

Summary of the housing needs analysis results

APRIL 3, 2019

Introduction

The upcoming Regional Housing Needs Assessment, completed by the Partnership for Economic Solutions, contains a multitude of information related housing needs within the Planning District 10 region. Following is a brief summary of the results of that report, which primarily focuses on the supply and demand for housing in Albemarle County's urban (i.e., Development Areas) and rural areas, with an emphasis on affordable housing needs. The information is presented in three sections as outlined below:

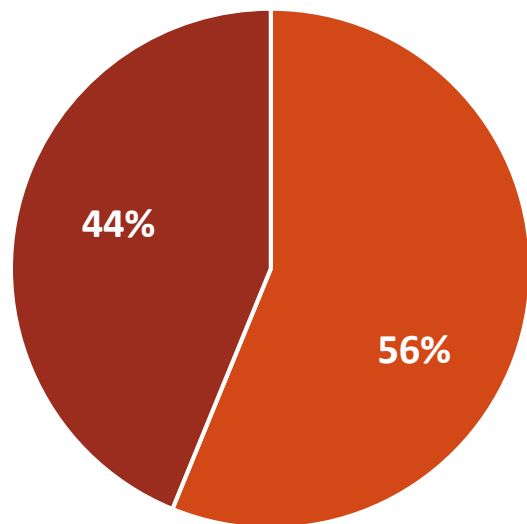
- I. Summary of study data;
- II. Staff recommendations for housing priorities; AND
- III. Next steps in the housing workplan.

A copy of the full needs assessment will be made available to each member of the Board of Supervisors once the report is released in April 2019.

Summary of study data

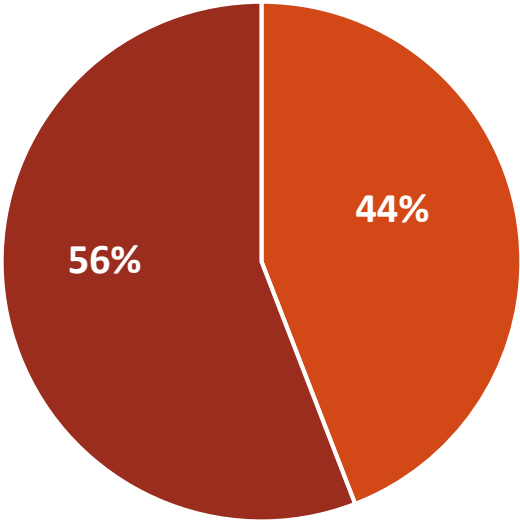
Population

- In 2018, Albemarle County's population was estimated to be 109,126 persons.
- 56% of the County's residents live in urban areas (our Development Areas)
- 44% of residents live in rural areas



