Housing Market Conditions and Housing Needs in the City of Chesapeake, Virginia 2000 and 2010

Prepared for
The Chesapeake Housing and Redevelopment Authority

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INTRODUCTION

The City of Chesapeake is part of the Norfolk-Virginia Beach-Newport News Metropolitan Statistical Area (MSA), an area popularly known as the Hampton Roads or Tidewater region. This is the 30th largest metropolitan area in the United States and is one of the few metropolitan areas not dominated by a large central city. The region also is distinguished as the location of several large military installations.

The geography of the area has traditionally promoted a pattern of decentralized growth along the region's rivers and the mouth of the Chesapeake Bay, which have promoted multiple nodes of commerce and shipping. The tidewaters of the Atlantic Ocean have shaped the regional development pattern into a multi-nucleated complex serviced by a spaghetti bowl of federal and state highways.

Chesapeake's northern boundary forms the southern crescent of the Hampton Roads spaghetti bowl and is dominated by Interstate highways and major state arterial highways. Although the City[1] does not have a true center, the section between Virginia Beach and Portsmouth is the oldest part of the City and the location of the densest development. The City stretches south to the North Carolina border. Despite the size of its overall land area (340.7 square miles), swamp land including the Great Dismal Swamp National Wildlife Refuge and sandy soils restrict development throughout much of the southern half of the City.

In 1980 the City of Chesapeake was of only modest population size, with 114,000 people. Since then the City has nearly doubled to approximately 207,000 people. From 1984 to 1995 the City experienced annual population growth of over 3 percent—typically considered a high growth rate—but since 1995 the growth rate has slowed considerably.

To assist the planning efforts of the City of Chesapeake, the Virginia Center for Housing Research (VCHR) was contracted to perform a housing market and needs analysis for the Chesapeake Redevelopment and Housing Authority. This report summarizes the findings of that analysis, describes trends from 1990-2000 and projects growth from 2000 to 2010 and 2010 to 2020. Although the report is a comprehensive assessment of housing conditions and trends, it focuses on affordable housing.

Following a Summary and Recommendations, the report is organized into eight sections: population growth and migration; household size and composition; race and ethnicity; incomes and poverty; housing tenure, values and rents; housing problems; conclusions and recommendations. The first three sections pertain mostly to the demographic characteristics of Chesapeake. The following three sections examine housing trends in relationship to tenure, disability status, age and demand. The last section examines the supply of housing and addresses whether the supply of housing is keeping up with projected demand. The report concludes with a discussion of significant findings and recommendations.

[1] Most often "city" is used to refer to either the physical boundary or the government of the City of Chesapeake. We use the capitalized form, except where "city" obviously refers to a generalized concept.

SUMMARY

The City of Chesapeake grew rapidly during the 1980s and 1990s and will continue to grow into the foreseeable future. Although the rate of increase in population and housing demand is likely to slow somewhat, we project an increase in housing demand of 13,000 units during the current decade and another 10,500 units between 2010 and 2020. This includes 10,260 owner occupied units and 2,656 renter occupied units between 2000 and 2010, followed by increases of 8,487 owner occupied units and 2,025 renter occupied units between 2010 and 2020.

The housing market in Chesapeake is heavily oriented to owner-occupied, single-family detached housing. More than three of every four households are families, but this understates the importance of families in both the owner and renter housing markets. In addition, Chesapeake has a racially diverse population and is similar to the MSA in racial and ethnic composition. Residential segregation is at a moderate level and declining.

Chesapeake not only has a high homeownership rate, it is an important location for minority homeownership. However, the homeownership rate for blacks in younger cohorts is particularly low, lagging behind whites by 15 to 20 percentage points. In addition, black applicants for home purchase loans were the only group with an overall loan approval rate below 90%.

The City is experiencing problems of uneven development, with some older areas losing population while newer areas expand rapidly. South Norfolk and adjacent areas were largely "built-out" in the 1950s and now face the challenges of redevelopment in order to remain competitive in the contemporary residential market. Public intervention is needed to maintain the competitiveness of "built out" areas as they age.

Although the median value of owner-occupied housing increased more rapidly in Chesapeake than in the MSA during the 1990s, the increase in house values was not uniform across the City. Median values in older areas declined in real dollars, while median values in newer areas increased rapidly. This in part reflects development patterns, but it also underscores the importance of public intervention to increase the competitiveness of older housing.

Several indicators point to a weakening of the owner-occupied housing market in the older, north central section of the City, including a low number of mortgage loan applicants, a low number of home improvement loan applicants, and a relatively low loan approval rate. The City should carefully examine market trends in this area to determine the need for planned interventions to promote continued investment in the owner-occupied housing stock there.

Although incomes are significantly higher in Chesapeake than in the MSA as a whole and increased by 8% in purchasing power during the 1990s, there were approximately 14,000 persons living below the poverty level in the City in 2000. Although the poverty population is more highly concentrated in the South Norfolk area, every area of the City

has some people who fall below the poverty line who might be in need of social services including housing assistance.

The City is not without housing problems despite its general prosperity and high level of homeownership. There were 124 homeless people counted in 2004. But in many ways this reflects the "tip of the iceberg". There were approximately 4,000 doubled-up families in 2000. Some of these families could be considered the "hidden homeless" if they are living with older parents, other relatives or friends because they cannot afford housing on their own.

Housing affordability is a serious problem for some residents. About 2,400 extremely low-income renters and 1,600 extremely low-income owners have serious housing problems. About two-thirds of these households devote 50% or more of their income for housing. Another 2,000 renters and 1,900 owners with incomes between 30-50% of the area median also have serious housing problems. More of these households have problems of overcrowding or physically inadequate housing than severe cost burdens, although the latter problem increased significantly between 1990 and 2000. There were nearly twice as many owners as renters with incomes between 51-80% of the area median who had housing problems (3,200 owners and 1,900 renters).

Nearly 12,000 households in Chesapeake included a person with a mobility or self-care limitation in 2000. Slightly over 5,000 (44%) were low-income households. Older persons with disabilities often have special needs for housing, as well as needs for social services. Persons aged 65 and over with a physical disability live throughout Chesapeake and their needs should be a concern not only of the City but of civic, religious and neighborhood organizations in every area of the City.

With an increase in projected demand of about 13,000 units and possibly another 1,600 units needed for replacement demand, annual housing production needs to average at least 1,460 units. So far during the decade the average number of residential permits issued per year has been 1,345, indicating a slight shortfall in housing production.

The aging of the population over the next decades should provide solid expansion of housing demand within the City. But aging will also create more post-retirement households who might desire smaller houses with more amenities targeted to their needs. Many of these non-family households will have substantial equity in their homes and will be looking for high quality retirement communities within and outside the metropolitan area.

Greater urbanization will probably increase demand for rental housing, as will the need for affordable housing. Without proper attention to developing new rental properties in appropriate areas throughout the City, previously owner-occupied housing in older neighborhoods might be converted to rental occupancy. Such conversions can diminish confidence in the economic vitality of the neighborhood and spawn disinvestment. As current owner-occupants find they cannot sell to other owner-occupants and property values decline, fewer and fewer homeowners are willing to continue to invest in

maintaining their properties. Ironically, these very neighborhoods can offer entry-level homebuyers excellent opportunities, as long as investor confidence is maintained.

RECOMMENDATIONS

The City should closely examine how it can improve the housing market in older areas through design and renovation guidelines, information about qualified home inspectors and renovators, public plans to guide redevelopment, public improvements to spur redevelopment, building capacity in the nonprofit housing sector, and the development of mixed-use, mixed-income neighborhoods.

The City should look for ways to make the process of buying and upgrading older housing more seamless for the consumer. This could include the identification of contractors with demonstrated capacity in renovation, design and cost estimation guidelines for renovation, accurate cost estimation, and lenders experienced in providing loans that cover purchase and renovation. Major suppliers of building materials could also offer training and contractor information for the do-it-yourself remodeler in the City's older neighborhoods.

In addition, the City needs to coordinate land use planning and housing and community development planning to enhance the competitiveness of older neighborhoods. Land use planning often focuses on the regulation of new development. Housing and community development planners typically focus on the problems of older housing and the need for affordable housing. The maintenance of viable, competitive older neighborhoods requires a high level of integration and coordination of both.

Further concentration of poverty in South Norfolk should be avoided if possible. Concentrations of the poor tend to have negative impacts on neighborhood quality, personal quality of life, and on economic and education opportunities. In Chesapeake these problems mainly exist at the micro-geographic scale—individual blocks or even specific multi-family properties. The lack of any extreme concentrations of poverty provides Chesapeake an important opportunity to maintain and improve neighborhood quality within its older neighborhoods before more widespread problems become evident. Efforts to provide affordable housing throughout a large portion of the City and to avoid concentrations of publicly assisted housing will contribute to the maintenance of neighborhood quality in older neighborhoods.

The City should work with lending institutions, the Virginia Housing Development Authority, and nonprofit housing organizations to help promote greater homeownership among minorities and to assure access to credit. Programs targeted at first-time homebuyers would be particularly helpful. The City should also focus on promoting ownership opportunities in older neighborhoods, where there is a greater supply of affordable housing. This approach would serve the two-fold benefit of increasing minority ownership and preventing conversion of units to renter occupancy.

The City should develop the capacity to monitor annual trends in sales prices at the neighborhood level using Property Assessment records and should include this information in its housing and neighborhood development strategies.

The City should consult with shelter providers within the region to determine if it needs to provide more homeless assistance services locally, particularly given the number of doubled-up families.

The City should focus on preservation of existing affordable rental housing and, when possible, the development of new units. The City should promote the preservation of affordable housing in older areas targeted for revitalization, as well as the provision of affordable housing in mixed-income developments.

Production efforts for affordable rental housing should be focused on units affordable to incomes below 50% of the median. Whereas the largest numbers of low-income renters with housing problems are small families, the elderly are the predominate group among low-income owners. However, the elderly represented an increased proportion of very-low income renters with housing problems between 1990 and 2000.

Young low-income homeowners could need assistance in managing budgets and in weathering fluctuations in income that could result in foreclosure. Older low-income owners might benefit from assistance with housing maintenance, property tax relief, increased energy efficiency and protection against predatory lenders.

The City should monitor housing production levels and the availability of land zoned for both single-family and multi-family housing to assure an adequate supply of housing to meet future needs.

POPULATION GROWTH AND MIGRATION

Growth

Population growth in the Hampton Roads region (the MSA) has slowed considerably over recent years. From 1980 to 1990 the region's population increased 20%, but the growth rate from 1990 to 2000 dropped to only 9%. According to the Virginia Employment Commission (which produces the state's official population projections), the growth rate for the current (2000-2010) and successive decades (2010-2020 and 2020-2030) will slow to 5%. Projected growth rates assume a continuation of current economic trends affecting net migration into the region (which have decelerated the pace of growth).

Until recently, Chesapeake's population growth has consistently outpaced the region's growth. During the 1980s, the City grew by 33%, and then by 31% during the 1990s. Chesapeake grew considerably faster than the Hampton Roads region from 1984-95 and then converged on the regional growth rate from 1995-2000. The Virginia Employment Commission (VEC) projects growth for the City of 16% from 2000-2010 (half the rate of the 1990s) and 11% and 10% for 2010-2020 and 2020-2030. Based on population estimates for 2001 through 2003, population growth rates in both the City and region have indeed slowed considerably, but more so for the region than the City. The City has continued to grow at a faster annual pace (1.1%) than the region (0.5%), but is nonetheless substantially below the rapid growth of the 1984-95 period.

Migration to and from Chesapeake

Chesapeake has a slightly lower mobility rate[2] than for the region as a whole: 48% of this population in the City had recently moved compared to 52% for the MSA as a whole (Table 1). Over one-third (36%) of recent movers in Chesapeake moved from another location in the City, another 28% moved from elsewhere within the Norfolk-Virginia Beach-Newport News MSA, and 26% came from outside Virginia. Chesapeake is much more likely to attract recent movers from the remainder of the MSA than is the case for the MSA as a whole: 28% versus 19%. At the same time, Chesapeake was somewhat less likely than the MSA to attract movers from other states (26% versus 31%).

Table 1. Recent Movers (1995-2000), Population 5 Years and Over

	Chesapeake	N-VB-NN MSA
Pecent Recent Movers	48.1%	52.0%
Percent of Movers from:		
Within Chesapeake	36.8%	39.7%
Remainder of MSA	28.2%	19.4%
Elsewhere in VA	5.4%	5.3%
Other state	26.3%	31.0%
Outside US	3.4%	4.6%

Source: 2000 Census

[2] The percentage of population 5-years and over who had moved in the five years prior to the 2000 Census.

Chesapeake's growth depends significantly on net migration, particularly from Virginia Beach and from outside the state. As shown in Table 2, a large number of people moved between the two cities from 1995 to 2000 (about 24,000 from Virginia Beach to Chesapeake and less than 22,000 to Virginia Beach), with Chesapeake gaining an additional 2,065 people on net. This is one-third of Chesapeake's total gain in net migration during this period. The next largest movement of people to Chesapeake came from Newport News, but this was a substantial lower number (2,595 gross and 831 net). Chesapeake actually had larger net gains from a number of cities outside the state, particularly from the New York metropolitan area. Kings County (Brooklyn), New York was the second largest source of net migration into Chesapeake, adding over 1,000 people. Philadelphia County is also a significant net contributor to Chesapeake's growth. Apparently the City is an attractive destination for relocation from these areas due to its lower housing costs, climate and environment.

Chesapeake has a few areas to which it loses population (Table 3), mainly Suffolk City, Virginia, which attracted a net 3,141 people away from Chesapeake. This outflow represents the expansion of development into the rural hinterland of the metropolitan area, which is also reflected in the net loss of 592 people to Currituck, North Carolina. With the exception of a few locations in Virginia, the City's net losses are largely to the south and southwest, which are popular locations for retirees. The movement of university students probably affects the net losses to Montgomery County, Virginia and Wake County, North Carolina. Naval Air Station Cecil Field, which closed in 1999, probably influenced the net loss to Duval County, Florida during this period.

Commuting patterns reveal the interrelationship between jobs and homes. In 2000 Chesapeake was a net exporter of workers, as more people commuted out of the City to work (58,028) than commuted in (41,651). (See Table 4.) An additional 38,680 people both lived and worked in Chesapeake. The largest destination of out-commuting was to Norfolk, which attracts 43% of all out-commuters from Chesapeake but fewer than 7,000 workers commuted from Norfolk to Chesapeake. Chesapeake has much more balance between in and out commuters with other locations in the metropolitan area. A major stream involving over 30,000 commuters exists between Chesapeake and Virginia Beach, with 3,147 more workers commuting to Chesapeake; about half as many commuters travel between Chesapeake and Portsmouth, with more people commuting to Portsmouth for work than in the reverse direction. The commuting flows between Chesapeake and other jurisdictions within the MSA are much smaller, including the net flows into Chesapeake from Suffolk and Currituck.

Table 2. Locations with 500 or more People Moving to Chesapeake, 1995-2000

Origin/Destination Area	Moved to Chesapeake	Moved from Chesapeake	Net Change	% of net
Total	121,088	114,918	6,170	100.0%
Virginia Beach city, Virginia	23,909	21844	2,065	33.5%
Newport News city, Virginia	2,595	1764	831	13.5%
Suffolk city, Virginia	2,443	5584	-3,141	-50.9%
San Diego County, California	2,332	2112	220	3.6%
Fairfax County, Virginia	1,830	1381	449	7.3%
Henrico County, Virginia	1,768	2125	-357	-5.8%
Duval County, Florida	1,592	2298	-706	-11.4%
Hampton city, Virginia	1,582	1396	186	3.0%
Honolulu County, Hawaii	1,299	987	312	5.1%
Kings County, New York	1,287	124	1,163	18.8%
Prince William County, Virginia	1,030	675	355	5.8%
Queens County, New York	977	190	787	12.8%
Los Angeles County, California	963	320	643	10.4%
Albemarle County, Virginia	919	411	508	8.2%
New York County, New York	898	207	691	11.2%
Cook County, Illinois	883	510	373	6.0%
Philadelphia County, Pennsylvania	880	167	713	11.6%
Lake County, Illinois	859	832	27	0.4%
Escambia County, Florida	780	958	-178	-2.9%
Prince George's County, Maryland	778	697	81	1.3%
Chesterfield County, Virginia	769	873	-104	-1.7%
Charleston County, South Carolina	764	395	369	6.0%
Anne Arundel County, Maryland	697	552	145	2.4%
Bronx County, New York	694	171	523	8.5%
New London County, Connecticut	673	627	46	0.7%
Roanoke County, Virginia	662	478	184	3.0%
Arlington County, Virginia	657	555	102	1.7%
Essex County, New Jersey	583	129	454	7.4%
Suffolk County, New York	574	140	434	7.0%
Onslow County, North Carolina	551	542	9	0.1%
Harris County, Texas	536	319	217	3.5%
Isle of Wight County, Virginia	528	851	-323	-5.2%
Southampton County, Virginia	521	385	136	2.2%
Montgomery County, Maryland	516	690	-174	-2.8%
Shelby County, Tennessee	509	679	-170	-2.8%
Monmouth County, New Jersey	505	289	216	3.5%
Currituck County, North Carolina	502	1094	-592	-9.6%

Source: Census 2000

Table 3. Locations Attracting 250+ People (Net) From Chesapeake, 1995-2000				
Origin/Destination Area	**Moved to Chesapeake since 1995**	**Moved from Chesapeake since 1995**	**Net Change**	**% of total net flow**
Suffolk city, Virginia	2,443	5584	-3,141	**-50.9%**
Duval County, Florida	1,592	2298	-706	**-11.4%**
Currituck County, North Carolina	502	1094	-592	**-9.6%**
Clay County, Florida	135	708	-573	**-9.3%**
Wake County, North Carolina	459	897	-438	**-7.1%**
Montgomery County, Virginia	456	877	-421	**-6.8%**
Henrico County, Virginia	1,768	2125	-357	**-5.8%**
Mecklenburg County, North Carolina	233	571	-338	**-5.5%**
Isle of Wight County, Virginia	528	851	-323	**-5.2%**
Tarrant County, Texas	121	433	-312	**-5.1%**
Dare County, North Carolina	223	530	-307	**-5.0%**
Fulton County, Georgia	344	618	-274	**-4.4%**
Pasquotank County, North Carolina	316	586	-270	**-4.4%**
Orange County, Florida	405	657	-252	**-4.1%**

Source: Census 2000

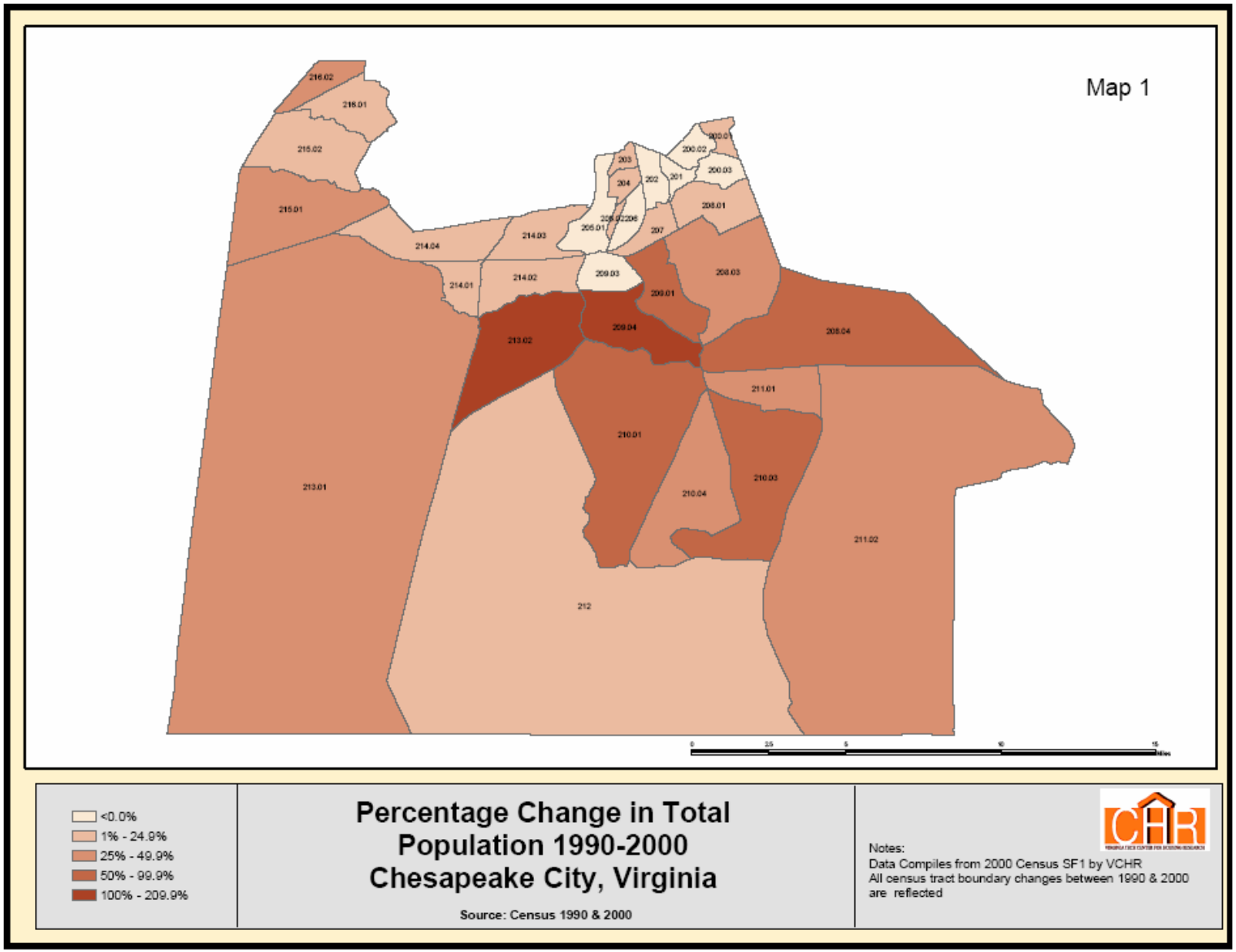
Table 4. Commuting Into and Out of Chesapeake, 2000			
Locality	From Chesapeake To:	To Chesapeake From:	Net
Total	58,028	41,651	-16,377
Chesapeake city VA	38,680	38,680	0
Norfolk city VA	24,904	6,877	-18,027
Virginia Beach city VA	15,394	18,541	3,147
Portsmouth city VA	9,976	7,620	-2,356
Suffolk city VA	1,850	3,190	1,340
Newport News city VA	1,737	879	-858
Hampton city VA	1,095	868	-227
Isle of Wight Co. VA	294	526	232
Pasquotank Co. NC	289	326	37
York Co. VA	211	284	73
Currituck Co. NC	157	1,270	1,113

Source: Census 2000

Population Change Within the City

Population change within the City (Map 1) has shown a pattern of very slow growth or loss in the denser section of the City between Virginia Beach and Portsmouth; very rapid growth in census tract 213.02 (bounded by Deep Creek, the Dismal Swamp Canal, Dominion Boulevard and the Elizabeth River) and tract 209.04 (bounded by the Elizabeth River, I-64 and the Great Bridge Bypass); fast growth south of the Municipal Center

Map 1. Percentage Change in Total Population (1990 Census Tract Boundaries)



(tract 210.01), between the Great Bridge Bypass and Greenbrier (tract 209.01), the area southeast of Kempsville Road and north of the Albemarle-Chesapeake Canal (tract 208.04), and the Great Bridge area (tract 210.03). Much of the southern and western sections of the City have had modest population growth, most likely reflecting the poor soils and restricted development opportunities in these areas.

