

# Virginia Beach Housing:

**Needs and Market Analysis**

**Re-investment Strategy**

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# Agenda

- Presentation (15-20 min)
  - Study overview
  - Preliminary findings & analysis
  - Questions
- Facilitated Discussion (40-45 min)
  - Your experience
  - Your ideas



# Components of the Study

- Housing Needs and Market Analysis
  - **Housing supply:** age, type, value/rent/affordability, size and location.
  - **Housing needs and demand:** income, family type, number of household members, households with children, seniors, millennials, people with disabilities, etc.
  - **Market dynamics:** building trends and absorption, home sales, vacancy rates, and demand projections.
- Housing Re-investment Study
  - **Neighborhood-level** analysis of housing conditions and markets.
  - Analysis of information from **key informants:** City staff, realtors, developers, property managers, etc.
  - Analysis of **plans, policies, practices and regulations.**
  - **Strategy development** and recommendations.

# Data

- Local data
  - Sales data
  - Real-estate assessment data
  - Building permit data
- Publicly available data
  - U.S. Census, American Community Survey data
  - U.S. Census, Survey of Construction data
  - U.S. Bureau of Labor Statistics workforce data
- Focus group, interview and survey data
- Case-studies

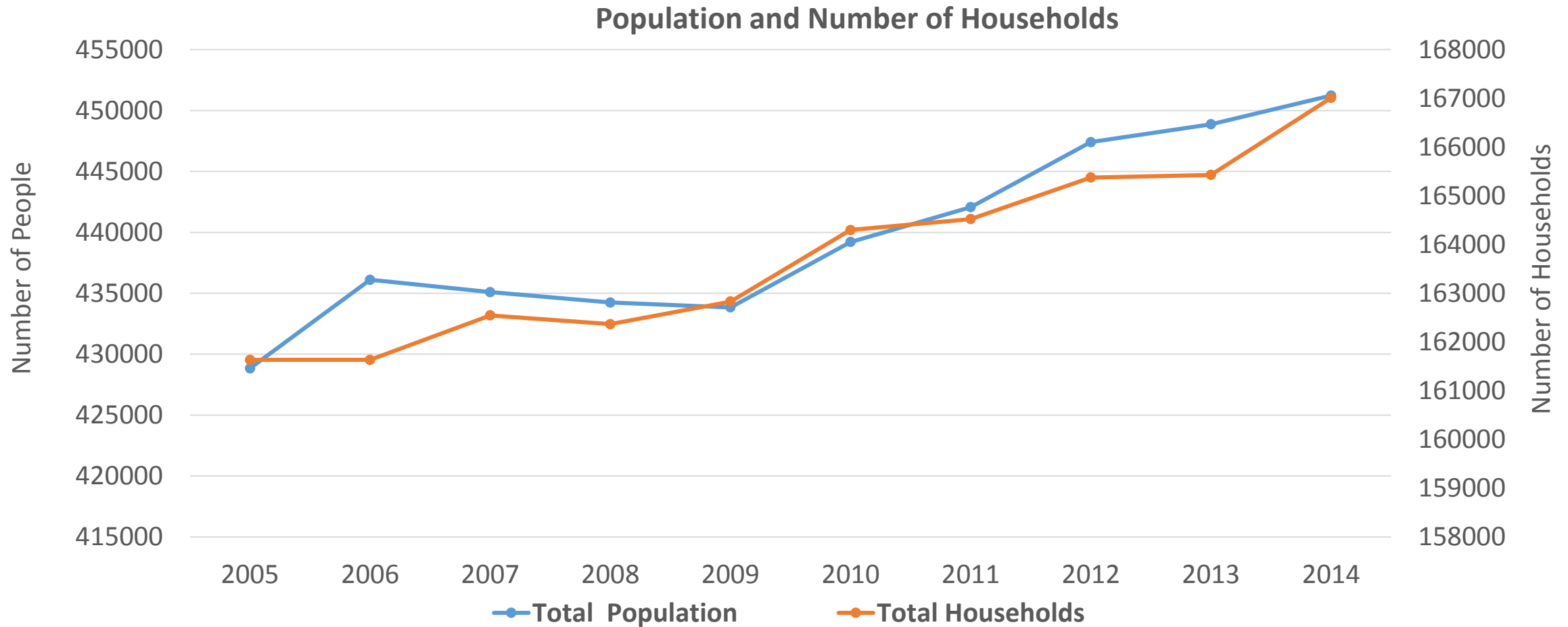


# Stakeholder Engagement

- City Staff
  - Housing & Neighborhood Preservation
  - Planning
  - Code Enforcement
  - Town Council
  - Management Services
- Local Experts
  - Realtors
  - Property Managers
  - Builders/developers
  - BEACH Governing Board
  - Workforce Housing Advisory Board
- Virginia Beach Residents
  - Public Meeting Focus Groups
  - Survey



# Population and Household Trends

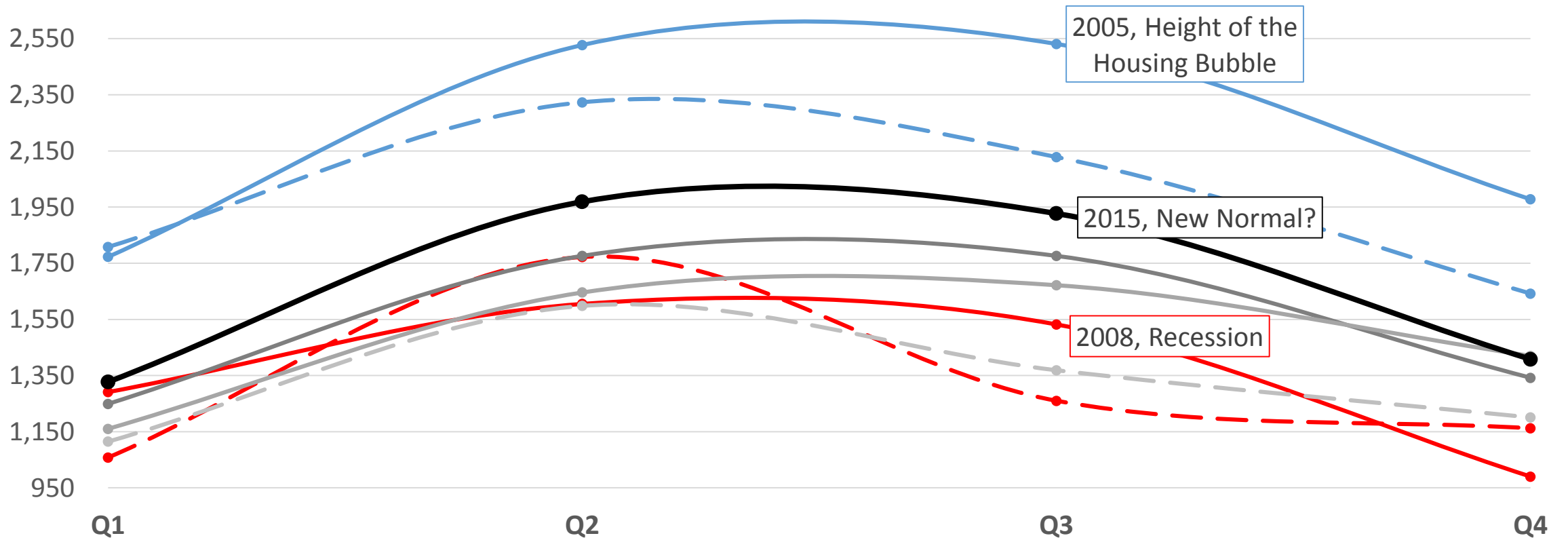


# Population and Household Trends

	2014	CHANGE 2005-2014	% CHANGE
<b>TOTAL POPULATION</b>	451,227	22,388	5.2%
<b>&lt; 18</b>	102,929	-12,690	-11.0%
<b>18-34 (MILLENIALS)</b>	120,938	21,090	21.1%
<b>35-49 (GENERATION X)</b>	87,139	-19,196	-18.1%
<b>50-69 (BABY BOOMERS)</b>	104,367	24,013	29.9%
<b>&gt;70</b>	35,854	9,171	34.4%
<b>TOTAL HOUSEHOLDS</b>	167,009	5,377	3.3%
<b>18-34 (MILLENIALS)</b>	40229	4,194	11.6%
<b>35-49 (GENERATION X)</b>	46536	-13,207	-22.1%
<b>50-69 (BABY BOOMERS)</b>	57748	9,942	20.8%
<b>&gt;70</b>	22496	4,448	24.6%

