

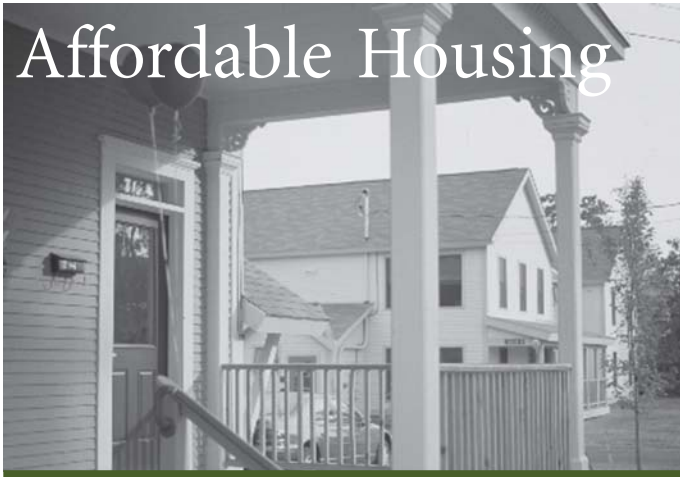
The Economic Benefits
of Investments by the

Vermont Housing & Conservation Board



Since 1987, the Vermont Housing and Conservation Board has worked steadily and effectively to meet the housing needs of Vermonters and to conserve the state's working landscape, natural areas, and recreational lands. VHCB's housing and conservation programs provide substantial benefits to the state's economy. These benefits accrue to all Vermont residents and represent a solid return on the state's investment in VHCB.

Affordable Housing



In Brandon, the Rutland County Community Land Trust demolished vacant, deteriorated buildings, rehabilitated an historic apartment building, and built two new buildings, using \$240,000 in VHCB funds in a \$1.1 million project.

Job Creation

VHCB-funded housing projects create jobs in construction and in supporting industries such as manufacturing and transportation. It is estimated that from 1988 to 2002, VHCB housing expenditures contributed to \$305 million in construction activity and to the creation of 10,725 construction-related jobs. Much of the income earned from these jobs was spent locally, generating further economic activity. Every dollar of construction activity is estimated to leverage nearly two dollars in other economic activity.

More Vital Downtowns

VHCB's housing and historic preservation policies give priority to projects in downtown areas. Rehabilitating downtown buildings helps to maintain a mix of commercial and residential uses, making these areas more desirable business locations.

Reinvestment in downtowns increases commercial activity and tourism. The rehabilitation of vacant and deteriorated buildings spurs further reinvestment in downtown neighborhoods.

VHCB has invested in the historic restoration of theaters for the performing arts in Burlington, Brattleboro and Rutland. The restoration of the Paramount theatre in Rutland, vacant for 25 years, now brings thousands of patrons annually to Rutland's downtown.

Attraction and Retention of Employers

The availability of housing is an important factor for employers making location decisions. Housing affordability and proximity are key cost considerations. Recently released studies of housing needs and vacancy rates in Vermont's six northwestern counties and in the Upper Valley region project a dire shortage of housing that will require construction of significant numbers of new units if these regions are to meet their economic development potential.

Increased State and Municipal Revenues

The state benefits from taxes on wages, construction materials, and property transfers generated by housing projects. Municipalities receive additional revenues from higher property taxes and increased commercial activity in revitalized downtowns.

Reduced Costs to Municipalities

Developing housing in downtowns and village centers helps minimize the cost of municipal services and infrastructure as compared to development in outlying areas. Infrastructure costs for concentrated development in town centers is nearly half the cost of housing developed outside town centers.

Greater Local Spending

Affordable housing stabilizes costs for residents, ensuring that a greater percentage of income is available for food, clothing and other locally purchased goods and services.

