

Housing the Richmond Region:
Needs, Impediments, and Strategies
Defining the Challenge: Quantitative Data Analysis

Prepared for
The Partnership for Housing Affordability

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Data Sources

- Data from published ACS tables and Public Use Microdata Sample files to provide maximum detail and precision
- ACS 3-year files used for Chesterfield, Henrico and Richmond
- ACS 1-year file used for PUMA 51215
 - Charles City County
 - Goochland
 - Hanover (including the Town of Ashland)
 - New Kent
 - Powhatan
- PUMA 51215 tabulations factored to localities based on a distribution model and controlled to ACS 3-5 year published tables for localities
- 2013 5-year published ACS tables
- 5-year CHAS tabulation for housing supply and gap analysis

Definitions

• Cost Burden

- Households are defined as cost burdened if gross housing cost is 30% or more of total household income
- Families who are considered cost burdened may have difficulty affording necessities such as food, clothing, transportation and medical care.
- Gross housing cost includes utilities
- Cost Burden shown for <30% (not cost burdened), 30-49%, and 50% (severe cost burden)

Definitions cont.

- Income categorized by **percent of Area Median Family Income (AMI)**
 - % of AMI based on HUD income limits by household size for 2012 used for estimation
 - Incomes in ACS in 2012 dollars
 - % of AMI categories, *FY2014 Income Upper Limit*:
 - <30%AMI (extremely low income), \$23,850 for a family of 4
 - 30-50%AMI (very low income), \$36,450 for a family of 4
 - 50-80%AMI (low income), \$58,300 for a family of 4
 - 80-100%AMI (low-mod income), \$72,900 for a family of 4
 - 100-120%AMI (moderate income), \$87,480 for a family of 4
 - >120%AMI (moderate to high income)

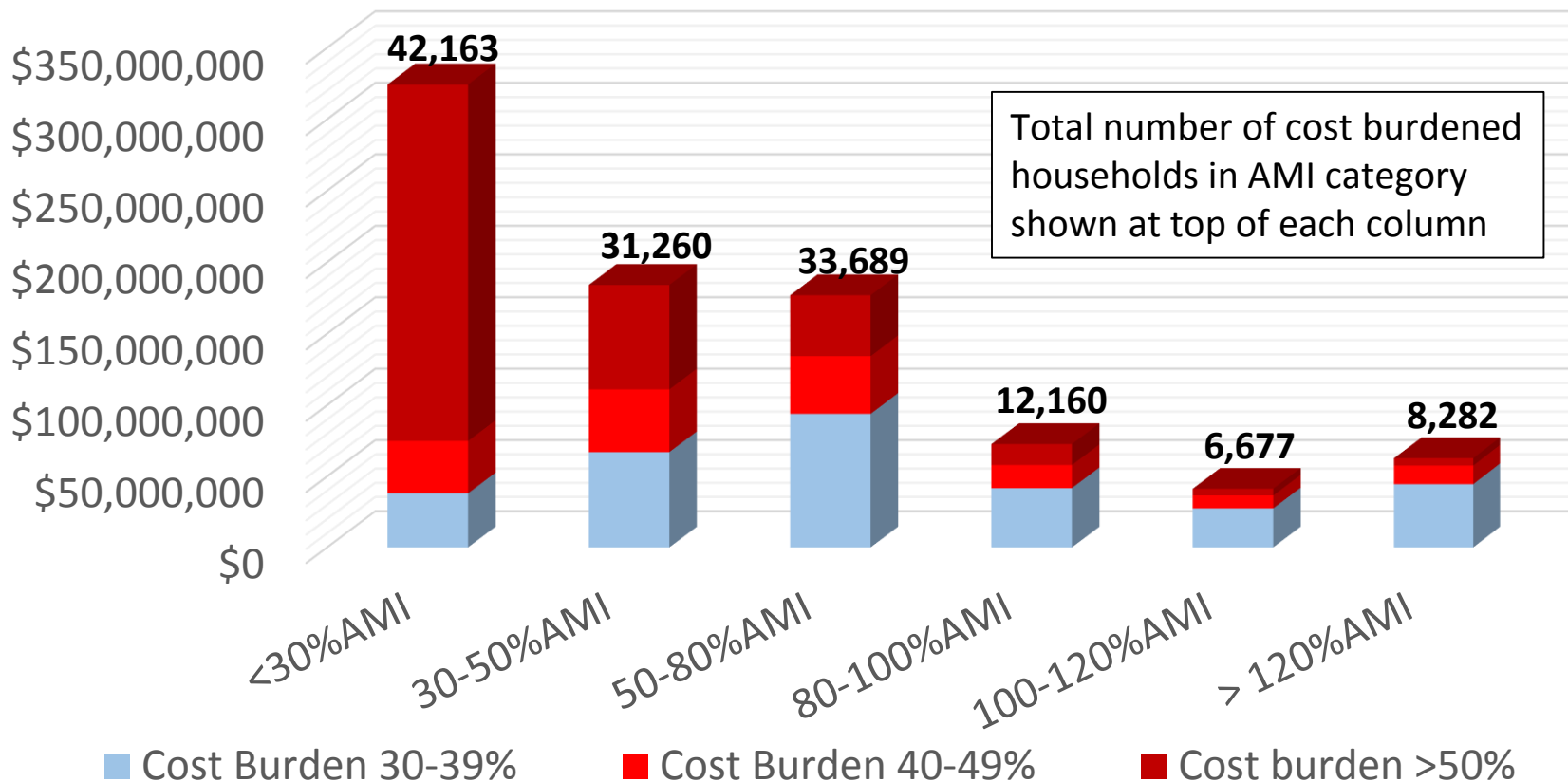
Definitions cont.

- **The Affordability Deficit (Gap)**

- The amount of additional income needed to eliminate a housing cost burden
- Gross housing cost minus 30% of household income
- If gross housing cost greater than 30% of household income, deficit (negative value) occurs
- Measure is calculated in dollars
- Deficit can be reduced by
 - Increasing income through higher wages or income assistance
 - Reducing taxes for the cost-burdened household
 - Reducing gross housing costs including utilities

The region's annual affordable housing deficit is \$862 million (2012\$), an average of \$6,422 per cost-burdened household.

Size of Aggregated Affordability Deficit by Cost Burden Level and AMI Category



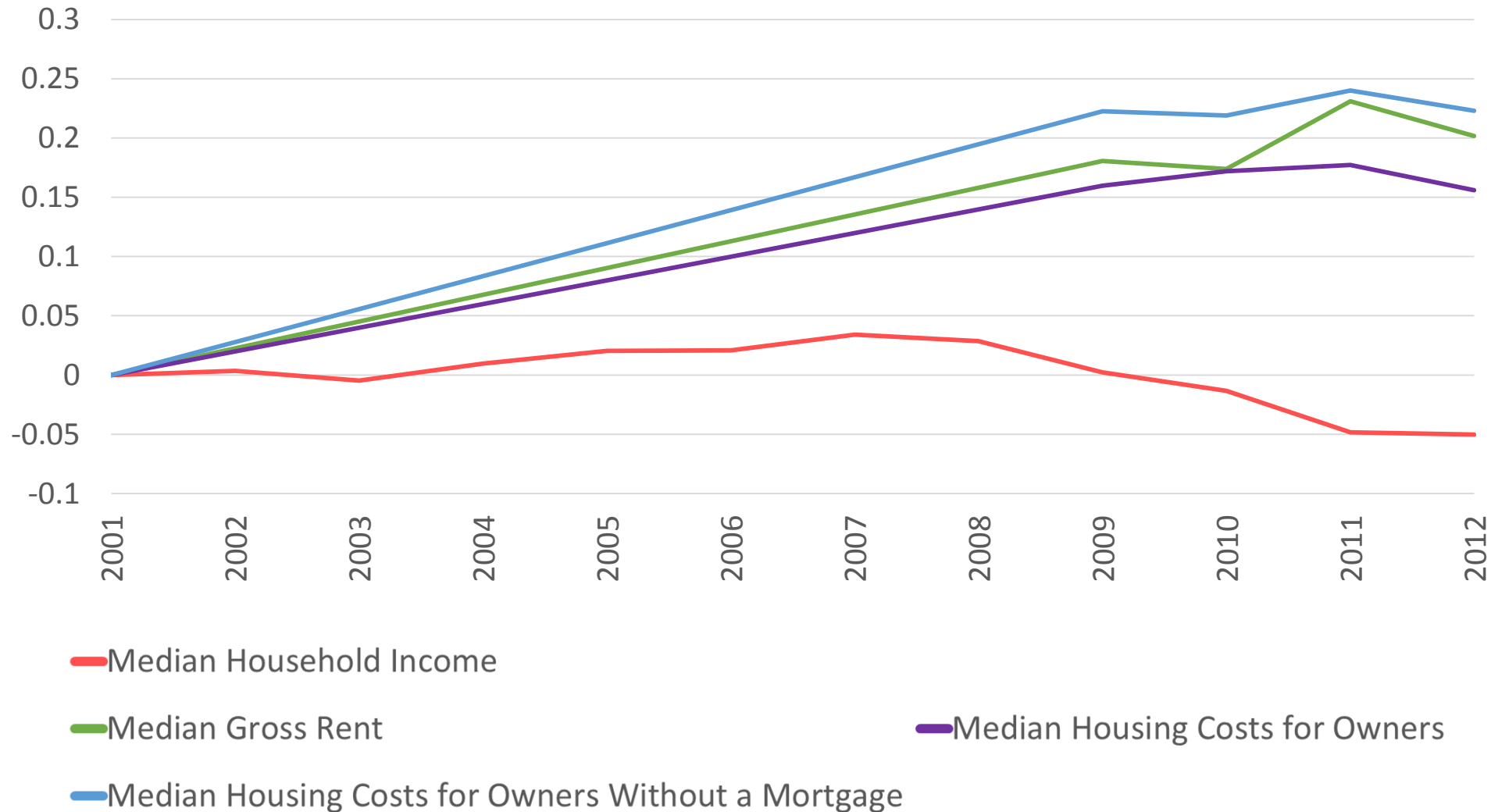
Total Number of Cost Burdened Households in the region, 2012

- 130,600 with cost burden > 30%;
 - 35% of all households have housing cost burdens
- 74,900 with cost burden 30-49%; and
 - 20% of all households have cost burdens of 30-40%
- 55,700 with severe cost burden > 50%
 - 15% of all households have severe cost burdens

Approximately 35% of all households in the Richmond Regional Planning District are cost burdened.

