


The Brookings Institution

Metropolitan Policy Program
Robert Puentes, Fellow

Reframing Housing Policy for Virginia's Future

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Norfolk, Virginia
November 30, 2006

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Reframing Housing Policy for Virginia's Future

- I What are Virginia's critical housing issues?
- II How are these housing issues linked to other statewide priorities?
- III How can Virginia affect these other priorities by addressing its housing challenges?

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I What are Virginia's critical housing issues?



Price problem **Production problem** **Location problem**

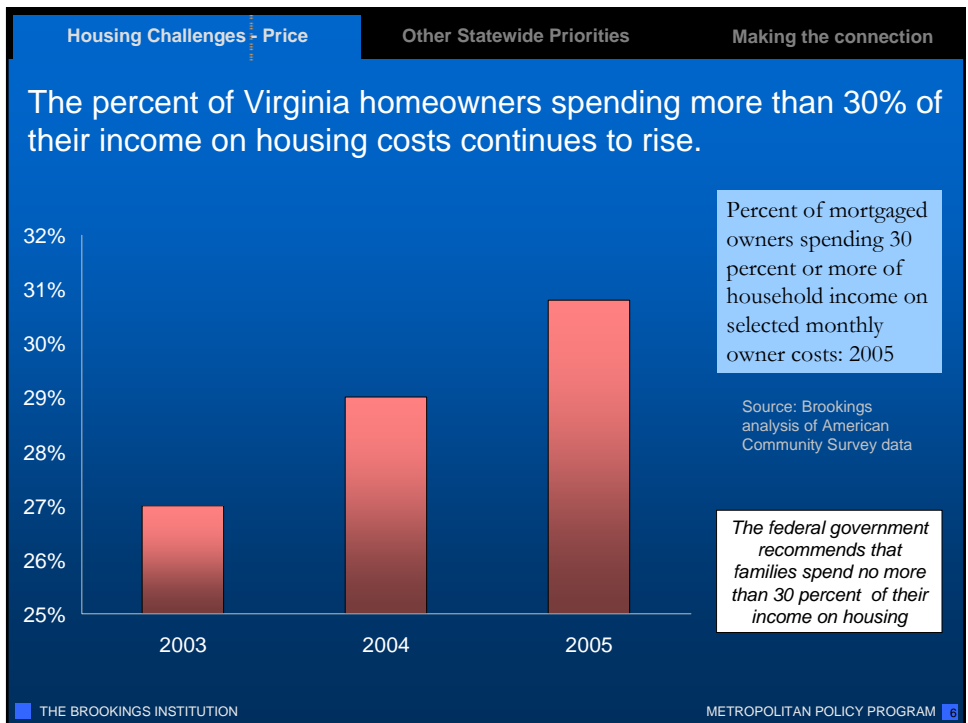
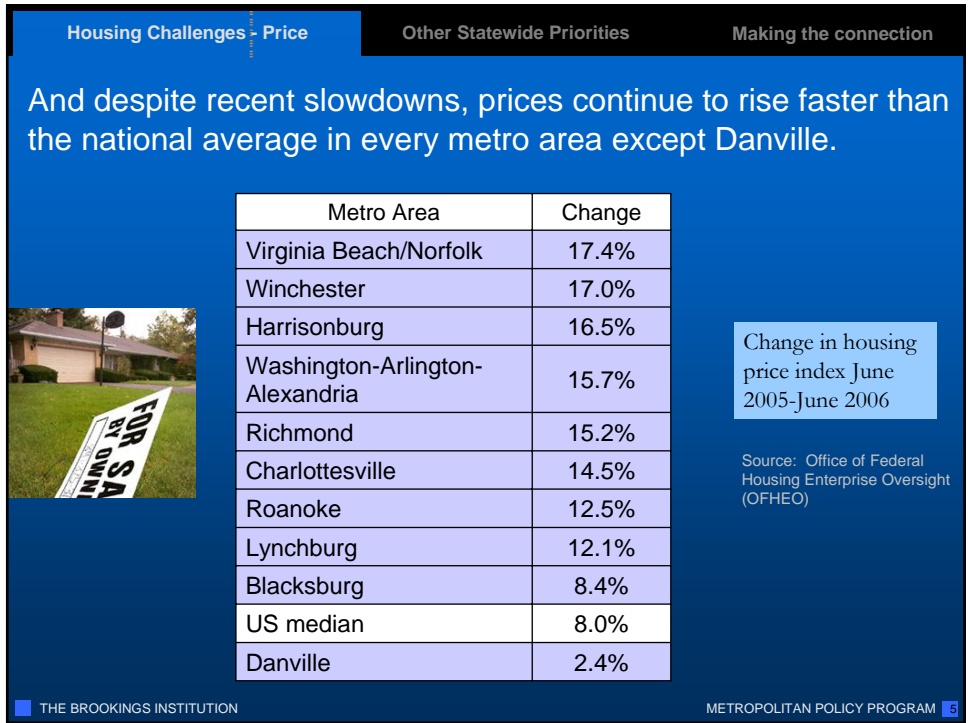
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Housing Challenges - Price Other Statewide Priorities Making the connection



