

Losing Ground In Virginia: The Unaffordability of Rental Housing for Low-Income Families in the 1990's

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Summary of Findings

Rent Burdens in 1996

- The VRBI for 1996 indicates that on average in Virginia, low-income families paid half (50%) of their income to rent. Rents are considered burdensome if they exceed 30 percent of income.
- The highest rent burdens for low-income earners in 1996 were generally in cities and counties along the eastern shore and in south-central Virginia. For example, in Petersburg, the rent burden index for low-income earners was about 121 percent. This means that a modest but decent quality two-bedroom apartment costs more than the total income of low-income families. With the FMR being prohibitively expensive, low-income families are pushed toward living in crowded or sub-standard housing.
- Many cities also had high rent burden indexes (and almost always higher than their surrounding counties). As cities provide a disproportionate share of rental housing in most regions, this is particularly troublesome.
- In general, the areas with the lowest rent burden indexes are along the Interstate-95 corridor from northern Virginia to the Richmond area.
- Only the counties of Chesterfield, Hanover and King William, and the city of Poquoson had rent burden indexes for low-income families below 30 percent.

Rent Burdens from 1989 to 1996

- From 1989 to 1996 in Virginia, the average rent burden index for low-income families increased by about 22 percent overall while it decreased about 3 percent for median-income families.
- The most drastic increases in low-income rent burden are due to the combination of falling income and higher rents.
- Many cities saw significant increases in their rent burden indexes between 1989 and 1996.

Affordability at Minimum Wage

Another way of looking at the rent burden on low-income households is the hours of work at minimum wage required to pay Fair Market Rents in 1999. Since the minimum wage is the same across the state, this measure shows the difference in rental affordability from location to location caused by differences in Fair Market Rents.

- On average across the state, 28 hours of work per week at minimum wage are required just to pay the FMR; this is more than two-thirds of the full-time work-week.
 - In some localities, such as northern Virginia, 36 hours of work is required at minimum wage to pay FMR; this is nearly 92 percent of a full-time work-week.
 - In regions with lower FMR's, such as southwestern Virginia, about half of a full-time work-week is required at minimum wage to pay the FMR.
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Introduction

Housing is widely recognized as a necessity of life. Housing is not only a necessity—it is the single largest cost of living for most households. The cost of housing largely determines how much of other goods (including necessities such as food and clothing) families can consume, particularly at lower income levels. Consequently, affordable housing is a basic element of quality of life.

For most Virginians, as with most other Americans, decent quality shelter is highly affordable. We pride ourselves in being a nation of homeowners and the homeownership rate is frequently viewed as a primary indicator of housing affordability. From this perspective, Virginia and the nation are doing quite well. Two-thirds of American households are homeowners, as are 69.4% of Virginia's households. Most of these homeowners are more than adequately housed within acceptable standards of affordability. Additionally, households in the high end of the rental market get high quality housing with ample amenities, which is readily evidenced by the new townhouse and apartment communities built in recent years. It is almost a truism that Americans enjoy housing that is the envy of the world.

Virginians have good reason to be proud of their success in providing high quality, affordable housing for most residents. But this success should not blind us to the struggle of many low-income renters to find decent, affordable housing within much of Virginia.¹ The Virginia Center for Housing Research created the Virginia Rent Burden Index to monitor the affordability of rental housing for the median income family and, most particularly, for low-income families in the Commonwealth. We calculated the index annually for 1989 to 1996 (the most recent year for which the data are available). It reflects changes in rents and changes in incomes. Due to the significant geographic variation across the state in incomes and rents, we calculated the index for all jurisdictions (counties and independent cities).

The Virginia Rent Burden Index

The Virginia Rent Burden Index (VRBI) reflects the percent of income required to rent a modest but decent apartment throughout the Commonwealth (APPENDIX 1). The VRBI is computed by dividing annualized rent by annual income. The VRBI is calculated for median-income married couples and for low-income married couples. Married-couple incomes are used to represent family incomes.

The rent amount is based on the U.S. Department of Housing and Urban Development's estimates of Fair Market Rents (FMR's), which reflect the maximum monthly gross rent (including utilities) for an apartment in the bottom two-fifths of the rental housing market (technically the fourth decile). These Fair Market Rents (FMR's) are estimated annually for most jurisdictions and are annualized in the VRBI.

¹ The U.S. Department of Housing and Urban Development (HUD) recently reported a record number of renter households in the U.S. are "living in severely substandard housing or paying more than half of their income for rent" According to the report, about 5.3 million households in the U.S.--12.5 million people--face these worst-case scenarios. Ironically, the strong economy has exacerbated the crisis by pushing rent levels to record highs. Rather than benefiting from the booming economy, low-income renters face rents that are rising faster than their incomes. The report, *Waiting in Vain: Update on America's Rental Housing Crisis*, was released in March, 1999, and includes data through 1995.

