



May 2013

Housing is the Foundation of Community Prosperity

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.

All communities with a high quality of life seem to persistently struggle to provide enough housing for the workforce they need to continue running. The Charlottesville metropolitan area is no exception. Businesses find that their employees can be difficult to attract and retain simply because of the prices of homes in the area. Furthermore, the home and multifamily building sector is an important part of the local economy in its own right, providing numerous jobs. The quality and diversity of housing options speaks to the economic vitality of the entire community.



A Business Case for Safe, Decent, and Affordable Housing

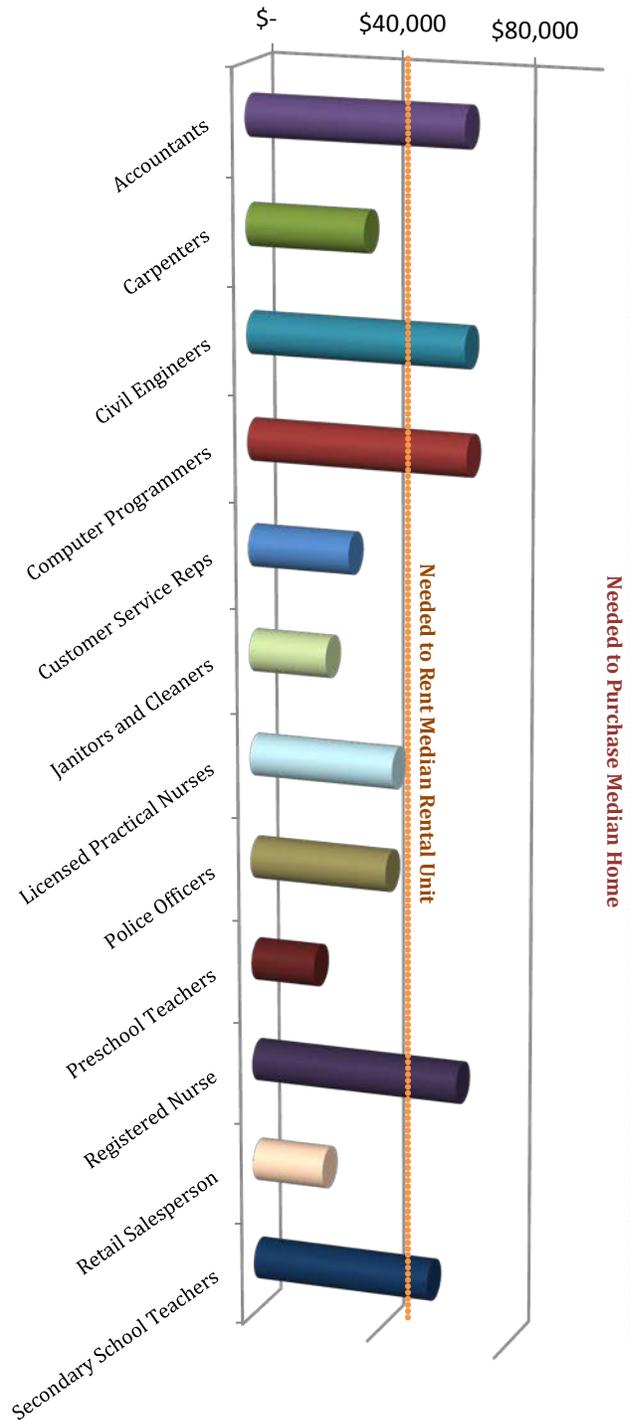
The United States has a long history of civic-minded businesses leading the way in a wide range of social issues. Even in the age of multinational corporations, many employers in our region still take this commitment seriously. The Greater Charlottesville Chamber of Commerce gives out an award every year to a company that, among other things, invests in the "economic, cultural and humanitarian advancement" of our region. The combined impact from these practices throughout the private-sector is substantial.

When it comes to housing, businesses can provide a valuable community service while looking after their own short and long-term interests at the same time. A healthy supply of safe, decent, and affordable housing not only enhances the wellbeing of many struggling families while improving the public realm, it also helps local businesses recruit and retain a reliable and content set of employees.

According to a survey of businesses around the country, **the single most important concern large companies report is the lack of housing affordable to their employees within close proximity to the workplace.** Employees that are forced to commute long distances to find adequate housing are more susceptible to workplace stress and high turnover. Businesses that operate in our region recognize this challenge as well. Every year enterprises are asked which public policy issues they "...think will have the greatest consequences on the future economic vitality and quality of life of our Greater Charlottesville region." Between 2006 and 2008, the issue of "housing costs/affordability" topped the list of concerns.

