MEETING HOUSING NEEDS IN RURAL VIRGINIA: TRENDS, NEEDS, GAPS, SOLUTIONS

APRIL 2017

HOUSING VIRGINIA

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I. INTRODUCTION

Housing Virginia launched its Rural Housing Initiative in the fall of 2015 to explore the state of housing needs in rural Virginia. With much of our housing focus at the national and state level targeting urban areas with high growth and escalating housing costs, the unique and changing housing needs in rural areas have not received as much attention. Over the past year, we have surveyed rural housing and service providers about their needs and gaps and analyzed demographic and housing data for rural regions across the state. This information, along with best practice research and policy recommendations, has shaped a report that we hope will assist rural providers and improve the lives of their clients. The recommendations outlined in this report are the focus of a series of meetings by housing funders and providers in the spring and summer of 2017.

Based on discussions with housing providers and housing services organizations, Housing Virginia created six unique rural regions for our analysis (Map 1). Major metropolitan areas and some medium-size cities are excluded from these regions. Dividing the state into distinct regions reveals the similarities and differences in housing needs throughout Virginia and helps develop targeted, evidence-based solutions. A full list of localities by these six regions is included in the appendix.

Map 1: Housing Virginia's six rural regions
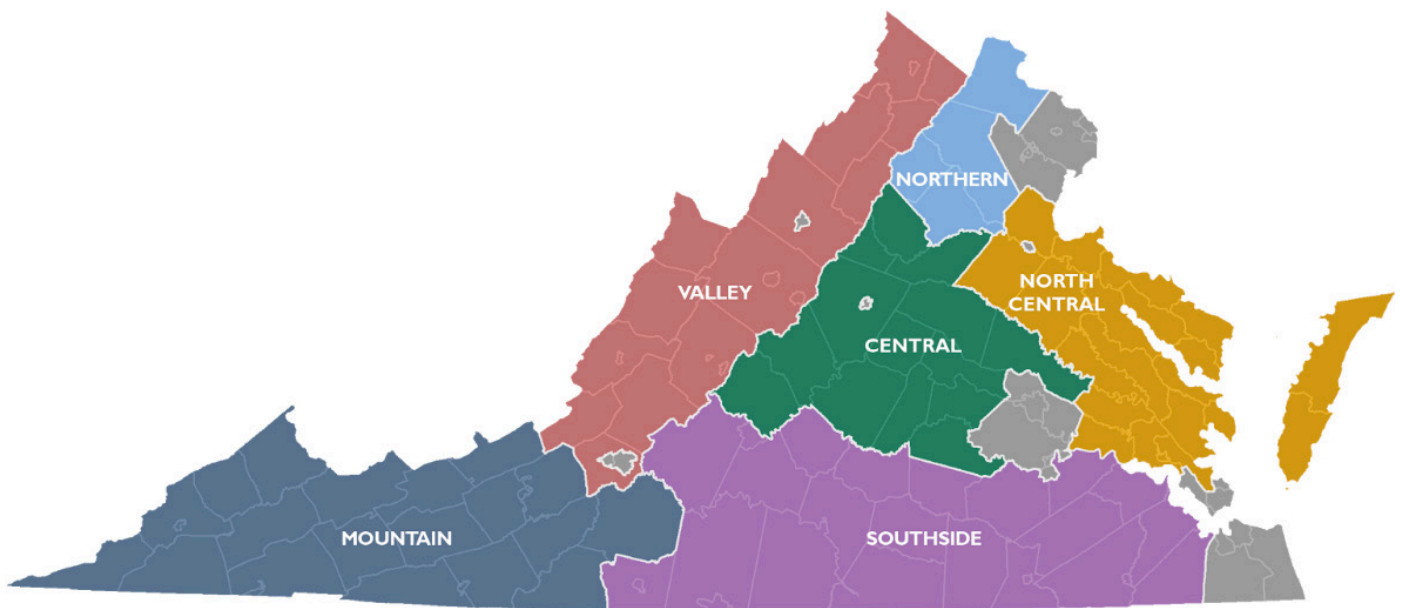
See *Appendix: List of Jurisdictions by Study Area* on p.59 for locality names

II. CURRENT STATE OF HOUSING IN RURAL VIRGINIA

Like its population, the housing needs of Virginia are dynamic and diverse. While many demographic and socioeconomic trends hold true for the entire state, there are significant differences between Virginia's urban cores and its rural areas. Even more, "rural Virginia" is not a homogenous entity — different regions have different housing needs, gaps, and trends that warrant unique approaches.

To help craft meaningful and effective solutions for affordable housing across Virginia's rural landscape, Housing Virginia has analyzed data on housing conditions, demographics, changing economies, and real estate markets. Datasets were collected at both the county level and Census tract level, when available, to illuminate variations within individual jurisdictions.
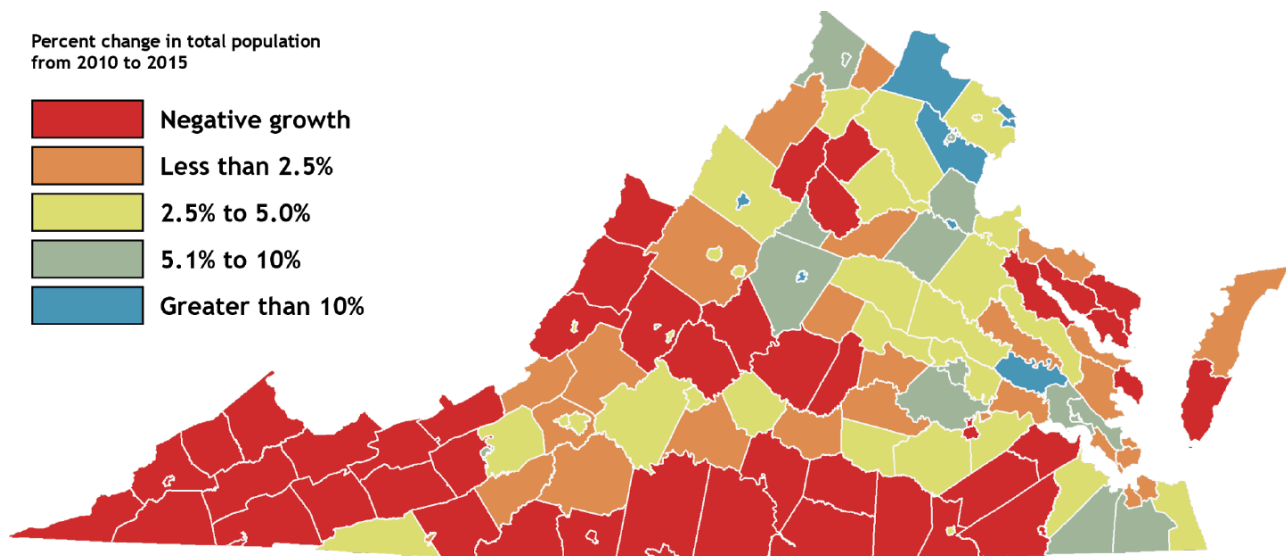
Population Trends

Between 2000 and 2010, the population of Virginia grew by 923,000 to 8 million total people. However, only 6% of this growth was in rural areas. Since then, rural population growth has continued to lag behind the statewide average. Between 2010 and 2015, Virginia's population grew by 4.8%; the rural population grew by only 3.3%.

Many counties, especially in the Mountain and Southside regions, have experienced net population losses in the past five years (Map 2). The Mountain region lost 0.5% of its population, and the Southside region only grew by 1.4% (Table 1). Some rural counties, however, saw significant growth, especially in the Northern and Central regions. The Northern region grew at nearly three times the state average, driven primarily by Loudon County.

Table 1: Percent change in population from 2010 to 2015[1]

Virginia	All Urban	All Rural	Central	Mountain	Northern	N. Central	Southside	Valley
4.8%	6.2%	3.3%	3.1%	- 0.5%	15.5%	5.1%	1.4%	2.3%

Map 2: Percent change in population from 2010 to 2015 by county[1]

Percent change in total population from 2010 to 2015

- Negative growth
- Less than 2.5%
- 2.5% to 5.0%
- 5.1% to 10%
- Greater than 10%

The decline in Virginia's rural population is the result of two major trends: outmigration of millennials to urban areas and a growing share of baby boomers who have already passed child-rearing age. Young adults from rural communities are more commonly staying in their college towns or migrate to cities and suburbs to find employment.

Map 3: Projected Millennial population as percent of total in 2020[2]

Percent of population age 20 to 35 in 2020

Less than 15%

15% to 20%

21% to 25%

Greater than 25%
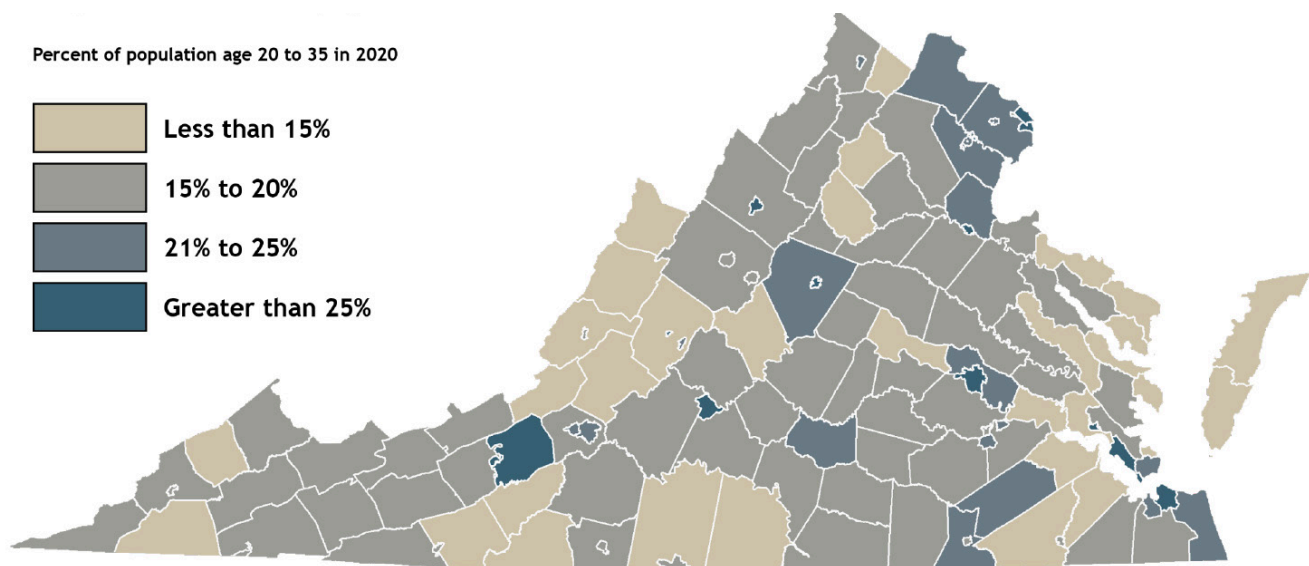
When Millennials choose to have children, they will likely not return to their hometown. As a result, birth-rates in rural Virginia have steadily declined over the past decade. By 2020, young adults will account for less than 15% of the population in many rural counties (Map 3).

By 2020, young adults will account for less than 15% of the total population in many counties...

At the same time, the population reaching or already past retirement age continues to increase in rural communities across Virginia. Many seniors are choosing to age in place, and some baby boomers in suburbs and cities are actually moving to rural counties on the outskirts of metropolitan areas. While this migration does not offset the larger population losses, it contributes to the "graying" of rural Virginia.

Map 4: Projected senior population as percent of total in 2020[3]

Percent of population age 65 or over in 2020

Less than 10%

10% to 15%

16% to 20%

Greater than 20%
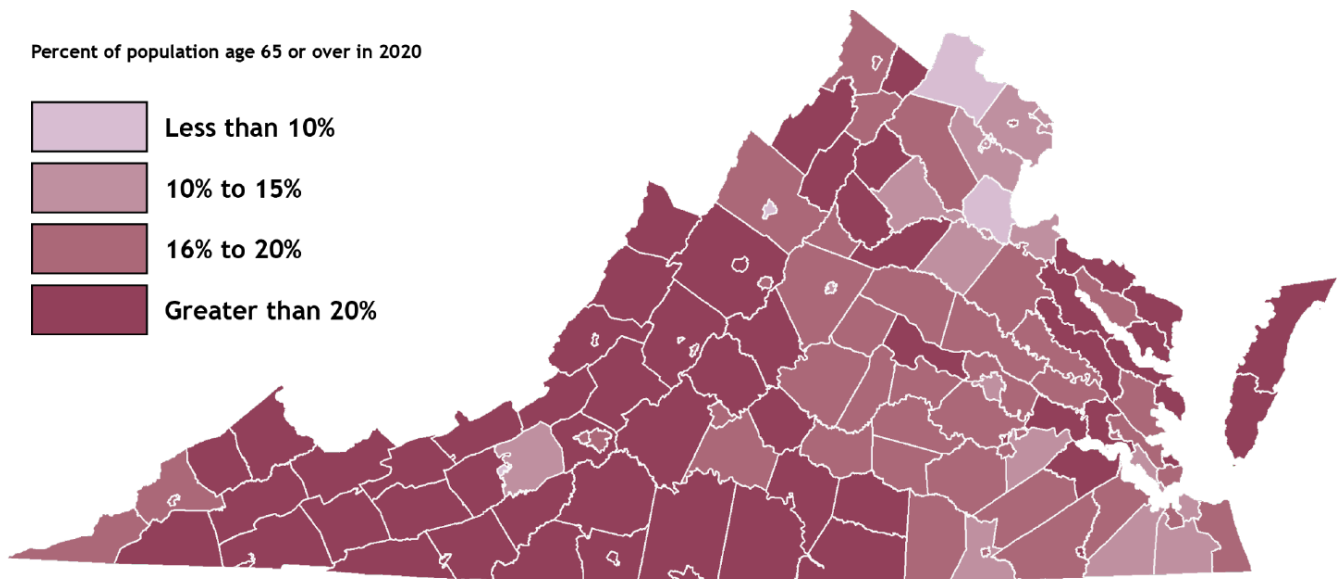
Beyond Virginia's Urban Crescent (the area connecting Northern Virginia, Richmond, and Hampton Roads), seniors will account for over 20% of the population in most counties by 2020 (Map 4).

...but seniors will grow to over 20% of the population in those same areas.

As life expectancy continues to increase, the number of elderly persons living alone is also increasing, especially in rural areas. Throughout communities in the Mountain, Southside, and North Central Regions, householders that are age 75 or over and living by themselves account for 10% or more of the population (Map 5). This segment of the population will continue to increase as the boomer generation ages.

