** will be needed between 2015 and 2020, including **1,575 units for households earning less than 80% of the median income**, simply to accommodate new households and replace substandard housing. The anticipated housing gap among renters is broadly distributed across income levels; while the gap among homeowners will be greatest for those with incomes between 80% and 120% of the area's median household income (workforce housing). Priorities for future housing in the county should be targeted to these groups.
- Populations in the county with special housing needs include those living in poverty, frail elderly, persons with disabilities or mental illness, victims of domestic violence and substance abuse, ex-offenders, and the county's chronically homeless population. Additional affordable and transitional housing is also needed to address the distinct housing needs of these groups.

The 2014 Chittenden County *Fair Housing and Equity Assessment*, produced by the Champlain Valley Office of Economic Opportunity's Fair Housing Project, found that:

- Housing costs are unaffordable for an increasing number of county households, and renter households in particular. Local employers continue to cite the lack of affordable workforce housing as a major impediment to job growth in the region, affecting their ability to recruit and hire new employees.
- More than half (57%) of Chittenden County households have only one wage earner. Wages for the most common occupations (retail sales, cashier, personal care aid, teaching assistant, registered nurse) are not high enough to buy a median priced house or to afford prevailing rents.
- More than half (55%) of the county's 12,000 renter households are cost-burdened, spending more than 30% of their income on housing costs. The number of low-income households currently outnumbers affordable rental stock, and tenant-based rental vouchers, by more than 2:1.
- Affordable family housing (3+ bedrooms) in the county, especially rental properties, are extremely limited. There are also few affordable housing options for people with a disability, who rely on Supplemental Security Income (SSI). At present the unmet need for lower income nonelderly housing is far greater than that for elderly (age-restricted) housing.
- Housing for a growing elderly population, especially low-income elders who rely on public assistance, will continue to be a challenge in the future, as the baby boom generation ages. The majority of elders surveyed, however, prefer to age in place. Available programs and resources are shifting from institutional care to more "community-based " housing, in which long-term care services, tailored to the individual, are provided in the home. Nursing home beds are in decline.
- The number of racial minorities in the county is growing, in part due to the state's Refugee Resettlement Program which has helped thousands of refugee families resettle in Chittenden County since 1980. As of 2010, 86% of county households headed by a minority were located in Burlington and the four towns closest to it – Winooski, South Burlington, Essex and Colchester.

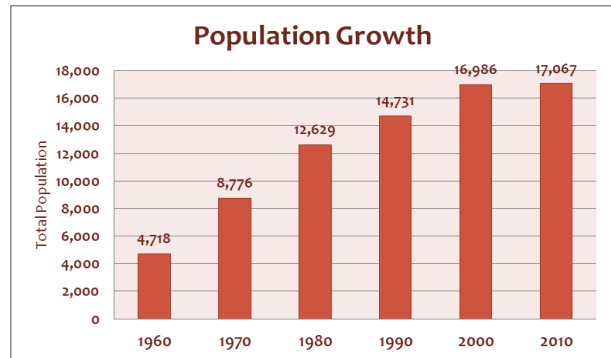
The Chittenden County Regional Planning Commission has not yet updated its 2012 housing needs assessment, referenced in the previous housing update; but it has issued updated population and household forecasts for the region through 2050, which are referenced in this update. The commission also annually tracks several housing indicators. In 2016 CCRPC, in association with local housing providers and business leaders, launched "Building Homes Together "– a campaign to create **3,500 new homes in the county by 2021** (700/year), including 700 affordable homes – 80% of which are to be located in planned growth areas, such as Colchester's designated growth center. In the first year, a net total of 916 units were added to the region's housing stock, but only 69 of these were affordable.



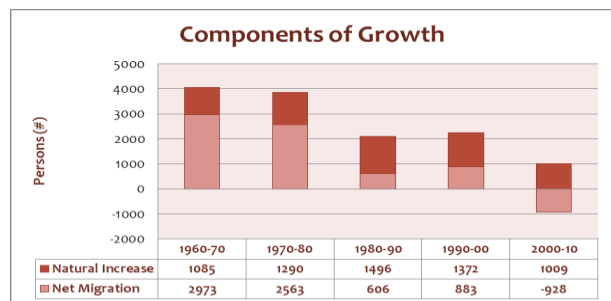
# POPULATION TRENDS

## POPULATION GROWTH

Colchester's year-round population, as reported by the U.S. Census, more than tripled over the four decades leading up to 2000, tracking an extended period of regional population growth. During the 1980s and 90s, the local population grew by an average of 218 persons per year, down from an average of 395 persons per year during the preceding 20-year period. Since 2000, the town's population has continued to grow, but at a much slower rate, again following regional trends.

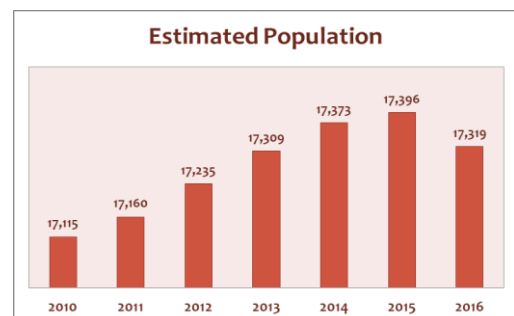


As reported in the 2010 Census, Colchester's year-round population numbered **17,067** – an increase of only 81 people (0.5%) over ten years. This number is suspect given that, through natural increase (births less deaths) more than 1,000 people were added to the local population. It also did not include local nursing home residents.



Colchester's population growth during the 1960s and 1970s was due largely to in-migration – people moving to town – which coincided with a period of strong housing growth. Since 1980, the town's population growth has resulted more from a natural increase in population than in-migration. Even so, during the 1990s, new residents accounted for 38% of the increase. Regional population and employment growth likely contributed to the increased demand for more local housing; while new housing development continued to bring more residents to the community. In the 2000s, out-migration increased countywide, offsetting natural increases in both the local and regional population.

**Estimates.** While it's estimated that Vermont as a whole is now losing population, most Chittenden County communities, including Colchester, have seen slight population gains since 2010. According to recent Census Bureau estimates, in July 2016 Colchester's year-round population numbered **17,319** – an increase of 204 people since 2010. This however represents an estimated drop in the local population from the preceding two years.



US Census, Annual Estimates of Resident Population

Statistically the difference is negligible, but suggests that the town's rate of population growth has once again slowed, if not leveled off. Given the natural increase in population reported during this period (378), population estimates suggest that around 46% of this increase was offset by a net out-migration of local residents (VT Dept. of Health, Town of Colchester).

According to these estimates, the town's population grew by 1.5% through 2016, compared to a 3.2% rate of growth for the county. As a result, the town's share of the county population dropped from 10.8% in 2010 to an estimated 10.7% in 2016, but Colchester remains the fourth largest community in Chittenden County, behind Burlington (42,260), Essex (21,199) and South Burlington (18,971).

## POPULATION CHARACTERISTICS

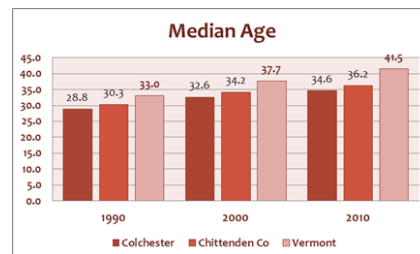
**Group Quarters Population.** Colchester's resident population includes both people living in households (household population), and those living in institutional or other group living arrangements (group quarters). Locally these include student housing (St. Michaels College) and the Green Mountain Nursing Home.

| Group Quarters Population, 1980-2010 |        |        |        |        |
|--------------------------------------|--------|--------|--------|--------|
|                                      | 1980   | 1990   | 2000   | 2010   |
| <b>Population</b>                    | 12,629 | 14,731 | 16,986 | 17,067 |
| <b>Group Qtrs</b>                    | 1,268  | 1,493  | 1,624  | 1,833  |
| <b>% Total</b>                       | 10.0%  | 10.1%  | 9.6%   | 10.7%  |
| Source: US Census, SF1               |        |        |        |        |

In 2015, the town's estimated group quarters population was **1,897** ( $\pm 216$ ) – statistically no different than that reported in 2010 (ACS 2011-15). Due to the small sample size, ACS estimates are not available by housing type. Since the number of nursing home beds (73) did not change during this period, any observed increase was likely due to additional students being housed on campus.

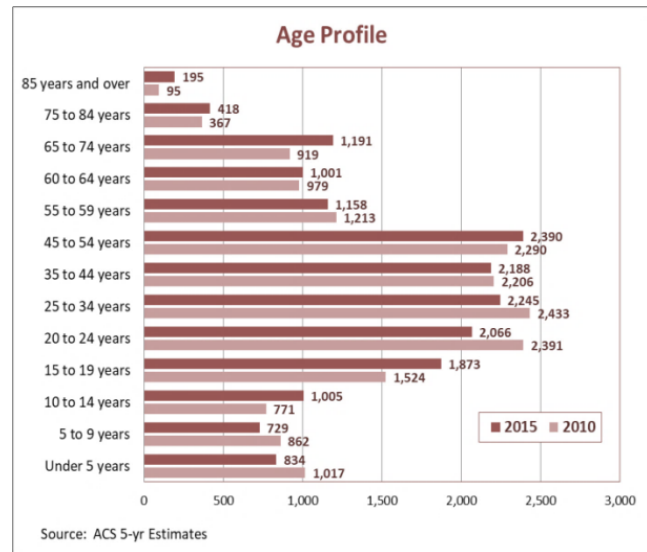
Green Mountain Nursing Home residents were not included in the 2000 Census count, but were included in 2010.<sup>3</sup> Local nursing home residents continue to represent less than 1% of the town's total population, and less than 4% of the group quarters population. Colchester's student housing population has increased roughly in proportion to the overall population in recent decades, representing around 10% of the total. St. Michaels College, however, reported a recent decline in student enrollments; projected enrollments at other local colleges are also expected to remain flat through 2020 (Allen, Brooks and Minor, June 2017).

