Rockbridge Area Housing Study

An Assessment of Rental Housing Needs
In Lexington, Buena Vista, and Rockbridge County, Virginia

Prepared by Shiri Yadlin and Joe Landry

Winter 2012

Table of Contents

Introduction: The Importance of Housing

Decent shelter is the foundation of families' security, health, and success. The home is central to nearly every aspect of daily life — the setting of dinners, family bonding, preparation for work and school, and rest and relaxation. Cost of housing determines who will be able to access this essential good. It also determines what type of housing a family can afford. Housing cost is especially important because it is often a household's largest monthly expenditure. The Department of Housing and Urban Development (HUD) states that families should spend no more than thirty percent of their income on housing costs.[1] Many American families, however, spend far more than this percentage. Nationwide, twelve million households spend more than half their incomes on housing costs.[2] Due to the regular and mandatory nature of rent and mortgage payments, these expenditures are often immediately removed from household budgets each month. As a result, cost burden directly affects the distribution of remaining monthly funds for families with limited financial resources. Families who spend a disproportionate amount of income on housing often struggle to meet daily transportation, nutrition, and healthcare costs. Studies show that housing cost burden has negative consequences on overall educational attainment, employment stability, health, and safety within family units.[3] Thus, this burden can often be detrimental to social and economic wellbeing.

The housing cost problem affects the Rockbridge Area. Within this area (which includes Rockbridge County as well as the independent cities of Lexington and Buena Vista), 1,492 low-income households (those earning at or less than sixty percent of area median income) pay more than thirty percent of their incomes toward housing costs.[4] These families likely experience the negative effects of budget sacrifices associated with housing cost burdens nationally. For the

[1] Housing costs for owners include principal and interest payments on mortgages as well as taxes. For renters, housing costs include basic rent and utility costs. From "Who Needs Affordable Housing?" 16 Feb. 2012 *United States Department of Housing and Urban Development* 25 Jan. 2012 <http://www.hud.gov/offices/cpd/affordablehousing/>

[2] "Who Needs Affordable Housing?" 16 Feb. 2012 *United States Department of Housing and Urban Development* 25 Jan. 2012 <http://www.hud.gov/offices/cpd/affordablehousing/>

[3] Justin D. Cummins, "Housing Matters: Why Our Communities Must Have Affordable Housing" from Wm. Mitchell L. Rev. 197 (2001-2002),199-205.

[4] "Housing Affordability Measures - HAI." *Housing Virginia Sourcebook*. Web. <http://www.housingvirginia.org/tc.aspx?PID=365>.

three jurisdictions of the Rockbridge Area, ensuring access to affordable housing can help empower families to achieve their full social and economic potential while simultaneously benefiting the communities in which those families live.

In 2011, the Rockbridge Area Poverty Commission requested this study of local rental housing affordability. The study aims to assess the current need for affordable rental housing in the area's three jurisdictions and to propose several policy options for addressing this need. Interviews with local nonprofit leaders, service administrators, planning directors, apartment managers, and others involved with the provision of community housing assistance supply a qualitative analysis of housing needs in the Rockbridge Area. These interviews provide perspective on the specific advantages and disadvantages that low-income renters in Rockbridge County, Lexington, and Buena Vista face. The quantitative assessment of need, which follows, uses data available from the American Community Survey (ACS), the Virginia Employment Commission (VEC), the Department of Housing and Urban Development (HUD), the Housing Virginia Sourcebook, and the U.S. Census to calculate the specific shortage of affordable rental units in each of the three jurisdictions and other useful characteristics of the local housing market. Overall, the study is intended to serve as a guide to assist in the formation of local housing policies that address specific and unique area needs.

This study focuses exclusively on renter households. Several important features of the local market contributed to the narrowing of this focus. First, there are already a number of programs within the Rockbridge Area that aid low-income families seeking homeownership. Private organizations, such as Habitat for Humanity, provide homes at low cost with low-interest mortgages in an effort to make homeownership a reality for low-income families. Similarly, the City of Lexington's Threshold program renovates old houses and sells them at below market value. Both of these programs help facilitate homeownership within the low-income population. In addition, the population with which this study is concerned is comprised of households that are likely financially unable to own a home. These families, who earn below 60% of the area median income, rely primarily on rental housing. Therefore, the central concern of this study is the state of the affordable rental housing market.

Local Perspectives on Housing Need

In an attempt to assess the current state of the rental housing market in Lexington, Buena Vista, and Rockbridge County, we conducted interviews with community leaders in these three jurisdictions. These leaders included directors or representatives of the local Department of Social Services (DSS), Rental Assistance office, Rockbridge Area Relief Association (RARA), Total Action Against Poverty (TAAP), Blue Ridge Legal Services (BRLS), the Rockbridge Area Housing Corporation (RAHC), and the city or county planner for each of the three jurisdictions. The objective of these discussions was to assess local experts' perceptions of housing need before engaging in the quantitative need assessment included in the next section. The common theme that emerged from these discussions is that there is a need for more affordable rental units in the Rockbridge Area. This need results from economic factors, such as a disparity between median renter incomes and median market rents, as well as from a lack of local funding for low-income rental housing. While leaders disagree about the success of various housing efforts and the best programs to pursue in the future, most agree that more should be done to address the needs of low-income renters.

Many of the nonprofit leaders with whom we spoke confirmed that their clients struggled to find affordable housing. Shawna Cheney, from Blue Ridge Legal Services, works with low-income clients on legal matters related to housing. She has observed that her clients experience great difficulty in obtaining housing. Clients experience difficulty both with finding private market units to rent at prices they can afford and with finding vacancies in publicly subsidized units.[5] Ms. Cheney asserts that there is a need in the Rockbridge Area for more rental units that are affordable to low-income households. Varney Badgett, who works for the Rockbridge Area Relief Association (RARA), expressed a similar desire for construction of more units. RARA receives requests for rental assistance and emergency housing relief, indicating many local families' inability to pay monthly rent. Due to a lack of available funds, RARA is forced to turn down most of the requests for rental assistance that it receives. The organization primarily offers one-time assistance only to families that demonstrate an ability (through proof of income and a

[5] Shawna Cheney, "Interview with Blue Ridge Legal Services," Personal interview, 7 Oct. 2011.

responsible rental history) to continue independent rent payments in the future.[6] From January through September of 2011, RARA provided forty-five families with rental assistance, an average of six households per month.[7] On the surface, these figures may not seem to reveal a critical situation in the Rockbridge rental housing market; however, RARA assists only a small portion of the families that apply for rental assistance, and only those families that can demonstrate sufficient incomes to continue rent payments in the future. Ms. Badgett expressed that many more families in the area could benefit from housing assistance.[8] Common to many interviews with local leaders was this theme that the housing resources provided to low-income renters in the Rockbridge Area do not meet the need that those renters demonstrate.

A further concern expressed in these interviews was the lack of funding for local programs that deal with the construction, maintenance, and rehabilitation of affordable rental housing. Lexington City Planner Bill Blatter indicated that the City does not directly facilitate the construction of affordable rental housing, primarily as a result of a lack of available funding for such an initiative. The City does maintain funding for programs that facilitate construction, renovation, and sale of affordable owner-occupied housing; however, Lexington does not have similar funding for rental programs. Mr. Blatter suggested that the use of planning tools, such as zoning laws and density bonuses, which regulate the types of units that can be constructed in certain areas of the city, helps to address an existing need in the City for more rental units to be made available to low-income households.[9] Nonetheless, the absence of funding for local renter programs limits the extent of the City's direct involvement in construction of this form of housing.

The planning policies of Rockbridge County and Buena Vista also demonstrate a lack of funding for construction of new forms of affordable rental housing. County Planner Sam Crickenberger explicitly stated that the County has no funds available for construction of rental housing or for subsidies of existing rental housing. While the County does not fund owner-occupied housing assistance in the form of direct subsidies, it does assist in the construction of owner-occupied housing in other ways. For example, the County Planning Department assists Habitat for Humanity in the construction of new homes through various forms of land

[6] Varney Badgett, "Interview with Rockbridge Area Relief Association," Personal interview, 21 Oct. 2011.
[7] "Office Assistance Report," *Rockbridge Area Relief Association*, October 2011.
[8] Varney Badgett, "Interview with Rockbridge Area Relief Association," Personal interview, 21 Oct. 2011.
[9] Bill Blatter, "Interview with Lexington City Planning Office," Personal interview, 2 Dec. 2011.

donation.[10] Buena Vista City Planner, Bob Lukes, also confirmed that Buena Vista lacks funds to assist in the construction of affordable rental housing; however, while Buena Vista works closely with Habitat for Humanity, the City's current financial situation has meant a reduced ability to support the construction of either renter- or owner-occupied housing.[11] Thus, our discussions confirm that local jurisdictions have few funds available for construction of new forms of affordable housing, especially renter-occupied housing. When local governments, such as the City of Lexington, possess funds for housing construction, these funds exclusively assist the creation of new owner-occupied housing.

