

# Rutland Housing Market Study Update

***FINAL REPORT***

*Prepared by I Squared Community Development Consulting, LLC*

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## Key Findings and Recommendations

This study is an update of a housing needs assessment that I Squared Community Development Consulting prepared for the City of Rutland in 2012. Research activities included analysis of secondary data, a survey of area employers and workers about their experiences in the Rutland housing market, and a dozen in-depth interviews with key stakeholders including lenders, Realtors, appraisers, developers, property owners, and major employers.

This section synthesizes key findings from across the research conducted, and delivers a series of recommendations intended to help the City of Rutland continue its efforts to revitalize neighborhoods and position the City's housing stock to support economic growth.

### Findings

- ***Housing market fundamentals are weak, underscoring economic development needs.*** Strong housing markets depend on a growing job base and growth in the number of households with strong incomes. Rutland is struggling against the tide on all of these points: Since 2010, Rutland County has lost 2 percent of its jobs, its population has declined by 4.8 percent, and median household income has dropped by 1 percent after adjusting for inflation. These figures are particularly notable in that they have occurred during a sustained expansion of the national economy.
- ***The for-sale housing market has performed admirably given the weak fundamentals. On the other hand, there are widespread perceptions that the rental market is not delivering a quality product.*** While house prices have not grown, home sales volume has more than doubled since 2011, and real estate industry stakeholders report that inventories are back to healthy (even tight) levels. Consumers appear less satisfied with the rental market, however. While rents have held steady (and actually declined somewhat after adjusting for inflation in Rutland City) and the rental vacancy rate is fairly healthy, employers and workers voiced strong opinions that good-quality rental housing is hard to find – and for many hard to afford.
- ***Overall vacancy rates in Rutland City are high, raising concerns about housing oversupply.*** When looking at vacancy rates just by including vacant for-sale and vacant for-rent properties, both the homeownership and rental vacancy rates appear fairly healthy. However, 53 percent of the vacant units in Rutland City are classified as “Vacant-other” by the Census Bureau, which means they are neither for sale or rent, nor held for seasonal use. This category thus includes a number of undesirable property outcomes that include foreclosure, abandonment, and property held for speculation. On the other hand, the City of Rutland reports only 63 vacant residential buildings per its Registry of Vacant Properties, which is far less concerning. The discrepancy between these indicators is a topic that the City may wish to raise with the Department of Commerce for the 2020 Census. In any case, given the weak housing market fundamentals already described, the presence of these “other vacant” units raises a concern about whether there is an over-supply of housing units on the market – with many units deteriorating in quality as they fail to generate economic returns for their

owners.

- ***Housing affordability problems are mostly in the rental market, and are being driven mostly by low incomes.*** Rutland has an exceptionally affordable market for homebuyers. A household earning less than the median income can afford the median-priced home in Rutland County. On the other hand, both data from the employer and worker surveys, as well as Census data, indicate that a significant percentage of renters are paying more than they can afford for rental housing. However, census data on the incomes of renters experiencing cost burdens, as well as data on the distribution of rental units by rental cost, indicates that rental affordability problems are most severe for renters at the low end of the income spectrum. In short, housing affordability challenges in Rutland are as much a jobs problem as they are a housing problem.
- ***Neighborhoods targeted for revitalization efforts have seen positive impacts, but Rutland City neighborhoods continue to face challenges and the City continues to experience challenges with its image.*** Efforts to revitalize the Northwest neighborhood appear to be working. Interviewees knowledgeable about the neighborhood, where the City and partner organizations have been engaged in revitalization work over the past 5 years, noticed a number of positive changes in the neighborhood – including improvements in the look of the neighborhood, greater market activity, and improved feelings of safety. By the numbers, it also appears that the homeownership rate has improved in the area and the housing market has strengthened. On the other hand, the Southwest neighborhood appears to have experienced an increase in poverty, and several interviewees expressed concerns about the trajectory of this area. Moreover, both interviews and survey data left little doubt that many people, especially those living outside of Rutland, view parts of the City as undesirable places to live. Their main concerns are high property taxes, safety, housing quality, and school quality. Survey responses from workers living in Rutland revealed more positive perceptions of the City, however – suggesting that at least part of the problem is an image problem.
- ***Some evidence exists of a potential market for higher-end rental housing, including market-rate housing downtown.*** An analysis of renter households by income indicates that there are approximately 400 renter households in Rutland City with incomes over \$50,000 per year who are paying less for rent than 30 percent of their income, and that there are no rental units priced at the maximum affordable level for households earning \$75,000 a year or more. This data suggests that there might be an ability for higher-end units to be absorbed in the marketplace – provided, however, that those households feel they are getting the amenities they want at a good value. There have been only limited efforts to confirm the viability of this housing product to date. However, while large-scale, high-end rental housing development has yet to occur downtown, interviewees reported that small-scale rehabilitation projects have leased up quickly and performed well.

Several large employers in the area indicated that for certain segments of the workers they recruit, such as young professionals as well as workers coming to the City on a part-time or temporary basis, attractive rental options downtown could be of interest – and a

number of these employers reported a fairly constant stream of new recruits as well as temporary workers seeking housing. Both interviews and surveys also clearly expressed dissatisfaction with the quality of rental housing currently for offer on the market. Importantly, entities such as the Chamber of Commerce, which helps the Rutland Regional Marketing Initiative to implement a “Red Carpet” concierge service encouraging and helping families to relocate to the area, report that while these programs have had considerable success, the lack of attractive rental options in the market is a major challenge preventing such programs from having even greater impact.

The worker survey yielded only a tiny percentage of responses indicating an interest in downtown living, but on the other hand, key demographic categories such as 20-something as well as older households were under-represented in the survey, and of course workers considering relocation were not captured. These are precisely the households among which one would expect demand to be strongest.

Because Rutland does not have a “track record” of large, successful high-end projects, interviewees were also clear that public sector support will be needed to de-risk the development process and induce developers to act.

- ***High property taxes, as well as tight regulations of landlords, are likely impacting the housing market.*** Both interviewees and survey respondents were concerned about high property taxes in the City of Rutland, although some interviewees felt that the City delivers good value (such as full-time fire and police departments) in return for the higher taxes. Property owners identified both high taxes and tight regulations that are favorable to renters (for example, complicated legal processes to be able to evict problem tenants) as forces that make it difficult to support investment in the rental stock.

## Recommendations

- ***Place housing strategy within the broader context of ongoing regional marketing strategies for economic development.*** Rutland faces something of a chicken-and-egg problem when it comes to housing strategy. Stagnant economic conditions are driving the weaknesses observed in Rutland’s housing market. On the other hand, the visual appeal of housing available in Rutland, and the ability of new workers to find a housing unit that fits their tastes, are likely factors that impact the area’s ability to attract new businesses and workers. While this study was scoped to examine housing strategy, the findings show a clear need to focus on economic development strategy and to use housing as an aid to executing on key economic development priorities. In general, although many workers report having difficulty finding an affordable place to rent, we believe that the most important housing challenge facing Rutland is not one of affordability but of housing quality and neighborhood image. Housing strategies that improve the image of Rutland City as a desirable place to live and work, and that help companies to recruit workers and/or help to attract self-employed or small business entrepreneurs to the area, should be prioritized – and should be coordinated with other strategies focused on these same goals, such as the Regional Marketing Initiative, the

Stay to Stay program, and the state Remote Worker Grant program. Local organizations such as the Chamber of Commerce, REDC, RRA, Downtown Rutland Partnership, and other partners in these marketing initiatives should be supported to continue these efforts and coordinate them with efforts to rehabilitate or develop attractive housing stock that can be marketed to relocating households.

One element of a regional marketing strategy that Rutland may also want to consider is marketing the region to immigrants. A number of both small and large communities (ranging from Schenectady, NY to Detroit, MI to Texas Panhandle towns) have sought to make their communities attractive to diverse populations in order to welcome in new workforce talent and broaden their economic base. Ensuring that Rutland is welcoming to diverse populations born in the US is also an important part of a regional marketing strategy, given the increasing importance of diverse groups in the US population.

- ***Continue to support focused, sustained investment in the Rutland City downtown and surrounding neighborhoods – focusing on the most visible parts of the City first.*** The 2012 Housing Needs Assessment recommended taking a “healthy neighborhoods” approach to revitalizing the areas surrounding downtown Rutland. A “Healthy Neighborhoods” approach to revitalization means that four outcomes serve to guide every aspect of revitalization work. These outcomes are **Image, Market, Physical Conditions, and Neighborhood Self-Management.**<sup>1</sup>

Image: The neighborhood will have a positive image that attracts investment – from homebuyers, homeowners, business, and government. People will be confident in the future of the neighborhood.

Market: The residential and commercial real estate market will reflect this confidence. The neighborhood will make economic sense for key investors - homebuyers, homeowners, landlords, business and government – because property values will be steadily increasing. This will enable homeowners, homebuyers and landlords to carry out improvements and build assets. It will enable businesses to remain or locate in an improving neighborhood, and it will enable government to see the property value base stabilize. At the same time, the neighborhood will offer housing options for, and be attractive to, a variety of income groups. It will help neighbors who want to, stay and benefit from revitalization.

Physical Conditions: Physical conditions, whether residential or business, will reflect pride of ownership and a high standard of maintenance. Public infrastructure will be maintained and improved to a standard similar to neighborhoods currently viewed as better.

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<sup>1</sup> Indented material is excerpted from the training manual, “Strategies and Implementation Techniques for Creating Neighborhoods of Choice Through Revitalization.” NeighborWorks® America Training Institute, 2005.

Neighborhood Management: Collective action by residents, institutions, and businesses will ensure the neighborhood will compete well with other neighborhoods for resources. Residents will have the capacity to manage the day-to-day activities on their blocks. Neighbors will feel comfortable being “neighborly” – looking out for each other, getting together to work on problems, taking action to reinforce positive standards and actions, etc. Neighbors will feel safe in the neighborhood.

The research conducted for this update suggests that Rutland has made significant progress towards achieving these outcomes in the Northwest neighborhood – but that work remains to be done. Continued focused, sustained investment is needed to demolish dilapidated and obsolete buildings, acquire and rehabilitate targeted properties, make loans to landlords and homeowners to purchase and/or fix up properties, improve streetscapes, and manage neighborhood issues. Sustaining this kind of investment requires continued support from the state and federal government as well as continued engagement from local leaders. We strongly encourage decision-makers to consult the recommendations provided in the 2014 Northwest Neighborhood Revitalization Plan, if they are not already familiar with this work. These recommendations continue to be just as relevant as they were five years ago.

We recommend that efforts focus primarily on downtown Rutland over the next several years. The downtown area has a strong asset base of historic buildings, commercial activity and walkable streets on which to build. Bringing new investment into this area and creating an exciting district in which to live, work and play could help Rutland improve its brand and support broader efforts to attract people to the city and region. The City of Rutland is preparing to engage in a strategic planning process for downtown Rutland. We strongly encourage this process, and recommend that as a part of the process, specific development opportunities are identified and explored to revitalize key buildings in the historic core as mixed-use developments. The USDA has compiled a useful compendium of information and funding resources for rural downtowns at: <https://www.nal.usda.gov/ric/downtown-revitalization>.

While increasingly, the Southwest neighborhood is also in need of attention, it is recommended that the City focus first on creating a vibrant and attractive downtown, and on continuing to support improvements in the Northwest neighborhood, to provide a solid base from which to then expand efforts to the Southwest.

- ***Manage down the housing supply to adjust to declining population, while supporting improvements to the quality of the supply.*** Rutland needs better housing, but not more housing. It is recommended that the City government take every opportunity to remove obsolete and dilapidated stock from the market. When buildings go to tax foreclosure, think first about the best outcome for the property, whether rehabilitation or demolition is most appropriate, and how to support that outcome, rather than focusing on short-term revenues from tax sale. Consider assigning vacant lots created from demolition to responsible neighbors when possible, as opposed to new infill development. By all

means, avoid supporting investors who seek to cut up large properties into low-grade rental housing, and seek to transition property ownership to responsible owners. For more information about responding to issues with under-maintained and vacant housing, we highly recommend the resources available through the Center for Community Progress at <https://www.communityprogress.net/>.

That said, some new housing development is in order. This development should focus on raising the bar with high-quality housing product that meets fills underserved market niches and assists in promoting economic development objectives for the City.

- ***Provide accessible and affordable financing to fix up existing housing in Rutland.*** Improving Rutland’s housing stock will depend as much on making affordable and accessible loans for property improvements as it will on supporting exciting new development projects. Both homeowners and landlords could benefit from improved access to financing. NeighborWorks of Western Vermont already operates a rehab loan program; the City and partners should support that organization in pursuing State grants and other sources of low-cost capital that could help it to offer low-interest loans, or even combination loan/grant products, to spur investment by everyday Rutlanders in the community’s housing stock. If low-cost funds can be found, it will make sense to incentivize exterior home improvements that help to create a positive story about what is happening in the neighborhood.
- ***Provide better housing, complemented with services, for the lowest end of the income spectrum.*** Rutland is home to many low-income residents who live in marginal housing. As Rutland’s Project Vision has noted, many people in Rutland are suffering from addiction and/or the effects of poverty. Survey and interview comments make it clear that spillover effects from concentrated poverty are impacting the city’s quality of life. There is ample evidence from the research literature that healthy, stable housing environments improve people’s health, provide a platform for economic success, and support children’s development and educational achievement.<sup>2</sup> At the low-cost end of the housing market, the City should proactively seek to remove dilapidated, poorly managed stock from the market, while supporting the creation of quality, well-managed properties with resident services geared towards connecting low-income residents with the supports they may need to succeed. In this process, it is again critical to keep in mind that the City needs better housing, but not more housing.
- ***Work with developers and investors to support targeted downtown housing and mixed-use development, as part of a holistic approach to bring more life downtown. Seek partnerships with organizations that can bring sophisticated financing capacity to invest in mixed-use and small multifamily and commercial development.*** An attractive downtown Rutland that includes appealing housing options, shopping, and cultural amenities could help to market the City and the region to prospective relocating workers and entrepreneurs. A limited amount of downtown housing development appears to be supportable, based largely on interview comments made by large employers in the area.

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<sup>2</sup> For a brief enumeration of these benefits, see the MacArthur Foundation’s research brief, “Housing: Why Educators, Health Professionals, and Those Focused on Economic Mobility Should Care About It.”

Developers we interviewed were clear that rehabilitating downtown buildings for housing is difficult to support at current market rents. Higher rent levels might be supportable as there is so little high-end housing currently downtown, but developers will naturally be wary of testing the market, given the absence of comparable properties they can look to for guidance. Most downtown buildings will have a significant commercial component as well, which will also require significant investment.

