HOUSING THE NORTHERN SHENANDOAH VALLEY

ANALYSIS OF TRENDS AND PROJECTIONS

JUNE 2018

HOUSING VIRGINIA

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VCU Center for Urban and Regional Analysis

L. Douglas Wilder School of Government and Public Affairs

HOUSING THE NORTHERN SHENANDOAH VALLEY
TRENDS. PROJECTIONS, AND STRATEGIES

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ABOUT THE WILDER SCHOOL

The L. Douglas Wilder School of Government and Public Affairs at Virginia Commonwealth University informs public policy through cutting-edge research and community engagement while preparing students to be tomorrow's leaders. The Wilder School's Center for Public Policy conducts research, translates VCU faculty research into policy briefs for state and local leaders, and provides leadership development, education and training for state and local governments, nonprofit organizations and businesses across Virginia and beyond.

ABOUT CURA

The Center for Urban and Regional Analysis (CURA) is the economic and policy research center of the L. Douglas Wilder School of Government & Public Affairs at Virginia Commonwealth University. The Center serves stakeholders and organizations at all levels of focus, providing information systems support, program impact analysis, public policy evaluation, targeted investment models, and strategic plans to state agencies, regional and metropolitan organizations, planning districts, cities, counties and towns, as well as businesses and non-profit organizations.

ABOUT HOUSING VIRGINIA

Housing Virginia is a broad-based, statewide partnership of public and private organizations and committed individuals who believe that all Virginians should have access to high quality, affordable housing in suitable locations. Housing Virginia advances a positive image of affordable housing by informing discussions at the community and policy levels with robust information, connecting housing to other critical issues like transportation and economic development, and unlocking opportunities by offering housing insight through online and in-person engagement.

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Front Royal Road (Image courtesy of Wikipedia user Famartin)

EXECUTIVE SUMMARY


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EXECUTIVE SUMMARY

The Northern Shenandoah Valley region---the counties of Clarke, Frederick, Page, Shenandoah, and Warren and the City of Winchester---represents many of the post-recession dynamics visible in communities nationwide. Unemployment has declined dramatically from its 2010 peak of 8.21 percent, and housing starts---the number of new residential buildings under construction---are up. The region's population is growing in urban and suburban population centers, and new jobs have been created through attraction of large public and private employers such as Amazon, FEMA, and the FBI.

However, the recession's impacts on the region's housing market continues to echo. New residential building permits have yet to return to pre-recession levels, and as social and economic growth increase demand for housing, the need for a variety of housing options---in cost, size, and density---has taken on added importance. Simultaneously, some of the region's rural communities that haven't shared in the economic and population recovery must plan for the housing and service needs of aging households.

The Northern Shenandoah Regional Commission (NSVRC) has contracted with Virginia Commonwealth University's Center for Urban and Regional Analysis (CURA) and Housing Virginia to explore these trends and what they mean for the region's housing needs---now and in the future. Researchers analyzed and identified current gaps in housing affordability, modeled population growth through 2040 to identify future housing needs, and mapped out strategies for each of the region's six jurisdictions to continue meeting the needs of residents.

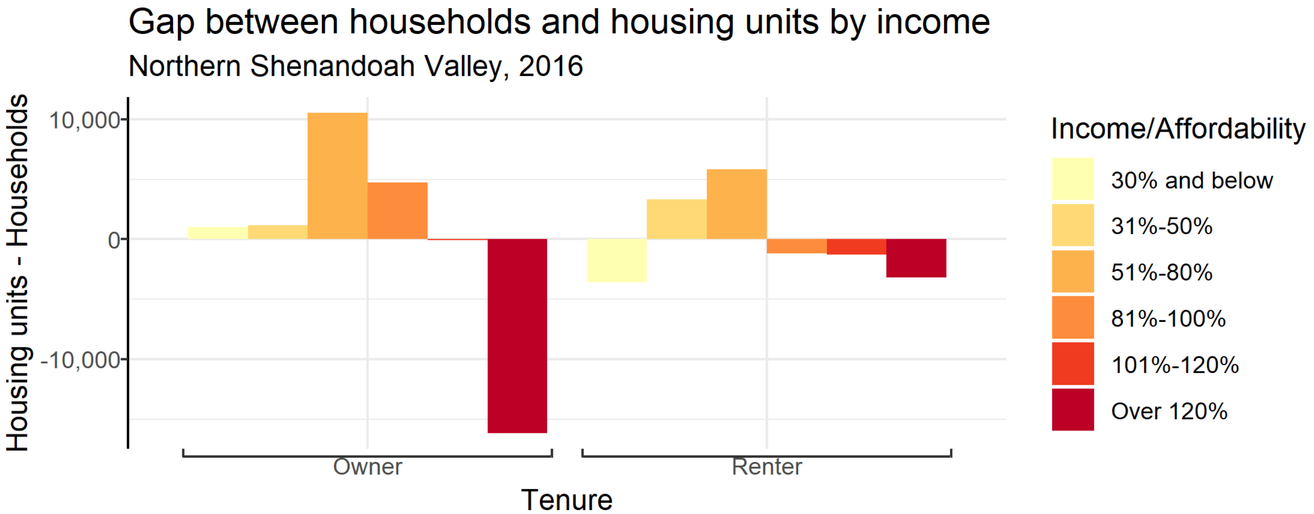
CURRENT HOUSING TRENDS AND GAPS

The NSVRC region's households live primarily in single-family homes that they own, with the exception of Winchester's majority-renter households. Although more urban settings such as Winchester, Front Royal, Berryville, and New Market act as population centers, many households are spread throughout suburban Frederick County and the more rural Shenandoah and Warren counties.

Regionally, the market is dominated by owner-occupied or for-sale houses affordable to a variety of households. However, a gap between households earning more than 120 percent of the Area Median Income (AMI) of $71,867 and units affordable at or above that income indicates higher income households occupy units affordable to lower income households (see Figure A). Downward pressure from higher income households on lower cost units constrains the supply of affordable housing.

Among renters, the gap between household income and housing affordability is less severe. Although units affordable at the highest and lowest income levels are outpaced by the number of households in those income categories, the region has a surplus of units affordable to households earning between 31 and 80 percent AMI.

FIGURE A



Sources: U.S. Census Bureau

The current housing market is likely to push the lowest income homebuyers into housing that may not be affordable or back towards the rental market. Low to moderate income renters may also have difficulty finding affordable units as higher income renters place downward pressure on the rental inventory.

HOUSING PROJECTIONS

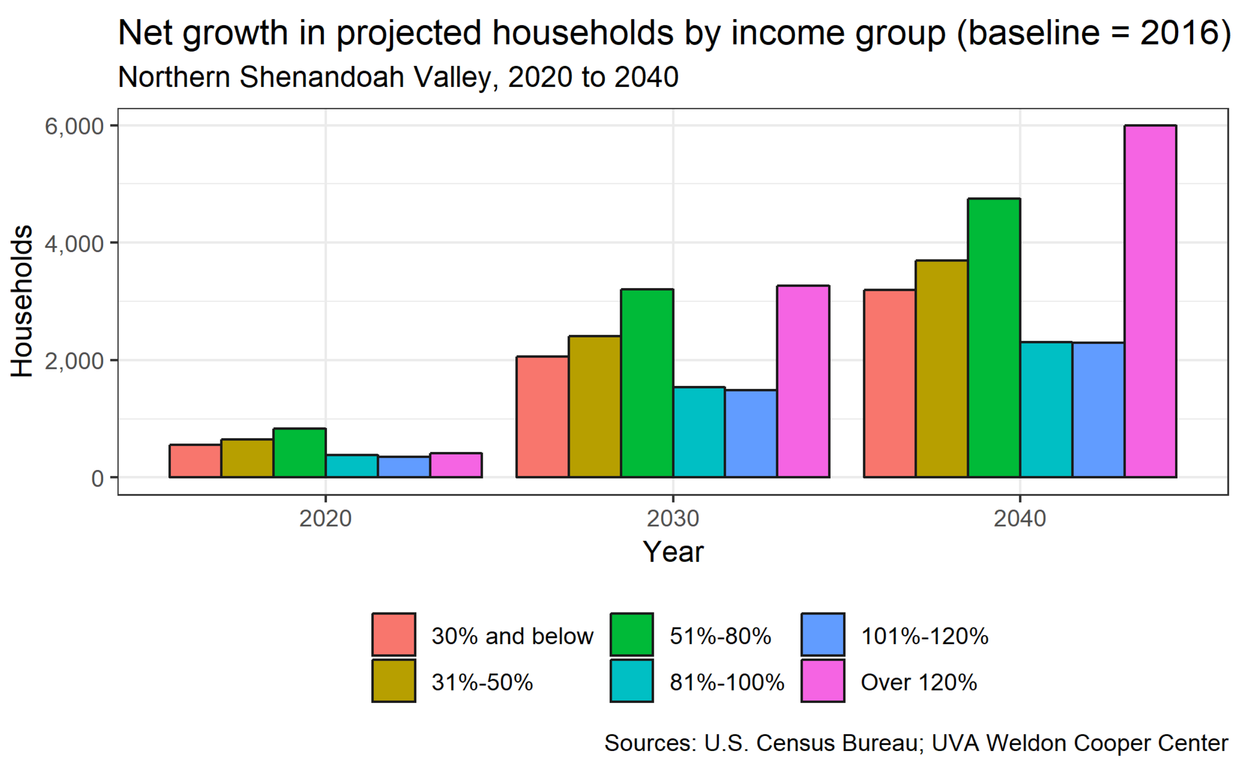
The NSVRC region's population is projected to grow by 23 percent between 2016 and 2040. Statistical models allowed us to translate population projections into household projections by age and income. The result indicates that although the region will look very similar in some ways, several important trends will impact the region's housing landscape.

Projections indicate the region's largest householder age cohorts, 45 to 54 and 55 to 64 year olds, will experience almost no growth through 2040 (Figure B). Although the 45 to 54 year old cohort is projected to remain the largest, the 55 to 64 age cohort is projected to fall to the fourth largest behind 35 to 44 and 65 to 74 year olds. The most significant changes are projected in older households—those in the 65 to 74, 75 to 84, and 85 and over age cohorts. Households 75 and over are projected to grow in number by more than 100 percent.

Flat growth among the mid- to late-career age cohorts is modeled to result in slow growth in higher income households (those over 120 percent AMI). Conversely, models suggest that very strong growth in older households---those outside of prime working years---will increase the number of households earning 80 percent AMI or less at a faster rate than any other income group (Figure C).

The implications of those growth patterns for the NSVRC's jurisdictions are significant. However, the region's growth will not be spread evenly, and each jurisdiction faces unique opportunities and challenges.

FIGURE B



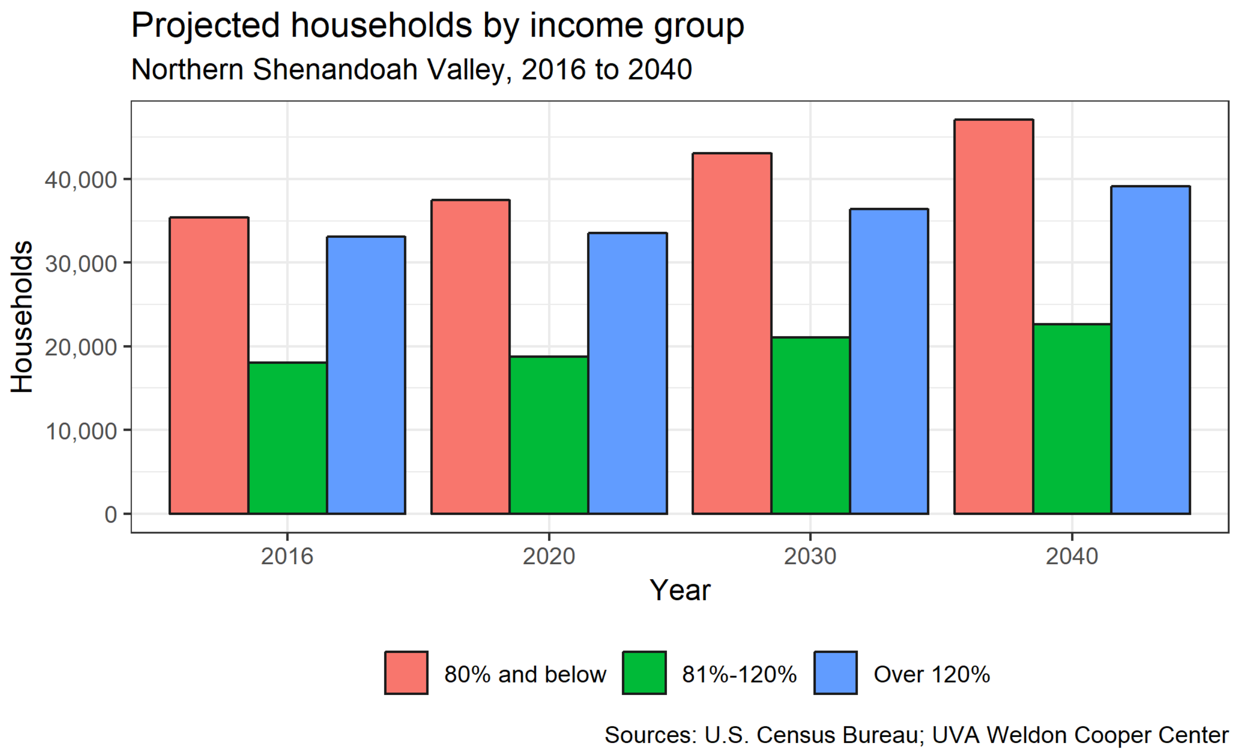
IMPLICATIONS FOR NSVRC JURISDICTIONS

CLARKE COUNTY

Based on the data, the following can be surmised as the needs for housing in Clarke County:

- Without an increase in new home production, the county will become less affordable to low and middle income households. Local workers will be forced to find housing in their budget elsewhere.

FIGURE C



- An aging population in scattered, rural houses is a significant problem. Many seniors may want to downsize, but will have few options - forcing them to become "stuck in place."
- Preservation of existing older housing stock. Maintaining these homes via repairs and modifications will help prevent displacement and retain the homes for future buyers.

FREDERICK COUNTY

Based on the data, the following can be surmised as the needs for housing in Frederick County:

- In order to keep pace with housing demand, housing production will need to increase. Production will need to be inclusive of current and expected income levels for all households.
- New single-family development should include a variety of sizes and prices.
- Lower and medium density multifamily may help satisfy increasing rental demand.
- Much of this housing demand will come from an aging population. Housing quality and quantity for rural seniors will require urgent attention. Seniors may also seek downsizing, inadvertently competing with millennials for similar housing.
- Without policy-adjustments, the housing market will underserve middle and working-class households at lower income levels. As housing costs continue to increase but incomes do not keep pace, a growing share of working-age households will find themselves cost and severely cost burdened in housing.

PAGE COUNTY

Based on the data, the following can be surmised as the needs for housing in Page County:

- An aging population in scattered, rural houses is a significant problem. Many seniors may want to downsize, but will have few options - forcing them to become "stuck in place."
- Preservation of existing older housing stock. Maintaining these homes via repairs and modifications will help prevent displacement and retain the homes for future buyers.
- Meet demand for replacement housing. As older, poor quality homes become unoccupied, new units will be

needed to maintain the population.

SHENANDOAH COUNTY

Based on the data, the following can be surmised as the needs for housing in Shenandoah County:

- New housing production will need to target low and moderate income buyers and renters. Future growth in the county will not be driven by high-earners. Therefore, new homes (both for sale and for rent) should be accessible to modest wage workers.
- An aging population in scattered, rural houses is a significant problem. Many seniors may want to downsize, but will have few options - forcing them to become "stuck in place."
- Preservation of existing older housing stock. Maintaining these homes via repairs and modifications will help prevent displacement and retain the homes for future buyers.
- Preservation of both rural and small town character. Smarter growth and zoning policies can help keep housing naturally affordable without creating sprawl.

WARREN COUNTY

Based on the data, the following can be surmised as the needs for housing in Warren County:

- New housing production will need to target low and moderate income buyers and renters. Future growth in the county will not be driven by high-earners. Therefore, new homes (both for sale and for rent) should be accessible to modest wage workers.
- Meet needs of younger households by providing diversity of housing options. Millennials and the next generation will likely find denser, less expensive housing near jobs and amenities more attractive.
- An aging population in scattered, rural houses is a significant problem. Many seniors may want to downsize, but will have few options - forcing them to become "stuck in place."
- Preservation of existing older housing stock. Maintaining these homes via repairs and modifications will help prevent displacement and retain the homes for future buyers.
- Preservation of both rural and small town character. Smarter growth and zoning policies can help keep housing naturally affordable without creating sprawl.

CITY OF WINCHESTER

Based on the data, the following can be surmised as the needs for housing in the City of Winchester:

- The need for new homeownership as well as rental units continues to rise. This may be satisfied through rehabilitation or new construction.
  - For Winchester in particular, the rental need is much more acute.
  - Housing demand in Winchester is driven by renters, seniors and households earning less than 120 percent of area median income.
- Much of this housing demand will come from an aging population. Housing quality and quantity for rural seniors will require urgent attention.
- Without policy-adjustments, the housing market will underserve middle and working-class households at lower income levels. As housing costs continue to increase but incomes do not keep pace, a growing share of working-age households will find themselves cost and severely cost burdened in housing.
- The number of residents experiencing homelessness will continue to rise without serious intervention. Additional funding and services will be needed to reduce homelessness in the Winchester area.

Front Royal Road (Image courtesy of Wikipedia user Famartin)

INTRODUCTION

INTRODUCTION

The Northern Shenandoah Valley Regional Commission (NSVRC) represents the localities of Page, Shenandoah, Frederick, Clarke and Warren Counties and the City of Winchester. Economic and social conditions, as well as development prospects vary widely within this region, which spans both rural and urban areas. Parts of this region are booming, or at least urbanizing and becoming more accessible to Washington, DC commuters. Yet, other areas remain very rural in nature. Likewise, housing demand and unmet housing needs, as well as community perspectives on the need for affordable housing, also vary within the region.

Information collected by the NSVRC and anecdotal reports suggest that there are unmet needs for affordable housing at various locations throughout the region. Several challenges confront the Northern Shenandoah region, among which the following are the most relevant to affordable housing. (Note: To be regarded as affordable by a particular household, a housing unit must cost no more than 30% of the household's income.)

- The number of households living in substandard housing, especially senior citizen households, is not known.
- The likely future demand for housing by price and by sub-region within the Northern Shenandoah region is not known.
- It is not known if the housing that localities are permitting and which developers are building adequately meets the needs (i.e., prices) that households can afford.
- It is not known if current housing market conditions and local policies will help to retain millennials in the region or not.
- It is not known if current housing market conditions and local policies will make it possible for middle-wage earners, such as school teachers and fire fighters, to live in the areas in which they are employed.
- The likely household incomes and sizes of future households are not known. Therefore, it is not known if available and planned housing supply will, in fact, meet the needs and ability-to-pay of the region's households.

The purpose of this study is to convert these "unknowns" into "knowns" and, on that basis, to propose housing and community development strategies that will meet the needs of communities and households throughout the region, while also maintaining the community character that each community values.

The study is divided into the following sections:

1. Existing plans and strategies
2. Current population, housing, and economic conditions and trends
3. Characteristics of current housing supply
4. Gaps in housing needs and housing supply
5. Household demand projections
6. Regional and local housing issues
7. Trends and recommendations by market typology and jurisdiction

EXISTING PLANS AND STRATEGIES

In order to fully understand the region's varying approaches towards housing the region's residents now and in the future, we have briefly summarized the information available in the most recent comprehensive plans published in each jurisdiction. Each locality takes its own approach towards housing, and although the differences between urban and rural areas are pronounced, they share a common element. The region's housing strategies all seek to direct new residential development towards specific areas in an effort to preserve neighborhood character, natural resources, existing infrastructure, or rural nature.

CLARKE COUNTY

Clarke County's housing consists primarily of single family, detached, owner-occupied units. The county's 2013 comprehensive plan references 1980 regulations that limit residential growth in rural areas, focusing it instead in and around the Town of Berryville. The 2015 Berryville Area Plan contains policy goals for housing in the area that include compatibility with the existing size and scale of residential development, the provision of a variety of housing options that emphasize architectural design elements, and the provision of housing opportunities for all ages and income groups that are compatible with existing land uses.

The Berryville plan identifies future growth areas appropriate for low- to medium- density residential development (2 to 4 units per acre). No existing areas in the town are planned for greater density than 4 units per acre.

Clarke County's Economic Development Strategic Plan of 2013 acknowledges the provision of smaller housing units for mixed demographics could improve market stability. A balanced economy would benefit from "diverse, walkable, and well-connected housing stock, located in and around the towns" intended to attract millennials and seniors.

The plan outlines a strategy to promote residential development that allows and encourages "diverse, walkable, connected, accessible, human-scale development patterns." The plan stresses a balance of housing types while acknowledging the area's high median income.

FREDERICK COUNTY

The 2035 Comprehensive Plan of Frederick County, adopted in January 2017, plans to accommodate housing needs of the future by regularly examining their Urban Development Area (UDA) designations. In addition to ensuring that sewage and water systems overlap the UDAs, any newly designated area should accommodate first time buyers, retirees, move-up residences, and seniors. County officials note that although the UDAs consist primarily of suburban development, the areas are expected to accommodate more intense residential development and land uses that suit a variety of lifestyles and incomes.

The plan's goals include:

- Focusing residential development within the UDAs to provide a variety of housing options
- Ensuring zoning ordinances allow for adequate housing options
- Promoting Rural Community Centers as neighborhoods with lower development costs

PAGE COUNTY

Page County's 2009 Comprehensive Plan noted that the area's housing is primarily composed of single-family, detached, owner-occupied homes, including a significant sum of manufactured homes. The plan anticipated increasing demand for rental units and manufactured homes, and it noted future housing development would need to address the downward trend in the county's average household size.

The plan also noted that many home values surpassed affordability levels for the county's low- and moderate-income households, suggesting that homes that have remained within multigenerational families would likely be unaffordable if they were forced to purchase them on the market. The plan recommends the county develop a definition of "affordable" and emphasize affordable residential development for households that live and work in the area.

SHENANDOAH COUNTY

The Shenandoah County Economic Development Strategic Plan of 2013 does not address affordable housing exclusively, however opportunities in the county include competitive real-estate and abundant availability of land in comparison to Northern Virginia, according to the Steering Committee. The plan expressed concern about the availability of a quality workforce in the future.

The Comprehensive Plan revision of 2014 notes that housing in the county is constrained by flood plains where no permanent buildings are allowed. In addition, soil and rock conditions prevent subdivided lots from construction due to complications for septic systems and wells.

The county's primarily single-family, detached, owner-occupied homes had a vacancy rate of 14.4 percent in 2000. The county has a large share of second homes which accounted for 60.6 percent of all vacant units in 2000, or 8.7 percent of the 1990 total housing stock. As of 2000, only 290 (1.7 percent) of total dwelling units lacked complete plumbing facilities. The plan acknowledges additional affordable housing is needed and that small developments should be encouraged in and around towns. However, detailed analyses of the local housing are required to access state and federal funds.

WARREN COUNTY

In the Warren County Planning Commission's Annual Report of 2015, guided by resources and information at UVA's Weldon Cooper Center, population and new housing continue to rise post-Recession. By 2015, population has climbed to over 38,000 residents from 31,500 in 2000. In addition, building permits for housing have exhibited a similar rebound from the recession. After declining in the mid-2000s, new housing units began to increase in 2011.

The county's 2013 update of its comprehensive plan stresses conservation of natural resources and maintenance of rural character. With this in mind, it encourages concentration of development—including residential development—in urban development areas. Those areas were designated within the Town of Front Royal.

The county also sets out a residential growth target maximum of three percent, on average, annually. Language stresses the need for a mix of housing densities and costs. It seeks to address deficiencies in existing housing stock through assistance to local housing organizations (non-profit and for-profit).

CITY OF WINCHESTER

Winchester's housing goals outlined in the 2014 update to its comprehensive plan primarily address issues of blight and redevelopment. However, the city does set the promotion of low- to moderate-income residential development as a goal. The city's future residential development is targeted at students, young professionals, and empty nesters seeking higher density apartments and condominiums. The plan states, "Winchester has enough housing to meet the needs of large households and couples with children." The plan suggests a focus on higher quality (and likely higher cost) apartments near Shenandoah University, as well as the replacement of obsolete and blighted houses with higher density uses. The city highlights its rehabilitation incentives and suggests the city may take a more active role in public-private partnerships.

Winchester addresses the need for lower income housing by highlighting the need for preservation of existing affordable units (and rehabilitation, where needed) during redevelopment or addition of new units. The city also encourages the use of Housing Choice Vouchers, combined with routine inspections of properties.

Winchester also suggests an alternative tax for multifamily rental properties to recoup any additional costs associated with their impacts.

POPULATION & HOUSING TRENDS

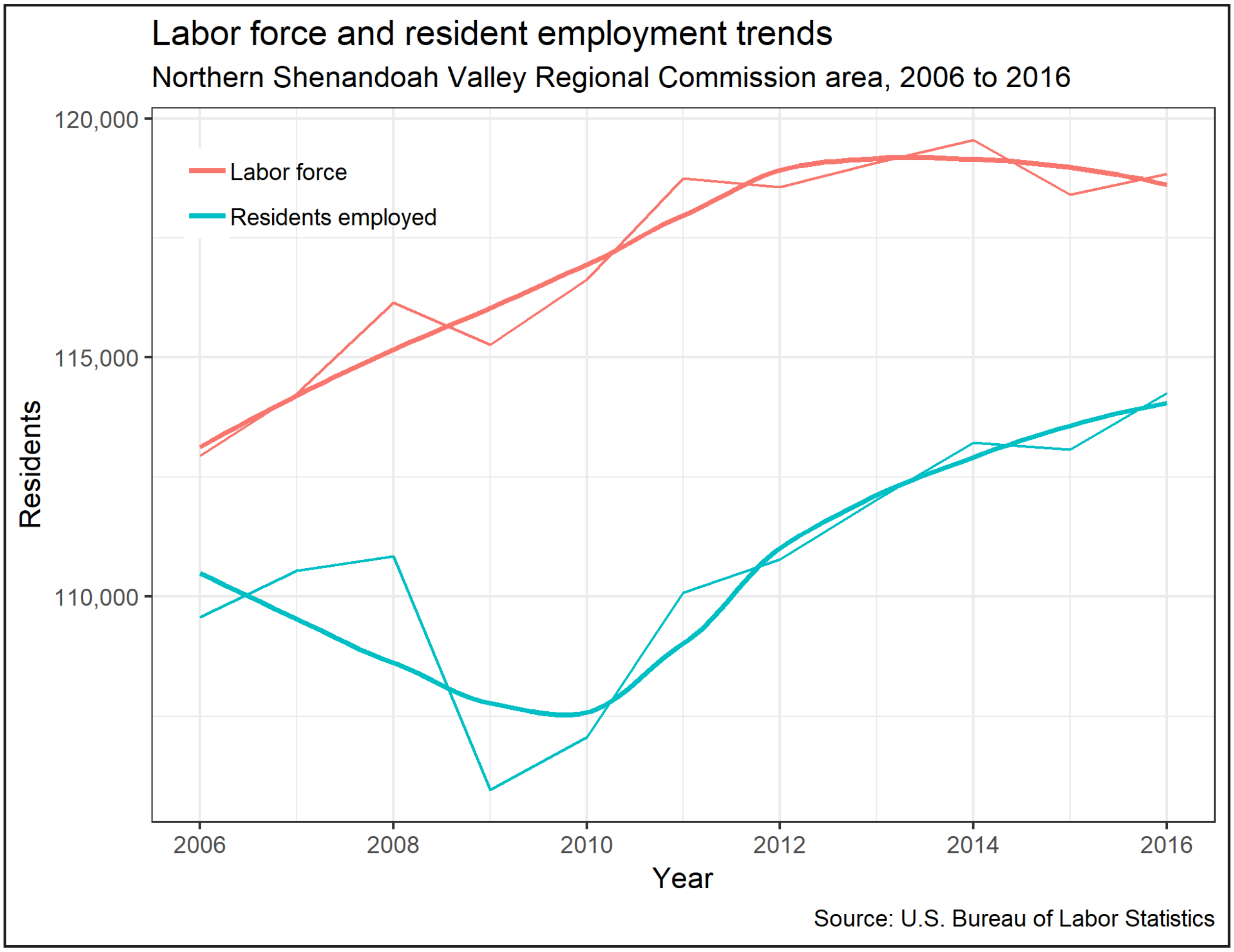
In order to understand how the region is meeting the needs of the area's families, we have looked at economic, social, and demographic data and trends in recent years. Although unemployment numbers nationwide have bounced back from the late 2000s recession, its impact on housing markets continues remains. With that in mind, the following section details the characteristics of the region's economy, workforce, population, and households---the elements that make up housing demand.

ECONOMY

TRENDS IN EMPLOYMENT AND LABOR FORCE

The NSVRC region's labor force experienced strong growth from 2006 through 2012 and leveled off through 2016 (see Figure 1). The number of residents employed fell sharply through the late 2000s recession, pushing the unemployment rate from below 3.0 percent in 2006 to over 8.2 percent in 2010. Despite the slowdown in labor force growth after 2012, the number of residents employed has continued to increase. The 2016 unemploy-

FIGURE 1



POPULATION & TRENDS

FIGURE 2: REGIONAL EMPLOYMENT AND UNEMPLOYMENT FIGURES

	RESIDENTS			
YEAR	LABOR FORCE	EMPLOYED	UNEMPLOYED	UNEMPLOYMENT RATE
2006	112,939	109,571	3,368	2.98
2007	114,242	110,548	3,694	3.23
2008	116,143	110,839	5,304	4.57
2009	115,270	105,960	9,310	8.08
2010	116,634	107,061	9,573	8.21
2011	118,744	110,089	8,655	7.29
2012	118,558	110,774	7,784	6.57
2013	119,072	112,028	7,044	5.92
2014	119,551	113,227	6,324	5.29
2015	118,400	113,075	5,325	4.50
2016	118,842	114,254	4,588	3.86

ment rate just over 3.8 percent marks the lowest rate since 2007.

The NSVRC area labor force grew by 5 percent between 2006 and 2016—faster than the 4 percent growth in the number of employed residents. Although the number of unemployed residents represents a fraction of the labor force, it nearly tripled from 2006 to 2010, when the unemployment rate peaked at 8.21 (Figure 2). The number of unemployed residents fell by more than 50 percent from 2010 to 2016, shrinking the unemployment rate to 3.86.

WORKER CHARACTERISTICS AND TRENDS

More than one-third of workers in the Northern Shenandoah Valley region worked within 10 miles of their homes in 2015 (Figure 3). The next largest group---24 percent---worked more than 50 miles from their homes. The smallest group---19 percent---work within 10 to 24 miles of their homes. This pattern of commuting represents a significant shift from pre-recession numbers in 2006.

Data trends suggests employment shifted away from the region during the recession, with more workers traveling more than 50 miles to work and fewer traveling less than 25. The number of workers traveling less than 10 miles to work fell steeply between 2006 and 2010 (Figure 4). Those workers shrank from 45 percent of resident workers in 2006 to 37 percent in 2015. Simultaneously, workers traveling more than 50 miles to work increased from 18 percent of resident workers in 2006 to 24 percent in 2015.

FIGURE 3: MILES TRAVELED TO WORK BY RESIDENTS

	MILES TRAVELED TO WORK			
YEAR	UNDER 10	10 TO 24	25 TO 50	OVER 50
2006	45%	20%	17%	18%
2007	40%	19%	19%	21%
2008	39%	19%	19%	23%
2009	38%	19%	19%	24%
2010	36%	18%	20%	25%
2011	36%	19%	20%	25%
2012	37%	19%	20%	24%
2013	36%	19%	20%	25%
2014	36%	19%	20%	25%
2015	37%	19%	20%	24%

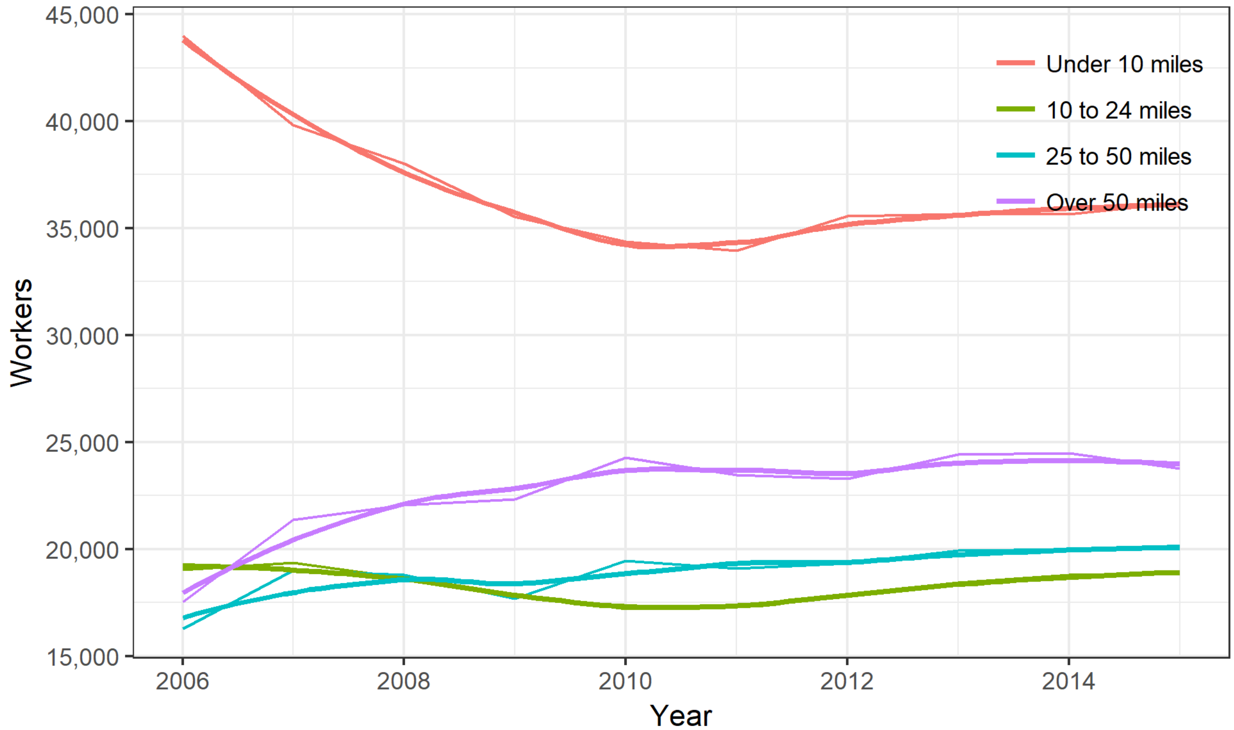
LABOR FORCE EFFICIENCY

Just as the number of residents who travel more than 50 miles to work has increased, the number of residents employed within the

FIGURE 4

Trends in distance traveled from home to work

Northern Shenandoah Valley, 2006 to 2015

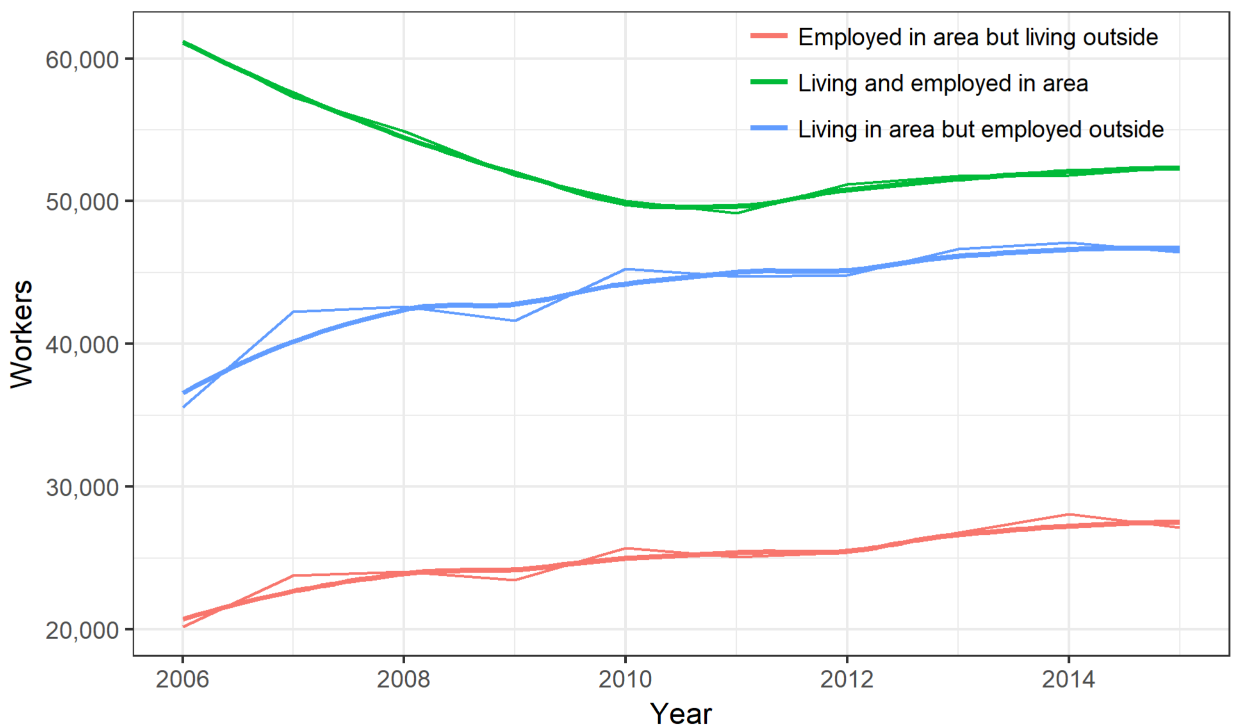


Source: U.S. Census Bureau

FIGURE 5

Trends in labor force and employment efficiency

Northern Shenandoah Valley, 2006 to 2015



Source: U.S. Census Bureau

POPULATION & TRENDS

Northern Shenandoah Valley area has fallen (Figure 5). Between 2006 and 2010, the number of people living and working within the region declined by more than 10,000. Simultaneously, the number of people living in the area but employed outside the area increased, though by slightly less than 10,000. Each category of worker---including people employed inside the Northern Shenandoah Valley area but living outside of it---experienced similar rates of growth after 2010. However, the share of area residents employed inside and outside the region has not shifted back in favor of local employment.

This pattern suggests that much---but not all---of the labor force that experienced unemployment through the recession may have worked within the area prior to the recession and subsequently found employment outside the region without relocating residence.

Residents employed outside the Northern Shenandoah Valley area in 2015 commuted most often to nearby Northern Virginia counties Fairfax, Loudoun, and Prince William. Fairfax and Loudoun counties provide more than twice as many jobs for area residents as other counties. Among the top locations for workers commuting outside of the region were Harrisonburg, Henrico County, and Washington, DC.

Trends in commuting outside the region indicate that the counties of Fairfax, Loudoun, and Prince William have grown as job destinations. Fairfax saw the most growth between 2006 and 2010, but the number of workers commuting there declined from 2010 through 2015. Loudoun has experienced relatively steady growth as a job destination for Northern Shenandoah Valley residents, and it appears poised to surpass Fairfax as the top external employment location.

The flow of resident workers outside of the region grew significantly through the Great Recession, increasing from 15,000 in 2006 to 19,500 in 2010. The outflow of workers remained between 19,000 and 20,000 through 2015 despite an increase region's labor force. This suggests the region has been adding jobs at a comparable rate. Although many residents in the region appear to commute to Northern Virginia, the bulk of growth in that cohort largely took place before 2011.

