

A Picture of Housing in Virginia

Statistical Facts & Figures



About This Report

The Picture of Housing in Virginia is a broad statistical portrait focused on housing in Virginia including the demographics and economics of homeownership. This report seeks to aid leaders and citizens in addressing challenges through measuring major economic and social indicators and to serve as a baseline for comparison to the 2010 Census.

Following an introduction is a baseline assessment of the current situation and a comparison over recent years. Data collected for the report are at the state and regional level. For the purpose of this study, the state has 10 regions (see page 4). The report is divided into the following main sections:

- Demographic and Socio-Economic Effects
- Housing Markets
- Homeowners in Virginia
- Renters in Virginia

Each section provides indicators that measure aspects of the section topic. The indicators are discussed in the text and presented in tables, charts and maps providing for current conditions and trends. ***Data for any years after 2000 are estimates or projections.***

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About LISC Virginia

Created by the Ford Foundation in 1979, LISC helps organizations transform distressed communities and neighborhoods into healthy ones. By providing capital, technical expertise, training and information, LISC supports the development of local leadership and the creation of affordable housing, commercial, industrial and community facilities, businesses and jobs. We help neighbors build communities.

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EXECUTIVE SUMMARY

Highlights of Sections

Within every region, employment opportunities, household earnings, quality and availability of appropriate housing and economic vitality of a community are intimately related parts. The causality of decent housing and economic development is not one directional. Each plays a role in fostering the other. Investment in housing through construction and rehabilitation, in addition to the demand for household goods and services creates jobs. New or expanding industries attract new residents, and increase the demand for housing units. The provision of housing needs to be receptive to the changes in the need for housing while at the same time considering available resources. The following page provides highlights from the sections of the report.

Demographic and Socio-Economic Effects

- Population continues to grow – Virginia's population is estimated to have grown 12 percent from 2000 to 2009.
- Population is concentrated in three largest regions: Northern Virginia, Hampton Roads and Richmond.
- Although the percentage of Whites in the population decreased between 2000 and 2009 by almost 7 percent, the number of Whites grew by 6 percent. African American population increased in numbers by 14 percent, but increased in the percentage of the population by less than a half percent from 2000 to 2009.
- A perfectly homogeneous population would have a diversity index score of 0; Virginia's diversity index was 60. In comparison, our surrounding states of North Carolina and Maryland have diversity indices of 53 and 61 respectively. California has a diversity index of 83 and Iowa has a diversity index of 22.
- As Virginia's population ages, housing types need to be convenient, livable and allow aging in place.
- Across the regions, unemployment ranged from a 6 percent rate in Northern Virginia to a 10.7 percent rate in the South Piedmont region.
- In 2009, the average weekly wage of \$950 was 80 percent of Virginia's median household income (Figure 27). The weekly wage found at the county level across most of the regions in the state was \$500 up to \$950 per week.

Housing Markets

- Between 2000 and 2009, the number of households in Virginia increased 12.4 percent. During the same period, housing units increased 15 percent.
- With growth in the numbers of those living alone there is a resulting lower household income.
- Families at 30 percent of the median income in Virginia earn between \$22,100 to \$23,900
- Lack of affordable housing is considered by many planners to have negative effects on a community's overall health.
- In Virginia, there are more owners (62 percent) than renters.

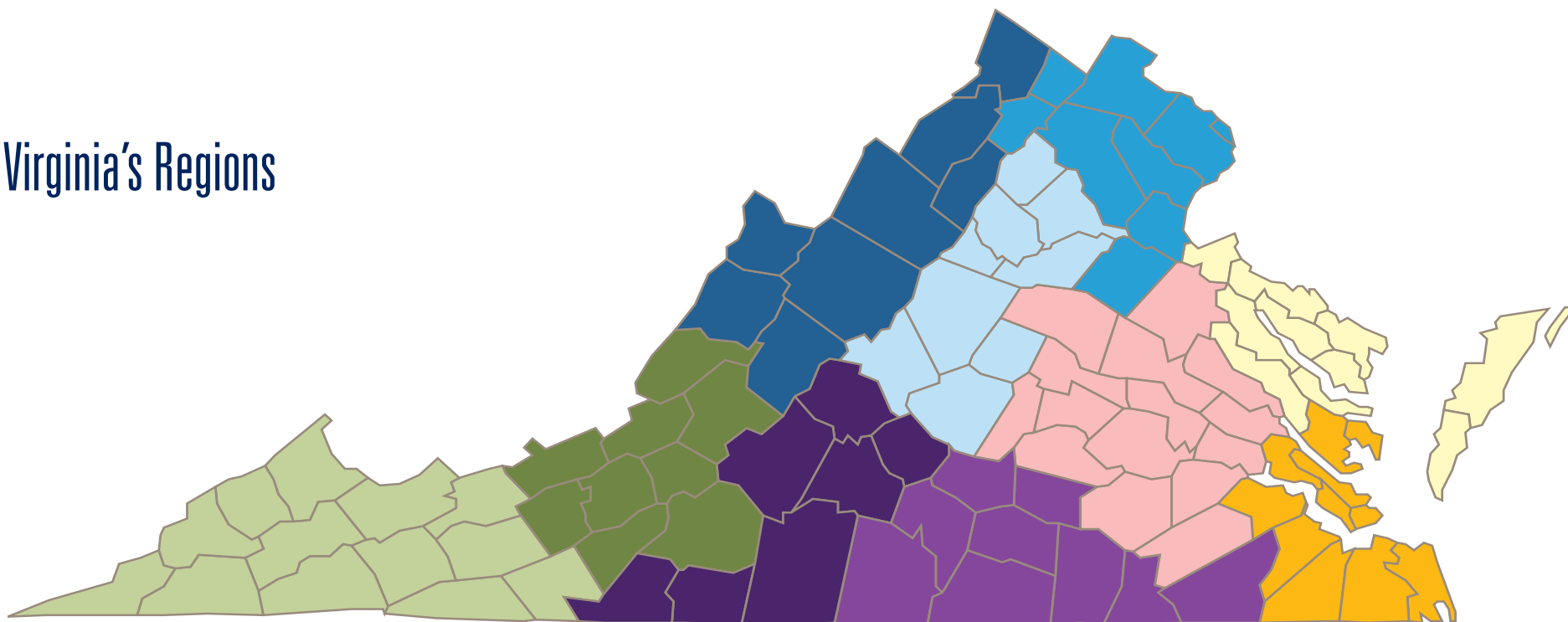
Homeowners

- Virginia's homeowners were mostly White.
- Virginia's homeownership rate in 2009 was 62 percent.
- The median income for the state was \$61,855, mortgages that cost in the \$1,000 to \$1,249 range and 23 percent of owners with a mortgage were paying greater than 30 percent of their income.
- Seventy-four percent of the owners were in family households and 23 percent of owners lived alone with the majority living in single-family, detached units.
- In Virginia, 75 percent of owners had a mortgage.
- Virginia had 23 percent of owners with a mortgage paying greater than 30 percent of their income on housing

Renters

- Renters are 38 percent of the Virginia population.
- The highest percentage of renters was 25 to 34-year-olds and was mostly White.
- Renters had a median income of \$38,400 and were paying an average rent of \$602.
- Renters were in families (52 percent) and non-families (48 percent).
- Forty-three percent of the renters in Virginia were paying greater than 30 percent of their income on housing.

Virginia's Regions



SOUTHWEST

| | |
|--------------|---------------|
| Bland Co | Norton |
| Bristol | Russell Co |
| Buchanan Co | Scott Co |
| Carroll Co | Smyth Co |
| Dickenson Co | Tazewell Co |
| Galax | Washington Co |
| Grayson Co | Wise Co |
| Lee Co | Wythe Co |

SOUTH PIEDMONT

| | |
|---------------|-----------------|
| Amherst Co | Lynchburg |
| Appomattox Co | Martinsville |
| Bedford Co | Patrick Co |
| Bedford Co | Pittsylvania Co |
| Campbell Co | |
| Danville | |
| Henry Co | |

ROANOKE AREA

| | |
|---------------------------|------------|
| Alleghany Co | Pulaski Co |
| Botetourt Co | Radford |
| Covington | Roanoke |
| Craig Co | Roanoke Co |
| Floyd County ⁶ | Salem |
| Franklin Co | |
| Giles Co | |
| Montgomery Co | |

SHENANDOAH

| | |
|--------------|---------------|
| Augusta Co | Page Co |
| Bath Co | Rockbridge Co |
| Buena Vista | Rockingham Co |
| Frederick Co | Shenandoah Co |
| Harrisonburg | Staunton |
| Highland Co | Waynesboro |
| Lexington | Winchester |

CENTRAL VIRGINIA

| | |
|-----------------|-----------------|
| Albemarle Co | Nelson Co |
| Buckingham Co | Orange Co |
| Charlottesville | Rappahannock Co |
| Culpeper Co | |
| Fluvanna Co | |
| Greene Co | |
| Madison Co | |

NORTHERN VIRGINIA

| | |
|----------------|-------------------|
| Alexandria | Loudoun Co |
| Arlington | Manassas |
| Clarke Co | Manassas Park |
| Fairfax | Prince William Co |
| Fairfax Co | Spotsylvania Co |
| Falls Church | Stafford Co |
| Fauquier Co | Warren Co |
| Fredericksburg | |

RICHMOND AREA

| | |
|------------------|------------------|
| Amelia Co | Hopewell |
| Caroline Co | King William Co |
| Charles City Co | Louisa Co |
| Chesterfield Co | New Kent Co |
| Colonial Heights | Petersburg |
| Cumberland Co | Powhatan Co |
| Dinwiddie | Prince George Co |
| Goochland Co | Richmond |
| Hanover Co | Sussex Co |
| Henrico Co | |

SOUTHSIDE

| | |
|----------------|------------------|
| Brunswick Co | Mecklenburg Co |
| Charlotte Co | Nottoway Co |
| Emporia | Prince Edward Co |
| Greensville Co | Southampton Co |
| Halifax Co | |
| Lunenburg Co | |

HAMPTON ROADS

| | |
|------------------|----------------|
| Chesapeake Co | Norfolk |
| Franklin Co | Poquoson Co |
| Gloucester Co | Portsmouth |
| Hampton | Suffolk Co |
| Isle of Wight Co | Surry Co |
| James City Co | Virginia Beach |
| Mathews Co | Williamsburg |
| Newport News | York Co |

EASTERN VIRGINIA

| | |
|-------------------|-------------------|
| Accomack Co | Northumberland Co |
| Essex Co | Richmond Co |
| King and Queen Co | Westmoreland Co |
| King George Co | |
| Lancaster Co | |
| Middlesex Co | |
| Northampton Co | |

Introduction: The Impact of Housing

Perhaps the most basic need of any community is housing. With housing considered to be a foundation of healthy neighborhoods, the provision for all in a community to have safe, quality shelter is of paramount concern.

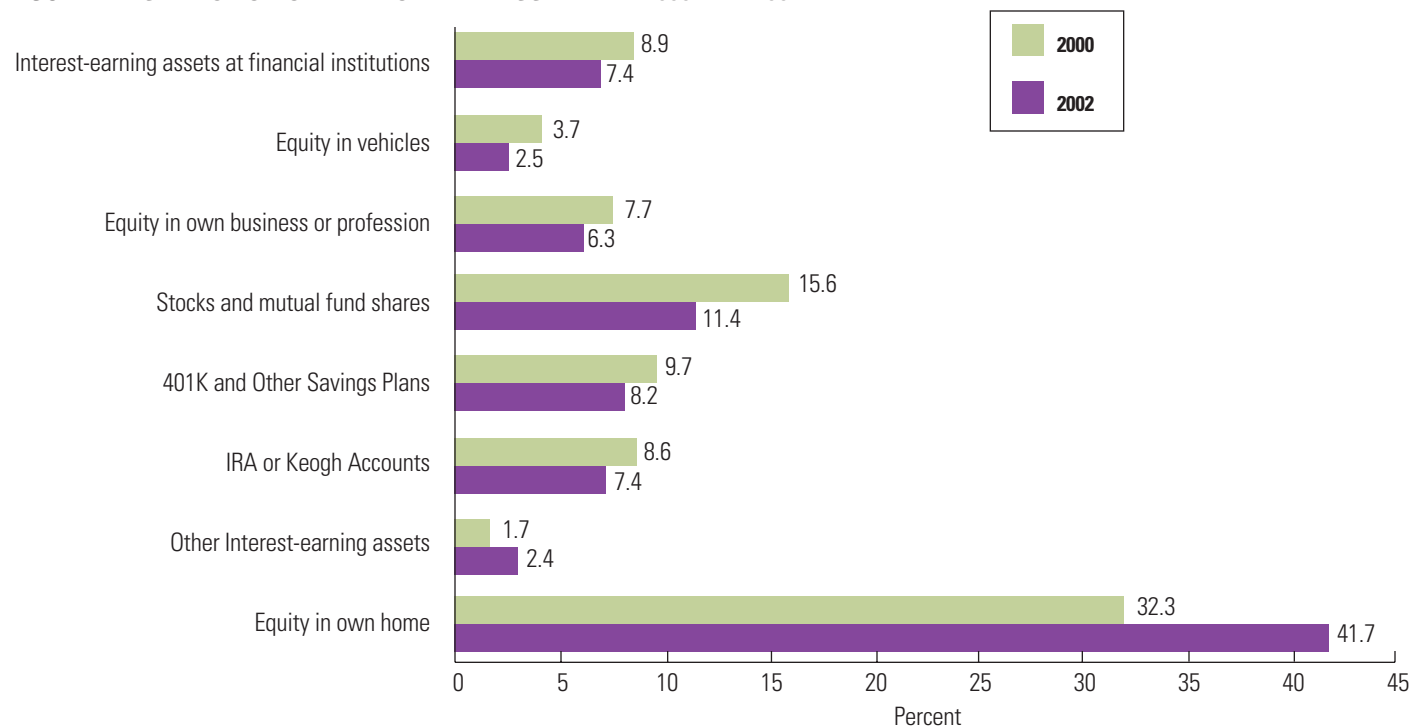
Housing impacts lives and communities. Owning a house enables families to build equity in their homes and generate wealth. For most Americans, housing is the principal asset and homeownership forms the base for personal security and stability. According to the U.S. Census, home equity (the value of the house minus the mortgage) is usually the largest share of household net worth.¹ In 2000, equity was 32.3 percent of total net worth (Figure 2). However, in the last couple of years, home equity has been declining. There are several reasons for this drop. Many more homeowners in recent years have used the equity in their homes to get other loans. In addition, home prices have dropped in many areas during the last few years (Figure 3). According to Moody's Economy.com, homeowner's equity was 42 percent in the second quarter of 2009, still higher than in 2000, but lower than that of 2005.²

Home equity is the most significant component of net worth overall, accounting for approximately half of all wealth across the nation and in many states. Yet, wealth building opportunities are not shared equally across the population* as

*Net worth is the difference between the assets owned and liabilities held by a family. In 1995, the household median net worth was \$49,030 for households with a White householder, \$7,073 for households with a Black householder, and \$7,255 for households with a Hispanic householder. Hispanic households and Black households had significantly less net worth than White households, but the difference between Hispanic and Black households was not significant. By 2002, the median net worth for White householders was \$88,651, for Black householders it was \$5,988 and for Hispanic Householders it was \$7,932.



FIGURE 2: DISTRIBUTION OF NET WORTH BY ASSET TYPE: 2000 AND 2002



Source: US Census Bureau, 1996 and 2001 Survey of Income and Program Participation (SIPP)

evidenced by the wide disparity in net worth between White and minority populations as well as low- and high-income households (Figure 4).³ When minority and low-income households own their homes, far more of their wealth is concentrated in home equity than other populations. This could be an indication that homeownership is a crucial asset-building strategy for low-wealth populations. It also shows how vulnerable these populations are to downturns in the housing market when it is the only asset-building strategy.

The causality of housing and economic development is not one directional. Investment in housing through construction and rehabilitation creates jobs. The housing sector contributes to economic growth and stability as it makes up more than one-third

of the nation's tangible assets. According to the Bipartisan Millennial Housing Commission appointed by Congress, home building and remodeling accounted for slightly over 4 percent of the GDP in 2000.⁴ By 2005, home building and remodeling accounted for 4.9 percent and by 2008, it dropped to 4.1 percent of the GDP.⁵ Home building generates income and jobs for local residents, as well as revenue for local governments. Some argue that the benefits of the housing sector are matched by costs. Home building imposes costs on local governments that supply education, police and fire protection, and other public services to support the new homes.

In 2001, new residential construction was associated with roughly 3.5 million jobs and \$166 billion in local income across the United

States. During an economic downturn—when housing is not built—this is also an estimate of what is lost by the local economy. In 2008, the National Association of Home Builders estimated that the local impacts included the following:

- 3.05 jobs and \$89,216 in taxes from building an average new single family home
- 1.16 jobs and \$33,494 in taxes from building an average new multifamily rental unit
- 1.11 jobs and \$30,217 in taxes from \$100,000 spent on residential remodeling.⁶

Housing challenges exist. The single greatest housing challenge facing the nation and Virginia is still affordability. The dynamics of affordability may have changed over the last few years. Housing prices have dropped in some areas, but job loss is resulting in housing becoming unaffordable to many more Americans and Virginians. Those with the means to buy are able to prosper and build wealth. Those without the means to buy are left to compete for the diminishing pool of subsidized housing. The extremely low-income household faces the greatest challenge as these populations, with an increased risk of job loss and limited ability to pay for housing, are the most vulnerable to downturns in the housing market.

FIGURE 3: S&P/CASE-SCHILLER HOME PRICE INDICES

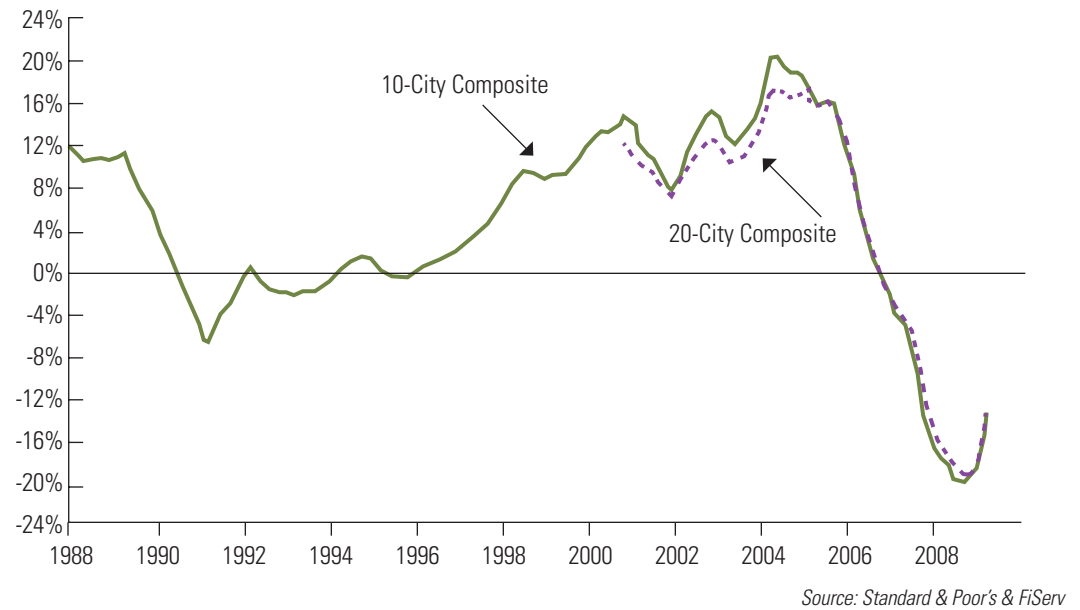
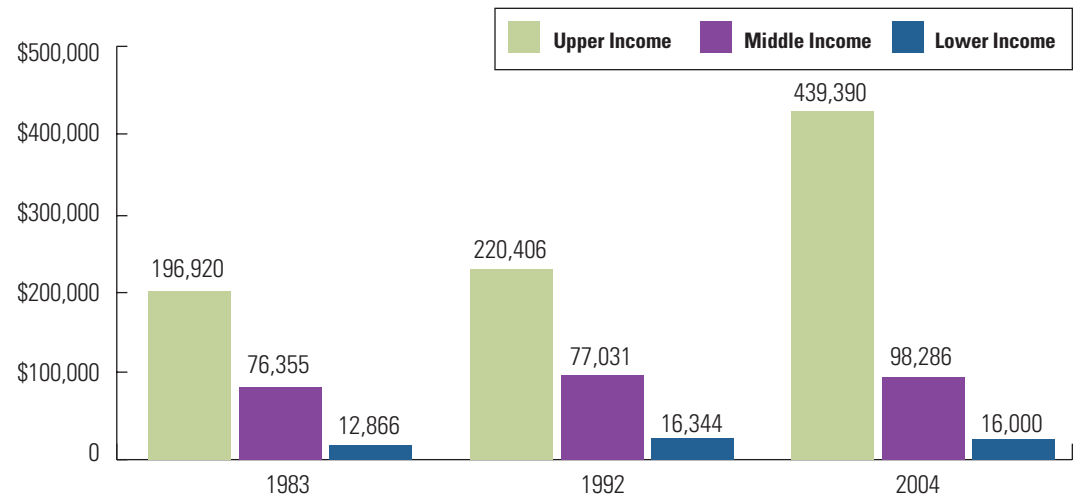


FIGURE 4: NET WORTH BY INCOME CATEGORIES



Source: Pew Research Center tabulations of Survey of Consumer Finances data



The Demographic and Socio-Economic Effect

In the broadest sense, demographics and incomes drive the demand for housing. The number of residents is the most basic indicator of housing supply needs. Similarly, population change—whether an area is gaining or losing residents and how quickly—is the fundamental gauge of future demand on housing (Figure 5). In general, population change is attributed to either migration or natural increase (the difference between the number of births and the number of deaths). The degree to which these two components of population change contribute to the overall population growth* is an indicator of the cause of growth.

Population Changes— How did it happen?

As of 2007, Virginia had an estimated population of 7,862,029, which is an increase of 783,514 people or an 11 percent increase in population since the year 2000. This includes a natural increase** of 321,703 people and a net migration† of 311,873 people into the Commonwealth (Figure 6 and 7). From 2000 to 2007, net migration outpaced natural increase in every region of Virginia.

*Unplanned growth is an added burden on existing infrastructure, housing, county school systems and hospitals, and other community services and programs.

**Natural increase is the difference between the number of births and the number of deaths.

†The difference between population change and natural increase is defined as net migration or the influx of new residents.

FIGURE 5: POPULATION (1960-2014)

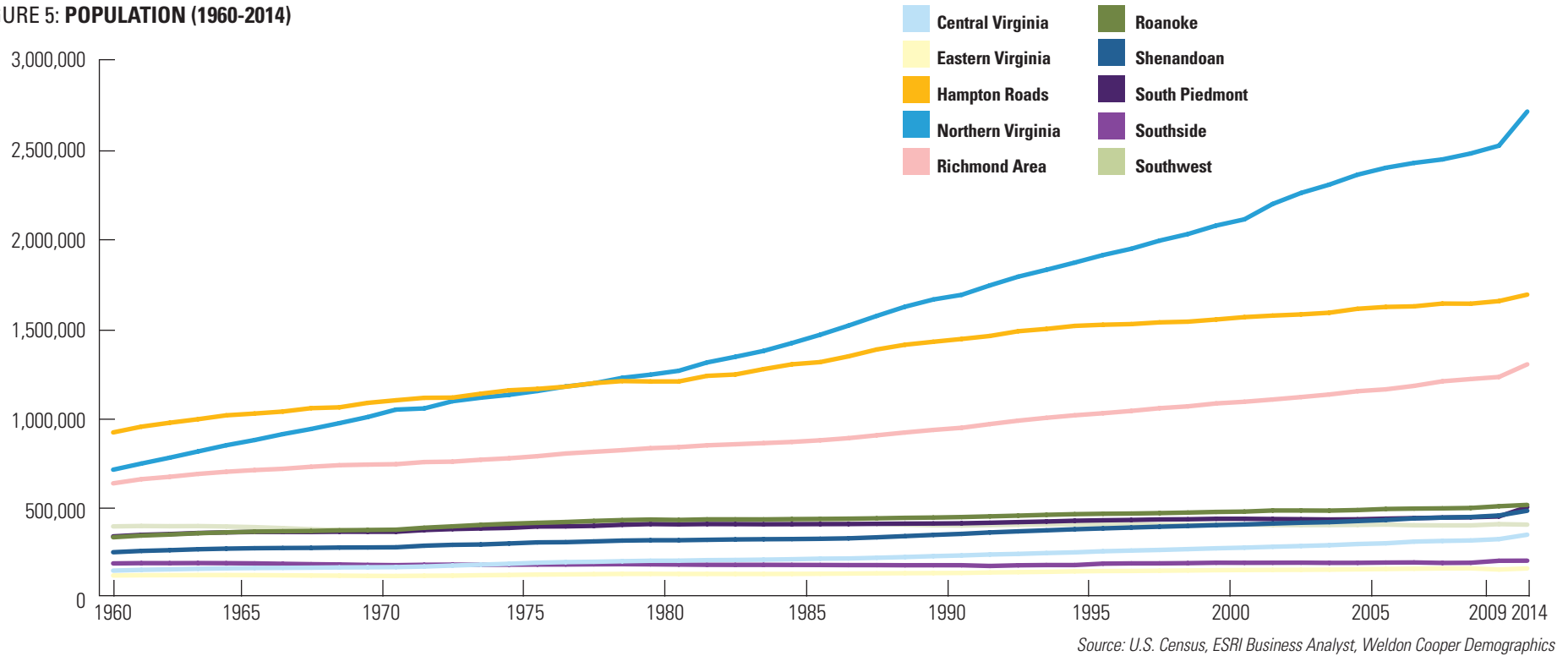


FIGURE 6: NATURAL INCREASE AND NET MIGRATION IN VIRGINIA

| | Births | Deaths | Natural Increase | Net Migration | Total Increase |
|------|---------|--------|------------------|---------------|----------------|
| 2007 | 108,417 | 57,835 | 50,582 | 21,260 | 71,842 |
| 2006 | 106,474 | 57,409 | 49,065 | 33,596 | 82,661 |
| 2005 | 104,488 | 57,642 | 46,846 | 46,709 | 93,555 |
| 2004 | 103,830 | 56,312 | 47,518 | 45,958 | 93,476 |
| 2003 | 100,561 | 57,834 | 42,727 | 46,171 | 88,898 |
| 2002 | 99,235 | 56,952 | 42,283 | 48,908 | 91,191 |
| 2001 | 98,531 | 55,849 | 42,682 | 69,271 | 111,953 |
| 2000 | 98,864 | 56,095 | 42,769 | DNA | DNA |

Source: US Census, VDH Health Statistics

FIGURE 7: NATURAL INCREASE, NET MIGRATION AND POPULATION CHANGE BY REGION 2000-2007

| | Natural Increase | Net Migration | Percent Change in Population |
|-------------------|------------------|----------------|------------------------------|
| Central Virginia | 2,509 | 36,045 | 14% |
| Eastern Virginia | -244 | 9,888 | 6% |
| Hampton Roads | 23,406 | 53,768 | 5% |
| Northern Virginia | 52,013 | 285,781 | 16% |
| Richmond Area | 11,303 | 114,841 | 12% |
| Roanoke | 1,436 | 17,222 | 3% |
| Shenandoah | 2,920 | 36,465 | 10% |
| South Piedmont | 861 | 5,959 | 2% |
| Southside | -531 | -295 | -0.5% |
| Southwest | -765 | -4,341 | -1% |
| Virginia | 92,908 | 555,333 | 11% |

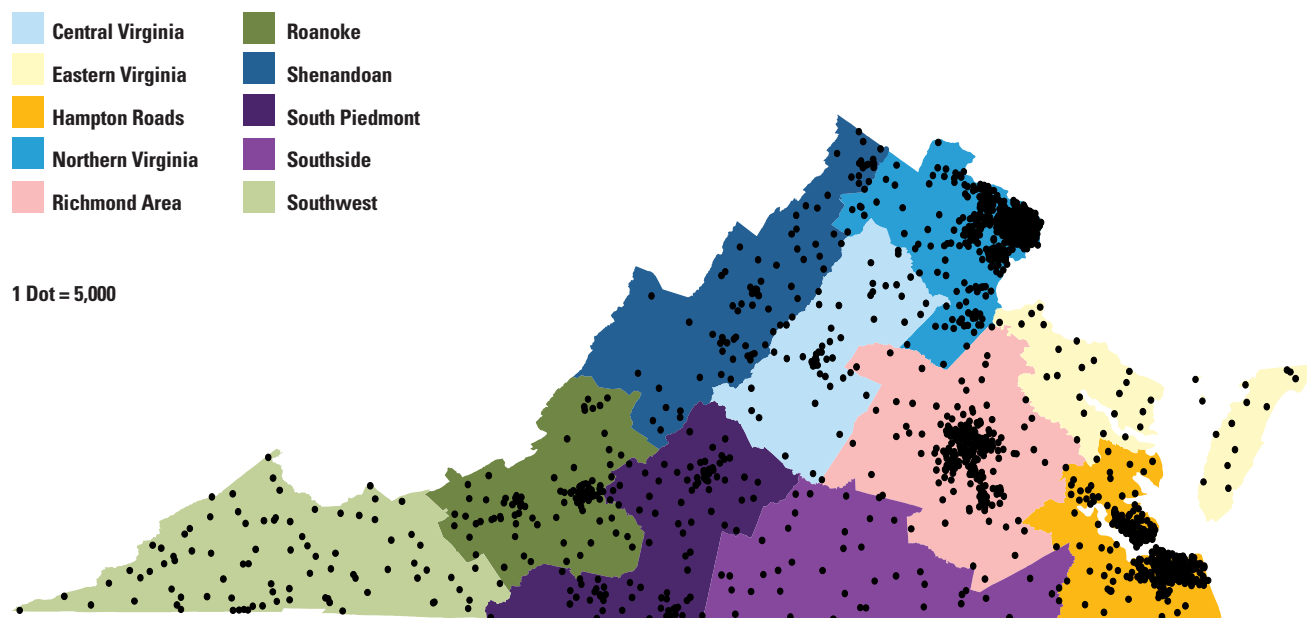
Source: US Census, VDH Health Statistics

FIGURE 8: POPULATION CHANGE BY REGION

| | 1990 | 2000 | Percent Change 1990-2000 | Estimates 2009* | Estimated Percent Change 2000 - 2009 | Projections 2014* |
|-------------------|------------------|------------------|-----------------------------|------------------|-----------------------------------------|----------------------|
| Central Virginia | 224,541 | 269,290 | 20 | 318,196 | 18 | 343,560 |
| Eastern Virginia | 115,199 | 132,538 | 15 | 147,013 | 11 | 153,929 |
| Hampton Roads | 1,435,653 | 1,558,180 | 9 | 1,657,816 | 6 | 1,694,435 |
| Northern Virginia | 1,690,153 | 2,113,829 | 25 | 2,531,929 | 20 | 2,724,344 |
| Richmond Area | 942,954 | 1,090,326 | 16 | 1,230,597 | 13 | 1,302,082 |
| Roanoke Area | 450,643 | 481,262 | 7 | 503,537 | 5 | 511,223 |
| Shenandoah | 346,021 | 399,835 | 16 | 451,251 | 13 | 478,402 |
| South Piedmont | 405,514 | 431,525 | 6 | 445,027 | 3 | 499,147 |
| Southside | 176,251 | 192,270 | 9 | 196,845 | 2 | 197,453 |
| Southwest | 394,183 | 400,137 | 2 | 401,767 | 0 | 398,838 |
| Virginia | 6,187,358 | 7,078,515 | 14 | 7,895,075 | 12 | 8,269,206 |

Source: U. S. Census, *ESRI Business Analyst

FIGURE 9: POPULATION DENSITY



Source: U. S. Census 2000

Population changes occurred in the regions of Virginia at different paces. The Commonwealth's population increased just over 14 percent between 1990 and 2000.* The largest increase during this time period occurred in the Northern Virginia region, followed by Central Virginia and the Richmond Area. The smallest increase occurred in the Southwest region. This pattern repeats for the 2009 estimated population numbers and for the 2014 projections with an exception occurring in the Southwest region (Figure 8).

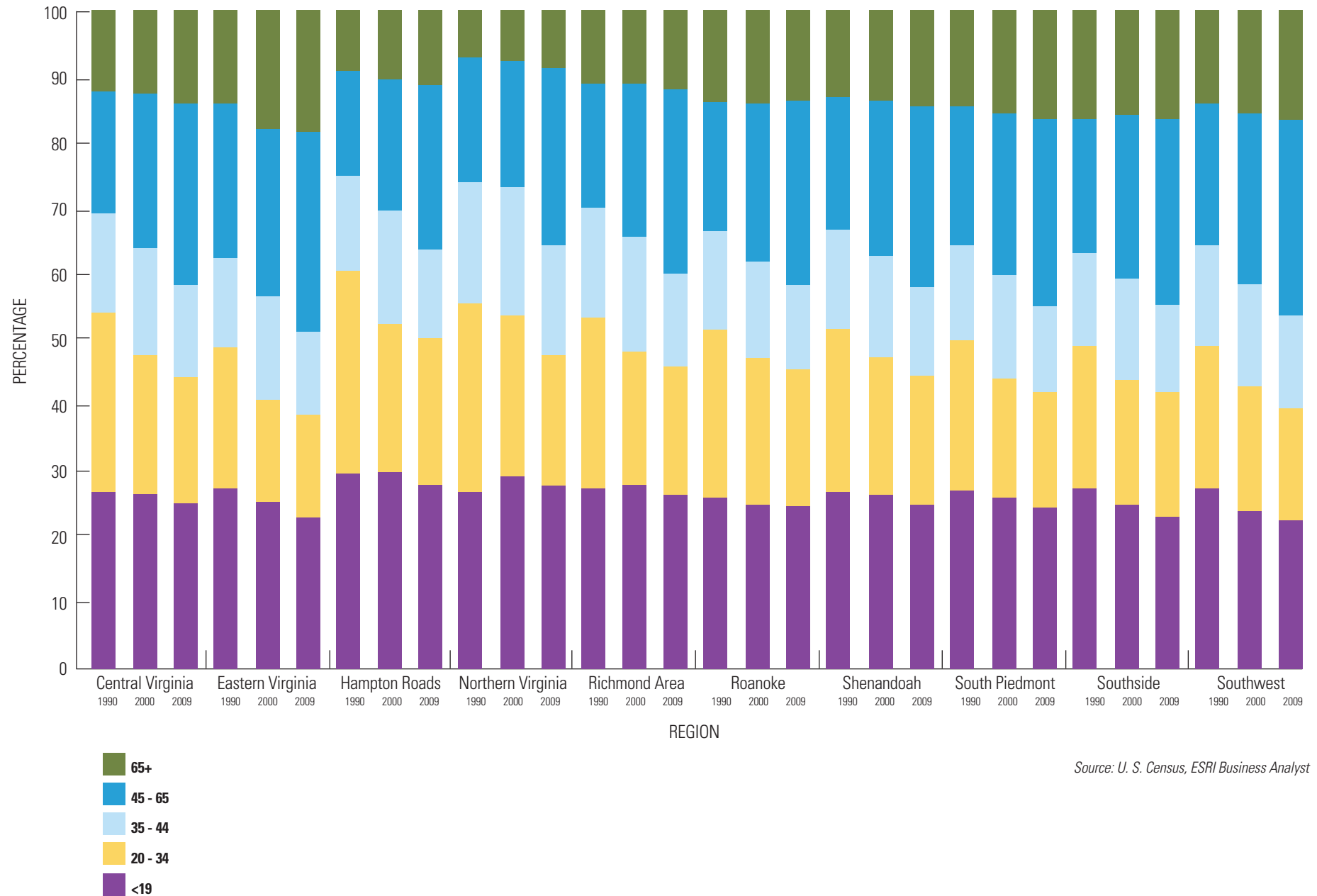
Population density maps provide evidence of development patterns. Population continues to be concentrated within the three largest metro regions of the State. The three, Northern Virginia, Hampton Roads and Richmond, also had the highest areas of population for the State (Figure 9).

Are We Getting Older?

Age is another indicator that affects housing demand. Age distributions of the population, and recent changes in that distribution, have important implications for the formation of new households and the demand for new housing units (Figure 10). This also

*In comparison, Maryland's population increased 11 percent and North Carolina's population increased 21 percent between 1990 and 2000.

FIGURE 10: 1990, 2000 & 2009 POPULATION BY AGE, BY REGION



Source: U. S. Census, ESRI Business Analyst

influences the need for age-related housing and services. For example, elderly people frequently require special housing in combination with supportive services, whereas working families with small children often need child care. Another trend is the aging of the post-WWII baby boom population. “Baby boom” refers to people born from 1946 through 1964 (Today’s ages 45 years to 63 years of age). The US Census estimates that by 2040, the elderly will be nearly 40 percent of the population.⁷ According to the Weldon Cooper Center, by 2030, the number of Virginians ages 65 and older will double from the current 900,000 to 1.8 million persons and in percentage of the population from 12 to 19 percent.⁸ This change is reflected in median age trends (Figure 11). Some regions have a greater number and percentage of older populations, as in the Eastern region and Southwest region.

Who Are We Dependent On?

The dependency ratio is used to approximate the number of individuals providing economic support per dependent persons therefore, assessing the relative social need in a community. A higher dependency ratio means there are more people in the non-working age relative to the persons of working age. In addition, it may mean a greater demand for housing and related services for families with young children and/or older adults. Traditionally, the dependency ratio includes the number of elderly persons 65 years old or older. But as people are living longer and more elderly are working past the age of 65, for this report, the dependency ratio is defined as the number of children younger than 19 years old and the number of elderly 75 years old or older per 100 persons aged 20 to 74 years (Figure 12). Regions of Eastern Virginia, Hampton Roads, Richmond Area, Shenandoah, and South Piedmont have higher dependency ratios than the State’s ratio of 47.*

*In comparison, North Carolina’s dependency ratio is 47 and Maryland’s dependency ratio is 49.

