

# Promoting the development of housing near jobs and economies of scale

Ideas for Vermont based on research  
and experience

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April 11, 2024

# Personal background

Selected Work History	Years
Principal Associate, Housing and Asset Building, <b>Abt Global</b> (formerly Abt Associates), telecommuter	2013-2024
Executive Director, <b>Center for Housing Policy</b> , Washington, DC	2006-2013
Director, Policy Development Division, Office of Policy Development & Research, <b>US Department of Housing and Urban Development</b> , Washington, DC	2000-2003

- Vermont resident for about 16 years (Norwich and Weybridge)
- Active as a volunteer in local government
- The views I express today are my personal views and not those of my employer, Abt Global, or of the Norwich Affordable Housing Subcommittee, Homes for Norwich or any other organization

# Selected publications (incl. co-authored)

1. [LocalHousingSolutions.org](https://LocalHousingSolutions.org) – a guide to local housing policy
2. Using offsite construction to achieve [economies of scale](#) in entry-level homes (Bipartisan Policy Center, 2022)
3. Using [Homeownership](#) to Advance Economic Well-Being and Health Equity in Low-Income Communities and Communities of Color (Abt Associates, 2022)
4. [Through the Roof](#): What Communities Can Do about the High Cost of Rental Housing in America. (Lincoln Institute of Land Policy, 2021).
5. Variation in [development costs](#) for LIHTC projects (National Council of State Housing Agencies, 2018)
6. Bowdler, Janis, Henry Cisneros and Jeffrey Lubell. 2017. [Building Equitable Cities: How to Drive Economic Mobility and Regional Growth](#). Washington, DC: Urban Land Institute.
7. Housing more people more effectively through a [dynamic housing policy](#) (Bipartisan Policy Center 2014)
8. Reviewing state housing policy with a [child-centered lens](#) (Center for Housing Policy, 2013)
9. Filling the Void Between Rental Housing and Homeownership: A Case for Expanding the Use of [Shared Equity Homeownership](#) (Harvard Joint Center for Housing Studies, 2013)

# What problem are we trying to solve?

- There is a significant **shortage of housing** affordable to working families in Vermont that contributes to high housing costs.
- This shortage **negatively impacts affected families** and **inhibits the economic growth** of Vermont businesses that need an adequate supply of housing to attract workers.
- Key barriers to the development of housing affordable to working families in Vermont include:
  - **Barriers to / lack of incentives for development near jobs**
  - **Inability to achieve robust economies of scale** through traditional site-built construction techniques

# Workforce Housing Zones

# Existing Vermont designation programs

- Vermont designations:
  - Village centers
  - Downtowns
  - New town centers
  - Neighborhood development areas
  - Growth centers
- Are these designation programs sufficient to promote housing near job centers and achieve the state's environmental & economic objectives?

# Workforce Housing Zones

To facilitate the development of housing near jobs, I propose a **new neighborhood designation called Workforce Housing Zones**.

These are **areas within close proximity to the largest job centers in or within close commuting distance of Vermont**.

This will help to advance three core objectives:

- **Increase housing supply and affordability** where demand is highest, near job centers.
- **Facilitate economic growth**. By expanding the supply of housing in these areas, this bill will help ensure that workers have a place to live, allowing businesses to expand.
- **Slow climate change**. By facilitating the development of housing near job centers, this bill will reduce commutes, vehicle miles traveled and the corresponding emission of greenhouse gases

# Proposed Definition

I propose to define Workforce Housing Zones as areas within:

- 6 miles of the centroid of a census tract that has 7,200 or more jobs
- 5 miles of the centroid of a census tract that has 5,000 to 7,199 jobs
- 3.5 miles of the centroid of a census tract that has 2,500 to 4,999 jobs

Census tracts can be in or near Vermont. I selected these distances to define areas within a **short commuting distance** of these job centers.

The Zones are **larger near census tracts with more jobs** to account for the correspondingly greater demand for housing in these areas.

The Zone sizes have been limited to **maximize preservation of open space**.



# Job Centers in or near Vermont

Jobs	Census Tract	County	City/Town/Village
12,449	9617.01	Grafton	Lebanon, NH
11,216	31.01	Chittenden	Williston, VT
9,842	10	Chittenden	Burlington, VT
8,399	9656	Windsor	White River Junction, VT
7,595	39	Chittenden	Burlington, VT
6,849	40.02	Chittenden	South Burlington, VT
6,494	9633	Rutland	Rutland, VT
5,967	9616.04	Grafton	Hanover, NH
5,735	9608	Addison	Middlebury, VT
5,690	22.01	Chittenden	Winooski, VT
5,276	9545	Washington	West Berlin, VT
5,120	33.04	Chittenden	South Burlington, VT
5,114	9685	Windham	Brattleboro, VT

Source: Data for all jobs in Vermont and Grafton County, NH by census tract, U.S. Census Bureau, OnTheMap Application and LEHD Origin-Destination Employment Statistics (Beginning of Quarter Employment, 2nd Quarter of 2020).