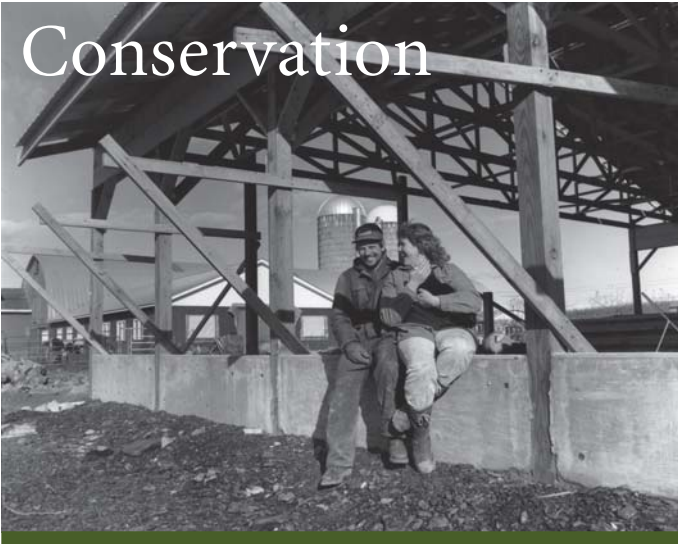
Lower Health Care Costs

Children who live in affordable housing have better health, nutrition and growth because their families are better able to purchase food, clothing and medicine.

The removal of toxic substances such as lead and asbestos from homes also leads to healthier families. Healthy families have fewer health-related costs and impose lower costs on state-funded health care programs.

Assisted living facilities enable elderly and disabled residents to live independently with supportive services provided, saving the public the increased cost of institutionalized care.

Conservation



The sale of development rights on this Shoreham farm reduced the purchase price for Joe and Mary Warren, who were able to finance extensive modernization to increase the farm's efficiency, generating revenue to repay the debt.

Job Preservation and Creation

VHCB conservation investments help sustain three important sectors of Vermont's economy: agriculture, forestry and tourism. VHCB support of these industries translates into job preservation and creation. Since 1987, the state's investment in agricultural conservation has led to the creation of 1,430 jobs.

Attraction and Retention of Employers

The amenity of natural areas, the availability of recreational opportunities, and environmental quality are key factors in the location decisions of employers. The same amenities draw independent contractors and home businesses.

Agriculture and the Vermont Economy

Agriculture is fundamental to Vermont's economy. Farm and farm-related sectors are responsible for 16-17 percent of gross state product. VHCB's investment of \$40 million in Vermont's Farmland Conservation Program has allowed farmers to expand and reinvest in farm infrastructure and to transfer farms more affordably to the next generation of Vermont farmers. VHCB investments have leveraged \$55 million in additional private and public investments for farmland conservation.

Increased Product Competitiveness

Investing in the conservation of open space, natural areas and working farms helps build the state's reputation for wholesomeness and quality. This image gives a competitive edge to products made in Vermont.

Increased Municipal and State Revenues

Natural areas increase the value of neighboring properties, thereby increasing property tax revenues. Tourism leads to increased state revenues from the sale of fishing and hunting licenses, taxes on recreational equipment, gasoline, and taxes paid for rooms and meals.

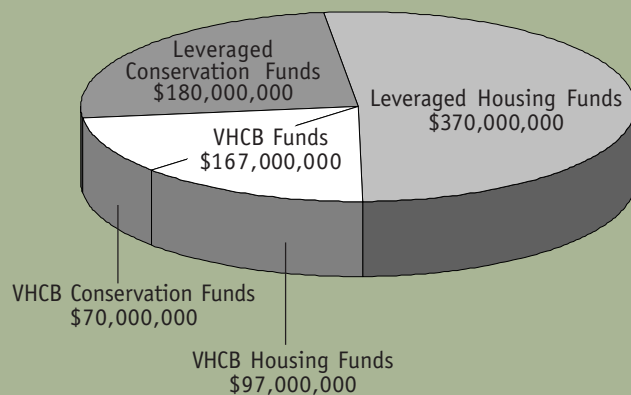
Reduced Costs to Municipalities

The cost of servicing open space is much less than the tax revenue it generates, making it a net asset to municipalities. The preservation of open space prevents encroachment on natural flood corridors, prevents the development of unstable lands, and protects local water supplies. Conservation of open land limits the public cost of building water treatment facilities and coping with floods, erosion, water contamination, and other hazards.

