

CHARLOTTESVILLE AFFORDABLE HOUSING PLAN

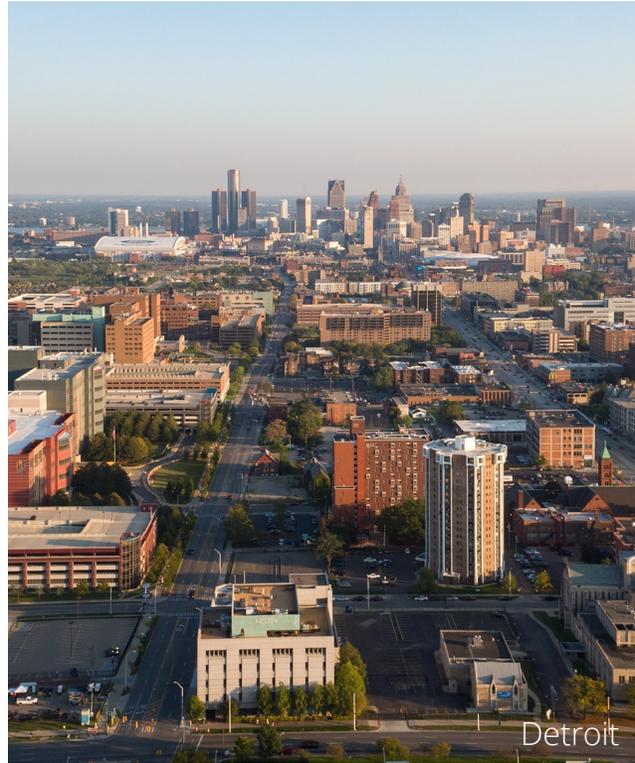
Housing Issues Steering Committee | April 2020

Introduction

Housing Issues

Next Steps

Participation, accountability, and systemic change are at the heart of HR&A's Inclusive Cities practice. **HR&A serves as a bridge between intention and implementation.**



HR&A's housing practice approaches and understands housing affordability issues at three comprehensive, mutually reinforcing levels.



HOUSING STRATEGIES

Creating strategies and plans based on local needs and priorities



HOUSING POLICIES AND PROGRAMMING

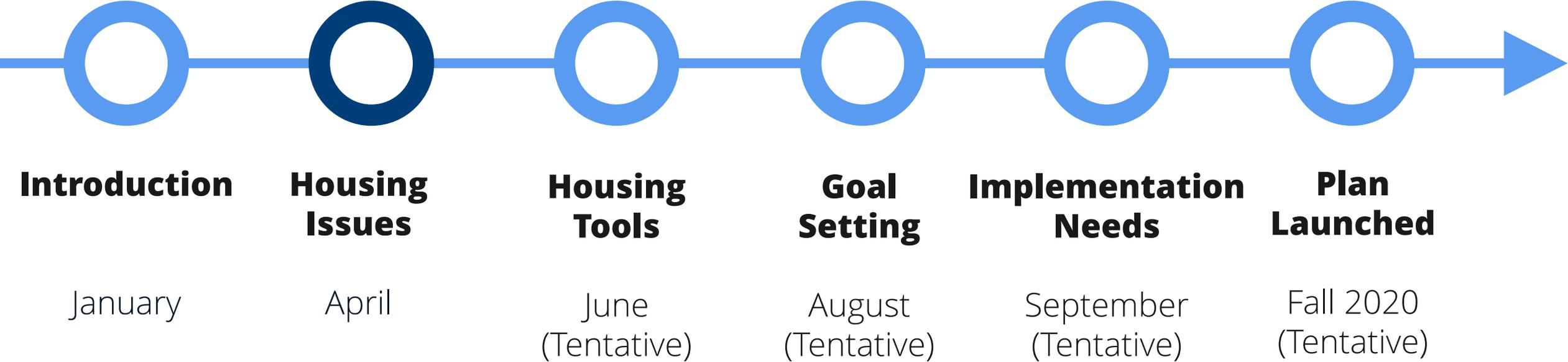
Designing policies that align community goals with market conditions



HOUSING TRANSACTIONS

Advising on the development and preservation of housing

The consulting team will hold a series of conversations with the Steering Committee to develop the Charlottesville Affordable Housing Strategy.



This is an iterative process, and there may be opportunities to begin to implement recommendations for housing policies and programs before the plan is finalized.

The goal for this meeting is to review and prioritize the housing issues most relevant to Charlottesville. Public engagement will also seek input on these housing issues.



Discuss housing issues that impact Charlottesville



Prioritize the issues most important to the community



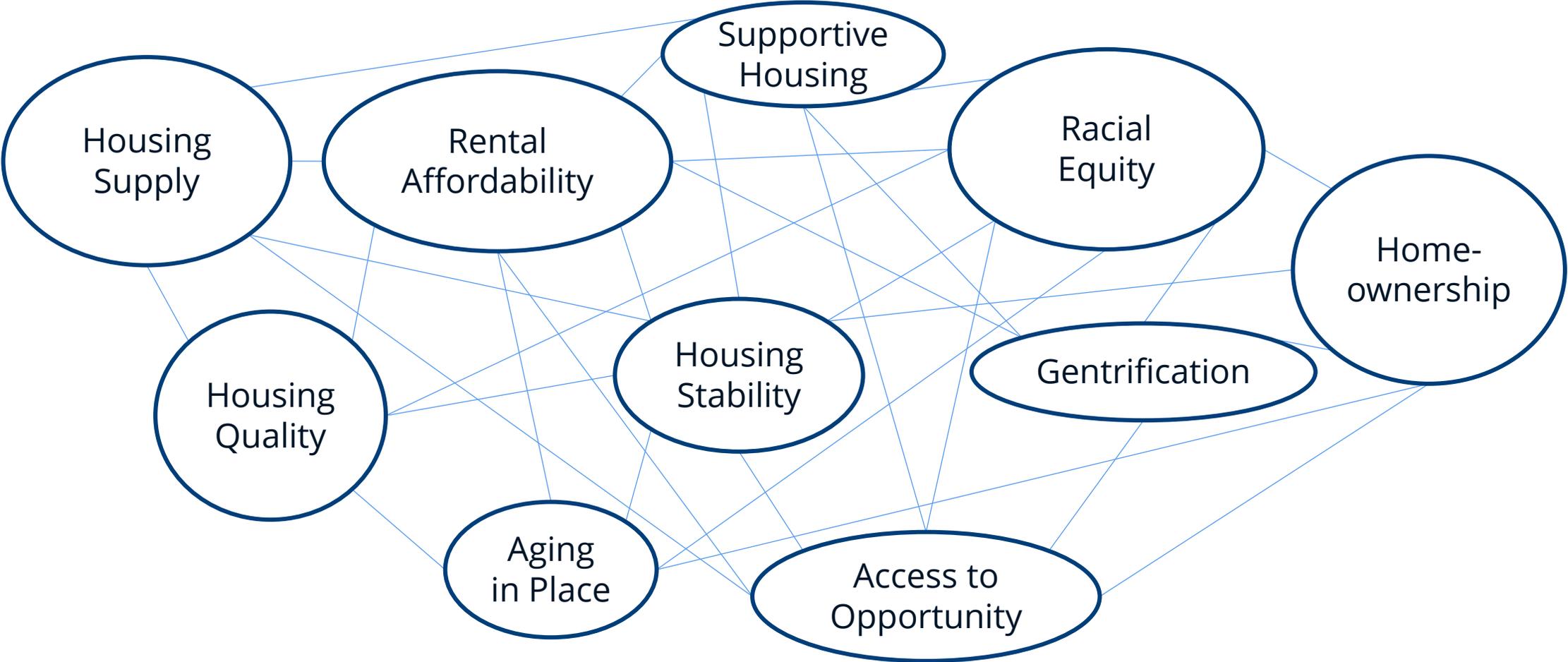
Identify areas for further research related to these or other priority issues

Introduction

Housing Issues

Next Steps

“Affordable housing” incorporates many distinct but related issues.



It is important to understand which issues the community cares most about.

Rental Affordability

Can people at all income levels afford to pay their rent?

Housing Supply

Is there “enough” housing to match household demand?

Housing Stability

Are households able to stay in their homes if they want to?

Gentrification

Are people being displaced from their communities?

Homeownership

Do households face barriers to building assets through homeownership?

Housing Quality

Is housing safe and decent?

Access to Opportunity

Do people have equitable access to employment, transit, schooling, healthcare, and other needs?

Racial Equity

Can people access and afford the same housing regardless of racial identity?

Aging in Place

Are older populations able to safely and affordably remain in their homes or communities?

Supportive Housing

Do vulnerable populations need services to reduce the risk of homelessness or institutionalization?