**Age Groups.** Colchester's population is aging, following statewide trends. Shifts in the town's demographic profile will likely affect current and future housing needs. The median age of the local population in 2015 was estimated at **34.2 years** ( $\pm 2$ ) – statistically no different than the 2010 median, but younger than that reported for the county (36.3) and state (42.4).



<sup>3</sup> Residents of the Green Mountain Nursing Home, on the Colchester/Essex line, were recorded in Essex in 2000.

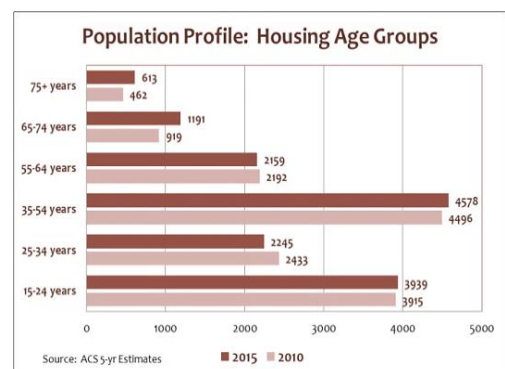
During the 2000s, the greatest absolute increases occurred in the town's 20-24 and 55+ age groups. Since 2010, the largest (and only statistically relevant) increase reported was in the 65-74 age group (ACS 2011-15). Retirement-age residents (65+years) now represent more than 10% of the town's total population. This group will continue to grow in share over the next two decades, increasing the demand for in-home services needed to age in place. Over the longer-term, household dissolutions among this cohort are expected to increase the number of homes on the market.



For housing assessments, the following age groups are often considered in relation to housing needs:

|             |  |
|-------------|--|
| 15-24 years | <b>Students/Recent Graduates</b> – entering housing market; may increase demand for student and rental housing, including apartments and other shared (non-family) living arrangements                                       |
| 25-34 years | <b>Young Households</b> – increase demand for rentals and affordable starter homes   |
| 35-54 years | <b>Family Households</b> – traditionally largest group in housing market, highest median incomes, looking to “buy up” or renovate and expand their homes   |
| 55-64 years | <b>Empty Nesters</b> – changing housing needs, may be looking for smaller units requiring less maintenance, including active retirement communities, condominiums  |
| 65+ years   | <b>Seniors</b> – retired, often on fixed incomes; more single person households; increase demand for rental, retirement and assisted living arrangements. Those 75+ often have additional in-home or residential care needs. |

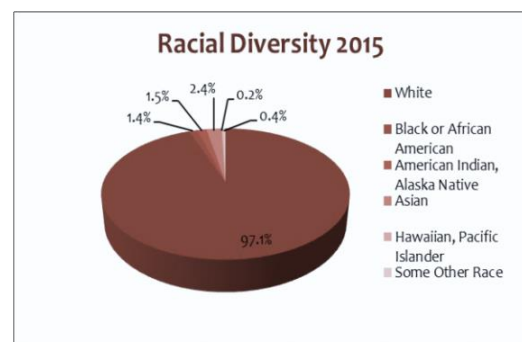
During the 2000s, the greatest increase in Colchester's population was in the 35-54 age group – family households who were most likely to “buy up” to larger and more expensive single family homes. Based on 2015 ACS estimates, this remains the largest group in town. Market reports and local permit data suggest that, because of the tight housing market, homeowners in this group are opting to remodel or add on to their existing homes, rather than trading up for higher priced housing.



The largest growth in recent years, as noted above, has been in the 65-74 group of retiring baby boomers (as reported countywide), who are now eligible for age-restricted housing, but are instead opting to age in place or, like younger empty nesters, looking to downsize to more maintenance free condos and townhouses. The number of older residents (75+) who may need additional in-home or residential care also appears to have increased in recent years; while the youngest households (<25), including recent grads and young professionals who helped fuel the rental market, has stabilized. The town's millennial population (25-34) showed no significant change. Regionally, these younger households, including first-time homebuyers, are projected to grow by 8.5% through 2020. Nationally, millennials now make up the largest share of homebuyers.

These shifts continue to mirror regional demographic trends that are expected to create more demand for rental units, starter homes, workforce housing, smaller single family, townhouse and condo units, and more retirement and senior housing options, while the demand for larger single family homes, including high-end luxury homes, will continue to lag.

**Population Diversity.** The local population is gradually becoming more racially and ethnically diverse. Minorities represented 4% of the town's total population in 2010 – up from 3% in 2000. It appears from more recent ACS estimates that the local minority (nonwhite) population has not changed measurably in recent years. As reported regionally, minority populations continue to face discrimination in the housing market.



**Special Needs Population.** “Special needs” populations include people who may require special housing or living arrangements – including elderly, disabled, and low income residents, and those in need of transitional housing.

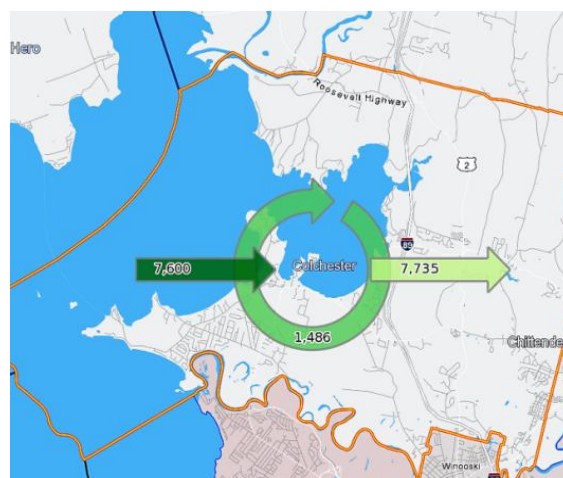
- In 2010, 9.6% of Colchester residents were 65+ years old, up from 6.4% in 2000 (US Census). By 2015, it was estimated that 10.4% of the local population was 65 or older (ACS 2011-15). Estimates for the town's more frail elderly – those 85 and over who typically need more care – are not reliable, but suggest that this group currently represents around 1% of the town's population.
- In 2015, an estimated 9.3% of Colchester households, 10.5% of local residents, 5.9% of local families, and only 2.8% of local seniors (down from 9.9% in 2010) lived below the poverty line during the prior year.
- In 2015, it was estimated that 9.1% of the local, noninstitutionalized population was living with a disability, including 28.4% of those 65 and over.

It's reasonable to assume that, given an aging population, the number of local residents with disabilities and mobility impairments will also increase in coming years. This will require access improvements

(e.g., ramps, modifications) to existing homes, and new housing that's designed to be more universally accessible.

Special needs populations also include those in need of transitional housing. No estimates are available for local residents in need of housing alternatives; but there is no transitional housing, including homeless or emergency shelters, in town. Area residents are currently served by available housing located mainly Burlington.

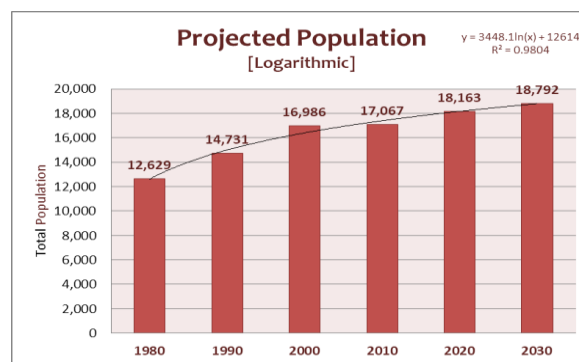
**Commuting Patterns.** As reported for 2015, it was estimated that, of the 9,100± jobs in town, only 16% were filled by local residents. And, of employed town residents, only around 1,500 (or 16%) worked in town (US Census, LEHD Program, 2015). This is similar to commuting patterns reported in 2012. Around 27% of local residents worked in Burlington, where housing costs tend to be higher. For those commuting to work in Colchester, 18% traveled more than 20 miles. This suggests that employment growth elsewhere in the region continues to support local population and housing growth; and that, despite the town's status as a regional employment center, most local residents continue to rely on the larger, regional economy for employment.



Commuter Inflow/Outflow, 2015 (U.S. Census/ On the Map)

## POPULATION PROJECTIONS AND FORECASTS

Population projections and forecasts, particularly for smaller populations, vary widely based on underlying assumptions and methodologies, and should always be considered in this light.<sup>4</sup> A basic logarithmic projection, based on U.S. Census counts that reflect a declining growth rate over the years, indicates that the town's population will not surpass 20,000 until sometime after 2030 (rather than 2015, as projected in 2005).



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<sup>4</sup> In this context “projections” include mathematical extrapolations of historical trends, while “forecasts” refer to future population estimates based on more detailed analyses and assumptions regarding selected components of population change (e.g., for cohort analyses, fertility, survival and migration rates by age group).

There are no accepted statewide population projections or forecasts in common use. Most studies reviewed incorporate projections that are produced internally, or acquired through private providers such as ESRI. A number of town-level projections and forecasts have been released since the 2012 housing report update. These include two sets of statewide population projections through 2030 that vary based on assumed migration rates (ACCD 2013); more recent cohort-based population forecasts developed for the Colchester School District through 2025 (McKibben Demographics 2017); and population, employment and household forecasts prepared for the Chittenden County Regional Planning Commission (RSG/EPR 2017) for use in regional planning and transportation modeling.