Lower Health Care Costs

Conservation contributes to the quality of the state's water and air while providing opportunities for healthful outdoor activity. Healthier, more active lifestyles mean lower health care costs.

VHCB funds have leveraged \$550 million from other private and public sources



“THE farmland conservation program has had an amazing effect on the local economy. You have to look at the amount of money that participating farmers have put back into buildings, expansion and loan repayment, and the number of farms that would have gone out of business.

This is not an expenditure, it's an investment. We're still 50 to 60 years away, maybe more, from realizing the true benefit of this program.”

— Tom Bellavance,
President, Ag Venture,
St. Albans lender

“THE process of constructing and rehabilitating housing results in many economic and fiscal benefits, including more jobs, better wages, and increased public revenues through a phenomenon that economists call the “multiplier effect.”

Even more important is the fact that housing is a key determinant of the quality of life in a region, an increasingly important factor underpinning economic success in Vermont and elsewhere.”

— Jeffrey B. Carr, Economist

“IN recommending permanent funding for the Vermont Housing and Conservation Board, the 1988 Governor's Commission on Vermont's Future anticipated the potential for great leverage from this program.

In fact, since 1987, VHCB investments in Vermont communities have leveraged a half billion dollars, exceeding our fondest hopes and representing one of the most significant economic impacts I can think of coming from the public sector.”

— Mark Snelling

Sources

Auger, Philip A. “Does Open Space Pay?” University of New Hampshire Cooperative Extension, Durham, N.H. 1996: 1-8.

Brighton, Deb. “The Effect of Land Conservation on Property Tax Bills in Six Vermont Towns.” Salisbury, Vermont, 1994.

Center for Community Change. “Home Sweet Home: Why America Needs a National Housing Trust Fund.” Washington, D.C., 2001.

Davis, John and Knodell, Jane. “Economic Benefits of Public Investment in Affordable Housing & Land Conservation, A Review of Arguments and Evidence.” Burlington Associates in Community Development, Burlington Vermont, 1999.

Economic Policy Resources and Thomas Kavet Economic and Information Systems Consulting. “Northwest Vermont Housing Needs Assessment.” Williston, Vermont, August 2000.

Emrath, Paul. “Local Impact of Home Building.” Housing Economics, March 1997: 5-9.

Ferguson, Kirsten and Cosgrove, Jeremiah. “From the Field: What Farmers Have to Say About Vermont's Farmland Conservation Program.” American Farmland Trust, Saratoga Springs, New York, 2000.

Housing Assistance Council. “The Effects of Housing Development on a Rural Community's Economy.” Washington, D.C., 1997.

Myers, Alan et al. “Housing Subsidies and Pediatric Undernutrition.” Archives of Pediatric and Adolescent Medicine 149, October 1995.

Northeastern Forest Alliance. “The Economic Importance of the Northeast Forest.” Saranac Lake, New York, 1993.

Peace & Justice Center. “The Vermont Job Gap Study, Phase 5: Basic Needs and a Livable Wage.” Burlington, Vermont, 1999.

Power, Michael Thomas. “Environmental Protection and Economic Well-Being: The Economic Pursuit of Quality.” Second Edition, Armonk, NY: M.E. Sharpe, 1996.

Skinner, Elizabeth A. “Consumer Perceptions of Vermont Specialty Food Products.” Vermont Department of Agriculture, Food and Markets, Montpelier, Vermont, 1999.

United States Department of Commerce. “Regional Multipliers: A User Handbook for the Regional Input-Output Modeling System (RIMSII).” Washington, D.C. 1992.

United States Department of Agriculture. “Vermont Agricultural Employment.” USDA Economic Research Service Agricultural Information Bulletin #686, December 1993.

Vermont Forum on Sprawl. “The Costs of Development: Downtown vs. Open Spaces.” Exploring Sprawl No. 5, Burlington, Vermont, 2001.

