



Overview

Affordability Comparison

Economic Development

Public Health

Educational Opportunity

Transportation

Accessibility

Why the Coalition?

The need for this coalition was identified in the 2008 Regional Housing Conference. At the time, it was determined that the affordability of housing in our community was an issue that needed more public attention. In the intervening years, housing has taken on an even greater sense of urgency. The message of the coalition is that an adequate supply of decent and affordable housing intersects with each of our community's aspirations. A healthy housing supply truly is the foundation of community prosperity.

The Coalition consists of non-profit housing organizations, private developers, community foundations, local housing committees, and others. We are aligned in the mission of pointing the spotlight on our diverse housing needs and seeking a more favorable regulatory environment and funding support for safe, decent, and affordable housing.

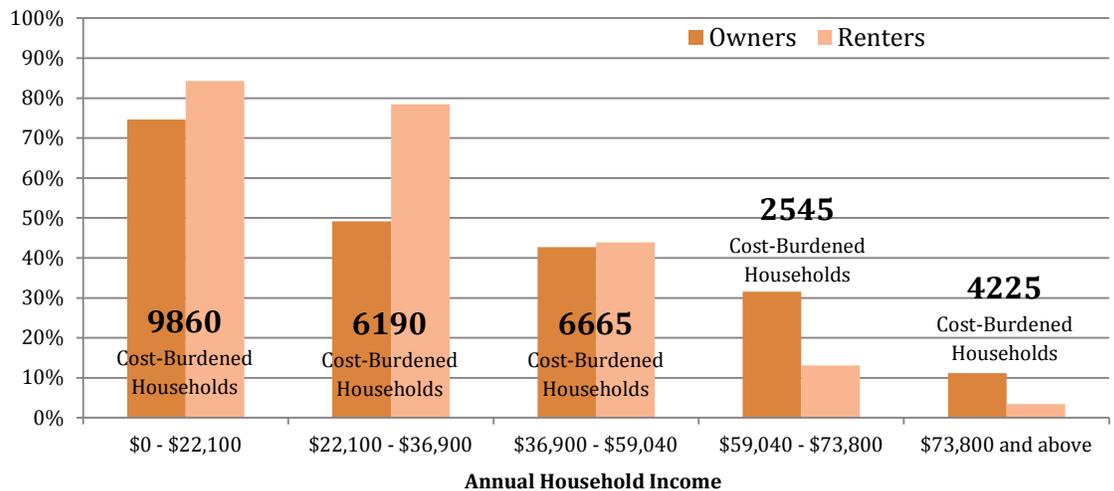
Is there an affordable housing problem in the Charlottesville region? And if so, what is the extent of it? The purpose of this paper is to estimate an answer to these questions by approaching it from two perspectives. First, the current housing cost burden felt by residents is addressed. Then, we will assess the opportunities available in the housing market for households of all income levels to improve their situation.



How Much of our Income Currently Goes into Housing ?

The U.S. Department of Housing and Urban Development recommends households spend no more than 30% of their income on housing. Those that go beyond this are generally considered cost-burdened. However, the reality of financial hardship is more complex. A wealthy household may easily be able to spend in excess of 30% of income on their home and still have enough left over to be comfortable, while a poor family with multiple children may experience extreme stress in a similar situation. For affordability, total income and other household characteristics matter.

Percentage of households in region with a housing cost burden
(Spending more than 30% of income on housing)