■ Urban ■ Rural

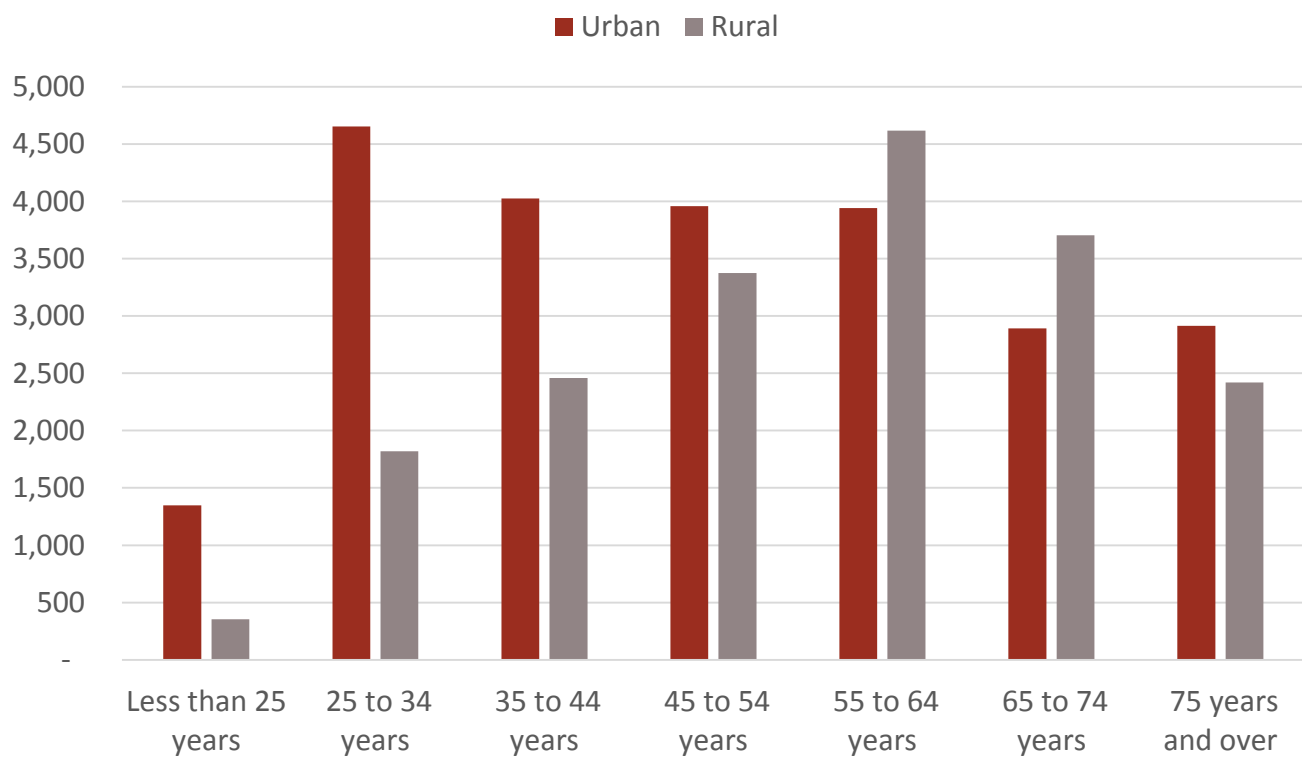
Households



- County residents are organized into 42,479 households.
- The distributions of households between urban and rural areas is the mirror image of the population distribution, indicating larger household sizes in the urban areas – approximately 3.27 persons per urban household vs. 2.01 persons per household in rural areas.