POPULATION AND HOUSEHOLD CHARACTERISTICS

The Northern Shenandoah Valley region experienced strong population growth between 2000 and 2016, increasing 25 percent from 185,282 to 232,295 (Figure 7). Population change between 2000 and 2010 averaged two percent annually. Annual growth from 2010 to 2016 slowed to less than one percent.

The number of housing units in the region grew at a similar rate, increasing by 26 percent between 2000 and 2016 (Figure 8). However, housing unit growth slowed more considerably than population growth after 2010. Population growth outpaced housing unit growth from 2010 to 2014.

Strong population growth in Frederick County outpaced all other jurisdictions between 2000 and 2016, increasing by 43 percent. Growth in Frederick County drove a regional increase of 25 percent. Warren and Shenandoah counties have seen rates of population growth comparable to the regional rate. Winchester city and Clarke County grew at almost identical rates between 2000 and 2010, but Winchester's population growth rate increased after 2010 while Clarke's began to flatten. Page County's population increased by four percent between 2000 and

FIGURE 6: POPULATION AND HOUSING UNITS BY JURISDICTION

PLACE	POPULATION	PERCENT	HOUSING UNITS	PERCENT
NSV Region	232,295	100%	100,726	100%
Clarke County	14,374	6%	6,333	6%
Frederick County	84,421	36%	33,381	33%
Page County	23,654	10%	11,674	12%
Shenandoah County	43,175	19%	21,163	21%
Warren County	39,155	17%	16,268	16%
Winchester city	27,516	12%	11,907	12%

FIGURE 7: POPULATION GROWTH TRENDS

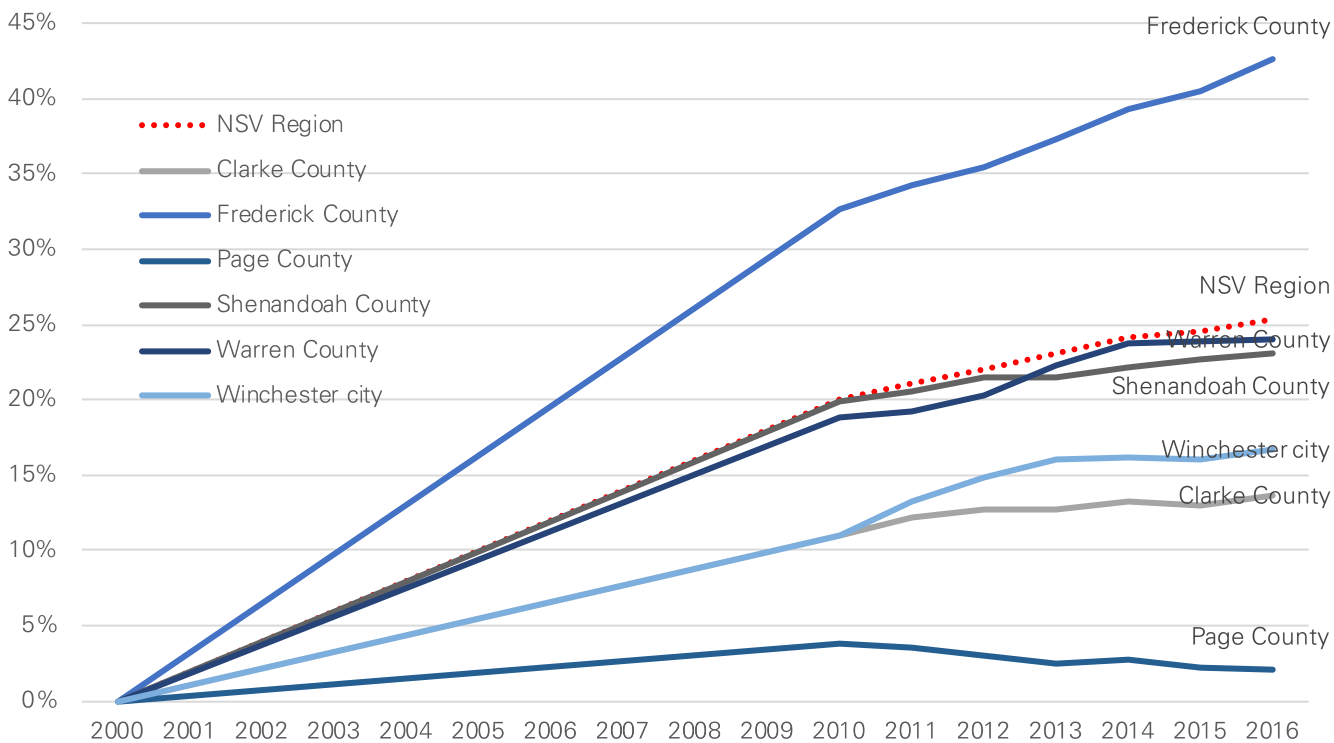
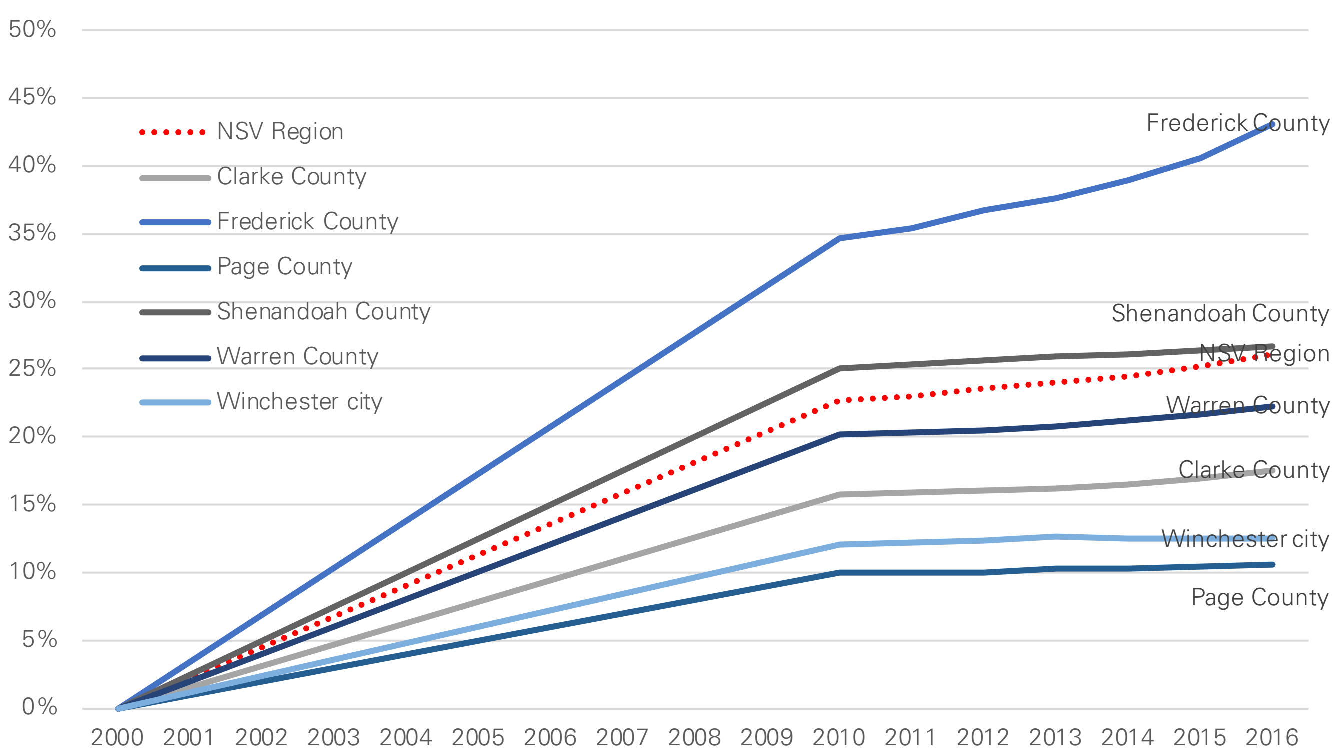


FIGURE 8: HOUSING UNIT GROWTH TRENDS



POPULATION & TRENDS

2010 before contracting by about two percent between 2010 and 2016.

The population of the region per housing unit hovered around 2.3 between 2000 and 2016, falling slightly below in 2010 before gradually increasing through 2016. Most jurisdictions within the region experienced a decline in population per housing unit between 2000 and 2010—an indication that population growth was outpaced by increases in housing or that household sizes shrank. Following 2010, most jurisdictions saw an increase in population per housing unit as housing growth slowed more than population growth. Winchester city experienced the largest shift after 2010, rising from 2.2 to 2.3 people per housing unit. Page County's population per housing unit continued to contract over time, falling from 2.2 in 2000 to just over 2.0 in 2016.

Around 70 percent of the region's households are family households—married couple families as well as male and female householders without spouse present (Figure 9). Family households make up almost 75 percent of all households in Frederick County. Non-family households—householders living alone or unrelated individuals living together—feature more clearly in Winchester city (43 percent) and Clarke County (35 percent). Clarke County and Winchester city also have the largest shares of their populations who are female householders with no husband present. Clarke County also has a notably low percentage of male householders with no wife present.

FIGURE 9: HOUSEHOLDS BY FAMILY TYPE

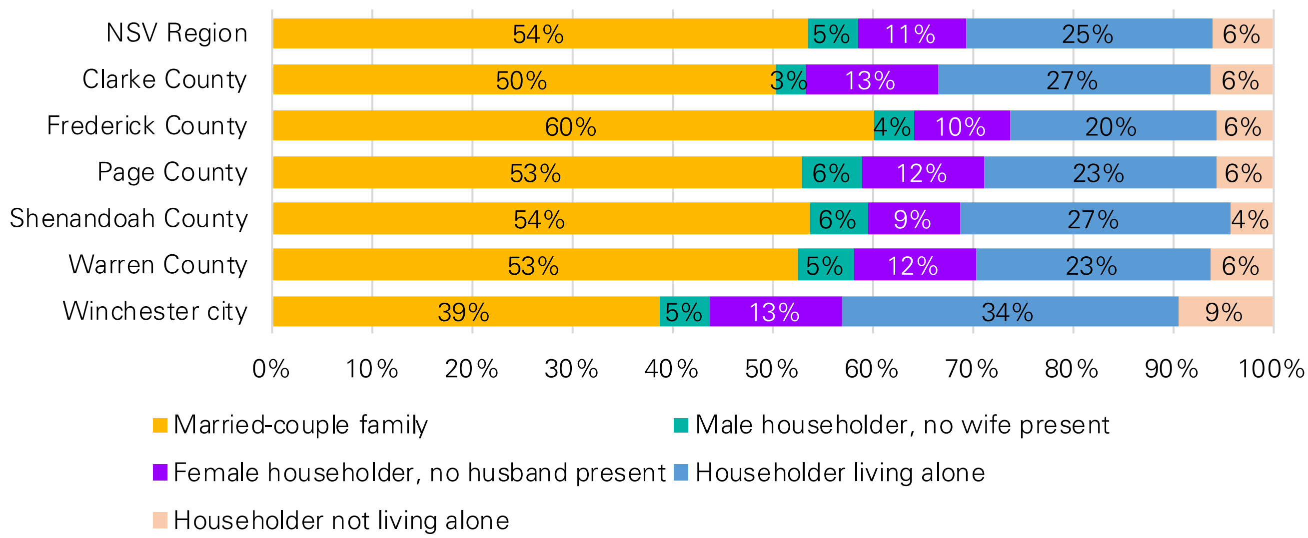
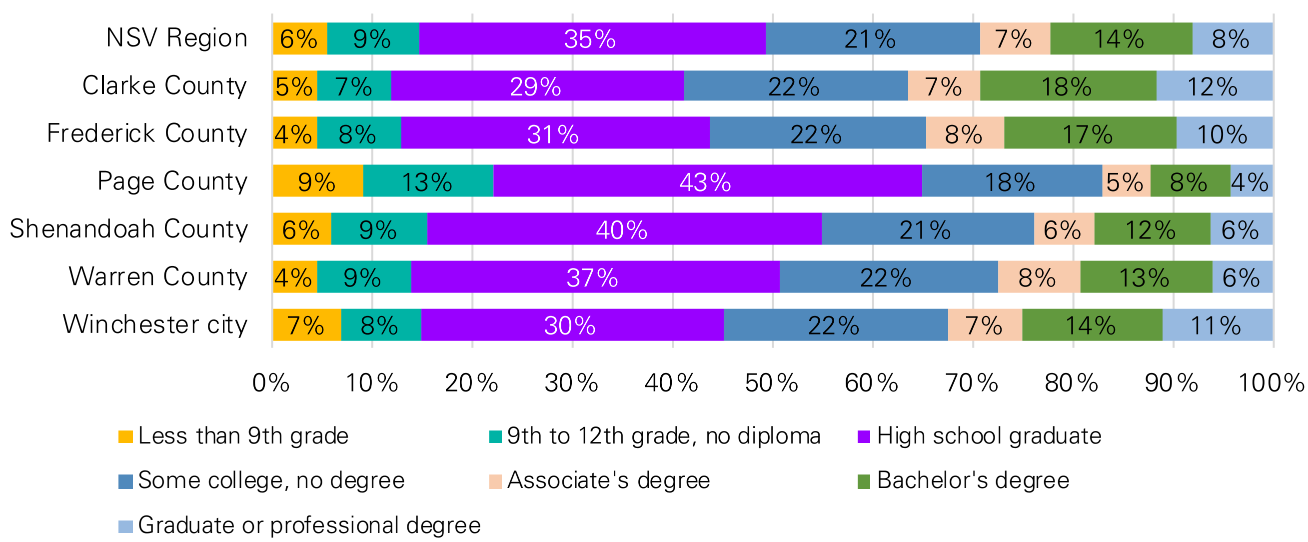


FIGURE 10: ADULT POPULATION BY EDUCATIONAL ATTAINMENT



Approximately 85 percent of the region's adult population has obtained at least a high school diploma (Figure 10). That ranges from a low of 78 percent in Page County to a high of 88 percent in Clarke County. About 29 percent of the region's adult population has obtained at least an Associate's degree. Once again, that ranges from a high of 36 percent in Clarke County to 17 percent in Page County. Around 22 percent of adults have at least a Bachelor's degree, ranging from 29 percent in Clarke County to 12 percent in Page County. About 8 percent of the region's adults have at least a graduate or professional degree. Clarke, again, has the highest concentration of highly educated adults with 12 percent. Page County, has the lowest with 4 percent.

The region's poverty rate, 10.6 percent (13.6 percent among children) reflects higher rates of poverty in the most urban and rural localities and lower rates in the more suburban (and populous) Frederick County (Figure 11). Frederick County has the lowest rate of poverty at 6.5 percent (7.8 percent among children). Page County (16.4 percent) and Winchester city (16.0 percent) have significantly higher poverty rates but reflect different forms of poverty (rural and urban). Clarke and Shenandoah counties have childhood poverty rates significantly higher than their overall poverty rates.

About 30 percent of the region's households earn less than $35,000 annually (Figure 12). The next largest group, 24 percent, earn $100,000 or more. Clarke and Frederick counties have the lowest shares of households earning

FIGURE 11: POPULATION IN POVERTY

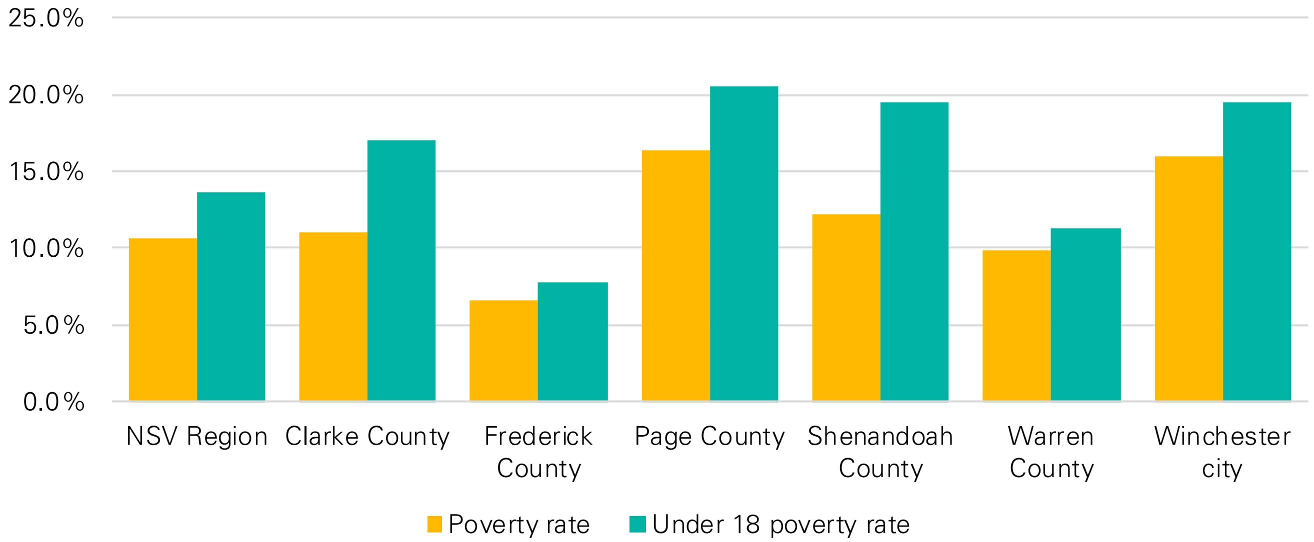
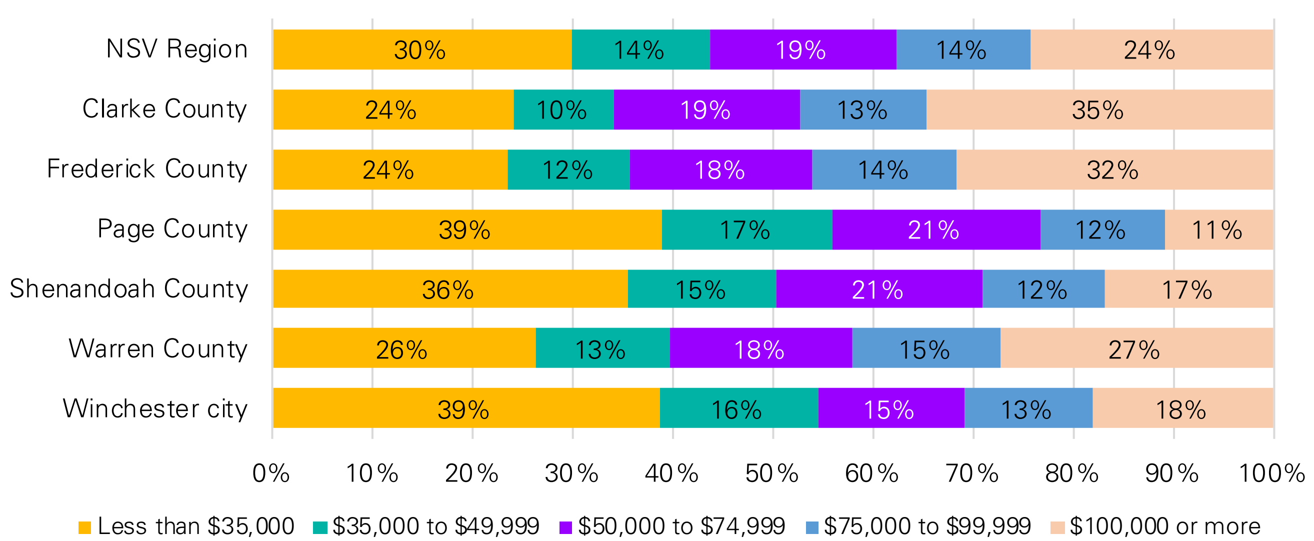


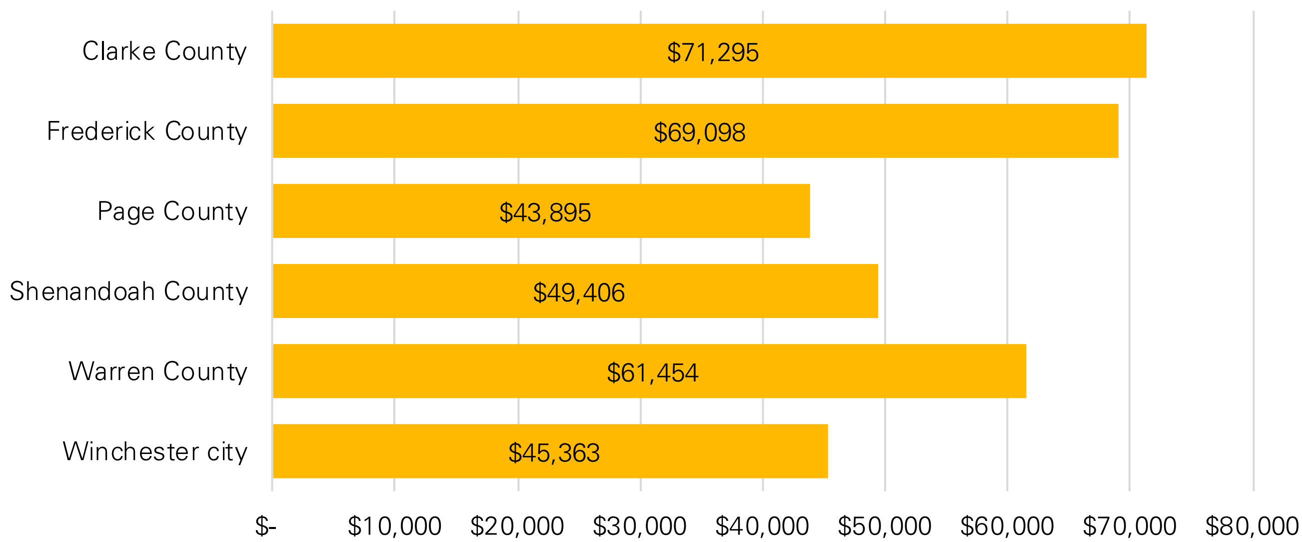
FIGURE 12: HOUSEHOLDS BY INCOME



less than $35,000 at 24 percent. Clarke and Frederick counties also have the largest shares of households earning above $100,000. Page County and Winchester city have the largest shares of households earning less than $35,000 at 39 percent.

Median household incomes in the region range from a low of $43,895 (Page County) to a high of $71,295 (Clarke County) (Figure 13). Frederick and Warren counties have the next highest median household incomes of $69,098 and $61,454. Page and Warren counties and Winchester city all have median household incomes in the $40,000 to $50,000 range. There's a clear division between the localities, with Clarke, Frederick, and Warren counties enjoying relatively high median incomes and Page and Warren counties and Winchester city experiencing lower median incomes.

FIGURE 13: MEDIAN HOUSEHOLD INCOME BY JURISDICTION



Regionally, the median family income---HUD's preferred metric for measuring housing affordability and assistance eligibility---is $71,887 for a family of four (according to 2012-2016 ACS estimates). Using this area median income (AMI) as a benchmark, we can estimate what an affordable home might look like for a family of four at different income levels. A family earning 100 percent of the AMI can afford a rental unit---including utilities---up to 30 percent of their income, or $1,797 (Figure 13.A). A family of four looking to purchase a home can afford a sales price of around $295,647, which assumes a 30-year mortgage at a 4.5 percent interest rate with additional costs (taxes, insurance, utilities) equaling five percent of monthly income (Figure 13.B).

FIGURE 13.A: MAX AFFORDABLE RENT (INCL. UTILITIES)

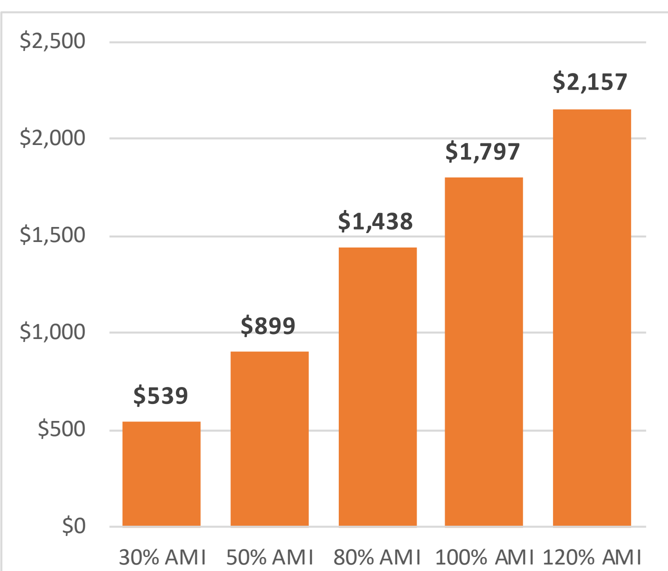
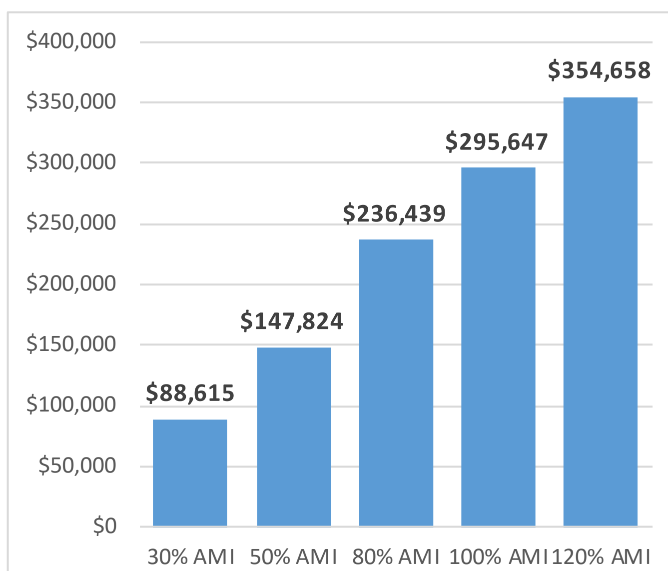
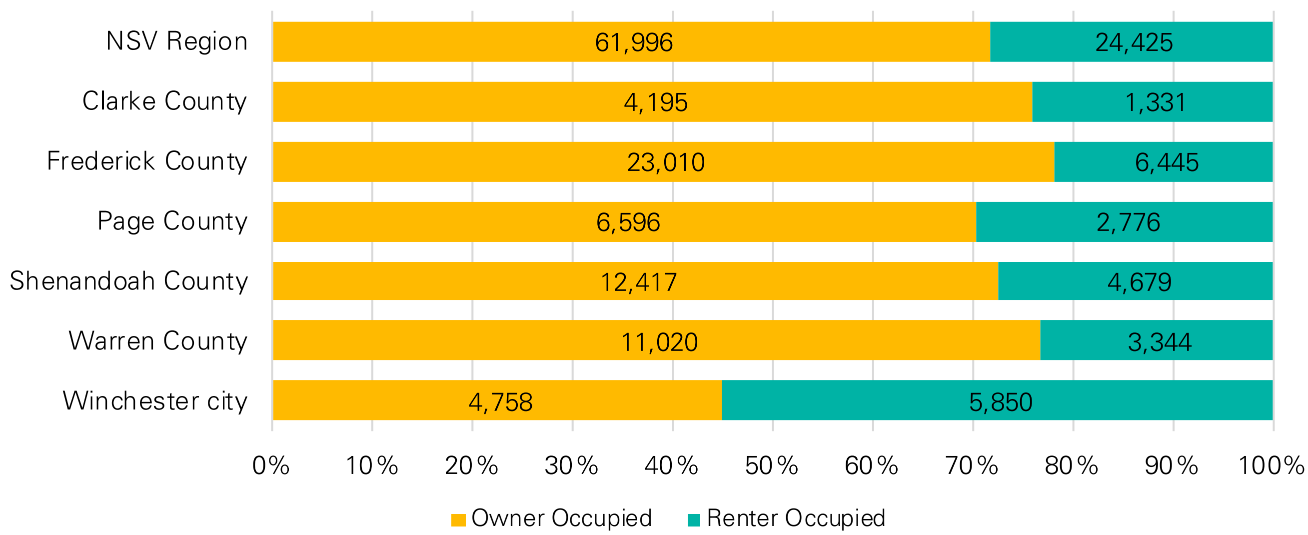


FIGURE 13.B: MAX AFFORDABLE HOME SALES PRICE



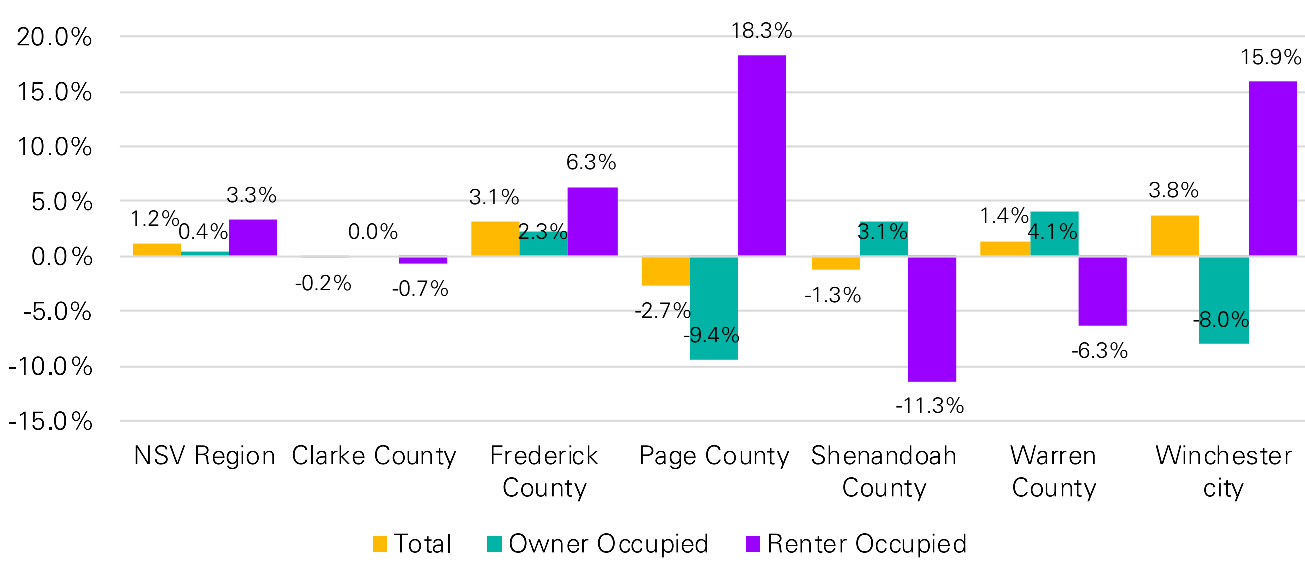
The region's households are primarily owner-occupied, with a 72 percent rate of ownership (Figure 14). The region's counties all have ownership rates between 70 percent (Page County) and 78 percent (Frederick County). Winchester city is the only locality in the region with substantial renter-occupied housing. The lower ownership rate (45 percent) means more than half of Winchester households are renter-occupied. Although Winchester city has the largest concentration of renter-occupied households, Frederick County has the largest number of renter-occupied households.

FIGURE 14: HOUSEHOLDS BY TENURE



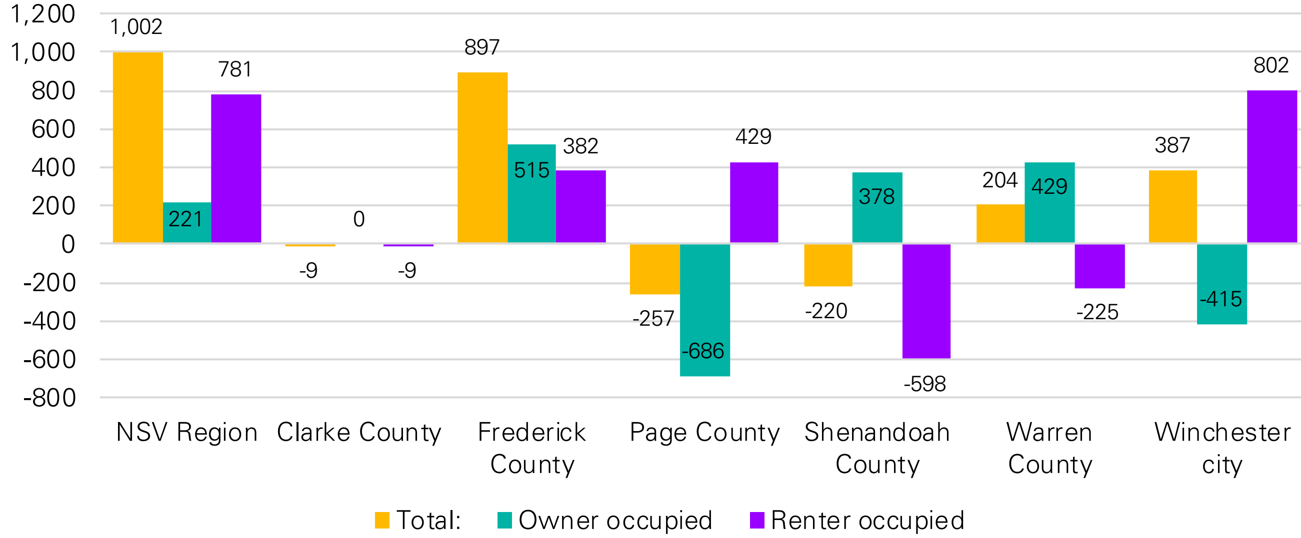
The region saw a 1.2 percent increase in households between 2010 and 2015 (Figure 15). The bulk of that increase has been in renter-occupied households, which grew by 3.3 percent (781 households). Clarke County experienced virtually no change between 2010 and 2015. Frederick County experienced increases in both owner-occupied and renter-occupied households, the only county to do so. Page County experienced the largest percent increase in renter-occupied households (18.3 percent) and the largest percent decrease in owner-occupied households (-9.4 percent). Shenandoah and Warren counties both experienced small increases in owner-occupied households and moderate declines in renter-occupied households. Winchester city again matched the pattern of Page County with a decline in owner-occupied households of 8.0 percent and an increase in renter-occupied households of 15.9 percent.

FIGURE 15: PERCENT CHANGE IN HOUSEHOLDS BY TENURE



POPULATION & TRENDS

FIGURE 16: NUMERIC CHANGE IN HOUSEHOLDS BY TENURE



The bulk of regional gains in total households (1,002) between 2010 and 2015 may be attributed to Frederick County (Figure 16). Around 78 percent of the net increase in households regionally is renter-occupied households. Although the region experienced a net gain in owner-occupied households, Page County and Winchester city saw significant losses. The region's net gain in renter-occupied households stems from increases in Frederick and Page counties and, most significantly, in Winchester city. Shenandoah and Warren counties saw moderate gains in owner-occupied households and declines in renter-occupied households.

HOUSING CHARACTERISTICS

Housing unit trends followed similar patterns to population trends, with a few exceptions. Housing unit growth throughout the region slowed after the collapse of the U.S. housing bubble in the second half of the 2000s. Growth since 2010 has recovered more rapidly in Frederick County, Warren County, and Clarke County. Shenandoah and Page counties and Winchester city have seen relatively flat housing unit growth since 2010.

HOUSING TYPES

Housing in the region is typified by single family units, which constitute more than 82 percent of all housing units. Multifamily units tend to be in mid-sized buildings of 5 to 19 units, which make up 5.5 percent of all units. Mobile homes also constitute a significant portion—5.2 percent—of housing units. These units are distributed differently throughout the region.

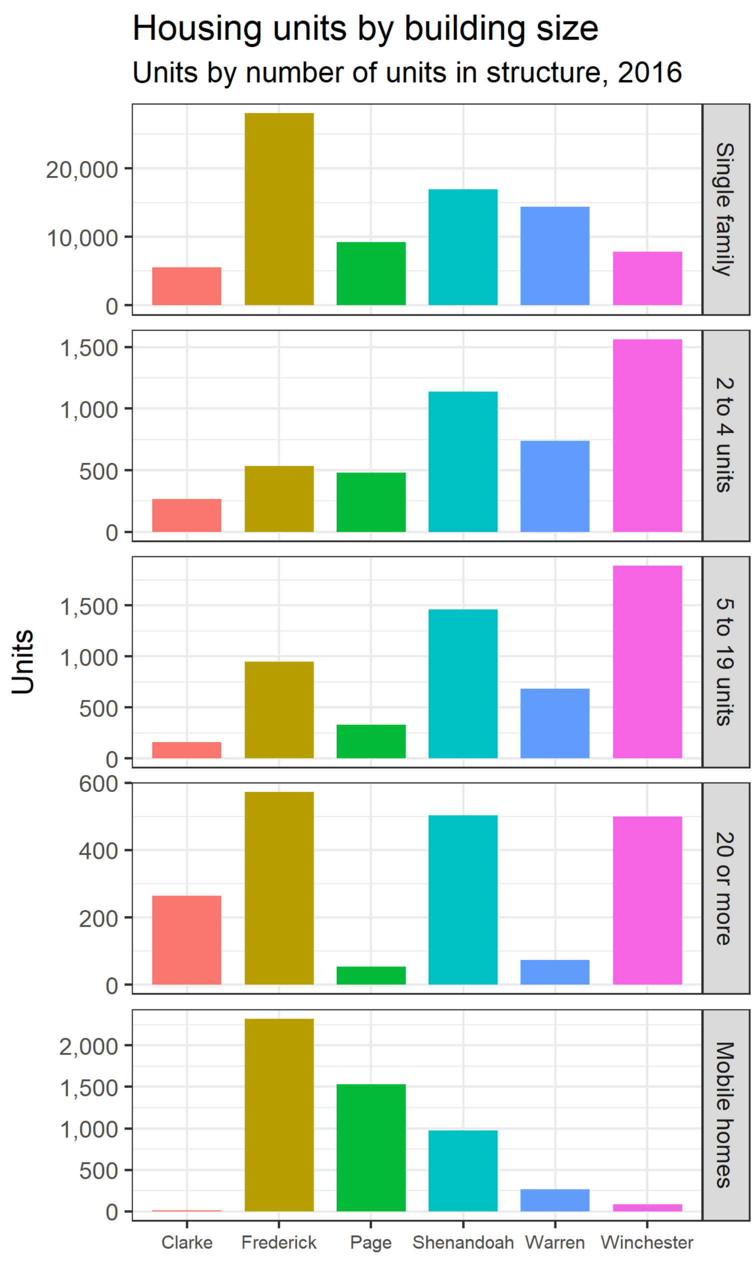
Frederick County, being the most populous jurisdiction in the region, contains the most housing units overall—particularly single family units. However, Winchester city and Shenandoah County contain more small to mid-sized multifamily units (Figure 17).

Few area localities have many housing units in buildings of 20 or more units. Winchester city and Frederick and Shenandoah counties have between 500 and 600 units each.

Frederick County also features the most mobile homes in the area—more than 2,000. However, Page County has a disproportionately high number of mobile homes. Page's 1,500 mobile homes constitute more than 13 percent of all of the county's units, compared to 7 percent in Frederick and 5 percent in Shenandoah.

