

Executive Summary—NEK Knowledge Town

The Northeast Kingdom (NEK) of Vermont is on the cusp of becoming one of the nation's first rural Knowledge Town ecosystems—a region where advanced manufacturing, aviation innovation, education, housing, and workforce development align to create a thriving, resilient rural economy.

Anchored by rapidly expanding manufacturers, BETA Technologies' acquisition of the Caledonia County Airport, and major private investment at Burke Mountain under Bear Den Partners, the NEK is experiencing unprecedented opportunity. Importantly, the City of Newport is actively pursuing the creation of a downtown Tax Increment Financing (TIF) district to support approximately 410 new housing units, signaling both municipal readiness and market demand for compact, mixed-use housing at scale in a rural context. Together, these efforts reflect a region no longer theorizing growth, but actively planning for it.

Significant hiring needs exist across manufacturing, healthcare, education, and tourism, and the region's educational system (Vermont State University—Lyndon and two independent high schools/CTE centers) is poised for reinvention as a lifelong learning and workforce hub.

Yet one barrier supersedes all others: housing shortages threaten to halt economic growth.

To meet current employer needs, support future expansion, stabilize communities, and build a sustainable rural economy, the NEK must develop 8,000 new homes in the next 10–15 years. This proposal outlines a comprehensive strategy to achieve that goal through three housing production lanes, coordinated regional leadership, and a specialized financing mechanism: The NEK Housing Engine Fund.

With strong employer demand, abundant existing infrastructure, and rising private investment, the Northeast Kingdom holds all of the raw ingredients to become a nationally recognized model of rural innovation and community revitalization, if the region can build the housing required to power its future.

1. Introduction: A Rural Region at an Inflection Point

The Northeast Kingdom has long been defined by a combination of beauty, resilience, and economic challenge. Today, those dynamics are shifting. The region is simultaneously experiencing:

- **New industrial growth** in advanced manufacturing and aerospace
- **Historic recreation and tourism revitalization** at Burke Mountain
- **A major innovation cluster emerging** around the airport through BETA Technologies
- **Persistent labor shortages** across all major employment sectors
- **Declining and deteriorated housing stock** limiting population growth
- **A fully built university campus** seeking a renewed mission
- **Deeply rooted communities** ready for economic stabilization and renewal

The convergence of these forces creates a unique window for transformation. But without substantial increases in housing, every economic opportunity will stall.

2. The Challenge: Workforce Expansion Blocked by Housing Scarcity

2.1 Workforce Shortages Across All Sectors: Employers throughout the NEK face immediate and long-term hiring needs:

Aviation & Technology (BETA Technologies / Caledonia Airport Innovation District)

- Hundreds of projected high-skill jobs in engineering, maintenance, and aviation services
- Rural America's first aviation innovation district requires on-site worker housing

Advanced Manufacturing

Companies reporting persistent shortages:

- Weidmann Electrical Technology
- Vermont Aerospace
- Momentum Manufacturing Group
- Ethan Allen
- Tivoly
- Newport Precision Composites
- Lyndon Furniture
- Mobile Medical

Many manufacturers report they could double production with available workforce.

Healthcare

Northeastern Vermont Regional Hospital (NVRH) and affiliated practices face shortages of:

- Nurses (RNs, LPNs)
- Behavioral health professionals
- Technicians and lab staff
- Administrative and support personnel

Education & Training Institutions

- VTSU-Lyndon
- Lyndon Institute
- St. Johnsbury Academy

Recruitment struggles tied directly to housing availability.

Tourism & Recreation

- Burke Mountain (Bear Den Partners) is preparing for long-term, year-round growth
- Recreation businesses report limited ability to recruit seasonal and permanent staff

Trades, Service, Childcare, and Construction

Critical support sectors are unable to expand.

In every industry, employers identify housing as the primary barrier to growth.

2.2 A Collapsing Housing Stock

Characteristics of the regional housing crisis include:

- Tens of thousands of homes built before 1940
- High levels of deferred maintenance and structural deterioration
- Some towns with 20–30% uninhabitable housing
- Rental vacancy rates below 1%
- Prices rising faster than wages
- Elderly residents stuck in oversized homes without downsizing options

These conditions suppress population growth, contributing to school enrollment decline and weakening municipal tax bases.

2.3 Inability to Attract or Retain Young Families

Despite offering:

- Safety
- Natural beauty
- Community cohesion
- Access to outdoor recreation

...the NEK cannot retain graduates or recruit new workers because there is nowhere for them to live.

This bottleneck jeopardizes the region's long-term economic vitality.

3. The Opportunity: Why the NEK Can Become a Knowledge Town

A Knowledge Town is a community where innovation, learning, housing, and economic opportunity reinforce one another. The Northeast Kingdom already possesses all foundational elements.

3.1 Anchored Employment and Multi-Decade Growth

BETA Technologies & the Caledonia Airport

- Airport purchased by Kyle Clark
- Electric aviation R&D, training, and advanced manufacturing
- Creates hundreds of high-skill jobs
- Establishes the first rural aviation innovation district in the United States

Advanced Manufacturing Strength

A strong industrial base with documented labor shortages and expansion plans.

Healthcare Needs and Growth Potential

NVRH and affiliates require hundreds of new hires simply to maintain operations.