The income amount (the denominator in the VRBI ratio) is based on the Virginia Adjusted Gross Income (AGI) reported on the Virginia Income Tax Form for married-couple returns (filing either a joint return or a combined return). The median-income VRBI represents the rent burden for the average family (half would have higher rent burdens, half lower). The VRBI for the 15th percentile estimates the rent burden for low-income families (those in the bottom 30 percent of incomes). The VRBI income figures do not include single-parent families, who typically have lower than average incomes.² Consequently, the VRBI presents a “best case” scenario for low-income families. In jurisdictions with a high percentage of single-parent families, the VRBI could seriously underestimate the rent burdens for low-income families.

The VRBI is an important new indicator of relative housing affordability. Renters face the most serious housing affordability problems, particularly low-income renters. The VRBI is calculated for both median family incomes and for low-incomes, so it is capable of detecting problems for low-income families that would not be captured at the median. Additionally, as the VRBI is an annual and a local measure, rental affordability can be traced across time and compared across space. As noted, the VRBI underestimates rent burdens for single-parent families. It also does not measure the overall magnitude of need; that is, the index does not account for the total number of low-income renters in a locality.

The VRBI is not exclusively an indicator of housing costs, but of costs relative to incomes. A locality with high absolute housing costs could have a low rent burden due to high incomes of its residents. Consequently, differences in VRBI levels do not suggest that low-income earners in one jurisdiction could improve their condition by moving to another, strictly due to a lower VRBI. Similarly, people with fixed incomes should not select an area to reside based on this measure without examining the absolute housing costs in that area. In order to reflect the affordability of housing on a fixed income, we have also calculated the number of hours of minimum-wage work required to pay the FMR in each jurisdiction.

² A separate study of 1990 Census Public Use Microdata Sample shows that the first decile of income for married families was \$14,243, but only \$8,500 for all families (which would include single-parent and married families). Single-parent families clearly have incomes much below \$8,500 at the first decile. A regression of 1989 family income from the 1990 Census on 1989 median married AGI yielded a coefficient significant at the 0.01 level with R² equal to 0.90. The equation is:

1989 Median Census Income = -2936 + 1.121 MedAGIMAR, with standard errors of 1057 for the intercept and 0.032 for MedAGIMAR.

Similarly, a regression of 15th percentile was also significant at the 0.01 level with R² equal to 0.80. The equation is: 1989 15th percentile Census Income = -2604 + 1.350 LIAGIMA with standard errors of 753 for the intercept and 0.058 for LIAGIMAR.

Findings

Rent Burdens in 1996

Rents are typically considered burdensome if they exceed 30 percent of income. Above that level households have to reduce consumption of other necessary goods in order to meet their housing costs. The VRBI for 1996 indicates that on average in Virginia, low-income families paid half of their income to rent. For 1996, only the counties of Chesterfield, Hanover and King William, and the city of Poquoson had rent burden indexes for low-income families below 30 percent. In general, the areas with the lowest rent burden indexes are along the Interstate-95 corridor from northern Virginia to the Richmond area (MAP 1 and TABLE 1). Although these areas typically have the highest housing costs in the state, they also have the highest incomes.