FIGURE 11: TRENDS IN MEDIAN AGE BY REGION

| | 1990 | 2000 | 2009 | 2014 |
|-------------------|-------------|-------------|-------------|-------------|
| Central Virginia | 32.7 | 36.4 | 39.3 | 40.1 |
| Eastern Virginia | 37.6 | 41 | 44.2 | 45.3 |
| Hampton Roads | 29.8 | 33.5 | 35 | 35.1 |
| Northern Virginia | 32.3 | 34.7 | 36.5 | 36.6 |
| Richmond Area | 33.3 | 36 | 38.2 | 38.6 |
| Roanoke | 34.1 | 37.1 | 39.5 | 40.5 |
| Shenandoah | 34.1 | 36.9 | 39.4 | 40.1 |
| South Piedmont | 35.4 | 38.9 | 41.3 | 42.3 |
| Southside | 35.6 | 39 | 41.3 | 42.1 |
| Southwest | 35.7 | 39.9 | 42.7 | 44.1 |
| Virginia | 32.6 | 35.7 | 37.7 | 38.1 |

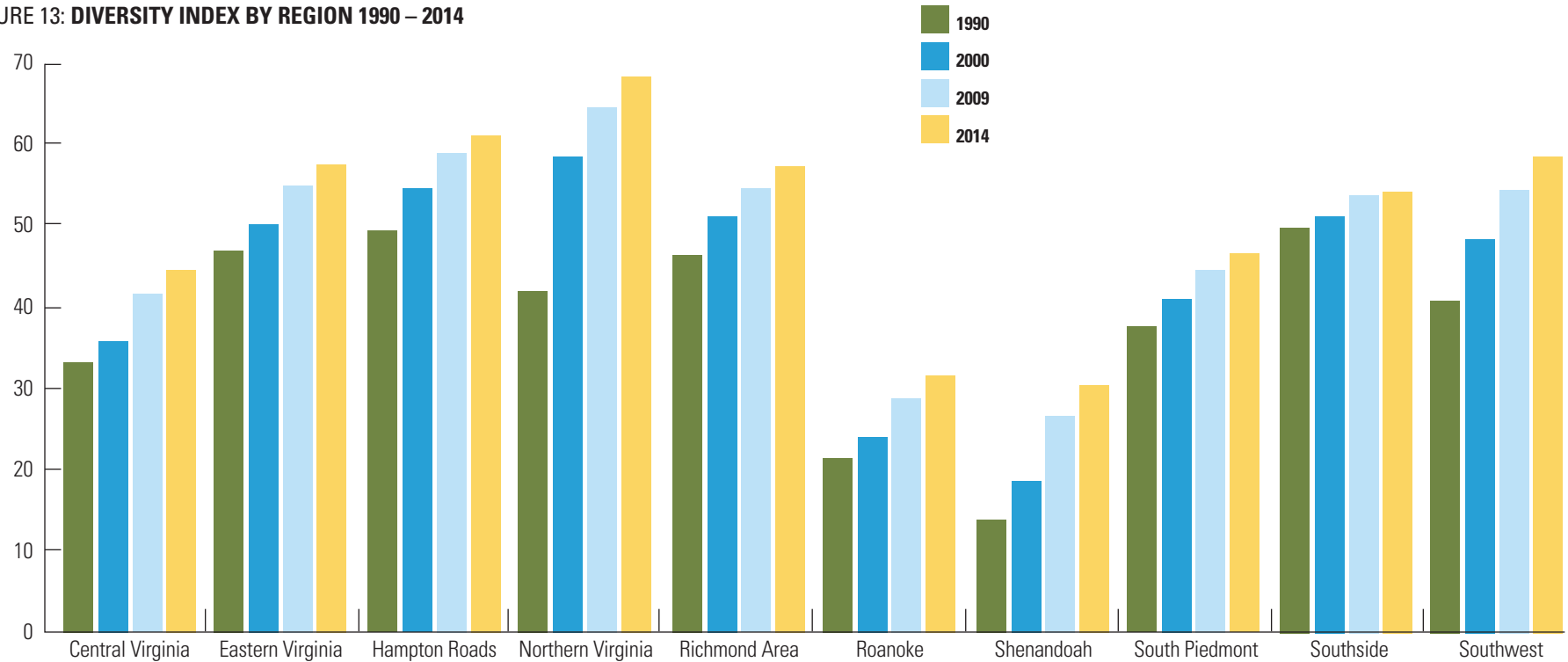
Source: ESRI Business Analyst

FIGURE 12: DEPENDENCY RATIO 2009

| | Dependent Population | Nondependent Population | Dependency Ratio |
|-------------------|----------------------|-------------------------|------------------|
| Central Virginia | 96,793 | 211,051 | 45.8 |
| Eastern Virginia | 50,202 | 103,547 | 48.5 |
| Hampton Roads | 552,065 | 1,091,635 | 50.7 |
| Northern Virginia | 761,418 | 1,693,068 | 45.0 |
| Richmond Area | 387,877 | 818,218 | 47.4 |
| Roanoke | 153,494 | 337,848 | 45.4 |
| Shenandoah | 141,625 | 297,595 | 47.6 |
| South Piedmont | 141,100 | 297,245 | 47.5 |
| Southside | 57,876 | 125,222 | 46.2 |
| Southwest | 118,160 | 276,052 | 42.8 |
| Virginia | 2,460,610 | 5,251,481 | 46.8 |

Source: U. S. Census

FIGURE 13: DIVERSITY INDEX BY REGION 1990 – 2014



Source: ESRI Business Analyst

Are We Diverse?

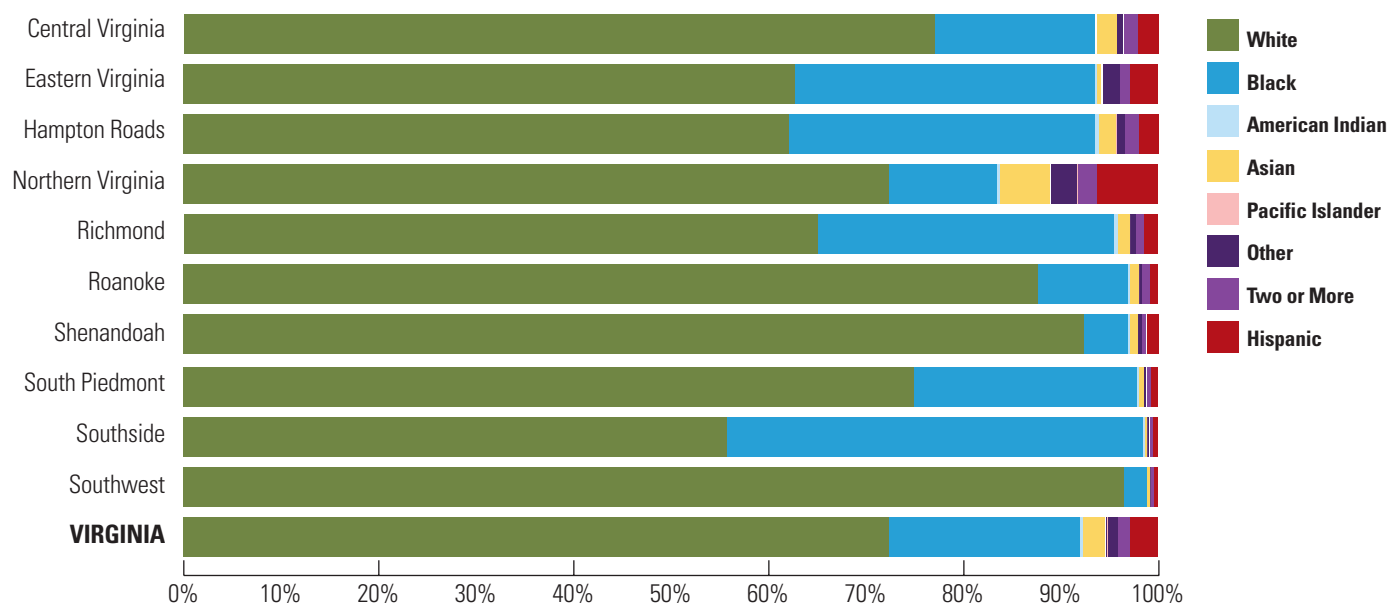
A perfectly homogeneous population would have a diversity index score of 0. A perfectly heterogeneous population would have a diversity index score of 100. The Diversity Index ranges from 0 (no diversity) to 100 (complete diversity). If an area's entire population belongs to one race group and one ethnic group, then that area has zero diversity. An area's diversity index increases to 100 when the population is evenly divided into race/ethnic groups.

Diversity increased across all regions from 1990 to 2000 (Figure 13). Yet in 2000, the region with the highest diversity index in the State was Northern Virginia with a diversity index rate of only 59. Other regions, such as Hampton Roads and Richmond, have indexes slightly over 50. At the other end of the spectrum, the Southwest region had an index of fewer than 10. Northern

Virginia remained the region with the highest diversity index and Southwest remained the region with the lowest diversity index in 2009 and in 2014 projections.

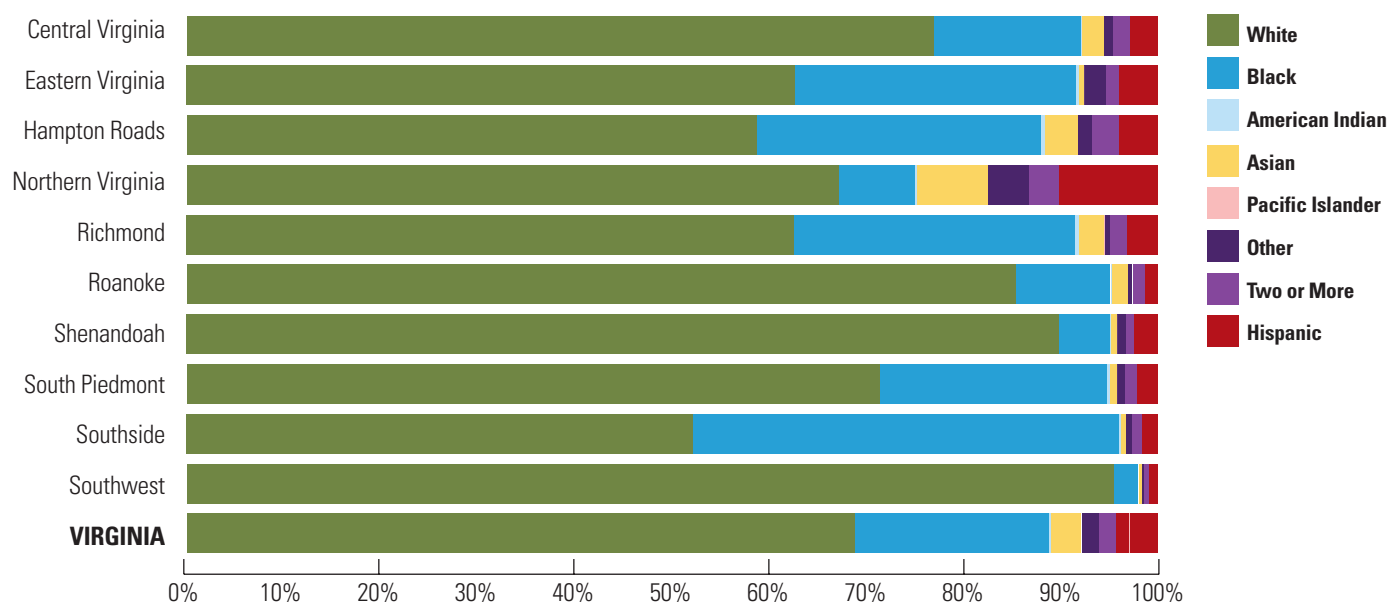
The diversity of a community with respect to racial and ethnic composition may affect the demand for housing. Research has indicated that minorities and new immigrants tend to form new households at a later age than Whites.⁹ Minorities may also have access to fewer housing choices since they are more likely to face discrimination and segregation, which adversely affects not only housing choices but also affordability. Hispanic and other non-English speaking immigrants face a multitude of obstacles in obtaining decent affordable housing. These obstacles include not only the economic challenges that affect all low-

FIGURE 14: RACE AND ETHNICITY BY REGION, 2000



Source: ESRI Business Analyst

FIGURE 15: RACE AND ETHNICITY BY REGION, 2009



Source: ESRI Business Analyst

income households but also language barriers that may complicate access to housing assistance programs.

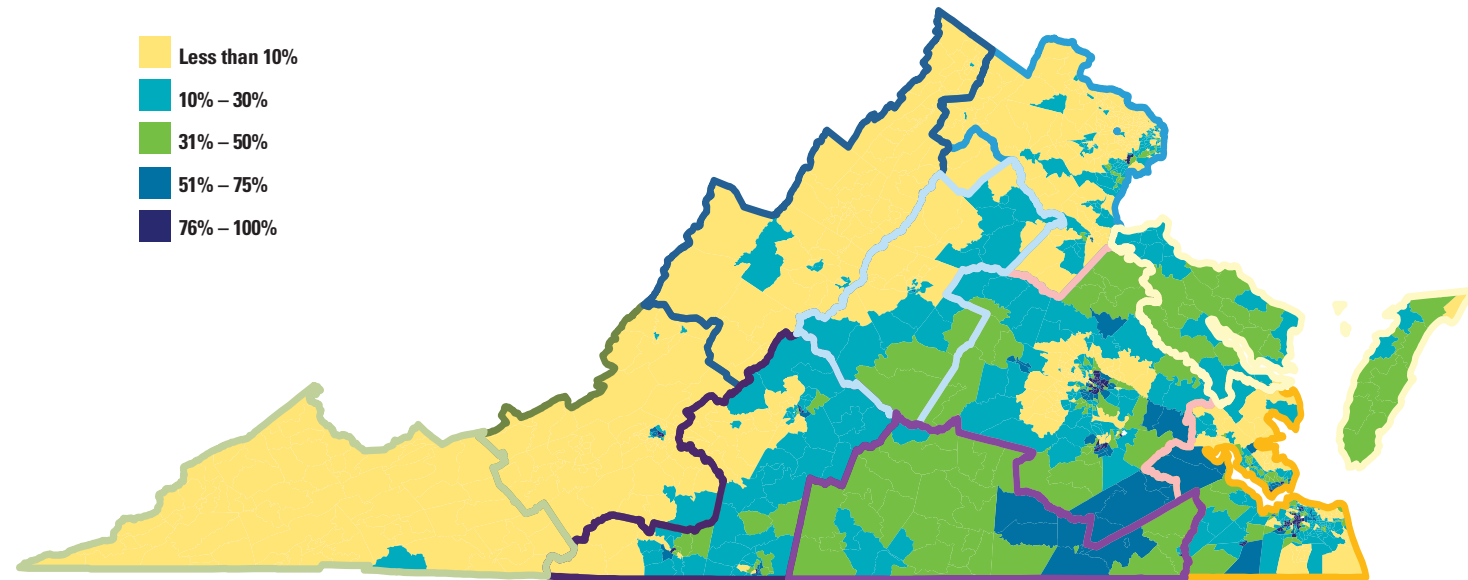
In Virginia, Whites constitute the highest number of the population, as well as the highest percentage. Although the percentage of Whites in the population decreased between 2000 and 2009 by almost 7 percent, the number of Whites grew by 6 percent. African-American population increased in numbers by 14 percent, but increased in the percentage of the population by less than a half percent from 2000 to 2009. Other minority populations, such as Asians and Hispanics increased in numbers by over 50 percent but still only constitute less than 10 percent of the total population. The distribution of race and ethnicity varied only slightly across the regions in both 2000 and 2009 (Figures 14 and 15). Whites constituted the highest percentage of the population in each of the regions followed by African Americans (Figure 16 and 17).

Reports on the nightly news hour tell of undocumented individuals living in the United States in order to have better lives. Research conducted by the Census Bureau indicates that the population count has underestimated the number of foreign born individuals

living in the U.S. and Virginia.¹⁰ This underestimation of foreign born immigrants can affect counts of distribution by age, race, household types and the growth of households thereby impacting the number of housing units required in an area. The immigrant population reported by the Census in 1990 constituted almost 8 percent of the population in the United States.¹¹ By 2000, 11 percent of the U.S. population was foreign-born. The immigrant population in the U.S. was just over 12 percent by 2008. In Virginia, the immigrant population was 5 percent in 1990 and just slightly over 10 percent by 2008. Virginia's count indicates that the state experienced a surge of immigration between 1990 and 2000 when 47 percent of all counted immigrants entered the state (Figure 18).

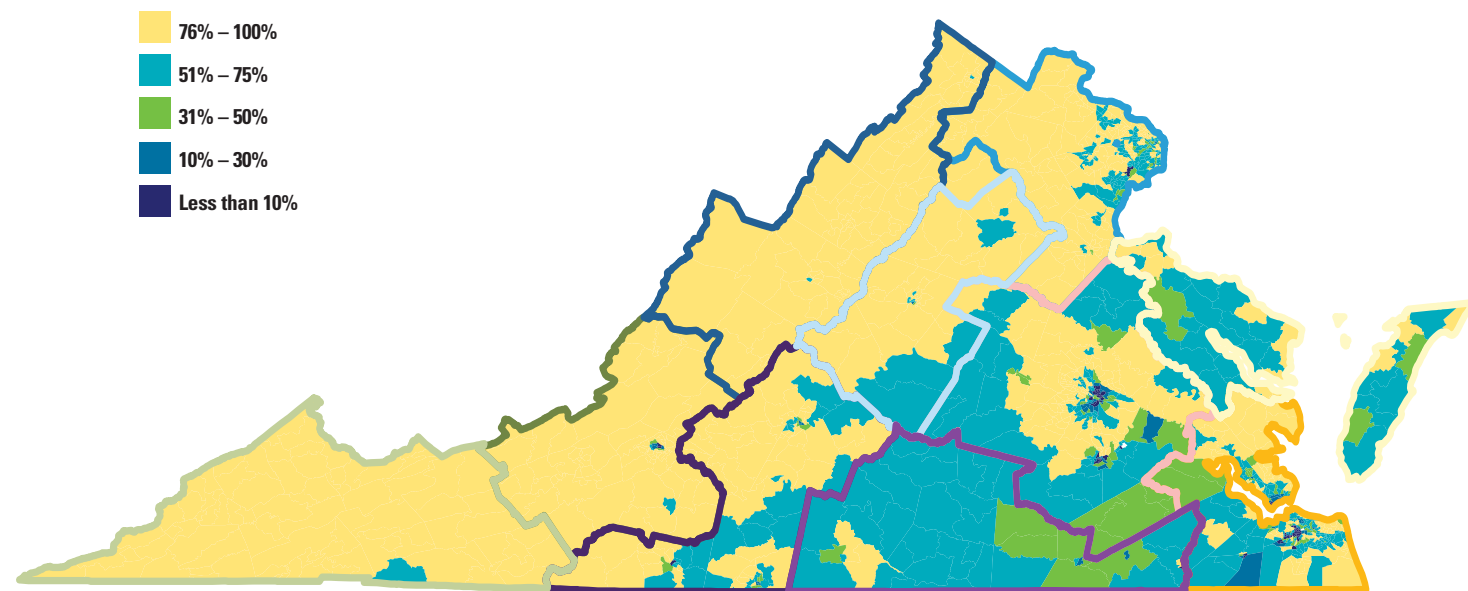
Historically, first generation immigrants chose to live in central cities upon their arrival. Today, immigrants move into communities scattered across the region. In Virginia, immigrant concentrations are still located in greater concentrations in urban areas, such as Northern Virginia and Hampton Roads, rather than in rural areas (Figure 19). However, since 2000, an additional 300,000

FIGURE 16: PERCENTAGE OF AFRICAN-AMERICAN POPULATION, 2000



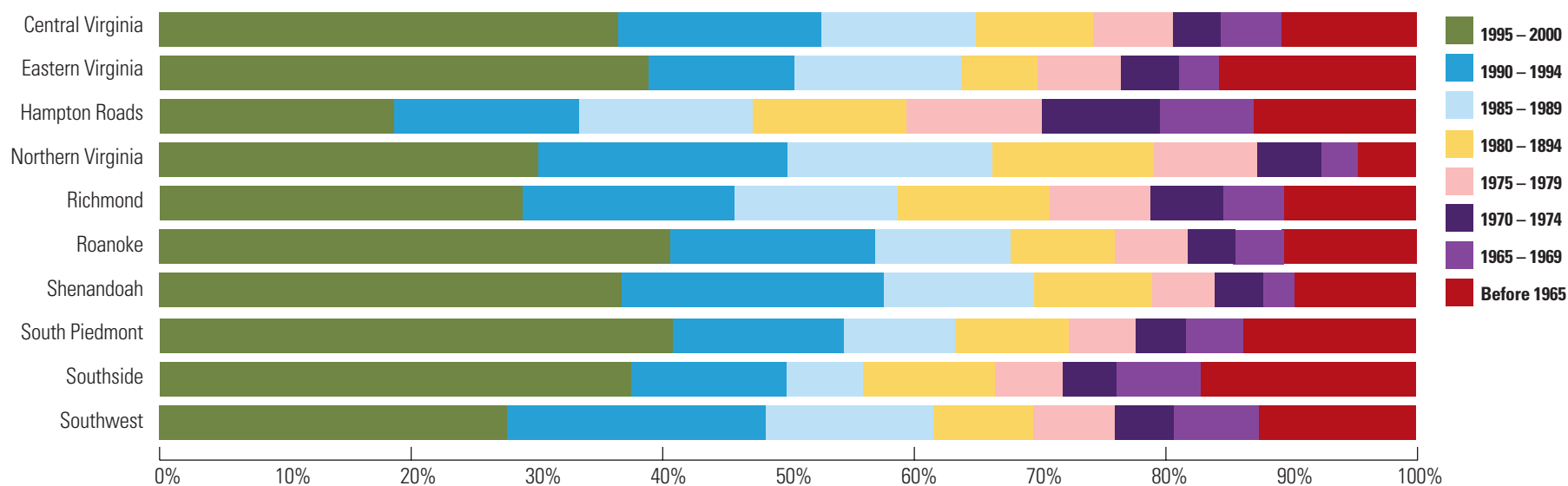
Source: 2000 U.S. Census Tract Level Data

FIGURE 17: PERCENTAGE OF WHITE POPULATION, 2000



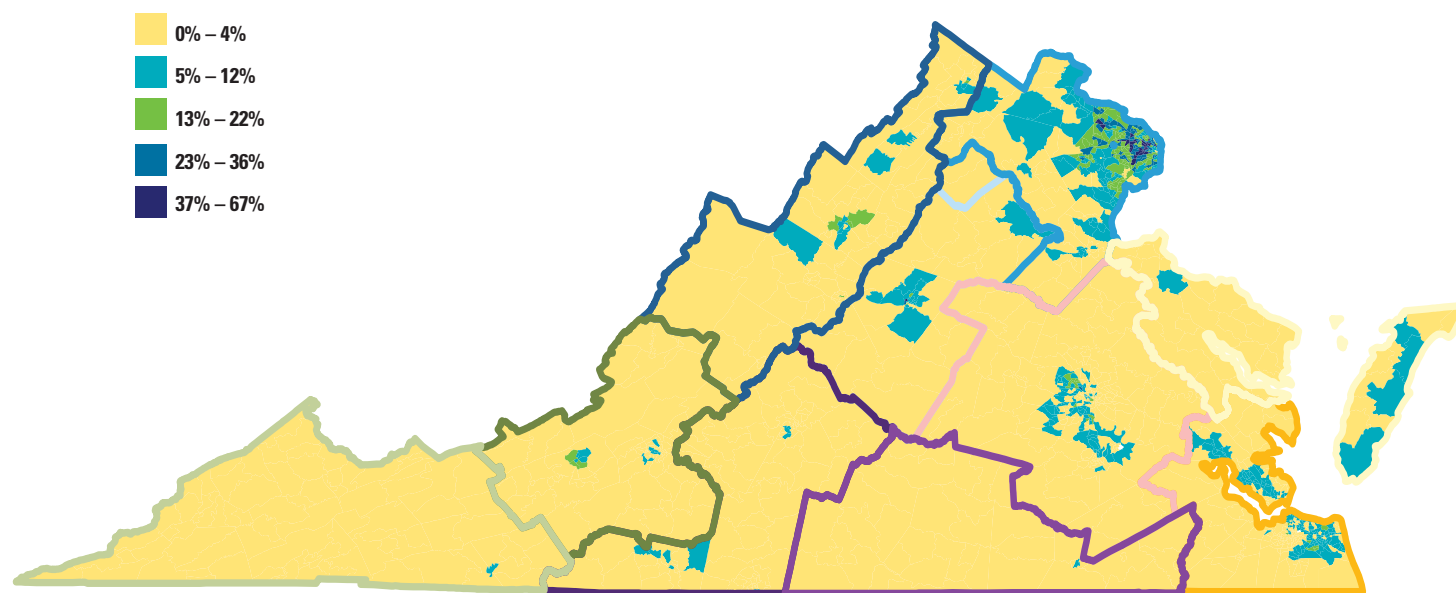
Source: 2000 U.S. Census Tract Level Data

FIGURE 18: IMMIGRATION PATTERNS



Source: 2000 U.S. Census

FIGURE 19: PERCENTAGE OF FOREIGN-BORN POPULATION

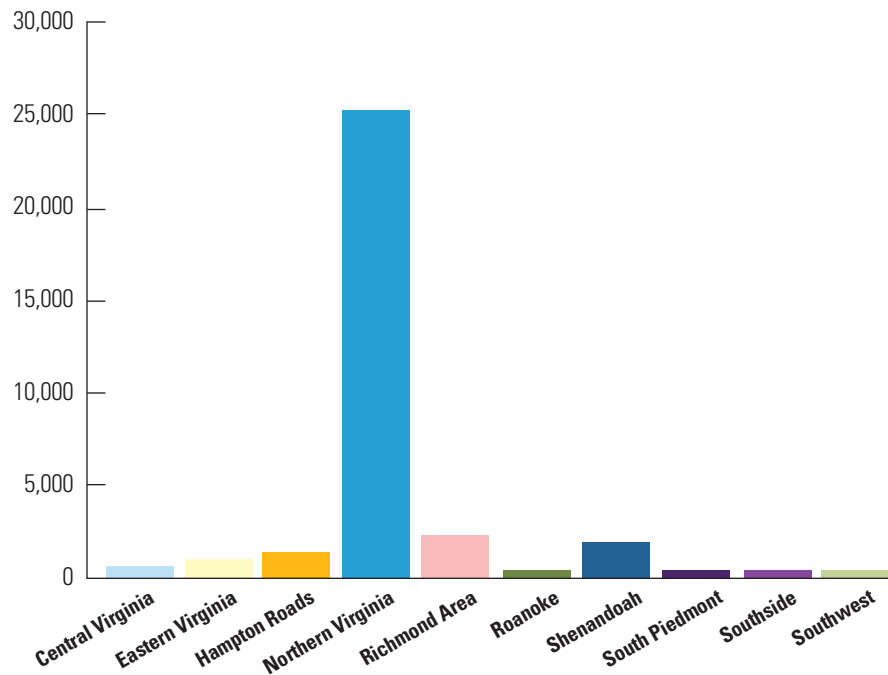


Source: 2000 U.S. Census Tract Level Data

foreign born immigrants have moved to Virginia across the regions, albeit still more have settled in the urban areas of the state as opposed to rural areas. This may be in part due to more jobs being available in the urban areas.¹² (See Appendix A for localities).

As non-English speaking immigrants face obstacles in obtaining housing assistance, Virginia had less than a percent of foreign born immigrants that could not speak English. However, several regions in the area had just over one percent of their population as non-English speaking. Of the non-English speaking areas, Northern Virginia had 76 percent of Virginia's total of non-English speaking (Figure 20).

FIGURE 20: NON ENGLISH SPEAKING IMMIGRANTS

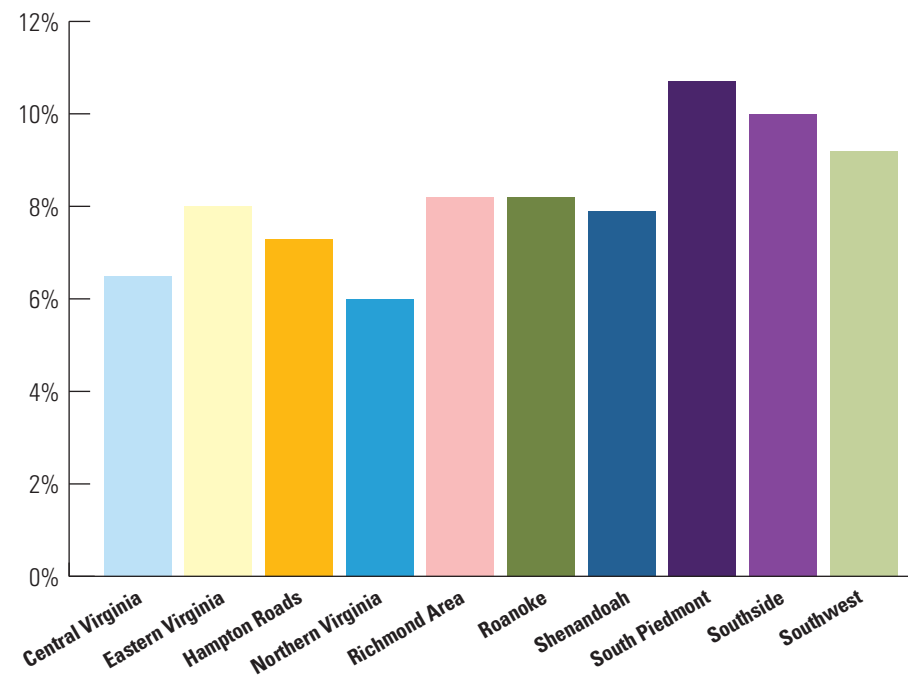


Source: ACS 2006 – 2008

Employment and Incomes: How Do the Region's Compare?

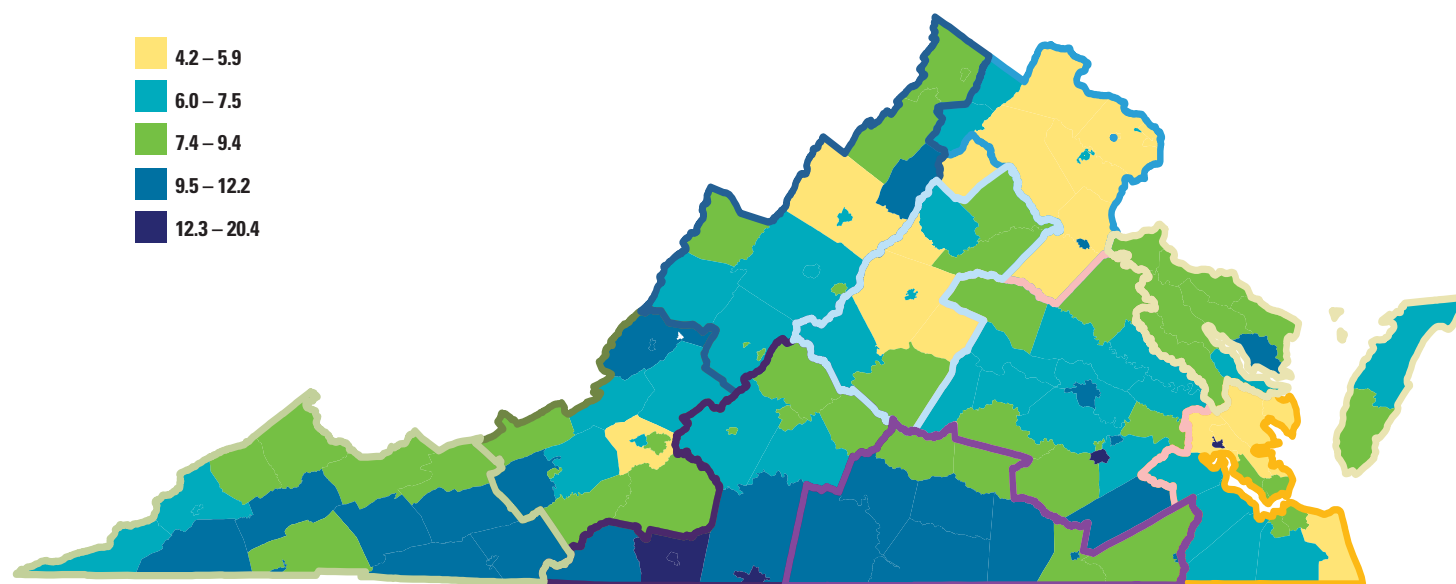
Employment opportunities, household earnings, quality and availability of appropriate housing and economic vitality of a community are intimately related factors within every county and region. The unemployment rate is an excellent indication of the overall economic condition of a region. Unemployed persons include all civilian, non-institutionalized persons aged 16 or older who, during a specified week, were not employed, available for work, or engaged in job seeking activities during the last four weeks, waiting to be called back to a job from which they were laid off, or waiting to report (within 30 days) to a new wage or salaried job.

FIGURE 21: AVERAGE UNEMPLOYMENT RATES, 2009



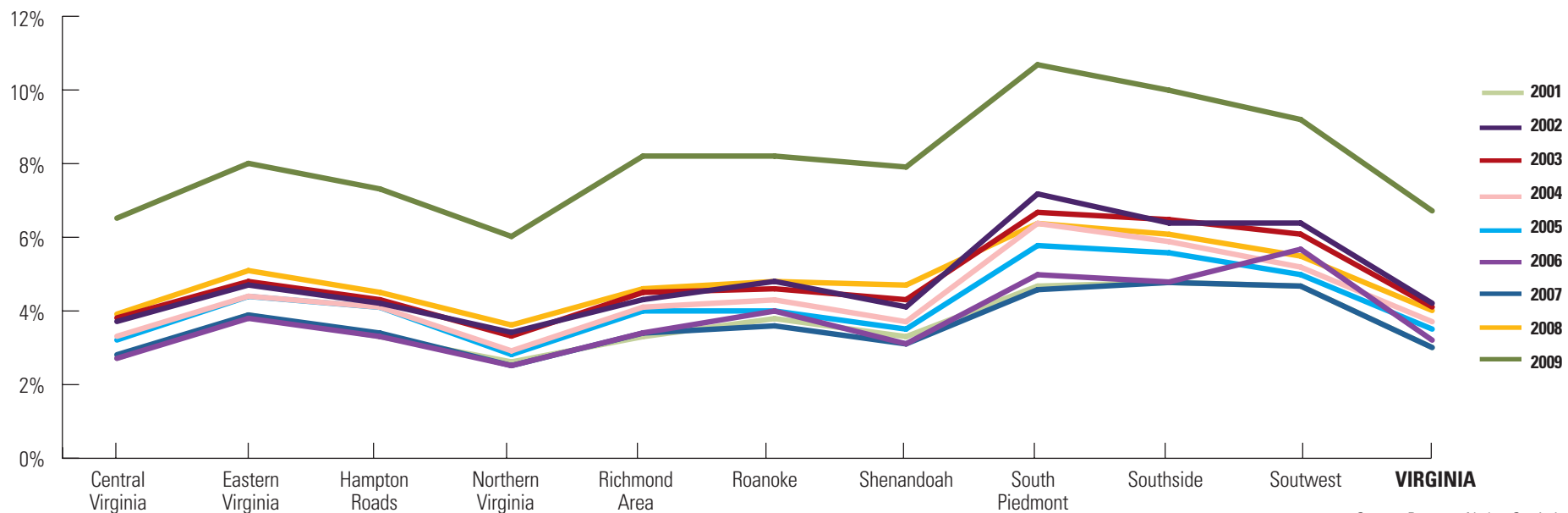
Source: Bureau of Labor Statistics

FIGURE 22: **UNEMPLOYMENT AVERAGE, 2009**



Source: Bureau of Labor Statistics, County Level Data

FIGURE 23: **UNEMPLOYMENT RATES, 2001 – 2009**

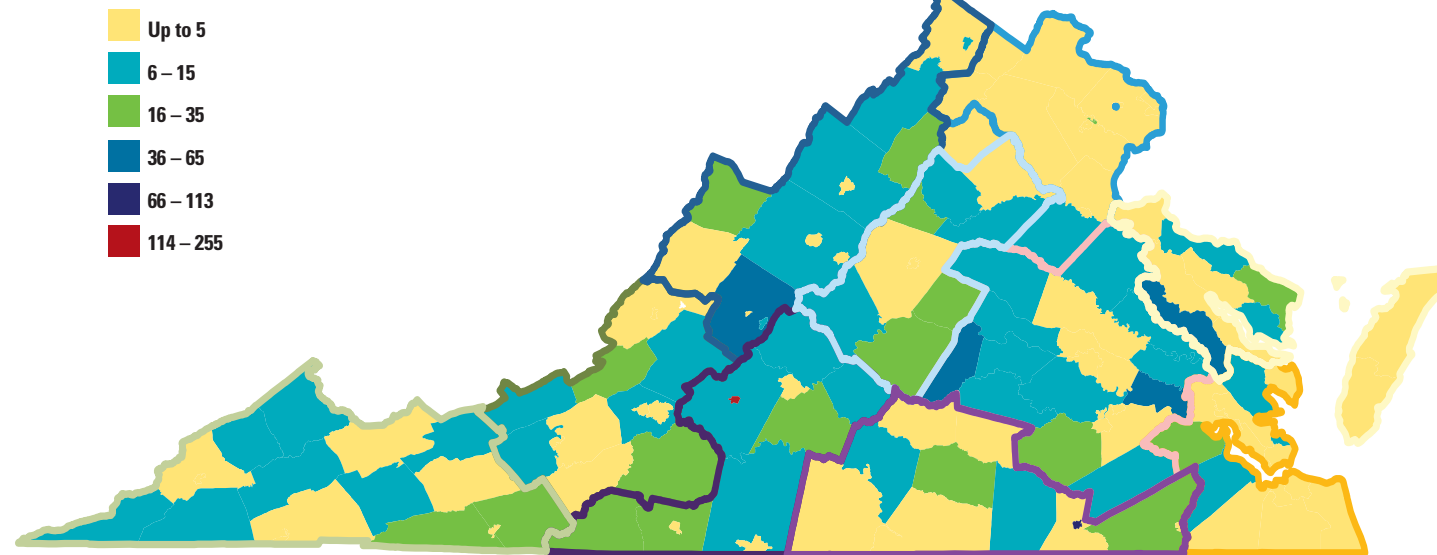


Source: Bureau of Labor Statistics

In 2009, the U.S. had an average unemployment rate of 9.3 percent. Virginia fared better than many other states with an average unemployment rate of 6.6 percent in 2009. Across the regions, unemployment ranged from a 6 percent rate in Northern Virginia to a 10.7 percent rate in the South Piedmont region (Figures 21 and 22). Women fared better than men, as unemployment in the U.S. for men was 10.3 percent and for women was 8.1 percent in 2009. This followed true for Virginia as well. Unemployment for men was at 7.3 percent and for women it was at 6.0 percent.

