
Virginia Beach Housing Needs Assessment and Market Analysis 2000-2020

Prepared for

The City of Virginia Beach

Prepared by

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Summary

At the request of the City of Virginia Beach, the Virginia Tech Center for Housing Research conducted a comprehensive assessment of affordable housing demand and housing needs for the City.¹ This assessment reviewed the most recent demographic and housing data available, evaluated past trends and projected housing demand through to 2020. The study's major findings include:

- Vacancy rates for owner and renter housing have dropped well below the level needed to accommodate demand and indicate that housing available on the market is increasingly scarce. Whereas a vacancy rate of at least 5% is considered necessary to provide an adequate supply of housing for home seekers, the ownership vacancy rate in 2000 was only 1.5% and fell below 1% in 2003 (the most recent date available), reflecting an extremely tight market. Rental vacancy rates also point to a shortage of housing in Virginia Beach. In 2000, the rental vacancy rate was 4.0% in the City, well below the national rate of 6.8%. By 2003 the rental vacancy rate fell to only 2.5%, whereas rental vacancy rates were increasing in both the nation and in Virginia as a whole. More recent evidence suggests vacant rental units have become even scarcer in Virginia Beach, despite a surge in ownership demand fueled by low interest rates.
- Housing prices have escalated rapidly and the supply of affordable housing is decreasing. The range of prices below the median (\$154,000 in 2003) has clustered closer to the median as the supply of houses below \$125,000 has declined significantly. Houses with values below \$50,000 are virtually non-existent and the number of houses between \$50,000 and \$100,000 has declined substantially.
- First-time homebuyers are in danger of being squeezed out of the Virginia Beach housing market. Between 2000 and 2004, first-time homebuyers with incomes below \$50,000 faced a dwindling supply of houses that they could afford and must compete for the available supply with homebuyers with higher incomes, including repeat buyers. Home seekers priced out of ownership will turn to the rental market (already very tight) or move out of Virginia Beach to find affordable housing.
- The City had a deficit of 8,500 affordable rental units in the year 2000. Consequently, low-income renters were forced to spend large portions of their incomes (often in excess of half) in order to obtain housing. Low-income homeowners also face a shortage of affordable units, with a deficit of about 6,000 affordable owner units in 2000. As with low-income renters, this gap forces low-income owners to pay excessively high portions of their income for their housing.

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- Housing demand from military personnel is part of the City's affordable housing challenge. Among the naval bases in Virginia Beach, nearly 10,000 housing units are needed in the private housing market.
- The housing market is not keeping up with housing demand related to the expansion of civilian jobs and housing affordable to low and modest income workers is increasingly hard to find. Between 1990 and 2000, the number of wage and salary jobs in Virginia Beach (excluding non-civilian military employment) increased by 53,300 jobs. Given the average number of workers per household in Virginia Beach, 53,300 jobs equates to housing demand for 37,450 units. However, the supply of housing units only increased (net) by 15,240 units, leaving a deficit of 22,210 units in 2000. Between 2000 and 2002, housing production was sufficient to keep up with job growth but inadequate to offset the earlier deficit. Two jobs are often necessary for low and modest wage workers to afford housing in Virginia Beach.
- Commuting out of Virginia Beach is decreasing and commuting in is increasing. There was a 45% increase in the total number of commuters into Virginia Beach between 1990 and 2000, with the largest percent increases from Suffolk, Newport News and Hampton. While there was a 2% decrease in the number of workers commuting out of Virginia Beach and a 9% increase in workers who both live and work in Virginia Beach, Virginia Beach was still a net exporter of commuters in 2000, as more people commuted out of the City to work (94,687) than commuted in (45,655).
- Although household incomes in Virginia Beach kept up with inflation between 1990 and 2000 at the median (with a 2% gain in real income), higher income households had significant gains above inflation while lower-income households had significant losses in real income. Households below the median income are losing ground to housing costs.
- The Black-White income gap is large but becoming narrower and while homeownership is increasing overall, however a significant gap remains between ownership rates for blacks compared to whites. Among racial and ethnic groups, Virginia Beach's Asian households had the highest homeownership rate at 72.8% in 2000 compared to whites at 69.7% and blacks at 48.7%.
- Female-headed families and elderly females living alone are heavily impacted by poverty. The majority of households that fall below the poverty level are female-headed households (62%). Females are particularly vulnerable to reductions in income due to family dissolution, which can significantly reduce housing consumption and increase cost burdens.
- There were nearly 12,000 households with worst case housing needs in 2000, including the elderly and persons with disabilities.

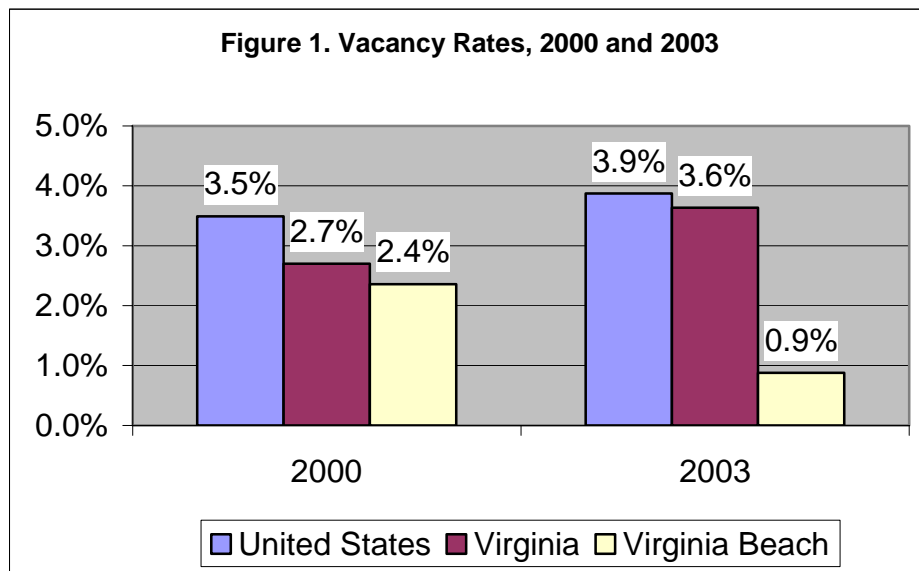
- Population growth has slowed considerably for the City and the region. Between 1980 and 1990, the City's population increased by nearly 50%. However, during the 1990s, Virginia Beach's growth rate dropped to 8%. More people are now moving out of Virginia Beach than moving in. The Virginia Employment Commission (VEC) projects growth for the City of 5% from 2000-2010 and between 3-4% per decade thereafter.
- Even with slowing population growth, more than 10,000 additional housing units will be needed to meet projected demand during this decade, including 2,600 additional units affordable to households with incomes below \$35,000.

Housing Market Characteristics

Vacancy Rates

The vacancy rate is a key indicator of the adequacy of the supply of housing relative to demand and a five percent vacancy rate is largely accepted as a minimum benchmark for a sufficient number of housing units available for occupancy by people searching for housing. Vacancy rates below five percent often reflect “tight” housing markets where prices can escalate rapidly; rates significantly above five percent can reflect “weak” markets where prices (and maintenance) can be depressed by an excess supply of housing.

The most recent evidence shows that the Virginia Beach housing market has become increasingly tighter during the current decade compared to the State of Virginia and the nation as a whole. According to the American Community Surveys data for 2003 and Census 2000 (Figure 1), the vacancy rate² for Virginia Beach was already very low in 2000 and then declined even further by 2003 from 2.4% (3,729 vacant units in 2000) to 0.9% (1,416 vacant units in 2003). During the same period, the national vacancy rate increased from 3.5% to 3.9%, and the vacancy rate for Virginia went from 2.7% to 3.6%.



Owner vacancy rates point to a housing market in the City of Virginia Beach that was already extremely tight in 2000 and that has since become progressively tighter. The ownership vacancy rate in 2000 was only 1.5% and fell below 1% in 2003 (the most recent date available). (See Table 1.)

² The vacancy rate includes only those units for sale or rent and available for occupancy. Total vacant units include these units as well as units rented or sold but not occupied; vacant units used for seasonal, recreational or occasional use; vacant units used for migrant workers; and “other” vacant units not available for occupancy.

Table 1: Vacancy Rates by Tenure, 2000-2003

	United States		Virginia		Virginia Beach	
	2000	2003	2000	2003	2000	2003
Renter Vacancy	6.8%	8.0%	5.2%	8.2%	4.0%	2.5%
Owner Vacancy	1.7%	1.7%	1.5%	1.4%	1.5%	0.2%

Source: US Census 2000 and ACS 2003

Rental vacancy rates, as shown in Table 1, also point to a shortage of housing in Virginia Beach. In 2000, the rental vacancy rate was 4.0% in the City, well below the national rate of 6.8%. Although rental vacancy rates increased in the nation and the state between 2000 and 2003, in Virginia Beach the rental vacancy rate fell to only 2.5% in 2003 and more recent evidence suggests vacant rental units have become even scarcer. A vacancy survey administered by the Tidewater Multifamily Housing Council in August 2004 indicated that the rental vacancy rate throughout the metro area continues to decline and estimated a 1% rental vacancy rate in Virginia Beach. Although the Council's vacancy survey does not include all rental units in the area and cannot be used as an estimate of total vacancies, it nonetheless indicates a tightening rental market despite a surge in ownership demand fueled by low interest rates.

In contrast to the nation and the state as a whole, where strong owner markets resulted in weaker rental markets, the rental market in Virginia Beach has become nearly as tight as the owner market. This could possibly reflect a conversion of rental housing to owner occupancy, reducing units available in the rental market. Although renter demand has not increased as rapidly as owner demand, the number of renters continues to increase.

The overall tightness of the housing market in Virginia Beach will continue to push housing prices and rents higher unless the supply of housing increases sufficiently to produce vacancy rates around 5% (which would have required an additional 5,665 vacant units for sale and 1,358 vacant units for rent). The impact of scarce housing probably will be the most severe for those seeking lower cost housing. It is virtually impossible to expand the supply of lower cost housing through new construction due to land and construction costs. With a dwindling supply of developable land, this situation will only become more severe and the cost of newly built housing will continue to escalate. And with a severe housing shortage, older and lower quality units become more and more attractive to people with higher incomes. Extremely low vacancy rates lead to "bidding wars" when home seekers compete for units that come on the market, with sellers often receiving bids well above their asking price. This shrinks the supply of housing affordable to households with modest incomes by displacing them with households with higher incomes and by increasing the market price for these units. Those displaced either have to find housing outside of Virginia Beach or be willing to pay a high proportion of their income for housing within the City.

Housing Prices

Housing prices and rents in the metropolitan area and in Virginia Beach City have increased dramatically in the last few years. According to the National Association of

Realtors[®], the Virginia Beach metropolitan area was 7th in the nation in the rate of increase in the median sales prices for existing homes during 2004, with an increase of 27.3%.³ Based on sales data for local Realtors associations covering 2000 through 2003, the Center for Housing Research estimated a 28.8% increase in the median sales prices of all homes in the metropolitan area.⁴ These data indicate that the price of houses being sold in the metropolitan area has increased 64% between 2000 and 2004. This is well beyond the rate of increase in incomes, which have been increasing by less than 3% a year, or approximately 11% between 2000 and 2004.

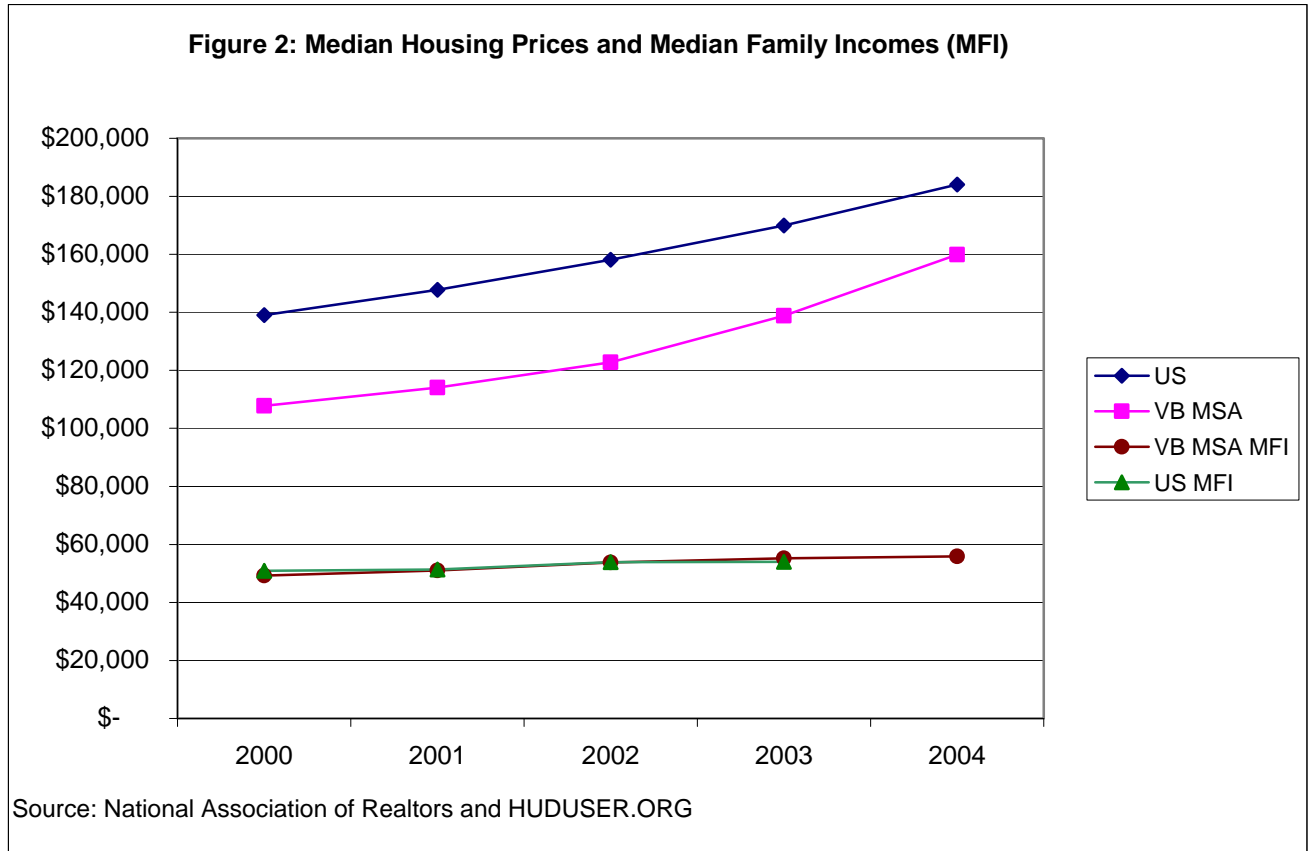
Figure 2 provides the median sales price for existing homes sold in the US and in the Virginia Beach MSA⁵ as reported by the National Association of Realtors[®]. The figure also provides the Median Family Income for the US (estimated by the Census Bureau) and for the Virginia Beach MSA (estimated by the US Department of Housing and Urban Development). The median sales price in the MSA is lower than the national median and ranked 40th among metropolitan areas in 2004. However, housing prices are increasing more rapidly in the MSA than the nation, particularly after 2002. The Median Family Income in the MSA is nearly equal to that for the US and, as with the national Median Family Income, the median family income in the MSA has been increasing at a much slower pace than median prices.

Fortunately, mortgage interest rates declined significantly after 2000, which helped increase homeownership demand despite rapid increases in prices and also allowed existing homeowners to reduce their debt payments through refinancing. Interest rates on 30-year loans went from an average of 8.2% in 2000 to an average of 5.8% in 2003 and even somewhat lower in 2004. In addition, lenders have a variety of mortgage loan products, such as interest-only loans, that can increase affordability for many homebuyers. Rapid escalation in prices even could have prompted home seekers to buy in anticipation of higher prices in the future, which would increase their own wealth if they have equity in a home but would make buying in the future less affordable. But mortgage interest rates started to increase in 2005 and higher interest rates combined with current housing prices could decrease ownership affordability significantly and have contributed to speculation about a “housing price bubble” which would be unsustainable if demand suddenly decreased.

³ Between the 3rd quarter 2003 and 3rd quarter 2004, the most recent periods available.

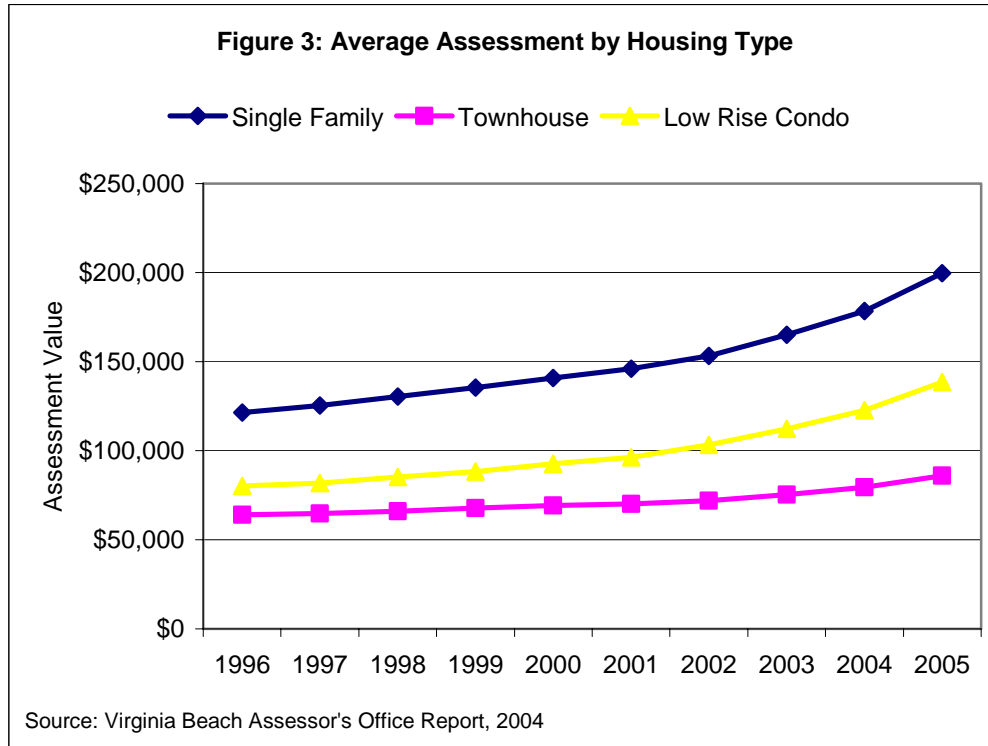
⁴ “Homeownership Affordability in Virginia,” 2004 available at www.caus.vt.edu/CAUS/RESEARCH/vchr/VCHR.html

⁵ Virginia Beach-Norfolk-Newport News, VA-NC Metropolitan Statistical Area including the following jurisdictions: Currituck County-NC, Gloucester County-VA, Isle of Wight County-VA, James City County-VA, Mathews County-VA, Surry County-VA, York County-VA, Chesapeake city-VA, Hampton city-VA, Newport News city-VA, Norfolk city-VA, Poquoson city-VA, Portsmouth city-VA, Suffolk city-VA, Virginia Beach city-VA, Williamsburg city-VA. For more information about the definition of the Virginia Beach-Norfolk-Newport News MSA please check <http://www.census.gov/population/estimates/metro-city/0312msa.txt>

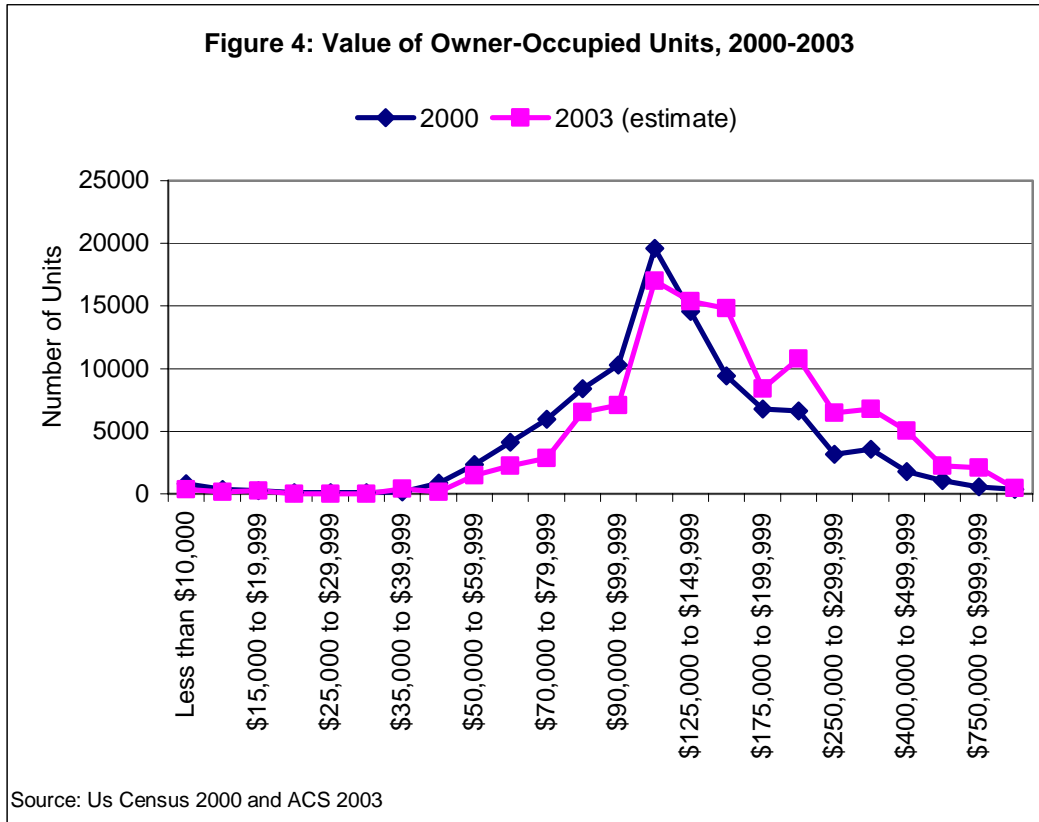


Although the data on median sales prices presented in Figure 2 are not available for the City of Virginia Beach, tax assessment data reflect similar if not even more rapid increases in housing prices. The assessment data⁶ also provide greater detail about the type of house. As shown in Figure 3, the average assessed values for single-family and low-rise condominium units have increased sharply, particularly since 2000. Average assessed values for townhouse units have increased less dramatically and are the most affordable units in Virginia Beach.