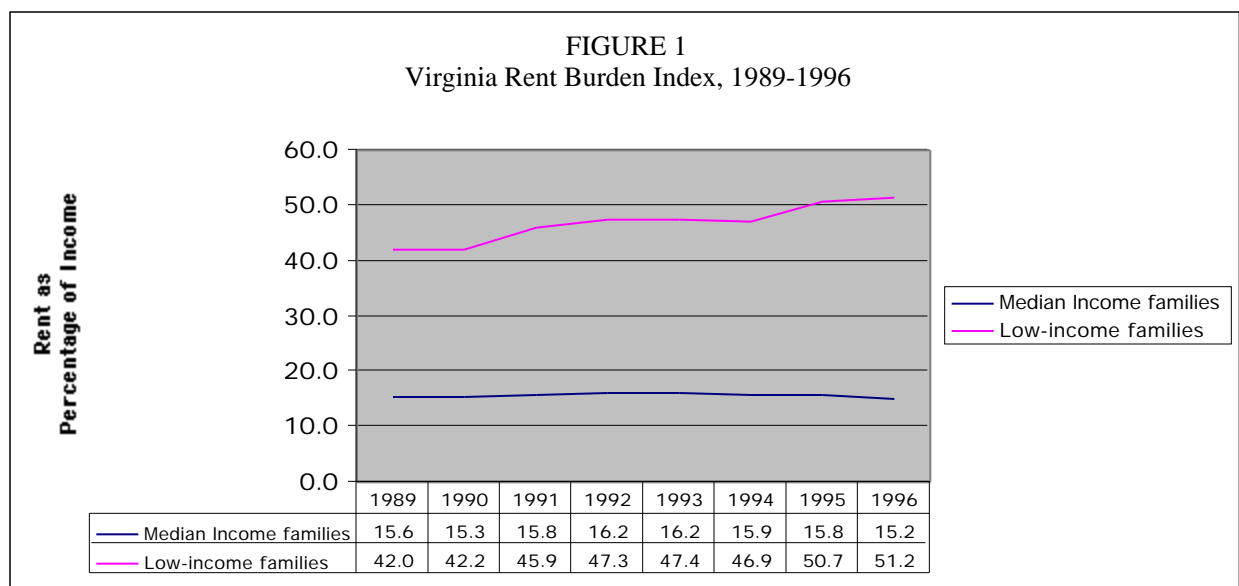
			Low-inc VRBI	Low-Inc VRBI	Low-inc % change** VRBI	Fair Market Rent (FMR) 1996	Low-Inc 3rd Decile (VA AGI) 1996
			1996	1989	'89-'96		
Virginia			51.2%	42.0%	21.9%	\$559	\$27,727
Highest Rent Burdens							
1	Petersburg	City	121.1%	52.6%	130.2%	\$538	\$16,575
2	Westmoreland	County	120.0%	47.6%	151.8%	\$490	\$15,724
3	Northampton	County	111.2%	48.9%	127.3%	\$404	\$13,802
4	Accomack	County	100.8%	46.7%	115.6%	\$409	\$14,694
5	Northumberland	County	99.0%	46.1%	114.7%	\$404	\$16,103
6	Norfolk	City	99.0%	60.5%	63.6%	\$542	\$16,933
7	Nottoway	County	97.6%	38.1%	156.6%	\$404	\$16,176
8	Portsmouth	City	94.0%	59.2%	59.0%	\$542	\$18,827
9	Lunenburg	County	93.8%	37.9%	147.7%	\$404	\$15,174
10	Mathews	County	93.5%	54.1%	72.7%	\$542	\$19,860
***	Clifton Forge	City	110.1%	53.3%	106.6%	\$400	\$16,129
***	Emporia	City	107.7%	43.5%	147.3%	\$540	\$17,945
Lowest Rent Burdens							
126	Manassas	City	34.5%	33.6%	2.8%	\$779	\$41,495
127	Powhatan	County	34.5%	30.2%	14.1%	\$538	\$33,916
128	Prince William	County	33.3%	33.9%	-1.9%	\$779	\$41,078
129	New Kent	County	32.8%	27.2%	20.6%	\$538	\$34,715
130	Fairfax	County	31.9%	28.7%	11.4%	\$779	\$46,999
131	Loudoun	County	30.3%	30.6%	-1.1%	\$779	\$50,095
132	King William	County	28.4%	27.6%	2.9%	\$419	\$32,479
133	Poquoson	City	27.3%	33.0%	-17.2%	\$542	\$36,138
134	Hanover	County	26.3%	26.6%	-1.2%	\$538	\$38,709
135	Chesterfield	County	24.3%	22.4%	8.7%	\$538	\$39,587
*Based on 15th percentile of married, income earners							
**Percent change equals ((1996 VRBI-1989 VRBI)/1989 VRBI)*100							
***FMR's for some localities had to be estimated using adjacent localities; based on these estimations, these would have been among the top ten highest							

Many localities had high rent burden indexes for low-income families. The highest rent burdens for low-income earners in 1996 were generally in cities and counties along the eastern shore and in south-central Virginia. For example, in Petersburg, the rent burden index for low-income earners was about 121 percent. This means that a modest but decent quality two-bedroom apartment costs more than the total income of low-income families. With the FMR being prohibitively expensive, low-income families are pushed toward living in crowded or sub-standard housing.

Many cities also had high rent burden indexes (and almost always higher than their surrounding counties). As cities provide a disproportionate share of rental housing in most regions, this is particularly troublesome.

Changes in Rent Burdens from 1989 to 1996

The average rent burden index for low-income families in Virginia has generally been increasing since 1989, while the rent burden has declined slightly for median-income families (FIGURE 1). A dramatic increase in the low-income rent burden index occurred from 1994 to 1995. About one-third of this increase was artificially caused by a change in tax policy³ that led to an increase in the number of filers taking the age deduction.⁴ The larger cause of the dramatic decrease in income from 1994 to 1995 for the bottom 30 percent of families is not known, however.