When neighborhoods have a balance of residential, commercial, and office uses, local businesses benefit significantly. The customer base is more accessible and reliable, employees can be more connected to their workplace, parking costs can be minimized, and quality of life enhancements help recruitment.

The following chart compares the income necessary to affordably purchase the median-priced home (\$246,500) or rent the median-priced unit (\$1,009 a month) in our region with the median annual wage earned by selected occupations in our area.



Sources: 2012 BLS, 2011 Census

Who Are the Workforce and Why Does it Matter?

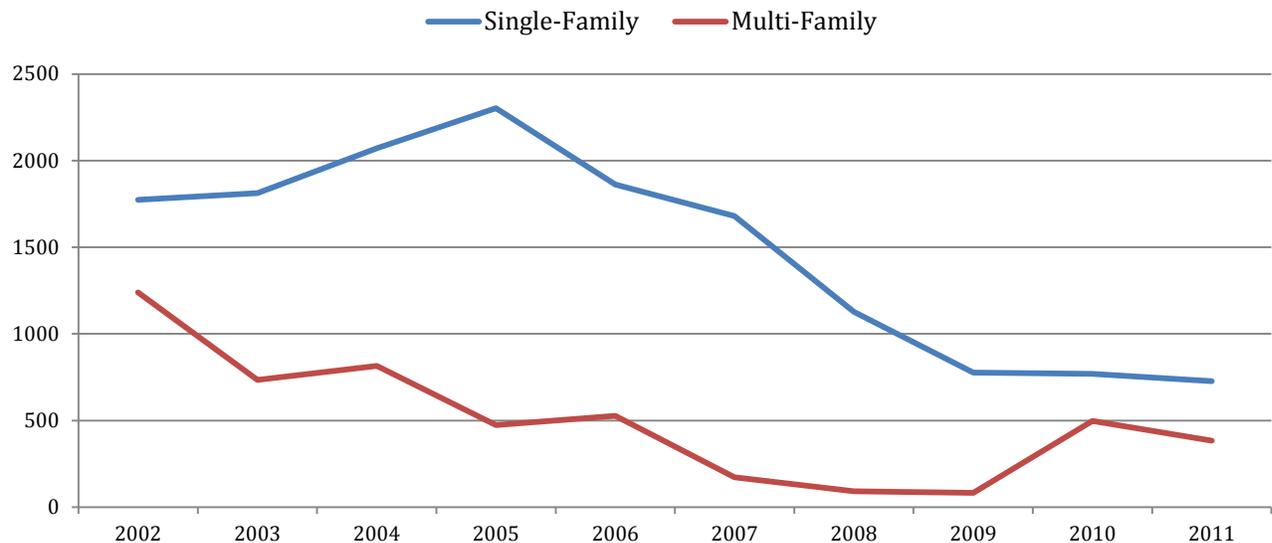
The term workforce is used to define the set of full-time workers earning a moderate wage in a community. They typically earn between 50% and 100% of the Area Median Income and are more likely to be young families. The workforce provides services that are essential to the functioning of the whole community.

Over the last several decades, many cities started to notice how these workers would be priced out of the local housing market and forced to drive in from surrounding areas. Local businesses that had always enjoyed a steady stream of high-quality employees began scratching their heads when they just couldn't find them anymore. Study upon study from around the country identified one of the main culprits as a lack of affordable housing.

It started with resort towns and places with severe limitations on construction, but gradually more and more jurisdictions had to face this challenge. **Beyond the simple locational efficiency of working near the home, there are intangible social benefits to having workers such as police officers and teachers able to be fully immersed in the community they serve.**

By 2004, many community leaders began to see these trends happening in Charlottesville. A collaborative effort between the Charlottesville Area Association of Realtors, the Piedmont Housing Alliance, and the Charlottesville Area Community Foundation created a down payment assistance fund to help teachers, nurses, police officers, and firefighters afford a home near their workplace. The remaining challenge is to **build upon this success and expand the opportunities to others who need them, particularly the low-wage service sector.**

Building Permits Issues in Thomas Jefferson PD



Sources: Weldon Cooper Center

The Housing Supply and Affordability

Research conducted for the 2006 State of Housing Report indicated an **undersupply of housing options appropriate for low to moderate income families in our region**. Previous papers in this series reiterate these findings with more current data. An undersupply naturally yields higher prices for all homes and rentals, inevitably squeezing out those with limited means.