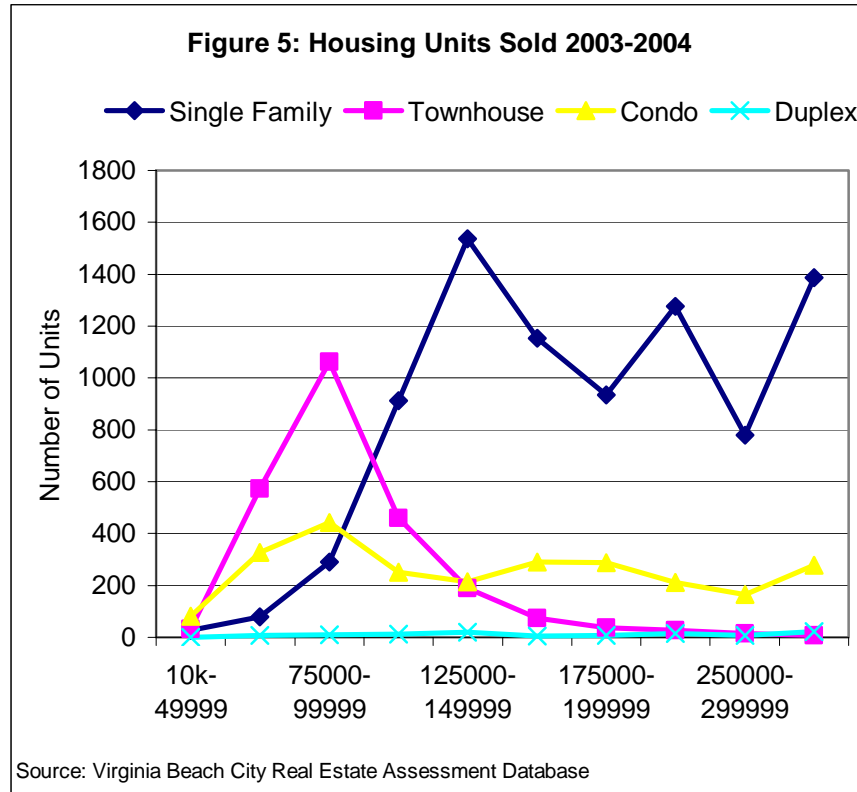
⁶ Assessment data are for all units, not just those sold in a given year. Assessments lag changes in sales prices by a year or more.



The rapid increase in housing values since 2000 is quickly eliminating the supply of more affordable housing in Virginia Beach. As shown in Figure 4, the supply of houses below \$125,000 has declined significantly, causing the range of values below the median (\$154,000 in 2003—the most recent available data on the distribution of house values) to cluster closer to the median than in 2000. Houses with values below \$50,000 were virtually non-existent by 2003 and the number of houses between \$50,000 and \$100,000 had declined dramatically. As a result of rapid price inflation and the higher prices of new houses, the Virginia Beach housing supply only increased for houses with prices of \$150,000 and higher.



Recent sales data covering 2003 and 2004 for Virginia Beach highlights the scarcity of single-family houses with prices below \$100,000 (see Figure 5). Townhouses were the most affordable houses sold, with over 1,600 units sold between \$50,000 and \$100,000, and with townhouse sales heavily clustered in the \$50,000-\$125,000 range. Condominium sales were spread fairly evenly across the price range and were more numerous than single-family houses priced below the \$100,000 level.



Rental Housing

The cost of rental units has escalated along the lines of the owner units. In 2003, the median gross rent in Virginia Beach was estimated at \$804, an almost 10% increase from 2000. Renter occupied units as a percent of total occupied units declined to 30.8% in 2003 from 34.4% in 2000. The increase in median gross rent reflects an overall increase in higher priced rental units (costing more than \$900) and a decline in the number of more affordable rental units (Figure 6). This clearly indicates a growing affordability problem in the rental market throughout Virginia Beach.

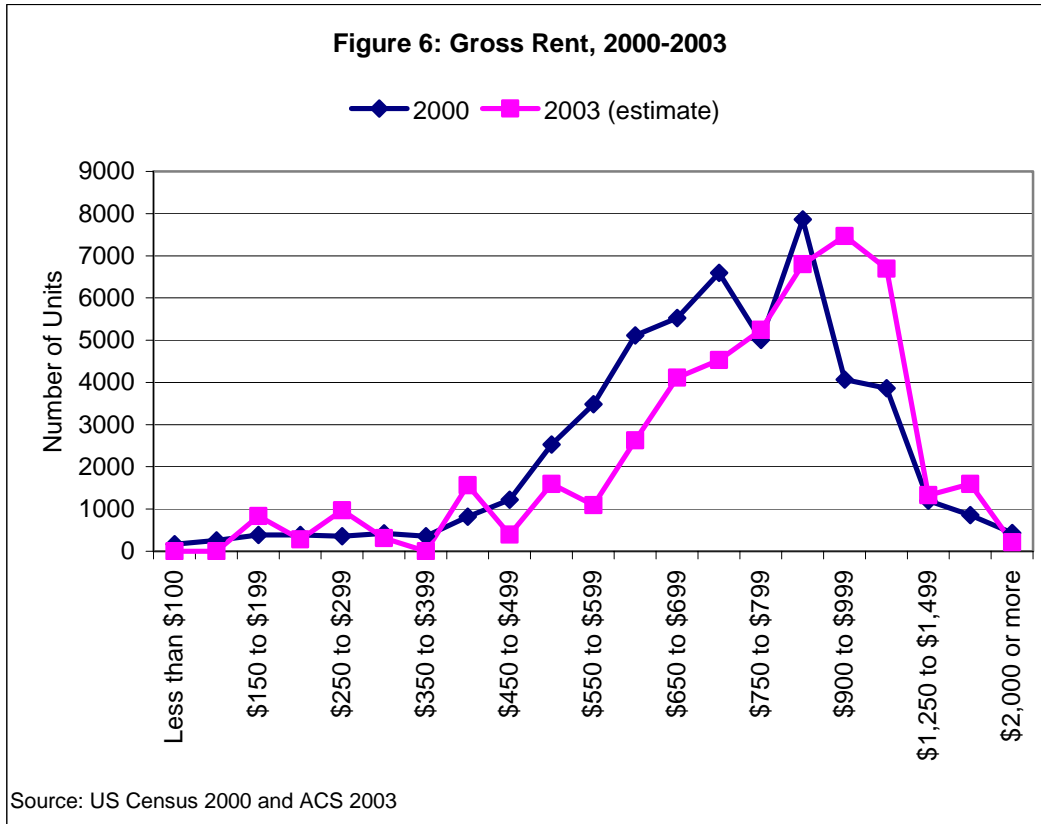


Figure 6 also shows that the majority of renter occupied housing units within the City fall within the \$600 to \$899 range. Of all housing units, the largest portion (14%) fall within the \$800-899 range. Furthermore, housing units with rents below \$450 only made up 6% of the total renter occupied units compared to 18% of units in the MSA. When taking into consideration rents by the number of bedrooms in a unit, the majority of one bedroom units (61%) and two bedroom units (55%) fall within the \$500-\$749 range (same pattern for the MSA). However, for units with three bedrooms or more, the majority fell into the range of \$750-\$999 (42%).

First-time Homebuyers

First-time homebuyers are at greatest risk of being squeezed by higher prices since they do not benefit from increased equity as a prior homeowner. We project about 19,000 first-time buyers between 2001-2010 with incomes below \$50,000 (in year 2000 dollars) and another 20,000 with incomes above this level. About 6,500 projected first-time buyers have incomes below \$30,000 (see Table 3)⁷.

Homeownership rates increase with the age of the householder. A minority of young people become homeowners in the early years of establishing independent households.

⁷ For detailed projections of first-time homebuyer demand in Virginia Beach and elsewhere in the MSA, see “Homebuyer Market Analysis for the Virginia Beach Metropolitan Area,” prepared for Community Housing Partners Corporation. Center for Housing Research, Virginia Tech, 2005 (forthcoming).

Homeownership becomes progressively more popular and feasible as people mature, earn more income, save money for a down payment, settle into a job and community, marry and have children. As shown in Table 3 the largest demographic segments of first-time homebuyers are among married-couple families with householders between the ages of 35 and 54 and with incomes above \$40,000.

Table 3: First-time Homebuyers, Virginia Beach, 2001-2010

	Income						
	<\$20,000	\$20,000-30,000	\$30,000-40,000	\$40,000-50,000	\$50,000-75,000	\$75,000-100,000	>\$100,000
Total	2197	4359	5385	6950	10641	5547	4547
Married-couple	792	1741	3211	4683	8745	4371	3313
15 to 24	79	57	29	104	203	84	81
25 to 34	20	535	1085	1589	3688	1686	1055
35 to 44	379	989	1424	1912	2963	1911	1563
45 to 54	314	160	674	1077	1890	690	613
Other Family	1134	1307	1430	1472	1010	267	254
15 to 24	30	84	72	27	27	12	15
25 to 34	96	530	486	314	210	86	83
35 to 44	716	162	292	343	220	60	21
45 to 54	292	531	579	788	553	109	135
Non-family, 15-54	271	1311	744	796	886	909	981

Source: Center for Housing Research

Family householders without a spouse present (the “other family” category in Table 3) are projected to account for 11,500 first-time buyers over the decade. Most of these householders are single parents (including the formerly married) and the majority are 35 years and older. These households are probably the most vulnerable to not finding affordable housing.

Non-family, first-time homebuyers are projected to be a slightly larger market than single-parent families. Non-families include individuals living alone or with unrelated housemates, including unmarried “DINKS”—couples with “dual incomes, no kids”. Non-families have increased more rapidly over the past decades than families and have recently entered the homeownership market in greater number.

Table 4 provides the maximum mortgage amount affordable to first-time homebuyers (if no more than 30% of income goes to housing costs), assuming a thirty-year, fixed-rate mortgage, property insurance at \$40/month for houses under \$150,000 and at \$50/month for houses above \$150,000, mortgage insurance at \$40/month, and a Virginia Beach tax rate of \$1.22/\$100 assessed valuation. The maximum affordable mortgage for each income category was estimated for the mid-point of the category (\$15,000 was used for the bottom category and \$100,000 for the top category). Estimates are provided for interest rates at 5.75% and at 7.00% in order to show the impact of increased interest rates on affordability.

Table 4: Housing Prices Affordable to First-time Homebuyers by Income, Virginia Beach 2000-2010

Number of First-time buyers, 2001-2010	Income						
	<\$20,000	\$20,000-30,000	\$30,000-40,000	\$40,000-50,000	\$50,000-75,000	\$75,000-100,000	>\$100,000
	2,197	4,359	5,385	6,950	10,641	5,547	4,547
Interest Rate	Affordable Price at Income Midpoint						
@5.75%	\$42,325	\$78,805	\$115,286	\$150,315	\$195,920	\$305,362	\$350,967
@7.00%	\$37,813	\$70,408	\$103,003	\$134,294	\$175,046	\$272,831	\$313,568

Source: Center for Housing Research

Obviously the projected 2,200 first-time buyers with incomes below \$20,000⁸ will have an extremely difficult time finding affordable units and will likely have to look for housing in the rental market or pay considerably more than 30% of their income to purchase a house. Fewer than 100 single-family and townhouse units sold during 2003-04 had prices below \$50,000.

First-time buyers with incomes between \$20,000 and \$30,000 can afford houses priced at around \$75,000 or less. There are nearly 4,400 projected first-time buyers in this income category during the decade (about 440 buyers per year). Over the two-year period of 2003-04, about 1,300 single-family houses and townhouse units sold for \$75,000 or less. Although there were enough units to meet demand from first-time buyers in this income category, the supply would be insufficient if demand also comes from first-time buyers with higher incomes or from repeat buyers, which is very likely in a tight housing market.

Demand among first-time buyers increases significantly in the next two income ranges (\$30,000 to \$40,000 and \$40,000 to \$50,000). For the first of these income categories, 5,400 buyers would need houses priced below \$115,000 (or \$103,000 if interest rates increase to 7%). This is an average of 540 per year, while there were 2,400 units sold during 2003-04 with prices between \$75,000 and \$100,000. The affordable supply at this price level and above becomes more abundant and could accommodate demand among first-time buyers and from many repeat buyers.

Up to 2004, first-time buyers with incomes below \$30,000 faced the most severe affordability problems. However, if prices continue to escalate more rapidly than incomes and if interest rates increase significantly, the income threshold for effective demand will obviously increase. With prices increasing more rapidly than incomes, lower-income home seekers face a dwindling supply of affordable units. They also face increased competition from higher income households for those units. Even if recent increases in

⁸ Although the incomes shown in the table are in year 2000 dollars, incomes have only been increasing by about 3% per year. Over three years, this would only increase the nominal price of affordable housing by 10%. For example, the maximum affordable price of \$150,315 for a household with a \$45,000 income would only increase to \$165,000 by 2003.

housing prices are attenuated, competition for a limited supply of modest-priced houses is likely to increase as more of the affordable stock is occupied by households with higher incomes.

Homebuyers with incomes below \$30,000 (in year 2000 dollars) face serious shortages in the number of affordable units they can buy. Continued price increases will place buyers with incomes between \$30,000 and \$50,000 at greater risk of not finding affordable housing in Virginia Beach. Families with children are probably the most seriously endangered for several reasons. First, their space needs are less flexible. Second, their budgets are probably more constrained by other necessary expenditures, including childcare and educational expenses, and families cannot increase the proportion of income going to housing as readily as households without children. Third, they probably prefer single-family detached houses to townhouses and condominium units whenever possible.

Home seekers priced out of ownership will turn to the rental market or move out of Virginia Beach to find affordable housing. As noted earlier, the rental market in Virginia Beach has a very low vacancy rate, despite a period when housing demand clearly shifted to ownership due to low interest rates. In addition, the number of units with gross rent below \$750 declined sharply between 2000 and 2003 (the most recent data available).

The Affordable Housing Gap in 2000

The following housing gap analysis estimates the surplus or deficit of housing units that were affordable to certain household income groups, both for renter and owner-occupied household as of 2000. This housing gap is calculated from special tabulations of the 2000 Census prepared for HUD for use in preparing Consolidated Plans. Three numbers are used in calculating the affordable housing gap: 1) the number of households in the income category, 2) the total number of housing units affordable to these households (at 30% of their income), and 3) the number of these affordable units that were occupied by households with higher incomes.

The gap analysis shows that low-income renters face the most severe shortage of affordable housing, which is not surprising. We estimate a gross deficit of nearly 8,500 affordable rental units for renters with incomes below 50% of the Area Median Family Income (AMFI⁹) (approximately \$25,000 in 2000). (See Table 5.) Consequently, low-income renters were forced to spend large portions of their incomes (often in excess of half) in order to obtain housing.

Table 5: Affordable Rental Housing Gap, 2000

	Total Renters	Total Units	Surplus (Deficit)	Occupied >%AMFI	Gross Deficit
<30%AMFI	5,771	4,054	-1,717	2,679 66.1%	-4,396
30-50%AMFI	6,660	5,260	-1,400	2,709 51.5%	-4,109
50-80%AMFI	13,415	37,180	23,765	18,602 50.0%	5,163

Source: CHAS 2000 Data Book and Center for Housing Research

The gap was largest for extremely low-income households (less than 30% AMFI) where the number of renters exceeded the number of affordable units by 1,717. This gap was increased to 4,395 as a result of higher income households out-bidding the lower income segment and occupying more than two-thirds of the units affordable to this income category. The same phenomenon took place for the very-low income group (30-50% AMFI) with higher income households occupying almost half (51.5%) of the units affordable at this income level. Severe housing cost burdens cause a host of problems including under-consumption of other necessary goods and services as well as family instability.

Low and very low-income homeowners also face a shortage of affordable units, with a deficit of about 6,000 affordable owner units in 2000 (see Table 6). Although there was a sufficient number of affordable units for owners with these income levels in 2000, most were occupied by owners with higher incomes (77.2% and 73.4%, respectively). This reduced the limited surplus (+437 units) for the very-low income group to a much larger

⁹ AMFI stands for Area Median Family Income, the median income for families within a geographic area. Estimated by HUD and used as a reference for income eligibility for housing programs.

deficit (-5,770 units), and the relatively large surplus (+32,887) for the low-income owner households into a deficit of 421 units.

Table 6: Affordable Owner-Occupied Housing Gap, 2000

	Total Owners	Total Units	Surplus (Deficit)	Occupied >%AMFI	Gross Deficit
<50%AMFI	7,603	8,040	437	6,207	-5,770
				77.2%	
50-80%AMFI	12,477	45,364	32,887	33,308	-421
				73.4%	

Source: CHAS 2000 Data Book and Center for Housing Research

As with low-income renters, this gap forces low-income owners to pay excessively high portions of their income for their housing. Although most homeowners have fixed payments for principal and interest, their property tax, utilities and insurance costs escalate. Since 2000, these costs have risen much more quickly than incomes even for the median income family. Homeowners with below median incomes have seen housing costs increase much more rapidly than their incomes.

Military Housing

Virginia Beach is the home to four main military installations: three Navy, NAB Little Creek, NAS Oceana, FCTC Dam Neck and one Army, Ft. Story. Although some military housing is offered to military personnel, the majority of military families find housing through the open market. The naval installations have a combined total of 11,800 families (a family constitutes a military personnel with dependent) but only provide a total of 1,816 military housing units (see Table 7). This leads to a deficit of 9,984 military housing units or units needed in the private market. Since families are allowed to choose housing within a one hour commute of the base, a portion of the deficit may be handled by military housing located outside of Virginia Beach. Ft. Story also experiences similar deficits as the naval installations. There are 1,130 Army “permanent party” stationed at Ft. Story but only 163 quarters¹⁰.

Table 7: Naval Base Housing Units and Families for Virginia Beach

Base	Number of Families	Number of Housing Units	surplus (deficit)
NAB Little Creek	5068	862	-4206
NAS Oceana	5100	935	-4165
FCTC Dam Neck	1632	19	-1613
Total	11800	1816	-9984

Source: John J. Morello, Director, Mid Atlantic Regional Family Housing

Currently, the Navy has a two year wait for military housing for Little Creek and Oceana facilities totaling 571 families (see Table 8). Eighty two percent of those on the wait list are enlisted personnel. Of those enlisted personnel on the wait list, fifty two percent are waiting for three bedroom units.

Table 8: Wait List for Naval Housing, Virginia Beach

	Enlisted	Officer
Little Creek		
2 bedroom	98	--
3 bedroom	105	42
4 bedroom	33	32
5 bedroom	--	--
Oceana		
2 bedroom	--	--
3 bedroom	139	20
4 bedroom	77	10
5 bedroom	15	--

Source: John J. Morello, Director, Mid Atlantic Regional Family Housing

Military personnel who are seeking housing within the open market are limited by the housing allowance that is provided to them based on their pay grade and the dependent status (see Table 9). Those with dependents (spouse or children) have a slightly higher housing allowance than those without dependents. For most pay grades the basic housing allowance permits military personnel to compete for housing costing \$900-\$1,100 per

¹⁰ Source: Ann Heiss Schulte, Family Advocacy Program Manager

month. Although this makes the middle of the rental market affordable to military personnel, it increases competition for these units. Given the shortage of housing in the City, the large military demand undoubtedly adds to the market pressures that have compressed the bottom half of the rental supply toward the median and reduced the supply of units affordable to low-income renters.

Table 9: Basic Housing Allowance (BAH) for Norfolk, Virginia Beach, Portsmouth and Chesapeake

Pay Grade Range	Allowance Range	
	With Dependents	Without Dependents
E1 - E4	\$1,031	\$874
E5 - E9	\$1103 - \$1397	\$931 - \$1159
W1 - W5	\$1214 - \$1522	\$1004 - \$1267
O1E - O3E	\$1266 - \$1437	\$1103 - \$1213
O1 - O3	\$1115 - \$1332	\$959 - \$1173
O4+	\$1564 - \$1763	\$1261 - \$1361

Source: Department of Defense, Basic Allowance for Housing (BAH), 2005

Comparing these gross rents to the housing allowance given to military personnel, those personnel within the higher pay grades should be able to easily afford renter housing units within the City. However, lower ranked enlisted personnel may have difficulty finding affordable renter housing. This is particular true when comparing enlisted personnel with dependents and rents for units with three or more bedrooms (enlisted personnel wanting three or more bedrooms is the largest group on the military housing waiting list). Lower ranked personnel may either have to spend more than their allowance on housing costs (using portions of the income) or look outside of the City for housing.

Future Military Housing

As for now, there are no known increases or decreases in the military personnel within the City. Furthermore, the Navy has no known facility projects scheduled within Virginia Beach. However, Ft. Story has plans to build 200 new housing units on post in 2005.

While military housing is currently run through a military housing agency, both the Navy and Army have plans to transition their housing stock to contracted housing. With the transition to contracted housing, military personnel will still get their same housing allowance but their rent will not automatically be taken out of their pay as under the current system. They will have to actually write a check for their rent removing the perception that rent is “free”. There is speculation that this may change the housing preference of those individuals living in military housing and more military individuals may move into the open market.

Workforce Housing

The link between the workforce in the city and its housing needs is central because it is the demographics and characteristics of the population that dominate the demand side of the housing market and hence directly impacts the supply of housing in the City. Ideally, the City needs to provide an equal number of housing units to the jobs it creates and to ensure that these units be affordable to the household income level of the workers taking these jobs. In an area such as Virginia Beach that is surrounded by other urban centers within commuting distance, the workforce housing market should be examined from a regional perspective rather than a local one. However, for the purposes of this study, we try to establish only if the City is achieving a comfortable level of balance between the type of jobs available and the stock of affordable housing available to service the workers.

Between 1990 and 2000, the number of wage and salary jobs in Virginia Beach (excluding non-civilian military employment) increased by 53,300 jobs (see Table 10). Given the average number of workers per household in Virginia Beach, 53,300 jobs equates to housing demand for 37,450 units. However, the supply of housing units only increased (net) by 15,240 units, leaving a deficit. For every 1.42 jobs created in the city, a household was created and needed a housing unit. Considering this ratio, and comparing the increase of jobs during this time period and the number of housing units actually produced, we can conclude that between 1990 and 2000, Virginia Beach produced 22,000 fewer units than demand associated with job creation. With jobs and housing units out of balance, Virginia Beach workers were living elsewhere while commuting to their jobs. Along with scarcity of housing, the dislocation between the job and residence place can also be attributed to personal or family preference or the availability of better and more housing choices nearby within a commuting distance.