³ Changes in the Virginia tax code in 1995 made all persons aged 62 and over eligible for the age deduction regardless of their Social Security Income. Previously, the age deduction was reduced by the amount of Social Security Income. A study of the increases in the size of age deductions from 1994 to 1995 revealed that this accounted for about one third of the decrease in Virginia AGI and subsequent increase in rent burden. Though the higher age deductions moved many filers down in income brackets, it also moved many into the non-filer category. The income distribution at the first decile was not, therefore, changed dramatically. Adjusting incomes to reflect 1994-level deductions and then 1995-level deductions, the resulting married couple incomes at the first decile were \$14,788 and \$14,129, respectively. See related report, "Analyzing the Impact of Social Security and Age Deductions on Estimated Income Distributions for Virginia."

⁴ There was an abnormal increase in the number of filers taking the senior deductions in 1995. The number of married filers taking the deductions from 1993 to 1996 were 188999, 193446, 209139 and 215226, respectively.

From 1989 to 1996 in Virginia, the average rent burden index for low-income families increased by about 22 percent overall while it decreased about 3 percent for median-income families. Most localities saw dramatically higher rent burdens for low-income families during this period. In many localities, the VRBI more than doubled. A combination of falling income and higher rents led to the most drastic increases in low-income rent burden (MAP 2 and TABLE 2). In Nottoway County, for example, where the VRBI increased by more than 150 percent, low-income families earned only about half as much in 1996 as they had in 1989; simultaneously, FMR's increased by about 33 percent. Increases in rents can be attributed to overall inflation and a shortage of low-rent units.

TABLE 2
Virginia Localities with Highest and Lowest Percentage Change
in Virginia Rent Burden Index, 1989 to 1996

	Low-inc VRBI 1996	Low-inc VRBI 1989	Low-inc % change VRBI '89-'96	Low-Inc % change Income '89-'96	Low-inc % change Rent '89-'96	Median RBI 1996	Median % change RBI '89-'96
Virginia	51.2%	42.0%	21.9%	-0.4%	21.7%	15.2%	-2.6%
Highest Increase in VRBI							
1 Nottoway County	97.6%	38.1%	156.6%	-48.0%	33.4%	15.7%	11.9%
2 Westmoreland County	120.0%	47.6%	151.8%	-42.0%	46.0%	19.1%	28.5%
3 Sussex County	75.3%	29.9%	151.6%	-44.0%	40.9%	15.0%	22.5%
4 Lunenburg County	93.8%	37.9%	147.7%	-46.2%	33.2%	18.2%	15.4%
5 Petersburg City	121.1%	52.6%	130.2%	-43.3%	30.5%	20.3%	12.7%
6 Charlotte County	89.8%	39.2%	129.2%	-41.8%	33.5%	17.8%	14.9%
7 Essex County	85.9%	37.5%	129.0%	-41.1%	35.0%	15.5%	13.3%
8 Northampton County	111.2%	48.9%	127.3%	-47.8%	18.7%	18.4%	0.9%
9 Danville City	85.7%	38.5%	122.5%	-48.1%	15.4%	14.4%	1.8%
10 Mecklenburg County	70.8%	32.8%	116.0%	-34.7%	41.0%	16.3%	18.7%
* * * Emporia City	107.7%	43.5%	147.3%	-43.1%	40.8%	20.6%	21.3%
Highest Decrease or Lowest Increase in VRBI							
126 King William County	28.4%	27.6%	2.9%	21.2%	24.7%	10.7%	-1.2%
127 Manassas City	34.5%	33.6%	2.8%	17.8%	21.1%	15.8%	-1.2%
128 Montgomery County	44.3%	44.7%	-0.8%	-2.2%	-2.9%	13.6%	-19.8%
129 Loudoun County	30.3%	30.6%	-1.1%	22.4%	21.1%	13.5%	-5.1%
130 Hanover County	26.3%	26.6%	-1.2%	32.1%	30.5%	11.5%	0.2%
131 Prince William County	33.3%	33.9%	-1.9%	23.4%	21.1%	15.7%	0.8%
132 Clarke County	50.9%	56.2%	-9.4%	-9.5%	-17.9%	14.2%	-33.6%
133 Stafford County	35.7%	41.0%	-13.0%	39.1%	21.1%	16.5%	-5.3%
134 Poquoson City	27.3%	33.0%	-17.2%	43.7%	19.0%	12.1%	-7.5%
135 Falls Church City	36.1%	53.4%	-32.5%	79.2%	21.1%	13.5%	-30.4%

*based on 15th percentile of married income earners

**Percent change equals $((1996 \text{ VRBI} - 1989 \text{ VRBI}) / 1989 \text{ VRBI}) * 100$

***FMR's had to be estimated for some localities using adjacent localities. Based on estimations, this was among the highest-increase rent burden localities for low-income families.

For a few localities rent burden decreased for low-income families during this time. For example, the VRBI for the city of Falls Church decreased by about one-third. In such cases, this generally indicates rising incomes rather than decreasing rent costs. However, in two of the "improved"

areas, Clarke and Montgomery Counties, the rent burden was actually driven down by lower Fair Market Rents.