In some rural areas, elderly single-person households account for 10% or more of the total population

Map 5: Percent of elderly persons living alone by Census tract (2014)[4]

Percent of householders that are age 75 or over and living alone

- Less than 5%
- 5% to 10%
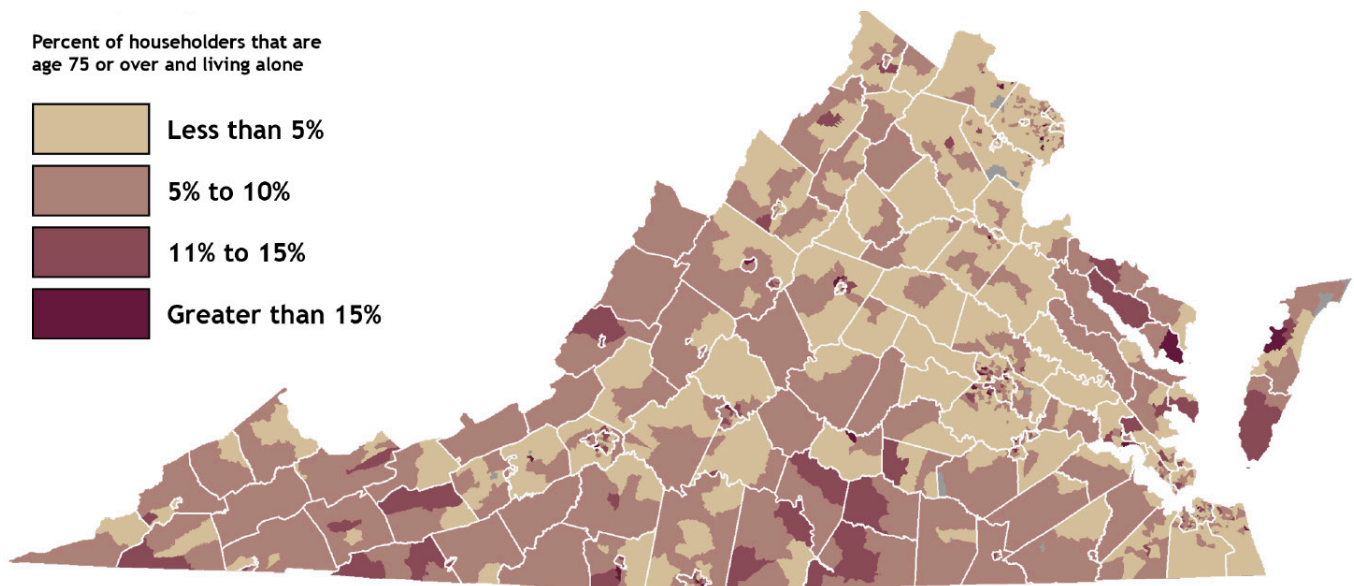- 11% to 15%
- Greater than 15%

Table 2: Number of persons age 75 or more living alone in 2014[4]

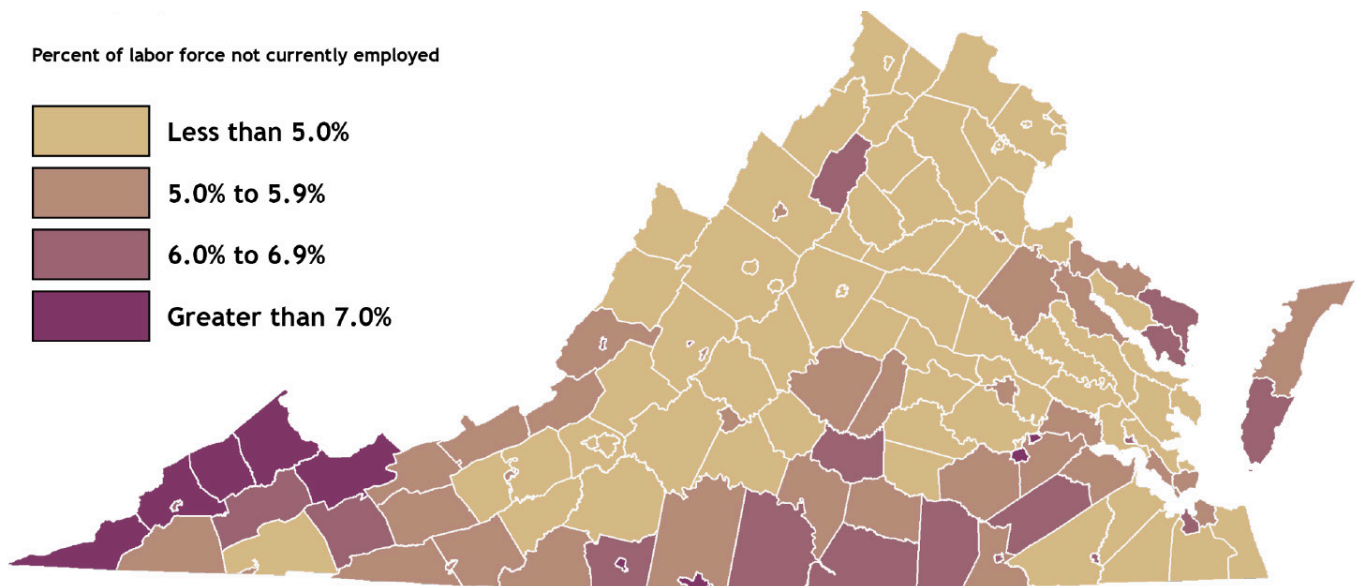| Virginia	All Urban	All Rural	Central	Mountain	Northern	N. Central	Southside	Valley
146,951	69,575	77,376	8,658	17,308	4,190	12,466	19,412	15,342

Socioeconomic Trends

In the past, rural Virginia's economy traditionally relied on manufacturing and agriculture, but these two industries have lost 79,000 and 3,000 jobs, respectively, since 2000. While unemployment rates have rebounded somewhat since the Great Recession, the majority of new jobs created between 2000 and 2014 in rural areas are in retail (23,000 added) and education / healthcare (109,000 added).

As of 2015, the unemployment rate in rural Virginia is 4.7% — slightly above the statewide rate. The Mountain and Southside regions, which have seen significant declines in manufacturing jobs, both have unemployment rates above 5.0%.

Table 3: Unemployment rate in 2015[5]

Virginia	All Urban	All Rural	Central	Mountain	Northern	N. Central	Southside	Valley
4.4%	4.2%	4.7%	4.1%	5.7%	3.7%	4.7%	5.5%	4.4%

Map 6: Unemployment rate by county (2015)[5]

Percent of labor force not currently employed

Less than 5.0%
5.0% to 5.9%
6.0% to 6.9%
Greater than 7.0%

As the economies in rural Virginia underperform, so do household incomes. As Map 7 shows, communities with the highest median household incomes are concentrated throughout the Urban Crescent, with additional small pockets of higher incomes in Charlottesville and Roanoke. Nearly one in three rural households earn less than $35,000 annually.

Map 7: Median household income by Census tract (2014)[6]

Median household income in 2014 dollars

Less than $25,000

$25,000 to $50,000

$50,001 to $75,000

Greater than $75,000
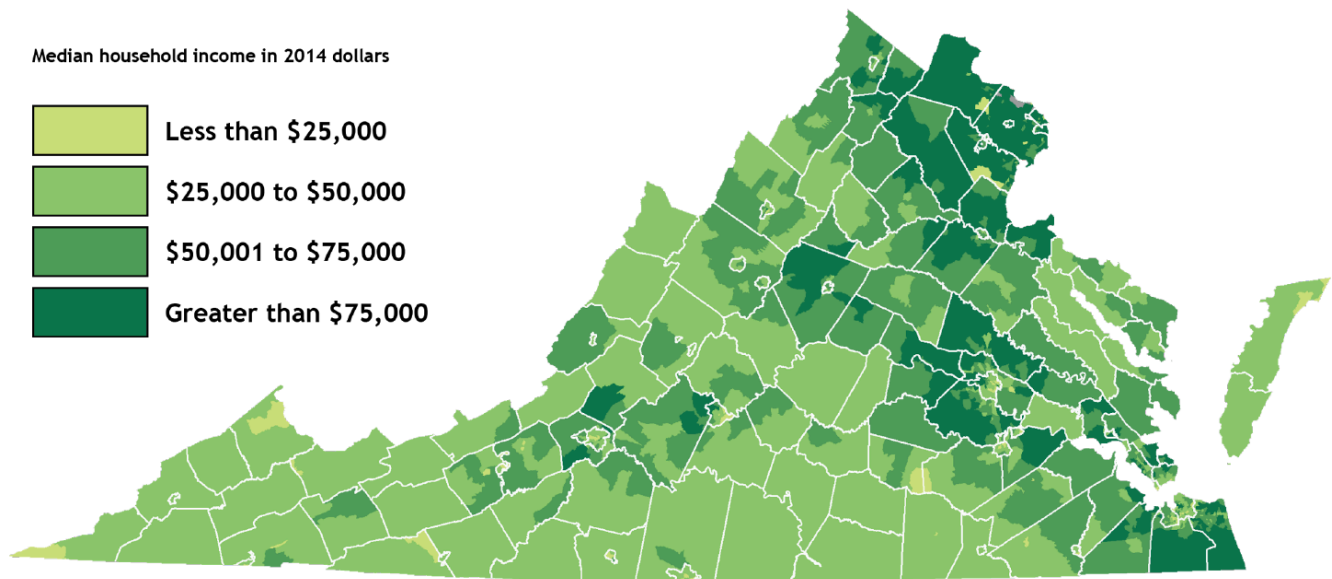
Lower wages in rural Virginia correspond with higher poverty rates. Among all rural regions, the poverty rate is one point above the state average. However, the highest rural poverty is concentrated in the Mountain and Southside regions, where nearly one in five adults live below the poverty line (Table 4). While the Northern region has the lowest poverty rate (4.8%), its total population in poverty has nearly doubled since 2000 (Table 5).

Nearly one in three rural households earn less than $35,000 annually

In the Mountain and Southside regions, nearly one adult in five lives in poverty.

Table 4: Overall poverty rate in 2014[6]

Virginia	All Urban	All Rural	Central	Mountain	Northern	N. Central	Southside	Valley
11.5%	10.8%	12.4%	9.4%	19.4%	4.8%	9.0%	16.9%	10.9%

Map 8: Poverty rate by Census tract (2014)[6]

Overall poverty rate for all individuals

Less than 5%

5% to 10%

11% to 20%

Greater than 20%
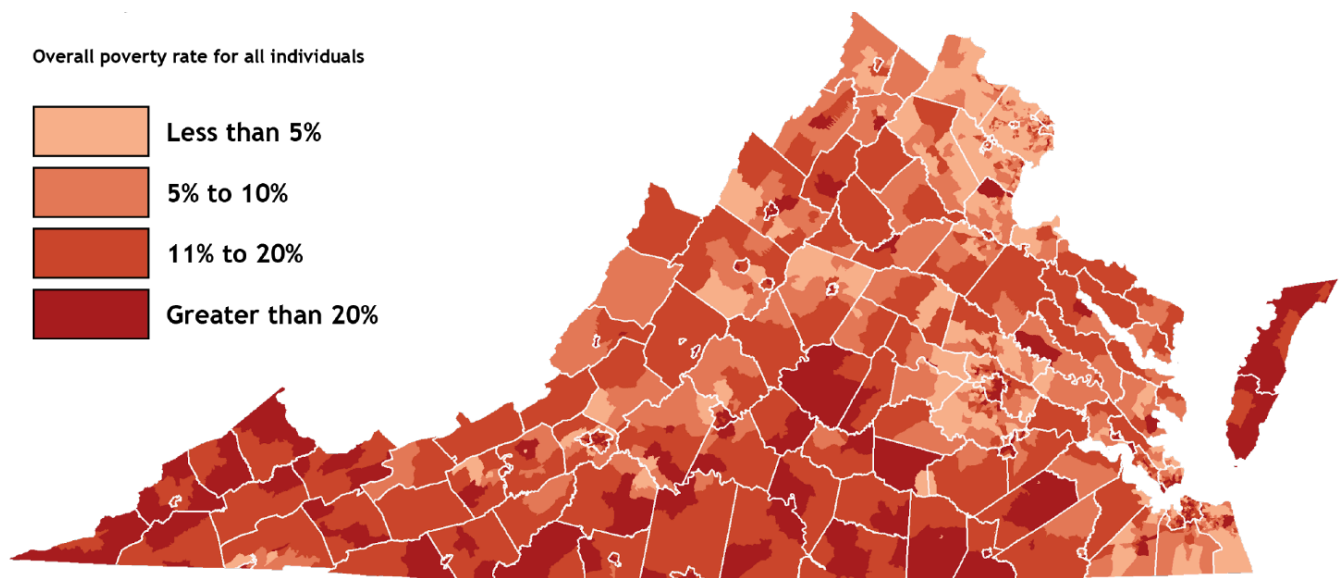
Table 5: Percent increase in number of persons in poverty from 2000 to 2014[7]

Virginia	All Urban	All Rural	Central	Mountain	Northern	N. Central	Southside	Valley
39%	39%	39%	46%	23%	98%	48%	36%	58%

6   2014 American Community Survey, *5-year estimates*
7   2014 American Community Survey, *5-year estimates*; 2000 U.S. Census SF3 data

Housing Cost Burden

The U.S. Department of Housing and Urban Development (HUD) defines a household as "housing cost burdened" if they pay 30% or more of their income on housing costs. As of 2014, three in ten families in Virginia are housing cost burdened, up from two in ten in 2000.

Households in rural Virginia are slightly less cost burdened than average, but cost burdened households in rural Virginia have been growing much faster since 2000 than urban households (Table 7). In the Northern region, where the population and land values have significantly increased, the number of cost burdened households more than doubled. Overall, cost burdened households in rural regions increased by 85% over the past 15 years.

Table 6: Percent of households that were housing cost burdened in 2014[8]

Virginia	All Urban	All Rural	Central	Mountain	Northern	N. Central	Southside	Valley
30%	34%	26%	25%	23%	30%	27%	27%	26%

Map 9: Percent of housing cost burdened households by Census tract (2014)[8]

Percent of households paying 30% or more of income on housing costs

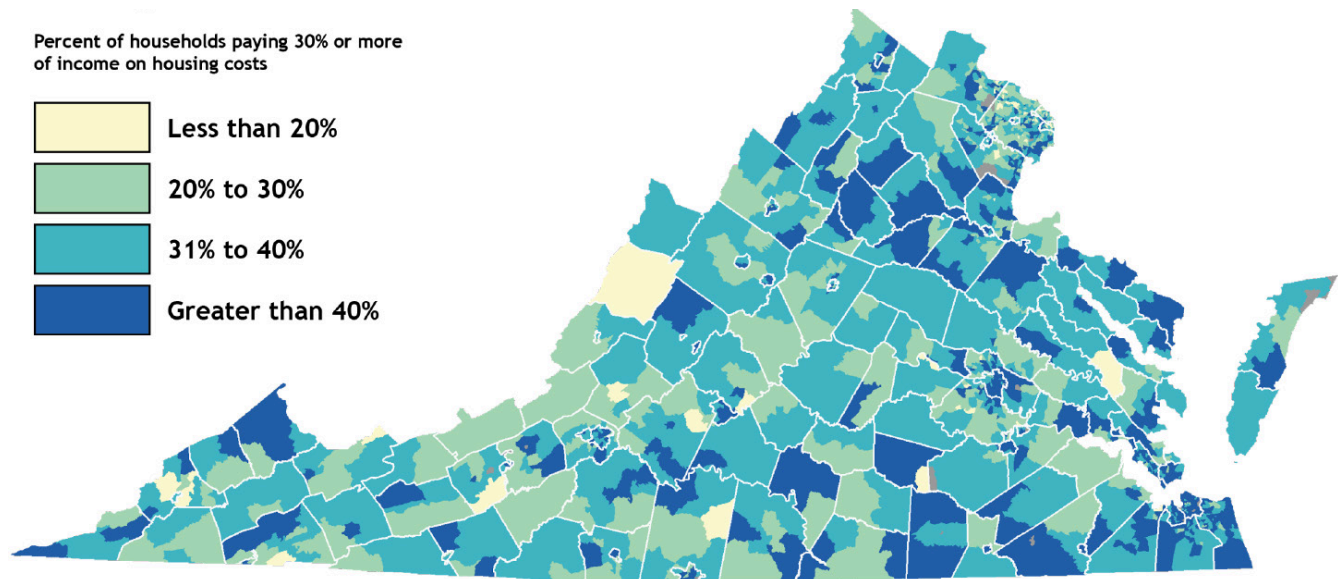Less than 20%
20% to 30%
31% to 40%
Greater than 40%

Table 7: Percent increase in total housing cost burdened households, 2000-2014[9]

Virginia	All Urban	All Rural	Central	Mountain	Northern	N. Central	Southside	Valley
64%	53%	85%	89%	66%	157%	87%	74%	81%

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8   2014 American Community Survey, *5-year estimates*
9   2014 American Community Survey, *5-year estimates*; 2000 U.S. Census SF3 data

The increase in housing cost burden among homeowners has disproportionately affected one age group more than any other: seniors. Households reaching and passing retirement age are still facing years of mortgage payments. baby boomer homeowners have dipped into their home equity to fund their children's college tuition and help pay off other debt, adding to their debt burden. The total number of seniors with mortgages increased by 61% (over 202,000) between 2000 and 2014 (Table 8). Rural Virginia accounted for 63% of this growth.