The 2014 Vermont Housing Needs Assessment incorporated county-level ESRI projections through 2020. ESRI projections specific to Colchester (through 2020/21) were included in the “Colchester Community Health and Wellness Center Needs Assessment” (GreenPlan LLC 2016), and the Allen, Brooks and Minor Report (June 2017). Available projections and forecasts for the town are summarized below:

| <b>Population Projections and Forecasts</b>   |               |                             |               |             |               |
|---|---------------|-----------------------------|---------------|-------------|---------------|
|   | <b>Census</b> | <b>Projected Population</b> |               |             |               |
|   | <b>2010</b>   | <b>2015</b>                 | <b>2020</b>   | <b>2025</b> | <b>2030</b>   |
| <b>Logarithmic Projection/Census (2012)</b>   | 17,067        | 17,800                      | <b>18,163</b> | 18,492      | <b>18,792</b> |
| <b>VT ACCD (2013)</b>   |               |                             |               |             |               |
| <b>Low (2000s in-migration rate)</b>  | 17,067        | ---                         | <b>17,206</b> | ---         | <b>16,981</b> |
| <b>High (1990s in-migration rate)</b>   | 17,067        | ---                         | <b>17,621</b> | ---         | <b>17,901</b> |
| <b>VT DHCD/Bowen/ESRI (2014)*</b>   | 17,067        | 17,297                      | <b>17,799</b> | ---         | ---           |
| <b>GreenPlay LLC/ESRI (2016)</b>  | 17,067        | 17,777                      | <b>18,351</b> | ---         | ---           |
| <b>Allen Brooks &amp; Minor/ESRI (2017)**</b>   | 17,067        | 17,736                      | <b>18,291</b> | ---         | ---           |
| <b>Colchester SD/McKibben (2017)</b>  | 17,067        | 17,540                      | <b>17,880</b> | 18,030      | ---           |
| <b>CCRPC/RSG/EPR (2017)</b>   | 17,067        | 17,383                      | <b>17,703</b> | 17,953      | <b>18,125</b> |
| *Based on Colchester's estimated 2015 share (10.7%) of projected county population. **As reported for 2016, 2021. |               |                             |               |             |               |

Given current (2015) population estimates, the local population has grown more slowly than anticipated in 2012. Available projections and forecasts, based largely on current trends, suggest that the town’s population will continue to grow, but at a slower rate, and not exceed 20,000 until sometime after 2030.

The more recent and detailed forecasts produced for the town (McKibben 2017) and the CCRPC (RSG/EPI 2017) appear to best match current estimates. According to these forecasts, the local population will reach 18,000 (an increase of 500 to 600 residents) around 2025. With regard to local housing, the forecast for the school district assumes that:

- Lending practices, interest and foreclosure rates will not change significantly through 2025.
- Housing turnover rates (existing home sales) will remain at current levels; with the majority of sales being made by homeowners over the age of 60.
- All planned, platted and approved housing developments will be built out and completed by 2025.
- All new units will be occupied by 2026.

## HOUSEHOLD TRENDS

Colchester's households reflect changing demographics and locally available housing options. The town's household population reportedly declined in the 2000s (by less than 1%), while the total number of households increased (by 2.8%). Since 2010 it appears that both the household population and the number of households in town have increased. According to ACS estimates, the town's household population increased by 5.5% between 2010 and 2015 – a relatively significant increase – due largely to an increase in the town's renter population. Estimated household growth (4.6%) continued to exceed local population growth (1.5%). The following table shows household trends based on past census data and more recent ACS estimates.<sup>5</sup>

| Changes in Colchester Households          |        |        |              |        |         |         |         |        |
|---|--------|--------|--------------|--------|---------|---------|---------|--------|
|   | Census |        | ACS Estimate |        | 2000-10 |         | 2010-15 |        |
|   | 2000   | 2010   | 2010         | 2015   | (#)     | (%)     | (#)     | (%)    |
| <b>Household Population</b>               | 15,362 | 15,234 | 14,594       | 15,396 | -128    | -0.80%  | 802     | 5.5%   |
| <b>Owner</b>                              | 11,480 | 11,305 | 11,118       | 11,023 | -175    | -1.50%  | -95     | -0.9%  |
| <b>Renter</b>                             | 3,882  | 3,929  | 3,476        | 4,373  | 47      | 1.20%   | 897     | 25.8%  |
| <b>Total Households</b>                   | 6,144  | 6,314  | 6,212        | 6,495  | 170     | 2.80%   | 283     | 4.6%   |
| <b>Owner</b>                              | 4,354  | 4,509  | 4,524        | 4,586  | 155     | 3.60%   | 62      | 1.4%   |
| <b>Renter</b>                             | 1,790  | 1,805  | 1,688        | 1,909  | 15      | 0.80%   | 221     | 13.1%  |
| <b>Family Households</b>                  | 4,187  | 4,097  | 3,899        | 4,289  | -90     | -2.10%  | 390     | 10.0%  |
| w/ Children <18 yrs                       | 2,095  | 1,935  | 1,676        | 1,857  | -160    | -7.60%  | 181     | 10.8%  |
| <b>Married</b>                            | 3,391  | 3,144  | 3,168        | 3,318  | -247    | -7.30%  | 150     | 4.7%   |
| w/ Children <18yrs                        | 1,566  | 1,235  | 1,155        | 1,211  | -331    | -21.10% | 56      | 4.8%   |
| <b>Non-family Households</b>              | 1,957  | 2,217  | 2,313        | 2,206  | 260     | 13.30%  | -107    | -4.6%  |
| <b>Living Alone</b>                       | 1,363  | 1,538  | 1,708        | 1,369  | 175     | 12.80%  | -339    | -19.8% |
| 65+ alone                                 | 305    | 367    | 367          | 320    | 62      | 20.30%  | -47     | -12.8% |
| <b>Households w/ Children &lt; 18 yrs</b> | 2,214  | 1,961  | 1,794        | 1,952  | -253    | -11.40% | 158     | 8.8%   |
| <b>Households w/ Seniors 65+ yrs</b>      | 832    | 1,139  | 962          | 1,241  | 307     | 39.60%  | 279     | 29.0%  |

Source: US Census (2000, 2010); ACS Estimates (2006-10, 2011-15).

In 2010, there were **6,314** households in town. As estimated in 2015, there were **6,495** (±205) households – not a significant change, given reported margins of error. Changes in households between 2010 and 2015 that may be statistically relevant (outside of reported margins) include:

- Increases in renter households, and the town's renter population (though 2010 estimates may be low, given reported census counts),
- An increase in family households,
- An increase in the number of households with seniors (65+ years), and
- A decrease in the number of householders living alone.

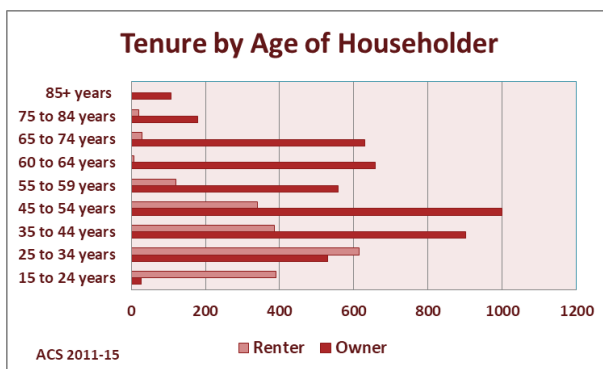
<sup>5</sup> For purposes of comparison, 2015 ACS estimates are compared with 2010 ACS estimates; they are not directly comparable to 2010 census counts (given differences in definition, etc.).



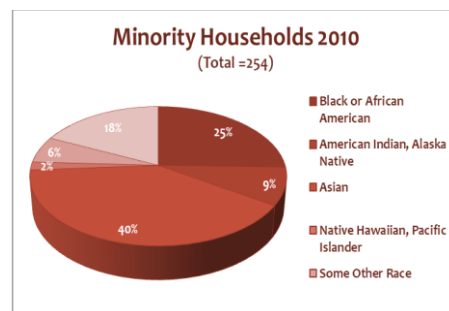
## HOUSEHOLD CHARACTERISTICS

**Type.** Family households, related by blood, marriage or adoption, made up 65% of the town's total households in 2010 (down from 68% in 2000) – however, only 19.5% were “traditional” family households consisting of married couples with children.<sup>6</sup> As reported in 2015 estimates, family households made up 66% of the total, but only 18.6% were married couples with children; with noted increases in the number of single parent households and couples without children. There was also a reported decline in the number of nonfamily households – in particular those living alone – representing a shift from previously reported trends. The number of households with older residents (65+ years), however, continued to grow as anticipated, given the town's aging population.

**Tenure.** Homeowners continue to make up the majority of households in town – representing 71% of all households in 2010 (73% per ACS estimates). Despite the noted increase in renter households, in 2015 homeowners still comprised more than 70% of local households. Estimates of tenure by age tend to vary in their reliability, particularly for the youngest and oldest householder age groups, but indicate that, as expected, younger householders (<35 years) in town are more often renters.



**Minority Households.** Local households have become slightly more diverse in recent years, reflecting small increases in the town's minority population. In 2010, there were 254 minority (nonwhite) households in town, representing 4% of the total. Asian households made up the largest share. Given this small number of households, more recent 2015 ACS estimates (244 total) are not considered reliable, but suggest there has been no real change in the number or makeup of minority households in town since 2010.



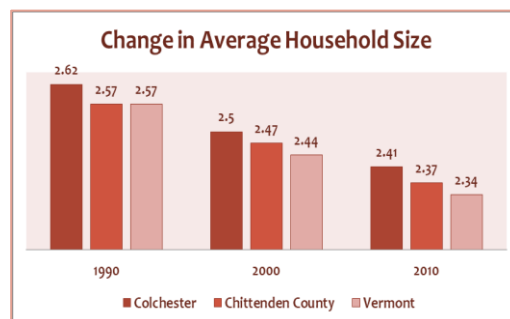
Colchester has a higher percentage of minority households than most towns in the county – in part because the Vermont Refugee Resettlement Program is based here, as noted in CVOEO's 2014 *Fair Housing Assessment Report* – but it's lower than the county average (5.3% in 2010). Minority households are concentrated mainly in Burlington and Winooski, as are resettlement program housing placements. Minority households continue to face discriminatory housing practices, as highlighted in the 2014 report.