Between 1990 and 2000 much of the City between Virginia Beach and Portsmouth lost population (census tracts 200.02, 200.03, 201, 202, 206, 205.1 and 209.03), with some census tracts experiencing significant population losses.

A Note on Census Tract Boundaries: Map 2 provides the boundaries and tract numbers for census tracts used in the 2000 Census. Some Census 2000 tracts do not have exact counterparts in the 1990 Census. Consequently, whenever comparisons are made between the 1990 and 2000 censuses at the tract level, some contiguous census tracts in year 2000 have to be combined to match 1990 boundaries. These areas are shaded in Map 2. To avoid confusion, we refer to these combined areas as tracts 208.03 (the combination of tracts 208.05, 208.06, and 208.07), 210.01 (the combination of tracts 210.05, 210.06, 210.07), and 210.03 (the combination of tracts 210.08 and 210.09).

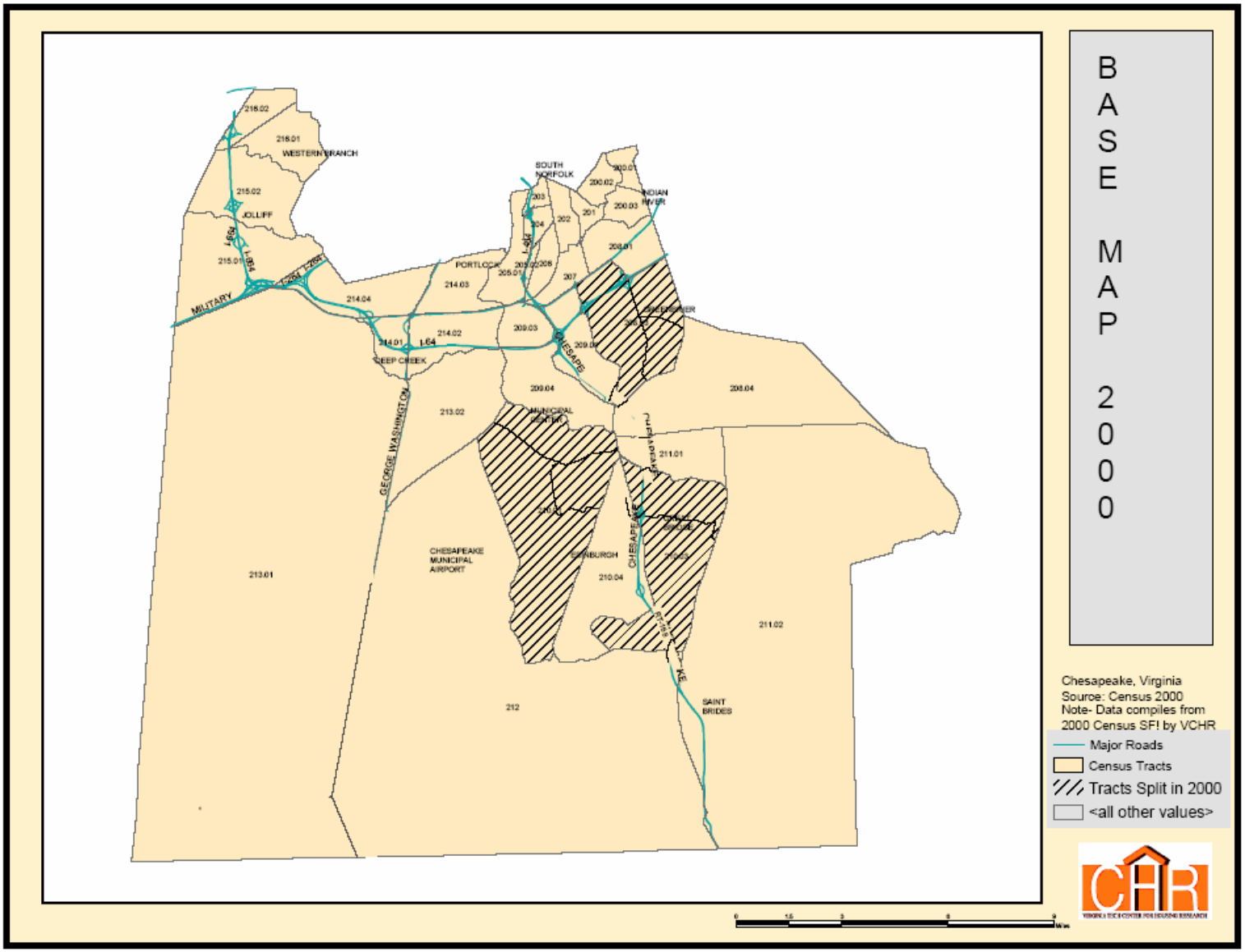
Slow growth in older, denser sections of the City was inevitable as the area "built out" and left few opportunities for new construction. The pattern shown in Maps 3a to 3d visually demonstrates the history of residential development in the City. Map 3a shows the City as it was developed in 1950 (at least in terms of the homes surviving to 2000). The City was sparsely settled, with only a small concentration in South Norfolk and homes scattered throughout a largely rural landscape. This map also demonstrates the relatively modest supply of pre-World War II housing stock in Chesapeake today and its concentration in South Norfolk.

Significant expansion of the housing stock occurred over the next twenty years (Map 3b), with development spreading between Virginia Beach and Norfolk in the north central area and along the Western Branch of the Elizabeth River. Houses constructed during this era were typically small homes for the industrial workers of the post-war boom. Many of these homes will likely need to be upgraded to contemporary standards and tastes to be competitive in the current and future housing markets.

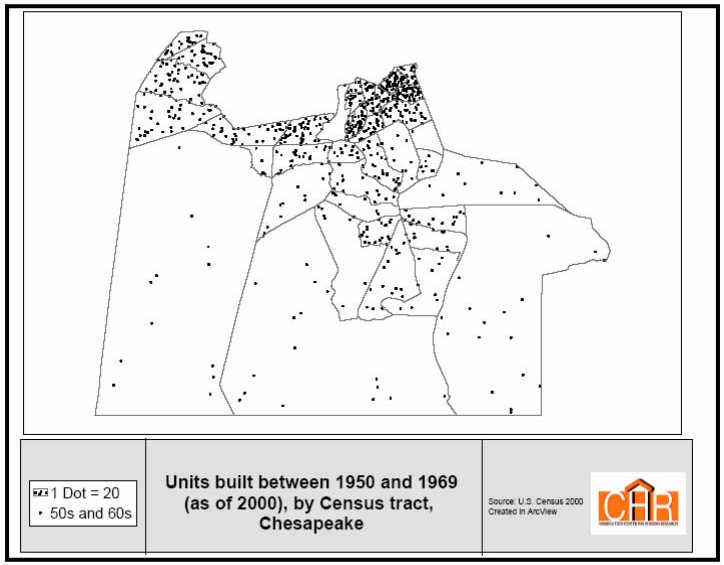
The north central area became largely built out between 1970 and 1990 (Map 3c), with a major expansion of the housing supply in the Indian River area. The northernmost section of the Western Branch was also more heavily developed during this period.

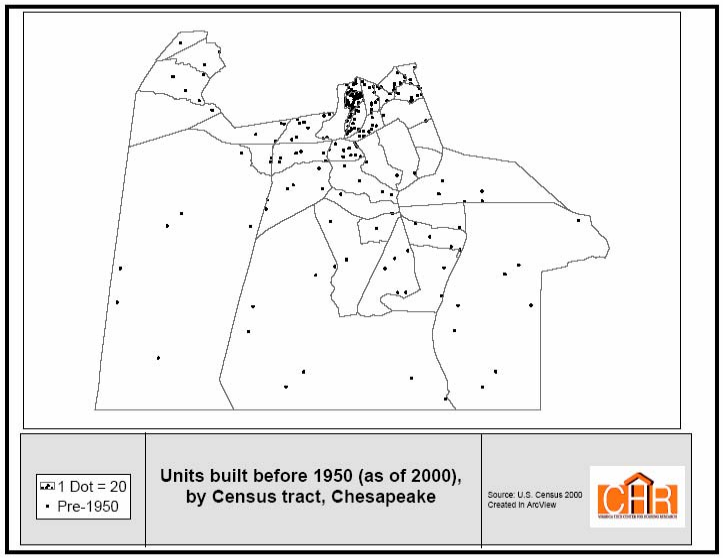
A Note on Dot-Density Maps: Map 3 is an example of a "dot-density" map, where the number of housing units built within the specified period is represented by the number of dots shown within the census tract boundaries shown on the map. For Map 3, each dot is equal to 20 units. The placement of these dots within a census tract or block group is entirely random and does not represent a street location or specific area within the tract or block group boundary shown on any of the dot-density maps in this report.

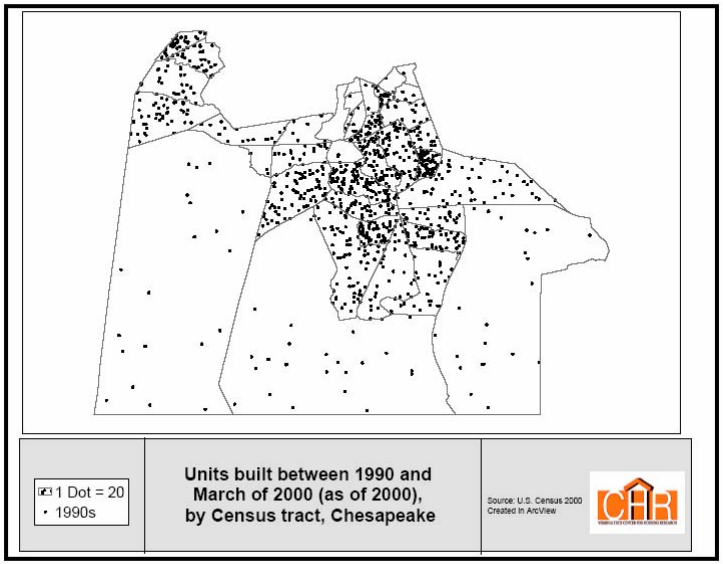
Map 2. Chesapeake Census Tract Map, 1990 and 2000 Boundaries (1990 indicated by shaded area for tracts split in 2000)

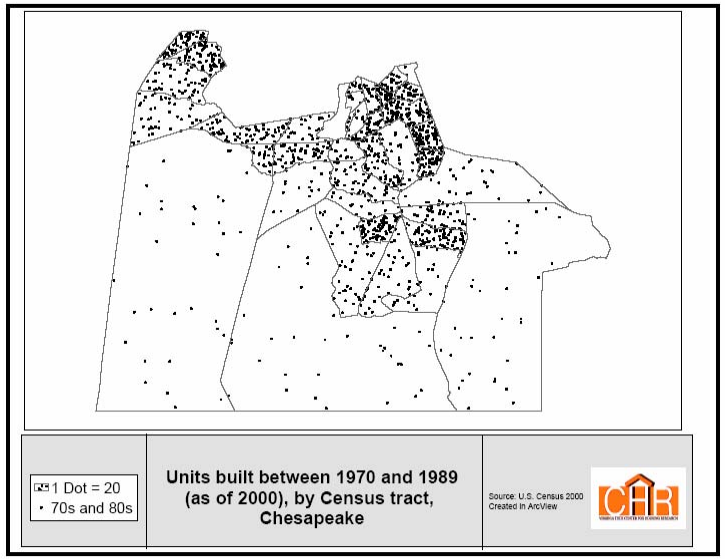


Maps 3a, 3b, 3c, 3d. Housing Units by Year Structure Built and Census Tract (Census 2000 Boundaries)









Chesapeake's more recent development pattern (Map 3d) from 1990 to 2000 shows the effect of build out in the north central area and the northernmost Western Branch, and the suburbanization of Chesapeake south of I64. The development pattern clearly shifted, centered by the intersection of the Great Bridge Bypass, Battlefield Boulevard and Kempsville Road. With development in the southwestern section of the City restricted by the Great Dismal Swamp, the remaining undeveloped sections of the Deep Creek Borough will be rapidly consumed and development will shift to the southern section of the City. It is important to note that Map 3d shows only 10 years of development, which equals or exceeds the level of development during the previous 20 years in the central portion of the City.

In the older sections of the City, as the housing stock ages and as development patterns increase conflicts between commercial and residential land uses, the potential for decline in residential neighborhoods increases. The City should pay close attention to the block-level micro-geography of its neighborhood housing markets, particularly its older neighborhoods. As housing ages, the City will face increased needs for redevelopment planning in targeted areas. The City will also need to monitor impediments to private upgrading of older housing, including units 30 to 50 year-old units, to assure this stock remains competitive in the housing market for owner occupancy. Otherwise increased portions of this stock will be converted to renter occupancy and could suffer from reduced maintenance and more rapid deterioration.

HOUSEHOLD SIZE AND COMPOSITION

The average household size is larger in Chesapeake than in the MSA, with 2.79 persons per household compared with 2.60 for the MSA. The City has a higher proportion of family households (households with one or more relatives) than does the MSA (78% vs. 70%). In the MSA non-family households (one-person households or households with only unrelated individuals) are more prevalent.

Chesapeake has been more significantly a homeownership market than an apartment market. Three-fourths of Chesapeake's households are homeowners, while the ownership rate in the MSA is only 63%. Similarly, much more of Chesapeake's housing stock consists of single-family detached units, 70% versus 60% in the MSA (Table 5). Whereas only 15% of Chesapeake's housing stock was in structures with 3 or more units in the year 2000, 23% of the MSA stock was in multi-family structures. In addition, 91% of the occupied single-family detached units in Chesapeake were owner occupied, as were 65% of the single-family attached units (i.e. townhouses) compared with 86% and 54% for the MSA. Only 10% or less of the units in occupied multi-family structures are likely to be owner-occupied, including less than 5% of occupied units in structures with 20 or more units.

Table 5. Units in Structure, Chesapeake and MSA, 2000						
	Chesapeake	MSA	Chesapeake	MSA	Chesapeake % owner (occupied units)	MSA
Total:	72,672	619,335	100%	100%		
1, detached	50,659	374,029	69.7%	60.4%	91.4%	86.3%
1, attached	7,750	64,774	10.7%	10.5%	65.3%	54.2%
2	1,658	18,420	2.3%	3.0%	12.1%	13.2%
3 or 4	3,161	35,079	4.3%	5.7%	10.0%	7.8%
5 to 9	3,701	49,278	5.1%	8.0%	10.8%	7.6%
10 to 19	1,938	28,289	2.7%	4.6%	7.4%	7.9%
20 to 49	590	12,193	0.8%	2.0%	1.1%	5.3%
50 or more	1,175	18,256	1.6%	2.9%	2.3%	8.9%
Mobile home	2,040	18,764	2.8%	3.0%	80.2%	78.3%
Other	0	253	0.0%	0.0%	na	65.7%

Census 2000

With most of the region's military instillations outside of Chesapeake, only 2% of the City's population lives in "group quarters" (such as barracks and dormitories) or in institutional housing (such as nursing homes), which is half the rate for the MSA (4%). However, Chesapeake is a major residential location for military personnel working in Virginia Beach and Norfolk.

Household demographics heavily influence housing needs and demand. By definition, every household occupies its own housing unit (although multiple families or individuals might be "doubled-up" in a unit). Family households typically demand larger housing units in part because they have more people to house. Married-couple families also have higher incomes on average than any other household type and make up the largest single component of the homeownership market. On the other hand, non-family households—single persons and unrelated individuals living together—are much more likely to be renters, particularly among younger cohorts. Non-family senior households are frequently surviving spouses who live in owner-occupied, detached single-family housing.

As mentioned, families account (based on the 2000 Census) for more than three of every four households in Chesapeake (78%), making it more of a family housing market than the MSA (with 70% families). In the City, married-couple families account for 60% of all households (Table 6) and female-headed families (without a spouse in the household) make up 14% of all households. Male-headed families without a spouse present account for only 4% of all households. Consequently, female headed families account for three-fourths of the "other family" category (both male and female headed families without spouses present).

Table 6. Household Type, Chesapeake and MSA, 2000				
	Chesapeake	MSA	Chesapeake	MSA
Total households	69,835	577,794	100.0%	100.0%
Family households	54,267	406,812	77.7%	70.4%
Married-couple family	42,143	300,294	60.3%	52.0%
Other family	12,124	106,518	17.4%	18.4%
Female householder*	9,432	84,301	13.5%	14.6%
Male householder*	2,692	22,217	3.9%	3.8%
Non-family households	15,568	170,982	22.3%	29.6%

*No spouse present

Census 2000

The stereotypical female-headed family without a spouse is probably a young woman in her teens or twenties. To the contrary, the vast majority of these householders are 35 to 64 years old (60%) and another 12% are 65 years and older. The later would include householders with grandchildren living with them, but could also include two sisters who are senior citizens and a myriad other combinations.

Doubling-up in family households remains rare. The 2000 Census estimated only 2,179 subfamilies (either a husband/wife or a single parent) in Chesapeake and only 3% of all households are doubled-up with subfamilies.[3] The 2000 Census also estimated 4,377 householders or spouses of householders who were grandparents with grandchildren under 18 years of age living with them. About half of these were directly responsible for their grandchildren, in which case they might not have been classified as having a subfamily. Although a precise estimate is impossible, including these households would increase the number of doubled-up families to about 4,000.

Non-family households have become more prevalent as more people live alone or live with unrelated roommates (including unmarried couples without children). Although less so in Chesapeake than the MSA as a whole (23% versus 30%), non-family households are the second largest household type behind married-couple families. Non-family households have been increasing more rapidly than family households, a trend that started in the 1970s but slowed considerably during the 1990s. For Chesapeake in 1990, non-family households were 20% of all households.

There are two distinct segments within non-family households: those living alone and those living with roommates (often unmarried couples without children). Eighty percent of non-family households in Chesapeake are people living alone and about 60% of these are females living alone (Table 7). Females living alone are much more likely to be 65 years or older (43%) than are males living alone (19%). Females have longer life expectancy than males and consequently women are more likely to be the surviving spouse among married-couple households and thus are more likely to be in single-person, non-family households in their senior years. The impact of aging on living alone is dramatic. Although male non-family householders are less likely than females to be

[3] The 1990 Census estimated 1,916 subfamilies in Chesapeake.

living alone, both male and female non-family householders in the same age group have fairly similar probabilities of living alone: about 60% for 15-34 year olds; 80% for 35-64 year olds; and 95% for 65+ year olds. As the population continues to age, housing needs will change with an increasing number of seniors living alone.