**How would you prioritize these issues?
Which issues are missing?**

Rental Affordability | Why does it matter?

When affordable rental housing is unavailable, low-income households are forced to live in unsafe or overcrowded conditions, face costly evictions, or enter a state of homelessness.

Rental affordability is a function of both the **cost of rent and utilities** for housing within a given market and the **incomes of residents**. A household is considered **cost burdened** when it spends more than 30% of its gross income on housing costs.

5.4%

Increase in median gross rent
from 2010 to 2018

0.6%

Increase in median household
income from 2010 to 2018

All the things Americans sacrifice because housing costs too much

Cost-burdened households stop saving for retirement, amass credit card debt, cut back on healthy food, cut back on healthcare, move to less safe areas, or move near worse schools

The Washington Post

Are We Worried Sick About the Rent?

New research finds that housing instability can affect the mental and physical health of family members of all ages

CityLab

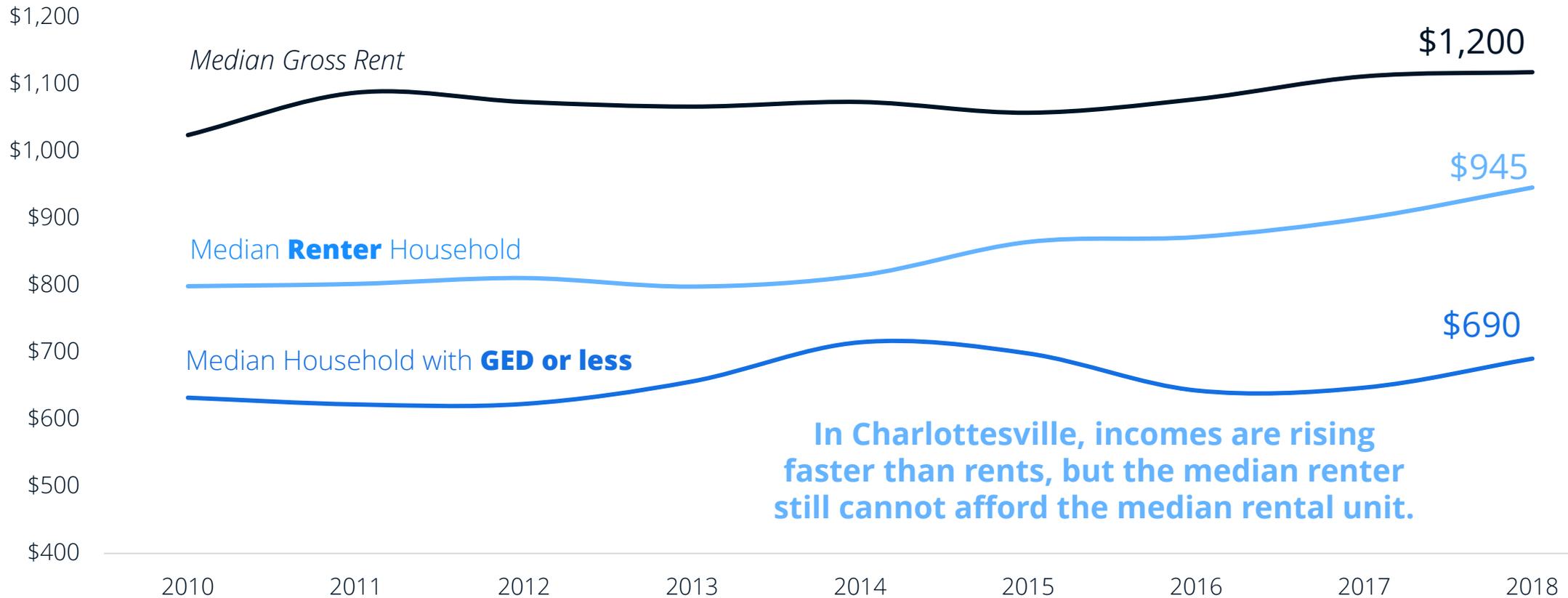
As more Americans become rent-burdened, homelessness rises in the costliest areas

MarketWatch

Source: U.S. Census 2018 & 2010 American Community Survey 5-Year Estimates

Rental Affordability | Why does it matter *in Charlottesville*?

Median Gross Rent versus What the Median Renter Household can Afford to Pay



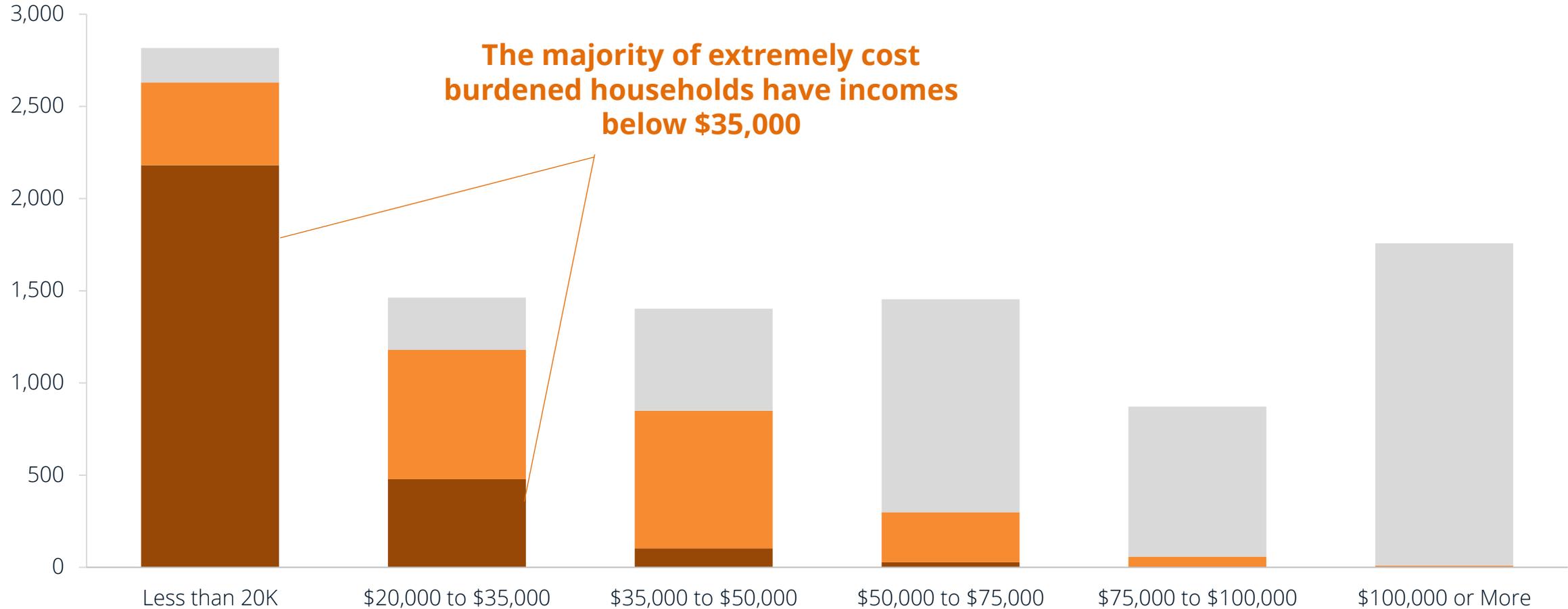
In Charlottesville, incomes are rising faster than rents, but the median renter still cannot afford the median rental unit.

Source: U.S. Census 2018 American Community Survey 5-Year Estimates

Rental Affordability | Why does it matter *in Charlottesville*?

Housing Cost Burden By Income

Extremely Cost Burdened Cost Burdened Not Cost Burdened



The majority of extremely cost burdened households have incomes below \$35,000

Source: U.S. Census 2018 American Community Survey 5-Year Estimates

Housing Supply | Why does it matter?

An insufficient housing supply increases competition and raises prices on existing housing.

These market pressures can displace low- and moderate-income residents from “naturally affordable” market-rate housing.

An “adequate” housing supply should serve a range of households, through both single-family and multifamily housing, at all price points.

*“If new construction targets rich people, then that leaves older dwellings free to be occupied by the middle class. **If nothing new is built, the rich will outbid the middle class** of existing structures and renovate them.”*

-Vox Co-Founder Matthew Yglesias, 2018

“Housing [affordability] issues are a product of economic growth in the city bumping against strict zoning constraints.”

-David Shulman, Senior Economist and UCLA's Anderson School of Management, 2016

Housing Supply | Why does it matter *in Charlottesville?*

Charlottesville's population and total employment have steadily grown since 2010, and the level of new housing development has not matched this increase in demand.