Many cities saw significant increases in their VRBI's between 1989 and 1996. Given the importance of cities in rental markets, particularly low-income rental housing, the rent burden stress for low-income families in cities takes on added significance.

Affordability at Minimum Wage

The VRBI measures rental affordability for the bottom third of family incomes in each locality. In general, the highest priced areas also have the highest incomes, so the VRBI does not indicate rental affordability for a constant income level across the state. Another perspective of affordability is given by the number of hours of work required at minimum wage to pay Fair Market Rent, which can be calculated for 1999.

On average at minimum wage in Virginia, 28 hours of work each week are required just to pay the FMR; this is more than two-thirds of the full-time work-week. In some localities, such as northern Virginia, 36 hours of work each week are required at minimum wage to pay FMR; this is nearly 92 percent of a full-time work-week (APPENDIX 1 and TABLE 3). In regions with lower FMR's, such as southwestern Virginia, about half of a full-time job is required at minimum wage to pay the FMR.

Minimum Wage=\$5.15/hour	Fair Market Rent 1999	Hours/week at Minimum Wage to pay FMR	Percent of Full-time employment to pay FMR
Virginia	\$619	27.7	69.3
Norfolk/VA Beach/Newport News MSA	\$576	25.8	64.5
Richmond MSA	\$620	27.8	69.5
Southwestern Virginia*	\$430	19.3	48.3
Washington,DC-MD-VA-WV MSA	\$820	36.7	91.9
*Includes planning districts of New River, Mount Rogers, Lenowisco, and Cumberland Plateau.			
Fair Market Rents were averaged across all jurisdictions in this region.			

Conclusions and Cautions

Across virtually the entire state of Virginia, low-income families face rents for decent quality apartments that they cannot afford. Comparisons of the magnitude of this distress from one area to the next are somewhat misleading, akin to comparing a fever of 110 degrees with one of 115 degrees. Both are deadly. Similarly we can quibble about how best to measure rents, incomes, and rent burdens. But the problems identified by the VRBI are not matters of nuance; they are gross indications of serious levels of stress that need immediate attention. What the VRBI does

not show is the magnitude of human distress associated with unaffordable housing. Families are forced into situations where they cannot win: making choices between paying the rent and health care, or between rent and food. To most of us this is as invisible as the dark side of the moon. Our housing is the envy of the world.

APPENDIX 1**Rent Affordability in Virginia:****Virginia Rent Burden Index, Fair Market Rents and Affordability at Minimum Wage**