Winchester city houses the lowest proportion of single family units, which make up 66 percent of housing in the city. Instead, Winchester features the highest proportion of housing that is multifamily, with just over one-third of units in multifamily structures. Warren County has the highest share of single family and lowest share of multifamily in the region with approximately 89 percent of housing units single family and another 9 percent of units in multifamily buildings. Mobile homes make up a larger portion of housing units in Page, Fred-

FIGURE 17



Source: 2012-2016 ACS Estimates

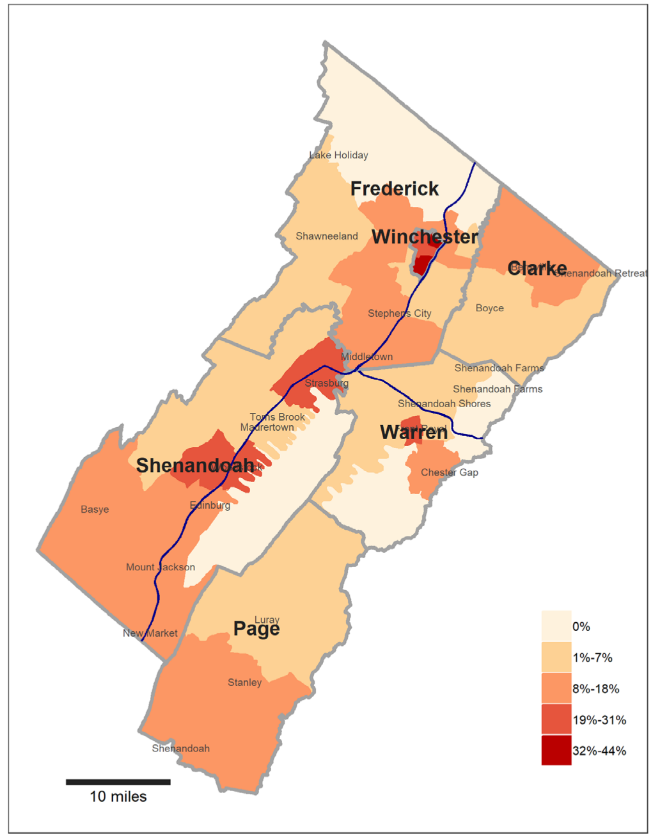
CHARACTERISTICS

erick, and Shenandoah counties.

Multifamily units appear concentrated in more urbanized areas and towns, such as Winchester, Front Royal, Strasburg, and Woodstock (Figure 18). Winchester has the highest concentration of multifamily, with portions of the city seeing up to 44 percent of all units multifamily. However, significant portions of the region contain no multifamily housing or very little (1 to 7 percent of units).

FIGURE 18

Percent of units multifamily



Source: U.S. Census Bureau, 2016 ACS 5-Year Estimates

HOUSING AGE AND QUALITY

In absence of a property-by-property housing conditions survey, data on home conditions and quality at the regional level is difficult to ascertain. For the purposes of this report, the age of housing will be used as a proxy for housing conditions. Older homes are generally, but not always, less energy efficient, more prone to heating and plumbing issues, and in need of additional modifications and repairs.

Across the NSVRC region, approximately 22 percent of all homes were built prior to 1960, and another 22 percent built between 2000 and 2015. Of the remaining stock, most were built in the 1990s (18 percent) and 1970s (16 percent) (Figure 19).

The age distribution of single-family detached homes is fairly even, with between 20 percent and 30 percent of the total number built pre-1960, 1960s-1970s, 1980s-1990s, and 2000s-2010s, respectively (Figure 20). Single-family attached homes (townhomes) became more prevalent in the 1980s and through the present.

The existing medium-density housing units (2 to 4 units per building) in the region were built much earlier on average than other housing types. Of all the region's duplexes, 46 percent were built prior to 1940. Of all the regions 3 to 4 family buildings, 31 percent were built prior to 1940. These multiple-family dwellings, primarily used as rental apartments, present unique preservation challenges.

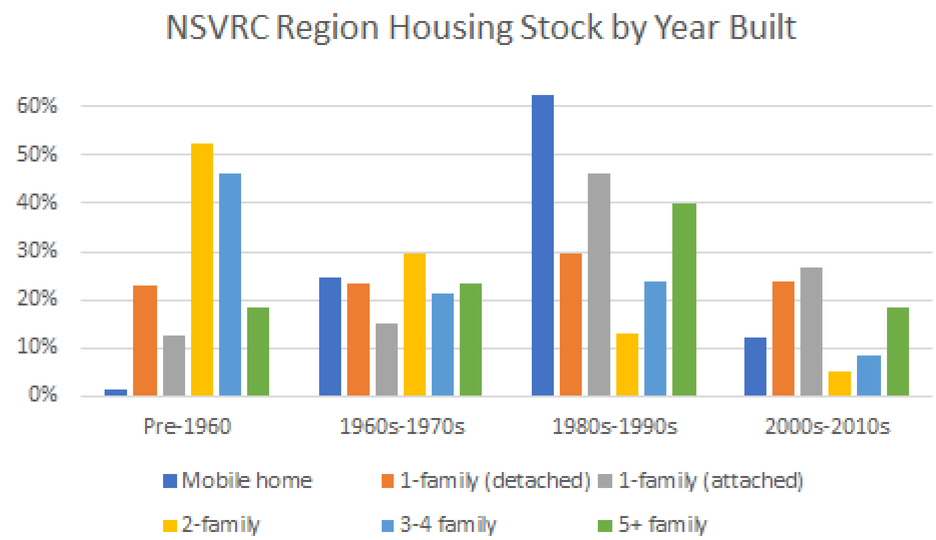
Multifamily homes (those in building with 5 or more units), which comprise less than 6 percent of the total housing stock across the NSVRC region, were primarily constructed in the 2000s (20 percent) and 1990s (18 percent). However, a noticeable portion (12 percent) were built prior to 1940.

The Census Bureau collects other housing quality data in the American Community Survey. These fields include whether a home has indoor plumbing, complete kitchen facilities, a working toilet, hot water, and a working stove or range. Based on the most recent

FIGURE 19: HOUSING UNITS BY YEAR BUILT

LOCALITY	PRE-1940	1940-1959	2000-CURRENT	MEDIAN YEAR BUILT
Clarke	20.40%	8.70%	20.70%	1977
Frederick	6.60%	5.50%	28.40%	1990
Page	18.40%	10.70%	14.00%	1975
Shenandoah	19.90%	9.40%	19.70%	1978
Warren	11.10%	16.10%	17.80%	1979
Winchester	19.90%	20.00%	9.30%	1969
NSVRC region	12.10%	9.50%	22.50%	N/A

FIGURE 20



estimates, less than 0.5 percent of all homes in the NSVRC region are missing one or more of these characteristics. While this is a very small percentage, housing and service providers in the region indicated in interviews that these few hundred substandard homes still pose significant threats to the health and well-being of their residents.

NEW RESIDENTIAL PERMITS

Like the remainder of Virginia, the NSVRC region experienced a significant slowdown of new housing starts following the housing crash and recession in the late 2000s. Trends in permitting by county suggests that most areas are still recovering from the recessionary decline in construction. No county has reached the highs seen in 2005 to 2006. In 2006, 2,118 new residential permits were issued between the six jurisdictions. In 2007, that number fell to almost half: 1,297. The pattern repeated in 2008, when only 743 permits were issued. Fewer than 700 new housing starts occurred annually in the NSVRC region from 2009 to 2014.

The two years of data available since then show that the region's housing production is rebounding. Permits increased by 42% from 2014 to 2015 (691 to 981) and by 21% from 2015 to 2016 (981 to 1,189). Construction activity in 2016 roughly matches 2007 levels (Figure 21). In total, 9,811 homes were permitted in the NSVRC region from 2006 to 2016.

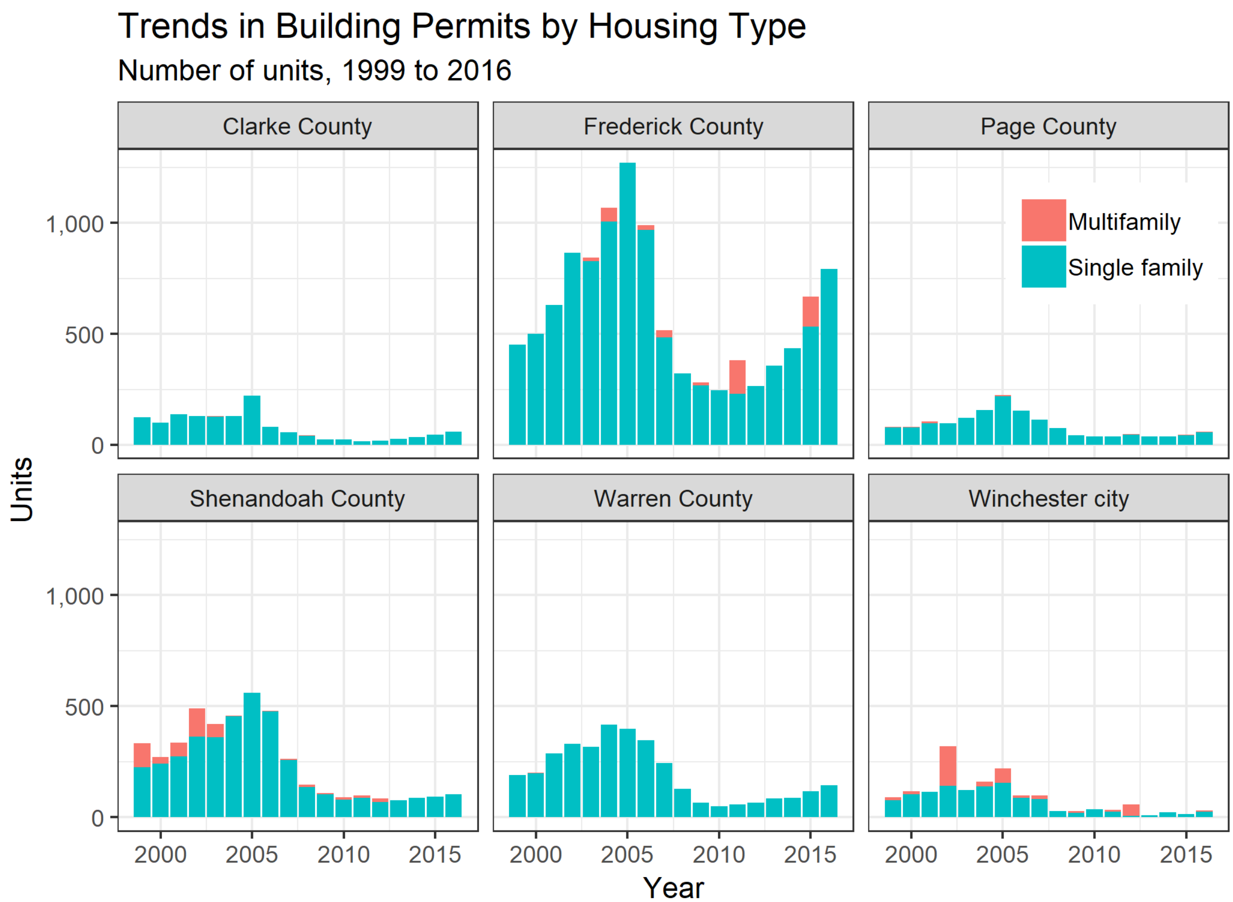
The majority of new units permitted since 2006 have been in Frederick County (54 percent), followed by Shenandoah County (16 percent) and Warren County (14 percent). From 2006 to 2016, Page County, Clarke County, and Winchester permitted fewer than 700 total units each.

Of the 1,320 multifamily units permitted between 1999 and 2016, Shenandoah County permitted 34 percent, and 86 percent of those units were permitted before 2007. Frederick County accounted for 33 percent of multifamily units permitted between 1999 and 2016, 76 percent of which were permitted in 2007 or later. Winchester city permitted 30 percent of all multifamily units between 1999 and 2016, and 77 percent of those units were permitted before 2007. Clarke, Page, and Warren counties have permitted less than three percent of all multifamily units permitted between 1999 and 2016.

By an overwhelming margin (9,276 out of 9,811), new units produced in the NSVRC region since 2006 have been single-family homes. Just 5.5 percent of all permits were for denser types of housing: 28 duplex units, 6 triplex units, and 501 units in structures with five or more units per building. Of those larger multifamily units, 358 (71 percent) were built in Frederick County, 95 (19 percent) were built in Winchester, and 48 (9.6 percent) were built in Shenandoah.

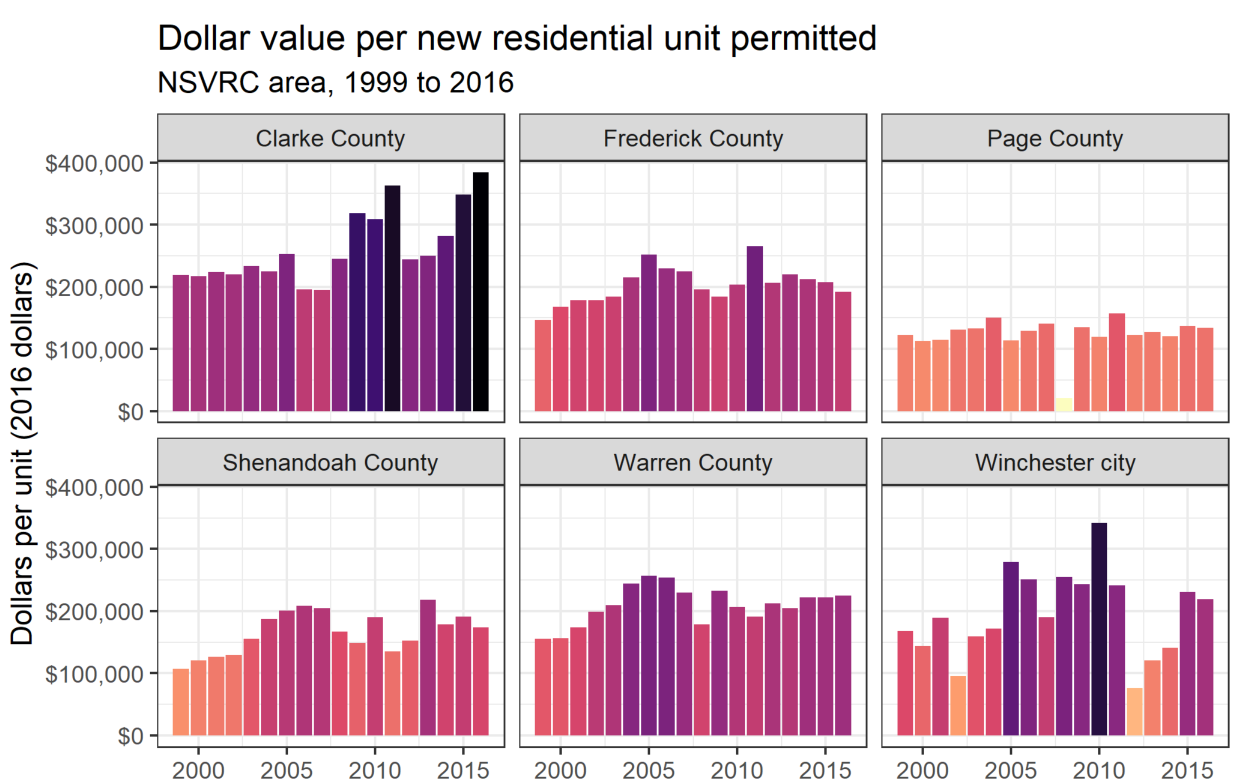
The average valuation per permit offers a general understanding of the degree of affordability of units permitted. The dollar valuation per unit is obtained by dividing the total number of units permitted in a year by the total valuation of those permits. This figure does not represent the cost of housing for residents, as it does not include

FIGURE 21



Source: U.S. Census Bureau

FIGURE 22



Sources: U.S. Census Bureau; U.S. Bureau of Labor Statistics land value. However, it does indicate the anticipated cost of construction, which plays a significant role in the ultimate cost to housing consumers.

Within the region, Clarke County's permits have regularly had an average valuation above $200,000, with more recent years reaching as high as $350,000 (Figure 22). Units permitted in Page and Shenandoah counties have generally had an average value below $200,000, with typical values in Page County below $150,000. Units permitted in Frederick and Warren counties have been valued around $200,000, peaking in 2005 at closer to $250,000. Units permitted in Winchester have varied widely in average value, from under $100,000 in 2003 and 2012 to almost $350,000 in 2009.

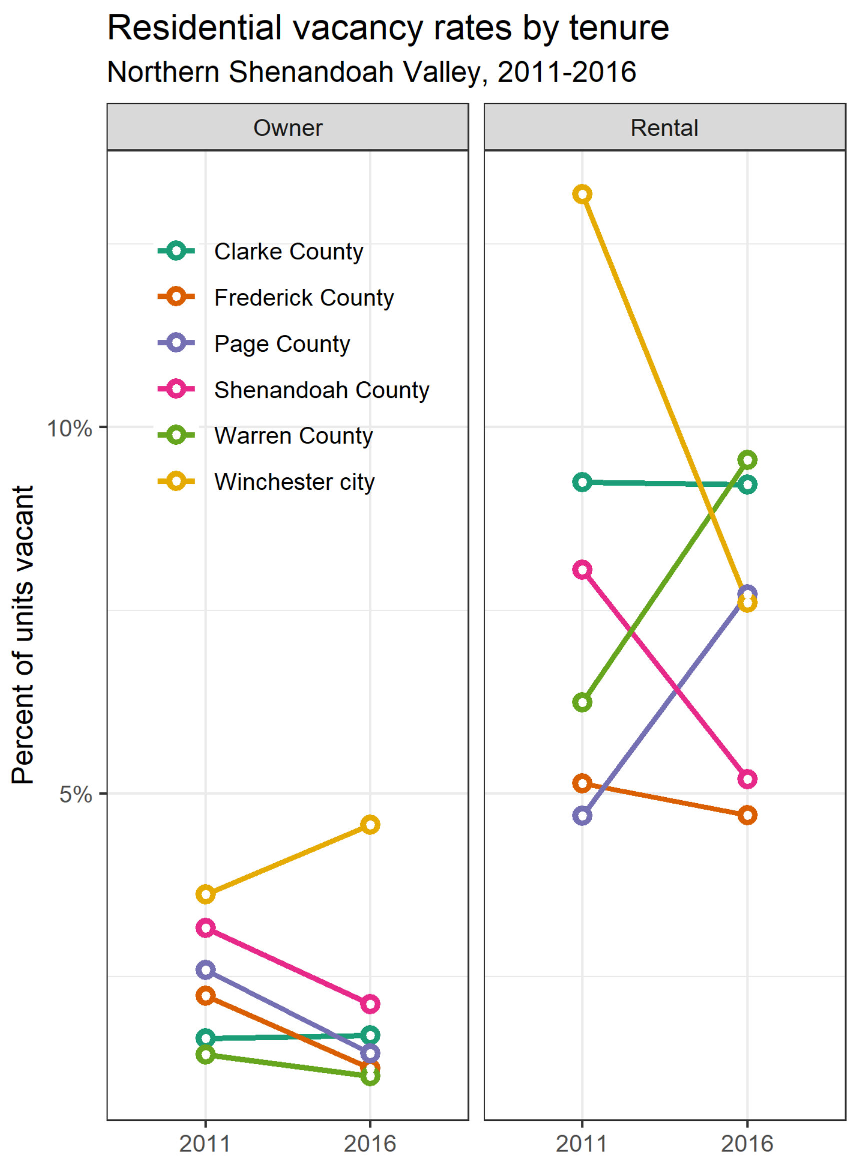
HOUSING VACANCY RATES

The localities with any significant amount of multifamily housing development since 1999—Winchester, Frederick, and Shenandoah—all experienced significant declines in rental vacancy rates between 2011 and 2016 (Figure 23). All three localities also recorded the region's lowest rental vacancy rates in 2016, ranging between 4.7 and 7.6 percent.

Owner vacancy rates—generally lower than rental vacancy rates—showed less dramatic shifts between 2011 and 2016. Winchester's owner vacancy rate shifted the most, moving upward from 3.6 to 4.6 percent. Owner vacancy rates fell slightly in Shenandoah, Page, Frederick, and Warren counties. Neither owner nor rental vacancy rates in Clarke shifted significantly between 2011 and 2016.

According to the U.S. Census Bureau's Current Population Survey, the national rental vacancy rate sits at 7.0 percent and the homeowner vacancy rate at 1.5 percent in 2018. This suggests that Winchester city and Shenandoah and Frederick counties—with lower or declining rental vacancy rates—are likely experiencing greater upward pressure on rents. Winchester city—with a homeowner vacancy rate closer to 5.0 percent—may not be experiencing similar pressure in its home sales market. However, submarkets within the area likely perform differently.

FIGURE 23



Source: U.S. Census Bureau

CHARACTERISTICS

HOUSING BY INCOME

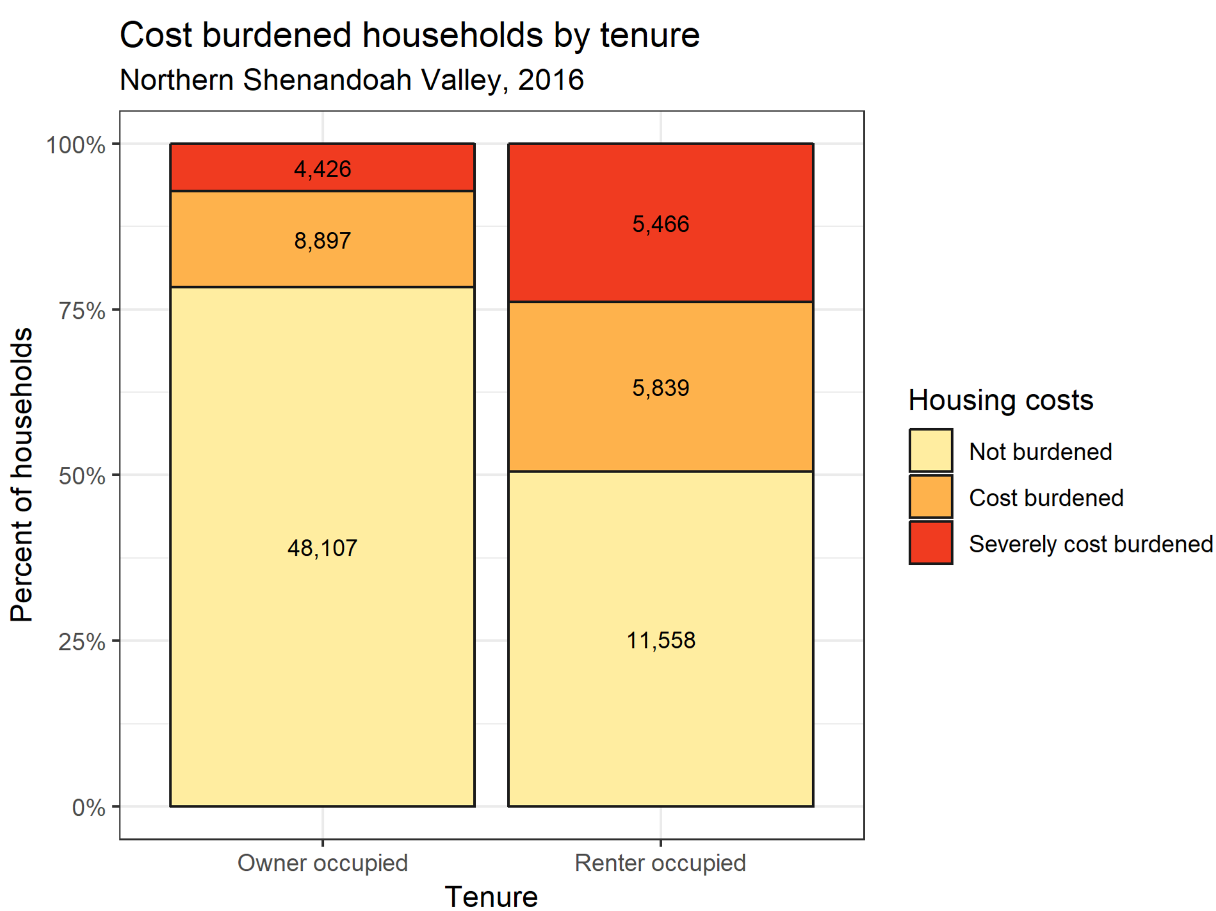
In order to understand the current and projected housing needs of the region, it's necessary to look at housing costs and household incomes. Housing cost burden is a metric used to understand the proportion of households in an area whose housing costs are high relative to their incomes. A household spending more than 30 percent of its income on housing costs has less money to spend on other necessities like food, transportation, or healthcare. Those households are considered cost burdened. Households spending more than 50 percent of their income on housing costs are considered severely cost burdened.

In the NSVRC area 13,300 owner-occupied households are cost burdened or severely cost burdened, or roughly 22 percent of total owner households (Figure 24). Another 11,300 renter-occupied households are cost burdened or severely cost burdened—just under half of all renter households. Nearly 25 percent of renter households are severely cost burdened.

Cost burden numbers do not provide a detailed understanding of precisely which households are experiencing housing issues. Specifically, the totals do not indicate the relative household incomes of cost burdened households. A family earning more than $250,000 annually could spend 35 percent of its income on housing and still have $162,500 remaining to cover food and healthcare, while a family earning $45,000 with the same level of cost burden would only have $29,250 remaining after housing expenses.

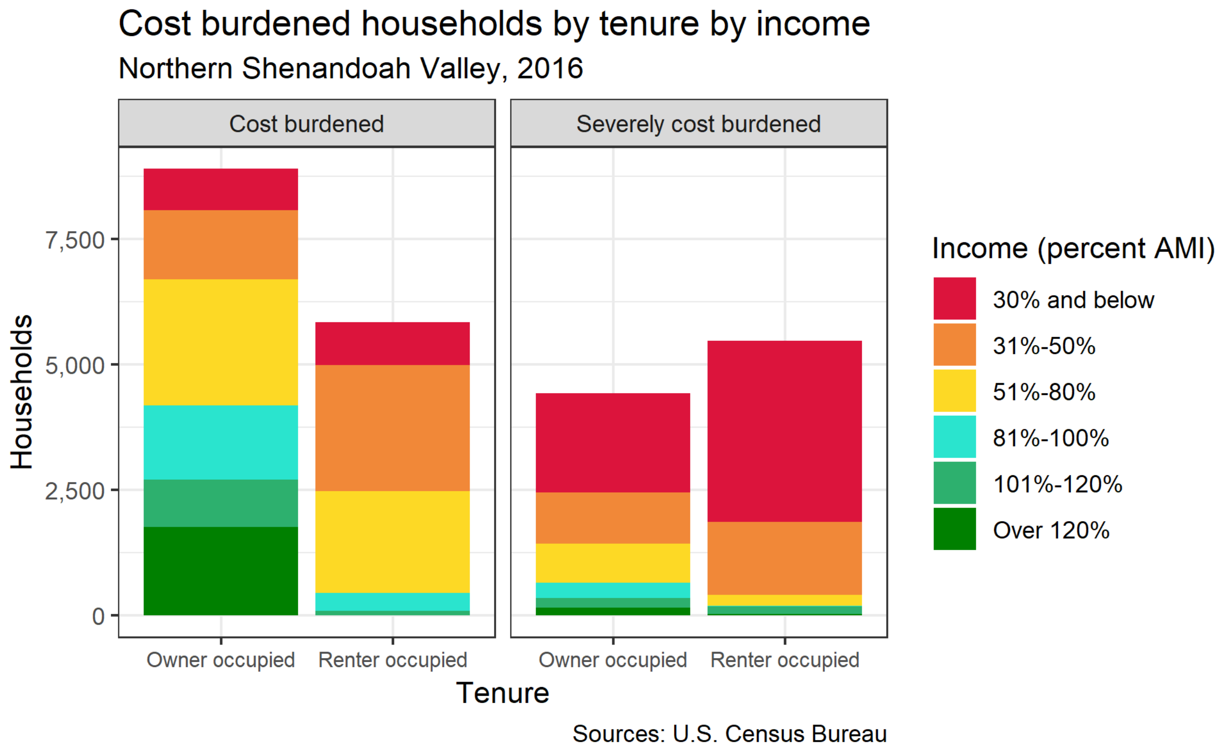
This report reveals those details through analysis of Public Use Microdata from the 2012-2016 American Community Survey. We find that the vast majority of cost burdened and severely cost burdened households earn incomes at or below 80 percent of the area median income (Figure 25). Households earning over 80 percent of the area median income constitute a relatively small portion of all cost burdened households except that of owners.

FIGURE 24



Sources: U.S. Census Bureau

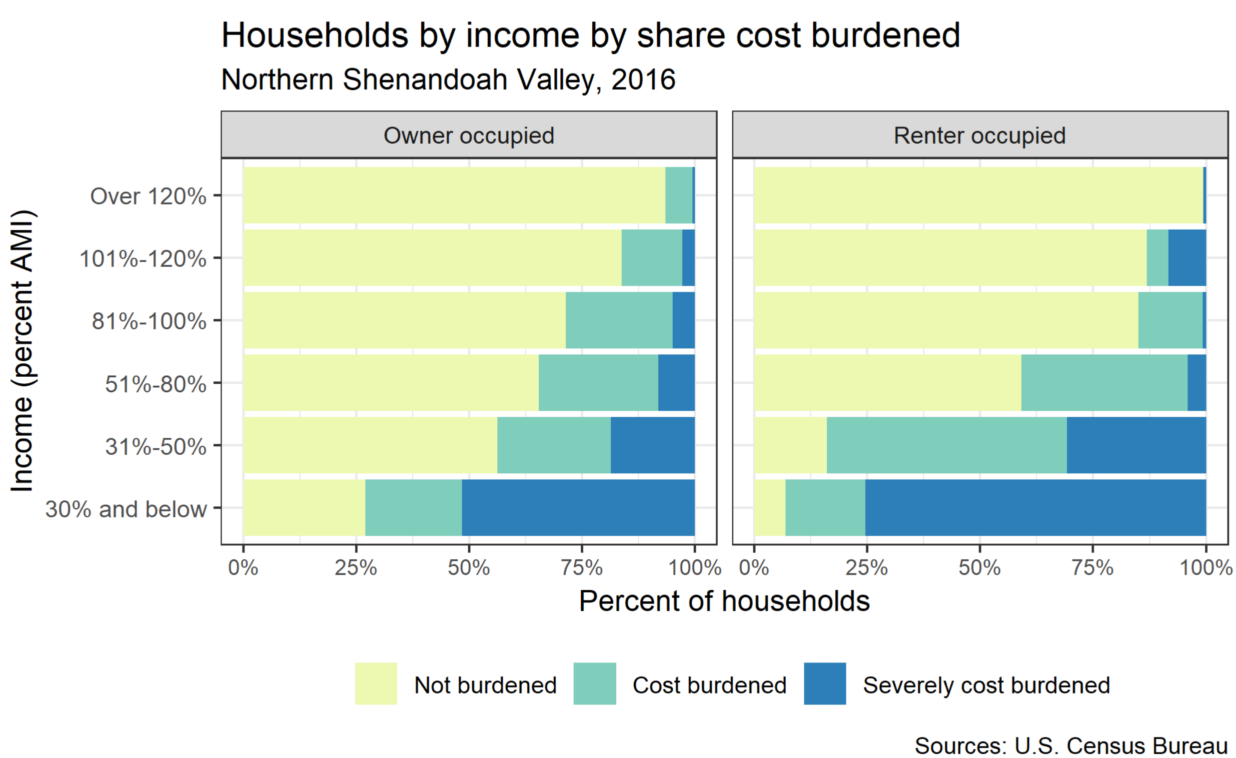
FIGURE 25



Among cost burdened owners, households earning between 51 and 80 percent of the area median income make up the largest group at 28 percent. Households earning more than 120 percent AMI constitute another 20 percent. The lowest income group—households earning 30 percent AMI or less—makes up the smallest portion of cost burdened owners at nine percent.

Among cost burdened renter occupied households, 43 percent earn 31 to 50 percent AMI, and another 35 percent earn 51 to 80 percent AMI. Households earning 30 percent AMI or less represented around 15 percent of cost burdened renter occupied households.

FIGURE 26



CHARACTERISTICS

Households with incomes at or below 30 percent AMI constitute larger proportions of severely cost burdened households, regardless of housing tenure. Almost 45 percent of severely cost burdened owner households and more than 65 percent of renter occupied households earn 30 percent AMI or less. The vast majority of severely cost burdened households earn 50 percent AMI or less.

The lowest income group features significant degrees of cost burden, with more than 75 percent of renter households experiencing severe cost burden (Figure 26). That proportion shrinks dramatically at the 31 to 50 percent AMI level, with 31 percent of renter households experiencing severe cost burden. The shift suggests that although housing remains costly at these income levels, relatively small increases in incomes can make a significant impact on housing affordability.

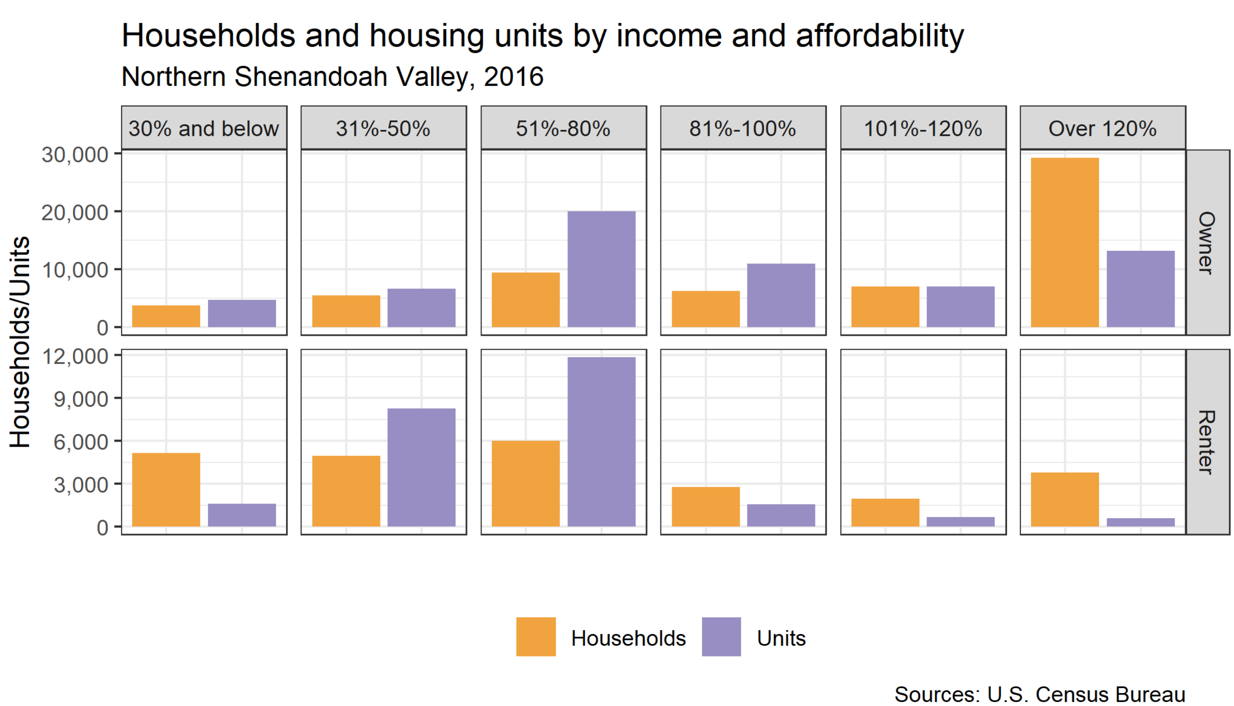
COST-INCOME GAPS

Public Use Microdata also allows a comparison of household incomes to housing costs. In order to compare the two, this analysis uses HUD's methodology for calculating fair market rents and income limits. Household incomes are calculated as a percentage of the area median family income, but the median is adjusted based on the number of people in a households. For example, a one person household earning $60,000 would, without weighting, be considered 83 percent of the AMI ($71,867). However, a one person household and a four person household earning the same amount incur different expenses. Median incomes are adjusted to reflect the extra expenses incurred by larger households. For a one person household, the AMI is adjusted by a factor of 0.7 to $50,307. The one person household income of $60,000 then shifts from 83 percent AMI to 119 percent AMI. Similar adjustments are made to estimates of housing unit affordability based on the number of bedrooms in each unit. The following summaries of housing units exclude units without full kitchen and plumbing facilities.

Housing in the NSVRC area is predominated by owner occupied units—mostly single family units—whose values indicate they are affordable primarily to households earning above 50 percent AMI. Approximately 50 percent of owner-occupied or for sale units are only affordable to families earning more than 80 percent AMI (Figure 27). Approximately 70 percent of owner households earn more than 80 percent AMI.

Renter-occupied or for rent units are distributed less widely across income ranges, with 75 percent of all units falling into the 31 to 50 percent or 51 to 80 percent AMI levels of affordability (Figure 27). Approximately six

FIGURE 27



CHARACTERISTICS

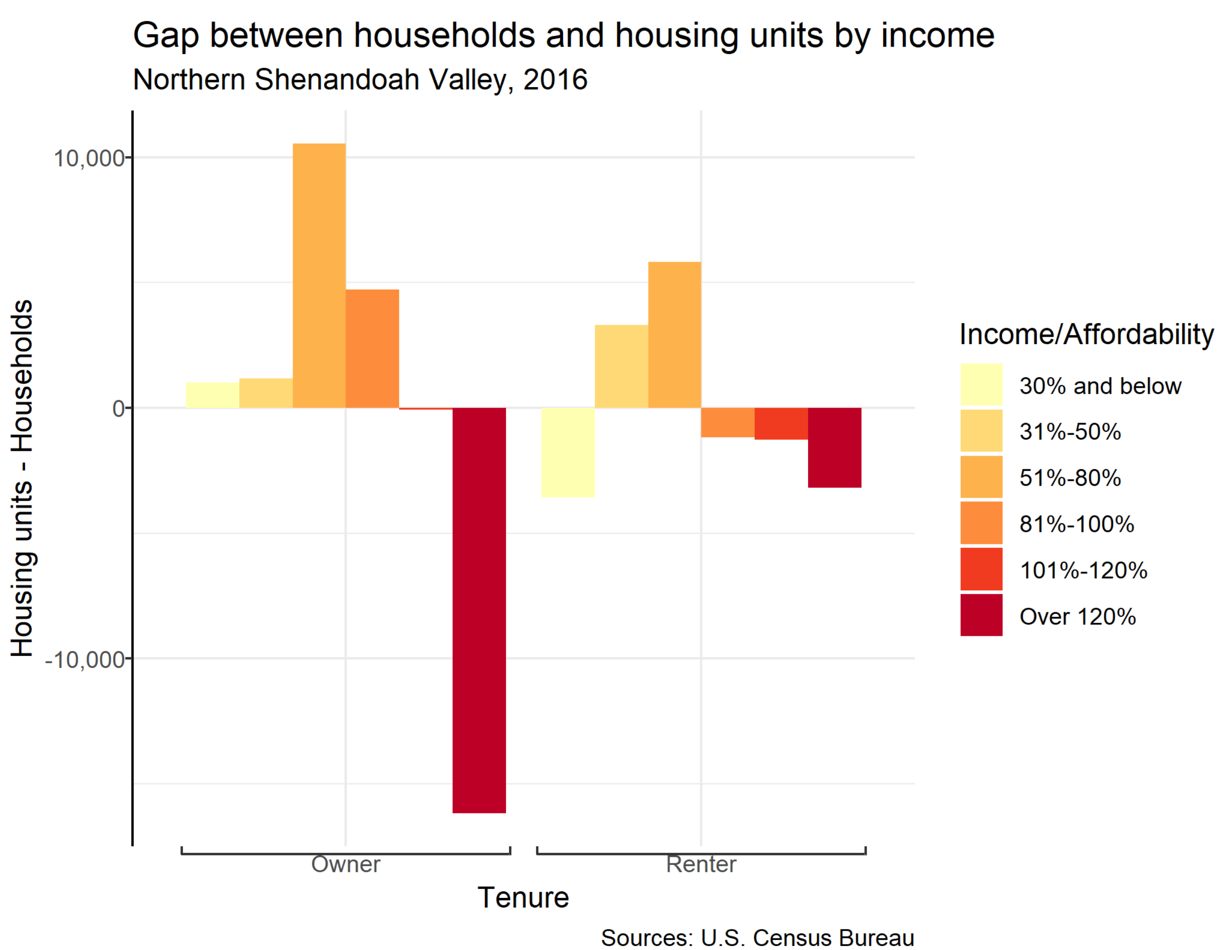
percent of rental units are affordable to households earning 30 percent or less AMI, and another six percent to households earning between 81 and 100 percent AMI. About five percent of rental units are only affordable to households earning above 100 percent AMI.