Table 7. Non-family Households by Age and Household Size, Chesapeake, 2000

Non-family households	15,602	100.0%		
Living Alone	12,537	80.4%	100.0%	
Female		7,592	60.6%	100.0%
<35			737	9.7%
35-64			3,613	47.6%
65+			3,273	43.1%
Male		4,914	39.2%	100.0%
<35			1,098	22.3%
35-64			2,907	59.2%
65+			909	18.5%
Not living alone	3,065	19.6%	100.0%	
Female		1,274	41.6%	100.0%
<35			618	48.5%
35-64			594	46.6%
65+			62	4.9%
Male		1,791	58.4%	100.0%
<35			779	43.5%
35-64			909	50.8%
65+			103	5.8%

Census 2000

Non-family households in Chesapeake also reflect the dominance of families within this market. First, there are very few young adults (under the age of 35) who are non-family householders. Unmarried young adults have preferred the apartment markets in other sections of the metropolitan area. Second, most of the non-family householders between the ages of 35 and 64 live alone. Many of these households are probably the result of dissolved marriages. Third, older non-family households are mainly females living alone, mostly as the result of the death of a spouse.

RACE AND ETHNICITY

Chesapeake's population fairly closely resembles the MSA in race and ethnicity (Table 8). The majority of the population identifies themselves as "white" (67%), followed by black or African American (29%). Other races and persons identified with two or more races make up less than 5% of the total population. Only 2% of the population is Hispanic or Latino (3% in the MSA).

Table 8. Total Population by Race, 2000

	Chesapeake	MSA	Chesapeake	MSA
Total:	199,184	1,569,541		
White alone	133,193	980,481	66.9%	62.5%
Black or African American alone	56,823	485,368	28.5%	30.9%
American Indian and Alaska Native alone	770	6,215	0.4%	0.4%
Asian alone	3,673	42,981	1.8%	2.7%
Native Hawaiian and Other Pacific Islander alone	101	1,330	0.1%	0.1%
Some other race alone	1,400	18,492	0.7%	1.2%
Two or more races	3,224	34,674	1.6%	2.2%

Census 2000

Segregation of minorities has been a long-time feature of American housing markets and reflects both discriminatory practices against blacks by whites, consumer preferences of blacks and whites, and differences in demographic and economic characteristics. The segregation index[4] provides one measure of the degree to which population groups live in separate neighborhoods. This index has a value of 1.0 under conditions of complete segregation and 0.0 when the minority population is spatially distributed exactly as is the majority population. Values between 0 and 1 can be interpreted as the percentage of the minority population that would have to move in order to achieve an index of 0. The index was calculated at both the block group (representing approximately 1000 people) and the census tract level (about 3,000-5,000 people).

The block group segregation index for Chesapeake was .599 in 1990 and .501 in 2000, while the census tract index was .521 and .438. Greater concentration at the block group level than the census tract level is common. The MSA tract level index was .492 in 1990 and .460 in 2000 and the MSA block group index for 2000 was .518 (a block level index for the MSA for 1990 is unavailable). Several observations are warranted. Segregation appears to have been higher in Chesapeake than in the MSA as a whole in 1990. Segregation declined for the City and MSA between 1990 and 2000, but more so for the City. By 2000 the City had a lower segregation index than the MSA at both the census tract and block group levels; however, the difference in the block group indexes was minimal.

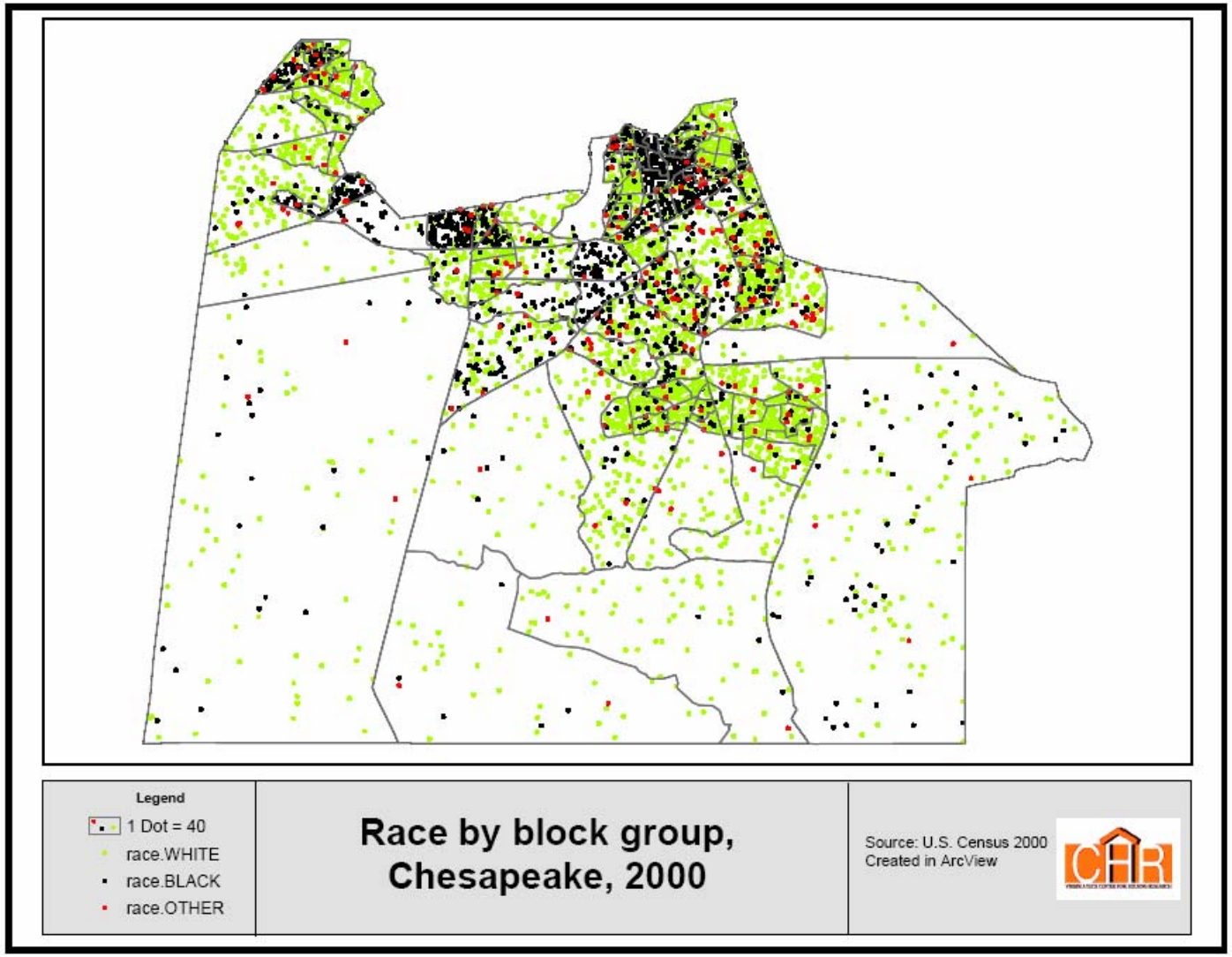
Although the segregation index in the City is declining, it is still at a moderate level. According to the Lewis Mumford Center for Comparative Urban and Regional Research at the State University of New York at Albany, segregation indexes of .60 or higher are considered to be very high, while indexes of .30 or below are "fairly low." Chesapeake's index of .501 identifies an on-going need to address fair access to the housing market.

A large portion of the black population lives in South Norfolk and below the southern boundary of Portsmouth east of the Cavalier Industrial Park, as shown in Map 4. Several adjacent block groups have predominantly white populations. Outside these areas of

[4] There are several measures of segregation. The index presented here is technically called the "index of dissimilarity".

racial concentration, there are very few block groups that are highly segregated, although it is important to note that Map 4 (as with the other dot density maps provided in this report) assigns random locations of dots within each block group. (For example, the population dots in Map 4 for the southwest portion of the City are randomly placed throughout the area, including in the Great Dismal Swamp.) Although we have not calculated the segregation index for minorities other than blacks, it is clear from Map 4 that other racial minorities are much less concentrated throughout the City.

Map 4. Race of Population by Block Group, 2000 (Census 2000 Boundaries)



INCOMES AND POVERTY

The median household income in 1999 was 20% higher in Chesapeake than in the MSA ($50,743 and $42,448). Median family incomes were $56,302 and $49,186 in the City and MSA and median non-family incomes were $30,378 and $27,206. For families and non-families the City was only 14% and 12% above the MSA levels. (The City's higher proportion of families accounts for its higher median household income relative to the MSA.)

Median household income for the City increased 42% from 1989 to 1999, which exceeded the rate of inflation and resulted in an 8% increase in real purchasing power within the City. A key indicator of how well households are doing across the income spectrum is the constant dollar (i.e. adjusted for inflation) income for the bottom 10% of households, the bottom 20%, and succeeding deciles (the median is the 5th decile or 50th percentile). The change in the income level for each decile indicates how well that portion of households fared during the decade.

Table 9 presents the income levels in 1989 and 1999 for each decile, with the 1989 values inflated to 1999 dollars. Households across the income spectrum fared well during the 1990s, with solid increases of 5% to 6% from the 2nd to 6th deciles and more substantial increases in the upper deciles. The bottom decile had the most impressive gain (12%). If continued, real gains in incomes in the lower deciles bode well for upgrading the City's older housing stock and for furthering homeownership. Although households at the median level (5th decile) had a 3% gain in real income, those in the bottom four deciles had even more impressive gains and the bottom decile increased by 12%, which was the highest percentage increase of any decile. These income gains reflect solid improvement in the housing market, with consumers able to increase the size and quality of their housing or reduce cost burdens.

Table 9. Decile Incomes, Chesapeake, 1989 and 1999

Percentile	1989 (1989$)	1989 (1999$)	1999 (1999$)	Percent Change Constant $
10	$10,620	$14,268	$16,000	12.1%
20	$18,144	$24,377	$25,700	5.4%
30	$24,202	$32,517	$34,200	5.2%
40	$29,804	$40,043	$42,000	4.9%
50	$36,000	$48,368	$50,004	3.4%
60	$42,000	$56,429	$59,800	6.0%
70	$48,002	$64,493	$69,350	7.5%
80	$55,792	$74,959	$82,000	9.4%
90	$70,900	$95,258	$104,000	9.2%

Souce: Census 2000 and Center for Housing Research

Minority households had much lower incomes than whites. The median family income for households headed by whites was $61,508, nearly half as much higher than for blacks at $42,293. The disparity between white and black non-family incomes was somewhat

less (28% higher for whites): $31,898 to $24,899. These disparities in incomes could be attributable to differences in family types and age, as well as education. Although a complete analysis of these differences is beyond the scope of this report, they do appear to be due to household demographics only in part.

Table 10 presents the median family income for whites and blacks controlling for both the age of the householder and family type. While median incomes for whites almost always exceed those for blacks in the same age and family type categories, the differences are substantially less for married-couple families (14%) and male-headed families without a spouse[5] (18%) than for female-headed families without a spouse (50%). The latter could be the result of married-couple families dissolved through divorce or mothers who never married.

The age of the householder, however, appears to have little consistent impact on the differences in median incomes between whites and blacks, and there is no evidence that these disparities have narrowed for younger cohorts. Regardless of race, incomes increase as householders move into their mature working years, a pattern that should continue to promote increased housing consumption for the foreseeable future.

The impact of age on income is a combination of the effects of both maturity and the productivity of an age cohort. For husband-wife families, median incomes are the highest for 45-54 year olds. This cohort first started to enter the workforce in the 1970s, when college education became more widespread for whites and blacks. It is reasonable to expect that their incomes will continue to increase as they mature and that, in real dollars, their median income as they near retirement age will exceed their current incomes. Based on their incomes as 35-44 and 45-54 year olds, combined with the income benefits of maturation, these married-couple families (whether white or black) will be in a position to move even further up the housing ladder and could fuel demand for larger and newer homes within Chesapeake.

Incomes obviously influence housing consumption. Given the importance of household type and age, Chesapeake has fared well with a larger share of family households, particularly of married-couple families. The aging of the population over the next decades should provide solid expansion of housing demand within the City. But aging will also create more post-retirement households who might desire smaller houses with more amenities targeted to their needs. Many of these non-family households will have substantial equity in their homes and will be looking for high quality retirement communities within and outside the metropolitan area.

[5] The number of male-headed single parent families does not warrant display of age-specific median incomes for this group.

Table 10. Median Income by Race, Household Type and Age Of Householder, Chesapeake City, 1999

Median family income in 1999 --	White	Black	W/B Ratio
Total	61,508	42,293	1.454
Married-couple family --			
Total	65,213	57,315	1.138
Householder 15 to 24 years	36,759	38,854	0.946
Householder 25 to 34 years	55,880	46,171	1.210
Householder 35 to 44 years	68,904	62,063	1.110
Householder 45 to 54 years	78,280	71,055	1.102
Householder 55 to 59 years	71,921	59,615	1.206
Householder 60 to 64 years	61,483	54,219	1.134
Householder 65 to 74 years	44,575	47,679	0.935
Householder 75 years and over	41,947	25,865	1.622
Other family --			
Total	35,856	23,837	1.504
Female householder, no husband present --			
Total	32,306	21,918	1.474
Householder 15 to 24 years	15,776	9,250	1.706
Householder 25 to 34 years	25,741	18,435	1.396
Householder 35 to 44 years	33,728	21,327	1.581
Householder 45 to 54 years	37,617	36,827	1.021
Householder 55 to 59 years	37,386	28,152	1.328
Householder 60 to 64 years	40,395	32,222	1.254
Householder 65 to 74 years	33,846	29,375	1.152
Householder 75 years and over	46,063	35,455	1.299
Male householder, no wife present --			
Total	43,225	36,758	1.176
Non-family Total	31,898	24,899	1.281

Census 2000

The relatively high incomes within Chesapeake should not mask the existence of poverty within the City. There were approximately 14,000 persons living below the poverty level in the City in 2000, and the City's poverty rate of 7% was only somewhat below the MSA rate of 11%. The poverty rate was highest for very young children (12%) and for school-age children (between 9 and 10%). The poverty rates for persons 65-74 and 75+ slightly exceeded those of the MSA.

Fortunately extreme concentrations of poverty do not exist in Chesapeake, although the poverty population is more highly concentrated in the South Norfolk area (Map 5). Every area of the City has some people who fall below the poverty line who might be in need of social services including housing assistance.

Table 11. Poverty in 1999, Chesapeake and MSA		
	Chesapeake	Norfolk-VB-NN MSA
Total 1999	14,259	159,515
1999 below poverty level	7.3%	10.6%
Under 5 years	11.8%	16.9%
5 years	9.8%	15.6%
6-11 years	9.9%	15.7%
12-17 years	8.9%	13.0%
18-64 years	5.8%	9.0%
65-74 years	7.9%	7.3%
75+ years	10.6%	10.3%

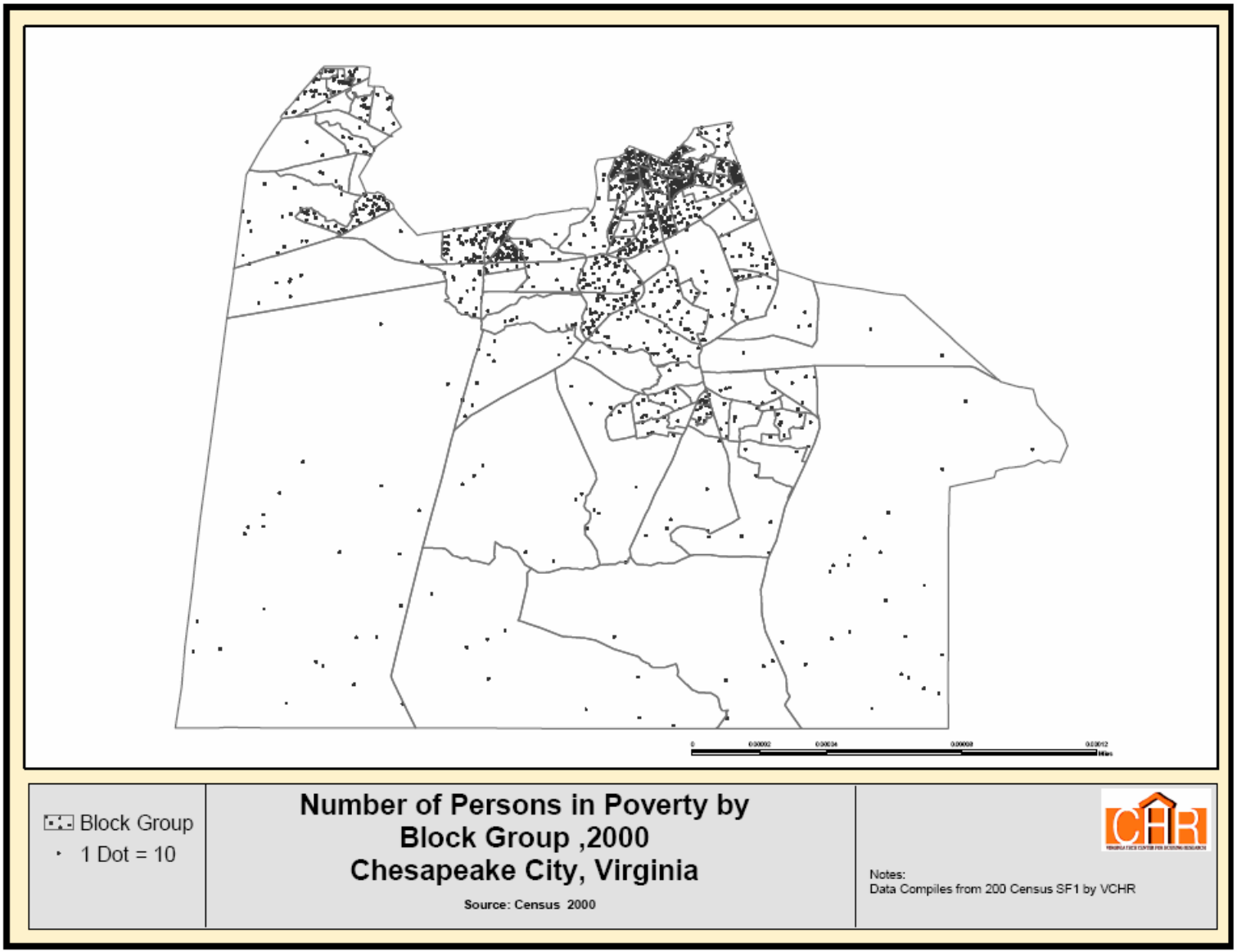
Census 2000

Concentration of poverty in South Norfolk should be avoided if possible. Concentrations of the poor tend to have negative impacts on neighborhood quality, personal quality of life, and on economic and education opportunities. In Chesapeake these problems mainly exist at the micro-geographic scale—individual blocks or even specific multi-family properties. The lack of any extreme concentrations of poverty provides Chesapeake an important opportunity to maintain and improve neighborhood quality within its older neighborhoods before more widespread problems become evident. Efforts to provide affordable housing throughout a large portion of the City and to avoid concentrations of publicly assisted housing will contribute to the maintenance of neighborhood quality in older neighborhoods.

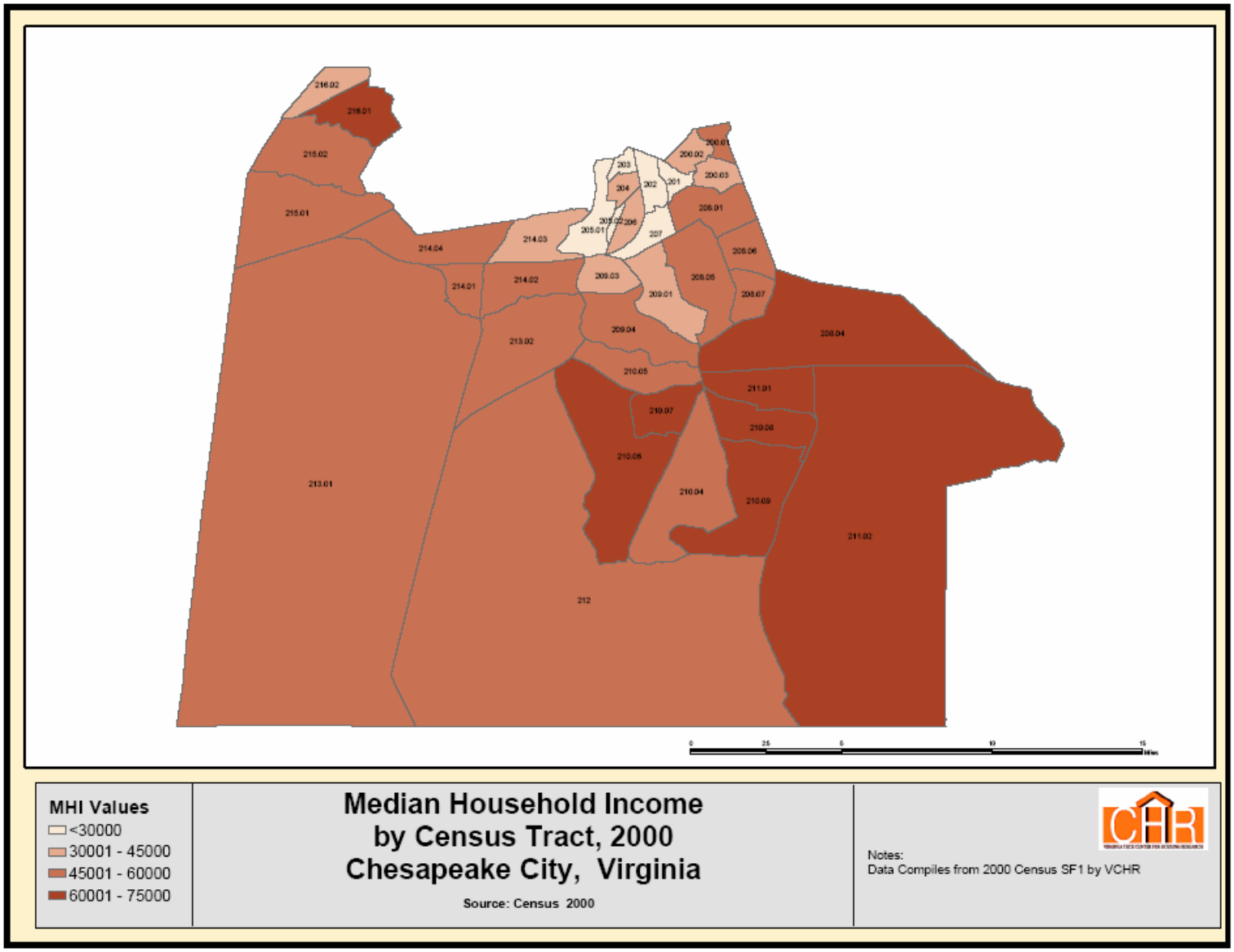
For the most part, census tracts north of I64 had lower median household incomes in 1999 than the tracts to the south (Map 6). Several of the tracts in the South Norfolk area had median household incomes below $30,000 (tracts 201, 202, 203, 205.01, 205.02 and 207). Median household income in four of these six tracts increased less than 30% between 1989 and 1999, indicating a reduction in real incomes (adjusted for an inflation rate of 32%) and tract 207 even posted a decline in median income unadjusted for inflation (Map 7). Tracts 201 and 205.01 were the exceptions to the decline in real median incomes in this group of lower income areas. Even though the median household income increased by 52% in tract 201—a significant improvement—it continued to have one of the lower median household incomes in the City ($24,437). Tract 205.01 also had a significant increase in income (46%) but a higher median in 1999 ($29,750) than tract 201.