■ Urban ■ Rural

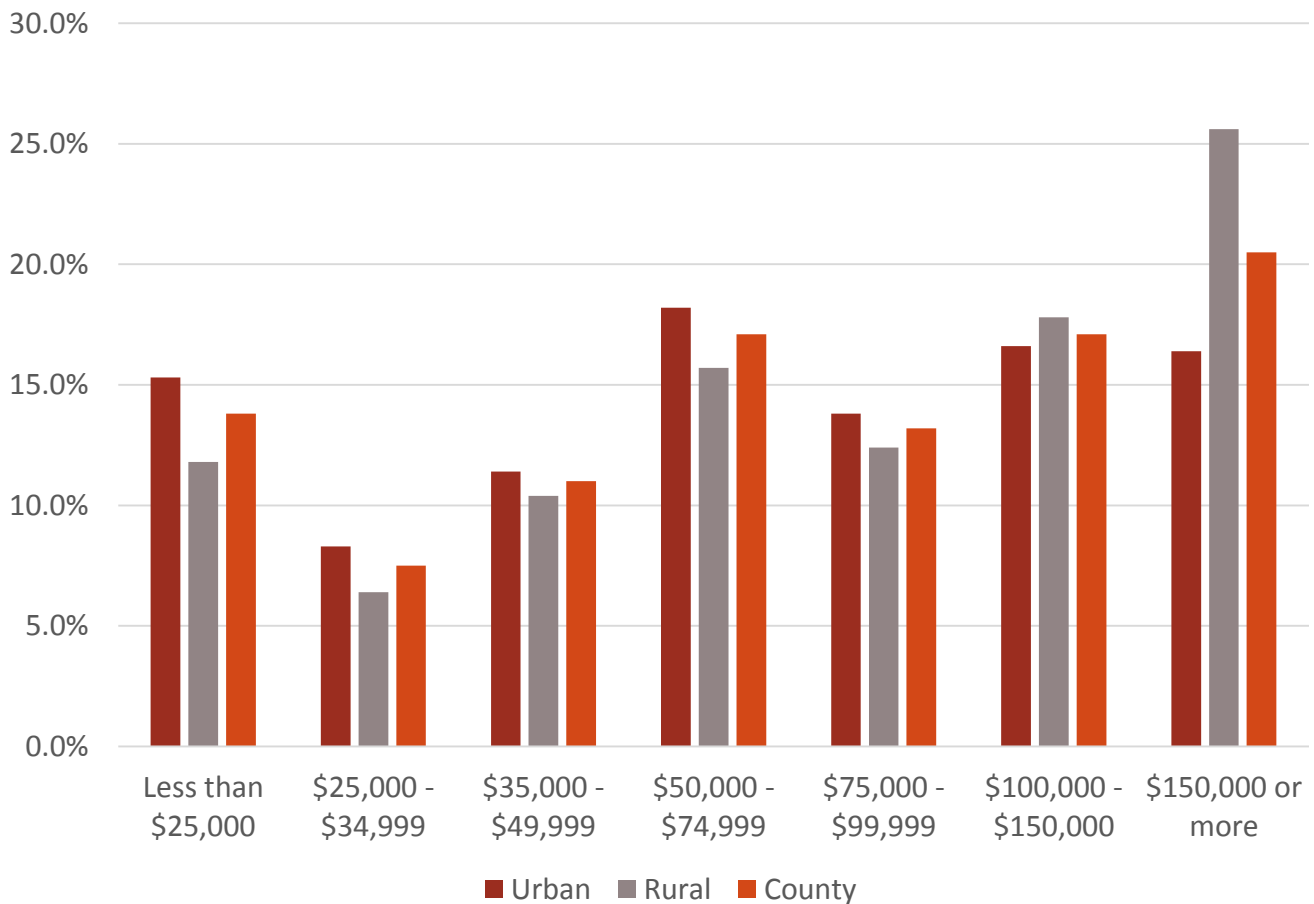
Householders by age



- Nearly half (48.2%) of the County’s households are headed by someone aged 55 years or older.
- Senior householders are more prevalent in rural areas with 57.3% of all rural households headed by someone aged 55 or older.
- 42.3% of urban households are headed by someone under the age of 45 years.
- One quarter of urban householders are under the age of 35 years.

Households by income

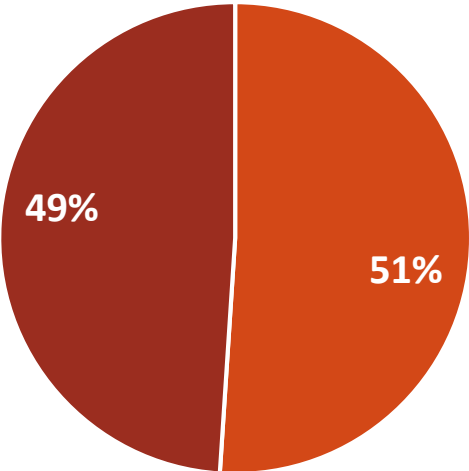
- County-wide, more than one-third of households have annual incomes of \$100,000 or more.
 - *43.4% of rural households*
- While approximately one-third (32.2%) of households have annual incomes less than \$50,000.
 - *35% of households in urban areas of the County*



Housing market data - Tenure

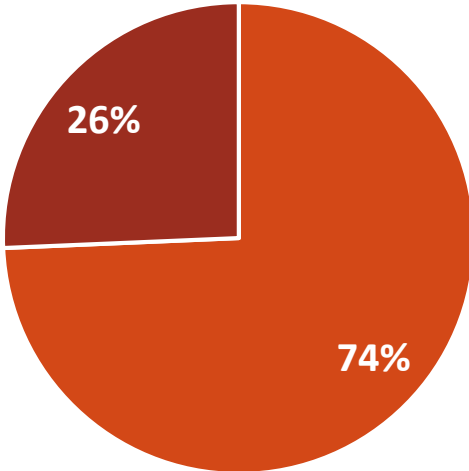
- Homeownership is the dominant tenure in the County, with 61.3% (26,047) of households owning their homes
- Homeownership is far more prevalent in the rural areas with 74% of rural households owning their homes compared to 51% of households in the Development Areas.
- Renter households are concentrated in the County's urban areas where 49% of households are renters

Development Areas



■ Owners ■ Renters

Rural Areas



■ Owners ■ Renters

Housing market data - Costs

Median Sales
Price (Q4 2018)

\$396,000

Median Gross
Rent (2017)

\$1,189

- During the 4th quarter 2018, Albemarle County saw the highest median home sales price in the Thomas Jefferson Planning District (TJPD) region of \$389,000.
- This figure is \$51,000 greater than the Q4 median sales price in the City of Charlottesville (\$345,000) and \$170,000 greater than the Q4 median sales price of \$226,000 found in Louisa County .
- In 2017 (the last year for which data is available), the median gross rent in the County was \$1,189 per month.
- This was the second highest median gross in the region, and just \$63/month less than the median gross rent in Fluvanna (the region's highest at \$1,252/month).