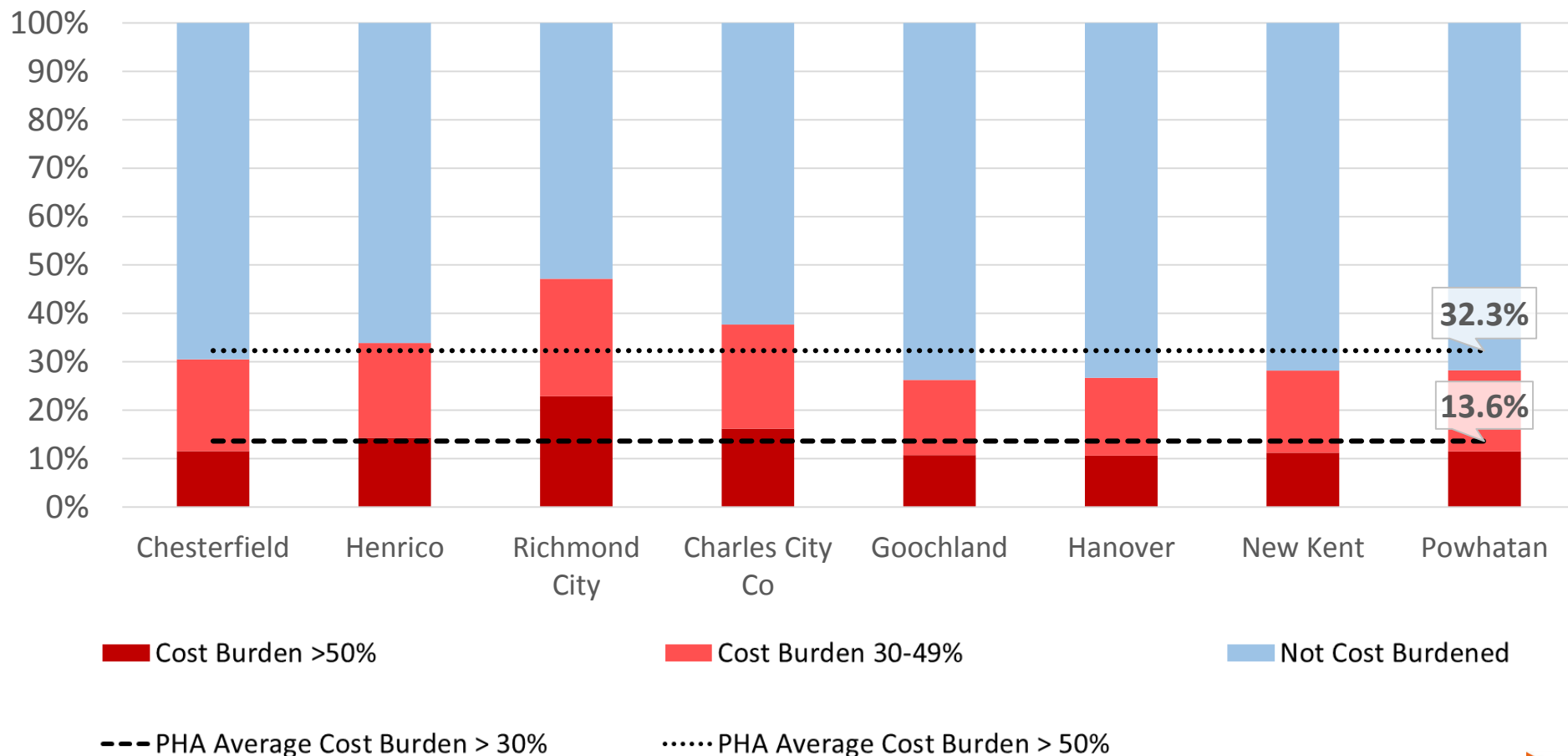
Change in Real Incomes, Wages, and Housing Costs

Data Source: U.S. Census 2000-2012, Decennial Summary Files and American Community Survey



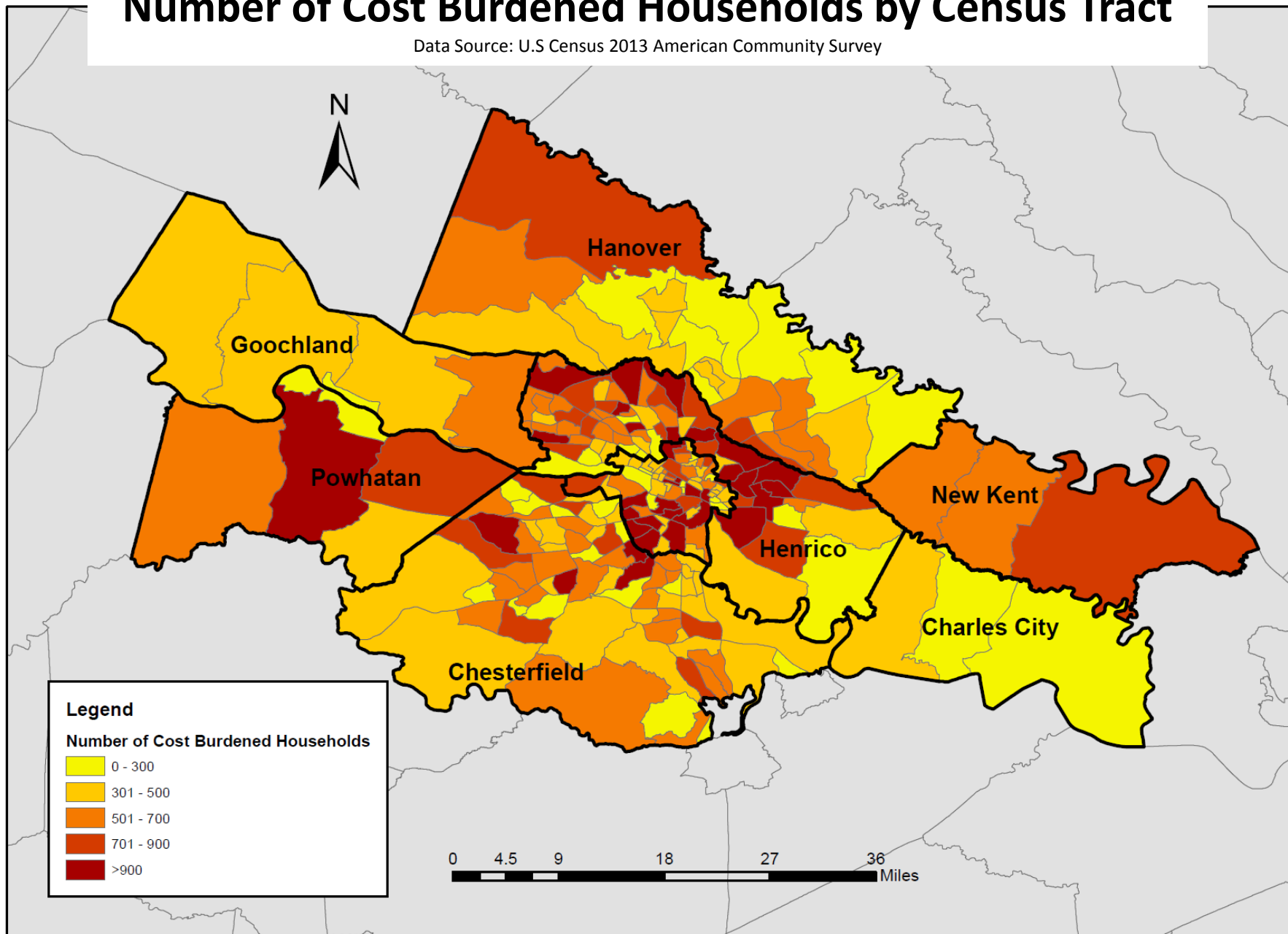
Affordable housing is a problem for nearly 30% of households everywhere.