Senior households with a mortgage increased by 125%

Table 8: Percent increase in number of seniors with mortgages, 2000-2014[10]

Virginia	All Urban	All Rural	Central	Mountain	Northern	N. Central	Southside	Valley
61%	47%	74%	111%	68%	162%	72%	55%	66%

Map 10: Percent of seniors with mortgages by Census tract (2014)[10]

Percent of all householders that are age 65 or over with a mortgage

Less than 10%
10% to 20%
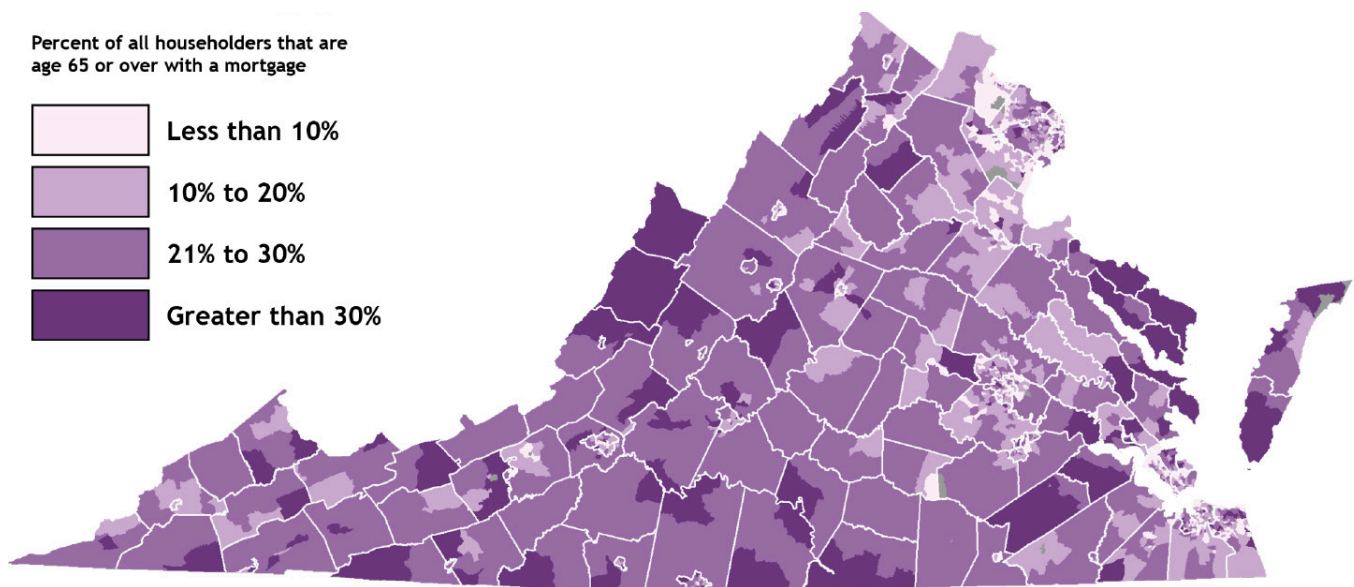21% to 30%
Greater than 30%

Table 9: Percent increase in mortgage-burdened seniors households, 2000-2014[11]

Virginia	All Urban	All Rural	Central	Mountain	Northern	N. Central	Southside	Valley
111%	98%	125%	25%	111%	30%	27%	97%	26%

10   2014 American Community Survey, 5-year estimates; 2000 U.S. Census SF3 data
11   2014 American Community Survey, 5-year estimates; 2000 U.S. Census SF3 data
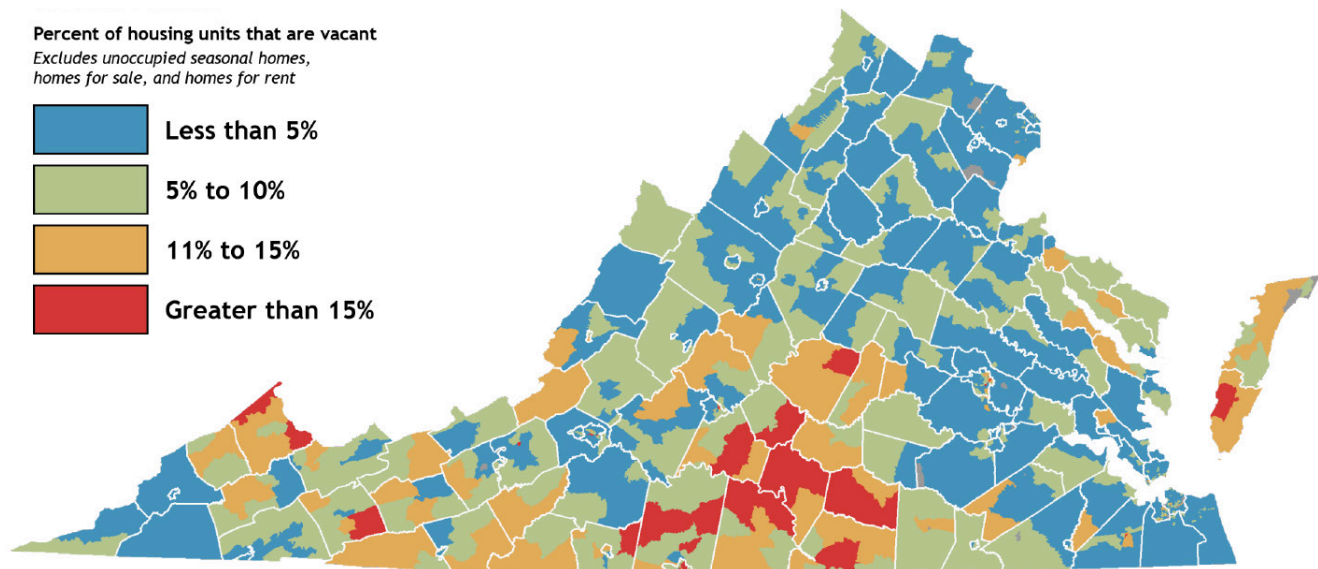
Housing Quality

Rural regions face much different challenges related to housing quality than most urban areas. Single-family detached homes, which have inherently more repair and rehabilitation needs, account for 10% more of rural housing stock than urban housing stock. As of 2014, over 6,600 homes in rural Virginia do not have adequate indoor plumbing, and 8,700 homes do not have complete kitchen facilities. Although these numbers have declined over the past decade, reaching isolated households with such housing problems remains a major problem for communities with few resources to combat the issue.

Table 10: Percentage of all housing units classified as "other" vacant in 2014[12]

Virginia	All Urban	All Rural	Central	Mountain	Northern	N. Central	Southside	Valley
3.6%	2.1%	5.3%	4.4%	6.0%	1.9%	4.2%	7.9%	4.6%

Map 11: Home vacancy rate by Census tract (2014)[12]

Percent of housing units that are vacant
Excludes unoccupied seasonal homes, homes for sale, and homes for rent

- Less than 5%
- 5% to 10%
- 11% to 15%
- Greater than 15%

A second housing challenge unique to rural Virginia is the high home vacancy rate. While one in ten homes across Virginia are not occupied year-round, the majority of these are either on the market or only used seasonally. The remainder are classified as "other" vacant by the Census bureau.[13] This category includes units that are abandoned by their owner, being used as storage, going through foreclosure, and many other reasons. No matter the cause, it is difficult for localities to return "other" vacant units to occupied status. Across rural Virginia, "other" vacant homes are over twice as prevalent than in urban areas (Table 10). The highest concentration of these units is in south central Virginia (Map 11).

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12   2014 American Community Survey, *5-year estimates*
13   U.S. Census Bureau, Housing Vacancy Survey definitions (2016): www.census.gov/housing/hvs/definitions.pdf
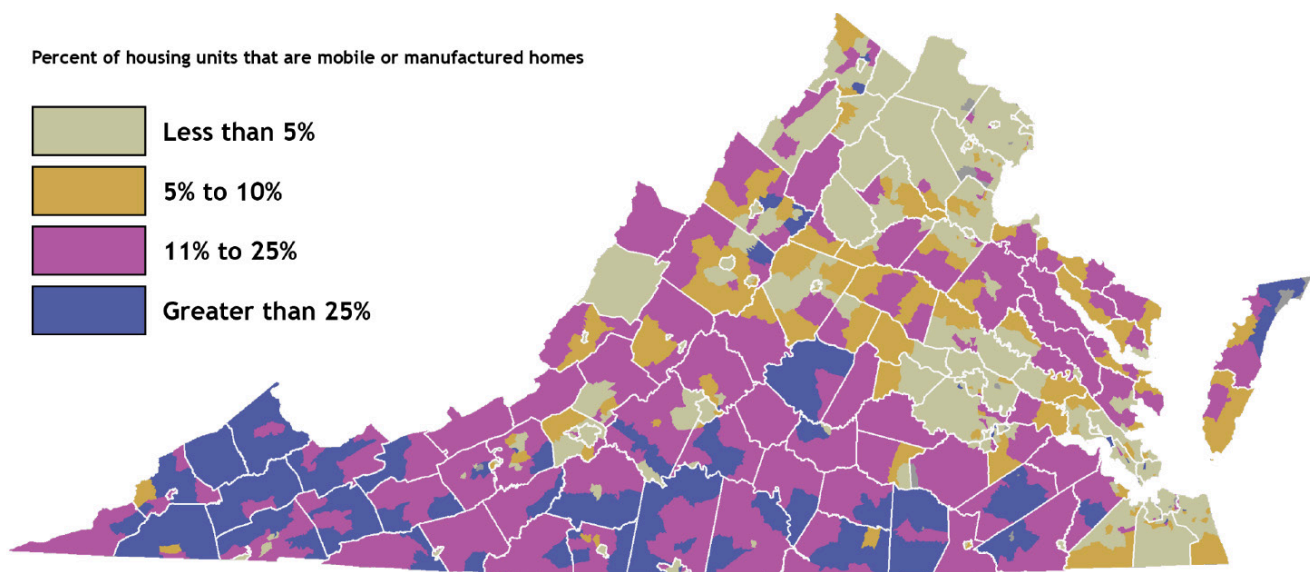
Unsurprisingly, manufactured (or mobile) homes comprise a large segment of Virginia's rural housing stock. These units include both single-wide homes and modern factory-built modular (double-wide) housing that is transported and placed on site. Today, over 163,000 rural families live in a manufactured home. The highest prevalence of manufactured housing is in the Mountain region (19.2%) and the Southside region (13.6%) (Table 11).

Table 11: Percentage of housing units that are manufactured homes in 2014[14]

Virginia	All Urban	All Rural	Central	Mountain	Northern	N. Central	Southside	Valley
5.3%	0.9%	10.3%	7.3%	19.2%	1.1%	7.4%	13.6%	6.4%

Although this type of housing is often the most affordable path to homeownership in rural regions, it is not without significant challenges. According to a recent study by the Virginia Center for Housing Research at Virginia Tech, 21% of the manufactured homes in Appalachian Virginia were built before HUD began regulating safety and quality standards for manufactured housing in 1976.[15] These homes are far less durable, structurally sound, and energy efficient than their modern counterparts. Because manufactured homes are almost always titled as personal property rather than real estate, repairs and upgrades do little to build equity for their homeowners.

Map 12: Share of manufactured homes by Census tract (2014)[14]

Percent of housing units that are mobile or manufactured homes

- Less than 5%
- 5% to 10%
- 11% to 25%
- Greater than 25%

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14   2014 American Community Survey, *5-year estimates*
15   VCHR, "Mobile and Manufactured Homes in Central Appalachia and Alabama" (Sept. 2016):
        http://cfed.org/assets/pdfs/State_of_Appalachian_Mobile_Homes_VIRGINIA.pdf
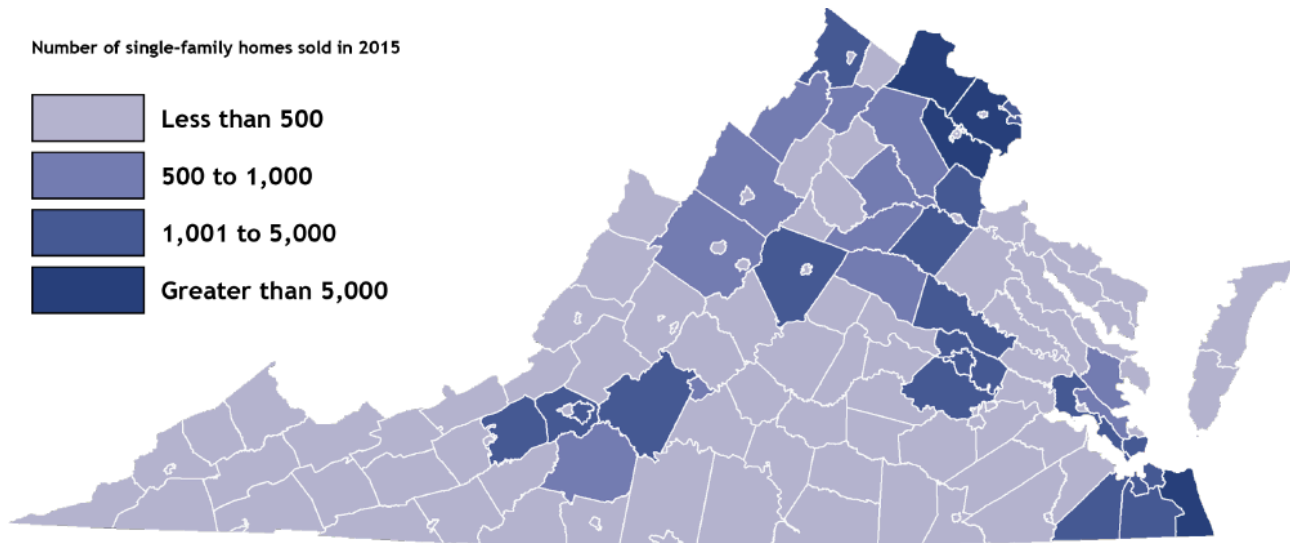
Real Estate Market

Buying and selling a home in rural Virginia is more challenging than in urban parts of the state. Based on the most recent data from the Virginia Association of REALTORS®, it is evident that rural Virginia's real estate market lags far behind the rest of the state. Excluding the Fredericksburg region, northern Shenandoah Valley, and Roanoke region, most rural counties saw less than 500 total homes sold in 2015 (Map 13).

Average home sales prices varied dramatically between rural regions in 2015.[16] In the Northern region, where land values are high, the average price of a single-family home was $475,000. In the Mountain and Southside regions, average home prices were just above $180,000. Across all rural areas, the average price was $282,000 — nearly $50,000 less than the statewide average.

Table 12: Average single-family home sales price in 2015 (in thousands of dollars)[17]

Virginia	All Urban	All Rural	Central	Mountain	Northern	N. Central	Southside	Valley
$331	$383	$282	$294	$181	$475	$279	$182	$218

Map 13: Total number of single-family homes sold in 2015[17]

Number of single-family homes sold in 2015

Less than 500

500 to 1,000

1,001 to 5,000

Greater than 5,000

The amount of time a home stays on market before purchase is often an indicator of the health of the region's real estate market. Shorter periods on market generally indicate an active real estate market and more available capital in a community. In 2015, the median number of days on market for single-family homes across Virginia was 47. In rural areas, this time period was over double (Table 13). Many homes in the Mountain, North Central, and Southside regions stayed on the market for over 100 days (Map 15).
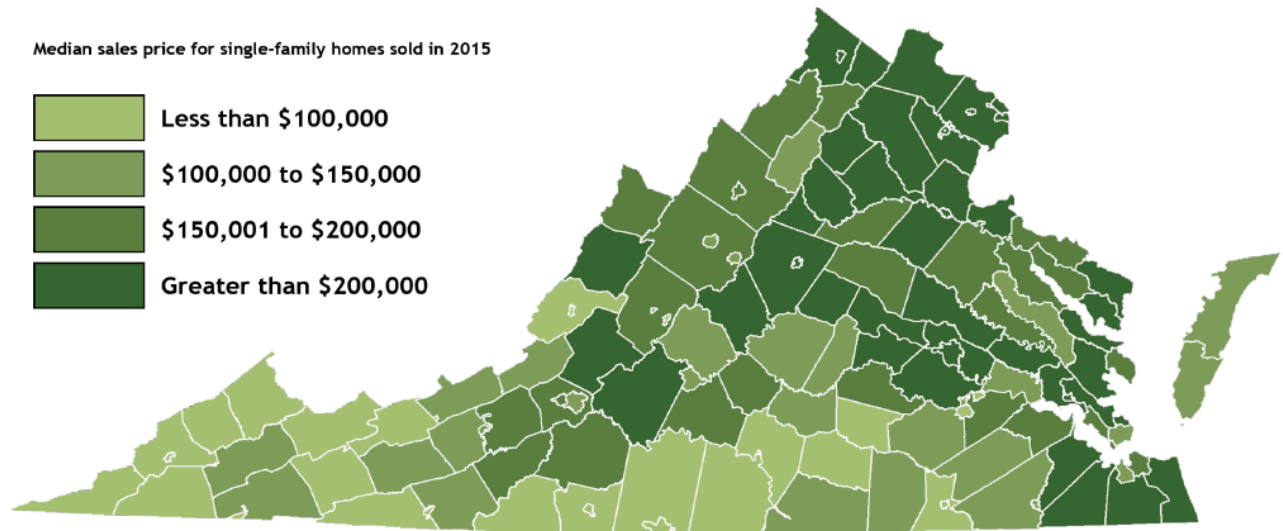
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16   Average home sales prices skew higher than median values because of high-value transactions. Aggregated median values for rural regions were not available.