From 2001 to 2008, unemployment across the regions was under 5 percent with only slight variation. However, in 2009, that average rose to 8.1 percent with the highest employment rates found in the South Piedmont and Southside regions. In the Southside region, unemployment rose from 6.1

FIGURE 24: NUMBER OF UNEMPLOYED PER JOB OPENING, 2009



Source: Bureau of Labor Statistics, County Level Data

(2008) to 10.0 (2009) (Figure 23). Based on data from the Bureau of Labor Statistics, the number of unemployed persons seeking one available job ranged from just under five unemployed seeking one job, up to 255 unemployed seeking one job opening (Figure 24).

FIGURE 25: LABOR FORCE PARTICIPATION, 2009

| | Labor Force Participation Rates |
|-------------------|---------------------------------|
| Central Virginia | 93.7% |
| Eastern Virginia | 92.2% |
| Hampton Roads | 93.2% |
| Northern Virginia | 95.0% |
| Richmond Area | 92.3% |
| Roanoke | 92.4% |
| Shenandoah | 92.6% |
| South Piedmont | 90.2% |
| Southside | 89.8% |
| Southwest | 90.7% |

Source: Bureau of Labor Statistics

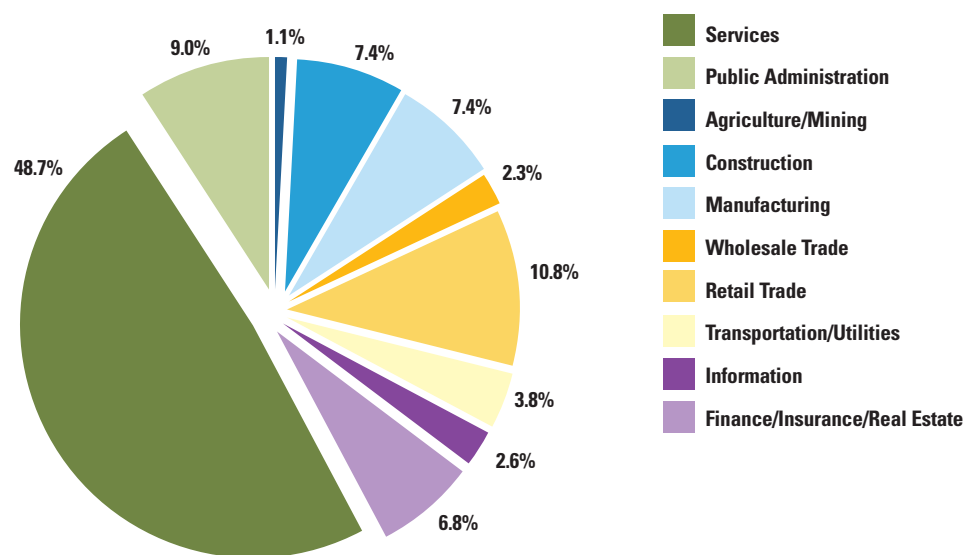
An employed person means all civilian, non-institutionalized persons age 16 or older who, during the specified week, worked at least one hour for pay, worked 15 hours or more as unpaid workers on a family farm or in a family-operated business, or had a job but were temporarily absent (illness, bad weather, vacation or other reasons even if not paid).

The majority of Virginia's regions show an 89 percent or higher rate of participation in the labor force. Labor force participation includes those 16 years and over in the labor force, either employed or unemployed (Figure 25).

Where are We Working?

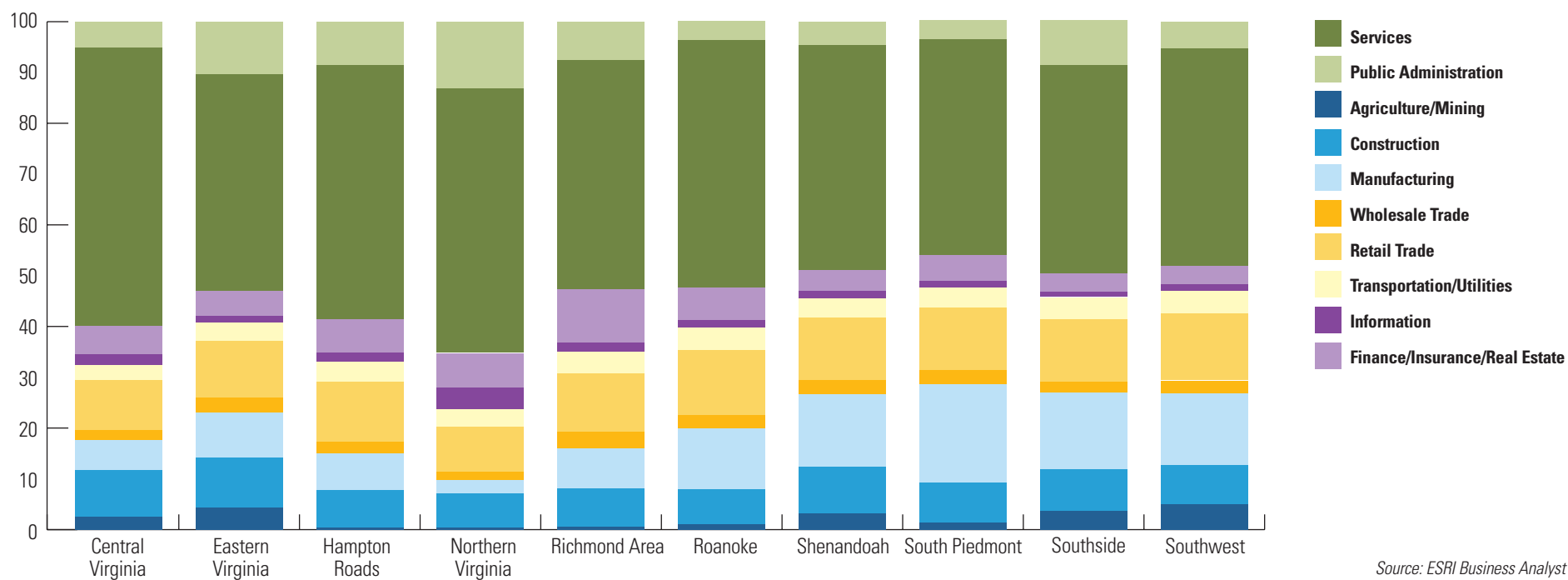
Economic diversity, one of the best defenses against a high unemployment rate, is essential in building and sustaining a vibrant community made up of households with stable earnings. The lead industry in Virginia was the service industry (Figure 26). Nearly 49 percent of all employed in Virginia work in the service industry. This was followed by the retail industry of which 10 percent of the total numbers employed are working. The employment market shows some diversity, yet across the regions the service industry employees the majority of the workforce

FIGURE 26: EMPLOYED BY INDUSTRY IN VIRGINIA, 2009



Source: ESRI Business Analyst

FIGURE 27: EMPLOYED BY INDUSTRY, 2009



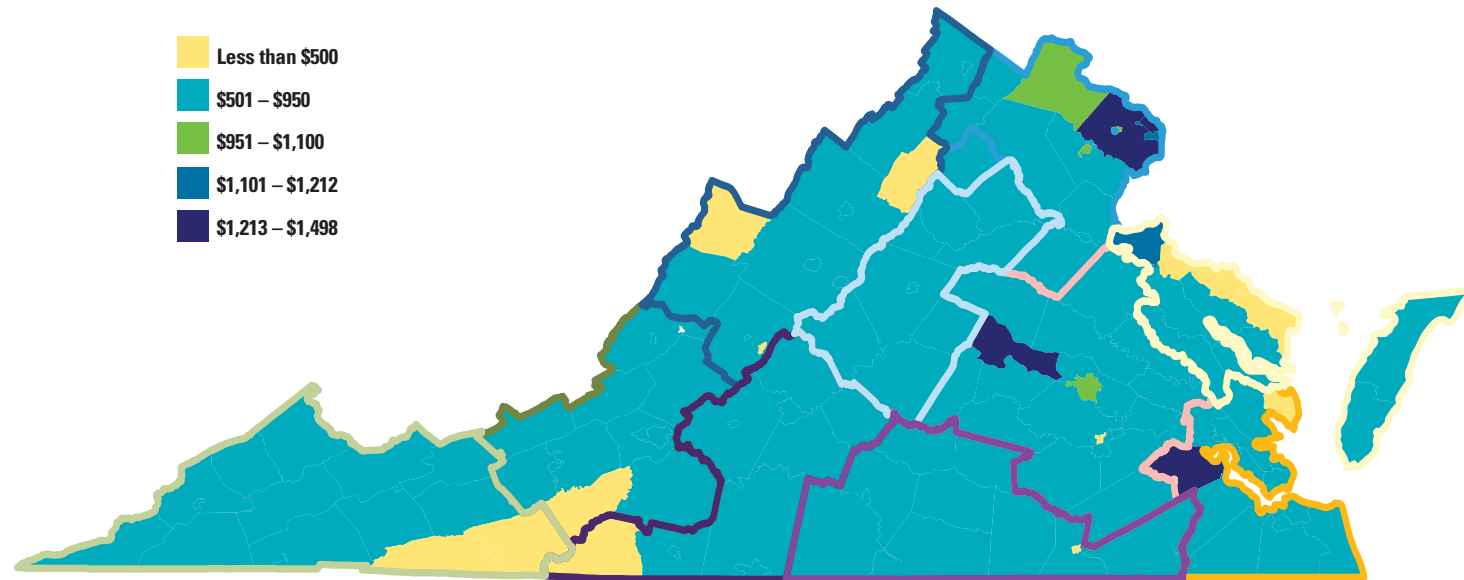
Source: ESRI Business Analyst

(Figure 27). One drawback of the service sector category is that it masks important differences within the sector. Service jobs range from home health aides to veterinarians with wages ranging from \$19,000 to \$79,000+ a year.

In 2009, the average weekly wage of \$950 was 80 percent of Virginia's median household income (Figure 28). The weekly wage found at the county level across most of the regions in the state was \$500 to \$950 per week.¹³ Eight of the localities, which included Carroll, Patrick and Highland, had weekly wages under \$500. Nine of the localities, which included Loudon, Goochland and Surry, had weekly wages over the \$950 per week.

In 2009, Virginia's lead occupation was classified as White Collar (65 percent) with the professional as the highest sub-category in this classification (Figure 29). This occupation was also the lead occupation across the majority of the regions (Figure 30 and 31) with the exception of the Southside region where the professional sub-category was tied with the services category. According to the Bureau of Labor Statistics, the fast growing occupations in the future are also some of the lowest paid which includes home health aides, medical assistants and physical therapy assistants (Figure 32).¹⁴

FIGURE 28: AVERAGE WEEKLY WAGE, FIRST QUARTER 2009



Source: Bureau of Labor Statistics, County Level Data

FIGURE 29: VIRGINIA 2009 EMPLOYED POPULATION, 16+ BY OCCUPATION

| | |
|---------------------------------|---------------|
| White Collar | 65.40% |
| Management/Business/Financial | 16.70% |
| Professional | 25.60% |
| Sales | 9.90% |
| Administrative Support | 13.10% |
| Services | 15.20% |
| Blue Collar | 19.40% |
| Farming/Forestry/Fishing | 0.40% |
| Construction/Extraction | 6.00% |
| Installation/Maintenance/Repair | 3.60% |
| Production | 4.60% |
| Transportation/Material Moving | 4.80% |

Source: ESRI Business Analyst

FIGURE 30: **EMPLOYMENT BY OCCUPATION, 2009**

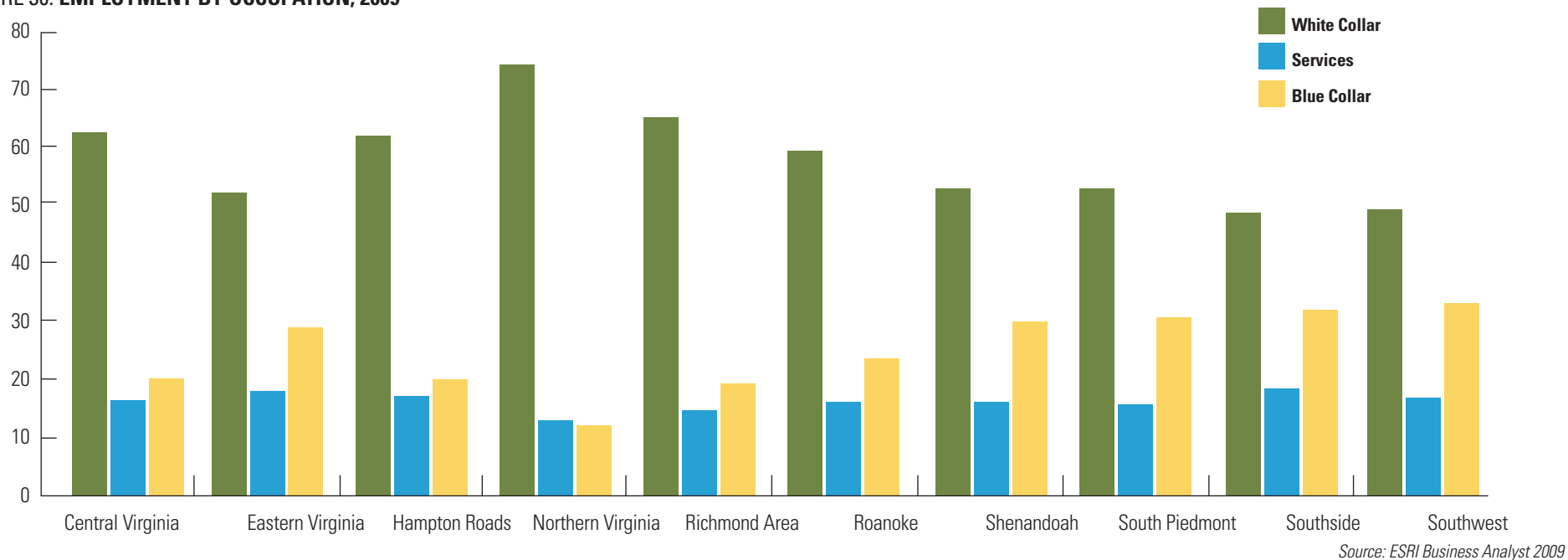


FIGURE 31: **EMPLOYMENT BY OCCUPATION, 2009**

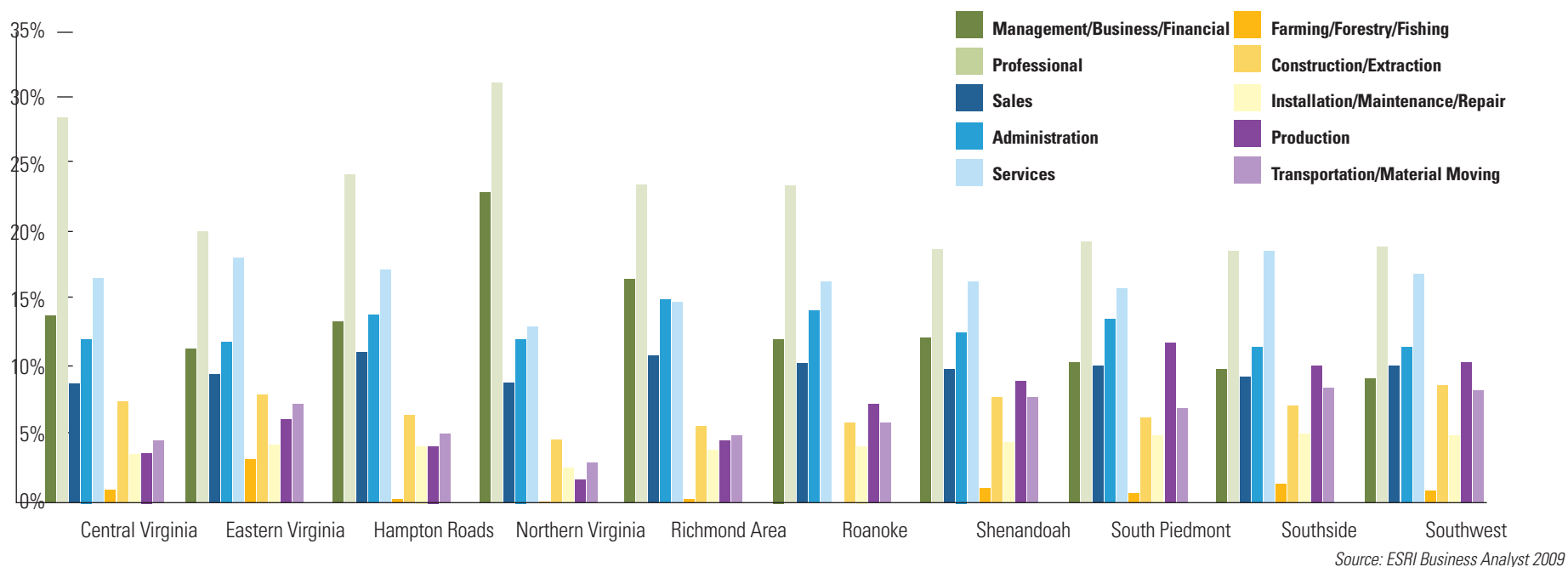


FIGURE 32: OCCUPATIONS WITH THE FASTEST GROWTH

| Occupation | Percent change to 2018 | Number of new jobs (in thousands) | Wages (May 2008 median) | Education/training category |
|----------------------------------------------------------------------------------------------|------------------------|-----------------------------------|-------------------------|-----------------------------------------|
| Biomedical engineers | 72 | 11.6 | \$77,400 | Bachelor's degree |
| Network systems and data communications analysts | 53 | 155.8 | 71,100 | Bachelor's degree |
| Home health aides | 50 | 460.9 | 20,460 | Short-term on-the-job training |
| Personal and home care aides | 46 | 375.8 | 19,180 | Short-term on-the-job training |
| Financial examiners | 41 | 11.1 | 70,930 | Bachelor's degree |
| Medical scientists, except epidemiologists | 40 | 44.2 | 72,590 | Doctoral degree |
| Physician assistants | 39 | 29.2 | 81,230 | Master's degree |
| Skin care specialists | 38 | 14.7 | 28,730 | Postsecondary vocational award |
| Biochemists and biophysicists | 37 | 8.7 | 82,840 | Doctoral degree |
| Athletic trainers | 37 | 6 | 39,640 | Bachelor's degree |
| Physical therapist aides | 36 | 16.7 | 23,760 | Short-term on-the-job training |
| Dental hygienists | 36 | 62.9 | 66,570 | Associate degree |
| Veterinary technologists and technicians | 36 | 28.5 | 28,900 | Associate degree |
| Dental assistants | 36 | 105.6 | 32,380 | Moderate-term on-the-job training |
| Computer software engineers, applications | 34 | 175.1 | 85,430 | Bachelor's degree |
| Medical assistants | 34 | 163.9 | 28,300 | Moderate-term on-the-job training |
| Physical therapist assistants | 33 | 21.2 | 46,140 | Associate degree |
| Veterinarians | 33 | 19.7 | 79,050 | First professional degree |
| Self-enrichment education teachers | 32 | 81.3 | 35,720 | Work experience in a related occupation |
| Compliance officers, except agriculture, construction, health and safety, and transportation | 31 | 80.8 | 48,890 | Long-term on-the-job training |

Source: BLS Occupational Employment Statistics and Division of Occupational Outlook

Income Measures

Income is the most general measure of a household's capacity to purchase or rent housing. Household income includes labor earnings, retirement and investment income as well as public assistance payments. The magnitude of a household's income is influenced not only by personal characteristics such as ability, age, and health, but also by the quality and availability of employment and investment opportunities.

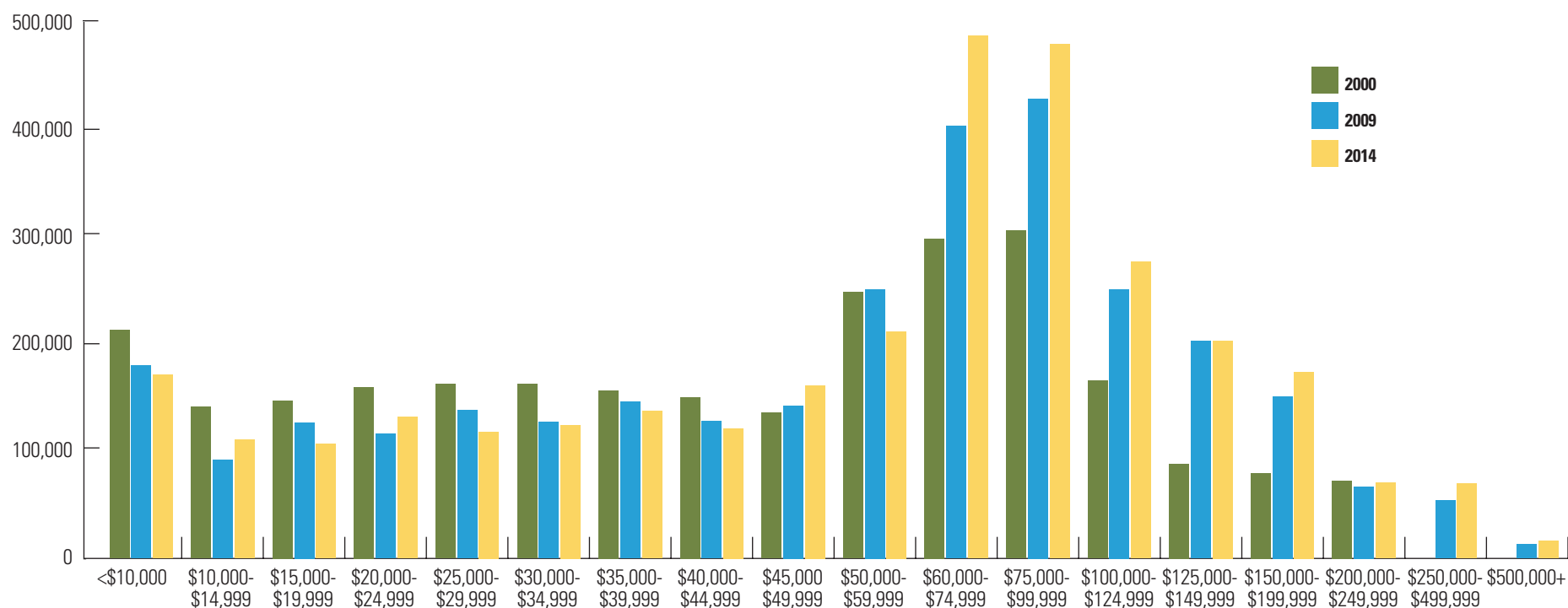
Household income is used to calculate housing affordability, one of the most important indicators of housing needs. Accordingly, household income plays a role as a determinant of housing demand. Typical households spend roughly 2 to 3 times their annual income on their home. As real incomes increase, households can afford to purchase more housing.*

In Virginia, median household income was \$33,328 in 1990 and increased 85 percent by 2009 to \$61,855. The household income distribution found a greater number of Virginians in the \$60,000 to \$99,999 range (Figure 33). This distribution range projects an increase of 18 percent from 2009 to 2014.

Median household income increased in each of the regions from 1990 to 2009 (Figure 34). In Virginia, the increase from 2000 to 2009 was 32 percent. Three regions had increases higher than the state; Richmond, Hampton Roads and Northern Virginia. Northern Virginia had the highest increase at 35 percent.

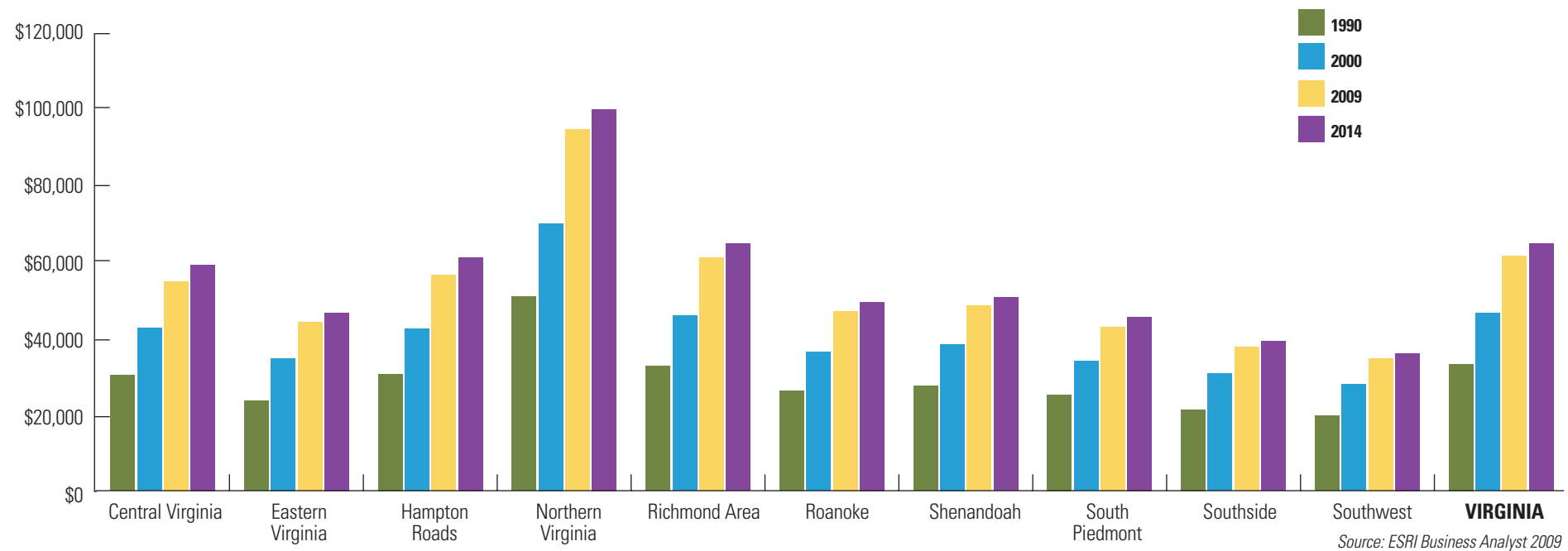
*Thus put upward pressure on housing affordability.

FIGURE 33: VIRGINIA HOUSEHOLDS BY INCOME



Source: ESRI Business Analyst 2009

FIGURE 34: MEDIAN HOUSEHOLD INCOME BY REGIONS



Median family income has historically been higher than either household or non-family incomes because of a higher percentage of two-wage earners. In 2009, the median family income for Virginia was \$8,570 or 14 percent higher than that of the median household income for the same year. Between 2000 and 2009, the median family income increased 30 percent in Virginia (Figure 35). In this same period, Northern Virginia increased 35 percent, with another projected 2 percent increase from 2009 to 2014.

Non-family median income experienced the greatest increase. From 1990 to 2008, non-family median income increased 83 percent. The greatest increase occurred between 1990 and 2000 (40 percent) (Figure 36). The Northern Virginia region increased 33 percent between 2000 and 2008.

In 2009, the average median income for Whites was \$41,675. This was \$11,000 higher than the average median income for African Americans (\$30,331). Asians had the top median income with \$51,710, which was \$10,000 higher than Whites (Figure 37).

Examples of Family Types

- Married with Children
- Married without Children
- Female or Male Single Parent with Children

Examples of Non-Family Types

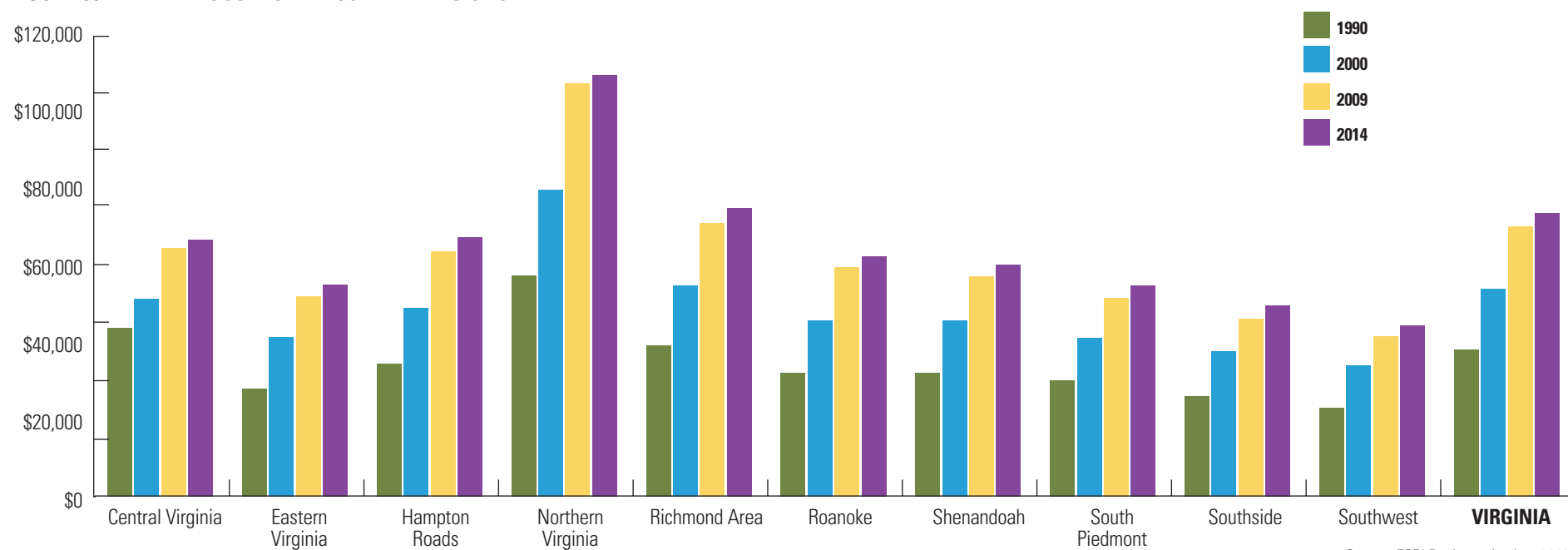
- Those Living Alone
College Students, Singles, Widows
- Unrelated Persons Living Together
College Students, Unmarried Couples

Disposable income is after-tax income.* Discretionary income is income after subtracting taxes and normal expenses, such as mortgage, transportation and food. It is the available income for spending or saving. These two terms are many times used interchangeably, although they do not mean the same thing. Discretionary income is the amount of play money available to spend or save and includes money spent on luxury items, vacations and non-essential goods and services.**

*Disposable income forecasts are based on the Current Population Survey – U.S. Census Bureau

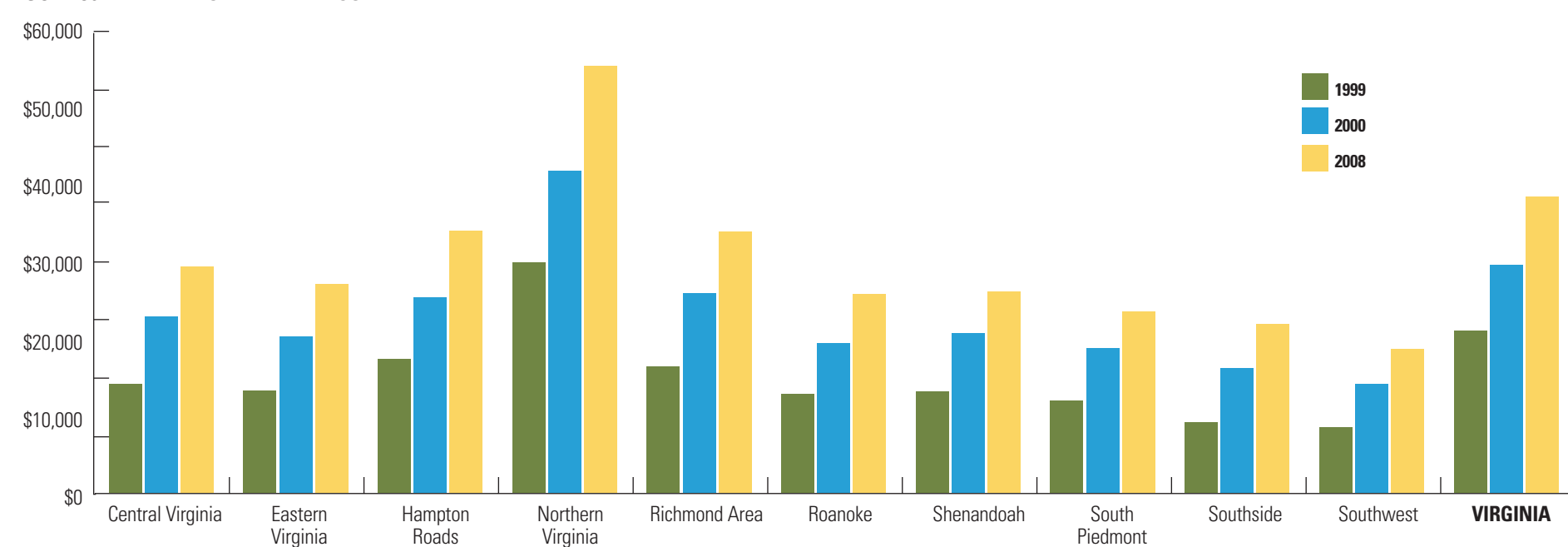
**Discretionary income was calculated based on Bureau of Labor Statistic Consumer Expenditure data and ESRI Business Analyst data.

FIGURE 35: **MEDIAN HOUSEHOLD INCOME BY REGIONS**



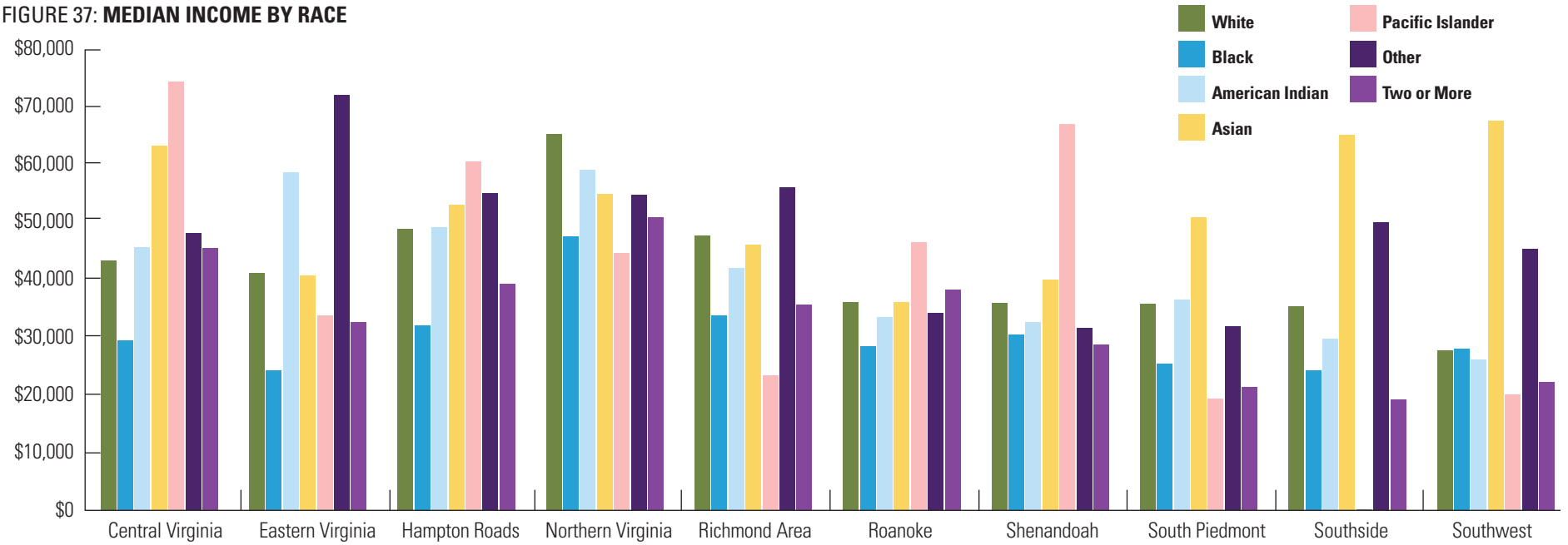
Source: ESRI Business Analyst 2009

FIGURE 36: **MEDIAN NON-FAMILY INCOME**



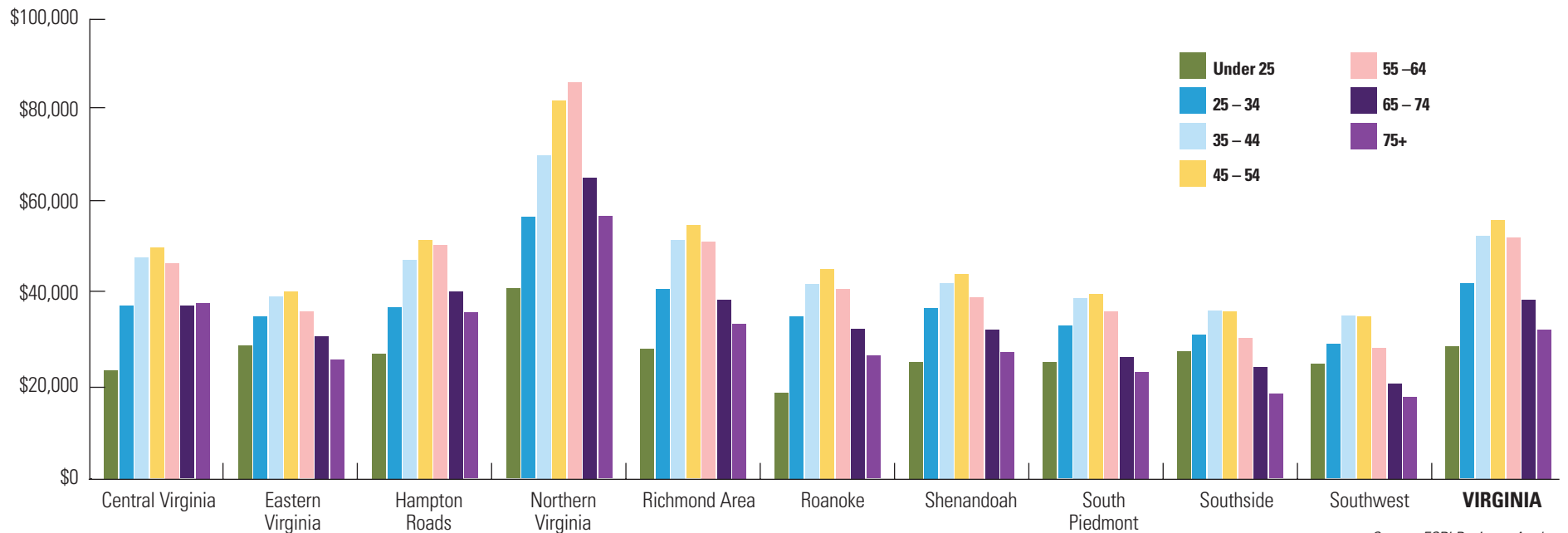
Source: ESRI Business Analyst, American Community Survey 2006- 2008.