Percent of Households by Cost Burden



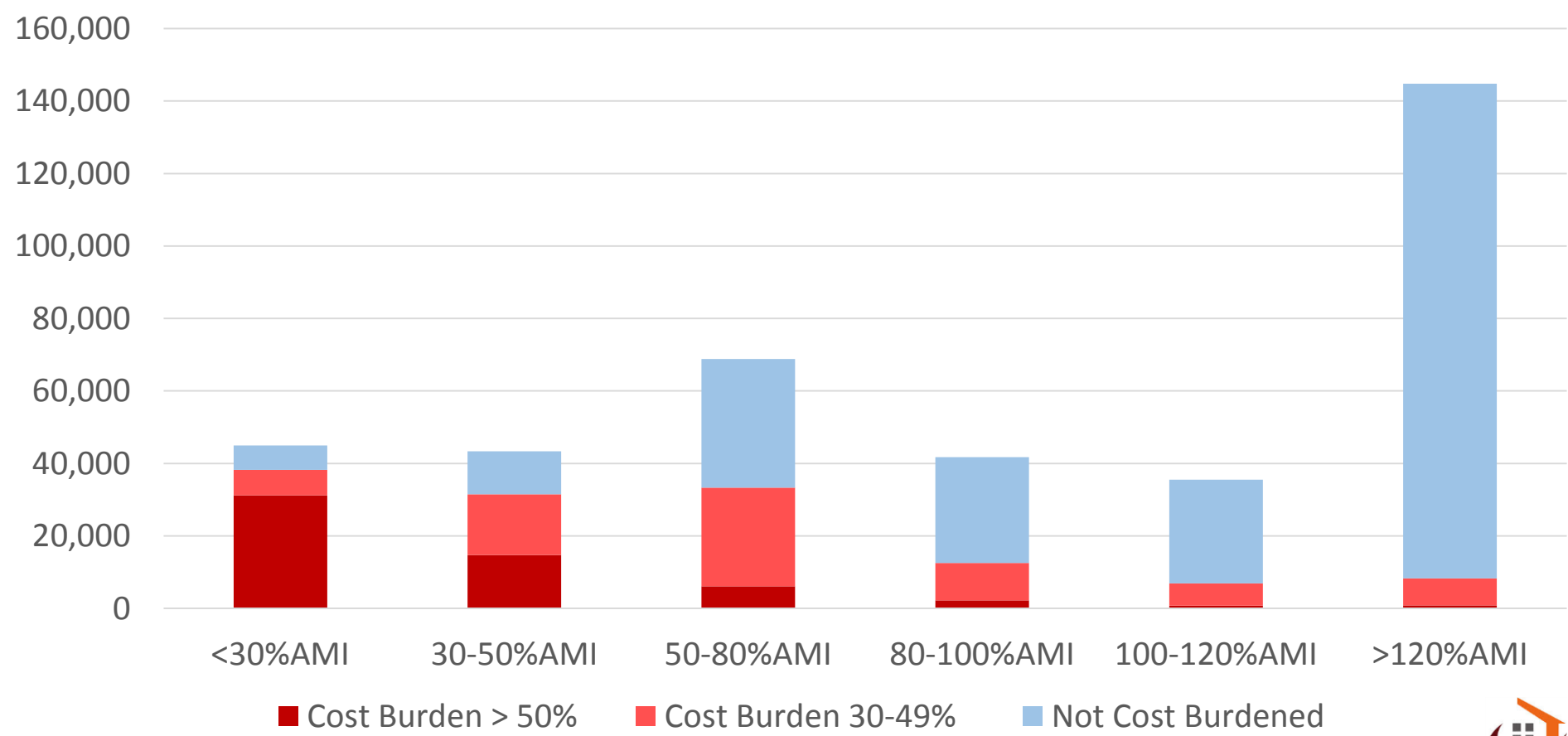
Number of Cost Burdened Households by Census Tract

Data Source: U.S Census 2013 American Community Survey



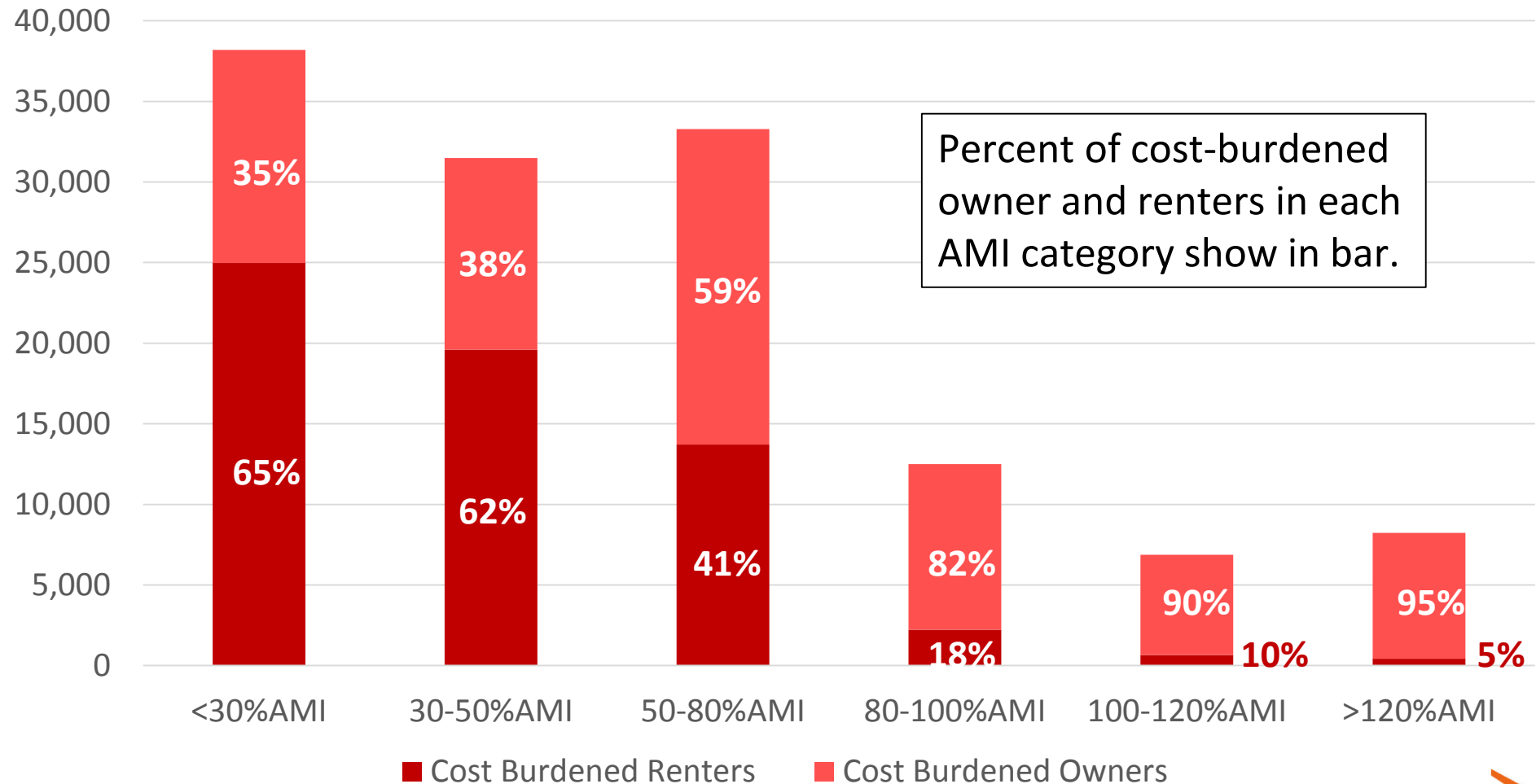
Lack of affordable housing hits all AMI categories, but is most severe for lower income households. Households with low incomes (below 80% of AMI) bear 80% of the region's affordable housing deficit.

Cost Burden by Income Category



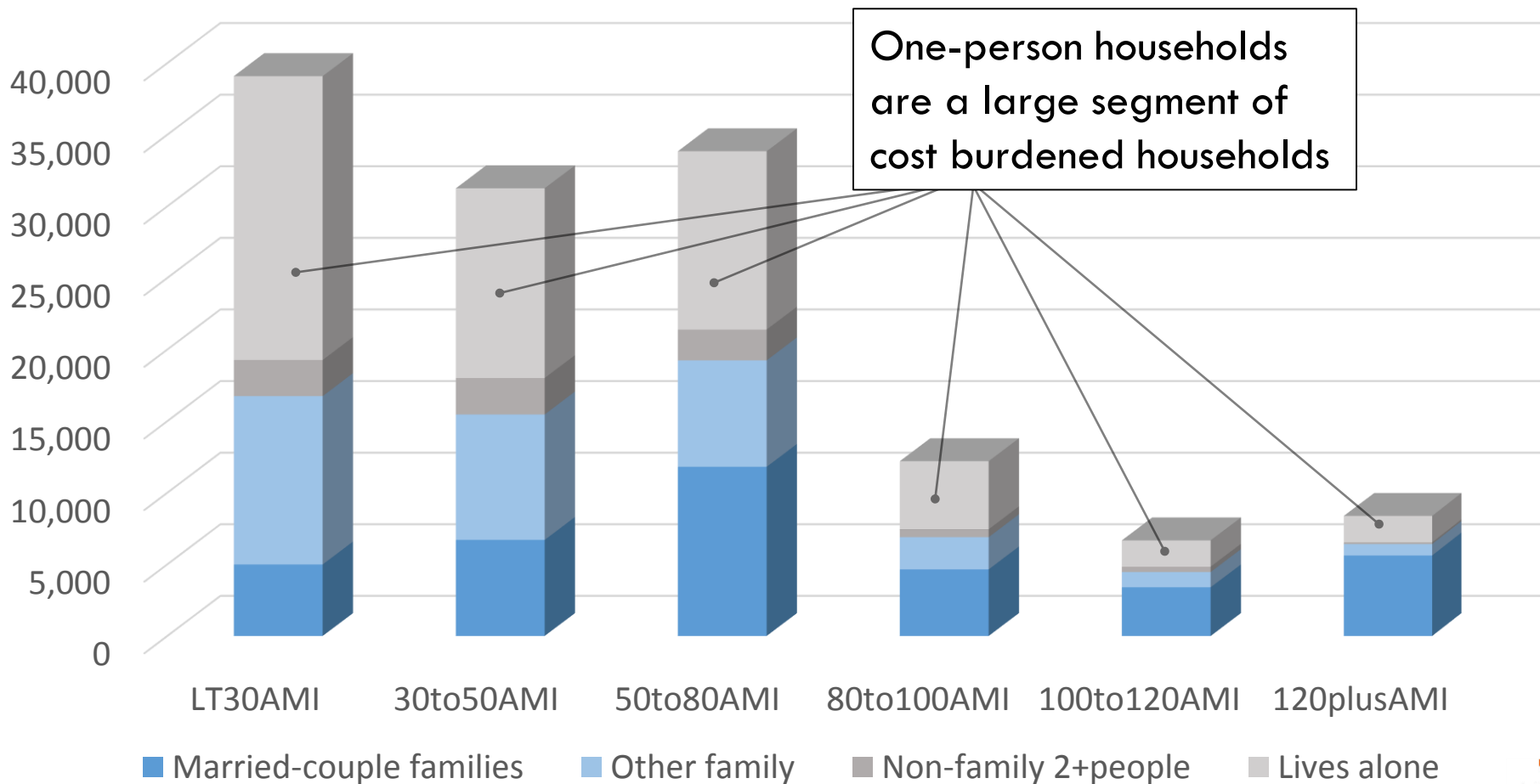
Half of cost burdened households are owners