Planning Departments in the three jurisdictions assist in new housing construction beyond direct funding, however. When private companies desire to build both renter- and owner-occupied affordable housing, planning departments act as advisors. They often provide the seals of approval that allow projects to benefit from these larger sources of funding.[12] Further, they often attempt to assist developers in obtaining funding for new construction from larger state and federal sources. Planning Departments can do more to effectively serve in this capacity. Although the Lexington Planning Commission, in its 2010 draft of the housing section of the Lexington City Comprehensive Plan, revealed the intention to work collaboratively with its counterparts in Buena Vista and Rockbridge County,[13] no progress has been accomplished in this area. According to Mr. Blatter, the reason that the goal of regional housing collaboration has not been fully pursued is that the three involved jurisdictions have not demonstrated the necessary political will to accomplish this task.

Through our interviews, we determined that local planning commissions do not currently possess the resources to adequately alleviate housing cost burden among low-income renters in the area. City and county planners oversee a variety of tasks. These include, among others, the enforcement of existing local housing codes, the certification of proposed new developments, the creation of new zoning regulations, and finally, the conceptualization of future development plans. The task of assessing the supply of affordable housing and determining the need for future construction, therefore, is only a portion of a planning director's overall responsibilities.

---

[10] Sam Crickenberger, "Interview with Rockbridge County Planning Office," Personal interview, 25 Jan. 2012.

[11] Bob Lukes, "Interview with Buena Vista City Planning Office," Personal interview, 10 Feb. 2012.

[12] Sam Crickenberger, "Interview with Rockbridge County Planning Office," Personal interview, 25 Jan. 2012.

[13] Bill Blatter. *Lexington City Comprehensive Plan: Housing* (2010), 5-16.

According to Buena Vista City Planner, Bob Lukes, the daily tasks of code enforcement and project certification often consume the majority of planners' time and effort.[14] Mr. Blatter and Mr. Crickenberger expressed similar sentiments. Thus, while Planning Departments often express a need for affordable housing in their annual reports, efforts to address this need are frequently eclipsed by the numerous, more immediate responsibilities that the Departments possess.

Federal- and state-funded programs most directly address the need for affordable rental housing in the Rockbridge Area. The Section 8 program, administered by the U.S. Department of Housing and Urban Development (HUD), provides assistance in two major forms. First, HUD provides project-based assistance in the form of direct subsidies to public apartment complexes. The Department also provides rental assistance to tenants in the private market in the form of direct payments to landlords through the Housing Choice Voucher Program. The U.S. Department of Agriculture provides housing support in the form of its Rural Development Program. This program supplies funding for construction of affordable housing units as well as vouchers for low-income renters. Other affordable housing units in the area were originally constructed using funds from a variety of federal and state programs, such as the Low Income Housing Tax Credit (LIHTC) and the Home Investment Partnerships Program. While state and federal housing programs serve the needs of some area residents, many local leaders expressed a concern (confirmed in the next section by quantitative data) that these programs fail to meet a significant portion of the housing need that exists in the Rockbridge Area.

A number of programs currently deal with the affordable housing question in a more tangential manner. The Department of Social Services (DSS) provides emergency assistance for heating and cooling bills and occasionally with one month's rent. This office also provides tents to individuals inhabiting the area around the National Forest.[15] The Rockbridge Area Relief Association (RARA) offers assistance with security deposits and occasionally one month's rent, when funding is available. From January through September of 2011, forty-five individuals and families were provided with this assistance. RARA will also pay for a hotel room for one or two nights for those transient homeless who are passing through Lexington, but the local population does not generally utilize this program. From January through September of 2011, RARA

[14] Bob Lukes, "Interview with Buena Vista City Planning Office," Personal interview, 10 Feb. 2012.
[15] Meredith Downey, "Interview with Department Social Services," Personal interview, 20 Sept. 2011

assisted six individuals through its shelter aid program.[16] Compared to the number of families and individuals that RARA must refuse assistance in any of its programs (121 during this period) or refer to other agencies (167 during this period), the numbers of families and individuals that the organization is able to assist is minimal. A significant population requests the various forms of housing assistance that RARA provides yet is unable to receive aid because of the organization's resource limits.

Several interviewees also expressed the concern that college students who rent houses drive up local rental costs. This is a common concern in areas with small populations where one business or institution exerts a considerable influence on local markets. This issue could occur both in Lexington, with students from Washington and Lee University (although Virginia Military Institute is also located in Lexington, all cadets live on campus), and in Buena Vista, with students from Southern Virginia University. Our quantitative assessment of local housing needs, however, does not demonstrate a clear positive effect of student participation in rental markets on local rents. This may be due to the policies of both Washington and Lee University and Southern Virginia University, which require students to live in on-campus housing during their first two years.[17] Some leaders have suggested expanding zoning regulations to limit the rental market consumption patterns of college students. Current zoning laws in Lexington, however, already limit occupancy of single-family dwellings to no more than three non-related persons.[18] Lexington City Planner Bill Blatter, acknowledging the local concern about the effect of student participation in the rental market, also stated that the City of Lexington is conscious of the need to maintain a good relationship with Washington and Lee, which serves as a community asset.[19] Buena Vista also reveals an intention to facilitate a partnership with Southern Virginia University. City Planner Bob Lukes believes that SVU (located in downtown Buena Vista) will be the most important factor in the city's future. He states that the city will help facilitate the University's expansion through planning and zoning assistance.[20] While Lexington and Buena

[16] "Office Assistance Report," *Rockbridge Area Relief Association*, October 2011.

[17] Some exceptions do apply for Southern Virginia University students. SVU students in their first two years may live off campus if they are married, over 21 years old, living at home within a 75 mile radius of SVU, or if they are the parent or legal guardian of a dependent child. For more information, see: http://svu.edu/residential-life.

[18] Bill Blatter, "Interview with Lexington City Planning Office," Personal interview, 2 Dec. 2011.

[19] Bill Blatter, "Interview with Lexington City Planning Office," Personal interview, 2 Dec. 2011.

[20] Bob Lukes, "Interview with Buena Vista City Planning Office," Personal interview, 10 Feb. 2012.

Vista demonstrate appropriate desires to maintain healthy relationships with the large universities within their borders, it is important for both the cities and the universities involved to ensure that future university development programs and changes in residential policies do not lead to an increased housing cost burden for local renters.

Our discussions with community leaders brought many issues to the surface. First of all, the number of local residents who reportedly request assistance from area nonprofits reveals a need for various forms of housing assistance. While their needs cannot be adequately assessed using internal nonprofit documents (because the amount of assistance provided to families does not tell us whether these families repeatedly received assistance or the percentage of need that the assistance met), they provide anecdotal evidence of area housing need that should be further assessed through a quantitative analysis. Further, our discussions revealed that local government budgets could not directly fund the construction of new, affordable rental units. While some jurisdictions, such as Lexington, support the renovation and sale of owner-occupied housing, no funds are available in any of the Rockbridge Area's three jurisdictions to assist in rental housing construction. Instead, city and county governments attempt to assist in the provision of local affordable rental housing by instituting zoning regulations as well as by certifying development projects and assisting them in obtaining funding from state and federal sources. Overall, many nonprofit and government leaders in the Rockbridge Area expressed a concern about the affordability of local rental units for low-income renters. The specific need and the best methods of addressing it could not be appropriately assessed through their qualitative explanations. Thus, we determined a need for a quantitative assessment of Rockbridge Area housing need.

Quantifying the Need for Affordable Housing

While discussions with community leaders provide anecdotal evidence of a need for more affordable housing, quantitative data also confirm that this need exists. These data come primarily from Housing Virginia, an organization formed by public and private agencies across the Commonwealth of Virginia dedicated to the study of housing characteristics. Data also come from the United States Census Bureau and from the Virginia Employment Commission. Assessing area income statistics, available housing stock, and median renter costs, we are able to determine the specific area need for affordable housing in each individual jurisdiction as well as for the entire Rockbridge Area. Overall, the data demonstrate that 1,492 households are housing cost burdened in the area. Some families may not be cost burdened yet still occupy inadequate housing; however, cost burden can be more clearly and objectively assessed using published data. As a result, it is often the tool used by administrators of housing assistance at all levels of government to assess housing needs. In this section, we will explore the basis of the determination of the local area's cost burden as well as provide other evidence of housing needs in Rockbridge.