As with owner units, rental units also differ in affordability from the income profile of area households. A large gap between the number of units affordable in a particular income range and the number of households earning incomes in that same range indicates a mismatch between the existing housing supply and area incomes. A negative gap indicates that insufficient housing units are available at a particular income range given the number of households earning in that range. A positive gap indicates more units are available than households.

The gap between owner-occupied units and households at the highest income level exceeds all other gaps (Figure 28). The NSVRC area features 16,000 more owner households earning over 120 percent AMI than housing units. The imbalance incidates that higher-income households are attracted to the affordable market. However, the gap also indicates those households are placing downward pressure on the availability of affordable housing---as higher income households purchase homes in the more affordable income ranges, fewer affordable units are available to moderate and lower income households.

Gaps in rental housing indicate a surplus of units at the 31 to 50 percent and 51 to 80 percent AMI income ranges and a deficit of units at the lowest and highest income ranges (Figure 28). These gaps suggest that downward pressure from higher income renters may squeeze lower income renters into unaffordable units.

FIGURE 28



CHARACTERISTICS

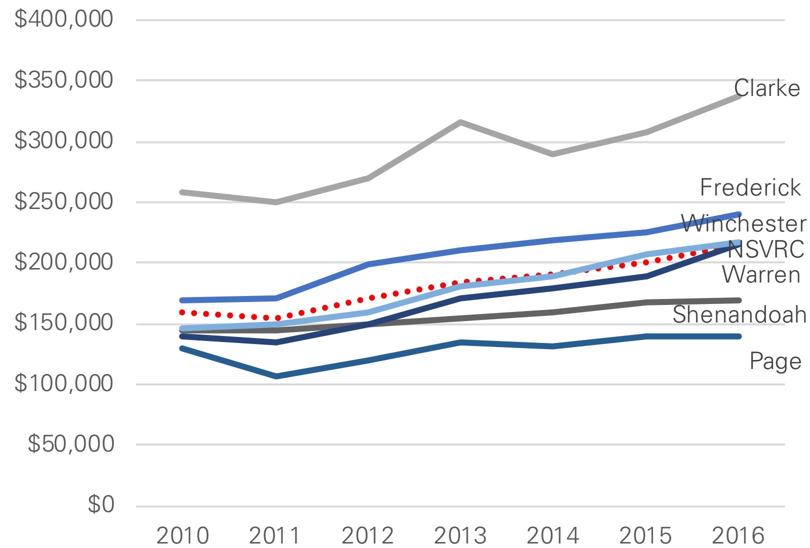
REAL ESTATE MARKET

The single-family home real estate market in the Northern Shenandoah region has experienced steady growth since the recession. The regional median sales price was $215,000 in 2016, a 34.4 percent increase since 2010 (Figure 29). Across the region, the median days on market (DOM) was 39 in 2016, decreasing significantly from 61 DOM in 2010 (Figure 30).

The highest median sales price in 2016 was Clarke County at $337,500---up 30.3 percent since 2010. The lowest median sales price in 2016 was Page County at $139,000---up 6.92 percent since 2010. Warren County saw the largest increase in median sales price from 2010 to 2016 (53.6 percent).

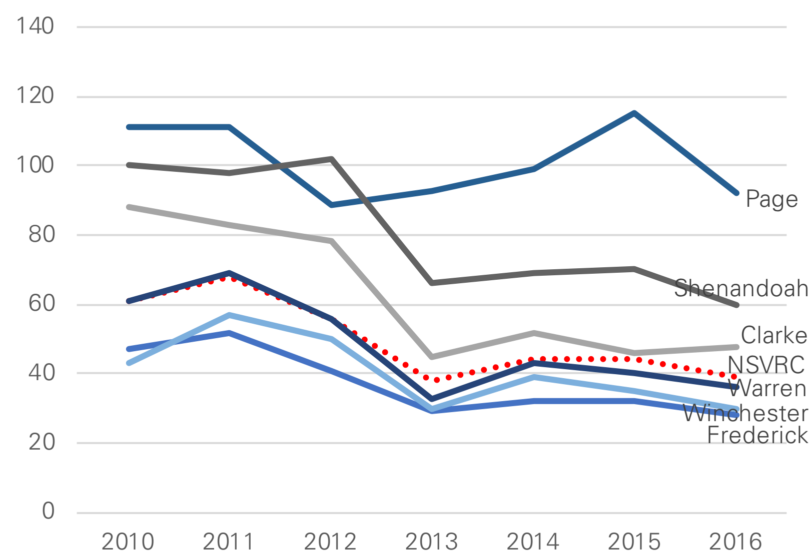
The "hottest" market in the region is Frederick County, with median DOM of 28 in 2016. This indicates a high demand and tighter supply. The "coolest" market is Page County, with median DOM of 92 in 2016. Shenandoah and Clarke counties saw largest "tightening" of market from 2010 to 2016, with median DOM decreasing from 100 and 88, to 60 and 48, respectively.

FIGURE 29: MEDIAN SALES PRICE 2010 TO 2016



Source: Virginia Association of Realtors

FIGURE 30: MEDIAN DAYS ON MARKET 2010 TO 2016



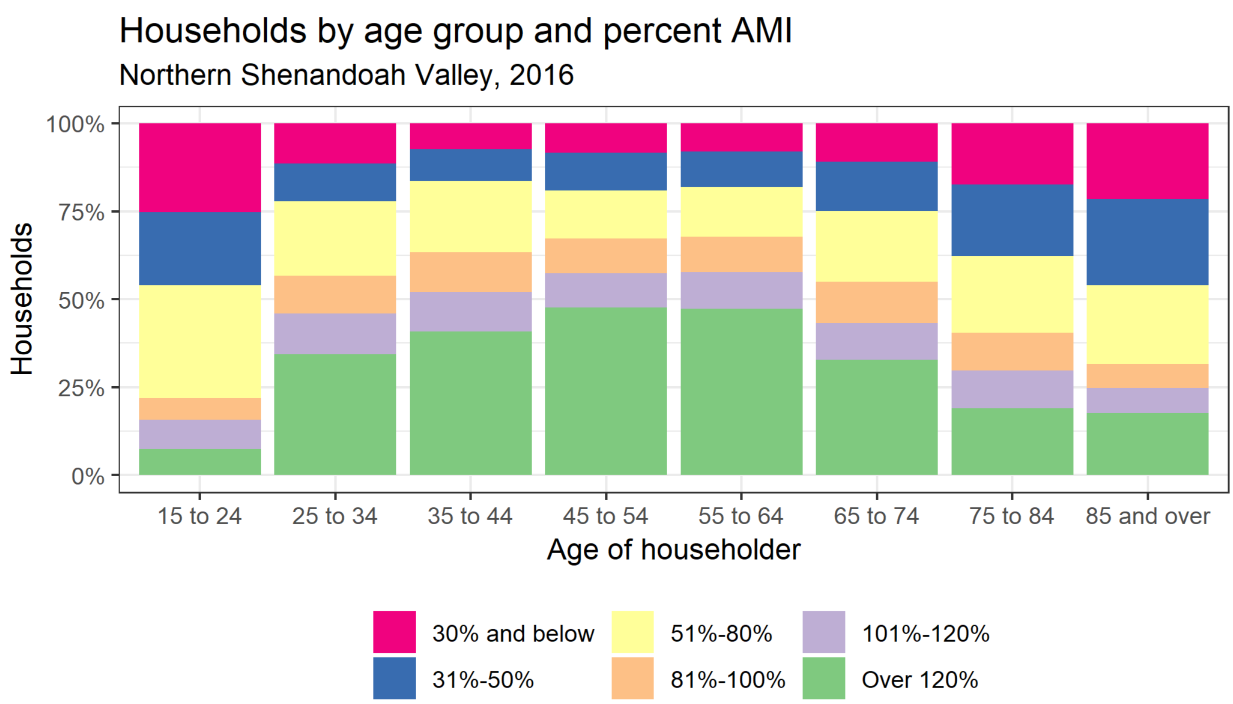
Source: Virginia Association of Realtors

CHARACTERISTICS

POPULATION AND HOUSEHOLD PROJECTIONS

The NSVRC area is facing significant socio-demographic changes, both in age and in income. The area's households are currently headed primarily by working-age adults between 45 and 64, with significant populations between 35 and 44 and 65 and 74. Households headed by mid-career age adults also show the greatest proportion of high-income households. Nearly half of households in the 45 to 54 and 55 to 64 age groups earn incomes above 120 percent AMI (Figure 31). The youngest and oldest households also have the greatest proportion of lower income households, with nearly half of households in the 15 to 24 and 85 and over age groups earning 50 percent AMI or less. These patterns of income distribution by age group have significant implications for projected household growth.

FIGURE 31



Sources: U.S. Census Bureau

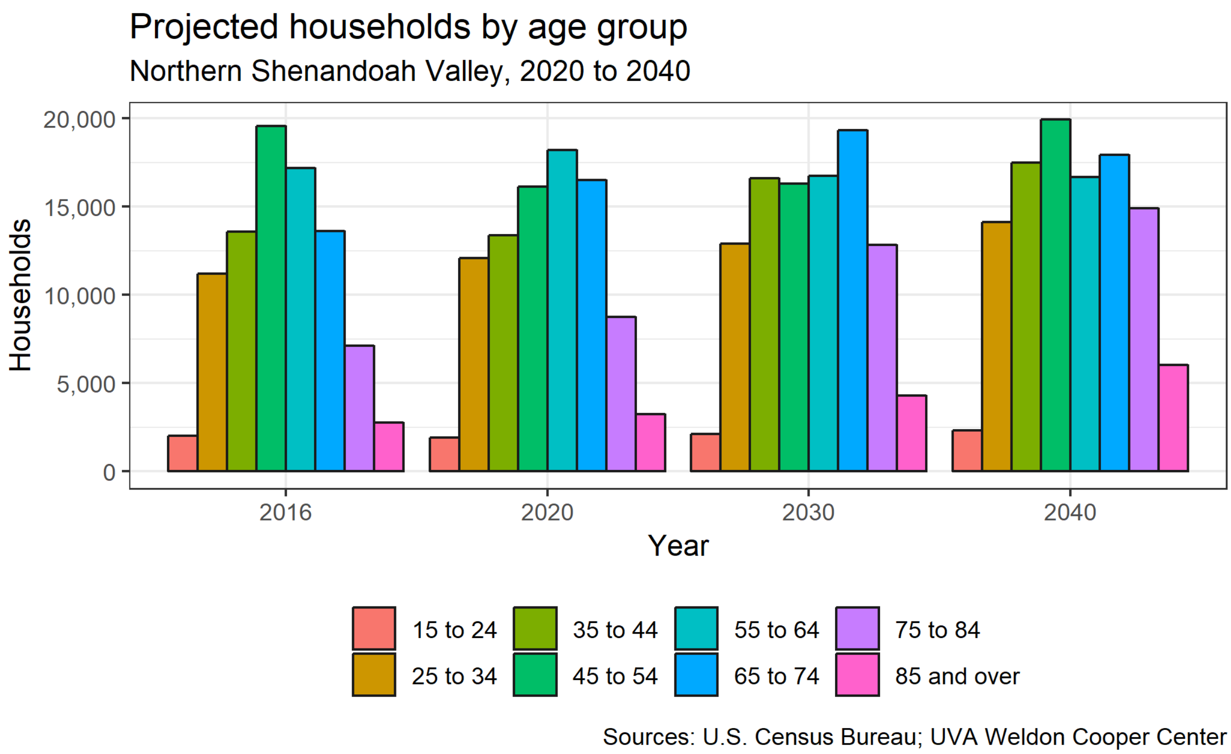
Population projections[1] suggest moderate to strong growth in the region through 2040. However, population growth counts individuals rather than households, and the metric does not offer significant insight into future housing needs. In order to translate population projections into households, we calculated headship rates---the proportion of individuals in an age cohort who are household heads---for the northern and southern portions of the NSVRC region and applied those rates to population projections. For example, if 50 out of 1,000 people in the 25 to 34 age cohort are household heads, the headship rate would be 50 ÷ 1,000, or 5.0 percent. If we project the 25 to 34 year old population in 2040 as 2,000, then we can estimate that 5.0 percent, or 100, of those individuals will represent households. The result is an estimate of households by age group.

These estimates indicate that although mid-career households will remain the dominant age groups in the re-

1 The University of Virginia's Weldon Cooper Center publishes population projections annually. We determined headship rates for each age group (that is, the percentage of each age group heading a household) through Public Use Microdata samples from the 2012-2016 ACS estimates. These rates allowed us to convert population projections into household projections.

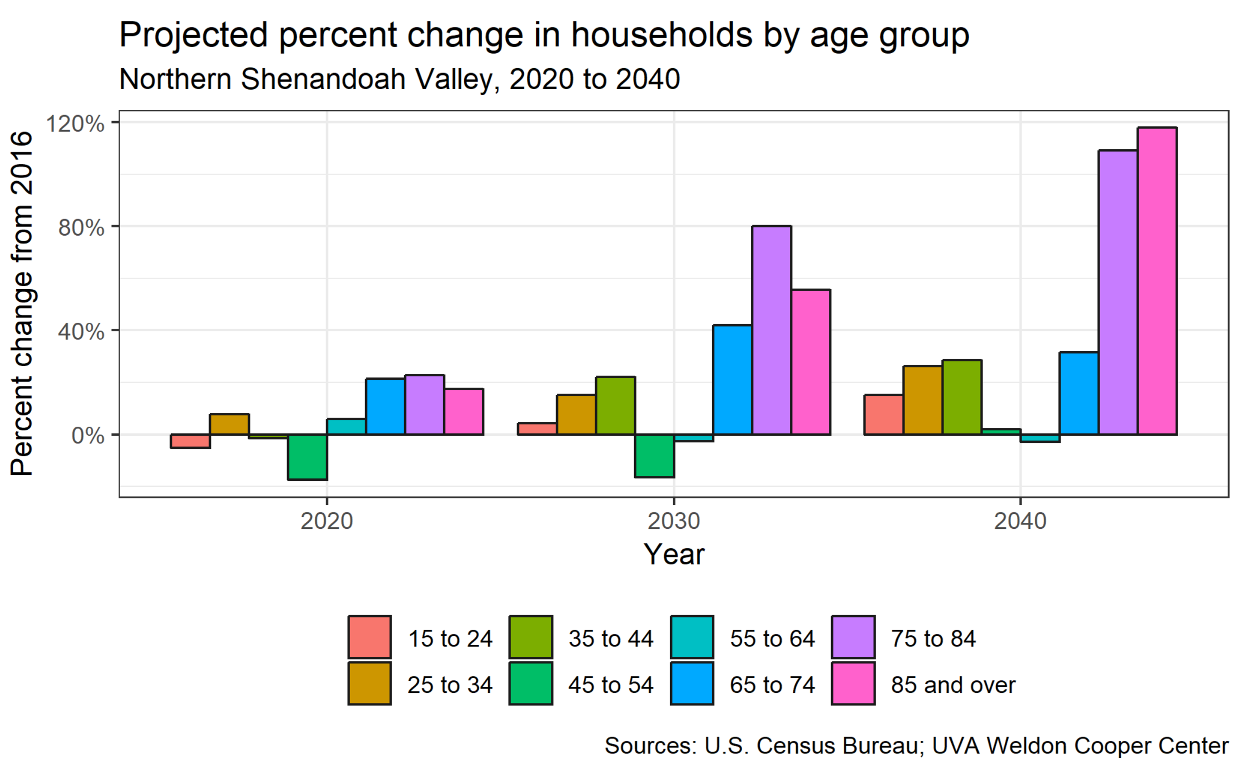
gion, they will shrink as a proportion of all households. Growth in households 75 and over is strong. Middle age households are expected to remain the largest cohorts, but they are not projected to grow significantly (Figure 32).

FIGURE 32



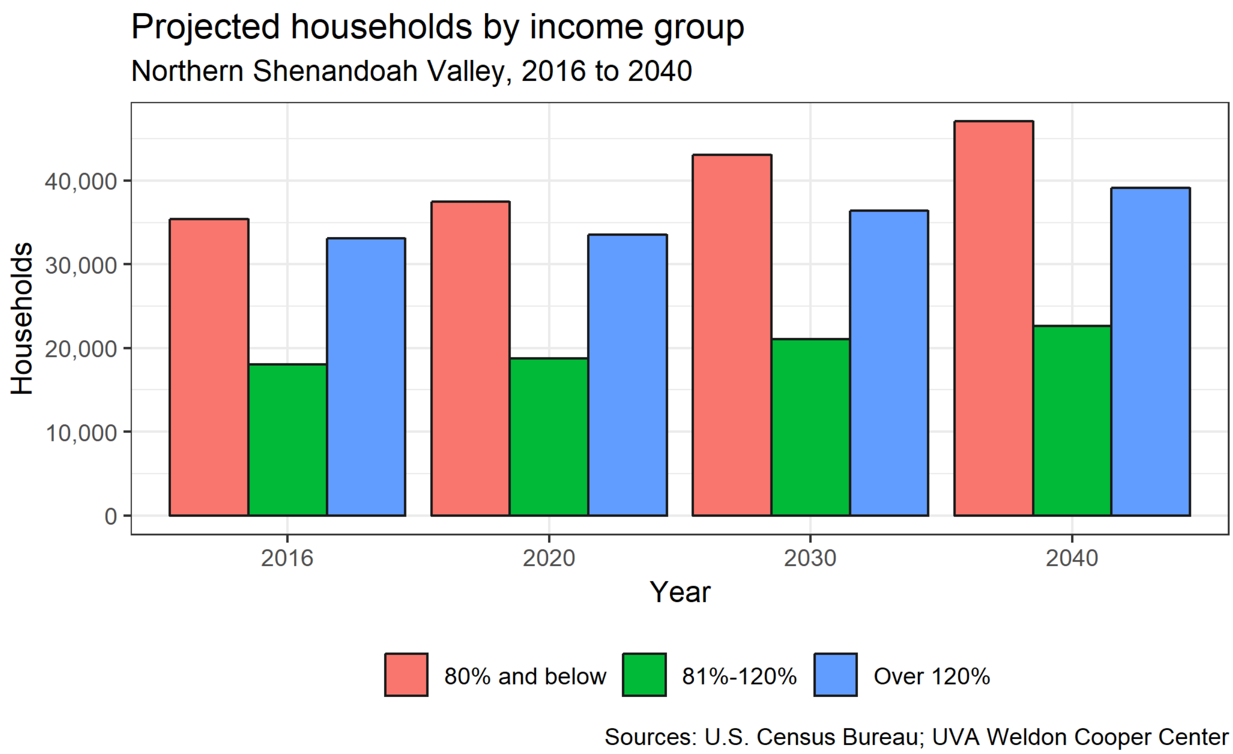
Through 2040, households over 75 are projected to grow by more than 100 percent (Figure 33). In that same time frame, households in the 45 to 54 and 55 to 64 age groups are projected to grow little or shrink. The result, assuming the distribution of household incomes by age group remains constant through 2040, is regional household growth heavily weighted towards the lowest income households. Through 2040, households earning 30 percent AMI or less are projected to grow by 35 percent. Growth rates by income group decline as incomes rise. Households earning more than 120 percent AMI are projected to grow by less than 20 percent.

FIGURE 33



In terms of the overall impact on new households, the highest income households will continue to experience significant growth, increasing by around 6,000 households by 2040. However, households earning 80 percent AMI or less will represent an increasing plurality of new households, growing by more than 11,000 households (Figure 34). Households earning 81 to 120 percent AMI—that is, those straddling the area median—will grow by about 4,000 combined households.

FIGURE 34



Overall, projected growth suggests an additional regional 22,200 households by 2040, more than half of which are projected to earn 80 percent AMI or less, and 49 percent of which are projected to be 75 or older. Households between 45 and 64—those with the greatest earning potential—are projected to remain flat, and households 35 to 44 are expected to increase only slightly. These projections suggest a need for housing accessible to an aging population and housing accessible to low to moderate income households.

PROJECTED GROWTH SCENARIOS

The projected growth in households suggests an annual growth rate of more than 900 households between 2016 and 2040. Some of those households may fill vacant units, but ultimately, new units will be needed. Regionally, new residential unit growth has not fully recovered from the recession. In 2016, around 1,200 units were permitted, or roughly the same number as in 1999 and well off the 2005 peak when almost 3,000 units were permitted.

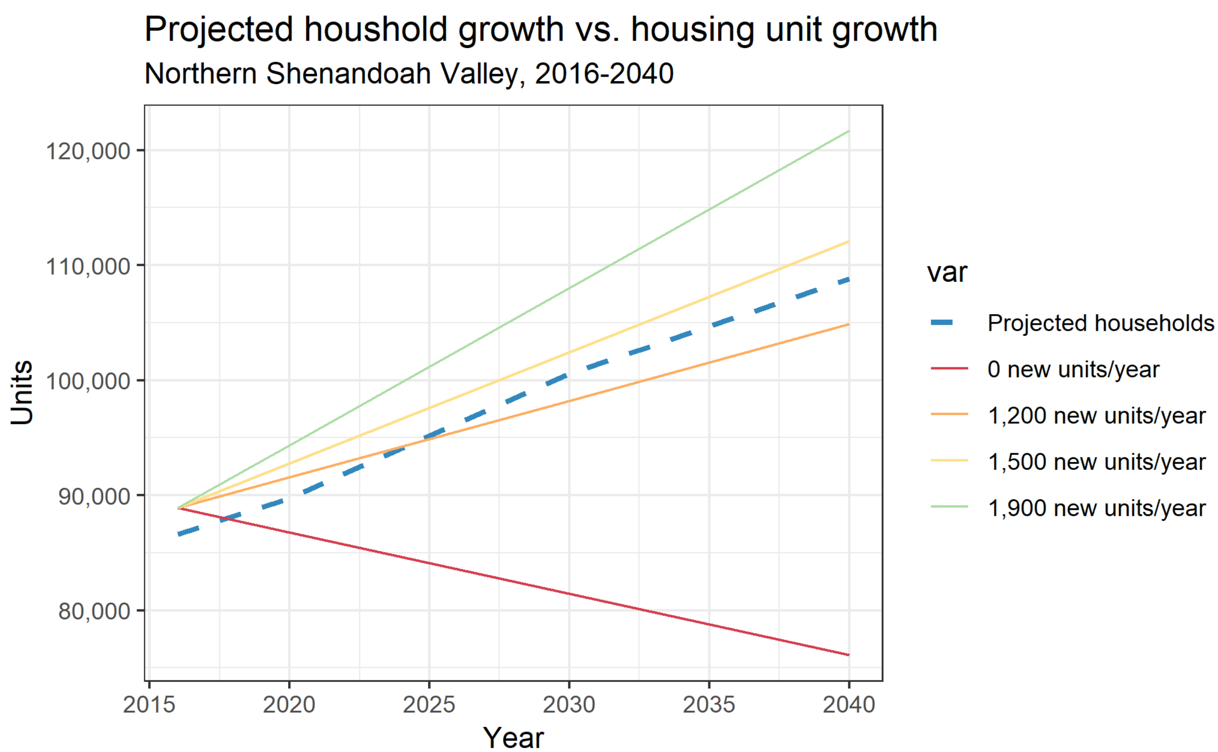
The pre- and post-recession trends are clear. Almost 2,000 new residential permits were issued per year from 1999 to 2006, on average. Between 2007 and 2016, the average fell to 771. Given an average projected growth rate of more than 900 households annually, the rate at which new residential units are permitted is important.

The most recent Components of Inventory Change report available from HUD indicates housing units are lost nationally at a rate of around 0.6 percent each year (or 6.0 percent each decade). New building trends would need to address anticipated growth in addition to the loss of units due to demolition, disrepair, conversion to nonresidential use, relocation (in the case of mobile homes), or other cause. The region will lose an estimated 10,000 units by 2035 due simply to normal inventory loss.

After factoring natural inventory loss at a rate of 6 percent every 10 years, 2016 building permit numbers do not support the anticipated growth in households. At that permitting rate (1,200 new units per year), the number of households in the region would overtake the number of housing units by 2025.

However, the number of residential units permitted annually has been trending positively. An average rate of 1,500 units per year—less than the 1999 to 2006 average of around 1,900—would keep units ahead of projected household growth through 2040. If the region permitted 1,900 units annually, housing unit growth would outpace household growth, particularly after 2030 when household growth is projected to slow.

FIGURE 35



GROWTH BY COUNTY/CITY

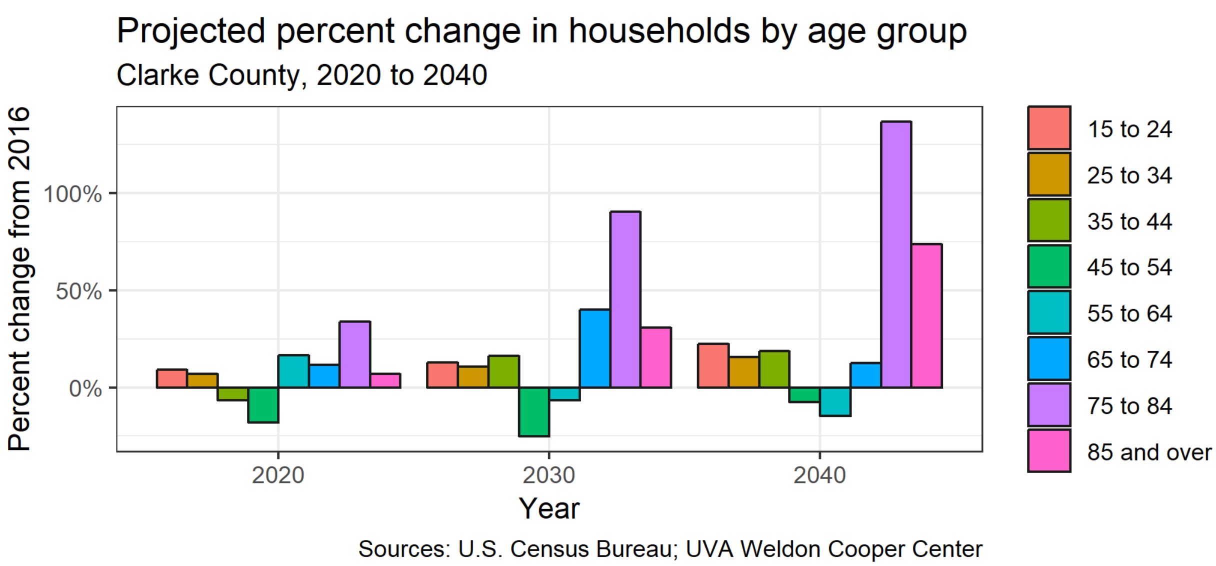
Growth is distributed unevenly across the region. In order to translate regional estimates into jurisdictional estimates, certain assumptions are necessary in data analysis. First, the following analysis assumes that the income distribution within each age group remains consistent across all projected years. Second, the analysis uses headship rates and income distributions calculated for broader areas to apply to county projections. That is, it uses a set of headship rates and income distributions for Winchester city, Frederick County, and Clarke County (PUMA 51084) and another set for Page, Shenandoah, and Warren counties (PUMA 51085).

The aggregate regional projections may be made with a greater degree of confidence than jurisdiction-level estimates. However, the more detailed estimates give us some understanding of the likely components and drivers of regional projections. The following pages offer broad estimates of growth trends in each of the NSVRC's jurisdictions.

CLARKE COUNTY

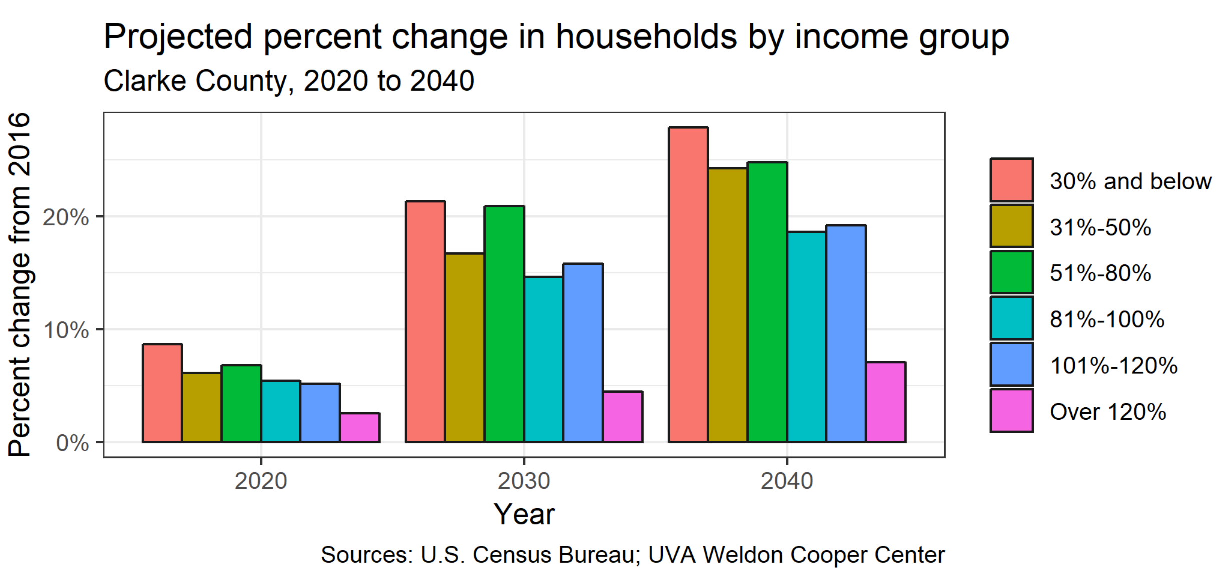
Projections indicate Clarke County should expect significant growth in retirement-age households and an overall decline in working-age households through 2040. Households 75 to 84 years of age are projected to increase by more than 125 percent by 2040, followed by households 85 and over at around 75 percent growth (Figure 36). Households age 45 to 54 are projected to shrink, and that contraction may be felt from 2020 to 2040. The youngest households are projected to grow slowly.

FIGURE 36



These patterns in growth by age group are expected to result in growth by income group weighted towards the lowest incomes. Households earning 30 percent AMI and below are projected to grow more than 25 percent by 2040, while growth in households earning over 120 percent AMI remains below 10 percent (Figure 37). Middle income households (81 to 120 percent AMI) are projected to grow by around 20 percent.

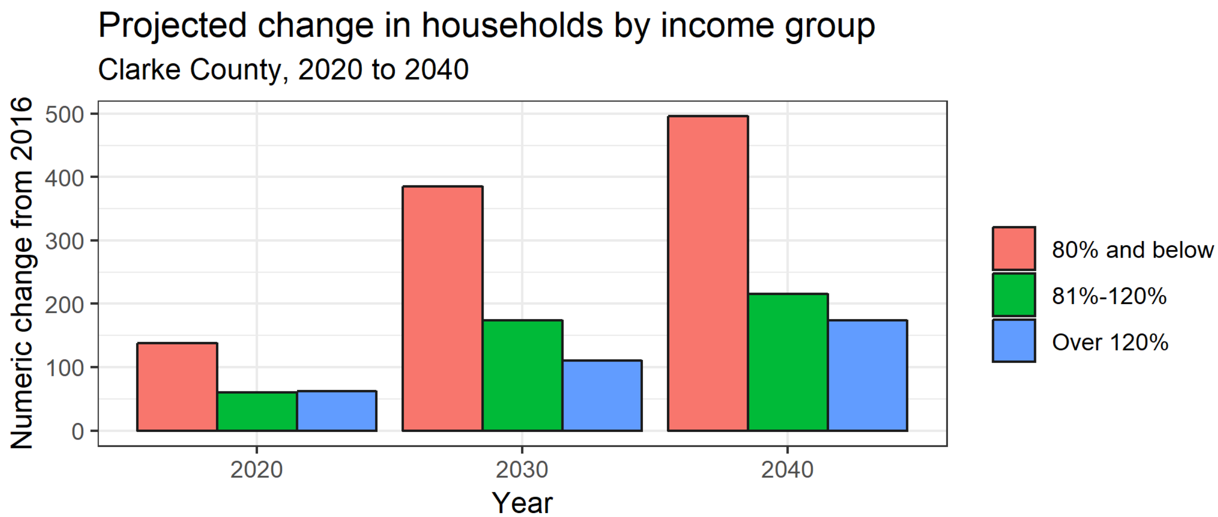
FIGURE 37



PROJECTIONS

Overall, Clarke County is projected to see small growth numbers. By 2040, Clarke is projected to gain around 500 new lower-income households, 200 new middle-income households, and less than 200 upper-income households (Figure 38).

FIGURE 38

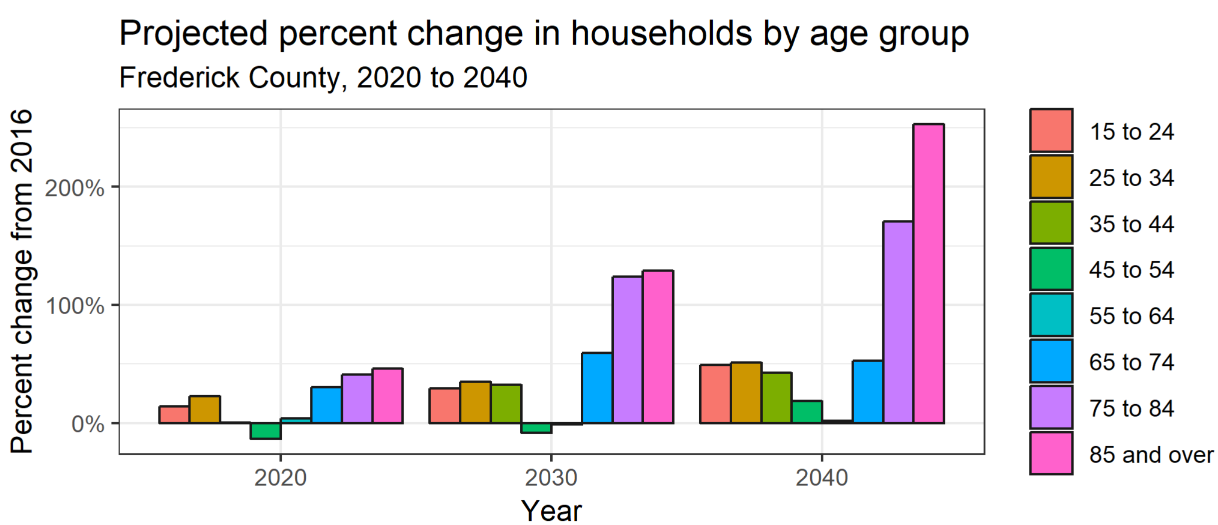


Sources: U.S. Census Bureau; UVA Weldon Cooper Center

FREDERICK COUNTY

Frederick County—the largest municipality in the region—is projected to see very strong growth in households 75 and over. Households in the 75 to 84 age group are projected to increase by more than 150 percent by 2040, and households 85 and over are projected to grow by around 250 percent (Figure 39). Households in the 65 to 74 range and households at the younger end of the spectrum are projected to increase by over 50 percent by 2040. However, projections for mid to late career households in the 45 to 64 age range are projected to contract in 2020 and 2030 before regaining ground in 2040.

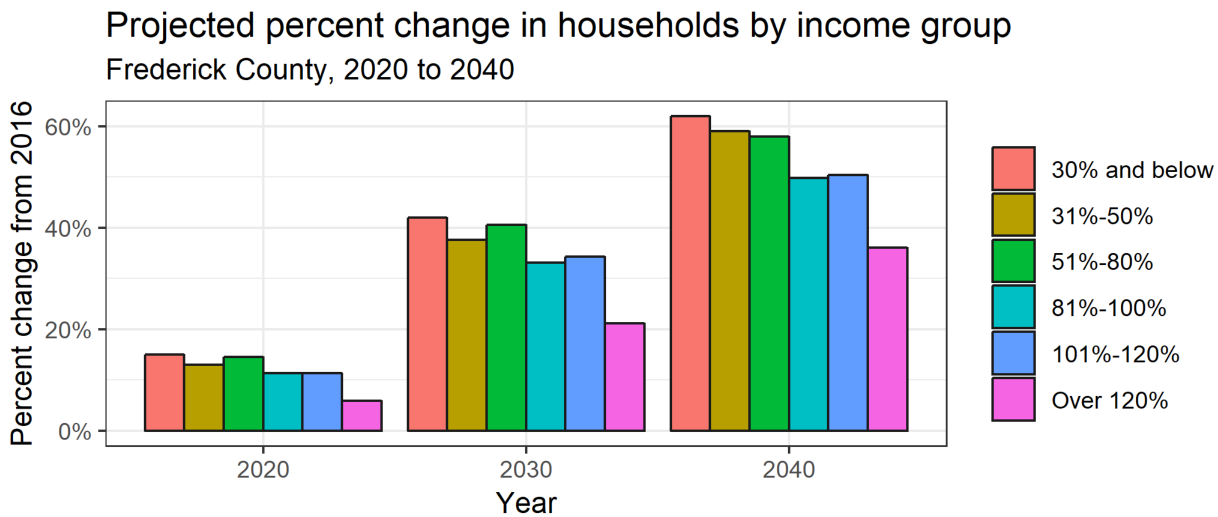
FIGURE 39



Sources: U.S. Census Bureau; UVA Weldon Cooper Center

Frederick's projected growth patterns by age group suggest very strong growth in households with incomes at or below 80 percent AMI, strong growth in households between 81 and 120 percent AMI, and moderate growth in households over 120 percent AMI through 2040 (Figure 40).

FIGURE 40

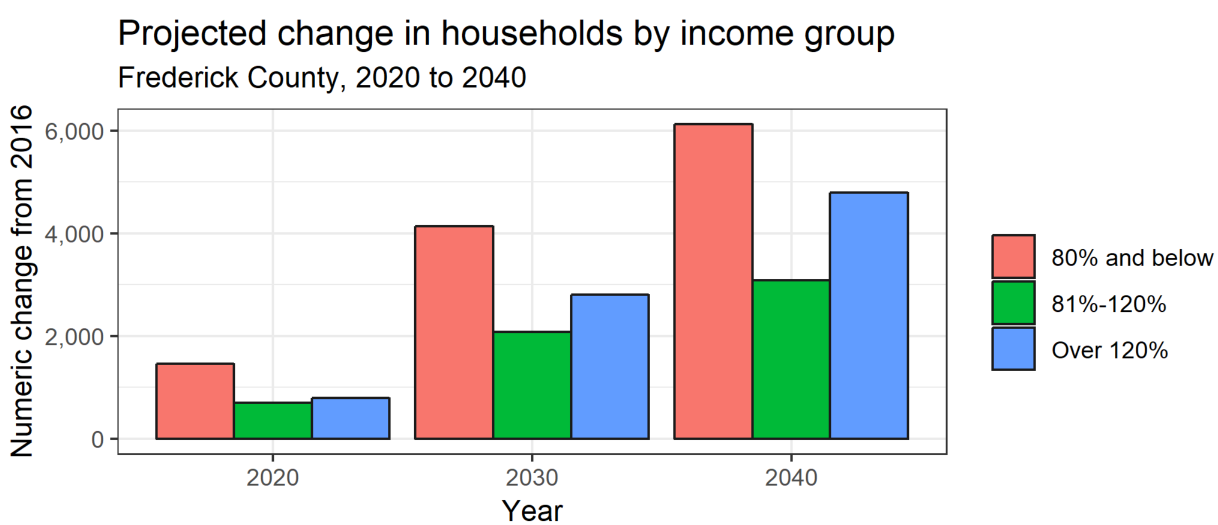


Sources: U.S. Census Bureau; UVA Weldon Cooper Center

Frederick County's status as the largest and fastest growing locality in the region is not threatened. The county is projected to see the strongest growth in upper-income households in the region, growing by nearly 5,000 households by 2040 (Figure 41). However, lower-income households remain the fastest growing, increasing by more than 6,000 by 2040.