Cost Burdened Households by AMI Level and Tenure



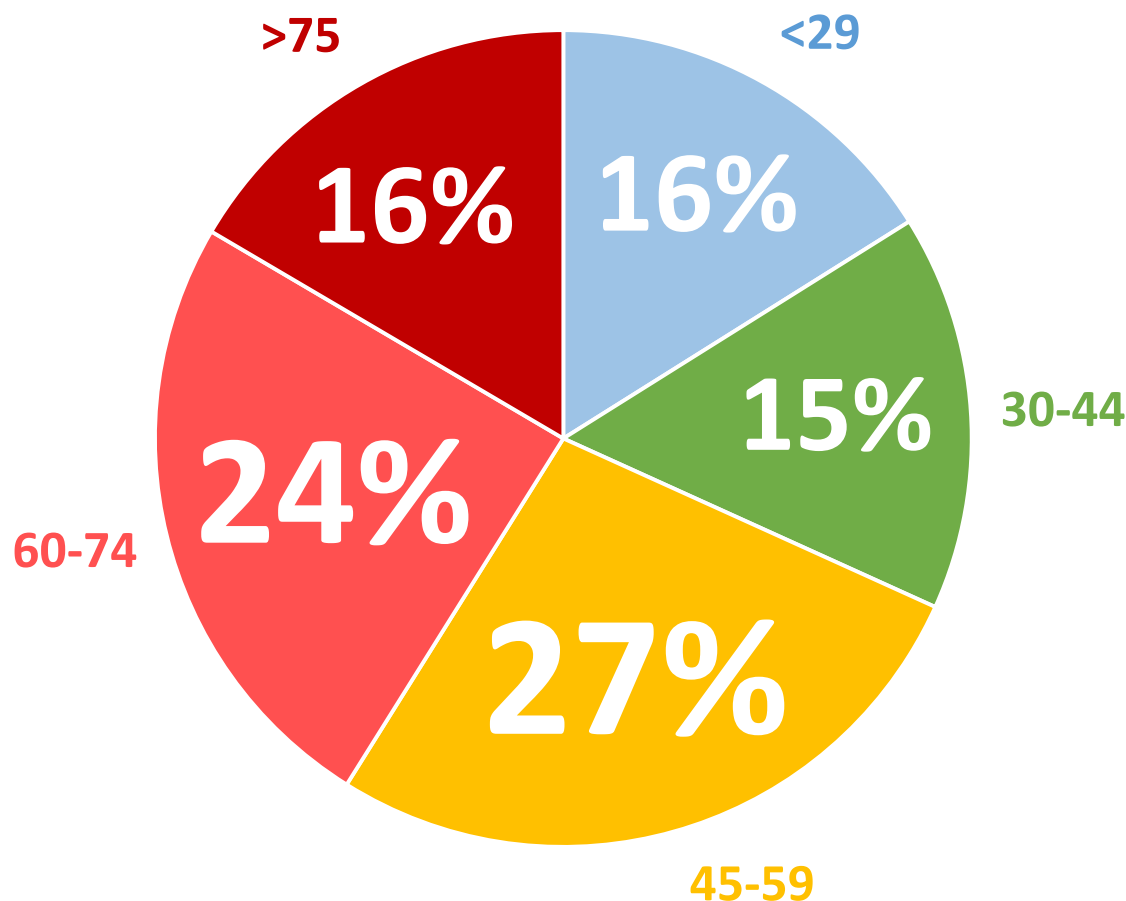
Cost burdened households in the region are most likely to be people living alone

Cost-burdened households by Income and Household Type



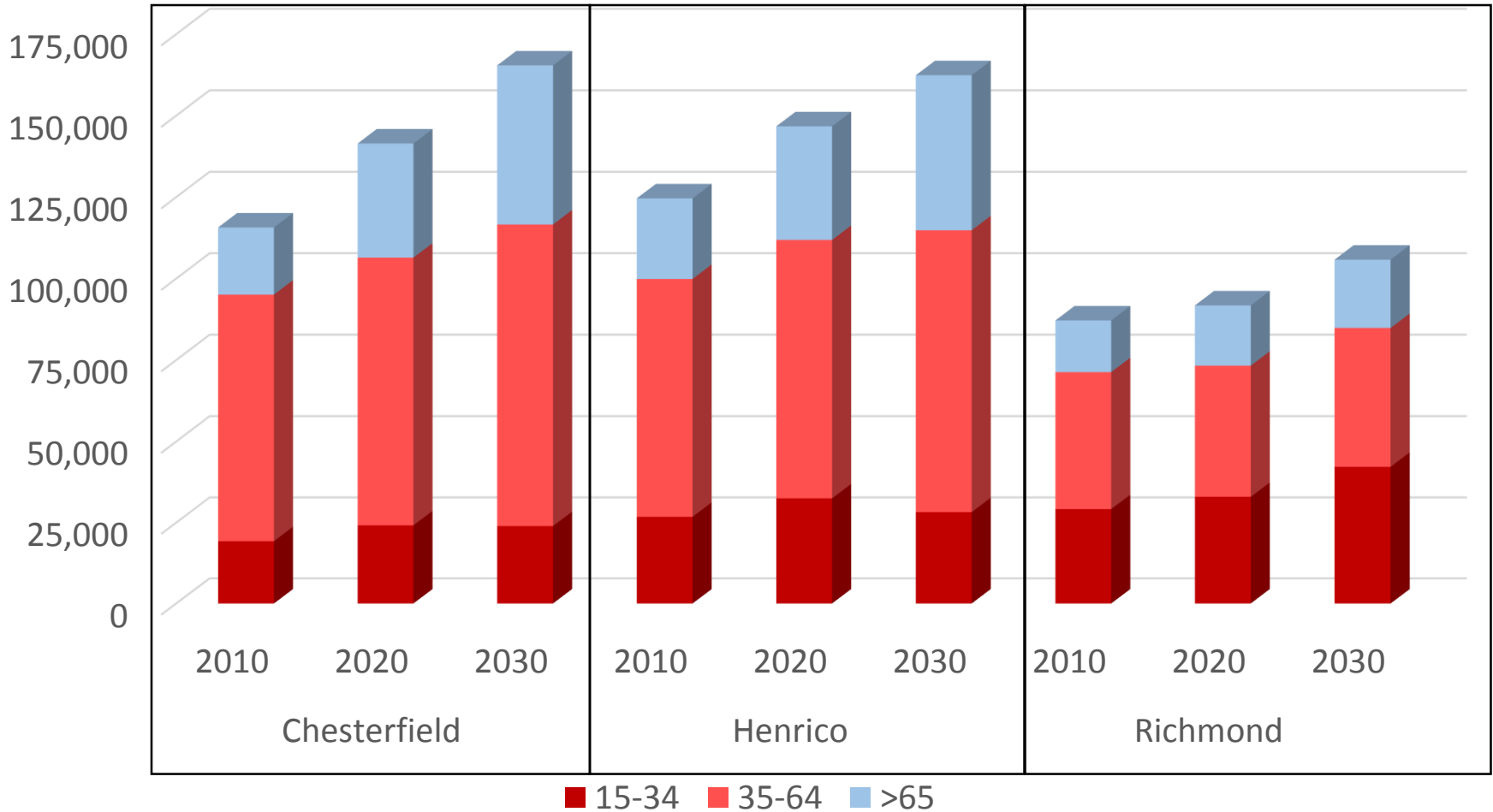
Seniors make up a large portion of cost-burdened, single-person households.