Table 10: Jobs-Housing Balance in Virginia Beach

	1990-2000	2000-2002
Increase in jobs	53,281	5,885
Households @ 1.42 jobs/household	37,448	4,144
Increase in housing units	15,240	4,175
Housing Surplus (deficit)	-22,208	31

Source: Center for Housing Research

Between 2000 and 2002, housing production was sufficient to keep up with job growth but inadequate to offset the earlier deficit. Even if gross housing production keeps up with workforce-related housing demand, the houses produced are usually at the high-end of the housing market, whereas the jobs being created typically have incomes that require much less expensive housing. For example, according to the Virginia Employment Commission (VEC) the top employers in 2004 in Virginia Beach are:

1. City of Virginia Beach Schools
2. City of Virginia Beach
3. U.S. Department of Defense
4. Sentara Bayside Hospital

5. Little Creek Navy Exchange
6. Farm Fresh
7. Wal-Mart
8. Lillian Vernon Fulfillment
9. Americaid Community Care
10. Stihl

Most of the jobs generated by the employment base in Virginia Beach require less expensive housing than new construction can produce. As seen in Table 11, of the top twenty occupations between 2001 and 2003 in the Virginia Beach MSA, only one had average earnings above \$50,000 (a bench mark chosen by the research team based on the latest housing prices and the incomes needed to afford them). The top five earn less than \$22,000 per year. As a result, much of the workforce in the Virginia Beach job market, whether in terms of existing or newly created jobs, faces housing affordability challenges especially in the homeownership market.

Table 11: Top 20 Occupations, 2001-2003 (for the whole MSA)

Occupation Title	2001	2003	Change	Average
1.Retail Salespersons	24350	25,570	5%	\$20,320
2.Office Clerks, General	15500	19,070	23%	\$21,570
3.Cashiers	18320	18,990	4%	\$15,100
4.Combined Food Preparation and Serving Workers, Including Fast Food	12370	15,330	24%	\$14,610
5.Laborers and Freight, Stock, and Material Movers, Hand	10500	11,850	13%	\$20,670
6.Registered Nurses	9120	10,410	14%	\$47,460
7.Bookkeeping, Accounting, and Auditing Clerks	8300	8,380	1%	\$26,390
8.Elementary School Teachers, Except Special Education	7520	7,930	5%	\$44,350
9.Supervisors/Managers of Office and Administrative Support Workers	7440	7,620	2%	\$39,890
10.Nursing Aides, Orderlies, and Attendants	6590	7,460	13%	\$18,390
11.Receptionists and Information Clerks	6100	6,740	10%	\$18,500
12.Maids and Housekeeping Cleaners	5540	6,450	16%	\$15,930
13.Sales Representatives, Wholesale and Manufacturing	5900	6,320	7%	\$50,560
14.Maintenance and Repair Workers, General	6250	6,320	1%	\$27,330
15.Teacher Assistants	5610	5,970	6%	\$16,860
16.Truck Drivers, Heavy and Tractor-Trailer	4850	5,800	20%	\$29,440
17.First-Line Supervisors/Managers of Food Preparation and Serving Workers	4850	5,520	14%	\$24,750
18.Telemarketers	2510	5,240	109%	\$19,600
19.Carpenters	4830	5,200	8%	\$30,620
20.Secondary School Teachers, Except Special and Vocational Education	3960	4,830	22%	\$47,560

***Bold for jobs paying more than 50k/year**

Source: Virginia Employment Commission 2004

Table 12 shows the top twenty growing occupations throughout the metro area during the same period with only three of them earning more than \$50,000. As a result, the majority of the workforce in the Virginia Beach job market, whether in terms of existing or growing jobs, faces housing affordability challenges especially in the homeownership market. These challenges continue to exist and apparently grow with fewer affordable units produced in 2003-04 and increasing real estate assessments and vacancy rates.

Table 12: Top 20 Growing Occupations, 2001-2003 (for the whole MSA)

Occupation Title	2001	2003	Change	Average
1.Meat, Poultry, and Fish Cutters and Trimmers	530	2,230	321%	\$15,930
2.Photographic Process Workers	40	130	225%	\$22,110
3.Extruding, Forming, Pressing, and Compacting Machine Setters, Operators, and Tenders	110	350	218%	\$27,540
4.First-Line Supervisors/Managers of Correctional Officers	120	370	208%	\$42,450
5.Radio Mechanics	110	310	182%	\$37,860
6.Real Estate Brokers	80	190	138%	\$104,240
7.Personal Financial Advisors	200	470	135%	\$61,950
8.Fitness Trainers and Aerobics Instructors	450	1,050	133%	\$30,140
9.Paving, Surfacing, and Tamping Equipment Operators	160	360	125%	\$26,790
10.Locksmiths and Safe Repairers	60	130	117%	\$28,200
11.Coin, Vending, and Amusement Machine Services and Repairers	70	150	114%	\$28,330
12.Security and Fire Alarm Systems Installers	80	170	113%	\$29,580
13.Helpers-Pipelayers, Plumbers, Pipe fitters, and Steamfitters	590	1,250	112%	\$26,660
14.Ushers, Lobby Attendants, and Ticket Takers	600	1,260	110%	\$14,010
15.Telemarketers	2510	5,240	109%	\$19,600
16.Training and Development Specialists	980	1,990	103%	\$46,520
17.Lawyers	1340	2,570	92%	\$138,440
18.Cooks, Short Order	610	1,110	82%	\$15,470
19.Weighers, Measurers, Checkers, and Samplers, Recordkeeping	200	360	80%	\$24,410
20.Real Estate Sales Agents	1340	2,410	80%	\$39,990

***Bold for jobs paying more than 50k/year**

Source: Virginia Employment Commission 2004

Housing Affordable to Low and Modest Income Workers is Hard to Find

Housing affordability for the workforce reflects wage levels, household characteristics and housing prices or rents. To examine housing affordability for people with low-wage

to modest-wage jobs, we estimated the number of units affordable for people in seven occupations representing a mixture of growing metro jobs and critical city jobs.

- Cashiers
- Retail/Sales
- Office Clerks
- Elementary Teacher
- Firefighter & Police
- Registered Nurse
- Lawyers

For each of these occupations, we have created an individual table to summarizing housing affordability for each of these occupations in the rental and ownership market including two main scenarios of income profiles (individual wage and Median HHI/W – see description below).

The following provides a description for the terms and methodology used in these tables:

- Individual wage (either the published MSA average or the City entry level wage)
- The median household income per wage (Median HHI/W) indicating the median household income for the households with at least one member of the household working in this occupation. This is calculated using the 2000 US Census micro data set to estimate the ratio between households with a single earner in this occupation (found to be an average of 10 percent across the board), and the total household income with at least one person working in this occupation. For each income level, the affordable maximum price (max. price) is calculated as well as the affordable maximum gross rent (max. rent).
- We checked the total number of single family (SF) units sold in 2003/2004 (based on the latest update of the assessor's office database that was available to the study team) as well as the total townhouses sold in the same period using the latest sales data in the city assessor's database. These represent the total number of units these occupations can afford and are actually offered for sale. However, these units are also in the competitive market with higher income levels, so the number of units are most likely an overstatement especially considering low vacancy rates..
- For the rental market, we checked the number of units listed on the City's Real Estate Information Network (REIN) data base to find out the total number of units actually available for rent within the affordable rent range for each occupation.
- The numbers of workers in the various occupations are based on metro level data provided by the VEC. Data were not available at the city level.

Cashiers

Cashiers account for about 18,990 workers on the metro level earning an average individual salary of \$15,100. On the city level, less than 10 percent of households with persons in this occupational category had only one income. The majority of these

households had a 2.53 ratio of HHI/W (that is about 90 percent of the households with a person in this occupation had an income 2.53 times his/her individual wage). Table 13 shows what households in this occupation can afford along with the number of affordable units for sale or rent. For a cashier without additional income, there were only 58 affordable units sold during 2003-04 and there were no affordable rental units available. Obviously, cashiers are in need of affordable housing due to their limited income and compete among themselves and with those in better paying occupations for a limited number of affordable units.

Table 13: Affordable Housing for Cashiers

	Individual wage	Median HHI/W
Income	\$ 15,100	\$ 38,188
Home Ownership		
Max. price	\$40,285	\$111,273
SF units sold 2003/04	26	913
Townhouse units sold 2003/04	32	461
Rental		
Max. rent	\$ 378	\$ 955
Available for rent on 02/16/2005 (REIN Database)	0	198

Source: Center for Housing Research

Retail Sales

Retail sales jobs account for the largest number of workers on the metro level with about 25,570 workers earning an average individual salary of \$20,320. On the city level, less than 10 percent of households with persons in this occupational category had only one income. The majority of these households had a 2.2 ratio of HHI/W (that is about 90 percent of the households with a person in this occupation had an income 2.2 times his/her individual wage). Table 14 shows what households in this occupation can afford along with the number of affordable units for sale or rent. Although the individual income in this group faces a shortage of affordable housing throughout the City, that most households have additional sources of income makes it a little easier, although still tight, in terms of how much they can afford.

Table 14: Affordable Housing for Retail Sales

	Individual wage	Median HHI/W
Income	\$ 20,320	\$ 44,704
Home Ownership		
Max. price	\$58,897	\$143,989
SF units sold 2003/04	104	2,844
Townhouse units sold 2003/04	606	2,319
Rental		
Max. rent	\$ 508	\$ 1,118
Available for rent on 02/16/2005 (REIN Database)		
	4	303

Source: Center for Housing Research

Office Clerks

Office Clerks account for about 8,380 workers at the metro level earning an average individual salary of \$26,390. On the city level, about 13 percent of households with persons in this occupational category had only one income. The majority of these households had a 2.45 ratio of HHI/W (that is about 86 percent of the households with a person in this occupation had an income 2.45 times his/her individual wage). Table 15 shows what households in this occupation can afford along with the number of affordable units for sale or rent. Almost similar to the previous categories, this group largely faces a very tight affordable housing market in the City if they depend on a single earner, and a little easier condition around the median.

Table 15: Affordable Housing for Office Clerks

	Individual wage	Median HHI/W
Income	\$ 26,390	\$ 64,756
Home Ownership		
Max. price	\$80,545	\$219,139
SF units sold 2003/04	395	4,932
Townhouse units sold 2003/04	1,669	2,456
Rental		
Max. rent	\$ 660	\$ 1,619
Available for rent on 02/16/2005 (REIN Database)		
	136	654

Source: Center for Housing Research

Teachers

Teachers are a critical part of any community and on the MSA level account for about 7,930 workers earning an average individual salary of \$44,350 (however, for this exercise we selected the entry level salary of \$34,227 to reflect the status of the newly hired teachers in the city). On the city level, about 10 percent of households with persons in this occupational category had only one income. The majority of these households had a 2.06 ratio of HHI/W (that is about 90 percent of the households with a person in this occupation had an income 2.06 times his/her individual wage). Table 16 shows what households in this occupation can afford along with the number of affordable units for sale or rent. Particularly with married teachers, the median household income allows for relatively decent housing market opportunities. However, the available and affordable units are also in the competitive market for higher income households who can out bid this group.

Table 16: Affordable Housing for Teachers

	Individual wage	Median HHI/W
Income	\$ 34,227	\$ 70,508
Home Ownership		
Max. price	\$102,354	\$226,828
SF units sold 2003/04	395	6,208
Townhouse units sold 2003/04	1,669	2,456
Rental		
Max. rent	\$ 856	\$ 1,763
Available for rent on 02/16/2005 (REIN Database)	122	581

Source: Center for Housing Research

Registered Nurses

Registered Nurses on the MSA level account for about 10,410 workers earning an average individual salary of \$47,460 (however, for this exercise we selected the entry level salary of \$34,858 to reflect the status of the newly hired nurses in the city). On the city level, about 8.4 percent of households with persons in this occupational category had only one income. The majority of these households had a 1.87 ratio of HHI/W (that is about 91 percent of the households with a person in this occupation had an income 1.87 times his/her individual wage). Table 17 shows what households in this occupation can afford along with the number of affordable units for sale or rent. Although nurses have a slightly higher individual income than teachers, their housing options are more limited based on household income.

Table 17: Affordable Housing for Registered Nurses

	Individual wage	Median HHI/W
Income	\$ 34,858	\$ 65,184
Home Ownership		
Max. price	\$110,734	\$218,858
SF units sold 2003/04	1,308	6,208
Townhouse units sold 2003/04	2,130	2,456
Rental		
Max. rent	\$ 871	\$ 1,630
Available for rent on 02/16/2005 (REIN Database)	123	547

Source: Center for Housing Research

Firefighters and Police Officers

Firefighters and police officers are another critical asset of any community. For this exercise we selected the entry level salary of \$36,622 to reflect the status of the newly hired officers in the city). On the city level, about 17 percent of households with persons in this occupational category had only one income. The remaining 93 percent had a 1.81 ratio of HHI/W (which is relatively low but consistent with the single earner ratio of 17 percent). Table 18 shows what households in this occupation can afford along with the number of affordable units for sale or rent. Even with relatively higher entry level wages, the demographics of these households makes it challenging for them to compete in a housing market with already few units available for sale or rent affordable to their income level.

Table 18: Affordable Housing for Fire Fighters & Police Officers

	Individual wage	Median HHI/W
Income	\$ 36,622	\$ 66,143
Home Ownership		
Max. price	\$117,021	\$229,707
SF units sold 2003/04	1,308	6,208
Townhouse units sold 2003/04	2,130	2,456
Rental		
Max. rent	\$ 916	\$ 1,654
Available for rent on 02/16/2005 (REIN Database)	163	556

Source: Center for Housing Research

Lawyers

Lawyers as an occupational category were included to reflect a higher income occupation. The average individual salary of lawyers on the MSA level was \$138,440. On the city level, about 22.2 percent of households with persons in this occupational category had only one income. The remaining had a 1.32 ratio of HHI/W (which is not surprising considering the high average individual salary). Table 19 shows what households in this occupation can afford along with the number of affordable units for sale or rent. Obviously this group has little to worry about when it comes to affordable housing in terms of absolute numbers of units needed or actual available numbers offered for sale or rent.

Table 19: Affordable Housing for Lawyers

	Individual wage	Median HHI/W
Income	\$ 138,440	\$ 182,741
Home Ownership		
Max. price	\$480,026	\$637,959
SF units sold 2003/04	8,374	8,374
Townhouse units sold 2003/04	2,478	2,478
Rental		
Max. rent	\$ 3,461	\$ 4,569
Available for rent on 02/16/2005 (REIN Database)	671	671

Source: Center for Housing Research

Anyone reliant on employment as a cashier (or similar jobs averaging \$15,000 per year) or in retail sales (averaging \$20,000 per year) would have an extremely hard time finding affordable housing in Virginia Beach, even though these are among fastest growing positions in the region. Office clerks (averaging \$26,400 per year) have greater opportunities to find an affordable townhouse or apartment, but have few opportunities to buy a single-family house. Entry level teachers, public safety officers, and registered nurses could also find affordable townhouses and apartments, but would struggle to find an affordable single-family house. With the City’s extremely low vacancy rates, only a few affordable housing units would be on the market at any given time.

Two Jobs Often Necessary to Afford Housing in Virginia Beach

Total purchasing power (and thus affordability) depends on total household income rather than an individual’s income from a particular job. Only 10% of households with low to modest wage jobs rely exclusively on the income from that one job. Some households,

particularly married-couples, have income from two (or more) workers. We estimate that about 44% of all households with one or more potential workers have only one worker, while the remainder of households have two or more workers. A significant portion of one-worker households must have income from more than one job (that data is not available) or from other sources than work, such as transfer payments (public assistance and Supplemental Security Income) or investment income.

Low-income, single-parent females qualify for public assistance through Temporary Assistance for Needy Families (TANF) which includes a work requirement for most recipients. Non-elderly single individuals do not qualify for public assistance other than food stamps and SSI (if they have a disability, in which case they might not be working). One-worker households in low to modest wage jobs are unlikely to have significant earnings from investments or savings. By implication, a large portion of one-worker households have more than one job and otherwise could not afford to live in Virginia Beach.

Median household incomes for households with a person employed full-time in any of the low to modest income occupations examined were substantially higher than the average income from that position. Median household incomes for households with a teacher or registered nurse were about double the salary of the person in those positions, while median household incomes for households with a public safety officer were 80% higher than the public safety officer's income. Median household incomes for cashiers and office clerks were even higher multiples (150%) of the income from one job in those positions.

Across all of these positions, the lower half (in terms of household income) of households boosted their incomes by approximately \$10,000 (in year 2000 dollars) on average, either through holding a second job, having another earner in the household, or other sources of income. Cashiers and office clerks were the most reliant on income from a second job or from other sources of income (e.g. food stamps or TANF). Most of the additional household income for these households must come from a second job or from public assistance, since approximately 40% of these households are reliant on income from one worker. In effect, one-worker households in lower-wage jobs must have a second job in order to obtain housing in Virginia Beach.

Commuting Patterns

Commuting patterns reveal the interrelationship between jobs and homes. As shown in Table 20, there was a 9% increase between 1990 and 2000 in workers who both lived and worked in Virginia Beach (127,961 people both lived and worked in Virginia Beach in 2000, approximately an increase of 11,000 above the 1990 level). However, jobs in Virginia Beach have been increasing faster than residents working in the City, which could be a reflection of the scarcity of housing affordable to many of the jobs being created. There was a 45% increase in the total number of commuters into Virginia Beach between 1990 and 2000. Even though Norfolk and Chesapeake accounted for the majority of in-commuters, the largest percent increases were from Suffolk (183%), Newport News (107%) and Hampton (85%).

Table 20: Commuter Into and Out of Virginia Beach, 1990-2000

	1990	2000	% Change
<u>Out-Commuters:</u>			
Total	96,337	94,687	-1.7
Norfolk	64,100	55,963	-12.7
Chesapeake	12,336	18,541	50.3
Portsmouth	7,477	7,318	-2.1
Newport News	2,045	2,319	13.4
Hampton	1,798	2,020	12.3
Suffolk	902	1,223	35.6
<u>In-Commuters:</u>			
Total	31,460	45,655	45.1
Norfolk	13,276	17,717	33.5
Chesapeake	9,762	15,394	57.7
Portsmouth	2,254	2,942	30.5
Suffolk	582	1,644	182.5
Hampton	807	1,490	84.6
Newport News	636	1,316	106.9
<u>Live and Work in Virginia Beach</u>	<u>117,095</u>	<u>127,961</u>	<u>9.3</u>

Source: US Census 1990 & 2000

Even though overall there was a 2% decrease in the number of workers commuting out of Virginia Beach between 1990 and 2000 (Table 20), in 2000 Virginia Beach was still a net exporter of workers, as more people commuted out of the City to work (94,687) than commuted in (45,655). As shown in Table 21, only Suffolk and Currituck County, North Carolina in 2000 had more commuters coming to Virginia Beach for work than leaving Virginia Beach to work in other areas. While Norfolk had the highest volume of commuters from Virginia Beach, there was a 13% decrease in the number of commuters to Norfolk over the last decade. Chesapeake had the highest increase (50%) in the number of workers commuting to it over the last decade, followed by Suffolk (36%).

Table 21: Commuting Into and Out of Virginia Beach, 2000

Locality	From Virginia Beach to:	To Virginia Beach from:	Net
Total (not including Virginia Beach)	94687	45655	-49032
Norfolk	55963	17717	-38246
Chesapeake	18541	15394	-3147
Portsmouth	7318	2942	-4376
Suffolk	1223	1644	421
Hampton	2020	1490	-530
Newport News	2319	1316	-1003
Currituck Co. NC	74	1032	958

Source: US Census 2000

Household Demographics

Household Composition

The average household size in 2000 was slightly larger in Virginia Beach than in the MSA, with 2.7 persons per household compared with 2.6 for the MSA. The City had a higher proportion of family households (households with one or more relatives) than did the MSA (73% vs. 70%) and fewer non-family households (one-person households or households with only unrelated individuals). Within the City one third of family households were comprised of a 2-person household (36%) and three quarters of the non-family households were comprised of a 1-person household (74%). As for the age of the households, about one third of family households in the City and the MSA are between the ages of 35-44 years, compared to non-family households where the largest percentage are between the ages of 25-34 years.

As shown in Table 22, families accounted for almost three of every four households in Virginia Beach (73%) in 2000, making it slightly more of a family housing market than the MSA (70%). In the City, married-couple families accounted for 57% of all households in 2000 (53.6% in 2003) and female-headed families (without a spouse in the household) made up 12% of all households (13% in 2003). Female-headed families accounted for three quarters of the “other family” category (both male and female-headed families without spouses present).

Table 22: Households by Type, MSA 2000 and Virginia Beach 2000 & 2003

	2000				2003	
	MSA		Virginia Beach		Number	%
	Number	%	Number	%		
Total households	577,794	100.0%	154,635	100.0%	160,433	100.0%
Family households	406,812	70.4%	112,127	72.5%	113,088	70.5%
Married-couple family	300,294	52.0%	88,102	57.0%	86,044	53.6%
Other family	106,518	18.4%	24,025	15.5%	27,044	16.9%
Female householder*	84,301	14.6%	18,160	11.7%	21,160	13.2%
Male householder*	22,217	3.8%	5,865	3.8%	5,884	3.7%
Non-family households	170,982	29.6%	42,508	27.5%	47,345	29.5%

*without a spouse present

Source: US Census 2000 and ACS 2003

Doubling-up in family households and subfamilies is relatively rare within Virginia Beach. The 2000 Census estimated about 9,335 people living in subfamilies, which equals about 3,892 subfamilies and constitutes only 3% of all households. The majority of people in subfamilies are in mother-child subfamilies (5,272 people). In addition, the 2000 Census estimated that 6,354 householders or spouses of householders were grandparents with grandchildren under 18 years of age living with them. Data for 2003 from the American Communities Survey indicated that the level of doubling-up has remained stable.