Virginia ranks in the top 3rd nationally in terms of housing prices.

Average rent for a 2 bedroom apartment, 2005			Ratio of median home value to median household income, 2005		
Rank 2005 (2004)	State	Average rent	Rank	State	Housing price/income ratio
7 (7)	Connecticut	\$1,004	13	Florida	4.47
8 (23)	Rhode Island	\$958	14	Connecticut	4.46
9 (10)	New Hampshire	\$914	15	Colorado	4.41
10 (9)	Alaska	\$905	16	New Hampshire	4.23
11 (19)	Delaware	\$856	16	Arizona	4.19
12 (14)	Virginia	\$852	18	Virginia	3.91
12 (12)	Nevada	\$852	19	Delaware	3.88
14 (11)	Colorado	\$832	20	Minnesota	3.82
15 (18)	Florida	\$816	21	Vermont	3.80
United States		\$682	United States		3.62

THE BROOKINGS INSTITUTION Source: Brookings analysis of U.S. Census Bureau data, and the National Low Income Housing Coalition METROPOLITAN POLICY PROGRAM 4



I What are Virginia's critical housing issues?



Price problem Production problem Location problem





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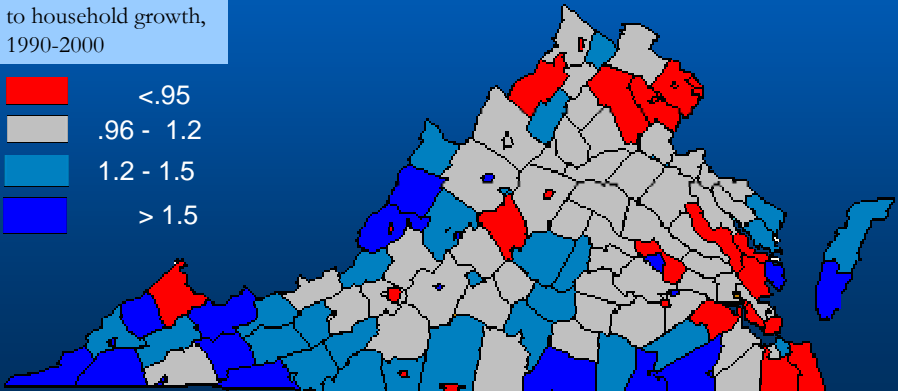
Housing Challenges - Production Other Statewide Priorities Making the connection

In the 1990's household growth outpaced housing growth in many close-in suburbs. This trend continues today.