~11,000

Jobs created in Charlottesville
between 2010 and 2019

~2,600

Housing units built in Charlottesville
between 2010 and 2019

~1,325

Subsidized housing units in Charlottesville

~2,260

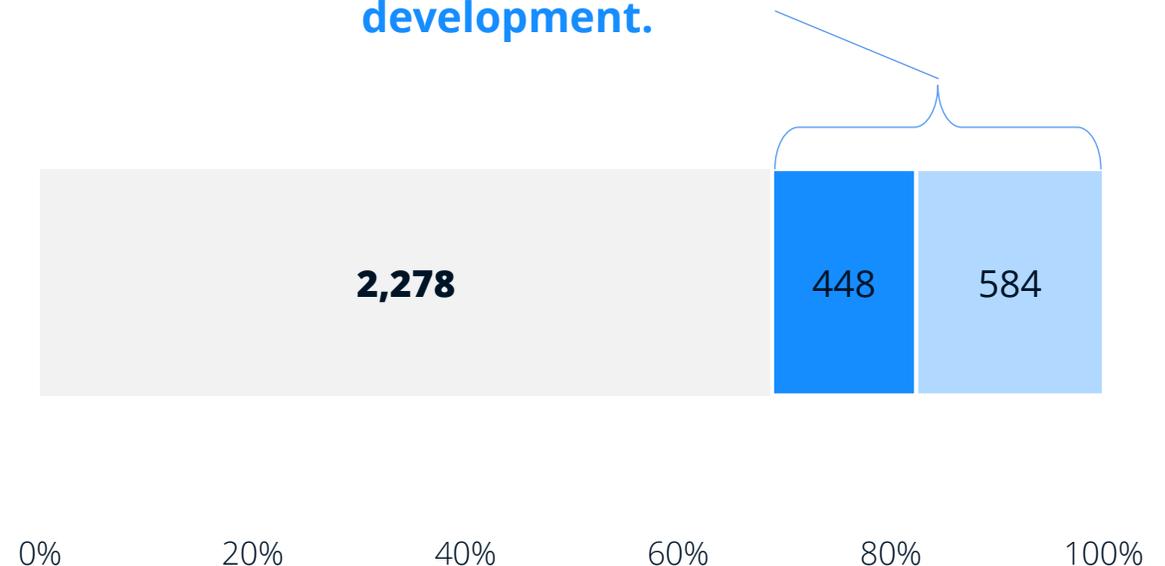
Naturally-occurring affordable units in
Charlottesville

Supply growth is restricted by the city's high share of low-density single-family zoning.

Acres of Land by Residential Zoning Type

■ Single-Family (R-1) ■ Multifamily ■ University

Only 30% of the city's residential-zoned land can be used for higher-density development.



Sources: Emsi Industry Overview Report, City of Charlottesville Open Data, National Housing Preservation Database

Housing Stability | Why does it matter?

Displacement can result from rising rents, eviction, or foreclosures. The resulting housing instability creates challenges for all members of a household.

For adults, housing stability is necessary for employment stability. A consistent commute increases chances for success in employment, reducing overall stress and increasing financial stability.

For children, housing stability is a key determinant of educational outcomes. Both the timing and frequency of school changes directly affects a child's chances for success.

Vulnerable residents are hit hardest

Gentrification ultimately hits hardest at the least advantaged and most economically vulnerable

CityLab

Unstably Housed Children Change Residences and Schools Frequently, with Damaging Impacts on Educational Achievement

Urban Institute

Housing Stability | Why does it matter *in Charlottesville*?

A tenth of Charlottesville residents moved homes within the past year, a rate higher than the state and national averages. This may be in part due to the high number of University students.

More than three fourths of these households were very low income. This is typically the case, but it's especially true in Charlottesville, compared to the state and national averages.

10.4%

Of residents in Charlottesville moved within the same county in the past year

78%

Of those residents have an income of less than \$35,000

Eviction Rates in 2016*

Charlottesville, VA	1.7
Culpepper, VA	2.67
Fredericksburg, VA	3.89
Richmond, VA	11.44
Duluth, MN	0.65
Portland, OR	1.07
Stillwater, OK	1.87

*Number of renter households evicted per 100 renter-occupied households in a year

Source: U.S. Census 2018 American Community Survey 5-Year Estimates, Eviction Lab

Gentrification | Why does it matter?

Gentrification occurs when private or public investment leads to changes in the racial or economic composition of a neighborhood toward higher incomes and more white residents. There are two aspects:

Housing competition and displacement: existing lower income minority renters and owners replaced by higher income white residents as rents rise and homes turn over.

Cultural change: an influx of new residents can lead to a change in the “feel” of a neighborhood, from the retail types available, to the neighborhood institutions (e.g. churches)

As a result, communities are disrupted and displaced into less accessible areas, with higher concentrations of poverty and lower access to quality services and neighborhood amenities.

Rise of luxury student housing on West Main Street raises concerns about impacts of development

Some fear recent development on West Main could engender gentrification, displacement

Cavalier Daily

“I don’t see any of them moving. I see them being ‘pushed out.’ Slowly these low-income families are being pushed out.”

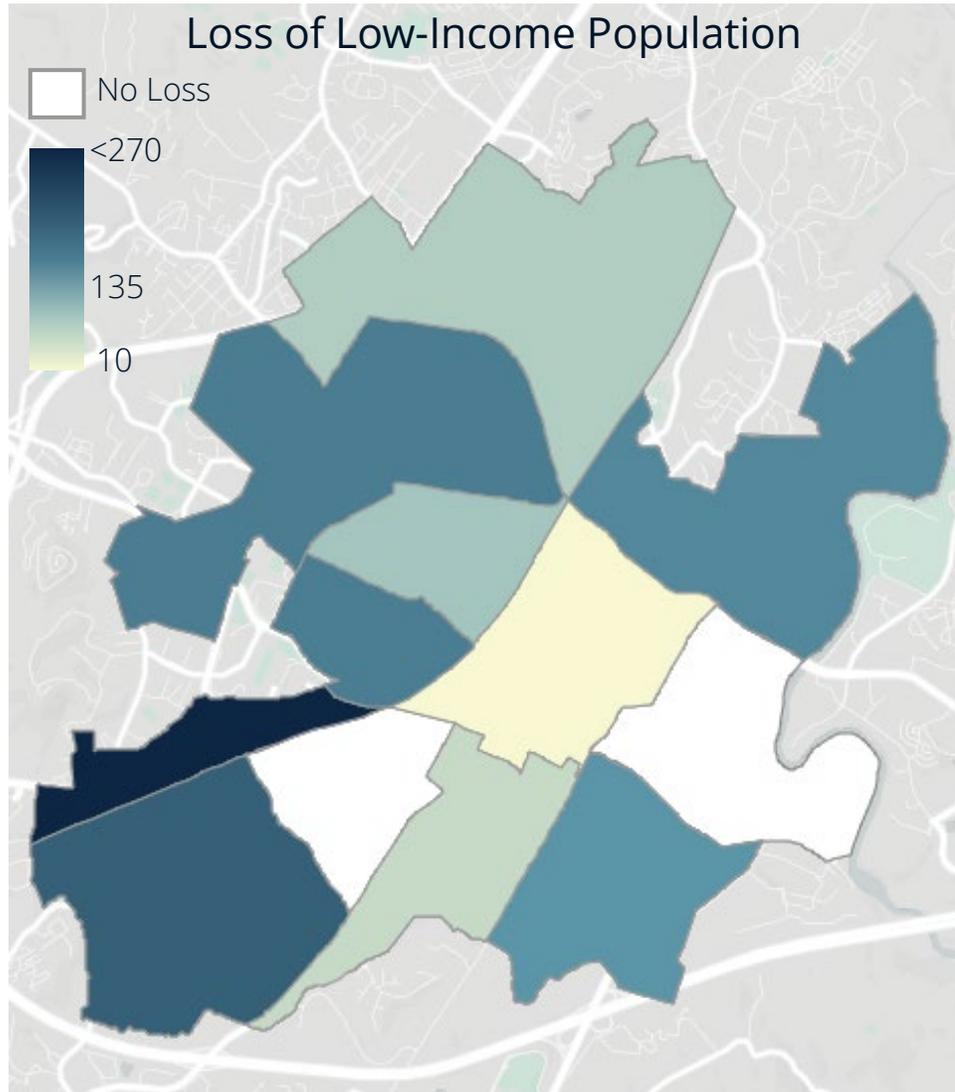
-Survey respondent

CLIHC Report “The Impact of Racism on Affordable Housing in Charlottesville”