	Low-Inc VRBI 1996	Low-Inc VRBI 1989	Low-Inc % Change in VRBI '89-'96	Fair Market Rent 1996	Low Inc 3rd Decile VA AGI 1996	Hrs/wk at Min. Wage to Pay FMR 1999	% FT Employ. at Min. Wage to Pay FMR 1999
Virginia	51.2%	42.0%	21.9%	\$559	\$27,727	28	69.3%
<u>Counties</u>							
Accomack	100.8%	46.7%	115.6%	\$409	\$14,694	19	47.9%
Albemarle	41.9%	32.0%	30.9%	\$585	\$32,453	29	72.3%
Alleghany	45.7%	42.6%	7.2%	\$404	\$28,611	19	47.4%
Amelia	44.5%	31.6%	41.1%	\$404	\$26,246	19	47.4%
Amherst	42.6%	35.8%	18.9%	\$413	\$27,310	20	49.3%
Appomattox	72.0%	40.6%	77.4%	\$404	\$24,283	19	47.4%
Arlington*	50.3%	42.7%	17.6%	\$779	\$34,457	37	91.9%
Augusta	43.0%	34.5%	24.5%	\$428	\$25,473	20	50.4%
Bath	57.0%	40.6%	40.3%	\$404	\$22,989	19	47.4%
Bedford County	36.9%	34.4%	7.2%	\$413	\$26,746	20	49.3%
Bland	48.5%	37.2%	30.5%	\$404	\$24,483	19	47.4%
Botetourt	38.0%	31.4%	21.0%	\$447	\$28,771	21	53.2%
Brunswick	70.1%	33.9%	106.8%	\$404	\$17,083	19	47.4%
Buchanan	63.2%	46.7%	35.5%	\$404	\$15,955	19	47.4%
Buckingham	71.3%	37.8%	88.8%	\$404	\$17,941	19	47.4%
Campbell	43.6%	35.0%	24.5%	\$413	\$28,126	20	49.3%
Caroline	52.0%	40.3%	29.1%	\$522	\$28,327	25	61.4%
Carroll	60.8%	34.4%	76.9%	\$404	\$17,584	19	47.4%
Charles City Co.	49.7%	35.8%	38.7%	\$538	\$28,490	28	69.5%
Charlotte	89.8%	39.2%	129.2%	\$404	\$15,444	19	47.4%
Chesterfield	24.3%	22.4%	8.7%	\$538	\$39,587	28	69.5%
Clarke	50.9%	56.2%	-9.4%	\$528	\$26,458	25	62.3%
Craig	41.7%	28.4%	46.8%	\$404	\$25,775	19	47.4%
Culpeper*	56.5%	36.8%	53.3%	\$605	\$25,593	29	71.4%
Cumberland	66.6%	35.1%	89.7%	\$433	\$17,804	20	51.0%
Dickenson	66.7%	48.4%	37.7%	\$404	\$14,575	19	47.4%
Dinwiddie	55.8%	41.7%	33.8%	\$538	\$25,238	28	69.5%
Essex	85.9%	37.5%	129.0%	\$453	\$24,061	21	53.2%
Fairfax County	31.9%	28.7%	11.4%	\$779	\$46,999	37	91.9%
Fauquier	48.5%	42.9%	13.0%	\$779	\$35,918	37	91.9%
Floyd	54.0%	39.1%	38.0%	\$404	\$19,930	19	47.4%
Fluvanna	57.8%	44.0%	31.4%	\$585	\$29,058	29	72.3%
Franklin County	49.5%	32.2%	53.6%	\$404	\$24,435	19	47.4%
Frederick	40.5%	32.1%	26.3%	\$513	\$28,692	24	60.3%
Giles	59.9%	40.6%	47.4%	\$404	\$24,578	19	47.4%
Gloucester	55.6%	48.5%	14.6%	\$542	\$28,394	26	64.5%
Goochland	36.9%	31.0%	19.2%	\$538	\$34,257	28	69.5%
Grayson	68.6%	38.7%	77.3%	\$404	\$16,095	19	47.4%
Greene	45.9%	35.6%	28.8%	\$585	\$27,666	29	72.3%
Greensville	65.0%	35.3%	84.2%	\$404	\$18,749	19	47.4%
Halifax	54.1%	31.9%	69.6%	\$404	\$19,866	19	47.4%
Hanover	26.3%	26.6%	-1.2%	\$538	\$38,709	28	69.5%
Henrico	39.1%	27.5%	42.0%	\$538	\$33,917	28	69.5%
Henry	52.7%	37.0%	42.6%	\$404	\$19,499	19	47.4%
Highland	66.6%	46.4%	43.5%	\$404	\$15,593	19	47.4%

APPENDIX 1 (Continued)