Burke Mountain & Outdoor Recreation

Bear Den Partners' investment supports long-term economic development, year-round employment, and regional tourism.

Education Infrastructure

VTSU-Lyndon is a fully built campus capable of supporting adult learning, workforce training, and future innovation programming.

3.2 Underutilized Land and Existing Infrastructure

- 7,000–9,000 parcels potentially eligible for infill or modular redevelopment
- Numerous vacant or unsafe homes ready for replacement
- Infrastructure already serving many small-lot areas
- Downtowns capable of supporting new multifamily units

This makes the NEK unusual among rural regions: it has the capacity for growth if capital can be mobilized.

3.3 A Strong Cultural Brand

Known for:

- Authenticity
- Scenic landscapes
- Outdoor recreation
- Safety and quality of life
- Community identity

This brand is the backbone of Knowledge Town NEK.

4. The 8,000-Homes Strategy

A comprehensive, multi-lane system that addresses both immediate needs and long-term growth.

LANE 1: Infill Rehabilitation & Modular Replacement (5,000 Homes)

This lane delivers the majority of new units by:

- Demolishing unsafe structures
- Replacing homes with modular units (e.g., Tuckerman Hill expansion)
- Rehabbing vacant homes
- Encouraging ADUs and duplex conversions
- Leveraging existing septic/well or municipal systems

Impacts:

- Lower cost than traditional new development
- Politically supported
- Town-by-town scalability
- Reduction of blight and neighborhood revitalization
- Retention of rural character

LANE 2: New Infill in Four Growth Towns (1,500–2,000 Homes)

Target communities:

- Newport, Lyndon, St. Johnsbury, Hardwick

Development model:

- Mixed-use buildings (3–4 stories)
- 20–60 units per project
- Walkable, vibrant neighborhoods

Impacts:

- Supports employers
- Attracts young professionals
- Strengthens local businesses
- Reinvigorates community centers

LANE 3: Special Projects That Transform the Region (800–1,200 Homes)

A. University-Based Retirement Community at VTSU Lyndon

- Converts unused dorms to housing for seniors
- Provides a learning-rich environment
- Frees up single-family homes
- Generates new campus revenue

B. Airport Innovation District Housing

- Workforce housing for aviation and aerospace
- Live-work units for engineering and tech staff

C. Burke Mountain Workforce Housing

- Needed for sustainable, year-round tourism expansion under Bear Den Partners

D. Innovation Villages

Clusters of new homes around coworking spaces, manufacturing hubs, and village centers.

5. Capital Strategy: The NEK Housing Engine Fund

A specialized, regional revolving loan fund designed to power all three housing lanes.

5.1 Structure

- Receives philanthropic, public, and private capital
- Issues construction, rehab, and replacement loans
- Provides gap financing and guarantees
- Reinvests returns into additional projects

5.2 Financing Priorities

- Rehab and replacement of deteriorated homes
- Modular infill
- Acquisition of distressed properties
- Contractor incentives
- ADU development
- Equity participation in multifamily projects
- Conversion of VTSU dormitories
- Workforce housing at Burke and the airport district

5.3 Capital Sources

- Local banks: CNB, Passumpsic, Union
- VCLF, Evernorth
- VHCB, VHFA
- EDA, NBRC
- State housing funds
- Philanthropy
- Corporate partners (BETA, Bear Den/Burke Mountain, NVRH, manufacturers)

5.4 Investor Value Proposition

- High-impact, mission-aligned
- Stable, repeatable returns
- Low-cost acquisition environment
- Strong employer partnerships
- Opportunity to shape a national rural innovation model

6. Economic and Community Impact of 8,000 New Homes

Projected outcomes:

- +10,000–15,000 new residents
- +5,000–7,500 labor force participants
- Stabilized schools
- Improved healthcare access
- Increased tax base and municipal revenue

- Expanded manufacturing capacity
- Viable aviation innovation district
- Sustainable tourism and recreation workforce
- Reduced poverty and increased homeownership

Housing is the foundation for a thriving NEK.

7. Implementation Roadmap

Years 1–3

- Launch Housing Engine Fund
- Conduct full infill inventory
- Deliver first 250–400 homes
- Begin VTSU senior living conversion
- Secure major investors
- Identify downtown development sites

Years 3–7

- Build 1,000–2,000 homes
- Launch airport district housing
- Begin Burke Mountain workforce housing
- Construct mixed-use downtown buildings

Years 7–15

- Achieve full 8,000-home portfolio
- Establish Knowledge Town NEK
- Support exponential industrial growth
- Create a stable, diversified regional population

Conclusion: Building the Future of the Northeast Kingdom

The Northeast Kingdom has every ingredient necessary to become one of America's first rural Knowledge Towns: anchored employers, a university campus, an emerging aviation innovation district, outstanding natural assets, and deeply rooted communities.

What the region lacks is housing.

By building **8,000 homes**, the NEK can unlock:

- Economic resilience
- Population growth
- Workforce stability
- Educational revitalization
- A thriving recreation economy
- A national model for rural transformation

The **NEK Housing Engine Fund** will power this work, ensuring the region can meet employer needs, revitalize communities, and secure a prosperous future for generations.