Cost Burdened, Single Person Households by Age

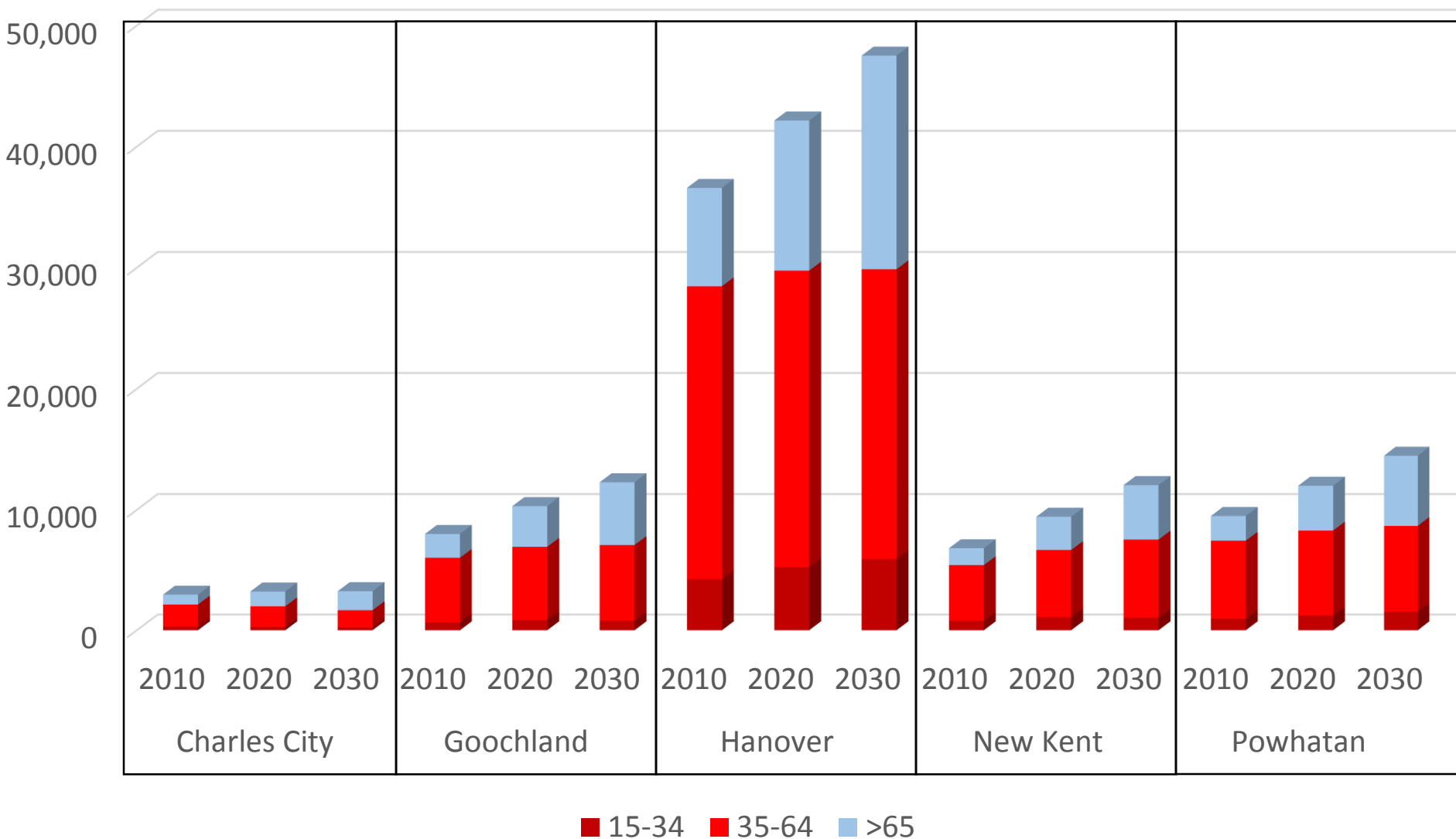


Housing Demand Projections: Senior housing grows substantially; middle-age market contracts

Chesterfield, Henrico, Richmond: 2010, 2020, 2030



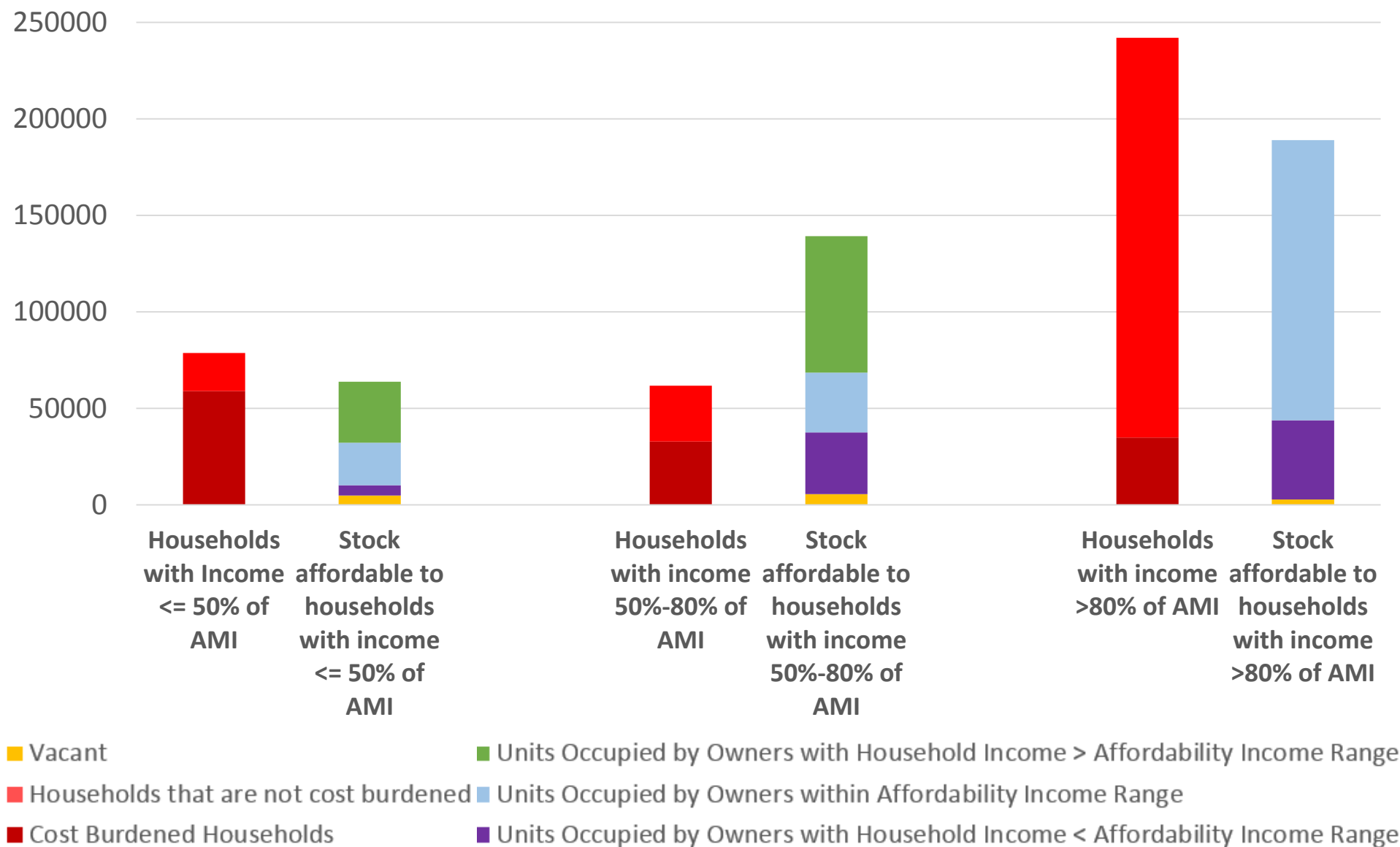
Housing Demand Projection: Charles City, Goochland, Hanover, New Kent, Powhatan Counties: 2010, 2020, 2030



Affordable Housing Supply Gap

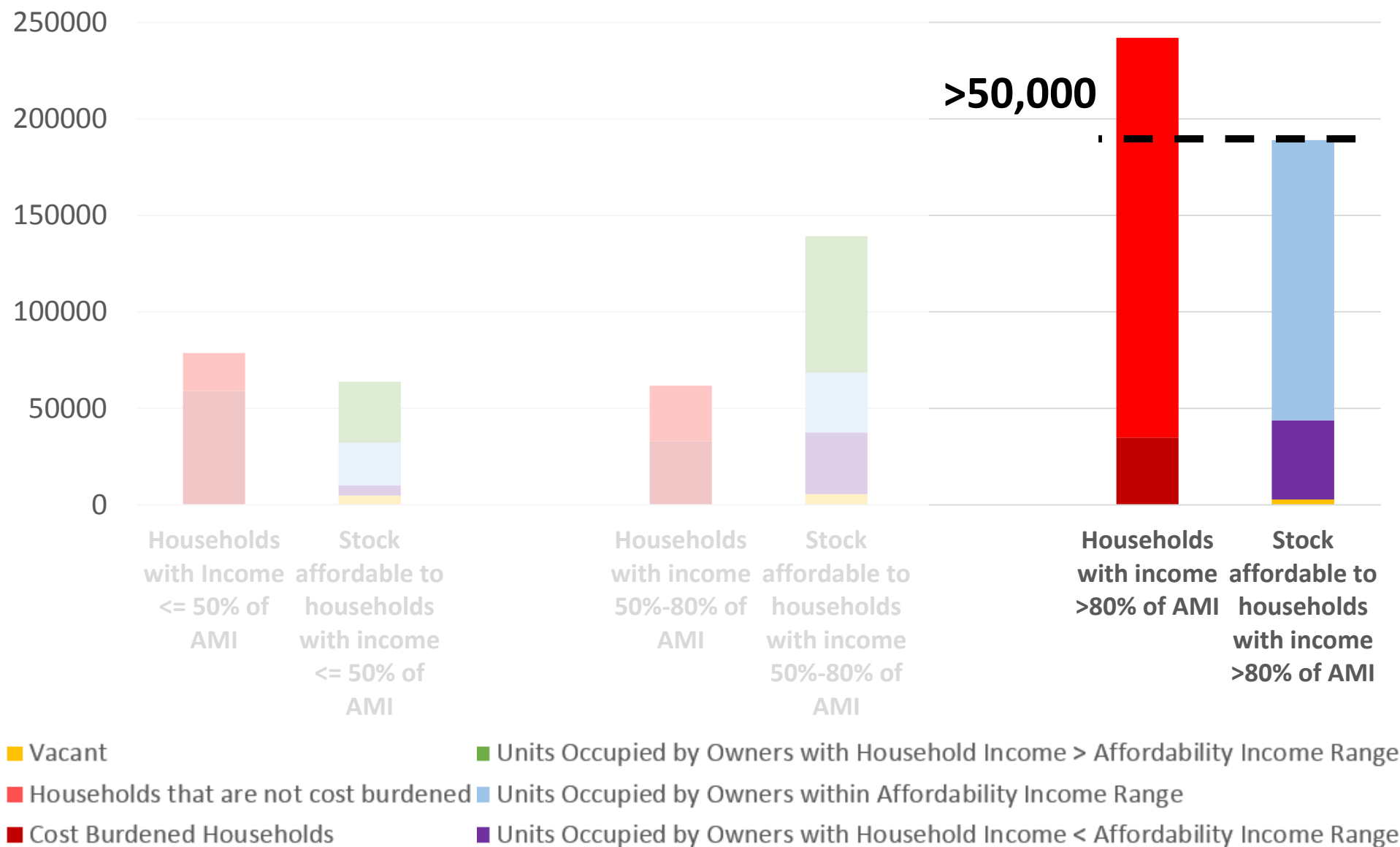
- The housing market does not match the affordable supply to those who most need it
- Many households prefer to spend much less for housing, i.e., less than 30% of their incomes. These households “crowd out” many lower income households that need more affordable housing.
- There is a shortage of stock to accommodate extremely low and very low income households
- There are more households than stock for moderate and higher income households.