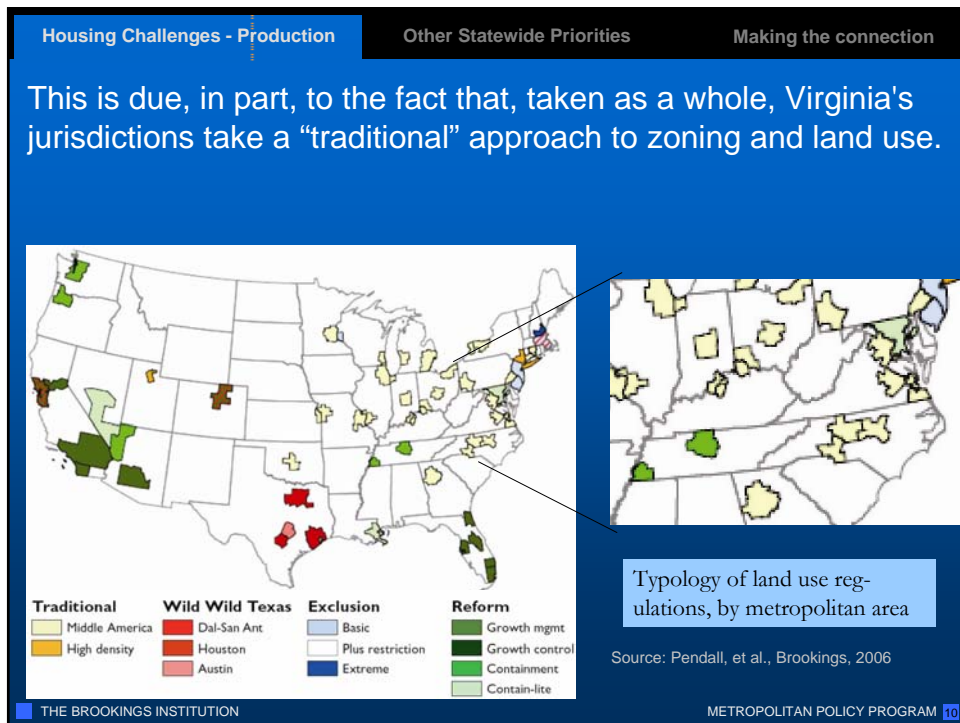
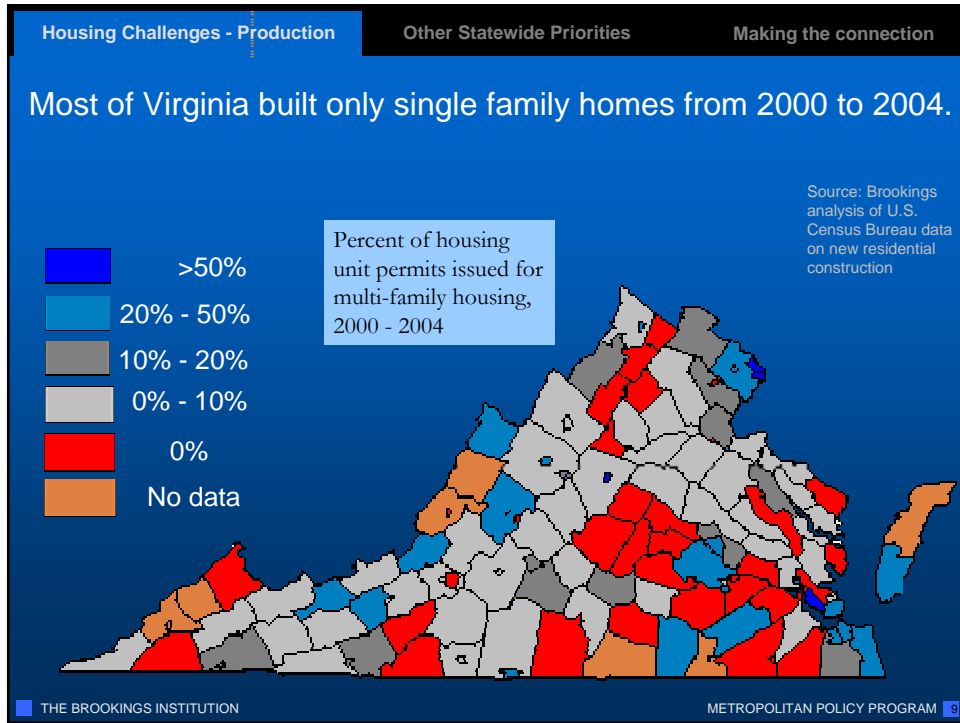
Source: Brookings analysis of U.S. Census Bureau data

Ratio of housing units to household growth, 1990-2000



	<.95
	.96 - 1.2
	1.2 - 1.5
	> 1.5



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I What are Virginia's critical housing issues?



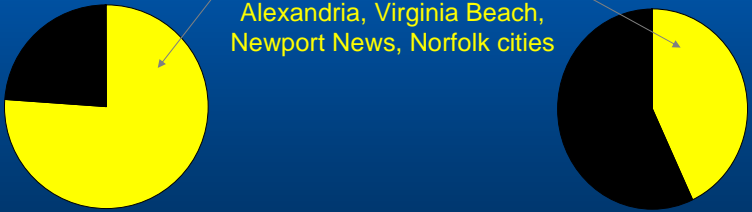
Price problem Production problem Location problem

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Housing Challenges - Location Other Statewide Priorities Making the connection

Since 2000, just 11 municipalities built three-quarters of the multi-family housing units in the state. But they make up only 43 percent of the households.