Public sector action – such as property tax abatements or tax increment financing - could help to de-risk this investment. However, these tools would likely be just one piece of a “layer cake” of multiple financing sources needed to make deals pencil out. A wide array of programs and tools are available to support residential and commercial investment for which downtown Rutland is eligible. These include the New Markets Tax Credit, Opportunity Zones, federal Historic tax credits, state Downtown tax credits, the CDFI Fund Financial Assistance program, and a number of Rural Development programs such as the Intermediary Relending Program. In most cities, Community Development Financial Institutions (CDFIs) are the organizations best able to deploy these programs to support development. CDFIs leveraging these types of programs with loan pools that they capitalize with investment from local banks and socially motivated investors, and are typically able to make higher-risk loans than what a mainstream financial institution would consider. Rutland is currently disadvantaged because it does not have a CDFI with mixed-use, commercial real estate, and business financing capabilities. (The one CDFI headquartered in Rutland, NeighborWorks of Western Vermont, focuses on single-family financing with some multifamily lending; the Rutland Downtown Partnership and Rutland Economic Development Corporation both operate small revolving loan funds, but neither is a certified CDFI; REDC loans focus on small business). A further challenge, however, is that Rutland County is a very small market area to support the development of a CDFI. A number of statewide organizations provide a range of development and business finance capabilities to the area – these include the Vermont Community Loan Fund, Housing Vermont (and its affiliate Vermont Rural Ventures), Vermont Community Capital, and state agencies. However, the question is whether any of these organizations can or would commit to partnering with the City not just on individual deals, but on a long-term, focused effort to facilitate concentrated investment in the downtown. There are also a number of large and sophisticated CDFIs in the northeastern United States who bring a range of capabilities that are sorely needed in Rutland. Examples include Blue Hub Capital (formerly Boston Community Capital), the Community Preservation Corporation (based in New York), and the Housing Development Fund (based in Connecticut). Again, the question is whether any of these institutions can or would be interested in partnering with the City, and what the scope of that partnership could entail. A challenge for any partnership with any entity outside of Rutland proper is that individual deal sizes are likely to be relatively small, compared to the investment parameters of the institution.

At the end of the day, to be able to support development and implement its forthcoming downtown strategic plan, Rutland will need to bring sophisticated financing capability on board, most likely through a mixed strategy in which one or more local organizations

build out the scope of what they can offer, while at the same time one or more regional partners are sought out.

- ***Review and advocate around tax policy and regulatory issues that may be impacting the ability of developers to bring a quality housing product to market.*** As discussed in the “Findings” section above, both high property taxes and strict regulation of landlords are likely discouraging beneficial investment in Rutland. Property tax burdens, in particular, appear to be a major driver impacting people’s decisions about where to live. Tax burdens, in turn, are likely at least in part the product of regional development patterns, the location of ratables, and income segregation leading to pockets of high demand for services. A detailed analysis of these issues is outside the scope of this report, but further review discussion with policymakers – including state-level policymakers, given that the ability of local stakeholders to reshape these policies may be limited – may be warranted. Certainly, any opportunities to find efficiencies in the City budget that could reduce tax burdens should also be sought out.
- ***Act regionally and collaboratively across sectors.*** Rutland has an impressive cast of public agencies and nonprofit partners in both housing and economic development to work with, especially considering its small size. That said, the challenges that Rutland faces are similar to those of other communities in rural Vermont, at least some of these challenges are rooted in regional economic dynamics and policy issues that cannot be addressed only at the local level, and even tackling certain local community development challenges will require some specialized capacity (for example, in areas such as small business development and finance of small multifamily, commercial and mixed-use real estate). For all of these reasons, Rutland should seek opportunities to work collaboratively with other localities, state agencies and nonprofits, business and institutional leaders, and even regional community development players in New England to plan and implement community economic development strategy. One opportunity to do so might be through the upcoming “Working Cities Challenge,” which is sponsored by the Boston Federal Reserve Bank, in partnership with Blue Hub Capital (formerly Boston Community Capital), a national Community Development Finance Institution headquartered in Boston. Information about the Working Cities Challenge is available at: <https://www.bostonfed.org/workingcities/index.aspx>

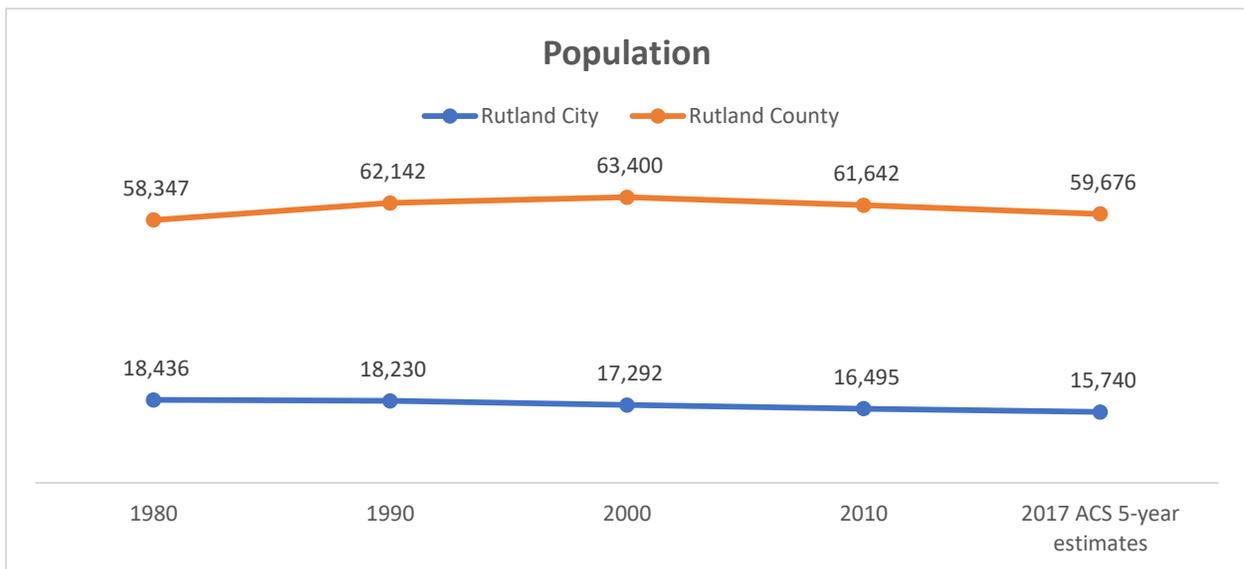
## Update of key market and demographic trends

This document provides an update on some key trends identified in the 2012 Housing Needs Assessment also prepared by I Squared Community Development Consulting. Data rely heavily on the 2013-17 American Community 5-Year Estimates, the most recently available data for small geographies. Readers should be aware that this data derives from a sample of households and can have large margins of error for some estimates, particularly at the Census Tract level.

### Population and Households

Both Rutland and Rutland County continue to lose population and households, and are forecast to continue losing population. This trend places a significant constraint on the housing market and also requires that housing policy adjust to reflect the reality of a shrinking city and region.

Below we present decennial census data for each geography, followed by 2017 5-year average estimates of population (which is the best data available for Rutland City). This chart shows a decline of 4.6% for Rutland City and 3.2% for Rutland County between 2010 and 2017. Note that annual population estimates are also available for Rutland County, which suggest an even steeper decline of 4.8% between 2010 and 2018.



The number of households, a key element of housing demand, has also declined in both the City and the County. Surprisingly, the decline in the number of households was most severe in the northeast quadrant of the city (Tract 9630).

### Number of Households

	2000	2010	% Change 2000 to 2010	2008-2012 ACS 5-year estimates	2013-2017 ACS 5-year estimates	% Change 2012 to 2017
Census Tract 9630	1,955	1,970	1%	1,982	1,779	-10%
Census Tract 9631	1,713	1,644	-4%	1,747	1,636	-6%
Census Tract 9632	1,400	1,356	-3%	1,331	1,345	1%
Census Tract 9633	2,384	2,434	2%	2,214	2,147	-3%
Rutland City	7,452	7,404	-1%	7,274	6,907	-5%
Rutland County	25,678	25,984	1%	26,047	25,160	-3%
Vermont	240,634	256,442	7%	256,830	258,535	1%

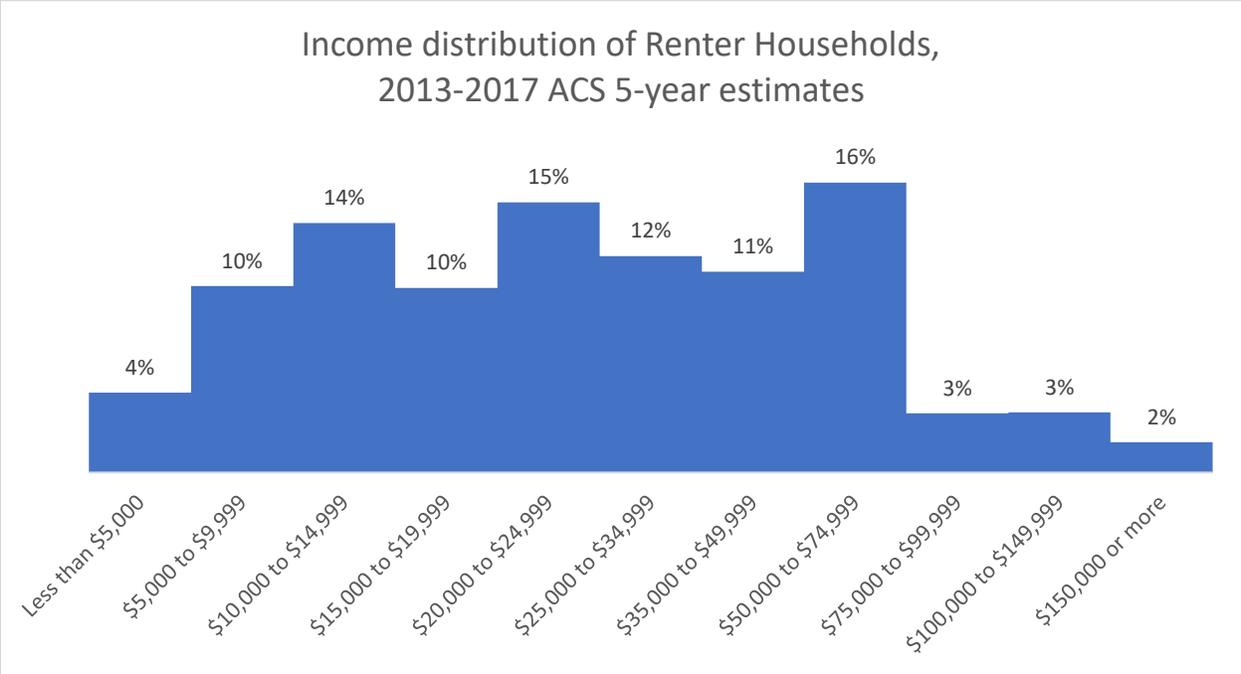
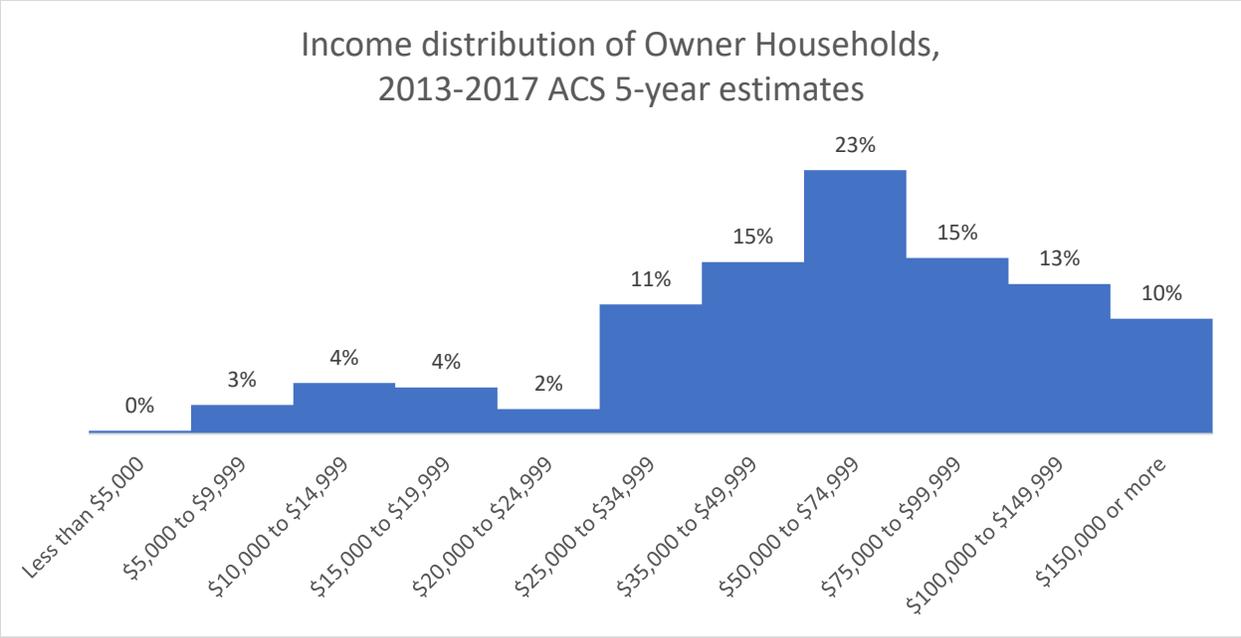
*Source: 2000 Census; 2010 Census; 2008-2012 ACS 5-year estimates; 2013-2017 ACS 5-year estimates*

ESRI provides population projections for series of concentric rings around the center of Rutland City. From 2018 to 2023, it projects that the number of both population and households will decline by about 0.6 percent annually for the 2-mile area surrounding the center of Rutland City, and by about 0.4 percent annually for a 10-mile radius.

### Incomes

Household income is another key factor driving housing demand. Since 2010, inflation-adjusted incomes have declined slightly in Rutland County (by 1 percent), and stayed essentially flat in Rutland City (American Community Survey 2006-10 and 2013-17 5-Year Estimates). By comparison, nationally, incomes rose by about 9 percent in real terms over this period (US Census Bureau, Income and Poverty in the United States).

In the case of Rutland, many households have relatively low incomes. About one-quarter of homeowners, and 65 percent of renters, have incomes below \$35,000 a year. Even though housing costs are relatively low (discussed later in this report), this population faces affordability challenges due to their low incomes.



Poverty

Poverty has declined in most Rutland City neighborhoods since the recession, with the exception of the Southwest neighborhood (Tract 9633), where it appears to have spiked. These numbers are consistent with observations of neighborhood decline in this area related during interviews for the study.