Slow population growth, low incomes and reductions in real incomes should be seen as early warning signs that the market dynamics in some neighborhoods might require public attention to avoid significant deterioration. Although only tract 202 met all three of these conditions, population and income indicators across significant parts of the City's north-central edge point to the need for greater public attention to community economic development and revitalization.

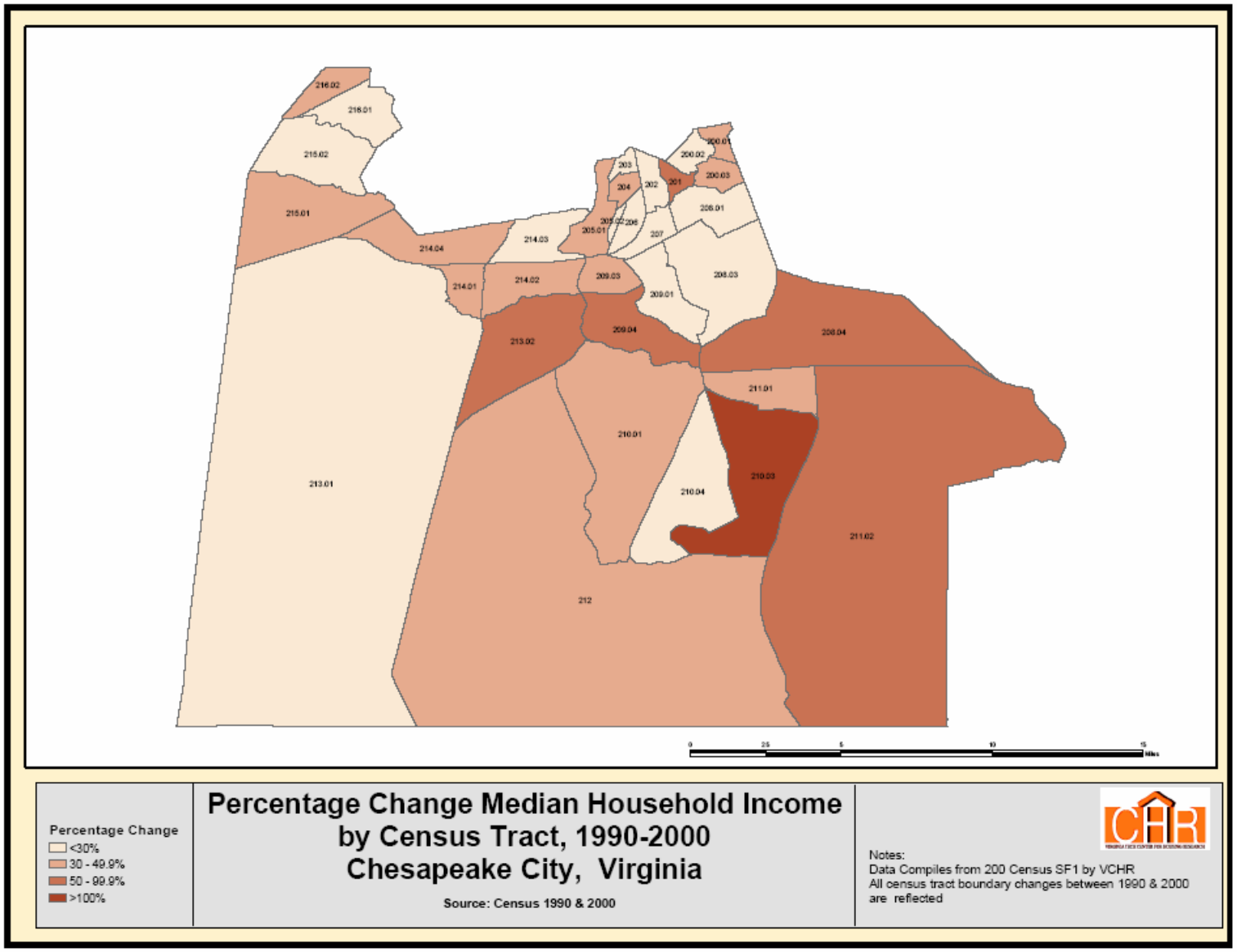
Map 5. People in Poverty by Block Group, 2000 (Census 2000 Boundaries)



Map 6. Median Household Income by Census Tract, 1989 (Census 2000 Boundaries)



Map 7. Percent Change in Median Household Income by Census Tract, 1990-2000 (Census 1990 Boundaries)



HOUSING TENURE, VALUES, AND RENTS

Three of every four households in Chesapeake live in owner-occupied housing. The City has a slightly larger share of the owner-occupied segment of the housing market, with 14% of all homeowners in the metro area in 2000, than of total households (12%) and provides only 8% of the metropolitan rental housing market. The City's ownership rate is significantly higher than the MSA's (Table 12). The homeownership rate for whites was 81% (versus 72% in the MSA). The ownership rate for blacks is well below (by 20 percentage points) that for whites. And while it exceeds the metropolitan rate for black homeownership by 15 percentage points, black homeownership falls below the rate for other minorities in Chesapeake and is slightly below the overall ownership rate in the region.

Table 12. Homeownership Rates by Race, 2000

	Chesapeake	Norfolk-VB-NN MSA
Total	74.9%	63.0%
White alone	80.8%	71.5%
Black-AA alone	60.8%	45.5%
Other	67.3%	53.5%

Census 2000

Homeownership is heavily influenced by a person's age. Young adults are typically better off renting than owning, at least until their employment and family lives are better established. The impact of age on homeownership is so strong that more than 8-of-10 householders are homeowners at middle age (Table 13). The ownership rate remained fairly stable between 1990 and 2000 for all age groups, in contrast to the statewide trend that saw declines for all age groups under 45. The stability of homeownership within Chesapeake is notable and increasing black homeownership could expand the overall ownership further.

Table 13. Homeownership Rates by Age, Chesapeake

	2000	1990
15 to 24	21.7%	28.4%
25 to 34	56.8%	57.0%
35 to 44	77.2%	77.2%
45 to 54	83.9%	82.6%
55 to 64	86.0%	89.0%
65 to 74	83.8%	83.7%
75 and over	78.5%	76.5%

Census 2000

The homeownership rate for blacks in younger cohorts is particularly low, lagging behind whites by 15 to 20 percentage points (Table 14). These gaps could potentially be narrowed through greater promotion of homeownership opportunities for minorities within the City.

Table 14. Ownership by Age and Race, Chesapeake, 2000

Age	White	Black-AA
15 to 24 years	28.4%	8.1%
25 to 34 years	65.7%	35.2%
35 to 44 years	83.2%	61.1%
45 to 54 years	88.4%	73.8%
55 to 59 years	91.0%	75.1%
60 to 64 years	89.4%	78.7%
65 to 74 years	87.0%	75.4%
75 to 84 years	83.4%	67.9%
85 years and over	70.7%	68.9%

Census 2000

Homeownership depends in part on access to mortgage loans. In the three years between January 1, 2000 and December 30, 2002, individuals in the City of Chesapeake submitted 14,736 applications to financial institutions for home purchase loans. Most applications were for conventional loans (8,001 or 54%). FHA-insured loans accounted for 26% of applications and VA-guaranteed loans accounted for an additional 20% (less than 1% of the loan applications were for FSA/RHS loans).[6]

White applicants in Chesapeake made up the majority of those applying for home purchase loans. Whites were over-represented among applicants for home purchase loans compared to the percent white of the total population of Chesapeake (72% of loan applicants and 67% of total population). Black applicants were under represented (21% of loan applicants and 29% of total population). Differences between whites and blacks in characteristics that influence home purchasing such as household type and income could affect their representation among home loan applicants.

Whites submitted 10,673 of the area's home purchase loan applications while blacks submitted 3,031, Asians submitted 343 (or 3% of the total), and Hispanics submitted 279 (or 2% of the total) during the same time period. Other races accounted for the remaining 3% of home purchase loan applicants.

The median loan amount for home purchase loans in Chesapeake was $118,000. The overall median income of individuals applying for home purchase loans was $56,000 (see Table 15). White and Asian applicants had a median income of $59,000 whereas the

[6] Both home purchase loans and home improvement loans are based on Home Mortgage Disclosure Act data (pooled for the years 2000, 2001, and 2002) and include all loan types (conventional, FHA-insured, VA-guaranteed, and the Farm Service Agency or Rural Housing Service, FSA/RHS). Home purchase loan applications include loans only for the purpose of home purchase (one-to-four family) and home improvement loans applications include loans only for the purpose of home improvement (one-to-four family). In both cases the applications are only for owner-occupied as a principal dwelling. If the applicant's loan was purchased by the financial institution or the applicant did not provide race information, the application was not included in the above figures. For loan approval rates, the universe was further limited to home purchase loans that were originated, approved by the financial institution but withdrawn by the applicant, or denied.

median income of black applicants was significantly lower at $47,000. Hispanics had median incomes of $52,000.

Table 15. Median Income of Home Purchase Loan Applicants, City of Chesapeake (Pooled 2000, 2001, 2002 Home Mortgage Disclosure Act Data)

Race of Applicant	N	Median Income
White	10,398	$59,000
Black	2,954	$47,000
Asian	327	$59,000
Hispanic	273	$52,000
Total (also includes American Indian and other races)	14,351	$56,000

Source: Pooled 2000, 2001, 2002 Home Mortgage Disclosure Act data and Virginia Tech Center for Housing Research

Note: Universe is all loan types, owner-occupied for home purchase, all races (except missing), and all types of action except purchased loans.

It is important to control for income when examining home purchase loan approval rates (see Table 16). Regardless of race, approval rates were low for applicants earning under $20,000 (in the 60% range). Except for Asian applicants, approval rates remained low for applicants with incomes under $35,000 (in the 80% range). For incomes above $35,000 all races except blacks had approval rates above 90% (blacks earning $35,000 to $49,999 and $75,000 to $99,999 had approval rates of 86% and 90% respectively). Black applicants for home purchase loans were the only group with an overall approval rate (all incomes) below 90%.

Also in the three years between January 1, 2000 and December 30, 2002, individuals in the City of Chesapeake submitted 2,293 applications to area financial institutions for home improvement loans. Whites submitted 1,636 (or 71%) of the area's home improvement applications while blacks submitted 527 (or 23% of the total), Asians submitted 31 (or 1% of the total), and Hispanics submitted 41 (or 2% of the total) during the same time period. Other races accounted for the remaining 3% of home improvement loan applicants.

As can be seen from Map 8, census tracts throughout a large portion of the City have ownership rates of 80% and above. Most of the tracts with lower ownership rates, including those where less than half of the households are owners, are in the northeast section of the City. Although some of these areas might be dominated by commercial neighborhoods. Even several of the City's older neighborhoods have ownership rates of 80% or higher. But some have slipped closer to 50% and a few have dropped below that level.

Table 16. Home Purchase Loan Approval Rates by Race by Income, City of Chesapeake (Pooled 2000, 2001, 2002 Home Mortgage Disclosure Act Data)

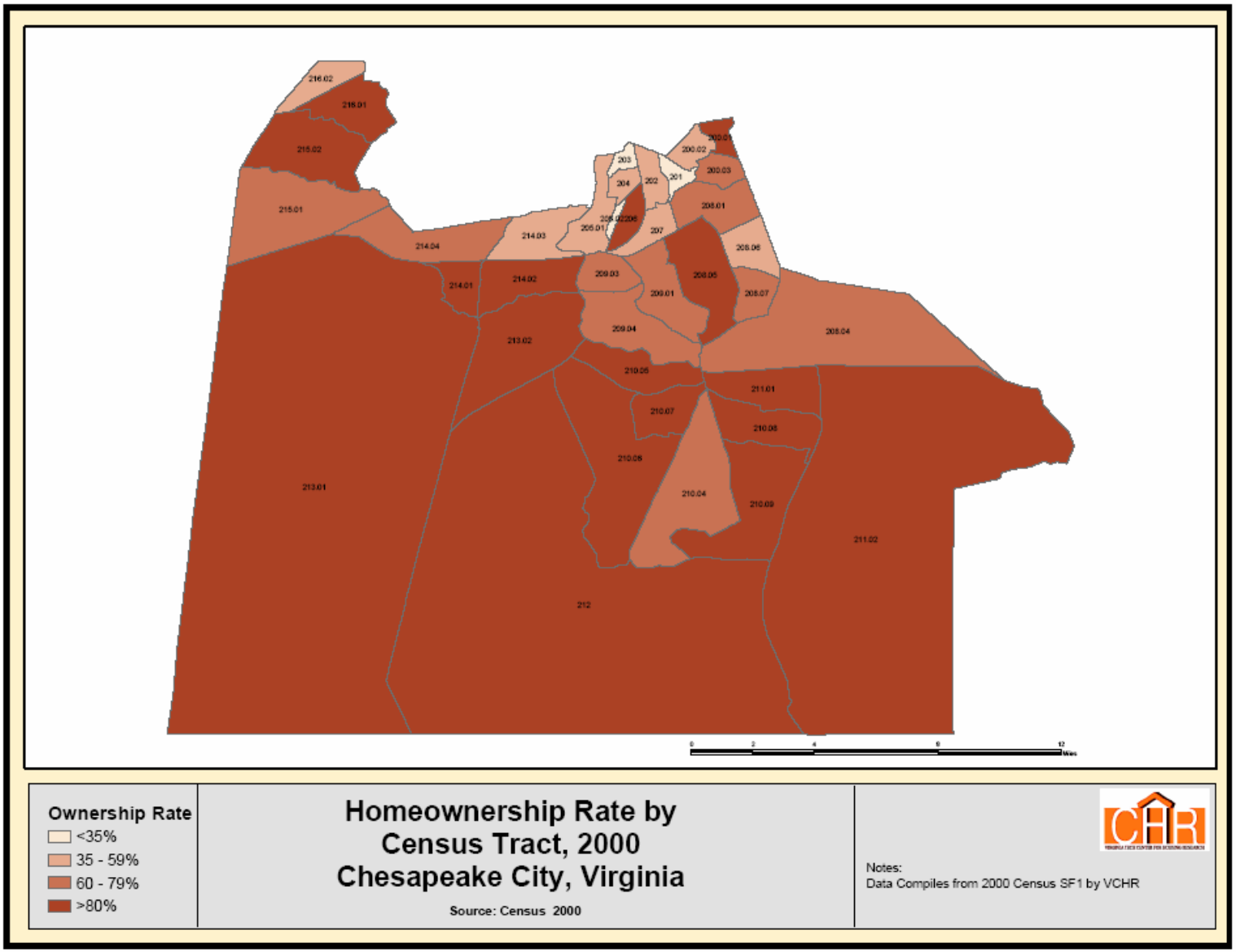
	Approval Rate				
Income of Applicant	White	Black	Asian	Hispanic	All Races*
< $20,000	61.7%	68.1%	60.0%	63.6%	63.3%
$20,000 to $34,999	85.0%	82.0%	97.4%	86.8%	84.5%
$35,000 to $49,999	92.2%	85.8%	93.5%	95.2%	90.8%
$50,000 to $74,999	95.7%	90.2%	96.3%	93.2%	94.5%
$75,000 to $99,999	97.4%	89.9%	94.1%	97.0%	96.1%
$100,000+	96.3%	91.3%	97.9%	93.3%	95.6%
All Incomes	93.2%	86.4%	95.0%	91.9%	91.8%
Number Applicants	9723	2667	299	247	13289

Source: Pooled 2000, 2001, 2002 Home Mortgage Disclosure Act data and Virginia Tech Center for Housing Research

Note: Universe is all loan types, owner-occupied for home purchase, all non-missing races, and types of action approved loans and denied loans (approved includes both loans originated and loans approved by financial institution but withdrawn by applicant).

*In addition to White, Black, Asian, and Hispanic, all races includes American Indian and other races. Also, applicants with missing incomes are not included.

Map 8. Homeownership Rate by Census Tract (Census 2000 Boundaries)



The median value of owner-occupied units in 2000 was $122,300, only 11% higher than the MSA median. Median house value increased more rapidly in the City from 1990 to 2000 than in the MSA, 39% versus 28%. More than a third of the houses had values under $100,000 in 2000 and another third had values between $100,000 and $150,000. Only slight over 10% of houses had values of $200,000 and over. Compared to the MSA, housing in the City is more heavily distributed in price ranges above the median ($125,000 to $249,999) than at either extreme (Table 17). House values in the MSA are more likely to be below $100,000 or above $300,000 than in the City.

Table 17. Value of owner occupied units

	Chesapeake	MSA
Less than $50,000	1.9%	3.2%
$50,000 to 79,999	16.2%	18.8%
$80,000 to 99,999	17.4%	21.1%
$100,000 to 124,999	16.2%	16.8%
$125,000 to 149,999	17.3%	13.0%
$150,000 to 174,999	12.4%	8.5%
$175,000 to $199,999	7.1%	5.3%
$200,000 to $249,999	6.3%	5.6%
$250,000 to $299,999	3.0%	2.8%
$300,000 to $399,999	1.3%	2.5%
$400,000 or more	0.9%	2.3%
Median Value	$122,300	$110,100

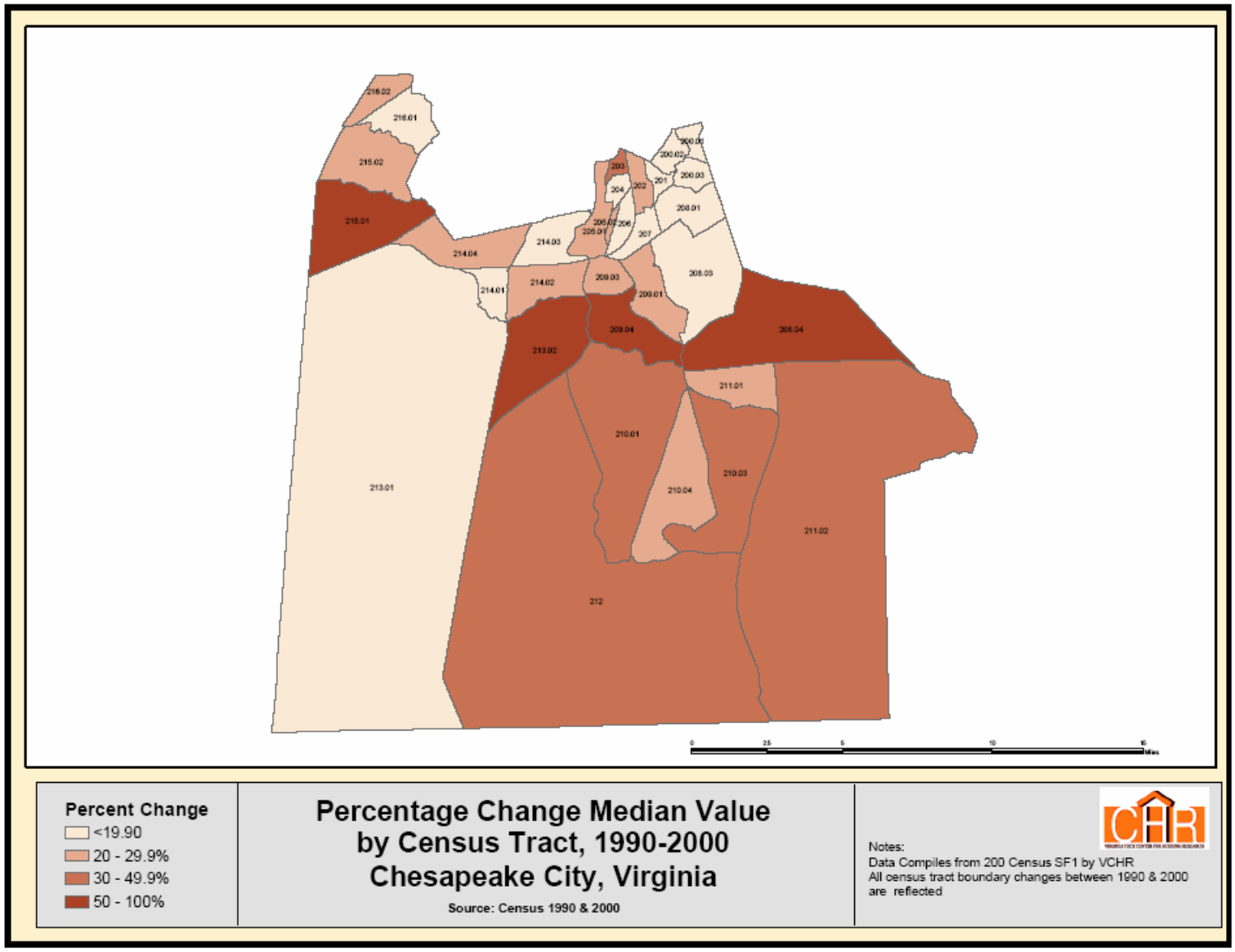
*Source: Bureau of Census, Census 2000

More recent changes in housing prices in the region point to a significant loss in homeownership affordability that was cushioned by the national decline in interest rates. The median sales price in the Hampton Roads market area increased 29% between 2000 and 2003 whereas median incomes increased less than 10%. Although the run up in prices was faster in the Williamsburg area (up 37%), price increases in the rest of the metropolitan area more than doubled the rate of increase in incomes.[7]

At the census tract level, median house values declined in real terms between 1990 and 2000 for a large portion of the City, particularly the older sections (Map 9). All of the areas where median values increased less than 30% in nominal (unadjusted) dollars had declines in inflation adjusted house values (the national inflation rate from 1990-2000 was approximately 34%). In contrast, median values in four census tracts increased between 50 and 100% from 1990 to 2000: tract 208.04, 209.04, 213.02, and 215.01.