Fairfax, Loudoun, Arlington, Prince William, Chesterfield, Albemarle, Henrico counties & Alexandria, Virginia Beach, Newport News, Norfolk cities



State share of multi-family units Households


Source: Brookings analysis of U.S. Census Bureau data

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Housing Challenges - Location Other Statewide Priorities Making the connection

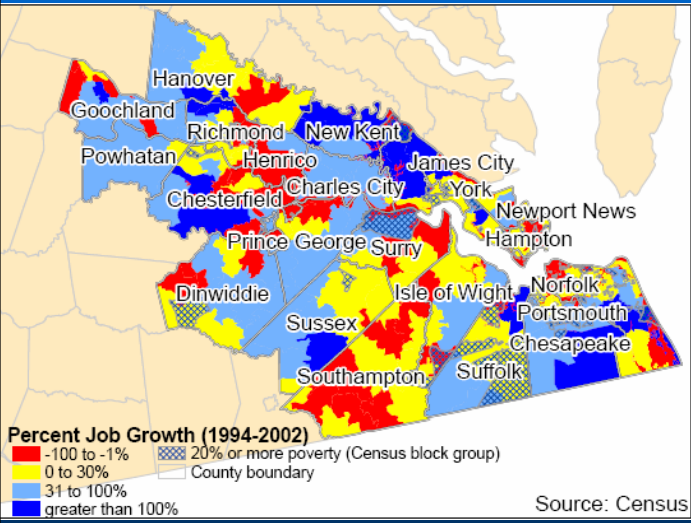
- Since 2000, 30 percent of Virginia's jurisdictions built ZERO multi-family housing units.
- As a result, affordable housing—both assisted and unassisted—continues to be heavily concentrated in the older core localities of metropolitan areas

Source: Analysis of Housing Needs in the Commonwealth, Virginia Department of Housing and Community Development, 2001



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Housing Challenges - Location Other Statewide Priorities Making the connection




In southeast Virginia, jobs are growing on the suburban fringe, often far away from where poor families live.




Percent Job Growth (1994-2002)
- 100 to -1% 20% or more poverty (Census block group)
0 to 30% County boundary
31 to 100%
greater than 100%

Source: Census

THE BROOKINGS INSTITUTION Source: Brookings analysis of U.S. Bureau of Census data METROPOLITAN POLICY PROGRAM 14



Reframing Housing Policy for Virginia's Future




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II

These challenges have larger effects and are threatening the state's competitiveness, exacerbating disparities, and facilitating sprawl.

Virginia's housing challenges are

- Threatening overall competitiveness 
- Exacerbating race, class and place disparities 
- Facilitating sprawl and burdening the transportation network 

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Housing Challenges - Location **Other Statewide Priorities** Making the connection

Business leaders in other areas of the country recognize the clear connections between the quality, affordability, and location of housing, and economic competitiveness.

"The cost of housing plays a significant role in a region's competitiveness, affecting its ability to attract and retain skilled workers."
James T. Brett, president and CEO of The New England Council

"[E]mployees are leaving for other areas like Austin, Colorado, and Seattle where housing costs are lower and the quality of life is better."
Keith Kennedy, chief executive officer of Watkins-Johnson, San Jose

"If you think you can build a healthy and attractive region without paying attention to what kind of housing the region is adding, and where it is being built, then you are completely missing the boat,"
George A. Ranney Jr., president and CEO of Chicago Metropolitan 2020.

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Housing Challenges - Location **Other Statewide Priorities** Making the connection




Research literature is also beginning to clearly assert the link between housing and economic competitiveness.

- The economic health of a region is dependent on the presence of a competitive workforce, which in turn is strongly related to the availability of suitable and affordable housing.
"Employer-Assisted Housing: Competitiveness Through Partnership," Harvard University Joint Center for Housing Studies (2001)
- Housing costs are a primary factor in determining whether a state can effectively attract and retain employees and businesses.
"Integrating Affordable Housing with State Development Policy," National Governor's Association (2004)
- The primary factor hindering the business climate of a region is high housing costs.
Gerston, "Assessing the Competitiveness of California's Business Climate," San Jose State University (2005)