Cost Burden by Income, and Housing Stock by Level of Affordability

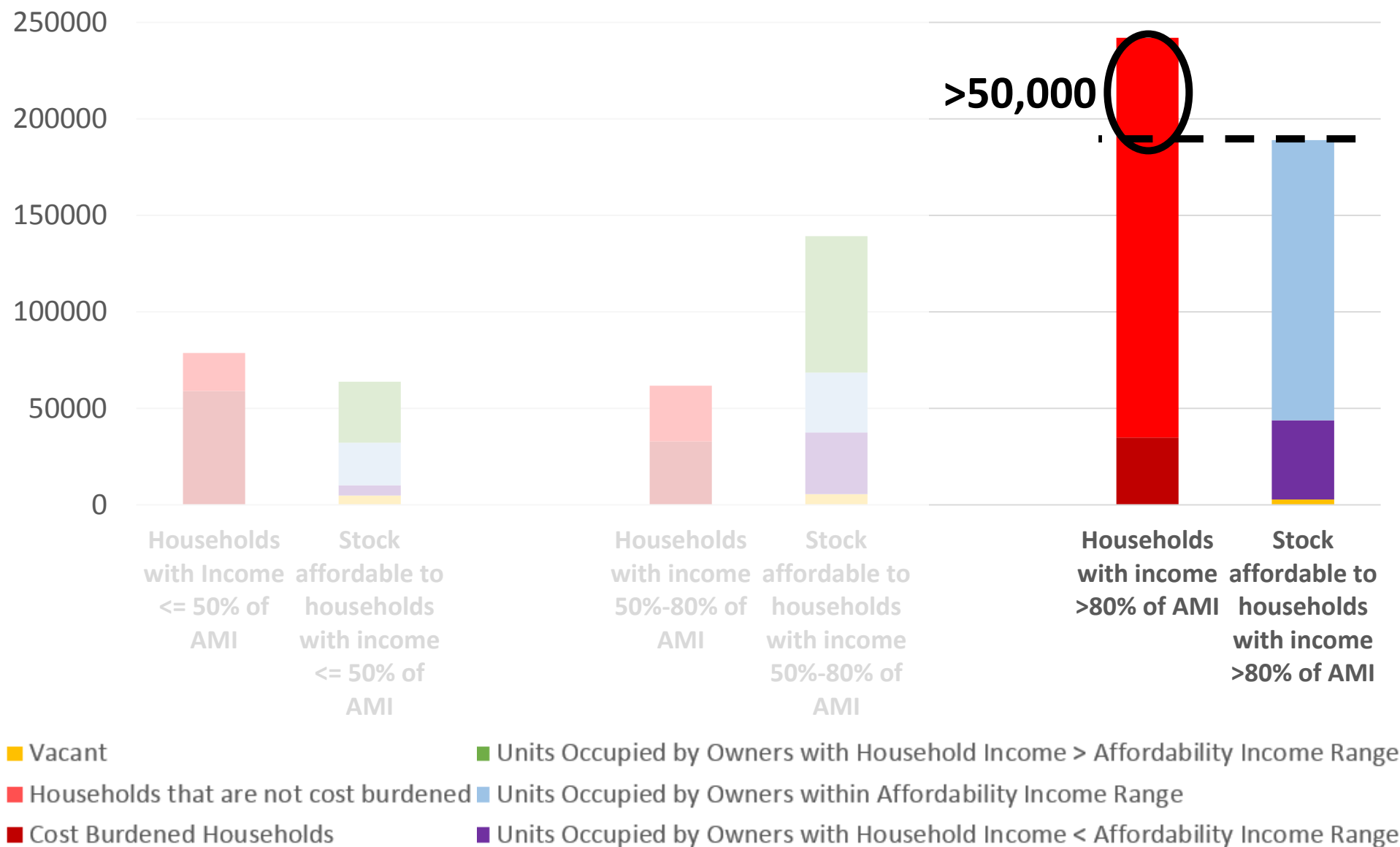


■ Vacant
 ■ Units Occupied by Owners with Household Income > Affordability Income Range
■ Households that are not cost burdened
 ■ Units Occupied by Owners within Affordability Income Range
■ Cost Burdened Households
 ■ Units Occupied by Owners with Household Income < Affordability Income Range

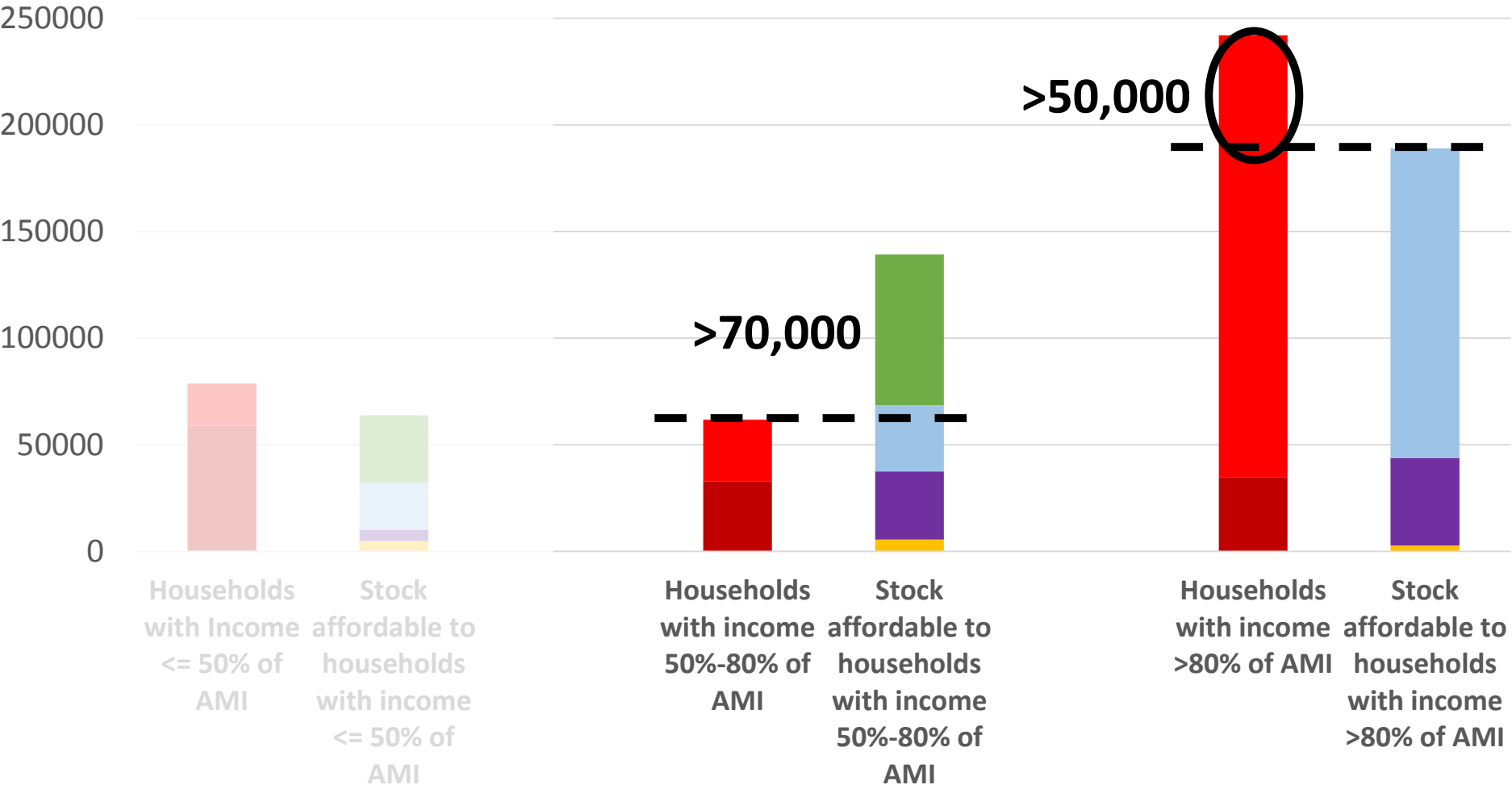
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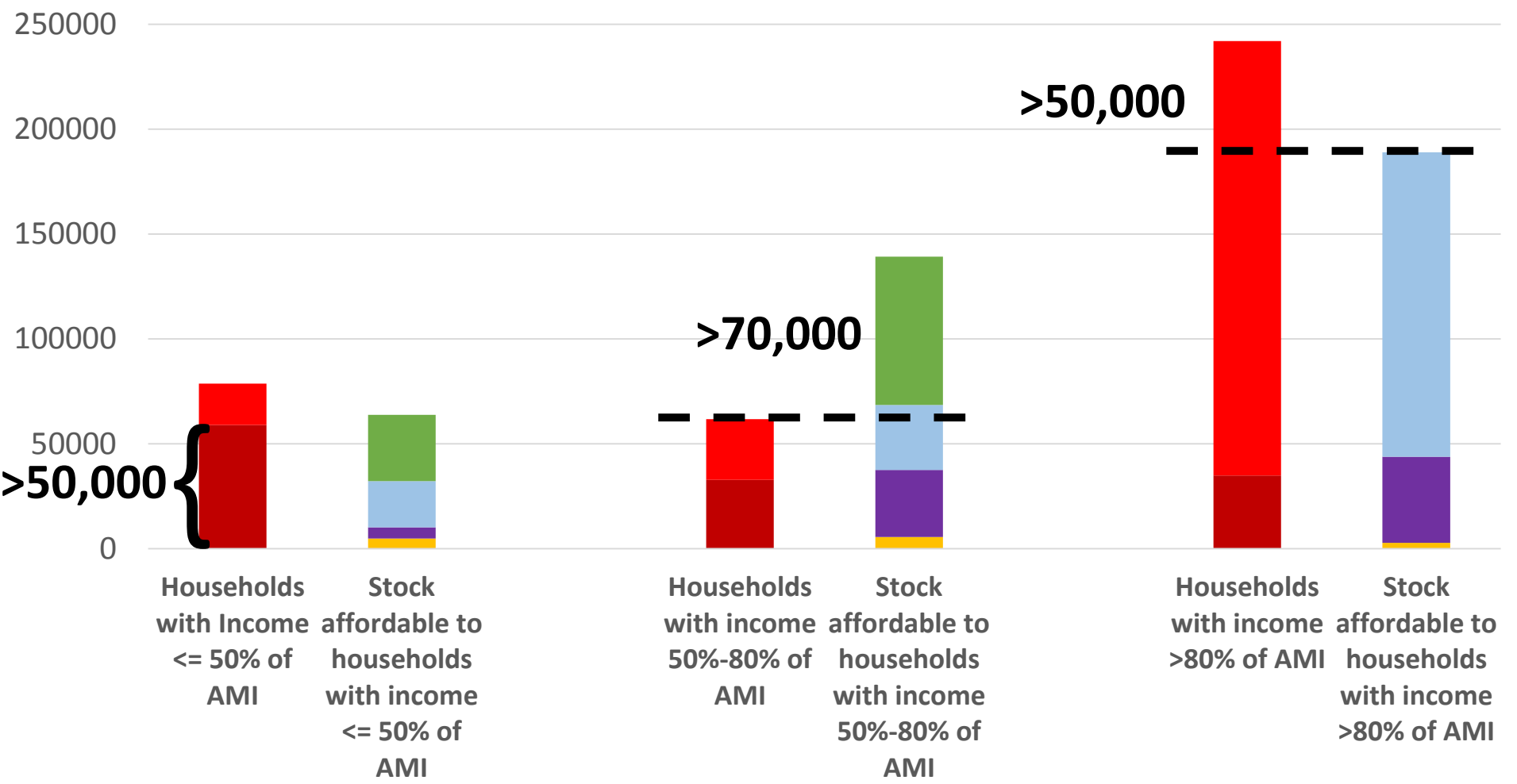