	Low-Inc VRBI 1996	Low-Inc VRBI 1989	Low-Inc % Change in VRBI '89-'96	Fair Market Rent 1996	Low Inc 3rd Decile VA AGI 1996	Hrs/wk at Min. Wage to Pay FMR 1999	% FT Employ. at Min. Wage to Pay FMR 1999
<u>Counties</u>							
Isle of Wight	42.3%	37.8%	12.1%	\$542	\$30,413	26	64.5%
James City	41.5%	32.2%	28.9%	\$542	\$31,869	26	64.5%
King and Queen	53.8%	38.3%	40.5%	\$440	\$25,305	21	51.8%
King George*	43.5%	37.1%	17.2%	\$523	\$28,442	25	61.7%
King William	28.4%	27.6%	2.9%	\$419	\$32,479	20	49.2%
Lancaster	80.7%	39.3%	105.3%	\$431	\$17,835	20	50.7%
Lee	73.4%	48.4%	51.6%	\$404	\$13,643	19	47.4%
Loudoun	30.3%	30.6%	-1.1%	\$779	\$50,095	37	91.9%
Louisa	45.4%	38.2%	18.8%	\$437	\$28,716	21	51.4%
Lunenburg	93.8%	37.9%	147.7%	\$404	\$15,174	19	47.4%
Madison	51.7%	36.8%	40.5%	\$457	\$25,130	22	53.8%
Mathews	93.5%	54.1%	72.7%	\$542	\$19,860	26	64.5%
Mecklenburg	70.8%	32.8%	116.0%	\$404	\$17,530	19	47.4%
Middlesex	81.9%	43.0%	90.6%	\$404	\$17,419	19	47.4%
Montgomery	44.3%	44.7%	-0.8%	\$432	\$27,915	20	50.9%
Nelson	53.0%	35.6%	49.0%	\$404	\$23,601	19	47.4%
New Kent	32.8%	27.2%	20.6%	\$538	\$34,715	28	69.5%
Northampton	111.2%	48.9%	127.3%	\$404	\$13,802	19	47.4%
Northumberland	99.0%	46.1%	114.7%	\$404	\$16,103	19	47.4%
Nottoway	97.6%	38.1%	156.6%	\$404	\$16,176	19	47.4%
Orange	63.7%	36.8%	73.0%	\$550	\$26,470	26	64.6%
Page	60.3%	42.4%	42.3%	\$404	\$18,488	19	47.4%
Patrick	55.4%	33.3%	66.5%	\$404	\$18,470	19	47.4%
Pittsylvania	46.7%	35.4%	31.9%	\$405	\$26,174	19	48.3%
Powhatan	34.5%	30.2%	14.1%	\$538	\$33,916	28	69.5%
Prince Edward	57.7%	35.0%	65.0%	\$404	\$19,266	19	47.4%
Prince George	43.4%	37.8%	14.7%	\$538	\$31,212	28	69.5%
Prince William	33.3%	33.9%	-1.9%	\$779	\$41,078	37	91.9%
Pulaski	48.1%	38.5%	24.8%	\$404	\$26,165	19	47.4%
Rappahannock	57.2%	38.0%	50.4%	\$503	\$28,536	24	59.1%
Richmond County	75.9%	40.1%	89.3%	\$408	\$18,785	19	47.8%
Roanoke County	39.0%	28.2%	38.1%	\$447	\$30,796	21	53.2%
Rockbridge	52.7%	37.6%	40.1%	\$404	\$24,243	19	47.4%
Rockingham	47.4%	33.6%	40.9%	\$478	\$27,682	22	56.1%
Russell	66.4%	45.6%	45.4%	\$404	\$15,928	19	47.4%
Scott	58.3%	42.9%	36.0%	\$415	\$17,743	20	50.1%
Shenandoah	54.5%	35.8%	52.4%	\$454	\$25,353	21	53.3%
Smyth	59.3%	35.8%	65.8%	\$404	\$18,103	19	47.4%
Southampton	47.0%	28.6%	64.3%	\$404	\$27,713	19	47.4%
Spotsylvania	51.3%	45.0%	14.1%	\$779	\$33,684	37	91.9%
Stafford	35.7%	41.0%	-13.0%	\$779	\$39,052	37	91.9%
Surry	52.4%	29.6%	77.2%	\$404	\$26,637	19	47.4%
Sussex	75.3%	29.9%	151.6%	\$404	\$18,729	19	47.4%
Tazewell	55.8%	43.4%	28.5%	\$404	\$17,643	19	47.4%
Warren*	53.9%	35.0%	53.8%	\$516	\$25,397	24	60.9%
Washington	50.6%	36.6%	38.4%	\$415	\$19,614	20	50.1%
Westmoreland	120.0%	47.6%	151.8%	\$490	\$15,724	23	57.5%
Wise	61.0%	44.6%	36.7%	\$404	\$16,684	19	47.4%
Wythe	55.0%	39.5%	39.3%	\$404	\$19,230	19	47.4%
York	39.9%	35.8%	11.5%	\$542	\$34,505	26	64.5%

APPENDIX 1 (Continued)