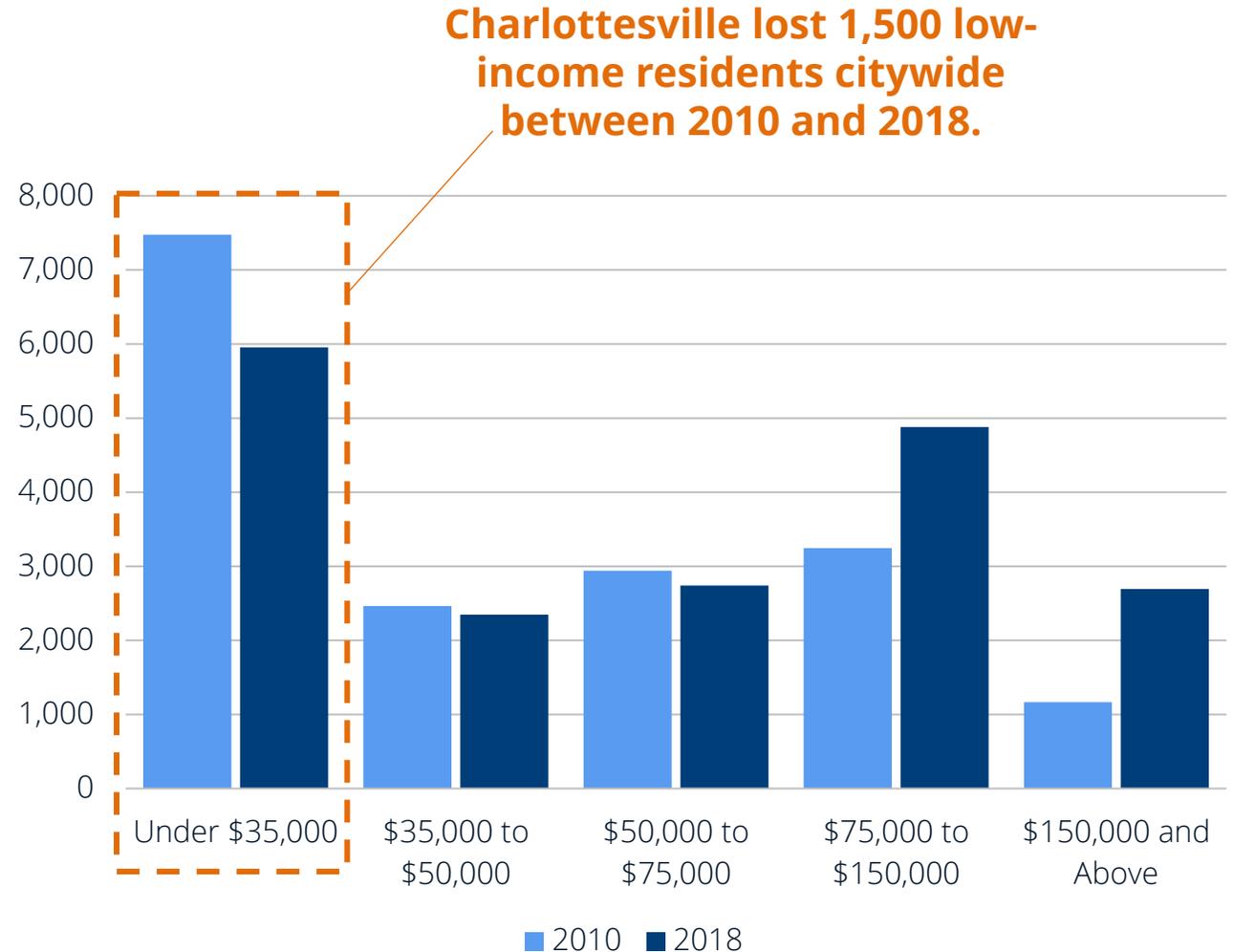
Gentrification Raises Local Home Prices While Limiting Low-Income Options

UVA School of Law News

Gentrification | Why does it matter *in Charlottesville*?



Change in Population by Income between 2010 and 2018



Source: U.S. Census 2010 & 2018 American Community Survey 5-Year Estimates

Homeownership | Why does it matter?

Homeownership is a key wealth-building tool, enabling families to save for retirement, college, or start a business. When homeownership is unaffordable and ownership rates lower, households struggle to prosper.

This is revealed in two ways:

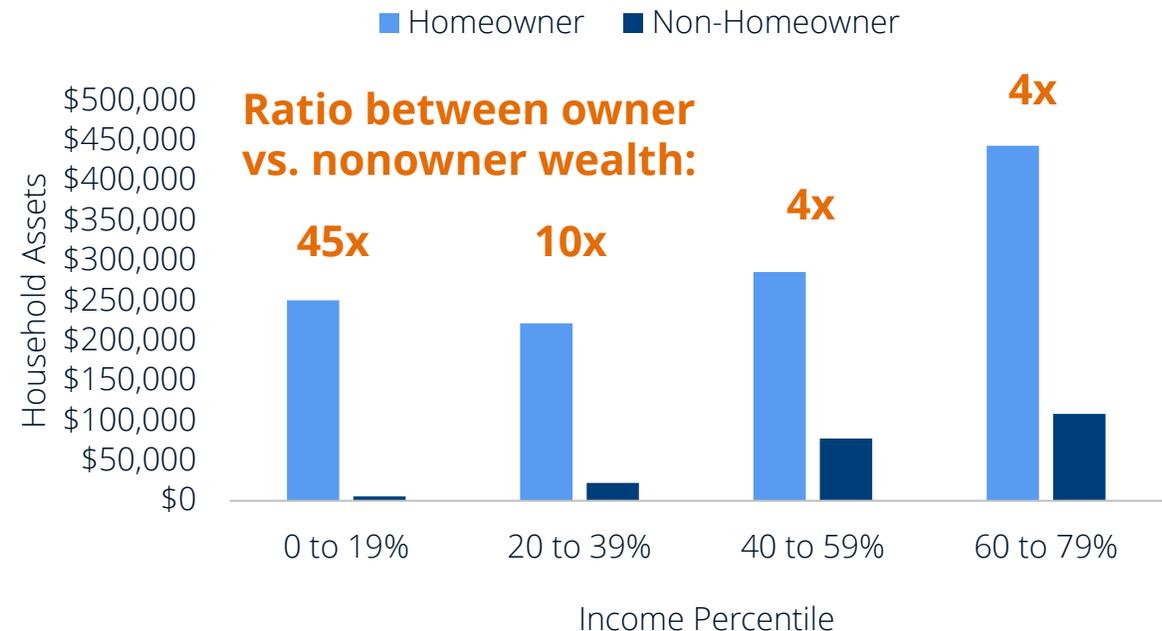
- **Homes continue to be a significant share of household wealth**, especially for low-wealth households.
- **Homeowners are also much wealthier than non-homeowner households** within the same income band.

In the U.S., primary homes represent

70 – 80%

of total household assets for households below median net worth.

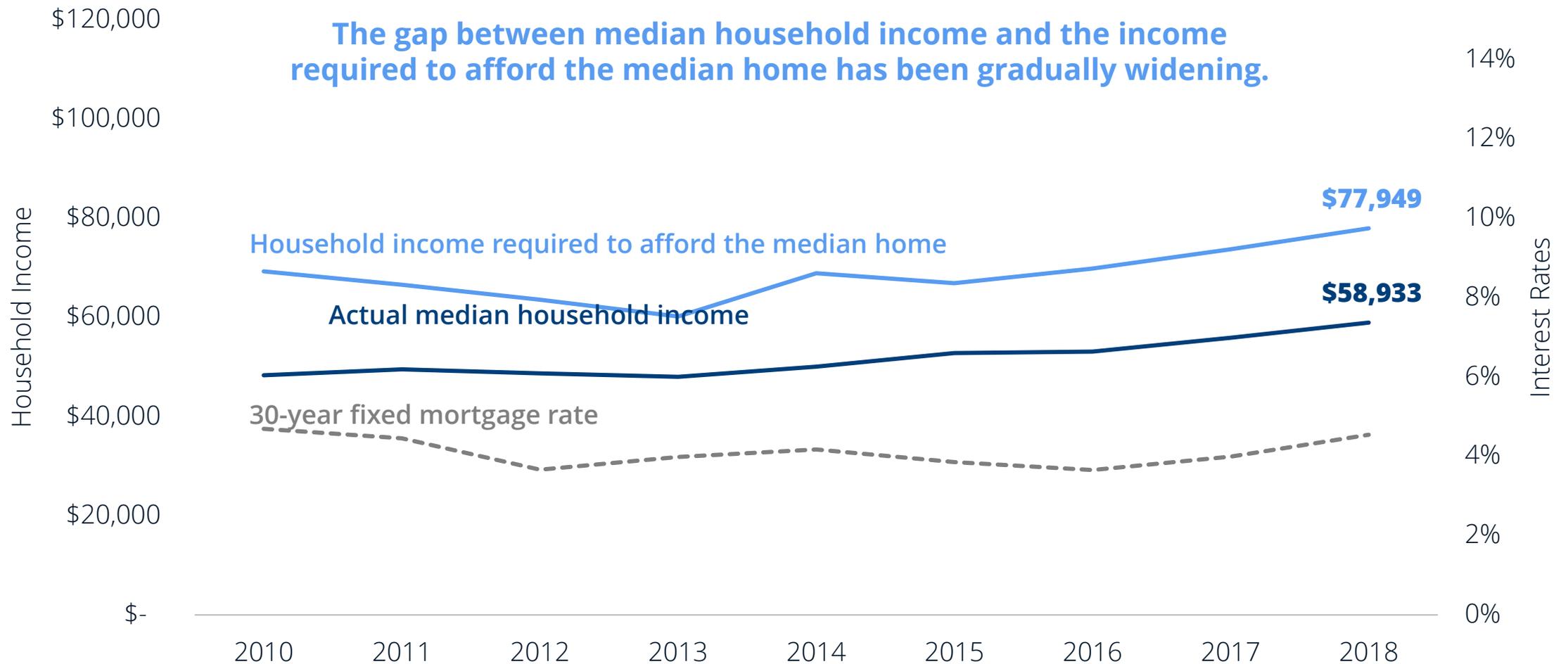
Average Household Net Worth for Homeowner vs. Non-Homeowner Households by Income Band, U.S., 2016