- **Virginia Beach is young, compared to the region and the rest of the state**
- **Virginia Beach is attractive to Baby Boomers, but less so to households headed by people 35-49.**
- **Virginia Beach is aging as Baby Boomers get older, and households live independently longer.**

# Housing Market Indicators: Home Sales



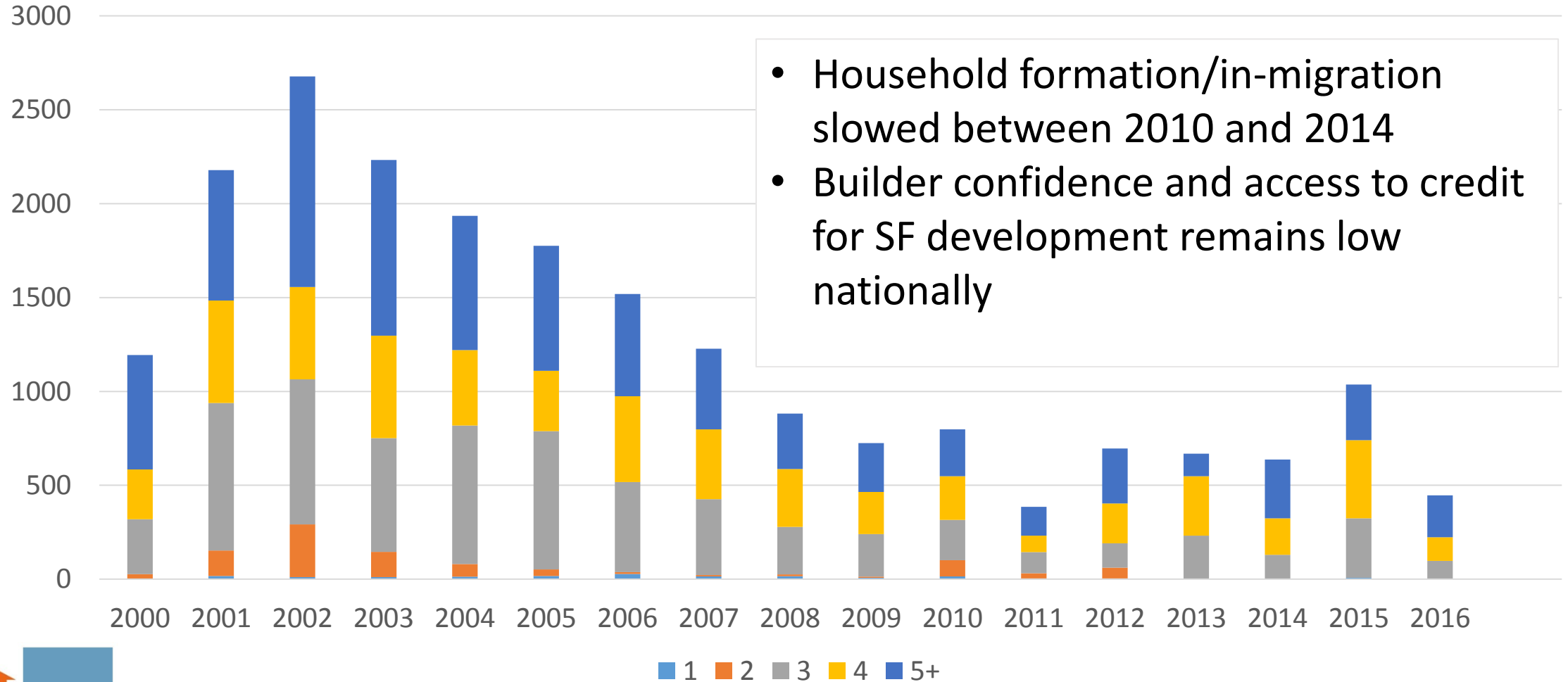
- 2005, Height of the Housing Bubble
- 2006
- 2008, Recession
- 2010, Bottom of Recessionary Effects
- 2011
- 2013, Recovery
- 2014
- 2015, New Normal?