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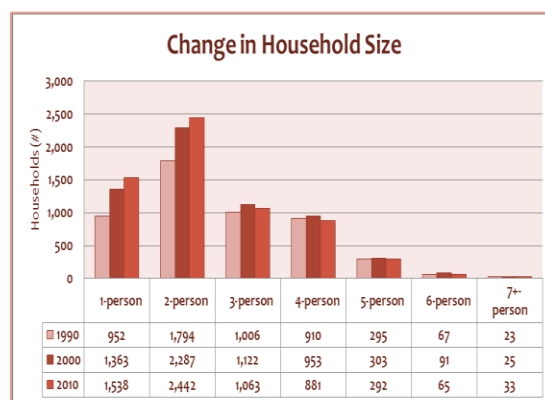
<sup>6</sup> In the 2010 U.S. Census, same-sex married couples were listed with nonfamily households, unless there were children present. More recent ACS definitions are not comparable.



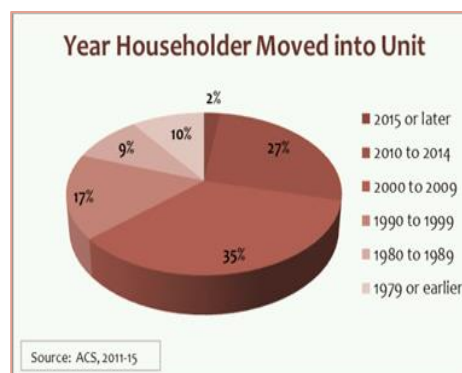
**Household Size.** Colchester’s households have continued to shrink in size, following regional and statewide trends; yet in 2015 the town’s estimated average household size (2.37) continued to exceed that of the county (2.36) and state (2.34). Renter households were smaller on average (2.29) than owner households (2.4). CCRPC forecasts suggest that, by 2030, the average household size will be 2.23 persons per household (RSG/EPR 2017). Ongoing declines in household size are expected to increase demand for smaller units.



In 2010, one-and two-person households represented 63% of all Colchester households, compared with 59% in 2000. By 2015 their share had increased to 66% of the total. A notable (20%) decrease in the number of one-person households between 2010 and 2015 was offset by a 23% increase in the number of two-person households. As estimated in 2015, one-person households comprised 21% of all households, and 62% of all nonfamily households. Seniors (65+) made up 23% of those living alone.



**Residency.** 2015 estimates suggest that more than half of all Colchester households have lived in their homes for over a decade. The reported median year of last move for all residents was 2004 (±1) and 2000 (±2) for homeowners. Only 10% of owner households had relocated since 2010, compared to 61% of renter households. This suggests that homeowners are staying in their homes longer – half more than 15 years – while renters are much more transient. As noted and reported regionally, it appears that local homeowners are opting to stay in their current homes, rather than buying up.



## HOUSEHOLD INCOME

Colchester’s median household income has been consistently higher than the county or state median for several decades. This information is no longer collected as part of the decennial census, but is included in annual ACS estimates which are adjusted for inflation over the 5-year sampling period in the reporting year (e.g., for ACS 2011-15 to 2015\$).

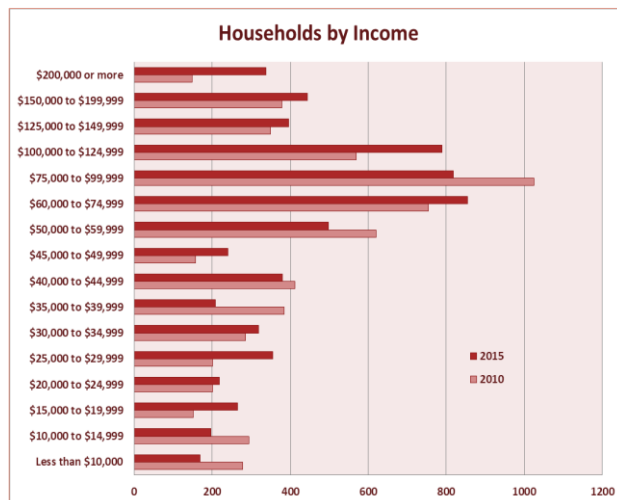
2015 ACS estimates indicate that Colchester's median household income of **\$67,803** is still higher than that of the county and state, but given margins of error, is not statistically different than that reported in 2010. Household incomes, however, continue to vary significantly by the source of income, and by household size.

| Median Household Income |                 |                 |
|-------------------------|-----------------|-----------------|
|                         | 2010            | 2015            |
| <b>Colchester</b>       | <b>\$62,399</b> | <b>\$67,803</b> |
| Chittenden Co           | \$59,878        | \$65,350        |
| Vermont                 | \$51,841        | \$55,176        |
| % County                | 104.2           | 103.8           |
| % State                 | 120.4           | 122.9           |

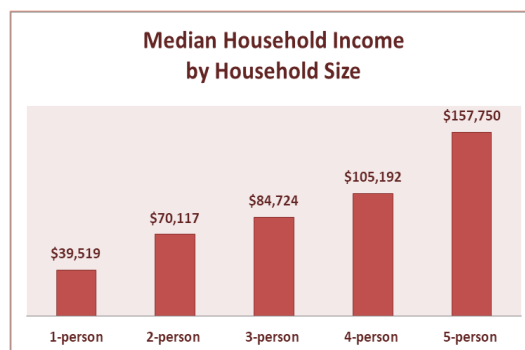
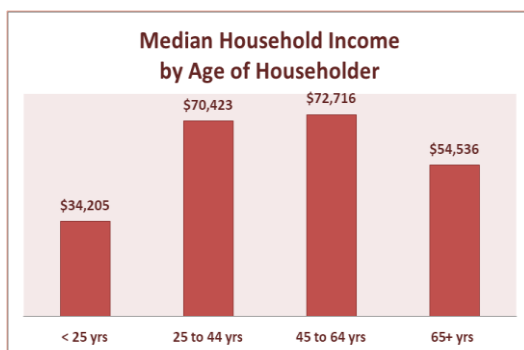
Source: ACS 5-yr Estimates (in 2010\$, 2015\$).

Nearly 90% of households surveyed between 2011 and 2015 reported some earnings, including wage or salary income, averaging \$75,150 per household (in 2015 dollars). ACS estimates also indicate however that:

- 24% of households received Social Security benefits (up from 20% in 2010), averaging \$20,130 per household;
- 16% of households reported retirement income, averaging \$22,776 per household,
- 6% of local households received supplemental security income, averaging only \$12,499 per household,
- 5% of households received public cash assistance, averaging \$2,211 per household, and 11% received food assistance.



The estimated median income reported in 2015 for renter households (\$41,806), was roughly half that of homeowner households (\$82,586). Household incomes also varied significantly by household size, and householder age. 2015 ACS estimates of income by household size are not available for Colchester. The following charts are based on more recently published 2012-16 ACS estimates, which don't differ significantly from previously reported estimates during the 5-year sampling period.



These income levels clearly indicate that smaller households – including many households with only one wage earner, younger households just entering the housing market, and senior households on fixed incomes – may find it difficult to obtain housing, or to remain in their homes when faced with rising housing costs.

The Vermont Tax Department annually publishes substitutes for family income by town based on tax return data (adjusted gross income per return). Colchester's median family income, as reported for 2015, was \$84,270 – very close to the 2015 ACS estimated median family income of \$82,769. This was slightly less than that reported for the county, but much higher than the statewide median. Colchester's reported median income increased by 30% between 2005 and 2015 – or 8%, when adjusted for inflation. The reported income for half of Colchester families, estimated from tax returns, showed no significant increase. The greatest gains were in higher income groups, including those earning \$100,000 or more (consistent with ACS reported incomes shown on the preceding page).

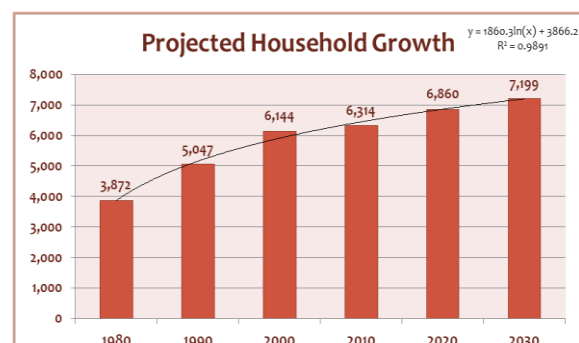
| Family Income Estimates                       |          |          |          |          |
|---|----------|----------|----------|----------|
| Median Adjusted Gross Income (AGI) per Return |          |          |          |          |
|   | 2000     | 2005     | 2010     | 2015     |
| <b>Colchester</b>                             | \$57,669 | \$64,994 | \$73,165 | \$84,270 |
| <b>Chittenden Co</b>                          | \$59,460 | \$67,117 | \$75,139 | \$87,946 |
| <b>Vermont</b>                                | \$46,113 | \$52,682 | \$57,665 | \$66,953 |
| Source: VT Dept. of Taxes                     |          |          |          |          |

Most housing programs rely on federal Department of Housing and Urban Development (HUD) estimates of family income published annually for the Burlington-South Burlington MSA, which includes Colchester. The HUD MSA median income for a family of four in 2010 was \$73,800 – essentially the same as the state's median adjusted gross income for Colchester. By 2015 the HUD median had increased to \$81,900 – slightly less than the family median for Colchester, as reported by the state. For federally subsidized housing programs, HUD limits are adjusted based on defined income levels, as a percentage of the median, and the number of people in a family. Given these limits, in 2015 over half of the town's one-person households would have qualified as low income households.

| HUD 2015 Income Limits  |                   |          |          |          |          |
|---|-------------------|----------|----------|----------|----------|
|   | Persons in Family |          |          |          |          |
|   | 1                 | 2        | 3        | 4        | 5        |
| <b>Median: \$81,900*</b>  |                   |          |          |          |          |
| <b>Low (80%)</b>  | \$45,850          | \$52,400 | \$58,950 | \$65,500 | \$70,750 |
| <b>Very Low (50%)</b>   | \$28,700          | \$32,800 | \$36,900 | \$40,950 | \$44,250 |
| <b>Extremely Low (**)</b>   | \$17,200          | \$19,650 | \$22,100 | \$24,500 | \$28,410 |
| *Median Income for a family of four. **Until 2014 generally defined as 30% of median; now separately defined in relation to Section 8 program limits or federal poverty guidelines. |                   |          |          |          |          |

## HOUSEHOLD PROJECTIONS

As projected in 2012 from census data (based on a declining growth rate), if household formation and growth continues as it has over the past four decades, the town could expect an additional 800 to 900 households by 2030 – an average of around 40 to 50 new households per year.