Source: Federal Reserve Survey of Consumer Finances, 2016

Homeownership | Why does it matter *in Charlottesville?*

Homeownership Affordability



Source: U.S. Census 2010 - 2018 American Community Survey 5-Year Estimates; Federal Reserve Economic Data

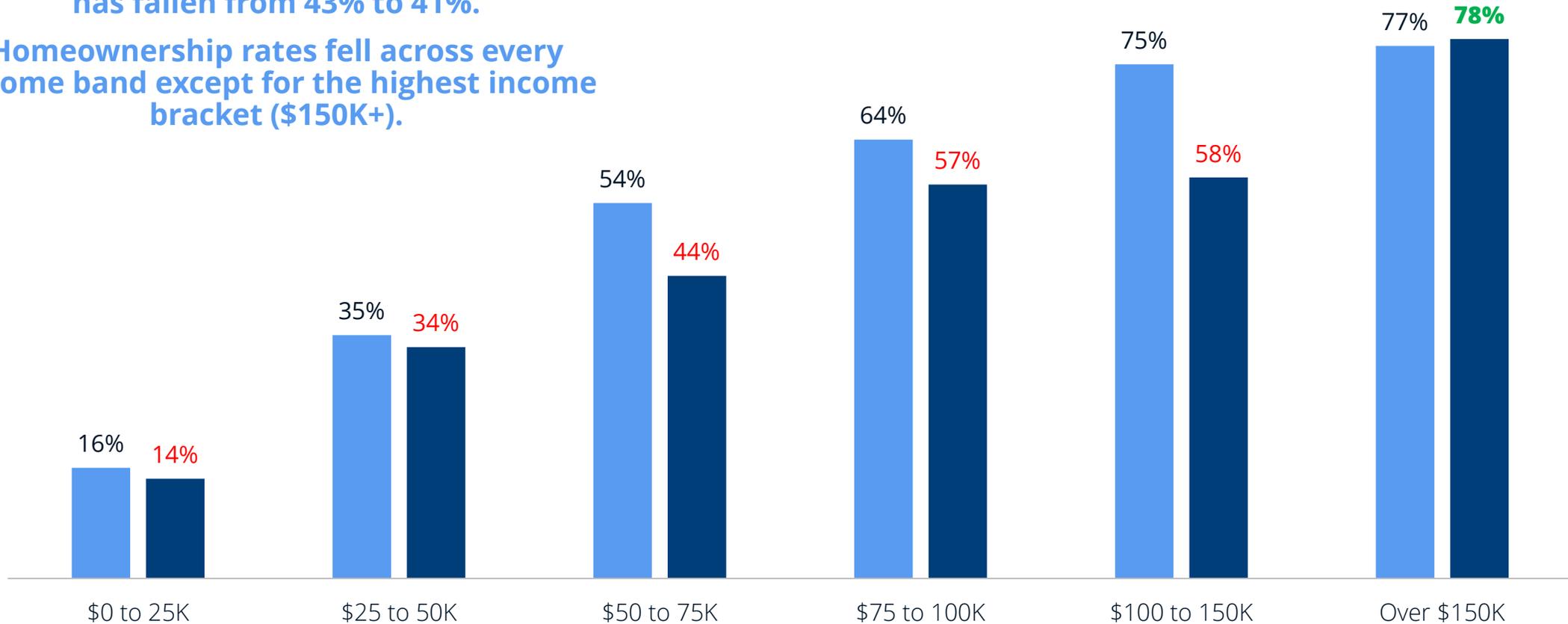
Homeownership | Why does it matter *in Charlottesville?*

Homeownership Rate by Income Band in Charlottesville

■ 2010 ■ 2018

Since 2010, the overall homeownership rate has fallen from 43% to 41%.

Homeownership rates fell across every income band except for the highest income bracket (\$150K+).



Source: U.S. Census 2010 & 2018 American Community Survey 5-Year Estimates; Federal Reserve Economic Data

Housing Quality | Why does it matter?

It is can be misleading to only think about the quantity, and not the quality, of housing supply. Places with depressed housing conditions might have a low supply of *quality* housing, due to a large stock of older housing and a lack of investment. Low-quality housing may be obsolete and unsafe due to structural disrepair, lead paint, mold, inadequate heating, plumbing, or electrical systems, and other conditions.

When housing does not meet quality standards, it poses a hazard to the health and safety of residents. Low-quality housing can lead to health concerns including childhood asthma, lead exposure (for homes built prior to 1978), and injury.

If unaddressed, obsolete housing can also pose significant costs to homeowners, renters, and landlords that may contribute to a loss of tenure.

*11,168 Children Tested Positive for Lead.
The City Didn't Inspect the Homes.*

The New York Times

Improving the indoor environmental quality of homes reduces the asthma-related expenses of residents

The Kresge Foundation

Housing Quality | Why does it matter *in Charlottesville?*

Charlottesville's housing stock is generally older—most of the stock is over 40 years old.

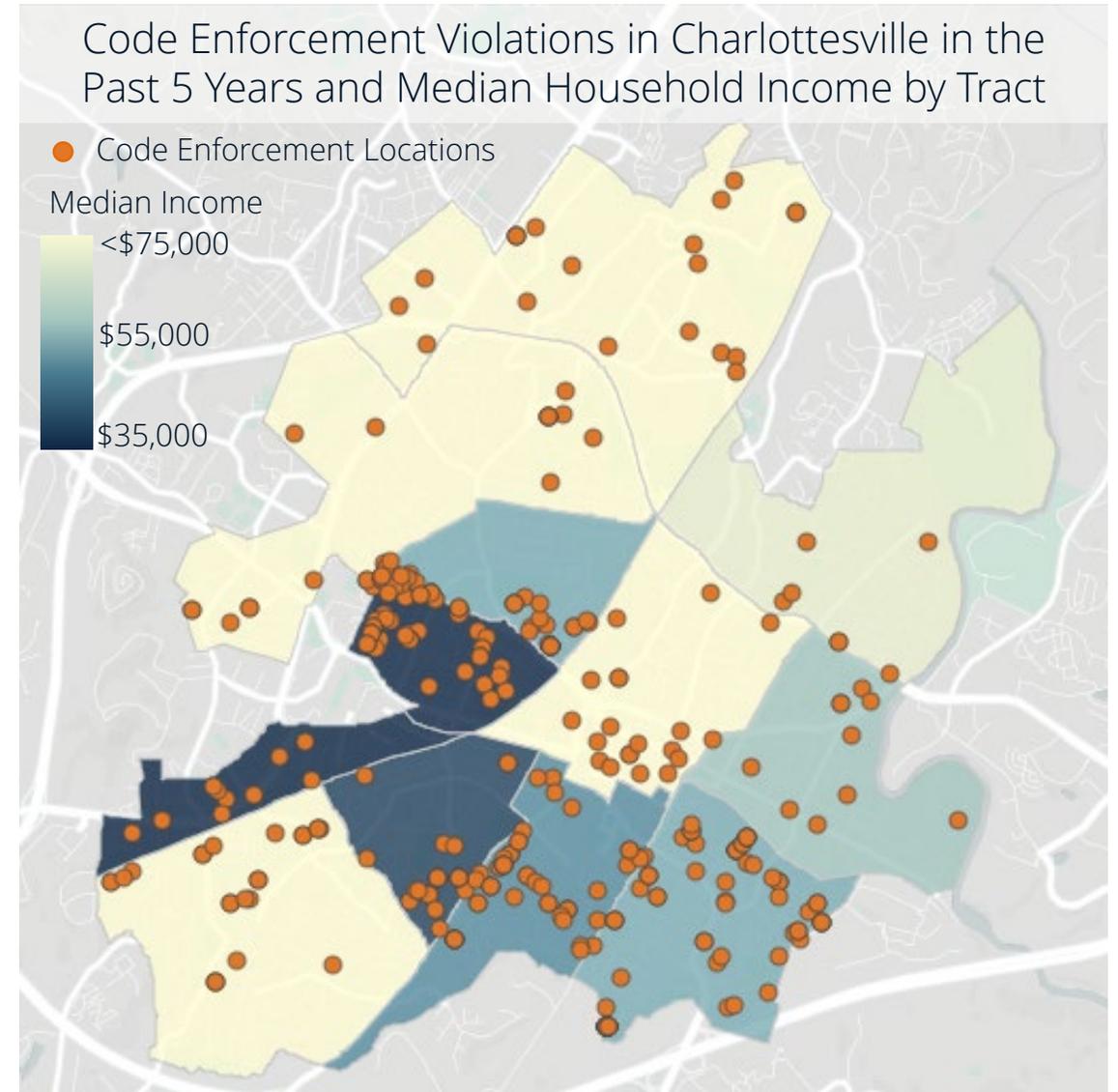
The city's code violations also largely correlate with lower-income geographies in the city.