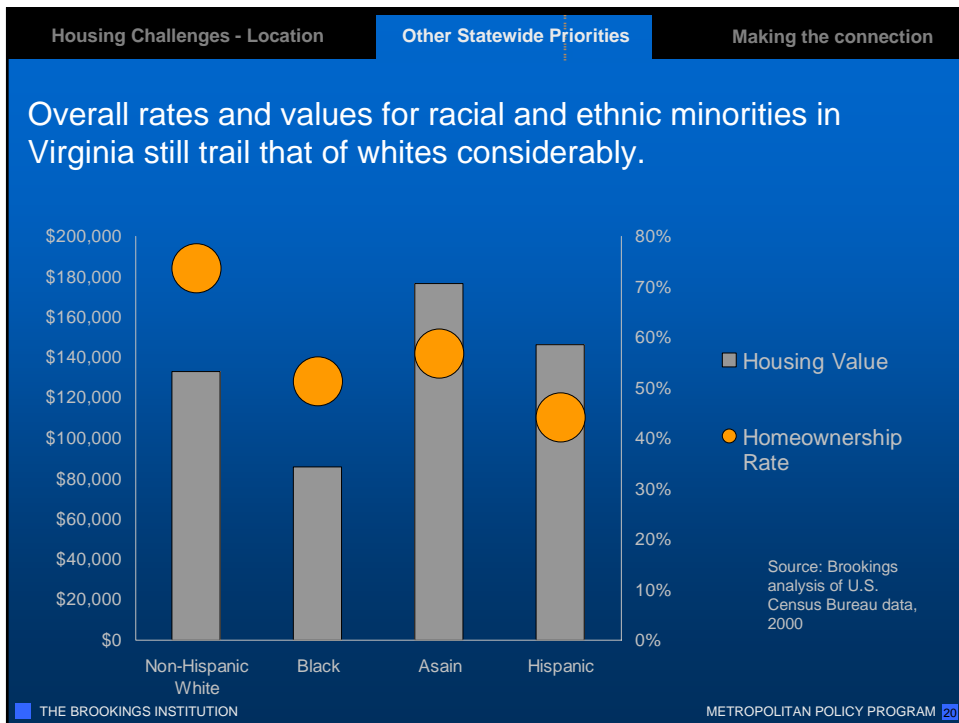
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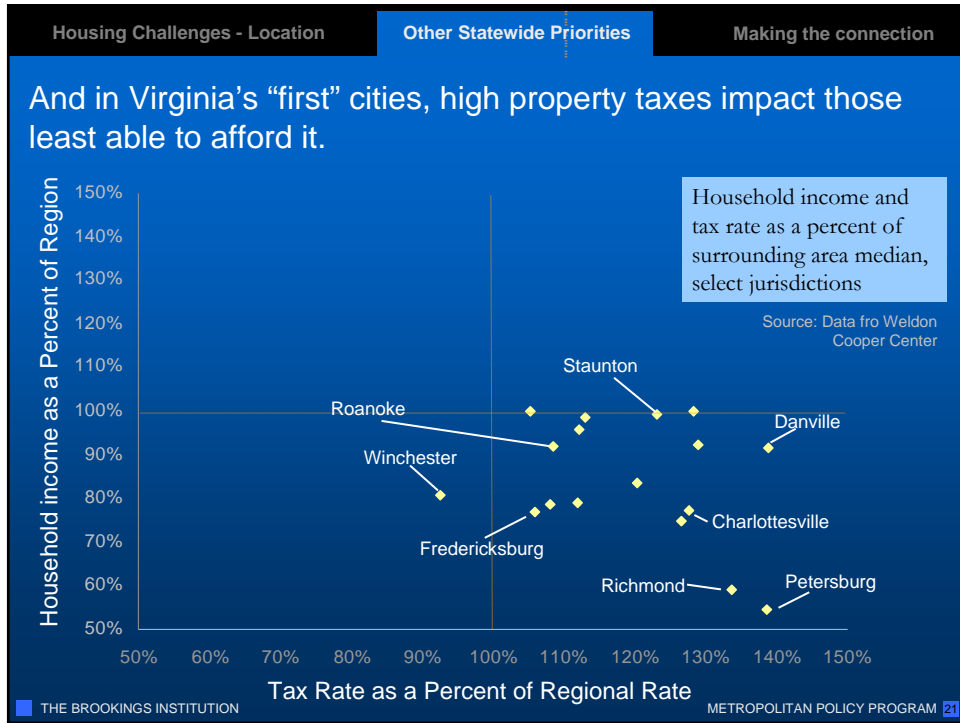
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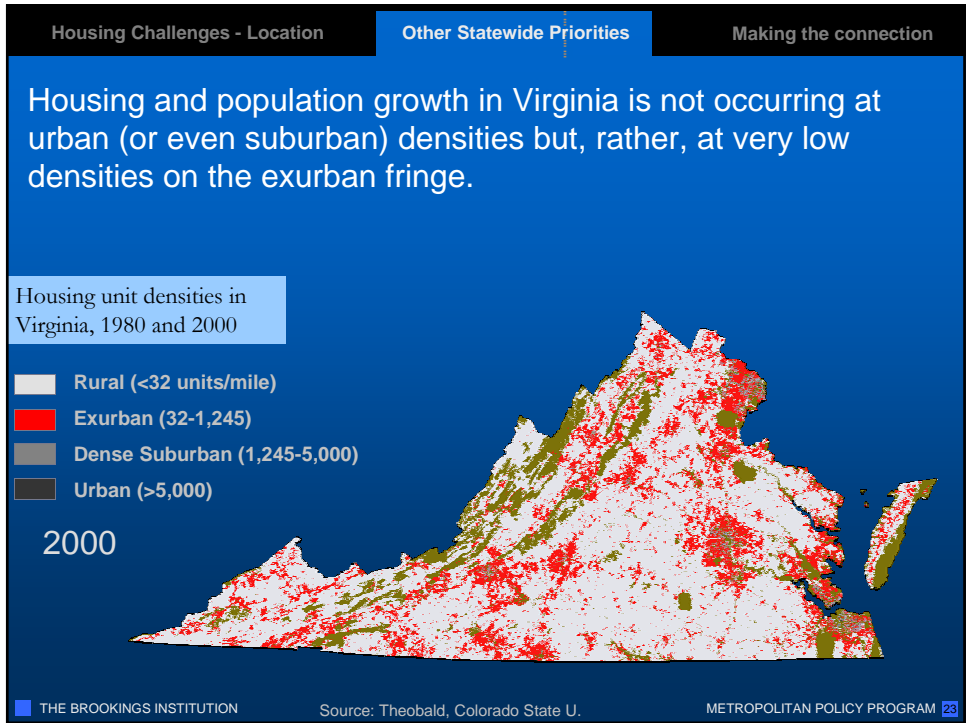