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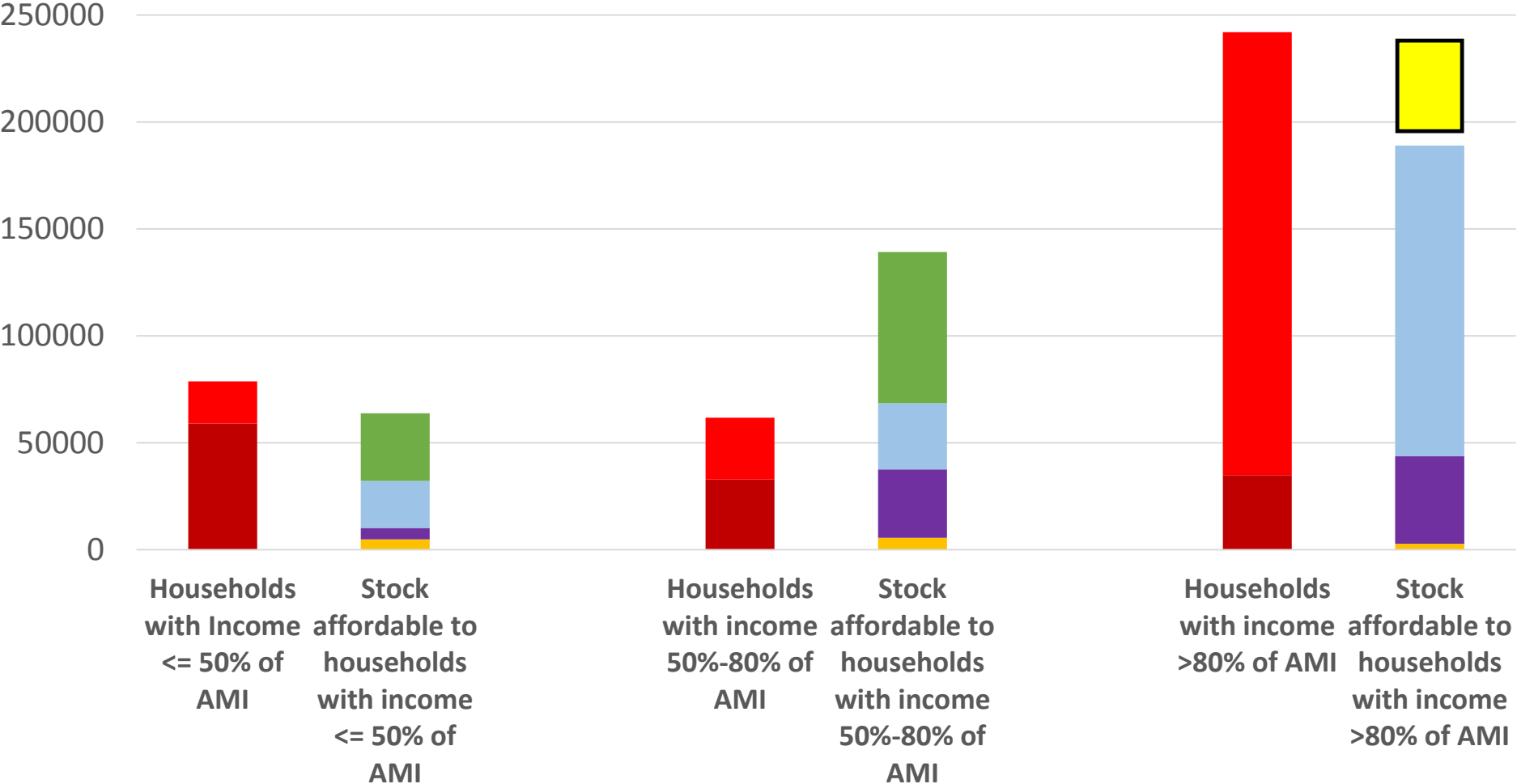
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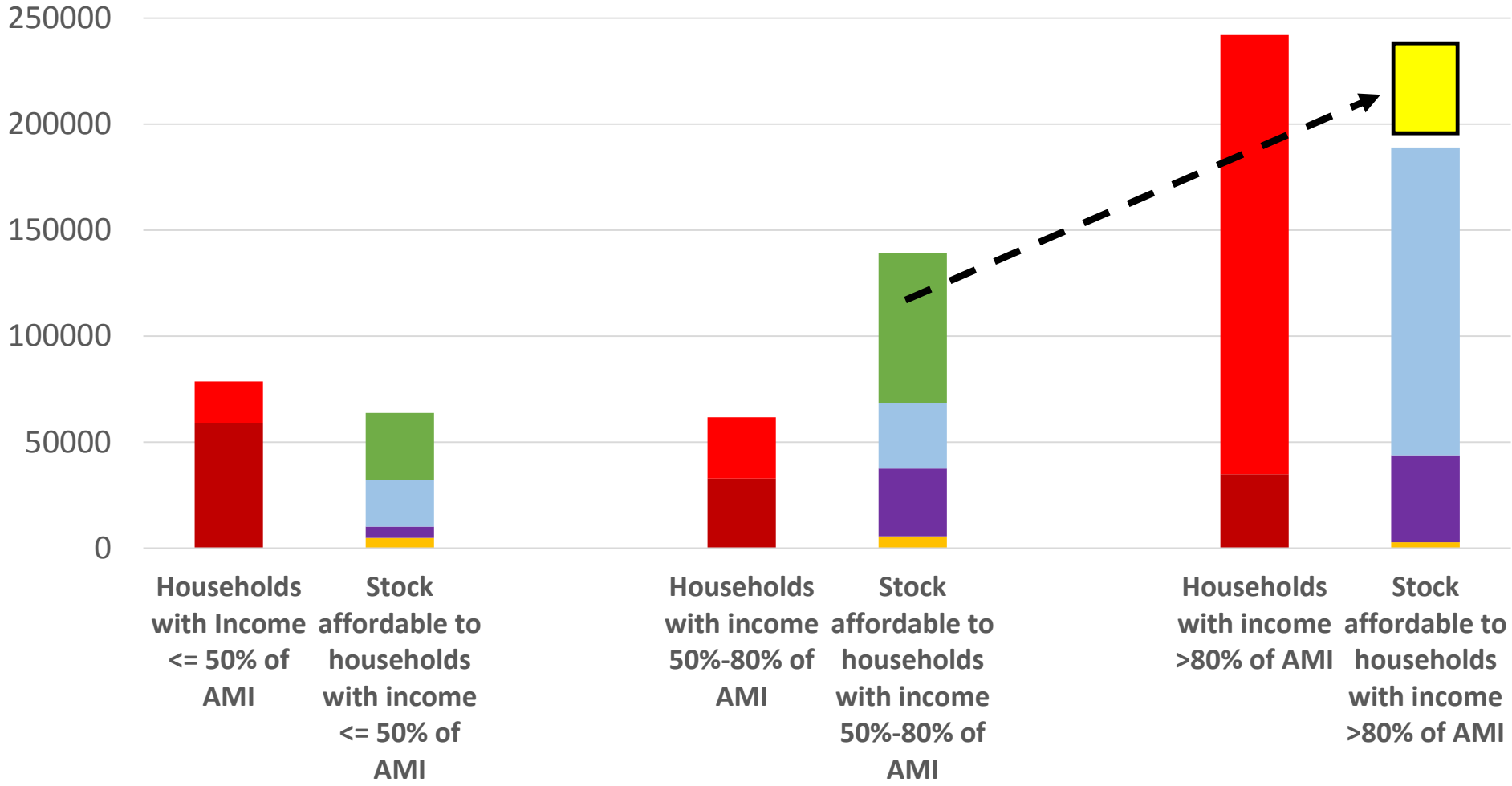
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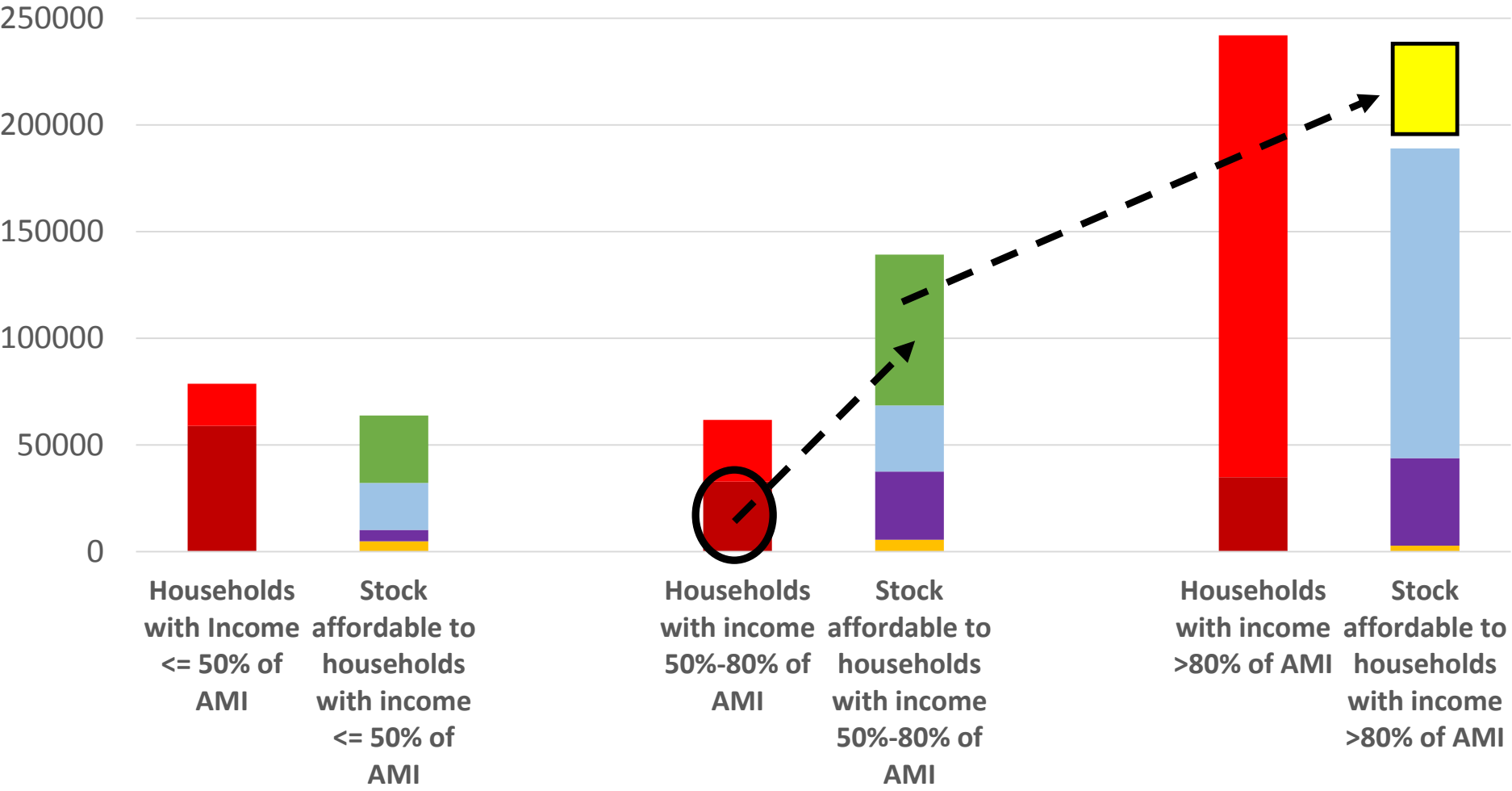
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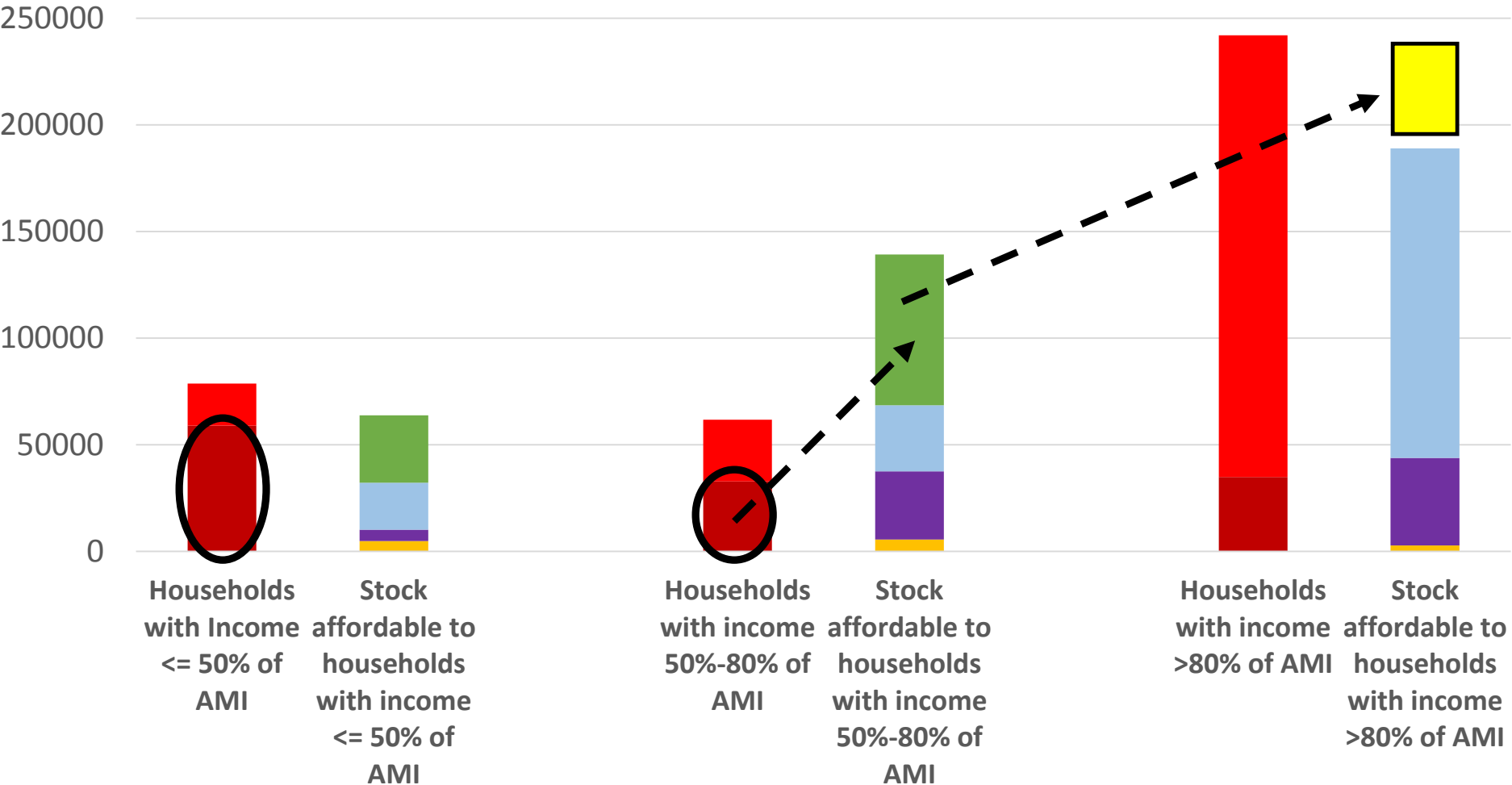
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Building Additional Units