Since the downturn in the housing market occurred, the number of homes being added to the supply through new construction has been reduced. However, an uptick in multifamily home construction has occurred in recent years and has continued into 2013 in most localities within the region.

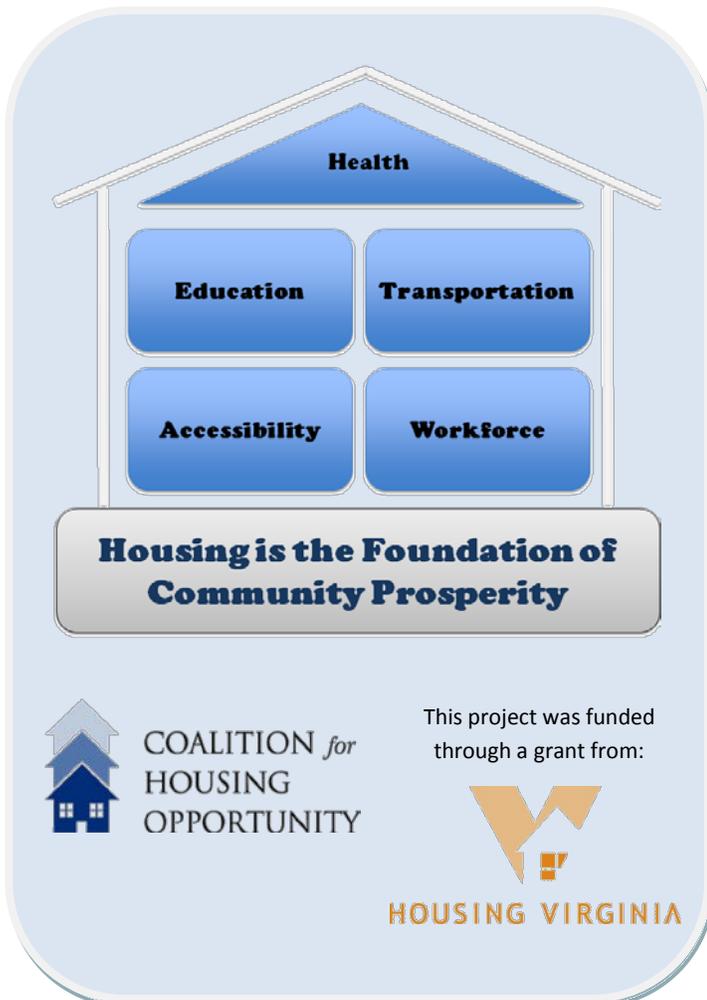
In terms of providing workforce housing, **the diversity of housing types is as important as the raw number of units available**. Townhomes and smaller houses use land and energy more efficiently, and thus inherently lend themselves to being affordable to moderate incomes. Many workforce households are beginning to choose renting over owning their own home, whether for the flexibility and lifestyle or out of necessity. This may lead to an increase in demand for appropriately priced rental units.

“Offering a more diverse mix of unit types and price points to creatively accommodate workforce households within traditional development projects will allow developers to target this pool of demand. The bottom line is that in today’s smaller, softer housing market, workforce households with three or more people offer a deep, relatively untapped market segment in close-in locations.”

– Urban Land Institute, from 2009 “Priced Out: Persistence of the Workforce Housing Gap in the Washington, D.C., Metro Area”

Some Creative Housing Solutions Generated by the Private Sector

- Employer-Assisted Housing.** Allstate Insurance Company, along with 40 other employers in the Chicago area, has been assisting their staff with housing costs since 1999 to enable them to live in their community. A regional collaborative program REACH Illinois coordinates these efforts. Allstate has found improved morale, less turnover, and more productivity among participants.
- Policy Advocacy.** Many Chambers of Commerce around the country make the provision of affordable housing a priority of their policy platforms. Aaron Nelson, Executive Director of the Chapel Hill-Carrboro Chamber of Commerce, explains the reasoning behind their campaign. “We lose out on volunteerism and retail dollars, we deal with traffic-related environmental damage, and we see wage inflation, because employers have to pay more to compensate people for their long commutes.”
- Education and Outreach.** The Silicon Valley Leadership Group has taken an active role for years in helping to provide affordable housing in their very tight market. A task force strategically selects proposed developments, typically infill, that would expand the supply of affordable housing. Then they engage with community members and elected officials in support for the proposal, and work to counteract lingering stigmas attached to affordable housing.



Members of the Coalition