Area measures of housing cost burden serve as a primary method for assessing local housing needs. Cost-burdened renter households are those that spend over thirty percent of their monthly pre-tax income on combined rent and utility costs. HUD has determined that households that contribute more than thirty percent of their monthly incomes to housing expenses are cost-burdened. These families sacrifice contributions to other necessary monthly expenses — such as those related to transportation, healthcare, and nutrition — as a result of the income that they contribute to housing costs.[21] As a result, many housing programs make housing affordable by bringing its cost within thirty percent of individual households' incomes. For the purposes of this study, households contributing more than thirty percent of their incomes toward housing costs are determined to be housing cost burdened. Although the degree to which families experience housing cost burden is important, it is reasonable to assume that the vast majority of households contributing any more than thirty percent of their incomes toward housing costs are unable to

[21] Alex F. Schwartz, *Housing Policy in the United States* (New York: Routledge, 2006), 28.

meet some, if not most, of other essential household expenditures. Thus, this study considers all households contributing more than thirty percent of their incomes toward housing costs to be in need of some form of additional assistance — whether through construction of subsidized housing or through private market partnerships.

Cost burden measures demonstrate a significant need in the Rockbridge Area for some form of increased housing assistance. Data from the 2010 Census reveal an overall renter cost burden of 51.0% in the Rockbridge Area. As displayed in Table 1, this burden exists solely among those households earning less than $49,000 annually. This table shows that 54.4% of renter households in Lexington are cost-burdened. In Buena Vista, 47.5% are cost-burdened, and in Rockbridge county, 52.0%. The 51.0% of area households (which translates to 1,811 families) who demonstrate housing cost burden live in housing that costs more than thirty percent of monthly income. Every month, these families spend an excessive percentage of their income on rent — a cost that is both mandatory and immediate. As a result, they are making sacrifices in other budget areas in order to afford a roof over their head. Some of these families may suffer from decreased nutrition. Others may not be able to afford necessary healthcare treatment. In addition, many will make sacrifices in other areas of daily life, such as in transportation expenditures for example, which weaken their ability to maintain steady jobs or educational records. These decisions can ultimately send families into greater housing cost burden and financial devastation. Housing costs that are disproportionate to other household expenditures have the potential to negatively affect many aspects of a family's daily life. Whereas 51.0% of renters in the Rockbridge Area experience some form of this burden, the region exhibits a significant housing need.

Table 1: Income Distribution of Cost-Burdened Renter Households in the Rockbridge Area

Income	Rockbridge County		Lexington		Buena Vista		Total	
	# Cost-Burdened	% Cost-Burdened	# Cost-Burdened	% Cost-Burdened	# Cost-Burdened	% Cost-Burdened	# Cost-Burdened	% Cost-Burdened
<$20,000	691	94.5%	443	87.0%	261	78.9%	1395	89.2%
$20,000-$34,000	171	39.9%	67	32.0%	132	73.3%	370	50.4%
$35,000-$49,000	37	14.6%	0	0	9	5.6%	46	12.8%
$50,000-$74,999	0	0	0	0	0	0	0	0
Total	899	52.0%	510	54.4%	393	47.5%	1811	51.0%

Source: Housing Virginia

**Note that Table 1 does not include families already residing in public housing. Because these families pay exactly 30% of their incomes toward rent, they cannot be considered cost-burdened. Further, Table 1 does not include most families receiving assistance in the form of a Housing Choice Voucher. These vouchers subsidize the difference between 30% of household income and an area's fair market rent. A portion of voucher holders, however, may be included as cost-burdened. This is because the Housing Choice Voucher program allows participants to spend between 30-40% of household income on rent that exceeds the area's fair market rent.*

Knowing that 51% of renters in the Rockbridge Area are cost-burdened provides the overall scope of the local housing issue. When cost-burdened renter households are broken down by income, however, nuanced differences between the varying jurisdictions become clear. In Buena Vista, the majority of cost-burdened renter households fall in the $0-$34,999 annual income range: 78.9% of those making <$20,000 and 73.3% of those making between $20,000 and $34,999 annually are cost-burdened. That is, roughly three-quarters of Buena Vista renters earning less than $35,000 annually contribute more than 30% of their income to housing costs. Further, 5.6% of renter households earning between $35,000 and $49,000 are housing cost burdened. For Buena Vista, housing cost burden is a problem distributed among both low and low-to-moderate income households, as well as several moderate-income households.

Statistics for renters in Lexington and Rockbridge County reveal different cost burden issues than those revealed in Buena Vista. In Lexington, 87.0% of renter households earning less than $20,000 and 32.8% of those earning between $20,000 and $34,999 annually are cost-burdened. No renter households earning more than $35,000 are cost burdened in Lexington. In Rockbridge County, 94.5% of renter households earning <$20,000 and 39.9% of those earning between $20,000 and $34,999 annually are housing cost-burdened. Further, 14.6% of Rockbridge County renter households earning between $35,000 and $49,000 are housing cost burdened.

The data show that the three jurisdictions included in this survey experience housing cost burdens across different segments of their populations. Renter families earning steady incomes, some above $35,000, may still experience cost-burden in Buena Vista. Further, a full 14.6% of those renter households in Rockbridge County who earn between $35,000-$49,000 are cost-burdened. For perspective, this could include police officers, factory workers, teachers, and other individuals with stable, full-time jobs who are still experiencing a housing burden. The average police officer in the area earns $22,230 annually. The average machinist earns $18,510. Thus, households in which police officers and machinists provide the sole family income are most likely cost-burdened in any of the jurisdictions studied. For those jurisdictions in which a large portion of households earning between $20,000 and $34,999 annually are housing cost-burdened, families in which the only income is provided by construction laborers (who earn an average of $24,540) or preschool teachers (who earn an average of $23,750), would most likely face housing cost burden. The area renters who face housing cost burdens outlined in this study are not an atypical population. Instead, many are visible neighbors who are also essential contributors to community life.

Differences in income characteristics of cost-burdened households indicate the different problems that each jurisdiction faces. These numbers demonstrate a significant cost-burden even among those households with annual household incomes between $20,000 and $34,999. Thus, even working families in Buena Vista cannot find housing that both meets their needs and is only 30% of their budget. Most of Lexington's cost-burdened renter households earn less than $20,000 annually. While this number includes traditional low-income households, it also most likely includes area law students. This suggests that these two jurisdictions may require separate approaches to meeting renter needs.

Contributing Factors to Housing Cost Burden

Three major factors influence housing cost burden: household income, number of available subsidized rental units, and median rent. While the median rent is related to the number of available subsidized rental units, these are separate factors because private, unsubsidized rents vary from one jurisdiction to the next. Each factor plays an important role in determining area

housing need. For example, a city may have low household income and zero assisted rental units, but if median rents are also low, then the housing cost burden will also be low. In contrast, a city may have high incomes but relatively few assisted units and high market rents. This city's housing cost burden will likely be high. Thus, determining housing cost burden requires assessing the relationship between all three of these major factors.

An assessment of these factors for the three jurisdictions within the Rockbridge Area reveals several important patterns. As Table 2 demonstrates, Lexington's median renter household monthly income is much lower than both Buena Vista's and Rockbridge County's. This likely includes Washington and Lee Law students, many of whom have no income. While these students are in the process of building human capital and exert stronger bargaining power than others with this level of income, they are worthy of consideration in this study because some occupy local subsidized units and law students in general cannot be separated from existing statistics on low-income renters. Lexington's median gross rent is higher than that in both Buena Vista and Rockbridge County. Thus, cost burden is higher in Lexington than the other two jurisdictions by about seven percentage points. In Lexington, there are 0.40 available assisted rental units for each low-income household. There are 0.49 in Buena Vista and 0.22 in Rockbridge County. Because income in Rockbridge County is higher than in Buena Vista, housing cost burden between these two jurisdictions is almost equal, despite the great difference in availability of assisted rental units.

Table 2: Demand for Affordable Housing in the Rockbridge Area

City	Cost-Burdened Low-income Rental Households	Total Low-income Rental Households	% In Need of Affordable Housing
Buena Vista	296	445	66.52%
Lexington	429	582	73.71%
Rockbridge County	767	1146	66.93%
Total	1492	2173	68.66%

Source: Housing Virginia

Table 2 displays the need for low-income rental units in the three jurisdictions in the Rockbridge Area. In this case low-income renters are defined as those with incomes below sixty percent of area median income, and cost-burdened renters pay more than thirty percent of their income toward housing. A family is "in need," according to this data, if it is both low-income

and cost-burdened. The households included in the first column are both low-income and cost-burdened renters. The second column shows the total number of low-income renter households in each jurisdiction. Finally, the third column is the percentage of the total number of low-income renters that are cost-burdened. As shown in the table, 73.7% of the low-income renter household population in Lexington is in need of affordable housing. In Buena Vista, the need is 66.6% and in Rockbridge County 66.9%. Overall, 68.66% of low-income renter households in the Rockbridge Area experience a housing cost burden. The higher burden in Lexington appears to be the result of a larger divergence between median incomes and median rents than a relative lack of subsidized units; however, an increased supply of subsidized units would help to alleviate the burden that this divergence induces.