17   Virginia Association of REALTORS®

Table 13: Median number of days on market for single-family homes in 2015[18]

Virginia	All Urban	All Rural	Central	Mountain	Northern	N. Central	Southside	Valley
47	37	97	62	124	47	100	109	83

Map 14: Median sales price for single-family homes in 2015[18]

Median sales price for single-family homes sold in 2015

Less than $100,000
$100,000 to $150,000
$150,001 to $200,000
Greater than $200,000

Map 15: Median number of days on market for homes sold in 2015[18]

Median number of days on market for single-family homes in 2015

Less than 50 days
50 to 100 days
101 to 150 days
More than 150 days
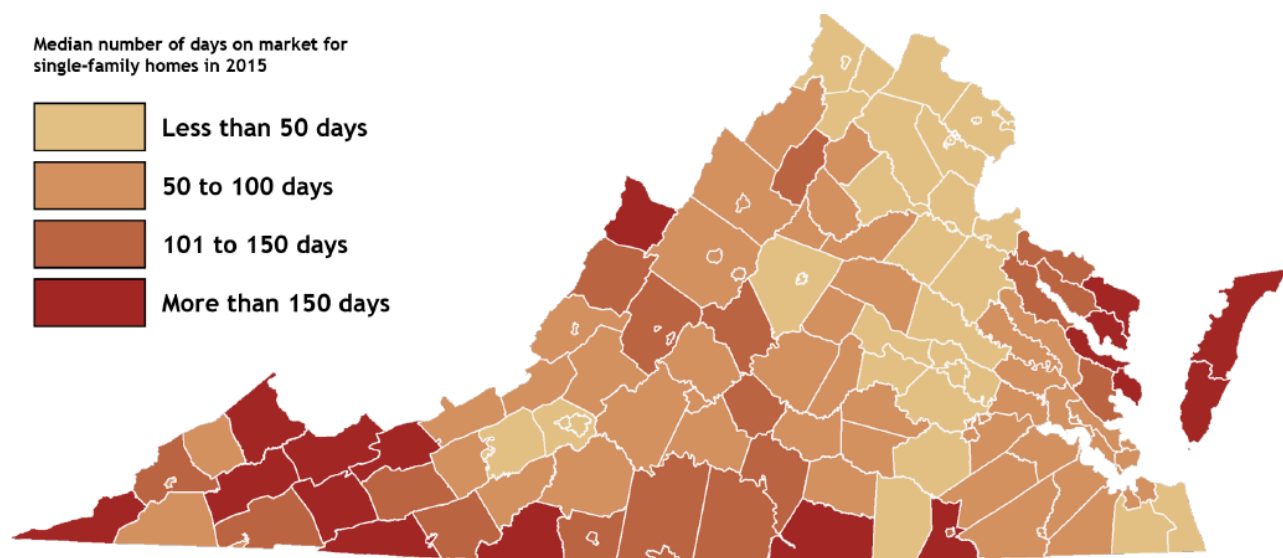
III. NEEDS AND GAPS: HOUSING PROVIDER FEEDBACK

Housing Virginia's Rural Housing Initiative began with a preliminary survey of rural housing and service providers, followed by a pre-conference session for 50 of these providers at the 2015 Virginia Governor's Housing Conference. There, we discussed the findings and probed further about their most pressing needs and the trends they are seeing in their communities. We gathered additional input at the 2016 Governor's Housing Conference for this report.

Preliminary Survey Responses

Virginia's rural housing providers — regional nonprofits, Community Service Boards, Area Agencies on Aging, and the like — understand the unique and growing pressures that their clients are facing, and they are struggling to serve them effectively as resources continue to decline. Housing Virginia's preliminary survey of rural providers showed the following:

Top Needs	Top Gaps	Top Trends
Rehabilitation of Substandard Housing	Lack of Affordable Financing	Increasing Demand for Rental Housing
Shortage of Affordable Rentals	Poor Infrastructure (Public Transit, Water/Sewer, etc.)	Flat/Declining Incomes
Home Accessibility Modifications for Aging in Place	Limited Capacity of Providers	Growing Senior Population

Housing Virginia met with over 150 housing providers during the course of the study.

Participants identified the top three needs in their service area as the need for rehabilitation of substandard housing, the need for more affordable rental housing, and the need for more home accessibility improvements for seniors to age in place. The need to address ending homelessness also ranked highly among participants.

The top three gaps identified by the survey respondents reflected the struggles faced by smaller nonprofits in particular. Besides the limited availability of funding available, participants cited a lack of affordable financing, lack of infrastructure (public transportation, water/sewer, broadband/cellular access, etc.), and limited capacity of housing providers as the three most urgen gaps in each of their service areas. A number of respondents also pointed out a lack of community support as another gap that needs to be addressed.

Three demographic changes and housing trends stood out as significant, according to participants: an increasing demand for rental housing, flat or declining incomes, and an increasing senior population. Half of the respondents also pointed to a declining job market as a worrying trend in their areas. These trends correspond with Housing Virginia's own research discussed in the previous section. Together, the quantitative findings and survey feedback helped shape the discussions we brought to providers around the state.

The study launched at a pre-conference session of providers at the Governor's Housing Conference.

Regional provider meeting in Fauquier County.

Regional Discussions with Providers

All of the issues reflected in our preliminary provider survey were also raised during our regional dialogues with a wider group of local housing and service providers.
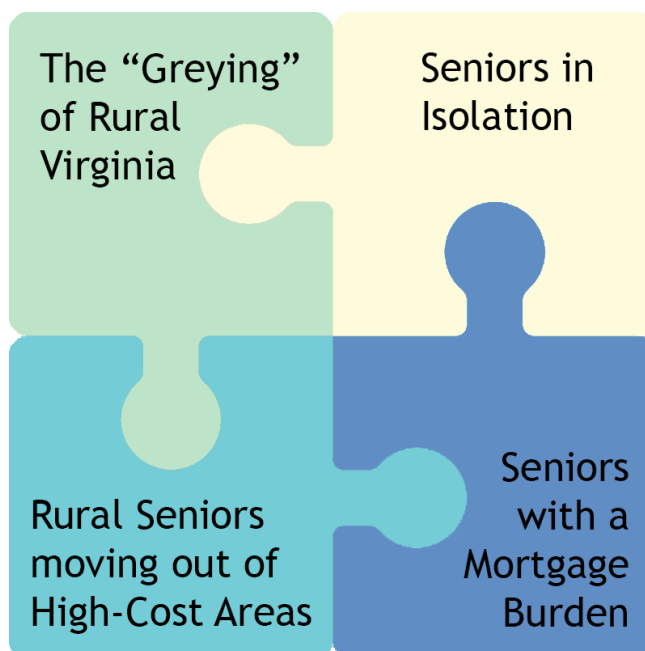
In partnership with five local REALTORS® Associations, Housing Virginia presented regional demographic and housing data to over 150 rural providers around the state and engaged in an in-depth discussion about their region's needs, gaps, and trends.

What Providers Said About the Aging Population and their Housing Needs

By 2020, seniors will account for more than 20% of the population in most rural communities. Along with that demographic change comes issues unique to the senior population.

For example, due to the lack of affordable senior housing communities, assisted care facilities, or nursing homes in rural areas, many seniors remain isolated in their homes with limited access to transportation for medical visits, to buy groceries, or simply to socialize.

In addition, many of these seniors live in areas isolated from hospitals, emergency transport, and caregivers, all of which contribute to the safety and health of the individual. For those seniors who wish to switch to renting closer to a town center because of these factors, many cannot afford the market rate rent for even a one-bedroom apartment on their fixed incomes (SSI, retirement savings, disability, etc.). They must compete with each other, and in the case of communities without age restrictions, also compete with struggling families for the sparse number of subsidized rental housing units that *are* available.

The "Greying" of Rural Virginia

Seniors in Isolation

Rural Seniors moving out of High-Cost Areas

Seniors with a Mortgage Burden

Inability to maintain a home allows small problems to become health and safety concerns.

Seniors living in isolation in rural areas are often unable to maintain their homes and property. Especially when a spouse passes away, many seniors' physical and mental health prevent them from being able to conduct preventative maintenance on their homes, address minor repairs as they crop up, or maintain their yards. Small problems, like a roof leak, become much more serious if they are not addressed in a timely fashion. By the time a nonprofit specializing in emergency home repair receives a request for assistance, there are often so many necessary repairs that they can only address one or two of the most critical due to funding limitations.

Weatherizing older homes can help prevent damage from moisture or mold, as well as drastically reduce the cost of heating and cooling simply by installing insulation and sealing windows. However, nonprofits providing weatherization assistance struggle to provide services to everyone who needs them due to lack of funding available and the limited capacity of their organizations. The longer a household is on the waiting list for such services, the further their home's condition declines. This entire cycle

of being unable to maintain their homes contributes to the declining condition of that housing stock as a whole.

Additionally, many seniors who choose to age in place cannot afford the accessibility modifications required to do so on their fixed incomes. While a wheelchair ramp is less expensive and simpler to install, it is much more difficult for seniors to find financing to widen their doorways to accommodate mobility assistance equipment or install a roll-in shower in their bathroom.

To address the needs and gaps surrounding seniors in particular, it will be critical to develop and implement creative and collaborative initiatives that can tackle each of these issues while combining resources as effectively as possible.

What Providers Said About Rental Housing

The need for more quality, *affordable* rental housing topped both our preliminary survey group and in-person provider discussion group's priority lists. Many people associate rural areas with high homeownership rates — so what accounts for the drastic rise in demand for rental housing?

This question mirrors the rise in demand for rental housing across the state and nation — the rise in temporary / contract jobs prevents the young workforce from anchoring themselves in a community by purchasing a home, for example. Seniors are looking to downsize to a smaller living space with a landlord who will provide maintenance. The housing crash caused a large number of households to foreclose on their homes, and either their credit has not yet recovered enough to try homeownership again or they are wary of another crisis and do not want to risk buying a home again. The main difference in rural areas is that the number of available units for rent is much fewer than in urban or suburban areas, so the competition for affordable units is significantly higher.

Multifamily housing is not nearly as common in rural areas as it is in urban and suburban ones; in rural areas, it is much more common for a private homeowner to rent out a single-family detached home. Unfortunately, the stock of single-family rental homes may be poor quality because often the owner and landlord cannot afford to complete critical home repairs, and most rehab home assistance programs require the home to be owner-occupied to qualify. As a result, just as with the seniors who cannot maintain their homes, these single-family rentals fall into disrepair and grow the stock of substandard housing.

When it comes to subsidized housing, providers explained that there is not nearly enough to meet demand, especially in areas far away from larger metro areas such as Roanoke or Richmond. For the limited units of subsidized housing that *are* available, most have wait lists that are months or even years long.

Seniors   Millennials
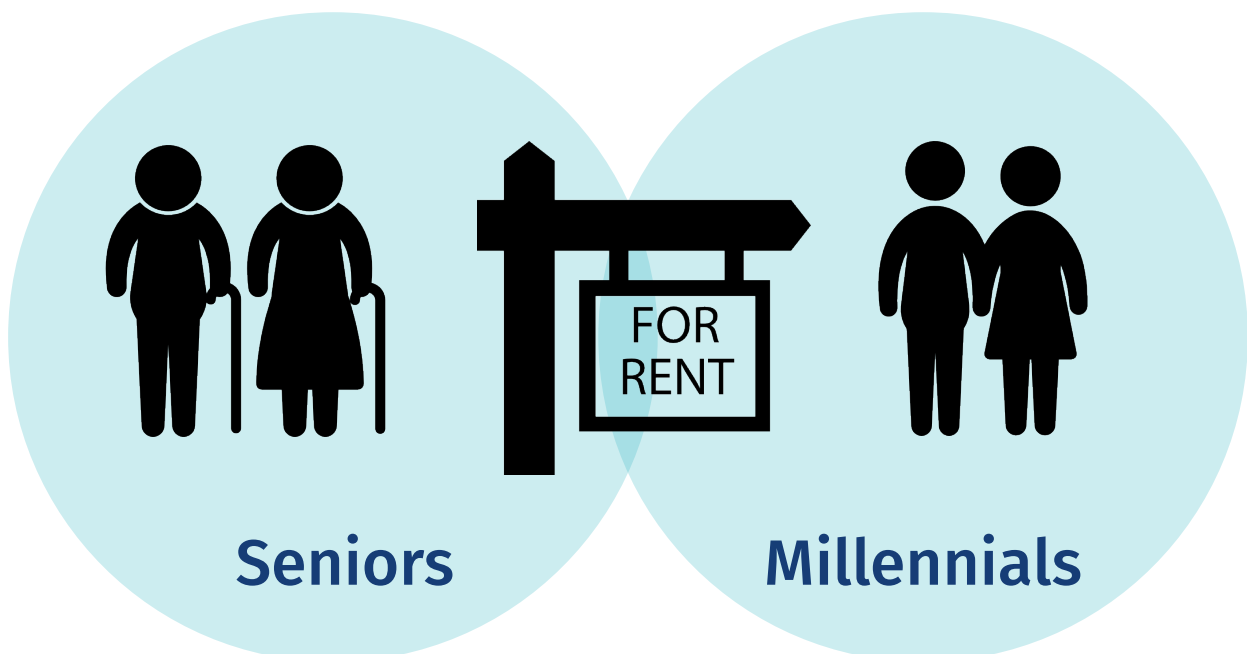
The Low-Income Housing Tax Credit (LIHTC) program, which facilitates the development of affordable multifamily housing through a federal tax credit and incentive for private investors, is one of the leading sources of quality subsidized housing in the state. However, rehabilitation is favored in rural areas over new construction. Despite minimal population growth, some new construction is needed in these areas to push out the worst of the existing stock to support the "housing life cycle" of the region.

Many nonprofit developers in rural Virginia expressed that it is also difficult to demonstrate the need for subsidized multifamily development in their regions when applying to the LIHTC program, which is an important component in proposal ranking.

Many rural Virginia counties feature pockets of poverty in close proximity to affluence, and though there are many existing homes for sale, the quality of the stock is substandard. Counties with areas of high wealth among areas with households making less than $50,000 a year, such as Fauquier and other Northern Virginia counties, have Area Median Incomes (AMI) that are skewed higher than average. This is also true of many rural counties that are technically part of larger metro areas, since income limits are determined by Metropolitan Statistical Area (MSA).

This means that the rent limits for subsidized housing — up to 60% of the AMI for LIHTC developments or up to 50% of the AMI for Section 8 housing — also skew higher, which means that often the "affordable" rents are still out of reach for those who need it the most.

Table 14: Comparison of HUD Income LImits for Family of Four, 2016[19]

Locality	Area Median	30% AMI	50% AMI	80% AMI
Fauquier County	$108,600	$32,600	$54,300	$70,150
Shenandoah County	$58,900	$24,300	$29,800	$47,700
Virginia	$77,500	$23,250	$38,750	$62,000

Note: *Fauquier County's AMI and Income Limits are determined by the Washington DC MSA. This chart demonstrates how counties with suburban and rural pockets, as well as Census tracts with median incomes below $75,000, are affected by the high incomes of neighboring metro areas. Shenandoah County, in contrast, is outside of its closest MSA, which is the Winchester, VA MSA.*

What Providers Said About Homeownership

Housing in rural areas is most commonly associated with high homeownership rates — and although the homeownership rate fell 2.2% in rural areas since 2000, it still remains above the state average. Home-ownership carries unique challenges that are closely tied with economic activity.

