

Next Steps on Using Off-Site Construction to Meet Vermont's Housing, Workforce and Climate Goals

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Appearing before the Senate of Economic Development, Housing, and General Affairs

Personal background

Current Roles	Years
Senior Fellow, Terwilliger Center for Housing, Urban Land Institute	2025-26
Founder, Housing Innovations Group LLC	2025-26

Prior Work History	Years
Principal Associate, Housing and Asset Building, Abt Global (formerly Abt Associates), telecommuter	2013-25
Executive Director, Center for Housing Policy , Washington, DC	2006-13
Director, Policy Development Division, Office of Policy Development & Research, US Department of Housing and Urban Development , Washington, DC	2000-03

Vermont resident for ~18 years.

2025 Report on Off-Site Construction

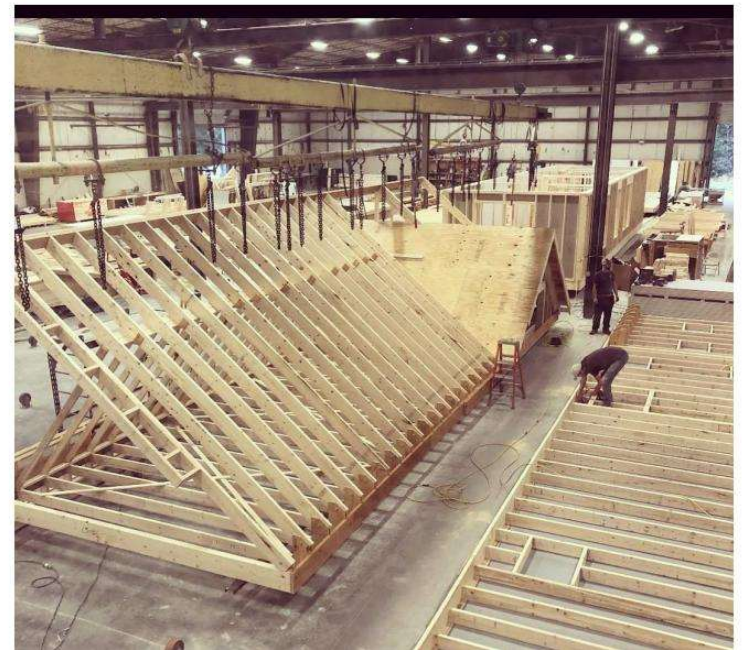
- Commissioned by:
 - Vermont Department of Housing and Community Development
 - Vermont Economic Development Authority and
 - Vermont Housing Finance Agency
- Co-authored by Seth Leonard and Jeffrey Lubell
- Analysis of challenges and opportunities associated with off-site construction
- Grounded in survey and interviews

https://vhfa.org/sites/default/files/publications/Off-Site_Construction_Opportunities.pdf

January 9, 2025

Opportunities to Utilize Off-Site Construction to Meet Vermont's Housing, Workforce and Climate Goals

by Seth Leonard and Jeffrey Lubell



New York Times Dec. 18, 2023

OPINION
BINYAMIN APPELBAUM

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



What is off-site construction?

Off-site construction is **housing produced mainly in factories, rather than on-site**. Main forms:

- **Manufactured housing** – homes produced in factories that conform to the national HUD Code and contain a chassis
- **Volumetric modular** (or just modular for short), in which three-dimensional “boxes” are constructed offsite and joined onsite
- **Panelized construction**, in which two-dimensional wall, floor or ceiling panels are constructed offsite and then incorporated into a building onsite.
- **Kit homes** comprised of pre-assembled panels and other pre-cut parts.

Examples of Off-site Construction



Huntington TruHome volumetric modular home



Champion Homes Cross Mod Manufactured Home



New Frameworks panelized 900 SF ADU with compressed straw bale exterior walls



Cavco Manufactured Housing Duplex

What are the potential benefits of off-site construction?