Finally, Table 2 provides the data necessary to determine that 1,492 households across the Rockbridge Area are in need of more affordable housing. This number of~~1,492~~ low-income renter households in Lexington, Buena Vista, and Rockbridge County pay more than thirty percent of their incomes toward housing costs. In so doing, these households incur housing cost burdens. In total, there are 2,173 low-income renters in the Rockbridge Area. This same area includes 704 assisted rental units.[22] This means that 1,469 low-income renter households in the Rockbridge Area subsist without housing assistance. Since the number of cost-burdened households in the area (1,492) is *higher* than the number of unassisted renter households,[23] we can assume that the vast majority of unassisted households are unable to find affordable rental units in the private market. It may also be the case that some households in subsidized units are also housing cost burdened. Overall, these data reveal local low-income families' inability to afford rental housing in the unassisted private market.

[22] Assisted rental units include those funded through Housing Choice Vouchers, the Section 8 project-based program, the USDA Rural Development fund, and housing constructed through the Low-Income Housing Tax Credit, the HOME Investment Partnership Program, and other forms of state- and federally-funded subsidized rental housing.

[23] The cause of this may be that some inhabitants of assisted units may actually also be cost-burdened. For example, a family may use a Housing Choice Voucher to rent an apartment that costs more than the fair market rent. When they do so, they contribute more than 30% of their income (up to 40%) toward this apartment. These households are actually still considered housing cost burdened, although they have "chosen" to live in an apartment that costs more than 30% of their incomes. That being said, because the rental market in the Rockbridge Area is small relative to urban markets, tenant occupancy decisions may be more reflective of units available at the time of voucher receipt than of voluntary decisions to contribute 40% of income toward housing costs.

Regional Analysis of Housing Need

To determine whether the need for housing in the Rockbridge Area is significant, we can compare the established need in the area to that in neighboring counties and the state. It has been determined that housing needs for Lexington, Buena Vista, and Rockbridge County are 73.7%, 66.6%, and 66.9% respectively among low-income renter households in those jurisdictions. These figures indicate the percentage of lower-income households (those households with incomes below 60% of area median income) that are cost-burdened (contribute more than 30% of income toward housing expenses).

Among the low-income renter households in Virginia, 71.9% are cost-burdened, so the averages for the three jurisdictions in the Rockbridge Area measure up as just at or below the average for the entire state. Regionally, Rockbridge County does not measure up well, though. Rockbridge County has a lower percentage of cost-burdened households than Rockingham County (67.2%) but a higher percentage than Augusta County (53.5%), Highland County (51.8%), and Bath County (37.9%).

Lexington has a lower percentage of cost-burdened households than the City of Harrisonburg (83.7%) but a higher percentage than Staunton (72.4%) and Waynesboro (73.1%). Buena Vista has a lower percentage of cost-burdened households than Lexington, Harrisonburg, Staunton, and Waynesboro.

Table 3: Regional Comparison--Cities

City	% Cost-Burdened	# Of Low-income Renters	# Of assisted units	Median Gross Rent	Median Renter Household Income (monthly)
Lexington	73.70%	582	231	$684	$1078
Buena Vista	66.60%	445	216	$638	$1900
Staunton	72.40%	2,030	1,078	$655	$2245
Waynesboro	73.10%	1,087	978	$676	$2031
Harrisonburg	83.70%	3,994	1,474	$794	$2191

Source: Housing Virginia

Table 4: Regional Comparison--Counties

City	% Cost-burdened	# Low-income renter HHs	# Assisted units	Median gross rent	Median Renter Household Income (Monthly)
Rockbridge	66.90%	1,146	257	647	$2,098
Rockingham	67.20%	3,128	369	751	$2,746
Augusta	53.50%	2,515	574	721	$2,428
Highland	51.80%	113	0	549	$2,967
Bath	37.90%	106	28	727	$3,389

Source: Housing Virginia

As has already been discussed, a number of factors can affect the presence and size of a cost-burdened population, including rental rates in the area, number of low-income units available, total number of low-income renters, and income characteristics of the area. Bath County, for example, has only 106 low-income households, so the need can be more easily met with fewer low-income units. This could explain the very low cost-burdened percentage in Bath County. Highland County's rental rates are significantly lower than Rockbridge ($549/month in Highland versus $647/month in Rockbridge). Although there are no assisted units in Highland, the rents are much lower, so percentage of cost-burdened renters is also much lower. Rockingham County has higher gross rent ($751/month) and approximately three times the number of low-income renters as Rockbridge County, with only twice the available affordable units. Both of these characteristics could explain the higher cost-burden percentage in Rockingham as compared to Rockbridge. The comparison with Augusta County does not follow logically from analysis of these factors. Augusta has twice the number of low-income renters with twice the number of available units, and median gross rent is higher than in Rockbridge County ($721/month). This would seem to indicate a higher cost-burdened percentage in Augusta County as compared to Rockbridge, but in reality it is lower. It may be that Augusta County's higher median income reduces the cost burden among its residents.

Housing Trends

The affordability of rental housing in the Rockbridge Area has declined in recent years. This is because, although incomes have increased slightly since 2006, they have increased at a slower rate than rents. Affordability can be measured by comparing thirty percent of median annual renter household income to median annual household renter costs. When area rents increase at faster rates than area incomes, housing affordability declines. The charts below show the trends in rental housing affordability for the three jurisdictions studied in this survey.

Chart 1: Renter Cost/Income Trends Rockbridge County

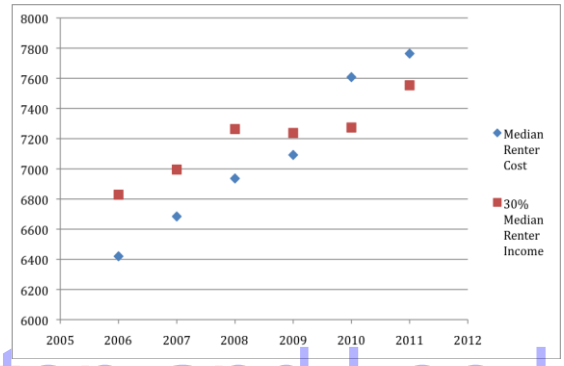


Chart 2: Renter Cost/Income Trends Lexington

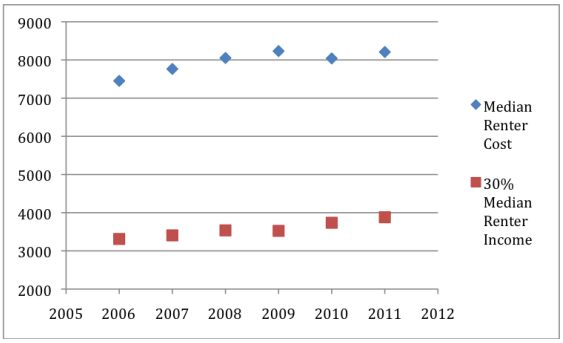
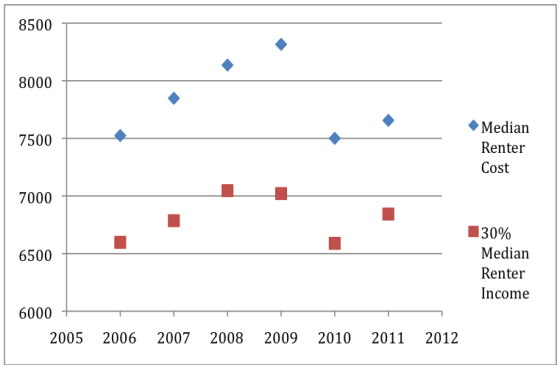


Chart 3: Renter Cost/Income Trends Buena Vista



At the same time that renter costs have increased in the Rockbridge Area, owner costs have declined. These costs include mortgage, interest, and principal payments, property taxes, and mean home insurance premiums. Since 2007, rental costs in Rockbridge County rose from $6,684 to $7,764 in 2011. Simultaneously, annual owner costs in the County have fallen from $17,892 to $11,628. Annual owner costs since 2007 have also fallen in both Buena Vista (from $9,384 to $3,888) and Lexington (from $21,012 to $16,128). Thus, while owner costs demonstrate a declining trend, rental costs in the area reveal a persistent upward trend that, especially within Rockbridge County, consistently exceeds income growth.