# Housing Market Indicators: Building

Single Family Permits Issued by Year by Number of Bedrooms

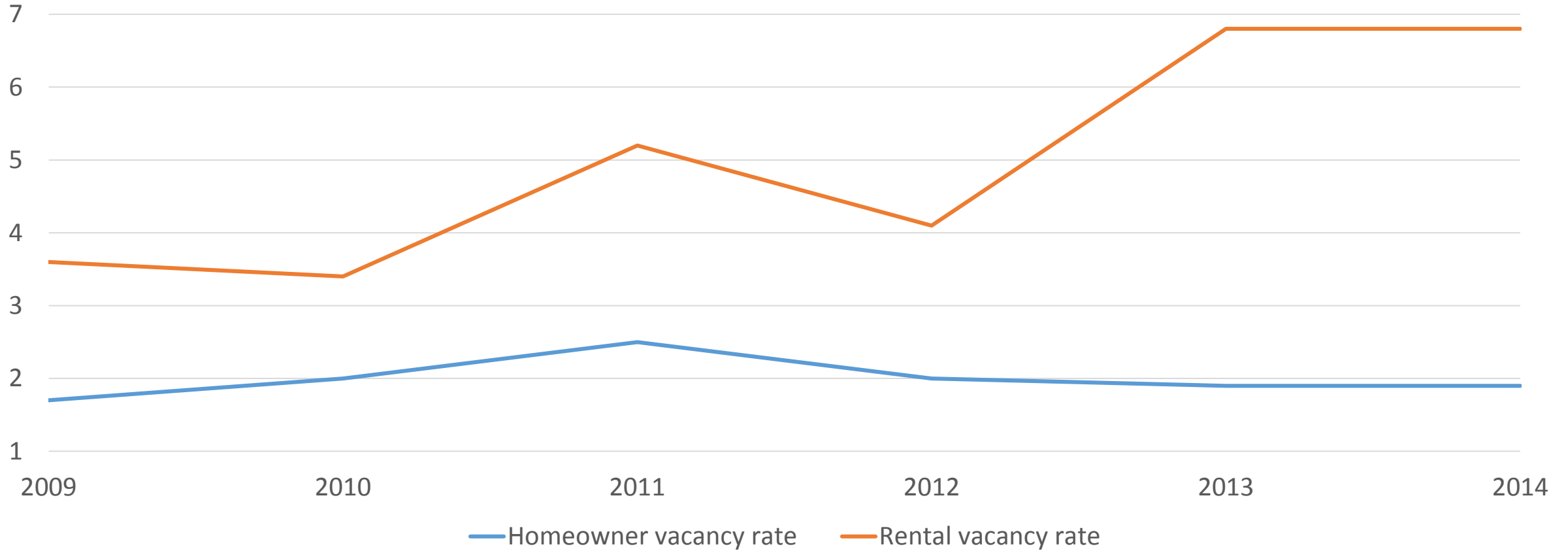


- Household formation/in-migration slowed between 2010 and 2014
- Builder confidence and access to credit for SF development remains low nationally