77%

Share of existing homes built before 1978

380

Code violations in the past 5 years related to housing quality and safety



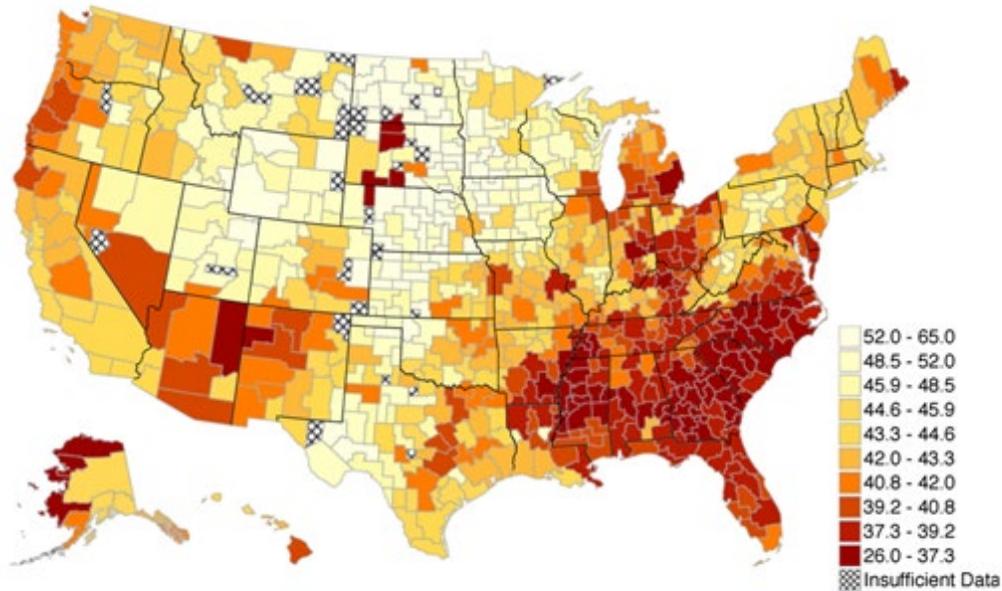
Note: Access to data on the City's housing quality and health impacts is currently limited.

Source: U.S. Census 2018 American Community Survey 5-Year Estimates, City of Charlottesville

Access to Opportunity | Why does it matter?

Where you live shapes your future. Locating housing in opportunity areas, with access to schools, transportation, and jobs, empowers families toward future success. When housing is located in segregated or impoverished areas, residents have fewer opportunities, poorer health, and even lower life expectancy.

The Geography of Upward Mobility in the United States
Mean Child Percentile Rank for Parents at 25th Percentile (Y_{25})



Note: Lighter Color = More Absolute Upward Mobility

12 years in Atlanta, Georgia

Babies born just miles apart in Atlanta face up to 12-year difference in life expectancy

PBS News Hour

Children Living In Low-Income Neighborhoods Less Likely To Graduate High School: Study

Huffington Post

Segregation's Legacy

Fifty years after the Fair Housing Act was signed, America is nearly as segregated as when President Lyndon Johnson signed the law.

The Report - U.S. News

Source: *Moving to Opportunity*, Raj Chetty (taken from Brookings Institution)

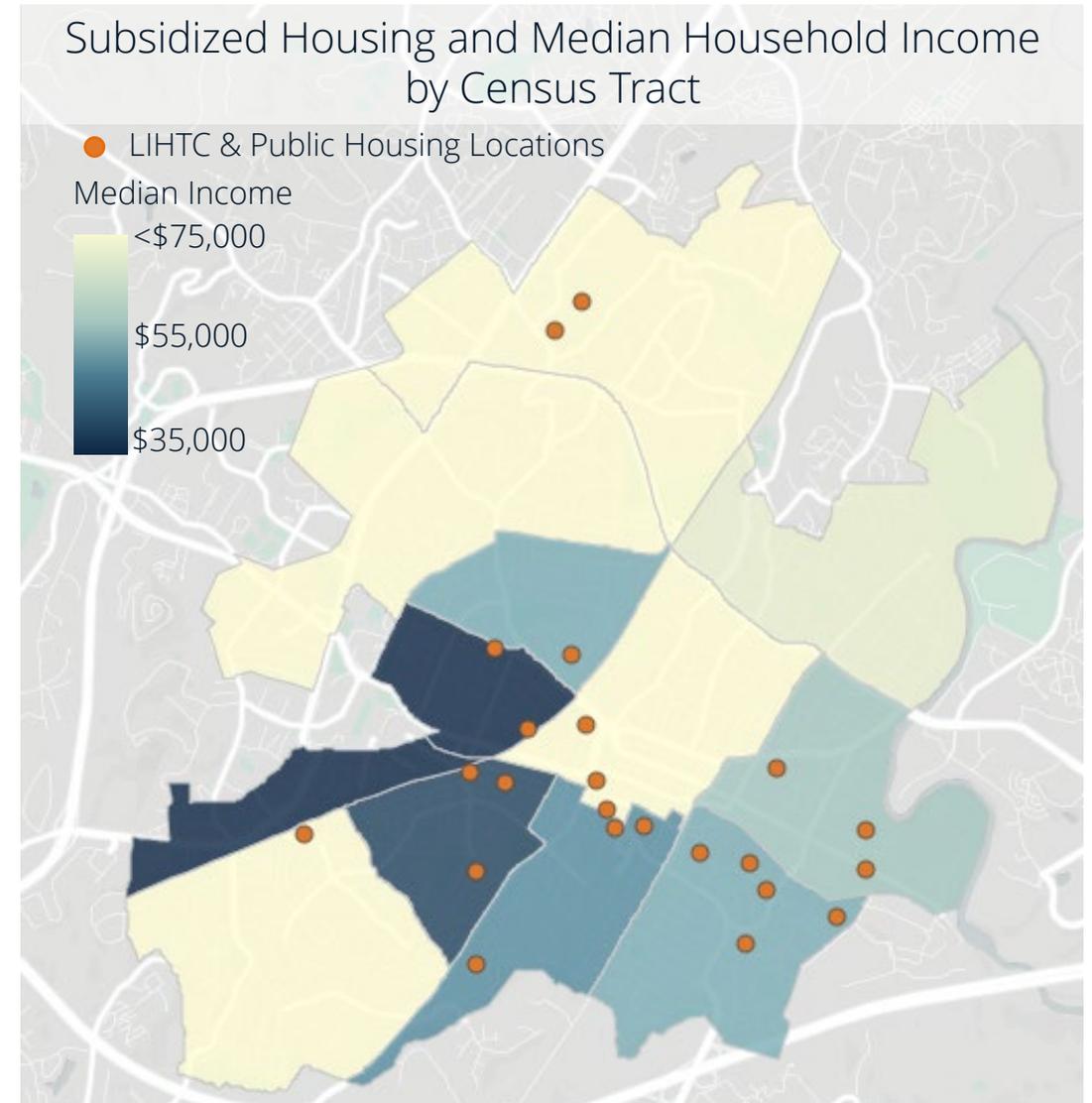
Access to Opportunity | Why does it matter *in Charlottesville?*

Concentrations of poverty in Charlottesville pose challenges to the provision of affordable housing.