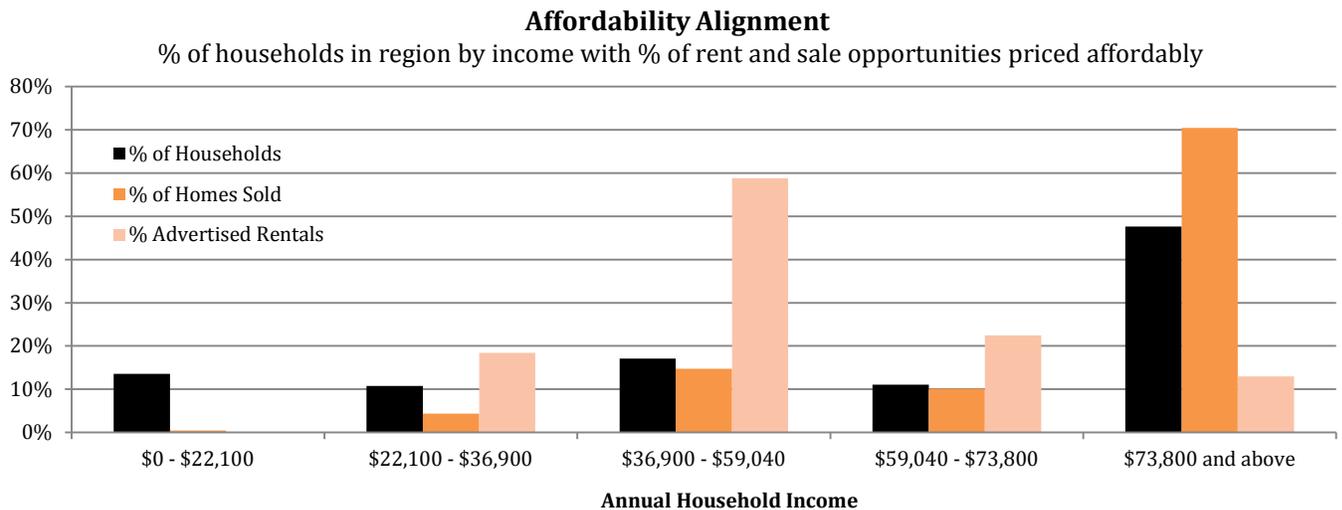
Source: 2010 CHAS Tabulation of Census ACS

Many families with the lowest incomes report spending an excessive amount on housing. In fact, there are almost 10,000 very to extremely low-income households in the community that **dedicate over half of their income to shelter**. For higher income households, homeowners are more likely cost-burdened, perhaps as a result of the recent housing boom and downturn cycle. However, among lower income ranges, **renters are more likely to have unsustainably high housing costs.**

What Housing Opportunities are Available in the Region ?

Measuring current housing cost-burden may identify a problem, but it does not tell us what opportunities are available in the region to resolve it. Housing markets are dynamic, and a well-functioning market would theoretically provide a range of housing options affordable to the full range of income levels in the region. While the amount of money an individual household wishes to spend on housing is a personal decision, the opportunity to find a decent home at an affordable price in the region is a concern for the whole community.

The following chart compares the percentage of households in the region of various incomes with the percentage of homes recently sold and advertised rentals that have an affordable price to those households. Although not shown here, higher income households can afford lower-priced homes as well.



Source: CAAR MLS®, BRAC and Craigslist, 2010 CHAS Tabulation of Census ACS



Affordability of Homes for Sale

Methods: Homeownership opportunity is based on all homes sold between Jan. 2011 and May 2013 within the Thomas Jefferson Planning District, as reported in the CAAR MLS®. The sample includes roughly 5,000 sales. Homes with less than two bedrooms and homes advertised as needing major repairs were excluded. Standard underwriting criteria is used to determine which homes would be affordable to each income group, and the ability to save at least 20% of annual income for a downpayment is assumed.



The almost 22,000 households in the region that earn less than \$37K per year are **effectively priced out of the market for homeownership altogether**. Although recent foreclosures have somewhat increased opportunities at the low-to-moderate income price range, most of the **available options come with other hidden costs**. Many require some repairs, would be too small for certain households, are less energy efficient, and are in more remote locations, which necessitate higher transportation costs.

Roughly 70% of all homes sold in the region are priced out of reach for all households earning below the median family income (this amounts to 52% of all households). This indicates that, without assistance from family or public and private-sector housing programs, **a significant number of households in the region do not have a viable option for becoming homeowners**.



Affordability of Homes for Rent



Methods: Rental opportunity is based on all rental units advertised online through either the Blue Ridge Apartment Council or Craigslist between April and May 2013. The sample includes roughly 1,000 advertisements. Unit of less than two bedrooms were excluded. A fixed cost of \$140 per month is assumed for utilities/insurance, and it is assumed that the household can pay the security deposit. A rental unit is affordable if it consumes no more than 30% of income.