# Housing Market Indicators: Vacancy

Vacancy Rates by Occupancy



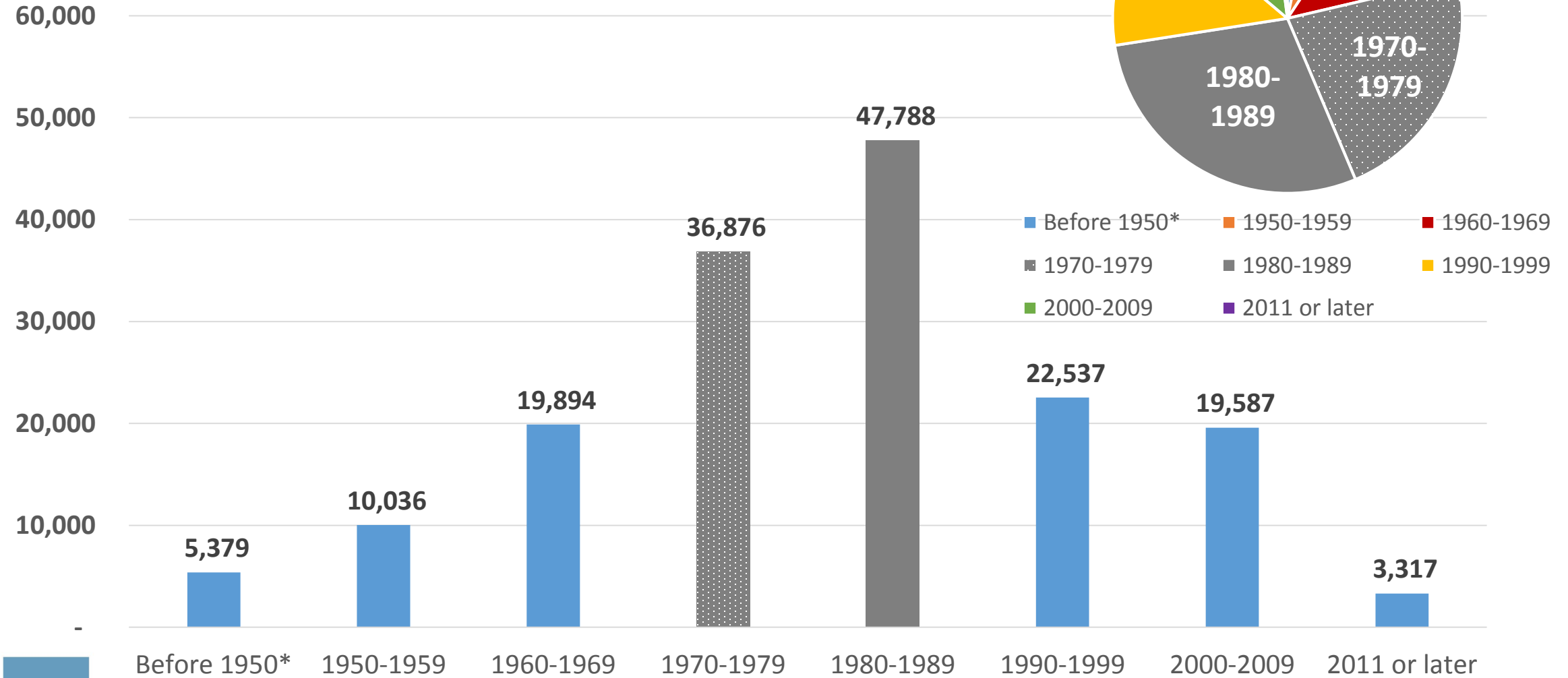
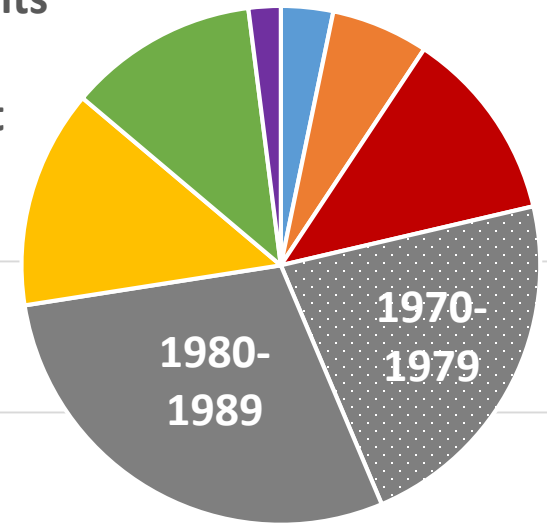
# Implications for Virginia Beach

- A strong market has persisted through the recession in part because of the
  - Large, strong middle class
  - Military investment
  - Good City management
- Market strength may threaten the city's green line
- Simultaneously, shifts in demand may threaten the market (more to come).