Housing affordable to low-income households should be convenient to transportation and employment centers. Adding low-income housing in areas with existing concentrations of poverty may contribute to further income segregation.

55%

of households with incomes below \$35,000 live in a census tract where at least 30% of households are low-income



Source: U.S. Census 2018 American Community Survey 5-Year Estimates, National Housing Preservation Database, Brookings

Racial Equity | Why does it matter?

America's current housing market has been shaped by a legacy of policies that created and enforced racial segregation and limited opportunities for minority households. Residents of cities across the country continue to face differences in outcomes and opportunities as a result of race.

What Happens When Black People Search for Suburban Homes

An undercover investigation on Long Island found that real estate agents treated people of color unequally 40 percent of the time

The New York Times

Reducing the Racial Homeownership Gap

Urban Institute

"We cannot have racial justice without housing justice."

-Survey respondent

CLIHC Report "The Impact of Racism on Affordable Housing in Charlottesville"

"Cost burden shares are higher among black (45%) and Hispanic households (43%) than among Asian and other minorities (36%) or white households (27%)."

Joint Center for Housing Studies of Harvard University's The State of the Nation's Housing 2018

Racial Equity | Why does it matter *in Charlottesville?*

Black homeowners and white homeowners have a drastically different experience in Charlottesville. In the same time period, **black homeownership decreased at the same rate the white homeownership increased.**

Homes in majority black census block groups are valued at **just over half the value** of homes in majority white census block groups, despite the median incomes of those same block groups having less than a \$100 difference.

Shift in homeownership,
2010 – 2018

+13%

White Households

-12%

Black Households

Median home value,
2018

\$345,961

in Majority White
Census Block Groups

\$193,920

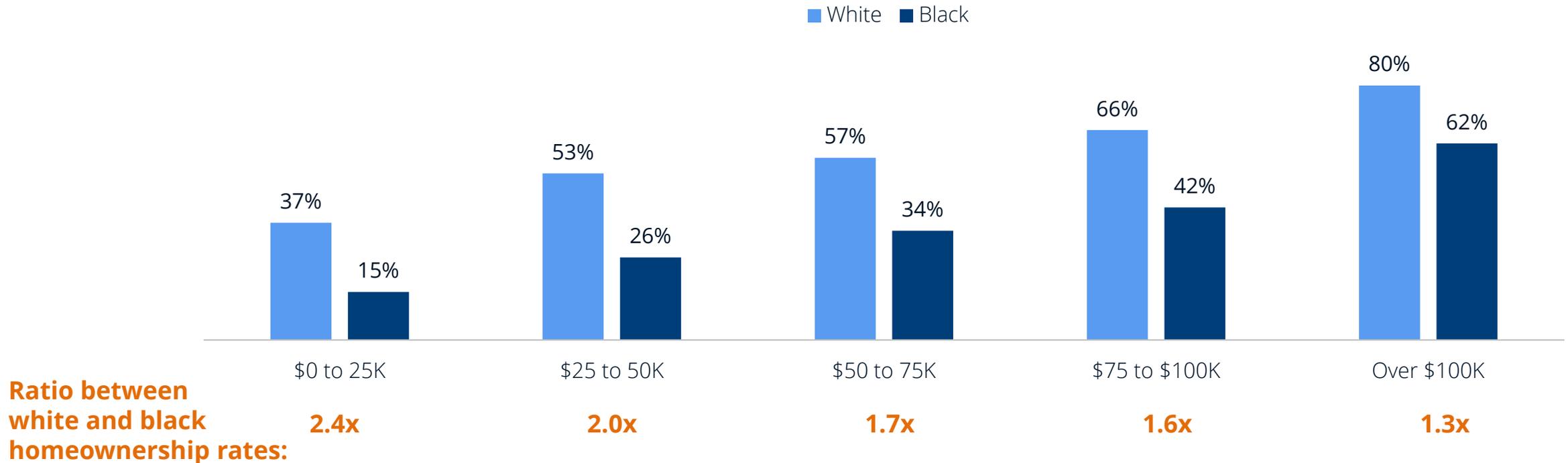
in Majority Black
Census Block Groups

Source: U.S. Census 2018 American Community Survey 5-Year Estimates, 2018 Public Use Micro-Survey (PUMS) 5-Year Data

Racial Equity | Why does it matter *in Charlottesville*?

Even when controlling for income, black households have consistently lower homeownership rates than white households. The racial homeownership gap is widest at the lowest income bands.

Homeownership Rate by Income Band by Race in the Charlottesville Region, 2018



Source: U.S. Census 2018 American Community Survey 5-Year Estimates, 2014-2018 Public Use Micro-Survey (PUMS) 5-Year Data for the Public Use Microdata Area containing Charlottesville

Aging in Place | Why does it matter?

Many seniors have fixed incomes and special needs, making it challenging to maintain their homes or to find suitable senior housing within their communities. At the same time, many homes are not well suited to their needs.

Many communities around the U.S. are aging, creating demand pressures for seniors-targeted housing. As America's senior population grows, allowing seniors to safely and affordably remain in their homes and in their communities will help them live happier and more fulfilling lives.

Senior housing: Older Americans face affordability, accessibility challenges

Harvard's latest senior housing report highlights a lack of diverse options as nation's population ages

Curbed

Middle-income seniors risk falling through cracks in housing market

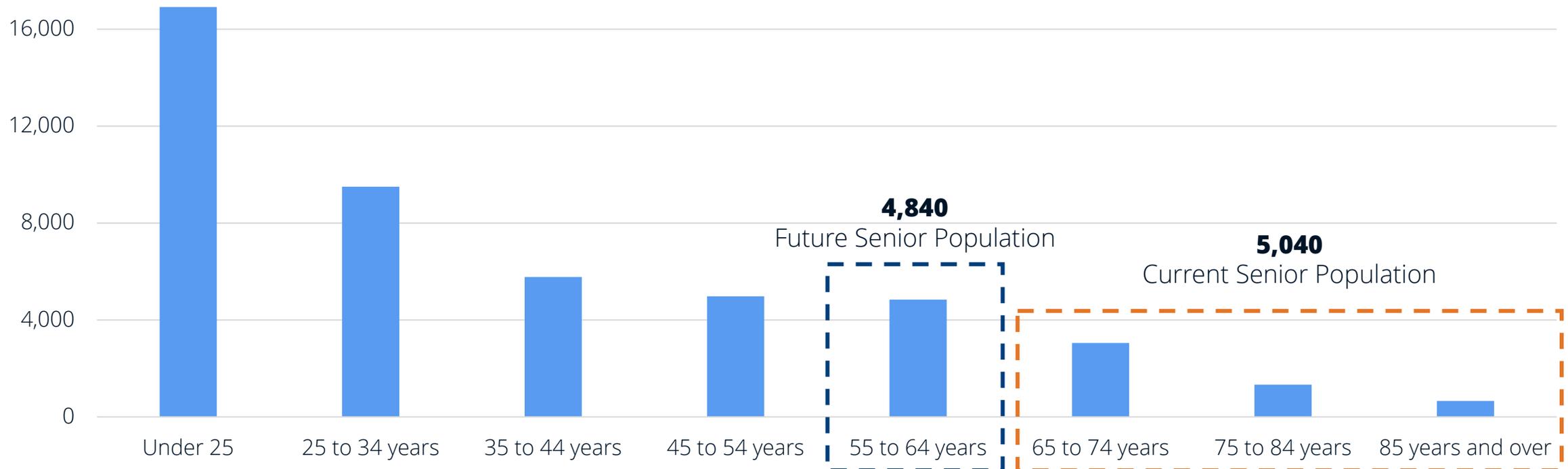
The Washington Post

Aging in Place | Why does it matter *in Charlottesville?*

Charlottesville's population will continue to age. Over the next ten years, following current trends, the number of residents aged 65+ will likely continue to grow.

Approximately 30% of households over 65 make less than \$35,000. Housing affordability will be key in preventing displacement.

Population Distribution by Age Group for 2018



Source: U.S. Census 2018 American Community Survey 5-Year Estimates

Supportive Housing | Why does it matter?

Vulnerable populations may require ongoing voluntary supportive services to remain stably housed independently. Such populations may include:

- Chronically homeless people
- People with mental illness, intellectual or developmental disabilities
- People with HIV/AIDS or other chronic conditions
- Veterans
- Returning citizens

A failure to provide supportive housing results in significant individual and social costs. When vulnerable populations have unmet needs for permanent supportive housing, they may enter a state of homelessness or become frequent users of emergency or crisis services, including hospital emergency departments.

