

May 6, 2019

Mad River Valley Planning District
4061 Main St.
Waitsfield, Vermont 05673

Re: **Work Agreement:** Housing Demand & Market Analysis - Mad River Valley

As a follow-up my proposal and our subsequent discussions and exchange of information, I have prepared this **Work Agreement** to complete a Housing Demand & Market Analysis. The client will be the Mad River Valley Planning District.

Background Assumptions & Goals

- The 2017 Mad River Valley Housing Study provides a broad quantitative assessment of housing in the region, but does not provide specific demand/supply analyses with respect to the breakdown of needs for housing;
- Study work will be focused on assessing the need for potential housing project(s) in the Mad River Valley core towns – Waitsfield; Fayston; Warren. The analysis will be focused on producing a measured assessment of present and future unmet housing demand for the community and is intended to offer community leaders a basis for making decisions regarding community-specific housing policy alternatives and development initiatives.
- While the analysis will focus on housing needs for the district as a whole, Warren, Fayston and Waitsfield will each receive data/findings regarding housing needs on a town-by-town basis.
- The analysis work will be focused on determining what project types have market support in the Mad River Valley and, assuming demand is in place – the appropriate scale for the targeted housing. The analysis will consider and quantify the demand/supply balance for a variety of potential housing options, as follows (see following page):

- 'Deep' Subsidy Rental – Family and/or Elderly;
 - Tax Credit/Affordable Rental – Family and/or Elderly;
 - Market Rate Rental - Family and/or Elderly; 'Starter' Homeownership;
 - Other innovative solutions.
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- In instances, where the demand/supply balance clearly indicates a need, quantify the need in terms of project size, potential absorption, appropriate rental/pricing, bedroom mix and other factors.
 - To the extent possible, the analysis will make full use of the MRVPD's 2017 Housing Study, the annual MRVPD data report and the recent Valley Economic Study, as well as other data sources identified in during the research or supplied by MRVPD.
 - Produce a summary report and town-by-town data that documents and quantifies identified housing needs.

Scope of Services

Research and analyses will include the following:

1. **Define the Market Area** – determination of the primary geographic area from which housing demand is generated. This analysis will be completed based upon consideration of the regional context (commuter patterns, transportation systems, geographic constraints), existing concentrations of comparable housing in the area and interviews with contacts to determine social market patterns in the area.

It is expected that the defined market area will include the three core towns and full or partial segments of surrounding towns. The market area will be utilized as a base for further investigation, under the assumption that *primary* market support for project(s) will be drawn from the defined area.

2. **Market Demand & Market Pool Analyses** – analyses of the market area with respect to major demographic and income factors critical to market support for various project types. The analysis will be based on appropriate income standards – at the income levels specified by housing type and will focus on the target markets for projects and provide current and projected values for major demographic indicators. In addition to providing data on population characteristics, households and income, specific estimates of the market pools for age-income qualified eligible households will be provided, giving consideration to the percentage of the population that can make use of various types of housing

Demographic analyses and associated findings regarding market demand will be completed on: Current; Five-Year Projection and Ten-Year Projection bases.

3. **Economic Assessment** – review of local/regional economic trends affecting the area residential market. The assessment will focus on factors that have a direct bearing on the rental and ownership housing markets. This will include assessment of trends in labor force and employment as well as expectations regarding future labor force needs as an indicator of housing need.
4. **Market Supply Analysis** – complete an assessment of the core area and surrounding region’s housing supply to assess availability/location of housing by type, trends in the market (Sales & Rental), occupancy levels, sales/pricing trends, summary condition of housing and suitability to provide housing for current and future market pools. The supply analysis will provide a view of how well the current housing stock serves market demand, where imbalances exist and how well the existing stock can serve future needs.
 - The supply analysis will include graphics showing locations of housing by type in the three-town area and current occupancy, turnover rates and waitlists for affordable and subsidized rental housing projects in the core area and surrounding communities.
5. **Market Potential Assessment** – synthesis of data to determine current market conditions and potential for market-based success for various project types. Findings will be specific to size of potential markets, potential capture/penetration rates and will include recommendations relevant to the success of potential project(s).
 - Detailed cross-tabulations of household age/income data to assess market need by type and age and well as projected demographic shifts that will affect housing need over the projection period;
 - Analysis and estimates of housing need and supply by market segment;
 - Identification of housing projects that fit housing market needs in study area. Recommendations regarding type(s) of project, scale of project(s), and appropriate pricing level(s).
 - Analysis work will not include identification of potential sites or capacity analyses for specific sites. However, recommendations will include assessment(s) of suitability of sites identified by MRVDPD for recommended housing types based on location, access and other factors.
6. **Deliverables** – relevant study research and findings will be incorporated in 1) a mid-point summary memo; and 2) Final Report. The report will include text, tabular data and graphics that will summarize all critical analysis data, findings and recommendations. The report will be suitable for presentation to the community and others with an interest in housing and will document data sources and critical data.
 - The project report will include data and findings specific to Waitsfield, Fayston and Warren Towns with town-specific data regarding:
 - Demographics/Projections;
 - Current Housing Stock and Market Trends;

- Household cross tabulations with findings relevant to town level housing needs.

Professional Fees & Timing

Combined Professional Fees and Direct Expenses for the completion of the above-outlined **Scope of Services** are:

Fees & Expenses – Total - \$6,000

Barring unforeseen circumstances or delays, all project work is expected to take six weeks – from the date of receipt of the signed work agreement. An interim report will be issued at a mid-point (Three[±]/- Weeks) during the study addressing background data, preliminary findings and other information. Ongoing progress will also be tracked via phone, email, etc.

Invoicing will occur in two steps – 1) \$3,000 upon production of the interim report; 2) \$3,000 upon completion of all project work and the final report. Invoices are due within 30 days of the invoice date.

MRVPD's signature in the Authorization section on the following page will be sufficient to initiate project work.

Please let me know if you have any questions or need additional information. I look forward to working with you.

Sincerely,



Douglas J. Kennedy
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AUTHORIZATION

If this proposal meets with the client's approval, please sign and date where provided below, retain a copy for your records, and return the original at your earliest convenience. Thank you for considering Doug Kennedy Advisors services for this assignment.



Authorized Signature

5/10/19

Date

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