For example, in 2015 the Center for American Progress conducted an analysis on recovery from the housing crisis in 2008, which found that "counties that are experiencing an increase in negative equity rates tend to be located in non-metropolitan and rural areas, which are less likely to be equipped with the resources that could ease the recovery."[20] Further analyses by the Housing Assistance Council indicate that mortgages for homes in rural areas tend to cost more[21] and the equity rural homes accumulate tends to be less than homes in urban or suburban areas.[22]

Home Values: "Underwater" Counties (2011 and 2015)
Seven years after the housing bubble burst, nearly 1,000 counties nationwide present either stagnating or increasing percentages of underwater homes.
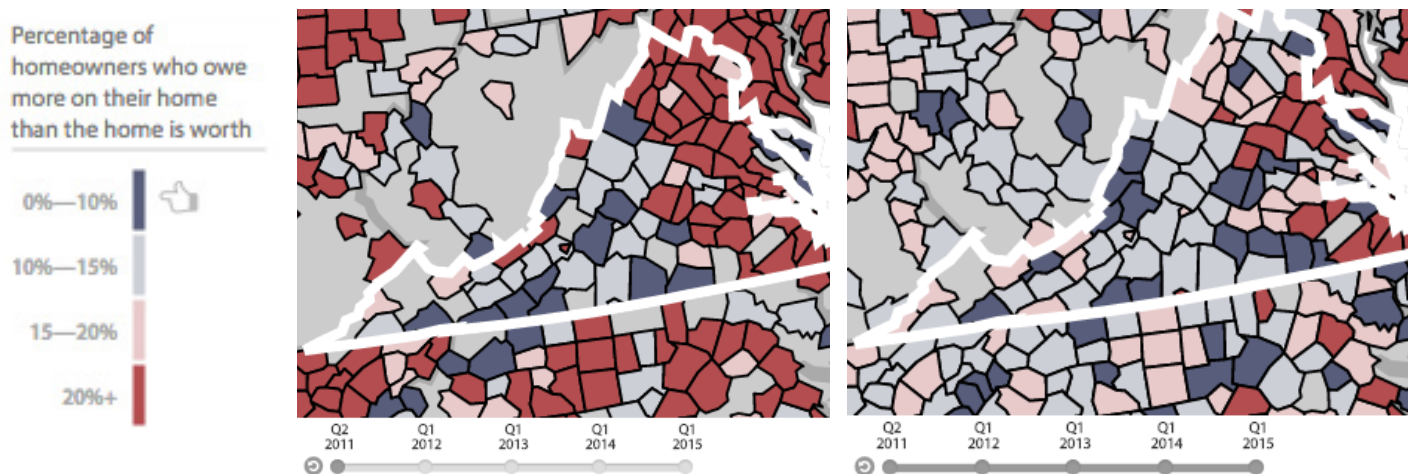
Source: Center for American Progress analysis of Zillow, "Additional Data Products: Negative Equity, 2011-2015," available at http://www.zillow.com/research/data

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20   Center for American Progress, *The Uneven Housing Recovery* (2015)
21   Housing Assistance Council, *Rural Research Note,* "Rural Mortgage Activity Declines. Home Purchases are Up, but so are High Cost Loans" (2014)
22   Rooflines, "True Homeownership in Rural America" (2012)

One gap that providers raised at several regional discussions was the need for more quality "starter homes" — generally sized at 1,200 to 1,600 square feet. Many Realtors indicated that both millennial and senior clients are competing for this type of housing. Seniors are looking to downsize to smaller, one-story homes for easier maintenance and maneuverability as well as safety, and first-time homebuyers (typically millennials) are looking to start small and build equity for a larger home in the future when their families grow.

In the current market, many stakeholders suggested that not enough builders are targeting the construction of these types of homes. There is still focus on the larger custom homes that drove the market a decade ago. There are financial disincentives to the development of small homes where the profit margins are much thinner that reduces developer motivation.

The home building industry in general has been slow to recover from the housing crash, with only 1.2% of the state's housing stock being built after 2010, reflecting the reduction in capacity within the homebuilding industry.

Areas that experienced a surge in the "McMansion" home building trend a decade ago are struggling to meet the demand for quality smaller homes. Some providers at our discussions suggested creative zoning policies that would allow for subdivisions that were originally designed for larger homes to be reshaped to provide for a mix of housing types, including zero lot line, duplexes, or townhouses.

One of the most pressing issues brought up in relation to homeownership involved barriers in access to mortgage credit, especially for households making 50% or less of the Area Median Income (AMI). Though mortgage consumer protections have increased with Dodd-Frank and the Consumer Protection Act in 2010, the qualifying process has become much stricter.

$500,000

$125,000
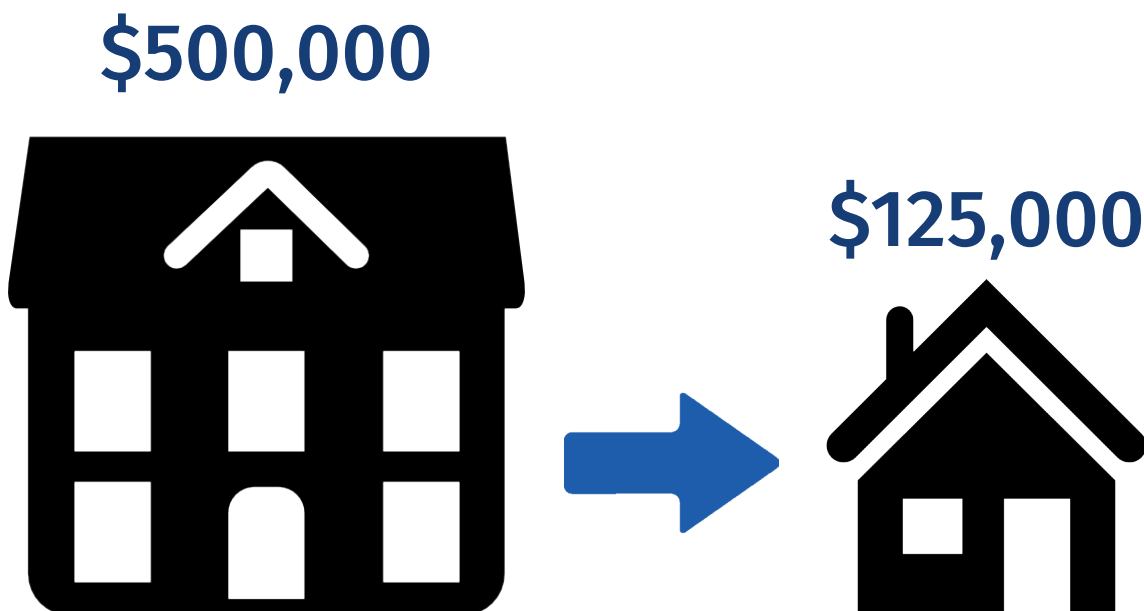
Many rural Virginians who lost their homes to foreclosure during the housing crash have yet to recover their financial footing and their credit rating, which limits their options for obtaining a mortgage for a home in their area.

Even though the cost of housing in rural areas is relatively cheaper than in urban and suburban areas, the lower wages of service industry and agricultural jobs cannot keep up with other expenses that may be higher as a result of living in rural areas, such as high energy and utilities costs, car maintenance and fuel (because of longer distance commuting), childcare, internet access, and healthcare. As a result, many rural Virginians are living paycheck-to-paycheck and falling deeper into debt.

In the Southwest corner of the state, the economy continues to struggle with job loss resulting from the decline in mining and manufacturing. The new jobs that have come into these areas tend to be concentrated into education and healthcare, which require retraining and new skills that can be a challenge for older workers near the end of their careers.

Additionally, some new positions are short-term or contract jobs, which make for a competitive and tight entry-level job market for millennials,

who are also saddled with student loan debt. Young workers who are unsure of whether or not their contracts will be renewed are hesitant to invest their limited resources into a home, which would commit them to an area where they might not have a job the following year. All of these economic factors contribute to a perfect storm of people who *want* to buy homes but *can't*.

Many of these struggling families could benefit from credit counseling services, which are provided by local and regional nonprofits around the state. But these small organizations are often unable to expand their housing and credit counseling, homeownership readiness education, and financial literacy programs due to limited staff capacity and resources.

Several of these service providers also noted that many of the people who are aware of these programs are unable to access them simply due to time restrictions (working multiple jobs), lack of reliable transportation, and lack of access to child care. One solution to this particular barrier would be to offer online courses. Realtors and loan officers also expressed a desire for comprehensive education on assistance programs available to their clients, which is something that could be explored through a new continuing education course or accredation for expertise in homeownership assistance programs.

Rural Virginia's poverty rates are most concentrated in the Mountain region

19.4%

<10%   10-20%   >20%
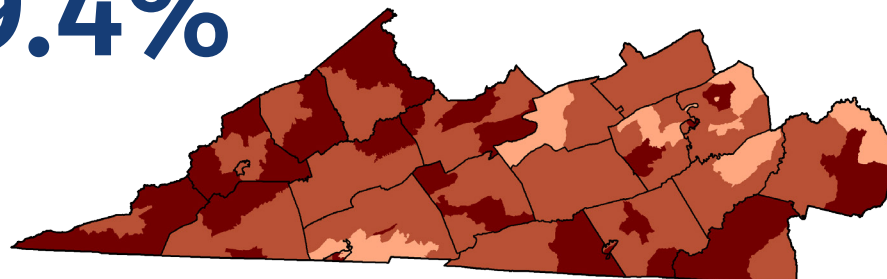
What Providers Said About Aging Housing Stock

A significant percentage of the housing stock in rural Virginia is in need of rehabilitation. Between an aging housing stock and circumstances that lead to these houses falling into disrepair, the need for comprehensive rehabilitation of substandard housing was echoed across the state by providers.

Most of these homes fall into disrepair due to either physical and/or financial inability on the part of owners to perform preventative maintenance and repairs as problems arise. Isolated seniors simply do not have the ability to fix problems themselves, and the longer these issues go unaddressed, the more serious they become. A roof leak that is not fixed immediately can lead to a much more expensive issue, such as a mold infestation or structural damage, if left alone. This is also true of households with little to no savings for emergencies — if they are struggling to pay for food, childcare, and healthcare every day, it is unlikely they will be able to afford roof repair or other critical maintenance issues.

A number of nonprofit organizations provide emergency home repair and accessibility improvements around the state; unfortunately, since the demand for their services is so high but the availability of funding and staff capacity is unable to keep up, these programs have long waiting lists for clients. In especially dilapidated homes, often the cost of making the home *completely* safe and healthy for the client is so high that the staff must prioritize the repairs in terms of how they can make the home *safer* with the money they have. This usually means that a home may have some of the more serious health hazards resolved, but still have major challenges with accessibility and safety remaining.

Some homeownwers hesitate to apply for repair assistance because they fear their home will be subject to code enforcement if they use public funds. Regional nonprofits face challenges in securing funding that will prevent this very scenario from happening. For example, one of the stipulations for using HOME funding is that the home be brought up to code; in situations like the one above, that is often not a realistic endeavor with the money made available.

83,600

homes in rural Virginia are perpetually vacant and not on the market

6,600
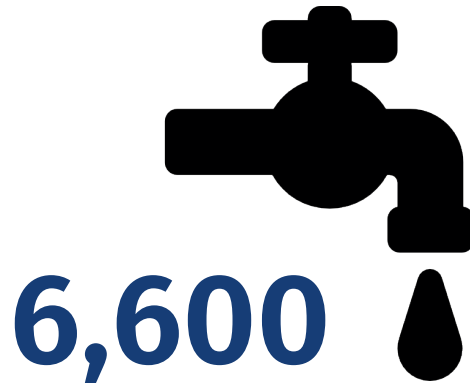
homes in rural Virginia do not have adequate indoor plumbing

As a result, the nonprofit performing the repairs can only use the HOME funds for a house already in better condition, and the people who need emergency home repairs the most cannot benefit from those funds. Other sources of funding for home repairs require a lien on the property, which can automatically disqualify some homes, but also is a significant disincentive for many older homeowners who are fearful of placing a lien on their home.

USDA - Rural Development offers assistance for home repairs through their Section 504 Home Repair program and homeownership assistance through their Section 502 Direct Loan program, but the funding available for these programs in Virginia is limited, despite the high demand.[23] Virginia could look at developing hybrid programs that partner funding sources to encourage match fund programs to fill the gap.

A good example of this is the Kentucky Housing Corporation's HouseWorks Repair Program,[24] which funnels Affordable Housing Trust Fund money into nonprofits or local governments who provide home repair assistance. This program is often paired with the Section 504 funds to adequately cover the cost of safety repairs for clients. The key to successful utilization of such hybrid programs lies in cross-organizational coordination and communication.

Funding through USDA-RD, HOME, etc.

Regional nonprofits (home repair)
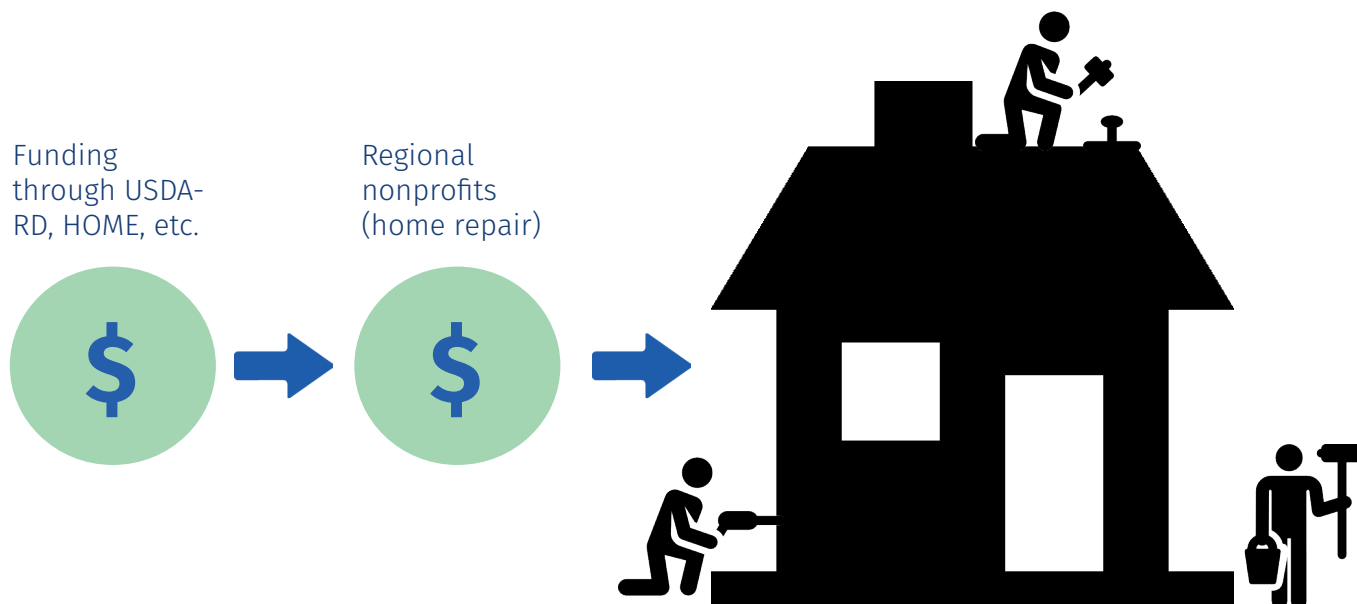
23   USDA - Rural Development, 2016 Progress Report:
      http://www.rd.usda.gov/files/USDARDProgressReport2016.pdf
24   Kentucky Housing Corporation HouseWorks Repair Program:
      http://www.kyhousing.org/Development/Single-Family/Pages/HouseWorks-Repair-Program.aspx

What Providers Said About Land Use / Zoning Restrictions

Another barrier that affordable housing providers identified in almost every rural region is strict land use and building policies. As the housing and community development industry produces creative solutions to mitigate high housing costs, such as accessory units, tiny houses, and re-shaping large houses into duplexes, local zoning policies and building codes have yet to address these new housing types.

If local policies for subdivisions are especially strict, it may be difficult to meet these in a rural context where home prices are much lower than in high growth metropolitan areas. The development of smaller affordable multifamily developments also faces many challenges in terms of infrastructure availability and cost. Additionally, incidences of NIMBYism towards multifamily development can be more common in rural areas where neighborhood concerns about traffic, noise, and property values are compounded by the fact that multifamily housing is a much less common housing type and may be misunderstood and the subject of misperceptions.

Many rural housing providers suggested that some types of construction costs can be higher for building new multifamily housing in rural communities as compared to urbanized areas. While there is little difference in material costs, it is true that rural areas often have fewer developers that are interested and willing to take on projects of this type. The shortage of developers and builders can influence cost negatively. While land cost is typically lower than in urban areas, it can be challenging to find land that is zoned or acceptable for multifamily development.

Also, in areas with severe topography, it may be difficult and very expensive to develop land for multifamily housing. Some housing providers suggested that it would be helpful if they could subdivide large parcel farms into smaller acreage for housing development, but many localities' current zoning policies discourage this.

The limited number of public sewer systems also creates challenges for multifamily development with relatively high hookup fees for water and sewer when public systems are available. On-site systems can be expensive to develop and maintain, especially in areas with environmental restrictions, such as Chesapeake Bay watershed areas. Building code requirements, such as specific types of heat pumps, add to the costs. All of these factors contribute to the fierce competition for affordable options.

Manufactured Housing

Manufactured housing — formerly called "mobile homes" or "trailers" — is a significant facet of affordable homeownership in rural Virginia. Though manufactured housing faces a number of challenges, it is one of the largest sources of unsubsidized affordable homeownership. In Virginia, manufactured housing is most common in the Southside and Mountain regions, often as a standalone unit on a parcel of land either owned or leased by the homeowner. The unique nature of manufactured housing leads to challenges of roadblocks to titles, financing, and repair for tenants.