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Housing Challenges - Location Other Statewide Priorities Making the connection


From 1980-2000, only three states (Texas, North Carolina, Michigan) developed more rural land than Virginia. Virginia now ranks 7th in terms of its "exurban" population.

	Square Miles			Percent Land Area		
	1980	1990	2000	1980	1990	2000
Urban	14.1	18.9	28.3	0.0%	0.1%	0.1%
Dense Suburban	221.5	277.7	378.8	0.6%	0.8%	1.1%
Exurban	5,025.6	5,936.1	7,589.4	14.3%	16.9%	21.7%
Rural	29,769.2	28,797.7	27,033.9	85.0%	82.2%	77.2%




Area and percent of area by housing density type, 1980-2000

Source: Brookings analysis of data from Theobald, Colorado State University, and Source: Berube, et al, "Finding Exurbia"

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Housing Challenges - Location Other Statewide Priorities **Making the connection**

Virginia needs to address its housing and land use challenges in order to affect a range of other issues

- 1. Make housing a competitive priority**
- 2. Reinvest in cities and older places**
- 3. Link housing and development policy**

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Housing Challenges - Location Other Statewide Priorities **Making the connection**

Like with transportation, Virginia's business community must fundamentally understand the relationship between housing and competitiveness and fully engage in the issue.

- 1. Make housing a competitive priority**
2. Reinvest in cities and older places
3. Link housing and development policy

Virginia should convene civic, corporate, and elected leaders in a statewide summit on housing challenges.

In several states (Pennsylvania, Maine, Arizona, New Jersey) governors are taking lead roles in elevating housing as a priority issue.



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Housing Challenges - Location Other Statewide Priorities **Making the connection**

Virginia's urban agenda should focus on increasing production of a range of housing in the right places to meet the demands of all households.

1. Make housing a competitive priority
- 2. Reinvest in cities and older places**
3. Link housing and development policy

Virginia could become the first state to offer homeownership tax credits competitively to for-profit and non-profit developers to produce new/rehabilitated homes for low-and moderate income buyers in the right places,

Massachusetts targets certain grants and helps cover school costs to those communities that accommodate a range of housing choices.



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Housing Challenges - Location Other Statewide Priorities **Making the connection**

The policy reforms necessary to address development challenges are cross-cutting and require cross-functional collaboration in order to ensure that the state's activities are coordinated and rationalized.

1. Make housing a competitive priority
2. Reinvest in the first cities
- 3. Link housing and development policy**

Virginia should consider aligning land use agencies: e.g., DEQ, DHCD, DOT, DOA in order to truly govern for change.

Other states (Washington, California, Massachusetts) have realigned themselves to explicitly link these issues.



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