PROJECTIONS

FIGURE 41

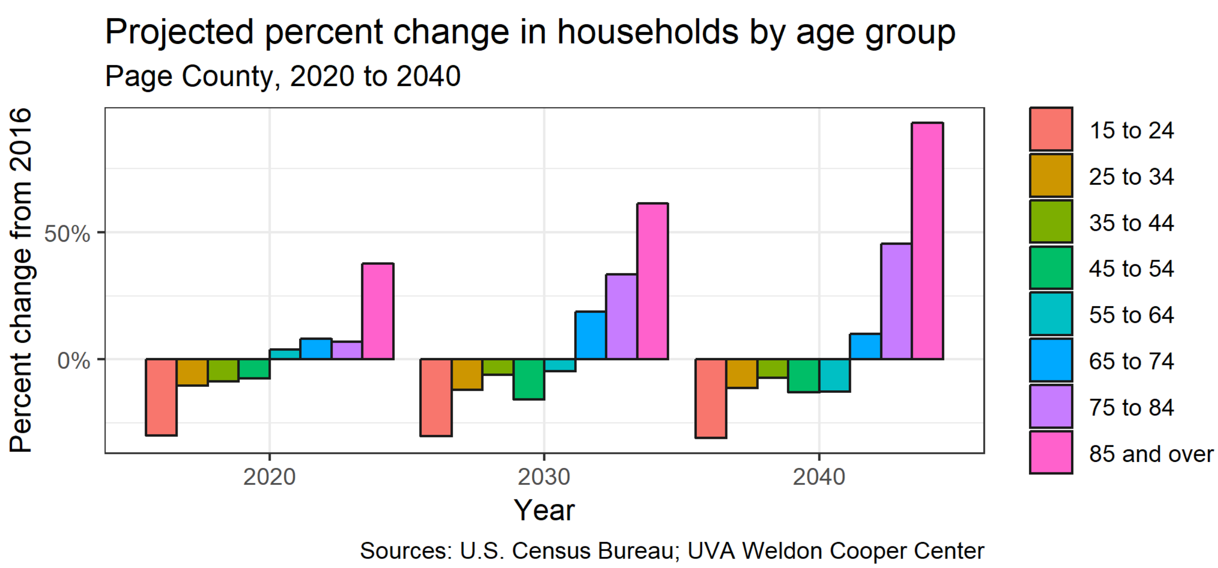


Sources: U.S. Census Bureau; UVA Weldon Cooper Center

PAGE COUNTY

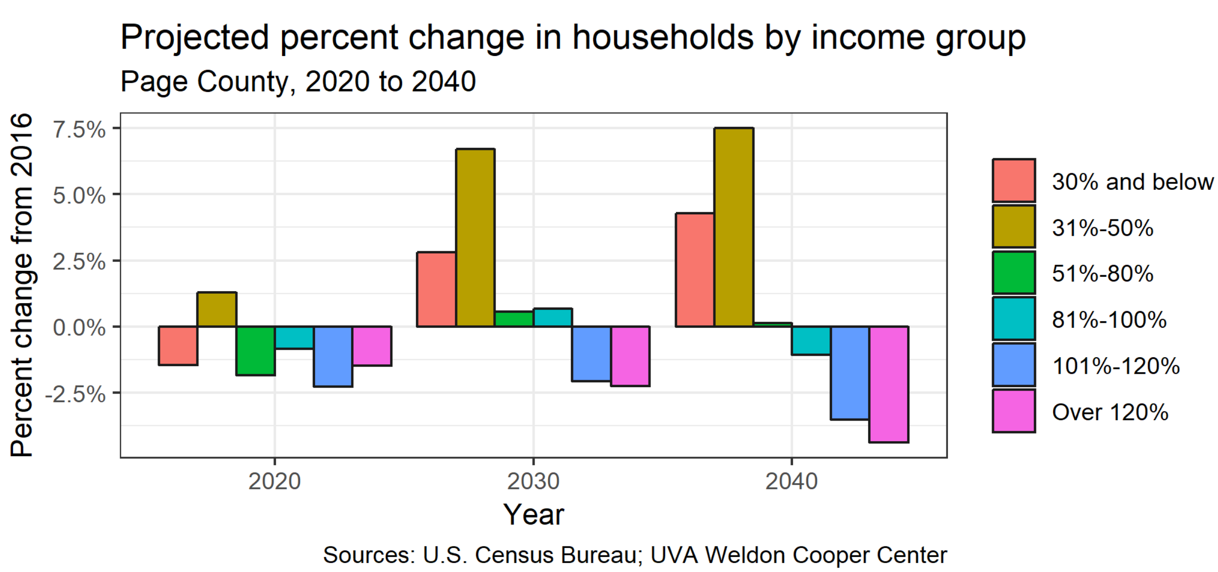
Projected household change in Page County exhibits the most dynamic trends in the region by age, with significant growth in the oldest households and contraction in the youngest households. Household projections suggest contraction in all age groups below 65 through 2040, with the greatest contraction in the youngest households (Figure 42). Conversely, households over 65 are projected to grow through 2040, with households 85 and over increasing by more than 75 percent.

FIGURE 42



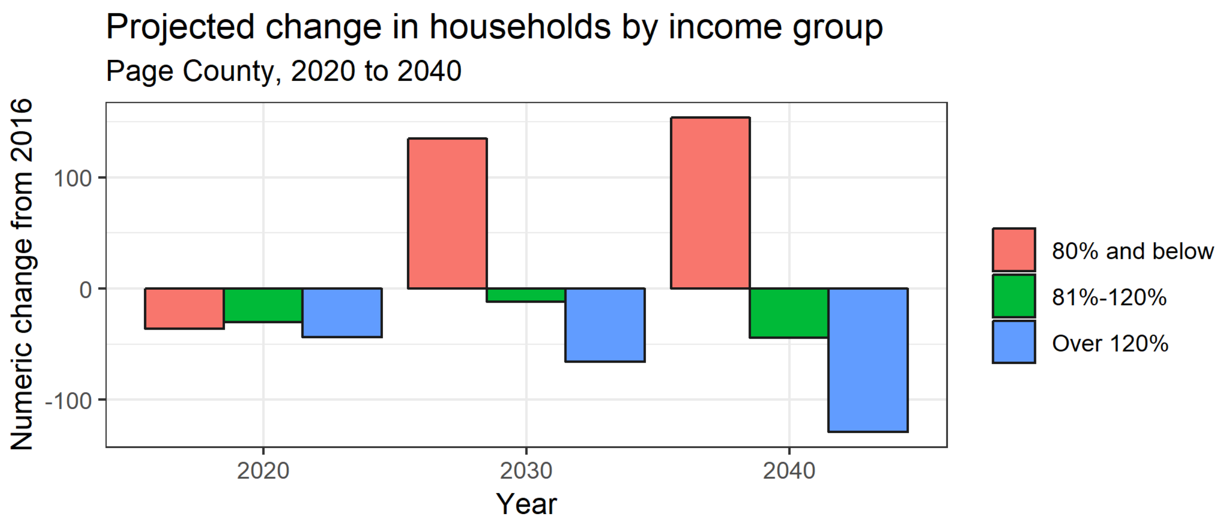
These dynamics translate into shifts in the County's housing needs by 2040; however, the shifts remain relatively small. Households earning 50 percent AMI and below are projected to increase 3.0 to 7.5 percent by 2040, and households earning more than 80 percent AMI are projected to shrink 1.0 to 4.0 percent (Figure 43).

FIGURE 43



Page County is projected to gain just over 150 lower-income households and lose more than 100 upper-income households by 2040 (Figure 44). Although these shifts are significant, the numbers remain relatively small, and addressing them is an achievable goal.

FIGURE 44

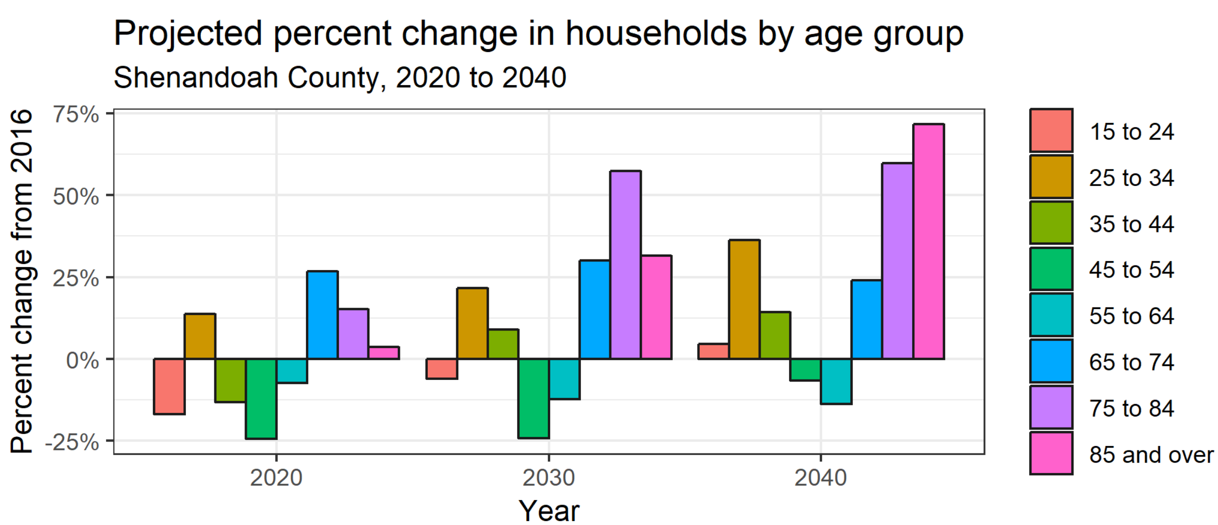


Sources: U.S. Census Bureau; UVA Weldon Cooper Center

SHENANDOAH COUNTY

Household projections indicate Shenandoah County can expect a significant increase in households 65 and over through 2040. Retirement-age households are projected to increase between 25 percent and 75 percent by 2040 (Figure 45). Early career households—ages 25 to 34—show relatively strong growth of around 37 percent by 2040. Mid- to late-career households—ages 45 to 64—are projected to decline.

FIGURE 45

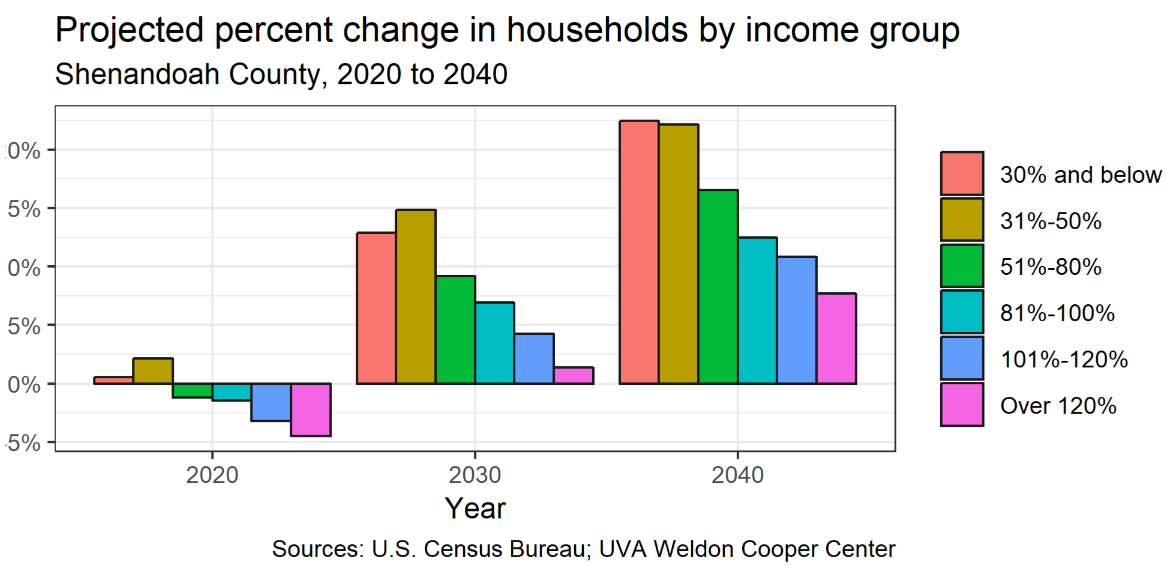


Sources: U.S. Census Bureau; UVA Weldon Cooper Center

PROJECTIONS

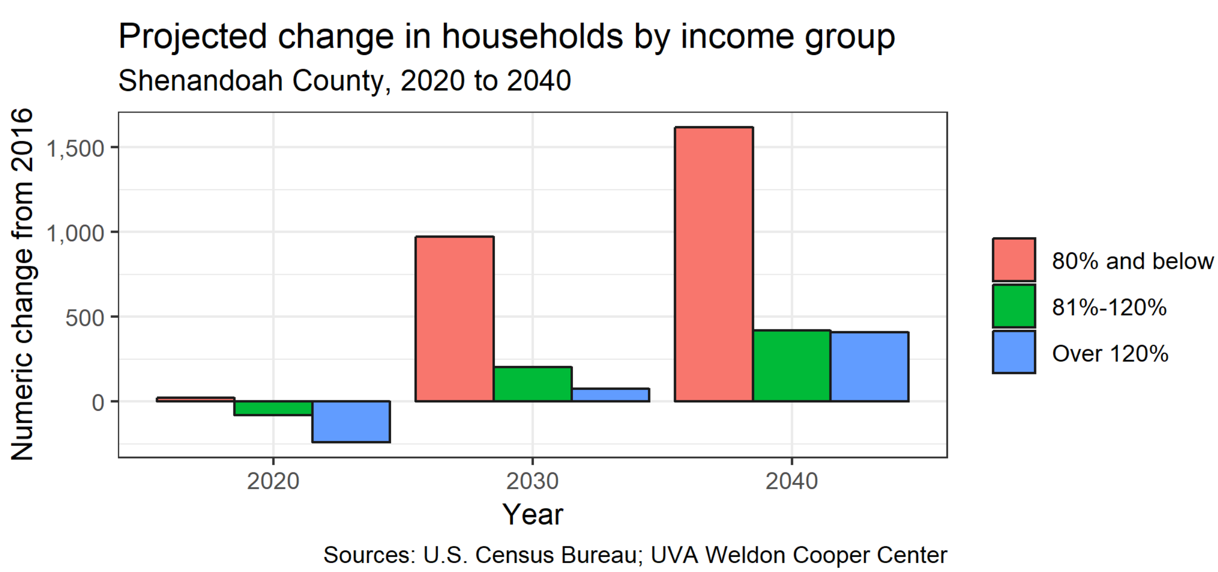
These patterns are projected to impact households by income significantly. Growth in lower income households is projected at more than 20 percent by 2040, while growth in the highest income households will remain below 10 percent (Figure 46).

FIGURE 46



Shenandoah County is projected to gain more than 1,500 lower-income households by 2040—far outpacing middle- and upper-income household growth of less than 500 households (Figure 47).

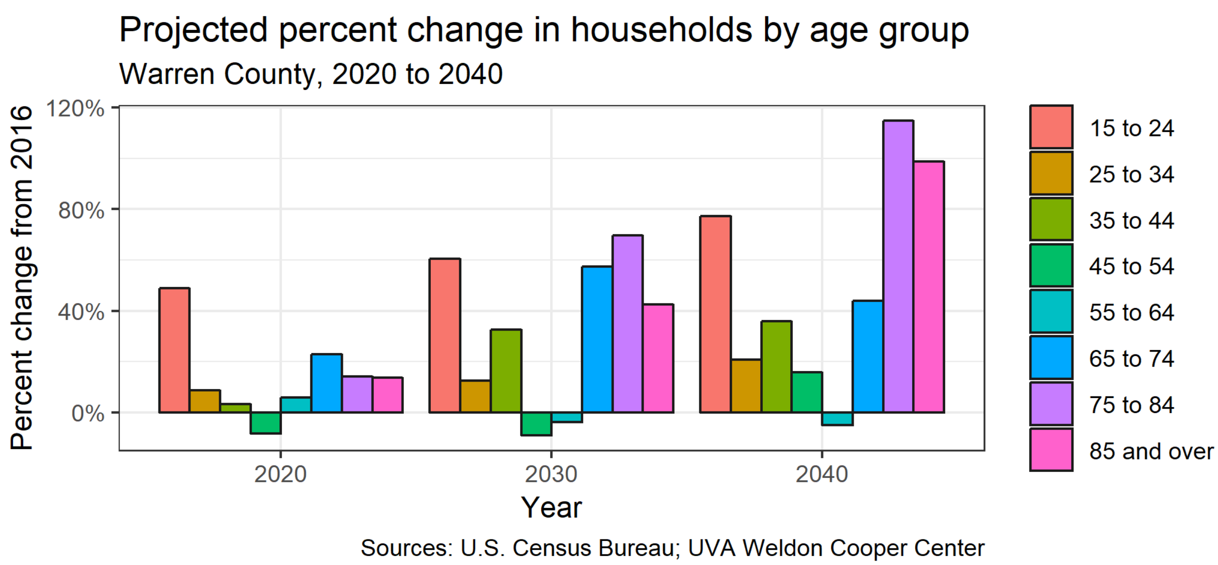
FIGURE 47



WARREN COUNTY

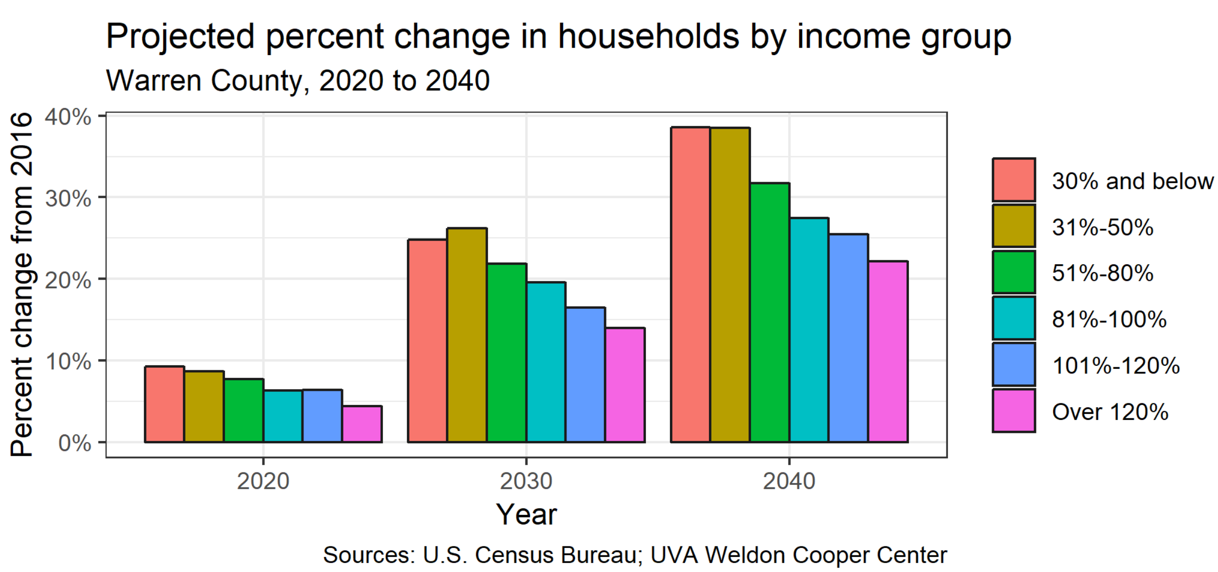
Warren County features the strongest projected growth in young households in the region, with households younger than 25 projected to grow by almost 80 percent by 2040 (Figure 48). Projected growth in young households outpaces all other households in 2020, but projected growth in older households (75 and up) surpasses young households by 2040. As with most other jurisdictions in the region, mid- to late-career households are projected to remain flat or decline in 2020 and 2030, with households age 55 to 64 showing no growth through 2040.

FIGURE 48



Warren County's growth is projected to translate into moderate to strong growth in almost all income categories. However, that growth remains weighted towards the lowest income households, with those under 50 percent AMI projected to grow more than 35 percent by 2040 (Figure 49). Households above 120 percent AMI are projected to grow more slowly than all other income groups, but that growth remains above 20 percent by 2040.

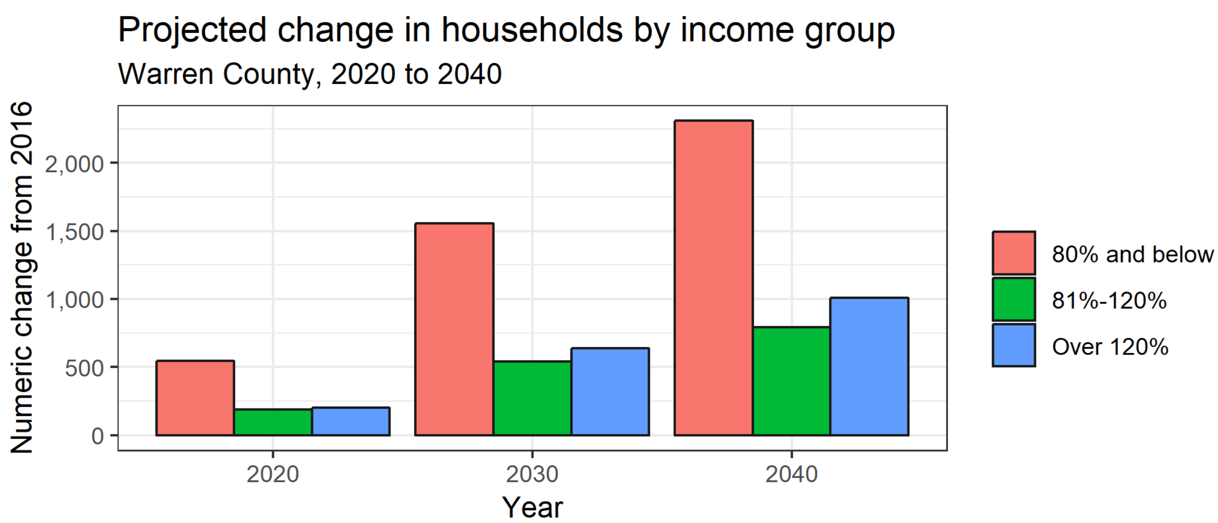
FIGURE 49



PROJECTIONS

Warren County is projected to see strong growth in middle- to upper-income households by 2040, but that growth will be outpaced by more than 2,200 new lower-income households (Figure 50).

FIGURE 50

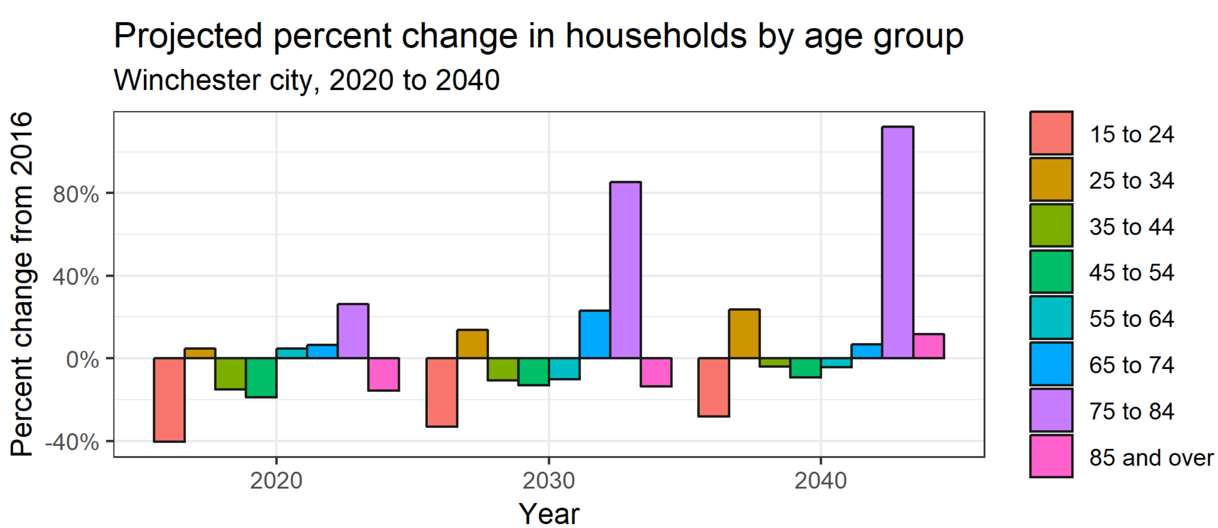


Sources: U.S. Census Bureau; UVA Weldon Cooper Center

WINCHESTER CITY

Winchester households in the 75 to 84 age group are projected to grow far faster than any other age group, increasing more than 80 percent by 2030 and above 100 percent by 2040 (Figure 51). The next closest age group in terms of growth is households 25 to 34, which are projected to increase by more than 20 percent by 2040. Mid- to late-career households between 35 and 64 are projected to decline slightly by 2040. Households younger than 24 are projected to decline by more than 20 percent by 2040.

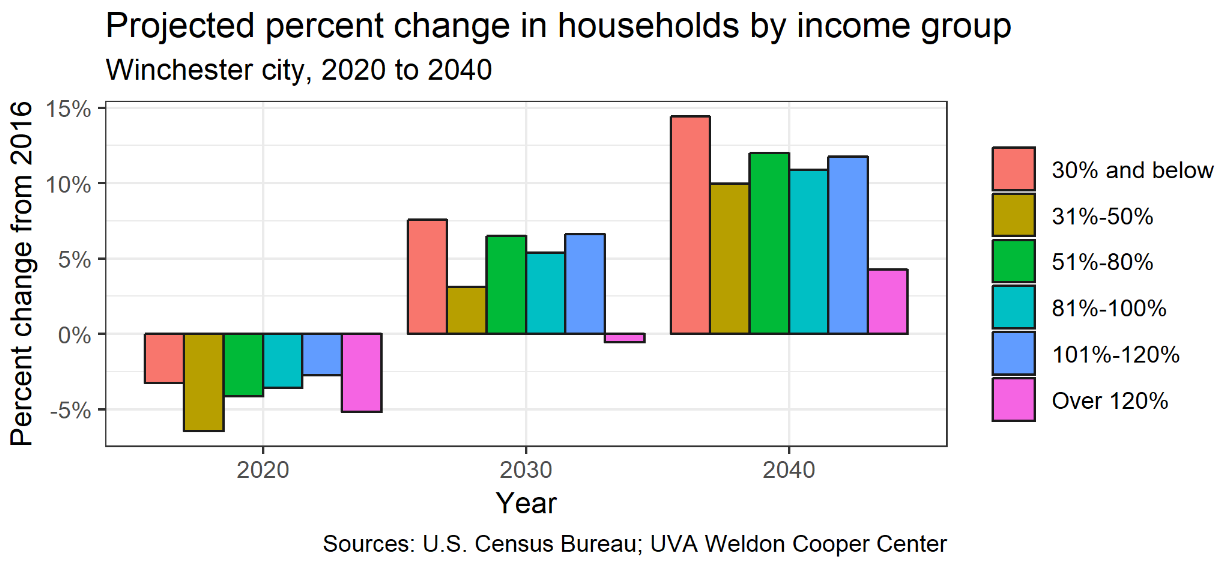
FIGURE 51



Sources: U.S. Census Bureau; UVA Weldon Cooper Center

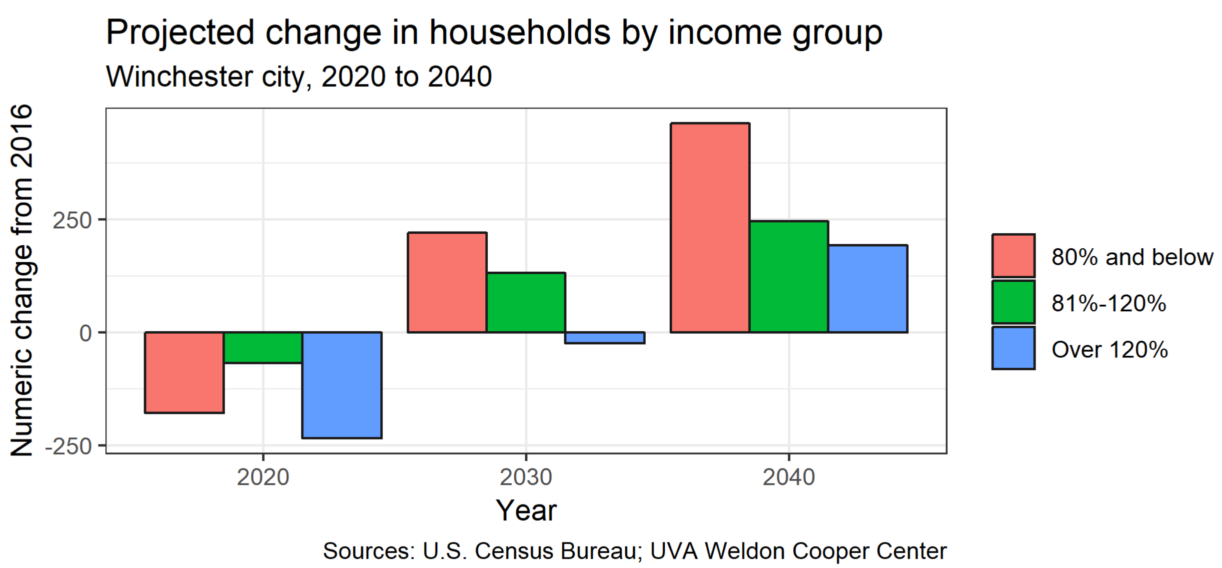
Although Winchester is projected to follow similar trends to the rest of the region in the growth of its lowest and highest income households, those between 31 and 120 percent AMI are expected to grow more evenly between 10 and 12 percent by 2040 (Figure 52). Overall, growth in Winchester is projected to be slow, but growth in the lowest income households may outpace others.

FIGURE 52



Household growth in Winchester is projected to be relatively small through 2040, with close to 400 new lower-income households by 2040 (Figure 53). Although upper-income households are projected to decline through 2030, strong growth between 2030 and 2040 will result in almost 200 new households.

FIGURE 53



PROJECTIONS

HOUSING ISSUES

Although analysis of data and trends contribute greatly towards understanding the NSVRC area's housing needs and gaps, qualitative data gathering---that is information gleaned from interviews, discussions, news reports, and books---often allow us a fuller picture of the area's communities. With that in mind, this section presents information that goes beyond basic socio-economic data and projections to focus on special issues, populations, and discussions relevant to the Northern Shenandoah Valley.

ISSUES IDENTIFIED THROUGH INTERVIEWS

LAND USE AND ZONING

- Winchester and Berryville want growth management, but current zoning doesn't encourage "missing middle" density that might be appropriate.
- High utility fees are often a barrier to lower development costs. Fees for water and sewer in Clarke County are around $30,000.
- New state proffer legislation (the 2016 "Proffer Reform Act") has slowed residential development in Frederick County.
- Zoning does not allow tiny homes or accessory dwelling units, which there could be a significant demand for, especially in towns.
- What developers are allowed to build---and do build---does not match current need.

MILLENNIAL AND STUDENT HOUSING

- Most of the current housing emphasis is on satisfying demand for young families, young professionals, and senior empty-nesters.
- Growth in the medical job sector is consistently attracting young graduates, but these workers are having difficulty finding adequate and affordable homes.
- In Winchester, there is increasing demand for college student housing for growing Shenandoah University. The university is building some new housing to meet demand, but may not be enough.

REAL ESTATE MARKET

- Families who want to downsize from larger homes (bought pre-recession) are competing for limited supply of smaller stock, including ranchers and condos.
- Some first-time homebuyers are finding more success in West Virginia.
- New large employers (including FEMA, FBI, Navy Federal Credit Union) bring good wages and demand for $350,000 homes, but high land costs near these job centers make that price difficult to achieve.
- Good-quality single-family homes begin, at the very least, around $200,000. This price is not high, but still out of reach for many lower-wage workers.
- Most of the region's growth occurred during 2003-2005 "boom."

SENIOR AND ACCESSIBLE HOUSING

- There is increasing demand for senior housing, especially as boomers age.
- Senior-restricted housing (whether "affordable" or not) is more palatable to local officials and residents compared to general below-market rate rental development.
- Across the region, there is a severe shortage of one-bedroom units available for Housing Choice Voucher

holders (especially accessible units for persons with disabilities).

- Access Independence (a Center for Independent Living) serves the region. The center served 359 people in 2017, including 48 persons requesting community-based housing, and 10 home modifications. Most requests for service are from Winchester and Frederick. According to Access Independence, the most pressing housing need is for affordable accessible housing for extremely low-income households.

LOW-INCOME HOUSING

- Housing safety and quality issues are still challenges in smaller, predominantly black towns in Clarke County.
- Winchester has not funded a housing nonprofit with CDBG funding in the past six years.
- The lack of regional housing authority results in limited capacity, expertise, and guidance for affordable housing development across the NSVRC area.
- The need for "workforce housing" is gaining traction as average salaried workers find difficulty affording an average home.

HOMELESSNESS

- Many persons/families are living in extended stay motels around Winchester. The sheriff has created a task force to address problem.
- There is a strong need for more supportive housing to help homeless individuals reach self-sufficiency.
- Shelters have a limited capacity for number of persons who need beds. Restrictions on shelter populations (men only, children only, etc.) may not match demand.

EXISTING HOUSING ASSISTANCE

OVERVIEW

There are many different types of state and federal programs that provide tax credits or subsidy to create rental housing available at below market-rate prices. These are referred to as "affordable" because they generally restrict the amount of rent paid by the tenant(s) to no more than 30 percent of their income.

In the Northern Shenandoah region, there are 40 total multifamily developments with active subsidies. Among these communities, there are 2,024 total apartments, or roughly 8% of all rental units in the region. A significant number (15) have leveraged two or more subsidies during their lifespan, and a quarter of all housing choice vouchers in the region are used by tenants in these developments. Some developments target specific populations. Figure 54 illustrates this allocation.

FIGURE 54: ASSISTED HOUSING BY POPULATION SERVED

POPULATION SERVED	DEVELOPMENTS	TOTAL UNITS
Family	27	1,477
Elderly	5	287
Elderly or disabled	6	242
Not known	2	18

HOUSING ISSUES

HOUSING CHOICE VOUCHERS

Housing choice vouchers (HCVs) are a form of tenant-based rental assistance, as opposed to a subsidy attached to a particular development. Recipients may use their voucher in the private market with a for-profit, non-profit, or individual landlord who accepts HCVs. The voucher covers the difference between 30% of the household's income and the total rent asked. The voucher provider pays this amount directly to the landlord. HCVs are funded entirely at the federal level by HUD, and allocated to local and state agencies for distribution.

In Virginia, HCVs are administered either by public housing authorities (PHAs), who receive HCV allocations directly from HUD, or by local partner agencies, who receive HCVs from the Virginia Housing Development Author-

FIGURE 55: VOUCHER ADMINISTRATOR SUMMARY

	CITY OF WINCHESTER DSS	SHENANDOAH COUNTY DSS
Preference	Live/work in Winchester; working, disabled, elderly	Live/work in Shenandoah, Warren, or Page counties; currently homeless; elderly or disabled
Waiting list	Closed (50 on list); last opened in 2012 (970 applicants in four hours)	Closed; last opened in 2012 (over 500 applications)
Total HCVs in use	236 (148 for elderly or disabled)	250
Utilization rate	95%	83%

ity (VHDA). There are no PHAs in the NSVRC region; HCVs are instead offered by two local partner agencies: the City of Winchester Department of Social Services, and the Shenandoah County Department of Social Services (Figure 55).

Based on data from these two agencies, there are 486 vouchers in the region. However, data from VHDA (2017) indicates 492 total HCVs (see Figure 56). This discrepancy may be the result of different data collection times, or may include recipients living in the region but who received their HCV from a nearby agency. Regionwide, only 2.0% of all renters have a voucher, and 111 out of 492 HCVs (23%) are used at subsidized housing developments.

FIGURE 56: VOUCHERS BY JURISDICTION

LOCALITY	HCVS (VHDA 2017)	RENTERS (2016 ACS)	PCT RENTERS WITH HCV
Clarke	22	1,429	1.5%
Frederick	51	6,548	0.8%
Page	31	2,811	1.1%
Shenandoah	128	5,033	2.5%
Warren	83	3,437	2.4%
Winchester	177	5,774	3.1%
NSVRC region	492	25,032	2.0%

HCVs in the NSVRC are geographically concentrated in Winchester, Front Royal, and I-81 corridor in Shenandoah County (e.g., Woodstock, Strasburg). These coincide with locations of denser housing, especially multifamily communities that provide below market-rate rents.

LOW-INCOME HOUSING TAX CREDIT DEVELOPMENTS

The Low-Income Housing Tax Credit (LIHTC) is a federal incentive to increase the supply of affordable rental homes. Each year, the IRS allocates a certain amount of tax credits to state housing finance agencies. These agencies use a Qualified Allocation Plan (QAP) to review project development applications from non-profit and for-profit developers. If a project is awarded credit, the developers will use the decrease in tax liability to raise equity in the project, which in turn allows them to charge lower rents, creating below market rate units.

In the NSVRC region, there are 28 properties with 1,515 total units that have an active LIHTC allocation (Figure 57). Of these, 16 received their original allocation prior to 2000, 9 between 2000 and 2009, and 3 between 2010 to 2013. In total, 31 LIHTC allocations have been made in the NSVRC region. This is the result of Preston Place, a development in Frederick County, receiving 4 total allocations: the first in 1992 for 120 new units, the second in 1994 for 72 new units, the third in 1996 for 44 new units, and the fourth in 2012 to rehabilitate all 236 units.

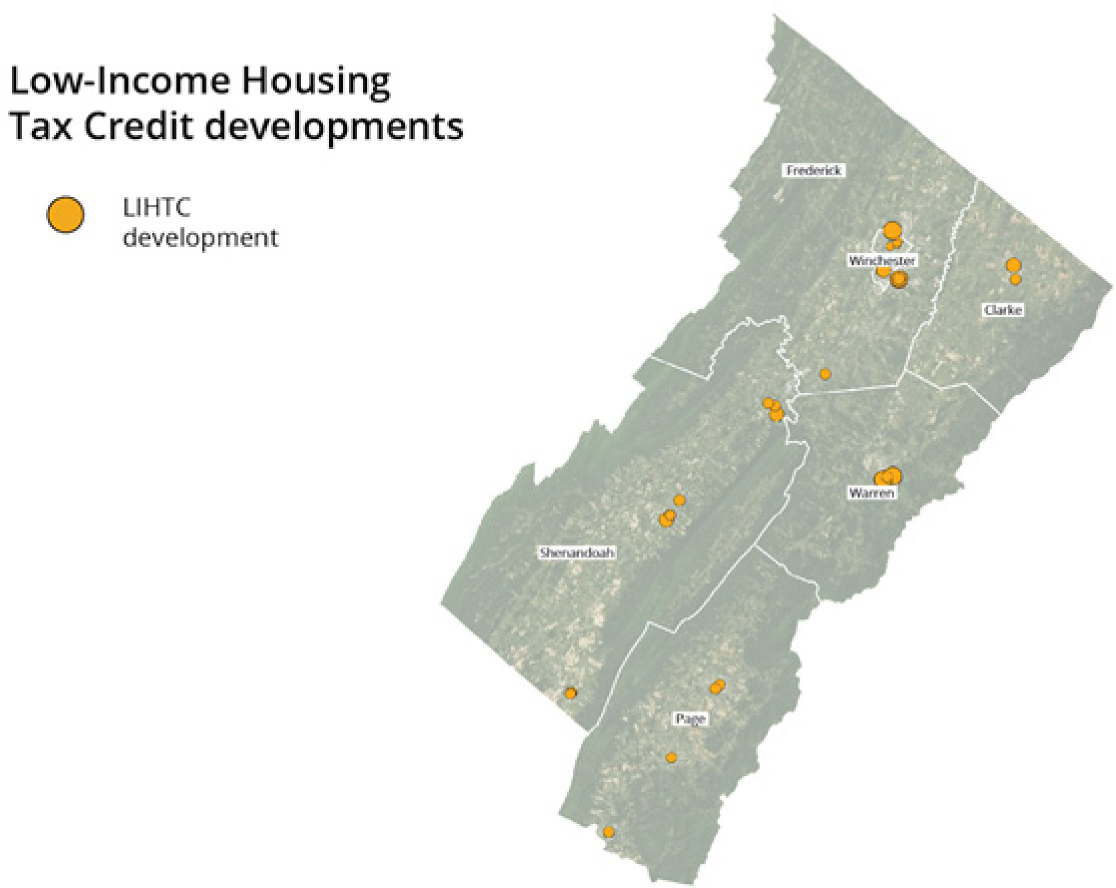
Overall, 18 of the 31 allocations were for new construction. Another 9 were for acquisition and rehabilitation, and the remaining 3 were for rehabilitation only.