### Poverty Status

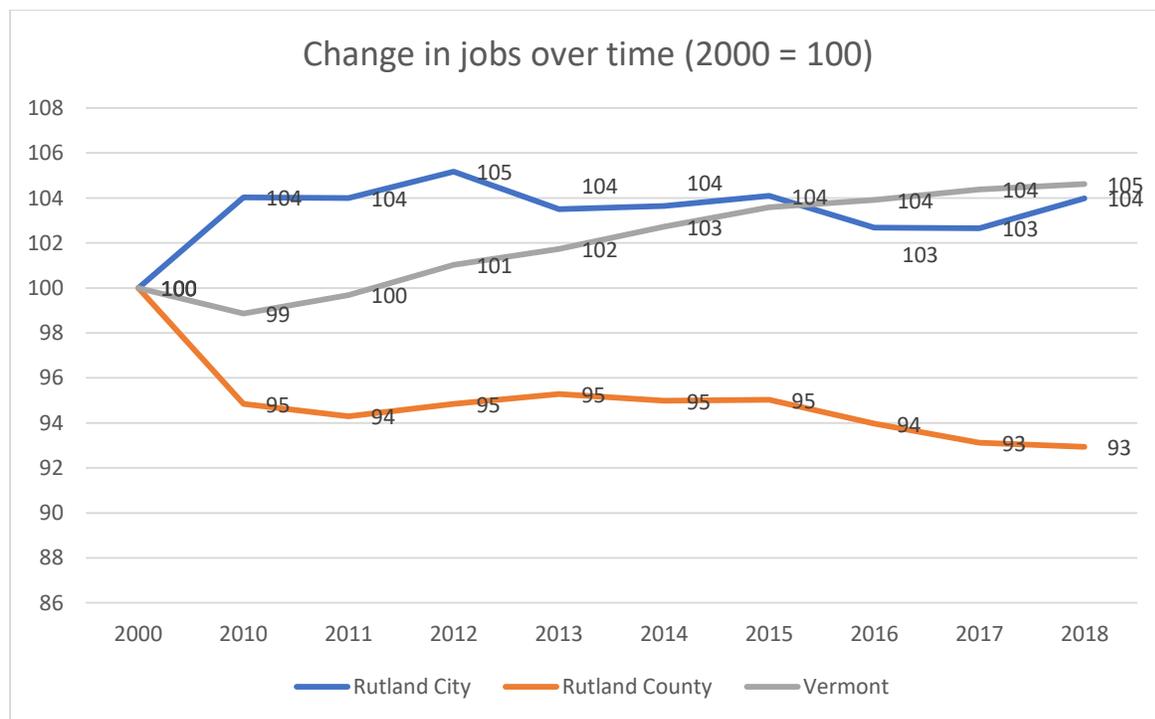
	2006-2010		2013-2017	
	Total Population	% Below Poverty Level	Total Population	% Below Poverty
Census Tract 9630	4,254	13%	4162	6%
Census Tract 9631	3,426	25%	3279	15%
Census Tract 9632	3,168	19%	2905	14%
Census Tract 9633	5,227	11%	4695	22%
Rutland City	16,075	16%	15041	15%
Rutland County	59,622	12%	57588	11%
Vermont	600,114	11%	600127	11%

Source: ACS 2006-2010 5-year estimates; ACS 2013-2017 5-year estimates

### Jobs and Unemployment

Employment, since it is a driver of incomes, is also a significant driver of housing market trends. Employment trends in Rutland City and Rutland County since 2010 suggest a stagnant to declining economy, which stands in stark contrast to statewide job growth and a booming economy nationally. Since 2010, Rutland County has lost 2 percent of its jobs and Rutland City has stayed flat, compared to 6 percent job growth for the state.

The chart below compares job trends in Rutland City, Rutland County, and Vermont, indexing to the year 2000. The chart shows that as of 2018, Rutland County has 93% of the employment base that it had in 2000. Rutland City and Vermont have more jobs than they did in 2000.



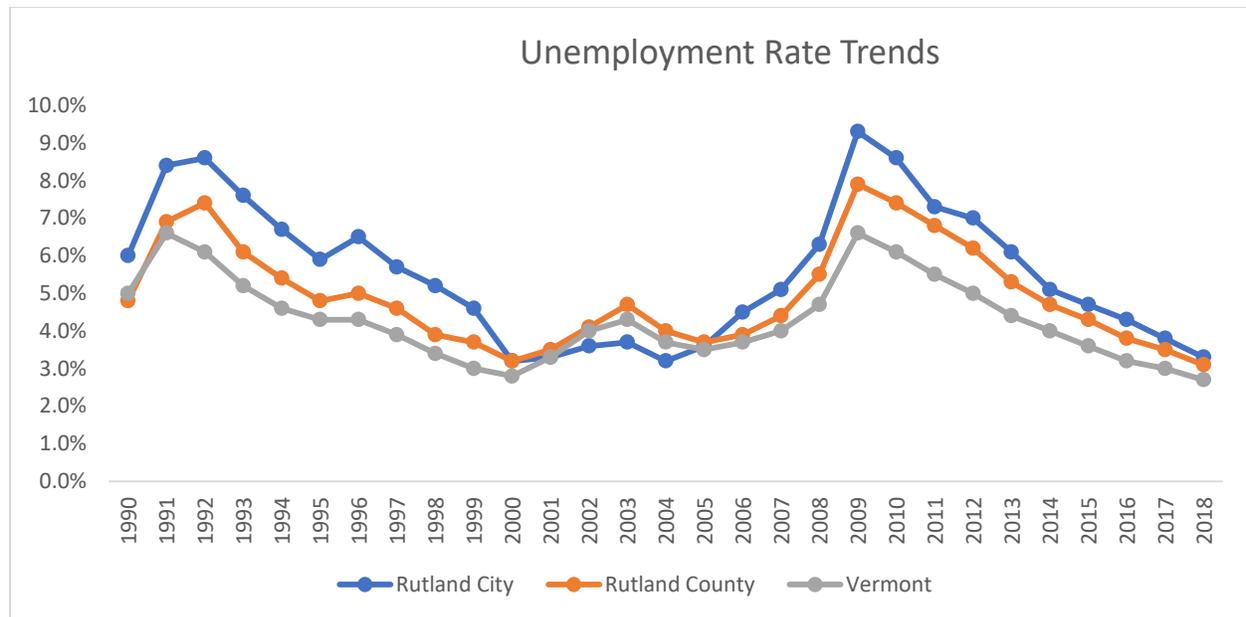
Source: VT Department of Labor, Covered Employment & Wage Series

The composition of the economy in Rutland City has also been changing, with health care accounting for a growing share of jobs.

Employment by Industry, Rutland City			
	1988	2011	2018
Health Care & Social Assistance	18%	29%	32%
Retail	17%	13%	12%
Government	10%	14%	13%
Manufacturing	13%	10%	10%
Leisure & Hospitality	8%	8%	8%
Professional & Business Services	6%	8%	9%
Financial Services	7%	4%	4%
All Other	21%	14%	12%

Source: VT Department of Labor, Covered Employment & Wage Series

Unemployment spiked in 2009 with the recession, but has since declined to very low levels; unemployment in Rutland County stood at only 3.1% in 2018. While the regional economy might not be growing, employers are nevertheless facing an extremely tight labor market. Housing policy could potentially play a role in supporting economic growth by providing attractive housing options that could help employers recruit talent from outside the region.



Source: Vermont Department of Labor. Annual averages, not seasonally adjusted.

### Housing Stock and Occupancy Levels

Housing stock has decreased slightly in Rutland City, while it has grown in Rutland County. A further decrease in total housing stock would be warranted to try to match the declining numbers of households and thus avoid problems with high vacancy rates. Unfortunately, vacancy rates have increased significantly in Rutland City, indicating a situation of housing over-supply in the City. It will be important for housing strategies to bring the total housing stock in line with the reduced level of total demand, in order to avoid physical deterioration of housing.

#### Number of Housing Units

	2000	2010	2008-2012 ACS 5-year estimates	2013-2017 ACS 5-year estimates	% Change 2012 to 2017
Census Tract 9630	2,050	2,092	2,133	2,074	-3%
Census Tract 9631	1,827	1,825	1,844	1,825	-1%
Census Tract 9632	1,481	1,483	1,510	1,465	-3%
Census Tract 9633	2,561	2,682	2,491	2,570	3%
Rutland City	7,919	8,082	7,978	7,934	-1%
Rutland County	32,311	33,768	33,743	34,256	2%
Vermont	294,382	322,539	322,243	331,106	3%

Source: 2010 US Census, 2000 US Census, American Community Survey 5-year estimates

#### Occupancy Status

Geography	2017 ACS 5-year estimates				
	Total Housing Units	Total Occupied	% Occupied	Total Vacant	% Vacant
Census Tract 9630	2074	1779	86%	295	14%
Census Tract 9631	1825	1636	90%	189	10%
Census Tract 9632	1465	1345	92%	120	8%
Census Tract 9633	2570	2147	84%	423	16%
Rutland City	7934	6907	87%	1027	13%
Rutland County	34,256	25160	73%	9096	27%
Vermont	331,106	258535	78%	72571	22%

Source: 2013-2017 ACS 5-year estimates

Of particular concern is that 53 percent of the vacant units in Rutland City are classified as “Vacant-other” by the Census Bureau, which means they are neither for sale or rent, nor held for seasonal use. This category thus includes a number of undesirable property outcomes that include foreclosure, abandonment, and property held for speculation. On the other hand, the City of Rutland reports only 63 vacant residential buildings per its Registry of Vacant Properties, which is far less concerning. The discrepancy between these indicators is a topic that the City

may wish to raise with the Department of Commerce for the 2020 Census. Meanwhile, high levels of vacancy in Rutland County are mostly driven vacancies in seasonal (vacation) units.

Building permit activity for new construction continues to be muted in both Rutland City and Rutland County, likely reflecting the weak housing market fundamentals already described in this report. From 2012 through 2017, there were 12 units of new construction permitted in Rutland City and 278 units in Rutland County (Vermont Housing Data).

While on the one hand, it is critical not to worsen the oversupply of housing on the market, some level of new construction – accompanied by similarly sized reductions in the level of older stock – might help the City and the region to reposition itself to attract buyers and renters seeking more modern housing stock. Indeed, Rutland City primarily has older housing stock – 60 percent of units in Rutland City, and 70 percent of its rental stock, was built before 1960 (American Community Survey 2013-17 5-year estimates). In Rutland County, 40 percent of units were built before 1960, reflecting the fact that most older stock is concentrated in the City.

Another issue facing Rutland City housing stock is the continued presence of small multifamily properties. About 39 percent of all housing in the City is found in buildings with 2 to 9 units (American Community Survey 2013-17 5-year estimates). This housing stock generally trades at a discount to single-family stock (as will be discussed later), and can be difficult for landlords to manage efficiently. The City appears to have made some progress in managing down the level of this stock as a percentage of the overall housing market, however: 2010 Census data indicate that in that year, small multifamily properties made up 44 percent of all units.

## Rental Housing Market

Interviewees and survey respondents described a rental market that provided few attractive options and was difficult for many to afford (see companion reports). A look at data on rental housing market trends provides some additional nuance to this picture.

Rental vacancy rates have remained roughly the same in both Rutland City and Rutland County. As of the 2013-17 American Community Survey 5-year estimates, they stand at 7 percent in both geographies. This level of vacancy is just slightly above the 6 percent benchmark that is sometimes used to indicate a healthy level of vacancy. The vacancy levels are mostly unchanged, although the Rutland County vacancy rate has tightened slightly, from 8% in 2010.

**Rental Vacancy Rates**

	Total Rental Units (Rental Occupied and Vacant Rental)	Vacant Units For Rent	Rental Vacancy Rate
Census Tract 9630, Rutland County, Vermont	594	68	11%
Census Tract 9631, Rutland County, Vermont	1,054	0	0%
Census Tract 9632, Rutland County, Vermont	500	51	10%
Census Tract 9633, Rutland County, Vermont	1,299	121	9%
Rutland city, Vermont	3,447	240	7%
Rutland County, Vermont	7,641	523	7%
Vermont	80,462	3279	4%

*Source: 2013-2017 ACS 5-year estimates*

In inflation-adjusted terms, rents appear to have actually dropped in Rutland City from 2010 to 2017, while they have grown very slightly in Rutland County.

**Median Gross Rent, 2017 constant dollars**

	2006-2010	2013-17	% change
Rutland City	\$ 810	\$ 782	-3%
Rutland County	\$ 814	\$ 821	1%
Vermont	\$ 906	\$ 945	4%

*Source: ACS 2006-2010 5-year estimates, 2013-2017 ACS 5-year estimates*

Despite flat to slightly declining rents, many renters lack the income needed to afford these rents. The table below shows the income needed to afford a 2-bedroom unit utilizing the HUD Fair Market Rent (Vermont Housing Data), and compares that to the median household income of renters (American Community Survey data).

**Income Needed to Afford an Apartment at HUD's FMR, 2 Bedroom Unit with Median Household Income**

Year	Rutland City/County		
	Income to Afford 2 Bedroom Unit	Median Household Income of Renters	HUD Adjusted Median Household Income for Family of Four
2009	\$31,520	\$26,924	\$58,500
2010	\$31,760	\$27,038	\$59,300
2011	\$34,040	\$27,131	\$60,800
2017	\$37,920	\$27,201	\$63,400
2018	\$37,160		\$66,400

Source: Vermont Housing Data ([www.housingdata.org](http://www.housingdata.org)); ACS 2006-2010 & 2013-2017 5-year estimates

As of 2019, the Fair Market Rent in Rutland County is \$939 per month for a 2-bedroom apartment ([rentdata.org](http://rentdata.org)), up from \$929 in 2018.

As a result of this mismatch between rents and incomes, housing cost burdens – as measured by the percentage of renters who spend more than 30 percent of their income on housing – are commonplace in both Rutland City and Rutland County. In Rutland City, over half- 56 percent – of renters are paying too much for rental housing relative to their incomes, up from 51 percent five years ago.

**Households with Rental Cost Burdens**

	2008-12	2013-17
Rutland City	51%	56%
Rutland County	48%	48%

Source: American Community Survey 5-year estimates

A more detailed look at the pricing of rental housing in Rutland City suggests that the affordability challenges are concentrated among renters earning less than \$25,000 per year. Above that income, there are more units available in a given rent tier than there are renter households in the corresponding income tier. Arguably, low incomes, as opposed to high rents, are driving the affordability issue.

The highest-income renter households do not have stock priced at the maximum they could afford, which might point to some opportunities for developers of higher-end stock. Specifically, there are 206 rental households in Rutland City with incomes of over \$75,000 per year, but no rental units priced for their income range. Additionally, there are 226 more renter households in the \$50,000 to \$75,000 income range than there are apartments priced for that income range. All of these renter households are renting lower-priced units on the market. We cannot say whether these renters would choose to upgrade to a higher-priced unit if one were made available, but it is

certainly possible that some would do so if that unit offered an attractive mix of amenities that they considered to be a good value.

### Supply and Demand of Rental Housing in Corresponding Price and Income Tiers

Income	2010		2017	
	Rental Households	Rental Units Considered Affordable*	Rental Households	Rental Units Considered Affordable*
Less than \$5,000	155	16	138	9
\$5,000 to \$9,999	326	153	322	204
\$10,000 to \$14,999	473	209	431	197
\$15,000 to \$19,999	373	185	319	114
\$20,000 to \$24,999	384	452	467	333
\$25,000 to \$34,999	603	1138	374	1315
\$35,000 to \$49,999	603	1202	347	648
\$50,000 to \$74,999	522	21	501	275
\$75,000 to \$99,999	125	29	102	0
\$100,000 to \$149,999	12	0	104	0
\$150,000 or more	11	0	52	0

\*Assuming rent is affordable at 30% of income. 182 Units are not cash rent in 2010; 62 Units are not cash rent in 2017. Source: Analysis of ACS 2006-2010 5-year estimates; ACS 2013-2017 5-year estimates.

### For-Sale Housing Market

The homeownership rate in Rutland City has ticked up slightly, from 52 percent in 2010 to 54 percent in 2017 (ACS 2006-10 and 2013-17 5-year estimates). Rutland County also saw an increase, from 70 to 72 percent. Notably, homeownership rates in the City have grown in two Northwest neighborhood census tracts that together contain the focus area of revitalization work conducted by the City and its partners over the past five years. Census Tract 9631 saw its homeownership rate go from 29 percent to 37 percent, and Census Tract 0632 jumped from 57 percent to 67 percent. Data is not sufficient to indicate whether this increase is a direct result of the revitalization work, but the trend is encouraging. Meanwhile, the southwest neighborhood (Tract 9633) saw a decrease in the homeownership rate, from 49 percent to 45 percent.