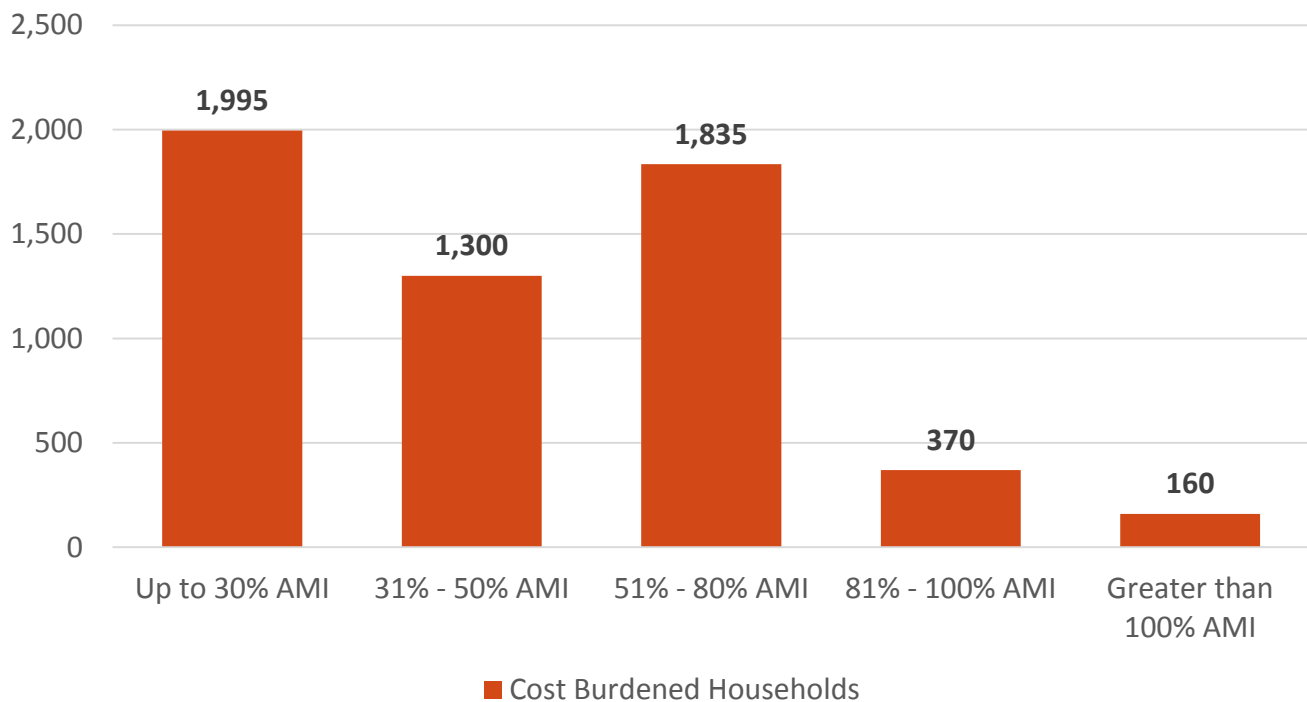
Area median income (AMI) and federal income limits

- Housing affordability is based on household income, with housing considered to be affordable if gross housing costs consume no more than 30% of a household's gross annual income.
 - For renters gross housing costs include monthly rent and utility payments
 - For homeowners gross housing costs include monthly mortgage and insurance payments, property taxes and utilities.
- Currently, the AMI for our region equals **\$89,600/year**.
- AMI is the basis for setting income limits for federal housing assistance programs, which are vary by household size (see table below).
- More than one-third (37%) of County household incomes fall within the low- to extremely-income categories, with nearly 21% of those households qualifying as very-low or extremely-low income.

