

# Housing and the Economy: The Statewide Ripple Effect

*The fifth and final in a series of papers demonstrating the value of affordable housing for people and communities across the State of Vermont*

In 2008, the bottom fell out of the economy, and the much-touted housing bubble burst. As happened with firms around the country, at Naylor & Breen Builders, a Brandon-based construction company founded in 1978, business took a hit. Until that time, says president and co-founder Rob Naylor, close to 85 percent of their business was negotiated work, but in 2008, “it was like someone turned the spigot off,” and those jobs plummeted to zero. Yet the company managed to stay afloat, thanks in large part to the affordable housing renovation and new build projects with which they had long been involved, work whose funding sources—grants and tax credits—were unchanged.

“The jobs that pulled us through were the ones in the pipeline for these affordable housing projects,” says Naylor. “They didn’t get shut off, which helped tremendously.” And with some 80 carpenters, demolition professionals, finishers, and field technicians on staff, Naylor & Breen is a significant area employer, with a hand in some 50 affordable housing projects since the early 1990s, when it was the contractor for a scattered site project coordinated by Housing Vermont in Rutland.

Construction is perhaps most visibly affected by the housing industry, but many other sectors are as well: real estate; law; architecture; lumber mills; lighting, heating and plumbing equipment manufacturing and installation; and brokerage firms, to name but a few. Indeed, the overall economy is affected, from the local on up to the



*Photo credit: Sally McKay*

national level. Both new construction and rehabs mean increased tax revenues for local and state government. Thanks to an ongoing ripple effect, area businesses—grocery stores, bars and restaurants, auto repair shops and gas stations—along with public transportation providers will also be impacted directly. It’s significant, given that the effect is greater for every dollar spent on housing than for just about any other spending category.

In Vermont, housing brings something else to towns and cities: renewal. In downtown Brattleboro, the Canal & Main project established 24 mixed-income rental apartments on two floors over the Brattleboro Food Co-op’s retail store, thereby injecting new vibrancy into the downtown area. In Springfield, another mixed-use project revived a structure in the heart of town: a multi-theater cinema, commercial space, and nine units of affordable housing in a building that had been damaged by fire in 2008.

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And in Morrisville, the Lamoille Housing Partnership and Housing Vermont are deep in the renovation of the former Arthur's department store, creating housing for a broad swath of individuals at various socioeconomic levels in 18 apartments, including four that are handicapped-accessible. Two large commercial spaces were created on Main Street and the entire building underwent a transformational facelift. It's part of a revitalization effort in Morrisville that will eventually reroute traffic and change the entire ambiance of its downtown.

In the shorter term, the \$5.5 million Arthur's renovation has meant jobs, and plenty of them, along with spending on materials and related costs. Jim Lovinsky, executive director of Lamoille Housing

Partnership, says more than 12 engineers, architects, attorneys, funders, and others were involved from the outset. Some 30 contractors, engineers, laborers, and trucking and waste management personnel were responsible for environmental cleanup, and construction called for 50 or so carpenters, electricians, plumbers, HVAC contractors, painters, masons, and landscapers. Many are part of the local labor pool, and all routinely spent money on food, gas, and other supplies.

direct impact on growth and the wide-ranging ripple effects that this all-important sector is capable of producing.”

And produce, it does. The largest of Vermont's nonprofit housing organizations, Champlain Housing Trust, uses 750 vendors a year and generates \$90 million worth of economic activity through its property management, development, lending, and other mission-driven activities. And even smaller housing nonprofits have a tangible impact: for every ten apartments they develop and operate in a community, twelve construction-related jobs are created and three local jobs are sustained. Windham & Windsor Housing Trust's work alone has brought in some \$60 million in state and federal funding to southern Vermont.

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## A food co-op in Brattleboro, a movie theater in Springfield, and the revitalization of Arthur's in the center of Morrisville are all examples of housing being a lynchpin to economic development.

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A TIAA-CREF Asset Management report published in September 2013 estimated that a full housing recovery won't happen before 2016 or 2018, but observed that even at that time, the “old relationships between home values and spending [were] beginning to resurface. The implications for the economy are significant, both in terms of the

In 2010, the most recent year for which figures are available, NeighborWorks Alliance of Vermont noted that every new homeowner contributed approximately \$40,500 in economic benefits to the state. In addition, homeownership affects intangibles, increasing participation in civic organizations, local government, neighborhood safety groups, and parent-teacher organizations.

Perhaps the greatest benefit that doesn't come with a dollar figure is the rejuvenation of buildings that have been a part of Vermont's history since the days of Ira and Ethan Allen, along with a collective reawakening of sleepy downtowns that not so long ago were little more than places to pass through on the way to somewhere better. They're now facing futures with younger populations, new jobs, stronger economies, and greater housing options.