FIGURE 57: LIHTC DEVELOPMENTS BY JURISDICTION

LOCALITY	LIHTC DEVELOPMENTS	LIHTC UNITS
Clarke	2	100
Frederick	4	386
Page	3	104
Shenandoah	10	417
Warren	4	389
Winchester	5	73
NSVRC region	28	1,515

In the 2017 allocation cycle, two applications were made for LIHTC projects in the NSVRC region. Only one was awarded: Luray Meadows in Page County. The application was submitted by People Inc., a non-profit developer based in Abingdon, Virginia that works across rural areas of Virginia. The proposed development will be 52 newly-constructed garden-style rental units. A market study for the project determined that the Luray area has a current demand for 259 rentals affordable to households earning less than 60% AMI.

FIGURE 58



No applications for LIHTC allocation in the NSVRC region were submitted to VHDA for the 2018 cycle.

USDA 515 DEVELOPMENTS

The U.S. Department of Agriculture's (USDA) Rural Development Housing and Community Facilities Programs Office (RD) provides low-interest mortgages for the development of rental housing in rural communities targeted to low-income residents. Known as Section 515, this program helps developers create high-quality homes which are in turn rented to households who are unable to afford market rates. The 515 loan has a 30 year term and includes an effective 1-percent interest rate amortized over 50 years.

Many of the apartments in a 515 development also benefit from Rural Development Rental Assistance (RA). When a housing unit has RA attached, the resident pays 30% of their income for rent and utilities with the balance paid by USDA-RD. This makes it possible to serve households with much lower incomes.

In the NSVRC region, 19 developments have utilized a 515 loan, helping to subsidize 293 total apartments. Many of these developments have also utilized a LIHTC allocation or other subsidy to assist with affordability.

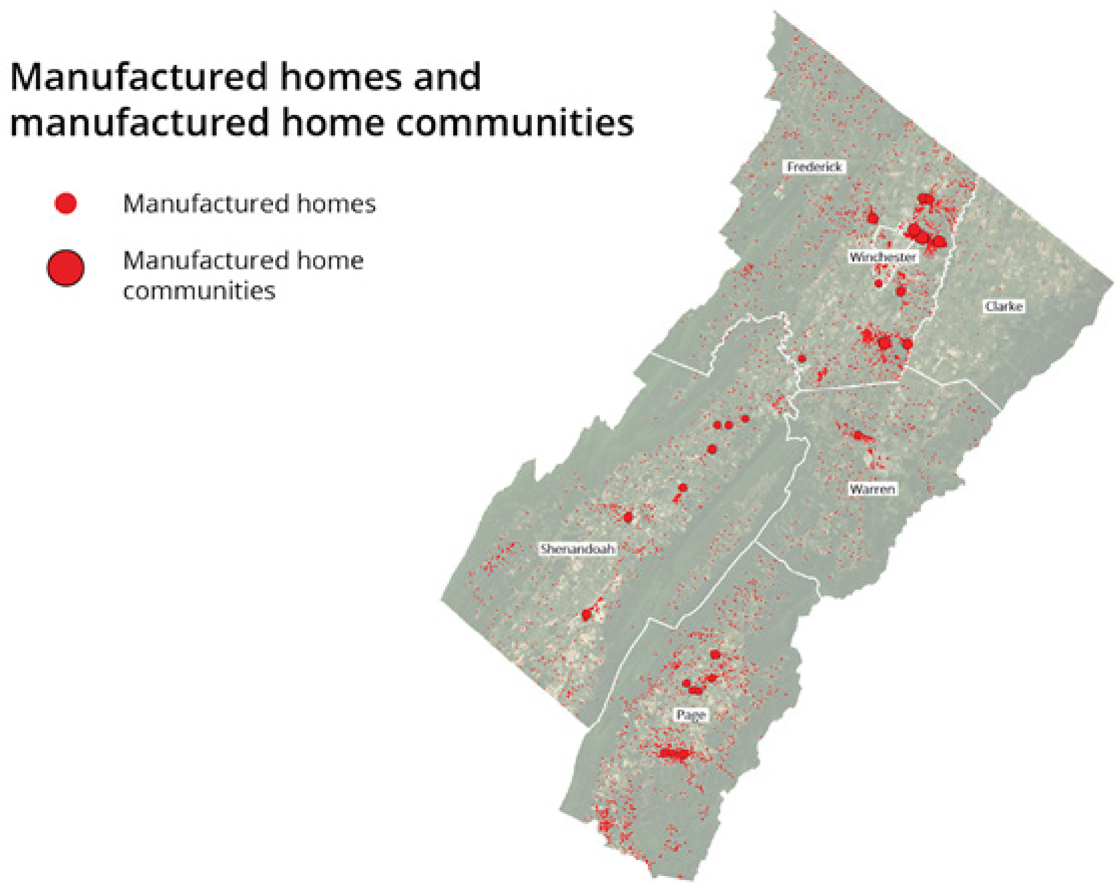
MANUFACTURED HOUSING

Across Virginia, there are more than 175,000 manufactured (or mobile) homes. These houses are built and assembled off-site, then delivered to a property and hooked up to utilities. Until 1976, mobile homes were largely unregulated with no safety or efficiency standards. In that year, the federal government created minimum guidelines for new manufactured homes, greatly increasing their quality and durability.

Since then, the manufactured housing industry has continued to improve their products. Today, almost all manufactured homes are placed on permanent foundations and are built to the same quality standards as site-built homes. Because of their lower initial price, manufactured homes often lower the financial barrier to homeownership in rural communities. Permanently-affixed manufactured homes are a by-right use in agricultural zoning districts in Virginia, and are most prevalent in the southern and southwest regions of the state.

In the NSVRC region, there are roughly 4,600 manufactured homes, or 5.3% of the total housing stock (Figure 60). Frederick and Page counties have the most, with 2,060 and 1,396, respectively. In Page County, manufactured homes account for 14.7% of the total housing stock. Clarke County has the fewest manufactured homes, with

FIGURE 59



HOUSING ISSUES

an estimated 14.

Almost half---an estimated 2,154---are located throughout 28 manufactured home communities (mobile home parks) in the region (Figure 59). Frederick County contains 12 parks, Page County contains 8, Shenandoah County contains 7, and Warren County contains 1. Approximately 86% of all the manufactured homes in Frederick County are located in manufactured home communities.

The homeownership rate for manufactured homes in the NSVRC region is 66.1%, about 5 points lower than the average for all households. Out of the 82 estimated manufactured homes in Winchester, 75% are rented.

FIGURE 60: MANUFACTURED HOUSING BY JURISDICTION

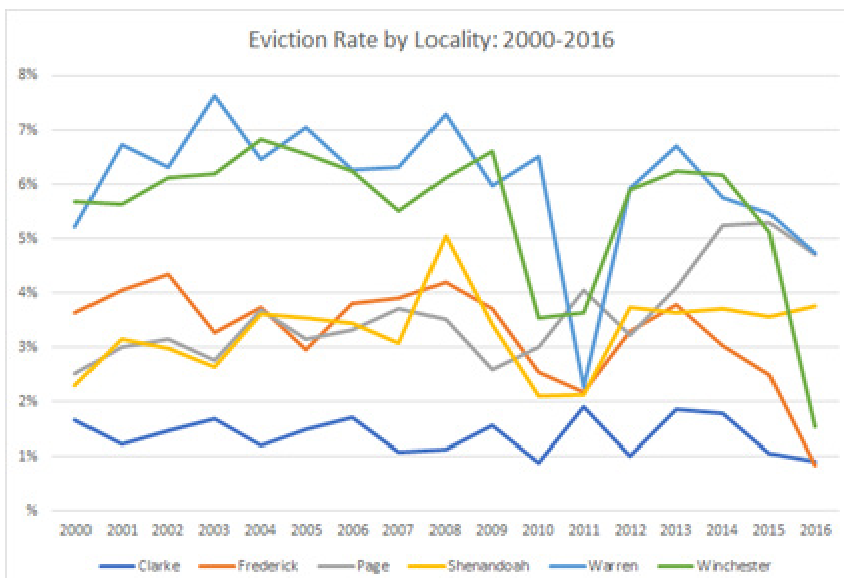
LOCALITY	MHS	MHCS	MHS IN MHCS	PCT MH OF ALL UNITS
Clarke	14	None known	N/A	0.3%
Frederick	2,060	12	1,774	6.9%
Page	1,396	8	186	14.7%
Shenandoah	829	7	169	4.8%
Warren	251	1	25	1.8%
Winchester	82	None known	N/A	0.8%
NSVRC region	4,632	28	2,154	5.3%

The average household size for the region is 2.6, which is very close to the average household size for manufactured homes. One significant outlier is the 3.4 household size in manufactured homes in Winchester, specifically. This indicates a serious overcrowding issue.

EVICTIONS

As demonstrated in Matthew Desmond's groundbreaking book Evicted, evictions are both a symptom and cause of housing insecurity. While the circumstances leading to an eviction vary, the results are constant: possible homelessness, stress and anxiety, additional fees, and long-term impacts on the financial well-being of the households that are affected. Evictions are also costly for property owners in terms of lost rental income and additional operating and marketing expenses. Local government also bears costs from sheriff and police costs to social services expenditures from programs serving serving homeless families.

FIGURE 61

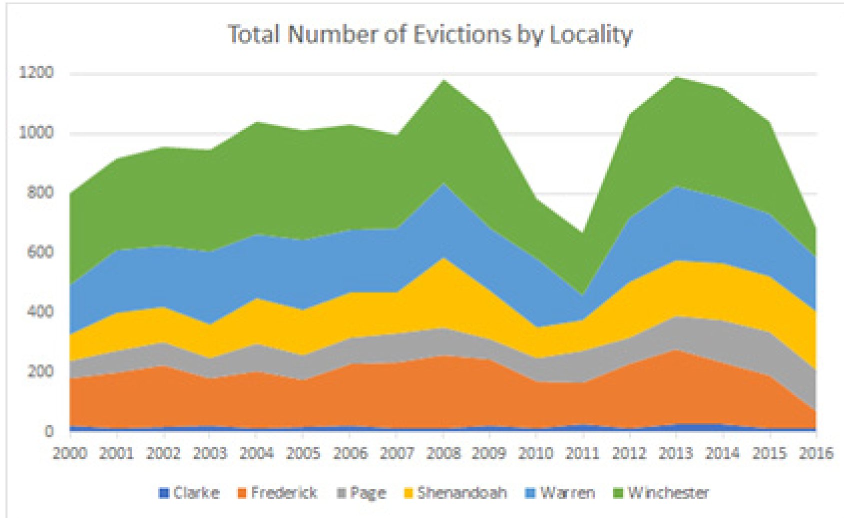


Recently, Virginia was identified as one of the most prevalent states for evictions. The statewide eviction rate has consistently been 2.5 to 3.0 points above the national average for almost two decades. From 2000 to 2016, there were more than 813,000 evictions in Virginia, or roughly 131 each day.

The Northern Shenandoah region has fewer evictions per renter than the statewide average. In 2016, the regional eviction rate was 2.55%, and 5.12% for Virginia. From 2000 to 2016, the region saw roughly 975 evictions per year on average. The total number of evictions in one year peaked in 2013 with 1,194, while the eviction rate peaked at 5.03% in 2008. Since 2000, Winchester and Warren had the most evictions, while Page and Clarke had the fewest (Figure 61).

Since 2013, both the total number of annual evictions and the eviction rate have steadily declined (Figure 62). In 2016, only 681 evictions were recorded in the region. However, the Northern Shenandoah region stands out for the exceptionally high ratio of actual evictions compared to filings. Two out of every three eviction filings in the region since 2000 resulted in an eviction (67%). Across Virginia during that same period, the rate was just 40%.

FIGURE 62: TRENDS IN HOUSING INSECURITY



HOMELESSNESS

Interviews with service organizations and professionals revealed several recurring issues regarding homelessness in the NSVRC area. Housing insecure families are often turning to extended stay motels for shelter, particularly around Winchester. The city's Sheriff's Office has established a task force to address the problem. The area's shelter capacity is often insufficient to meet demand, particularly when restrictions on shelter populations---men-only or children-only shelters---may not match the populations seeking help. Housing professionals also indicated there is a strong need for additional supportive housing to help homeless individuals achieve self-sufficiency.

POINT IN TIME COUNT

HUD requires each Continuum of Care (CoC) to undertake a Point in Time (PIT) count every January of all persons experiencing homelessness.This is an unduplicated count that is a snapshot of homelessness on a given day. Over an annual period, there would be many more persons experiencing homelessness. Northern Shenandoah Valley is part of the Western Virginia CoC, which also includes Harrisonburg and Rockingham County. The following information was obtained from the PIT data and only includes figures for the NSVRC region.

FIGURE 63: 2017 POINT IN TIME COUNT

COUNT	2014	2015	2016	2017	CHANGE 2016 - 2017
# Adults in Shelters/ TH	87	85	98	113	+15%
# of Children in Shelters	26	14	17	22	+29%
# of Unsheltered Adults	7	8	5	18	+260%
TOTALS	120	107	120	153	+28%

As indicated in Figure 63, in the 2017 PIT, 135 homeless persons were counted in the 10 regional shelters/transitional housing facilities and an additional 18 persons were unsheltered, for a total of 153 persons. This is a 28% increase in the homeless persons from 2016, with the largest increase being in the unsheltered numbers. The majority of homeless persons in the 2017 PIT were counted in Winchester/Frederick, as seen in Figure 64. This is the area with the highest population and the largest number of shelters (five of nine) and shelter beds (127 of the 200 beds).

FIGURE 64: HOUSING INSECURE CHILDREN

COUNT	WINCHESTER/ FREDERICK	WARREN	SHENANDOAH	PAGE	CLARKE
# Adults in Shelters/ TH	87	12	10	4	0
# Children in Shelters	14	0	5	3	0
# Unsheltered Adults	13	4	1	0	0
TOTALS	114	16	16	7	0

VETERAN HOMELESSNESS

According to Matt Leslie at the Virginia Department of Veterans Services, the number of veterans identified as homeless in the 2017 PIT was ten, eight of whom were sheltered and two of whom were unsheltered. These numbers include all of the Western CoC, but he estimated that most of them were probably from the Winchester area, rather than the Harrisonburg area. During the 2018 PIT count, 15 veterans were identified as homeless, a 50% increase over 2017.

There are no agencies that hold Veterans Supportive Housing (VASH) vouchers in the NSVRC region. Veterans who are homeless must be referred by the Martinsburg VA Medical Center or through the Supportive Services for Veterans Families (SSVF) program administered through the Volunteers of America Chesapeake branch. SSVF offers supportive services to eligible veterans (either individuals or families with children) who are either homeless or in danger of becoming homeless. Services are designed to provide housing stability and may include security deposits, short-term rental assistance and moving expenses. According to Michelle Porter, the person responsible for the SSVF program for the NSVRC region, approximately 21 to 23 veteran families receive SSVF annually. She said they are able to serve all those who request assistance who are eligible. There is no waiting list.

CHILDREN EXPERIENCING HOMELESSNESS

The definition of homelessness that HUD uses is more restrictive than that used by other federal agencies. For example, it does not count persons who are doubled up or person living in hotels and motels. Title IX, Part A. of the Every Student Succeeds Act defines homelessness more broadly than HUD, and includes children doubled up and living in hotels/motels. The definition includes children with uncertain housing, no permanent physical address, or a temporary address.

FIGURE 65

SCHOOL DIVISIONS	2013-2014	2014-2015	2015-2016	2016-2017
Winchester	189	220	241	253
Clarke	27	30	13	17
Page	34	44	84	68
Frederick	248	194	162	187
Shenandoah	66	48	66	56
Warren	40	46	55	61

Figure 65 shows the number of children meeting that definition in the region by county for the past four school years. For the 2016-2017 school year, the number of children defined as homeless in the region was 642. Other than the decrease for the 2014-2015 school year, there has been a steady increase in the number of children in schools counted as homeless.

CURRENT HOUSING RESOURCES FOR PERSONS EXPERIENCING HOMELESSNESS

The only resources for homelessness prevention come from the the HUD Continuum of Care and the Virginia Department of Housing and Community Development. These resources include Permanent Supportive Housing (PSH) funding that is administered by the North Western Community Services Board (NWCSB). PSH is an innovative and proven solution to homelessness that combines affordable housing, usually with rental subsidies, and supportive services for persons with a serious disability who need both housing and services in order to maintain stable housing. The NWCSB has 47 PSH units (see next section).

The other major resource is Rapid Rehousing (RRH), which is administered by four nonprofits in the region: Choices (Page County), Volunteers of America, Chesapeake (Warren County), and AIDS Response Effort and the Laurel Center (Winchester). The four agencies provide RRH to approximately 40 households annually. RRH provides short-term rental assistance and services to help people experiencing homelessness obtain housing quickly, increase self-sufficiency and stay housed. While area congregations provide some emergency assistance, as do the six departments of social services within the region, these resources are not substantial and are not able to meet all of the need.

THE USE OF MOTELS IN HOMELESS TRANSITIONAL HOUSING

Due to the lack of affordable housing in the area as well as supportive housing or shelter beds, many families find themselves reliant on a network of privately owned motels which serve as emergency housing. During our interviews with local service providers, each was very aware of approximately a dozen motels in the City of Winchester and Frederick County in particular that are used by households with few other options for housing. These motels are often quite expensive (between $250 and $350 per week which translates to well over $1,000 per month in "rent") and oftentimes in very poor conditions. The housing is considered "housing of last resort" but is relied on heavily by those who experience eviction, extreme poverty or who otherwise experience barriers to market-rate rental housing. Without the creation of quality affordable housing, it is expected that motels used in this manner will continue and expand.

NEED FOR PERMANENT SUPPORTIVE HOUSING FOR PERSONS WITH SERIOUS MENTAL ILLNESS

The North Western Community Services Board (NWCSB) serves the full NSVRC region. According to the Department of Behavioral Health and Developmental Services (DBHDS), their 2016 analysis of PSH need indicated an estimated 111 adults with serious mental illness (SMI) in the NWCSB's catchment area who needed PSH. The sub-populations that comprise that need were:

- Homeless, or
- In an Assisted Living Facility and could live more independently, or
- In jail, or
- Top 20% highest utilizers of crisis and emergency services in that CSB catchment area

The Director of the NWCSB indicated that he thought the number in need of PSH provided by DBHDS had increased to at least 120 during the past two years. As previously mentioned, the NWCSB currently administers 47 PSH units. Forty-five households are occupying PSH units through their Shelter Plus Care program. These households were formerly homeless adults with a serious mental illness and/or substance use disorders who are now living in a subsidized apartment with supportive services provided by the NWCSB. The NWCSB also has two additional HUD-funded PSH units for the entire region. The NWCSB director indicated that they need to increase their supply of PSH units to meet the demand for the 120 individuals who continue to need PSH, but there are no resources in the region to make that happen.

NEED FOR AFFORDABLE HOUSING FOR PERSONS WHO ARE HOMELESS AND OTHER VULNERABLE POPULATIONS

There are departments of social services in each of the jurisdictions in the region. Each provide an array of services and benefits programs supervised by the Virginia Department of Social Services, such as Temporary Assistance to Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP), and Medicaid. They also have a small amount of emergency services funding, mostly for families already on assistance.

None of these departments keep data on persons who are homeless or on the brink of homelessness who request assistance with housing needs. Four out of the six DSS's were interviewed for this analysis. All of them indicated the rents were not affordable for persons at extremely and very low incomes. Poverty is the main issue, but the proximity to Washington and the lack of support for affordable housing in the region were cited as the reasons why there is not enough affordable housing. There is also an issue with the quality of the housing in the region. The director of the Shenandoah DSS said that, "Housing quality standards are a chronic issue facing the county. We still have properties that use outhouses, and cisterns, with failing electricity and structural issues."

Several said that homelessness is not always visible and that many families are doubled up, sleeping in vehicles or living in hotels/motels, which is validated by the 642 students who were identified as homeless in the 2016-2017 school year. They also cited the long waiting lists for the few affordable housing complexes in the region. There are also people camping out who are homeless. While there are 10 shelters in the NSVRC region that serve persons experiencing homelessness, two directors indicated that there are also two nonprofit organizations in the region that give out tents as a solution to homelessness when shelters are full or when persons do not qualify. Either people do not make enough money to pay for rents, or they have disabling conditions (such as serious mental illness or substance use disorders) and need permanent rental subsides with supportive services.

MARKET TYPOLOGIES AND STRATEGIES

While housing markets are all individual, they do share certain qualities and characteristics that allow for the implementation of similar strategies that can be effective across different geographies. Housing markets also do not generally conform to political boundaries, although they may be affected by differing local policies and amenities that may be applicable to a location in one jurisdiction. Examples of these would be land use regulation (zoning and density), real estate tax levels, school location and quality, and other municipal policy areas.

TYPOLOGIES

While there are shared housing market characteristics across the region, we see four main housing market typologies: Urban Center, Suburban, Rural Under Pressure, and Rural - Small Town Revitalizing. These typologies share needs, gaps, as well as potential strategies for increasing housing opportunities.

URBAN CENTER

This typology applies to the City of Winchester, which is the largest urbanized area in the region with a population projected to reach 33,000 by 2040. Winchester has typical characteristics of an urban market including: limited land for future development, historic structures available for preservation, attractiveness as social and cultural hub, and a range of neighborhood types - including communities with significant rehabilitation needs.

New housing options in this typology tend to be smaller, denser housing designs. These include smaller (missing middle) rental buildings, townhouse and small lot development, single family as well as adaptive re-use of older buildings for housing, including second and third floor housing located over retail. Winchester has already experienced a significant amount of this in the downtown district.

Until recently, the urban center typology was characterized by stagnant or declining population. In the last decade, urban areas have begun to grow again in large part because they are attractive to the two largest population cohorts – millennials and baby boomers. Ensuring a wide range of housing options to all ages and incomes will be important to Winchester's success as its demographics change.

SUBURBAN

This typology is represented by Frederick County, the largest jurisdiction in the region, which is scheduled to add more residents in the next 20 years than the rest of the region combined. Frederick County will add over 28,000 new residents, while the balance of the region adds just 22,500. The County will comprise over 40 percent of the region's residents by 2040.

The suburban typology is traditionally characterized by growth, both residential and commercial. New construction is far more common than rehabilitation, as adequate land for development is much more available. Incomes in this area have traditionally been the highest among all of the typologies. The number of households with children makes school facility development and quality education key policy concerns. Jobs have been migrating to this typology for the past 30 years.

While single-family, subdivision style development has been the norm, much more attention has been paid to denser residential development styles, including townhouse and garden apartments – especially important as the demand for rental housing grows. Suburbs have traditionally been far less characterized by poverty and declining housing conditions than have urban and rural areas. However, this is changing as many suburban areas are beginning to confront rising poverty and the need to address declining housing conditions in some of the oldest residential neighborhoods.

RURAL UNDER PRESSURE

This typology is represented by Clarke County and Warren County. These are traditionally rural counties, each having one town that comprises a significant share of the county's population. Front Royal with is nearly 40 percent of Warren County's population, while Berryville comes in at just under 30 percent of Clarke County. While Clarke's growth is projected to remain slow, Warren County will grow at the same pace as the entire region. These jurisdictions are highly sought after as bedroom communities for jobs in Loudoun, Fairfax and Fauquier.

What connects these two jurisdictions is their adjacency to the Washington, D.C. metro area's very significant population and rapid growth. Loudoun County, just to the east of Clarke, has nearly 400,000 residents and is the third largest county in the state. Fauquier, while much smaller, is also growing rapidly and is projected to have over 93,000 people by 2040. The Washington Metro expansion of the Silver Line to Ashburn within the next several years will be the western edge of that system, which is advancing closer to Leesburg and to the Clarke County line.

This typology is also characterized by the effort to preserve rural character while accommodating growth. Typical strategies for this are to concentrate growth within towns while preserving rural landscapes and agricultural land patterns. The typical residential development pattern is single-family detached housing. Due to pressures from the adjoining jurisdictions to the east, home prices have been rising rapidly. Clarke County has the highest median sales price in the region at $337,500, up over 30 percent since 2010. While growth pressure is strong, these jurisdictions still display many of the characteristics of the rural typology, including large increases in the senior population.

RURAL - SMALL TOWN REVITALIZING

Page County and Shenandoah County are examples of the rural typology. These are areas that are made up entirely of small towns and rural land uses. Housing is low density and the population is dispersed across the region. Page County represents this typology more typically, with essentially no change in population projected over the next 20 years. Shenandoah will grow at a slightly slower pace than the overall region, but is affected by the rapid population growth and James Madison University in Harrisonburg to its south. The county also has a series of towns along Interstate 81, which traverses the county on a north-south axis.

Rural typologies have development strategies that focus on the preservation of the traditional character in their small towns, and natural beauty in their rural areas. Tourism is a frequent driver of economic vitality and these two Shenandoah Valley communities are positioned to benefit from that. Historic district designation in small towns with rich cultural histories can be important to residential and commercial revitalization. Community amenities including retail, food and beverage, as well as entertainment venues in these towns will drive additional residential demand.

In rural typologies, preservation of housing is frequently more important than new construction. Housing types are most likely to be single-family detached. These communities have a much larger proportion of manufactured homes, which present special challenges in terms of condition and replacement. Traditionally, rural typologies have the very highest rates of homeownership among all community types. However, a desire to reduce the outflow of millennials combined with the increase in the number of low-income households makes rental housing more important in meeting community housing needs. The aging population, combined with the geographic isolation of these households in older homes, also presents significant housing challenges.

MARKET SEGMENT STRATEGIES

Just as different geographic parts of the region require unique solutions, different demographic segments of the region's population require custom-tailored strategies to meet their specific housing demands. This section explores the needs and solutions for five market segments: homeownership, rental, college-age and young professional, seniors and persons with disabilities, and homeless.

1. INCREASING HOMEOWNERSHIP OPPORTUNITIES

The rate of homeownership in the region is high and consistent with national averages, but much like other areas, homeownership opportunities for moderate and lower income families are constrained by a mismatch between housing supply and household incomes. In 2015, 72 percent of households in the region own their homes. This ranges from 70 to 78 percent depending on jurisdiction, but is significantly higher than the 2015 national rate of 63 percent. And while the majority of new households created in the region between 2010 and 2015 were renters, ownership households still increased.

Most new construction of for-sale houses is priced for those earning greater than 120 percent of AMI. Given the large shortage in units at this affordability level---approximately 21 percent of homeowner units compared to 48 percent of households---new units may relieve pressure on the lower end of the market. However, population growth is projected to be strongest in households earning below 80 percent AMI. The following are recommendations for increasing ownership opportunities for a wider range of incomes.

Strategies to Expand Homeownership

To address the need to create and preserve affordable homeownership, support new home development that is high-quality and modest size. Encourage new, modest-cost housing with amenities that are desired by both the area's aging population and the area's young (less than 34 years old) working age population. For the aging population, housing should be single-floor and accessible or adaptable, combined with 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. Local jurisdictions can encourage smaller housing units built for homeownership through the encouragement of higher density zoning and more flexible zoning. More flexible zoning can encourage creative, higher density homeownership opportunities such as accessory units, tiny houses, and re-shaping large houses into duplexes.

Use Community Development Block Grant (CDBG) funds to support local housing nonprofits and housing initiatives. A portion of the state's CDBG funds are competitively awarded to localities for use in affordable housing projects via the Department of Housing and Community Development (DHCD). The state supports a wide array of housing strategies through these funds, from homeownership to rental.

Targeting of new housing development to job creation. Provide better matching of new home development to regions where new jobs are created. Create better communication between economic development professionals at the local and regional levels with housing developers.

Consider community land trusts. A community land trust (CLT) is a nonprofit corporation that acquires and manages land for affordable housing development. Community land trusts sell homes to low- and moderate-income families at an affordable, below-market rate but retain ownership of the land. They enter into a shared-equity agreement with the homeowner, who leases the land for a nominal fee. The original buyers agree to perpetuate property affordability by reselling at below-market rates to other lower income buyers.

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.

Recognize the link between seniors aging in place and the lack of starter homes. Much of the existing affordable homeownership stock in any market is in smaller-footprint "starter homes." Ideally, these homes would be made available to the next generation of owners as the previous generation "trades up" or as individuals age, retire, and downsize. However, many seniors are increasingly aging in place in homes that could be considered the starter home inventory for the next generation. Some of these seniors age in place in these homes by choice, but many find themselves in homes with significant deferred maintenance and limited accessibility. Seniors who may be interested in moving are unable to find affordable alternatives, becoming "stuck in place" instead. Therefore, providing senior housing options such as senior rental developments and senior higher-density homeownership communities can serve to also open up the homeownership market for starter homes.

Make use of new manufactured housing as an affordable homeownership tool. Manufactured housing offers significant affordability benefits to lower income households. In recent decades, there have been significant innovations and improved quality of this type of housing. When well-sited and maintained, research shows that manufactured housing does retain its value and does not affect property values in neighboring communities. Jurisdictions should consider embracing and encouraging the use of quality manufactured housing for homeownership.

2. INCREASING RENTAL OPPORTUNITIES

The U.S. has traditionally been one of the world's leading nations in terms of homeownership, with the national homeownership rate reaching nearly 69 percent in 2008 just prior to the mortgage collapse. Small towns and rural communities have typically exceeded the national average, and the Northern Shenandoah Valley region is no exception. All of the counties in the region have ownership rates at 70 percent or above. These range from Page at 70 percent, to Frederick at 78 percent. The City of Winchester is the outlier, as is the case with most urban areas, with a rental rate that exceeds 50 percent.

At the same time, the availability of quality rental housing at a variety of price points makes our housing markets work properly, especially as housing prices continue to outpace income gains. There are a variety of reasons why households prefer or require rental housing versus homeownership. The primary reason is affordability. With the exception of certain programs (with very limited capacities) that provide substantial subsidies to homebuyers, such as the USDA-502 Direct program or a Habitat for Humanity program, it is extremely difficult for a household with an income below 60-70 percent of AMI to be able to afford homeownership. Those families need a quality, stable rental housing alternative.

As previously described, the good news is that much of the region will be adding new households over the next two decades. These households will be working, filling community needs and contributing to the local economy. However, many of these people will be in the lower end of the income range. These includes people that the community relies on each day: school teachers, school bus driers, child care workers, health care assistants, retail workers. We need these workers in our communities, but most will be unable to purchase their own homes. For example, Figure 66 shows that many traditional jobs in Frederick County do not have average wages that can support the median sales price of a for-sale home.

Many objections to rental housing relate to the scale and the design. However, rental housing does not need to be solely in the form of large scale "suburban" style walk-ups. Many communities have been returning to the "missing middle" to provide rental housing in a form and scale that is consistent with the fabric of their neighborhoods. The "missing middle" refers to a gentle density of housing (between single-family and large multifamily) that was much more common in the years prior to and just after World War II. These include duplexes, fourplexes, townhomes, bungalow courts and other small scale designs.

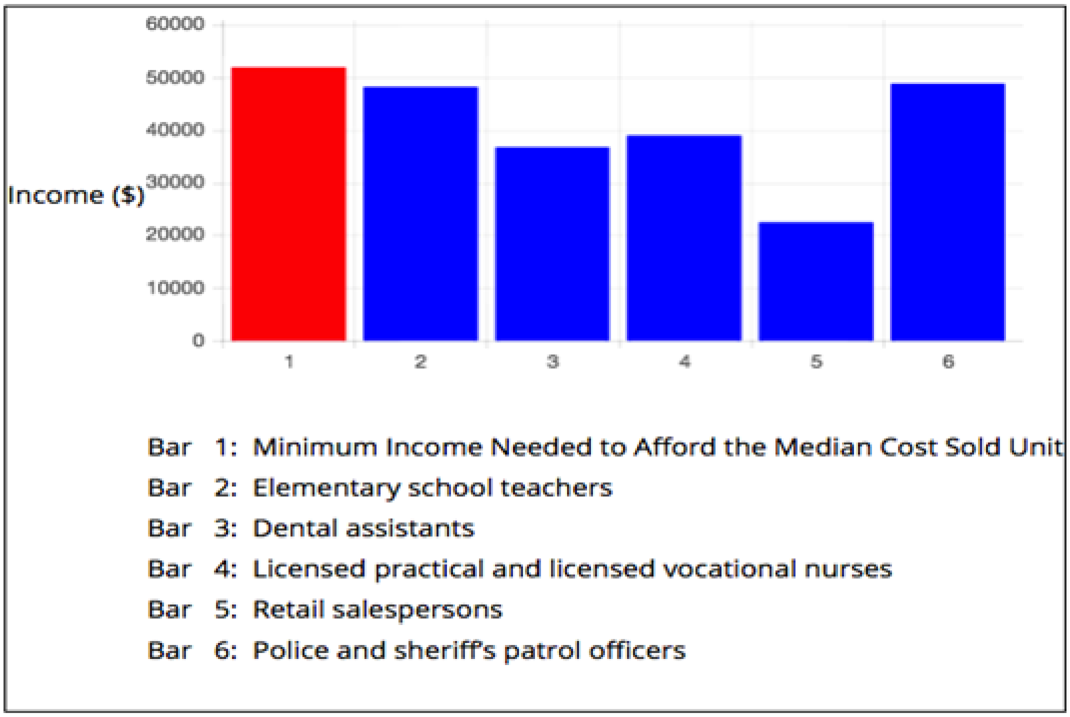
There is another reason why communities should begin to look positively on the provision of rental housing. There are two large population groups that are seeking It – millennials and baby boomers. Millennials have a strong preference for rentals because they are less expensive, and because they may not yet be ready to set down roots. Some boomers are seeking rentals as they downsize from the homes where they raised their families. Many are looking for low maintenance and walkability, with connections to retail, entertainment and culture.

The market will respond to demand in one way or another. This is happening in many communities that are not providing sufficient rental housing, where increasing numbers of single-family detached homes are converting to rentals. SFDs are best suited for homeownership, and conversion of these to rentals results in fewer homes available to meet the needs of potential homebuyers. Providing new rentals to meet demand will help prevent existing SFDs from becoming rental properties.

FIGURE 66

Minimum Income Needed to Afford the Median-Cost Sold Unit ($51,897)
As Compared to the Average Income of Selected Occupations, Frederick County

2017, 2nd Quarter



*Income below the minimum signifies cost burden or spending over 30% income for sold housing.

The minimum income is based on median sold housing costs for the area:
Housing Virginia. (2018) SOURCEBOOK: Paycheck to Paycheck. Retrieved June 05, 2018 from http://www.housingvirginia.org/sourcebook/paycheck-to-paycheck-housing-affordability-by-job-category

Strategies to Promote Abundant, High-Quality Rental Homes

Find strong, reliable development partners. This will allow you to shape the development of rental housing to fit the needs of the community. These partners could be from the nonprofit or for profit sectors. Develop incentives that will facilitate the development of the type of rental housing envisioned in your locality.

Take advantage of available funding resources. VHDA offers a range of assistance for rental housing development in smaller communities. One mentioned elsewhere in this report is the "Mixed Use—Mixed Income" program that provides low interest rates for projects that involve housing and some commercial development. VHDA will require some of the apartments to be priced so that they are affordable to lower income households, but others can be offered at market rates. Other programs from USDA-RD, DHCD, Virginia Community Capital and others can make high quality development possible.

Monitor and preserve existing affordable rental stock. There are more than two dozen affordable rental housing communities in the region that are assisted through the VHDA Low Income Housing Tax Credit program and/or USDA-RD's 515 rental housing program. These communities represent a vital resource and should be preserved with regular re-capitalization that will allow for rehab and upgrades.

Ensure that adequate land is available for the development of new rental housing units. Encourage the use of vacant or underutilized downtown structures into rental housing. This type of downtown housing can be an attraction that will keep millennials in your community. Explore the designation of a historic district if you do not have one. Historic Tax Credits are a key tool in affordable rental housing development.

Consider a voluntary inclusionary zoning ordinance to create a variety of housing types and price points. Several counties and cities in Virginia have chosen to implement inclusionary zoning policies

MARKET STRATEGIES

(of which there are a variety) in order to increase the range of housing types and price points newly constructed in their communities. Inclusionary zoning policies use either mandatory or voluntary zoning requirements to create below-market housing units in new construction rental or ownership projects. Due to Virginia state law, the NSVRC jurisdictions are not currently eligible to implement mandatory inclusionary zoning, but instead can create conditional inclusionary zoning programs only applicable when a developer seeks a variance or special exemption for development. In 2017, Housing Virginia completed a comprehensive report[1] describing inclusionary zoning policies including detailed examples of its implementation and processes by which new jurisdictions can consider its use.

Consider the adoption of an accessory dwelling unit ordinance. These ADU ordinances allow for the addition of a living unit to an owner occupied unit (see Housing Housing Resource Toolkit). ADUs can help seniors to age in place successfully or can enable them to co-locate with a child or other relative while still maintaining independence.

Support the development of new housing credit rental housing through VHDA that can provide good housing for new households below 80 percent AMI. A change in the program last year allows the LIHTC program to serve some higher income households as long as that is balanced by serving lower income as well. The result is a greater mix of incomes that creates a better environment for all.

3. MEETING COLLEGE-AGE AND YOUNG PROFESSIONAL HOUSING NEEDS

The great majority of college-age to under-34 year old households earn less than 120 percent AMI. Approximately 66 percent of 25 to 34 year old households earn less than 120 percent AMI, and 44 percent earn less than 80 percent AMI. These households are likely to delay homeownership for many years beyond previous generations due in part to their higher student debt burdens, lower relative wages, and other macroeconomic factors. This makes affordable rental housing a key component to retaining and attracting this demographic.

When considering locations for this housing, proximity to colleges, employment and amenities are all important considerations. In general, rental housing at higher densities in either townhome or mid-rise developments will help to manage housing cost and also enable projects to be situated near existing developed areas on smaller parcels.

In thinking through housing solutions for this population, it is important to remember housing for this cohort is also closely linked to economic development. If the number of jobs increases in the region, but there is insufficient housing at the necessary price points for these new workers, this population will live outside of the region. The lack of housing to meet this demand could mean increased traffic, decreased tax base from real estate taxes and in general a less vibrant community that does not necessarily live, work and recreate within Northern Shenandoah Valley's population centers. Additionally, these commuting workers could ultimately choose to find work elsewhere, closer to home and in a more convenient area.

Additionally, businesses could make location choices based on housing options. To attract new business or expand existing, the region must position itself as an affordable, high quality housing market with plentiful options at the right price points.

Strategies to Encourage Attraction and Retention of Younger Households

Continue to develop strong collaborations between colleges and local government to address student and post-graduation housing needs. The Northern Shenandoah Valley has existing strong partnerships with the centers of student population that should be strengthened and expanded. Universities and colleges can work directly with jurisdictions to create vibrant mixed-use developments that link area universities to the surrounding communities. Creatively pairing student housing with other housing needs can lead to vibrant community spaces where students and other community members mingle and collaborate.

1 Housing Virginia. (2017) Welcome to the Neighborhood: A Practitioner's Guide to Inclusionary Housing. Retrieved June 05, 2018 from http://www.housingvirginia.org/wp-content/uploads/2017/09/HV_Inclusionary_FINAL-09.01.2017.pdf

BEST PRACTICES

Build Your Own Home Program

Self-Help Enterprises

Service Area: CA

Issue Addressed: Homeownership

Website: www.selfhelpenterprises.org

Image courtesy of Self-Help Enterprises

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.