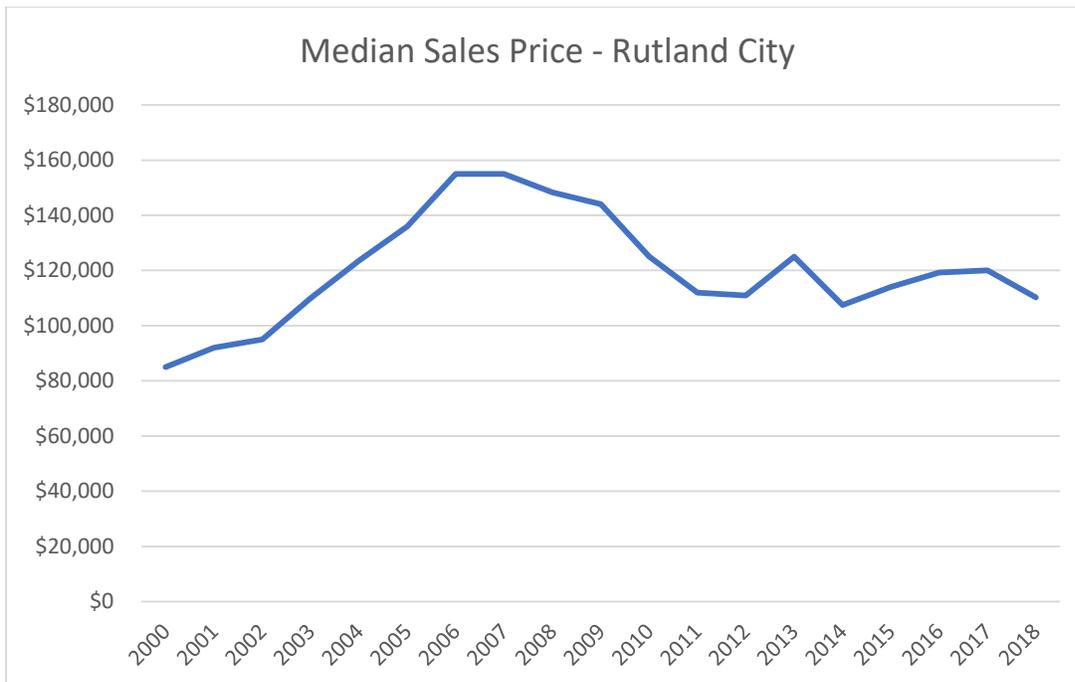
The for-sale vacancy rate generally reflects a healthy homeownership market, with only a slight increase in vacancy rates between 2010 and 2017. In Rutland City, the rate shaded upwards from 2.1 percent to 2.6 percent, while Rutland County moved from 2.2 percent to 2.4 percent. These figures compare to 2 percent as the commonly used benchmark for a healthy market (ACS 2006-10 and 2013-17 5-year estimates). Discussions with interviewees knowledgeable about the market revealed that inventory levels of listings with Realtors are at low levels (see companion report).

Home prices appear to have ticked downwards from 2016 to 2018 in Rutland City, although interviewees reported a strong market recently and the overall volume of sales activity has increased. Rutland County saw an increase both in home prices and in sales. Home prices in 2018 for both the County and the City are slightly lower than where they were in 2011. However, the big difference is in sales volume, which has more than doubled in both geographies, indicating that the market has recovered from recessionary shocks, even though market fundamentals (the lack of growth in incomes and households) is resulting in weak home price trends.

**Home Price Trends**

	Rutland City		Rutland County	
	Median Price	Valid Sales	Median Price	Valid Sales
2011	\$112,000	123	\$138,500	401
2016	\$119,250	216	\$125,000	649
2017	\$120,000	260	\$135,000	858
2018	\$110,235	275	\$129,000	891
Percent change 2016-18	-8%	27%	3%	37%

Source: Vermont Property Transfer Tax Data ([www.state.vt.us/tax/statisticsproptrans.shtml](http://www.state.vt.us/tax/statisticsproptrans.shtml))



Source: Vermont Property Transfer Tax Data ([www.state.vt.us/tax/statisticsproptrans.shtml](http://www.state.vt.us/tax/statisticsproptrans.shtml))

Relative to major metro markets, house prices remain very affordable. Households earning as little as 60 percent of the HUD-Adjusted Median Family Income can afford to buy a median-priced home in Rutland City.<sup>3</sup>

**Affordability of Homeownership in Rutland**

	Median House Price: 2018	Estimated Income needed to afford the median priced home	2003-2017 ACS Household Median Income	2019 HUD Adjusted Median Family Income	% of median income needed to afford	% of HAMFI needed to afford
Rutland City	\$ 110,235	\$ 40,980	\$42,861	68,600	96%	60%
Rutland County	\$ 129,000	\$ 47,955	\$52,635	68,600	91%	70%

*Source: Analysis of VT Property Transfer Tax Data, 2013-17 ACS 5-Year Estimates, HUD*

That said, some homeowners do struggle with housing costs. About 20 percent of homeowners in Rutland City and 17 percent of homeowners in Rutland County pay more than 30 percent of their incomes on homeownership costs (ACS 2013-17 5-year estimates). Cost-burdened homeowners are concentrated among households earning less than \$35,000 a year, as shown in the table below.

**Cost-burdened Homeowners**

	2017 Household Income \$35,000 and under	2017 Household Income \$35,000 and over
Rutland City	78%	19%
Rutland County	74%	15%
Vermont	72%	18%

*Source: 2013-17 American Community Survey 5-Year Estimates*

**Residential Sales in the Northwest Neighborhood**

We analyzed MLS data provided by a local Realtor to examine home price trends in the Northwest neighborhood, which was the subject of neighborhood revitalization efforts over the past 5 years. The data are encouraging, suggesting that property prices have increased in the

<sup>3</sup> This estimate assumes a house-price-to-income ratio of 2.69, which in turn reflects the following assumptions: 4.5% mortgage at 30-year term, taxes and insurance of 5 percent, and a front-end ratio of 0.29.

neighborhood and that property sales activity has grown slightly. That said, these numbers should be interpreted with great caution due to the small number of observations overall. Sales data include sales of homes acquired, rehabilitated and resold by NeighborWorks of Western Vermont.

**Residential Sales in the Rutland Northwest Neighborhood, 2014-19**

Year	All residential sales	Median Days on Market	Median Sale Price	# Multifamily Sales
2014	6	135	\$ 31,500	2
2015	7	166	\$ 37,500	2
2016	5	24	\$ 43,620	2
2017	13	100	\$ 65,250	7
2018	9	42	\$ 73,500	4

## Rutland Housing Survey Highlights

### Background, methodology and limitations

In May of 2019, the Rutland Redevelopment Authority, with partners including the Rutland Chamber of Commerce and the Rutland Economic Development Corporation, distributed a housing survey to area employers and workers. The surveys were available online, with links to each survey distributed to employers by the partner agencies. Both surveys asked for opinions about the affordability and quality of housing in Rutland, and for perceptions of how Rutland city neighborhoods were faring.

A total of 40 employer responses and 295 worker responses were received (including 108 received via outreach from the Rutland Young Professionals group). Because recipients were not randomly selected, a margin of error cannot be calculated for the responses. ***Readers should be aware that systematic differences in opinion may exist between survey respondents and the population at large.*** The number of responses to individual questions also varied (not all respondents answered every question).

Note that, as a general convention in this document, the percentages reported exclude responses of “don’t know / not sure” – in other words, we analyze responses only for those respondents who actually provided an opinion about the question asked.

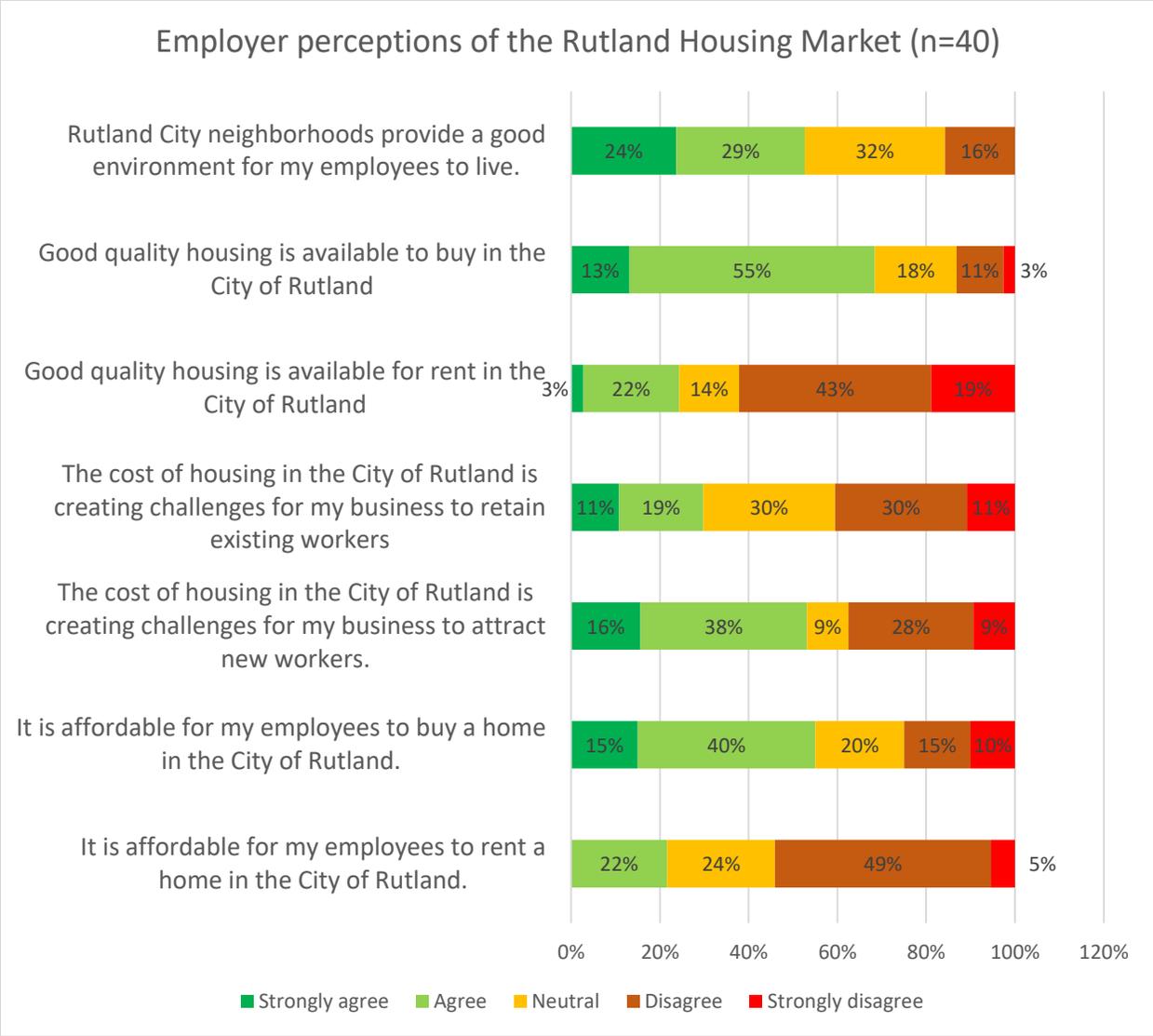
### Employer Survey Highlights

***Employers identified the cost and availability of quality rental housing as the biggest housing issue their employees face.***

- 62% of employers feel that good quality rental housing is not available in the City of Rutland. By contrast, more than two-thirds of employers (68%) feel that the for-sale market does have good quality homes available to buy.
- 54% of employer respondents do not feel that it is affordable for their employees to rent a home in the City of Rutland. Nearly three-quarters of respondents (74%) felt that the affordability of rental housing in Rutland has gotten “somewhat worse” or “much worse” over the past five years.

***Significant numbers of employers believe that housing cost quality issues in Rutland impact their ability to recruit and retain workers.***

- A majority of employers hiring new workers – 54% - believe that housing costs impact their ability to recruit new workers
- 43% of employers hiring new workers reported that issues with the quality of housing in the City of Rutland are creating issues for them to attract new workers.
- 30% of employers felt that housing costs are creating issues for them to retain workers.



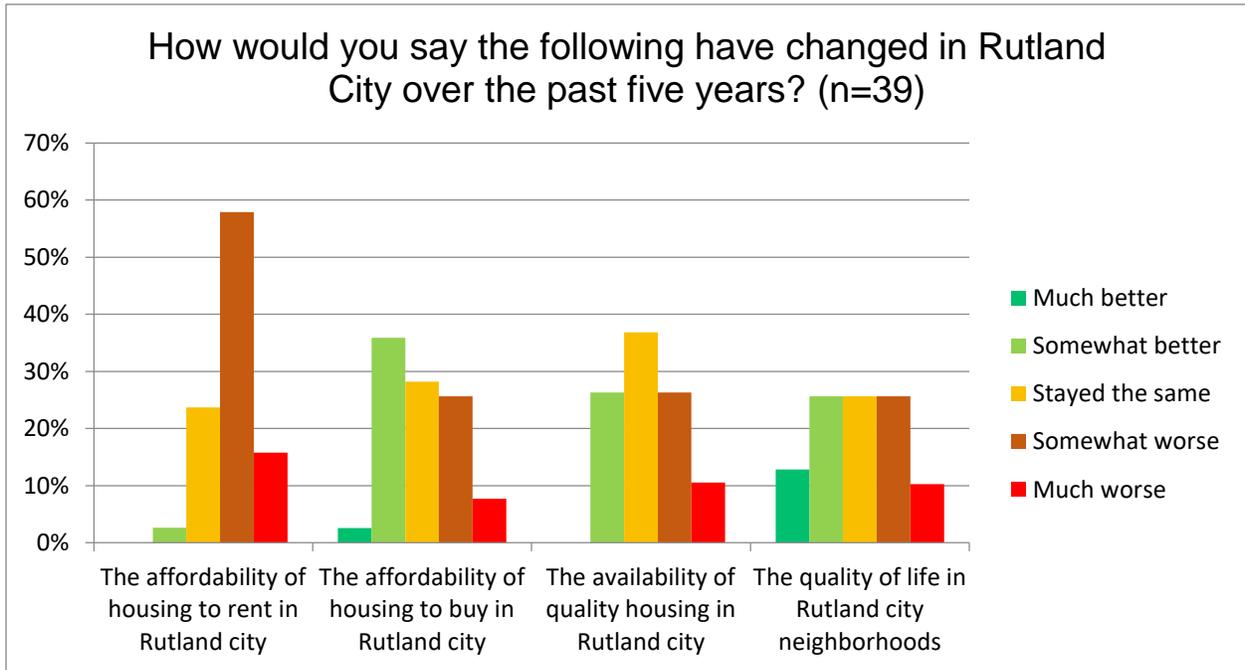
***A majority of employers believe that Rutland City neighborhoods provide a good environment for their employees to live.***

- 53% of employer respondents “agreed” or “strongly agreed” that “Rutland City neighborhoods provide a good environment for my employees to live.” Only 16 percent disagreed with that statement, and none strongly disagreed.
- A very slight plurality – 38% - of employer respondents felt that neighborhood quality of life in Rutland has improved during the past 5 years, compared with 35% who feel that it has deteriorated.