Assessing the Available Supply

The supply of affordable rental housing in the Rockbridge Area includes subsidized project-based units, Housing Choice Vouchers, and private units with low rents. Each has different requirements based on income and serves different type of population, but all three combine to address affordable housing needs.

Subsidized Project Units

The Virginia Housing Development Authority (V.H.D.A.) subsidizes the rent of every Section 8 Project-based unit. Tenants in these units pay no more than 30% of their income. In order for a family to live in a Section 8 project-based unit, it is required to meet certain income requirements. All units are reserved to those families considered "very low income" by the Department of Housing and Urban Development, and 40% of units must be reserved for families that are "extremely low income" at move-in. H.U.D. determines these characterizations according to geographic area. For example, in order to qualify for a unit in the Rockbridge Area, a family of four cannot earn annual income in excess of $27,750. A family of four that earns less than $16,650 is considered extremely low income.[24] Further, apartments managers conduct credit checks to determine applicants' potential reliability. Managers can reject applicants for the following reasons: credit obligation outstanding for more than three months, personal bankruptcy, foreclosure of real estate, voluntary or involuntary repossession of material or personal property, suit not remedied or suit pending.[25] Thus, in many cases, those families most in need of help are unable to access these forms of assistance.

V.H.D.A also provides funding through the U.S.D.A.'s Multifamily Rural Development Housing program, which funds the construction of housing in rural areas. In addition to financing construction, the Rural Development Fund offers vouchers that will subsidize rent in these units to ensure a family pays no more than 30% of its income. These vouchers are limited in number, and not every tenant in a Rural Development Housing complex will receive one.

[24] "Selection Criteria for Treemont Apartments," F&W Management, L.C. (15 Feb 2012), 2.
[25] Ibid,1.

Several of these Section 8 project-based units currently exist in Lexington, Buena Vista, and Rockbridge County. Valley View Apartments is a complex of 64 multi-bedroom units located just outside of Lexington, Mountainview Terrace contains 39 multi-bedroom units, Windemere has 38 single units, and Lexington House contains 78 units. In Buena Vista, Treemont Apartments has 60 multi-bedroom units.

There is also a Rural Development project in Lexington, owned by the same company as Valley View, called Greenhill. This is located adjacent to the Valley View Apartments complex.

Housing Choice Vouchers

Housing Choice Vouchers subsidize the difference between Fair Market Rent (determined by H.U.D.) and thirty percent of household income. It seeks to provide more choice to low-income families. Voucher-holders live in private, rather than public units. H.U.D. determines an area payment standards based on local rents. Families with vouchers pay 30% of their income for all units with rents lower than the payment standard. H.U.D. then funds the difference between the payment standard and 30% of income. If a family wishes to live in a unit with rent above the payment standard, they must pay the difference. The total that they pay, however, cannot exceed 40% of income. Qualifying rental units must also meet health and safety standards determined by the local housing authority.[26]

If a family cannot find a place to rent with the voucher within a certain allotted time period, they lose their voucher. Many times this occurs because landlords are unwilling to accept tenants with vouchers, or the vacancy rate in the area is very low, contributing to rents out of the family's price range. However this rarely happens in the Rockbridge Area. Few vouchers go unused in a given year, which indicates landlords in the region are willing to accept tenants with vouchers. This certainly reflects positively on the community.

The current allocation of Housing Choice Vouchers for the three jurisdictions is: 35 in Lexington, 50 in Buena Vista, and 72 in Rockbridge County. Therefore, the Housing Choice Program distributes 157 vouchers throughout the Rockbridge area. Discussion with the director of the local Rental Assistance Office, Vicky Agnor, showed that the demand for these vouchers far surpasses the supply. The Rockbridge Area Rental Assistance office states that 312 families

[26]"Housing Choice Vouchers Fact Sheet," *HUD*, Web. <http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/program/hcv/about/fact_sheet>

are currently on a waiting list to receive rental assistance vouchers. This means that nearly twice as many households are waiting to receive vouchers than are using vouchers currently. Most of the households on this waitlist will wait years longer before receiving a voucher, and some will never receive one at all.

The Rental Assistance office does hold records on the families on its wait list and therefore could not provide information on whether those on the wait list are being helped by other services.

Private Units

Virginia Housing Development Authority characterizes low-income units as affordable (with rents not exceeding 30% of income) to households "at or below 60% of area median income." Extremely low-income units are affordable to households "at or below 30% of area median income."[27] In order for private, unsubsidized apartments in the Rockbridge Area to qualify as affordable under these definitions, they must have rents less than or equal to the rents outlined in Table 5 below. The private units available at the apartment complexes surveyed had rents ranging from mid-$400s to mid-$600s for typical two-bedroom units. No complexes possessed units that would be available for "extremely low" income tenants without subsidies.

Table 5: Income Levels in the Rockbridge Area

City or County	Median Monthly Income	"Affordable" Monthly Rent for "Extremely Low"	"Affordable" Monthly Rent for "Low"	Median Rent
Lexington	$2,631	$236.78	$473.57	$684
Buena Vista	$3,330	$299.66	$599.33	$638
Rockbridge County	$3,701	$333.13	$666.26	$647

Source: Housing Virginia

[27] "Inventory of Assisted Rental Properties," *Housing Virginia Sourcebook*, Web. <http://www.housingvirginia.org/T1.aspx?PID=226>

Recommendations

Considering this need we have established for rental housing, there are a number of policy options we recommend exploring to meet this need. Some policies focus on building a financial base for construction of new units and others work on making existing units more affordable. Each has its benefits and drawbacks, and varying levels of potential effectiveness in the Rockbridge Area.

Cross-Subsidies

Cross-subsidies provide a unique source of funding for the operation of affordable housing. In this program, revenue from market-rate units generates financial capital that allows for the existence of affordable housing in the same area. Income from the sale or rent of market-rate units does not directly fund the low-income units, but rather helps ensure that they can exist from a financial standpoint. The presence of market-rate units in the same complex as low-income units helps to make the overall operation of the complex more financially feasible. To illustrate, if a complex is made up of entirely low-income units, it will be much more difficult to fund than if there are also market-rate units generating higher revenue mixed in. Funds from the higher rate units help make the low-income units affordable. The Center for Housing Policy (CHP) explains this concept well: "The term 'cross subsidies' relays the concept that mixed-income developments can use the market to effectively subsidize the financing gap created by selling or renting housing at below-market rates."[28]

Utilizing cross-subsidies has a number of benefits. First, as already discussed, cross-subsidies make the presence and maintenance of affordable units an economic reality. This policy also encourages the construction of mixed-income housing. Because it is the revenue from market-rate units that helps provide for the existence of neighboring low-income units, this system places low-income and higher-income families side-by-side, helping to prevent the ghettoization that often occurs with low-income housing projects.[29] Mixed-income

[28]"Use Cross-Subsidies to Support Mixed-Income Communities," *Housing Policy & Housing Strategies from HousingPolicy.org*, Web <http://www.housingpolicy.org/toolbox/strategy/policies/cross_subsidies.html>.

[29] Bruce Katz, Margery A. Turner, Karen D. Brown, Mary Cunningham, and Noah Sawyer, "Rethinking Local Affordable Housing Strategies: Lessons from Seventy Years of Policy and Practice," *The Brookings Institution Center on Urban and Metropolitan Policy* (Dec 2003), 13.

neighborhoods, like the Thompson's Knoll project currently being built in Lexington, behind Lylburn Downing Middle School on North Lewis Street, enhance economic integration and combat the tendency of poverty to be concentrated in one area.[30] The City of Lexington has already shown interest in creation of mixed-income housing communities in its Comprehensive Plan.[31]

An important factor to note when considering implementing cross-subsidies in a community is the demand for market-rate units. This program necessitates healthy demand for market units to ensure a consistent funding base. Effectiveness of cross-subsidies relies on the value of non-luxury homes and market rent in the area. CHP suggests combining cross-subsidies with other programs, including zoning and density regulations, in order to make them as productive as possible. The Comprehensive Plan of the City of Lexington indicates that the highest demand for housing going forward will come from "younger, less affluent households," so the demand for market-rate homes necessary for successful implementation of cross-subsidies might not be present.[32] However, cross-subsidies can work on a small scale so it may still be an option worth pursuing in the Rockbridge Area, especially considering the side effect of increasing mixed-income neighborhoods.