Income Limits (2018)

Income Level	Household Size			
	1	2	3	4
Extremely Low Income (30%)	\$17,950	\$20,500	\$23,050	\$25,600
Very Low Income (50%)	\$29,900	\$34,150	\$38,400	\$42,650
(60%)	\$35,900	\$41,000	\$46,100	\$51,200
Low Income (80%)	\$47,800	\$54,600	\$61,450	\$68,250
Moderate Income (100%)	\$62,700	\$71,700	\$80,600	\$89,600

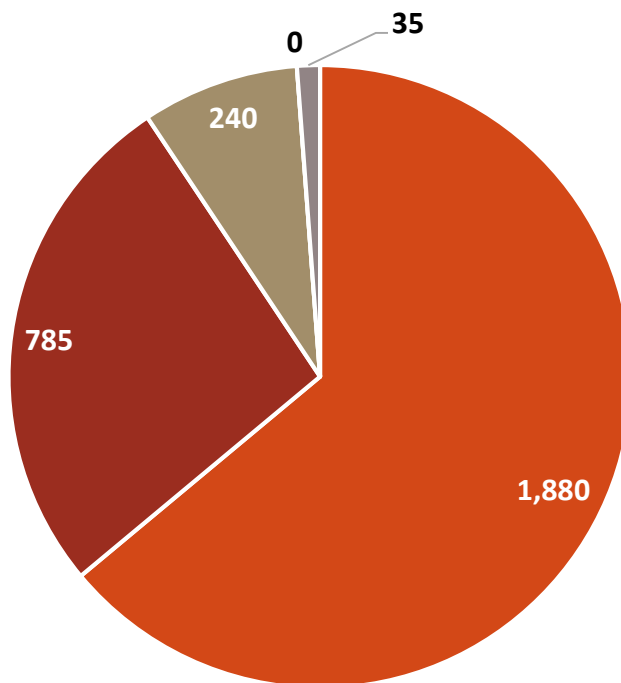
Cost burden by income level – renter households



- A household is considered to be cost burdened if they are spending more than 30% of their income towards their gross rent.
- Although high rental prices are affecting households across the income spectrum, households with incomes at or below 80% AMI (e.g., \$68,250/year for a family of four) are most likely to struggle with high housing costs.
 - Currently, **5,660 (34.4% of all renters)** renter households are cost burdened.
 - **90.6% (5,130)** of cost burdened renters have household incomes at or below 80% AMI.

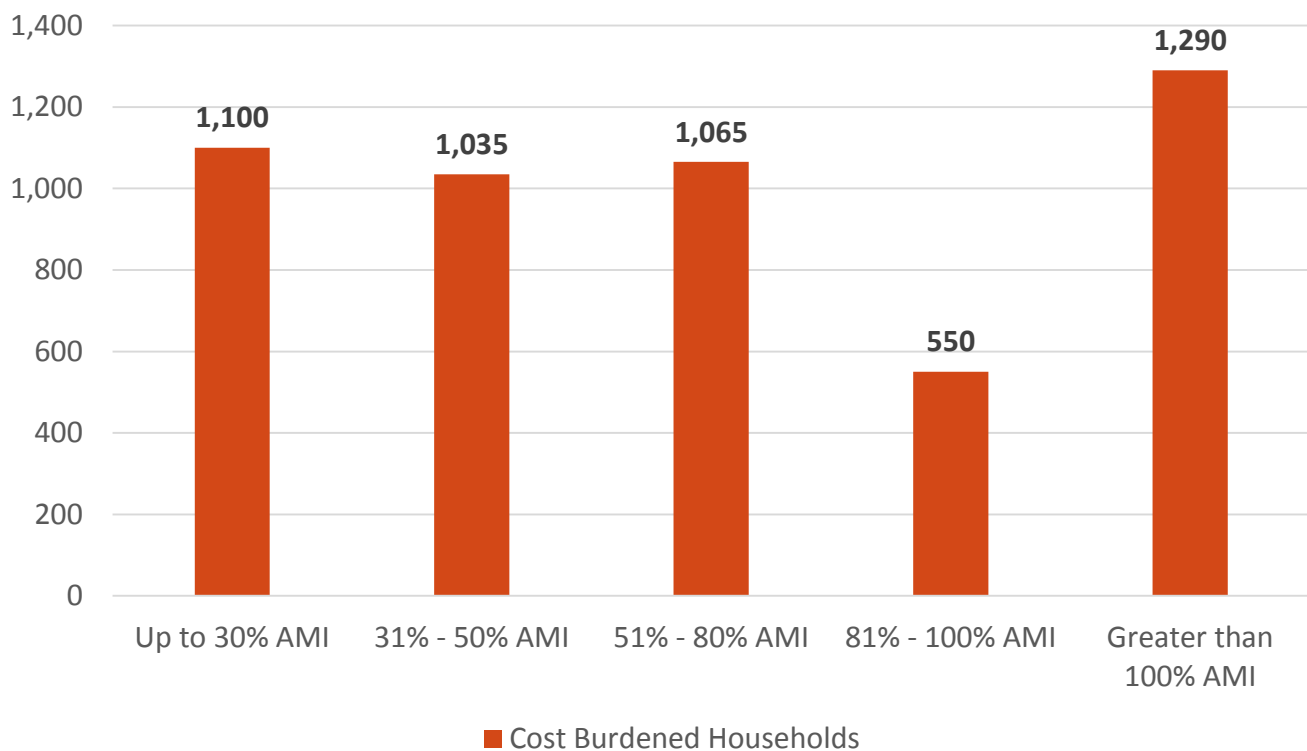
Severe cost burden by income level – renters households