[7] See the Center's report "Homeownership Affordability in Virginia," 2004 available at http://www.caus.vt.edu/CAUS/RESEARCH/vchr/VCHR.html

Map 9. Percent Change in Median Value by Census Tract (Census 1990 Boundaries)



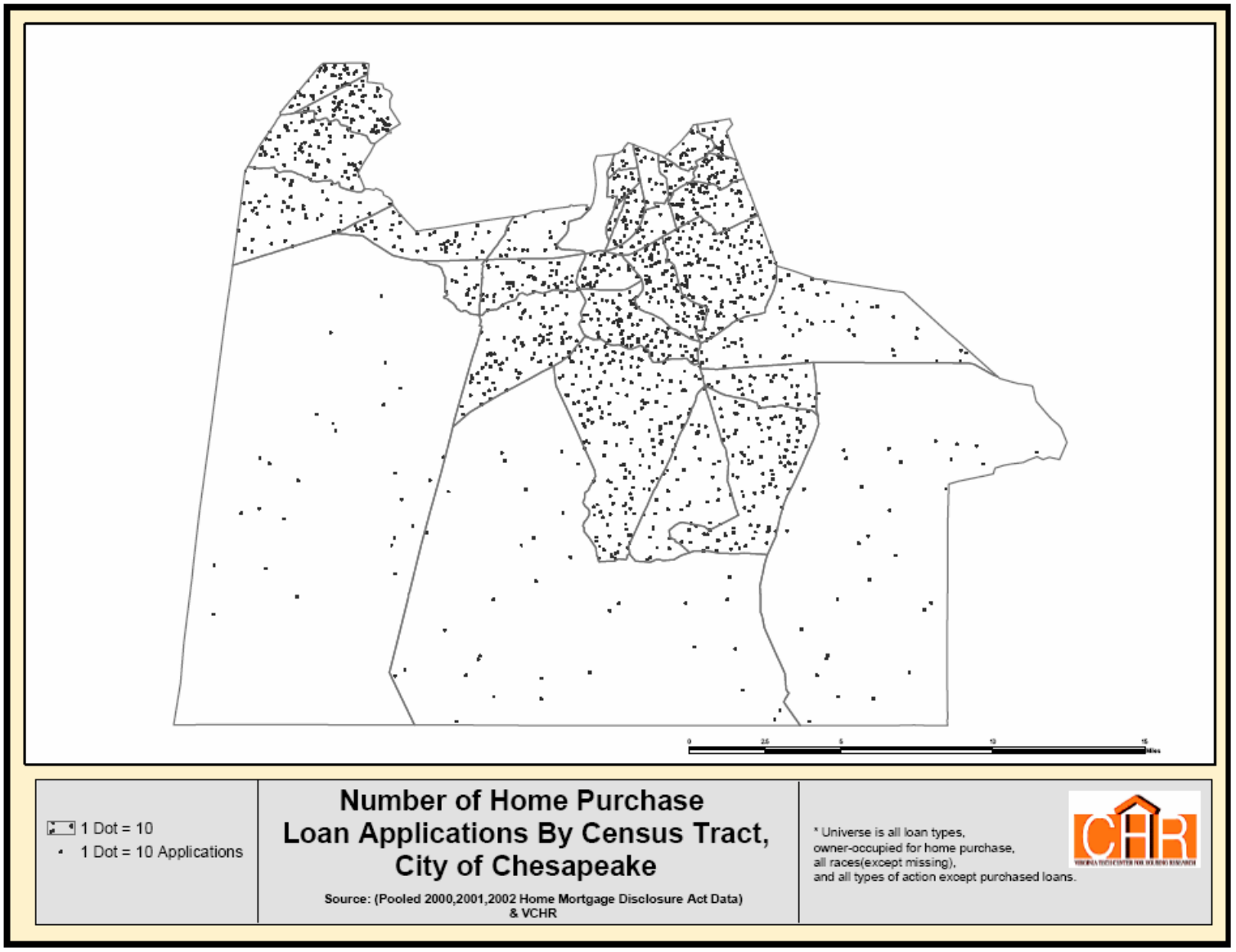
Recent Home Purchase Patterns

During the three-year period of 2000-2002, home seekers applied for home purchase loans for houses throughout the City (Map 10). Only one census tract (206.01) had no home loan applications reported for this period and tract 205.01 had only 3 loan applications. The vitality of the housing market depends on the preferences of home buyers and the availability of credit. It is reassuring that home buyers are seeking houses in all areas of the City. Nonetheless, the number of home buyers applying for loans to purchase houses in the older, north central section of the City might represent an inadequate level of demand compared to the size of the housing stock in this area. The City should carefully examine market trends in this area to determine the need for planned interventions to promote continued investment in the owner-occupied housing stock.

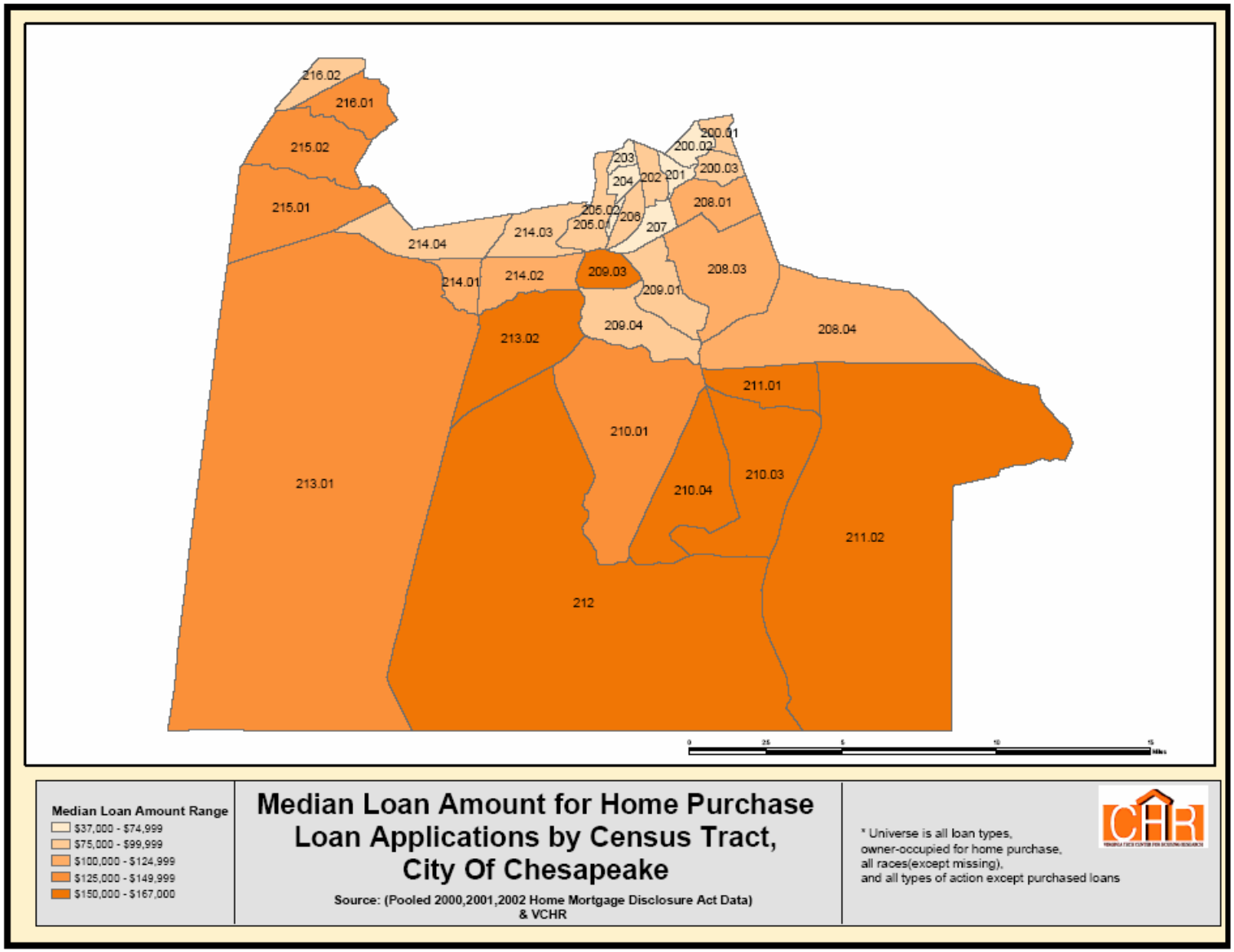
The median loan amount for home purchase loan applications (Map 11) reflects a similar I64 divide as median house values, with lower median loan amounts to the north and higher median loan amounts to the south of I64.

Obviously the amount of loan activity depends on both the demand for owner-occupied housing in the area and on the supply of such housing. The ratio of the gross value for approved home purchase loans divided by the gross value of owner-occupied housing reported in the 2000 Census provides a measure of market activity within a tract that reflects both the demand for and the supply of such housing. Since the overall supply of owner-occupied housing is already reflected in the measure, the ratio basically represents the magnitude of demand relative to supply. The higher the ratio, the greater the relative demand for housing in the area during the 2000 to 2002 period. Newly developing areas where a larger portion of the housing supply is recently constructed should have the highest ratios. Low ratios of gross loan value to housing value reflect a low level of home sales, due to few houses for sale (as in a very stable neighborhood with little turnover), insufficient demand, or low approval rates for loan applicants.

Map 10. Home Purchase Loan Applicants by Census Tract (Census 1990 Boundaries)



Map 11. Median Loan Amount by Census Tract (Census 1990 Boundaries)



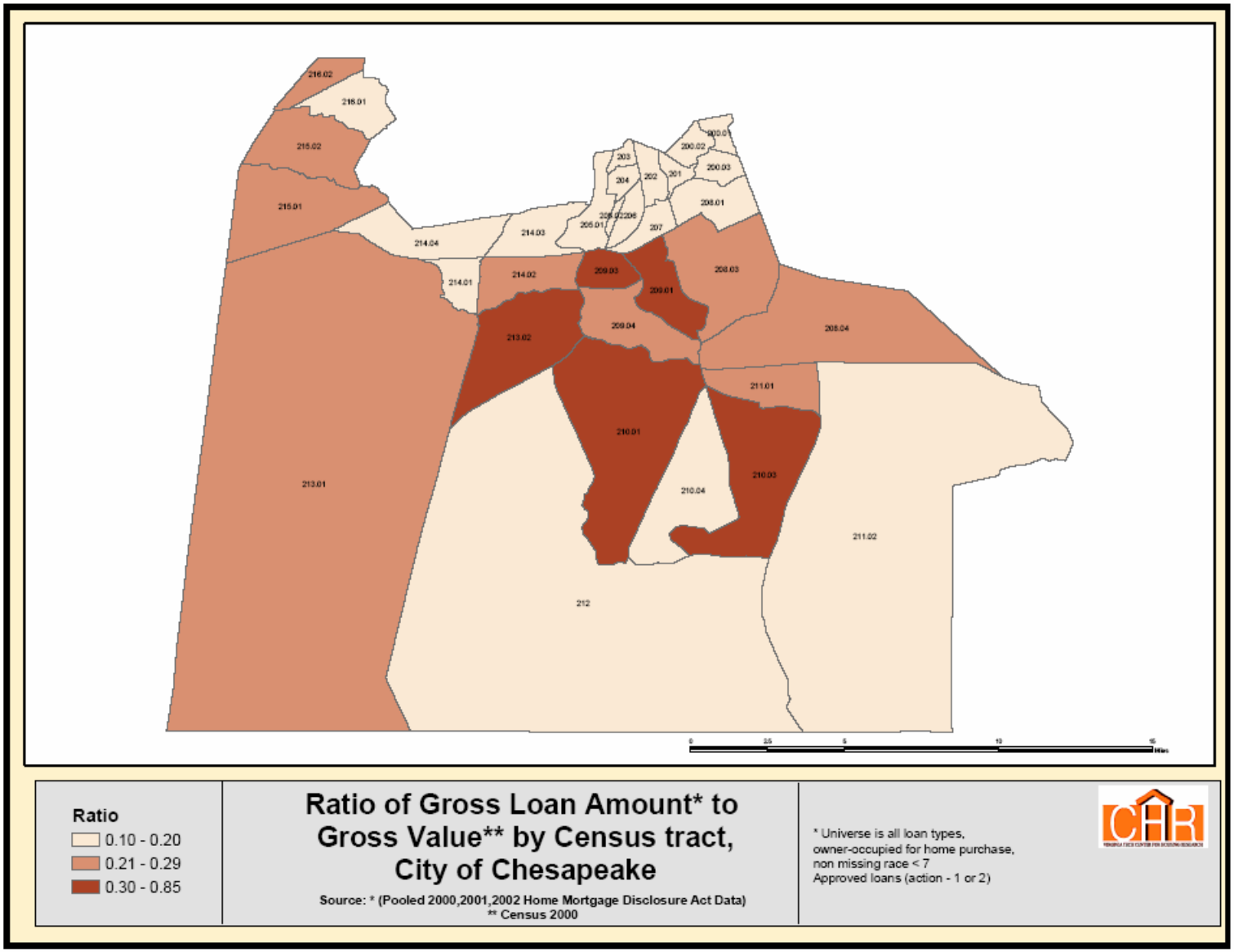
Map 12 presents the census tract distribution for the ratio of gross mortgage loan amounts to gross value, which ranges from .098 in tract 207 to .850 in tract 209.03. The gross value of loans originated in tract 207 for the three years (2000, 2001, 2002) represented less than 10% of the aggregate value of owner-occupied housing reported in Census 2000. In contrast, the value of loans originated in tract 209.03 during the same period represented 85% of the gross value of its year 2000 owner-occupied stock. Most tracts, however, have ratios of gross mortgage loans between .15 and .25. Most cases with higher ratios suggest a significant amount of new construction in the area. But the extremely high ratio in tract 209.03 might indicate a substantial amount of turnover for the existing owner-occupied stock. Similarly, the low ratios for tracts 207 and 205.01 might indicate weak demand for owner-occupied housing in these two areas. There were only three loan applications in tract 205.01, which is further evidence of weak demand.

Loan approval rates for home purchasers vary significantly throughout the City (Map 13), with the lowest approval rates for the north-central section where less than 80% of loan applications are approved in some tracts (with the exception of tracts 200.03, 215.02, and 216.01). Tract 207 had a loan approval rate of only 60%, which contributed to its low ratio of aggregate loan value to aggregate house value. The City should review market conditions in this area to assure that there is an adequate supply of qualified buyers for houses placed on the market.

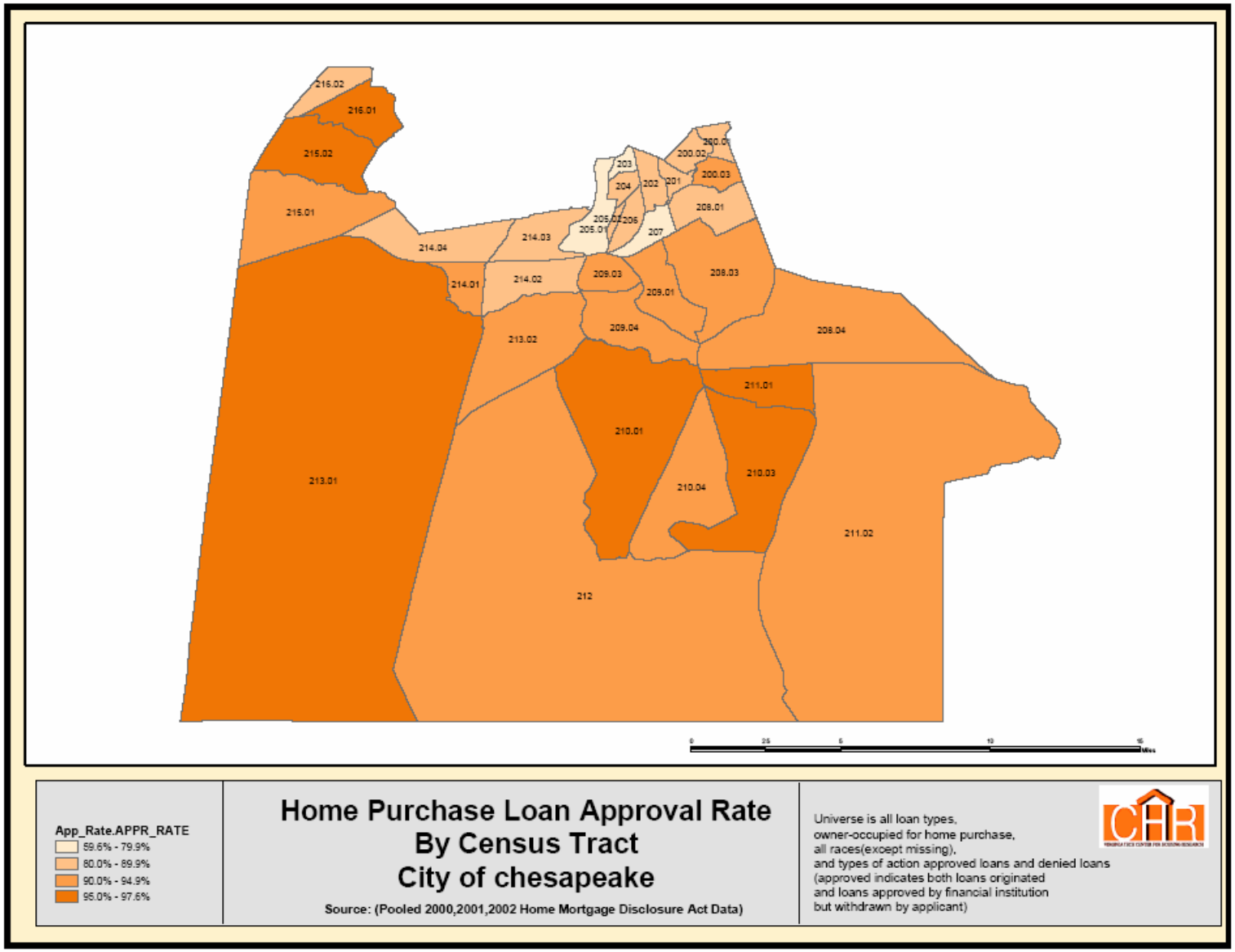
In contrast, most of the areas south of Route 13 have loan approval rates of 90% or higher. In census tract 203, 23 of 68 home loan applications were denied, as were 61 of 151 applications in tract 207. These variations could be the result of less qualified home buyers seeking homes in the older parts of the City or a variety of other factors. Regardless, the City should promote policies that increase the competitiveness of older neighborhoods. This could include meetings with lenders to address any impediments to lending in these areas, as well as actions to increase the number and the credit worthiness of home buyers in these areas.

The Home Mortgage Disclosure statements identify substantially fewer applications for home improvement loans. Given the age of the housing stock, it is surprising that there were relatively few loans reported for the north-central portion of the City (Map 14).