Utilizing Employer Commitment To Workers

Another option for building the financial base with which to assure the availability and affordability of low-income housing in a community is through utilization of existing relationships in the community. One such relationship is the employer-employee relationship. Employers have a vested interest in the quality of life of their employees, because availability of quality housing that is affordable and close to the workplace affects the employer's ability to attract competent, satisfied employees.[33] Affordable Housing located near the workplace acts to reduce commute times and thereby lower traffic congestion and air pollution, improving employee morale and productivity. Construction of housing near the workplace can also

[30] Ibid.

[31] Bill Blatter. *Lexington City Comprehensive Plan: Housing* (2010), 5-16.

[32] Ibid, 5-4.

[33] "Leverage Employers' Commitment to Affordable Homes for Workers," *Housing Policy & Housing Strategies from HousingPolicy.org*, Web, <http://www.housingpolicy.org/toolbox/strategy/policies/employer_assisted_housing.html>.

facilitate community development, which could help stabilize a neighborhood or otherwise make the area around the workplace more desirable.[34] These factors certainly benefit the employer.

However, without direct encouragement from a non-profit or governmental organization, it is unlikely that an employer would act on this interest. It can be easily overlooked amidst the many concerns employers have to deal with at any given time. The Center for Housing Policy suggests a number of tools for leveraging employer assistance in the housing market. These tools include financial incentives that either match or offset financial contributions from private employers, encouraging employers to take leadership roles in advocating for policy changes that benefit the local population, and working with employers to develop housing benefit plans for their employees.[35] If employers can be convinced to invest in their employees housing, they could generate a significant base of funding for these projects.

This type of idea seems applicable to the Rockbridge Area, because it is both rural and has a relatively small population. CHP argues that with rural populations there is even more incentive for employers to ensure access to housing in the area, because there needs to be enough housing to provide for their workforce and the possibility of workforce expansion. Furthermore, in this small community, employee-employer relationships are enhanced. W&L, SVU, and VMI provide jobs to 55% of the population of the area,[36] so these employers could be targeted in a quest for support for revenue for affordable housing.

Washington and Lee already provides a housing assistance program for those employees seeking to purchase a home. Certain employees--full-time faculty, administrative, professional and supervisory personnel--are eligible for loans to assist with a down payment or mortgage payment. These loans are held at an interest rate 25% below the rates offered by other local financial institutions. Loans can also be provided for improving a home.[37] The maximum loan amount under this policy is $300,000 for purchase or construction of a new home for an eligible employee, and $450,000 for households with two eligible employees.[38] However, this program only benefits those employees who are able to own their own home; there is no comparable program for employees in rental housing. The same general philosophy that motivates the owner-

[34] Katz, Turner, Brown et al xii.

[35] Ibid.

[36] Rockbridge County Planning Office, *Comprehensive Plan: Economy Chapter* (2009), 85.

[37] "Employee Home Loan Policy," *Washington and Lee University*, Web <http://www.wlu.edu/x30920.xml>.

[38] Ibid.

occupied housing assistance that the University already provides — that investment in employees makes for increased loyalty, improved community, and a more positive work environment — also provides a foundation for employee housing assistance programs across the income spectrum. Washington and Lee University takes great pride in valuing its employees, and this would be a means of extending a similar courtesy to all workers.

Zoning

Zoning is a tool used by city planners to designate different plots of land for different purposes: commercial, residential, or industrial use. Zoning regulates building density and lot sizes, which are important tools when it comes to the affordable housing question.[39] Zoning can be used to ensure a diversity of housing types for multiple demographics: family, single, multi-family, etc.[40] It is also a tool to safeguard the presence of affordable housing, particularly in the construction of new housing projects. Inclusionary zoning mandates that a given number of affordable units be built alongside moderate- and upper-income units. This idea is often termed the "developer set-aside" because it ensures a certain number of units are "set aside" for low-income communities.[41] By ordering that these units be built in the same area as market-rate units, inclusionary zoning helps facilitate the construction of mixed-income communities. This provides low-income households access to more upper-income neighborhoods, and prevents the isolation these families may feel when they are forced to live in entirely low-income communities. Zoning also ensures that affordable homes continue to be constructed, even during a lull in the housing market, because it mandates that a certain percentage of land zoned for residential use be used for affordable housing.[42]

Inclusionary zoning does not stimulate housing development independently, but in the event that there is growth in a community's housing supply, inclusionary zoning is a good way to ensure maintenance and expansion of the affordable housing stock moving forward. Lexington's City Plan expressed consideration of zoning tools to increase both affordable and workforce

---

[39] "Glossary," *HousingPolicy.Org*, Web <http://www.housingpolicy.org/glossary.html#zoning%20code>.

[40] "Ensure Zoning Policies Allow Housing Diversity," *Housing Policy & Housing Strategies from HousingPolicy.org*, Web <http://www.housingpolicy.org/toolbox/strategy/policies/diverse_housing_types.html>.

[41] Katz, Turner, Brown et al, 70.

[42] "Establish Inclusionary Zoning Requirements or Incentives," *Housing Policies & Strategies from HousingPolicy.org*, Web <http://www.housingpolicy.org/toolbox/strategy/policies/inclusionary_zoning.html>.

housing, so this concept is on the radar of the city government.[43] The City of Buena Vista's Comprehensive Plan does not explicitly mention zoning in its housing goals, but it does discuss other regulatory tools related to zoning, such as density increases.[44]

Rezoning is another tool often used by local governments to allow housing construction in areas that were previously zoned for other purposes, in the event of a housing shortage.[45] This is not a problem faced in the Rockbridge Area--the primary obstacle to construction of affordable housing is not lack of space but rather a lack of funding. Where rezoning could help this area, though, is through other regulations that fall under the umbrella of zoning. For example, the local governments could rezone an area to increase density allowances. As it stands now, there are requirements for how large a plot of land can be and how many units can be build on any given part of that plot. However, if zoned differently, the same number of units can be built closer to each other, allowing them to share infrastructure such as plumbing, decreasing the cost of construction and maintenance significantly. Rather than spreading the allotted number of units around the plot, they are built in a cluster, with open space around them. The number of units has not increased — the density has just changed. This concept is called "clustering" and is already being utilized in Rockbridge County.[46] A similar initiative could be beneficial in Lexington and Buena Vista as well.

Tax Policies to Facilitate Construction of New Rental Housing

The creation of incentives within the local property tax code is another tool that helps to facilitate the construction of new affordable rental housing. Tax policies are a way for communities with smaller overall budgets to support the development of affordable rental housing. Through these policies, communities forgo future revenues in order to incentivize current construction of housing that meets community needs.

---

[43] Lexington Comprehensive Plan, 5-24.

[44] Buena Vista Comprehensive Plan, 4-21.

[45] "Expand the Supply of Homes Through Rezoning," *Housing Policies & Strategies from HousingPolicy.org*, Web <http://www.housingpolicy.org/toolbox/strategy/policies/rezoning.html>.

[46] Sam Crickenberger, "Interview with Rockbridge County Planning Office," Personal interview, 25 Jan. 2012.

Tax abatement is an example of a tool that communities can use to incentivize specific forms of construction. Through tax abatement policies, communities induce private developers to construct new housing meeting particular requirements.[47] These policies forgive future property tax obligations on the part of property owners for a given number of years, thus using future government revenues to assist developers at the time of construction. For example, providing a tax abatement on a property promises the developer a certain percentage of future property tax obligations at the time of construction. This allows local governments to directly influence the forms of housing developed in certain areas without incurring large, immediate expenditures. Tax abatement is often used to incentivize construction of complexes with a certain portion of units affordable to low-income households. Local governments also frequently use abatements to encourage the renovation of existing housing by temporarily halting increases in property assessment values.[48]

A major problem cited by many community leaders throughout the Rockbridge Area was that local budgets are unable to directly fund the construction or rehabilitation of rental housing. Tax abatement could be a useful tool for Lexington, Buena Vista, or Rockbridge County to meet evident housing needs without spending much-needed current funds. The strength of this strategy is that it uses the potential tax revenues from new a development to help fund construction of that development, allowing local governments, low-income households, and developers to benefit from new construction. Another strength is that it provides local governments with the ability to decide the specific characteristics of new housing that they wish to incentivize. A weakness is that the financial incentive provided through tax abatement is often not enough, independently, to result in new development. When supplemented with other incentives, however, tax abatement policies can be an effective tool in facilitating the construction of new affordable housing.

Preserving Current Affordable Housing

The communities of the Rockbridge Area have a responsibility to preserve existing affordable housing stock. This involves ensuring the maintenance of both quality and quantity.

[47] "Increasing the Availability of Affordable Homes: A Handbook of High-Impact State and Local Solutions," *Homes for Working Families* (Washington: Center for Housing Policy, 2006), 9.