- **Cost Savings.** Shorter timeline; less material waste; potential for significant cost savings through economies of scale.
- **Workforce development.** Potential to create well-paying year-round jobs in Vermont.
- **Mitigate labor shortages:** Potential to broaden the labor pool.
- **Higher volume and pace of building:** Off-site homes can be built faster and with fewer workers. Could be good source of housing to help victims of natural disasters.
- **Statewide climate goals:** Opportunity to specify energy-efficient home designs
- **Streamline inspections process:** Centralized inspections

What are the main limitations of off-site construction / barriers to increased use?

- **Potential for cost savings not always realized:**
Modular/panelized primarily used for custom builds of high-end housing. Significant work often needed to complete homes on-site
- **Manufactured housing** has scale and low-cost but limited to one-story structures (though multi-unit structures now allowed and further changes under consideration by Congress and HUD).
- **High up-front costs** leave manufacturers vulnerable to housing downturns
- **Local building codes** / design reviews pose obstacle to scale
- **Labor shortages inhibit growth**
- **Public perception** of manufactured housing can be a challenge

Report recommendations for optimizing potential of off-site construction to produce lower-cost homes

A. Use bulk purchase guarantees to achieve lower costs for starter homes

- State entity guarantees purchase of a large # (e.g., 100 or 200) of similar units from a single manufacturer for 3-5 years; works with partners to identify locations for installation. Potentially separate bulk purchases for townhomes, duplexes, entry-level single-family, etc.

B. Invest in new or expanded factory capacity

- Equity investment or low-cost loan to restart Fair Haven plant and/or to allow existing manufacturer to expand their operations or add automation

C. Integrate off-site construction into multifamily construction

- Quebec manufacturers are developing catalog of standardized designs; consider standardizing interior modules.

D. Other: state-wide building code for off-site construction, pre-approved designs; small grants for builders / manufacturers

Progress toward implementation

- **Two pilots have been proposed for the bulk purchase of homes produced through off-site construction**
 - **H. 775 proposes an OFF-SITE CONSTRUCTION ACCELERATOR PILOT**, to be conducted by the Agency of Commerce and Community Development in collaboration with the Department of Buildings and General Services
 - **Vermont State Housing Authority** is planning Move-In VT
- **H. 775 also proposes a credit facility (sec. 10(a(1-2))) for the purchase of homes produced through offsite construction**
- **Together, these initiatives represent important progress toward the more effective use of offsite construction in VT**

The two pilots are complementary

	H. 775 Offsite Construction Accelerator	VSHA's Move-In VT
Housing type	Multiple, including Missing Middle	Single-family / duplex
Off-site process	Mainly modular / panelized	Manufactured
Builds on	Homes for All Initiative	New York's experience: Move-In NY
Testing	Use of pre-approved designs and municipal collaboration to streamline approvals process; bulk purchasing; site identification; effective execution	Ability of high-end manufactured housing to provide attractive homes at low cost; site identification; demand aggregation; revolving fund; effective execution
Potential for cost savings	Combination of streamlined approvals and modest savings from bulk purchase	Significant economies of scale through high volume manufactured housing plants
Potential next steps after pilot phase	Expand to additional housing typologies and municipalities; increase and regularize bulk purchases to achieve greater cost savings	Expand network of partners to increase annual volume of purchases; grow utilization of revolving fund

Move-In NY

The New York Times

WITH NEW PLAN, HOCHUL FAST-TRACKS HOUSING SUPPLY: A NEW PROGRAM WILL PUT MANUFACTURED HOMES AT THE CENTER OF A STATEWIDE EFFORT TO MAKE HOUSING MORE AFFORDABLE

(Sept. 22, 2025)



Details:

- Cross Mod Manufactured homes: ~ 250K
- 2024/25: initial pilot produced 3 homes
- 2025/25: State-wide rollout through Move-in NY
- Goal = up to 400 homes

Discussion

- Conclusions

- The Off-site Construction Accelerator is an important step forward that will generate actionable learning and pave the way for future scale.
- The proposed credit facility for offsite construction is very helpful, addressing key credit obstacles.
- Optimally, the proposed credit facility would finance both pilots.
- Optimally, the proposed credit facility would be operated as a revolving fund.
- Helpful to request input on statewide building codes. I actually recommend a regional building code for the Northeast. Closely related to this are codes that formalize a rational inspections process. The ICC/MBI have produced 3 model offsite codes that merit consideration

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