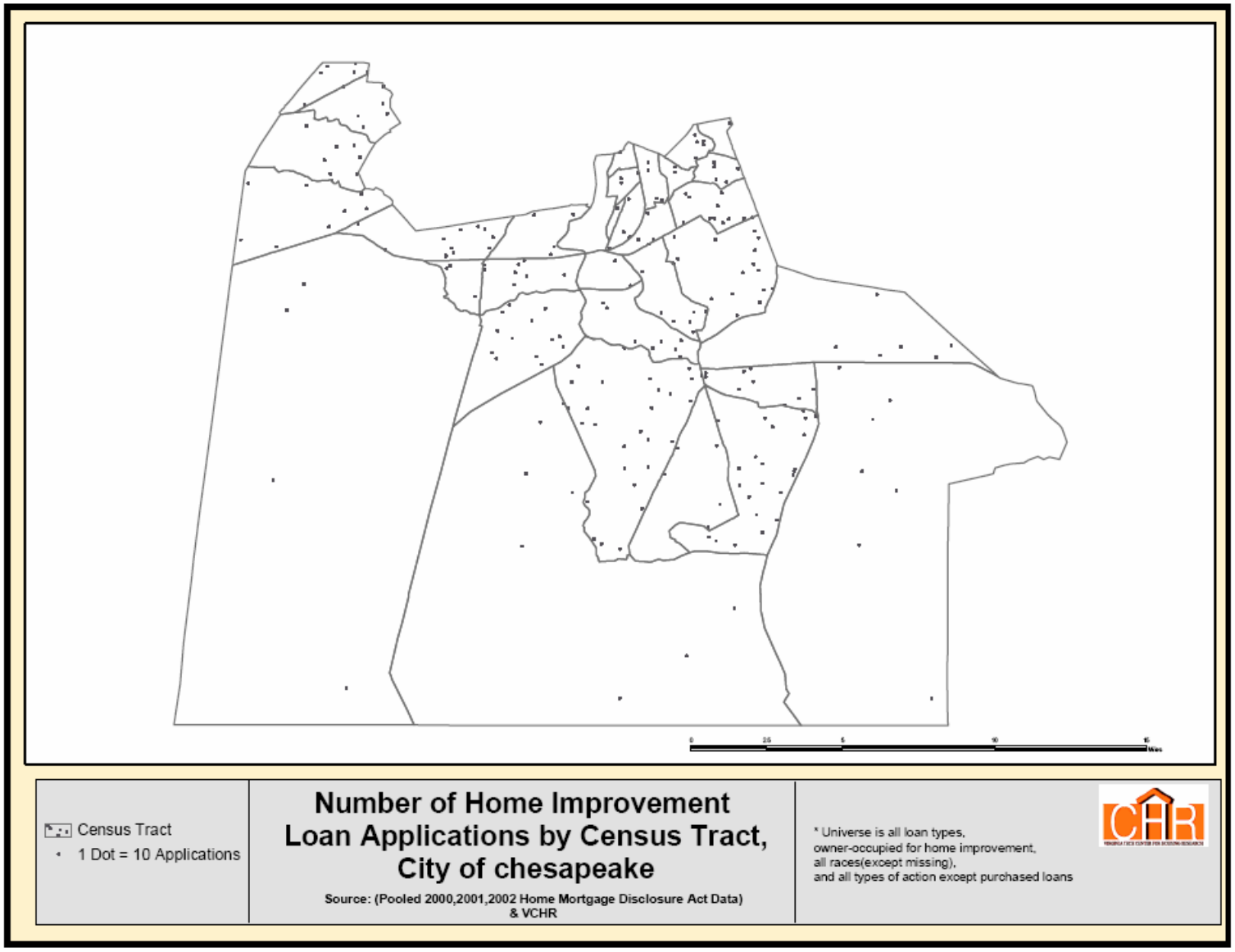
Map 12. Ratio of Gross Loan Amount (2000-2002) to Gross Value (2000) by Census Tract, (Census 1990 Boundaries)



Map 13. Loan Approval Rate by Census Tract, 2000-2002 (Census 1990 Boundaries)



Map 14. Home Improvement Loan Applications by Census Tract, 2000-2002 (Census 1990 Boundaries)



Rental Housing

One-fourth of the City's households are renters—about 17,500 households in 2000. The number of renters increased 25% from 1990 to 2000 compared with a 38% growth rate for homeowners. Median gross rent was $642 in 2000, up 30% from 1990 and only slightly above the MSA median of $615.

Multi-family housing units are heavily concentrated in the north-central area and in tract 216.02 along the City's northwest border (Map 15). Some tracts have very few multi-family housing units, particularly in the southern two-thirds of the City, as well as a few tracts in the north-central area. Although not all multi-family units are rented (some are owner-occupied townhouses and condominium units), there is a significant correspondence between the location of multi-family units and renters.

The City's rental housing stock is slightly more likely to have 2 bedrooms than in the MSA, however, the bedroom size of the stock is very similar to that of the MSA (Table 18). Nearly half of rental housing has two bedrooms and two-thirds of has one or two bedrooms. Very little of rental housing has four or more bedrooms and only a third has three or more bedrooms, as larger housing units are dominated by the single-family housing stock. Consequently, families needing three or more bedrooms often find a limited supply of rental housing and can be severely disadvantaged in the housing market.

Table 18. Renter Occupied Units by Number of Bedrooms, 2000

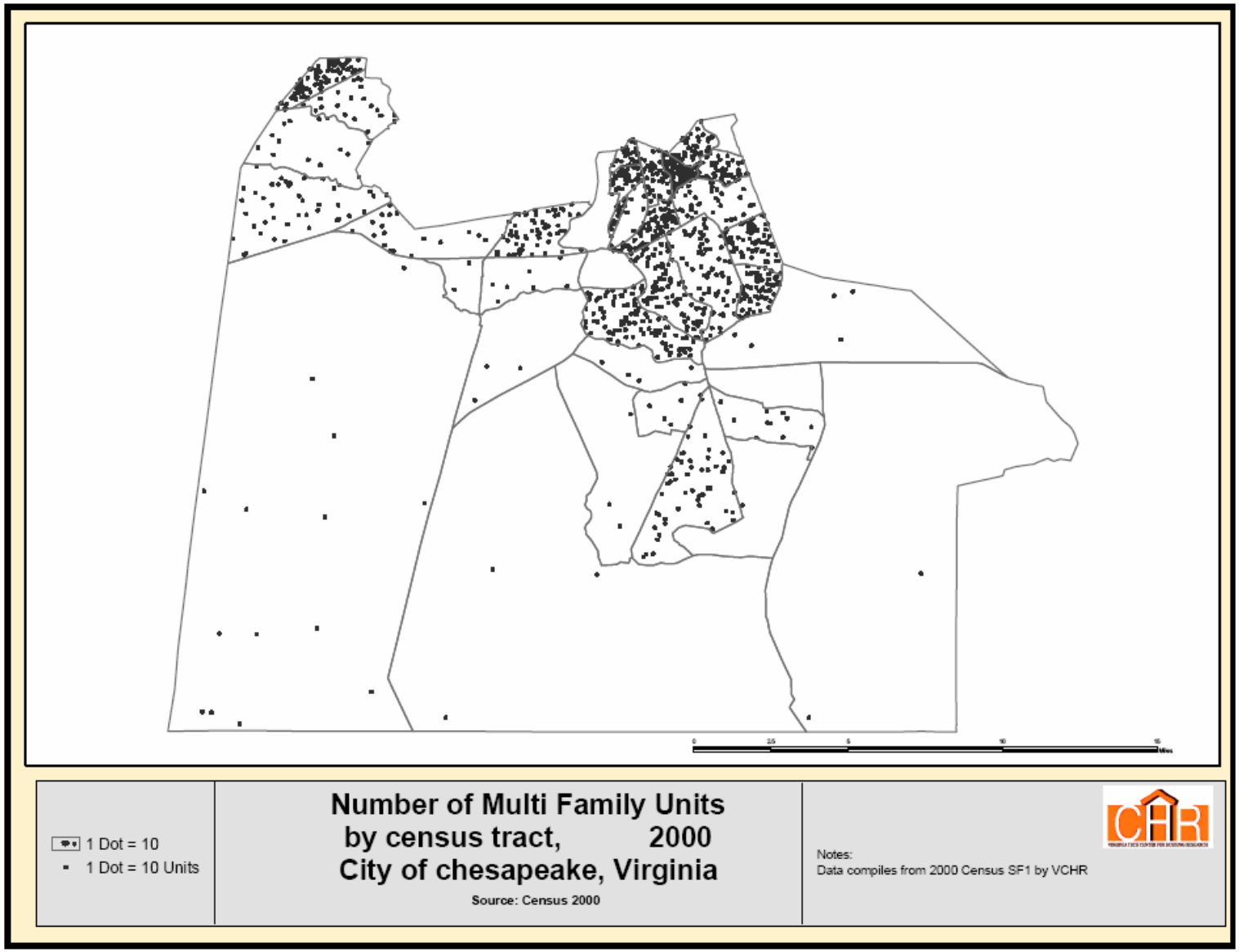
	Chesapeake	Norfolk-VB-NN MSA
Renter occupied	25.1%	27.0%
No bedrooms	1.4%	3.2%
1 bedroom	17.4%	22.0%
2 bedrooms	51.0%	44.6%
3 bedrooms	24.7%	24.3%
4 bedrooms	5.1%	5.2%
5+ bedrooms	0.4%	0.7%

*Source: Bureau of Census, Census 2000

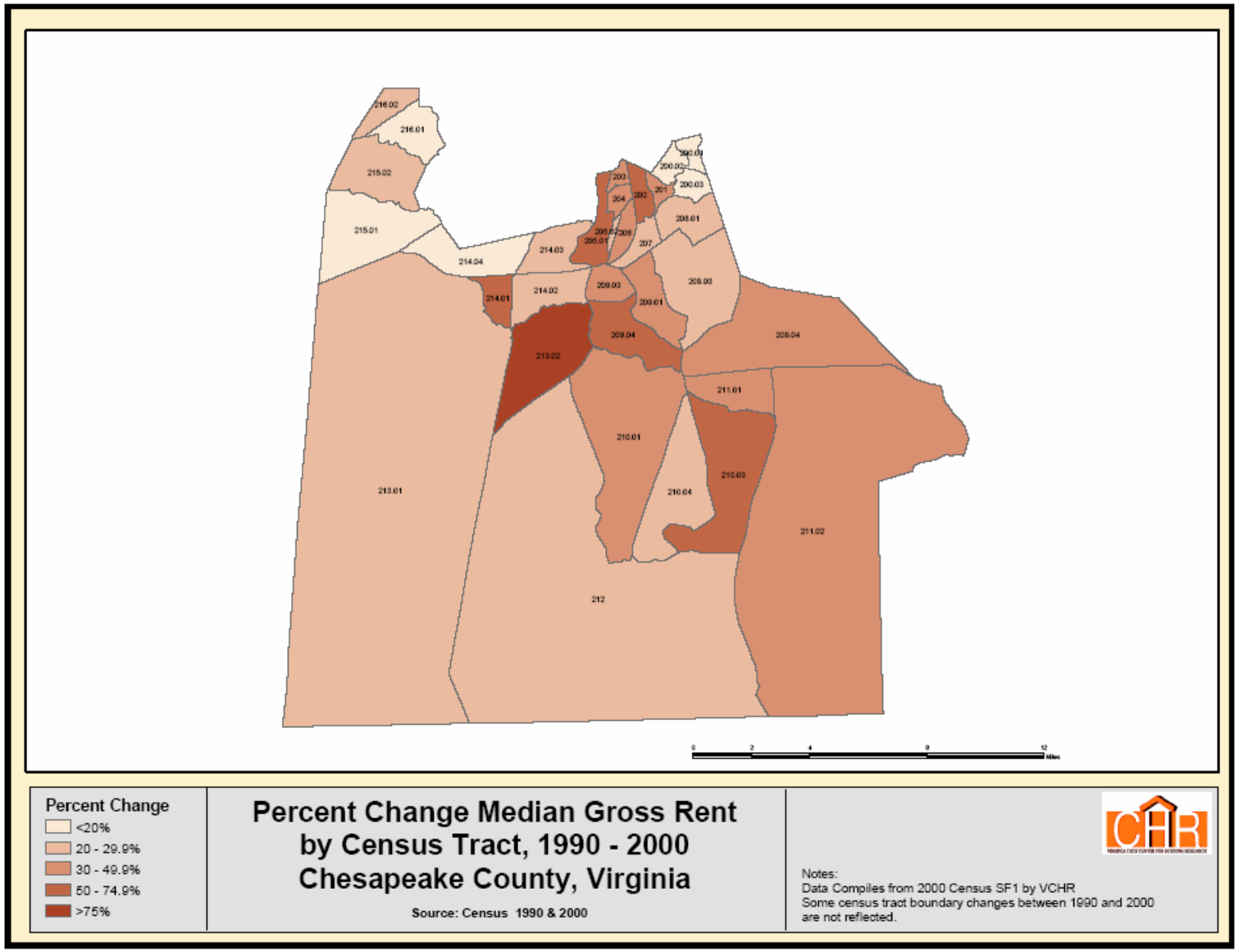
Increases in median gross rents between 1990 and 2000 identify slow rates of growth, at times well below the rate of inflation, in the older, north-central section of the City and high rates of growth—double or more—in four census tracts (Map 16). Median gross rent in tract 202 increased significantly more than the general rate of inflation, despite rather dismal performance on other indicators (including low incomes, losses in population and real incomes, and no applications for home purchase loans). The combination of these changes suggests increased problems with rental affordability in the area.

Other areas with exceptionally rapid increases in median rents include tracts 205.01, 214.01, 209.04 and 210.03.

Map 15. Multi-family Housing Units by Census Tract, 2000 (Census 2000 Boundaries)



Map 16. Percent Change in Median Gross Rent by Census Tract (Census 1990 Boundaries)



HOUSING PROBLEMS

Homelessness

Homelessness is probably the most extreme housing problem in the United States. Fortunately, the number of homeless persons estimated for Chesapeake is fairly small. For the most part this is likely do to the general prosperity of the City. But it also reflects the provision of homeless shelters, which are primarily located in other jurisdictions. Consequently, anyone who becomes homeless probably moves to the jurisdictions providing services.

Based on the survey to count and profile the homeless population conducted on January 21, 2004 for the Chesapeake Continuum of Care (CoC), there were 124 people homeless in Chesapeake at the time. This is significantly lower than other areas in the metropolitan area. There were 891 homeless people in the Virginia Peninsula, 787 in Norfolk, 378 in Portsmouth, and 300 in Virginia Beach.

Most (109) of the homeless people counted in Chesapeake were in emergency shelters (five people were in transitional housing and 10 individuals were unsheltered). The CoC estimated a need for 101 additional beds in shelters and permanent supportive housing to meet the needs of the homeless.

Cost Burden and Overcrowding

The best measure of housing problems is cost burden, or the ratio of housing costs to income. When households are required to devote a large portion of their incomes to housing, they typically have to sacrifice other necessary items of their family budget. Severe cost burdens can be associated with emotional stress, family instability, and risk of eviction and homelessness. Other measures of housing problems including overcrowding and deteriorating physical conditions, including risk of lead paint exposure among children.

A significant portion of renters in the City were paying 30% or more of their incomes for rent in 2000 and 17% devoted half or more of their income for rent (Table 19). Low-income renters paying 50% or more of their income for renter are considered by HUD to have worst-case housing needs and should be the focus of the City's efforts to address housing needs.

Table 19. Renter Cost Burdens, 2000

	Chesapeake	Norfolk-VB-NN MSA
Renter cost burden		
Less than 30%	57.3%	55.3%
30%+	20.8%	21.5%
50%+	16.5%	16.4%
Not computed	5.4%	6.7%

*Source: Bureau of Census, Census 2000

The combination of low income and housing cost burden frequently identifies households who have the most severe housing needs. Special tabulations of census data (prepared for use in Consolidated Plans required of cities by the US Department of Housing and Urban Development) identify low-income renters and owners who have one or more of the following housing problems: cost burdens exceeding 30% of income, cost burdens exceeding 50% of income, overcrowding, and units lacking complete plumbing. Unfortunately the decennial census does not provide any measures of housing quality other than whether the unit has complete plumbing for the exclusive use of the unit's occupants. These units are very rare in urban areas and generally identify units with shared bathroom facilities rather than structures without plumbing.

HUD defines low-income households based on household incomes below 80% of the metropolitan median family income adjusted for household size. Households with incomes below 50% of the area median are defined as very low income and households with incomes below 30% of the area median are defined as extremely low income (the latter is similar to the poverty level).

There were nearly 10,000 low-income renters (incomes below 80% of the Area Median Family Income) and about 14,000 low-income owners in Chesapeake in 2000 (Table 20). There were more very-low income renters (5,585) than owners (4,882), while there were more owners in 51-80% AMFI income category than renters. The number of low-income renters and owners in Chesapeake increased significantly between 1990 and 2000, particularly for those with very-low incomes (below 50% of the Area Median Family Income). In total there were about 2,900 more very low-income households in Chesapeake in 2000 than in 1990.

A high proportion of extremely low-income renters and owners have housing problems (78% and 83%) and both incidence rates were up about two percentage points from 1990. About two-thirds of these households have cost burdens of 50% or more and extreme cost burden incidence rates for renters and owners increased by four points. Affordable housing for these households is obviously in scarce supply and their affordability problems have increased over time.

Cost burden problems in the 30-50%AMFI category shifts downward, but a fourth of renters and one-third of owners in this category have extreme cost burdens. Although percentage of renters with extreme cost burdens in this income category dropped by eight points between 1990 and 2000, the incidence rate among owners increased by nearly seven points.

Less than 5% of renters in the 51-80%AMFI category have extreme cost burdens and the incidence of housing problems with this income category of renters has declined. This could reflect the production of Low Income Housing Tax Credit units, which are frequently targeted to this income category, during the decade. In this income category, the majority of households with housing problems are owners. There were nearly twice as many owners as renters with incomes between 51-80%AMFI who had housing problems, they were significantly more likely to have severe cost burdens, and the incidence of

housing problems increased from 1990 to 2000. Few renters with incomes between 51-80%AMFI had extreme cost burdens, indicating that severe cost burdens are concentrated below 50%AMFI.

For incomes above 80%AMFI, 9% of renters and 16% of owners have any housing problems, and these proportions fell between 1990 and 2000. Very few of these households have extreme rent burdens.

There are many more rental units affordable to low-income households than actually occupied by these households. There were 2,500 units with rent levels that would have been affordable to 3,092 renters below 30%AMFI in 2000, leaving a gross housing gap of 588 units. But more than half of these units were occupied by households with incomes above 30%AMFI and the actual shortfall of affordable housing units available to extremely low income renters was more than 2,000 units. Similarly, there were nearly 6,900 rental units affordable to the 5,777 renters below 50%AMFI, leaving no gap in the gross number of affordable units at this income level. But about 2,500 of these units are occupied by renters with higher incomes, leaving an actual supply gap of 1,382. Above 50%AMFI there is virtually no supply gap, whether net or gross.

This suggests that production efforts for affordable rental housing should be focused on incomes below 50% of the median, with about two-thirds of the supply shortage of affordable rental housing below the 30%AMFI category.

Elderly Households, Small Families and Large Families with Housing Problems

The demographic characteristics of low-income renters and owners are presented in Table 21. Whereas the largest numbers of low-income renters are small families, the elderly are the predominate group among low-income owners. Although fewer in number, the highest incidence rates for housing problems are among large families.