Non-family households have become more prevalent as more people live alone or live with unrelated roommates (including unmarried couples without children). Non-family households comprised slightly over one quarter (27%) of all households within the City in 2000, a slight increase over 1990.

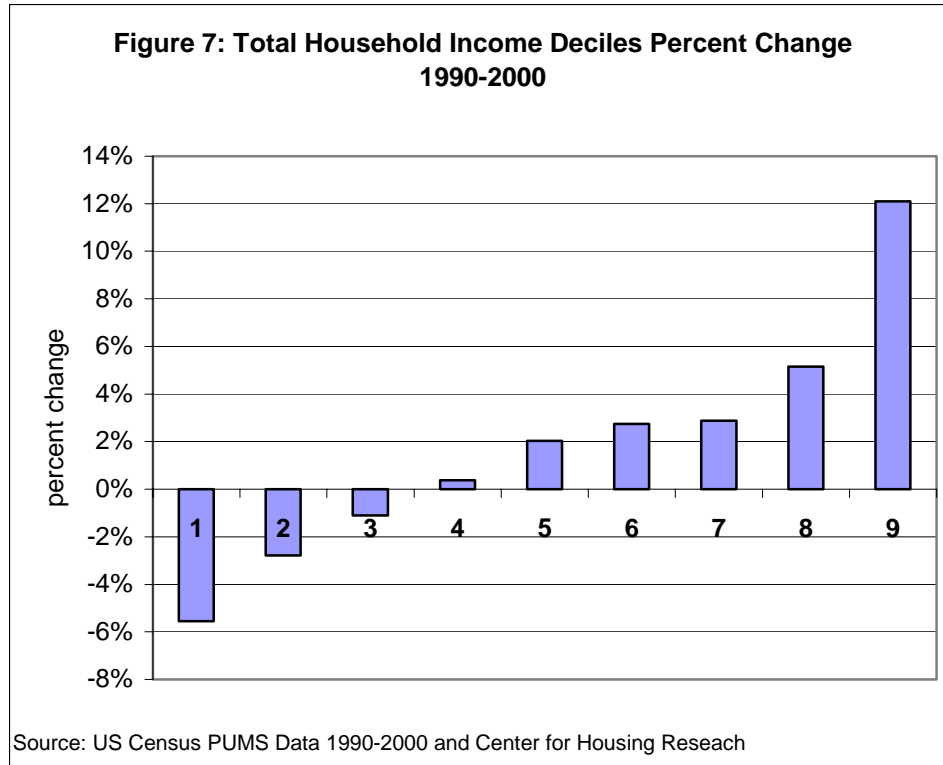
Non-family households are comprised of two groups: those living alone and those living with roommates (often unmarried couples without children). Within Virginia Beach in 2000, nearly three quarters (74%) of non-family households were comprised of people living alone. Males living alone only made up 13% of non-family households while 54% of non-families were females living alone. One third of females living alone were 65 years of age or older (37%). There is a growing need for housing that can accommodate the increasing number of seniors living alone.

Incomes and Poverty

The median household income in 1999 was \$48,705 in Virginia Beach, 15% higher than in the MSA (\$42,448). Median family income was \$53,242 (only 8% higher than the MSA) and median non-family income was \$33,184 (22% above the MSA levels). The significantly higher income of non-families in Virginia Beach could reflect the scarcity of affordable housing for single people (and others) with lower incomes.

Median household income for the City increased 34% from 1989 to 1999. The Census American Community Survey estimated an additional increase of 7% from 2000 and 2003. However, 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 50% percentile). The change in the income level using the constant dollar for each decile indicates how well that portion of households fared during the decade.

Figure 7 presents the percent change in income levels for total households (including military households) in 1989 and 1999 for each decile, with the 1989 income values inflated to 1999 dollars. Although household incomes kept up with inflation between 1990 and 2000 at the median (with a 2% gain in real income), higher income households had significant gains above inflation while lower-income households had significant losses in real income. This leaves lower income households even more vulnerable to escalating housing costs in Virginia Beach.



Households in the 1st, 2nd, and 3rd deciles all experienced a negative change in income, with the 1st decile faring the worst (-6% change). The 4th decile only saw a slight increase in income (.4%). The 5th (median level), 6th, and 7th all experienced relatively the same change in income (2%-3%). The most significant change in income was seen in the 9th decile (incomes around \$95,000 +) which experienced a 12% increase in income over the last decade. This shows a widening gap between those with lower incomes and those with higher incomes and has a considerable impact on the City's housing market. High income households increasingly can afford larger and more expensive homes and low income households increasingly have a difficult time maintaining their current housing situation or finding affordable housing.

The military appears to have had a significant and beneficial impact on incomes in Virginia Beach between 1990 and 2000. The median household income for households with one or more persons in the military increased by 17% in real dollars whereas the median income for all households only increased by 2%. In addition, households with military personnel gained in real incomes across the entire income distribution (see Table 23).

**Table 23: Deciles 1 or more Military person in Household
Income change 1990-2000**

percentiles	1990*	2000	change
10	\$22,725	\$25,000	10.0%
20	\$27,207	\$31,000	13.9%
30	\$31,549	\$36,000	14.1%
40	\$35,955	\$41,010	14.1%
50	\$40,911	\$48,000	17.3%
60	\$47,024	\$52,550	11.8%
70	\$53,903	\$60,000	11.3%
80	\$63,241	\$70,100	10.8%
90	\$79,135	\$91,270	15.3%

*income adjusted to 2000 dollars

Source: US Census PUMS Data 1990-2000 and CHR

Black/White Income Gap

Minority households in Virginia Beach have much lower incomes than whites, with the median household income for whites exceeding that for blacks by 30% (\$51,175 to \$39,171). The median family income for households headed by whites almost always exceeds those for blacks in the same age and family type categories by 15% or more (see Table 23). However, the income gap between blacks and whites has significantly narrowed for married-couple families and for female-head families without a spouse present below the age of 35. If this progress is maintained as these householders age, there will be a significant reduction in the black-white income gap over time.

**Table 24: Median Income by Race, Household Type and Age of Householder
Virginia Beach, 2000**

	White	Black	Total (All Races)
Median family income in 1999 --			
Total	\$57,589	\$41,381	\$53,242
Married-couple family --			
Total	\$62,947	\$51,480	\$60,602
Householder 15 to 24 years	\$30,132	\$27,841	\$30,117
Householder 25 to 34 years	\$48,819	\$45,568	\$47,642
Householder 35 to 44 years	\$64,624	\$54,518	\$61,958
Householder 45 to 54 years	\$79,651	\$65,394	\$76,247
Householder 55 to 59 years	\$81,171	\$69,844	\$79,019
Householder 60 to 64 years	\$73,125	\$61,534	\$70,561
Householder 65 to 74 years	\$59,361	\$50,278	\$58,446
Householder 75 years and over	\$48,608	\$25,000	\$48,220
Other family --			
Total	\$34,082	\$25,348	\$30,549
Female householder, no husband present --			
Total	\$31,480	\$24,615	\$28,397
Householder 15 to 24 years	\$17,214	\$16,009	\$16,522
Householder 25 to 34 years	\$21,306	\$20,353	\$21,100
Householder 35 to 44 years	\$32,473	\$23,673	\$28,754
Householder 45 to 54 years	\$39,405	\$33,500	\$36,854
Householder 55 to 59 years	\$45,398	\$38,750	\$41,841
Householder 60 to 64 years	\$45,573	\$39,375	\$42,604
Householder 65 to 74 years	\$36,977	\$22,031	\$34,599
Householder 75 years and over	\$40,357	\$40,667	\$41,875
Male householder, no wife present --			
Total	\$41,383	\$28,268	\$37,875
Householder 15 to 24 years	\$27,390	\$25,179	\$26,364
Householder 25 to 34 years	\$34,000	\$23,450	\$29,658
Householder 35 to 44 years	\$40,559	\$30,625	\$38,255
Householder 45 to 54 years	\$51,956	\$49,464	\$50,658
Householder 55 to 59 years	\$56,000	\$24,115	\$57,500
Householder 60 to 64 years	\$69,141	\$60,357	\$68,438
Householder 65 to 74 years	\$57,031	\$54,107	\$55,313
Householder 75 years and over	\$64,904	\$26,250	\$63,365

Source: US Census 2000

Age and Income

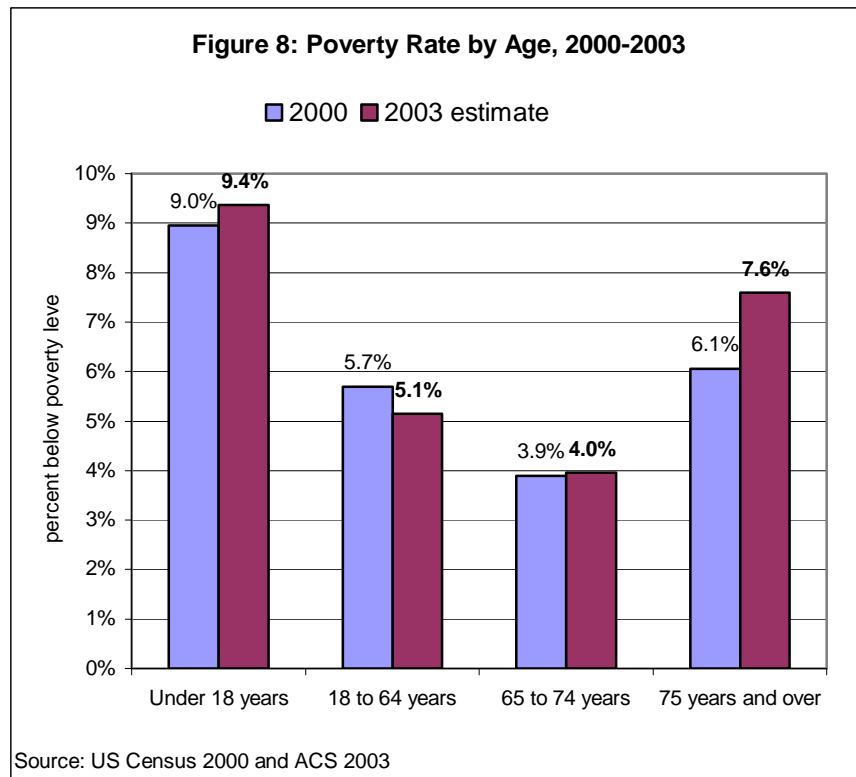
The impact of age on income is a combination of the effects of both maturity and the productivity of an age group. For husband-wife families in Virginia Beach in 1999, median family incomes, as shown in Table 23, were the highest for 55-59 year olds (\$79,019) and then gradually decreased thereafter. Both male-headed and female-headed families without spouses reached their highest median incomes between the ages of 60 and 64 years (\$68,438 and \$42,604 respectively).

Incomes obviously influence housing consumption. Given the changes in incomes levels among lower income and higher income households, a diverse housing market is

necessary to meet their needs. Additionally, as the population continues to age over the next decade, the number of post-retirement households will also increase. This has the potential to create a market for smaller houses with amenities targeted to this group and retirement communities.

Poverty

Although Virginia Beach has relatively high incomes compared to the region, poverty is still an issue within the City. There were approximately 27,163 people living below the poverty level in Virginia Beach in 2000, and the City’s poverty rate of 7% was slightly below the MSA rate of 11%. In both 2000 and 2003, the poverty rate was highest among children under 18 years of age (see Figure 8). The poverty rate was lowest for individuals between the ages of 65 and 74 years (4%). The poverty rate rose between 2000 and 2003 for all age groups except 18-64 year olds where the rate dropped slightly. The most dramatic increase in poverty was for persons aged 75 and older (from 6% to 7.5%). With people living longer and often relying on social security as their only source of income, the poverty rate will most likely continue to rise for Virginia Beach’s elderly population. With fewer resources and less ability or desire to move out of the City to find affordable housing, housing the elderly will become more of a challenge.



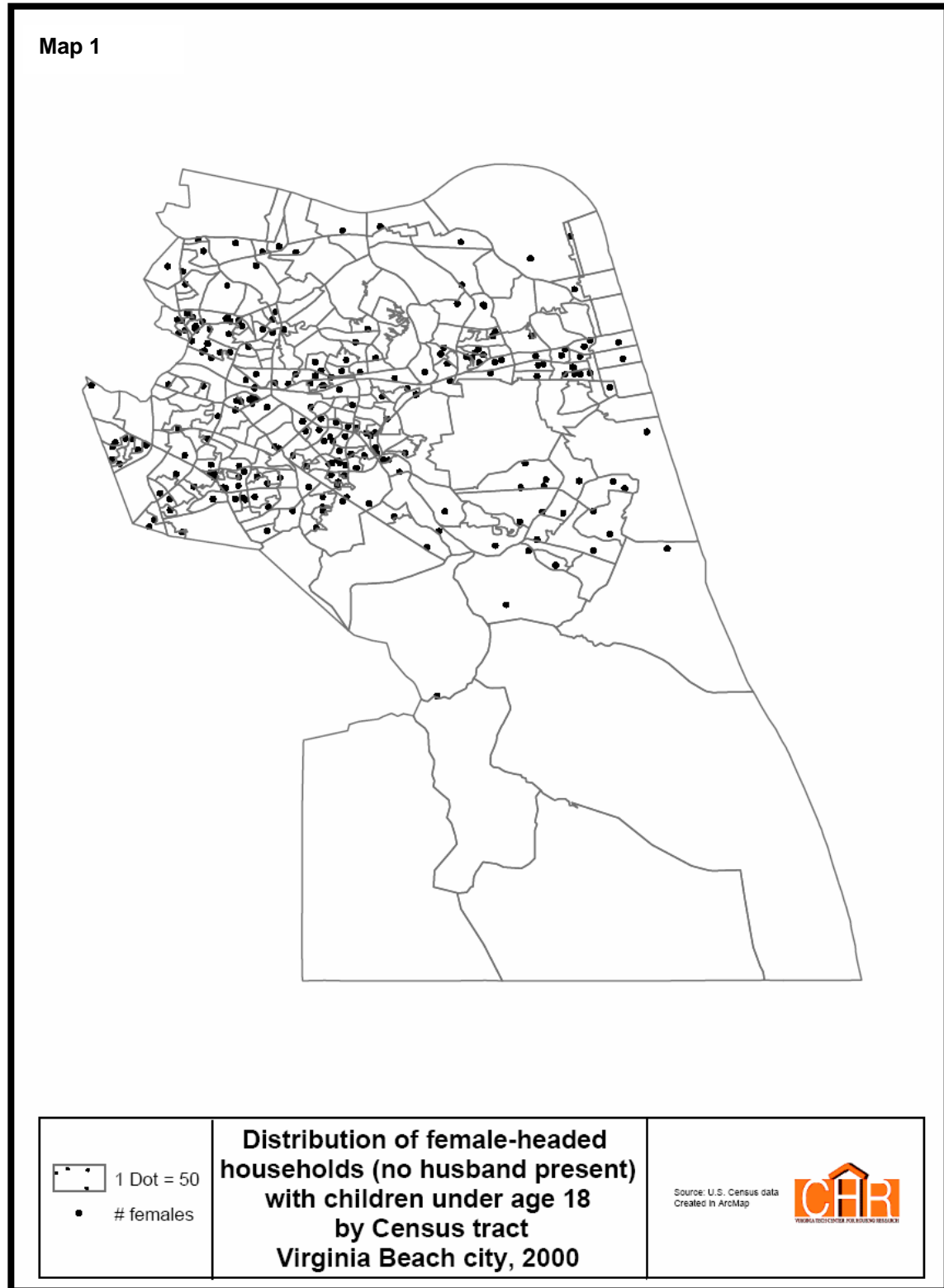
Map 1 shows that in 2000 Virginia Beach had a few pockets of concentrated poverty (greater than or equal to 20% of persons. These areas were scattered throughout the City but existed mainly in the central portions of the City. However, many areas throughout

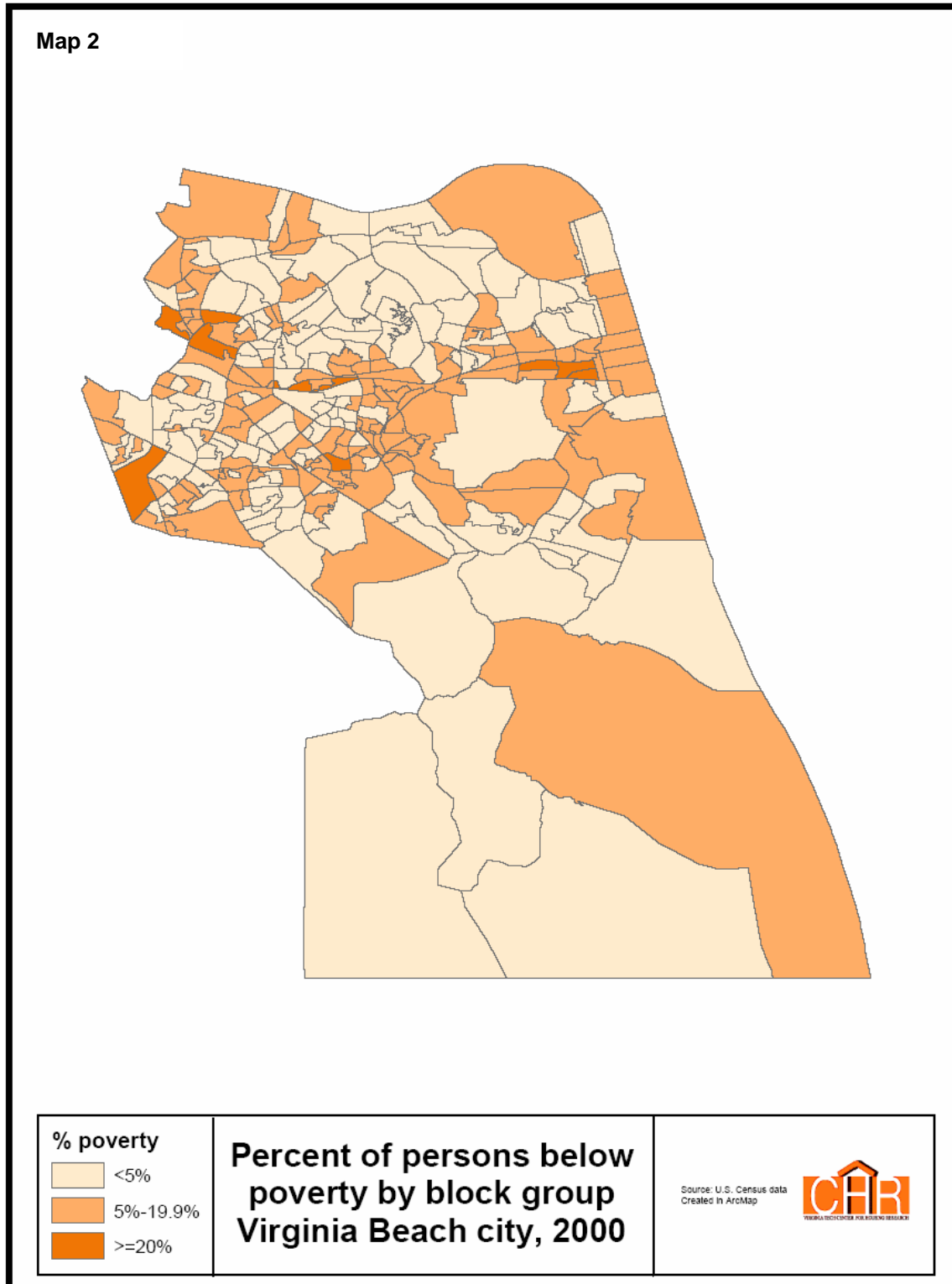
the city had 5% to 19.9% of residents living below poverty level. The majority of these areas exist in western portion along the Norfolk border, the central portion of the City and along the ocean front.

In 2000 in Virginia Beach, the majority of households that fell below the poverty level were female-headed households (62%). Female-headed families without a spouse present were 35% of households living in poverty and non-families¹¹ were 41% of poverty households. Of those, 64% are headed by females. Females are particularly vulnerable to reductions in income due to family dissolution, which can significantly reduce housing consumption and increase cost burdens. Females are also more likely to fall below the poverty line as they age beyond 65 years.

Map 2 shows the concentration of female-headed families in Virginia Beach. When comparing Map 1 to Map 2, the link between female-headed households and persons living below poverty becomes apparent. They are both concentrated within the same areas of the city.

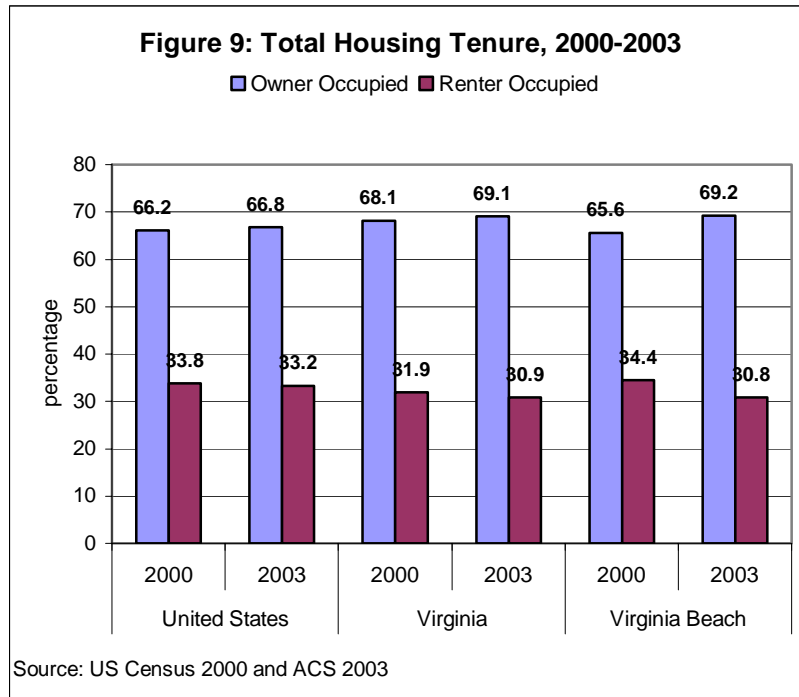
¹¹ Non-family households include single individuals living alone and two or more unrelated people living together.