Image courtesy of Self-Help Enterprises

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.

Foster higher-density rental housing developments that can cater to young workers at incomes below 120 percent AMI. For example, in Frederick County, continue to promote the existing Transfer of Development Rights (TDR) program to facilitate greater density within the Urban Development Area (UDA). Creating additional density in high-amenity areas, without requiring a lengthy rezoning process, will help create lower-cost housing while also preserving existing open agricultural space.

Promote VHDA Mixed-Use Mixed-Income projects. VHDA's MUMI low-interest loan program is a great opportunity to create projects that include a mix of residential and commercial to cater to a wide variety of income levels. The MUMI program provides significant flexibility to choose from income mixes for the units including:

- Workforce 80/20 Model: 20 percent of the units restricted to 80 percent AMI or below and 80 percent of the units unrestricted.
- Workforce 40/50 Model: 40 percent of the units restricted to 100 percent AMI and 60 percent unrestricted/
- Workforce 100 Model:100 percent of the units restricted to 150 percent AMI or below.

Promote Low Income Housing Tax Credit projects. LIHTC projects are the most plentiful and successful means for developing new affordable rental housing. Recently, the federal regulations governing this program were adjusted to make the income limitations more flexible. Previously, all tenants must have earned no more than 60 percent AMI; now, that cap is 80 percent AMI.

Promote Historic Tax Credit projects. Using both state and federal historic tax credits to revitalize older buildings can facilitate the developed of mixed-use projects as well with market-rate or below market-rate rental units.

Consider commercial linkage fees to increase funding for rental projects. This form of impact fee is assessed on new commercial developments or major employers based on the need for workforce housing generated by new and expanding businesses. Revenues are used to help fund affordable housing opportunities within commuting distance to the employment center. Commercial linkage fees balance growth in non-residential development by stimulating affordable residential development for workers or supporting demand for services.

4. ADDRESSING THE CHALLENGE OF A GROWING SENIOR POPULATION

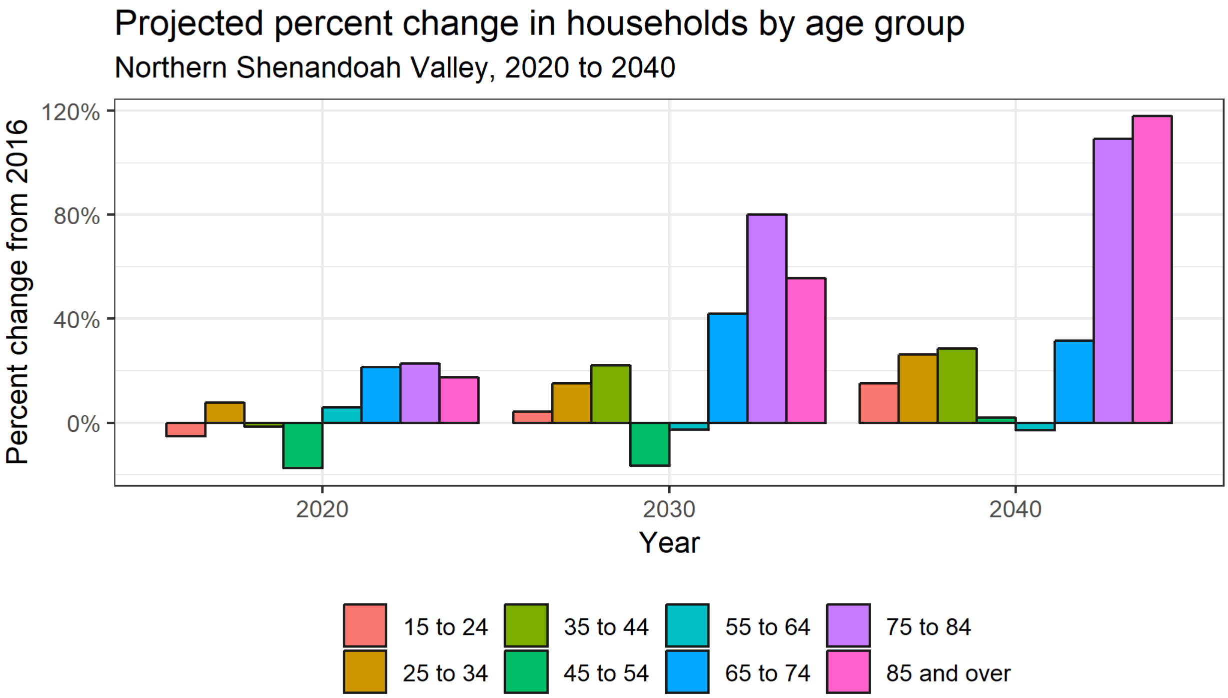
Last year, Housing Virginia undertook an assessment of housing in rural Virginia that included a look at data trends as well as meetings across the state with a wide variety of groups and individuals engaged in some aspect of the housing industry. What the data revealed and what Housing Virginia heard over and over again was the biggest housing challenge facing rural Virginia was the rapid growth in the number of seniors.

The largest demographic shift that the Northern Shenandoah region is facing in the next twenty years is the rapidly growing senior population. This is a phenomenon that is happening across the country, but the impact is felt most strongly in small towns and rural communities. In these areas, there is a combined effect. First, baby boomers are much more likely to want to "age in place" after retirement than the previous generation. Second, millennials are leaving rural Virginia, attracted to the jobs, cultural, and entertainment opportunities offered by more urbanized areas. The result of these two trends is that rural areas are experiencing a more rapid rise in the average age in their communities than any other areas of the state.

In Figure 67, you see the extraordinary growth in the senior age groups in the Northern Shenandoah from 2020 to 2040. The growth is particularly strong in the 75 and over categories. By 2040, both the 75-84 and the 85+ groups will each increase by more than 100 percent.

Second, the location of where seniors live in rural areas is frequently isolated. They can be long distances from services, health care and shopping. These distances become an increasing challenge as their ability to drive safely declines. Social isolation for these households can also negatively affect both mental and physical health during the aging process.

FIGURE 67



Sources: U.S. Census Bureau; UVA Weldon Cooper Center

One common trait that most seniors share is that their incomes decrease as they enter retirement. Many seniors live solely on Social Security combined with whatever retirement savings they have. More than half of all households over 55 report less than $50,000 in retirement savings. Although boomers are frequently portrayed as an affluent generation, the reality is that many will face hardship in retirement.

Virginia Accessible Housing Solutions. (2017) ***Virginia's population is aging rapidly. Will the housing industry be ready?***

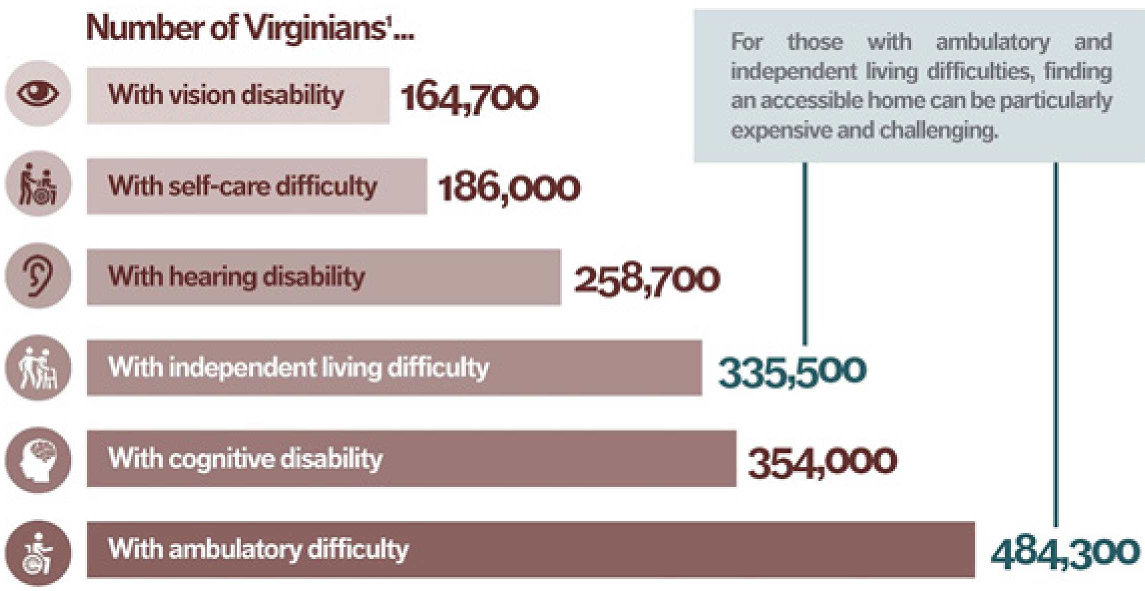
MARKET STRATEGIES

Another factor is that there has been a very large increase in the number of rural seniors over the age of 65 that still have mortgage debt. The growth in senior households with a mortgage in rural Virginia grew by 125 percent from 2000 to 2014.[2] In the previous generation, it was common for couples to have their mortgage paid off by the time they retired. That is no longer the case, and many Boomers will literally be paying on their mortgages for the rest of their lives.

As senior household incomes decrease, it becomes increasingly difficult for them to pay the cost of maintenance on their older home and even to pay the cost of heating and cooling a home that may be much larger than they need.

Persons who are non-elderly but who have disabilities face many of these same housing challenges. Almost one million Virginians have a disability – ranging from vision and hearing to cognitive and ambulatory. The number of Virginians with a disability has been rising rapidly over the last five years as the population ages. Individuals with a disability earn 30 percent less than those without, making affordability a key issue as well as accessibility.

For Virginians with a disability, finding an accessible home that they can afford is often one of the biggest challenges that they face.



Virginia Accessible Housing Solutions. (2017) ***When Virginians with disabilities search for housing, does the market meet their needs?***

Strategies to Provide Quality Housing for All Ages and Abilities

Expand housing accessibility and repair programs. Focus on making seniors safe at home by supporting programs that provide accessibility improvements to the homes of seniors – through both grant and low interest loans. Such programs will provide ramps, railings, door widening, bathroom modification and other features to improve the usability of the home. These programs can also assist with simple home repairs and maintenance. The state's Livable Home Tax Credit is one such program, as are Rebuilding Together and Habitat's "Brush with Kindness."

Conduct home assessments. Support services provided by gerontologists, occupational therapists, and others to conduct professional home assessments that will assist seniors in understanding what changes to their homes will be most beneficial.

Promote in-home services. Continue to support services that provide meals, visitation, health care services, transportation to shopping, and other needs of seniors that will allow them to continue to successfully age in

2 Housing Virginia. (2016) ***Meeting Housing Needs in Rural Virginia: Trends, Needs, Gaps, Solutions.*** Retrieved June 05, 2018 from http://www.housingvirginia.org/rural-housing-initiative

place for as long as they can.
Consider the adoption of an accessory dwelling unit ordinance. ADU programs allows a homeowner to add another small living unit to their home – either in the side or back yard, or within the footprint of the house, or as an addition to the house. Such a program can help seniors in several ways: it might allow a child or relative to provide a living unit for their parent at their home while still providing a level of privacy and independence, or it might also allow a senior to add a living unit that could be occupied by a caregiver who could provide them with extra income and occasional help with activities, such as shopping or routine maintenance.

Create senior living communities. Not all seniors wish to "age in place" or can do so successfully. There is a growing demand for senior living communities with affordable rents that are newly constructed. Not all new senior communities need to be in 80-100 unit apartment high rises. In rural communities, there are efforts to create senior "villages" that may be 6-10 small cottages that are clustered, which allow for better socialization. For larger scale senior living communities, the LIHTC program can make a substantial contribution to affordability.

Consider senior "Village" networks. These are voluntary associations of seniors that support each other and draw upon the volunteerism of younger community members to complete basic home upkeep and maintenance tasks, as well as other day-to-day services. "Village" programs are springing up around the country and several of the earliest are in Northern Virginia.

5. REDUCING HOMELESSNESS

The number of homeless adults living unsheltered in the region increased by 260 percent in the last year. The number of homeless children in shelters increased by 29 percent and the number of adults in shelters by 15 percent. Homeless veterans counted in the region's Point In Time Count increased from 10 to 15 in 2017. For the 2016-2017 school year, the number of children defined as homeless in the region was 642. These significant numbers are symptoms of the increasing un-affordability of housing in the region at all income levels. The solutions to homelessness are permanent, quality affordable housing and permanent supportive housing.

According to the Department of Behavioral Health and Developmental Services (DBHDS), their 2016 analysis of Permanent Supportive Housing (PSH) need indicated an estimated 111 adults with serious mental illness in the NWCSB's catchment area who needed PSH. Currently, there are only 47 PSH units for the entire region, which is insufficient to meet the need. In addition, PSH is needed for veterans, which is the VASH voucher program. Neither of the two Housing Choice Voucher administrators in the region have VASH vouchers. Veterans from the Northern Shenandoah Valley must apply for them from the Martinsburg VA.

Strategies to Reduce Homelessness and Housing Instability

Use Community Development Block Grant (CDBG) funds to support local housing nonprofits and housing initiatives. A portion of the state's CDBG funds are competitively awarded to localities for use in affordable housing projects via the Department of Housing and Community Development (DHCD). The state supports a wide array of housing strategies through these funds, including homelessness reduction efforts.

If additional PSH funds are available through the DBHDS, the NWCSB should apply for them. The NWCSB is interested in providing additional PSH but does not have the resources on their own. In addition to resources from the DBHDD, the NWCSB would be amenable to partnering with a nonprofit developer to create new PSH units in their service area.

Prioritize homeless persons with serious mental illness and/or co-occurring substance use disorders for Vouchers. The two HCV programs covering the region should prioritize these populations because they are the most vulnerable population. The programs should work with the Virginia Department of Veterans Services to apply for VASH vouchers for the region.

Address the use of motels used as de facto affordable and transitional housing. The region, Winchester and Frederick County in particular, currently relies on a private-market network of decrepit extended-stay motels used as transitional affordable housing. This housing is expensive (between $250 and $350 per week) and substandard, lacking basic amenities and safe conditions. Jurisdictions should work with motel owners and the non-profit community to develop alternatives to this housing for the very low income and those on the verge of homelessness.

There have been successful examples of converting such housing into quality affordable housing. One such example is The Studios at South Richmond developed by Virginia Supportive Housing (VSH). In this instance, a dilapidated motel was converted to 39 PSH units in 1997 with an additional 21 PSH units added in 2011.[3] The Studios offer a rich array of supportive services for residents with project-based rental subsidies attached to each unit. VSH has a 96 percent success rate in keeping formerly homeless persons stably housed.

JURISDICTIONAL STRATEGIES

1. CITY OF WINCHESTER

Overview

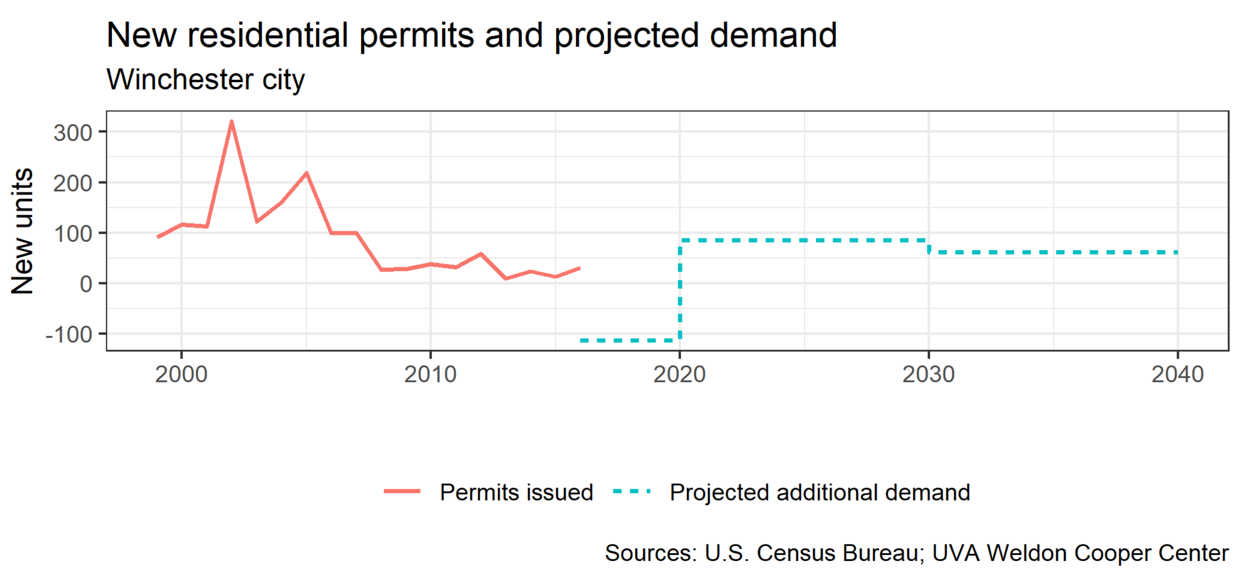
Winchester is the "Urban" typology as the only city in the regional study area. It has a historic downtown and is relatively built out, and there are few existing undeveloped tracts of land for housing within the City limits.[4] Winchester has a vibrant economy with major industry in the form of Valley Health Winchester Medical Center (455 licensed beds and 2,358 full-time employees)[5], Shenandoah University (approximately 4,000 students)[6], as well as nearby Lord Fairfax Community College in Middletown.

The population of Winchester is growing (5 percent growth between 2010 and 2016). Within the Northern Shenandoah region, only the County of Frederick has experienced faster growth. By 2040, the Winchester population is expected to grow by 20 percent.

Current Housing Production Will Not Meet Demand

Although Winchester permitted 30 percent of the region's multifamily units between 1999 and 2016, 77 percent of those were permitted before 2007. Over the past five years, Winchester has only permitted an average of 27 housing units per year of any type. This is the lowest permitting district in the region by a significant degree. Over the 2020-2030 decade, the City will add about 80 new households per year, so the current trend in permits is insufficient to meet demand (Figure 68).

FIGURE 68



3 Virginia Supportive Housing. (2018) ***Studios at South Richmond.*** Retrieved June 05, 2018 from http://www.virginiasupportivehousing.org/
4 Youmans, T. (City of Winchester Planning Director), personal communication, December 06, 2017.
5 Virginia Health Information. (2018). Valley Health Winchester Medical Center: General Information. Retrieved June 05, 2018 from http://www.vhi.org/Valley+Health+Winchester+Medical+Center.html?=h1934.
6 Shenandoah University. (2018). About Us. Retrieved June 05, 2018 from https://www.su.edu/about-us.

Housing Needs

Winchester's median sales price in 2016 ($217,400) is close to the regional average ($215,000) making the City middle-of-the-road in terms of for-sale housing affordability. As prices continue to rise and population growth is concentrated in lower income households, a growing portion of the population will be priced out of the market. Winchester's household composition is unique with the region. Around 43 percent of Winchester's households are comprised of non-family households (individuals living alone or unrelated individuals living together), whose housing needs extend beyond traditional detached single-family homes.

When broken down by income, it is expected that by 2030 all income groups will increase in Winchester - except for the highest incomes. Households earning 80 percent AMI and below represent the majority of the population growth expected for Winchester, and the lowest income group (below 30 percent AMI) will grow by the greatest percentage.

In 2018, the area median income in the Winchester, VA-WV MSA is $71,800. Therefore, 80 percent of area median income is $57,440. To put this in context, an average elementary school teacher salary in Winchester is $48,180 (67 percent of AMI), an average nurse salary is $38,930 (54 percent of AMI), and an average police officer salary is $48,770 (67 percent of AMI).

Between 2010 and 2015, Winchester saw a significant increase in renter versus owner households. Over that time the number of owner households fell by 415, while the number of renter households increased by 802. Given Winchester's existing and projected future population, there is a gap in available housing for those at or below 120 percent of AMI. For renters, there is insufficient housing available, especially for low-income households.

The region' most significant demographic shift in the next 20 years is the rapid rise in the average age of the population. When broken down by age, Winchester households in the 75 to 84 age group are projected to grow far faster than any other age group, increase by more than 80 percent by 2030 and above 100 percent by 2040. Unlike many of the surrounding areas however, Winchester will also experience growth in the 25 to 34 year old house range which will grow by more than 20 percent by 2040.

Winchester also has the largest number of adults and students known to be experiencing homelessness in the region. This is likely due to the City's high poverty rate and deficit of homes available to extremely low-income households, in addition to limited capacity of existing service providers.

Housing Implications

Based on the data, the following can be surmised as the needs for housing in the City of Winchester:

- The need for new homeownership as well as rental units continues to rise. This may be satisfied through rehabilitation or new construction.
- For Winchester in particular, the rental need is much more acute.
- Housing demand in Winchester is driven by renters, seniors and households earning less than 120 percent of area median income.
- Much of this housing demand will come from an aging population. Housing quality and quantity for rural seniors will require urgent attention.
- Without policy-adjustments, the housing market will continue to severely underserve middle and working-class households at lower income levels. As housing costs continue to increase but incomes do not keep pace, a growing share of working-age households will find themselves cost and severely cost burdened in housing.
- The number of residents experiencing homelessness will continue to rise without serious intervention. Additional funding and services will be needed to reduce homelessness in the Winchester area.

Recommendations for Winchester

Consider a voluntary inclusionary zoning ordinance to create a variety of housing types and price points. Several counties and cities in Virginia have chosen to implement inclusionary zoning policies (of which there are a variety) in order to increase the range of housing types and price points newly constructed in their communities. Inclusionary zoning policies use either mandatory or voluntary zoning requirements to create below-market housing units in new construction rental or ownership projects. Due to Virginia state law, Winchester is not currently eligible to implement mandatory inclusionary zoning, but instead can create conditional inclusionary zoning programs only applicable when a developer seeks a variance or special exemption for development. In 2017, Housing Virginia completed a comprehensive report[7] describing inclusionary zoning policies including detailed examples of its implementation and processes by which new jurisdictions can consider its use.

Reposition Community Development Block Grant (CDBG) funds to support local housing nonprofits and housing initiatives. CDBG funding allocated by DHCD is an important source of money for affordable housing rehabilitation and production, along with critical home repairs for lower-income households. Currently the City of Winchester is not using any of its CDBG funds on housing. Prior to 2012, Winchester allocated less than 10 percent of its CDBG resources to housing uses.

To address the severe shortage in affordable homeownership, encourage higher density and smaller footprint homeownership developments. Through zoning modifications and other incentives, the City of Winchester should encourage the development of homeownership options that are more affordable. The current for-sale housing market is driven by many external factors that are difficult for the City to influence, creating very high prices and a housing shortage for many buyers. These factors include the increase in materials costs, the shortage of skilled labor and the high cost of land, to name a few. Local jurisdictions can influence these conditions by encourage smaller housing units built for homeownership through the encouragement of higher density zoning and more flexible zoning.

Expand housing rehabilitation efforts, particularly targeted to senior homeowners. To address the quality of existing housing stock as well as the needs of the area's growing senior population, rehabilitation strategies are an important tool. 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. When targeting senior homeowners, such repair efforts can also include enhancements to the safety and accessibility of the home.

Expand utilization of USDA-RD 504 Rehabilitation Program. USDA-RD 504 is one way to address Winchester's housing rehab and senior housing needs. The 504 Program provides low interest (1 percent for 20 years) loans to very low-income homeowners to repair, improve, or modernize their homes; or grants to elderly very low-income homeowners to remove health and safety hazards. 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. The maximum loan amount is $20,000 and the maximum grant is $7,500. Loans and grants can be combined for up to $27,500 in assistance. While grant funding is limited through this program on a statewide level, the loan funds are virtually unlimited. Winchester should work with its network of housing providers to encourage the expansion and implementation of this program within city limits.

Encourage mixed use development of historic areas to include rental housing. Winchester's historic district has seen a resurgence in growth and appeal. A broad range of residents benefit from this mixed-use, amenity-rich environment. Many residents appreciate recreating in its social atmosphere, seniors want to be close to essential services (grocery, pharmacy, doctors, etc.) and public transportation and service-sector workers rely on public transportation to and from their jobs here. Winchester should accelerate efforts to create market-rate and mixed-income rental housing in the downtown area. Housing development should be a key component of the downtown and economic revitalization strategy. Utilize Historic Tax Credits where possible can increase affordability.

7 Housing Virginia. (2017) ***Welcome to the Neighborhood: A Practitioner's Guide to Inclusionary Housing***. Retrieved June 05, 2018 from http://www.housingvirginia.org/wp-content/uploads/2017/09/HV_Inclusionary_FINAL-09.01.2017.pdf

BEST PRACTICES

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.

If additional PSH funds are available through the DBHDS, the NWCSB should apply for them. The NWCSB is interested in providing additional PSH but does not have the resources on their own. In addition to resources from the DBHDD, the NWCSB would be amenable to partnering with a nonprofit developer to create new PSH units in their service area. Additional PSH units in Winchester will help reduce and ameliorate homelessness in the City.

Prioritize homeless persons with serious mental illness and/or co-occurring substance use disorders for Housing Choice Vouchers. The two HCV programs covering the region should prioritize these populations because they are the most vulnerable population. The programs should work with the Virginia Department of Veterans Services to apply for VASH vouchers for the region.

Address the use of motels used as de facto affordable and transitional housing. The region, Winchester and Frederick County in particular, currently relies on a private-market network of decrepit extended-stay motels used as transitional affordable housing. This housing is expensive (between $250 and $350 per week) and substandard, lacking basic amenities and safe conditions. Jurisdictions should work with motel owners and the nonprofit community to develop alternatives to this housing for the very low income and those on the verge of homelessness.

Use strategic code enforcement as a housing tool to increase the quality of existing affordable housing. It is likely the City of Winchester's Code Enforcement department has acute awareness of the most physically distressed housing stock and vacant and blighted property within the City. It is also likely that this distressed housing serves as much of the City's affordable housing stock while many vacant and abandoned properties could be put into productive uses. Code enforcement can be a potent tool to improve affordable housing, when performed strategically and in conjunction with a broader housing plan. Code enforcement is first and foremost a tool to identify hazardous housing conditions and to hold the owner responsible. Code enforcement should provide incentives and disincentives for maintaining property and should structure these so that they rely on and support the other existing housing preservation tools such as CDBG funding priorities and private nonprofit housing efforts.

Encourage the development of additional LIHTC projects to foster workforce housing for a wide variety of households. LIHTC projects are the most plentiful and successful means for developing new affordable rental housing. Recently, the federal regulations governing this program were adjusted to make the income limitations more flexible. Previously, all tenants must have earned no more than 60 percent AMI; now, that cap is 80 percent AMI. In Winchester, 80 percent AMI for a family of four in 2018 is $56,900, and $45,550 for a family of two.[8] Maximum rents at 80 percent AMI for a two-bedroom apartment would be $1,281.

8 Virginia Housing Development Authority. (2018). ***Maximum LIHTC Gross Rents***. Retrieved June 05, 2018, from https://www.vhda.com/BusinessPart-

2. FREDERICK COUNTY

Overview

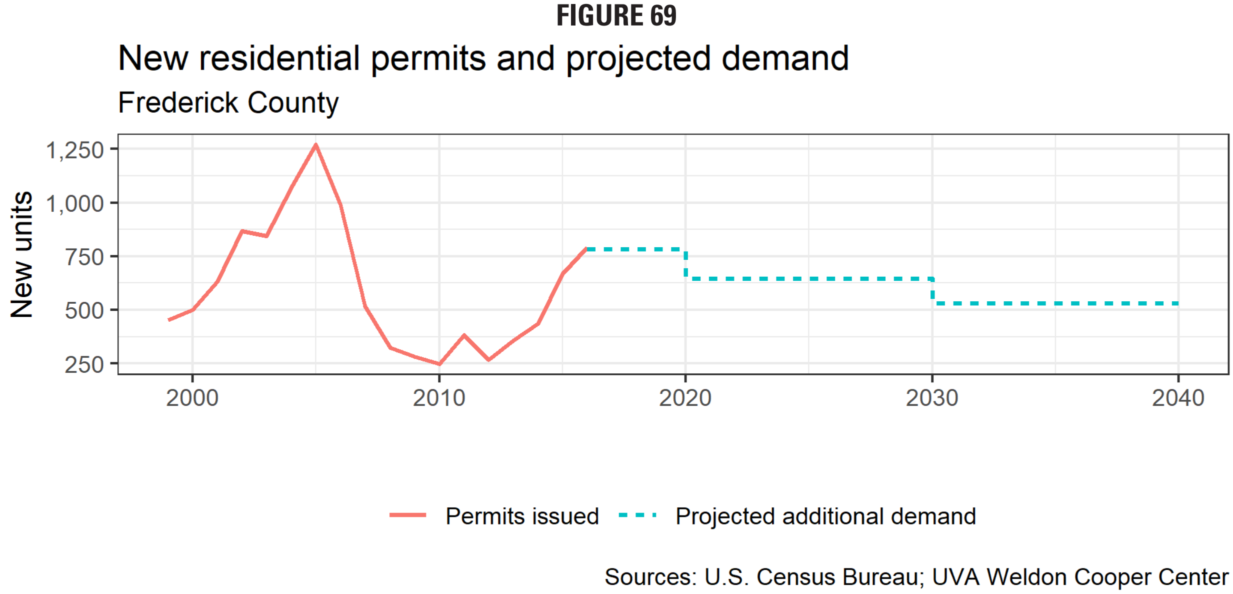
Frederick County (the "Suburban" typology) is the fastest growing part of the region by a significant degree. The population of Frederick grew 43 percent between 2000 and 2016. Of the 1,002 households added to the region's population between 2010 and 2015, 897 of these were in Frederick. Projecting population growth into the future, Frederick County is expected to increase 36 percent by 2040.

Frederick County has the lowest rate of poverty of the region (6.5 percent) and one of the largest shares of households earning more than $100,000. The homeownership rate in Frederick is extremely high – 78 percent. Even so, the County has the highest number of renter-occupied households due to its larger size compared to the region. Of the 897 new households gained in Frederick between 2010 and 2015, 515 were owner households and 382 were renters. Family households make up the vast majority of Frederick County households – 75 percent of all households.

Current Housing Production May Not Meet Demand

Over the past five years, the County has permitted an average of 504 housing units per year. Over this period, permits have increased steadily at significant rates ranging from 18 percent to 53 percent year-over-year. Over the 2020-2030 decade, the County will add about 600 new households per year, so production levels may theoretically meet demand if they continue at the current pace (Figure 69). However, the new houses coming online are nearly all single-family homes: only 5 percent of all units permitted since 2012 were multifamily. Since Frederick's median home price ($240,000, the second highest in the region) has escalated over 41 percent since 2010, many residents below 120 percent AMI are steadily becoming priced out of the market.

FIGURE 69



Housing Needs

Frederick County leads the region in number of building permits issued, although new permits have not rebounded to pre-2008 recession levels. Frederick is one of the only areas in the region to see an increase in multifamily permits. Frederick County accounted for 33 percent of multifamily permits issued between 1999 and 2016. However, it still remains the case that multifamily housing is significantly underdeveloped in this area.

Projected growth patterns suggest very strong growth of households at incomes at or below 80 percent AMI, followed by strong growth for those between 81 percent and 120 percent AMI, and moderate growth for those

ners/PropertyOwnersManagers/Income-Rent-Limits/Pages/Maximum-LIHTC-Gross-Rents.aspx above 120 percent AMI. By 2040, Frederick County will see an increase in 6,000 households at 120 percent AMI or below and 5,000 households above 120 percent AMI.

Frederick will see substantial growth to its population from two age segments – households age 75 to 84 and households age 85 and over. Households age 75-84 are projected to increase by 150 percent by 2040, and those 85 and older by 250 percent in that time period. While households at all other age ranges are also expected to increase over this period of time, this aging population is the vast majority of population increase.

Frederick also has 2,060 manufactured homes, 86 percent of which are located in manufactured home communities. Manufactured housing built in the 1960s and 1970s comprises 20 percent of the region's manufactured stock and is of particular concern. These units are likely some of the poorest quality housing in the county, having been constructed before HUD required certain building standards for factory-built homes.

Housing Implications

Based on the data, the following can be surmised as the needs for housing in Frederick County:

- In order to keep pace with housing demand, housing production will need to increase. Production will need to be inclusive of current and expected income levels for all households.
    - ◊ New single-family development should include a variety of sizes and prices.
    - ◊ Lower and medium density multifamily may help satisfy increasing rental demand.
- Much of this housing demand will come from an aging population. Housing quality and quantity for rural seniors will require urgent attention. Seniors may also seek downsizing, inadvertently competing with millennials for similar housing.
- Without policy-adjustments, the housing market will continue to severely underserve middle and working-class households at lower income levels. As housing costs continue to increase but incomes do not keep pace, a growing share of working-age households will find themselves cost and severely cost burdened in housing.

Recommendations for Frederick County

Consider a voluntary inclusionary zoning ordinance to create a variety of housing types and price points. Several counties and cities in Virginia have chosen to implement inclusionary zoning policies (of which there are a variety) in order to increase the range of housing types and price points newly constructed in their communities. Inclusionary zoning policies use either mandatory or voluntary zoning requirements to create below-market housing units in new construction rental or ownership projects. Due to Virginia state law, Frederick County is not currently eligible to implement mandatory inclusionary zoning, but instead can create conditional inclusionary zoning programs only applicable when a developer seeks a variance or special exemption for development. Because the number of new affordable units produced in this program is dependent on demand for new construction, the hot market in Frederick County is makes this option particularly attractive. In 2017, Housing Virginia completed a comprehensive report[9] describing inclusionary zoning policies including detailed examples of its implementation and processes by which new jurisdictions can consider its use.

Use Community Development Block Grant (CDBG) and HOME funds to support local housing non-profits and housing initiatives. The State's CDBG and HOME funds are competitively awarded to localities for use in affordable housing projects. The State supports a wide array of housing strategies through these funds from homeownership to rental.

To address the severe shortage in affordable homeownership, encourage higher density and smaller footprint homeownership developments. Through zoning modifications and other incentives, Frederick County should encourage the development of homeownership options that are more affordable. The current for-sale housing market is driven by many external factors that are difficult for the County to influence,

9 Housing Virginia. (2017) ***Welcome to the Neighborhood: A Practitioner's Guide to Inclusionary Housing***. Retrieved June 05, 2018 from http://www.housingvirginia.org/wp-content/uploads/2017/09/HV_Inclusionary_FINAL-09.01.2017.pdf

creating very high prices and a housing shortage for many buyers. These factors include the increase in materials costs, the shortage of skilled labor and the high cost of land, to name a few. Local jurisdictions can influence these conditions by encourage smaller housing units built for homeownership through the encouragement of higher density zoning and more flexible zoning. Frederick County should continue to promote its existing Transfer of Development Rights (TDR) program to preserve open space and encourage increased density in designated growth areas.

Expand housing rehabilitation efforts, particularly targeted to senior homeowners. To address the quality of existing housing stock as well as the needs of the area's growing senior population, rehabilitation strategies are an important tool. 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. When targeting senior homeowners, such repair efforts can also include enhancements to the safety and accessibility of the home.

Expand utilization of USDA-RD 504 Rehabilitation Program. USDA-RD 504 is one way to address Frederick's housing rehab and senior housing needs. The 504 Program provides low interest (1 percent for 20 years) loans to very low-income homeowners to repair, improve, or modernize their homes; or grants to elderly very low-income homeowners to remove health and safety hazards. 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. The maximum loan amount is $20,000 and the maximum grant is $7,500. Loans and grants can be combined for up to $27,500 in assistance. While grant funding is limited through this program on a statewide level, the loan funds are virtually unlimited. Frederick should work with its network of housing providers to encourage the expansion and implementation of this program within city limits.

If additional PSH funds are available through the DBHDS, the NWCSB should apply for them. The NWCSB is interested in providing additional PSH but does not have the resources on their own. In addition to resources from the DBHDD, the NWCSB would be amenable to partnering with a nonprofit developer to create new PSH units in their service area. Additional PSH units in Frederick will help reduce and ameliorate homelessness in the Winchester/Frederick area.

Educate and encourage landlords to accept Housing Choice Voucher recipients. Frederick County has no HCV program of its own and has the lowest percentage of renters with HCVs in the region (0.8 percent; only 51 total). Encouraging existing property owners and managers to accept more HCV households will help modest income families live in the county.

Address the use of motels used as de facto affordable and transitional housing. The region, Winchester and Frederick County in particular, currently relies on a private-market network of decrepit extended-stay motels used as transitional affordable housing. This housing is expensive (between $250 and $350 per week) and substandard, lacking basic amenities and safe conditions. Jurisdictions should work with motel owners and the nonprofit community to develop alternatives to this housing for the very low income and those on the verge of homelessness.

Encourage the development of additional LIHTC projects to foster workforce housing for a wide variety of households. LIHTC projects are the most plentiful and successful means for developing new affordable rental housing. Recently, the federal regulations governing this program were adjusted to make the income limitations more flexible. Previously, all tenants must have earned no more than 60 percent AMI; now, that cap is 80 percent AMI. In Frederick, 80 percent AMI for a family of four in 2018 is $56,900, and $45,550 for a family of two. Maximum rents at 80 percent AMI for a two-bedroom apartment would be $1,281. [Virginia Housing Development Authority. (2018). Maximum LIHTC Gross Rents. Retrieved June 05, 2018, from https://www.vhda.com/BusinessPartners/PropertyOwnersManagers/Income-Rent-Limits/Pages/Maximum-LIHTC-Gross-Rents.aspx]

BEST PRACTICES

Training House

Affordable Homes of South Texas

Service Area: City of McAllen, TX

Issue addressed: Housing quality

Website: 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.

Images courtesy of Affordable Homes of South Texas

Foster higher-density rental housing developments that can cater to young workers at incomes below 120 percent AMI. The county should promote multifamily zoning adjacent to, or very near to, existing and projected job centers where young workers are concentrated. These areas should be prioritized as "receiving areas" in the Transfer of Development Rights program.

Promote VHDA Mixed-Use Mixed-Income projects. VHDA's MUMI low-interest loan program is a great opportunity to create projects that include a mix of residential and commercial to cater to a wide variety of income levels. The MUMI program provides significant flexibility to choose from income mixes for the units including:

- Workforce 80/20 Model: 20 percent of the units restricted to 80 percent AMI or below and 80 percent of the units unrestricted.
- Workforce 40/50 Model: 40 percent of the units restricted to 100 percent AMI and 60 percent unrestricted/
- Workforce 100 Model:100 percent of the units restricted to 150 percent AMI or below.

Consider commercial linkage fees to increase funding for rental projects. This form of impact fee is assessed on new commercial developments or major employers based on the need for workforce housing generated by new and expanding businesses. Revenues are used to help fund affordable housing opportunities within commuting distance to the employment center. Commercial linkage fees balance growth in non-residential development by stimulating affordable residential development for workers or supporting demand for services.