# Housing Stock

Housing Units  
by  
Year Built



- Before 1950\*
- 1950-1959
- 1960-1969
- 1970-1979
- 1980-1989
- 1990-1999
- 2000-2009
- 2011 or later



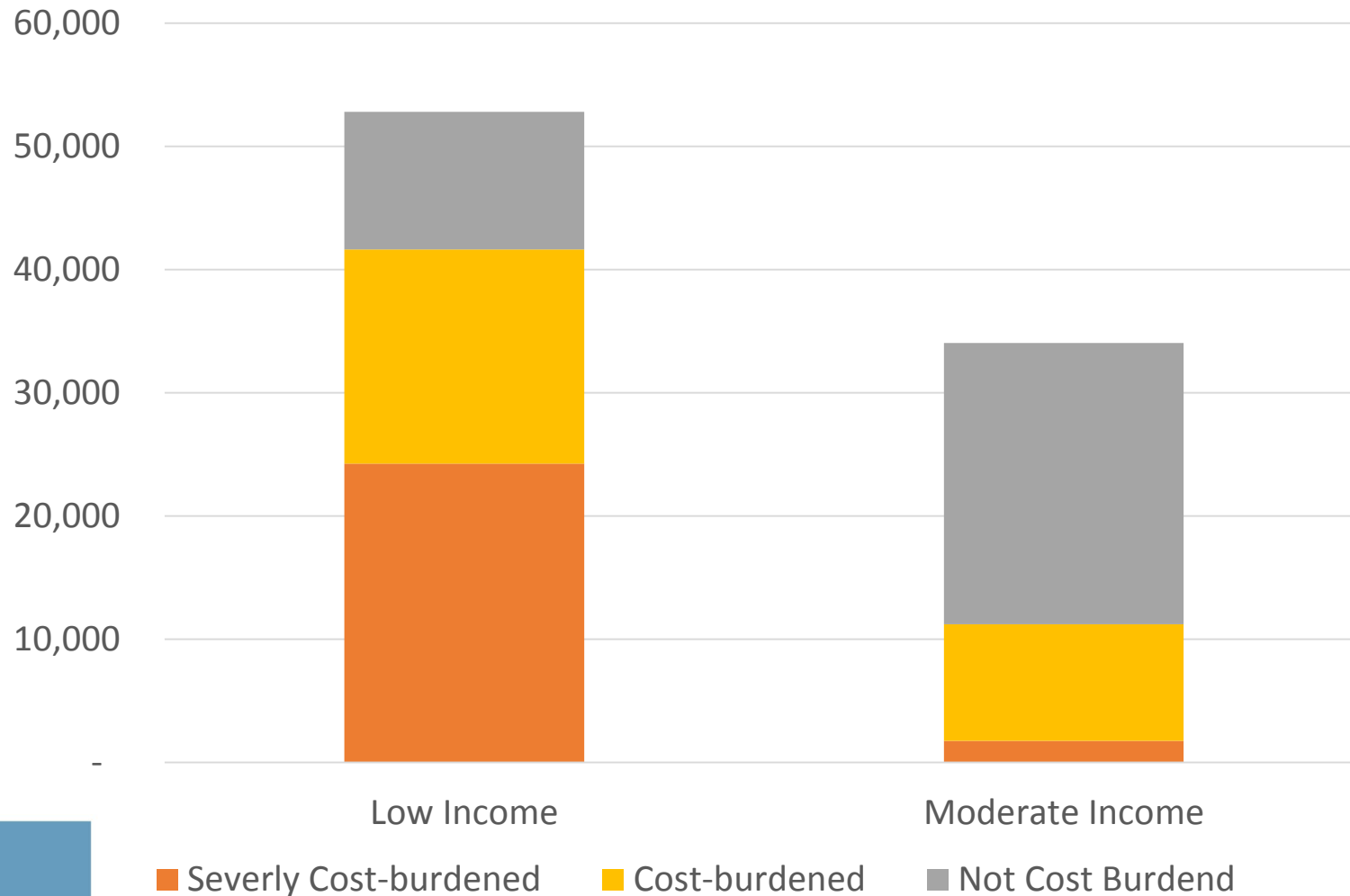
# Housing Re-investment & Redevelopment

- A large percentage of the housing stock that was very marketable in the **1960s and 1970s is somewhat “stale” today**, leaving a number of areas simultaneously vulnerable to a downturn and ripe for redevelopment.
- From 1965-1995 a large supply of single-family homes on large lots was ideal for a large cohort of middle-class **Boomer buyers**.
- Today that stock has become a high-risk mismatch, since an even larger generation of **Millennials** are less interested in the tens of thousands 50-year-old ranch houses and 30-year-old townhomes that dominate so much of Virginia Beach.
- **Targeted re-development and increased density in Strategic Growth Areas** could **refresh aging, stale neighborhoods**, raising market values and create opportunities for **more workforce housing** and housing appealing to **young, recent-college graduates**.



# Housing Affordability: Cost Burden

Housing Cost Burden by Income Level