This is lower than some more recent household projections for the town, presented below. Household projections based on ACCD's cohort-based population projections (2013) – assuming that the current average household size remains constant – are even lower.

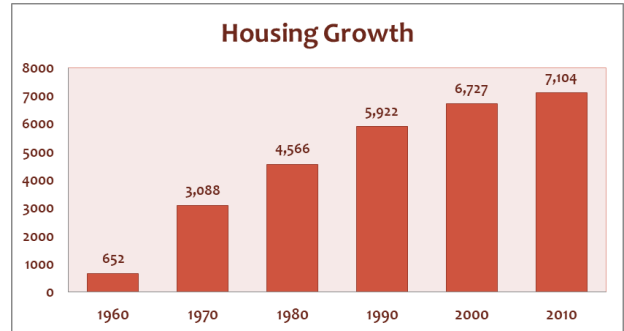
The Chittenden County Regional Planning Commission's household forecast (RSG/EPR 2017) developed for use in regional planning matches the 2015 ACS estimate of 6,495 households in town. According to this forecast, which incorporates anticipated declines in average household size, the town should plan for another 700 households through 2030 – averaging between 40 and 50 new households per year. This is consistent with the previous (2012) census-based projection that tracked declining household growth rates.

| Comparison: Household Projections   |        |                      |       |       |       |
|---|--------|----------------------|-------|-------|-------|
|   | Census | Projected Households |       |       |       |
|   | 2010   | 2015                 | 2020  | 2025  | 2030  |
| Linear (2012)   | 6,314  | 7,029                | 7,450 | 7,817 | 8,292 |
| Logarithmic (2012)  | 6,314  | ---                  | 6,860 | ---   | 7,199 |
| VT ACCD (2013)*   |        |                      |       |       |       |
| Low (2000s in-migration rate)   | 6,314  | ---                  | 6,534 | ---   | 6,448 |
| High (1990s in-migration rate)  | 6,314  | ---                  | 6,692 | ---   | 6,798 |
| VDHCD/Bowen/ESRI (2014)**   | 6,314  | 6,567                | 6,808 | ---   | ---   |
| Greenplay/ESRI (2016)   | 6,314  | 7,495                | 7,809 | ---   | ---   |
| Allen, Brooks & Minor/ESRI (2017)***  | 6,314  | 6,659                | 6,928 | ---   | ---   |
| CCRPC/RSG/EPR (2017)  | 6,314  | 6,495                | 6,654 | 6,919 | 7,208 |
| * Assumes group quarters population (-10% total) and 2015 average household size (2.37) remain constant.<br>**Assumes Colchester's estimated 2015 share of county households (10.2%) remains constant.<br>***As estimated for 2016, projected through 2021 (June 2017). |        |                      |       |       |       |

# HOUSING TRENDS

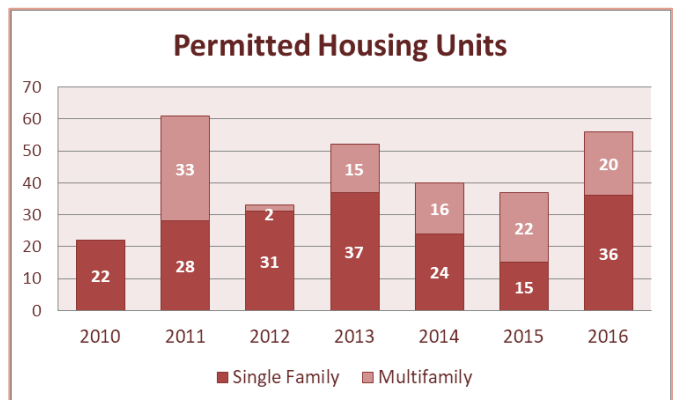
## HOUSING DEVELOPMENT

Colchester underwent a period of rapid housing development that began during the 1960s – then averaging nearly 250 new units per year. While the town’s housing stock has more than doubled since then, the rate of development has slowed significantly – especially since 2000. An additional 377 units were added to the town’s inventory between 2000 and 2010 – a 5.6% increase, averaging around 38 units per year. Colchester’s share of county housing growth declined from nearly 12% in the 1990s, to only 5.5% in the 2000s. As a result, the town’s share of the county’s housing inventory also declined – from 11.4% in 2000 to 10.8% in 2010 – as housing growth elsewhere outpaced local housing development. Colchester, however, continued to rank third in total housing, behind Burlington and Essex.



According to the US Census, by 2010 there were **7,104** housing units in town. Given that in 2012, 8,113 “living units” were identified from Colchester’s tax list – which also included accessory dwelling units and housing associated with commercial properties – it was then suggested that the 2010 census may have undercounted the number of dwelling units in town. As reported in 2015, there were an estimated **7,204** ( $\pm 265$ ) housing units in Colchester, representing 10.7% of the county’s total housing stock (ACS 2011-15). A recent review of the town’s grand list indicates that there are currently **8,101** living units in town (7,390 less “special housing”) – again including accessory and other living units that may not show up in federal census counts or annual estimates.

Permit data confirm a slowdown in housing development, especially during the height of the recession. During the previous decade the town, on average, permitted 56 units per year (down from 88 per year in the 1990s). Since 2010, the town has issued permits for an average of 43 units per year (28 per year for single family) – representing 7.5% of the county total. The relative mix of single and multifamily units varies from year to year as multifamily housing projects come on line.



## HOUSING CHARACTERISTICS

**Occupancy Status.** Of the total housing units identified at the time the 2010 Census was taken, 63% were owner-occupied, 25% were renter-occupied, and the remaining 11% were vacant. In 2015, the relative share of owner-occupied units remained the same (63%), while the percentage of renter-occupied units increased slightly (to 26%), given the estimated increase in the number of rental units in town. According to more recent (2015) ACS estimates it appears that the number of vacant units in town – and associated vacancy rates – have declined since the 2010 census (to around 10% of the total).

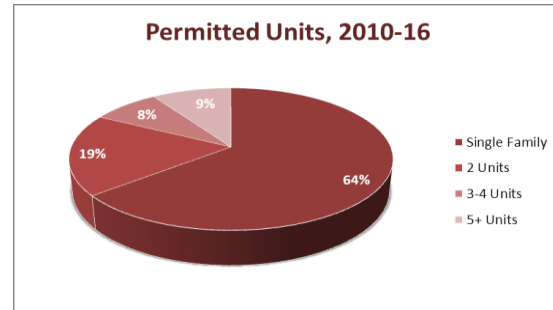
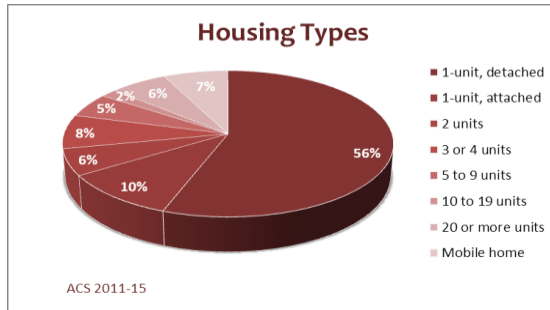
| Changes in Occupancy                                       |                |               |       |         |      |
|--|----------------|---------------|-------|---------|------|
|  | Census<br>2010 | ACS Estimates |       | 2010-15 |      |
|  |                | 2010          | 2015  | (#)     | (%)  |
| Total Units  | 7,104          | 6,720         | 7,204 | 484     | 7.2  |
| Occupied Units   | 6,314          | 6,212         | 6,495 | 283     | 4.6  |
| Owner-occupied   | 4,509          | 4,524         | 4,568 | 44      | 1.0  |
| Renter-occupied  | 1,805          | 1,688         | 1,909 | 221     | 13.1 |
| Vacant Units   | 790            | 508           | 709   | 207     | 39.6 |
| Seasonal   | 521            | 325           | 401   | 76      | 23.4 |
| Owner Vacancy Rate   | 2.1%           | 0.0%          | 2.0%  |         |      |
| Rental Vacancy Rate  | 6.9%           | 7.5%          | 4.8%  |         |      |
| Source: US Census (2010); ACS Estimates (2006-10, 2011-15) |                |               |       |         |      |

Vacant units include camps and vacation or second homes intended for seasonal use which, per 2015 ACS estimates, appear to have declined in number since 2010, despite the estimated increase based on 2010 sample data. In 2010, seasonal units comprised 7% of the local housing stock – the same as in 2000. As reported in 2015, seasonal units made up less than 6% of the total.