Table 20. Housing Problems by Income and Tenure, Chesapeake, 1990 and 2000									
	2000			1990			1990-2000 Change		
Household Income	**Rent**	**Own**	**Total**	**Rent**	**Own**	**Total**	**Rent**	**Own**	**Total**
<=30% MFI	**3,092**	**1,912**	**5,004**	**2,510**	**1,728**	**4,238**	**582**	**184**	**766**
% with any housing problems	77.5	82.5	79.4	75.1	80.9	77.5	2.4	1.6	1.9
% Cost burden >50%	63.2	61.8	62.7	59.3	57.3	58.5	3.9	4.5	4.2
>30 to <=50% MFI	**2,685**	**2,977**	**5,662**	**1,754**	**1,816**	**3,570**	**931**	**1,161**	**2,092**
% with any housing problems	78.0	63.2	70.2	79.2	58.3	68.6	-1.2	4.9	1.6
% Cost burden >50%	26.1	38.0	32.3	34.4	31.4	32.9	-8.3	6.6	-0.6
>50 to <=80% MFI	**4,282**	**5,764**	**10,046**	**3,378**	**4,439**	**7,817**	**904**	**1,325**	**2,229**
% with any housing problems	42.7	55.7	50.1	58.8	52.3	55.1	-16.1	3.4	-5.0
% Cost burden >50%	3.5	17.9	11.7	3.5	17.4	11.4	0.0	0.5	0.3
>80% MFI	**7,504**	**41,628**	**49,132**	**6,094**	**30,568**	**36,662**	**1,410**	**11,060**	**12,470**
% with any housing problems	9.2	15.8	14.8	9.9	18.5	17.1	-0.7	-2.7	-2.3
% cost burden >50%	0.2	1.0	0.9	NA	NA	NA	NA	NA	NA

Table 21. Demographic Characteristics of Renters and Owners with Housing Problems										
	Renters					Owners				
Household Income	Elderly	Small related	Large related	All other	Total renters	Elderly	Small related	Large related	All other	Total owners
<=30% MFI	**669**	**1,605**	**224**	**594**	**3,092**	**892**	**499**	**106**	**415**	**1,912**
with any housing problems	69.4	80.1	95.5	73.1	77.5	73.7	90.0	100.0	88.0	82.5
Cost burden >50%	63.4	62.6	55.8	67.3	63.2	49.1	73.9	84.9	68.7	61.8
>30 to <=50% MFI	**590**	**1,320**	**295**	**480**	**2,685**	**1445**	**890**	**273**	**369**	**2,977**
with any housing problems	80.5	74.6	84.7	80.2	78.0	41.9	80.9	96.3	79.7	63.2
Cost burden >50%	44.9	19.3	13.6	29.2	26.1	24.6	50.6	53.1	48.8	38.0
>50 to <=80% MFI	**374**	**2,349**	**449**	**1110**	**4,282**	**1795**	**2490**	**764**	**715**	**5,764**
with any housing problems	38.5	37.4	53.2	50.9	42.7	30.4	67.9	66.0	65.7	55.7
Cost burden >50%	11.8	1.9	0.0	5.4	3.5	11.1	21.3	20.9	19.6	17.9
>80% MFI	**604**	**3,895**	**685**	**2320**	**7,504**	**5134**	**27024**	**4885**	**4585**	**41,628**
with any housing problems	4.8	8.2	31.4	5.4	9.2	10.9	14.8	18.7	23.7	15.8
% cost burden >50%	2.5	0.0	0.0	0.0	0.2	0.9	1.0	0.2	2.4	1.0

Although most of the low-income households with housing problems are families (Table 22), the elderly represent an increased proportion of very-low income renters with housing problems between 1990 and 2000. By 2000 one-in-five very-low income renters with housing problems were elderly. The proportion of elderly among very low income owners with housing problems is much higher (37%) but declined between 1990 and 2000. During the same period, the proportion of elderly among 50-80%AMFI owners with housing problems increased. Low-income elderly owners often defer maintenance on their homes due to living on fixed incomes and the reduced ability to do maintenance themselves.

About two-thirds of 50-80%AMFI renters and owners with housing problems are families. Less than 10% of the 50-80%AMFI renters with housing problems are elderly, but 17% of the owners are elderly. Among 50-80%AMFI renters with housing problems, nearly one-third are non-elderly people living alone or with unrelated roommates (including unmarried couples without children). Some of these "singles" could be young adults starting out in the housing market and their housing problems (mainly cost burden) could be resolved as incomes increase with work experience. Others could face more permanent housing problems. Since this income category provides the primary market for LIHTC units, it is important to review occupancy characteristics for such units to assure they are serving households with the greatest need for assistance.

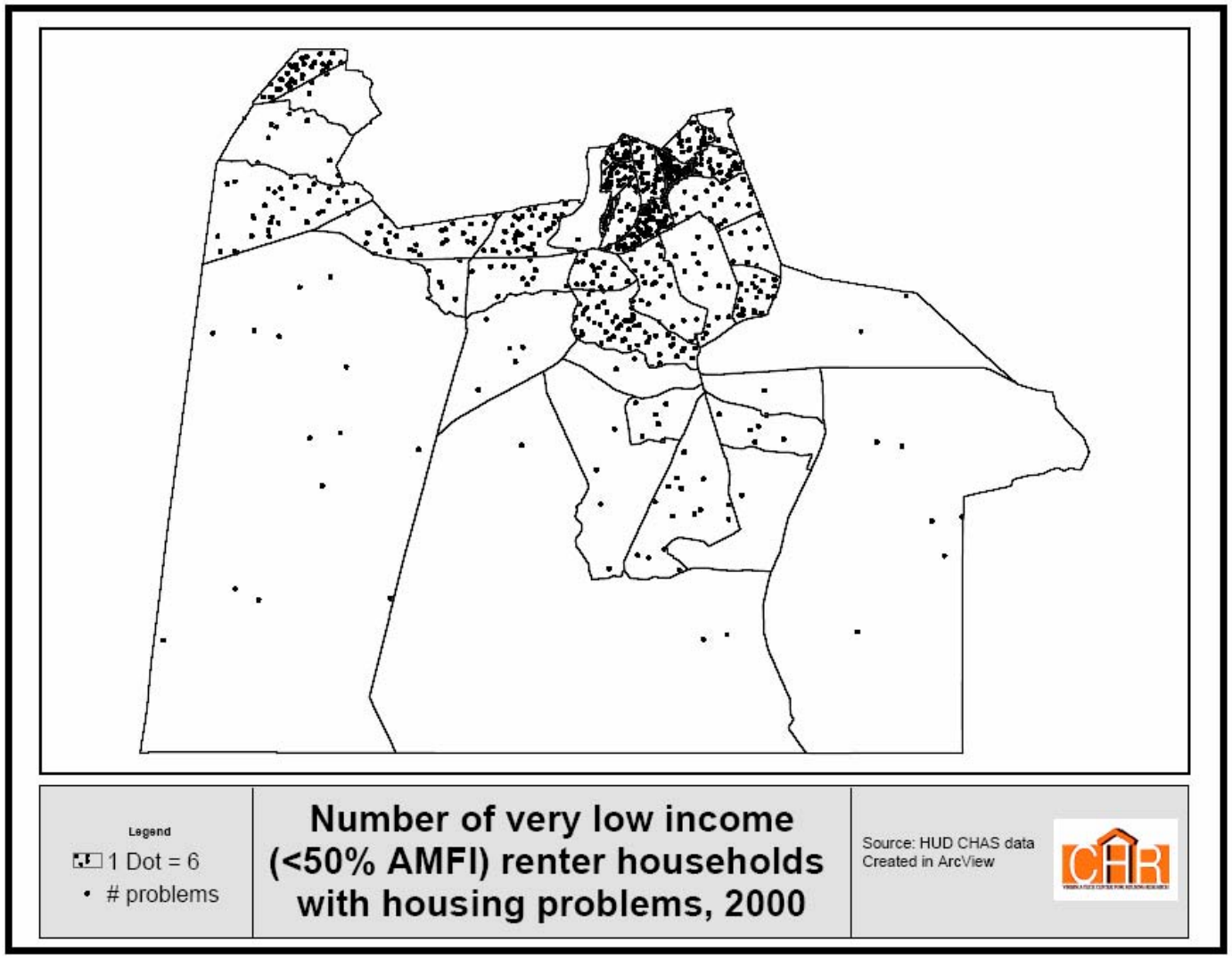
Table 22. Very Low Income and Low Income Housing Problems, Chesapeake, 1990 and 2000

	Renters			Owners		
With Housing Problems:	2000	1990	% change	2000	1990	% change
<50%AMFI	4,336	3,274	32.4%	3,357	2,457	36.6%
% Elderly	20.8%	16.1%	4.7%	36.5%	45.4%	-8.9%
% Family	59.9%	65.0%	-5.1%	44.0%	NA	
% Non-elderly, non-family	19.3%	19.0%	0.3%	19.5%	NA	
50-80%AMFI	1,783	1,986	-10.2%	3,151	2,322	35.7%
% Elderly	8.5%	10.1%	-1.7%	17.2%	13.7%	3.5%
% Family	60.8%	63.3%	-2.5%	68.3%	NA	
% Non-elderly, non-family	30.8%	26.5%	4.2%	14.6%	NA	

Source: CHAS Data Files and Center for Housing Research

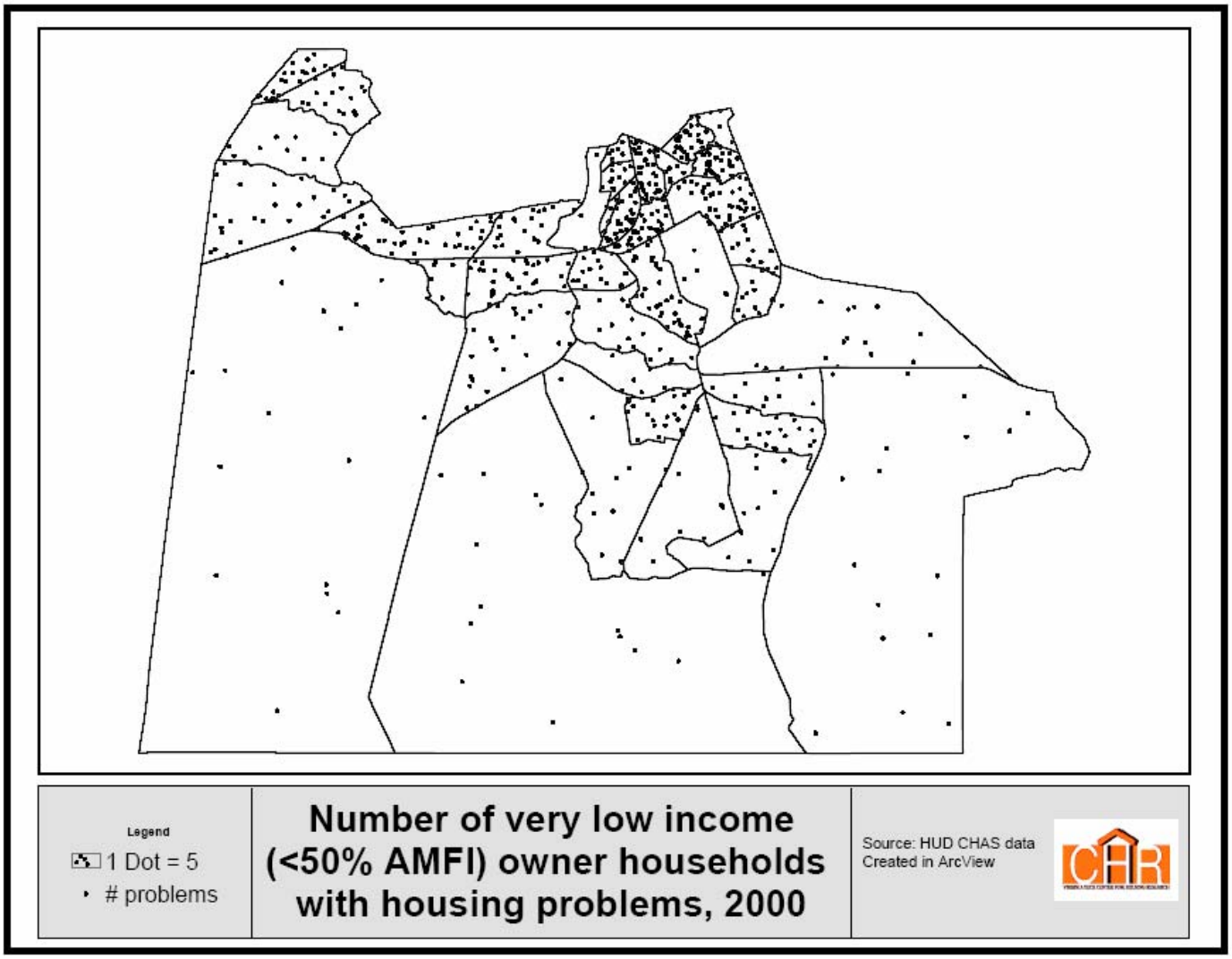
Very low-income renters with housing problems are significantly concentrated in the northwest corner of the City (tract 216.02) and in the north-central section (tracts 201, 202, 203, 204, 205.02 and 207). (See Map 17.) Only a limited number of block groups in the north-central section have concentrations of renters with extreme cost burdens (50% and up).

Map 17. Number of Very Low Income Renters by Census Tract, 2000 (Census 2000 Boundaries)



Very low-income owners with housing problems are more evenly distributed throughout Chesapeake than are comparable renters (Map 18). The characteristics and housing problems of these owners could vary between young families buying their first home and elderly owners. More research is needed to distinguish the location patterns and problems of young first-time buyers and elderly owners. Young low-income homeowners could need assistance in managing budgets and in weathering fluctuations in income that could result in foreclosure. Older low-income owners might benefit from assistance with housing maintenance, with using their housing equity to improve quality of life, and with protection against predatory lenders who frequently prey on low-income, elderly homeowners.

Map 18. Number of Very Low Income Owners by Census Tract (Census 2000 Boundaries)



Persons with Disabilities

The 2000 Census provides several measures of disability for persons aged 5 and older, as well as for persons 65 and older. At the time of the 2000 Census, there were 175,108 people age 5 and over living in the City. Of that number, 18% of the residents were disabled, representing over 32,000 people potentially needing housing accessible to people with disabilities (Table 23). Only 3,700 people had a disability and were also below the poverty level. Persons aged 65 and over are more than twice as likely as others to have a disability or to have a disability and be below the poverty level.

Table 23. Disability and Poverty data, Chesapeake 2000

Age	Total population	With a disability	and below poverty	% with a disability	% disabled and below poverty
5-15	35,811	2,628	336	7.3%	0.9%
16-20	13,037	1,964	303	15.1%	2.3%
21-64	109,300	19,953	2,071	18.3%	1.9%
65+	16,960	7,712	976	45.5%	5.8%
Total	175,108	32,257	3,686	18.4%	2.1%

*Source: Bureau of Census, Census 2000

If the age-specific rate for disabilities remains constant, the number of people with disabilities in Chesapeake can be expected to increase to 40,100 by 2010 (a 24% increase), including 8,900 with a physical disability and another 3,900 with a sensory disability (Table 24). Persons with physical or sensory disabilities might have greater needs for accessible housing.

Table 24. Projected Population with Disabilities, Projected 2010

Age	Total Population	With a Disability	With a Physical Disability	With a Sensory Disability
5-15	39,152	2,873	224	250
16-20	16,279	2,452	465	189
21-64	134,974	24,646	4,675	1,900
65+	22,291	10,136	3,487	1,500
Total	212,696	40,107	8,851	3,839

*Source: Bureau of Census, Census 2000 and VCHR projections

Nearly 12,000 households in Chesapeake included a person with a mobility or self-care limitation in 2000 (Table 25). Slightly over 5,000 (44%) were low-income households, with these households spread almost evenly between the less than 30%MFI, 30-50%MFI, and 50-80%MFI categories. Owner occupants were three-fourths of the total and elderly households were 36% of the total, split fairly evenly between "extra" elderly (one or two member households where either is 75 or older) and those between the ages of 62 and 74. Over half of the renters (including three-fourths of the extremely and very low-income renters) but only a third of the owners have cost burdens of 30% or more. If the number of low-income households with a mobility or self-care limitation increases at the rate assumed above, there will be an additional 1,200 households by 2010.

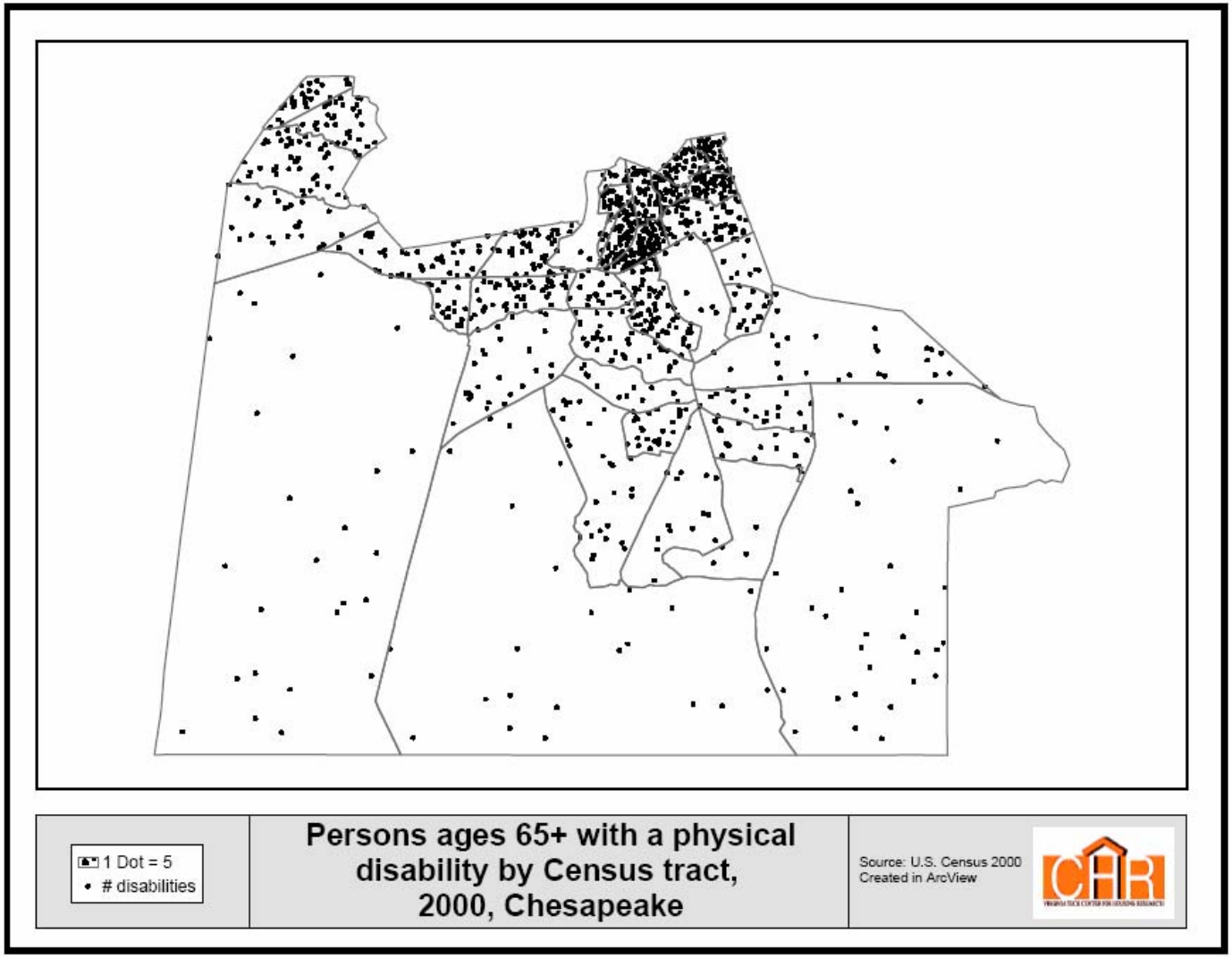
Older persons with disabilities often have special needs for housing, as well as needs for social services. Persons aged 65 and over with a physical disability live throughout Chesapeake and their needs should be a concern not only of the City but of civic, religious and neighborhood organizations in every area of the City. This population is somewhat more concentrated in the north-central section of the City as shown in Map 19.

Table 25. Housing Problems For Households with Mobility and Self-Care Limitation

	Renters				Owners				Total Households
Household by Type, Income, & Housing Problem	Extra Elderly 1 & 2 Member Households	Elderly 1 & 2 Member Households	All Other Households	Total Renters	Extra Elderly 1 & 2 Member Households	Elderly 1 & 2 Member Households	All Other Households	Total Owners	
2. Household Income <=30% MFI	155	125	540	820	250	225	280	755	1,575
% with any housing problems	58.1	88.0	79.6	76.8	66.0	68.9	89.3	75.5	76.2
3. Household Income >30 to <=50% MFI	150	185	280	615	425	200	394	1,019	1,634
% with any housing problems	76.7	81.1	83.9	81.3	28.2	62.5	79.9	55.0	64.9
4. Household Income >50 to <=80% MFI	75	84	410	569	240	300	765	1,305	1,874
% with any housing problems	53.3	4.8	48.8	42.9	27.1	36.7	58.8	47.9	46.4
5. Household Income >80% MFI	80	90	620	790	640	909	4,044	5,593	6,383
% with any housing problems	12.5	16.7	17.7	17.1	3.9	12.5	15.2	13.5	13.9
6. Total Households	460	484	1,850	2,794	1,555	1,634	5,483	8,672	11,466
% with any housing problems	55.4	57.6	52.7	54.0	24.1	30.8	29.7	28.9	35.0

Source: 2000 CHAS data

Map 19. Persons 65 and Older with a Physical Disability by Census Tract, 2000 (Census 2000 Boundaries)



Projected Housing Demand

Housing demand in Chesapeake City is projected to grow at a rapid pace but somewhat slower than previously. An increase of 12,916 households is projected for 2000-2010 and 10,512 from 2010 to 2020 compared with 17,935 households from 1990-2000 (Table 26).

During the current decade, we project an increase of 10,260 owner occupied units and 2,656 renter occupied units, followed by increases between 2010 and 2020 of 8,487 owner occupied units and 2,025 renter occupied units. Throughout both decades, owner demand is anticipated to increase more quickly than renter demand. The projected increase of approximately 13,000 households during this decade implies the need for construction of at least this number of housing units.

Table 26: Total Households by Tenure, Chesapeake 1990-2010

	2000	2010	2020	2000 to 2010 % Change	2010 to 2020 % Change
Total	69,900	82,816	93,328	18.5%	12.7%
Owner	52,296	62,556	71,043	19.6%	13.6%
Renter	17,604	20,260	22,285	15.1%	10.0%

*Source: Bureau of Census, Census 2000 and VCHR Projections

Household formation can be attributed to a variety of factors. Most new household formations occur among persons under the age of 35 as young adults gain independence and form their own households. This age group is also the most mobile in responding to employment opportunities. The Chesapeake housing market has to absorb about 16,000 new households formed by younger people (under 35 years old) over a decade (Table 27). In addition Chesapeake gains about 7,000 households headed by adults between the ages of 35 to 44 every ten years during the projection period, mainly through net migration. (Changes in cohorts can be calculated by subtracting a ten-year age group from the succeeding ten-year cohort it ages into over a decade. For instance, the 12,279 householders aged 25-34 in 2000 are projected to become 19,808 householders aged 35-44 in 2010. Similarly, the 13,086 householders aged 25-34 in 2010 increase to 19,814 householders aged 35-44 in 2020.)