Unfortunately, many of these older units (especially those constructed before 1976 when federal standards were adopted) are substandard in quality and, in the case of leased units or land, have uncooperative landlords. Such behavior can range from refusal to maintain the infrastructure or unit to pressuring vulnerable people — including immigrant families who may have language barriers — into signing lease-to-own agreements that are constructed to benefit the landlord. Though there are some home repair programs that can be applied to manufactured housing, such as the RD 504 loans and grants, there are stipulations that limit who can receive assistance. Often the unit must be built on a permanent foundation or exist on land owned by the homeowner (not leased) to qualify. These older deteriorating units need to be replaced completely by newer, high-quality units. The removal fees for the existing unit are often very expensive and can lead to unit abandonment on the property, which has implications for environmental impacts as well as the aesthetic quality of the area.

Insurance and interest rates can be significantly higher for manufactured housing than for traditional, "stick-built" housing, even though the loan

Nearly 14,000 pre-1976 mobile homes are still occupied in Virginia.

term tends to be much shorter. This is especially true for financing that is a "chattel" loan instead of a traditional mortgage. Chattel loans are made when the home is classified as "personal property" (like a vehicle) and not "real estate". This is also one contributing factor to the way manufactured housing is appraised — as a depreciating asset instead of a traditional home that is expected to appreciate in value.

Although some urban and suburban communities face their own challenges with concentrated areas of manufactured housing in "mobile home parks," many towns within the state do not permit some types of manufactured homes within the town limits. Most localities in the state are not favorable toward the development of new mobile home parks; indeed, there have been very few new parks developed in Virginia after the past 20 years.

Next Steps USA (www.nextstepsus.org)

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What Providers Said About Homelessness

Homelessness service providers from around the state all emphasized that rural homelessness is not as visible as in urban areas, which leads to a lack of awareness. Virginia is at the forefront of tackling Veteran homelessness, but rural homelessness faces a unique set of challenges that make addressing it more difficult than in urban areas.

A number of homelessness service providers noted that HUD's definition of "homelessness" limits the ability of rural areas to demonstrate a need for assistance. HUD lists four categories of homelessness that are eligible for its emergency, transitional, and permanent housing programs:

1. Persons who lack a fixed, regular, and adequate nighttime residence

2. Persons who are at imminent risk of homelessness

3. Persons who are homeless under other federal statutes

4. Persons who are fleeing / attempting to flee domestic violence

In more urbanized areas, service providers can document a large homeless population through movement in and out of emergency shelters, participation in rapid rehousing programs, and transition into permanent supportive housing. All of these are few and far between in rural areas, so documenting homeless individuals — and thus demonstrating a need for services in their locality — becomes a little more complicated.

One measure of a given locality's homeless population is the annual Point in Time Count. However, even urban areas struggle to recruit enough volunteers to accurately count how many individuals are sleeping out on the street or in shelters on any given night. In rural areas, the area to cover is much larger and any homeless individuals sleeping outside or in their cars are not easily visible from the road anyway. Even without taking into account logistical challenges, rural homelessness service providers simply lack the organizational and financial capacity to conduct such a count. As a result, many of these pockets are grouped together as the "Balance of State", which does not show a clear picture of the homeless population in these areas.
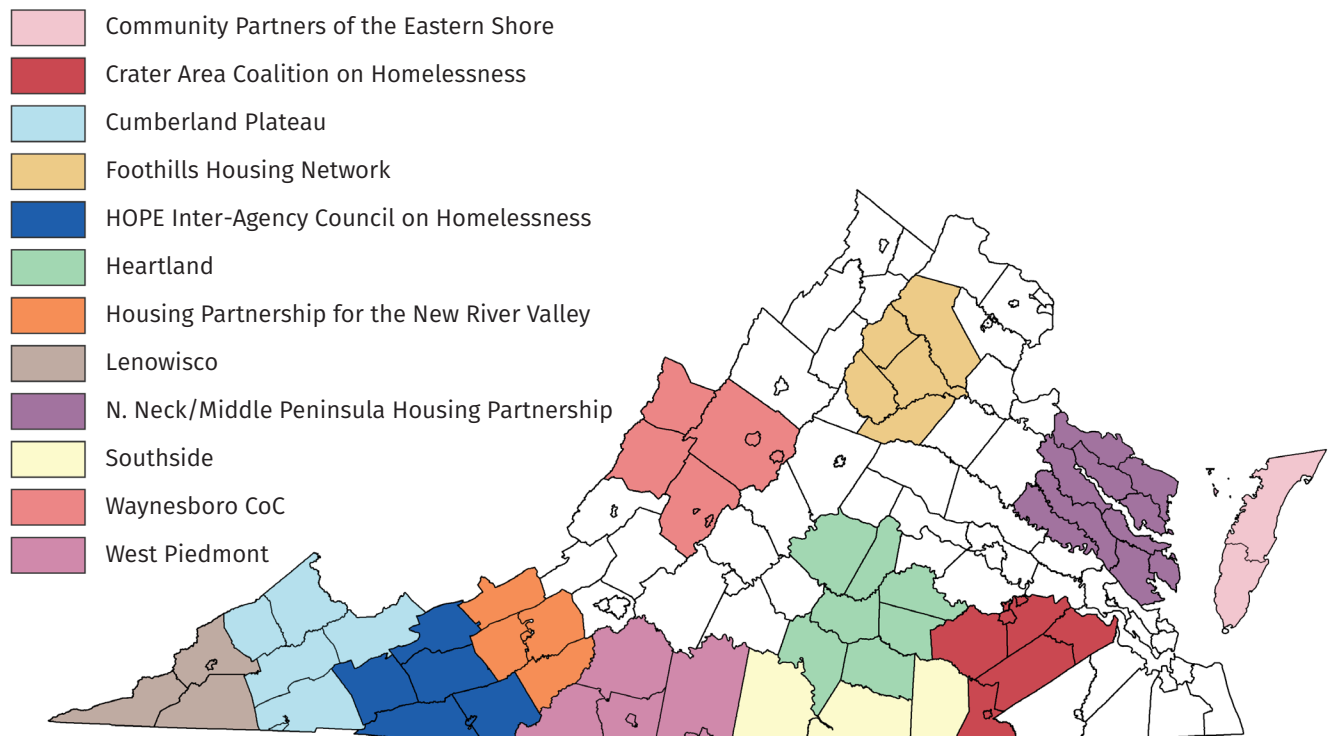
Rural homelessness is not as visible as in urban areas.

Homeless service providers in rural Virginia face limited funding and limited capacity.

As one might expect, the nonprofits, faith organizations, Community Action Agencies (CAAs), and Community Service Boards (CSBs) that carry out homelessness support services in rural areas are stretched thin with limited capacity. In the case of nonprofits, they are often the vehicle for federal and state funding to reach the homeless population through the local planning groups of the Balance of State Continuum of Care (COC). But these funds are distributed by demonstrated need, which, as outlined earlier, is difficult for these rural areas to show. In the case of the CAAs and CSBs, most cover a wide range of services (including mental health and emergency services) and geography (usually three or more counties) with limited staff.

Those localities that do have rapid rehousing or permanent supportive housing services for homeless families and individuals face the challenge of finding affordable housing near modes of transit that will get them to their new jobs. Often the housing further away from town centers and economic activity are going to be more affordable, but regional transit services have limited capacity to shuttle workers to homes at a greater distance.

Virginia Balance of State Continuum of Care – Local Planning Groups

Community Partners of the Eastern Shore
Crater Area Coalition on Homelessness
Cumberland Plateau
Foothills Housing Network
HOPE Inter-Agency Council on Homelessness
Heartland
Housing Partnership for the New River Valley
Lenowisco
N. Neck/Middle Peninsula Housing Partnership
Southside
Waynesboro CoC
West Piedmont

V. RECOMMENDATIONS TO ADDRESS NEEDS AND GAPS

The data as well as the input received from housing providers and other stakeholders reveals a number of clear housing needs in rural Virginia in the coming decade. Some of these are the result of changes in demographics, housing conditions, and economic conditions, while some have been persistent challenges in the past. We have grouped these challenges into five broad categories:

1. The growing population of seniors

2. The quality of the housing stock

3. A shortage of quality, affordable rental housing

4. Support for homeownership

5. Manufactured housing

For each of these areas, several policy options are identified. Most of these options may require an expansion or a re-programming of resources. In this report, we are not suggesting what those funding actions might be, but rather, we recommend that a statewide policy group be formed to explore and adopt policy changes to address the above challenges. This group has been formed and will meet to consider these recommendations during the spring and summer of 2017.

This group would include rural housing providers (nonprofit and for-profit), lenders, housing manufacturers, local government, state agencies responsible for housing, economic development, seniors, persons with disabilities, health, and other related issues, and federal housing agencies. It is critical for the organizations that administer funding and programs be involved in examining the changing needs in rural Virginia and assessing the policy options for meeting them.

Based upon the data collected, the input received from providers, as well as best practices in place in other communities, we have developed the following series of policy options.

Policy Options for Housing the Growing Senior Population

As noted earlier in this report, seniors are becoming an increasingly large part of the rural population. This is the result of the natural aging of the very large "Baby Boomer" cohort of the population as well as the outmigration of younger individuals from rural areas to urban communities. The next generation of seniors has consistently indicated that they prefer to "age in place," staying in their homes and remaining active in their communities. It appears that rural seniors are even more likely than their urban counterparts to follow this pattern.

We also know that the number of seniors living alone in rural areas is increasing rapidly. These individuals have less support and less income than when living with a spouse or other relative. Seniors who live alone are more challenged with home maintenance and accessibility issues. Social isolation and access to other important services, such as health care and grocery shopping, are also key concerns.

The number of seniors who are housing cost burdened is increasing rapidly. This applies to both owners and renters. One factor that is of particular importance with respect to homeowners is that **the percentage of seniors with a mortgage has doubled in the last 15 years.** This is, for the most part, the legacy of the financial and mortgage crisis that began in 2008. Like many homeowners, some seniors took advantage of the rising home values in the lead up to the crisis to refinance their homes and take cash out. Others refinanced during the Great Recession to help themselves or family members weather a financial crisis. The result is that many of our retiring seniors are still facing a decade or more of house payments, unlike their parents' generation, which was more likely to have taken care of their home debt by the time they retired.

Housing quality and in-home accessibility remain crucial concerns for many rural Virginia seniors. One aspect of housing quality is energy efficiency. The rural housing stock outside of towns is older than the urban housing stock. Older housing is far more likely to have some substandard conditions and more likely to perform poorly with respect to energy consumption.

Rural seniors are even more likely than their urban counterparts to prefer to "age in place."

Home Safety and Accessibility

A program targeted to making the homes of rural seniors safer and more accessible would be highly desirable and would serve a large number of senior householders. This type of program could include stair repair, railings, ramps, door widening, and conversion of a downstairs room to a bedroom and bath. The kitchen and the bath are key areas to make accessibility changes.

Standard Protocols for Home Evaluation

Virginia needs a standard protocol for inspecting the homes of seniors to determine safety and accessibility needs. Every senior should have access to a trained and qualified inspector who can identify critical needs and place them in a priority listing of home improvements — as well as estimate cost and provide referrals to programs that can assist the homeowner with these needs.

Home Rehabilitation and Repair

Expansion of housing rehabilitation efforts in rural Virginia, especially targeted to senior homeowners, is an important strategy. Resources for this type of program have been far more limited in rural areas compared to urban and suburban. Repair programs that focus on critical housing conditions, such as leaking roofs, are also a significant need. Treatment of critical deferred maintenance can prevent more significant structural damage that threatens the habitability of the home. Targeting high poverty areas and raising the Area Median Income limits to qualify for such assistance could help direct the resources to those with the most critical needs.

Encourage/Facilitate Volunteer and Cooperative Self Help Models

There are successful programs, such as the "Village" model, that provide a template for seniors to help each other and for volunteers to also contribute. These programs can include a wide range of activities, such as home maintenance, transportation to services and shopping, and home visits to counteract social isolation.

New Affordable Senior Rental Communities Located Near Services

While many rural seniors wish to "age in place", there are others who would prefer to move to rental housing. The continued development of some new senior housing near services and transportation is an important part of meeting the full range of senior housing needs.

Use of Medicaid for Home Improvements

Efforts to utilize Medicaid funding must continue as a resource for accessibility and other critical health related safety improvements to the home. Federal regulations allow states to adopt Medicaid waivers to permit certain repairs that can allow a senior to remain in their home to delay nursing home admission.

Centralized Clear-inghouse for Home Accessibility Resources

Seniors, caregivers, and service providers need easier access to accurate, comprehensive information about home accessibility resources. Virginia Accessible Housing Solutions is proposing to develop such a centralized, web-based resource center, which will come online in 2018. The center will provide program information as well as referrals for assistance.

Policy Options for Improving Housing Quality

Housing quality and condition is a key issue in rural Virginia; however, the problem is not restricted to senior Virginians. It also affects families, households with a disabled member, and others. The average age of housing located in rural areas (not towns) is higher than urban areas, which correlates with substandard housing conditions.

Further, practitioners report significant levels of deterioration and unsafe conditions in the homes of clients that they visit. In particular, the energy efficiency of these homes is poor, which results in higher than necessary heating and cooling bills. Another indicator of housing quality issues is the high rate of housing vacancy in many rural regions compared to urban areas.

Expand and Develop New Housing Rehab and Repair Programs

As noted in the previous section on Senior Housing Needs, the expansion of these programs in rural areas is perhaps the most critically needed housing assistance effort. Programs that can address the wide range of housing needs through complete rehab are highly desirable but costly. The long-term demand for and the viability of the housing stock is also a consideration when deciding to make a major capital investment. For this reason, scaled-back, lower-cost repair programs may be a more effective tool — especially when combined with volunteer efforts.

Identify New Resources for Energy Efficiency Programs

By improving the energy efficiency of housing, it's possible to increase the affordability of that housing. The capacity to deliver energy efficiency improvements is high — principally through the Weatherization network of providers. However, federal resources for Weatherization have been in steep decline for the past several years as "stimulus" funding has come to an end. New resources must be identified to continue to improve the energy efficiency of our housing stock. One place to look for this is through utility-funded initiatives. Both of the state's major electric utilities have pilot programs underway, which should be studied and supported. Outreach should be undertaken to the electric co-ops as well as gas utilities to test similar model efforts.

Expand Utilization of USDA-RD 504 Rehab Program

The 504 Program provides resources for housing rehabilitation in rural communities. This program has been underutilized in Virginia, and efforts should be undertaken to enhance the effectiveness of the delivery system for 504 loans and grants.

Encourage Habitat / Rebuilding Together Models that Utilize Volunteers

A certain reality is that there will not be sufficient new federal, state, or local financial resources to address all of the housing quality challenges in rural communities. For that reason, it will be important to incentivize and support the expansion of volunteer-driven housing programs. Both Habitat for Humanity and Rebuilding Together operate such programs, as well as the Appalachian Service Project. Virginia should explore ways to support the expansion of these initiatives alongside preventative maintenance education for homeowners, possibly with a match fund program.

Undertake a More Active Program of House Replacement

Many homes in rural Virginia are not suitable for rehabilitation — their condition is too deteriorated and/or the type of housing is obsolete and not appropriate for the next generation of occupants. For this reason, rehab is not the only answer in rural Virginia. In order to ensure that the housing stock remains healthy and viable, new homes need to be built to replace homes that need to be demolished and removed from the stock.
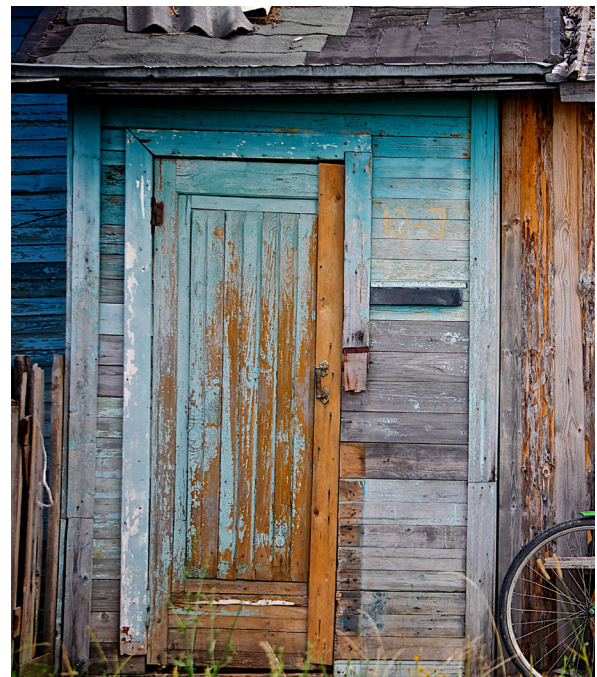
Policy Options for Increasing Affordable, Quality Rental Housing

There is a shortage of quality, affordable rental housing in rural Virginia. There has been limited new rental housing construction over the past several decades, while the emphasis was on preservation rather than new construction. Many rural housing markets have been weak and it has, therefore, been counterintuitive to think in terms of new construction. Often, new rental housing proceeds only when deep rental subsidies are available. Multifamily developers are rare in rural Virginia, and they are risk-averse to the development of market-based housing.