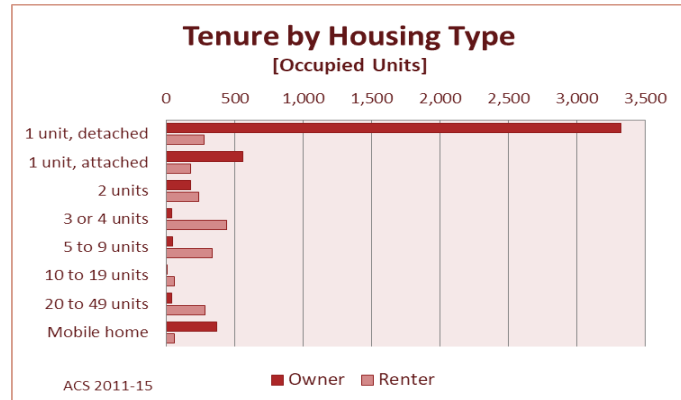
As a lakeshore community, Colchester traditionally has had a relatively high percentage of seasonal units, but their share of local housing has continued to decline over the years, largely through conversion to year-round use. This trend has continued – since 2012 the town has issued permits for the conversion of another 11 units, as well as permits for the demolition of several seasonal camps. Colchester no longer allows new units that are constructed only for seasonal occupancy, and has not permitted any new seasonal dwellings in the last decade. According to local grand list information, there are currently 322 seasonal units remaining town, representing 5.4% of the total.

At the time the 2010 census was taken, there were reportedly 221 vacant units in town for sale or rent (up from 57 in 2000) – representing 15.9% of the county total. As reported in 2015, there were an estimated 190 vacant units for sale or rent (over the five year sample period) – but due to the small sample size, these ACS estimates, especially with regard vacancy rates, are not reliable. Reported vacancy rates however, especially for homebuyers (2.0%), are consistent with a very tight regional housing market.

**Housing Types.** Detached single family homes continued to make up the majority of housing in town – an estimated 56% of all housing in 2015 (ACS 2011-15), which is higher than more recently identified from town assessor data (52.2%). Since 2000, however, there has been a noticeable increase in the number of multi-family units permitted annually – in some years exceeding the number of permitted single family dwellings – particularly within Colchester’s designated growth center. This is also consistent with regional housing market trends, which currently favor multiunit construction.



Housing tenure varies with housing type, household size and by the age of the householder. Rental units, including multi-family units, are more likely to be occupied by smaller and younger households. Single family dwellings and mobile homes are mostly occupied by homeowners.



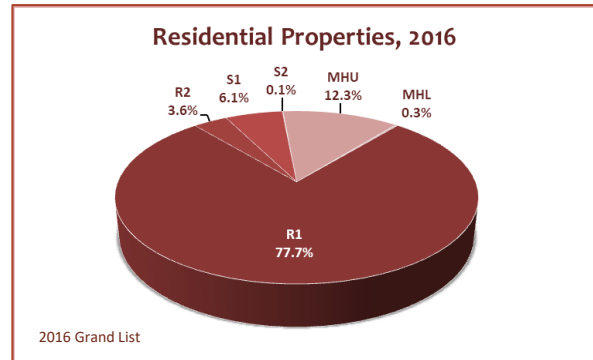
**Condition.** There is very little survey information regarding the condition of Colchester’s housing stock. American Community Survey estimates give some indication of relative age, whether the units contain all plumbing (bathroom) and kitchen fixtures, and whether they house more than one occupant per room – a measure of overcrowding. It appears that by these measures, Colchester’s housing stock is in good condition. 2015 ACS estimates, which again are not very reliable given high margins of error, suggest that less than one percent of all housing units in town lack complete kitchen or plumbing facilities; and less than two percent of occupied units are overcrowded.

In 2010, the median age of all housing units in town was estimated at 32 years; by 2015 this had increased to 36 years. This is generally consistent with local assessor data indicating that in 2017 the average age of the town’s housing stock was 39 years. At least half of the town’s housing was built prior to 1978 – the year lead paint was banned. These homes also predate the town’s building codes and as such, may be in need of lead paint remediation, rehabilitation and update. In 2015, an estimated 6,000 homes in town (more than 80%) were built prior to 1998, when the state’s residential building energy codes went into effect, and may be in need of weatherization and other energy efficiency improvements. Roughly 2,200 homes in Colchester that were built prior to 1960 could now be considered historic, if their historic integrity has been maintained over the years.

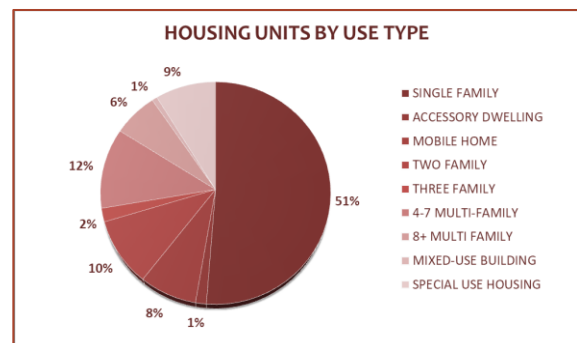


## LOCAL HOUSING INFORMATION

In 2011 there were 5,770 residential properties included on Colchester's grand list, representing 88% of all listed properties in town. This does not include individual condo, apartment or other living units, which are separately categorized for tax purposes (see below). As of 2016, there were 5,990 listed properties – an increase of 220 or 3.8% – which again accounted for 88% of all listed properties. Year-round residences (R1, R2) continue to make up the majority (81%) of residential properties in town. Mobile homes – mostly “unlanded” mobile homes (MHU) on leased lots in local mobile home parks – account for another 13%. Seasonal properties (S1, S2) continue to make up around 6% of all residential holdings – again a relatively small percentage for a lakeshore community. Residential properties account for 75% of the total listed value of property in town.



Colchester's Assessors Department maintains a wealth of data on each property that, with some additional extraction and analysis (beyond the scope of this analysis), could prove to be very useful in documenting local housing conditions. The 2012 update incorporated initial housing and rental rate information compiled by staff, following a town-wide property reappraisal in 2011. Since then, how information is coded and tracked has changed, in response to changes in state tax law and software upgrades. As a result, information provided by the town in 2017, gleaned from an initial analysis of more recent assessor information, is not directly comparable to that highlighted in 2012.



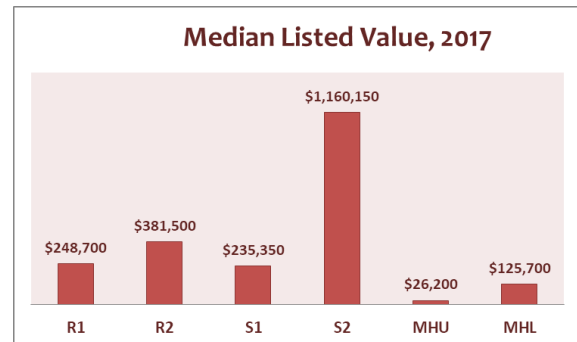
Colchester's housing stock includes a variety of housing types. A total of **8,101** residential dwelling units were identified in 2017 from local assessor data, including:

- 4,150 single family dwellings, including 287 single family residences on leased land, and 86 on shared lots (with more than one dwelling);
- 120 accessory dwellings to single family dwellings;
- 636 mobile homes, including 613 on leased lots, and 23 on separate properties;
- 792 duplex units in 396 buildings;
- 150 triplex units in 53 buildings;
- 941 units in 201 smaller (4-7 unit) multiunit buildings (averaging 4 units/building);
- 524 units in 24 larger (8+ unit) multiunit buildings (averaging 22 units/building);
- 62 units in 19 mixed use buildings; and



- 711 units (9.0% of total) of “special use” housing – including student housing, age-restricted housing, long-term care, and “functionally-dependent” housing associated with nonresidential properties (e.g., rectories, caretaker apartments, etc.).

The median listed value of year-round residential properties (R1, R2) in 2017 was \$251,700 and for seasonal (S1, S2) properties \$237,950 – slightly lower than the 2015 ACS estimated median of \$262,400 ( $\pm$ \$7,895) – but again, this does not apply to the value of individual housing units, including condo units. As expected, the median listed value of mobile homes – in particular homes on leased lots – was much less (\$26,200) than for other residential properties.



As determined from assessor data, the condition of the local housing – based on a scale of 1 (lowest quality) to 14 (highest quality) – averaged a rating of 3.5, likely reflecting the fact that the majority of housing in town is more than 30 years old. The average reported year of construction for all housing units in town was 1976, consistent with other available estimates. Permit data, however, confirm that local homeowners are opting to renovate and add on to their existing homes, rather than buying up – from July 2011 through June 2017 the town issued 711 permits for residential alterations (averaging 119 per year), but only 186 permits for new single family construction. This is consistent with regional trends, attributed to a very tight housing market. Because housing is currently in such short supply, it’s more affordable to upgrade in place, thereby improving the town’s existing housing stock.

## AFFORDABLE HOUSING STOCK

**Mobile Home Parks.** Colchester has five well-established mobile home parks in town. In 2016, Colchester’s parks included 601 leased mobile home sites (down from 609 in 2012), representing 33% of the county total (VT DHCD 2016). At the time local parks were surveyed, only seven lots (1%) were available for rent. Park rents have increased on average by 7.5% since 2012. Rents vary by park, but the median monthly rent (\$416) was slightly higher than rents reported for the county (\$385) and state (\$325).

Mobile home parks are viewed by the town and state as a form of affordable homeownership, especially for lower income households. The potential sale of local parks and loss of mobile home sites remain a concern. Given the age of many parks, the lack of new park

| Colchester Mobile Home Parks, 2016 |        |       |              |              |              |
|------------------------------------|--------|-------|--------------|--------------|--------------|
|                                    | Estab. | Rent  | Lots         | Leased       | Available    |
| <b>Breezy Acres</b>                | 1962   | \$416 | 191          | 186          | 0            |
| <b>Hillcrest</b>                   | 1965   | \$426 | 44           | 44           | 0            |
| <b>Westbury Park</b>               | 1972   | \$435 | 250          | 247          | 0            |
| <b>Windemere Estates</b>           | ---    | \$396 | 83           | 76           | 7            |
| <b>Woodland Shores</b>             | 1952   | \$382 | 56           | 48           | 0            |
| <b>Total</b>                       |        |       | <b>624</b>   | <b>601</b>   | <b>7</b>     |
| County (24 Parks)                  |        |       | 1850         | 1799         | 26           |
| <b>% County</b>                    |        |       | <b>33.7%</b> | <b>33.4%</b> | <b>10.0%</b> |

Source: VT DHCD, 2016 Mobile Home Registry

development, and limited vacancy rates statewide, retaining and improving existing parks are matters of local and state policy. Legislation passed in 2012 facilitates cooperative purchase, ownership and management of parks by park residents, in the event that privately owned parks come up for sale.