FIGURE 37: **MEDIAN INCOME BY RACE**



Source: ESRI Business Analyst for 2009

FIGURE 38: **MEDIAN DISPOSABLE INCOME BY AGE**



Source: ESRI Business Analyst

The average disposable income for Virginia was \$43,486 in 2009. This was \$18,000 less than the median household income for Virginia. Disposable income is highest in Northern Virginia, followed by Richmond. The lowest disposable income is found in the Southwest region (Figure 38). The average discretionary income for Virginia was 15 percent of income after-tax and after spending on essential goods and services. This translates into an average of \$6,500 play money.

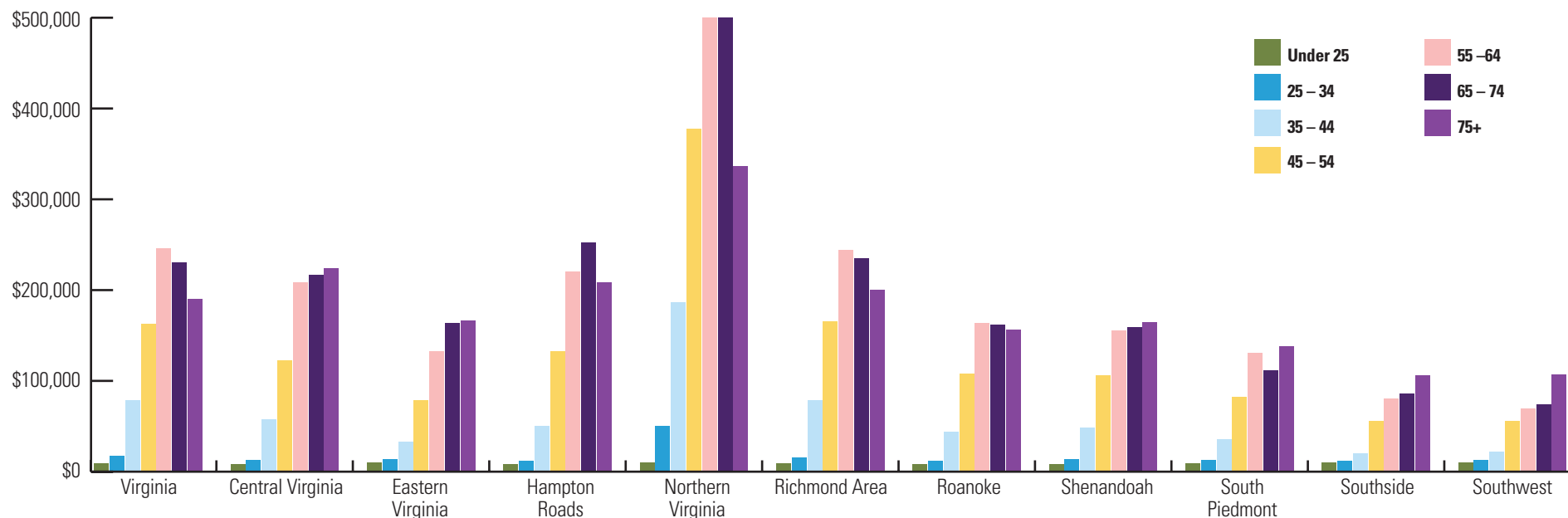
Per-capita personal income is a common measure for gauging differences in living standards. Per-capita is considered to be a good representation of the ability of a household to access goods and services and the responsibility with which one is able to do so. Per-capita in Virginia increased 29 percent from 2000 to 2009 with a projected increase of 5 percent by 2014. The per-capita was highest in the Northern Virginia region, which was \$22,600 higher than the lowest per capita found in the Southwest region in 2009 (Figure 39).

FIGURE 39: PER CAPITA INCOME

| | 2000 | 2009 | 2014 |
|-------------------|-----------------|-----------------|-----------------|
| Central Virginia | \$22,010 | \$26,811 | \$27,858 |
| Eastern Virginia | \$18,690 | \$22,368 | \$23,344 |
| Hampton Roads | \$20,317 | \$25,594 | \$26,650 |
| Northern Virginia | \$33,105 | \$43,520 | \$45,836 |
| Richmond | \$23,232 | \$28,925 | \$30,276 |
| Roanoke | \$19,571 | \$24,201 | \$25,247 |
| Shenandoah | \$18,851 | \$22,993 | \$23,887 |
| South Piedmont | \$17,949 | \$21,707 | \$22,678 |
| Southside | \$15,911 | \$19,364 | \$20,411 |
| Southwest | \$15,730 | \$18,920 | \$19,958 |
| Virginia | \$23,975 | \$30,912 | \$32,610 |

Source: ESRI Business Analyst

FIGURE 40: MEDIAN NET WORTH BY AGE, 2009



Source: ESRI Business Analyst

Net worth is the total wealth of a household minus the household's debt, both secured and unsecured. Overall, Northern Virginia's region residents had the highest median net worth (Figure 40). Those in the 55 to 64 years of age bracket and 65 to 74 years of age bracket were the highest. Whereas, predictably, those in the under 25 years of age had the lowest net worth.*

Poverty thresholds (Figure 41) are set by the U.S. government and are the most common measure of poverty.** Although the government also publishes poverty guideline (Figure 42), the official poverty population is calculated using poverty thresholds. This measure recognizes poverty as a lack of those goods and services commonly afforded by those participants in the economic mainstream.

FIGURE 41: AVERAGE POVERTY THRESHOLDS FOR 2009

| Size of Family Unit | Estimated Threshold |
|---------------------------------|---------------------|
| 1 person (unrelated individual) | \$10,952 |
| Under 65 years | 11,161 |
| 65 years and over | 10,289 |
| 2 people | \$14,001 |
| Householder under 65 years | 14,437 |
| Householder 65 years and over | 12,984 |
| 3 people | \$17,102 |
| 4 people | 21,947 |
| 5 people | 25,956 |
| 6 people | 29,351 |
| 7 people | 33,410 |
| 8 people | 37,088 |
| 9 people or more | 44,188 |

Source: U.S. Census

*Net worth includes home equity, equity in pension plans, net equity in vehicles, IRAs and Keogh accounts, business equity, interest-earning assets and mutual fund shares, stocks, etc. Examples of secured debt include home mortgages and vehicle loans; examples of unsecured debt include credit card debt, certain bank loans, and other outstanding bills. Forecasts of net worth are based on the Survey of Consumer Finances and Federal Reserve Board.

** Poverty thresholds do not consider costs such as child care and health care. Both are expenses needed for those in poverty to be able to work. Further, poverty thresholds do not address geographic disparities in relation to those costs.

FIGURE 42: 2009 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA

| Persons in family | Poverty guideline |
|-------------------|-------------------|
| 1 | \$10,830 |
| 2 | 14,570 |
| 3 | 18,310 |
| 4 | 22,050 |
| 5 | 25,790 |
| 6 | 29,530 |
| 7 | 33,270 |
| 8 | 37,010 |

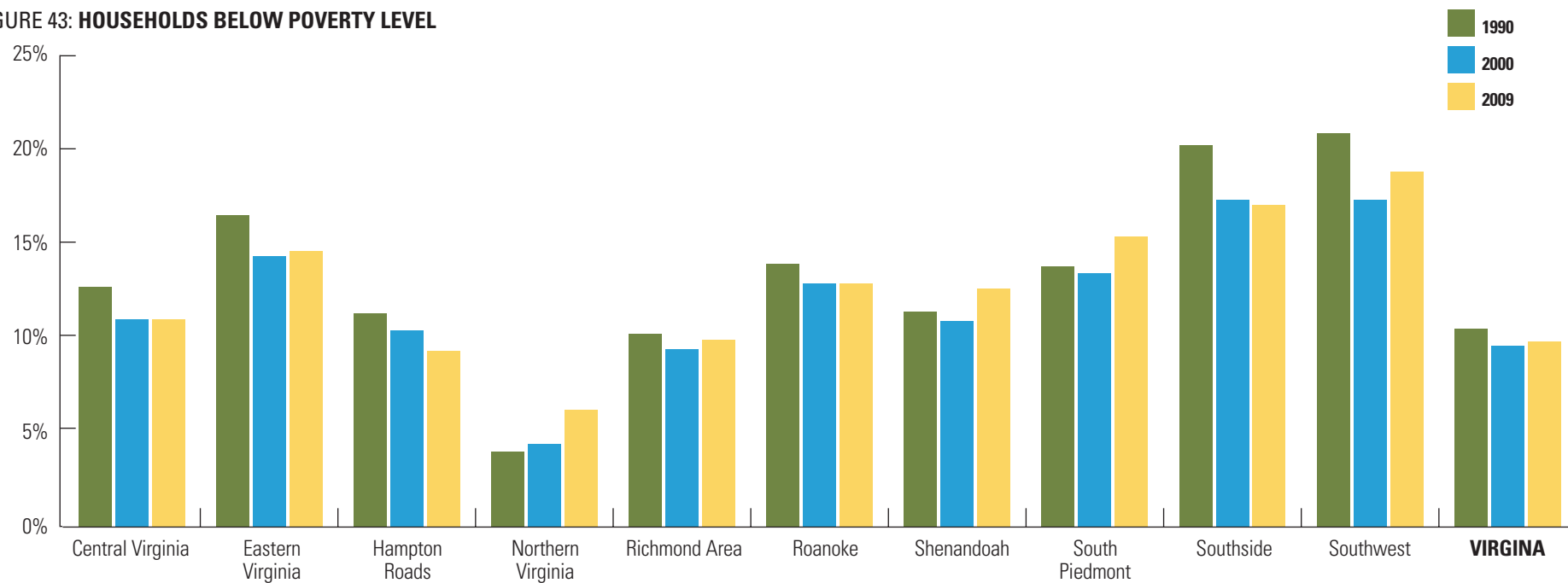
For families with more than 8 persons, add \$3,740 for each additional person

Source: U.S. Census

Poverty and household incomes are important measures of economic well-being. However, median income levels mask the situation of people that are at the extremes of the income distribution. At the lower end, communities with high levels of poverty face multiple problems such as lack of reinvestment and revitalization and therefore require persistent long term development efforts. In addition, high poverty rates translate into an increased need for housing assistance and other state and federal aid programs such as food stamps and cash welfare programs.

In 2000, the number of households below poverty level in Virginia had dropped almost a percentage point from the 1990 percentage (Figure 43). By 2008, the number of households below poverty increased from 9.6 percent (2000) to 9.8 percent. Northern Virginia had the lowest percentage of households below poverty level and the Southside and Southwest regions had the highest percentage of households below poverty. In 2008, the Southwest region had the highest percentage (18.7 percent) of individuals living below the poverty level of any region in the state. This was followed by the Southside (17 percent) and South Piedmont region (15.4 percent). At the other end of the scale, the Northern Virginia region (6.2 percent) had the lowest percentage of individuals living below the poverty level, followed by the Hampton Roads (9.3 percent) and Richmond (9.9 percent) regions.

FIGURE 43: HOUSEHOLDS BELOW POVERTY LEVEL



Source: U.S. Census and American Community Survey 2008



Housing Markets

Housing serves many functions. It provides protection for those who live under its roof and protects and stores all the items within its four walls. It also provides privacy. Research has shown that shelter makes a significant difference in the economic well-being of families. For some, housing functions as a workplace, for others it functions as a place to assemble the workforce. A recent bumper sticker read “Houses - where jobs go at night.” It also stores wealth. With the growth of homeownership, many more Virginians depend on housing equity as a major part of their net worth. And when housing is too expensive, workers move to other areas. The labor pool then decreases, and thus makes an area less attractive for new businesses. Housing plays a vital role in the overall economy.

What do our Households look like?

Household is a term that describes all persons who occupy the same housing unit (Figure 44). The Census defines households in terms of family and non-family. Family households, consisting of a married couple with or without children, are still in the majority, however, nontraditional households, such as single persons or single parents with children are becoming more common. Several factors contribute to the formation of nontraditional households including but not limited to the increasing advanced age at first marriage, higher divorce rates and cohabitation. The interest in whether a household is family or non-family surrounds whether these two distinct household types have the same housing needs and preferences.

In Virginia, the number of households increased 17 percent from 1990 to 2000 and another 12 percent from 2000 to 2009. The greatest increase from 1990 to 2000 occurred in the Northern Virginia region, and then from 2000 to 2009,

the greatest increase in households occurred in the Central Virginia region. The smallest increase occurred in the Southwest region for both time periods (Figure 45).

FIGURE 44: **HOUSEHOLDS, 1990 – 2014**

| | Households 1990 | Households 2000 | Households 2009 | Households 2014 | Change from 1990 to 2000 | Change for 2000 to 2009 |
|-------------------|------------------|------------------|------------------|------------------|--------------------------|-------------------------|
| Central Virginia | 82,184 | 102,717 | 124,752 | 135,926 | 25.0 | 21.5 |
| Eastern Virginia | 44,839 | 52,885 | 59,501 | 62,588 | 17.9 | 12.5 |
| Hampton Roads | 508,381 | 573,376 | 620,878 | 638,512 | 12.8 | 8.3 |
| Northern Virginia | 623,717 | 786,582 | 934,682 | 1,004,181 | 26.1 | 18.8 |
| Richmond Area | 359,455 | 422,427 | 479,097 | 508,773 | 17.5 | 13.4 |
| Roanoke | 171,916 | 193,425 | 205,451 | 211,602 | 12.5 | 6.2 |
| Shenandoah | 128,656 | 153,462 | 176,884 | 188,722 | 19.3 | 15.3 |
| South Piedmont | 155,063 | 173,576 | 181,605 | 184,605 | 11.9 | 4.6 |
| Southside | 63,814 | 71,684 | 75,148 | 76,110 | 12.3 | 4.8 |
| Southwest | 149,315 | 163,573 | 168,853 | 169,511 | 9.5 | 3.2 |
| Virginia | 2,291,830 | 2,699,173 | 3,032,884 | 3,186,794 | 17.8 | 12.4 |

Source: ESRI Business Analyst

FIGURE 45: **FAMILIES, 1990 – 2014**

| | Families 1990 | Families 2000 | Families 2009 | Families 2014 | Change from 1990 to 2000 | Change for 2000 to 2009 |
|-------------------|------------------|------------------|------------------|------------------|--------------------------|-------------------------|
| Central Virginia | 57,219 | 68,645 | 81,610 | 88,012 | 20.0 | 18.9 |
| Eastern Virginia | 32,191 | 36,479 | 39,835 | 41,339 | 13.3 | 9.2 |
| Hampton Roads | 369,464 | 400,833 | 422,582 | 429,100 | 8.5 | 5.4 |
| Northern Virginia | 430,469 | 533,601 | 622,271 | 661,552 | 24.0 | 16.6 |
| Richmond Area | 249,926 | 286,224 | 317,912 | 333,990 | 14.5 | 11.1 |
| Roanoke | 118,658 | 125,845 | 129,317 | 131,063 | 6.1 | 2.8 |
| Shenandoah | 92,993 | 105,626 | 118,411 | 124,662 | 13.6 | 12.1 |
| South Piedmont | 113,928 | 120,643 | 122,598 | 122,886 | 5.9 | 1.6 |
| Southside | 46,713 | 49,355 | 50,035 | 49,873 | 5.7 | 1.4 |
| Southwest | 114,680 | 116,596 | 116,682 | 115,402 | 1.7 | 0.1 |
| Virginia | 1,629,490 | 1,847,796 | 2,025,539 | 2,102,301 | 13.4 | 9.6 |

Source: ESRI Business Analyst

Families also increased over the 1990 to 2000 and 2000 to 2009 time periods: although, the rate of increase was not as great during the 2000 to 2009 period as during the 1990 to 2000 (Figure 45). Across the regions, families decreased in their percentage of households on an average of 33 percent between 1990 and 2009 (Figure 46) as non-families grew in their percentage of households (Figure 47 and 48). As family make-up changes, housing needs vary. Rather than the traditional large family home, the market may need smaller home designs for an individual lifestyle.

Households living alone (Figure 49) grew an average of more than 30 percent across the regions (Appendix B). In addition, male or female headed households grew an average of 34 percent (Figure 50). As non-family households increase, so does an increase demand for housing units. This trend also helps explain why when after population of a state grows only about 800,000 people, it begins to face housing affordability challenges. A non-family household traditionally

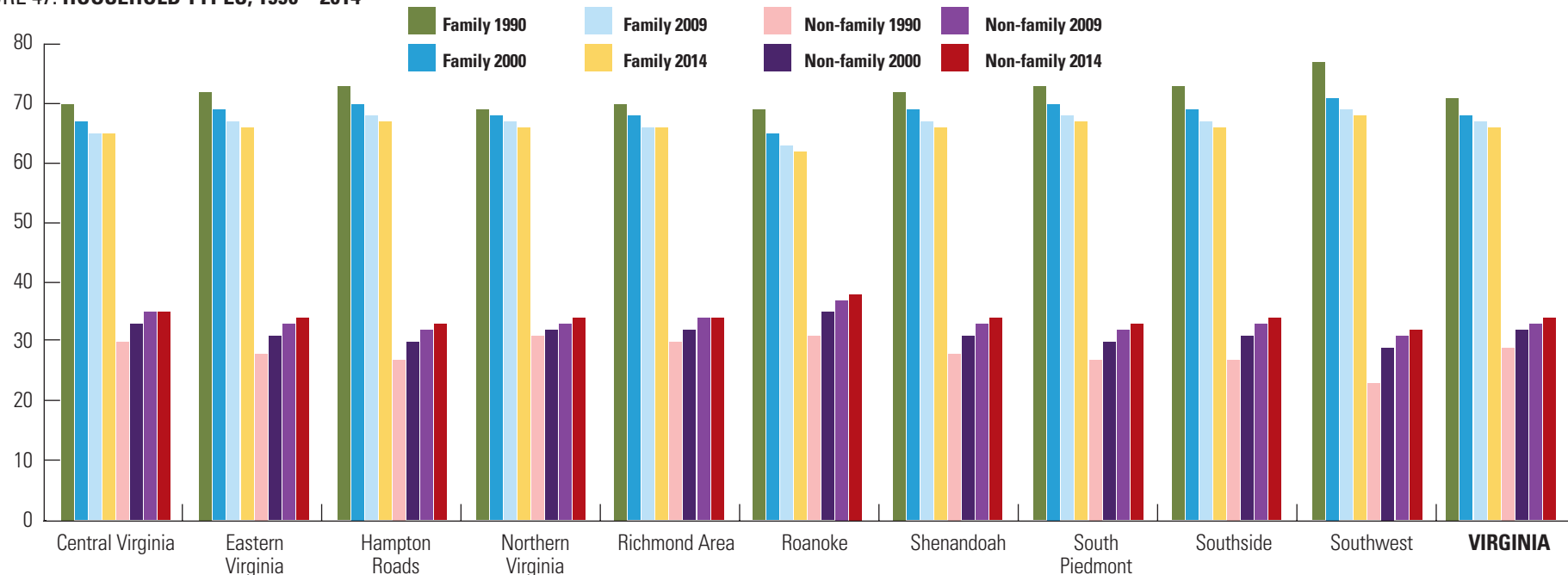
earns much less than a family household and thus will have a lower level of housing affordability.

FIGURE 46: PERCENT OF FAMILIES AS A TYPE OF HOUSEHOLDS

| | 1990 | 2000 | 2009 | 2014 |
|-------------------|--------------|--------------|--------------|--------------|
| Central Virginia | 69.6% | 66.8% | 65.4% | 64.7% |
| Eastern Virginia | 71.8% | 69.0% | 66.9% | 66.0% |
| Hampton Roads | 72.7% | 69.9% | 68.1% | 67.2% |
| Northern Virginia | 69.0% | 67.8% | 66.6% | 65.9% |
| Richmond Area | 69.5% | 67.8% | 66.4% | 65.6% |
| Roanoke | 69.0% | 65.1% | 62.9% | 61.9% |
| Shenandoah | 72.3% | 68.8% | 66.9% | 66.1% |
| South Piedmont | 73.5% | 69.5% | 67.5% | 66.6% |
| Southside | 73.2% | 68.9% | 66.6% | 65.5% |
| Southwest | 76.8% | 71.3% | 69.1% | 68.1% |
| Virginia | 71.1% | 68.5% | 66.8% | 66.0% |

Source: ESRI Business Analyst

FIGURE 47: HOUSEHOLD TYPES, 1990 – 2014



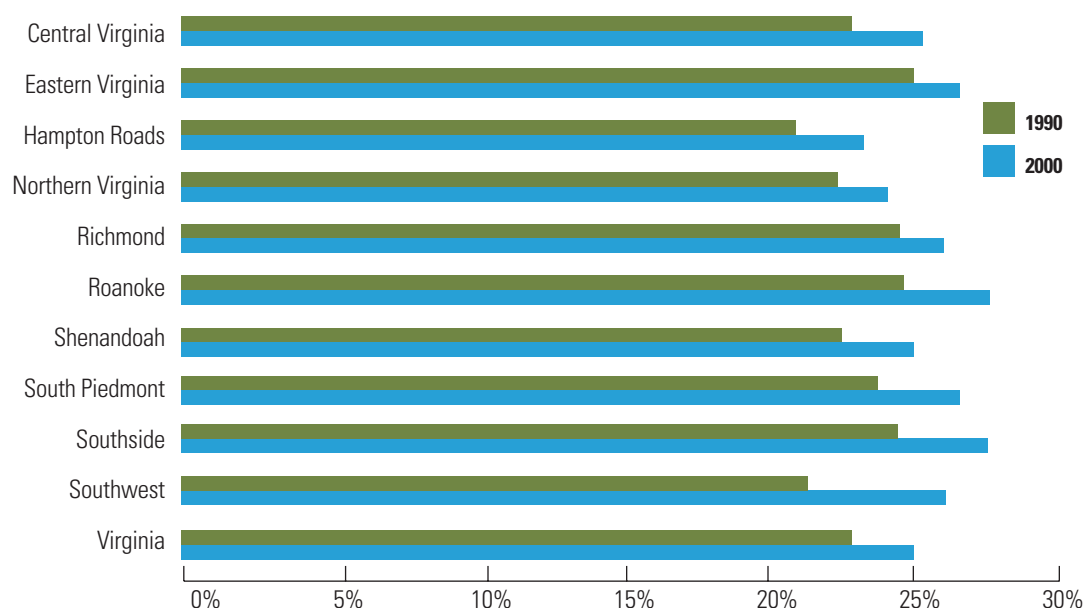
Source: ESRI Business Analyst

FIGURE 48: HOUSEHOLDS IN VIRGINIA BY TYPE

| | 1990 | 2000 | Annual Rate |
|----------------------------------|------------------|------------------|--------------|
| Total | 2,291,830 | 2,699,173 | 1.65% |
| Family Households | 1,629,490 | 1,847,796 | 1.27% |
| Married-couple Families | 1,302,219 | 1,426,044 | 0.91% |
| With Related Children | 640,226 | 679,165 | 0.59% |
| Other Family (No Spouse Present) | 327,271 | 421,752 | 2.57% |
| With Related Children | 197,546 | 275,523 | 3.38% |
| Non-family Households | 662,340 | 851,377 | 2.54% |
| Householder Living Alone | 523,770 | 676,907 | 2.60% |
| Householder not Living Alone | 138,570 | 174,470 | 2.33% |

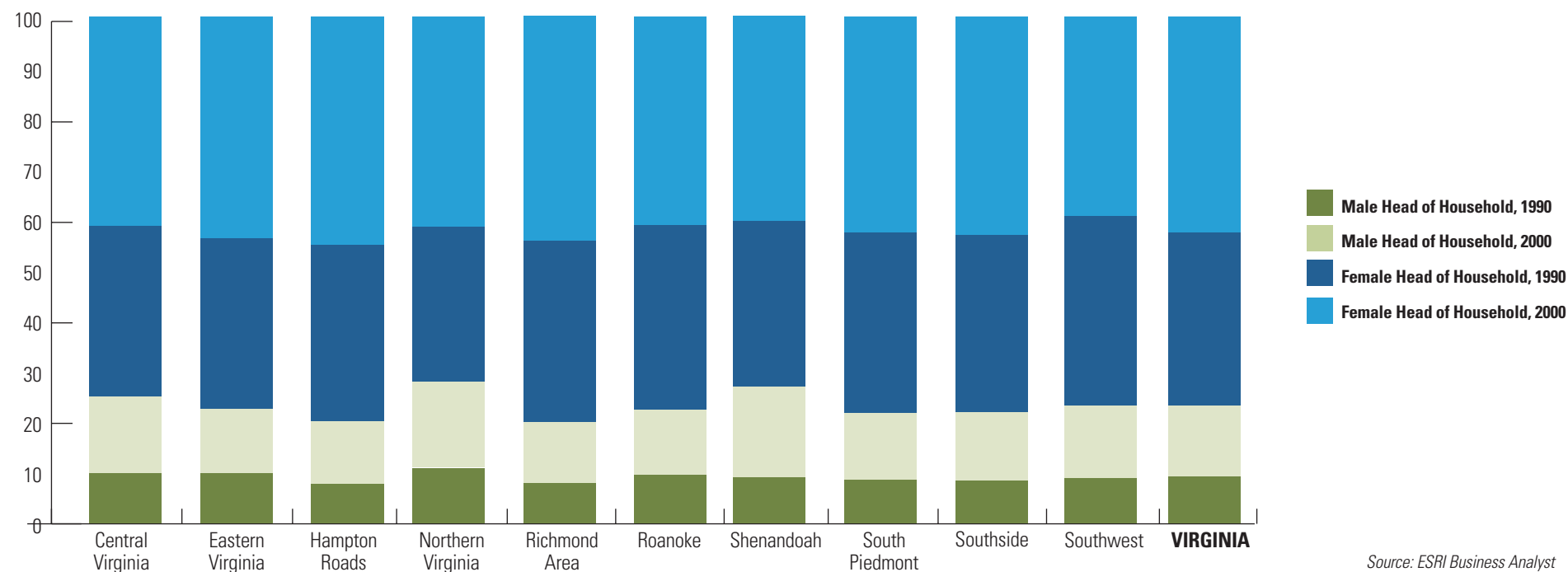
Source: ESRI Business Analyst

FIGURE 49: LIVING ALONE, 1990 – 2000



Source: ESRI Business Analyst

FIGURE 50: MALE OR FEMALE HEAD OF HOUSEHOLD



Source: ESRI Business Analyst

What Size Household are We Creating?

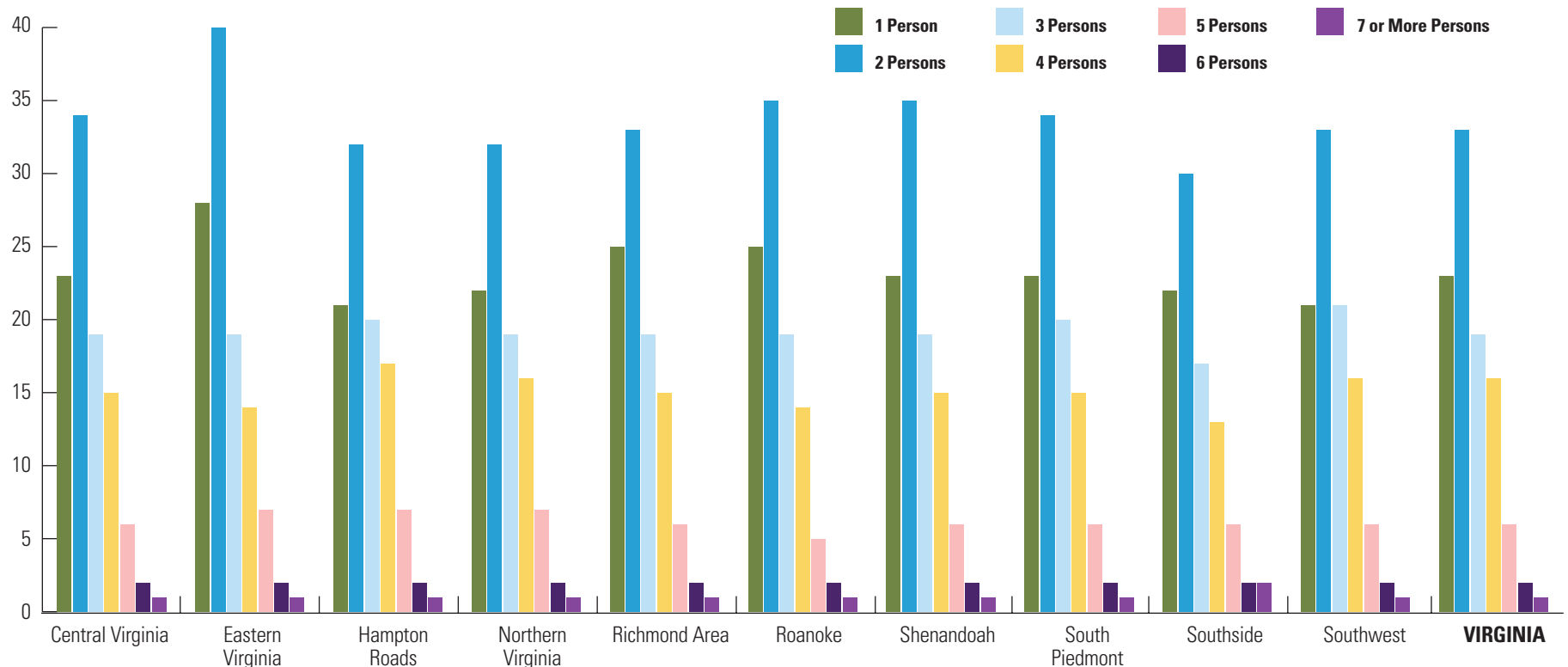
Household size and formation patterns directly affect the demand for different types and square footage of housing. Overall, in Virginia, the number of households increased just fewer than 18 percent and household size decreased. Each of the regions followed suit with increased number of households and decreased household size (Figure 51). A combination of more people (population increased 891,672) with fewer people in each home results in an increasing demand for housing units (Figure 52 and 53). There are no indications that suggest that this trend will reverse and it can, in part, be attributed to the change in demographics and shifting life styles.

FIGURE 51: AVERAGE HOUSEHOLD SIZE

| | 1990 | 2000 | 2009 | 2014 |
|-------------------|-------------|-------------|-------------|-------------|
| Central Virginia | 2.6 | 2.48 | 2.43 | 2.42 |
| Eastern Virginia | 2.53 | 2.43 | 2.4 | 2.39 |
| Hampton Roads | 2.69 | 2.60 | 2.56 | 2.55 |
| Northern Virginia | 2.66 | 2.65 | 2.68 | 2.69 |
| Richmond Area | 2.55 | 2.49 | 2.48 | 2.48 |
| Roanoke | 2.47 | 2.35 | 2.32 | 2.31 |
| Shenandoah | 2.56 | 2.48 | 2.45 | 2.44 |
| South Piedmont | 2.54 | 2.41 | 2.36 | 2.34 |
| Southside | 2.61 | 2.44 | 2.37 | 2.35 |
| Southwest | 2.59 | 2.38 | 2.3 | 2.27 |
| Virginia | 2.61 | 2.54 | 2.52 | 2.52 |

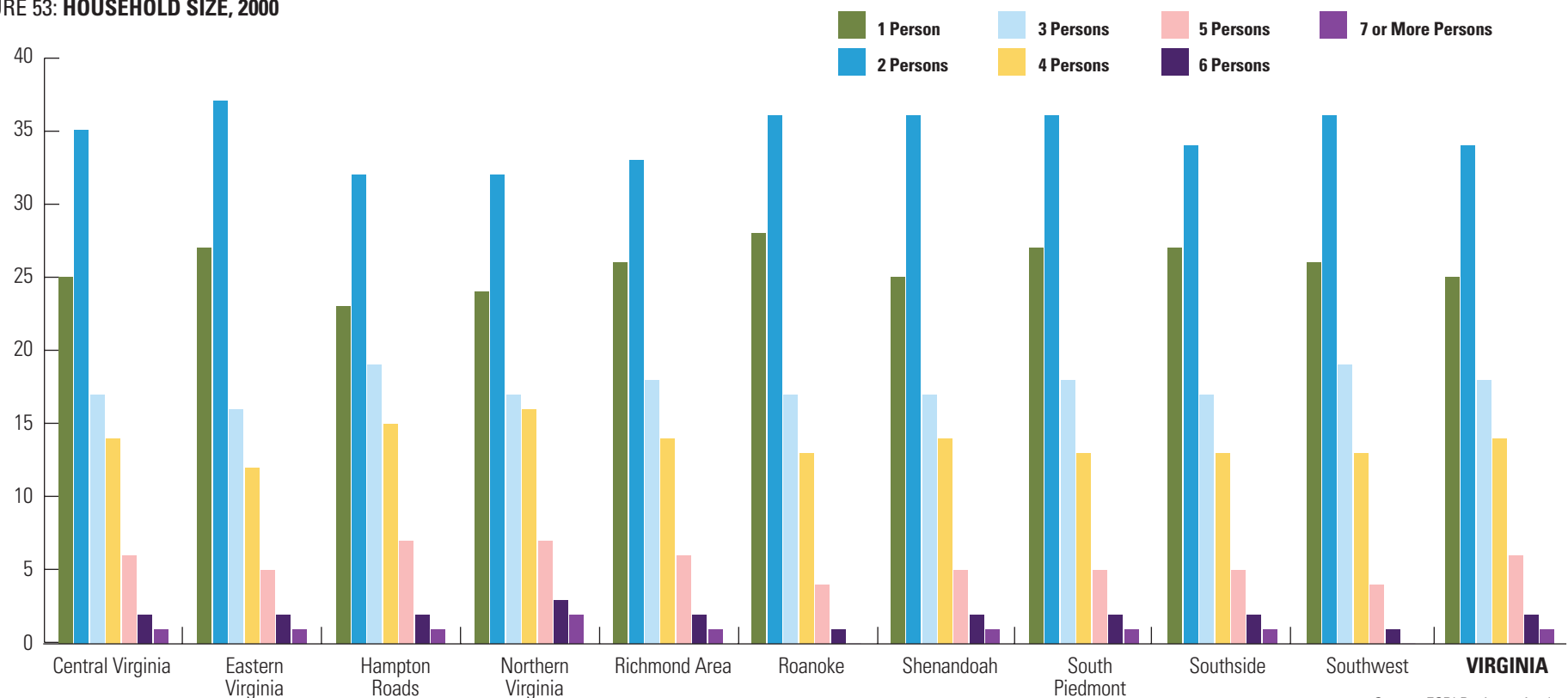
Source: ESRI Business Analyst

FIGURE 52: HOUSEHOLD SIZE, 1990



Source: ESRI Business Analyst

FIGURE 53: **HOUSEHOLD SIZE, 2000**



Source: ESRI Business Analyst

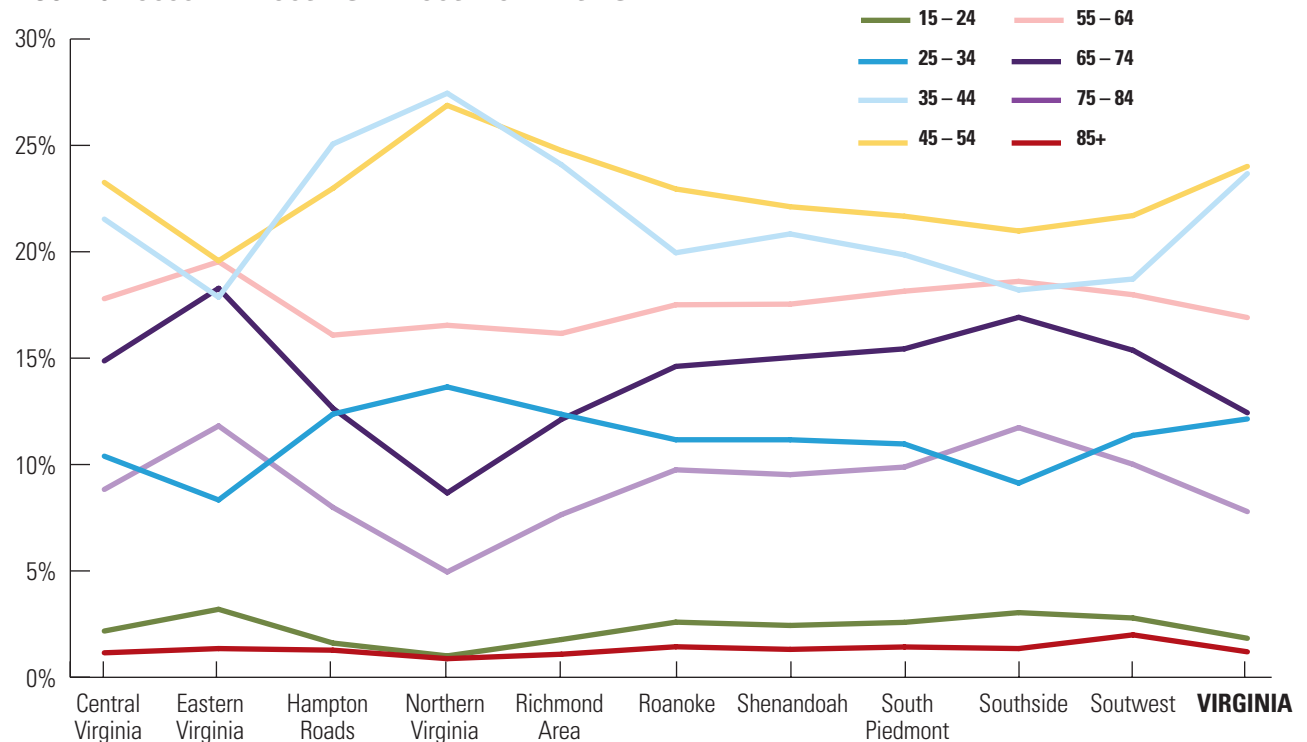
What Age Group is Creating Households?