***Most employers believe that rental housing affordability has gotten worse over the past five years.***

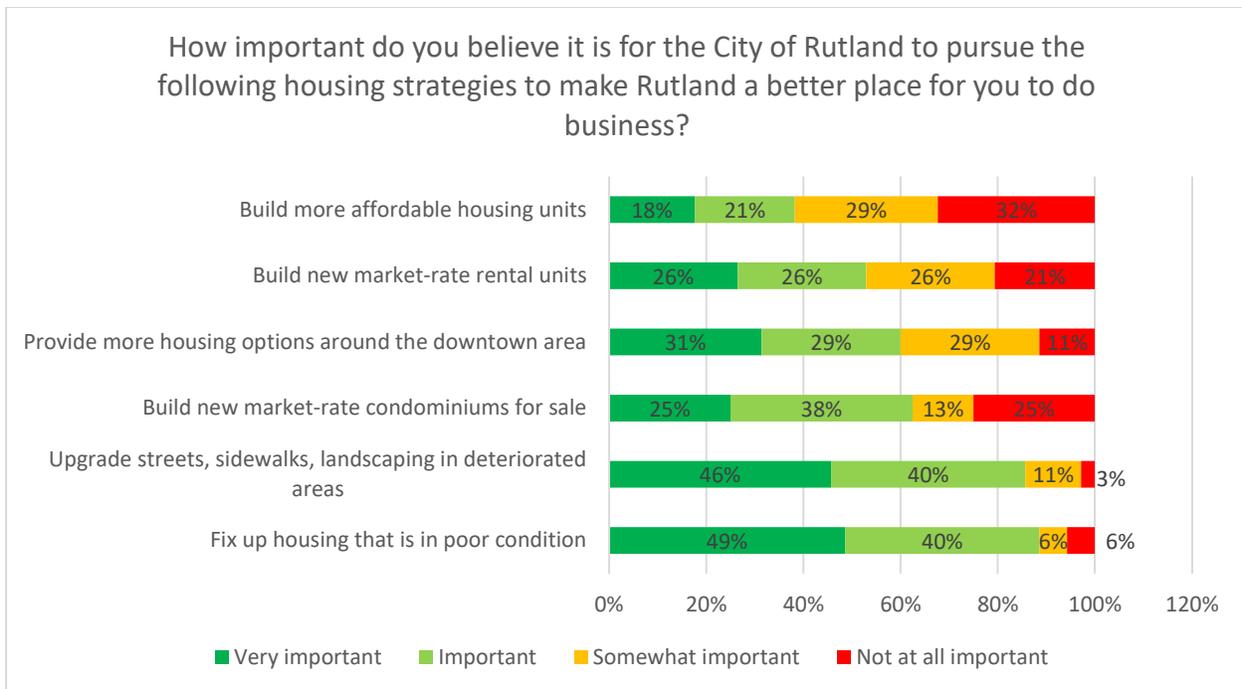
- 74% of employers believed that rental housing affordability in Rutland City has gotten “somewhat worse” or “much worse” over the past five years.

- Opinions were more mixed about how other aspects of the housing market have trended.



***Housing strategies that employers value the most are to fix up housing that is in poor condition and to upgrade streets, sidewalks and landscaping in deteriorated areas. A majority of respondents also wanted to see more development of market-rate rental units and condos, as well as downtown housing options.***

- 89% of employer respondents felt that it was “important” or “very important” to fix up housing that is in poor condition, and 86% wanted to see investment to upgrade streets, sidewalks and landscaping in deteriorated areas.
- Majorities also wanted to see development of new market-rate rental units (52% rating this strategy as “important” or “very important), new condos (63%), and downtown housing options (60%)
- The only housing strategy that was not strongly endorsed by a majority of employers was “building more affordable units.” However, 39 percent of respondents still viewed this strategy as “important” or “very important.” Also recall that a majority of businesses hiring new workers identified housing costs as a barrier to recruitment.



***An open-ended question asking for strategic recommendations revealed that housing is not the only issue concerning employers. Property tax levels, economic development issues, and placemaking investments were all raised by employers as issues they would like to see addressed.***

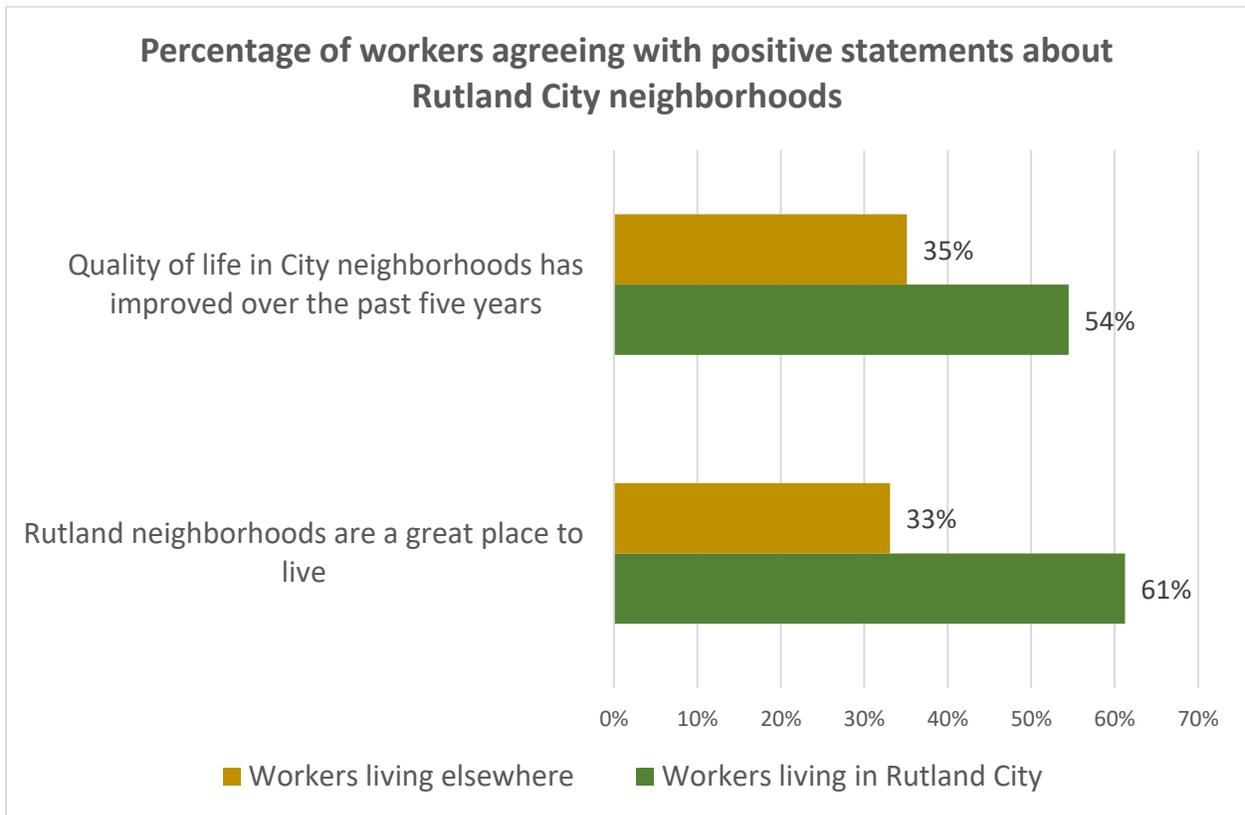
- Three comments (out of 17 open-ended responses received) reflected the desire to see lower taxes
- Three comments discussed the importance of job creation and supporting employers generally
- Three comments highlighted placemaking investments such as the bike path and the Riverwalk
- Some particular housing issues raised include the difficulty and expense of obtaining permits; the challenge for landlords of finding responsible tenants; the possibility of providing incentives for private developers to build and upgrade housing; and the importance of providing quality, market-rate rentals.

### Worker Survey Highlights

***Respondents who live in Rutland City had a more positive perception of City neighborhoods than respondents living elsewhere in the region.***

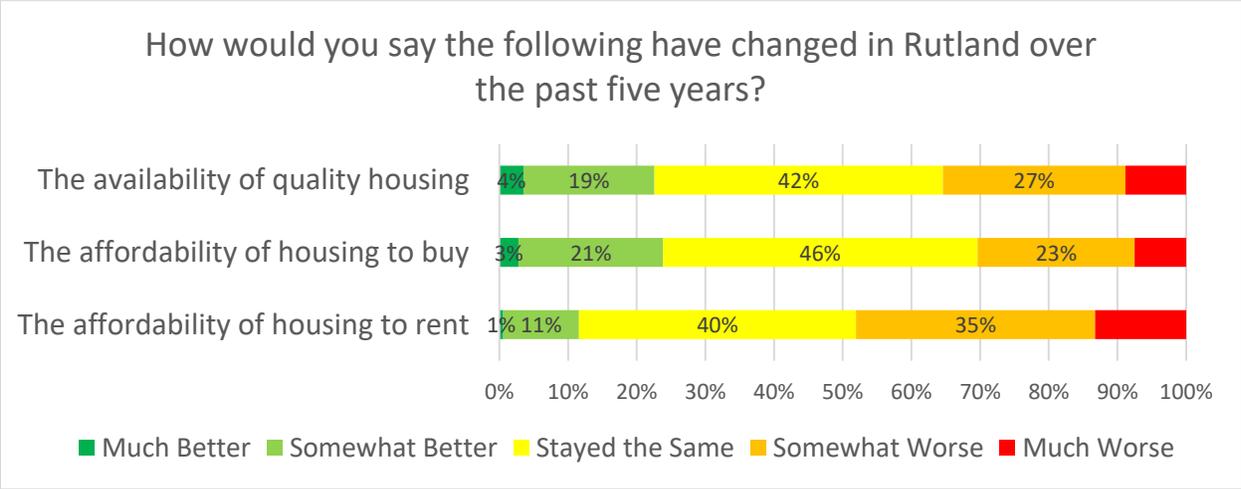
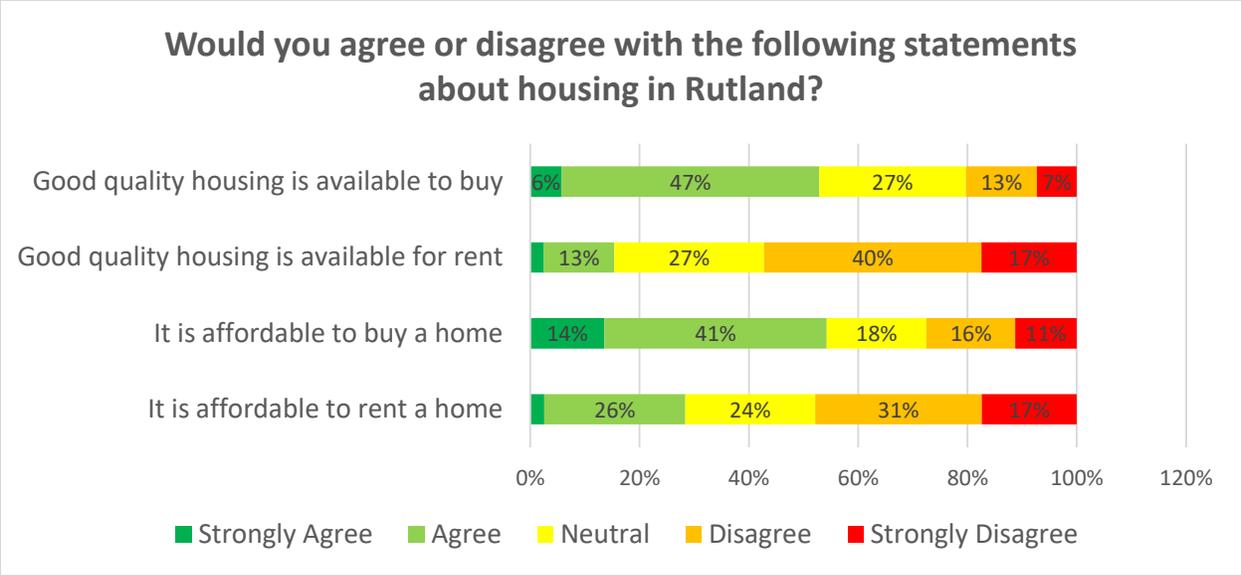
- 61% of workers living in Rutland City “agreed” or “strongly agreed” that the Rutland City neighborhoods were a great place to live, compared with 33% of workers living outside the city.

- 54% of workers living in Rutland City “agreed” or “strongly agreed” that the quality of life in City neighborhoods had improved over the past five years, compared with 35% of workers living outside the city.



***Respondents perceived issues with the availability and affordability of rental housing in Rutland City – more so than with homeownership housing. This pattern held regardless of where the respondent lived.***

- Only 15% of respondents “agreed” or “strongly agreed” that “good quality housing is available for rent” in Rutland, compared to 54% who felt that quality for-sale housing was available.
- Only 29% of respondents “agreed” or “strongly agreed” that “it is affordable to rent a home” in Rutland, compared to 55% who felt it was affordable to buy a home.
- A plurality of respondents felt that the availability and affordability of housing in Rutland had gotten worse over the past five years. Most notably, 48% felt that rental housing affordability had gotten “somewhat worse” or “much worse,” compared to 12% who felt it had improved (the remainder felt it had stayed the same).

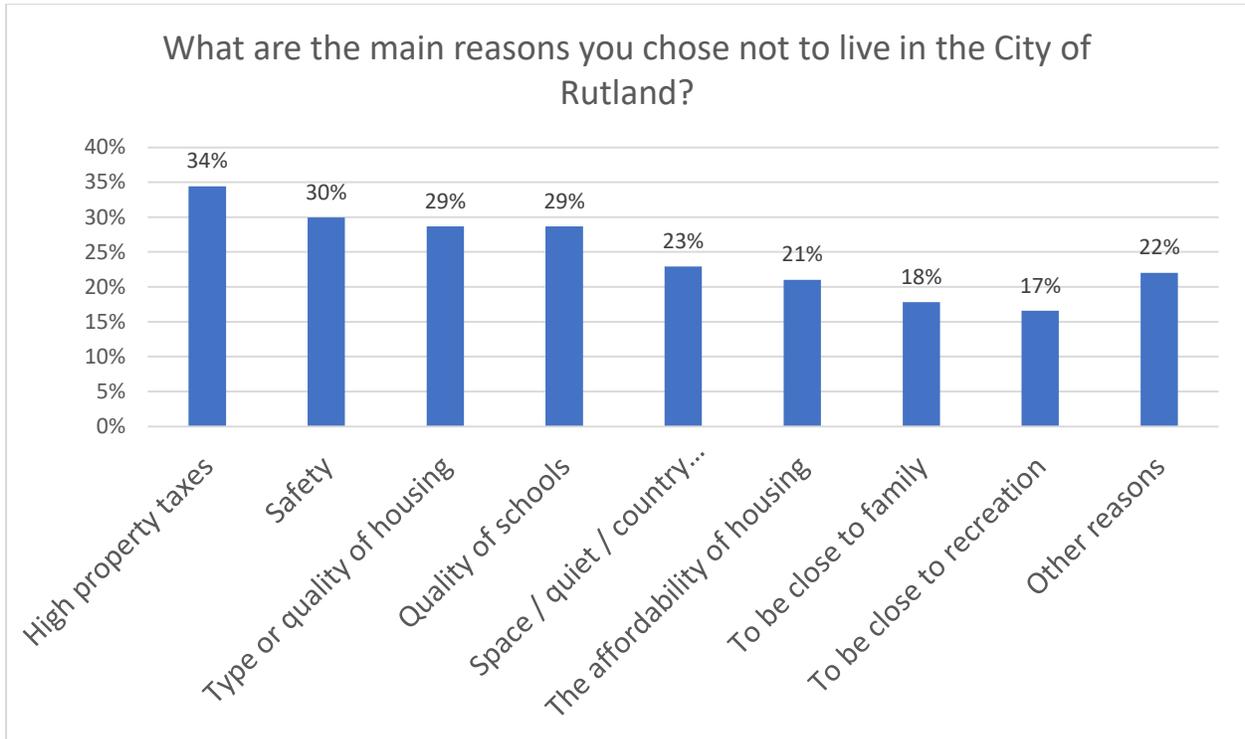


***Property taxes, school quality, public safety, and quality of housing are the biggest reasons motivating people to choose homes outside of Rutland City, looking at factors that public policy could possibly address.***