However, many stakeholders pointed to the lack of quality rental housing as one reason that it has been difficult to retain millennials in their communities — a shortage of attractive housing options is a contributing factor in their decision to leave. Many rural communities in the state have experienced some positive economic news with new jobs and economic activity. The development of new rental housing in these areas may be supported by the market and could add energy to local economic growth.

Increased Focus on Mixed-Income Projects in Towns

Accelerate efforts to create market-rate, mixed-income rental housing in the downtown areas of smaller communities. Make housing development a key component of downtown and economic revitalization strategies for these areas. Utilize historic tax credits where possible to increase affordability and reduce development risks.

Build New Rental Housing in Addition to Emphasizing Rehab

Replacing older, obsolete rental housing with new units that are designed to appeal to a new generation of renters is important to maintaining a healthy housing market. This can include new construction as well as adaptive re-use of spaces not previously used for housing, such as industrial and commercial buildings. Because of market considerations, consider the development of modest-sized properties in nearby communities to achieve greater management efficiency. Support developers with strategies to reduce risk through joint ventures with state-wide entities.

Support Development of New Rental Housing with LIHTC and Other Assistance Programs

Include new senior and family housing within the rural production for the Low Income Housing Tax Credit (LIHTC) and 515 programs. Encourage some older rental housing to exit the housing stock through demolition.

Develop Programs to Support/Incentivize Developers to Undertake Small, Rural Rental

Explore opportunities to support small rural developers through risk sharing, joint venture, insurance, and other strategies to reduce risk.

Increase Use of RD 538, RD 515 Preservation, FNMA Small Rental Programs

The availability of affordable financing is also a barrier to the development of new rural rental housing. Seek additional sources of rental financing, including the RD 538 loan guarantee program. A recent FHFA rule increases the obligations of the GSEs to serve rural areas and other underserved markets, such as manufactured housing. Monitor and be prepared to take advantage of new initiatives from the GSEs. Use current GSE small rental finance programs more effectively in rural Virginia.

Policy Options for Increasing Homeownership

The homeownership rate in rural Virginia, like the rest of the state, has been in decline since the housing crisis that began in 2008. There is a shortage of newly constructed, modestly-priced "starter homes." These homes are sought after by both first-time homebuyers seeking to stay in the community as well as Baby Boomers that are interested in downsizing and moving closer to services and healthcare while still staying in the community. During the housing crisis, many single-family homes were converted to rental housing as a result of foreclosure — with foreclosed families moving from owning to renting and foreclosed homes being occupied by renters as a result of the weak market.

Many parts of rural Virginia have lengthy "days on market" averages, indicating a mismatch between demand and supply. Stakeholders suggest that most new product is in the higher price range and is being built on a contract basis with little spec housing of the type that is being sought.

Strategy to Re-Convert Single-Family Detached Homes Back to Home-ownership

Develop programs to facilitate the return of the single-family rental stock back to homeownership.

Better Targeting of New Housing Development to Where New Jobs are Being Created

Provide better matching of new home development to regions where new jobs are being created. Assist with access to market data. Create better communication between economic development professionals at the local and regional levels with housing developers.

Support High Quality, Modest-Size and Cost New Home Development

Develop new modest-cost housing with amenities that are desired by the two primary market groups. For Baby Boomers, the key amenities are single-floor, accessible and adaptable for decreasing mobility, as well as locational access to healthcare and retail. For younger families, locational access to jobs and entertainment rate high as well as modern amenities in the kitchen and baths.

Improve Access to Mortgage Credit Repair and Counseling Classes

Homebuyer education, credit repair, and other types of pre-purchase counseling are not nearly as readily available in rural communities as urban. Expand the network of counseling and increase the capacity for the use of electronic training and communication.

Policy Options for Addressing Challenges in Manufactured Housing

Rural areas of the state, especially the Southside and Mountain regions, have significant numbers of manufactured housing within their housing stock. A significant amount of this housing was manufactured before the 1976 HUD manufactured housing standards were adopted, and even more predate building code updates in 1994 and 2000. Some of this housing is severely deteriorated.

Financing options are limited for manufactured housing that is "chattel" (not real property). This housing is generally located in a "mobile home park" or on land that is not owned by the occupant. Frequently, this housing is not placed on a permanent foundation, but rather installed on piers with skirting around the perimeter.

It is common for much of this stock to depreciate in value rather than to increase in value over time. For this reason, many affordable housing providers and advocates do not favor this housing for their clients.

Target Replacement of Older Manufactured Homes with New, High-Quality Product

Due to its original construction quality and deteriorated condition, this housing stock cannot be rehabilitated and should be targeted for replacement. Much of this stock is single-wide and should be replaced with new, well-constructed manufactured housing of similar size.

Encourage Quality Improvements while Retaining Affordability for New Units

The quality of manufactured housing has increased dramatically over the past 20 years, especially since higher energy efficiency standards were adopted in 1994. Creative design, combined with higher quality and permanent siting, can improve the value performance of this type of housing while still maintaining its affordability advantage over site-built housing — especially in areas where there is low capacity for traditional homebuilding.

Seek Improved Financing Options for Manufactured Home Buyers

Explore options for expanding access to home financing that more closely resembles traditional mortgage loans for real property with longer terms and more competitive interest rates. Follow GSE actions with regard to expansion of credit for chattel loans. Explore opportunities to reduce and simplify requirements for titling property as real property.

Mobile Home Park Revitalization / Infrastructure

A significant number of manufactured homes are located in mobile home parks. Some of these parks have major infrastructure challenges, including streets, lighting, water and sewer, electric pedestals and the like. Develop strategies for financing infrastructure improvements, including acquisition by residents or community land trusts, which will also restrain increases in lot rental.

Facilitate Placement of this Housing on Permanent Foundations and Owned Land

In non-park settings, facilitate and encourage the placement of this housing on permanent foundations and on land owned or subject to a long-term lease by the homeowner. This will allow the treatment of the home as real property, which in turn allows for improved financing options for residents of these homes.

VI. BEST PRACTICES IN RURAL HOUSING POLICY

The Village Model
Village to Village Network

Service Area: Nationwide
Issue Addressed: Housing needs for seniors
Website: www.vtvnetwork.org

Villages are nonprofit, grassroots, membership organizations that are redefining aging by being a key resource to community members wishing to age in place. Villages are a social support network for their members that provide necessary services (such as transportation, technology assistance, running errands to the pharmacy or grocery store), community engagement activities and other important resources crucial to aging interdependently. A Village reflects the community it serves and transforms the "Silver Tsunami" of aging Baby Boomers into a "Silver Reservoir" that grows and strengthens its community.

Villages form key partnerships, provide services, and are an important resource to strengthening its community. Villages are a community-based model that provide a coordinated and comprehensive approach to engaging and meeting the needs of their members. Village members are a valuable resource that engage in projects to improve their communities through volunteering, advocating, and creating solutions to community issues.

A key function of the Village Model is its utilization of volunteer services. The organizing body recruits volunteers to provide transportation, health and wellness programs, home repairs, and social and educational activities to residents so they can safely and successfully age in place in their own homes.

Photo courtesy of Village to Village Network
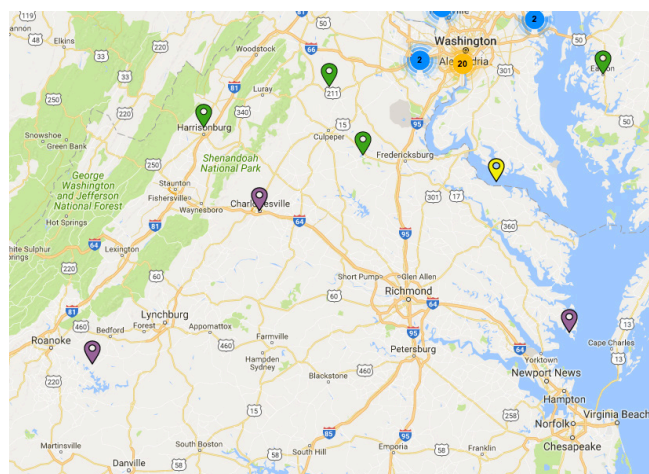
The Villages in development (purple) or in operation (green) in VA

College Service Project
Appalachia Service Project

<u>Service Area</u>: VA, TN, WV, KY
<u>Issue Addressed</u>: Housing quality
<u>Website</u>: www.asphome.org

The College Service Project (CSP) is a student-led, campus-based organization. Each chapter is nationally affiliated with the Appalachia Service Project (ASP) and follows its model for home repair projects in their local community.

Students involved in CSP take on these projects from start to finish. They find families in their local communities and encourage them to submit applications for repairs, conduct the initial home visits to select projects, and recruit volunteers to carry out the work. They also host fundraisers to raise funding for the projects.

Currently 10 CSP chapters are active throughout the region, including Virginia Tech. By tapping into motivated university students as a resource, the capacity of the organization to conduct home repairs becomes more robust.

The ASP provides a number of volunteer programs in rural Central Appalachia to repair homes for low-income families and even build new ones. In its most recent evaluation, ASP brought in over 16,000 volunteers who provided critical repairs for almost 500 families and constructed 26 new homes in one year.

Photos courtesy of Appalachia Service Project

Rural Community Facilities Development Program
Southeast Rural Community Assistance Project (SERCAP)

Service Area: VA, DE, MD, NC, SC, GA, FL
Issue Addressed: Lack of infrastructure
Website: www.sercap.org

SERCAP makes emergency grants to families to repair or replace damaged plumbing, pumps, and lines or for the construction of new facilities for individual, isolated households. This work involves cooperative efforts with local governing officials, community action agencies, departments of health and social services, and other nonprofits such as Habitat for Humanity. There is also financial assistance for tap fees and hookup costs to new municipal water systems for additional low-income households.

Major assistance is provided to communities to cover up-front costs for preliminary engineering studies, test wells, soil tests, and other analyses. Similarly, SERCAP works with rural localities to provide comprehensive development costs for community wells, storage tank rehabilitations, and other water system upgrades.

Seniors Safe at Home Campaign
Albemarle Housing Improvement Program (AHIP)

Service Area: Greater Charlottesville Area
Issue Addressed: Housing quality; seniors
Website:www.ahipva.org

Elderly households are among the most vulnerable. Senior citizens struggle with fixed incomes, diminishing resources, and health issues — which impair their ability to complete necessary home repairs. A typical social security income for a low-income senior is around $10,000 per year.

Seniors Safe at Home sets out to make sure that no senior citizen has to wait for a critical home repair — while preserving a senior citizen's assets and helping them age in place. In 2016, this program helped 98 senior citizens with repairs and rehabs, or 53% of AHIP's clients.

Building Rural Economies Initiative
Rural Community Assistance Corporation

Service Area: 13 Western and Pacific states
Issue Addressed: Capacity of local providers; economic development
Website: www.rcac.org

RCAC's Building Rural Economies (BRE) initiative provides training in comprehensive community economic development to support and develop local assets and talents. RCAC builds the capacity for local sponsoring organizations to network, plan, and implement economic development initiatives in rural communities. BRE increases local entrepreneurship and jobs, develops catalytic projects that seed additional investments, and develops a supportive, entrepreneurial environment for economic development to thrive.

The program takes place over three phases. In phase one, RCAC works with a local sponsoring organization to identify economic opportunities in the community and the leaders with the passion to take advantage of those opportunties. In phase two, RCAC implements its curriculum – Start, Grow, Revive Your Business – to help leaders develop skiils necessary to launch or expand local businesses. It also focuses on sustainable business principles and regional networking. In the final phase, RCAC provides ongoing coaching and support for regional networking and economic development. RCAC works with both the sponsoring team and individual entrepreneurs to privde the technical, managerial, and financial assistance necessary to launch and expand local businesses.

JustChoice Lending
FAHE

Service Area: Central Applalachia (VA, WV, KY, TN, AL, MS)
Issue Addressed: Homeownership
Website: www.fahe.org / www.justchoicelending.com

JustChoice Lending (JCL) is the Mortgage Lending Department of FAHE that offers full service mortgage lending. JCL offers many types of mortgage loans, including USDA 502 Direct (low-income), USDA 502 Guaranteed (moderate-income), VA (little to no downpayment), FHA (less-than-perfect credit), Conventional (no income restrictions), and Refinancing. JCL is the only nonprofit third-party originator for Chase and has been instrumental in creating a national nonprofit packaging system for USDA RD 502 Direct loans.

Although JCL serves people of all income levels, they have the resources, experience, and know-how to work with people from lower-income backgrounds. In addition, no matter the income level, JCL also helps clients with less-than-stellar credit improve their scores so they can finally purchase a home.

Duty to Serve Program
Federal Housing Finance Agency

Service Area: Nationwide
Issue Addressed: Manufactured and rural housing
Website: www.fhfa.gov/duty-to-serve

Federal law requires the FHFA to issue a regulation to implement the Duty to Serve requirements specified in the Federal Housing Enterprises Financial Safety and Soundness Act of 1992, as amended by the Housing and Economic Recovery Act of 2008. The statute requires Fannie Mae and Freddie Mac to provide leadership to facilitate a secondary market for mortgages on housing for very low, low, and moderate-income families in three underserved markets: manufactured housing, affordable housing preservation, and rural housing. FHFA has issued a final rule that takes into consideration these underserved markets' needs, safety, and soundness.

Broadband Infrastructure Office
North Carolina State Chief Information Office

Service Area: North Carolina
Issue Addressed: Lack of infrastructure
Website: ncbroadband.gov

The Broadband Infrastructure Office (Broadband IO) was established by the State Chief Information Officer in 2015 as a statewide resource for broadband access, first responder communications, and classroom connectivity initiatives led by the State of North Carolina.

Broadband IO aligns NC Broadband, the statewide effort to expand high-speed internet access across the state, with the FirstNet public safety initiative for improved resource-sharing across state agencies. The centralized and streamlined office provides the opportunity to work across agencies and identify infrastructure development needs across North Carolina.

The programs of this office include technical assistance – with an on-the-ground technical team that helps counties across the state with needed broadband expertise – and planning and policy. The Broadband IO works with partners on community planning by providing policy recommendations as well as guidance to government leaders and key stakeholders to foster digital infrastructure expansion, adoption, and use.

Figures 4 and 5 from "Connecting North Carolina: State Broadband Plan," Broadband IO, https://ncbroadband.gov/sbp

FIGURE 5. NORTH CAROLINA: A LEADER IN SOUTHEAST ON BROADBAND INFRASTRUCTURE AND CONNECTIVITY
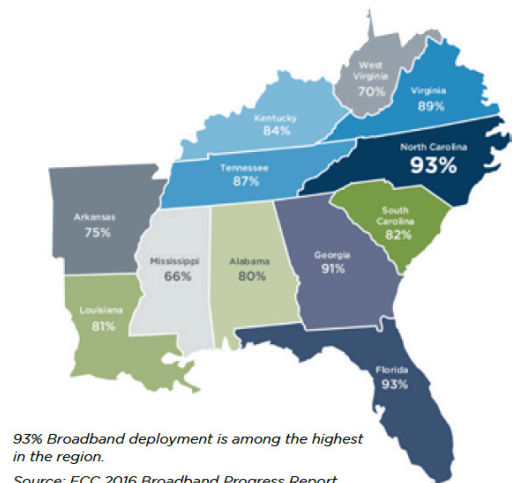
93% Broadband deployment is among the highest in the region.
Source: FCC 2016 Broadband Progress Report

FIGURE 4. PERCENTAGE OF POPULATION WITHOUT BROADBAND ACCESS BY COUNTY

- 0%
- 0.01% - 0.18%
- 0.19% - 0.35%
- 0.36% - 0.74%
- 0.75% - 1%
- No Data Available
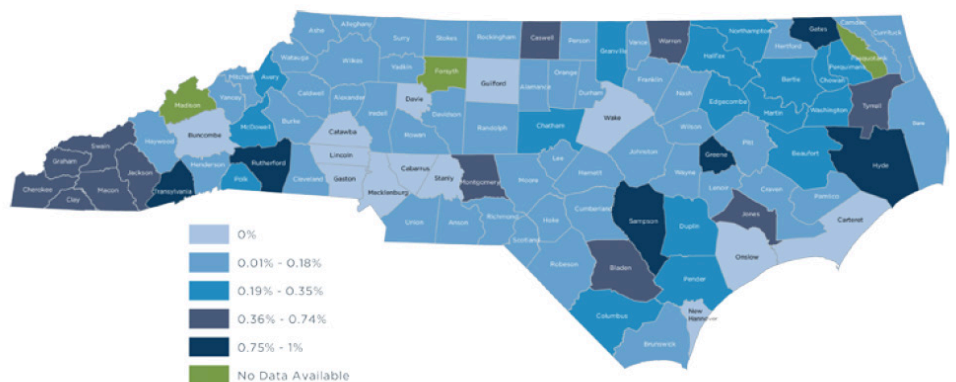
Source: FCC 2016 Broadband Progress Report, data current as of December 31, 2014

I'M HOME Initiative
CFED

Service Area: Nationwide
Issue Addressed: Manufactured Housing, homeownership
Website: cfed.org

To ensure that low- and moderate-income families have the opportunity to build wealth, CFED works to support programs and policices that expand the asset-building potential of homeownership. CFED's work focuses on three areas: preparing people for homeownership, increasing the availability of affordable homes, and reducing the risk of homeownership.