Age distribution of the population has important implications for the demand for new housing units as well as the need for age related housing and services. Thirty-five to 44 year-olds is the highest age group in all the regions except in the Southwest region. In the Southwest region, the highest age group occupying housing was the 45 to 54 year-olds (Figure 54).

How Many Houses do We Have?

An accurate assessment of the housing stock is a good starting point in evaluating the existing inventory to assess whether it can provide for the current and future housing needs of a community. The vacancy rates, as well as the condition of the housing stock, are important indicators of the health of the housing market. A high vacancy rate can indicate a loss of residents and an excess supply of housing in the region. Units are vacant, for many reasons. For instance, seasonal and migrant housing units are classified as vacant since they are not occupied full-time year round. Boarded up and permanently abandoned units are a blight to a region. Awareness of the problem is usually noted through antidotal evidence as data regarding abandoned units are generally difficult to obtain.

FIGURE 54: OCCUPIED HOUSING BY HOUSEHOLDER'S AGE



Source: ESRI Business Analyst

A housing unit may be a single-family home, an apartment, a mobile home, a group of rooms or a single room that is occupied as a separate living quarters. The number of housing units is a good indicator of growth or decline in the housing market. **From 2000 to 2009, Virginia increased in the number of units by 15 percent.** Central Virginia (23 percent), Northern Virginia (21 percent) and the

Shenandoah (16 percent) were all higher than the state's increase. Decline in housing production and increases in households can be an issue as the number of households reflects the number of housing units needed. In other words, the number of households has traditionally been used as a measure of increased housing demand. The lowest increase in the number of units occurred in the Southwest region (7 percent).

FIGURE 55: HOUSING UNITS

| | 1990 | July 1, 2000 | July 1, 2001 | July 1, 2002 | July 1, 2003 | July 1, 2004 | July 1, 2005 | July 1, 2006 | July 1, 2007 | July 1, 2008 | 2009 | 2014 | Change 2000 - 2009 | Change 2009 - 2014 |
|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-----------------------|-----------------------|
| Central Virginia | 91,028 | 113,473 | 115,446 | 117,846 | 121,319 | 124,452 | 128,658 | 132,910 | 136,285 | 138,578 | 139,250 | 151,503 | 23 | 9 |
| Eastern Virginia | 57,958 | 74,791 | 75,684 | 76,740 | 77,860 | 79,309 | 81,223 | 83,062 | 84,598 | 85,824 | 79,824 | 83,495 | 7 | 5 |
| Hampton Roads | 554,561 | 617,497 | 623,691 | 630,876 | 639,229 | 647,633 | 655,886 | 665,334 | 671,616 | 676,595 | 673,267 | 695,632 | 9 | 3 |
| Northern Virginia | 665,842 | 821,816 | 844,973 | 867,679 | 892,177 | 914,295 | 939,077 | 959,678 | 974,429 | 984,544 | 997,306 | 1,072,222 | 21 | 8 |
| Richmond Area | 386,633 | 451,170 | 457,141 | 465,317 | 474,175 | 482,439 | 490,829 | 499,687 | 506,628 | 512,723 | 519,184 | 551,693 | 15 | 6 |
| Roanoke | 186,476 | 210,729 | 212,993 | 215,215 | 217,575 | 219,706 | 222,124 | 224,135 | 225,931 | 227,434 | 229,512 | 236,562 | 9 | 3 |
| Shenandoah | 141,536 | 168,173 | 170,701 | 173,242 | 176,548 | 179,472 | 183,481 | 187,711 | 190,913 | 193,685 | 195,813 | 209,032 | 16 | 7 |
| South Piedmont | 168,780 | 192,676 | 194,685 | 196,345 | 197,963 | 199,532 | 201,244 | 203,214 | 205,069 | 206,722 | 207,635 | 211,776 | 8 | 2 |
| Southside | 72,948 | 80,723 | 81,616 | 82,551 | 83,183 | 83,700 | 84,349 | 85,006 | 85,613 | 86,232 | 92,548 | 93,706 | 15 | 1 |
| Southwest | 164,747 | 185,238 | 186,873 | 188,052 | 189,314 | 190,262 | 191,491 | 192,495 | 193,288 | 194,052 | 197,402 | 199,320 | 7 | 1 |
| Virginia | 2,496,334 | 2,916,286 | 2,963,803 | 3,013,863 | 3,069,343 | 3,120,800 | 3,178,362 | 3,233,232 | 3,274,370 | 3,306,389 | 3,339,703 | 3,513,166 | 15 | 5 |

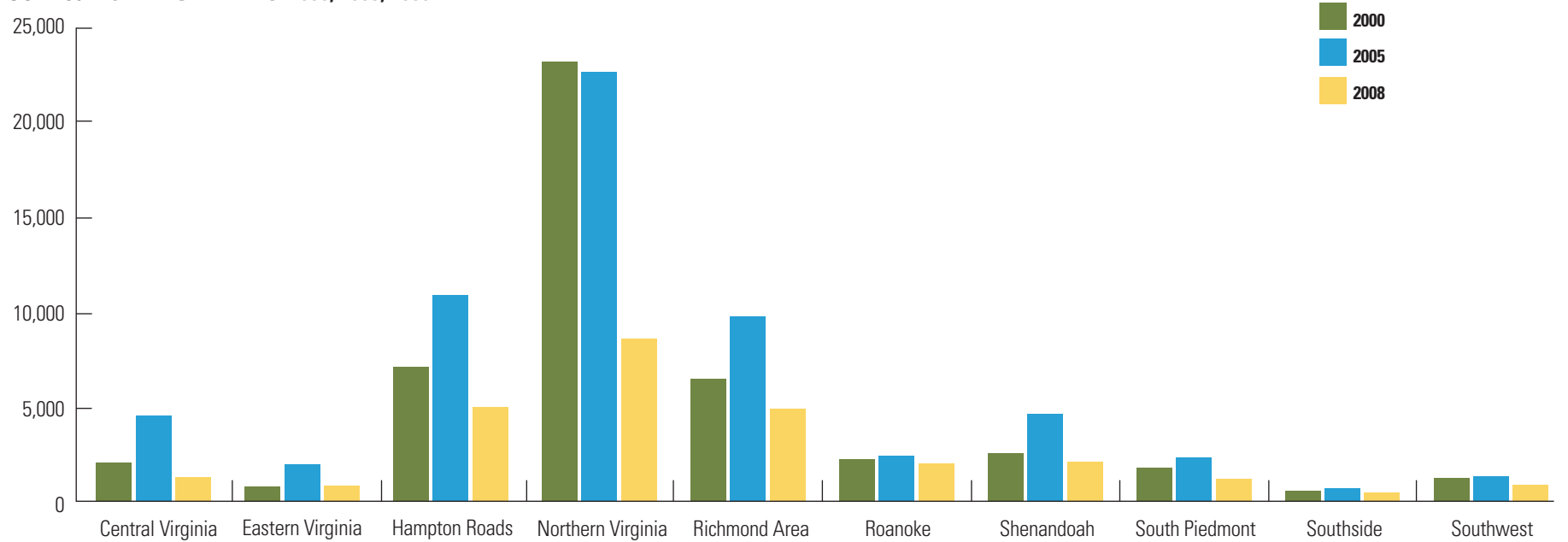
Sources: U.S. Census Bureau, Population Division-Release Date: August 6, 2009; ESRI Business Analyst

New Units?

One of the key indicators of community growth is evidenced of increased housing construction. While the Census data refers only to permits for construction, not actual units produced, it nonetheless serves as a key indicator of growth and change. Building permit data is especially useful in the years between the Decennial Census to look at housing construction, which is not only an indicator of the market strength, but also an indicator of the region's overall economic health. Between 2000 and 2009, the number of households in Virginia increased 12.4 percent. During the same period, housing units increased 15 percent.

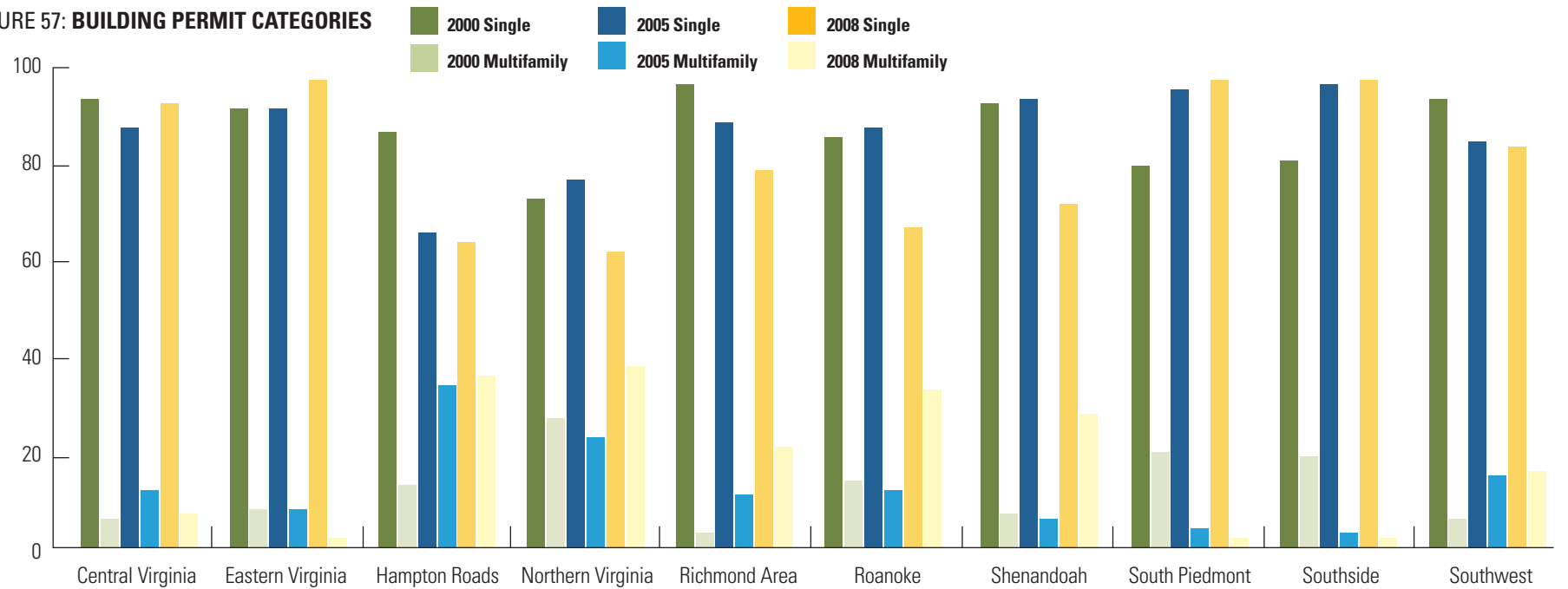
From 2000 to 2005, building permits issued increased in eight of the regions. Building permits decreased during this period in Hampton Roads and Northern Virginia. During 2005 to 2008, permits increased in Hampton Roads and Northern Virginia and decreased in the other regions (Figure 56). Of the building permits issued, single-family units were issued 16 to 1 times more than multi-family units (Figure 57). In 2008, multi-family permits issued increased in Northern Virginia, Hampton Roads, Roanoke, Shenandoah and Richmond.

FIGURE 56: BUILDING PERMITS: 2000, 2005, 2008



Source: U.S. Census

FIGURE 57: BUILDING PERMIT CATEGORIES



Source: U.S. Census

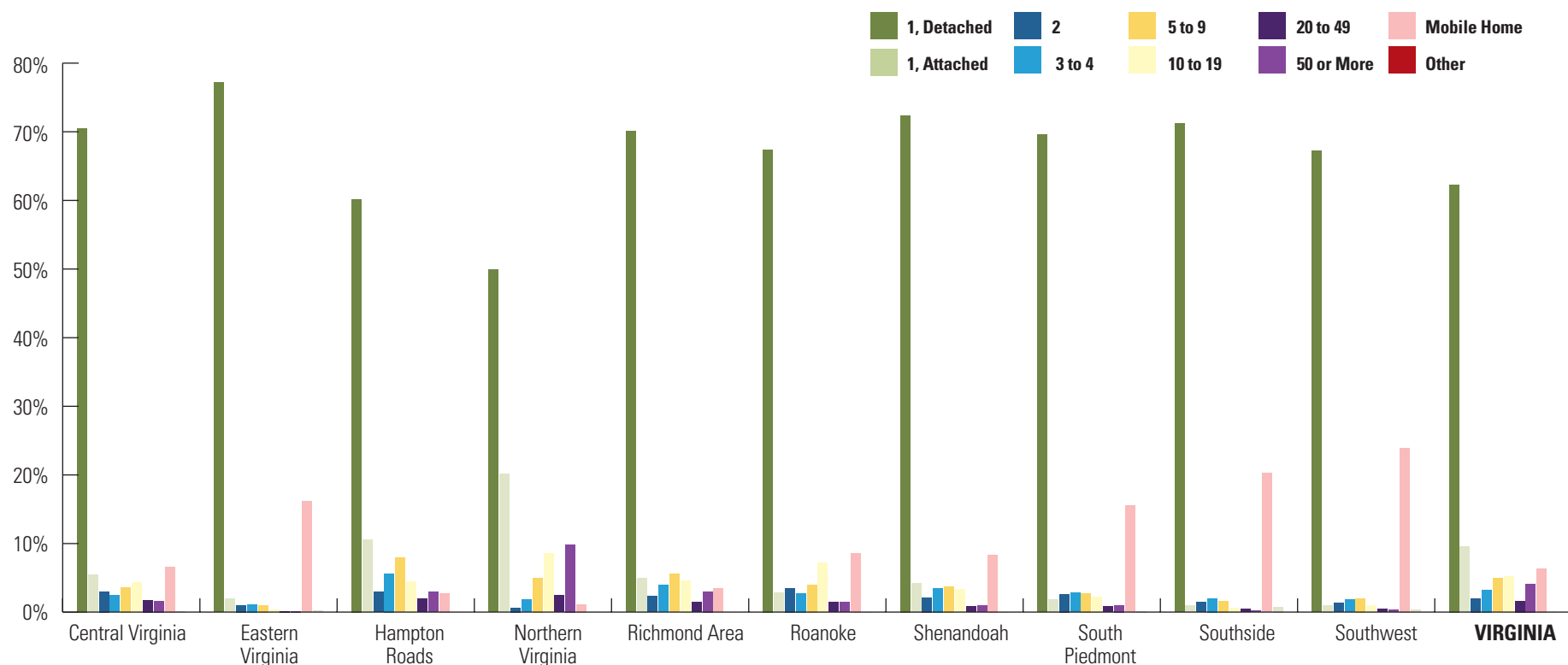
What Type House Do We Build?

In general, housing units are classified as single-family (one-unit, detached or attached), multi-family, or mobile/manufactured housing. An examination of the distribution of housing by type can help identify a region's over and under reliance on particular housing types. Families and individuals value having a choice of housing types. While a single-family unit may be the ideal housing choice for some, others prefer the services typically associated with living in multi-family housing. Individuals and families at both ends of the life span have traditionally chosen multi-family. Single detached family is the overwhelming majority type of housing built in each of the regions (Figure 58). Mobile homes are a choice for many in the more rural areas of the state.

Given that household size and formation patterns directly affect the demand of different types and square footage of housing,* the data would suggest smaller square footage in a variety of types including single family units with greater density. In Virginia, living alone grew an average of 30 percent where as families decreased by 33 percent. A large square footage home for one person households creates an affordability challenge.

*According to the Census of Construction, the average square footage for a house was 1,645 in 1975. By 1995, the average square footage was 2,095. It climbed to 2,463 by 2005. In 2008, the average square footage of a home was 2,519. The National Association for Home Builders report on their web site that the average square footage of a new house in 2009 was 2,265. This was a 10 percent decrease from 2008 but a 38 percent increase since 1975.

FIGURE 58: HOUSING TYPES, 2000



Source: ESRI Business Analyst

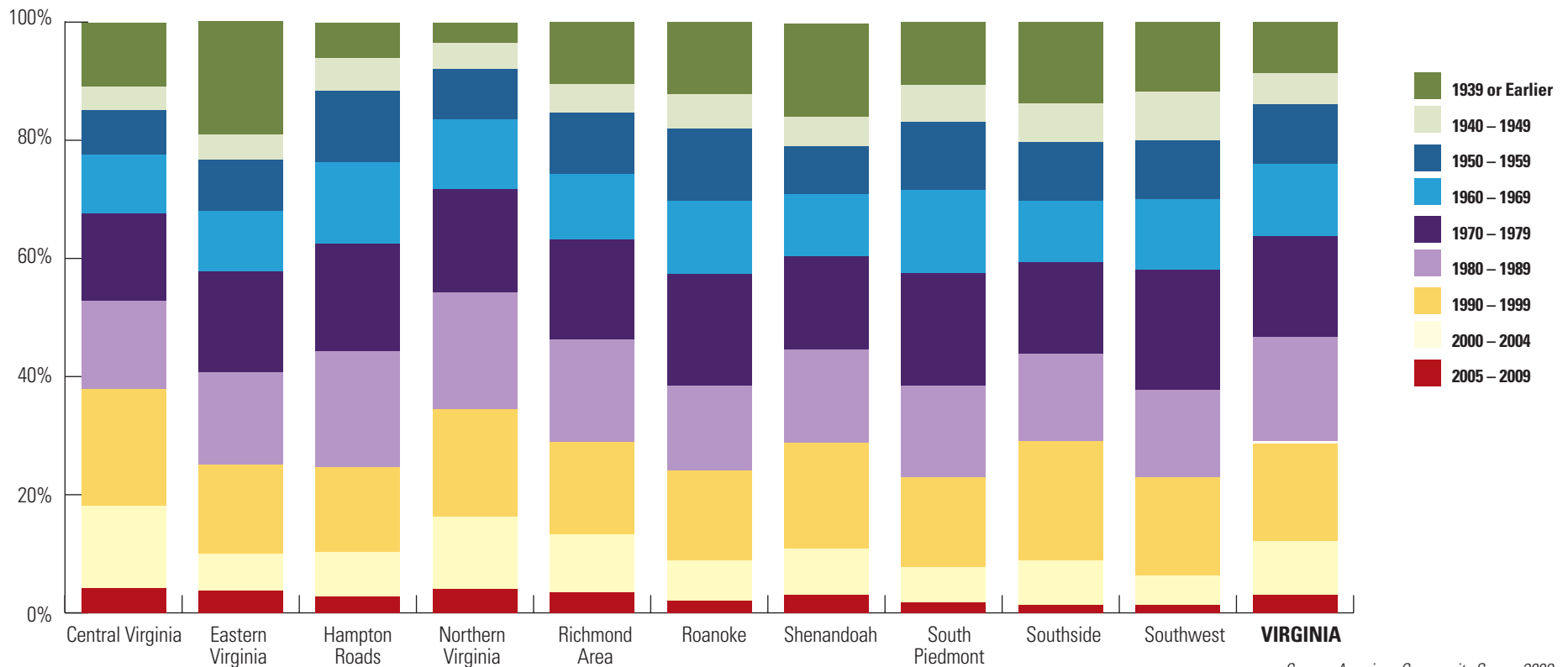
What is the Age of the Housing?

The age of a region's housing stock reflects both how long a region has been developing and the degree to which it has experienced recent housing development. In Virginia, the median year housing was built was in 1978 (Figure 59). In other words, the median age of housing in 2009 in the state was 31 years. The average life span of a house, according to HUD is 40 to 50 years without having significant annual maintenance.¹⁵ Older housing often presents challenges to communities. For example, lead paint, electrical wiring and energy efficiency are all problems that can be associated with older housing.

Do We Own or Rent?

The real estate market has changed considerably during the past several years. The booming economy resulted in a higher demand for homeownership. The most recent decline in the economy has shifted the rate of homeownership. It has not changed the reality that in the United States, homeownership is part of the “American Dream” and typically consists of a single-family, detached residence. Owning a home not only represents an opportunity to accumulate wealth, but also viewed by most as a sign of personal achievement. With the establishment of long-term amortized mortgages as the norm and rising real

FIGURE 59: YEAR BUILT



Source: American Community Survey 2008

incomes, the steady growth of homeownership was unprecedented.

The rate of homeownership is an important foundation of economic growth and serves as an indicator of general health of a local economy. Increases in homeowners not only reflect that more people are able to own a home, but also that some are able to purchase their first home at a younger age. Because owning a home requires a substantial income and down payment, younger households have traditionally been less likely to buy

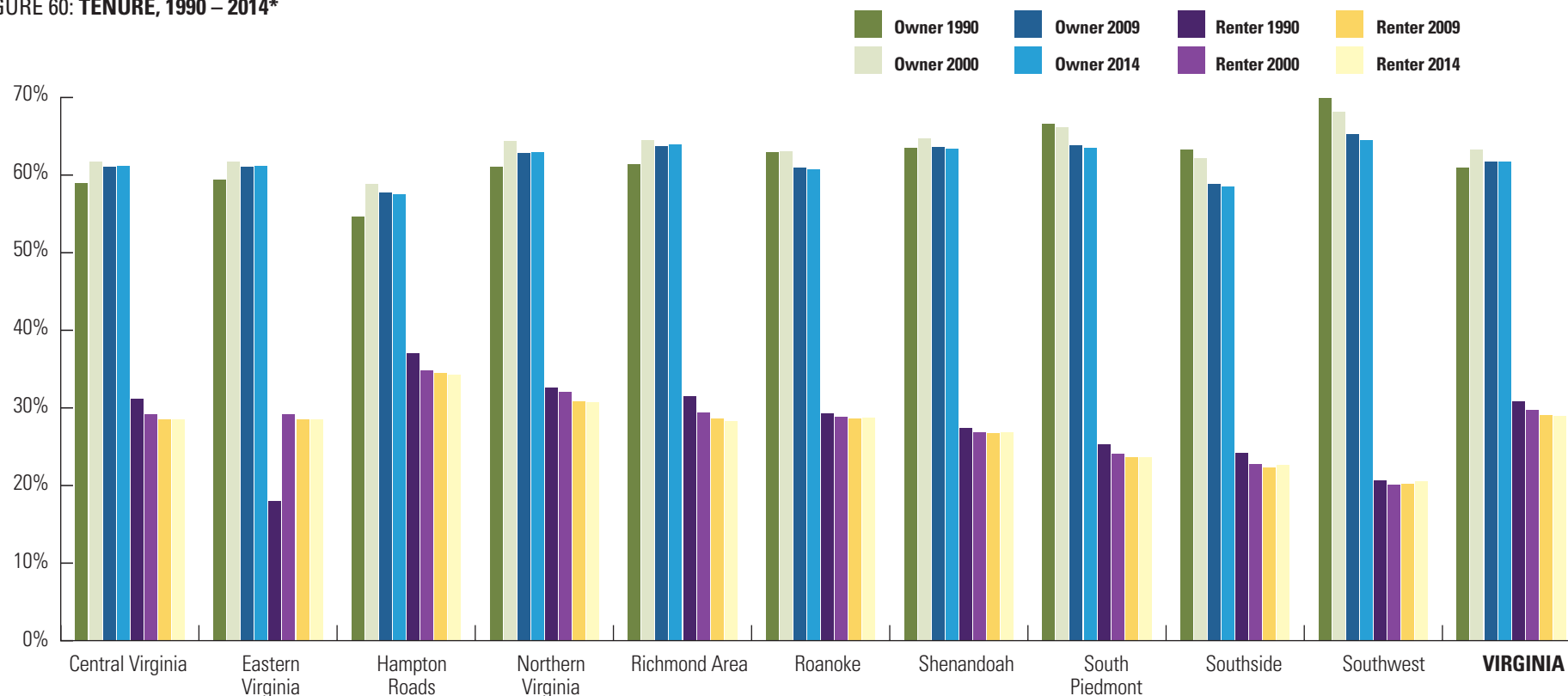
Possible Reasons for Difference in Homeownership Rates

- Income
- Age
- Household type
- Wealth
- Education
- Discrimination
- Lifestyle Choices

a home. In addition, a higher homeownership rate may also lead to a more stable community as homeowners have a financial stake in the well-being of their neighborhood. Therefore, homeownership is associated with less mobile residents.

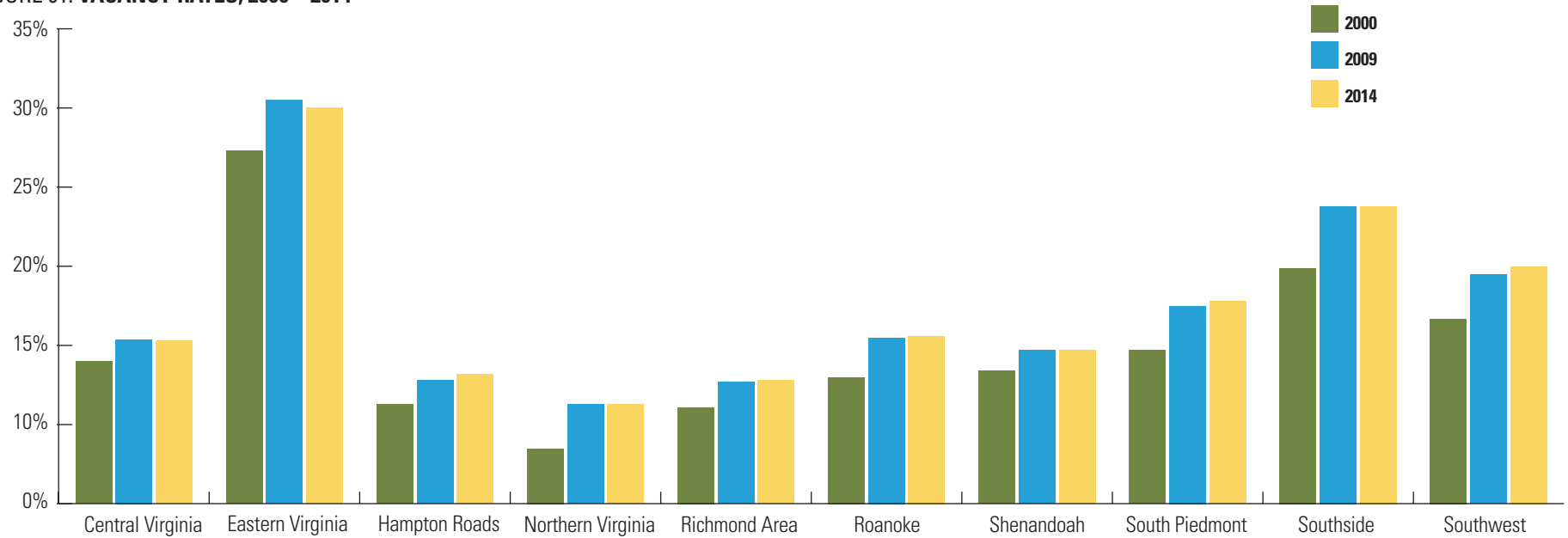
In Virginia, there are more owners than renters. However, the numbers of both owners and renters have decreased since 2000 (Figure 60). From 2000 to 2009, the vacancy rate has increased from 7 percent to 9 percent. The highest vacancy rate was in the Eastern Virginia region (Figure 61). This was followed by the Southside region and the Southwest region. When reviewing the reasons for vacancy (Figure 62), it is apparent the reason for the 23 percent vacancy rate in the Eastern region was due to seasonal/recreation/occasional use of housing.

FIGURE 60: TENURE, 1990 – 2014*



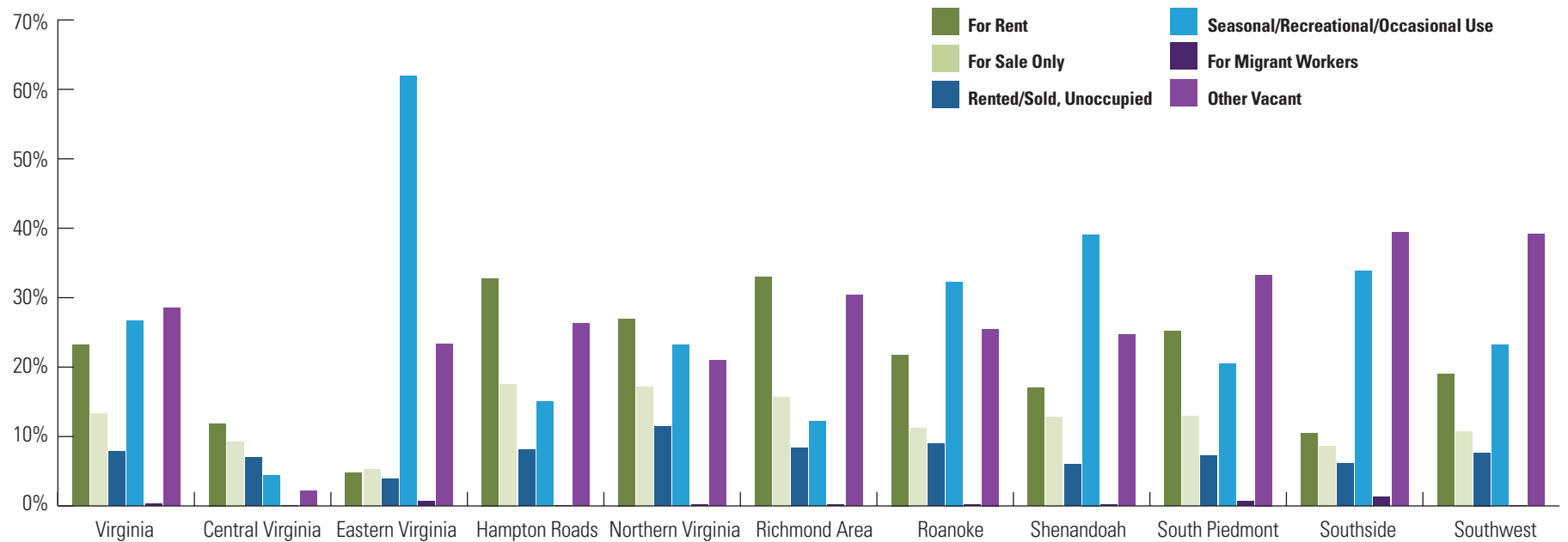
Source: ESRI Business Analyst

FIGURE 61: VACANCY RATES, 2000 – 2014



Source: U.S. Census

FIGURE 62: VACANT UNITS



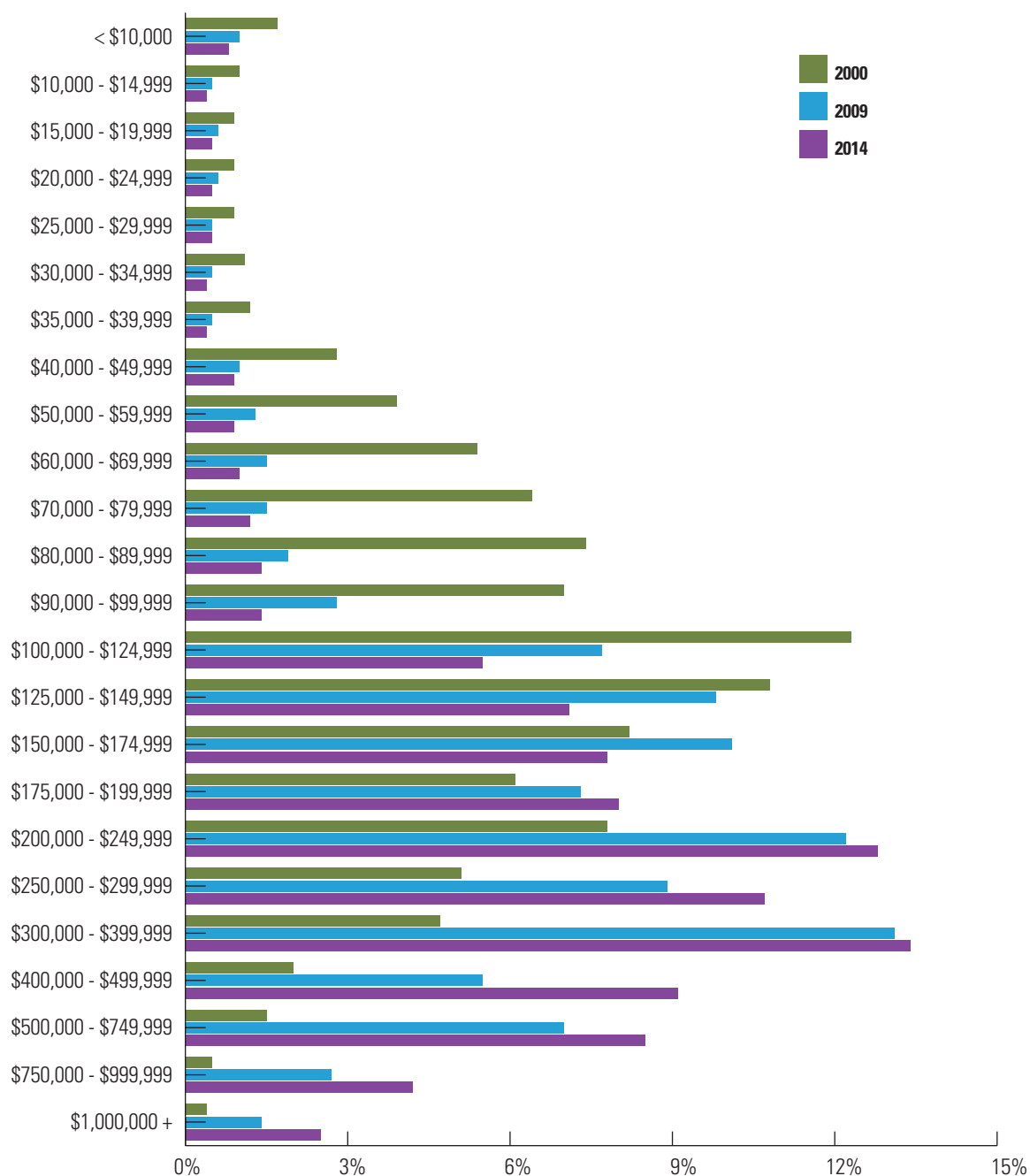
Source: U.S. Census

What Does it Cost?

Housing costs make up the single largest percentage of expenditures for households and have the greatest degree of regional variation. The measure of housing costs is essential to understand housing affordability (the ratio of housing costs to income) and the access to homeownership. When considering the distribution of housing prices from 2000 to 2009, there was a decrease in the cost of occupied housing from 2000 to 2009 in each of the cost ranges under \$150,000 in Virginia (Figure 63). However, once the housing cost reached the \$150,000 range, there was a significant increase in the cost of the houses in each range including and over \$150,000. House value is the estimate of how much a property might bring if it is sold. In each of the regions, the median and average housing values increased from 1990 to 2009 (Figure 64).