There are **no affordable rental opportunities for extremely low-income households in the region.** This is true without any consideration given to housing quality, location, or safety. To put this in context, a full-time retail cashier earning the 2011 median annual wage of \$20,117 has no housing options whatsoever that will fit within a reasonable budget. Without assistance, this household must double-up with another household, find a second job, accept a cost-burden and cut other household spending, or face homelessness.

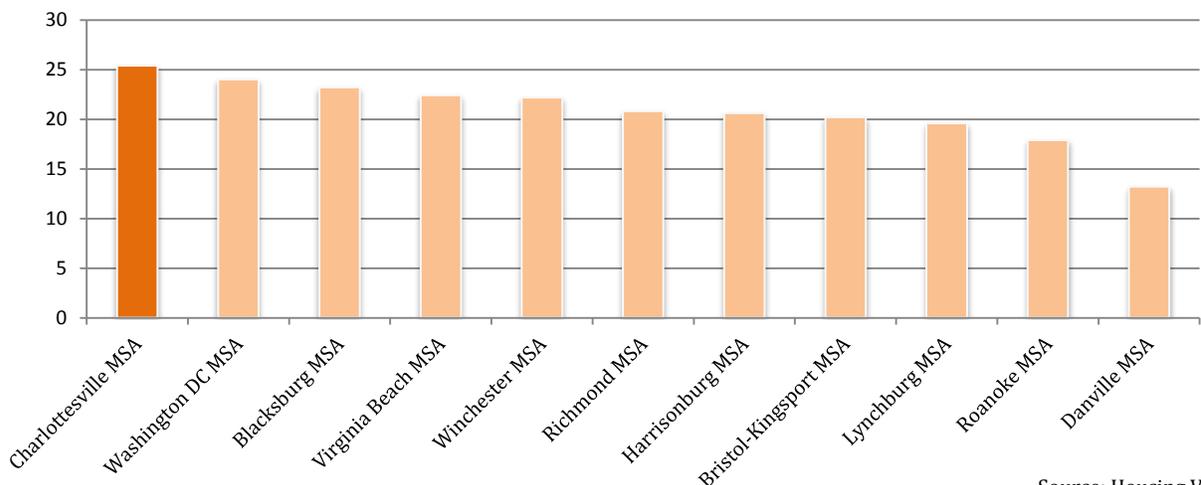
The majority of rental opportunities in the region are priced to be affordable to households earning between 50% and 80% of the Median Family Income for the region. This amounts to a rent of between \$780 and \$1,300 per month for a two-bedroom apartment or house.

How do We Compare to Other Metro Areas in the Commonwealth?

Housing Virginia has created a simple Housing Affordability Index to allow comparisons of housing affordability across the Virginia. The index compares median household incomes of an area with the median home sale price and median monthly rent, weighted by the proportion of renters to owners in the region.