This program –Innovations in Manufactured Homes (I'M HOME) Initiative – includes a special focus on manufactured housing, the largest source of unsubsidized affordable housing in the country. The goal of this program is to ensure that families who purchase manufactured homes are able to build wealth through homeownership.

Community Connect Grants
USDA-Rural Development

Service Area: Rural areas that lack any existing broadband speed of at least 4 Mbps downstream, 1 Mbps upstream
Issue Addressed: Infrastructure
Website: www.rd.usda.gov

The Community Connect program helps rural communities extend access where broadband service is least likely to be commercially available, but where it can make a tremendous difference in the quality of life for people and businesses. The projects funded by these grants help rural residents tap into the enormous potential of the internet for jobs, education, healthcare, public safety, and community development.

The funds can be used by state and local governments, federally recognized Tribes, nonprofits, and for-profits for initiatives that will deploy broadband service to all residential and business customers within the area and to all participating community facilities, such as public schools, fire stations, and public libraries.

Focus on Communities Utilizing Services (FOCUS)
Giles County Office of Health and Community Outreach

<u>Service Area</u>: Giles County, VA
<u>Issue Addressed</u>: Isolation, infrastructure
<u>Website</u>: virginiasmtnplayground.com

Giles County is changing the prevalence of poverty and its related symptoms through implementation of the FOCUS program.

Early in 2015, it was decided by Giles County Administration and the Board of Supervisors to take a detailed look at exactly where and by whom reactive services were being utilized within the county. The goal was to create a change in positive social norms within the identified high-use clusteres through a more focused and efficient delivery of reactive services.

Twenty-two different data address points were collected. Incidents by address included: circuit and district court records/incarcerations, truancy, domestic calls, 911, police, fire, and many others. These were assembled on GIS overlays and assigned to the physical locations where these individual incidents occurred. It quickly became apparent that service expenditures were concentrated in distinct clusters within the county.

The process of a more efficient and accountable identification and referral system is being built by the county staff and the stakeholders. It is clearly understood that the tools necessary to help individuals and families break out of the cycle of poverty and multi-generational dysfunction can be delivered more effectively with a focused approach. The establishment of relationships and trust within the FOCUS Communities is what will provide the necessary access in order to affect future change.
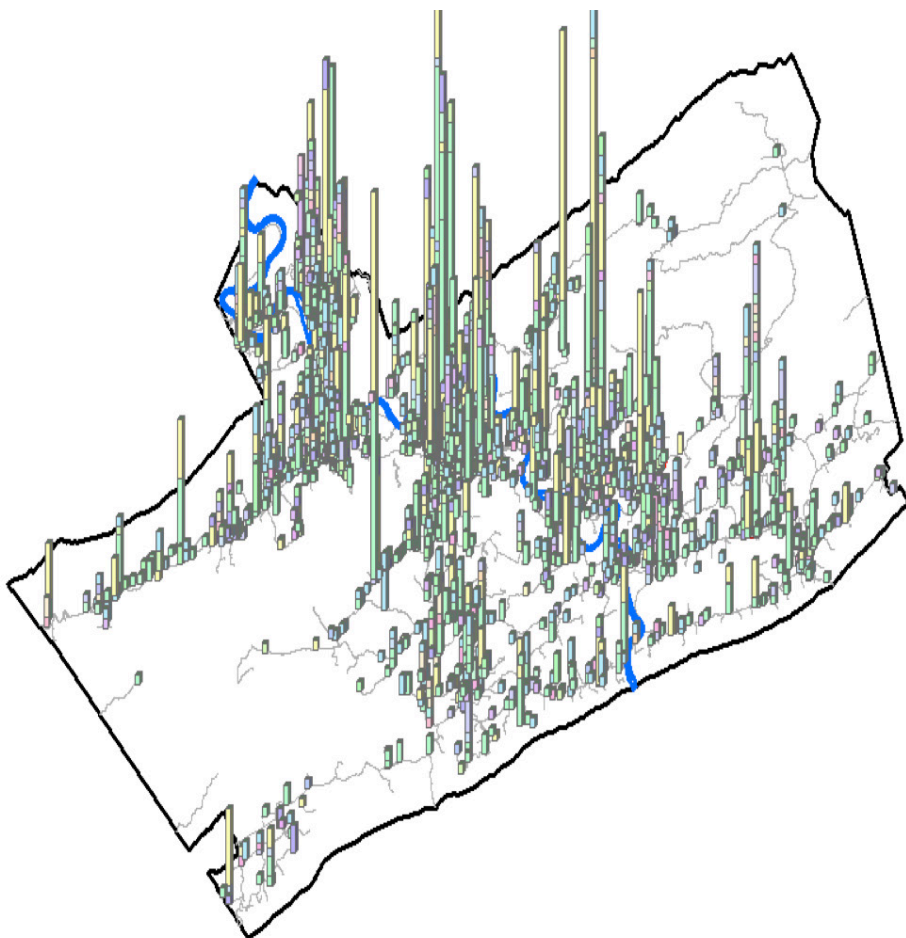
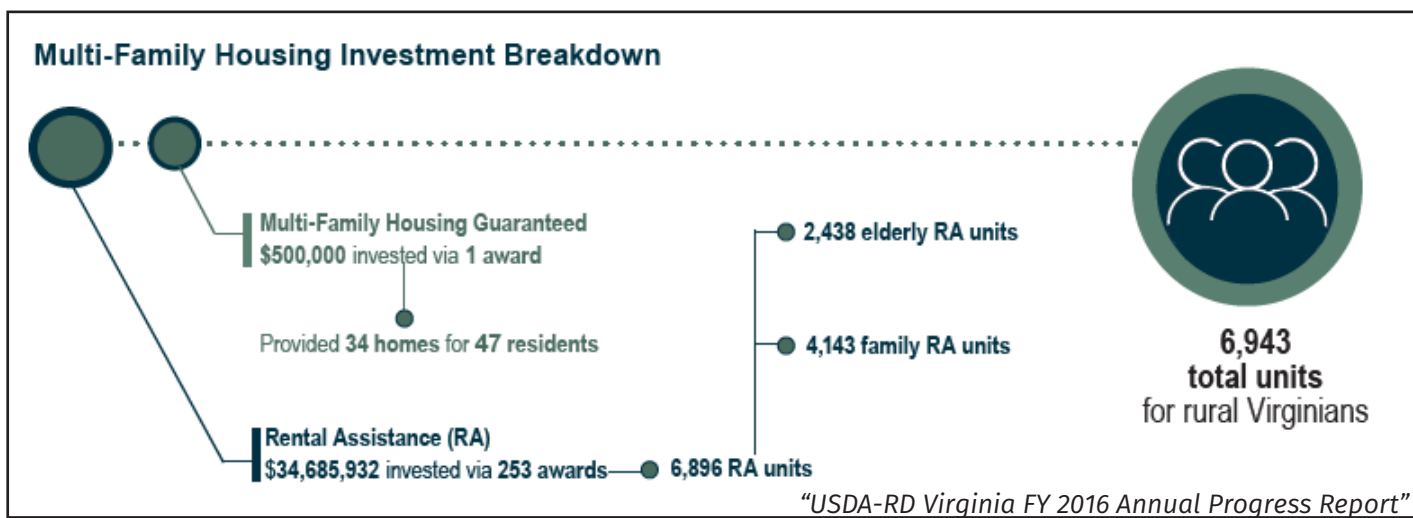# Multi-Family Housing Loan Guarantees & Rental Assistance
USDA-RD

Service Area: USDA-RD designated rural areas
Issue addressed: Affordable rental
Website: www.rd.usda.gov

The Multi-Family Housing Loan Guarantees program provides financing to construct or renovate affordable multifamily rental housing for low-to-moderate-income individuals and families in eligible rural areas. Under the program, USDA-RD provides guarantees on loans made by approved lenders that participate in the program. Rental Assistance payments may be made to owners of USDA RD-financed rural rental housing or farm labor housing apartment complexes on behalf of low-income tenants who are unable to pay market-rate rent to help them meet their monthly rent payments.

Multi-Family Housing Investment Breakdown

Multi-Family Housing Guaranteed
$500,000 invested via 1 award

Provided 34 homes for 47 residents

Rental Assistance (RA)
$34,685,932 invested via 253 awards — 6,896 RA units

2,438 elderly RA units

4,143 family RA units

6,943 total units for rural Virginians

"USDA-RD Virginia FY 2016 Annual Progress Report"

Online Homebuyer Education
eHome America

Service Area: Nationwide
Issue Addressed: Access to homebuyer education
Website: ehomeamerica.org

eHome America works closely with certified counseing agencies, housing finance agencies, lenders, and real estate professionals to help homebuyers and homeowners access online homebuyer education courses. These courses have been professionally created, reviewed by various agencices, and approved by governing bodies.

Depending on the partnering agency's capabilities, clients can find courses on home purchasing, money management, and foreclosure education. Some courses are even available in Spanish.

Online Homebuyer Education
Wyoming Housing Network

Service Area: WY
Issue Addressed: Access to homebuyer education
Website: www.whninc.org

Because the state housing finance agency, Wyoming Community Development Authority (WCDA), requires homebuyer education for all its loans, the Wyoming Housing Network (WHN) developed an online homebuyer education course module to reach clients in the furthest corners of the state.

The WHN maintains a symbiotic relationship with the WCDA to sustain this program. Those applying for the loans, which include interest-free downpayment assistance, are directed to WHN's education program through a variety of media. WCDA also provides a financial incentive to the WHN for every client who completes the homebuyer education program.

Silver Rider Program
Southern Nevada Transit Coalition

Service Area: Southern NV
Issue Addressed: Access to transportation; seniors
Website: www.sntc.net

Silver Rider Transit offers a variety of public transportation services for seniors and the general population around Southern Nevada. Depending on the user's location, they can utilize fixed route, express, dial-a-ride, or senior transit services via bus or handicap accessible van.

Some of the services for seniors include community trips to medical facilities, grocery stores, or other shopping areas. The program also sometimes partners with Meals on Wheels to access seniors in remote areas normally not feasible with the limited scope of the program.

Training House
Affordable Homes of South Texas

<u>Service Area</u>: City of McAllen, TX
<u>Issue addressed</u>: Housing quality
<u>Website</u>: www.ahsti.org

In 2016, Affordable Homes of South Texas, Inc. (AHSTI) opened its first ever Training House, which will serve as the location for AHSTI's home maintenance and repair classes.

Though the exterior looks like one of AHSTI's homes, the interior is a learning lab. Sections of the interior walls have been revealed to help class participants visualize what lies beneath the walls. Display versions of the air conditioning unit, sink, breaker box, and more are used to help class participants become familiar with and to instruct them on maintenance and repair of these items. The Training House will also feature a Free Tool Lending Library, which will serve as a tool resource for individuals who can't afford to buy their own tools for repairs.

Photos courtesy of Affordable Homes of South Texas

Support and Services at Home
Cathedral Square

<u>Service Area</u>: VT
<u>Issue Addressed</u>: Seniors
<u>Website</u>: www.sashvt.org

SASH coordinates the resources of social service agencies, community health providers, and nonprofit housing organizations to support Vermonters who choose to live independently at home. Individualized, on-site support is provided by a Wellness Nurse and a trained SASH Care Coordinator.

SASH serves seniors and individuals with special needs who receive Medicare support and who live in congregate housing — or the surrounding community. Today, SASH touches the lives of approximately 5,000 people across the state of Vermont.

Photo courtesy of Cathedral Square SASH Team

Build Your Own Home Program
Self-Help Enterprises

Service Area: CA
Issue Addressed: Homeownership
Website: www.selfhelpenterprises.org

Self-Help Enterprises aims to help low-income families in the San Joaquin Valley achieve the dream of becoming a homeowner. Through this program, eight to twelve families are grouped together and agree to help each other build their houses with skilled on-site supervision and guidance from Self-Help Enterprises construction staff.

The homes are built under the mutual self-help method of construction, where each family is required to contribute a minimum of 40 hours a week working on all the homes for a period of 9 to 12 months.

Family hours can be provided by the owners-to-be, any household member 16 years of age or older, and approved helpers. Together, families pour foundations, frame homes, install electrical wiring, hang doors and windows, and even lay tile and paint.

These labor hours, or "sweat equity," are used as the down payment on their new home, reducing costs for a new home they could otherwise not afford. Self-Help Enterprises also assists each applicant with securing the loans needed to build their home. Special financing from USDA and the State of California makes these homes affordable.

Participants choose from three and four bedroom floor plans, which include a dishwasher and range, a two-car garage, a landscaped front yard, and energy-efficient features.

What makes the program so successful is that the participating families not only work on their own home, but everyone works on every house in the building group, and no one moves in until all houses are completed, creating a community bond.

50,000+ Homes Built
Across rural America

Serving families with incomes as low as
$20,000
(or less)

Photos courtesy of Self-Help Enterprises

APPENDIX:
LIST OF JURISDICTIONS BY STUDY AREA

Central Region
Albemarle County
Amelia County
Amherst County
Buckingham County
Cumberland County
Fluvanna County
Goochland County
Greene County
Hanover County
Louisa County
Madison County
Nelson County
Orange County
Powhatan County
Mountain Region
Bland County
Bristol City
Buchanan County
Carroll County
Dickenson County
Floyd County
Franklin County
Galax City
Giles County
Grayson County
Lee County
Montgomery County
Norton City
Patrick County
Pulaski County
Radford City
Russell County
Scott County
Smyth County

Tazewell County
Washington County
Wise County
Wythe County
North Central Region
Accomack County
Caroline County
Charles City County
Essex County
Gloucester County
James City County
King and Queen County
King George County
King William County
Lancaster County
Mathews County
Middlesex County
New Kent County
Northampton County
Northumberland County
Richmond County
Spotsylvania County
Stafford County
Westmoreland County
Williamsburg City
York County
Southside Region
Appomattox County
Bedford County
Brunswick County
Campbell County
Charlotte County
Danville City
Dinwiddie County
Emporia City

Franklin City
Greensville County
Halifax County
Henry County
Isle of Wight County
Lunenburg County
Lynchburg City
Martinsville City
Mecklenburg County
Nottoway County
Pittsylvania County
Prince Edward County
Prince George County
Southampton County
Suffolk City
Surry County
Sussex County
Northern Region
Culpeper County
Fauquier County
Loudoun County
Rappahannock County
Valley Region
Alleghany County
Augusta County
Bath County
Botetourt County
Buena Vista City
Clarke County
Covington City
Craig County
Frederick County
Highland County
Lexington City
Page County

Roanoke County
Rockbridge County
Rockingham County
Shenandoah County
Staunton City
Warren County
Waynesboro City
Winchester City
Urban Areas
Alexandria City
Arlington County
Charlottesville City
Chesapeake City
Chesterfield County
Colonial Heights City
Fairfax City
Fairfax County
Falls Church City
Fredericksburg City
Hampton City
Harrisonburg City
Henrico County
Hopewell City
Manassas City
Manassas Park City
Newport News City
Norfolk City
Petersburg City
Poquoson City
Portsmouth City
Prince William County
Richmond City
Roanoke City
Salem City
Virginia Beach City