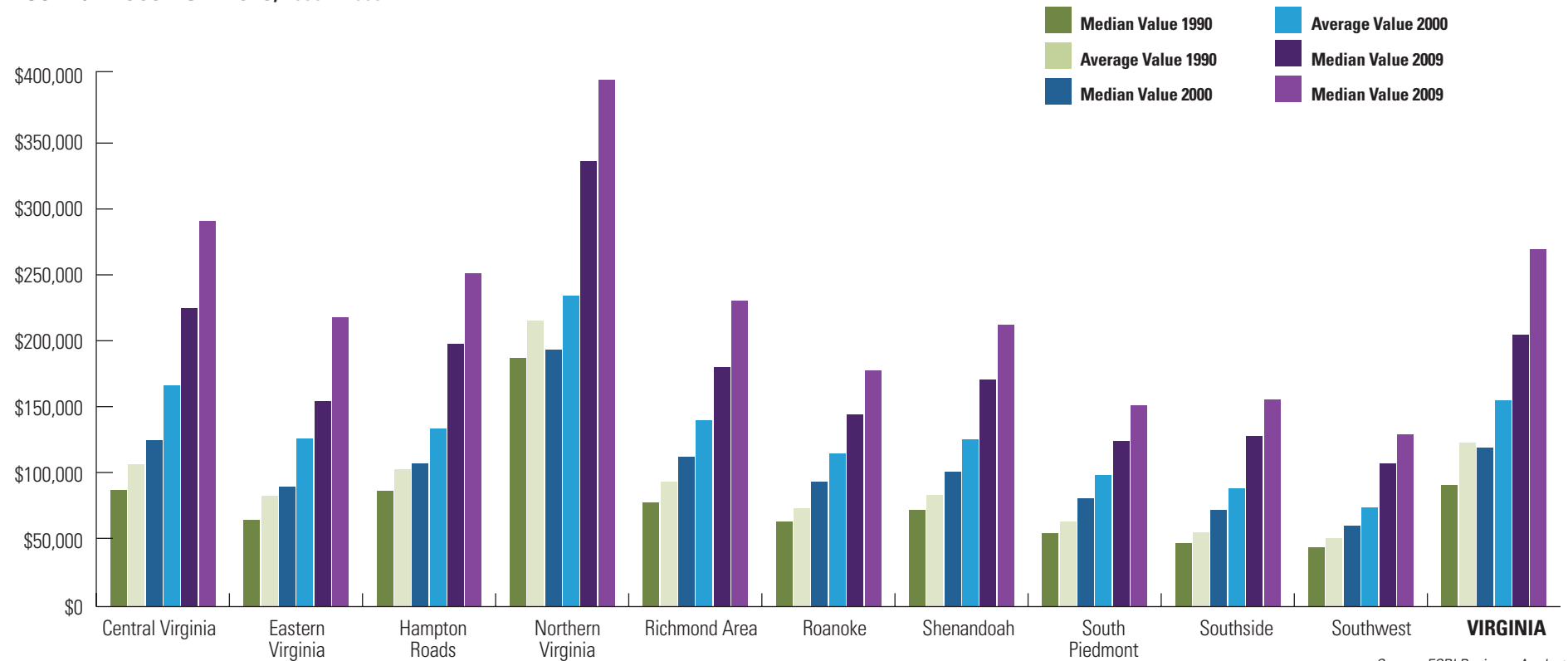
In Virginia, the average house value was 30 percent higher than the median value in both 2000 and 2009.

FIGURE 63: VIRGINIA'S DISTRIBUTION OF OCCUPIED HOUSING PRICES, 2000 – 2014



Source: ESRI Business Analyst

FIGURE 64: HOUSING VALUES, 1990 – 2009



Source: ESRI Business Analyst

Is it Affordable?

Affordable housing is a complex and challenging issue to address since many factors affect housing production, availability and costs. It is also a concept that means different things to different people. The market is a one factor affecting affordability. As demand for housing, for both owner and renter, increases so does cost. Likewise, as supply increases, cost will stabilize and begin

to decline. Supply and demand, however, are not always in sync. Several factors such as the cost of land, the cost of development, time to obtain building permits, government policies such as zoning* and limited financing can limit construction (Appendix C).

*Planning, zoning, and development procedures adopted by a locality can impact the availability, affordability, and mix of housing in a community. Building codes apply to new construction and remodeling and are established to improve the quality of the structure. These codes have statewide applicability; however, local governments have the option to enforce all or some of these codes. Enforcement of building codes has a positive impact on the quality of housing available. On the other hand, requiring a builder to meet certain standards can increase the cost of construction, which affects affordability. Use of housing and building codes can help to eliminate substandard housing. Zoning and subdivision regulations can also have a positive or negative impact on the availability of affordable housing in a community. Generally, overly restrictive zoning or subdivision ordinances requiring large lot sizes or a high minimum square footage, for instance, can increase the cost of housing. Further, zoning may even eliminate certain types of otherwise viable housing options. Public Policies that affect housing affordability: Zoning ordinances; subdivision regulations; permitting processes and development fees; building and accessibility codes; and housing occupancy/conservation/safe building codes

Housing affordability reflects the relationship between household income and the cost of housing focusing on the cost of purchasing a home and how it limits housing choices for different levels of income. According to Michael Stone, affordability is not a characteristic of housing – it is a relationship between housing and people. Stone suggests there are four questions that need to be answered; the housing is affordable to whom, on what standard is it affordable, how long will it be affordable and at what physical standard.¹⁶

HUD defines housing as affordable if it costs less than 30 percent of the household's income. If a household pays more than 30 percent of their gross income for housing, including utilities, they are said to be cost-burdened and to have excessive shelter costs. A larger cost burden can be attributed to higher monthly housing expenditures and/or a lower income. Therefore, households in all income brackets can be cost burdened. Another method of studying affordability looks at the regular hourly wage of full-time workers who are paid only the minimum wage. The hope is that a full-time worker will be able to afford at least a small apartment in the area that he or she works. However, in Virginia, almost 3 percent (68,000) of those workers paid an hourly rate are below the minimum wage in 2009 (Figure 65).

FIGURE 65: VIRGINIA EMPLOYED WAGE AND SALARY WORKERS PAID HOURLY RATES WITH EARNINGS AT OR BELOW THE PREVAILING FEDERAL MINIMUM WAGE, 2009

| Number of workers (in thousands) at or below minimum wage | | | |
|-----------------------------------------------------------|-------|-----------------|--------------------|
| Total paid hourly rates | Total | At minimum wage | Below minimum wage |
| 1,701 | 100 | 32 | 68 |
| Percent distribution at or below minimum wage | | | |
| Total paid hourly rates | Total | At minimum wage | Below minimum wage |
| 2.3 | 2.8 | 3.3 | 2.6 |

Source: Bureau of Labor Statistics

HUD establishes rent guidelines for the cost of modest, non-luxury rental units in a specific market area for various size units and is usually the highest rent allowable for that market area under HUD's Section 8 program. Basically, Fair Market Rents (FMR) are used to determine how much of the rent is covered by the government for subsidized tenants (Appendix D). In Virginia, the FMR for a two-bedroom apartment was \$786 in 2009 (Figure 66). The income needed to afford this two-bedroom apartment is estimated to be \$31,440. **Families at 30 percent of the median income would earn \$22,100 to 23,900, just short of the needed \$31,440. Other occupations of those that are working, but would not be able to afford the apartment include: preschool teachers, pharmacy technicians, home health aids, hair dressers and bank tellers.** These occupations are a part of the service industry employing almost 49 percent of the workforce in Virginia.

Potential Factors that Affect Affordability

- Income
- Unexpected Medical Costs
- Job Loss
- Economic Policies
- Personal Debt/Credit History
- Interest Rates

FIGURE 66: THE COST OF LIVING IN VIRGINIA

| | 1 Bedroom | 2 Bedrooms | 3 Bedrooms |
|--------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|
| Fair Market Rent* | 672 | 786 | 1,029 |
| Income needed to Afford FMR | \$26,880 | \$31,440 | \$41,160 |
| Income of Families at 30% of median income - Adjusted for family size | \$19,900 - 22,100 3 to 4 person family | \$22,100 - 23,900 4 to 5 person family | \$23,900 - 25,650 5 to 6 person family |
| Income of Families at 80% of median income - Adjusted for family size | \$47,150 - 53,050 3 to 4 person family | \$53,050 - 58,950 4 to 5 person family | \$58,950 - 63,700 5 to 6 person family |
| Wages Don't meet Apartment Rental Rates | | | |
| Income needed to afford 2BR at Fair Market Rent | | \$31,440 | |
| Annual Wages by Occupation | | | |
| Occupation | Average Yearly Wage | # Employed | |
| Social and Human Service Assistants | \$29,240 | 5,190 | |
| Preschool Teachers, Except Special Education | \$27,300 | 12,790 | |
| Teacher Assistants | \$23,180 | 30,280 | |
| Dietetic Technicians | \$25,880 | 690 | |
| Pharmacy Technicians | \$27,350 | 7,580 | |
| Psychiatric Technicians | \$27,190 | 3,570 | |
| Healthcare Support Occupations | \$25,690 | 81,520 | |
| Home Health Aides | \$20,160 | 14,120 | |
| Nursing Aides, Orderlies, and Attendants | \$22,790 | 32,890 | |
| Psychiatric Aides | \$20,100 | 1,000 | |
| Food Preparation and Serving Related Occupations | \$20,120 | 296,120 | |
| Cooks, Restaurant | \$22,110 | 24,240 | |
| Maids and Housekeeping Cleaners | \$19,090 | 26,910 | |
| Hairdressers, Hairstylists, and Cosmetologists | \$29,460 | 11,160 | |
| Child Care Workers | \$19,270 | 11,710 | |
| Personal and Home Care Aides | \$17,240 | 10,630 | |
| Retail Salespersons | \$24,470 | 128,550 | |
| Tellers | \$24,240 | 15,130 | |
| Medical Secretaries | \$31,040 | 5,510 | |
| Helpers--Electricians | \$26,340 | 4,800 | |
| Laundry and Dry-Cleaning Workers | \$19,790 | 6,220 | |
| Bus Drivers, School | \$26,260 | 16,020 | |

Source: HUD Fair Market Rate averaged for Virginia, Income limits for Virginia

Subsidized Rental Housing

Subsidized rental housing units are available to aid low-income households in renting decent, safe, and affordable housing. A complete inventory of all subsidized housing units is virtually impossible to compile as there are numerous agencies and overlap in assistance from various programs. Therefore, data on the most widely used programs are used to provide a general indication of the prevalence of subsidized housing in the region. **The three main rental assistance programs currently in place for subsidizing low-income households are: conventional public housing, Section 8 tenant-based assistance, which includes both the certificate and voucher programs, and the Low-Income Housing Tax Credit (LIHTC).** Public Housing and Section 8 are housing subsidies provided by HUD, in which households pay no more than 30 percent of their income for rent. Public Housing is publicly owned and Section 8 provides assistance for households to rent units in the existing stock of privately owned housing. The LIHTC provides 10-year tax credits to developers of rental housing provided that the units are affordable to low-income households for 15 years. In 2009, there were approximately 736 LIHTC properties in Virginia.¹⁷

A housing affordability index shows the share of homes sold in an area that would be affordable to a family earning the median income of that area. The National Association of Realtors construct a Housing Affordability Index for the United States (Figure 67). This index indicates that in 2009, a qualifying income of \$36,048 is needed to purchase the median priced existing single family home.

FIGURE 67: HOUSING AFFORDABILITY INDEX

| Year | Median Priced Existing Single-Family Home | Mortgage Rate | Monthly P & I Payment | Payment as a % of Income | Median Family Income | Qualifying Income** | Affordability Indexes | | |
|--------------------|-------------------------------------------|---------------|-----------------------|--------------------------|----------------------|---------------------|-----------------------|-------|-------|
| | | | | | | | Composite | Fixed | ARM |
| 2007 | 217,900 | 6.52 | 1,104 | 21.7 | 61,173 | 52,992 | 115.4 | 115.3 | 117.6 |
| 2008 | 196,600 | 6.15 | 958 | 18.1 | 63,366 | 45,984 | 137.8 | 137.4 | 143 |
| 2009 | 172,100 | 5.14 | 751 | 14.6 | 61,845 | 36,048 | 171.6 | 171.3 | N/A |
| U.S Regions | | | | | | | | | |
| Northeast | 249,600 | 5.04 | 1,077 | 19.0 | 67,943 | 51,696 | | | |
| Midwest | 127,200 | 5.10 | 553 | 11.1 | 59,961 | 26,544 | | | |
| South | 143,000 | 5.05 | 618 | 13.3 | 55,726 | 29,664 | | | |
| West | 208,400 | 5.09 | 904 | 17.0 | 63,909 | 43,392 | | | |

Source: National Association of REALTORS

Assuming the following conditions; zero down payments, property taxes of one percent, property insurance of a half percent, an interest rate of 8.25 percent and 30 year loan, median household incomes are not enough to purchase the median value house in several regions (Figure 68). For example in Central

Virginia, with a median household income of \$55,058 and meeting all of the conditions mention above, a household could afford to purchase a \$188,530 house. The median value of housing in Central Virginia is \$223,608.

FIGURE 68: AFFORDABILITY

| Region | Median Household Income | Qualify to Purchase | Principal & Interest-Monthly | Median Value | Qualify to Purchase to Median Value |
|-------------------|-------------------------|---------------------|------------------------------|----------------|-------------------------------------|
| Central Virginia | 55,068 | 188,531 | 1,416 | 223,608 | ▲ |
| Eastern Virginia | 44,467 | 152,237 | 1,143 | 153,919 | ▼ |
| Hampton Roads | 56,857 | 194,656 | 1,462 | 196,341 | ▼ |
| Northern Virginia | 94,967 | 325,130 | 2,442 | 332,885 | ▼ |
| Richmond | 61,414 | 210,257 | 1,579 | 179,343 | ▲ |
| Roanoke | 47,306 | 161,957 | 1,216 | 144,072 | ▲ |
| Shenandoah | 48,691 | 166,699 | 1,252 | 169,954 | ▼ |
| South Piedmont | 43,146 | 147,715 | 1,109 | 124,208 | ▲ |
| Southside | 37,795 | 129,395 | 972 | 127,510 | ▲ |
| Southwest | 34,896 | 119,470 | 897 | 107,538 | ▲ |
| Virginia | 61,855 | 211,767 | 1,590 | 203,135 | ▲ |

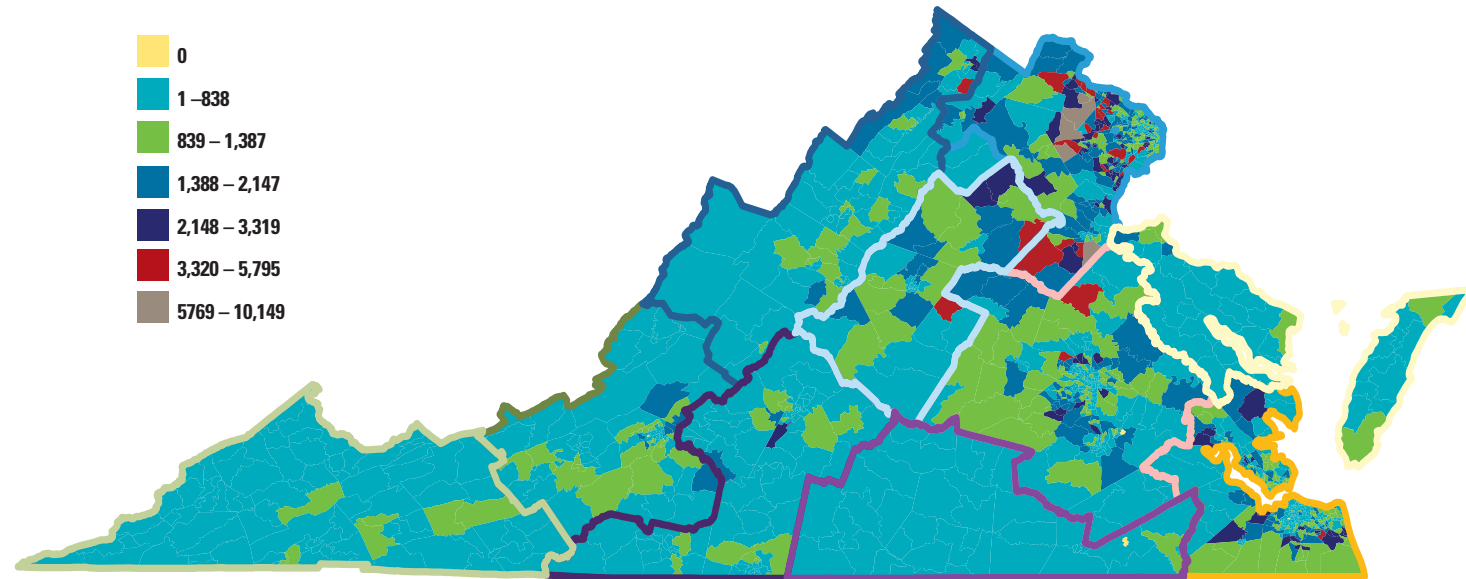
Source: ESRI Business Analyst, HSH.com

Foreclosures in Virginia

Foreclosure is a process in which the property becomes the absolute property of the lending institution. Starting in the late part of 2007, more than 4 million homeowners or 20 million homeowners have faced or are facing foreclosure in the United States. Many facing foreclosure have had a temporary financial setback or their mortgage payments were too high for them to manage. There were many elements that created the foreclosure problems. These factors included high cost loans, non traditional loans to enable those without savings or down payments make purchases, population shifts in some areas, shifts in households, and increased numbers of those in their 20's purchasing homes.

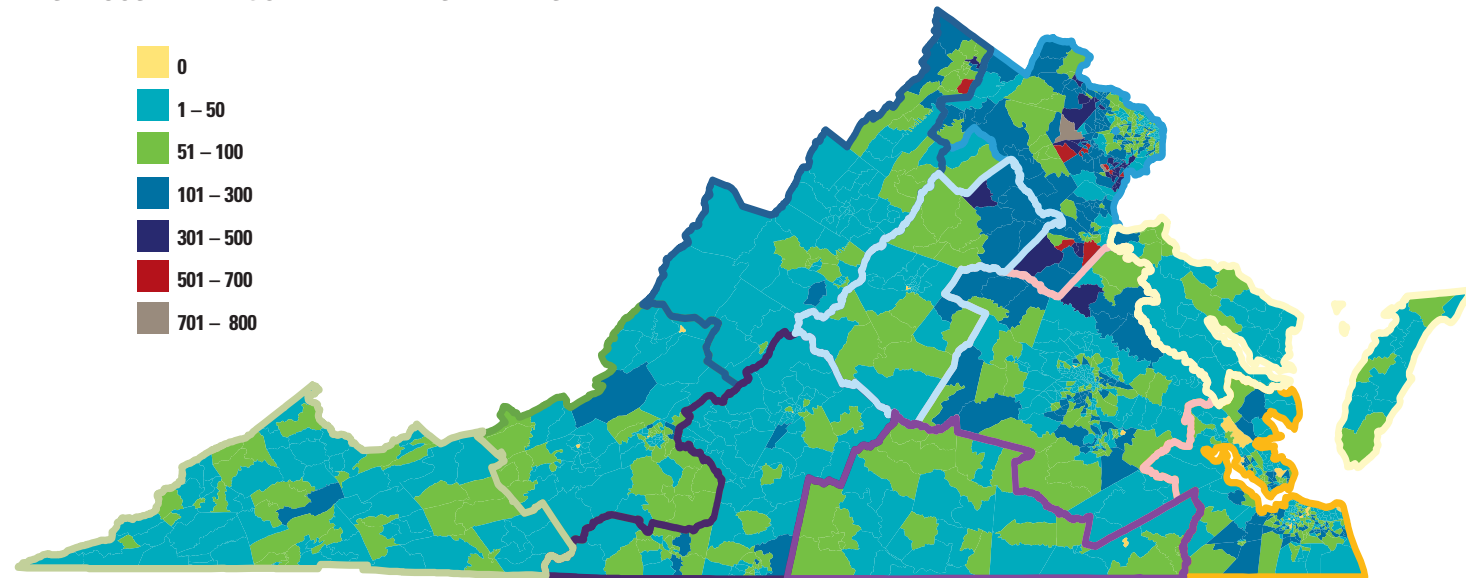
At least five factors played a role in the increased foreclosures over the last three years. The first factor was the spread of high-risk, non-traditional loans. These were not just sub-prime loans, but loans that were interest only, negative amortization, adjustable rates loans and loans for individuals with no assets. The next factor was the rising housing

FIGURE 69: ESTIMATED NUMBER OF MORTGAGES IN TRACT



Source: HUD

FIGURE 70: ESTIMATED NUMBER OF MORTGAGES TO START FORECLOSURE PROCESS OR BE SERIOUSLY DELINQUENT IN THE PAST 2 YEARS

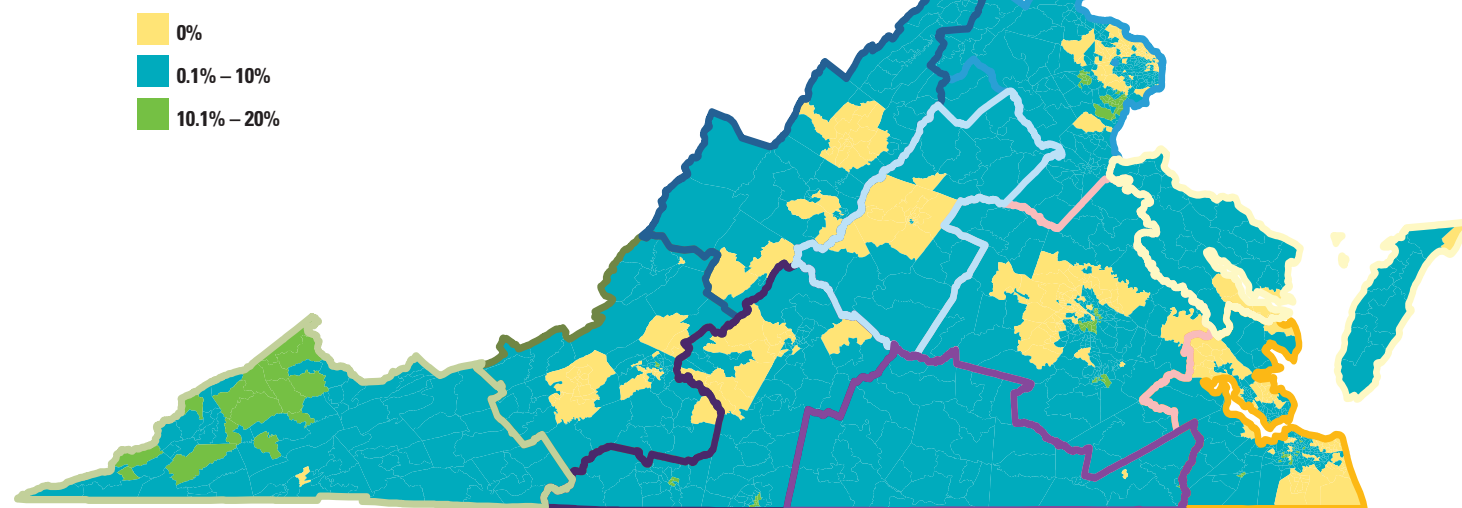


Source: HUD

occupancy costs. This was due to mortgage resets, cashing out of equity, refinancing original rates into sub-prime rates along with rising property taxes and heating costs. The third factor was high leverage which meant people with no equity who experienced a decline in housing prices, now had negative equity making default more likely. Declining property values became the fourth factor. With fewer buyers able to sustain the high prices, it meant eventually prices would decrease. The last factor was declining incomes. Many people on the cusp of being able to afford their housing and other debts faced risk of default if they lost their jobs, or illness with hospital costs, divorce or a new child.¹⁸

At the peak of the foreclosure problem across the United States, HUD developed scores based on census tracts to estimate the risk for foreclosure. The risk score was based on the presence of several factors such as the presence of high cost or highly leverage home loans, the presence of decreasing home values, and the unemployment rate and how it was changing. HUD indicated that these were extremely good predictors of foreclosure problems.

FIGURE 71: ESTIMATED PERCENTAGE OF MORTGAGES TO START FORECLOSURE PROCESS OR BE SERIOUSLY DELINQUENT IN THE PAST 2 YEARS



Source: HUD

According to HUD and data they used from HOPE NOW, the risk score is an overstatement of the actual number of homes that would become real estate owned (REO property). The data indicates that fewer than half of the loans that start the foreclosure process actually complete it. This is due to borrowers becoming current, having their loan modified or selling their home in a short-sale.

The greatest number of loans per tract was found in the Northern Virginia region, the fewest in the Southside region (Figure 69). Northern Virginia also had the highest estimated number of mortgages to start the foreclosure process or be delinquent (Figure 70). The highest percentage of mortgages to start the foreclosure process was found in the Southwest region (Figure 71). The one concern for the future is how areas beset by foreclosures will use this in

determining home value, a factor that historically has not been used in the determination.

The American dream of owning a home is often considered a lofty goal for many families and individuals. Today, however, many organizations and governments use homeownership rates as a benchmark of success. ***Virginia's homeownership rate in 2009 was 62 percent.*** Owning a home is heavily influenced by four main indicators. These indicators are age, race, income and household type.* The following two sections, Homeowners in Virginia and Renters in Virginia, will broadly consider these four indicators of Virginia's homeowners and renters.

*Other factors influencing homeownership include such factors as savings and location.



Homeowners in Virginia

Age specific homeownership rates usually peak over the lifecycle at the point where our greatest earnings and asset potential are reached. For many this occurs between 55 to 64 years of age. Homeownership takes a steady decline as people advance in age. In Virginia, the average age was 38 years of age in 2009. For those that own homes, the greatest participation rate was found in the 45 to 54 years-of-age (Figure 72). In Northern Virginia, the greatest participation of homeowners was found in the 35 to 44 years-of-age. The lowest percentage of homeowners was found in the two extremes, the age group 15 to 24 and those over 85 years of age. There is a significant decrease in homeownership from those aged 75 to 84 years-of-age (8 percent) to those over 85 years of age (1.8 percent).

Following historical patterns, Whites own homes at a higher rate than minorities. In Virginia, the percentage of homes owned by Whites is 82 percent, followed by African Americans 14 percent (Figure 73). In the Southwest region, 98 percent of the homes are owned by Whites. In the Southside region, 35 percent of the homes are owned by African Americans.

Within each race, in Virginia 74 percent of Whites own their home (Figure 74). In addition, 51 percent of African Americans and 58 percent of American Indians own their own home. In Eastern Virginia, 81 percent of the Whites in the region and 69 percent of African Americans own their own home. In Central Virginia, 29

FIGURE 72: OWNER OCCUPIED HOUSING BY AGE OF HOUSEHOLDER

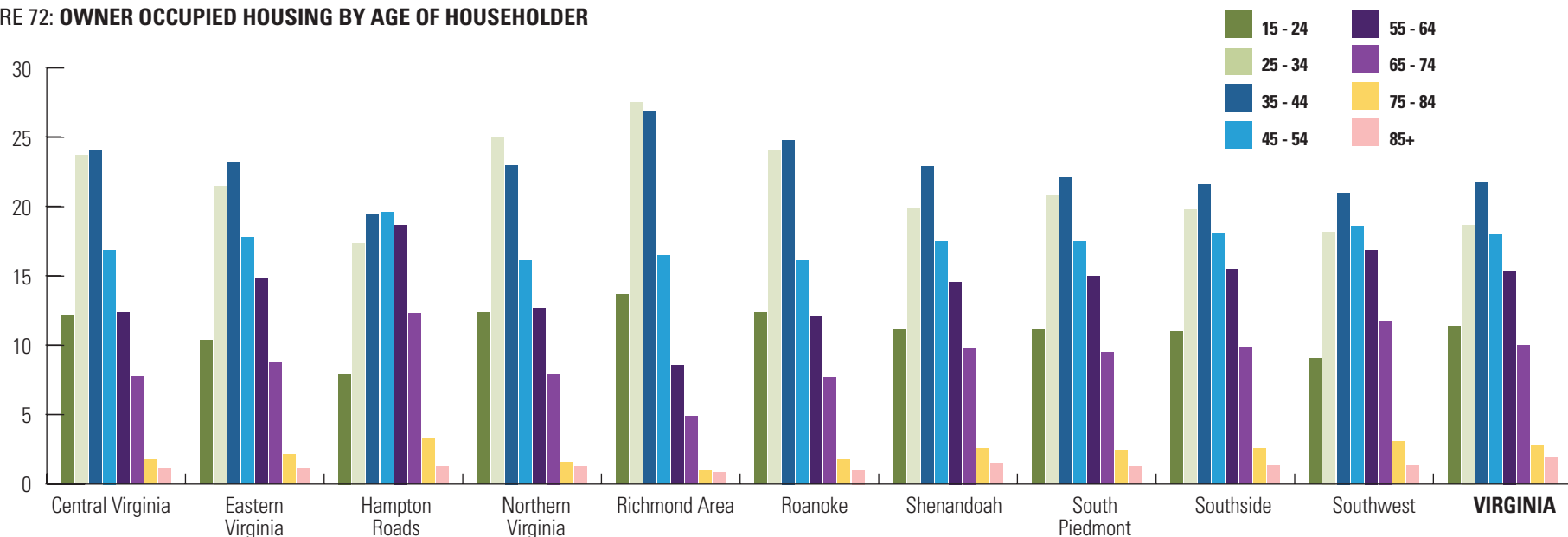


FIGURE 73: OWNER OCCUPIED HOUSING BY RACE

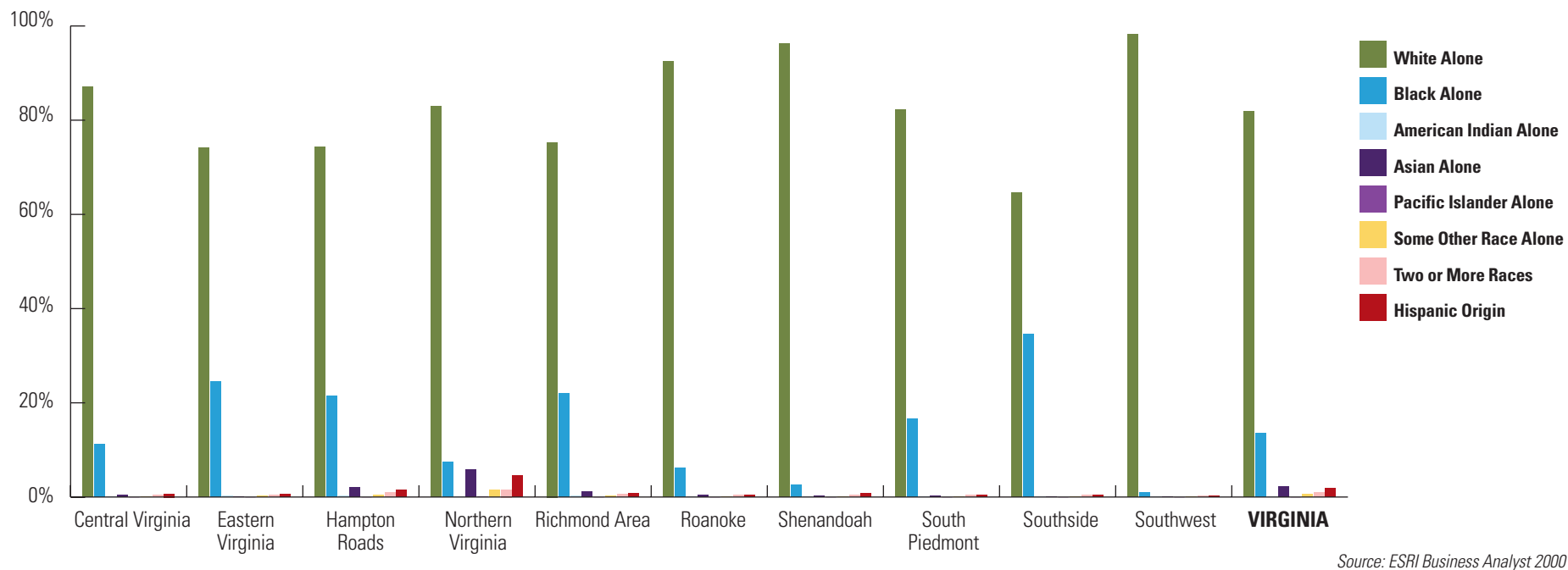
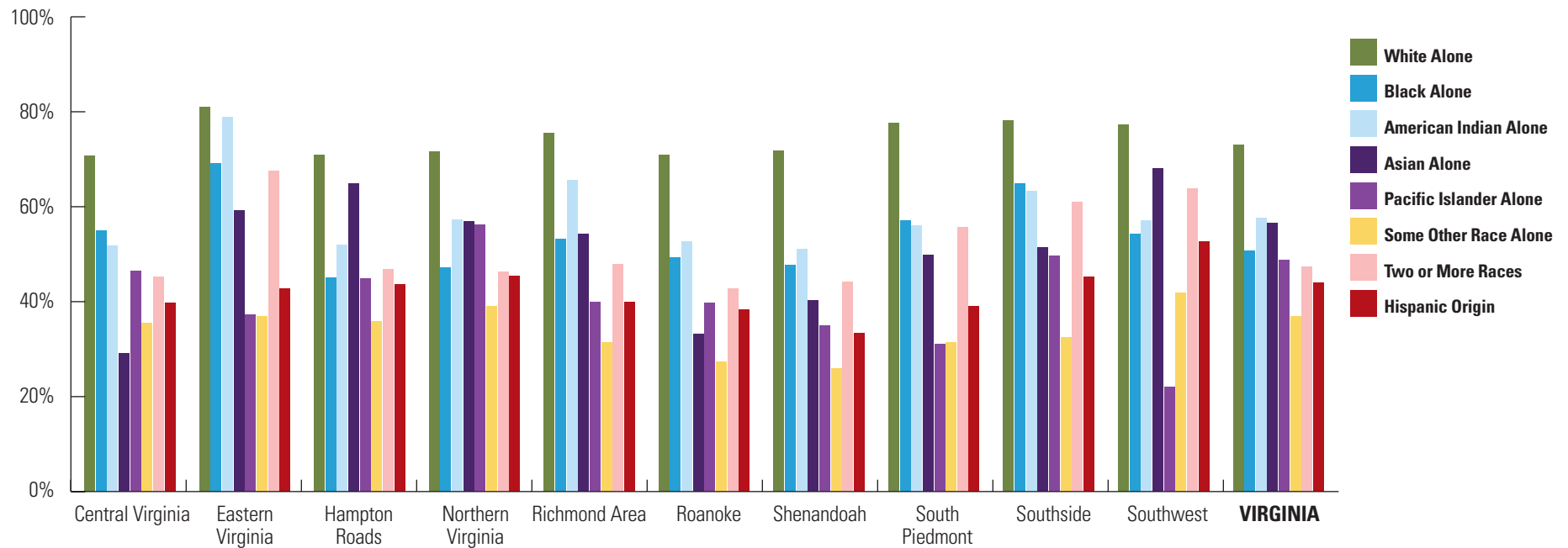


FIGURE 74: PERCENTAGE OF RACE THAT OWNS



Source: ESRI Business Analyst 2000

percent of Asians are homeowners as well as 22 percent of Pacific Islanders in the Southwest region.

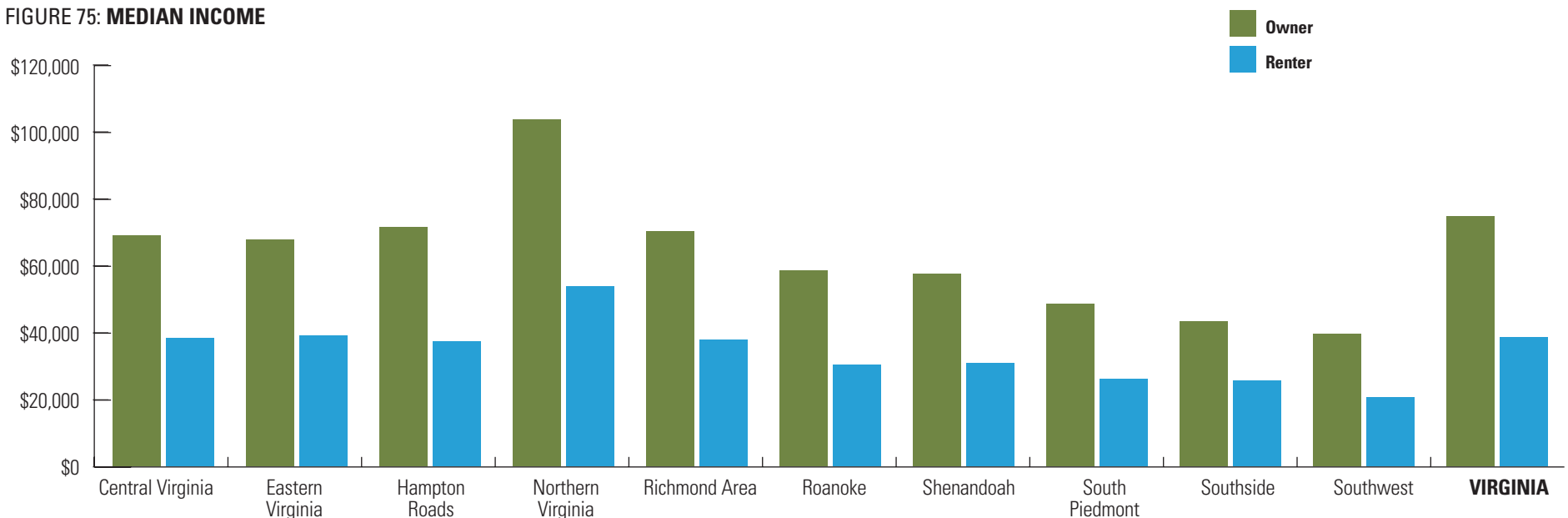
In 2009, median income in Virginia was \$61,855. For owners, median income was \$74,000 (Figure 75). Northern Virginia owners median income was \$103,000. The lowest median income was \$39,000 found in Southwest.

In Virginia, 75 percent of owners had a mortgage and 25 percent did not have a mortgage (Figure 76). Eighty-seven percent of homeowners had a mortgage in the Northern Virginia region, followed by Hampton Roads with 79 percent of homeowners with a mortgage. Cost of mortgages varied across the regions. In Virginia, the highest percentage of people had mortgages that cost in the \$1,000 to 1,249 range (13 percent) (Figure 77). In Northern Virginia the

highest percentage of mortgages that cost in the \$1,500 to 1,999 range (24 percent). The highest percentage of people with mortgage cost in Southwest Virginia was in the \$500 – 599 range (7.1 percent). Virginia's median mortgage cost was \$1,144 and had an average cost of \$1,292 (Figure 78). Northern Virginia's median mortgage cost was \$1,550 and had an average cost of \$1,696. The Southwest region had the lowest median cost (\$665) and lowest average cost (\$748).