- Households are considered to be severely cost burdened if gross housing costs consume 50% or more of their household income.
- Of the total number of cost burdened renter households, **51.9% (2,940) are experiencing severe housing cost burdens.**
- Severe housing cost burdens disproportionately affect very low- and extremely low-income renters.
 - 94.2% of extremely low-income renter households
 - 60.2% of very low-income renter households



■ Up to 30% AMI ■ 31% - 50% AMI ■ 51% - 80% AMI ■ 81% - 100% AMI ■ Greater than 100% AMI

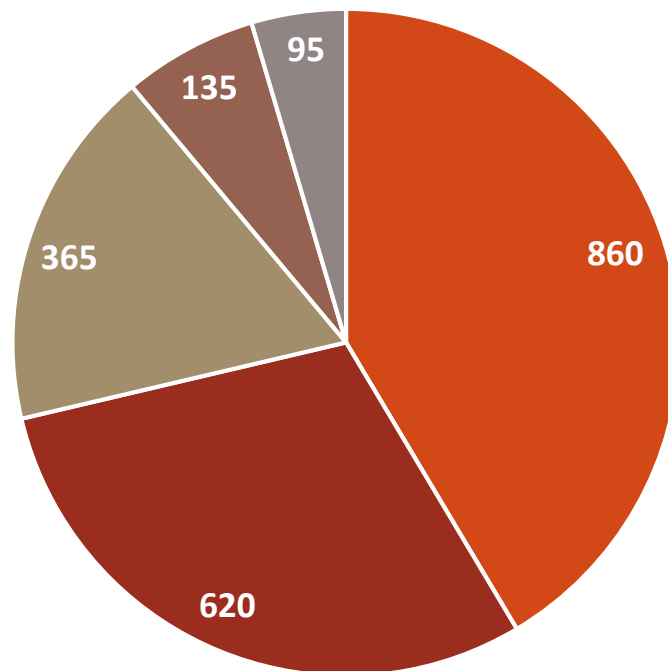
Cost burden by income level – owner households



- Approximately 20% of all homeowners are paying more than 30% of their household income towards their housing costs.
- While higher-income homeowners may choose to pay more to purchase a house near a good quality school or that is equipped with higher cost amenities (e.g., stainless steel appliances or marble counter tops), lower-income homeowners are more likely to struggle with rising property taxes and/or maintenance costs due to aging housing.

Severe cost burden by income level – owner households

- The impacts of the rising costs of maintaining homeownership are felt most strongly by low-income homeowners with 57.7% of homeowners with incomes at or below 80% AMI paying 50% or more of their income towards rent.
- At the lowest end of the income spectrum (less than 30% AMI), **more than three-quarters (78.2%) of homeowners are experiencing severe housing cost burdens.**



■ Up to 30% AMI ■ 31% - 50% AMI ■ 51% - 80% AMI
■ 81% - 100% AMI ■ Greater than 100% AMI

Units available at less than or equal to 80% AMI – rental

Unit Size	Income Level			
	30%	50%	60%	80%
Rental Housing (un-assisted)				
Efficiency	0	3	5	8
1 bedroom	0	17	39	42
2 bedroom	0	7	25	68
3 bedroom	0	1	15	48
Total	0	28	84	186

- A December 2018 survey of rental advertisements on both Zillow and Craigslist identified a total of 298 units rental at monthly rates affordable to low-income households.
- The majority (62.4%) of those units rent at prices affordable to households with incomes of 80%.
- No units are available for extremely low-income households.