‘We can’t continue putting Band-Aids on the issue’: Addressing Charlottesville’s rising homeless population during the affordable housing crisis

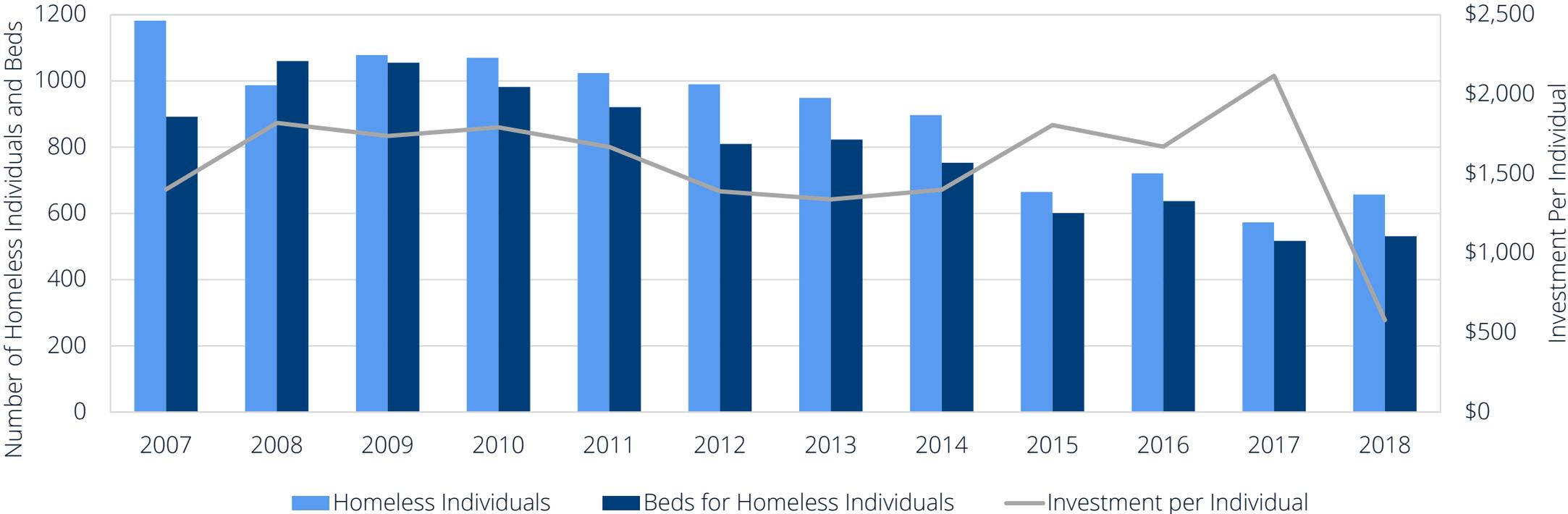
The number of people in the Charlottesville region who experience homelessness at least once a year has nearly doubled in five years

The Cavalier Daily

Supportive Housing | Why does it matter *in Charlottesville*?

The need for beds for people experiencing homelessness in Charlottesville has been consistently unmet, with the homeless population outnumbering the number of beds available in almost every year.

Investment per Individual versus Bed Supply and Demand



Source: HUD Exchange

Introduction

Housing Issues

Next Steps

We will survey the committee to gather additional input on these housing issues.

Rental Affordability

Housing Supply

Housing Stability

Gentrification

Homeownership

Housing Quality

Access to Opportunity

Racial Equity

Aging in Place

Supportive Housing

How would you prioritize these issues?

Which are the most critical for the Charlottesville Affordable Housing Plan to address?

What issues are missing?

Where is additional analysis needed to help convey/understand the issues?

Our next conversation will focus on identifying and prioritizing potential housing tools to address Charlottesville's most pressing housing issues.



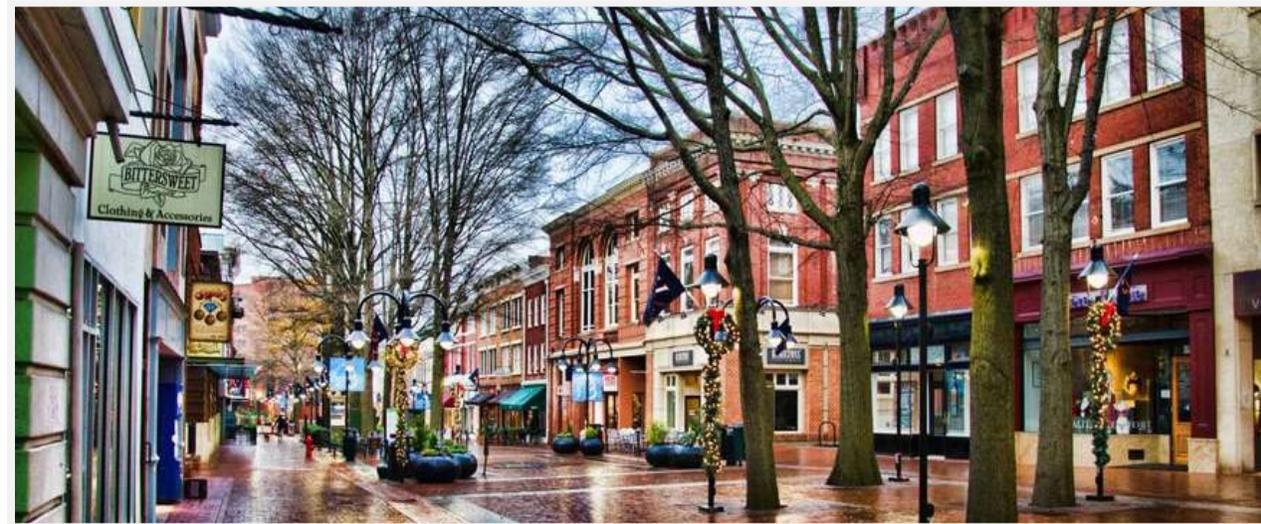
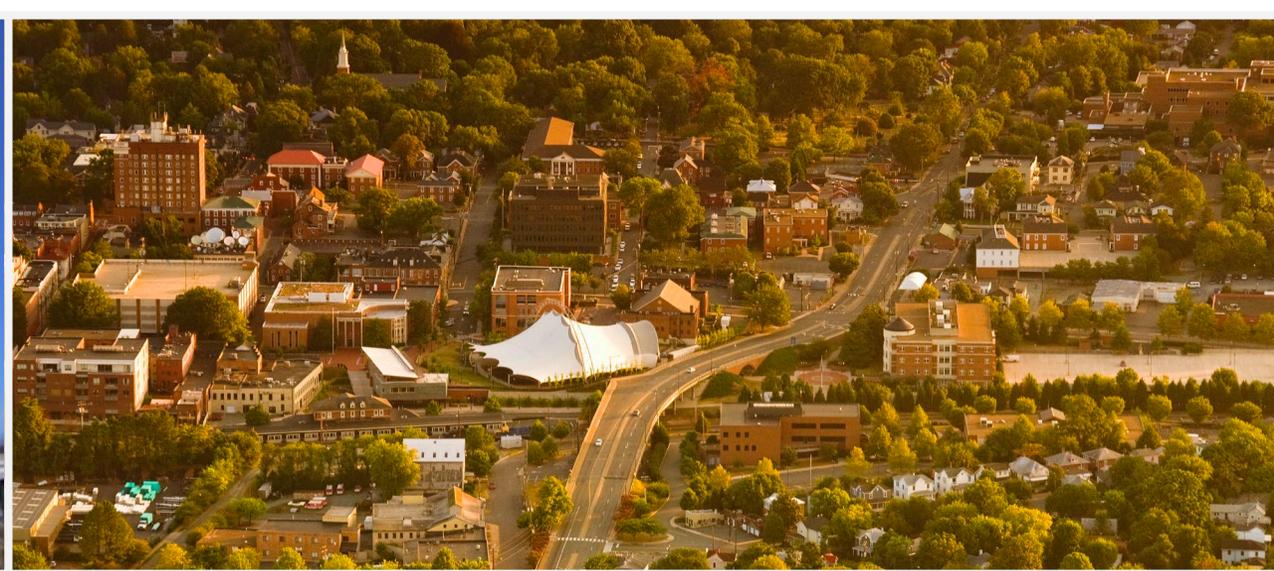
Review existing and potential housing tools, including a discussion of benefits, downsides, and best practices



Prioritize housing tools, based on local capacity and needs



Identify areas for further research related to these or other priority tools



CHARLOTTESVILLE AFFORDABLE HOUSING PLAN

Housing Issues Steering Committee | April 2020