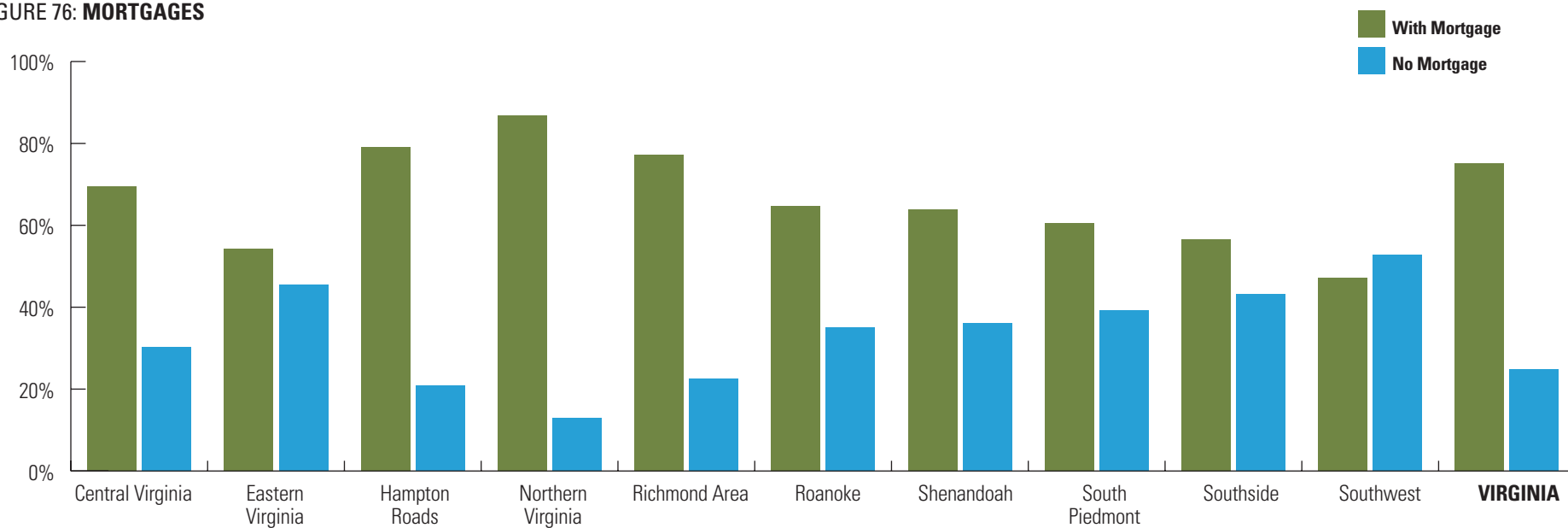
Virginia had 23 percent of owners with a mortgage paying greater than 30 percent of their income on housing (Figure 79). Nine percent of owners without a mortgage in Virginia were paying greater than 30 percent of their income on housing costs. In Central Virginia, 40 percent of owners with a mortgage were paying greater than 30 percent of their income on housing. This was the highest

FIGURE 75: **MEDIAN INCOME**



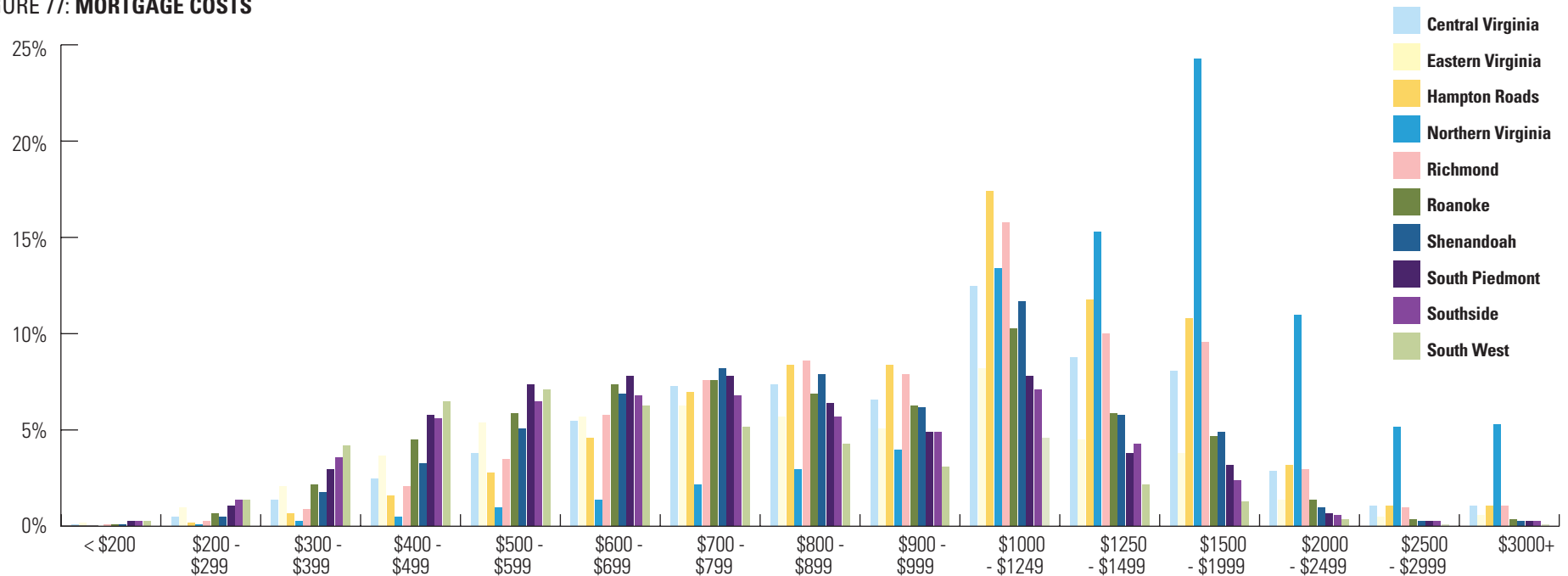
Source: American Community Survey 2008 adjust dollars

FIGURE 76: **MORTGAGES**



Source: ESRI Business Analyst 2000

FIGURE 77: MORTGAGE COSTS



Source: ESRI Business Analyst 2000

percentage in Virginia. In the Southwest region, 27 percent of owners without a mortgage were paying greater than 30 percent of their income on housing costs. The Southside region had the lowest percentage of owners (18 percent) with a mortgage paying over 30 percent on housing. The Southwest region also had the lowest percentage of owners (8.3 percent) without a mortgage paying over 30 percent of their income on housing.

In 2009, the majority of household types in Virginia were families (66.8 percent) living in detached single family units (63 percent). Among owners in Virginia, 74 percent are in family households (Figure 80). Sixty-two percent were in married couple family households. Non-families made up 26 percent

of the owner households with 23 percent of the owners living alone. In Hampton Roads, 75 percent of owners were in family households, followed by Shenandoah and Northern Virginia with 74 percent of owners in family households. In Northern Virginia, 63 percent were in married couple families and in the Southside region, 27 percent of owners lived alone. Ninety-percent of owners lived in single family detached units in Virginia (Figure 81). The Richmond region had the highest percentage of owners living in single family detached units (96 percent). The lowest percentage of owners in single-family, detached units were in the Southwest region (78 percent).

FIGURE 78: **MEDIAN & AVERAGE MORTGAGE COSTS**

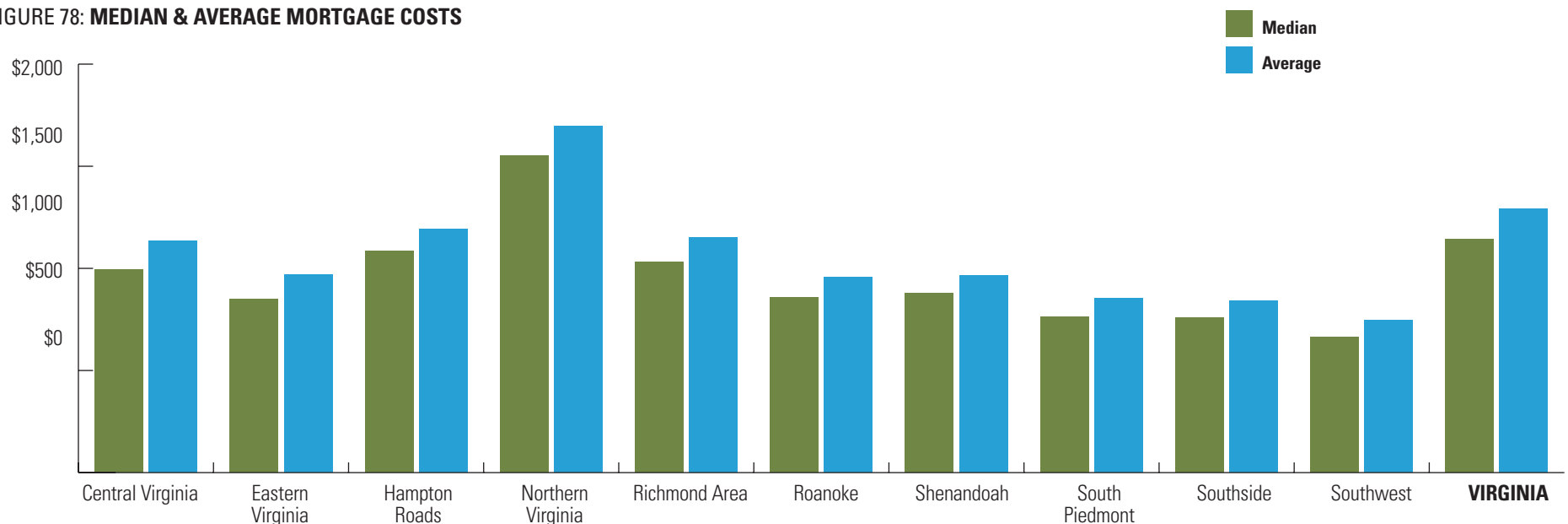


FIGURE 79: **PERCENTAGE HOMEOWNERS PAYING 30% OR GREATER ON HOUSING**

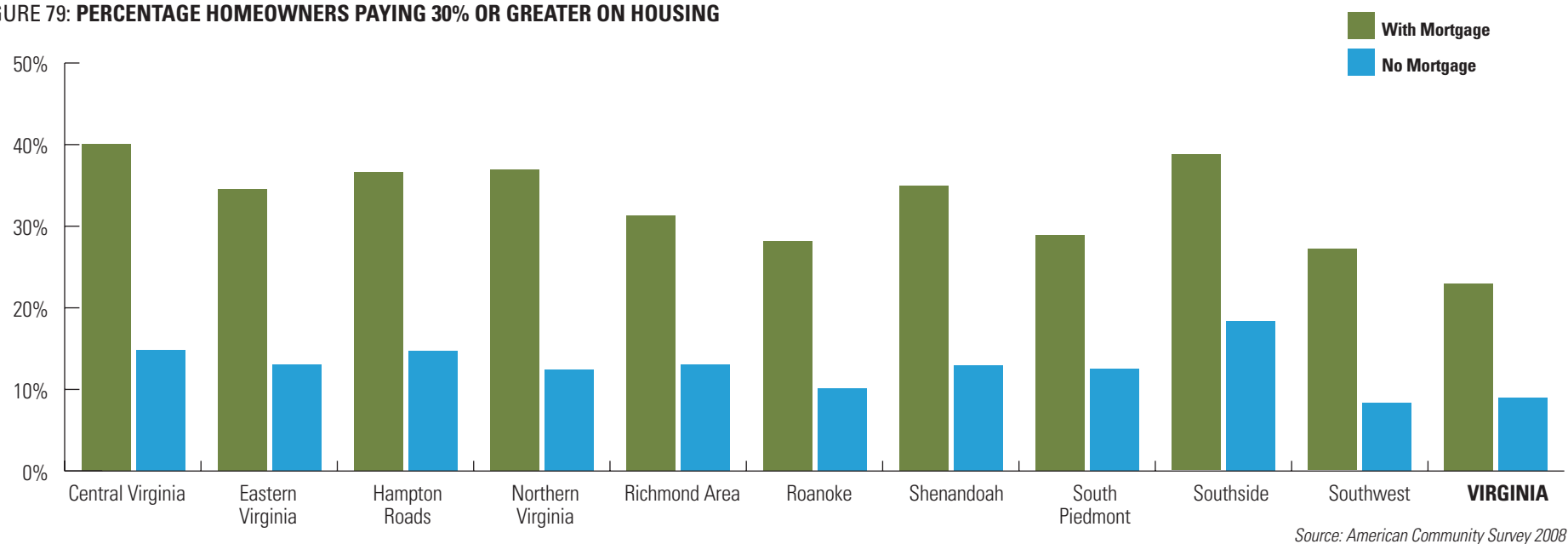
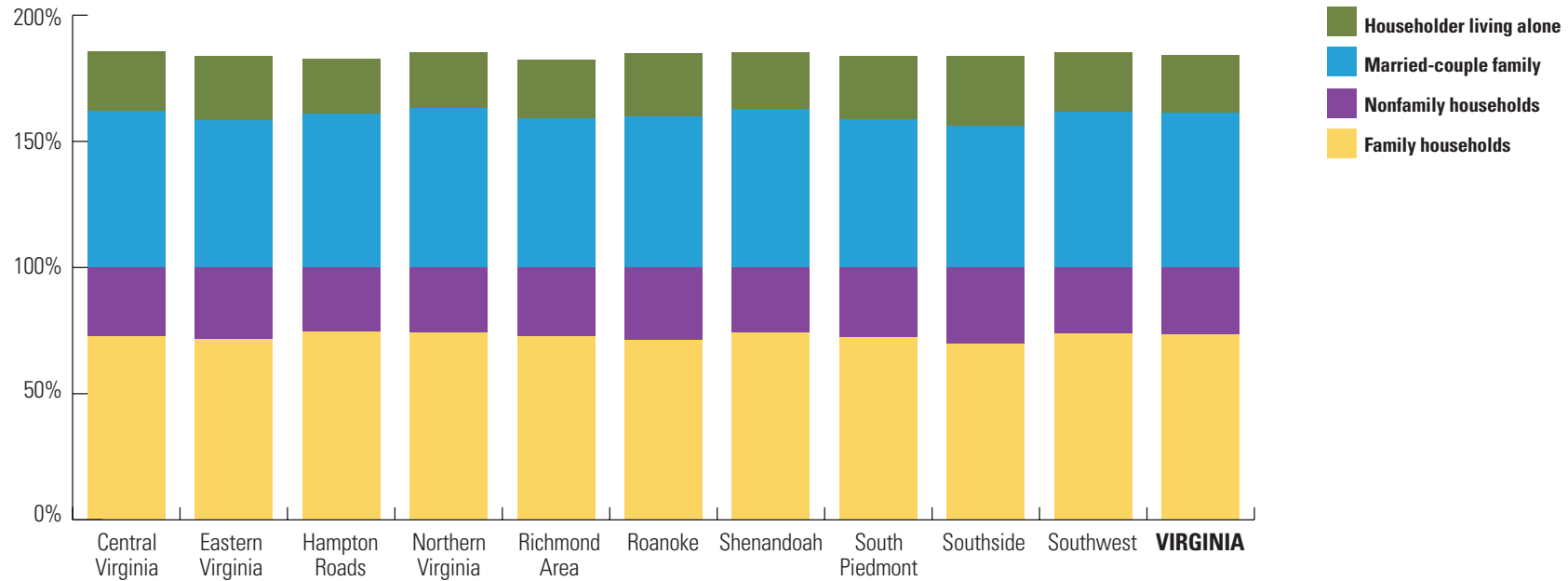
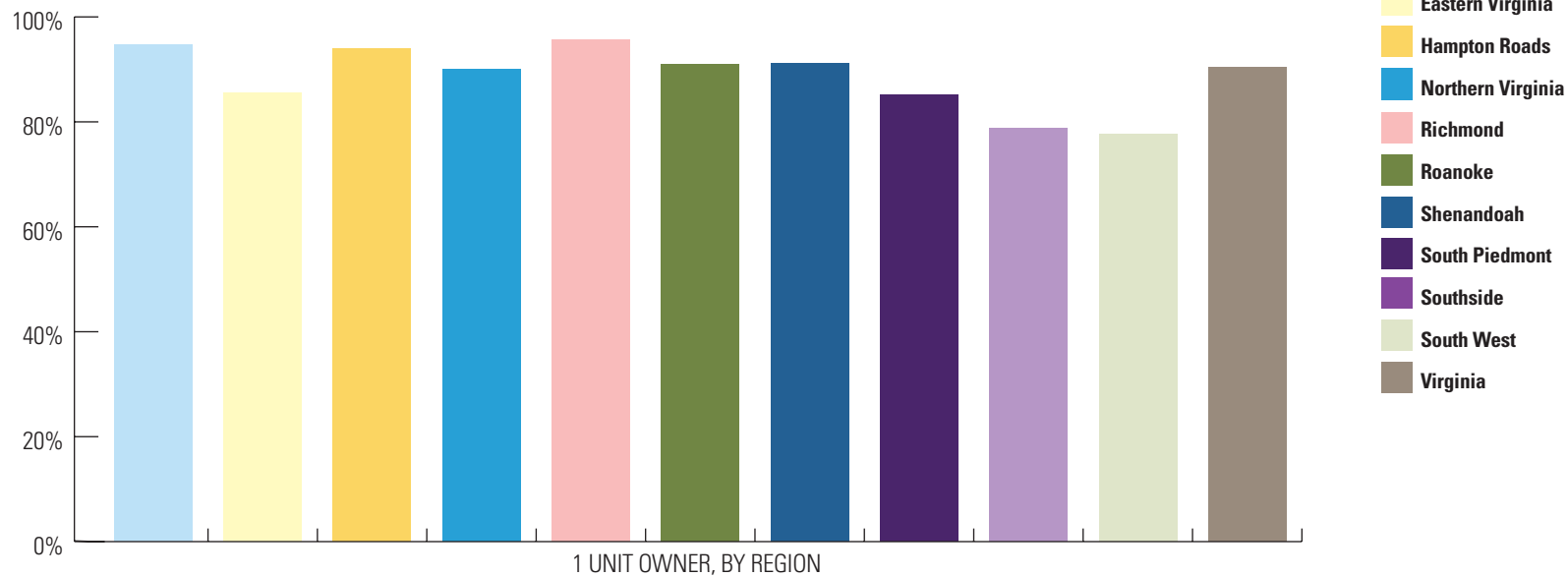


FIGURE 80: OWNERS BY TYPE



Source: American Community Survey 2006-2008

FIGURE 81: TENURE BY UNIT



Source: American Community Survey 2006 - 2008



Renters in Virginia

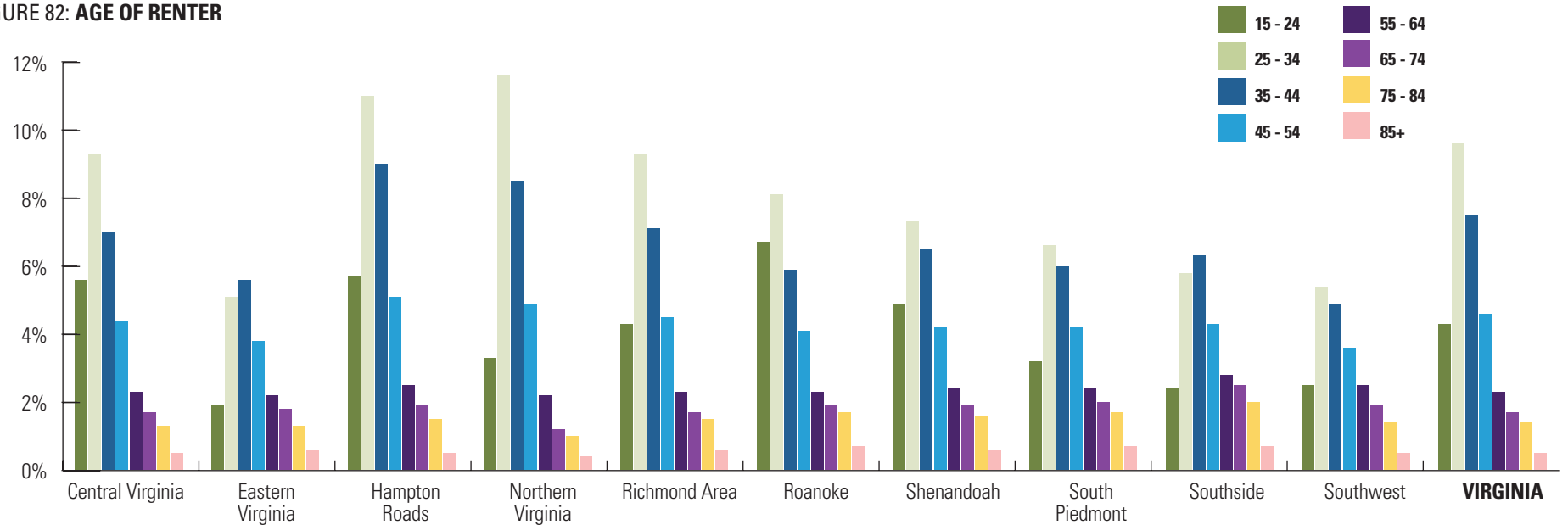
Renters in Virginia are 38 percent of the population. In Virginia, renters have the highest percentage in the 25 to 34-year-olds. In Northern Virginia, this age group increases its percentage to 12 percent of renters. The lowest percentage of renters was found in 85 plus years-of-age (Figure 82).

In Virginia, 63 percent of the population renting is White (Figure 83). This is followed by African American renters at 28 percent. In the Southwest region, 95 percent of the renters are White. In Southside, 50 percent of the renters are African American.

Renters in Virginia had a median income of \$38,400 (Figure 75). While ninety-two percent of Virginians renting pay cash, eight percent pay no cash to rent (Figure 84). Seven of the regions have at least 90 percent of renters paying cash. Three, Eastern Virginia, Southside and Southwest have 16 to 18 percent of the renters not paying cash. Typically, no cash rent units are those provided free by friends or relatives, or in exchange for services such as resident manager, minister or tenant farmer. Housing units on military bases are also classified as no cash rent units.

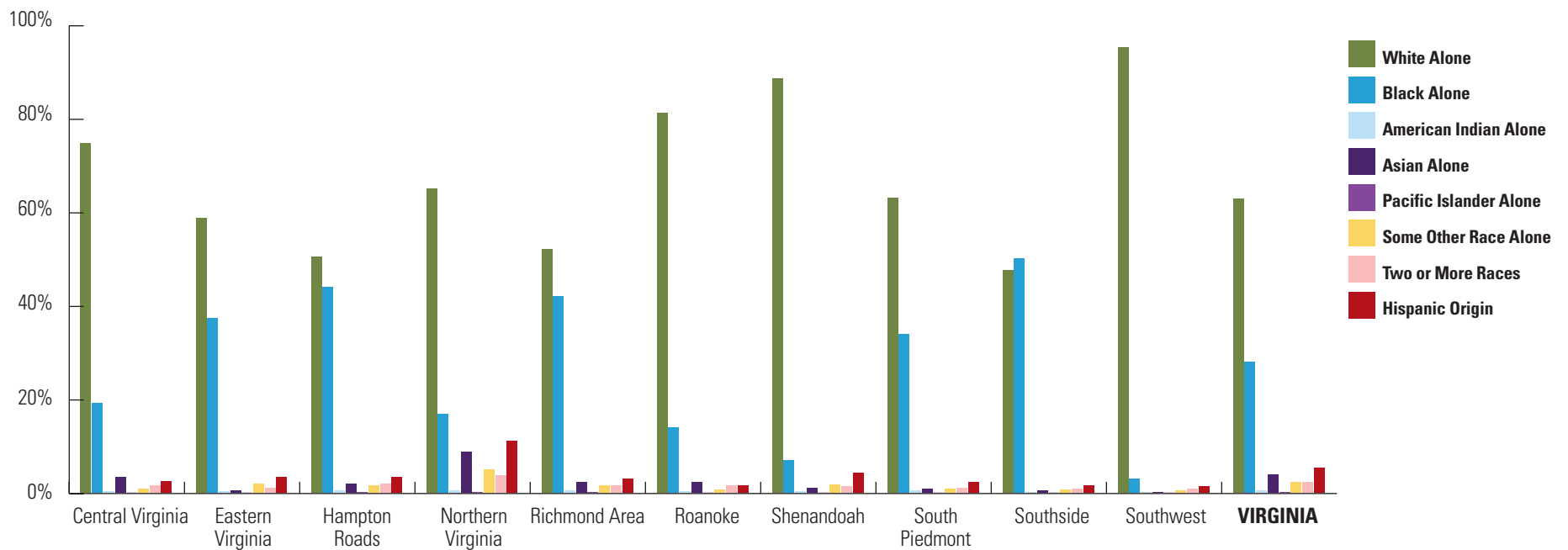
The highest percentage of renters in Virginia is paying a rent from \$400 to 499. In Northern Virginia, the highest percentage of renters is paying \$800 to 899, followed by \$1,000 to 1,249 (Figure 85). The median rent paid in Virginia was \$550 (Figure 86). The average rent was \$602 and average gross rent was \$703 (Figure 86). The highest

FIGURE 82: AGE OF RENTER



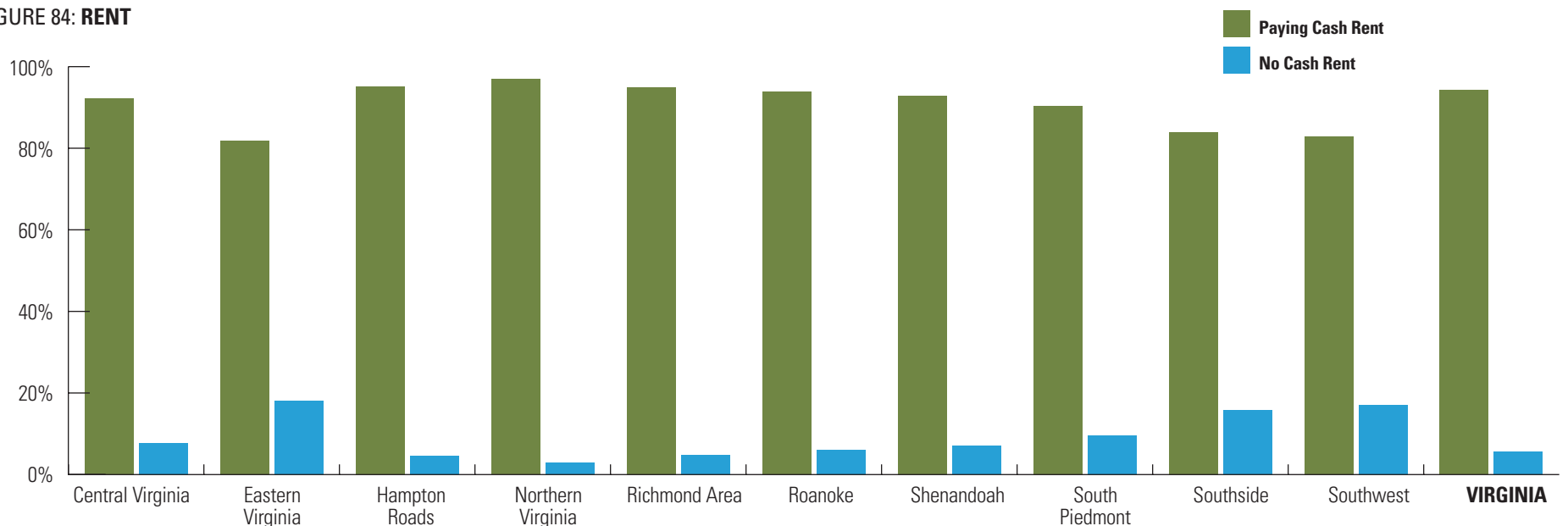
Source: ESRI Business Analyst 2000

FIGURE 83: RENTER BY RACE AND ETHNICITY



Source: ESRI Business Analyst 2000

FIGURE 84: RENT



Source: ESRI Business Analyst 2000

median rent (\$844), average rent (\$891) and average gross rent (\$976) was found in Northern Virginia. Southwest Virginia had the lowest median rent (\$279), average rent (\$276) and average gross rent (\$379).

Examining rent as a percentage of household income (ratio of monthly gross rent to monthly household income) provides insight into housing affordability. Housing cost are generally considered to be affordable when they are 30 percent or less of a household's income. ***In Virginia, 43 percent of renters paid greater than 30 percent of their income on housing*** (Figure 87). Hampton Roads had 45 percent of its renters paying greater than 30 percent of its income on

housing. Thirty-two percent of renters in the Southwest region paid greater than 30 percent of income on housing.

The majority household type in Virginia were families (66.8 percent) living in detached, single-family units (63 percent). In comparison, renters were in families (52 percent) and non-families (48 percent) living in multi-units (Figure 88 and 89). In Eastern Virginia, 68 percent of renters were in families with 36 percent were married couples. In Roanoke, only 43 percent of the renters were in families. In Central Virginia, 41 percent of the renters lived alone.

FIGURE 85: RENT COSTS

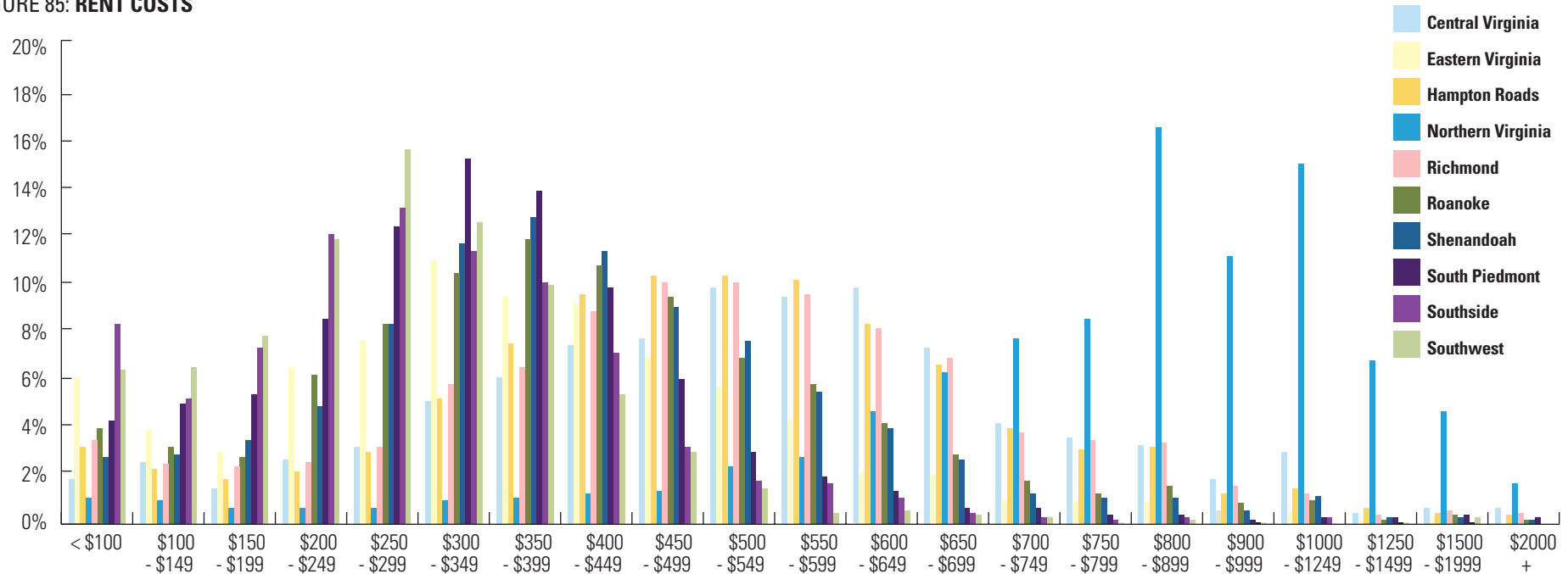
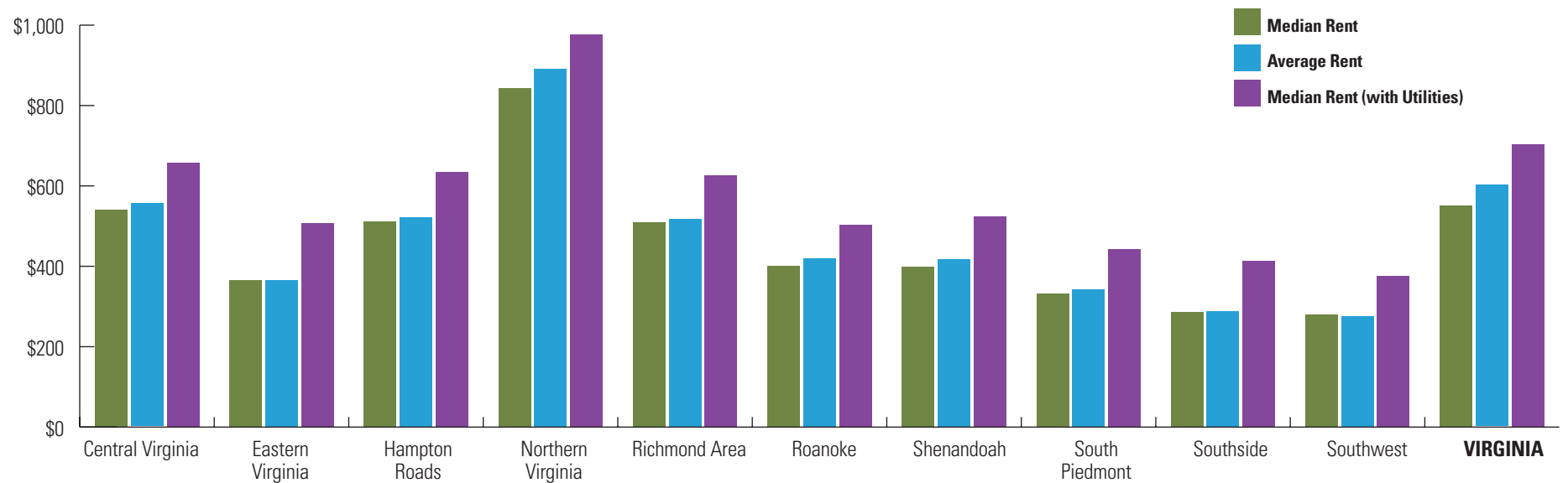


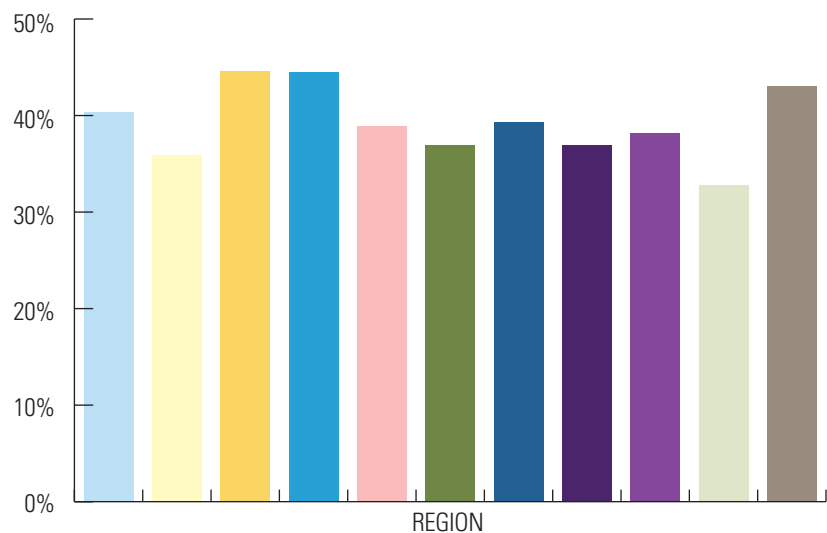
FIGURE 86: MEDIAN & AVERAGE RENTS

Source: ESRI Business Analyst 2000



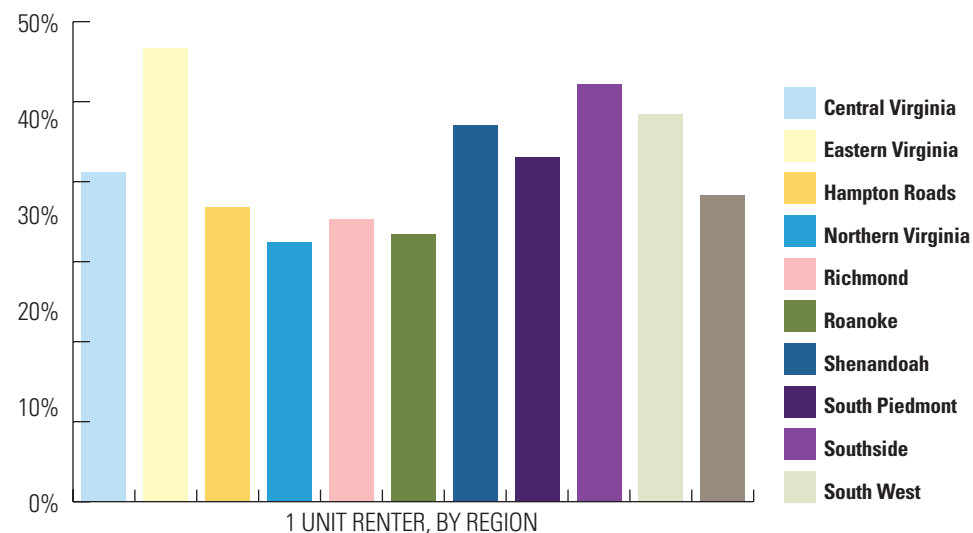
Source: ESRI Business Analyst

FIGURE 87: **PERCENTAGE RENTERS PAYING 30% OR GREATER ON HOUSING**



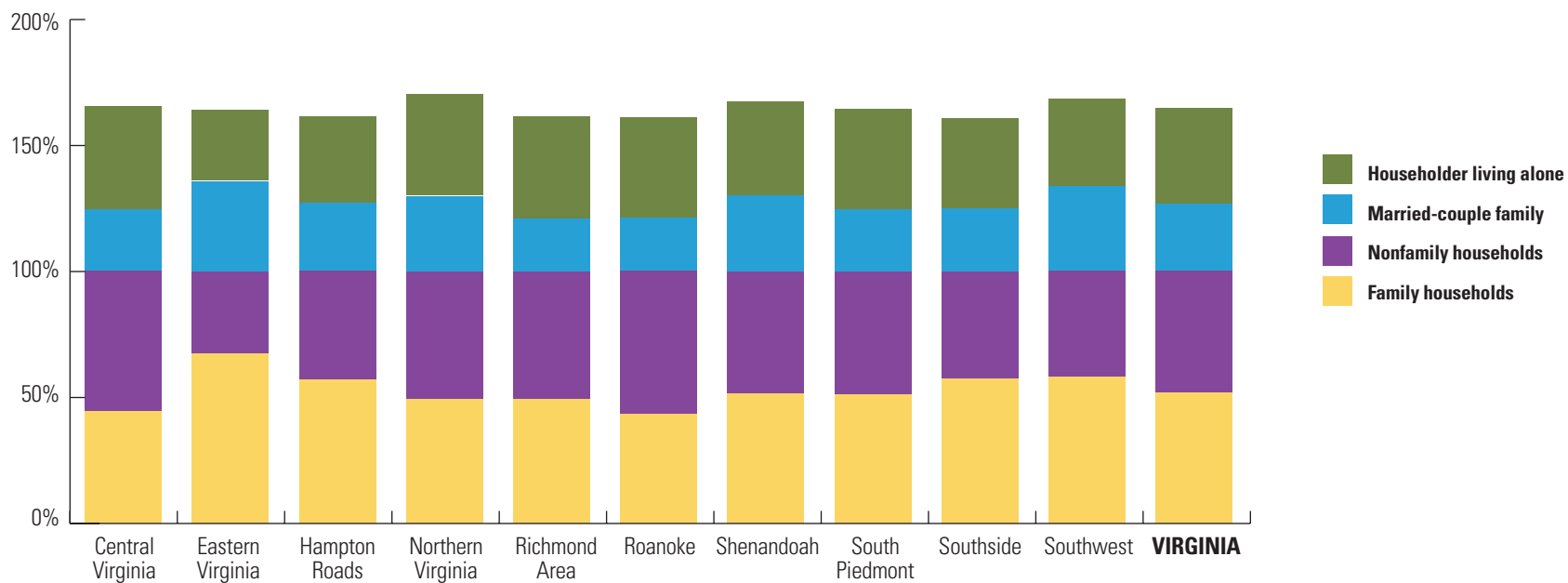
Source: American Community Survey 2008

FIGURE 89: **TENURE BY UNIT, RENTER**



Source: American Community Survey 2006 - 2008

FIGURE 88: **RENTERS BY TYPE**



Source: American Community Survey 2006 - 2008

Appendices

APPENDIX A RECENT IMMIGRATION

| County | Foreign Born, Entered 2000 or later: |
|--------------------------|-----------------------------------------|
| Central Virginia | |
| Culpeper | 924 |
| Charlottesville | 2,929 |
| Albemarle | 3,487 |
| Eastern Virginia | |
| King George | 73 |
| Hampton Roads | |
| Suffolk | 564 |
| Portsmouth | 805 |
| York | 1,339 |
| James City | 1,598 |
| Hampton | 1,751 |
| Chesapeake | 2,446 |
| Newport News | 4,330 |
| Norfolk | 5,715 |
| Virginia Beach | 9,202 |
| Northern Virginia | |
| Fauquier | 1,348 |
| Fairfax | 2,127 |
| Spotsylvania | 2,135 |
| Stafford | 2,886 |
| Manassas | 3,373 |
| Alexandria | 14,324 |
| Loudoun | 17,664 |
| Arlington | 18,708 |
| Prince William | 24,005 |
| Fairfax Co | 83,409 |

| County | Foreign Born, Entered 2000 or later: |
|-----------------------|-----------------------------------------|
| Richmond Area | |
| Prince George | 474 |
| Hanover | 683 |
| Richmond | 5,616 |
| Chesterfield | 7,150 |
| Henrico | 10,766 |
| Roanoke | |
| Roanoke Co | 1,670 |
| Roanoke | 1,638 |
| Montgomery | 2,697 |
| Shenandoah | |
| Augusta | 376 |
| Shenandoah | 667 |
| Frederick | 769 |
| Rockingham | 938 |
| Winchester | 2,893 |
| Harrisonburg | 2,893 |
| South Piedmont | |
| Bedford Co | 356 |
| Lynchburg | 1,773 |