- 34% of workers living outside of Rutland City cited high property taxes as one of the three main reasons they chose not to live in the City.
- The next most commonly cited reasons for living outside the City were safety (cited by 30%), school quality (cited by 29%), and the type or quality of housing available (cited by 29%).
- Some commonly cited reasons for living outside the City were not things that could be addressed by City strategy. In particular, 23% of respondents cited wanting a quieter, lower-density or more country/rural setting, and 18% cited wanting to live close to family. Note that comments regarding wanting a quieter / country setting were written in

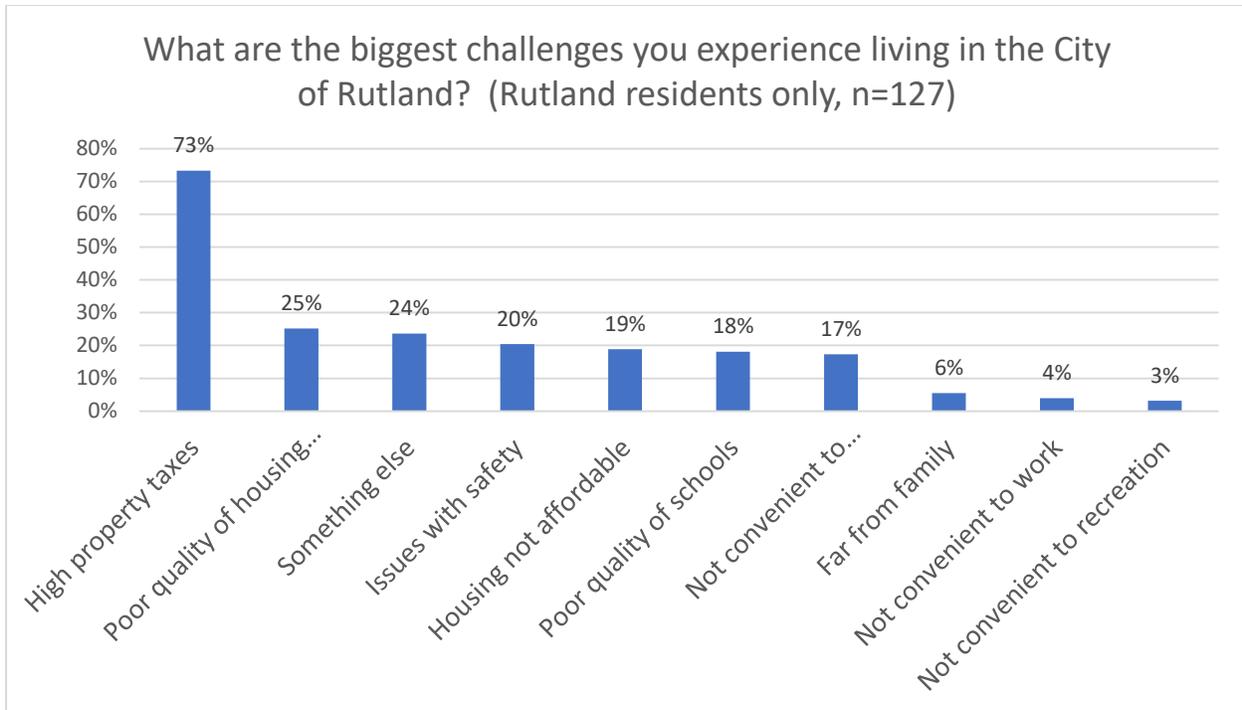
as open-ended responses; had this choice been offered within the survey text, it is possible that a larger percentage of respondents might have selected this option.

- The chart below shows a breakdown of reasons cited by respondents living outside the City of Rutland as to why they made that choice. Note that percentages sum to more than 100% because respondents were allowed to select up to three reasons.



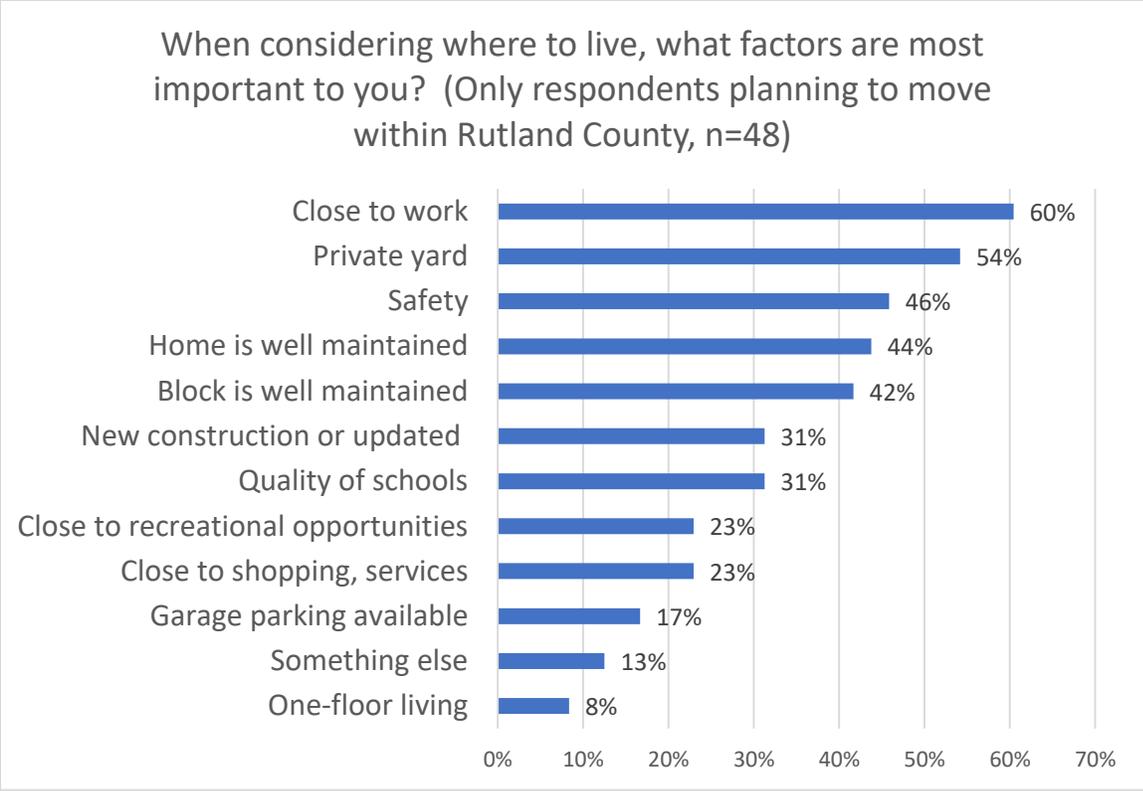
***For workers living in Rutland, high property taxes were by far the most widely felt as the greatest challenge to living in the City. Safety, housing quality, and housing affordability were also mentioned by many respondents.***

- 73% of respondents living in Rutland City selected high property taxes as one of the three biggest challenges they experienced.
- Poor quality of housing was the second-most commonly cited issue at 25%, followed by safety at 20% and affordability of housing available at 19%.
- Among respondents selecting “something else” as one of the top challenges, the poor condition of roads and sidewalks, as well as absentee / irresponsible landlords, were mentioned, along with respondents repeating concerns about high taxes and school quality.



***Among survey respondents likely to move within Rutland County in the next five years, convenience to work, safety, and a well-maintained physical environment were the top three considerations for where they will choose to live.***

- 49 survey respondents (about 17%) were planning to move within Rutland County in the next 5 years. Of these, 84% were looking to buy a home when they moved, and 16% to rent.
- Among those who are looking to move, closeness to work, safety, and having well-maintained buildings, streets and sidewalks nearby were most frequently selected by respondents as one of their top three considerations for where they would choose to live. Other factors that were frequently cited including having a private yard and a home that was well-maintained.

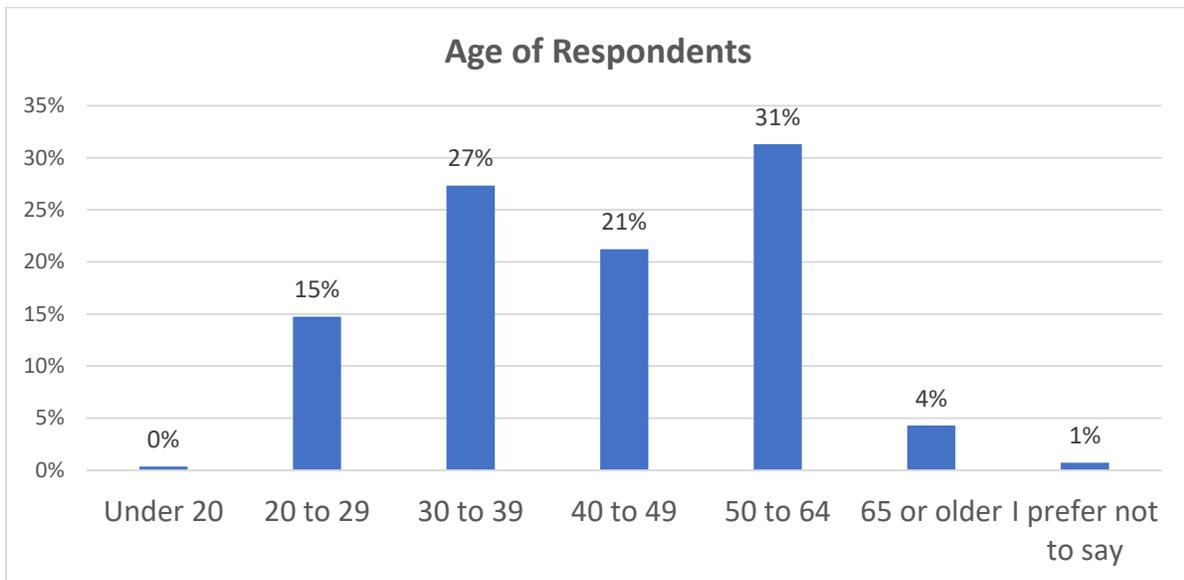


***Single family housing was by far the most desired among respondents planning to move within the County. The survey identified a small market for loft condo or apartment living. However, the demand for such housing might actually be strongest among populations that considering, but are not currently living, in the area.***

- Out of 48 respondents who are planning to move within Rutland County during the next 5 years, only 2 (4% of respondents) indicated that they would be most interested in moving to a loft, condo or apartment unit in a larger building. The remainder were most interested in purchasing a single-family home. No respondents were interested in living in a townhome, and only 1 was interested in a small multifamily home with 2, 3 or 4 units.
- Respondents who were planning to move were also generally interested in larger units. 78% of respondents planning to move were interested in a dwelling with 3 or more bedrooms, and the remainder were interested in 2-bedroom dwelling. No respondents were interested in 1-bedroom or studio units.
- Note that significant sources of demand for “downtown living” in loft condominiums or apartments could include downsizing empty nesters and retirees, young professionals just starting out in their careers, and workers just arriving in town. Generally, these populations are not a large share of the survey respondents.

***Survey respondents differ from the overall Rutland County population in a number of ways.***

- 79% of workers responding to the survey owned their home. By comparison, the homeownership rate in Rutland County is 72% (2013-17 ACS 5-year estimates).
- 60% of respondents reported holding a bachelor’s degree or higher, compared to 30% of all adults in Rutland County (2013-17 ACS 5-year estimates).
- 4% of respondents were 65 or older, compared to 17% of all adults over 18 in Rutland County. While this result is not surprising given that the survey was of workers, it should be kept in mind that the survey results are not indicative of overall housing demand or housing preferences in the population at large.
- Younger workers comprised only a small portion of survey respondents, and senior citizens (since many seniors are retired and thus would not receive a worker survey) were largely absent from the respondent base, as seen in the chart below.



## Interview Themes

As a part of the study, I Square Community Development Consulting interviewed 11 key informants including bankers, Realtors, real estate appraisers, developers, landlords, and major employers. In this section of the report, we present themes from these interviews.

### ***Interviewees reported low levels of inventory and higher sales volumes on the single-family market, both signs of market strength.***

- “I think there were 160 single family sales in the City last year; inventory is around 90 houses for sale and 1/3 of those are under contract. We went from a market where there were maybe 80-90 houses a year selling and a lot were foreclosures – that’s not happening any more. We are not seeing a large increase in values but the volume is coming back.”
- “All the signs are good. Inventory is lower now. Our county had been fighting high inventory for years. Rutland City inventory is down to a 6- or 7-month supply, compared to 3 to 4 year supply a few years ago.” This interviewee further commented that the single-family market “may be getting there” towards becoming a seller’s market.
- “The market has been strong for single family units – as healthy as it has been for some time. [In particular], homes from \$185,000 to \$375,000 have moved.” This interviewee noted some demand from downsizing seniors for single-level living.
- A lender commented, “We’re going through the busiest spell [in the mortgage business] in 35 years. I have had at least 20 purchase transactions in my personal pipeline for some time. As they close, there is more to replace them. The Realtors all say the same thing – if anything has a fair price assigned to it, it moves with a full price offer.”
- “For a while you could not sell anything for more than \$300k. That is starting to change as there is less inventory in the city and the surrounding areas.”
- On the lower end of the market, an interviewee commented, “I don’t think builders can make a profit on anything in the starter home market – people only want to build new stuff over \$400k. Your average Vermonter can really only afford the older stuff.” Another interviewee commented, “There are plenty of starter homes, but the step up from that – the \$200-250k and up homes – are harder to find. With the lower priced stuff – these houses are old in New England – the seller has to recognize the work that has to be done on the home, and put a price tag on it that reflects the cost of upgrades [the buyer will have to do].”

***At least some interviewees perceive the fundamentals that drive the housing market – population and household trends, and income trends – as weak, which they believe in turn impacts investment in the housing market.***

- “In Rutland in general and in the Northwest neighborhood, there is no financial feasibility in [housing] renovation. If you put \$1 into renovation, you will get back 50 cents. The reason is lack of demand. The reason we have lack of demand is that population and households are projected to decline.”
- “I see a slow death spiral – it’s like musical chairs. The only way to turn that around is to change our population numbers, get good living wage jobs and employment. The other side of the coin is this – people in this state, especially in Burlington and now a little more in Lamoille County, rip themselves apart worrying about affordable housing, not realizing that the 4 southern VT counties are blessed with a huge supply of affordable housing. In order to buy the median price home in Rutland County, at normal PITI payments, you only have to make \$18 an hour. We need to work with State partners to push population and employment this way – that will allow buyers to make a stable, full-time \$18 an hour. Why not modify Act 250 to encourage development outside of Burlington? Let’s make it easier to develop where there is housing and not a lot of jobs.”
- “We have a bad environment for decent wage jobs in Rutland, it gets harder and harder for people who struggle in life who are the ones we want to help become homeowners. Can they sustain homeownership if we get them into a home?”