Units available at less than or equal to 80% AMI – owner

Household Size	Affordable Sales Price by Income Level*			
	30%	50%	60%	80%
1 person	\$65,000	\$126,000	\$157,000	\$219,000
2 persons	\$78,000	\$148,000	\$184,000	\$254,000
3 persons	\$84,000	\$163,000	\$203,000	\$287,000
4 persons	\$95,000	\$183,000	\$227,000	\$315,000

Assumes a 30-year mortgage interest rate of 4.75% with 5% downpayment and not more than 35% of income going towards mortgage principal, interest, real estate taxes and insurance. Condo or homeowner association fees are not included.

- A family of four with a household income between 60% - 80% AMI could to afford to purchase a home in the price range of \$227,000 - \$315,000.
- In 2018, approximately 386 units in Albemarle County and the City of Charlottesville combined, sold for less than \$300,000 a number equal to approximately one for sale unit for every 16 households in the 60% - 80% income categories.
- Homeownership opportunities for the County's lowest-income residents are even more constrained with only 26 (1 unit for every 150 extremely low-income households) units selling for less than \$100,000 in 2018.

Key issues impacting housing cost/affordability

There is a multitude of issues affecting the provision and cost of housing in Albemarle County and the broader region. Many issues are shared in both urban and rural region; other issues are felt more strongly in one area or the other. While a complete listing of these issues is provided in the upcoming Regional Housing Needs Assessment report, a sample, organized under six broad categories, is provided below:

- Housing supply
 - Too few units to meet demand (urban/rural)
 - High construction costs (urban/rural)
 - Student competition for housing (urban)
- Land development policies
 - Zoning by dwelling units per acre (urban)
 - Large-lot zoning (rural)
- Transportation
 - Transit not running frequently enough (urban/rural)
 - Non-transit oriented development (rural)
- Funding
 - Decreasing federal funds (urban/rural)
- Incomes
 - Prevalence of low-wage, part-time service/tourism jobs (urban/rural)
- Discrimination
 - Language/cultural barriers to fair housing choice (urban/rural)

Recommendations for housing priorities

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Based on the results of the housing needs assessment, staff recommends focusing on the following housing-related issues, which are listed in order of priority. Once these, or another set of priorities are approved, they will form the basis of an updated housing policy. Staff recommendations, in order of priority, are as follows:

1. Rental housing:
 - a. Increase the number of multifamily rental units serving households with incomes between 30% and 60% AMI, particularly Low Income Housing Tax Credit (and other state/federally funding programs) developments.
 - b. Increase the number of affordable rental units for senior (55+) households.
 - c. Increase the number of fully accessible rental units.
 - d. Support the construction of Permanent Supportive Housing units.
2. Workforce housing:
 - a. Increase housing options for households with incomes between 60% - 100% AMI (workforce housing).
 - b. Research feasibility of providing housing for County teachers and school staff.
3. Preservation:
 - a. Preserve expiring use properties (i.e., rental properties at the end of their required affordability periods) and market rate affordable rental properties.
 - b. Continue offering real estate tax relief to income qualifying senior homeowners. Examine feasibility of expanding program to include non-senior homeowners.
 - c. Continue to support homeowner rehabilitation efforts.

Recommendations for housing priorities

1. Homeownership:
 - a. Increase the number of homeownership units affordable to households with incomes between 60% - 100% AMI (workforce housing).
 - b. Examine ways to ensure long-term affordability of for-sale units.
2. Regulatory:
 - a. Identify all state enabling legislation related to affordable housing
 - b. Update the housing policy
 - c. Examine creation of a permanent housing fund. Examine methods of capitalizing such fund, including non-county revenue sources.

Next steps

Tools and policy

'Tools for the Toolbox'

- Development of white paper outlining all housing related state enabling legislation afforded to the County (*in progress*).
- Will provide mechanisms through which housing goals can be achieved.

Housing Policy Update:

- Determine best method for completing the update.
 - Staff led vs. standing housing committee
- Will outline Board of Supervisors' overall goals for housing.
- Basis for development of an implementation plan to achieve housing goals.