3. CLARKE COUNTY

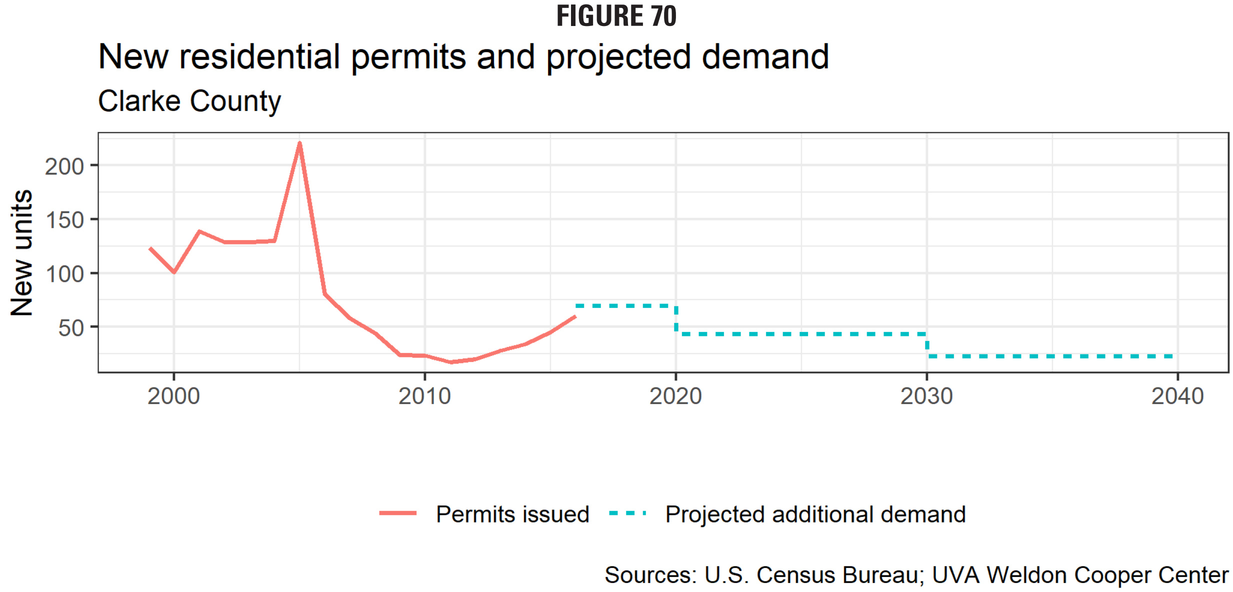
Overview

Clarke falls within the "Rural Under Pressure" market typology. Clarke is a rural county with a moderately sized town (Berryville) that is centrally located. Clarke is projected to grow slowly over the next 20 years, adding 409 households between 2020 and 2030 and then another 216 in the decade after that. This slow growth is completely dependent on continued land use controls that limit the opportunity for significant growth that would be the logical result of the development pressures building from the east.

Current Housing Production Levels Will Meet Artificially Suppressed Demand

Over the past five years, the county has only permitted an average of 34 housing units per year. In recent years, there has been an upward trend with 45 in 2015 and 60 in 2016. Over the 2020-2030 decade, the County will add about 40 new households per year so the current trend in permits will be sufficient to meet demand (Figure 70). As a result of its desirable location and imposed growth limits, Clarke currently has the highest median home price in the region at $345,000. The escalation in price from 2010 has been over 30 percent. This significant rate of increase is a reflection of strong demand and limited supply.

FIGURE 70



Housing Needs

As noted earlier, the median sales price in the County is $345,000 and the average days on the market is 48. This is an indication of a relatively tight market with demand strong enough to support the high median price. The price pressure is supported primarily by a limited supply. The challenge in the housing market over the next two decades is that the growth in incomes is not at the high end of the spectrum. In fact, it is the reverse.

The largest percentage growth will be in the lowest income category – less than 30 percent of AMI, which is $33,000 per year for a family of four. The next two highest income growth categories for Clarke will be in the 31-50 percent of AMI and the 51-80 percent of AMI. Well over half of all of the new household growth in the county over the next 20 years will be under 80 percent of AMI – roughly 400 households.

Without a doubt, the most significant demographic shift that will occur in Clarke County in the next 20 years is the rapid rise in the average age of the population. Households in the 75-84 age group will be the fastest growing component of the population, increasing by over 125 percent by 2040. Households over the age of 85 will increase by 75 percent.

Housing Implications

Based on the data, the following can be surmised as the needs for housing in Clarke County:

- Without an increase in new home production, the county will continue to become unaffordable to low and middle income households. Local workers will be forced to find housing in their budget elsewhere.
- An aging population in scattered, rural houses is a significant problem. Many seniors may want to downsize, but will have few options - forcing them to become "stuck in place."
- Preservation of existing older housing stock. Maintaining these homes via repairs and modifications will help prevent displacement and retain the homes for future buyers.

Recommendations for Clarke County

Seek out high-quality profit and nonprofit development partners to explore opportunities to produce at least 50 homes and apartments per year that can meet the needs of new residents. A wide range of resources exist that can support these efforts and are listed in the Housing Resource Toolkit. In the absence of producing housing to meet this demand, the County should expect an increase in "doubling up."

Expand housing rehabilitation efforts, particularly targeted to senior homeowners. To address the quality of existing housing stock as well as the needs of the area's growing senior population, rehabilitation strategies are an important tool. 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. When targeting senior homeowners, such repair efforts can also include enhancements to the safety and accessibility of the home. These programs help maintain older housing for existing residents (especially seniors) and ensure they are in good condition for another generation of buyers.

Leverage existing data to determine where substandard housing exists. Using applicable property data in GIS systems or other records where available, anecdotal reports from DSS and other local housing providers, develop a list of properties where physical condition is poor and rehabilitation or replacement are indicated. Work with existing nonprofit providers in the region to develop a strategy and seek resources to address these conditions.

Use Community Development Block Grant (CDBG) funds to support local housing nonprofits and housing initiatives. A portion of the state's CDBG funds are competitively awarded to localities for use in affordable housing projects via the Department of Housing and Community Development (DHCD). The state supports a wide array of housing strategies through these funds, including housing quality improvements for clusters of very poor quality homes.

Explore home replacement programs for houses that are in very poor quality. This is especially necessary in cases where seniors are living in homes that are seriously substandard and not amenable to rehab or repairs. High-quality manufactured housing can be a good solution for these situations.

Expand housing and social services to seniors who are aging in place. Promote existing in-home services including meals and health care. Volunteer programs such as "The Village" model that harness the power of volunteers reduce the cost of services, maintenance, repairs, and companionship.

Encourage new senior housing clusters. Not all seniors will choose to age in place. Many will prefer to sell their homes and downsize to a smaller home or an apartment that is closer to services – particularly one that is designed for senior living. This need could be met by traditional senior apartments or by small clustered "villages" which consist of small detached or semi-detached homes. These units can be stick built or manufactured. The clustering of homes allows for more efficient service delivery as well as the opportunity for better socialization that is more difficult when homes are isolated. Such communities in the Town of Berryville could offer options for seniors currently living in the rural areas of the county, as well as boomers looking to move out of Northern Virginia but stay in the region.

Consider the adoption of an accessory dwelling unit ordinance for Berryville. ADU programs allows a homeowner to add another small living unit to their home – either in the side or back yard, or within the footprint of the house, or as an addition to the house. Such a program can help seniors in several ways: it might allow a child or relative to provide a living unit for their parent at their home while still providing a level of privacy and independence, or it might also allow a senior to add a living unit that could be occupied by a caregiver who could provide them with extra income and occasional help with activities, such as shopping or routine maintenance.

4. SHENANDOAH COUNTY

Overview

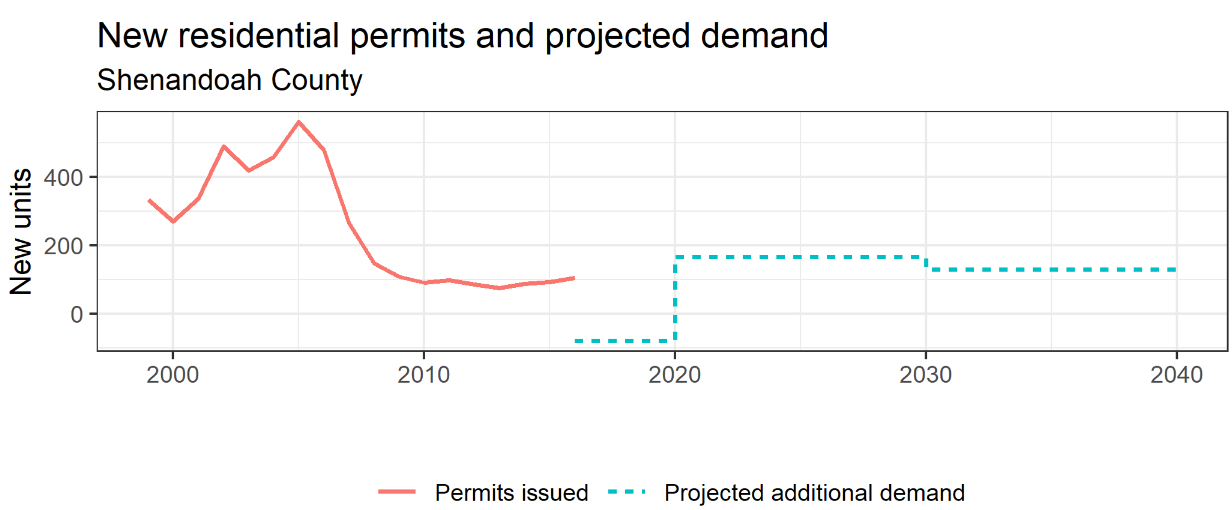
Shenandoah falls within the "Rural - Small Town Revitalizing" market typology. Shenandoah is a primarily rural county, but has a series of towns along the Interstate 81 corridor, including New Market, Mt. Jackson, Edinburg, Woodstock, and Strasburg that hold nearly half of the county's population. Shenandoah County has the largest land area of all jurisdictions in the region, such that while it has the second highest population in the region, that population is low density - with the exception of the towns.

Shenandoah County is projected to grow at a pace just below that of the region as a whole, but significantly slower than "suburban" Frederick County to the north. Shenandoah County will add 1,564 households between 2020 and 2030 and then another 1,212 from 2030 to 2040. It is anticipated that much of this growth will be within the towns, which would put their growth rate for the next 20 years much higher than the 16 percent overall growth rate for the county as a whole.

Current Housing Production Levels Will Not Meet Demand

Over the past five years, Shenandoah County has issued building permits for an average of 89 housing units per year. In recent years, there has been an upward trend with 92 in 2015 and 104 in 2016. Over the 2020-2030 decade, the county will add about 156 new households per year so the current trend in permits will not be sufficient to meet that demand (Figure 71). In 2016, Shenandoah had a median home sales price of $168,000, which was one of the lowest in the region. However, it has escalated over 16 percent from 2010. While homes are still relatively affordable in the county, there is a significant lower-income component of the population for which this price is out of reach.

FIGURE 71



Sources: U.S. Census Bureau; UVA Weldon Cooper Center

MARKET STRATEGIES

BEST PRACTICES

The Village Model

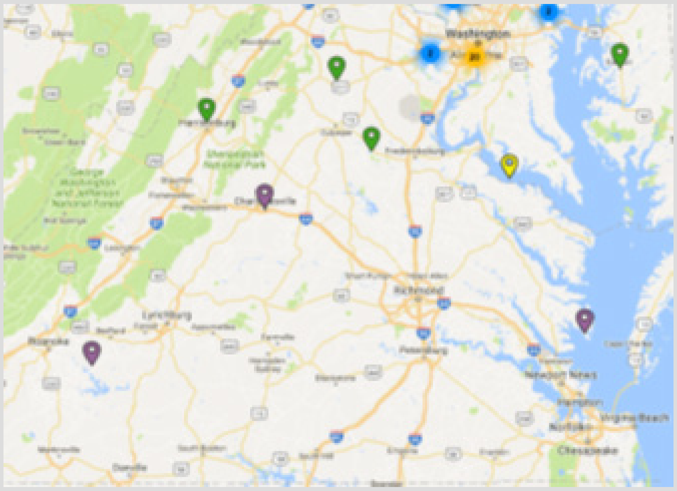
Village to Village Network

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 in operation (green) or in development (purple)

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

MARKET STRATEGIES

Housing Needs

As noted earlier, the median home sales price in the County is $181,000 and the average days on the market in 2016 was 60, indicating that the market is still in recovery from the recession. The number of distressed property sales was also above average for the region. The challenge in the County's housing market over the next two decades is that the household growth in terms of income is not at the high end of the spectrum. In fact, it is the reverse.

The largest percentage growth will be in the lowest income categories. Household growth for families with incomes below 50 percent of AMI will about 15 percent in the next decade and over 20 percent during the 2030-2040 decade. A family of four earning 50 percent of AMI in Shenandoah County earns about $29,000 per year. Nearly three-quarters (more than 1,500 households) of all household growth in the County in the next 20 years will be below 80 percent of AMI, far outpacing the growth of middle and upper income households.

Without a doubt, the most significant demographic shift that will occur in Shenandoah County in the next 20 years is the rapid rise in the average age of the population. Households in the 75-84 age group will be the fastest growing component of the population, increasing by over 60 percent during each of the next two decades. During the 2030-2040 decade, the 85 and over population will jump by nearly 75 percent.

Housing Implications

Based on the data, the following can be surmised as the needs for housing in Shenandoah County:

- New housing production will need to target low and moderate income buyers and renters. Future growth in the county will not be driven by high-earners. Therefore, new homes (both for sale and for rent) should be accessible to modest wage workers.
- An aging population in scattered, rural houses is a significant problem. Many seniors may want to downsize, but will have few options - forcing them to become "stuck in place."
- Preservation of existing older housing stock. Maintaining these homes via repairs and modifications will help prevent displacement and retain the homes for future buyers.
- Preservation of both rural and small town character. Smarter growth and zoning policies can help keep housing naturally affordable without creating sprawl.

Recommendations for Shenandoah County

Seek out high-quality profit and nonprofit development partners to explore opportunities to produce at least 50 homes and apartments per year that can meet the needs of new residents. There should be some effort to produce homes in the starter home range of $150,000 - $200,000. Households in the 50-80 percent AMI range may be able to qualify for homeownership with a combination of low home price and affordable financing. For example the USDA 502 Direct financing provides a mortgage rate down to 1 percent. Some of these could be available to households in the 60-80 percent AMI range. A wide range of resources exist that can support these efforts and are listed in the Housing Resource Toolkit. In the absence of producing housing to meet this demand, the county should expect an increase in "doubling up."

Expand housing rehabilitation efforts, particularly targeted to senior homeowners. To address the quality of existing housing stock as well as the needs of the area's growing senior population, rehabilitation strategies are an important tool. 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. When targeting senior homeowners, such repair efforts can also include enhancements to the safety and accessibility of the home. These programs help maintain older housing for existing residents (especially seniors) and ensure they are in good condition for another generation of buyers.

BEST PRACTICES

Support and Services at Home

Cathedral Square

Service Area: VT

Issue Addressed: Seniors

Website: 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.

Image courtesy of Cathedral Square SASH Team

Leverage existing data to determine where substandard housing exists. Using applicable property data in GIS systems or other records where available, anecdotal reports from DSS and other local housing providers, develop a list of properties where physical condition is poor and rehabilitation or replacement are indicated. Work with existing nonprofit providers in the region to develop a strategy and seek resources to address these conditions.

Use Community Development Block Grant (CDBG) funds to support local housing nonprofits and housing initiatives. A portion of the state's CDBG funds are competitively awarded to localities for use in affordable housing projects via the Department of Housing and Community Development (DHCD). The state supports a wide array of housing strategies through these funds, including housing quality improvements for clusters of very poor quality homes.

Explore home replacement programs for houses that are in very poor quality. This is especially necessary in cases where seniors are living in homes that are seriously substandard and not amenable to rehab or repairs. High-quality manufactured housing can be a good solution for these situations.

Expand housing and social services to seniors who are aging in place. Promote existing in-home services including meals and health care. Volunteer programs such as "The Village" model that harness the power of volunteers reduce the cost of services, maintenance, repairs, and companionship.

Consider the adoption of an accessory dwelling unit ordinance for towns. ADU programs allows a homeowner to add another small living unit to their home – either in the side or back yard, or within the footprint of the house, or as an addition to the house. Such a program can help seniors in several ways: it might allow a child or relative to provide a living unit for their parent at their home while still providing a level of privacy and independence, or it might also allow a senior to add a living unit that could be occupied by a caregiver who could provide them with extra income and occasional help with activities, such as shopping or routine maintenance.

Promote VHDA Mixed-Use Mixed-Income projects. VHDA's MUMI low-interest loan program is a great opportunity to create projects that include a mix of residential and commercial to cater to a wide variety of income levels. The MUMI program provides significant flexibility to choose from income mixes for the units including:

- Workforce 80/20 Model: 20 percent of the units restricted to 80 percent AMI or below and 80 percent of the units unrestricted.
- Workforce 40/50 Model: 40 percent of the units restricted to 100 percent AMI and 60 percent unrestricted/
- Workforce 100 Model:100 percent of the units restricted to 150 percent AMI or below.

Investigate and determine specific needs of manufactured homes and manufactured home communities across the county. Shenandoah County is home to seven of the 28 manufactured home communities in the region, in addition to a significant number of manufactured homes located individually on private property. A statewide coalition (MHCCV) has recently formed to focus on the challenge of older, poor quality manufactured homes and the identification of resources and strategies to address the problem. We recommend coordination with this group (see Housing Resource Toolkit).

5. PAGE COUNTY

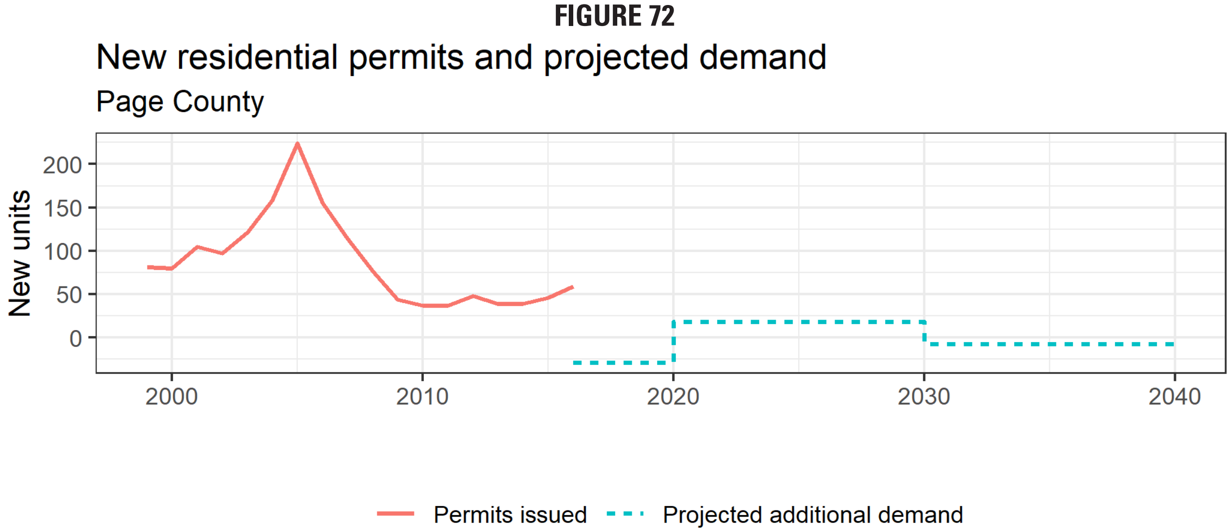
Overview

Page County falls within the "Rural" market typology. Page is a primarily rural county but with one mid sized town (Luray) and several smaller towns, Shenandoah and Stanley. The county is bounded on the east by the Blue Ridge Mountains and on the west by the George Washington National Forest. Page is projected to experience no growth over the next two decades, but it is also not projected to lose population. The population in 2040 is projected to be nearly identical to the 2020 population.

Current Production Housing Levels Will Meet Demand

Through new household formation, the County is projected to add about 16 households per year in the next decade and then lose about half of those in the following decade. Over the past five years, Page County has only permitted an average of 45 housing units per year (Figure 72). The current trend in permits will be sufficient to meet demand from new households. The county currently has a median home sales price of $139,500 – the lowest in the region. The escalation in price from 2010-2016 has been 14 percent, also the lowest in the region. The average days on market is 92 - the highest in the region, and pointing to a slow market.

FIGURE 72



Sources: U.S. Census Bureau; UVA Weldon Cooper Center

Housing Needs

As noted earlier, the median sales price in the County is $139,500. Housing prices for homeowner sales have been increasing at the rate of just over 2 percent per year, a rate that slightly exceeds increases in income. Page is not facing the need to expand housing production significantly.

Without a doubt, the most significant demographic shift that will occur in Page County in the next 20 years is the rapid rise in the average age of the population. In fact, Page County is showing the most dramatic shift of this sort in the region, with decreases to every age category below 65 and substantial increases in every category above 65. Households over the age of 85 will increase by 75 percent.

Housing Implications

Based on the data, the following can be surmised as the needs for housing in Page County:

- An aging population in scattered, rural houses is a significant problem. Many seniors may want to downsize, but will have few options - forcing them to become "stuck in place."
- Preservation of existing older housing stock. Maintaining these homes via repairs and modifications will help prevent displacement and retain the homes for future buyers.
- Meet demand for replacement housing. As older, poor quality homes become unoccupied, new units will be needed to maintain the population.

Recommendations for Page County

Expand housing rehabilitation efforts, particularly targeted to senior homeowners. To address the quality of existing housing stock as well as the needs of the area's growing senior population, rehabilitation strategies are an important tool. 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. When targeting senior homeowners, such repair efforts can also include enhancements to the safety and accessibility of the home. These programs help maintain older housing for existing residents (especially seniors) and ensure they are in good condition for another generation of buyers.

Leverage existing data to determine where substandard housing exists. Using applicable property data in GIS systems or other records where available, anecdotal reports from DSS and other local housing providers, develop a list of properties where physical condition is poor and rehabilitation or replacement are indicated. Work with existing nonprofit providers in the region to develop a strategy and seek resources to address these conditions.

Use Community Development Block Grant (CDBG) funds to support local housing nonprofits and housing initiatives. A portion of the state's CDBG funds are competitively awarded to localities for use in affordable housing projects via the Department of Housing and Community Development (DHCD). The state supports a wide array of housing strategies through these funds, including housing quality improvements for clusters of very poor quality homes.

Explore home replacement programs for houses that are in very poor quality. This is especially necessary in cases where seniors are living in homes that are seriously substandard and not amenable to rehab or repairs. High-quality manufactured housing can be a good solution for these situations.

Expand housing and social services to seniors who are aging in place. Promote existing in-home services including meals and health care. Volunteer programs such as "The Village" model that harness the power of volunteers reduce the cost of services, maintenance, repairs, and companionship.

BEST PRACTICES

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 polices 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.

Encourage new senior housing clusters. Not all seniors will choose to age in place. Many will prefer to sell their homes and downsize to a smaller home or an apartment that is closer to services – particularly one that is designed for senior living. This need could be met by traditional senior apartments or by small clustered "villages" which consist of small detached or semi-detached homes. These units can be stick built or manufactured. The clustering of homes allows for more efficient service delivery as well as the opportunity for better socialization that is more difficult when homes are isolated. Such communities in the county's towns could offer options for seniors currently living in the rural areas of the county, as well as boomers looking to move out of Northern Virginia or Harrisonburg but stay in the region.

Consider the adoption of an accessory dwelling unit ordinance for towns. ADU programs allows a homeowner to add another small living unit to their home – either in the side or back yard, or within the footprint of the house, or as an addition to the house. Such a program can help seniors in several ways: it might allow a child or relative to provide a living unit for their parent at their home while still providing a level of privacy and independence, or it might also allow a senior to add a living unit that could be occupied by a caregiver who could provide them with extra income and occasional help with activities, such as shopping or routine maintenance.

Investigate and determine specific needs of manufactured homes and manufactured home communities across the county. Page County is home to eight of the 28 manufactured home communities in the region, in addition to 30 percent of all manufactured homes in the region. A statewide coalition (MHCCV) has recently formed to focus on the challenge of older, poor quality manufactured homes and the identification of resources and strategies to address the problem. We recommend coordination with this group (see Housing Resource Toolkit in the Appendix).

6. WARREN COUNTY

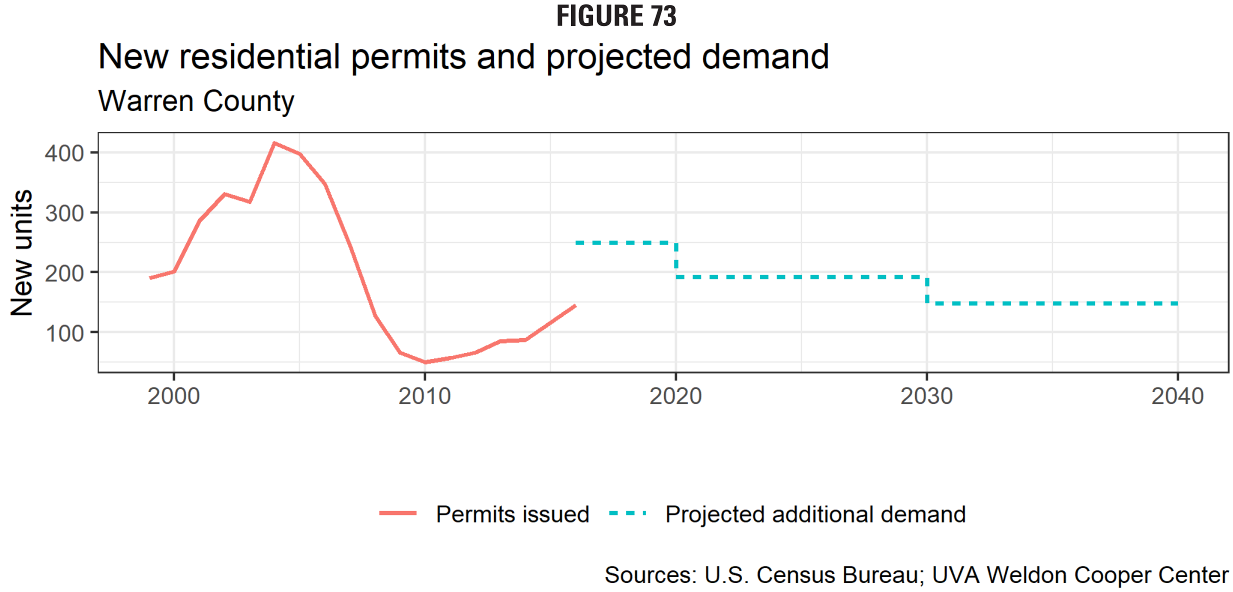
Overview

Warren County falls within the "Rural Under Pressure" market typology. Warren is a rural county with one large town (Front Royal) where nearly half of the county's population resides. Warren will be the second-fastest growing jurisdiction in the region over the next 20 years, trailing only Frederick County. The county will add over 1,800 households between 2020 and 2030 and then another 1,400 in the decade after that. This growth is largely driven from the east and the Washington Metropolitan Area. Warren County has been part of the Washington, DC MSA since 2010.

Current Production Housing Levels Will Not Meet Demand

Over the past five years, Warren County has issued building permits for an average of 100 housing units per year. In recent years, there has been a significant upward trend: 87 in 2014, 116 in 2015, and 145 in 2016. Over the 2020-2030 decade, the county will add about 180 new households per year, so the current trend in permits will not be sufficient to meet demand (Figure 73). Warren currently has a median home sales price $215,000. That number stood at $140,000 in 2010, so the escalation in price from 2010 has been over 43 percent. This is the highest in the region and reflects the pressure from the Northern Virginia market to the east. In Fauquier County, bordering Warren to the east, the median sales price is over $350,000.

FIGURE 73



Housing Needs

As noted earlier, the median sales price in Warren County is $215,000, and the average days on the market is 36. This is an indication of a relatively tight market with demand strong enough to support the high median price. The challenge in the housing market over the next two decades is that the growth in incomes is not at the high end of the spectrum. In fact, it is the reverse.

The largest percentage growth will be in the lowest income categories. The three income categories below 80 percent AMI will all grow at a rate in excess of 20 percent during the next decade and close to 40 percent during the 2030-2040 decade. The fastest growing category is 30-50 percent AMI during each of those decades. In Warren County, a family of four at 30 percent AMI earns $24,600 per year. At 50 percent AMI, the total is $36,950. Well over half of all of the new household growth in Warren County over the next 20 years will be under 80 percent of AMI – more than 1,760 households.

Without a doubt, the most significant demographic shift that will occur in Warren County in the next 20 years is the rapid rise in the average age of the population. While the county shows strong growth in the 15-24 age group in each of the next two decades, a reflection perhaps of Warren's popularity as a bedroom community with commuters to job centers in Loudoun and Fairfax, the largest increases in households will be in the 65 and over age groups with extremely fast growth in the 75 and over group in the 2030-2040 decade. By 2040, the 75 and over group will have doubled from what it is in 2016.

Housing Implications

Based on the data, the following can be surmised as the needs for housing in Warren County:

- New housing production will need to target low and moderate income buyers and renters. Future growth in the county will not be driven by high-earners. Therefore, new homes (both for sale and for rent) should be accessible to modest wage workers.
- Meet needs of younger households by providing diversity of housing options. Millennials and the next generation will likely find denser, less expensive housing near jobs and amenities more attractive.
- An aging population in scattered, rural houses is a significant problem. Many seniors may want to downsize, but will have few options - forcing them to become "stuck in place."
- Preservation of existing older housing stock. Maintaining these homes via repairs and modifications will help prevent displacement and retain the homes for future buyers.
- Preservation of both rural and small town character. Smarter growth and zoning policies can help keep housing naturally affordable without creating sprawl.

Recommendations for Warren County

Seek out high-quality profit and nonprofit development partners to explore opportunities to produce at least 100 homes and apartments per year that can meet the needs of new residents. There should be some effort to produce homes in the starter home range of $175,000 - $200,000 in addition to homes serving the higher income households. Some of these could be available to households in the 60-80 percent AMI range depending on price and the terms of the financing available. The county should explore the wide range of homeownership assistance programs and resources that are available through USDA-RD, VHDA and DHCD as well as the Federal Home Loan Bank and others. These resources can significantly enhance the opportunity for homeownership among households below 80 percent AMI.

Expand housing rehabilitation efforts, particularly targeted to senior homeowners. To address the quality of existing housing stock as well as the needs of the area's growing senior population, rehabilitation strategies are an important tool. 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. When targeting senior homeowners, such repair efforts can also include enhancements to the safety and accessibility of the home. These programs help maintain older housing for existing residents (especially seniors) and ensure they are in good condition for another generation of buyers.

Leverage existing data to determine where substandard housing exists. Using applicable property data in GIS systems or other records where available, anecdotal reports from DSS and other local housing providers, develop a list of properties where physical condition is poor and rehabilitation or replacement are indicated. Work with existing nonprofit providers in the region to develop a strategy and seek resources to address these conditions.

Use Community Development Block Grant (CDBG) funds to support local housing nonprofits and housing initiatives. A portion of the state's CDBG funds are competitively awarded to localities for use in affordable housing projects via the Department of Housing and Community Development (DHCD). The state supports a wide array of housing strategies through these funds, including housing quality improvements for clusters of very poor quality homes.

Explore home replacement programs for houses that are in very poor quality. This is especially necessary in cases where seniors are living in homes that are seriously substandard and not amenable to rehab or repairs. High-quality manufactured housing can be a good solution for these situations.

Expand housing and social services to seniors who are aging in place. Promote existing in-home services including meals and health care. Volunteer programs such as "The Village" model that harness the power of volunteers reduce the cost of services, maintenance, repairs, and companionship.

Consider the adoption of an accessory dwelling unit ordinance for Front Royal. ADU programs allows a homeowner to add another small living unit to their home – either in the side or back yard, or within the footprint of the house, or as an addition to the house. Such a program can help seniors in several ways: it might allow a child or relative to provide a living unit for their parent at their home while still providing a level of privacy and independence, or it might also allow a senior to add a living unit that could be occupied by a caregiver who could provide them with extra income and occasional help with activities, such as shopping or routine maintenance.

Promote VHDA Mixed-Use Mixed-Income projects. VHDA's MUMI low-interest loan program is a great opportunity to create projects that include a mix of residential and commercial to cater to a wide variety of income levels. The MUMI program provides significant flexibility to choose from income mixes for the units including:

- Workforce 80/20 Model: 20 percent of the units restricted to 80 percent AMI or below and 80 percent of the units unrestricted.
- Workforce 40/50 Model: 40 percent of the units restricted to 100 percent AMI and 60 percent unrestricted/
- Workforce 100 Model:100 percent of the units restricted to 150 percent AMI or below.

MARKET STRATEGIES

HOUSING RESOURCE TOOLKIT

WHERE TO FIND LOAN, GRANT AND SPECIAL ASSISTANCE TO HELP WITH HOUSING DEVELOPMENT, PRESERVATION AND IMPROVEMENT

VIRGINIA HOUSING DEVELOPMENT AUTHORITY - VHDA

WORKFORCE HOUSING LOAN PROGRAM - MIXED-USE/MIXED-INCOME

VHDA provides low-interest loans for mixed-use/mixed-income developments if the property is located in a designated Revitalization Area. This program requires that a percentage of units must be reserved for residents whose annual income does not exceed certain limits.

UNIVERSAL DESIGN AND FAIR HOUSING GUIDELINES

This resource is a set of design features that serve the needs of people with disabilities and an aging population. VHDA provides guidelines for design professionals that are applicable to the Low Income Housing Tax Credit program but that are useful for any type of housing.

LIHTC - THE LOW-INCOME HOUSING TAX CREDIT PROGRAM

The Low-Income Housing Tax Credit Program (LIHTC) is administered by VHDA, and encourages the development of affordable rental housing and an incentive for private investors to participate in the building of affordable housing for low-income families. The housing serves families with incomes below 80% of area median income.

CAPACITY BUILDING GRANT PROGRAM

This program is designed to help organizations create, preserve, or manage affordable housing, bring new housing services to underserved areas, improve implementation of community revitalization projects, establish local and regional collaboration, and support critical state housing. Grants are available to nonprofit housing organizations.

ACCESSIBILITY GRANTS

VHDA makes grants of up to $4,000 per unit to make accessibility improvements to rental housing occupied by a disabled person with an income of less than 80% of area median. Under its “Granting Freedom” program, VHDA will make $4,000 grants to veterans who are homeowners or renters and who have a service related disability.

VIRGINIA DESIGNATED HISTORIC DISTRICT

Once an area has gone through the process of designation by the Virginia Department of Historic Resources, eligible properties within the district will qualify for state and federal historic tax credits when undergoing qualified rehab work. The value of the credits can significantly assist with the cost of the project.

VHDA/USDA LOAN PROGRAM WITH EXISTING MANUFACTURED HOUSING UNIT FINANCING PILOT PROGRAM

This program provides a VHDA mortgage to a qualified purchaser of a manufactured home that meets certain requirements in terms of age and location. This long term financing is frequently much more affordable than the traditional financing available for this type of housing. This program is a good vehicle for replacing old, deteriorated homes.

USDA-RURAL DEVELOPMENT

SINGLE FAMILY HOUSING REPAIR LOANS & GRANTS (SECTION 504 HOME REPAIR PROGRAM)

This program provides low cost loans to low-income homeowners to repair, improve, or modernize their homes and grants to elderly and very low-income homeowners to remove health and safety hazards.

HUD - DEPARTMENT OF VETERANS AFFAIRS

HUD-VETERANS AFFAIRS SUPPORTIVE HOUSING PROGRAM VOUCHERS (VASH)

This program provides a rental-assistance voucher for homeless veterans and their families with case management and clinical services provided by the local Department of Veterans Affairs

VIRGINIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT - DHCD

LIVABLE HOMES TAX CREDIT (LHTC)

This program provides tax credits for the purchase of new units or the retrofitting of existing units that improve accessibility and universal visitability to residential units. The credits can be used by the homeowner or the contractor .

EMERGENCY HOME AND ACCESSIBILITY REPAIR PROGRAM (EHARP)

This program provides funds to remove urgent, emergency health and safety hazards, to local administrators to undertake repairs that improve housing conditions, and address accessibility barriers for low-income Virginians.

COMMUNITY DEVELOPMENT BLOCK GRANT (CBDG)

This program provides funding for many types of community improvement projects including housing rehabilitation for low-income families. The ultimate goal of the program is improve the community environment for moderate to low-income people. Funding must flow through the local government.

PLANNING GRANTS (CDBG)

Under the planning grant program, DHCD will support the initial feasibility studies and assessments needed to support a large scale project. One example is for Business District Revitalization where 2nd story housing could be one strategy. Planning grants are made to localities but the work is typically carried out by consultants.

VIBRANT COMMUNITY INITIATIVE (VCI)

This special initiative provides loan and grant funding to support local or regional community-based projects that are innovative and contribute to the holistic improvement of neighborhoods. This annual competition includes affordable housing with community and economic development.

INDUSTRIAL REVITALIZATION FUND (IRF)

This grant program supports the rehabilitation and revitalization of vacant, blighted commercial and industrial buildings. The project could, for example, support the conversion of a vacant downtown building into mixed commercial and residential. The project should be part of an economic revitalization strategy for the community. The maximum grant is $600,000 and a 1:1 match is required.

AFFORDABLE AND SPECIAL NEEDS HOUSING (ASNH)

This program combines federal and state funding to fund affordable housing projects throughout the state. The three types of these funds are the HOME funds, Virginia Housing Trust Fund Competitive Pool, and National Housing Trust Fund.

HOME Funds

This program is for non-profit and for-profit housing developers, CHDO's and public housing authorities seeking to develop affordable housing projects in Virginia

Virginia Housing Trust Fund Competitive Loan Pool

This program is intended to help address the state's housing needs and reduce homelessness. These are low-interest loans that meet financing needs of housing projects directed toward key state housing policies.

National Housing Trust Fund (NHTF)

This fund provides resources that will preserve, build, and rehabilitate housing for extremely low income Virginians (30% AMI or lower). This funding is specifically for rental projects that are creating or preserving affordable units for extremely low income families. These loans are flexible and below-market-rate.

OTHER

DOMINION ENERGY SHARE

This program gives qualifying customers free energy assessments and free energy-saving measures. These measures include: EnergyStar® qualified LED light bulbs, efficient showerheads and faucet aerators, wrap insulation for hot water pipes, attic insulation and air/duct sealing, furnace fan motor, and heat pump and A/C tune up. Both owners and renters qualify but must be income eligible. The work is performed by Dominion's nonprofit and for profit weatherization partners.

MANUFACTURED HOME COMMUNITY COALITION OF VIRGINIA (MHCCV)

This group formed last year to work on strategies for the preservation and improvement of manufactured home communities as well as the improvement and replacement of older, pre 1976 housing units. They are coordinating with state housing agencies and national organizations to bring new resources and strategies to this challenge Contact at mhccv.org.

FEDERAL HOME LOAN BANK SYSTEM - AFFORDABLE HOUSING PROGRAM (AHP)

The FHLB's operate a grant program for affordable housing that is available on a competitive basis once a year. Both nonprofit and for profit housing sponsors are eligible. The rules vary by bank (ie. Atlanta, Pittsburgh) and applications must be submitted through a local bank member of the FHLB system. Grants are also available for down payment assistance to homebuyers with special assistance to veterans.

NEW, RENTER

- Workforce Housing Loan Program - Mixed-Use/Mixed-Income
- Universal Design and Fair Housing Guidelines- VHDA/LIHTC
- The Low-Income Housing Tax Credit Program
- HUD-Veterans Affairs Supportive Housing Program
- Livable Homes Tax Credit (LHTC)
- Community Building Block Grant (CBDG)
- Vibrant Community Initiative (VCI)
- Emergency Home and Accessibility Repair Program (EHARP)
- Affordable and Special Needs Housing (ASNH)

NEW, OWNER

- Livable Homes Tax Credit (LHTC)
- VHDA/USDA Loan Program with Existing Manufactured Housing Unit Financing Pilot Program

REHAB, RENTER

- The Low-Income Housing Tax Credit Program
- HUD-Veterans Affairs Supportive Housing Program
- Livable Homes Tax Credit (LHTC)
- Virginia designated historic district
- Community Building Block Grant (CBDG)
- Vibrant Community Initiative (VCI)
- Emergency Home and Accessibility Repair Program (EHARP)
- Affordable and Special Needs Housing (ASNH)

REHAB, OWNER

- Single Family Housing Repair Loans & Grants (Section 504 Home Repair Program)
- Livable Homes Tax Credit (LHTC)
- Virginia designated historic district
- Community Building Block Grant (CBDG)
- Emergency Home and Accessibility Repair Program (EHARP)
- Dominion Energy Share
- Virginia Weatherization Program