***Rental property owners and managers report decent occupancy levels, and Realtors describe a stronger market for the purchase of multifamily homes. On the other hand, overall deal economics for most rental properties appear to be weak.***

- Comments related to low vacancy levels and positive trends in the multifamily market:
  - “We keep our units pretty well filled – we don’t have units go vacant for long periods”
  - We have 2 multifamily properties that we rent... we’ve managed to keep them fairly full, although we offer lower than market rate rents to attract workable tenants to our 1-bedroom apartments.”
  - “There is a guy converting all of his multifamily buildings into 1-room apartments and finding demand. I don’t know that it is all really low income, it includes people coming here to work and get started and figure out where they want to be, a lot of younger people.”
  - “Generally, we’ve done well – right now we have no vacant unfurnished units. When we do have a turnover and raise the rent, it hasn’t impacted our ability to find a new tenant.” This interviewee did raise a concern about how the closing of St. Joseph’s College might impact the rental market going forward. Furnished rentals follow more of a seasonal pattern, with fuller occupancy during the winter ski season.

- “We’ve sold probably 15 multifamily properties last year, and the year before. Before that, they weren’t selling at all.”
- “We had a lot worse problem with rental oversupply than we have now.” This interviewee noted that in the 1990’s, close to 300-400 units were torn down in a 5-year span.
- Comments related to continued economic difficulties in the multifamily market:
  - A property manager felt that rental property economics are such that absentee investor-owners are not able to invest in their properties. “A lot of these out of state owners are just eking by – paying their mortgage, keeping the building maintained best they can and paying the taxes, and hoping for the long-haul payment at the end of the road.”
  - A Realtor agreed: “It is very hard to cash flow any rental property here; one of the reasons is the real estate taxes.”
  - A different developer / property manager cited both high property taxes, the increasingly high cost of housing rehabilitation work, and issues with tenant quality as the main factors keeping deals from penciling out. “If you take all those factors together, it’s a difficult economic scenario – leads to exploitation of uneducated renters who live in less than ideal circumstances.”
  - “The multifamily market has not recovered like the single-family market. Investors are so used to buying stuff for \$5,000 to \$10,000 a unit and fixing them up themselves [that rehabbed rental properties don’t sell] - they don’t want to pay for someone else’s labor. Multifamily properties set up for owner occupancy have more of a chance for selling – like 2-family buildings more so than 3s or 4s, maybe with one larger nicer unit for the owner and then an in law - those will sell quickly.”

***Interviewees most frequently cited high real estate taxes as the biggest issue they think the real estate market faces, in both the rental and homeownership markets.***

- “Real estate taxes in the City are the biggest issue for everyone.”
- “The tax situation is horrendous.”
- “I have a young couple who bought a house 2 years ago, they are trying to sell now because the taxes are a concern, and have a hard time selling because they paid full boat for it and their taxes are 5-6k a year on a \$150k house. Most people in the city pay 400-600 a month in taxes. We bought a home on Lincoln avenue, taxes are now \$6,800 a year on it.”
- “Our taxes are ridiculous. You might be able to afford a home but the taxes can be really cumbersome if you are just barely able to make your mortgage payments. Rutland town you can get a similar home with lower taxes.”

- One interviewee noted that the loss of industrial space in the City was a long-term issue that impacts property taxes (loss of ratables). He also noted as an issue that about 30 percent of property in the city is tax exempt, further complicating the revenue side of the picture. On the expense side of the picture, infrastructure replacement needs are significant, estimated at \$125 million over 25 years.

***Beyond high property taxes, challenges for rental owners include issues with tenant quality and higher tenant turnover than in years past, a desire to get more support from law enforcement for certain situations, and significant time and expense to evict problematic tenants.***

- Comments on tenant quality and turnover:
  - “The length of tenancy is not what it used to be”
  - “I’ve had at least 9 tenants over the course of 10 years who’ve defaulted on rents, all of whom had gone through a rigorous application process including credit checks.”
  - “The quality of people looking for housing in the area, and their ability to pay their rent, is very limited for this area.”
  - “The reason there are not quality rentals is that there is not a lot of need in the area for professional-level short term housing.”
- Comments on landlord laws and difficulties with the eviction process:
  - “The landlord-tenant law is tough and you can’t get people evicted easily; deadbeat tenants take advantage of that.”
  - “Getting someone evicted can take 8-plus months, you’ve lost cash flow all that time and the owner is now behind on their own obligations. So many barriers when it comes to being able to evict someone that it is not worth your while to rent your property. I have friends who have a rental property that they no longer rent because of their horrible experience trying to evict someone. Many property owners in the area aren’t publishing that they have openings, petrified they will get the wrong person in there – they may just go by word of mouth, trying to find someone with a steady job.”
  - It costs thousands and thousands of dollars and takes at least 6 months to get people out. Especially when it is a smaller local investor, that’s money they could be putting into making their units nicer.
  - One property manager described issues that can arise where a relative or boyfriend of a tenant has problematic behavior, but is not themselves on the lease. “If I had some help from local law enforcement [to remove that person from the property] it would be great, but they always just say it is a civil matter and wash their hands of it. We need help to deflect situations before they become bigger situations.”

*Access to capital might be an issue for some rental owners, but was not felt directly as an issue by interviewees.*

- “In order for people to invest to buy vacant buildings or buildings being foreclosed – if they need a lot of work – if there is funding available to help, better publicize it or have workshops about it.”
- “Personally, we won’t buy a property unless we know we have the money to do what needs to be done – we are not out there applying for loans, but there are people who I’m sure would.”
- “Many investor owners do have means to get a HELOC or have cash to do some of that investing; it’s unclear to me whether a purchase-rehab loan for investors is needed.”

*Most interviewees reported seeing significant positive change in the Northwest neighborhood in recent years.*

- “I think the neighborhood has really turned around for the better. Rental properties in that area are starting to sell again. The area had such a stigma to it that nothing used to sell there. I walk in that Neighborhood most mornings and I can see the difference – city has fixed streets, sidewalks. There is not the abject feeling that there was there before. Still don’t know if I would walk there in the evening. We still have a drug element in Rutland that basically lives in the older rental housing.”
- An interviewee commented that he believes he is seeing some “spinoff effect” where property owners are fixing up their properties in response to seeing improvements in neighboring properties. “I think the change has been positive. I look around and it just generally has a feeling of being less shabby than it used to be, there are some homes up there that have gotten some attention over the last few years, generally it just looks better.”
- “I would have prospective tenants drive by and say that they did not want to be in that area of town. It seems to be getting a little bit better now, based on what we hear now from prospective tenants – I am not hearing objections about the neighborhood as much as 3 or 4 years ago.”
- “The rental market has been pretty consistent for us in the Northwest. – I used to get asked a lot, ‘do you have anything east of Route 7?’ I don’t get that so much anymore.” This interviewee felt that there was not a difference either in rental price or absorption between Northwest Rutland and other neighborhoods, but that professionals were still “a little hesitant” to rent there.
- “We’ve definitely notice that houses that have been fixed up. There are still some places that look rundown, and unfortunately the people living there probably just don’t care; I’m not sure what we can do to get them to care.”

- “A few years ago, tenants would call to say there was a drug deal happening in the parking lot. Police enforcement is helping - I’m hearing less about crime. The aesthetic has improved – you drive around and it seems like people are working on their properties and updating their properties, which we haven’t seen in a while. Every little bit helps.”
- “You used to hear all the time about break-ins and robberies. No one says they are getting stolen from / held up any more.” This interviewee believes that the methadone clinic has helped in this regard and has taken the pressure off the police department.
- “They should continue to support Project Vision – it has made a big difference in how social and police services are delivered here in the city, that has been a real winner program and has helped the Northwest neighborhood as much as anywhere. There was a criminal statistics study – in one year 73% of all crime calls in the COUNTY were in that one neighborhood. And that’s where things started to turn around for that neighborhood. The crime situation has gotten a lot better, and social services has got pointed to where it needs to be, and that has helped over a period of time.”
- “The Northwest neighborhood is definitely ripe for investment – I don’t know if it is happening, but it is ripe for it.”
- “Through an intense effort and the success of Project Vision, the calls for service are down. Quality of life issues are getting better. Infrastructure investment – street reconstruction, new paving, trees, parks – it is a beautiful section of the city.”
- One interviewee conveyed a concern that house prices in the neighborhood could rise out of reach for the type of people who currently live there, with the potential for gentrification and displacement. She also noted that “I think they are far away from that right now – no one else is buying and fixing up homes right now.”

***The Northwest neighborhood appears to continue to battle a negative image, nevertheless. There are concerns about both safety and the type and quality of housing stock.***

- “Those of us who are aware of the changes will correct people if they say something negative, but those things die hard.”
- “That’s not an area people tend to consider living in. If you drive around those areas, there’s not a lot of new housing there. There are not a lot of nice options there – homes are pretty run down in that area. The people you see in those areas are people you might not want to run into. It seems like the Police spends a lot of time in those area due to activity in those houses.”
- “Neighborhoods that have had success are primarily single family, they are 1950s or later construction era, are right sized homes for today’s population. Supply and demand are not matching in terms of what people are looking for.”

- “The issue [in the Northwest] is more the concentration of multifamily properties. We still have landlords that we would love for them to get more involved with their properties and take some pride in them. There are 2 or 3 bad apples with a lot of units.”
- “The issue is that private investment has not followed public investment [in the revitalization program]. Every other house looks like it should be a teardown even though people live in them. I’m not sure why private investment is not following, but some of it is definitely due to overall population decrease, and some is due to the fact that the tenants who can afford to live in this neighborhood require a high level of services and result in a lot of additional property expenses to landlords.”

***Opinions about the revitalization work that has been done to date have largely been positive. Interviewees would like to see investment continue. Different opinions were expressed about the high cost of acquisition-rehab-resale work.***

- “There are 7 properties totally redone, and a number torn down. The [acquisition-rehab] money is well spent, because they’ve taken properties that are almost teardowns and made them into terrific houses – modern, new heating systems, stuff that will last for 20-30 years.”
- “It’s a good start – we’ve had a positive, visible impact. But driving through the neighborhood, it still needs work – the investment level was maybe 10 percent of what was needed to solve the problem.”
- “When NeighborWorks gets a house rehabbed it is very beautiful, and those properties do sell... [and] the public works projects helped the streets that had had this terrible run-down look. Physical conditions have improved. How could they not with the investment? A cute little park was put in there.”
- “The NeighborWorks buildings were overdone – you could spread that money over 20 homes. A practical, smart weatherization package would go a whole lot further than putting in all the bells and whistles.”
- “The Neighborworks renovation work, I don’t know how many properties they did, maybe 5 or 6 – they are spending \$250-300k to renovate a single-family that has a market value between \$150-160k. I’m not down on NeighborWorks, that’s okay. But there is no incentive in private redevelopment, especially in that neighborhood.”
- “The [acquisition-rehab-resale grant] money could have been spent better – the buildings came out beautifully but in a crappy location.”

***Employers reported mixed experiences regarding the ability of recruits to find good housing options in Rutland. Recruits are also finding the visual image of Rutland to be off-putting, and in some cases are steered away from the City by Realtors.***

- The Rutland Chamber of Commerce operates a “Red Carpet Concierge Service” that helps people from around the country take the leap and move to Rutland. To date the program has helped 15 families move and is working with another 20 families. The Chamber also helps to implement the “Stay to Stay” program, which markets living in Rutland to people visiting the region, and has had 37 families participate. The Chamber reports that many of these relocating families, as might be expected, are interested in first finding rental housing, even if their long-term plan is to buy a home. The Chamber reports that the lack of attractive rental housing, including high-end downtown housing, has proven to be a significant barrier for these families to relocate.
- One HR director felt that “People are either not looking or not having success finding housing options in the Rutland / Rutland City area. Initially people look in Rutland and just aren’t finding suitable or attractive options.” Areas where people look include Mendon, Castleton, Fair Haven, Manchester, and Chittenden.
- The initial image presented by Rutland is off-putting to at least some new recruits. An HR director related a story of two recent recruits, relocating from California, who drove through Rutland and based on that drive-through, decided “it wasn’t worth it to live in the area. They decided Rochester, NY was better. They were looking for something charming. They had an appointment with the local “red carpet” program but canceled their appointment based on the drive-through.” The same HR director related a similar story from another recruit whose first impression of the community was one of abandonment and disinvestment.
- “When I first came to Rutland I was like ‘what am I getting myself into’ – when I looked around more, and looked east and north, there was more charm... If I came into Rutland and drove down Meadow St or Cleveland Ave I would just keep driving. ”
- Another HR director interviewed, himself a recent arrival to town, reported a positive and relatively easy experience finding a nice home in the northeast section of the City, which he feels is a great neighborhood with great neighbors. He further commented: “I hire all the engineers and salaried employees. The common complaint I hear is finding the right home in the right area at the right price point. People don’t want to live in the Gut, the neighborhood is not what they are looking for, they feel like it is ghetto – but they can’t afford \$250-350,000 for a home, either.”
- The physician recruiter for RRMC reported that “Rutland City is not a choice that physicians are making.” She commented that new physicians generally have families, and that Realtors are “driving their clients towards the good school districts,” and that online school rating systems (such as Great Schools) impacts where they choose to live as well.

- A housing industry stakeholder felt that quality of housing does create a recruiting barrier for area employers, “100% yes. The housing stock is part of what is what is needed for the marketing mix to attract good employees and employers. Looking at a unit in a 4-family in Northwest Rutland that is missing half its siding – nobody is coming here to take a \$23 per hour job with GE to live in an apartment like that.”

***A particular difficulty cited by all employers interviewed was the challenge of finding decent short-term housing for employees who might like to rent while looking for a home to buy, or who want to rent because they only plan on being in the area for a short time.***

- “People here would like to rent but the rental market here sucks. A lot of times we end up just going with air b and b to negotiate long-term agreements with the homeowner for 3 months to look for a home. The rental rates are really high – like a 3 BR home is around \$1,600, even in \$2,300 - \$2,400 range. So, most people are looking to buy after they consider the rental market.”
- One HR director who is himself new to town commented, “Temporary housing was very difficult – I had to rent up in Killington.” As to other new workers, “A lot of our needs for apartments are for short term rental – for myself that would have been ideal to rent for 6 months to a year while I figured out what I wanted to do. New hires need someplace to live while they are building or looking for a home. And we have interns coming in for 3 months at a time.” The HR director continued, “If we could have a place someone could stay at 3-4 nights a week, there’s some people who might do that for 2-3 years.”
- A recruiter added, “We just hired a new Director-level position. The person wants to rent before she buys, which is pretty common when people first move here. I’ve put her in touch with area rental owners, but there aren’t condo or apartment condo complexes in a higher-end kind of area.” The recruiter continued, “Being able to find that short term rental is the issue that we usually have. People often have to go outside the City to find something to their standards.”
- Hospital staff report that they use the Best Western (a suite hotel) to house traveling nurses who come in on 13- or 26-week assignments, a cost of \$2,200 per person per month to house between 15 and 60 employees each month.

***Most interviewees perceive strong market potential for a high-end housing product downtown. Based on the interviews, a rental product seems like it might have the strongest potential, but there may also be demand to purchase units.***

- “The demand for upper level housing in downtown will have legs, and will continue to be an opportunity, although we think incrementally.”
- “We just took over 2 properties downtown. We converted a commercial space into an upscale residential unit with hardwood floors, and a nice mix of older detail with a new kitchen and bathroom. We are getting \$1,200 a month for that 2-bedroom unit. Also, we remodeled a nice 1-bedroom unit on East Washington Street, and rented it in 4 or 5 days.

The downtown area is definitely more desirable than I would have assumed in the past.”