APPENDIX B HOUSEHOLD BY TYPES

| Households by Type | 1990 | 2000 | 1990–2000 Annual Rate |
|----------------------------------|---------|---------|--------------------------|
| Central Virginia | | | |
| Total | 82,184 | 102,717 | 2.26% |
| Family Households | 57,219 | 68,645 | 1.84% |
| Married-couple Families | 46,236 | 54,008 | 1.57% |
| With Related Children | 21,830 | 23,945 | 0.93% |
| Other Family (No Spouse Present) | 10,983 | 14,637 | 2.91% |
| With Related Children | 6,504 | 9,569 | 3.94% |
| Nonfamily Households | 24,965 | 34,072 | 3.16% |
| Householder Living Alone | 18,798 | 26,138 | 3.35% |
| Householder not Living Alone | 6,167 | 7,934 | 2.55% |
| Households with Related Children | 28,334 | 33,514 | 1.69% |
| Eastern Virginia | | | |
| Total | 44,839 | 52,885 | 1.66% |
| Family Households | 32,191 | 36,479 | 1.26% |
| Married-couple Families | 25,230 | 27,516 | 0.87% |
| With Related Children | 10,527 | 10,803 | 0.26% |
| Other Family (No Spouse Present) | 6,961 | 8,963 | 2.56% |
| With Related Children | 4,250 | 5,851 | 3.25% |
| Nonfamily Households | 12,648 | 16,406 | 2.64% |
| Householder Living Alone | 11,258 | 14,085 | 2.27% |
| Householder not Living Alone | 1,390 | 2,321 | 5.26% |
| Households with Related Children | 14,777 | 16,654 | 1.20% |
| Hampton Roads | | | |
| Total | 508,381 | 573,376 | 1.21% |
| Family Households | 369,464 | 400,833 | 0.82% |
| Married-couple Families | 286,425 | 292,210 | 0.20% |
| With Related Children | 149,953 | 146,557 | -0.23% |
| Other Family (No Spouse Present) | 83,039 | 108,623 | 2.72% |
| With Related Children | 54,875 | 76,527 | 3.38% |
| Nonfamily Households | 138,917 | 172,543 | 2.19% |
| Householder Living Alone | 107,397 | 134,238 | 2.26% |
| Householder not Living Alone | 31,520 | 38,305 | 1.97% |
| Households with Related Children | 204,828 | 223,084 | 0.86% |

| Households by Type | 1990 | 2000 | 1990–2000 Annual Rate |
|----------------------------------|---------|---------|--------------------------|
| Northern Virginia | | | |
| Total | 623,717 | 786,582 | 2.35% |
| Family Households | 430,469 | 533,601 | 2.17% |
| Married-couple Families | 358,251 | 435,203 | 1.96% |
| With Related Children | 185,594 | 228,309 | 2.09% |
| Other Family (No Spouse Present) | 72,218 | 98,398 | 3.14% |
| With Related Children | 40,815 | 61,288 | 4.15% |
| Nonfamily Households | 193,248 | 252,981 | 2.73% |
| Householder Living Alone | 140,017 | 191,053 | 3.16% |
| Householder not Living Alone | 53,231 | 61,928 | 1.52% |
| Households with Related Children | 226,409 | 289,597 | 2.49% |
| Richmond Area | | | |
| Total | 359,455 | 422,427 | 1.63% |
| Family Households | 249,926 | 286,224 | 1.37% |
| Married-couple Families | 190,171 | 210,168 | 1.00% |
| With Related Children | 92,102 | 100,603 | 0.89% |
| Other Family (No Spouse Present) | 59,755 | 76,056 | 2.44% |
| With Related Children | 37,233 | 51,022 | 3.20% |
| Nonfamily Households | 109,529 | 136,203 | 2.20% |
| Householder Living Alone | 88,884 | 109,896 | 2.14% |
| Householder not Living Alone | 20,645 | 26,307 | 2.45% |
| Households with Related Children | 129,335 | 151,625 | 1.60% |
| Roanoke | | | |
| Total | 171,916 | 193,425 | 1.19% |
| Family Households | 118,658 | 125,845 | 0.59% |
| Married-couple Families | 95,795 | 98,617 | 0.29% |
| With Related Children | 42,277 | 40,595 | -0.41% |
| Other Family (No Spouse Present) | 22,863 | 27,228 | 1.76% |
| With Related Children | 13,011 | 16,980 | 2.70% |
| Nonfamily Households | 53,258 | 67,580 | 2.41% |
| Householder Living Alone | 42,544 | 53,470 | 2.31% |
| Householder not Living Alone | 10,714 | 14,110 | 2.79% |
| Households with Related Children | 55,288 | 57,575 | 0.41% |

APPENDIX B HOUSEHOLD BY TYPES, continued

| Households by Type | 1990 | 2000 | 1990–2000 Annual Rate |
|----------------------------------|---------|---------|--------------------------|
| Shenandoah | | | |
| Total | 128,656 | 153,462 | 1.78% |
| Family Households | 92,993 | 105,626 | 1.28% |
| Married-couple Families | 77,205 | 84,583 | 0.92% |
| With Related Children | 35,243 | 36,461 | 0.34% |
| Other Family (No Spouse Present) | 15,788 | 21,043 | 2.91% |
| With Related Children | 9,048 | 13,401 | 4.01% |
| Nonfamily Households | 35,663 | 47,836 | 2.98% |
| Householder Living Alone | 29,215 | 38,017 | 2.67% |
| Householder not Living Alone | 6,448 | 9,819 | 4.30% |
| Households with Related Children | 44,291 | 49,862 | 1.19% |
| South Piedmont | | | |
| Total | 155,063 | 173,576 | 1.13% |
| Family Households | 113,928 | 120,643 | 0.57% |
| Married-couple Families | 89,990 | 91,463 | 0.16% |
| With Related Children | 40,093 | 37,843 | -0.58% |
| Other Family (No Spouse Present) | 23,938 | 29,180 | 2.00% |
| With Related Children | 14,123 | 18,648 | 2.82% |
| Nonfamily Households | 41,135 | 52,933 | 2.55% |
| Householder Living Alone | 36,689 | 46,300 | 2.35% |
| Householder not Living Alone | 4,446 | 6,633 | 4.08% |
| Households with Related Children | 54,216 | 56,491 | 0.41% |

| Households by Type | 1990 | 2000 | 1990–2000 Annual Rate |
|----------------------------------|---------|---------|--------------------------|
| Southside | | | |
| Total | 63,814 | 71,684 | 1.17% |
| Family Households | 46,713 | 49,355 | 0.55% |
| Married-couple Families | 35,607 | 35,442 | -0.05% |
| With Related Children | 16,172 | 14,613 | -1.01% |
| Other Family (No Spouse Present) | 11,106 | 13,913 | 2.28% |
| With Related Children | 6,557 | 8,761 | 2.94% |
| Nonfamily Households | 17,101 | 22,329 | 2.70% |
| Householder Living Alone | 15,568 | 19,734 | 2.40% |
| Householder not Living Alone | 1,533 | 2,595 | 5.40% |
| Households with Related Children | 22,729 | 23,374 | 0.28% |
| Southwest | | | |
| Total | 149,315 | 163,573 | 0.92% |
| Family Households | 114,680 | 116,596 | 0.17% |
| Married-couple Families | 94,626 | 93,566 | -0.11% |
| With Related Children | 45,550 | 38,262 | -1.73% |
| Other Family (No Spouse Present) | 20,054 | 23,030 | 1.39% |
| With Related Children | 10,777 | 13,024 | 1.91% |
| Nonfamily Households | 34,635 | 46,977 | 3.09% |
| Householder Living Alone | 32,273 | 42,620 | 2.82% |
| Householder not Living Alone | 2,362 | 4,357 | 6.31% |
| Households with Related Children | 56,327 | 51,286 | -0.93% |

APPENDIX C GOVERNMENT LAND USE POLICIES

Housing affordability can be difficult to achieve within the framework of local government land use policies. Control mechanisms designed to manage development growth or to provide public infrastructure can potentially increase housing costs beyond the feasibility for low- and moderate-income households. In addition, enabling legislature at the state level empowers localities to amend their zoning ordinances and provide incentives for developers to build more affordable housing. Despite the lack of a statewide affordable housing trust fund, some localities are taking steps forward to provide funding for those with home financing needs. Finally, Arlington County's housing affordability measures could be held up as a model for how local governments can approach this dilemma, even with the fact that there is no "one size fits all" solution for each locality.

Local Government Impediments to Housing Affordability

Virginia's population is increasing each year. This is the result of a variety of forces, such as a favorable birth/death ratio, immigrant arrivals, and people migrating here from other regions in the United States. The state's independent cities and counties constantly perform a delicate balancing act of encouraging new development, while assuring that this growth does not infringe upon the livelihood of existing residents. The following details a list of widely used tools for growth management that can alter housing affordability:

■ Large-lot/low-density zoning

- Localities will use large-lot zoning in an attempt to discourage the conversion of natural habitat or unused agricultural acreage into housing. By increasing the amount of land needed per housing unit, for example, a county preserves some of the natural beauty of the landscape. This type of development requires little additional infrastructure, such as water and wastewater lines, because homeowners will use well water and a septic system.
- By forcing houses to be on larger plots of land, local governments reduce housing affordability because of the additional cost for purchasing the land. In numerous cases, enormous dwellings are constructed to justify the expensive purchase, often called "McMansions."
- With so few houses on these larger expanses, the potential number of housing units that could normally be built is reduced dramatically. In turn, this can artificially constrain the availability of housing and cause prices to inflate.
- Typically, the only housing option pursued by developers in this case is single-family, detached dwellings. Apartments, attached dwellings, two-family houses, and other building types are not economically viable in areas with low-density zoning.

■ Building permit caps and moratoria

- Permit caps are long term programs for controlling the amount of construction that can take place in a given year. They can place an annual limit on the number and types of housing units built. Caps have the potential to reduce affordability because the allocation of building permits under a permit cap system often goes to higher-quality housing units.
- Permit moratoria encompass a temporary ban on all housing construction. When the ban is lifted, housing production may be disrupted and change the types of housing that developers are willing to build in the locality.

■ Adequate public facilities ordinance (APFO)

- The APFO is a law that directly links the approval of housing construction with the availability of public facilities, such as roads, utilities, schools, police, and fire/rescue functions. If the amount of housing being built can not be adequately serviced by existing public infrastructure, then the process is not approved until the capital improvements can be made.
- Virginia lawmakers have tried at various intervals to allow local governments the power of adopting an APFO, but these measures have not been ultimately successful.
- An APFO can increase the cost of housing because the additional infrastructure costs are sometimes passed on to the purchaser of the house. Also, the refusal to permit new housing to be developed can tighten the market and raise prices.
- These ordinances do not always result in housing cost increases. In alternative scenarios, the completion of public facilities can spur an increase in housing construction and bring new supply to the market. Building smaller units closer together can help match housing construction with facilities capacity while keeping housing prices down.
- Several Virginia localities require developers to pay connection fees for utility hookup on a per-house basis. These costs can range around \$10,000-\$15,000 and are passed on to the new homeowner through an increase in the purchase price.

■ Urban growth boundaries, limit lines, and greenbelts

- Counties will examine their open space and demarcate areas where development is not permitted to occur on a large scale. Typically, this type of restriction is coupled with incentives to build at a higher density inside the urbanized portion of the growth boundary.

APPENDIX C GOVERNMENT LAND USE POLICIES, continued

Other Impediments to Housing Affordability

The following are not explicit regulatory practices, but can affect a local government's facilitation of housing development.

■ “Boxed in” status

- This is a result of a locality's geography or development history, in which little developable land exists for new housing construction. Some examples within the commonwealth of this phenomenon include Norfolk and Portsmouth, who are each surrounded on three sides by water, as well as Fairfax County, which is nearly “built out.” Localities in these situations could potentially face affordability issues without new land to develop, but could also spur denser development of multi-family housing and bring new supply to the market.

■ Utilities connection fees

- Any new construction of housing requires new public infrastructure to integrate it into the rest of the community. In rural settings, houses can use a well and septic system, but suburban and urban areas are hooked into the public utilities system. Local jurisdictions charge developers a connection fee per housing unit in order to extend service to a property; these fees are passed along to the homeowner or renter in the form of higher housing costs. In New Kent County, for example, the new connection fee can add \$15,000 to the cost of a new single-family, detached house.

■ Proffer contribution requirements

- Proffers are voluntary conditions submitted by developers to a locality that limit or qualify how the property will be used or developed. Once the project is approved, the conditions become a requirement that the developer must see through. One type of condition is the voluntarily proffered cash payment, or cash proffer. Cash proffers are used by localities to help mitigate the cost of new roads, schools, and other public facilities used to service the new residents resulted from the development.
- In localities with increased building pressure, proffers become less voluntary and more of an understood requirement in order to gain approval for new housing construction. In Prince William County, for example, the proffer contribution requirement for new single-family houses is \$35,000 per house. This does not include the utilities connection fees. These costs are passed on by the developer to the new home owner, raising housing prices and squeezing more potential home owners out of the market.

■ New transportation legislature

- As a part of the transportation reform legislature that took effect in July 2007, local governments can band together and create regional transportation authorities for the purpose of improving local road systems. These authorities would administer new construction and maintenance of member localities' roads, but would also have direct control over funding these projects. To fund these efforts, the authorities could levy taxes from home sales, car rentals, and hotel rooms. Any taxes on home sales, just as with proffers and utilities connections, would be passed along to the home owner and create an additional barrier to housing affordability.

Virginia's Affordable Dwelling Unit Ordinance

The Code of Virginia allows cities and counties the option to add an affordable dwelling unit program to their zoning ordinance (§ 15.2-735.1, § 15.2-2304, § 15.2-2305). The law gives local jurisdictions the power to offer a construction density bonus to developers in exchange for the construction of a percentage of affordable housing units. In effect, the developer can surpass the allowable density of the property's zoning and build an additional unit, which increases the amount of profit he or she will incur. By taking advantage of the density bonus, the developer returns the favor by selling some of the additional units at a percentage of the region's fair market value instead of their full price.

In 2007, the maximum density bonus that localities can offer was increased. The previous bonus allowed for a 25 percent increase in housing units in return for 12.5 percent affordable units, while the new ratio allows a 30 percent increase for 17 percent affordable units. According to the Code of Virginia, this means that the units are “committed for a 30-year term as affordable to households with incomes at 60 percent of the area median income.”

The jurisdictions who have adopted an affordable dwelling unit ordinance include Virginia's most urbanized or quickly urbanizing cities and counties, such as Arlington, Fairfax, Loudoun, City of Richmond and Alexandria. Even though Virginia's localities have the ability to adopt this zoning, the vast majority of them have not done so.

New Kent's experience with adding the affordable housing ordinance highlights some of the difficulties with the law in rural counties. In order to operate a successful program in line with the Code of Virginia, the program requires significant staff commitments. Larger localities with housing authorities or housing divisions within their planning department can use the ordinance much easier than smaller jurisdictions. Applicants who purchase affordable units must be screened to ensure that they properly qualify, while controls

APPENDIX C GOVERNMENT LAND USE POLICIES, continued

need to be implemented and monitored so that the new homeowners do not turn around and immediately sell their houses. This scenario acts as a free winning lottery ticket, and completely undermines the county's efforts for sustainable housing affordability in their market.

Affordable Housing Funds on the Local Level

In the absence of a statewide affordable housing trust fund, some localities have been forced to create their own funding in order to offset the cost of housing for low- and moderate-income renters and home owners. Once again, these funds are mostly seen in localities with high levels of urbanization, such as Fairfax, Charlottesville, Arlington, Alexandria, and Falls Church.

Localities use their affordable housing funds in a variety of affordability measures. In Arlington, the money is a resource for a revolving loan fund with annual repayments of \$1.1 million, which is in turn used for acquisition and rehabilitation of individual properties. New Kent also has an affordable housing fund it recently began with \$50,000 from its general fund, with designs on it being a proffer target for developers who wish to donate money to the county. This money could potentially go toward paying a nonprofit organization to screen applicants for any future affordable housing built by developers. Other localities like Richmond have similar funds, but are still finalizing details on how to use the money. Still, these affordable housing funds are not seen in the majority of Virginia's cities and counties.

Emerging Affordable Housing Development Tools

Arlington County has risen to become a model for the promotion of housing affordability in Virginia. The county uses numerous innovations to preserve and construct affordable housing units. While not all of their tools are applicable for every Virginia locality, these are some of the innovations that can help spark affordable housing development throughout the state while a statewide affordable housing trust fund is created.

■ Zoning

Arlington uses an affordable housing ordinance that requires developers to provide a cash contribution or to construct new units based on the increased percentage of the gross floor area in the new project. They also use the density bonus previously highlighted in this chapter, as well as a 1:1 replacement on existing units through an overlay district in the Rosslyn-Ballston Metro Corridor.

■ Financial

Besides their affordable housing investment fund, Arlington has funded affordable unit acquisition through a credit facility partnership with Fannie Mae's American Communities Fund. Other strategies include county credit support, an assisted living conversion program, and a "live near your work" subsidy. Arlington's Housing Reserve Fund takes developer contributions and uses them for apartment banking and for "the acquisition of units to mitigate displacement of low-income tenants."

■ Creating Win: Win Situations

Neighborhood outreach efforts have solicited and garnered public support for new affordable housing projects which have increased home ownership opportunities, retained existing residents, and helped alleviate parking concerns.

■ Deed Covenants

Covenants added to many of the affordable units in Arlington preserve their affordability to future owners, while allowing existing home owners to reap the benefits of appreciating home values.

■ Rent Assistance Tools

Traditional tools such as housing vouchers and housing grants help lower the rents for low-income residents, and are coupled with programs for individuals with special needs.

APPENDIX D FAIR MARKET RENTS

| County | FMR0 | FMR1 | FMR2 | FMR3 | FMR4 | 2BR FMR Last_Year | 2BR Dollar Change | 2BR Percent Change |
|-------------------------|------|------|------|------|------|----------------------|----------------------|-----------------------|
| Central Virginia | | | | | | | | |
| Albemarle | 635 | 763 | 903 | 1170 | 1295 | 882 | 21 | 2.380952 |
| Buckingham | 475 | 513 | 571 | 734 | 928 | 557 | 14 | 2.513465 |
| Charlottesville | 635 | 763 | 903 | 1170 | 1295 | 882 | 21 | 2.380952 |
| Culpeper | 640 | 651 | 771 | 997 | 1059 | 753 | 18 | 2.390438 |
| Fluvanna | 635 | 763 | 903 | 1170 | 1295 | 882 | 21 | 2.380952 |
| Greene | 635 | 763 | 903 | 1170 | 1295 | 882 | 21 | 2.380952 |
| Madison | 505 | 563 | 680 | 941 | 971 | 664 | 16 | 2.409639 |
| Nelson | 635 | 763 | 903 | 1170 | 1295 | 882 | 21 | 2.380952 |
| Orange | 457 | 629 | 700 | 1019 | 1229 | 684 | 16 | 2.339181 |
| Rappahannock | 505 | 563 | 680 | 941 | 971 | 664 | 16 | 2.409639 |
| Eastern Virginia | | | | | | | | |
| Accomack | 390 | 533 | 600 | 729 | 898 | 586 | 14 | 2.389078 |
| Essex | 459 | 566 | 697 | 949 | 978 | 680 | 17 | 2.5 |
| King and Queen | 768 | 832 | 930 | 1241 | 1481 | 925 | 5 | 0.540541 |
| King George | 647 | 648 | 779 | 1133 | 1166 | 761 | 18 | 2.365309 |
| Lancaster | 458 | 564 | 687 | 845 | 910 | 671 | 16 | 2.384501 |
| Middlesex | 458 | 564 | 687 | 837 | 910 | 671 | 16 | 2.384501 |
| Northampton | 458 | 564 | 687 | 837 | 910 | 671 | 16 | 2.384501 |
| Northumberland | 458 | 564 | 687 | 837 | 910 | 671 | 16 | 2.384501 |
| Richmond Co | 458 | 564 | 687 | 837 | 910 | 671 | 16 | 2.384501 |
| Westmoreland | 464 | 565 | 714 | 980 | 1009 | 697 | 17 | 2.439024 |
| Hampton Roads | | | | | | | | |
| Chesapeake | 774 | 807 | 934 | 1277 | 1539 | 904 | 30 | 3.318584 |
| Franklin | 413 | 572 | 634 | 784 | 1116 | 619 | 15 | 2.423263 |
| Gloucester | 774 | 807 | 934 | 1277 | 1539 | 904 | 30 | 3.318584 |
| Hampton | 774 | 807 | 934 | 1277 | 1539 | 904 | 30 | 3.318584 |
| Isle of Wight | 774 | 807 | 934 | 1277 | 1539 | 904 | 30 | 3.318584 |
| James City | 774 | 807 | 934 | 1277 | 1539 | 904 | 30 | 3.318584 |
| Mathews | 774 | 807 | 934 | 1277 | 1539 | 904 | 30 | 3.318584 |
| Newport News | 774 | 807 | 934 | 1277 | 1539 | 904 | 30 | 3.318584 |
| Norfolk | 774 | 807 | 934 | 1277 | 1539 | 904 | 30 | 3.318584 |

APPENDIX D FAIR MARKET RENTS, continued

| County | FMR0 | FMR1 | FMR2 | FMR3 | FMR4 | 2BR FMR Last_Year | 2BR Dollar Change | 2BR Percent Change |
|--------------------------|------|------|------|------|------|----------------------|----------------------|-----------------------|
| Hampton Roads | | | | | | | | |
| Poquoson | 774 | 807 | 934 | 1277 | 1539 | 904 | 30 | 3.318584 |
| Portsmouth | 774 | 807 | 934 | 1277 | 1539 | 904 | 30 | 3.318584 |
| Suffolk | 774 | 807 | 934 | 1277 | 1539 | 904 | 30 | 3.318584 |
| Surry | 774 | 807 | 934 | 1277 | 1539 | 904 | 30 | 3.318584 |
| Virginia Beach | 774 | 807 | 934 | 1277 | 1539 | 904 | 30 | 3.318584 |
| Williamsburg | 774 | 807 | 934 | 1277 | 1539 | 904 | 30 | 3.318584 |
| York | 774 | 807 | 934 | 1277 | 1539 | 904 | 30 | 3.318584 |
| Northern Virginia | | | | | | | | |
| Alexandria | 1156 | 1318 | 1494 | 1927 | 2522 | 1288 | 206 | 15.993789 |
| Arlington | 1156 | 1318 | 1494 | 1927 | 2522 | 1288 | 206 | 15.993789 |
| Clarke | 1156 | 1318 | 1494 | 1927 | 2522 | 1288 | 206 | 15.993789 |
| Fairfax | 1156 | 1318 | 1494 | 1927 | 2522 | 1288 | 206 | 15.993789 |
| Fairfax Co | 1156 | 1318 | 1494 | 1927 | 2522 | 1288 | 206 | 15.993789 |
| Falls Church | 1156 | 1318 | 1494 | 1927 | 2522 | 1288 | 206 | 15.993789 |
| Fauquier | 1156 | 1318 | 1494 | 1927 | 2522 | 1288 | 206 | 15.993789 |
| Fredericksburg | 1156 | 1318 | 1494 | 1927 | 2522 | 1288 | 206 | 15.993789 |
| Loudoun | 1156 | 1318 | 1494 | 1927 | 2522 | 1288 | 206 | 15.993789 |
| Manassas | 1156 | 1318 | 1494 | 1927 | 2522 | 1288 | 206 | 15.993789 |
| Manassas Park | 1156 | 1318 | 1494 | 1927 | 2522 | 1288 | 206 | 15.993789 |
| Prince William | 1156 | 1318 | 1494 | 1927 | 2522 | 1288 | 206 | 15.993789 |
| Spotsylvania | 1156 | 1318 | 1494 | 1927 | 2522 | 1288 | 206 | 15.993789 |
| Stafford | 1156 | 1318 | 1494 | 1927 | 2522 | 1288 | 206 | 15.993789 |
| Warren | 562 | 654 | 814 | 1144 | 1179 | 769 | 45 | 5.851756 |
| Richmond Area | | | | | | | | |
| Amelia | 768 | 832 | 930 | 1241 | 1481 | 925 | 5 | 0.540541 |
| Caroline | 768 | 832 | 930 | 1241 | 1481 | 925 | 5 | 0.540541 |
| Charles City | 768 | 832 | 930 | 1241 | 1481 | 925 | 5 | 0.540541 |
| Chesterfield | 768 | 832 | 930 | 1241 | 1481 | 925 | 5 | 0.540541 |
| Colonial Heights | 768 | 832 | 930 | 1241 | 1481 | 925 | 5 | 0.540541 |
| Cumberland | 768 | 832 | 930 | 1241 | 1481 | 925 | 5 | 0.540541 |
| Dinwiddie | 768 | 832 | 930 | 1241 | 1481 | 925 | 5 | 0.540541 |

APPENDIX D FAIR MARKET RENTS, continued

| County | FMR0 | FMR1 | FMR2 | FMR3 | FMR4 | 2BR FMR Last_Year | 2BR Dollar Change | 2BR Percent Change |
|----------------------|------|------|------|------|------|----------------------|----------------------|-----------------------|
| Richmond Area | | | | | | | | |
| Goochland | 768 | 832 | 930 | 1241 | 1481 | 925 | 5 | 0.540541 |
| Hanover | 768 | 832 | 930 | 1241 | 1481 | 925 | 5 | 0.540541 |
| Henrico | 768 | 832 | 930 | 1241 | 1481 | 925 | 5 | 0.540541 |
| Hopewell | 768 | 832 | 930 | 1241 | 1481 | 925 | 5 | 0.540541 |
| King William | 768 | 832 | 930 | 1241 | 1481 | 925 | 5 | 0.540541 |
| Louisa | 621 | 704 | 802 | 959 | 987 | 783 | 19 | 2.426564 |
| New Kent | 768 | 832 | 930 | 1241 | 1481 | 925 | 5 | 0.540541 |
| Petersburg | 768 | 832 | 930 | 1241 | 1481 | 925 | 5 | 0.540541 |
| Powhatan | 768 | 832 | 930 | 1241 | 1481 | 925 | 5 | 0.540541 |
| Prince George | 768 | 832 | 930 | 1241 | 1481 | 925 | 5 | 0.540541 |
| Richmond | 768 | 832 | 930 | 1241 | 1481 | 925 | 5 | 0.540541 |
| Sussex | 768 | 832 | 930 | 1241 | 1481 | 925 | 5 | 0.540541 |
| Roanoke | | | | | | | | |
| Alleghany | 371 | 476 | 571 | 694 | 723 | 557 | 14 | 2.513465 |
| Botetourt | 509 | 542 | 700 | 888 | 970 | 683 | 17 | 2.489019 |
| Clifton Forge | 371 | 476 | 571 | 694 | 723 | 557 | 14 | 2.513465 |
| Covington | 371 | 476 | 571 | 694 | 723 | 557 | 14 | 2.513465 |
| Craig | 509 | 542 | 700 | 888 | 970 | 683 | 17 | 2.489019 |
| Floyd | 525 | 571 | 633 | 881 | 1115 | 618 | 15 | 2.427184 |
| Franklin Co | 371 | 444 | 571 | 683 | 727 | 557 | 14 | 2.513465 |
| Giles | 372 | 482 | 571 | 728 | 1004 | 557 | 14 | 2.513465 |
| Montgomery | 556 | 608 | 681 | 934 | 1197 | 665 | 16 | 2.406015 |
| Pulaski | 433 | 458 | 571 | 818 | 879 | 557 | 14 | 2.513465 |
| Radford | 556 | 608 | 681 | 934 | 1197 | 665 | 16 | 2.406015 |
| Roanoke | 509 | 542 | 700 | 888 | 970 | 683 | 17 | 2.489019 |
| Roanoke Co | 509 | 542 | 700 | 888 | 970 | 683 | 17 | 2.489019 |
| Salem | 509 | 542 | 700 | 888 | 970 | 683 | 17 | 2.489019 |
| Shenandoah | | | | | | | | |
| Augusta | 498 | 512 | 668 | 955 | 1099 | 653 | 15 | 2.29709 |
| Bath | 489 | 509 | 632 | 872 | 1053 | 617 | 15 | 2.431118 |
| Buena Vista | 456 | 513 | 571 | 831 | 1002 | 557 | 14 | 2.513465 |

APPENDIX D FAIR MARKET RENTS, continued

| County | FMR0 | FMR1 | FMR2 | FMR3 | FMR4 | 2BR FMR Last_Year | 2BR Dollar Change | 2BR Percent Change |
|-----------------------|------|------|------|------|------|----------------------|----------------------|-----------------------|
| Shenandoah | | | | | | | | |
| Frederick | 558 | 579 | 764 | 1054 | 1085 | 749 | 15 | 2.00267 |
| Harrisonburg | 512 | 569 | 692 | 969 | 996 | 676 | 16 | 2.366864 |
| Highland | 489 | 509 | 632 | 872 | 1053 | 617 | 15 | 2.431118 |
| Lexington | 456 | 513 | 571 | 831 | 1002 | 557 | 14 | 2.513465 |
| Page | 389 | 453 | 595 | 768 | 791 | 581 | 14 | 2.409639 |
| Rockbridge | 456 | 513 | 571 | 831 | 1002 | 557 | 14 | 2.513465 |
| Rockingham | 512 | 569 | 692 | 969 | 996 | 676 | 16 | 2.366864 |
| Shenandoah | 469 | 503 | 615 | 820 | 909 | 601 | 14 | 2.329451 |
| Staunton | 498 | 512 | 668 | 955 | 1099 | 653 | 15 | 2.29709 |
| Waynesboro | 498 | 512 | 668 | 955 | 1099 | 653 | 15 | 2.29709 |
| Winchester | 558 | 579 | 764 | 1054 | 1085 | 749 | 15 | 2.00267 |
| South Piedmont | | | | | | | | |
| Amherst | 513 | 526 | 634 | 782 | 872 | 619 | 15 | 2.423263 |
| Appomattox | 513 | 526 | 634 | 782 | 872 | 619 | 15 | 2.423263 |
| Bedford | 513 | 526 | 634 | 782 | 872 | 619 | 15 | 2.423263 |
| Bedford Co | 513 | 526 | 634 | 782 | 872 | 619 | 15 | 2.423263 |
| Campbell | 513 | 526 | 634 | 782 | 872 | 619 | 15 | 2.423263 |
| Danville | 404 | 463 | 598 | 746 | 801 | 584 | 14 | 2.39726 |
| Henry | 440 | 458 | 571 | 732 | 839 | 557 | 14 | 2.513465 |
| Lynchburg | 513 | 526 | 634 | 782 | 872 | 619 | 15 | 2.423263 |
| Martinsville | 440 | 458 | 571 | 732 | 839 | 557 | 14 | 2.513465 |
| Patrick | 473 | 516 | 571 | 707 | 729 | 557 | 14 | 2.513465 |
| Pittsylvania | 404 | 463 | 598 | 746 | 801 | 584 | 14 | 2.39726 |
| Southside | | | | | | | | |
| Brunswick | 491 | 507 | 591 | 737 | 1020 | 577 | 14 | 2.426343 |
| Charlotte | 475 | 513 | 571 | 734 | 928 | 557 | 14 | 2.513465 |
| Emporia | 492 | 533 | 592 | 715 | 888 | 579 | 13 | 2.24525 |
| Greensville | 492 | 533 | 592 | 715 | 888 | 579 | 13 | 2.24525 |
| Halifax | 371 | 516 | 571 | 767 | 1003 | 557 | 14 | 2.513465 |
| Lunenburg | 491 | 507 | 591 | 737 | 1020 | 577 | 14 | 2.426343 |
| Mecklenburg | 374 | 466 | 575 | 706 | 941 | 562 | 13 | 2.313167 |

APPENDIX D FAIR MARKET RENTS, continued

| County | FMR0 | FMR1 | FMR2 | FMR3 | FMR4 | 2BR FMR Last_Year | 2BR Dollar Change | 2BR Percent Change |
|------------------|------|------|------|------|------|----------------------|----------------------|-----------------------|
| Southside | | | | | | | | |
| Nottoway | 475 | 513 | 571 | 811 | 928 | 557 | 14 | 2.513465 |
| Prince Edward | 554 | 555 | 667 | 798 | 1069 | 651 | 16 | 2.457757 |
| Southampton | 413 | 572 | 634 | 784 | 1116 | 619 | 15 | 2.423263 |
| Southwest | | | | | | | | |
| Bland | 476 | 492 | 571 | 728 | 809 | 557 | 14 | 2.513465 |
| Bristol | 428 | 460 | 571 | 765 | 915 | 557 | 14 | 2.513465 |
| Buchanan | 476 | 492 | 571 | 728 | 809 | 557 | 14 | 2.513465 |
| Carroll | 475 | 515 | 571 | 685 | 761 | 557 | 14 | 2.513465 |
| Dickenson | 476 | 509 | 571 | 745 | 766 | 557 | 14 | 2.513465 |
| Galax | 475 | 515 | 571 | 685 | 761 | 557 | 14 | 2.513465 |
| Grayson | 476 | 492 | 571 | 728 | 809 | 557 | 14 | 2.513465 |
| Lee | 370 | 447 | 571 | 734 | 777 | 557 | 14 | 2.513465 |
| Norton | 475 | 484 | 571 | 743 | 936 | 557 | 14 | 2.513465 |
| Russell | 372 | 493 | 571 | 699 | 721 | 557 | 14 | 2.513465 |
| Scott | 428 | 460 | 571 | 765 | 915 | 557 | 14 | 2.513465 |
| Smyth | 472 | 513 | 571 | 725 | 939 | 557 | 14 | 2.513465 |
| Tazewell | 476 | 477 | 571 | 733 | 829 | 557 | 14 | 2.513465 |
| Washington | 428 | 460 | 571 | 765 | 915 | 557 | 14 | 2.513465 |
| Wise | 475 | 484 | 571 | 743 | 936 | 557 | 14 | 2.513465 |
| Wythe | 371 | 470 | 571 | 749 | 1004 | 557 | 14 | 2.513465 |

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