Housing Tenure

Approximately, two of every three households in Virginia Beach live in owner-occupied housing. The ownership rate increased significantly between 2000 and 2003 as lower interest rates made ownership more affordable (65.6% in 2000 to 69.2% in 2003). The City had a slightly higher ownership rate than the MSA as a whole (63%) in 2000 (data are unavailable for the MSA for 2003). Additionally, Virginia Beach had a comparable ownership rate to Commonwealth of Virginia and the nation as a whole (see Figure 9).



Among racial and ethnic groups, Virginia Beach’s Asian households had the highest homeownership rate at 72.8% in 2000 compared to whites at 69.7% and blacks at 48.7% (see Table 25). In the MSA, however, Asians (64.9%) were second to whites in rate of homeownership (71.5%). Virginia Beach had a slightly higher ownership rate for blacks (48.8%) than in the MSA (45.5%) For both Virginia Beach and the MSA, Hispanics had the lowest homeownership rate. The ownership rate for whites in Virginia Beach was about two percentage points lower than for the MSA as a whole. The 2003 American Community Survey estimates showed an increasing ownership rate for almost all ethnic groups (with the exception of the Hispanic households) with the highest increase in black households of about 9 percent points.

Table 25: Homeownership Rates by Race

	MSA		Virginia Beach	
	2000		2000	2003
White	71.5%		69.7%	72.6%
Black	45.5%		48.8%	57.7%
Asian	64.9%		72.8%	73.2%
Hispanic	42.6%		48.0%	37.3%

Source: US Census 2000 and ACS 2003

As noted earlier, homeownership is heavily influenced by the age of the householder. Young adults typically rent rather than own, at least until their employment and family lives are well-established. The impact of age on homeownership is so strong that more than 8-of-10 householders in Virginia Beach were homeowners by middle age (see Table 26). The ownership rate slightly declined between 1990 and 2000 for all age groups, except the senior cohort (65 years and older), in tune with the MSA as well as the statewide trend that saw declines for all age groups under 45. By 2003, estimated ownership rates showed the influence of a decline in interest rates. Homeownership rates rose significantly across most age groups with the exceptions of householders aged 45-54 with almost no change and householders aged 65-74 with a slight decline (possibly due to selling homes to take advantage of a strong seller’s market). Homeownership rates increased for the 75 and older age group by 8 points from 1990 to 2000 and increased by another 9 points between 2000 and 2003. Some implications of this large increase may be increasing numbers of retirees moving to the area or a healthier older population staying in their homes longer.

Table 26: Homeownership Rates by Age, 1990, 2000 and 2003

	MSA		Virginia Beach		
	1990	2000	1990	2000	2003
15 to 24	13.2%	11.7%	15.7%	14.9%	18.1%
25 to 34	41.0%	40.8%	47.4%	43.6%	46.8%
35 to 44	63.0%	64.0%	69.6%	69.2%	74.7%
45 to 54	75.5%	73.7%	81.7%	78.4%	78.3%
55 to 64	79.4%	79.7%	86.3%	84.1%	88.7%
65 to 74	77.2%	81.8%	80.7%	85.7%	83.4%
75 and older	68.3%	74.7%	61.3%	69.2%	78.1%

Source: US Census 1990, 2000 and ACS 2003

As shown on Map 3, homeowners are in a majority throughout the City except for a few areas on the northern and western perimeters and the commercial corridor leading to and along the beach front. In areas just north and south of the center of Virginia Beach, 90% or more of households own their homes. Homeowners can contribute to greater stability and on-going investment in neighborhoods. Neighborhoods with low ownership rates, particularly if those rates are also declining, can become hubs for converting single-family properties from owner to renter 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.

Lower interest rates and higher housing prices since 2000 have probably produced higher ownership demand within older neighborhoods that have a relatively affordable supply of housing. Under these market conditions, rental properties are more likely to be converted to owner-occupancy than the reverse. While this could be desirable for single-family properties, conversions of multi-family properties can deplete the affordable rental housing supply unless that supply is expanded through new construction, such as through the Low Income Housing Tax Credit. The City should monitor trends in conversion of properties between owner and renter occupancy to help determine if conversions are having an adverse impact on either the supply of affordable housing or on neighborhood quality.

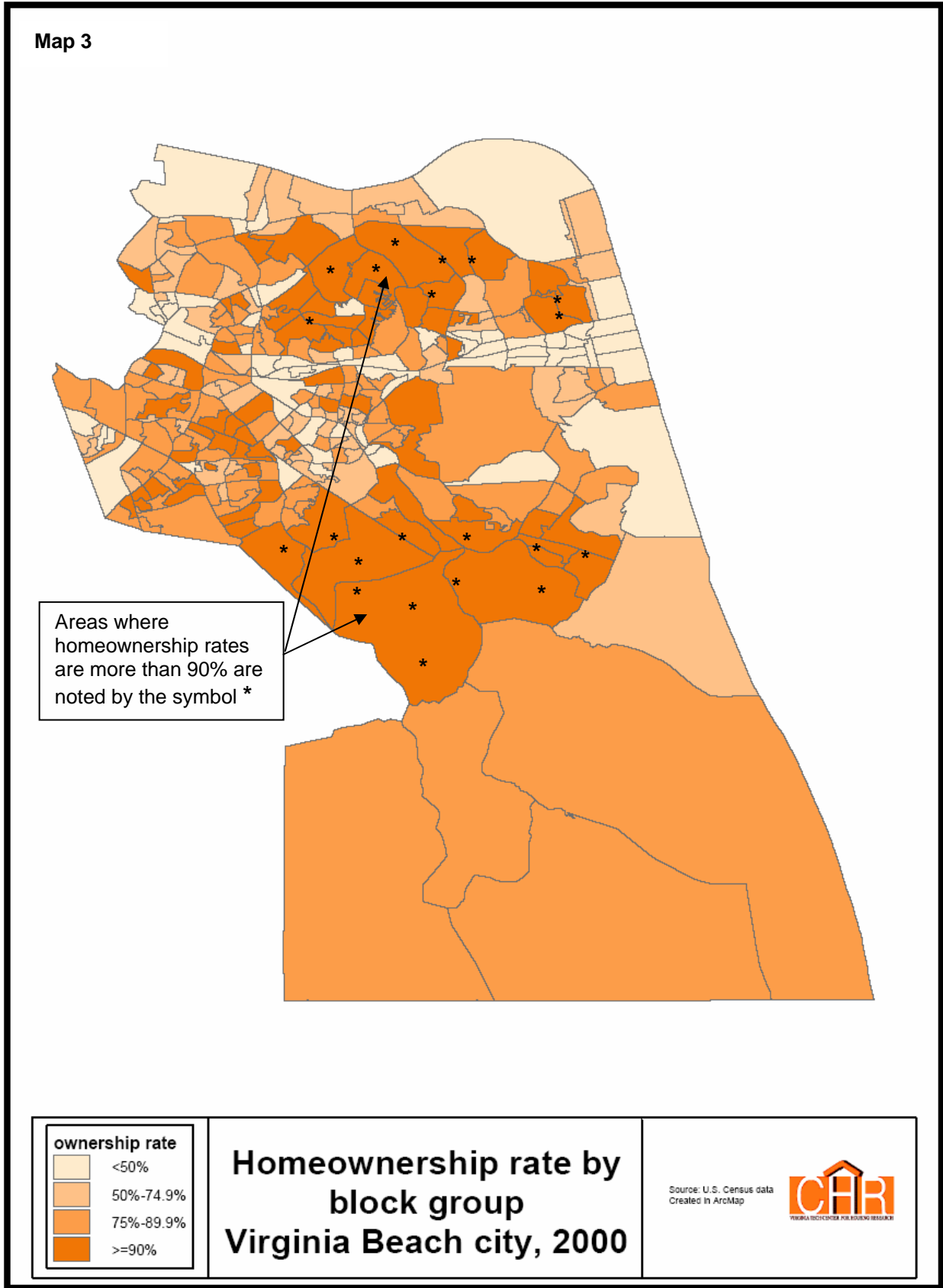
About a third of households in Virginia Beach are renters—approximately 53,000 households in 2000. The number of renters increased only slightly (4.6%) from 1990 to 2000 compared with a 19.5% growth rate among homeowners. Median gross rent was \$734 in 2000, up 27.2% from 1990 and more than 19% above the MSA 2000 median gross rent of \$615. The relatively small increase in renters from 1990 to 2000 in Virginia Beach may partially be attributed to the lack of availability of rental property and rapid rise in the cost of renting. The City's median gross rent increased even further in 2003 reaching \$804.

Nearly half of the City's rental housing stock (42.7%), as well as that of the MSA (44.6%) were 2 bedroom units in 2000 (see Table 27). Slightly more than a quarter of the rental stock consisted of 3 bedroom units, and four bedroom units were scarce (under 6% of renter occupied units). Having a limited supply of rental units with more than 2 bedrooms increases competition for those units and puts low-income families at a severe disadvantage in the marketplace. That trend continued through 2003 in the City with estimates of a diminishing number of larger rental units of 5 bedrooms or more (note that the slight increase in the 4 bedroom units might contribute to the margin of error in the 2003 ACS estimates). Most of the rental units added in between 2000 and 2003 in the City seem to be primarily in the 2 bedroom range. Consequently, low-income families needing three or more bedrooms might find a limited supply of rental housing and can be severely disadvantaged in the housing market.

Table 27: Renter Occupied Units by Number of Bedrooms

	MSA		Virginia Beach
	2000	2000	2003
Renter occupied	37.0%	34.4%	30.8%
No bedrooms	3.2%	2.7%	1.2%
1 bedroom	22.0%	19.6%	13.5%
2 bedrooms	44.6%	42.7%	51.4%
3 bedrooms	24.3%	28.2%	27.6%
4 bedrooms	5.2%	6.0%	6.2%
5 or more bedrooms	0.7%	0.8%	-

Source: U.S. Census 2000 and ACS 2003



Housing Needs

Worst Case Housing Needs

Worst case housing is defined as households with incomes less than 50% of the Area Median Family Income that have one or more of the following conditions: pay half or more of their income for housing, have zero income¹², occupy units with incomplete plumbing facilities, or are overcrowded (1.51+ persons per room). Any of these conditions qualifies a household as having a worst case housing need. By far the most likely qualifying condition of worst case housing is cost burden. “Incomplete plumbing” means that the individual housing unit (rather than the structure) does not have complete plumbing (a bathroom with a toilet, bath/shower, and sink) in that unit, although these facilities could be elsewhere in the building. In a city, incomplete plumbing typically identifies units in apartment buildings or boarding houses where bathroom facilities are shared by occupants of several units.

As shown in Table 28, in 2000, the City of Virginia Beach had 4,730 owner-occupied households with worst case housing needs and ranked second highest among cities and counties in the Virginia (behind Fairfax County). One-in-four of every very low-income owner in the City had a worst case housing need (See Map 4). The map clearly indicates the concentration of worst case needs households in the older districts of the City, primarily in the areas marked with asterisks on the map and the area surrounding Oceana airbase. These areas should be considered when addressing housing support for the households most in need.

Table 28: Top 10 Owner-Occupied Worst Case Housing Needs in Virginia

Rank	Number
1 Fairfax County	9,995
2 Virginia Beach City	4,730
3 Richmond City	3,344
4 Norfolk City	3,250
5 Henrico County	3,159
6 Prince William County	2,995
7 Chesterfield County	2,515
8 Chesapeake City	2,490
9 Newport News City	2,290
10 Hampton City	2,015

Source: CHASE 2000 and Center for Housing Research

In addition, as shown in Table 29, the City had 7,195 renter households with worst case housing needs (58% of all very low-income renters in the city), placing Virginia Beach 5th highest among cities and counties in the state. Map 5 shows the ratio of very low income renter-occupied households with worst case housing. The distribution of renter-occupied households closely follows the same pattern as the owner-occupied households

¹² The decennial Census allows respondents to report zero and even negative incomes (one reportable type of income is net self-employment income which is gross receipts less expenses).

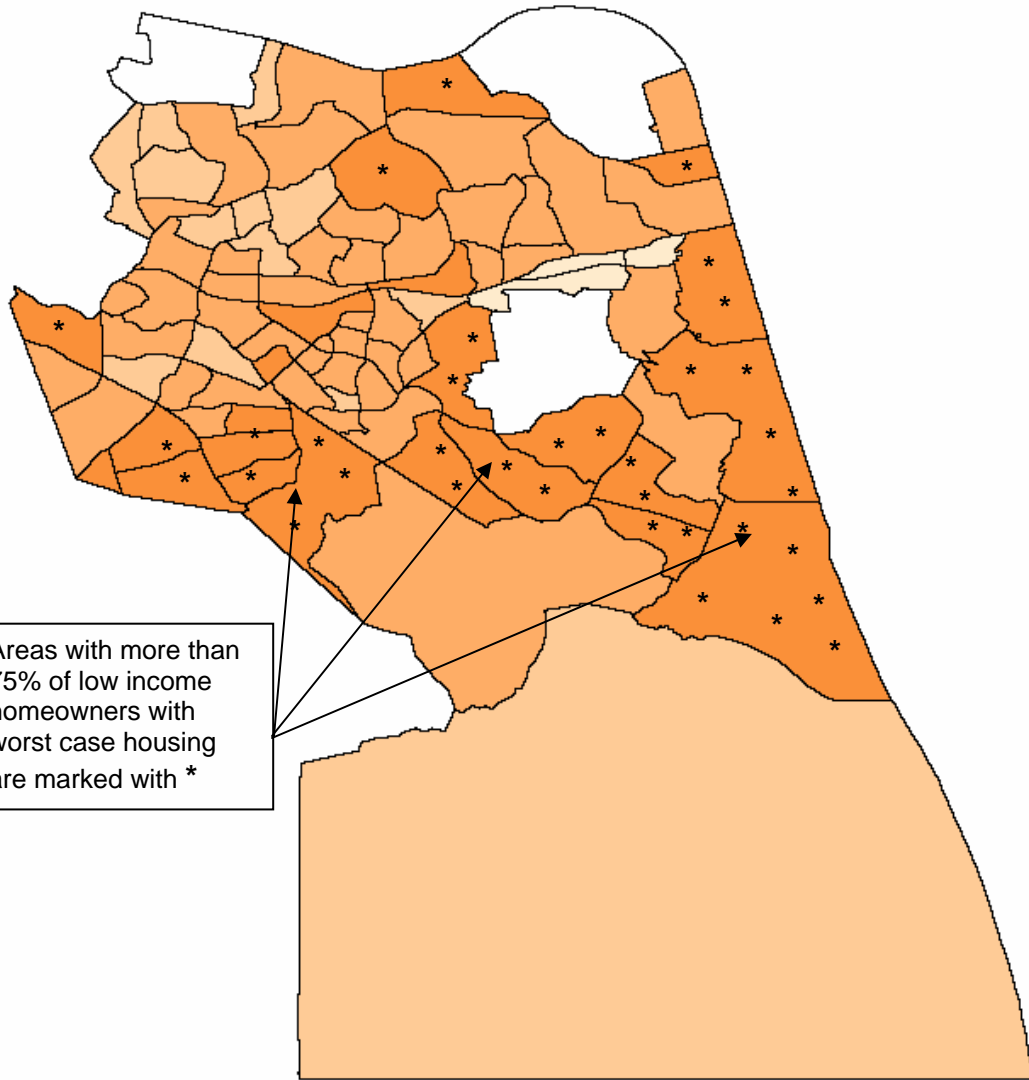
with higher concentrations in the western and central areas of the city rather than the back areas of the beachfront.

Table 29: Top 10 Renter Occupied Worst Case Housing Needs in Virginia

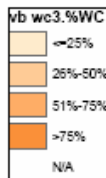
Rank		Number
1	Fairfax County	12,945
2	Richmond City	10,710
3	Norfolk City	9,665
4	Arlington County	7,595
5	Virginia Beach City	7,195
6	Newport News City	5,745
7	Alexandria City	5,485
8	Henrico County	4,925
9	Montgomery County	4,165
10	Hampton City	4,020

Source: CHASE 2000 and Center for Housing Research

Map 4



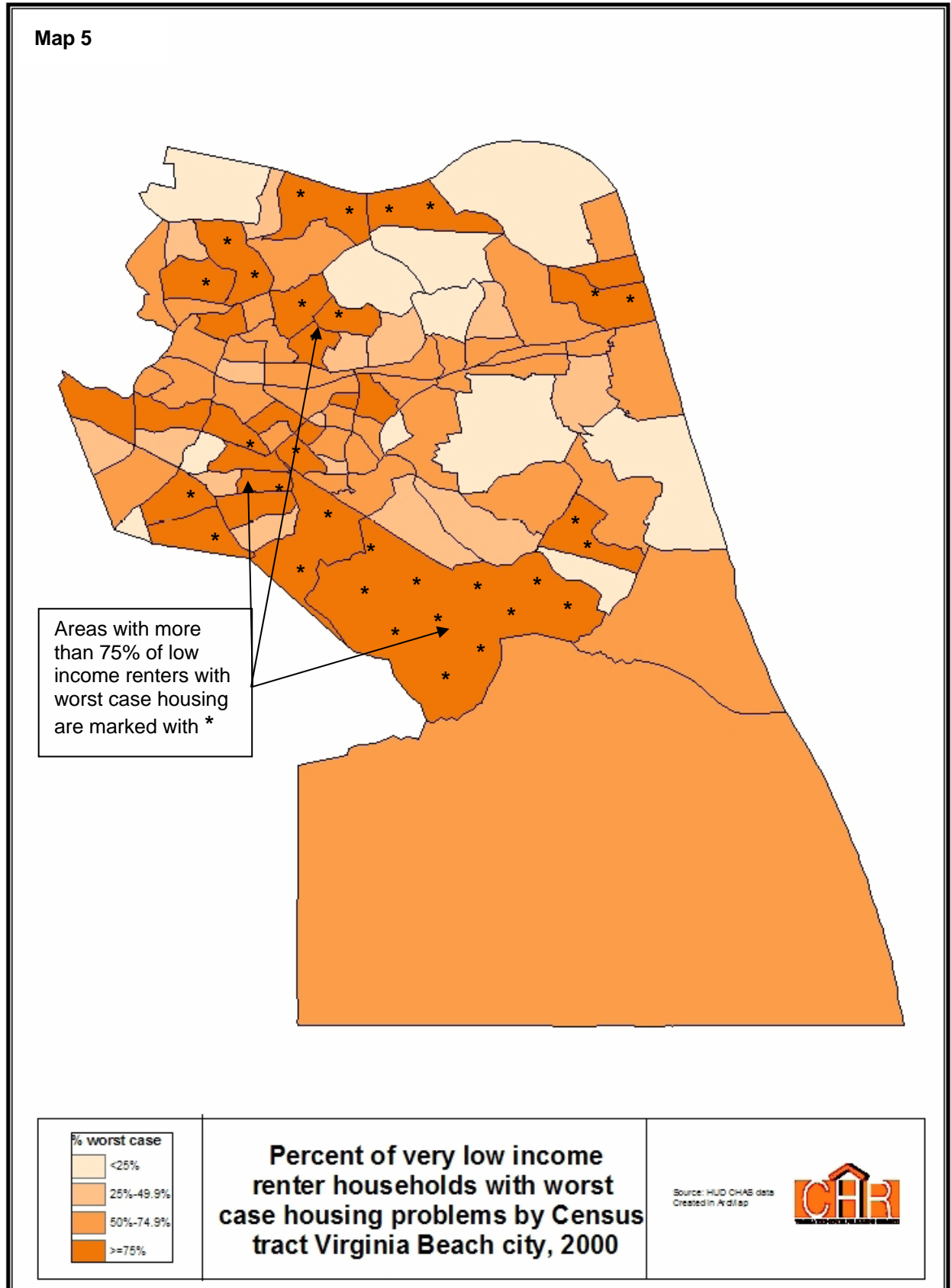
Areas with more than 75% of low income homeowners with worst case housing are marked with *



Percent of very low income homeowners with worst case housing problems by Census tract Virginia Beach city, 2000

Source: HUD CHAS data
Created in ArcMap





Nearly one-third of all households (about 30% of renters and 20% of owners) with housing problems 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. In addition, more research is needed to study 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.

Housing Cost Burden

One of the best measures of housing problems, particularly affordability problems, is cost burden, or the ratio of gross housing costs to income¹³. When households are required to devote a large portion of their income to housing, they typically have to sacrifice elsewhere. Often severe cost burdens are associated with emotional stress, family instability, and risk of eviction and homelessness.

In 2000, about two thirds of all renters in Virginia Beach paid less than 30% of their incomes for housing. Yet, 14.5% of all renter households paid more than 50% of their income towards rent putting a severe cost burden on their household. Compared to the MSA in 2000, Virginia Beach seems to have had a favorable overall affordable rental environment with higher percentage of renters paying less then 30% of their income towards rent, and lower percentage of renters paying more than 50% (Table 28). The distribution of renters paying 50% or more of their income for their housing throughout the City (Map 6) helps to pinpoint areas for further study where rental affordability is a problem (either due to low incomes or high rents).

Table 28: Renter Cost Burden, 2000

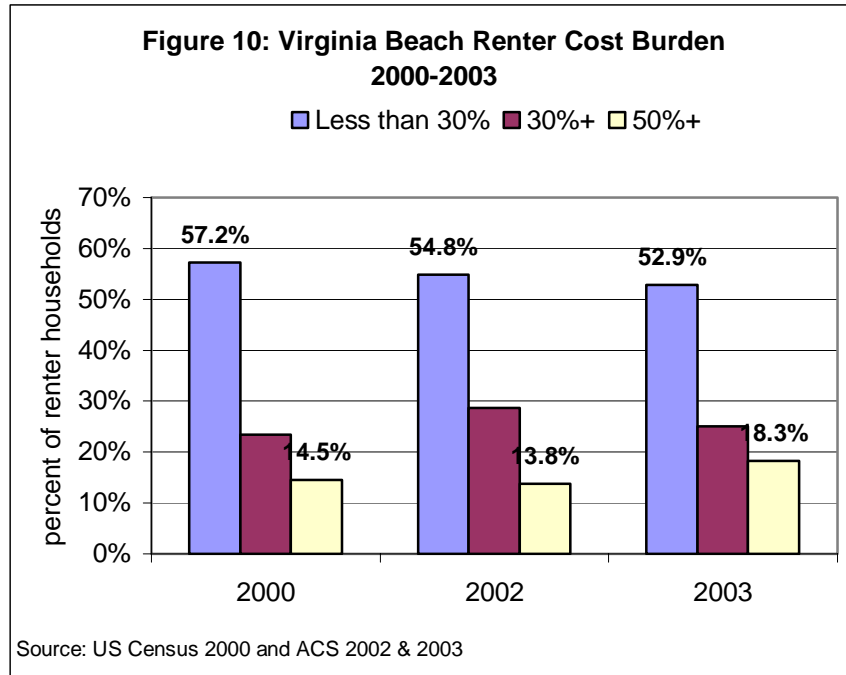
	Virginia Beach	MSA
less than 30%	57.2%	55.3%
more than 30%	23.4%	21.5%
more than 50%	14.5%	16.4%
not computed	4.9%	6.7%

Source: U.S. Census 2000

Since 2000 and through 2003, there has been an increase in the rent burden for all renters in the City with a decline in renters paying less than 30% of their income for housing from 57.2% in 2000 to 52.9% in 2003 and an increase in those paying more than 50%

¹³ Other key indicators are the incidence of units lacking plumbing or other indicators of physical housing problems such as overall physical deterioration due lack of maintenance or the presence of hazardous materials such as lead paint or asbestos insulation particularly in older housing stock.

towards rent from 14.5% in 2000 and 18.3% in 2003 (Figure 10). This double effect trend indicates a shrinking affordable housing market in the City combined with the general increase in gross rents (as indicated earlier in Figure 5).



