

# Virginia Trends in Affordable Housing

In 2001, VHDA, in conjunction with the Department of Housing and Community Development, conducted a comprehensive assessment of housing needs in Virginia. The “Analysis of Housing Needs in the Commonwealth” study was initiated in March and April 2001 with a series of nine regional housing forums held in locations throughout the state. These forums, involving nearly 700 Virginians representing a variety of housing stakeholder interests, identified the major housing issues facing the commonwealth this decade. Data from the 2000 Census and other national sources reinforces these underlying issues.

## Common Themes

- Rural housing markets and older cities are experiencing low rates of growth:
  - Houses are older and in greater need of repair or replacement.
  - Lack of purchasing power among low-and moderate-income households deters landlords from investing in maintenance and repairs.
  - Very low-income homeowners cannot afford home maintenance and repair.
- There are limited location choices for affordable housing for the very low-income that provide access to services and employment. Little or no public transit between assisted housing locations and suburban areas with new employment and service locations further limits choices.
- Credit problems and weak financial management/life skills are obstacles to homeownership and obtaining adequate housing.
- There is a lack of public awareness and support for housing issues, so that affordable housing is not a local priority.
  - Increased affordability of housing for middle- and upper-income households has reduced awareness of housing needs.
  - Today's low-income affordability problems are not visible to the general public in the same way that dilapidated housing conditions were a generation ago.
  - “Not in my back yard” (NIMBY) attitudes have restricted affordable housing to very rural and core city areas.
- Affordable housing development is viewed as an added “cost” to counties. Local governments in rapidly growing areas are paying to expand public services to meet the needs of the new, higher income residents. NIMBYism, combined with zoning and regulatory restrictions, increase the cost of housing, thereby reducing affordability for low-income households.

## OVERRIDING ISSUES FACING THE INDUSTRY:

- *The extremely low incomes of certain populations severely limit access to adequate housing (e.g., people with disabilities and others dependent on fixed benefit incomes and low-wage workers).*
- *There is insufficient housing stock affordable to low-and moderate-income households.*
- *There is a lack of public awareness and support for affordable housing.*
- *Insufficient collaborative efforts among federal, state and local private and public interests limit progress.*

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- Local, state and federal programs need to better address housing needs.
  - Inflexible program guidelines limit participation and preclude some needs.
  - In rural areas, program administrative requirements are seen as burdensome by local housing organizations that have limited staff.
- Areas experiencing a shortfall in housing production are affected by limited vacancies in the rental market.
- Low-income populations are affected by decreased landlord participation in assisted housing programs such as the Housing Choice Voucher (Section 8) program. Developer disincentives include increased buying power of other renters, lower vacancy rates, and uncertainty about future federal funding.

### **2000 Census Data**

- In 2000, Virginia posted a record high homeownership rate of 68.1 percent.
- Virginia's homeownership vacancy rate fell from 2.1 percent in 1990 to 1.5 percent in 2000. During the same period of time the rental vacancy rate fell from 8.1 percent to 5.2 percent.
- Very low-income households (income less than 50 percent area median) cannot afford adequate rental housing. The federal government defines affordability as paying no more than 30 percent of gross income for rent and utilities.
- Average minimum income required for a Virginia household to afford adequate rental housing units ranges from:
  - Just under \$24,000 (54 percent of median income) for a one-bedroom rental unit.
  - More than \$28,000 (50 percent of median income) for a two-bedroom.
  - Nearly \$39,000 (57 percent of median income) for a three-bedroom.
- A large factor in Virginia's increasing housing and rental costs can be attributed to the rise in household growth in Virginia's three large metropolitan areas. The past decade saw the number of households grow by more than 22,000 while housing production continued to lag.

*A full-time worker earning the current minimum wage (\$5.15) cannot afford the prevailing rent for a standard one-bedroom apartment in any market in Virginia. From 1994 to 2001, personal savings as a share of disposable income fell from 7.1 percent to 1.1 percent.*

To view the "Analysis of Housing Needs in the Commonwealth" report, go to [www.vhda.com/comm/vhdastudy.asp](http://www.vhda.com/comm/vhdastudy.asp).