Windemere Estates Mobile Home Park on Johnson Avenue – home to around 80 families and 200 residents – is one of the state’s oldest parks. Originally developed in the 1940s, it expanded to its current size in the 1970s, and is now owned by the nonprofit Housing Foundation Inc., under the management of the Vermont State Housing Authority. Much needed water and wastewater system upgrades were installed in 2014, including new mains and fire hydrants throughout the park. Park roads were also regraded and paved. This project received state funding and support from the town consistent with the goal to preserve and stabilize the existing stock of affordable housing.

The Vermont Housing Conservation Board, in collaboration with Efficiency Vermont and others, has also investigated more energy-efficient, affordable, and permanent alternatives to standard mobile homes – including the “Vermod,” a type of high performance mobile home (HP Mobile Home) manufactured in Vermont. A subsequent (2014) market analysis estimated that a HP mobile home on a leased lot would require an income of \$55,000 or more (or \$81,000+ within the MSA, if land was included) making these homes unaffordable for most park residents, without heavy subsidies.<sup>7</sup> Current state housing strategies continue to emphasize preserving and improving existing parks.

**Rental Housing.** With the addition of Brookside Village in 2010, Colchester has eight perpetually affordable rental properties, which provide 356 units of rental housing to low income and elderly households, most of which are subject to household income limits. No additional affordable housing has been developed in town since, and there currently are no projects in the works.

| Affordable Rental Housing |       |       |          |    |     |    |   |    |          |         |
|---------------------------|-------|-------|----------|----|-----|----|---|----|----------|---------|
| Property                  | Estab | Units | Bedrooms |    |     |    |   |    | Features |         |
|                           |       |       | 0        | 1  | 2   | 3  | 4 | 5+ | Disabled | Elderly |
| 309 Ethan Allen Apts      | 1991  | 23    | 0        | 10 | 13  | 0  | 0 | 0  | 0        | 0       |
| Arbor Gardens I           | 2002  | 37    | 0        | 13 | 22  | 2  | 0 | 0  | 0        | 0       |
| CARES Housing             | 1997  | 11    | 0        | 9  | 2   | 0  | 0 | 0  | 0        | 0       |
| Ethan Allen Apts          | 1998  | 32    | 0        | 17 | 9   | 6  | 0 | 0  | 0        | 0       |
| Holy Cross Sr Housing     | 1997  | 40    | 0        | 36 | 4   | 0  | 0 | 0  | 0        | 40      |
| Point School Apts         | 1981  | 5     | 0        | 0  | 0   | 5  | 0 | 0  | 0        | 0       |
| Winchester Place          | 1989  | 166   | 0        | 0  | 158 | 8  | 0 | 0  | 0        | 0       |
| Brookside Village         | 2010  | 42    | 0        | 8  | 31  | 3  | 0 | 0  | 4        | 0       |
| Total                     |       | 356   | 0        | 93 | 239 | 24 | 0 | 0  | 4        | 40      |

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<sup>7</sup> “Market Potential for High Performance Homes in Vermont,” High Meadows Fund, Efficiency Vermont and the High Performance Home Working Group (November 2014).

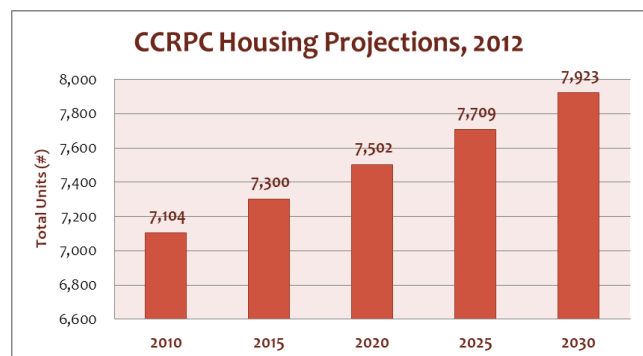
Property managers interviewed in the summer of 2017 reported no available vacancies at any of the listed properties – affordable units remain in short supply in relation to current demand. Reported demand was especially high for one-bedroom units; a lack of 3-bedroom units needed to house families was also noted. For those with waiting lists (Holy Cross, Point School) the lists were long—in the case of Point School, years. Arbor Gardens maintains an open waiting list – with a wait time of around 3 to 6 months – but it was noted that wait times may vary greatly, especially in relation to income eligibility requirements. Managing properties under program income limits – which vary by project funding source – has become increasingly complex over the years. Not all managed units (which include some market rate units) meet the definition of “affordable” – some are income-restricted; for others rents are adjusted annually based on changes in reported income.

**Shared Equity Housing.** The Champlain Housing Trust’s inventory of shared equity housing in Colchester increased from 18 units in 2012 to 58 units in 2017 – including the conversion of 18 rental units at Coolidge Court into owner units – and currently consists of 10 single family homes and 48 condos (CHT 2017). Under their shared equity homeownership program, CHT maintains ownership of a lot, under a lease agreement with the homeowner, and an interest in a house or condo upon resale, in order to maintain affordability for subsequent buyers. The program includes income eligibility requirements, supporting low to moderate income homebuyers. In August 2017, there were only three units in town available for sale. The CHT “investment” in each reduced the sale price by \$50,000 to \$55,000.

**FHA-Approved Condos.** In order to qualify for a federally-backed mortgage to purchase a condo unit (e.g., through the Vermont Housing Finance Agency), the project or association must be approved by the Federal Housing Administration. Of the 22 condo projects in town listed on FHA’s website, 4 were rejected, 17 were approved but have since expired (including Severance Corners), and the one still in effect (Dalton Drive), which is scheduled to expire in 2018. There is no direct FHA notification process for pending expirations – as a result, many associations may not be aware that their FHA approval (often acquired initially by the project developer) has expired. In recent years the FHA has eased some of its financial, application and reporting requirements in an effort to make the approval process easier for local associations to manage.

## HOUSING PROJECTIONS

The Chittenden County Regional Planning Commission has not issued updated housing projections for use in local planning since 2012. As then projected (based on a compounded average annual growth rate of 0.55%), the number of housing units in town was expected to reach 7,500 by 2020 – representing an **additional 40 units per year**.



This is consistent with the number of new units permitted annually (43/year) since 2010; and the 2015 ACS estimate of 7,204 units ( $\pm 265$ ). More recently developed forecasts for use in regional planning address only the noted increase in local households – from 6,495 in 2015 to 7,200 by 2030 (RSG/EPI 2017). Assuming no change in the number of vacant units in town (around 700), 2012 housing projections are also consistent with this forecast. Available ESRI housing projections for Colchester through 2020/21 range from 6,928 units (Allen, Brooks, Minor 2017) to 7,809 units (Greenplay 2016), framing the 2012 projection of 7,500 units.

All available forecasts and projections reflect the slowing pace of regional housing development over the past decade. They don't, however, address identified housing needs. The current "Chittenden County Housing Needs Assessment" prepared for the VT Department of Housing and Community Development by Bowen National Research (2014) identified the need for an additional 2,971 units in the county through 2020 – 52% rental, 48% owner, and 46% affordable to low-income households – to accommodate new households and to replace existing, substandard units. Colchester's relative share, based on the town's current share of the county's housing stock (10.7%), would number around 320 units or 64 units a year) – an additional 21 units per year over the number currently being permitted locally. According to this assessment, the gap in rental housing is broad, across all income levels, while the housing gap among homeowners is greatest for those within 80% and 120% of the area's median household income – generally considered moderate income or "workforce" housing.

The 2016 Chittenden County "Building Homes Together" campaign has set a target of an additional 3,500 units in the county by 2021 – translating to 700 new homes per year, of which 140 (2%) are intended to be affordable. For Colchester, this translates to around 75 new units per year, including 15 units of affordable housing – again significantly more than the number of units permitted annually in recent years.

## HOUSING AFFORDABILITY

The standard definition of "affordable" housing is housing for which associated costs do not exceed more than 30% of a household's annual income. Households who pay more than 30% of their income in housing costs are considered cost-burdened. According to ACS estimates (2011-15), under this definition, local housing is not affordable for:

- 30% of homeowners with a mortgage,
- 20% of homeowners without a mortgage (statistically less reliable), and
- 49% of renter households.

Under the Vermont Planning and Development Act (24 VSA Ch. 117), "affordable housing" was redefined in 2017, for purposes of planning and development regulation, to include:

- Owner-occupied housing for which total housing costs (principal, interests, taxes, insurance, condo fees) do not exceed 30% of the gross annual income of a household earning up to 120%

of the median family income for the Burlington-South Burlington MSA, as determined by HUD each year; and

- Rental housing for which total housing costs (rent, utilities, association fees) do not exceed 30% of the gross annual income of a household earning up to 80% of the HUD MSA median income. .

As revised, the income limit for homeowners (and homebuyers) was increased from 80% of the median to 120%, in recognition that housing statewide – and especially in Chittenden County – is becoming increasingly unaffordable for more moderate income households.

New definitions of housing affordability – such as the “H+T Affordability Index” developed by the Center for Neighborhood Technology (<https://htaindex.cnt.org/map/>) – also consider the cost of commuting to work, with the intent of focusing on “affordable living” rather than “affordable housing.” In this context housing is not affordable if housing and transportation costs combined exceed 45% of household income. H+T estimates of affordability are available for Colchester by census block group. Household housing and transportation costs in Colchester (based on 2015 ACS estimates) averaged 49% – suggesting that, by these measures, housing in most areas of town is not really affordable.