- Low-income household are somewhat more likely to rent.
- Moderate income households are somewhat more likely to own their home.
- Moderate-income owners are disproportionately cost burdened. 63% of moderate-income, cost-burdened households are owners, while only 56% of all moderate-income households are owners.



# Housing Affordability: Selected Occupations

## Top 10 Occupations by Employment

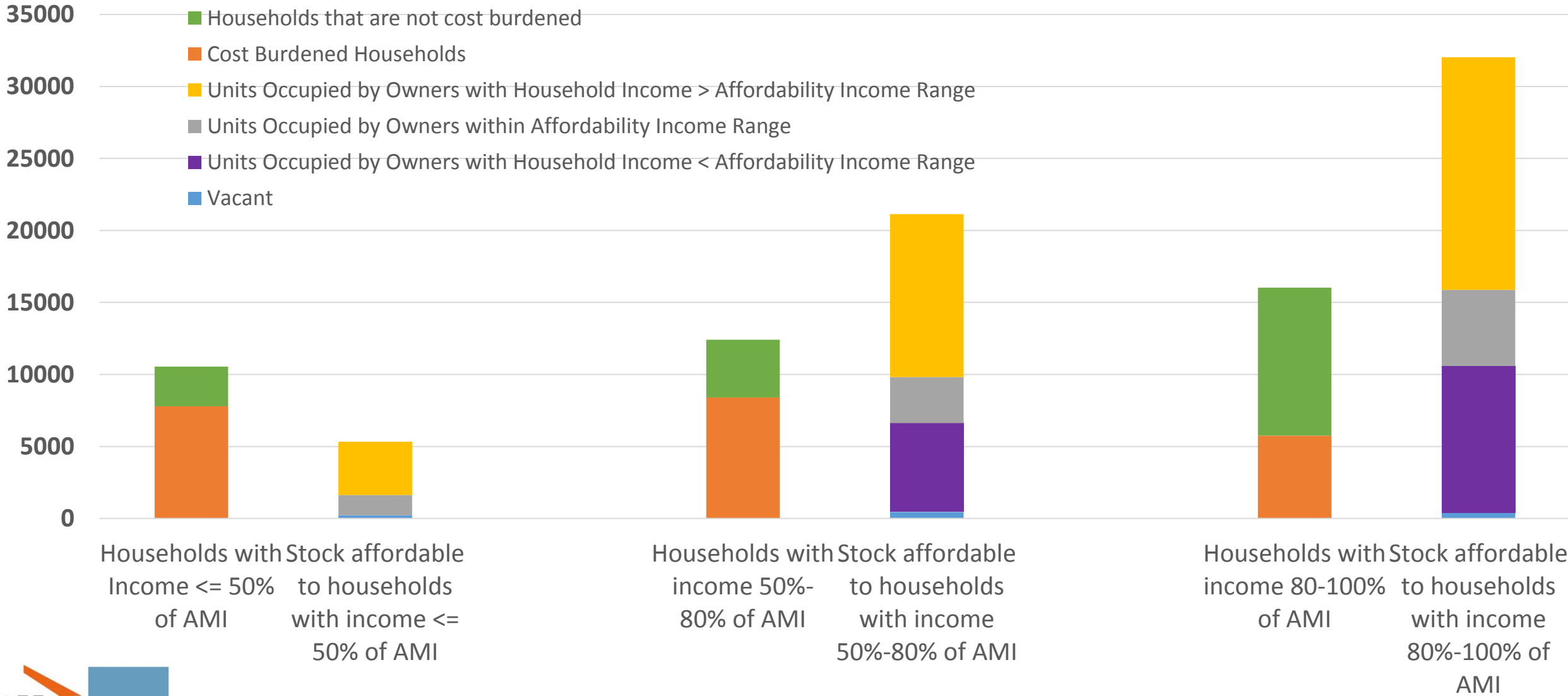
Occupation	Employment	Median Wage	Median Annual Earnings	Affordable Housing Cost
Retail Salespersons	28,580	\$9.47	\$19,700	\$492/mo.
Cashiers	22,410	\$8.80	\$18,300	\$457/mo.
Combined Food Preparation and Serving Workers Including Fast Food	21,570	\$8.86	\$18,420	\$460/mo.
Office Clerks General	16,540	\$13.56	\$28,200	\$705/mo.
Registered Nurses	13,700	\$29.50	\$61,350	\$1,533/mo.
Waiters and Waitresses	13,560	\$10.42	\$21,680	\$542/mo.
Customer Service Representatives	12,960	\$13.94	\$29,000	\$725/mo.
Janitors and Cleaners Except Maids and Housekeeping Cleaners	11,870	\$10.57	\$21,990	\$549/mo.
Stock Clerks and Order Fillers	11,500	\$11.31	\$23,530	\$588/mo.
General and Operations Managers	9,190	\$50.70	\$105,460	\$2,636/mo.