	Low-Inc VRBI 1996	Low-Inc VRBI 1989	Low-Inc % Change in VRBI '89-'96	Fair Market Rent 1996	Low Inc 3rd Decile VA AGI 1996	Hrs/wk at Min. Wage to Pay FMR 1999	% FT Employ. at Min. Wage to Pay FMR 1999
<u>Cities</u>							
Alexandria	57.5%	46.3%	24.2%	\$779	\$31,046	37	91.9%
Bedford City	63.9%	42.6%	49.9%	\$413	\$19,860	20	49.3%
Bristol	61.4%	39.3%	56.3%	\$415	\$19,109	20	50.1%
Buena Vista**	44.0%	34.3%	28.4%	\$384	\$25,114	18	44.9%
Charlottesville	77.0%	44.4%	73.4%	\$585	\$25,928	29	72.3%
Chesapeake	43.0%	39.0%	10.4%	\$542	\$30,631	26	64.5%
Clifton Forge**	110.1%	53.3%	106.6%	\$400	\$16,129	19	46.9%
Colonial Heights	66.1%	37.5%	76.6%	\$538	\$28,941	28	69.5%
Covington**	89.8%	54.2%	65.5%	\$432	\$18,428	20	50.6%
Danville	85.7%	38.5%	122.5%	\$405	\$18,461	19	48.3%
Emporia**	107.7%	43.5%	147.3%	\$540	\$17,945	25	63.4%
Fairfax City	50.6%	32.5%	55.3%	\$779	\$34,505	37	91.9%
Falls Church	36.1%	53.4%	-32.5%	\$779	\$42,059	37	91.9%
Franklin City**	54.2%	33.1%	63.8%	\$496	\$25,543	23	57.9%
Fredericksburg	89.1%	64.0%	39.3%	\$779	\$29,440	37	91.9%
Galax**	76.9%	40.7%	88.7%	\$398	\$15,645	19	46.7%
Hampton	60.3%	46.0%	31.1%	\$542	\$28,533	26	64.5%
Harrisonburg**	60.9%	38.2%	59.2%	\$541	\$27,669	25	63.5%
Hopewell	85.6%	46.1%	85.6%	\$538	\$24,144	28	69.5%
Lexington**	63.5%	41.2%	54.3%	\$463	\$26,047	22	54.2%
Lynchburg	52.9%	38.1%	39.1%	\$413	\$26,586	20	49.3%
Manassas	34.5%	33.6%	2.8%	\$779	\$41,495	37	91.9%
Manassas Park	48.4%	35.0%	38.3%	\$779	\$33,606	37	91.9%
Martinsville**	70.1%	39.9%	75.7%	\$411	\$19,778	19	48.3%
Newport News	61.0%	45.5%	34.0%	\$542	\$29,221	26	64.5%
Norfolk	99.0%	60.5%	63.6%	\$542	\$16,933	26	64.5%
Norton**	50.1%	40.3%	24.2%	\$375	\$17,215	18	43.8%
Petersburg	121.1%	52.6%	130.2%	\$538	\$16,575	28	69.5%
Poquoson	27.3%	33.0%	-17.2%	\$542	\$36,138	26	64.5%
Portsmouth	94.0%	59.2%	59.0%	\$542	\$18,827	26	64.5%
Radford**	56.4%	45.6%	23.6%	\$448	\$28,062	21	52.5%
Richmond City	71.6%	39.0%	83.5%	\$538	\$27,216	28	69.5%
Roanoke City	69.3%	41.0%	69.0%	\$447	\$19,109	21	53.2%
Salem	48.1%	32.9%	46.4%	\$447	\$25,339	21	53.2%
Staunton**	70.2%	39.5%	77.4%	\$429	\$24,392	20	50.7%
Suffolk	54.8%	46.0%	19.2%	\$542	\$26,057	26	64.5%
Virginia Beach	50.9%	44.1%	15.4%	\$542	\$26,228	26	64.5%
Waynesboro**	71.0%	40.6%	74.9%	\$447	\$24,718	21	53.2%
Williamsburg	68.9%	43.7%	57.5%	\$542	\$25,878	26	64.5%
Winchester**	69.5%	33.9%	104.9%	\$479	\$26,150	22	56.1%

*FMR estimated for years prior to 1994 using ratio of locality to adjacent locality in later years.

**FMR estimated for all years using adjacent localities. Ratio established from gross rent in 1990 Census.
Calculations: VRBI=(annualized FMR/Virginia Adjusted Gross Income)*100.

Percentage Change in VRBI=(1996 Virginia AGI-1989 Virginia AGI)/1989 Virginia AGI.

Hours per Week at Minimum Wage Required to Pay FMR, 1999=(Annualized FMR/52)/\$5.15.

Percent of Full-time Employment at Minimum Wage to pay FMR, 1999=Hours per Week Required/40.

APPENDIX 2

Sources of Data and Methodology

Fair Market Rents (FMR's) are supplied by HUD for metropolitan and non-metropolitan counties. FMR's are gross rent estimates that include the cost of all utilities except telephones. FMR's are based on the 40th percentile rent, drawn from the distribution of rents of recent movers and excluding public housing units and newly built units. In 1995, HUD began calculating FMR's at the 40th percentile; to maintain consistency, all FMR's prior to 1995 have been adjusted to the 40th percentile. (See www.huduser.org.) In localities where FMR's were not available from HUD, the value was approximated using the ratio of the subject's median gross rent in the 1990 Census to a comparable, adjacent locality's gross rent in the 1990 Census. That ratio was then multiplied by the FMR of the adjacent locality in the target year. In a few localities, the FMR became available beginning in 1994, so they were approximated backward using the ratio to a similar, adjacent locality.

While it may initially seem inappropriate to estimate the rent burden of the bottom 30 percent of income earners by using the 40th percentile rent costs, it is, in fact, very reasonable. According to the 1990 Census, about 55 percent of low-income households rented. Given that overall about two-thirds of the population owns a home, low-income households definitely make up a disproportionate percentage of renters and indeed do face prices at the 40th percentile or above.⁵

Adjusted Gross Income (AGI) is based on Virginia tax returns and supplied by the University of Virginia's Weldon Cooper Center for Public Service. Median incomes for married couples filing jointly and separately on a combined form are provided at the state and jurisdictional level. Also, the number of married couples in various income categories are provided via Virginia tax returns. Linear interpolation was then used to estimate the fifteenth percentile.

Both income and rent in VRBI are in current dollars for the year given.

⁵ According to 1990 Census data for Virginia, 256,678 households at 0-50% of annual median family income rented, while 208,751 households owned. See *Housing Needs Data for Virginia: A Guide to CHAS data* from the Virginia Center of Housing Research.