# Proposed Benefits

## 1. **Same benefits that apply to Neighborhood Development Areas** under 24 V.S.A. § 2793e.

E.g.,

- Priority consideration for state grants
- Qualified “mixed income” projects are exempt from Act 250
- Limitation on appeals of conditional use permits for residential development

## 2. **Higher thresholds under Act 250:**

- Construction: 50 units (up from 10), 10 V.S.A. § 6001(3)(A)(iv)
- Subdivision: 50 lots (up from 10), 10 V.S.A. § 6001(19)(A)(i)
- Subdivision (no zoning): 25 lots (up from 6), 10 V.S.A. § 6001(19)(A)(ii)

## 3. **Wastewater**

- Priority for existing funding
- Study of following within workforce housing zones: (a) availability of public water and wastewater systems; (b) barriers to expanding public water/wastewater systems; (c) feasibility of state-administered program for constructing public municipal water and wastewater systems; (d) innovative ways to expand septic capacity.

# Proposed Designation Procedures

- The Agency of Commerce and Community Development shall **adjust boundaries** of neighborhood designation of Workforce Housing Zone **every five years** using updated data.
- **Municipalities do not need to apply** to have areas recognized as Workforce Housing Zones.
- As part of a duly adopted Town Plan, and with the concurrence of the regional planning commission, a **municipality** that has land within a designed Workforce Housing Zone **may adjust the boundaries of the Zone to account for local circumstances** and ensure it includes the land most suitable for development within the municipality.
- The revised boundaries may not expand, and may not reduce by more than 20 percent, the amount of the municipality's land that is included within the Zone. After adjustments, all parts of the Zone must remain contiguous and reasonably proximate to the job center that prompted the Zone.

# Achieving Economies of Scale

New York Times Dec. 18, 2023

OPINION  
BINYAMIN APPELBAUM

# Why Do We Build Houses in the Same Way That We Did 125 Years Ago?



# Offsite construction as potential solution

- Off-site construction can facilitate the **economies of scale** needed to produce less expensive housing that would be affordable to working families.
  - If conducted within Vermont, off-site construction can also create **well-paying year-round jobs** that contribute to the achievement of Vermont's workforce and economic development goals.
- Off-site construction can facilitate the production of homes that are highly **energy-efficient and resistant to natural disasters**. It can also facilitate the **supply of low-cost homes needed to quickly help victims of future floods**.
- There are **multiple barriers to the establishment and scaling of off-site construction** in Vermont including the high costs of purchasing factories, equipment and materials; risks associated with investigating and implementing new business models; and high financing costs.
- Initial investments by the state in offsite construction can provide **lasting benefits** to meet Vermont's need for housing affordable to its workforce.

# Sec. 2 -- Off-site Construction Fund

- Provide \$15 million to support creation or expansion of off-site construction facility(ies) in Vermont
- Awarded competitively
- Recipient(s) would agree to long-term agreement to produce housing at discounted prices to meet the state's needs for workforce and/or affordable housing.
  - Such housing could include, for example, manufactured homes; modular single-family, duplex or triplex homes; or multifamily homes.
- Single round of investment would produce long-term benefits, including lower-cost housing and jobs
- I would propose the Vermont Housing Finance Agency as administering entity

# Sec. 3 -- Revolving Purchase Fund

- \$25 million to allow VHFA to enter into bulk purchase agreement(s) for entry-level homes.
- For example, VHFA could enter into agreement to purchase 165-200 entry-level homes at a cost (structure only) of \$125,000- \$150,000 each and make homes available to families through the state's nonprofit housing providers.
- Fund would be replenished when families purchase the homes, along with funding to cover inflation factor and admin costs, preserving buying power of fund
- Over 30 years, the fund would support approximately 5,000 to 6,000 homes.
- Homes would be highly energy-efficient; where feasible, permanently affordable. Could be used for flood replacement.



# Sec. 4 – Expanding Offsite Capacity

- Foster increased private capacity for offsite construction
- \$500,000 for planning grants
  - Businesses interested in expanding or starting an offsite construction plant
  - Studies of challenges and solutions to use of offsite construction to build housing affordable to working families and others.
- Prioritization of creation or expansion of facilities for offsite construction for working families and other non-luxury housing segments within existing funding streams of The Economic Development Authority, Agency of Commerce and Community Development, Small Business Development Center, and Procurement Technical Assistance Center
- Report on use of funds and whether existing funding streams adequate to facilitate expansion of private facilities.

# Sec. 5 – Planning/Transitional Support

- \$500,000 for planning studies to support implementation of the Offsite Construction Fund and/or Revolving Purchase Fund.
  - A key focus here is on process for getting homes from plant to specific lots.
- \$2 million for transitional fund
  - Goal is to be able to distribute all the homes made affordable through bulk purchases using full amount of Revolving Purchase Fund
  - It may take several years to build the capacity to distribute that many homes through state partners
  - In the meantime, volume discount may not be as great, so subsidy may be needed on temporary basis to model the effects of a program offered at scale. For example, if manufacturers charge \$140,000 per home rather than \$125,000 because of bulk purchase of 100 homes rather than 200 homes, the fund could cover the difference.
- Advisory Board
- Admin Expenses (up to 2%)

# Conclusion

- Need innovative solutions for workforce housing that do not rely only on subsidy
- **Workforce housing zones** would encourage both affordable and market-rate development where it is needed most.
- A public-private partnership can help nurture a **robust and effective set of off-site construction providers** in Vermont to generate **economies of scale** needed to reduce housing costs.
- Will generate jobs as well as reduce housing costs and protect the environment.
- Opportunity for Vermont to be a national leader.

# For more information

- Jeffrey Lubell  
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- **LocalHousingSolutions.org**

Online guide to local housing policy, developed through the National Community of Practice on Local Housing Policy, a joint project of the NYU Furman Center and Abt Associates