- With **median house prices above \$260,000** and **median gross rent more than \$1,200**, Virginia Beach is roughly a \$22/hr housing market for renters and a \$38/hr market for buyers.
- A large portion of the otherwise diverse Virginia Beach economy is tourist based, heavily reliant on jobs that pay less than \$10/hr.

- 8 out of top 10 occupations cannot afford the **median rent (\$1,200)** in Virginia Beach, even when earning in the 90<sup>th</sup> percentile.
- Employees in occupations highlighted in **dark orange**, earning at the median could not afford the median rent if shared with another person with equivalent earnings.



# Housing Affordability Gap Analysis, Owners



**Gap = 7,500**

**Gap = 7,950**

**Gap = 5,360**



# Housing Affordability Gap Analysis, Renters



# 2014 HUD Income Limits

	1-Person Household	2-person Household	3-person Household	4-person Household
30% of AMI	\$14,850	\$17,000	\$19,790	\$23,850
50% of AMI	\$24,750	\$28,250	\$31,800	\$35,300
80% of AMI	\$39,550	\$45,200	\$50,850	\$56,500
100% of AMI	\$49,450	\$56,500	\$63,550	\$70,600

# Sources

- 2014 American Community Survey 1-year Estimates, Public Use Microdata and published tables
- 2009-2013 Consolidated Housing Affordability Strategy 5-year Estimates
- 2014 & 2015 Bureau of Labor Statistics data
- Hampton Roads Association of Realtors MLS data for the City of Virginia Beach
- City of Virginia Beach building permit data

# Discussion Guidelines

- ✓ Do your best to share the 'mic'; let's try to hear from everyone in the group.
- ✓ Please speak from your own experience.
- ✓ Because we have a short time to cover many questions, try to avoid repeating; build on previous comments or identify new thoughts to contribute.
- ✓ Help the leader uphold these discussion guidelines.

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