[48] Ibid.

The housing cost burden of residents of all three local jurisdictions will increase if housing stock that is currently affordable to low-income households is destroyed or redeveloped as units for higher income households without one-for-one unit replacement. That is, for every unit of affordable housing eliminated from the market, at least one more unit should be made affordable to households with similar size and income characteristics.

This has recently been a problem that leaders in Lexington have dealt with. The Robert E. Lee Apartments in downtown Lexington consisted of one-bedroom units that formerly housed low-income households. As a result of downtown development efforts, these apartments were recently converted into high-end luxury units. Through this redevelopment, these units were removed from the community's existing affordable rental stock. While community leaders have worked to find homes for these displaced residents within existing housing developments, it is important that permanent replacement rental units be made available. In addition, transportation needs of these low-income tenants must be addressed.

In addition to preserving quantity, the cities and county must also preserve the quality of existing housing inhabited by low-income households. Planning commissions in each jurisdiction inspect rental units within their communities and enforce local housing codes. It is important that these commissions focus on units occupied by low-income households, which can often be overlooked if these tenants do not request initial code inspections.

Applying for State and Federal Housing Assistance

Lexington, Buena Vista, and Rockbridge County also obtain funding for new development from state and federal housing assistance programs already in existence. Collaboration in this process can be effective in securing funds and meeting regional needs appropriately. While local planners have expressed a goal of collaboration in the past, they can take more action to serve as regional actors as well as city and county leaders.

The planning commissions in each of these jurisdictions assist with certification of new development projects and the acquisition of funding for those projects. They obtain funding from federal programs, such as the HOME Investment Partnership Program or the Low-Income Housing Tax Credit, as well as from state funding sources, such as Virginia Development

Housing Authority's Rural Development fund.[49] It is important for these commissions to be aware of the vast array of funding opportunities available to rural towns and counties. Through our interviews, we have found that recent projects in the Rockbridge Area have been constructed using funds from these sources; however, we have also found that more can be done to enhance collaboration between Lexington, Buena Vista, and Rockbridge County as they apply for funds from state and federal agencies and plan for future development.

The regional nature of the Rockbridge Area makes collaboration in planning an appealing, if not necessary, option. The Housing Chapter of the Lexington City Plan recognizes regional cooperation as an important goal. Within this goal, the report recommends that the City work with Buena Vista and Rockbridge County to establish a Regional Housing Assistance Office, which would offer various forms of financial and educational services to future and current homeowners and renters in the Rockbridge Area.[50] Through our interviews and research, we have determined that achievement of this already established goal would benefit all three jurisdictions. Unfortunately, this goal has not been prioritized by any of the local governments in the Rockbridge Area. We recommend that the Regional Housing Assistance Office, or other formal means of collaboration between the planners of Lexington, Buena Vista, and Rockbridge County, be established in order to facilitate more effective housing strategies for the region.

In its 2003 report, *Rethinking Local Affordable Housing Strategies*, the Brookings Institution recommends regional collaboration as one of the most important objectives for local governments in addressing their housing needs. As the report states, "Housing markets are regional, so housing policies should be."[51] City and county borders no longer divide communities into isolated units. The members of these households often travel across municipal and county borders regularly for employment, educational, and commercial purposes.

The Rockbridge Area also functions as a multi-jurisdictional unit, with regional school districts as well as regional commuter and shopping patterns. Thus, housing needs should also be addressed at the regional level. By displaying an adherence to best practices of collaboration as outlined at the federal level, the jurisdictions of the Rockbridge Area can demonstrate to potential funding sources their commitment to meeting housing needs most effectively.

---

[49] Sam Crickenberger, "Interview with Rockbridge County Planning Office," Personal interview, 25 Jan. 2012.

[50] Lexington City Plan, 5-14.

[51] Katz, Turner, Brown et al, 70.

Further Research

~~There are s~~Several aspects of the affordable housing situation in Rockbridge County ~~that~~ merit further research. First, this study did not assess whether units are overcrowded. This can occur when multiple families, due to income restraints, occupy a single-family unit. Some anecdotal evidence exists relating to this problem, but our data did not address this issue. Further, the conditions of rental units in the area should be further assessed. Other studies, such as the Community-Based Research conducted by Kantwill and Tomlinson, indicate concern about housing quality and safety among the local low-income population. In conducting our research, we were not able to see the interiors of any of the housing complexes that we visited, so a study of this nature would be beneficial in the future. Finally, in order to most accurately predict the future demand for affordable housing, a cohort analysis should be conducted to project increases in the size of the low-income population over the next few years.

Conclusion

Discussions with community leaders in the Rockbridge Area revealed concern for the issue of Affordable Housing. Non-profit leaders told of their clients' difficulty finding vacancies in public housing or non-subsidized units that they could afford. These non-profits consistently receive requests for rental and utility assistance, indicating that families in the area are struggling to finance their living situations. Several of these leaders indicated specifically the need for more affordable housing in the area, but government officials indicated lack of funds to make this possible.

This need is not just anecdotal conjecture; data supports the existence of this problem as well. Cost-burden among the low-income in Rockbridge County is higher than in neighboring counties, with over two-thirds of these households paying over 30% of their income for housing. In the city of Lexington, this number is almost three-quarters of the low-income population. Every public housing complex in the region has a waiting list, and there are no vacancies to fill. The local Rental Assistance Office, which provides Housing Choice Vouchers, also has a waitlist with more than twice as many families as the number of available vouchers. These data support the conclusion that there is a need for more affordable housing in the community, with a supply gap of 1,492 units. Either more housing must be built, or existing housing must be made more affordable.

The cities of Lexington and Buena Vista and the county of Rockbridge already address the issue of affordable housing in important ways. All affordable housing complexes, with the exception of Willow Lake in Raphine, are directly on the route of the Maury River Express. This meets the transportation needs of residents of these complexes, some of whom do not own cars, and would therefore have no way of getting to work, the grocery store, appointments, or school. Part of the appeal of the recently closed R.E. Lee apartment complex was its central location, with easy access to all of downtown Lexington as well as the Lexington Kroger and both universities, a large employer in the area. By linking local public transportation to these housing complexes, the local governments have ensured that even those residents without cars have a way to travel throughout the area, provided that they are relocated to units along the Maury River Express route.

Another strength of the Lexington, Buena Vista, and Rockbridge County affordable housing situation is the quality of the affordable housing that already exists in the area. While popular perception might imagine public housing complexes to be run down and neglected, those in the Rockbridge Area are clean and cared for. Treemont Apartments in Buena Vista are especially high-quality, situated up on a hill with a clear and beautiful view of the valley below. Lexington City currently runs a Rental Housing Inspection Program, designed to monitor the quality of rental housing in the city, both low-income and market-rate. The program is concerned mainly with "public health, safety and welfare of the community by ensuring the maintenance of decent, safe and sanitary living conditions" for all rental properties throughout the city, with cosmetic concerns coming second.[52] Initiating this program is a great step Lexington has taken to maintain the health and safety of its residents. Buena Vista has recently adopted a similar program.[53]

As was discussed briefly in the introduction to this paper, the governments of the three jurisdictions in the Rockbridge Area already provide a number of strong supportive programs for low-income homeowners. One such program is city of Lexington's Threshold, which renovates old homes and puts them up for sale at below market value. Since its founding in 1988, Threshold has renovated 95 privately-owned homes, rehabilitated 20 vacant, dilapidated homes that were then sold to families in the community, and built 15 new homes. Two Threshold rehabilitated homes are currently on the market. The revenue from the sale of Threshold homes is used for the construction of the next set of Threshold properties.[54] Threshold also works to reduce the cost of building and maintaining a home by increasing energy efficiency and weatherization.

To continue with the theme of reducing housing maintenance costs, Total Action Against Poverty runs a weatherization program, designed to improve the quality of housing in the area and reduce housing costs. The Energy Efficient Weatherization Program currently works on the heating and cooling systems in a home, sealing air leaks, weather stripping, and insulation, all of which make the home more affordable to live in. The Energy Home Repair Program is one of their largest and most effective programs. Each house receives a maximum $6,000 budget, which allows for patched roof leaks, heating and venting, and other homes repairs that would increase

[52] Lexington Comprehensive Plan, 5-8.
[53] Ibid.
[54] Ibid, 5-7.

the efficiency of the home. Also, the Indoor Plumbing Rehab Program rehabilitates homes with poor or no indoor plumbing, but this program recently ran out of funding. To qualify for any of these programs, a family must make under 60% of the local median income.[55] These programs assist homeowners reduce their housing costs, making housing more affordable

The recent groundbreaking on the Thompson's Knoll project in Lexington provides another example of strides the city is making towards meeting the need for affordable owner housing. This project, which will encompass 24 homes, will result in a mixed-income green community with easy access to downtown Lexington, directly on the lines of the Maury River Express.[56] Through the Thompson's Knoll project, the city of Lexington is encouraging home ownership for low- and moderate-income families.[57] Lexington, Buena Vista, and Rockbridge County also work closely with Habitat for Humanity in this same interest of encouraging home ownership for the lower-income community. Rockbridge County recently donated a large plot of land to Habitat for the purpose of building 40 homes. Because land is one of the greatest costs for Habitat, this donation is highly significant.[58] Unfortunately, however, no local nonprofit exists as a corollary to Habitat for Humanity to facilitate construction of affordable rental housing. In the absence of the creation of a new nonprofit, the task of creating new affordable rental housing will remain primarily with private developers working in conjunction with Planning Departments.