In 2000, 72.2% of all owner households in Virginia Beach paid less than 30% of their income for housing, while only 18.5% paid more than 35% of their income¹⁴. From 2000 to 2003, owner cost burdens decreased (Figure 11), even though prices increased faster than incomes. Four factors contributed to this improvement in ownership affordability. First, lower interest rates offset the effect of increasing prices. Second, many existing owners took advantage of the lower rates to reduce their cost burdens by refinancing. Third, population aging resulted in more owners being at or near their peak income years. Fourth, owners with substantial equity due to length of tenure and increased values were able to leverage this equity and “move-up” in the market without increasing their cost burden. (See Table 29.)

Table 29: Owner Cost Burden, 2000

	Virginia Beach	MSA
less than 30%	72.2%	74.0%
30% to 34%	8.8%	7.8%
more than 35%	18.5%	17.7%
not computed	0.4%	0.6%

Source: U.S. Census 2000

¹⁴ Total owner cost burden in the US census is provided only for the more than 35% category, unlike for renters where it is provided for more than 50% of household income.

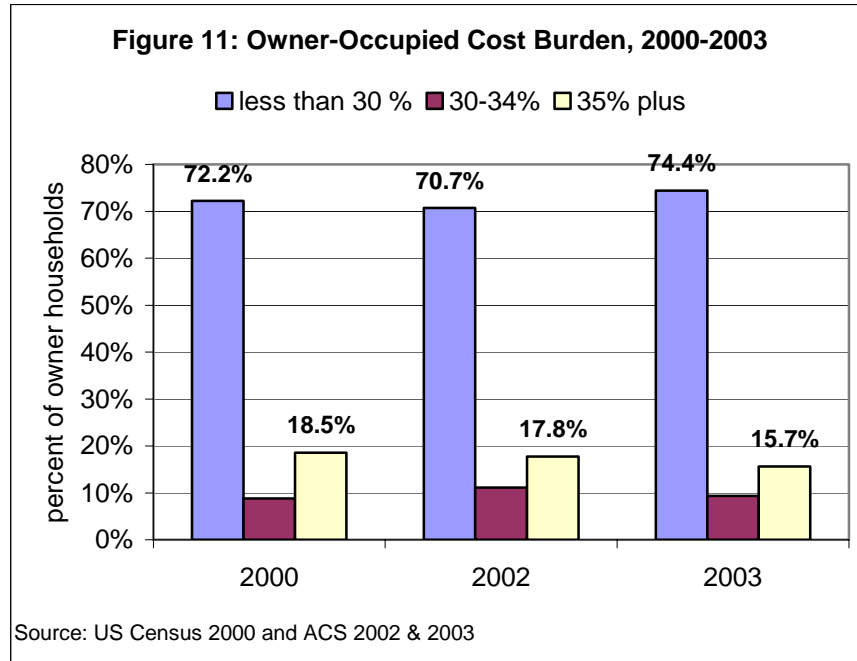


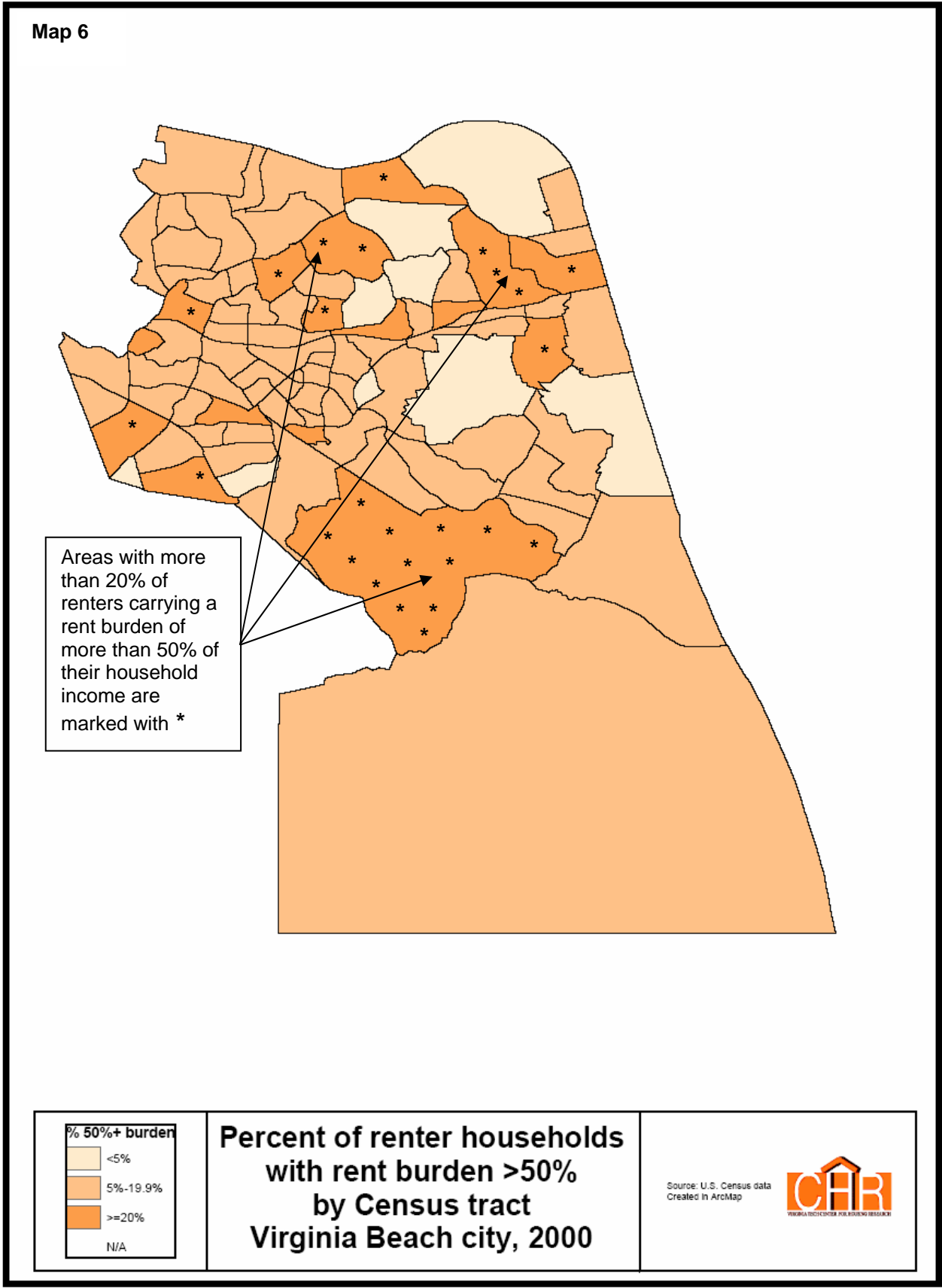
Table 30 shows the cost burden by income and tenure for lower income households who pay more than 50% of their income towards their housing costs in 1990 and 2000 (the most recent published data tables) based on the CHAS data tables.

- For extremely low income households (less than 30% of AMFI), extremely cost-burdened households increased by 2% and 3% for renters and owners respectively.
- For very low income households (30-50% AMFI), extremely cost-burdened households decreased by 6% for renters and increased by 2% for owners.
- For low-income households with incomes between 50-80% the area median, extremely cost-burdened renters and owners decreased between 1990 and 2000.

Table 30: Cost Burden by Income and Tenure, Virginia Beach 1990 and 2000

Household by Income	1990			2000			1990-2000 Change		
	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total
less than 30% AMFI	4,420	2,056	6,476	5,771	2,815	8,586	1,351	759	2,110
% Cost Burden >50%	67.5	67.3	67.4	69.3	70.5	69.7	2	3	2
30% - 50% AMFI	5,708	2,699	8,407	6,660	4,788	11,448	952	2,089	3,041
% Cost Burden >50%	45.2	48.6	46.3	38.8	50.4	43.7	-6	2	-3
50% - 80% AMFI	12,697	9,302	21,999	13,415	12,477	25,892	718	3,175	3,893
% Cost Burden >50%	5	27.4	14.5	4.4	16	10	-1	-11	-5

Source: CHAS Data Book 1990 and 2000



Homelessness

Homelessness is probably the most extreme housing problem. The homeless are the most vulnerable in the housing market and are usually served by particular agencies and organizations coordinated through the Virginia Beach Continuum of Care (CoC). The Virginia Beach CoC completed a survey of homeless in 2004. (It is important to note that the CoC count is a point-in-time survey that does not provide an accurate count of the traditional homeless population as defined by HUD. A more accurate tool for measuring the homeless population and appropriately assessing their needs is Homeless Management Information System (HMIS). Such a system does not yet exist in Virginia Beach, but is being developed collectively on the state level. Until such a system is in place, the CoC count provides the best available data on the homeless.) Results of the 2004 survey showed there were 463 homeless persons in Virginia Beach on the day of the count, fewer than in the Virginia Peninsula¹⁵ and Norfolk, but more than in Portsmouth and Chesapeake. About 200 of the homeless population counted in Virginia Beach were in emergency shelters, 170 were in transitional housing while 93 were unsheltered. The CoC estimated a need for 300 additional beds in shelters and permanent supportive housing to service the homeless population.

The survey also pointed out the need for permanent supportive housing to service the chronically homeless (72 persons in 2004). Such housing would support the national objective to end chronic homelessness over this decade. The chronic homeless stay homeless longer than other groups and need additional services to address their particular mental health and substance abuse problems. While the CoC survey did not capture those of the verge of homelessness, we know that according to the Census, in Virginia Beach in 2000 there were approximately 4,000 families (2.4% of households, equal to the state figure and slightly lower than the MSA where 2.7% of households had subfamilies) “doubled-up” with relatives or friends. Many of these families probably cannot afford housing on their own.

Housing Problems by Household Type

As shown in Table 31, in 2000, nearly 3,000 elderly (65 and older) renters and 4,500 elderly owners had some housing problem (defined as having cost burden greater than 30% of income and/or overcrowding and/or incomplete complete kitchen or plumbing facilities).

- One-in-six very-low income renters with housing problems were elderly, while nearly one-in-three very-low income owners with housing problems were elderly.
- Although 60% of extremely low-income elderly renters and owners had cost burdens over 50% of income, younger extremely low-income renters and owners were even more likely to spend greater than half of their incomes for rent.

¹⁵ Including the City of Hampton, the City of Newport News, James City County, York County, Poquoson City, and Williamsburg City.

- Elderly renters were much more likely to have extreme cost burdens (in excess of 50% of income) than other households with incomes above 30% of the area median family income.

Table 31: Demographic Characteristics of Low Income Renters and Owners with Housing Problems

Household by Income	Renters					Owners				
	Elderly	Small Related	Large Related	All other	Total Renters	Elderly	Small Related	Large Related	All Other	Total Owners
less than 30% AMFI	1,068	2,439	385	1,879	5,771	990	860	190	775	2,815
% with any housing problems	73.9	78.5	85.7	80.8	78.9	76.8	83.7	89.5	77.4	79.9
% Cost Burden >50%	59.5	68.7	62.3	77.2	69.3	60.1	81.4	76.3	70.3	70.5
30% - 50% AMFI	1,030	3,110	785	1,735	6,660	1,710	1,869	429	780	4,788
% with any housing problems	77.7	86.2	82.2	92.8	86.1	60.8	86.9	95.6	77.6	76.8
% Cost Burden >50%	55.3	31.4	22.9	49.6	38.8	34.2	64.7	47.8	53.2	50.4
50% - 80% AMFI	1,190	6,540	1,570	4,115	13,415	2,809	5,784	1,795	2,089	12,477
% with any housing problems	73.1	52.8	54.1	64.2	58.3	35.4	74.3	69.9	74.9	65
% Cost Burden >50%	13.9	1.9	3.2	6	4.4	11	18.6	8.6	21.7	16
more than 80% AMFI	1,924	13,324	2,214	9,865	27,327	13,079	48,335	8,755	11,010	81,179
% with any housing problems	21	7.9	20.3	9.3	10.3	13.1	15.2	21.2	22.7	16.5

Source: CHAS Data Book 2000

Although most of the low-income (50%-80% AMFI) and extremely low-income (less than 50%AMFI) households with housing problems are families (Table 32), between 1990 and 2000 the percentage of elderly with housing problems increased except for extremely low-income owners.

- For the extremely low-income households), elderly renters slightly increased between 1990 and 2000 while elderly owner households with housing problems decreased by about 4%.
- In 2000, about one in every six extremely low-income renters with housing problems were elderly, while nearly one in every three very low-income owners with housing problems were elderly.

- In 2000, more than half (55%) of low-income renters and two thirds of owners (68.5%) with housing problems were families.
- For low income households with incomes between 50-80% of the area median and with housing problems, elderly households increased between 1990 and 2000 for both renters and owners by 5% and 3.1% respectively.
- In 2000 within the 50-80% AMFI category, elderly renters and owners with housing problems represented approximately 11% and 12% respectively.

Table 32: Very Low Income and Low Income with Housing Problems, Virginia Beach 1990 and 2000

With Housing Problems:	Renters			Owners		
	1990	2000	change	1990	2000	change
less than 50%AMFI	8,379	10,288	22.8%	3,685	5,926	60.8%
% Elderly	15.0%	15.5%	0.5%	34.4%	30.4%	-4.0%
% Family	61.1%	54.1%	-7.0%	NA	49.3%	
% Non-elderly, non-family	24.0%	30.4%	6.4%	NA	20.3%	
50-80%AMFI	8,609	7,821	-9.1%	6,502	8,110	24.7%
% Elderly	6.1%	11.1%	5.0%	9.2%	12.3%	3.1%
% Family	64.5%	55.0%	-9.5%	NA	68.5%	
% Non-elderly, non-family	29.5%	33.8%	4.3%	NA	19.3%	

Source: CHAS Data Book 1990 & 2000 and Center for Housing Research

Elderly households are particularly vulnerable to housing problems and housing affordability especially at the lower income groups as indicated earlier. Projecting the growth of these households can help address and plan for their housing needs. Table 33 shows the projected number of elderly households by tenure for Virginia Beach in 2010 and 2020.

- For elderly renters, the majority of households fall below the 80% AMFI income level with a projected growth of about 12 percent in this decade and 15 percent during 2010 and 2020.
- For elderly homeowners, more than half of all households have less than 80% AMFI with a projected growth of about 11 percent in 2000-2010 and 16 percent in 2010-2020.

Table 33: Elderly Housholds Projection by Tenure, 2010 & 2020

	Renters				
	2000	2010	2000-2010 change	2020	2010-2020 change
less than 30% AMFI	2285	2566	12.3%	2955	15.2%
30% - 80% AMFI	1193	1336	12.0%	1542	15.4%
80% - 100% AMFI	463	520	12.4%	598	15.1%
100% - 120% AMFI	67	76	13.8%	87	14.0%
more than 120% AMFI	394	443	12.5%	510	15.0%
Total	4402	4941	12.3%	5692	15.2%

	Owners				
	2000	2010	2000-2010 change	2020	2010-2020 change
less than 30% AMFI	3091	3463	12.0%	3995	15.4%
30% - 80% AMFI	4861	5359	10.3%	6255	16.7%
80% - 100% AMFI	4437	4903	10.5%	5713	16.5%
100% - 120% AMFI	1772	1957	10.4%	2282	16.6%
more than 120% AMFI	3133	3484	11.2%	4041	16.0%
Total	17294	19166	10.8%	22286	16.3%

Source: Center for Housing Research

Persons with Disabilities

Persons with disabilities are another vulnerable population group in terms of housing needs. The 2000 Census provides several measures of disability for persons aged 5 and older, as well as for persons 65 and older. In the 2000 Census, there were 359,890 people age 5 and older living in Virginia Beach City of whom 15.8% were living with a disability, representing over 56,000 people potentially needing accessible housing (Table 34). In addition to living with a disability, about 5,400 people had also been living below the poverty level. The American Community Survey of 2003 also estimates that the numbers and percentages of those living with a disability and in poverty in Virginia Beach are slightly declining. Although the ACS is based on a much smaller sample survey than the decennial census with a larger standard error, it is still indicative of a declining trend of these two groups (disabled and disabled in poverty) over the first three years for this decade particularly in the 21-64 years age group and the elderly who are more than twice as likely as all others to have a disability, and are more likely to have a disability and be below the poverty level than any other age group.

Table 34: Disability and Poverty, Virginia Beach 2000-2003

2000 Census					
Age	Total Population	With a disability	and below poverty	% with a disability	% with disability and below poverty
5 to 15 years	72,600	5,098	692	7.0%	1.0%
16 to 20 years	26,517	3,349	429	12.6%	1.6%
21 to 64 years	226,628	34,801	3,384	15.4%	1.5%
65 years and over	34,145	13,565	922	39.7%	2.7%
Total	359,890	56,813	5,427	15.8%	1.5%

2003 estimates					
Age	Total Population	With a disability	and below poverty	% with a disability	% with disability and below poverty
5 to 15 years	72624	7173	700	9.9%	1.0%
16 to 20 years	29067	3843	0	13.2%	0.0%
21 to 64 years	241238	22650	2778	9.4%	1.2%
65 years and over	37941	11144	569	29.4%	1.5%
Total	380,870	44,810	4,047	11.8%	1.1%

Source: US Census 2000 and ACS 2003

Nearly 21,049 households in Virginia Beach had a person with a mobility or self-care limitation in 2000 (Table 35). About half of these households were low-income households spreading gradually between the less than 30% AMFI, 30-50% AMFI, and 50-80% AMFI categories (2,049, 2355, and 3,985 respectively). Almost two thirds (68%) of the total households were owner occupants, and about one third (35%) of the total were elderly (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). The percentage of households with mobility and self-care limitations as well as housing problems appear generally to increase in lower income households and decrease in higher incomes (particularly for elderly and extra elderly homeowners where it declines from an average of 80% for households with less than 30% AMFI to an average of 13% for those with more than 80% AMFI).

Table 35: Households with Mobility and Self-Care Limitations with Housing Problems

Household by Type/Income	Renters				Owners			
	Extra Elderly (>75y)	Elderly	All others	Total	Extra Elderly (>75y)	Elderly	All others	Total
less than 30% AMFI	285	165	870	1,320	215	189	325	729
% with any housing problems	77.2	60.6	81	77.7	88.4	76.7	90.8	86.4
30% - 50% AMFI	295	155	675	1,125	415	210	605	1,230
% with any housing problems	81.4	67.7	82.2	80	50.6	73.8	81	69.5
50% - 80% AMFI	340	170	1,195	1,705	390	590	1,300	2,280
% with any housing problems	79.4	55.9	66.9	68.3	29.5	44.1	62.3	52
more than 80% AMFI	460	230	1,945	2,635	1,400	2,025	6,600	10,025
% with any housing problems	44.6	4.3	11.1	16.3	12.5	14.8	18.6	17
Total Households	1,380	720	4,685	6,785	2,420	3,014	8,830	14,264
% with any housing problems	67.8	43.1	48.6	51.9	28.5	28.5	32	30.7

Source: CHAS Data Book 2000

Persons aged 65 and over are more than twice as likely as all others to have a disability. Older persons with disabilities often have special needs for housing, as well as needs for social services. As shown in Map 7, persons aged 65 and over with a physical disability live in all parts of Virginia Beach but are somewhat more concentrated in the northwestern and central portion of the city. Elderly persons with disabilities were also more likely to be below the poverty level than any other age group.