Housing Affordability Index, 2012 4th Quarter

A higher index means households must spend more of their income on housing

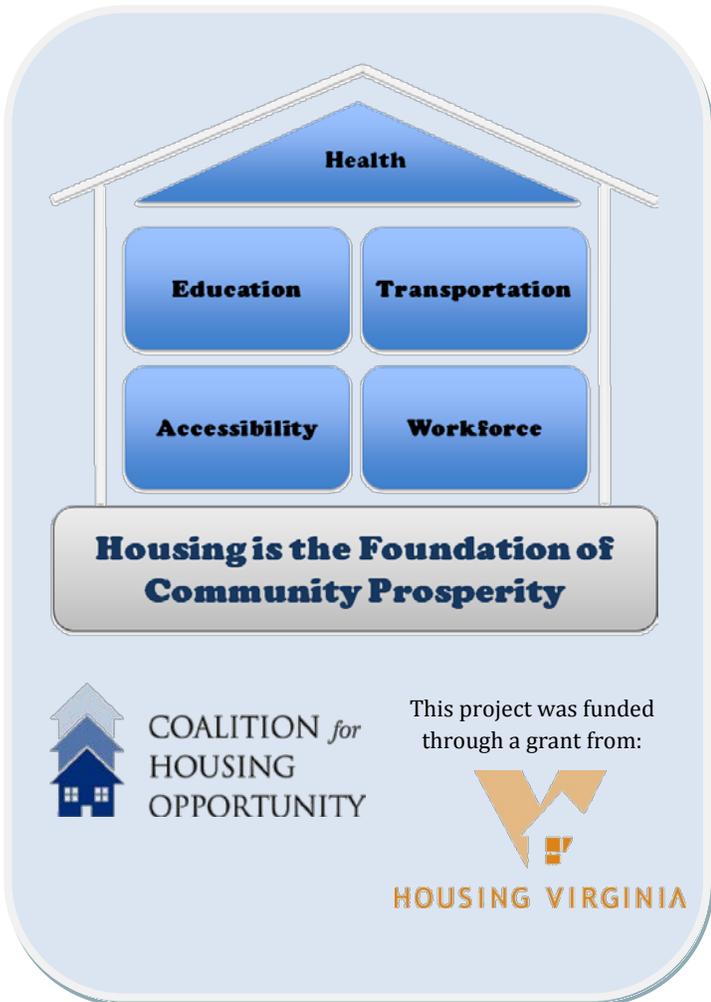
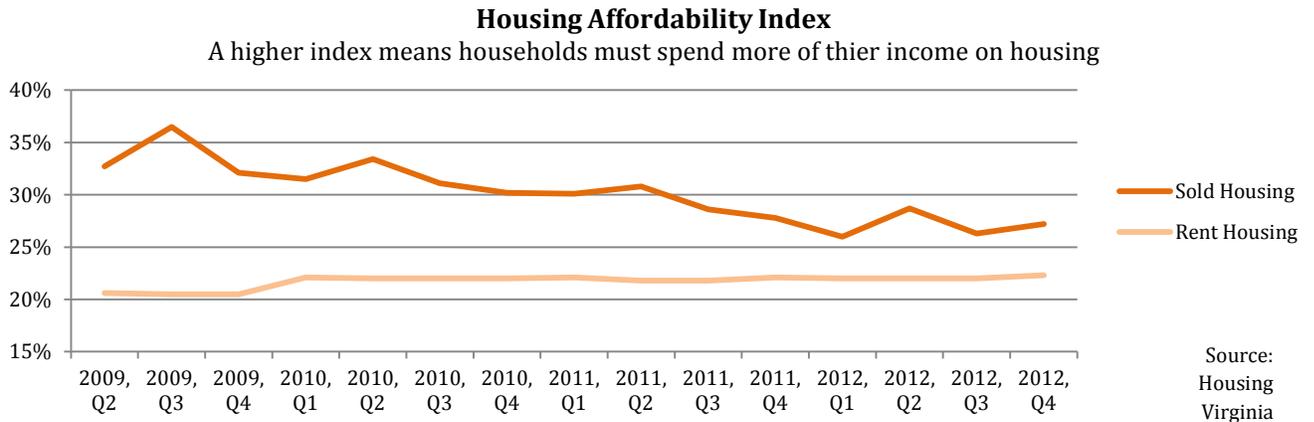


Source: Housing Virginia

The index shows that **Housing in the Charlottesville region is less affordable than in any other region in Virginia.** Charlottesville also holds the highest rank for homeownership unaffordability, considered independently, and is tied with Virginia Beach for first in rental unaffordability.

Has Housing Affordability Changed in the Last Few Years?

Using the Housing Affordability Index for the Charlottesville region, a clear trend over the last few years can be discerned. For homeownership, opportunities to purchase an affordable home have improved as a result of the market downturn (although existing homeowners face hardships, at the same time). However, renting has become slightly less affordable during this same time period.



Members of the Coalition

Piedmont Housing Alliance

The Arc of the Piedmont

jaba Live better. Longer.

cyfs CHILDREN, YOUTH & FAMILY SERVICES, INC.

SKYLINE community Action PARTNERSHIP Helping People. Changing Lives.

Habitat for Humanity of Greater Charlottesville

Thomas Jefferson Planning District Commission

MACAA MONTICELLO AREA COMMUNITY ACTION AGENCY

Region Ten A Better Life. A Better Community.

TJACH Thomas Jefferson Area Coalition for the Homeless

AHIP Albemarle Housing Improvement Program

CRHA

NELSON COUNTY COMMUNITY DEVELOPMENT FOUNDATION Increasing Affordable Housing Opportunities Since 1985

Fluvanna-Louisiana Housing Foundation Better Housing. Stronger Community.