- This data suggests that...
 - The region could reasonably expect the housing market to absorb at least 30,000 new “workforce housing” units because
 - At least 50,000 households with moderate or higher incomes could afford higher priced housing, but cannot find it
 - There are at least 30,000 more households in each lower income category that could afford higher priced housing.
 - 15,000 additional low-income housing units would be necessary to accommodate very low and extremely low-income cost-burdened households

**CAREFULLY CRAFTED BUILDING STRATEGY REQUIRED
ABSORPTION MUST BE TRACKED**

There is enough stock on the ground to accommodate the cost burdened households, but households with higher incomes more successfully compete for low-price housing

□ Households with incomes higher than necessary to comfortably afford their home (i.e., without being cost burdened) occupy over **65% of the owned housing stock** that households with incomes below 100% of AMI could afford.

□ Households with incomes higher than necessary to comfortably afford their home (i.e., without being cost burdened) rent over **35% of the rental stock** that households with incomes below 80% of AMI could afford.

Take Away

- The Richmond Regional Planning District faces a big challenge: an annual housing affordability deficit of \$862 million, averaging \$6,422 per cost-burdened household.
- The challenge is regional and is shared by
 - each jurisdiction;
 - by low, moderate and higher income households;
 - by homeowners and renters
- The deficit will continue to grow, unless it is addressed