- “Anecdotally, any time anyone [renovates property downtown for residential], they are pre-leased before they were finished. For example, there’s a group on Center St who has done 3 buildings on Center St – Eileen Coughlin – she owns several McDonalds and owns the Pyramid in downtown Rutland. She purchased the former BROOC building on Strong and Center, did a renovation with offices on 1<sup>st</sup> floor and residential above. She was pre-leased before she even opened the building.” Reached by email, Eileen Coughlin confirmed that the units have been “consistently rented” since they were renovated four years ago, and that “there is definitely a demand for downtown quality units,” with professionals who are moving into the area for work providing a strong target market.
- Highland Meadows on Campbell Road will be a test of the higher-end market. The owner is completely renovating the property, and will be looking to rent 32 units at about \$1,200 per month, including heat.
- One interviewee believes that positive experiences with high-end downtown housing in Brattleboro and Bennington point towards similar potential in Rutland: “folks are building [downtown units] in Brattleboro and Bennington and they have found that there is demand. 19 units in downtown Brattleboro are renting for a couple grand a month. That same group is doing a project in downtown Bennington, with 26 high end condos. They needed an additional \$2.3 million of equity in the project, and came up with the idea of taking reservations of \$125k that you get back after 7 years. The last I heard, they had 1 apartment left - and Rutland has a lot more to offer.”
- “I can see how it would be attractive to be able to walk around [downtown], if I had a place to park a car. I think there is a market there and it has already been proven. This trend is happening nationally.”
- “A product that appeals to downsizing baby boomers and single widows would be exciting in Rutland. It needs to be a walkable downtown location. That demographic is growing, and that product, if available, would do pretty well. It’s got to have secure parking for at least 1 car, you have to have a building that’s got NYC or Boston style security at the door where you buzz people in. Modern, appealing appliances. Stone, tile, hardwood, high end cabinets, full HVAC, LED lighting.”
- “I recently decided to down size. I would have been happy to go to a high-end rental unit – similar to what was proposed for Putnam Block in Bennington, or the Woolson block in Brattleboro, or what Ledgeworks has done in White River Junction.”

***Some employer interviewee comments suggest that downtown housing options may appeal to at least a segment of new employees moving to the area. Based on comments from some of the larger employers in town, that demographic could potentially support the development of a limited number of housing units.***

- One HR manager commented, “Especially for folks who will be here maybe 3-6 years, they don’t want a property in a middle of nowhere, they just want convenient, nice, close to stuff. Some people come here and want to be in the country, but we have a lot of young professionals who would like to have a nice condo or apartment downtown that is close to everything and they feel safe in. There absolutely is an appetite among many of the young professionals – that’s what they are accustomed to and would like.”
- Another HR manager “Our environmental engineer just hired someone from New Jersey. She’s renting a place off Route 4 towards Pico. She did not have any luck looking for a condo in downtown. She would have liked something like that.”
- Casella commented that it partnered with Castleton and set up some interns in the new apartments that were developed downtown as temporary housing. “Those are very nice, up to date, great location, you can use the garage for your parking. That is very appealing to the college-level young professional crowd that we would attract for hiring.” They also have some workers who split time between Rutland and other locations. “Downtown housing would be appealing to that type of workforce if we could replicate something like the Castleton apartments. If we had a condo or nice apartment to offer people we might have much better luck recruiting people.” They mused out loud, “maybe Casella should buy 2-3 condos or apartments that could be used for people who are relocating or visiting as well.”
- “When we’ve recruited more senior-level administrative folks, 10 years to retirement or so, they are looking for that type of living where they don’t have to maintain a yard, worry about property maintenance – want an established, nice luxury apartment or condo living. But this is a limited number of people we are talking about.”
- Interviewee comments on number of new employees:
  - GE: “Historically Rutland GE has hired maybe 10 people in the last decade. But in 2019 I’ve hired 30 people and am on schedule to hire an additional 40 by the end of June – these are people coming from outside of Vermont. The demographic is young professional, often without any kids or maybe 1. Usually have a partner or spouse, often 2 income.”
  - Cassella – reported a mixed bag of entry-level young professionals and people coming with a family. They felt they had maybe 10-12 new hires for whom downtown housing is a good option (either young professionals or senior professionals who might split their time between Rutland and other locations).
  - RRMC: Physicians are not a likely market segment to which the City can successfully sell.

***However, there is limited proof in Rutland of the downtown housing concept at this juncture. Several interviewees commented on the perceived risk of such developments and need for subsidy or incentives due to cost and regulatory barriers.***

- “There has to be incentives for downtown development. From the numbers in the presentations I have seen, most projects need 30 to 40% of incentive to make them work, because the rents here are just not high enough.”
- For one developer, the underlying problem is the shrinking population, which depresses market rents. The developer related an attempt he made to put together a deal to create 8 market-rate apartments downtown, but found the economics to be difficult: “The appraiser’s research showed that the market rents in Rutland were 30% less than in White River Junction – it’s very difficult to make it work at that rent level. Financing at Rutland’s current market rates is a bit of a lift for traditional construction financing.” The developer continued: “Fundamentally the challenge is the assumption that if you build it they will come – do we know what is the capacity in the market?”
- “The issue I can see is parking. Normally people who are going to want high end housing are going to have multiple vehicles.”
- “Regulations create barriers [to redeveloping older buildings downtown]. Costs like elevators and sprinkler systems reach the millions. I know that the demand could ever equal what you’d have to put into the building due to the regulations around fire safety, etc.”
- An appraiser who has done downtown property analyses for several property owners commented, “If the renovation costs are below \$80 a foot, they can support 1- and 2-bedroom units. The problem is that renovation costs tend to be a little bit higher than that because they have to deal with asbestos, sprinkler system, etc.” He clarified that these analyses had rents at the upper end of the existing distribution of rents in Rutland, but is “convinced that there is a market for top quality loft-style 1 and 2 bedrooms that could push to a monthly rent above what Rutland sees today if there was decent parking, secure entrances, and premium finishes (hardwood, tile and glass, etc.)”
- A mortgage lender commented that mortgage financing options for condos in mixed-use buildings might be more limited than standard single-family mortgages. That interviewee expressed interest in putting together a product that could work for condo purchases downtown.

***Interviewees provided a wide variety of recommendations on housing and neighborhood strategy:***

- Two interviewees suggested that while high taxes can be a concern, the concern could be addressed by communicating the value proposition more clearly to prospective homebuyers:
  - “If taxes are going to be high, then what is the value you get in exchange? If there’s value, then just communicate it. For example, at my school [in Rutland City], my kids have two para-educators in every class.”
  - “If I am prequalifying someone [for a mortgage] without a place in mind, I will tell them that Rutland has full time fire, police, a recreation department, and great schools. Look at the other communities and see if they can say that about themselves. So, the services are a plus. If your house catches fire or you need the police, they are right there. If you have kids, look at the Rec department or the schools – I think they can’t be beat – that’s Rutland City. If people say ‘but the taxes are high’ – I’ll say you’ll never spend more than 5% of household income due to Act 68.”
- Others simply wanted to see property taxes reduced:
  - “High property taxes are a big deterrent for people wanting to live in the City. As soon as my kids are out of the high school, we’ll move out of the City; I would not want to live there as a retiree.”
  - “We have to address the tax rate in Rutland City – it is really a deterrent [to people living there].”
- Two interviewees commented on the need to fix roads:
  - “Really, the City streets right now also need to be addressed. Streets, sidewalks, streetscapes – all of that definitely helps.”
  - “Fix roads and fill the potholes. It’s crazy. When you pay a lot of taxes it is hard to take – give us drivable streets.”
- A number of comments focused on Investing in image building:
  - “How do we partner with Realtors who are going to be the face of the City in many ways?”
  - “I was told ‘don’t live in Rutland, it is trashy, it’s ghetto.’ 100% people hear a message about Rutland being trashy – but my reality is really different. It might be a reality for some people but by and large even for people living in the Gut it’s not that bad. Even my Realtor was talking about Rutland in a negative way, including about the schools – that’s problematic. If we want people coming to Rutland we won’t win them over by telling them the schools are terrible. And I don’t think it’s true. When I drive around my neighborhood – it’s GORGEOUS, I would recommend it to anyone. And by far it’s the friendliest neighbors I’ve had anywhere.”
  - “The best thing people could do now is to change how the long-time Rutlanders still talk negatively about neighborhoods [like Northwest Rutland] – someone who hasn’t lived here would never know. If we can get people to really realize

the differences that are being made and that it is safe now. I am not afraid to go to any neighborhood in Rutland at night, I feel comfortable. I don't know how we turn the conversation around so that people stop talking negatively about these neighborhoods. We spoke with the woman who bought the NeighborWorks house and she said how happy she is with it, and how great it is there – maybe we can get her to tell her story.”

- One interviewee who relocated recently to Vermont commented, “I think it’s pretty cool living in the smaller, artist colony type places. Woodstock and Manchester do that – the appeal of Vermont is the small, non-city feel to it. Vermont is a cool escape from Boston, but Rutland is not what the escape is, it is the smaller artsy places.” The comment raises the question of whether it would be possible to change the perception of Rutland towards one of a “smaller artsy place” or not.
- One interviewee highlighted the importance of employing a comprehensive approach to developing downtown: “If you’re looking to promote downtown it has to be an integrated strategy – not just housing but the ecosystem of downtown, has to be attractive, not just a nice home. My neighborhood is great because I can walk around, friendly neighbors – it’s a community. The question is how to develop the community in downtown beyond the housing.”
- Two comments sought to address housing affordability issues through economic development and improving job quality:
  - “[We need] to help that base of employers grow quickly, with a minimum amount of b.s. from the state. If we could get modified Act 250 criteria to try to turn back our negative population and housing numbers, that would be huge.”
  - “There has to be more lower-income housing, not subsidized but ‘naturally affordable.’ There are so many homes in the Rutland area that are beautiful, but they are large and I know what it costs to renovate one of those homes. So, what do you do? ... If the minimum wage is raised so that people have livable wages – great, that would help. Other than that, you have to bring jobs in. I want to recruit businesses – I can’t understand why we aren’t able to do that.”
- Several comments appreciated the work that has been done on public safety, and hoped the City would continue to invest in public safety and in the work that police are doing to build bridges with the community:
  - “Get the drugs out – and just create more of a feeling of safety in the neighborhood.”
  - “[Focus on] a specific number of properties and individuals who generate the vast majority of calls for police service. [There are] individuals on parole from the whole region move to Rutland to be near their parole officer.”
  - “The police have been really good about trying to bring up the next generation of kids where they won’t be afraid of police. Police are doing a good job at being present, friendly, socializing at things that are done for kids like the Fall Festival.”
- Create a broader range of housing options:

- “Smaller, middle-range contemporary housing is what we need. That’s the part that is lacking. Somewhere between \$150,000 and \$300,000; 1,500 square foot units. You find too many 5,000 square foot Victorian fixer-uppers. There’s no middle ground.”
  - I asked the above interviewee whether an older, larger home that had been renovated into condominiums might sell. They thought it might be possible, particularly if energy efficiency issues had been addressed.
  - Another interviewee felt there might be demand for a new construction, single-family product, citing the success of the Stonegate project in Southwest Rutland a number of years ago – but also expressed concern about whether it would be feasible today with the high cost of new construction.
- Use incentives carefully to support the desired type of development:
    - “There are vacancies, throughout downtown, both street level and upper floor. Go from the inside out, start downtown and incentivize upper story building.”
    - “The City has some arcane rules about change of use – I need to pay a fee to the City to change office to residential, \$5 to \$8k for that – the City has some incentive programs that waive that fee for job creation, how about waiving for downtown housing? If you build 2+ units of housing and install sprinklers then you qualify for no allocation fee, and you pay a sliding scale water charge. If it’s good for a business then why not for housing if that is the outcome you want.”
    - “There is some tax stabilization program – it’s not hugely impactful what RRA can do - but it is very tied to old methodologies about how many jobs did it create. They don’t [provide tax stabilization] for housing. They should. But be careful about it – make sure it is focused on downtown.”
    - “The RRA should go to an owner in a downtown building and come up with a tax stabilization plan that is proof of concept. Help someone prove that there is a market for this. Work with them on a secure downtown parking location. Make it as easy as possible through zoning. I’m not sure if we are allowed to have a TIF. Check on [financing opportunities through] Opportunity Zones. Help minimize the risk of the equity position.”
- Provide financial support for housing rehabilitation by landlords and homeowners:
    - “Some home repair support programs might be good, people could do their own weatherization if they had a course on it or some grant money available.”
    - Another interviewee felt that a purchase-rehab loan product is needed that is less cumbersome than the FHA 203(k) loan. “I get people calling all the time looking for a loan [to fix up] a low-cost house, maybe one that had been a foreclosure – we just don’t have a product unless they are talking about a construction loan. The 203k is a cumbersome product... We don’t have anything that works.”
- Exert greater policy discipline to manage down the oversupply of obsolete housing:
    - “The City has sold multiple properties over the last year to investors who have created more undesirable housing. People don’t want to live in 150-year-old homes with no rehab – the investors don’t invest at the same level as NeighborWorks who does complete, energy efficient rehabs. [The investors are

doing] more of the same that led us to the problem - a renovation but without the visual impact or quality to continue that impact.”

- [The same interviewee continued]: “We need to eliminate housing stock. I’ve read enough about Detroit... we have to get it to the point where the market can solve the problem. There’s been several instances where the City had the opportunity to stop single families from being converted to multifamily and they’ve lost their discipline and approved further conversion.... [and] there was an empty lot on Crescent St and they gave it to Habitat, it was a small lot between two multifamily houses, they should have taken the opportunity to have green space.”
- [Different interviewee] “Take out the 400 worst rental units in Rutland – that would completely change our rental market for the better. These are low-quality units that will never be financially feasible. The poor-quality rental buildings are the LULUs [Locally Undesirable Land Uses].”
- An interviewee commented on 3 of 4 motels along Route 7 that house a vulnerable population that is otherwise “unrentable.” The living quarters apparently receive a subsidy from the State (it was not clear through what program) but lack kitchen facilities and would not meet the standard for a Certificate of Occupancy for housing. The interviewee discussed the possibility of rehabilitating other housing stock into better, permanent supportive housing for this population, while decommissioning / demolishing the motel units. The net effect would be improved living conditions and possibly improved life outcomes for this population, while also taking obsolete stock off the market.
- Provider greater legal rights to landlords:
  - “At the state level things would need to change so that property owners have more rights when it comes to selecting who is in their buildings and being able to evict them, which could attract more people to be landlords and put better options on the market. As it stands now, no one wants to be a landlord, it’s not worth it.”
  - “We really need to change state laws to balance out the landlord / tenant issue. VT was recently rated #50 in the Country for landlord friendliness.”
- Expand revitalization support to the Southwest neighborhood:
  - “We should focus on [the Southwest] for a little bit; sections of that area are getting pretty run-down. There’s a lot of industrial that the residential abuts, and that is not as good for the residential.”

## **List of Interviewees**

- Becky Banco, Rutland Regional Medical Center
- David Fucci, Fucci Company
- Jim Watson, CB Watson Realty
- Joseph Picon, General Electric
- Kelley Robinson, Casella
- Mark Foley, Foley Services Inc.
- Mary Cohen, Rutland Chamber of Commerce
- Molly Perry, Rutland Regional Medical Center
- Rebecca Mallon, Mallon Management Service
- Rebecca Woodard, Blue Ridge Real Estate
- Sean Sargeant, Sargeant Appraisal Service
- Stephen Reilly, Heritage Family Credit Union