**Home Ownership.** In 2016 the HUD median income for a family of four in the MSA was \$84,000 – enough to afford a home valued at \$289,500 (using VHFA’s mortgage calculator).<sup>8</sup> Based on this median, “affordable housing” under the new definition, is housing that is priced less than \$350,000. It appears that the relative affordability of the local housing stock has increased since 2011. Around 70% of all residential properties in town are affordable at the HUD median income level for the MSA, based on their assessed value; while 83% are affordable to moderate income families, as more recently defined. Under these income limits, however, less than half of the local housing stock is affordable to low income (80% median), single and two-person households. Generally only mobile homes on leased land are affordable to very low income households, emphasizing the importance of this type of housing.

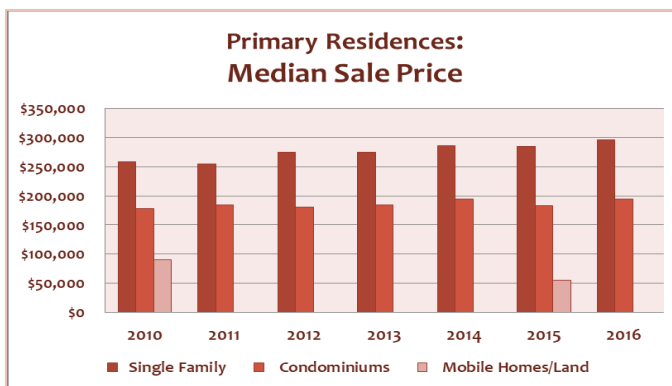
| Local Housing Affordability |                   |           |                  |           |                     |      |
|-----------------------------|-------------------|-----------|------------------|-----------|---------------------|------|
|                             | HUD Incomes (MSA) |           | Affordable Price |           | % Listed Properties |      |
|                             | 2011              | 2016      | 2011             | 2016      | 2011                | 2016 |
| Median Family (4-person)    | \$75,500          | \$84,000  | \$254,000        | \$289,500 | 59.2                | 69.7 |
| Moderate (120%)             | \$90,840          | \$100,800 | \$305,000        | \$347,500 | 75.0                | 83.0 |
| Low (80%)                   | \$60,550          | \$65,700  | \$202,500        | \$226,000 | 32.5                | 42.8 |
| Very Low (50%)              | \$37,850          | \$42,000  | \$126,000        | \$143,500 | 12.9                | 16.8 |
| 1-person (70% MFI)          | \$52,990          | \$58,800  | \$176,500        | \$202,000 | 22.3                | 32.7 |
| 2-person (80% MFI)          | \$60,560          | \$67,200  | \$202,500        | \$231,000 | 32.5                | 45.5 |

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<sup>8</sup> VHFA Assumptions: 5% down payment; average interest rates, property taxes, insurance premiums and closing costs; no more than 30% of household income spent on housing expenses.

Recent sales data indicate that single family dwellings are becoming less affordable for smaller and lower income households. Condos, which in 2016 represented 31% of the 254 primary residences sold in town, generally offer a more affordable option for home ownership – especially for first-time homebuyers. Local condo sales, however, have stagnated in recent years – which may be due in part to availability or a lack of affordable financing options.

The median sale price of single family dwellings which, as reported in 2012, stabilized during and immediately following the 2008 housing recession, is once again trending upward, in 2016 approaching \$300,000 – the middle of the “sweet spot” for sales in the current housing market which, according to local realtors ranges from \$200,000 to \$400,000. For homes valued at less than \$400,000 it remains a seller’s market, reflecting the limited available



Source: VT Housing Data; VT Tax Department

inventory of homes in this range. The tight regional market continues to affect local housing prices – in August 2017 there were 67 single family homes in town on the market, with a median asking price of \$394,900. These prices reflect in part the increasing scarcity and rising cost of land for residential development locally and region wide. In August, there were 24 building lots for sale in town, at a median price of \$175,000 (\$164,104 per acre). Most single family development in recent years has consisted of smaller infill projects permitted under the town’s planned unit development provisions.

Most local market-rate housing is no longer affordable for households with only one wage earner. The average annual wage paid by Colchester employers in 2016, as reported by the Vermont Department of Labor, was \$50,299 – enough to purchase a home valued at \$172,500 – representing 23% of locally listed residential properties, including mobile homes in mobile home parks. Many occupations – including retail, health care, and other support services pay much less in annual wages, putting homeownership out of reach many two-income families.

| 2016 Rents & Housing Wages |         |         |          |
|----------------------------|---------|---------|----------|
|                            | 2016    | Wage    |          |
|                            |         | Hourly  | Annual   |
| HUD FM Rent (MSA)          |         |         |          |
| 1-bedroom                  | \$1,038 | \$19.96 | \$41,520 |
| 2-bedroom                  | \$1,356 | \$26.08 | \$54,240 |
| 3-bedroom                  | \$1,796 | \$34.54 | \$71,840 |
| 4-bedroom                  | \$1,988 | \$38.23 | \$79,520 |
| Allen and Brooks (County)  |         |         |          |
| 1-bedroom                  | \$1,033 | \$19.87 | \$41,320 |
| 2-bedroom                  | \$1,281 | \$24.63 | \$51,240 |
| 3-bedroom                  | \$1,885 | \$36.25 | \$75,400 |

**Rental Housing.** Around 1,800 rental units were identified in town during in the town’s 2011 reappraisal; at the time local rents were slightly less than HUD’s reported 2011 fair market rents for the MSA, and average rents reported for Chittenden County by Allen and Brooks (December 2011).

Updated information regarding local rental rates is not available, but according to the 2016 Allen and Brooks survey, rents in the county have increased by 2.7% annually since 2011, but are expected to stabilize, given the number of units available.

Rental affordability is typically defined in terms of a “housing wage” – the hourly rate or wage required to afford a typical 2-bedroom apartment, with rent and associated housing costs representing no more than 30% of household income. For a 2-bedroom unit in Colchester, the 2016 housing wage, based on HUD fair market rents, was \$26.08/hour (\$54,240/year); or slightly less – \$24.63/ hour (\$51,240/year) – based on average county rental rates. Someone earning the average wage paid by Colchester employers in 2016 could likely afford a two-bedroom apartment; however someone earning the minimum wage of \$9.60 per hour, would have to work 83 hours a week to afford a one-bedroom apartment.

## SUMMARY

Since 2012 it appears from available estimates and local information that:

- The town’s population is continuing to age, with noticeable increases in the senior (65+) population, as anticipated. This group includes those who plan to age in place, as well as those who, similar to empty nesters, are downsizing to higher-end condos and apartments that offer more maintenance free housing options.
- Millennials are beginning to enter the local housing market and start families – though locally this age group has not increased significantly in recent years.
- According to ACS estimates, there has been a noticeable increase in the town’s renter population in recent years.
- Household sizes continue to shrink, with an increase in the number of two-person households in town (based on ACS estimates).
- The number of housing units permitted locally since 2012 (43/year) is consistent with previously projected rates of housing growth through 2030, and more recent household forecasts.
- The current rate of housing development, however, may not be sufficient to meet the town’s share of identified regional housing needs – which in the near-term would require an additional 20+ units per year.
- The condition of the local housing stock reflects its age – the majority of homes are more than 30 years old, and predate both local building codes and state energy codes.
- That said, because of the tight housing market, many homeowners are renovating their current homes, rather than buying up, as confirmed by local permit data – improving both the condition and value of the local housing stock.
- The number of affordable housing units in town has not changed since 2012; while the number of sites available for lease in local mobile home park sites has decreased slightly.

- Housing in town is generally affordable for most current residents, but not for many renters or first-time homebuyers. Based on ACS 2015 estimates, around 30% of local homeowners with mortgages, and 49% of renter households were considered “cost-burdened”
- Housing locally and region wide is becoming increasingly unaffordable for moderate income households (earning up to 120% of the area’s median income). Housing priced at this level (>\$350,000) is currently in very short supply.

Based on current demographic and housing market trends, Colchester should continue in its planning for housing to accommodate, maintain and support:

- Around 40 new housing units per year through 2030, based on available population and household forecasts – and up to an additional 20 units per year in the near-term to meet the local share of regional housing needs.
- Higher density, multi-family housing development, especially within the town’s designated growth center, and near transit and centers of employment, to include more affordable multifamily units for smaller households including renters, first-time homebuyers and empty nesters.
- Its current stock of moderate income, workforce housing, including smaller single family starter homes.
- Condominium projects that are HUD-approved for FHA-backed mortgages; to include outreach and assistance to condo associations to acquire or maintain required approvals.
- The construction of additional affordable housing in town, in collaboration with local housing providers.
- Its mobile home parks, and park housing, as a much needed form of affordable housing.
- Additional senior housing that offers more housing options for active seniors within the community – as well as more services and facilities that support aging in place.
- Housing that incorporates elements of universal design for occupancy during all stages of life and at all ability levels – particularly for residents that want to age in place.
- More energy efficient housing, including new construction, retrofits and weatherization programs to reduce household energy costs.

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**Special thanks to the following town staff for assistance in compiling local information referenced in this update:**

|                  |  |
|------------------|--|
| Sarah Hadd, AICP | Director of Planning and Zoning            |
| Jacob Hemmerick  | Consultant, Planning and Zoning Department |
| Robert Vickery   | Colchester Assessor                        |
| Traci Poquette   | Property/Tax Specialist                    |



Sharon Murray AICP  
 Front Porch Community Planning & Design  
 3249 Duxbury Road, Waterbury, VT  
 802-434-4118 | [frontporch@gmavt.net](mailto:frontporch@gmavt.net)