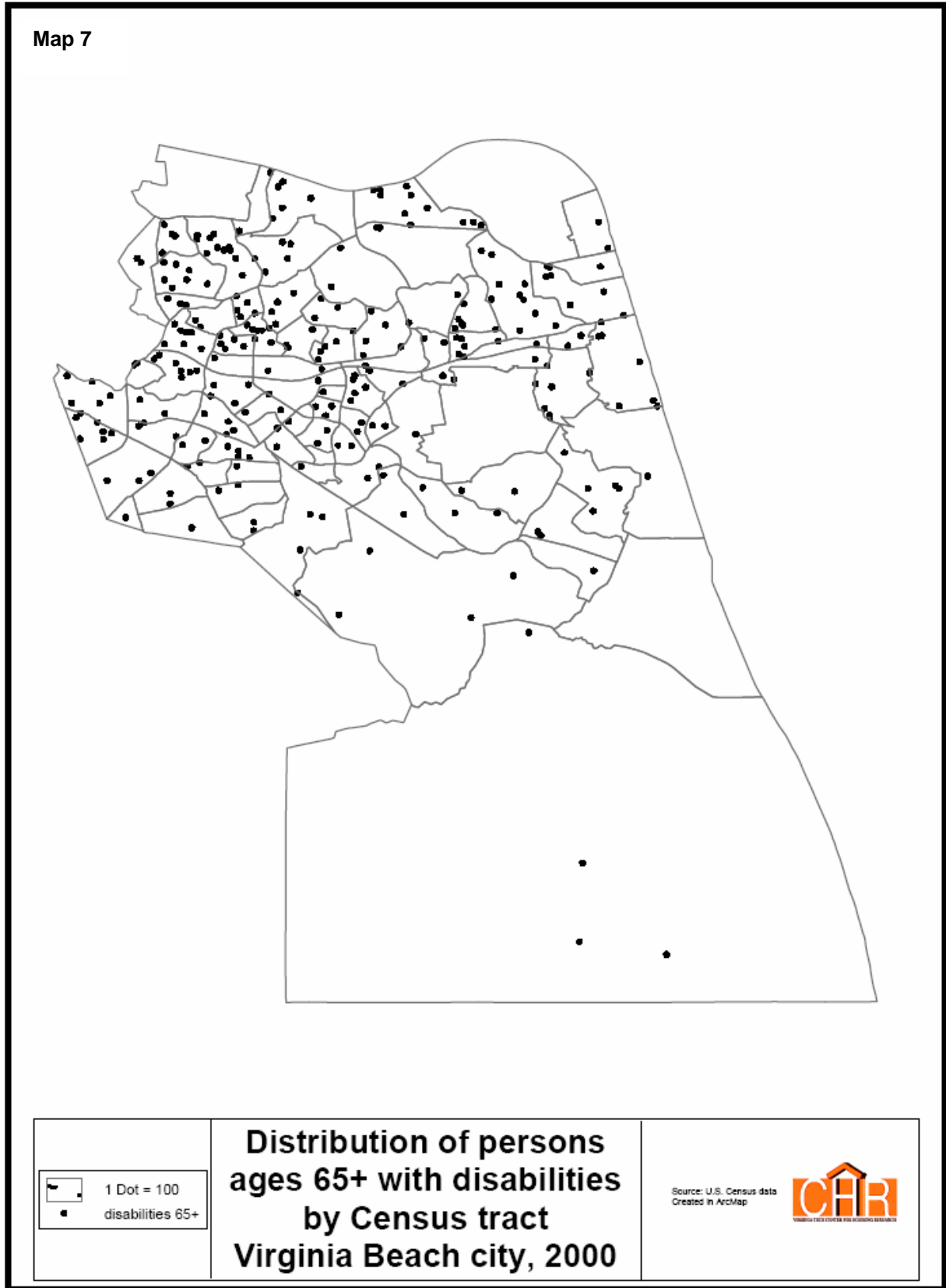
Special needs population in Virginia Beach

The Virginia Beach Department of Human Services provided additional data on the housing needs for the elderly and people with disabilities. The 2002-2008 Virginia Department of Health Comprehensive State Plan indicated that there are an estimated 3,147 to 4,082 persons (0.7%-1.0% of total population in 2000) in Virginia Beach with mild to profound mental retardation (MR). As a result of the commitment to reduce the size of large state operated mental retardation facilities, there is a need to develop more community based Intermediate Care Facilities for People with Mental Retardation (ICF/MRs) to serve this population at the local level. Currently, the Virginia Beach ICF/MR has 8 beds, in addition to 356 Medicare Waiver slots for MR residential services. About 1,500 of the moderate to profound MR population is estimated to need either Medicare waiver slots or ICF/MR beds to serve their special needs for housing support and services in Virginia Beach. Mild MRs can usually get by on their own with minimal support (the City currently provides support for 40 persons in this category).

The Virginia Department of Human Services utilizes about 207 beds (39 of which are private providers) to serve persons with Mental Health (MH) and Substance Abuse (SA) throughout the City. A total of 195 beds are dedicated to MH, and 13 for SA. As of February 2005, the Department had 45 clients on a waiting list. These placements vary from intensively supervised to independent settings. In addition, Virginia Beach has 17 licensed Assisted Living Facilities (ALFs) with a total bed count of 1721.

The Biennial Report on Virginia's Disability Services System¹⁶ emphasized a set of issues relating to housing services and needs of persons with disabilities throughout the State that is applicable to Virginia Beach as well. The lack of sufficient housing subsidies and housing units accessible for persons with mobility or sensory limitations were the major concerns of the report. In addition, the affordability of these accessible housing options including in ALFs is a major issue. The ALF system has been operating under reimbursement levels that are insufficient to provide for improvements in services, and those dependent on SSI and need ALF services were effectively limited to residing in ALFs in order to receive subsidized shelter and care. There is increased longevity of persons with mental retardation or a developmental disability putting strains on the system and contributing to longer waiting lists for ALF services.

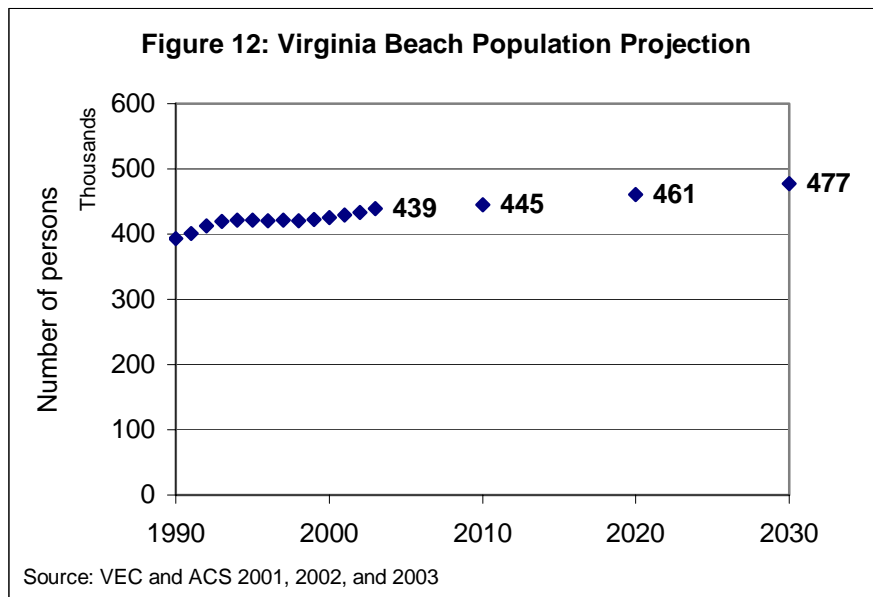
¹⁶ The Biennial Report on Virginia's Disability Services System, Virginia Board for People with Disabilities, Virginia's Developmental Disabilities Planning council, Interim Report, March 2005.



Population Growth

Population growth in the Virginia Beach MSA has slowed considerably over the past decade. While the MSA population increased by 20% during the 1980s, the growth rate in the 1990s slowed to only 9%. According to the Virginia Employment Commission (VEC), which produces the state’s official population projections, the growth rate for the current decade (2000-2010) and the 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.

The population growth rate of Virginia Beach was more than double that of the MSA during the 1980s, but has since dropped below the MSA’s growth rate. Between 1980 and 1990, the City’s population increased by nearly 50% (from 262,199 to 393,069). However, during the 1990s, Virginia Beach’s growth rate was only 8% (from 393,069 in 1990 to 425,257 in 2000). The VEC projects 5% growth for the City from 2000-2010 (3% below the rate for the 1990’s) and 4% and 3% for 2010-2020 and 2020-2030 respectively (see Figure 12). However, a recent study by the Hampton Roads Planning Commission¹⁷ estimated almost 50,000 more persons (526,100) in Virginia Beach for the year 2026 than the number of persons projected by the VEC for 2030 (477,000). Based on the American Community Survey’s (ACS) population estimates for 2001 through 2003, the annual population growth rates for the City have slowed considerably compared to rates of the previous decade (peak annual growth rate was 6.3% 1985-1986) reaching 1.3% in 2002-2003.

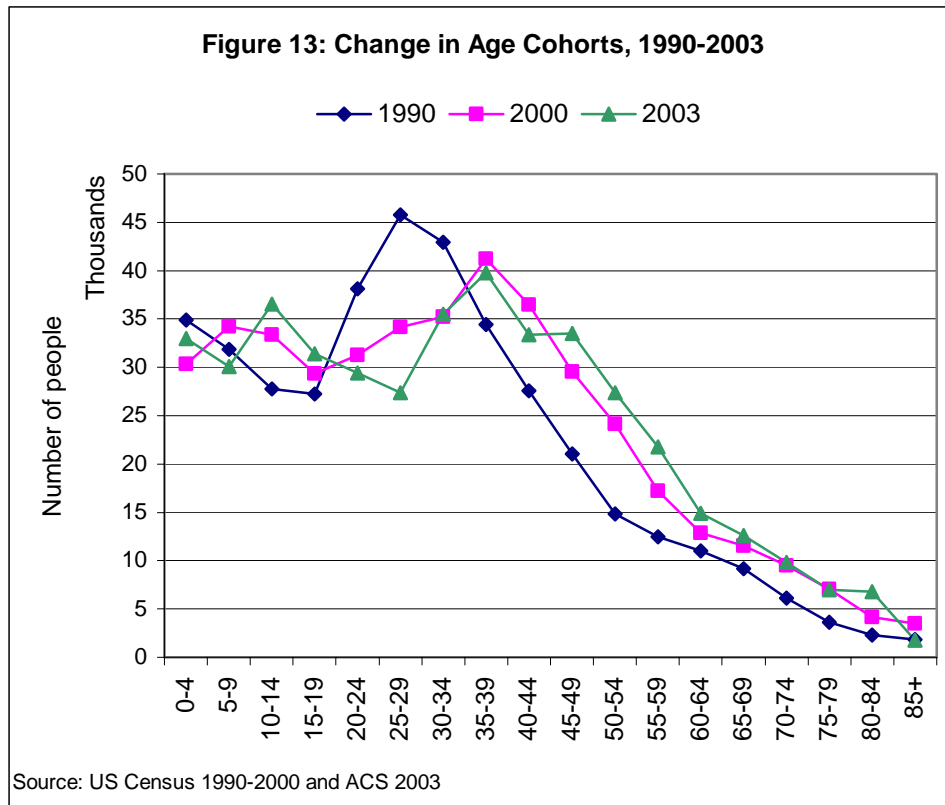


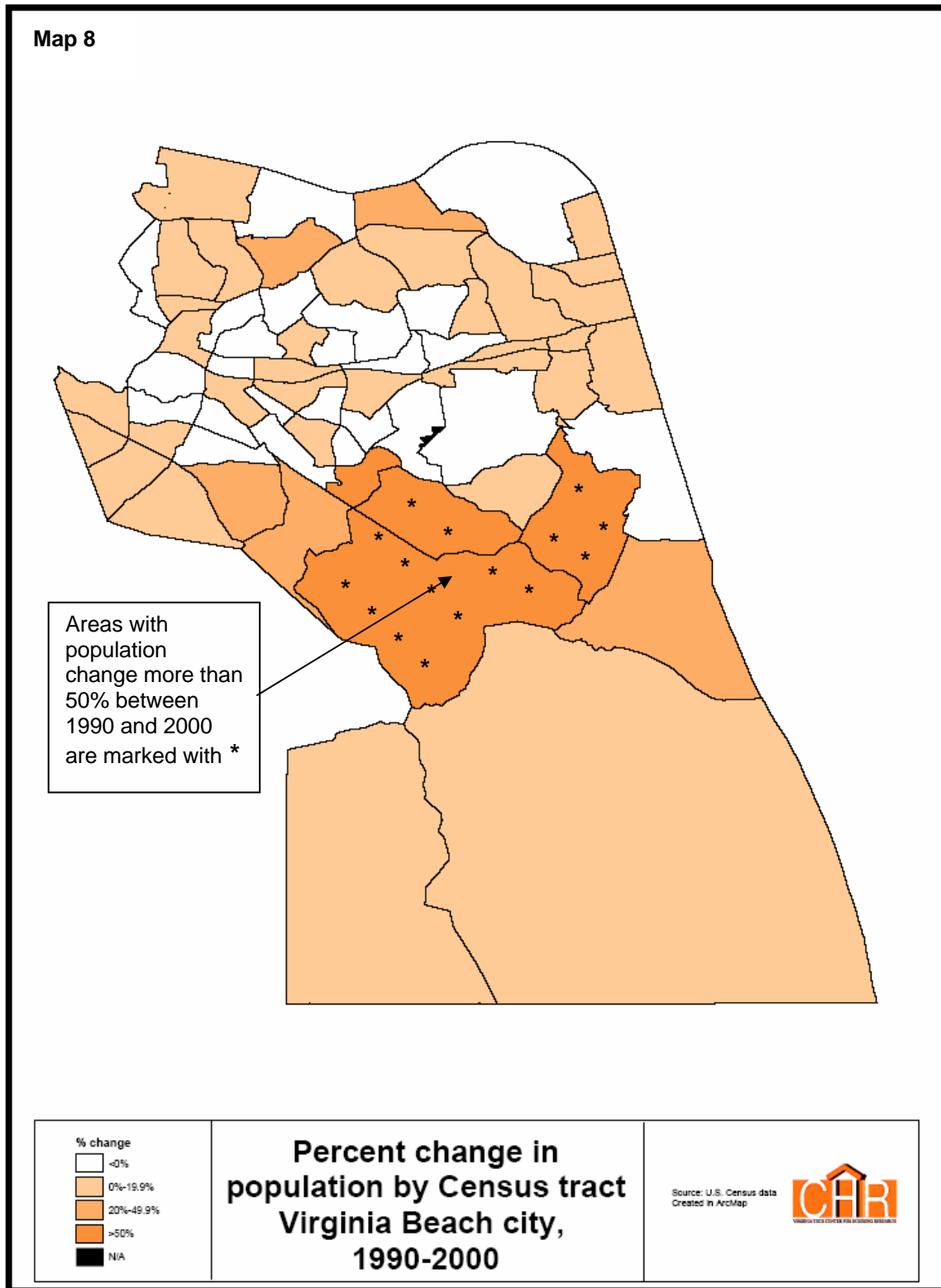
¹⁷ Hampton Roads Planning Commission, (2004). *2026 Regional Transportation Plan Technical Document*.

Change within the City

Within the City, population change was uneven between 1990 and 2000. Map 8 shows the growth pattern in Virginia Beach (areas marked with asterisks have grown more than 50% over the last decade). Many areas of the City, especially in the central portion, have lost population over the last decade. Therefore, much of the population change within the City can be associated with migration within the City rather than migration into the City.

The age composition of the population has shifted over the last decade. Within the 1990 Census, the 25-29 age group represented the largest cohort within the City with a steep decline in number of persons within the ages of 34 to 54 (Figure 13). The 2000 Census showed that the age composition within the City was changing with the highest number of persons belonging within the 35-39 age group. However, the number of persons within the 35-39 age group for 2000 do not equal the number of those within the 25-29 age group a decade earlier, as would be expected. As in 1990, there is a steep decline in the number of persons who fall within the ages of 35 to 59. The Census 2003 American Community Survey shows that the 25-29 age group is significantly declining while the 10-14 and 45-64 ages are slowing increasing.





Migration

In 2000, Virginia Beach had a slightly higher mobility rate than for the region as a whole: 54% of the population in the City had recently moved (within a 5 year period prior to the 2000 Census) compared to 52% for the MSA as a whole (Table 36). The majority of recent movers moved from some other location within the City (45%). One third of the recent movers moved from another state (34%). Of these movers, the majority came from the South (43%) or the Northeast (26%). Only 12% of recent movers moved from some other location within the remaining MSA compared to 19% for the MSA as a whole. Only a small percentage of the recent movers located from elsewhere within the state for both the City and the MSA (4% and 5% respectively).

Table 36: Recent Movers 1995-2000, Population 5 Years and Over

	Virginia Beach	MSA
Percent of Recent Movers	54.2	52.0
Percent of Movers from:		
Within Virginia Beach	44.9	39.7
Remainder of MSA	11.7	19.4
Elsewhere in Virginia	4.2	5.3
Other State	33.8	31.0
Outside United States	5.4	4.6

Source: US Census 2000

Virginia Beach's growth is affected by the net migration into and out of the City. The City experienced a net loss of 21,474 people between 1995 and 2000 (Table 37). The majority of migration was between Virginia Beach and the combined areas of Norfolk, Chesapeake, and Portsmouth (Census data were only available for the combined area, see Table 38 for single jurisdiction data) with Virginia Beach experiencing a net loss of about 2,000 people (10% of net migration). Suffolk accounted for the next largest net movement of people out of the City with a net loss of 1,700 people (8% of net migration). Localities within the state accounted for the majority of net losses for the City. Henrico County, Hampton and Newport News accounted for a total net loss of 1,161 people.

Table 37: Locations with 500 or more People Moving to Virginia Beach, 1995-2000

County and State in 1995	Moved to		Moved from	Net Change	% of Net
	Virginia Beach	Virginia Beach	Virginia Beach		
	Total	106,326	127,800	-21,474	100.0%
Norfolk, Chesapeake, Portsmouth, VA	21,844	23,909	-2,065	9.6%	
San Diego County, California	3,687	2,089	1,598	-7.4%	
Duval County, Florida	2,558	2,618	-60	0.3%	
Fairfax City, Fairfax Co., Falls Church, VA	1,787	2,029	-242	1.1%	
Honolulu County, Hawaii	1,389	836	553	-2.6%	
Escambia County, Florida	1,341	1,234	107	-0.5%	
Henrico County, Virginia	1,225	1,719	-494	2.3%	
Kings County, New York	1,181	297	884	-4.1%	
Newport News city, Virginia	987	1,276	-289	1.3%	
Prince William Co., Manassas, Manassas Park, VA	859	890	-31	0.1%	
Queens County, New York	789	126	663	-3.1%	
Lake County, Illinois	748	523	225	-1.0%	
Cook County, Illinois	745	434	311	-1.4%	
Bronx County, New York	730	84	646	-3.0%	
Philadelphia County, Pennsylvania	720	369	351	-1.6%	
Chesterfield County, Virginia	698	868	-170	0.8%	
Anne Arundel County, Maryland	697	814	-117	0.5%	
Hampton city, Virginia	690	1,068	-378	1.8%	
Suffolk city, Virginia	679	2,394	-1,715	8.0%	
Charleston County, South Carolina	678	392	286	-1.3%	
Orange County, Florida	619	415	204	-0.9%	
Nassau County, New York	614	74	540	-2.5%	
Montgomery County, Maryland	611	615	-4	0.0%	
Arlington Co, Alexandria, VA	601	566	35	-0.2%	
Prince George's County, Maryland	594	642	-48	0.2%	
Suffolk County, New York	591	203	388	-1.8%	
Kitsap County, Washington	570	557	13	-0.1%	
New London County, Connecticut	558	661	-103	0.5%	
Berkeley County, South Carolina	555	636	-81	0.4%	
Shelby County, Tennessee	553	635	-82	0.4%	
Los Angeles County, California	536	485	51	-0.2%	
New York County, New York	530	210	320	-1.5%	
Ventura County, California	514	362	152	-0.7%	
Orange County, California	513	156	357	-1.7%	

Source: US Census 2000

The City experienced the majority of its net gains from localities outside of the state. San Diego was the leading locality for net gains with nearly 1600 people (7% of net migration) moving to Virginia Beach between 1995 and 2000 (the military moved F-14s to Oceana from San Diego during this period). The New York metropolitan area was also a significant contributor to net gains within the City. Kings County, Queens County and Bronx County, New York were the second, third and fourth localities in net gains to Virginia Beach contributing almost 2,200 people all together. Honolulu County was another top contributor to Virginia Beach.

IRS Migration data from 1995 to 2000 and 2000 to 2003 show similar trends to the Census migration data (see Table 38) and provide greater detail on locations for in-migrants and out-migrants. These data provide the number of federal income tax filers and the number of exemptions, which is an approximation of the number of people (we use the terms “people” or “population” in this discussion and in Table 38 instead of “exemptions”). The Center for Housing Research estimated net migration by matching the IRS data for in-migration and out-migration by locality and aggregated annual estimates from 1995 to 2000 and from 2001 and 2003. From 1995 to 2000, Chesapeake and Suffolk by far were the localities that gained the most net population from Virginia Beach. Virginia Beach experienced a net loss of about 6,300 people to Chesapeake and 2,200 people to Suffolk from 1995-2000. Chesapeake and Suffolk were also the two top net migration locations from Virginia Beach for 2001 to 2003 (approximately 3,300 and 1,900 respectively). For 1995 to 2000, the IRS data show a distinct pattern of losing net population to North Carolina that does not show in the Census migration data. For 2000 to 2003, except for Chesapeake and Suffolk the net out-migration seems to be driven mostly by military moves.

Table 38. Locations with 200 or More People* Moving In or Out of Virginia Beach 1995-2000 and 2000-2003

Location 1995-2000	Number People Gained or Lost	Location 2000-2003	Number People Gained or Lost
Norfolk, VA	4600	Norfolk, VA	2193
San Diego County, CA	1843	Escambia County, FL	555
Lake County, IL	1033	Lake County, IL	513
Berkeley County, SC	824	New London County, CT	338
Escambia County, FL	738	Queens County, NY	316
Duval County, FL	687	San Diego County, CA	289
Queens County, NY	567	Bronx County, NY	278
Kings County, NY	517	Nassau County, NY	262
Charleston County, SC	448	Kings County, NY	256
New London County, CT	445	Monmouth County, NJ	251
Bronx County, NY	430	Onslow County, NC	236
Suffolk County, NY	411	Suffolk County, NY	210
Philadelphia County, PA	367		
Nassau County, NY	344		
Newport County, RI	306		
Onslow County, NC	257		
New York County, NY	256		
Hudson County, NJ	255		
Honolulu County, Hawaii	201		
Hillsborough County, FL	-219	Hillsborough County, FL	-272
Richmond, VA	-220	Clay County, FL	-470
James City County, VA	-234	Kings County, NY	-488
Isle Of Wight County, VA	-235	Currituck County, NC	-625
Tarrant County, TX	-245	Duval County, FL	-888
Harris County, TX	-248	Suffolk, VA	-1890
York County, VA	-257	Chesapeake, VA	-3343
Gwinnett County, GA	-261		
Broward County, FL	-283		
Chesterfield County, VA	-290		
Henrico County, VA	-337		
Clay County, FL	-339		
Fairfax County, VA	-340		
Wake County, NC	-346		
Cobb County, GA	-395		
Mecklenburg County, NC	-426		
Currituck County, NC	-801		
Suffolk, VA	-2229		
Chesapeake, VA	-6322		

*Net number of exemptions claimed

Source: IRS Migration Data

The IRS data clearly show Norfolk as the leading source of net in-migration of people to Virginia Beach for both 1995 to 2000 and 2000 to 2003 (4,600 and 2,193 respectively). As with the Census migration data, significant net gains in the population of Virginia Beach came from San Diego (1,843 people from 1995 to 2000) and for both 1995 to 2000 and 2000 to 2003 the City experienced the majority of its net gains from localities outside of the state. Lake County, IL and Escambia County, FL were the origins of a significant net movement of people to Virginia Beach in both sets of years along with large numbers of people from other Florida counties and counties in New York and North Carolina .