Some of the housing needed for the net growth in younger householders is vacated by older householders. As householders aged 45-54 (or older) age into the next older age group, there are more net losses due to natural decrease as the death rate increases with age. These losses are relatively modest for Chesapeake indicating a possible net gain from migration for these age groups that offsets losses from death.

Table 28 projects the number of households by constant dollar (2000$) income category, assuming that the income distribution remains constant for specific age and household type categories. It does not include the trend from 1990 to 2000 for real increases in decile incomes identified in Table 9. If this trend continues during the current decade, the increased real incomes would decrease the number of households in the low income

Table 27: Households by Age, Chesapeake 2000-2020

	2000	2010	2020	2000 to 2010 % Change	2010 to 2020 % Change
Total	69,900	82,816	93,328	18.5%	12.7%
15-24	2,734	3,063	3,299	12.0%	7.7%
25-34	12,279	13,086	13,443	6.6%	2.7%
35-44	19,575	19,808	19,814	1.2%	0.0%
45-54	15,257	20,088	22,139	31.7%	10.2%
55-64	9,365	13,437	17,877	43.5%	33.0%
65-74	6,268	7,485	9,547	19.4%	27.6%
75 +	4,421	5,850	7,209	32.3%	23.2%

*Source: 2000 Census and VCHR Projections

categories and increase those in the moderate and high income categories. This would push the demand for owner-occupied housing up and for renter housing down.

Table 28: Households by Income Category (2000$), Chesapeake 2000-2020

	2000	2010	2020
Total			
<$15,000	7145	8587	10031
$15,000-24,999	6724	7914	8966
$25,000-34,999	7837	9161	10257
$35,000-49,999	12630	14834	16603
$50,000-74,999	17686	20887	23348
$75,000-100,000	9565	11367	12738
$100,000-149,999	6273	7555	8503
$150,000+	2039	2510	2883
Owner			
<$15,000	3131	3874	4673
$15,000-24,999	3635	4366	5073
$25,000-34,999	4539	5377	6125
$35,000-49,999	9225	10959	12412
$50,000-74,999	15031	17846	20045
$75,000-100,000	8911	10622	11927
$100,000-149,999	5909	7144	8062
$150,000+	1916	2367	2726
Renter			
<$15,000	4015	4713	5358
$15,000-24,999	3090	3547	3894
$25,000-34,999	3298	3784	4132
$35,000-49,999	3405	3875	4191
$50,000-74,999	2655	3041	3303
$75,000-100,000	654	746	811
$100,000-149,999	364	411	441
$150,000+	124	143	157

*Source: VCHR Projections Model

Table 29 provides 2000 and 2010 households in the income categories used in many housing programs, based on 30% of Area Median Family Income (AMFI), 50% of AMFI, and 80% of AMFI. Low-income households (below 80% AMFI) are projected to increase from 20,549 households to 23,414 in 2010 and 26,610 in 2020. Extremely low-income households (<30%AMFI) and very low-income households (30-50%AMFI) increase by nearly 1,000 households (in both categories) in each decade.

Table 29. Projected Households by HUD Income Category and Tenure, Chesapeake 2000, 2010, 2020

	2000				
	<30%AMFI	30-50%AMFI	50-80%AMFI	80-120%AMFI	120%+ AMFI
Owners	1,922	2,824	5,671	10,402	31,477
Renters	2,894	2,237	4,331	3,957	4,185
Total	4,816	5,061	10,002	14,359	35,662
	2010				
	<30%AMFI	30-50%AMFI	50-80%AMFI	80-120%AMFI	120%+ AMFI
Owners	2382	3391	6695	12286	37,802
Renters	3,398	2,590	4,958	4,573	4,741
Total	5,780	5,981	11,653	16,859	42,543
	2020				
	<30%AMFI	30-50%AMFI	50-80%AMFI	80-120%AMFI	120%+ AMFI
Owners	2872	3966	7604	13772	42,829
Renters	3,870	2,871	5,427	5,044	5,072
Total	6,742	6,837	13,031	18,816	47,901

Source: Center for Housing Research

Higher income households are typically homeowners. Lower income households are more likely to be in the renter market, but even a majority of households with incomes below $15,000 are homeowners. At first glance, increases in ownership among households with very limited incomes are surprising. But some of this increase reflects older households who shift from higher to lower income categories as they retire, many of whom continue to be homeowners.

In order to better understand the impact of these income projections on housing demand, we have segmented the projected changes in incomes for renters and owners into four age groups for families (under 35, 35-54, 55-64, and 65+) and two age categories for non-families (under 65 and 65+). More than half of the increase in renters with incomes under $25,000 is for non-family households, including 280 additional renters aged 65+ with incomes below $25,000 (Table 30). Projected increases in renter demand in the income categories over $25,000 are more heavily in the family household category, which is fairly evenly split between married-couples and families without a spouse present. Most of these householders are between the ages of 35 and 54.

Increases in the number of first-time homebuyers are primarily reflected in the under 35 age groups in Table 29. Although these increases are relatively modest, there are nearly 6,000 homeowners under the age of 35 projected for 2010. Nearly all of these households would be first time homebuyers during the decade.

Table 30: 2000-2010 Change in Renters by Income, Household Type and Age						
	< $25,000	$25,000-49,999	$50,000-74,999	$75,000-100,000	$100,000-150,000	$150,000+
Total	1,156	956	386	91	47	19
Family	523	497	261	55	32	18
Married-couple	230	221	174	38	21	12
<35	35	65	63	16	10	3
35-54	68	113	63	12	8	3
55-64	74	17	43	4	2	7
65+	53	26	5	5	1	0
No-spouse present	293	218	146	17	11	6
<35	144	53	11	2	1	0
35-54	80	111	99	3	7	5
55-64	45	34	27	9	3	0
65+	23	21	8	2	1	0
Non-family	633	415	169	37	15	1
<65	353	355	163	37	15	1
65+	280	60	5	0	0	0

Source: Center for Housing Research

Table 31: 2000-2010 Change in Owners by Income, Household Type and Age						
	< $25,000	$25,000-49,999	$50,000-74,999	$75,000-100,000	$100,000-150,000	$150,000+
Total	1,476	2,572	2,815	1,711	1,235	451
Family	647	1,892	2,511	1,586	1,182	428
Married-couple	447	1,400	2,116	1,464	1,118	407
<35	22	91	148	67	35	9
35-54	81	446	950	731	597	189
55-64	170	536	724	530	383	171
65+	175	328	294	136	103	38
No-spouse present	200	492	395	121	65	21
<35	23	34	7	3	3	1
35-54	61	236	202	43	24	5
55-64	53	130	108	40	16	6
65+	64	93	77	35	23	8
Non-family	828	680	304	125	53	23
<65	287	527	258	100	42	19
65+	541	153	46	25	10	4

Source: Center for Housing Research

Housing Production

Tracking the increase in the supply of housing relative to the projected increase in demand helps identify probable shortages of housing that can trigger unnecessary escalations in housing prices and aggravate problems with housing affordability. New housing produced in the City can be measured through building permits and compared with the projected increase in demand. In addition to meeting the demand for housing related to growth, new development also responds to households upgrading their consumption and the need to replace (or renovate) older, obsolete units and units lost through demolition or conversion to other uses.

The available data suggests little replacement of older housing stock during the 1990s. Tracking the number of housing units reported by year structure built between two censuses can help identify losses to the housing stock. About 1,600 older housing units were replaced during the 1990s (Table 32). Some of these units could have been lost to public improvements and expansion of commercial land uses. A large portion of these units was built between 1970 and 1979, with the rest built before 1960. It is important to stress that these are only rough estimates of the year these units were built as it is very difficult to know exactly when older housing was built. The most important point to keep in mind is that housing production during the current decade needs to be sufficient to both accommodate growth and additional units to replace losses in the housing stock.

Table 32. Estimated Replacement of Older Housing Stock

	2000	1990	difference
Built 1990 to March 2000	21,618	3076	18,542
Built 1980 to 1989	18,126	18189	-63
Built 1970 to 1979	12,127	12836	-709
Built 1960 to 1969	9,714	9711	3
Built 1950 to 1959	6,484	6866	-382
Built 1940 to 1949	2,437	2764	-327
Built 1939 or earlier	2,166	2300	-134

With an increase in projected demand of about 13,000 units and possibly another 1,600 units needed for replacement demand, annual housing production needs to average about 1,460 units. So far during the decade the average number of residential permits issued per year has been 1,345, which would be sufficient to accommodate projected growth but not to replace any units.

CONCLUSIONS AND RECOMMENDATIONS

Population Growth and Migration

Population growth for both the region and the City of Chesapeake has slowed considerably and although the City continues to outpace the region in growth, current estimates and projections point to some convergence toward the slower regional rate. Population growth in the City is currently projected at 16% for 2000-2010 and about 10% for the next two decades, which is substantially slower than the City's growth during the 1990s.

Whether the City grows at a more modest 1.5% annually or at a more rapid pace depends heavily on net migration from within the metropolitan area and from outside the state. For movers changing jurisdictions within the MSA, Chesapeake has been a top location choice. Faster escalation of housing prices in Virginia Beach and Williamsburg could increase the flow of population into Chesapeake both in terms of net migration between the two areas and in terms of the location of people moving into the region from other states. Chesapeake is also an attractive migration destination for people moving from large metropolitan areas along the northeastern seaboard, particularly New York and Philadelphia.

Chesapeake is a net exporter of commuters and there are more in-commuters and out-commuters than there are people who both live and work in Chesapeake. Norfolk is the largest destination for out-commuters, but more than 30,000 commuters drive in both directions between Chesapeake Virginia Beach. In a diverse metropolitan economy, significant commuting into and out of Chesapeake will continue even as more jobs are created in the City.

The City is experiencing problems of uneven development, even though it does not have a clearly identifiable core area. The older section of the City (South Norfolk and adjacent areas) has very little growth, and in some areas, is losing population. These areas were largely "built-out" in the 1950s and now face the challenges of redevelopment in order to remain competitive in the contemporary residential market. At the same time, the City has expanded rapidly in areas of new development, including census tract 213.02 (bounded by Deep Creek, the Dismal Swamp Canal, Dominion Boulevard and the Elizabeth River), tract 209.04 (bounded by the Elizabeth River, I-64 and the Great Bridge Bypass); tract 210.01 south of the Municipal Center, between the Great Bridge Bypass and Greenbrier, tract 208.04 (southeast of Kempsville Road and north of the Albemarle-Chesapeake Canal), and the Great Bridge area (tract 210.03). Poor soils and restricted development opportunities constrain growth in the southern and western sections of the City.

Public intervention is needed to maintain the competitiveness of "built out" areas, such as South Norfolk, as they age. If the City develops the capacity to handle these problems now, it can avoid more serious urban problems in the future. Housing built between 1950 and 1970 faces some of the same problems as pre-1950 housing in competing in the contemporary market for homebuyers. The homebuyer is often at a disadvantage in

accessing the quality and renovation costs of housing that has become obsolete relative to current tastes. The City should closely examine how it can improve market performance through design and renovation guidelines, information about qualified home inspectors and renovators, public plans to guide redevelopment, public improvements to spur redevelopment, capacity building in nonprofit sector, and the development of mixed-use, mixed-income neighborhoods.

In addition, the City needs to coordinate land use planning and housing and community development planning to enhance the competitiveness of older neighborhoods. Land use planning often focuses on the regulation of new development. Housing and community development planners typically focus on the problems of older housing and the need for affordable housing. The maintenance of viable, competitive older neighborhoods requires a high level of integration and coordination of both.

Household Composition and Race

The housing market in Chesapeake is heavily oriented to owner-occupied, single-family detached housing. More than three of every four households are families, but this understates the importance of families in the Chesapeake housing market. Most non-family households in the City are surviving, senior spouses or middle-age divorcees, rather than younger singles and unmarried couples. Families even dominate the rental market.

Chesapeake has a racially diverse population and is similar to the MSA in racial and ethnic composition. It is more diverse demographically than a stereotypical "suburban" location. Residential segregation is at a moderate level and declining. By 2000 Chesapeake had become less segregated than the MSA.

Income and Poverty

Incomes are significantly higher in Chesapeake than in the MSA as a whole and increased by 8% in purchasing power during the 1990s. These income gains were experienced across the income spectrum and those with below median incomes had even greater gains than incomes closer to the median. Although minority households had lower incomes than whites, the difference is much smaller for married-couple households than for other household types.

The relatively high incomes within Chesapeake should not mask the existence of poverty within the City. There were approximately 14,000 persons living below the poverty level in the City in 2000. Fortunately extreme concentrations of poverty do not exist in Chesapeake. Although the poverty population is more highly concentrated in the South Norfolk area, every area of the City has some people who fall below the poverty line who might be in need of social services including housing assistance.

Concentration of poverty in South Norfolk should be avoided if possible. Concentrations of the poor tend to have negative impacts on neighborhood quality, personal quality of life, and on economic and education opportunities. In Chesapeake these problems mainly exist at the micro-geographic scale—individual blocks or even specific multi-family

properties. The lack of any extreme concentrations of poverty provides Chesapeake an important opportunity to maintain and improve neighborhood quality within its older neighborhoods before more widespread problems become evident. Efforts to provide affordable housing throughout a large portion of the City and to avoid concentrations of publicly assisted housing will contribute to the maintenance of neighborhood quality in older neighborhoods.

Housing Tenure, Values and Rents

As noted, Chesapeake has a high homeownership rate. However, the homeownership rate for blacks in younger cohorts is particularly low, lagging behind whites by 15 to 20 percentage points. In addition, black applicants for home purchase loans were the only group with an overall loan approval rate below 90%. For incomes above $35,000 all races except blacks had approval rates above 90% (blacks earning $35,000 to $49,999 and $75,000 to $99,999 had approval rates of 86% and 90% respectively).

The City should work with lending institutions, the Virginia Housing Development Authority, and nonprofit housing organizations to help promote greater homeownership among minorities and to assure access to credit. Programs targeted at first-time homebuyers would be particularly helpful. The City should also focus on promoting ownership opportunities in older neighborhoods, where there is a greater supply of affordable housing. This approach would serve the two-fold benefit of increasing minority ownership and preventing conversion of units to renter occupancy.

The median value of owner-occupied housing increased more rapidly in Chesapeake than in the MSA during the 1990s. By 2000 median values in the City were 11% higher than for the MSA. More recent changes in housing prices in the region point to a significant loss in homeownership affordability that was cushioned by the national decline in interest rates. The median sales price in the Hampton Roads market area increased 29% between 2000 and 2003 whereas median incomes increased less than 10%. If housing prices continue to increase at a faster pace than incomes, home seekers will face an even greater challenge in finding affordable housing.

The increase in house values is not uniform across the City. Median values in older areas declined in real dollars, while median values in newer areas increased rapidly. This in part reflects development patterns, but it also underscores the importance of public intervention to increase the competitiveness of older housing.

Perhaps nothing is more important to the economic vitality of a neighborhood than the maintenance of property values. But important changes occur more frequently than marked by census data as well as below the level of census tracts. The City should develop the capacity to monitor annual trends in sales prices at the neighborhood level using Property Assessment records and should include this information in its housing and neighborhood development strategies.

Several indicators point to a weakening of the owner-occupied housing market in the older, north central section of the City, including a low number of mortgage loan

applicants, a low number of home improvement loan applicants, and a relatively low loan approval rate. The City should carefully examine market trends in this area to determine the need for planned interventions to promote continued investment in the owner-occupied housing stock there.

The older housing stock is often at a competitive disadvantage among homebuyers who desire upgraded housing that meets their tastes. Few buyers want to become directly engaged in renovation and might only consider older housing that can be renovated to meet their needs. In most neighborhoods this becomes an overly complicated and burdensome process. The City should look for ways to make the process of buying and upgrading older housing more seamless for the consumer. This could include the identification of contractors with demonstrated capacity in renovation, design and cost estimation guidelines for renovation, accurate cost estimation, and lenders experienced in providing loans that cover purchase and renovation. In addition, the City could work with major suppliers of building materials to offer training and contractor information for the do-it-yourself remodeler.

Housing Problems

Homelessness

The official count of homeless people in Chesapeake reported 124 people homeless in 2004. Although this is a seemingly manageable number to serve, there was an estimated need for an additional 101 beds in shelters and permanent supportive housing. In addition, there were approximately 4,000 doubled-up families in 2000. Some of these families could be considered the "hidden homeless" if they are living with older parents, other relatives or friends because they cannot afford housing on their own.

The homeless count heavily reflects the location of shelters, which are primarily located in other jurisdictions. The City should consult with shelter providers within the region to determine if it needs to provide more services locally, particularly given the number of doubled-up families.

Cost Burden and Overcrowding

About 2,400 extremely low-income renters and 1,600 extremely low-income owners have serious housing problems. About two-thirds of these households devote 50% or more of their income for housing. Affordable housing for these households is obviously in scarce supply and their affordability problems have increased over time.

Another 2,000 renters and 1,900 owners with incomes between 30-50% of the area median have serious housing problems. Only a fourth of renters and one-third of owners in this income category have extreme cost burdens, but more have problems of overcrowding or physically inadequate housing. In addition, the incidence of extreme cost burdens among owners in this income category increased significantly between 1990 and 2000.

There were nearly twice as many owners as renters with incomes between 51-80% of the area median who had housing problems (3,200 owners and 1,900 renters). Significantly more owners than renters were likely to have severe cost burdens and their incidence of housing problems increased from 1990 to 2000. Few renters in this income category had extreme cost burdens.

Production efforts for affordable rental housing should be focused on units affordable to incomes below 50% of the median, with about two-thirds of the supply shortage of affordable rental housing attributable to renters with incomes below 30% of the area median. Whereas the largest numbers of low-income renters with housing problems are small families, the elderly are the predominate group among low-income owners. However, the elderly represented an increased proportion of very-low income renters with housing problems between 1990 and 2000.

Very low-income renters with housing problems are significantly concentrated in the northwest corner of the City (tract 216.02) and in the north-central section (tracts 201, 202, 203, 204, 205.02 and 207). Very low-income owners with housing problems are more evenly distributed throughout Chesapeake than are comparable renters.

Very low-income renters need a greater supply of affordable housing and more public assistance in meeting housing costs. Unfortunately funding for housing affordable to very low-income renters is decreasing rather than increasing. Consequently the City should focus on preservation of existing affordable rental housing and, when possible, the development of new units. The City should promote the preservation of affordable housing in older areas targeted for revitalization, as well as the provision of affordable housing in mixed-income developments.

Young low-income homeowners could need assistance in managing budgets and in weathering fluctuations in income that could result in foreclosure. Older low-income owners might benefit from assistance with housing maintenance, property tax relief, increased energy efficiency and protection against predatory lenders.

Persons with Disabilities

Nearly 12,000 households in Chesapeake included a person with a mobility or self-care limitation in 2000. Slightly over 5,000 (44%) were low-income households. Older persons with disabilities often have special needs for housing, as well as needs for social services. Persons aged 65 and over with a physical disability live throughout Chesapeake and their needs should be a concern not only of the City but of civic, religious and neighborhood organizations in every area of the City.

Projected Housing Demand

Housing demand in the City is projected to grow at a rapid pace but somewhat slower than previously. During the current decade, we project an increase of 10,260 owner occupied units and 2,656 renter occupied units, followed by increases between 2010 and 2020 of 8,487 owner occupied units and 2,025 renter occupied units. Throughout both decades, owner demand is anticipated to increase more quickly than renter demand.

With an increase in projected demand of about 13,000 units and possibly another 1,600 units needed for replacement demand, annual housing production needs to average at least 1,460 units. So far during the decade the average number of residential permits issued per year has been 1,345, indicating a slight shortfall in housing production. The City should monitor housing production levels and the availability of land zoned for both single-family and multi-family housing to assure an adequate supply of housing to meet future needs.

The aging of the population over the next decades should provide solid expansion of housing demand within the City. But aging will also create more post-retirement households who might desire smaller houses with more amenities targeted to their needs. Many of these non-family households will have substantial equity in their homes and will be looking for high quality retirement communities within and outside the metropolitan area.

Greater urbanization will probably increase demand for rental housing, as will the need for affordable housing. Without proper attention to developing new rental properties in appropriate areas throughout the City, previously owner-occupied housing in older neighborhoods might be converted to rental occupancy. Such conversions can diminish confidence in the economic vitality of the neighborhood and spawn disinvestment. As current owner-occupants find they cannot sell to other owner-occupants and property values decline, fewer and fewer homeowners are willing to continue to invest in maintaining their properties. Ironically, these very neighborhoods can offer entry-level homebuyers excellent opportunities, as long as investor confidence is maintained. Strategies to promote homeownership and to engage residents in determining the future of the neighborhood can help maintain that confidence.