

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

Ideas for Vermont based on research  
and experience

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# Personal background

Selected Work History	Years
Principal Associate, Housing and Asset Building, <b>Abt Associates</b> , telecommuter	2013-2023
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 15 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 Associates, or of the Norwich Affordable Housing Subcommittee 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)

# Promoting economies of scale

- Research on the cost-drivers of Low-Income Housing Tax Credit Projects found that larger projects had much lower per-unit costs
- Multifamily housing naturally involves economies of scale.
- Economies of scale are harder to achieve in single-family construction
  - Most often seen in production builders in larger metro areas and greenfield locations
- Inability to achieve economies of scale is a significant barrier to new development of lower-cost entry level homes in Vermont

# Idea #1: Use offsite construction to achieve economies of scale for entry-level homes

- Use modular construction to produce high volumes (at least 100 / year, ideally 200+) of entry-level single-family homes and then distribute through network of homeownership nonprofits
- Planning phase
- Determine how to lock in volume discounts
  - Option 1: pre-buy agreement with private manufacturer
  - Option 2: equity investment for new factory in Vermont
- Determine how to distribute homes
- Benefits:
  - Lower-cost entry level homes without subsidies. (Subsidies could bring price down further)
  - Ability to serve more people with limited subsidy dollars
  - Option 2 could create well-paying jobs in Vermont
  - Ability to provide permanent replacement housing for flood victims

# Promoting residential development near job centers

- Increasing the supply of housing near jobs:
  - Supports economic growth
  - Reduces greenhouse gas emissions by reducing vehicles miles traveled
  - Improves affordability and quality of life
- Vermont designation programs:
  - 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?

# 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
5,735	9608	Addison	Middlebury, VT
5,967	9616.04	Grafton	Hanover, NH
5,690	22.01	Chittenden	Winooski, VT
5,276	9545	Washington	Berlin, VT
5,120	33.04	Chittenden	South Burlington, 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).

# Idea #2: Consider creating “workforce housing zones”

- Basic idea is to create incentives for the development of housing (particularly below-market housing) near jobs.
- Research is needed to study more closely and model parameters
- One option is to designate zones within a certain number of miles of census tract centroids: desired commute sheds. E.g.,
  - Within 7 miles (15-minute drive) of top-five tracts
  - Within 5 miles (10-minute drive) of next group of tracts
  - Within 2.5 miles (5-minute drive) of final group of tracts
- Need to determine which incentives would apply and whether they would be automatic or require local application.
  - E.g., funding for water/wastewater infrastructure and affordable housing
  - Various other incentives that apply to current designation programs



# For more information

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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