

To: House General and Housing Committee
From: Maura Collins, Executive Director
Date: February 27, 2025
Re: Scope of work considerations for exploring off-site construction opportunities

The items and questions below are elements of the scope of work that Vermont should explore, which were identified in the [Opportunities to Utilize Off-Site Construction to Meet Vermont's Housing, Workforce and Climate Goals](#) report. These are the types of questions and efforts that would be addressed with the appropriations request for staffing support. The structure of the staffing needed to address these issues would be a combination of in-house employees, consultants, and reimbursement for engagement.

The depth and breadth of this work is why VHFA has advocated for an extended timeline, with a progress report due January 2026 and a full report in late 2027. It is going to take substantial time to recommend how the state should narrow its priorities and then build out a program to address those priorities. That said, there are very real cautions that builders and developers have raised in Senate Housing testimony that show that off-site manufactured housing is not always less expensive and cost savings are only possible when the overall program is designed with cost savings in mind.

Review and confirm the state's policy objectives and priorities

- Housing types:
 - Multifamily (up to how many units? Both homeownership and rental?)
 - Accessory Dwelling Units?
 - Accessibility add-ons?
 - Single family homes?
- Types of construction:
 - Volumetric modular?
 - Meet HUD Code?
 - Panelized construction?
 - Kit homes nearly finished but completed with a contractor?
 - Unfinished boxes that require a contractor to fully install and finish?
 - Pre-cut parts?
 - Complete turnkey homes with all finishes and oversight of foundation and on-site installation?
- Site work & installation:
 - Which contractors?
 - What activities are eligible?
 - Cost of each step?
- What are the policy priorities of the state?
 - Achieve cost savings? By how much? How compare?
 - Time savings? By how much? How compare?
 - Neither cost or time, just adding units to the housing market?
 - Prioritize in-state manufacturing?
- Prioritize homes and structures eligible for public funding?
 - State affordable housing tax credits?
 - VT Housing & Conservation Board funding?
 - Middle income programs?

- Habitat for Humanity programs?
- Role and relative importance of high energy efficiency?
 - Zero energy modular prioritized?
 - Net zero?
 - High energy efficiency? To what extent?
- How to consider environmental footprint beyond energy efficiency?
- Prioritize physical accessibility?
- Homeownership
 - Placement on owned land and rented lots in communities?
 - For rented lots does this include for-profit, nonprofit, and coop owned communities?
 - Purchase financing considerations.
 - Depends on size, structure, design
 - Depends on land placement
 - What is the size of the potential market (need to hire consumer insights consultant, analyze demographics and incomes)?
 - What designs would be appealing to the market?
- Rental housing
 - For-profit, nonprofit, and coop owned communities?
 - What is the size of the potential market (need to hire consumer insights consultant, analyze demographics and incomes)?
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Consider adopting a state-wide building code for offsite construction

- Implementing statewide codes can reduce restrictions and lowering variability will help cost.
- Background: Lots of overlap between building codes and energy codes. These are being studied via the [Building Energy Code Working Group](#). The first report was released November 2024 and final report is due November 2025. Their charge includes considering whether or not the State should adopt a statewide building code.
- If the state does not adopt a statewide building code, should it adopt one for only off-site construction? How do Energy Codes apply?

Study the experiences of pilots and programs from Vermont and other states

- Vermont programs:
 - Mobile home infill program
 - Stonecrop Meadows
 - Tri-Park Coop
- Outside Vermont programs:
 - Oregon's Housing Options Production Enterprise Community Corporation
 - Colorado's Innovative Housing Incentive Program
 - Quebec's modular housing strategy

Develop a plan for using bulk purchases of homes produced through off-site construction

- Structure of a program:
 - What design(s) are eligible?
 - From which contractors? How decide? Limited cadre of contractors?
 - How much is needed to put down as a down payment?
 - Who is placing the orders?
 - Purchasing terms?
 - Guarantees if homes are not delivered?
 - Where to be delivered once ordered?
 - Where are homes stored if purchased before buyers are identified?
 - Legal responsibilities at each step of the way
- Who determines placement of homes?
 - Is there a role for a state agency to help identify land?
 - Does geographic distribution of homes matter?
 - How to consider flood risk in site selection?
 - Does cost of installation matter? Prioritize lower cost installation?
 - Are site costs considered in household selection? Prioritize lower site costs?
- Costs of program:
 - How many homes need to be purchased in order to get a price break.
 - How much is needed from the state to support the purchases?
 - What costs are included in the program? Site improvements? Affordability subsidy? Down payment? Financing costs?
 - Are customization eligible?
 - Solar panels? Heat pumps? More?
- Financing considerations
 - Preferred loan terms?
 - Interest rate subsidy?
 - Who takes out the loan – nonprofit intermediary? State agency? Private resident?
 - Contingency plans for changes in housing economics (shifting interest rates, cost overruns, site issues that arose, change in demand)
- Selection of residents:
 - How are buyers/tenants selected for the homes?
 - Income eligible residents?
 - Asset test?
 - Previous homebuyers eligible?
 - Homeless preference?
 - Require homebuyer financial counseling?

Consider issuing a formal Request for Information to get input from potential manufacturers about how best to achieve cost savings through a bulk purchase program

- Do in coordination with other states?
- Draft: 2 months

- Open period: 2 months
- Review findings: 2 months

Create a Northern New England working group that reaches across state lines and considers a regional market and shared approach

- Initial introductions have begun but coordinating with other state efforts is time consuming and slow and so meaningful progress on this front will likely take at least a year.

Fair Haven Plant

- On its own timeline – uncertain. The committee should hear from the town about progress.
- Explore if there are other opportunities in Vermont? Talk with Regional Development Corporations and Regional Planning Commissions
 - 10 off-site construction firms responded to a survey summer 2024
 - 4 off-site production or kit models
 - 3 panelized construction
 - 5 volumetric modular construction

Consider providing business planning support to develop or expand offsite construction businesses

- Funding to explore needed technical assistance
- Structure financial resources (loans, small grants) for expansion, business planning, and construction of off-site company endeavors.
- Consider the development of regional value chain partners from manufacturing to assembly.
- How to provide more focus on trades programs and getting more kids into the trades.
- Prioritize developing new businesses or expanding existing efforts?

Understand the impacts and limitations of a limited workforce and recommend ways to improve the system

- A key limiting factor to building out manufactured housing is not having enough people in the trades, construction, and development. What else is needed to address each of the key industries?
- How will the current workforce limitations hold back the state's goals for off-site manufactured housing?