Finally, Lexington, Buena Vista, and Rockbridge County already utilize a few policy tools that help the low-income community, most notably zoning. As was mentioned in the previous section, the city of Lexington uses zoning to restrict who can live in certain areas of the city, in an attempt to mitigate the effect Washington and Lee students have on the rental market. For example, certain areas are zoned to allow no more than three unrelated people to live in the same house. This discourages student tenants, leaving the home for a family to rent. Strategic zoning seeks to preserve certain areas of Lexington for families, keeping rents affordable.[59] This

[55] Michael Thompson, "Interview with Total Action Against Poverty," Personal interview, 11 Oct. 2011.

[56] *Thompsons Knoll*, Web <http://www.thompsonsknoll.com>.

[57] Tim Ciesco, "Lexington Breaks Ground on New Green Community for Working Families," *WSLS 10* 12 Mar. 2012, Web. 31, Mar. 2012. <http://www2.wsls.com/news/2012/mar/12/lexington-breaks-ground- new-green-community-workin-ar-1760401/>.

[58] Sam Crickenberger, "Interview with Rockbridge County Planning Office," Personal interview, 25 Jan. 2012.

[59] Bill Blatter, "Interview with Lexington City Planning Office," Personal interview, 2 Dec. 2011.

policy appears to limit the extent to which students drive up rental costs in the local housing market. Currently, Lexington's median renter cost is only slightly higher than that in Buena Vista. In the County, zoning works to make housing more affordable by altering density requirements to enable multiple units to share plumbing and other infrastructure, subsequently reducing building costs. This technique of "clustering" has proven to be effective in multiple parts of the county.[60]

The governments of the three jurisdictions in the Rockbridge Area have expressed clear concern for the issue of affordable housing, as evidenced by the many initiatives already in place in both cities and the county. Though funding is the main obstacle to the development of new affordable housing in these areas, a number of financial and policy tools have proven to be successful elsewhere and merit consideration for use in Rockbridge. Financial policies such as tax credits and cross-subsidies can help raise a financial base for housing construction, while zoning can preserve the interests of the low-income community even within a market downturn and further the development of mixed-income communities that benefit low-income families beyond the obvious financial value. Federal funding for this issue is available through several programs, and regional cooperation between the three jurisdictions in the Rockbridge Area could make applications for this funding more successful. Utilizing combinations of these many policy options has vast potential for meeting the need for affordable housing that clearly exists in the Rockbridge area, and they are therefore worthy of serious consideration.

Grade A+ This research report stands alongside those on poverty in Rockbridge County and credit for low-income residents of the area as a model for future community-based research. Although I am not an expert, this study has a level of sophistication that should make it widely ready by community leaders. It is also clearly written and displays the human side of affordable housing policy, as we hoped for. I look forward to being a part of the public presentation and dissemination of this study. Time will tell, of course, whether it stands up to the scrutiny of the community, but I predict that it will be become a valuable tool for the community to advance affordable housing to meet the needs of our low-income residents.

[60] Sam Crickenberger, "Interview with Rockbridge County Planning Office," Personal interview, 25 Jan. 2012.

I have made a very few chances in the tracking mode that I think we should incorporate into the posted copy. I hope you will also footnote the study by Tomlinson and Kantwill. You will have to add that one, but if you simply approve my tracking mode changes, I will add those to the post document. We can also incorporate them into anything Melissa publishes.

Thank you both for a great job on this project. We are not through yet. We will want to put this report to work in the public presentation on the 11th of May and in many other ways. This is one paper you cannot leave in the file.

Bibliography

Badgett, Varney. “Interview with Rockbridge Area Relief Association.” Personal interview. 21 Oct. 2011.

Blatter, Bill. "Interview with Lexington City Planning Office." Personal interview. 2 Dec. 2011.

Cheney, Shawna. "Interview with Blue Ridge Legal Services." Personal interview. 7 Oct. 2011.

Ciesco, Tim. "Lexington Breaks Ground on New Green Community for Working Families." *WSLS 10*. 12 Mar. 2012. Web. 31 Mar. 2012. <http://www2.wsls.com/news/2012/mar/12/lexington-breaks-ground-new-green-community-workin-ar-1760401/>.

Crickenberger, Sam. "Interview with Rockbridge County Planning Office." Personal interview. 25 Jan. 2012.

Downey, Meredith. “Interview with Department Social Services.” Personal interview. 20 Sept. 2011.

"Employee Home Loan Policy." *Washington and Lee University*. Web. <http://www.wlu.edu/x30920.xml>.

“Ensure Zoning Policies Allow Housing Diversity.” *Housing Policy & Housing Strategies from HousingPolicy.org*. Web. <http://www.housingpolicy.org/toolbox/strategy/policies/diverse_housing_types.html>.

“Establish Inclusionary Zoning Requirements or Incentives.” *Housing Policies & Strategies from HousingPolicy.org*. Web. <http://www.housingpolicy.org/toolbox/strategy/policies/inclusionary_zoning.html>.

“Expand the Supply of Homes Through Rezoning.” *Housing Policies & Strategies from HousingPolicy.org*. Web. <http://www.housingpolicy.org/toolbox/strategy/policies/rezoning.html>.

“Glossary.” *HousingPolicy.Org*. Web. <http://www.housingpolicy.org/glossary.html#zoning%20code>

"Housing Affordability Measures - HAI." *Housing Virginia Sourcebook*. Web. <http://www.housingvirginia.org/tc.aspx?PID=365>.

"Housing Choice Vouchers Fact Sheet." *HUD*. Web. <http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/about/fact_sheet>.

“Housing Matters: Why Our Communities Must Have Affordable Housing” Cummins, Justin D. from Wm. Mitchell L. Rev. 197 (2001-2002).

“Increasing the Availability of Affordable Homes: A Handbook of High-Impact State and Local Solutions,” *Homes for Working Families,* Washington: Center for Housing Policy, 2006.

"Inventory of Assisted Rental Properties." *Housing Virginia Sourcebook*. Web. <http://www.housingvirginia.org/T1.aspx?PID=226>.

Katz, Bruce, Margery A. Turner, Karen D. Brown, Mary Cunningham, and Noah Sawyer. "Rethinking Local Affordable Housing Strategies: Lessons from Seventy Years of Policy and Practice." *The Brookings Institution Center on Urban and Metropolitan Policy* (Dec 2003).

Lexington City. Planning Office. *Comprehensive Plan: Housing*. By Bill Blatter. 2010. Print.

"Leverage Employers' Commitment to Affordable Homes for Workers." *Housing Policy & Housing Strategies from HousingPolicy.org*. Web. <http://www.housingpolicy.org/toolbox/strategy/policies/employer_assisted_housing.html>.

Lukes, Bob. "Interview with Buena Vista City Planning Office." Personal interview. 10 Feb. 2012.

Rockbridge Area Relief Association Office Assistance Report, October 2011

Rockbridge County Planning Office. *Comprehensive Plan: Economy Chapter*. 2009. Print.

Schwartz, Alex F. *Housing Policy in the United States*. New York: Routledge, 2006. Print.

"Selection Criteria for Treemont Apartments." F&W Management, L.C. 15 Feb 2012.

Thompson, Michael. "Interview with Total Action Against Poverty." Personal interview. 11 Oct. 2011.

Thompsons Knoll. Web. <http://www.thompsonsknoll.com>.

"Use Cross-Subsidies to Support Mixed-Income Communities." *Housing Policy & Housing Strategies from HousingPolicy.org*. Web. <http://www.housingpolicy.org/toolbox/strategy/policies/cross_subsidies.html>.

"Who Needs Affordable Housing?" 16 Feb. 2012 *United States Department of Housing and Urban Development* 25 Jan. 2012 <http://www.hud.gov/offices/cpd/affordablehousing/>.