Projected Housing Demand

Projections of housing demand in the City of Virginia Beach for 2010 and 2020 were prepared with the Center’s Housing Demand Projection Model. The model projects households by type, age, income and tenure. It provides a useful tool to project the numerical demand for housing and the demographic characteristics of that demand.

The total housing demand in Virginia Beach is projected to grow steadily over the next two decades, although not as rapidly as in the past decade. An increase of 10,379 households are projected for 2000-2010 and 7,810 from 2010 to 2020 compared with 18,889 households from 1990-2000 (Table 39). The projected increase of approximately 10,400 households during the current decade implies the need for construction of at least this number of housing units.

During the current decade, we project an increase of 9,044 owner occupied units and 1,335 renter occupied units, followed by increases between 2010 and 2020 of 7,095 owner occupied units and only 715 renter-occupied units. Throughout both decades, owner demand is anticipated to increase more quickly than renter demand (8.9% and 6.4% compared to 2.5% and 1.3% respectively). These projections do not include the increase in ownership demand prompted by the decrease in mortgage interest rates since the year 2000.

Table 39: Total Households by Tenure, Virginia Beach 2000-2020

	1990	2000	2010	2020	2000 to 2010 % Change	2010 to 2020 % Change
Total	135,566	154,455	164,834	172,644	6.7%	4.7%
Owner	84,723	101,308	110,352	117,447	8.9%	6.4%
Renter	50,843	53,147	54,482	55,197	2.5%	1.3%

Source: US 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 start forming their own households. This age group is also the most mobile in responding to employment opportunities. The City of Virginia Beach housing market has to absorb about 41,000 new households formed by younger people (under 35 years old) over a decade (Table 40). In addition Virginia Beach gains about 4,500 households headed by adults between the ages of 35 to 44 every ten years during the projection period, mainly through net migration. (Changes in consistent population 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 33,748 householders aged 25-34 in 2000 are projected to become 38,173 householders aged 35-44 in 2010. Similarly, the 32,692 householders aged 25-34 in 2010 increase to 36,028 householders aged 35-44 in 2020.)

Table 40: Total Households by Age, Virginia Beach 2000-2020

	2000	2010	2020	2000 to 2010 % Change	2010 to 2020 % Change
Total	154,455	164,834	172,644	6.7%	4.7%
15-24	9,267	9,246	9,303	-0.2%	0.6%
25-34	33,748	32,692	31,590	-3.1%	-3.4%
35-44	41,185	38,173	36,028	-7.3%	-5.6%
45-54	30,240	36,442	37,622	20.5%	3.2%
55-64	18,319	24,174	30,123	32.0%	24.6%
65-74	12,742	13,597	16,261	6.7%	19.6%
75 +	8,954	10,510	11,717	17.4%	11.5%

Table 41 projects total households for 2010 and 2020 for income categories. We project the extremely low-income segment of households to increase by 7%, thus increasing demand for affordable housing and assistance programs. Table 41 also shows that all other income groups on the spectrum will experience a growth of around 4-7% during both decades. Competition for affordable housing will continue to be intense.

Table 41: Total Household Projections By Income, 2000-2020

	2000	2010	2000- 2010 change	2020	2010- 2020 change
less than 15k	12,082	12,926	7.0%	13,831	7.0%
15k-25k	15,568	16,344	5.0%	17,011	4.1%
25k-35k	21,270	22,265	4.7%	23,036	3.5%
35k-45k	21,358	22,475	5.2%	23,307	3.7%
45k-50k	9,593	10,151	5.8%	10,555	4.0%
50k-75k	37,754	40,165	6.4%	41,825	4.1%
75k-100k	18,245	19,719	8.1%	20,750	5.2%
100k and more	18,585	20,790	11.9%	22,329	7.4%
Total	156,455	166,845	6.6%	174,664	4.7%

Source: Center for Housing Research

Table 42 focuses on the projected households by income and tenure for 2010 and 2020. While higher income households are typically homeowners, the 2000 data and the projection model also indicate a relatively high rate of home ownership among the extremely and very low-income households, a segment of population typically expected to be more into the rental market. In 2000, more than one third of the total extremely low-income households were homeowners and almost half of the total very-low households (30-50% AMFI) were homeowners. Tenure shifts toward homeowners as income increases. At first glance, increases in ownership among households with very limited incomes are difficult to understand, 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.

Table 42: Projected Households by HUD Income Category and Tenure, 2000-2020

	2000				
	<30%AMFI	30-50%AMFI	50-80%AMFI	80-120%AMFI	120%+AMFI
Owners	6,127	13,078	15,922	42,811	23,342
Renters	10,681	13,262	10,934	12,881	5,417
Total	16,808	26,340	26,856	55,692	28,759
	2010				
	<30%AMFI	30-50%AMFI	50-80%AMFI	80-120%AMFI	120%+AMFI
Owners	6661	13893	17186	46090	25,928
Renters	11,096	13,588	11,362	13,326	5,705
Total	17,757	27,481	28,548	59,415	31,633
	2020				
	<30%AMFI	30-50%AMFI	50-80%AMFI	80-120%AMFI	120%+AMFI
Owners	7266	14688	18169	48499	27,769
Renters	11,499	13,782	11,520	13,537	5,915
Total	18,765	28,470	29,689	62,036	33,684

Source: Center for Housing Research

Table 43 shows the projections of households by tenure status and household composition. The married-couple family type dominates owner-occupied household projections, although the fastest growing market segment is for non-family households. This could indicate a greater need for smaller housing units and higher densities than for single-family detached housing.

Table 43: Household Projections by Type, Virginia Beach 2000-2020

	2000	2010	2000-2010		2010-2020	
			change	2020	change	
Total Households						
Married Couple	85,982	92,107	7.1%	96,609	4.9%	
Other Family	24,971	26,095	4.5%	26,737	2.5%	
Non-Family	43,502	46,632	7.2%	49,298	5.7%	
Owner-Occupied						
Married Couple	66,697	72,580	8.8%	77,042	6.2%	
Other Family	12,954	13,901	7.3%	14,559	4.7%	
Non-Family	21,657	23,871	10.2%	25,847	8.3%	
Renter-Occupied						
Married Couple	19,285	19,527	1.3%	19,567	0.2%	
Other Family	12,017	12,194	1.5%	12,179	-0.1%	
Non-Family	21,845	22,760	4.2%	23,451	3.0%	

Source: Center for Housing Research

Tables 44, 45, 46 provide a detailed projection of households (total, owner-occupied and renters) by income, household type and age of householder. We project 12,369 homeowners under the age of 35 by 2010, and 11,988 by 2020. Most of these will be

first-time homebuyers, including a high proportion of married-couple families with fairly high incomes.

Table 44: Total Household Projections by Income, Type, and Age

	<15k (30% AMFI)	15-25K (50% AMFI)	25-35K (80% AMFI)	35-45K (100% AMFI)	45-50K (120% AMFI)	50-75K	75- 100K	>100K	Total
2010									
Married Couples									
<35 years	730	1202	3312	3495	1779	6167	2384	10880	29949
35-54 years	928	1630	2640	4588	2570	14449	8948	13789	49542
55 to 64 years	227	399	1004	1753	866	3878	2713	6109	16949
65+	573	815	1104	1265	709	3209	1781	1944	11400
Other Family									
<35 years	1353	2221	1699	1074	291	426	165	740	7969
35-54 years	1023	1900	2591	2512	1006	3101	798	843	13774
55 to 64 years	94	268	290	358	185	752	360	529	2836
65+	201	304	343	356	172	693	291	277	2637
Non-Family									
15-64	3360	5609	7891	6337	2311	6788	2020	2532	36848
65+	4436	1996	1390	738	263	702	258	287	10070
Total	12926	16344	22265	22475	10151	40165	19719	37930	181975
2020									
Married Couples									
<35 years	719	1181	3230	3400	1728	5980	2309	10847	29394
35-54 years	916	1608	2584	4490	2531	14217	8843	14819	50008
55 to 64 years	283	497	1251	2184	1079	4832	3381	7469	20976
65+	664	944	1287	1479	829	3756	2091	2279	13329
Other Family									
<35 years	1326	2169	1657	1046	282	415	161	735	7791
35-54 years	1001	1841	2529	2463	990	3078	801	904	13607
55 to 64 years	117	334	362	446	231	936	449	631	3506
65+	234	354	398	415	200	803	336	318	3058
Non-Family									
15-64	3465	5785	8138	6535	2383	7001	2083	2646	38036
65+	5106	2298	1600	849	303	809	297	330	11592
Total	13831	17011	23036	23307	10555	41825	20750	40978	191293

Source: Center for Housing Research

Table 45: Owner-Occupied Household Projections by Income, Type, and Age

	<15k (30% AMFI)	15-25K (50% AMFI)	25-35K (80% AMFI)	35-45K (100% AMFI)	45-50K (120% AMFI)	50- 75K	75- 100K	>100K	Total
2010									
Married Couples									
<35 years	23	207	952	1413	904	3891	1770	1136	10296
35-54 years	278	884	1737	2911	1894	12532	8442	9379	38057
55 to 64 years	98	262	791	1526	769	3736	2613	3931	13726
65+	386	678	1011	1157	664	3131	1681	1766	10474
Other Family									
<35 years	0	432	622	440	146	237	98	98	2073
35-54 years	343	827	1302	1315	602	2277	628	453	7747
55 to 64 years	45	149	189	276	132	617	307	225	1940
65+	120	254	266	246	127	631	265	230	2139
Non-Family									
15-64	1056	2172	3621	2989	1075	3514	1051	1273	16751
65+	2366	1261	1019	577	227	630	234	239	6553
Total	4713	7125	11509	12851	6541	31196	17091	18732	109758
2020									
Married Couples									
<35 years	23	204	920	1369	875	3768	1714	1101	9974
35-54 years	279	879	1698	2850	1875	12367	8344	9383	37675
55 to 64 years	122	326	986	1901	959	4655	3256	4899	17104
65+	447	785	1181	1354	777	3666	1976	2073	12259
Other Family									
<35 years	0	420	604	427	141	230	95	96	2013
35-54 years	334	804	1273	1289	592	2263	633	455	7643
55 to 64 years	56	185	236	344	165	769	383	281	2419
65+	141	297	308	286	148	731	307	264	2482
Non-Family									
15-64	1089	2240	3734	3083	1109	3624	1084	1313	17276
65+	2724	1451	1173	664	262	725	269	275	7543
Total	5214	7593	12113	13569	6902	32799	18061	20139	116390

Source: Center for Housing Research

Table 46: Renter-Occupied Household Projections by Income, Type, and Age

	<15k (30% AMFI)	15-25K (50% AMFI)	25-35K (80% AMFI)	35-45K (100% AMFI)	45-50K (120% AMFI)	50- 75K	75- 100K	>100K	Total
2010									
Married Couples									
<35 years	708	995	2361	2082	875	2276	614	9744	19655
35-54 years	650	746	903	1676	677	1917	506	4410	11485
55 to 64 years	130	137	213	227	96	142	100	2177	3222
65+	187	137	93	108	45	79	100	178	927
Other Family									
<35 years	1353	1789	1077	634	145	189	67	642	5896
35-54 years	680	1073	1290	1197	404	823	170	390	6027
55 to 64 years	49	119	101	81	53	135	53	304	895
65+	81	50	77	109	44	62	25	47	495
Non-Family									
15-64	2305	3437	4271	3347	1235	3274	969	1259	20097
65+	2070	735	370	161	36	72	24	48	3516
Total	8212	9219	10756	9623	3611	8969	2628	19199	72217
2020									
Married Couples									
<35 years	696	977	2310	2031	853	2212	595	9746	19420
35-54 years	637	729	885	1640	655	1850	499	5436	12331
55 to 64 years	161	171	266	283	120	177	124	2570	3872
65+	217	159	105	125	53	89	116	206	1070
Other Family									
<35 years	1326	1748	1053	618	140	185	66	640	5776
35-54 years	666	1036	1256	1174	398	814	168	449	5961
55 to 64 years	61	149	126	101	66	168	66	351	1088
65+	93	57	90	128	52	71	29	53	573
Non-Family									
15-64	2377	3545	4404	3452	1274	3377	999	1333	20761
65+	2383	846	426	185	41	83	28	55	4047
Total	8617	9417	10923	9739	3652	9026	2689	20839	74902

Source: Center for Housing Research

Appendix I: Glossary of Terms and Acronyms

ACS	American Community Survey – An annual household survey conducted by the Census Bureau in 2001, 2002 and 2003.
Affordability	Affordability is defined as the relationship between a household’s ability to pay, and the cost <i>to them</i> of the housing they occupy, or seek to occupy. In Virginia, the state has defined affordability as costs that are less than 30% of household income.
AHS	American Housing Survey - A source of information for frequent and up-to-date information on the Nation's housing supply. Collected for the Department of Housing and Urban Development by the Bureau of the Census.
AMFI	Area Median Family Income, the median income for families within a geographic area. Estimated by HUD and used as a reference for income eligibility for housing programs.
Average Household Income	Total aggregate income divided by the number of households. The means for households, families, and unrelated individuals are based on all households, families, and unrelated individuals, respectively. The means (averages) for people are based on people 15 years old and over with income.
Block Group	A subdivision of a census tract. A block group consists of approximately three individual blocks which are equivalent to city blocks.
Census Tract	A small area of approximately 4,000 people used by the U.S. Census Bureau for reporting decennial census results. Census tracts are designed to be relatively homogeneous units with respect to population characteristics, economic status, and living conditions at the time they are established.
CHAS Data	Comprehensive Housing Affordability Strategy (CHAS) data are special tabulations of census data used by HOME and CDBG jurisdictions to prepare Consolidated Plans and analyze housing needs.

CoC	Continuum of Care - A program to help the homeless Americans get housing, job training, child care, and other services. The Continuum of Care, which is the centerpiece of the federal policy on homelessness, stresses permanent solutions to homelessness through comprehensive and collaborative community planning.
Cost Burden	The fraction of a household's total gross income spent on housing costs. For renters, housing costs include rent paid by the tenant plus utilities. For owners, housing costs include mortgage payment, taxes, insurance, and utilities.
ELI	Extremely Low Income - Income that does not exceed 30 percent of area median family income adjusted for household size.
Family	A family is a group of two people or more (one of whom is the householder) related by birth, marriage, or adoption and residing together; all such people (including related subfamily members) are considered as members of one family.
Gross Rent	Rent plus utilities.
HH	A household (HH) consists of all the people who occupy a housing unit. A house, an apartment or other group of rooms, or a single room, is regarded as a housing unit when it is occupied or intended for occupancy as separate living quarters; that is, when the occupants do not live and eat with any other persons in the structure and there is direct access from the outside or through a common hall.
HMDA	Home Mortgage Disclosure Act - This law (P.L. 101-73), as implemented by the Federal Reserve Board's Regulation C, requires the reporting of census tract number along with other information in order to identify areas with possible discrimination in providing mortgages.
Householder	The householder refers to the person (or one of the people) in whose name the housing unit is owned or rented (maintained) or, if there is no such person, any adult member, excluding roomers, boarders, or paid employees. If the house is owned or rented jointly by a married couple, the householder may be either the husband or the wife.

LI	Low Income - Income that does not exceed 80 percent of area median income.
LIHTC	Low Income Housing Tax Credits - A way of obtaining financing to develop low-income housing. Government programs provide dollar-for-dollar credit toward taxes owed by the housing owner. These tax credits can be sold, or used to back up bonds that are sold, to obtain financing to develop the housing.
Median income	The amount which divides the income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The medians for households, families, and unrelated individuals are based on all households, families, and unrelated individuals, respectively. The medians for people are based on people 15 years old and over with income.
MSA	Metropolitan Statistical Area - An area defined by the Office of Management and Budget as a Federal statistical standard. An area qualifies for recognition as an MSA if it includes a city of at least 50,000 population or an urbanized area of at least 50,000 with a total metropolitan area population of at least 100,000.
Non-Family	A person living alone or two or more people who are unrelated to each other and share a housing unit.
Other Family	Families headed by a householder with no spouse present.
Section 8	Federal Housing Assistance Payments Program, authorized by the Housing and Community Development Act of 1974 providing housing choice vouchers allowing very low-income families to choose and lease or purchase safe, decent, and affordable privately-owned rental housing.
VLI	Very Low Income - Income that does not exceed 50 percent of area median income.
Worst case housing needs	The number (percent) of households with income of less than 50% AMFI that have incomplete facilities, or 1.51+ people/room, or cost burden of 50% of monthly income or more, or zero income.

Source: HUD and US Census Definitions

APPENDIX II: City Comparisons

At the request of the City of Virginia Beach, we put together a set of selected comparison charts and tables between Virginia Beach and 5 other cities in Virginia and across the nation. These cities are:

- Chesapeake, Virginia
- Suffolk, Virginia
- Jacksonville, Florida
- Atlanta, Georgia
- Charlotte, North Carolina.

These cities were chosen because they were often cited as Virginia Beach's top competition for economic development projects. The comparisons are based on the US Census 2000 which provides data for all these cities (2003 ACS does not cover all of these cities).

1. Total Household by Type

Table 47 compares the total households by type between the six cities. Virginia Beach had a relatively high percentage of family households (72.5%) with the highest percentage of married couple families among all the other cities in 2000. Virginia Beach also had the highest percentage of non-family households doubling up (26.1%).

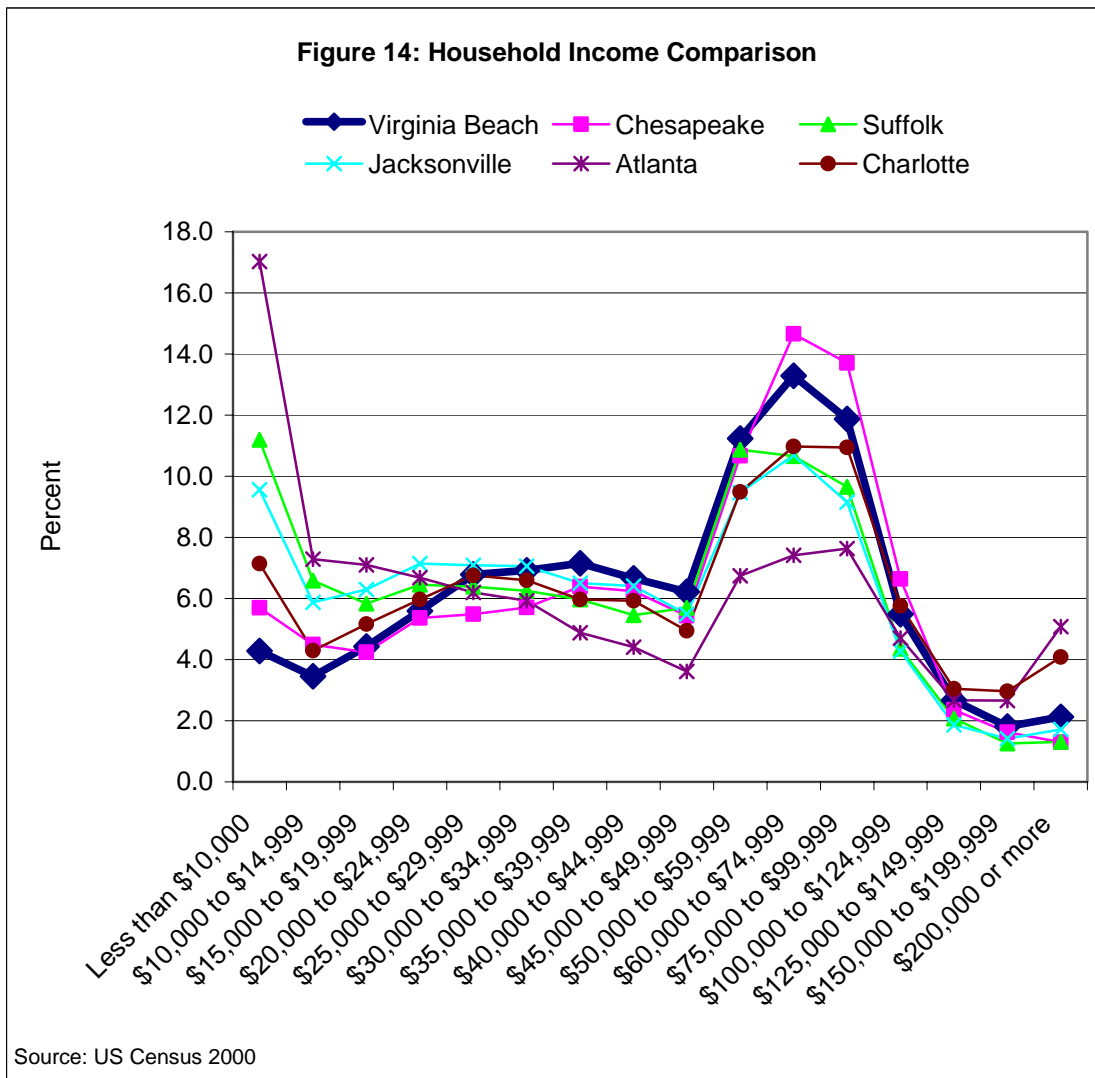
Table 47: Household by Type for Selected Cities, 2000

	Virginia Beach	Chesapeake	Suffolk	Jacksonville	Atlanta	Charlotte
Total Households	154,635	69,835	23,290	284,661	168,341	215,803
Family	72.5%	77.7%	76.3%	67.4%	50.2%	62.1%
Married-couple family	78.6%	77.7%	72.4%	70.7%	50.0%	72.0%
Male householder	5.2%	5.0%	5.6%	6.5%	8.5%	6.8%
Female householder	16.2%	17.4%	22.0%	22.9%	41.5%	21.2%
Non-family	27.5%	22.3%	23.7%	32.6%	49.8%	37.9%
Living alone	73.9%	80.6%	84.7%	80.3%	77.1%	77.6%
Not living alone	26.1%	19.4%	15.3%	19.7%	22.9%	22.4%

Source: US Census 2000

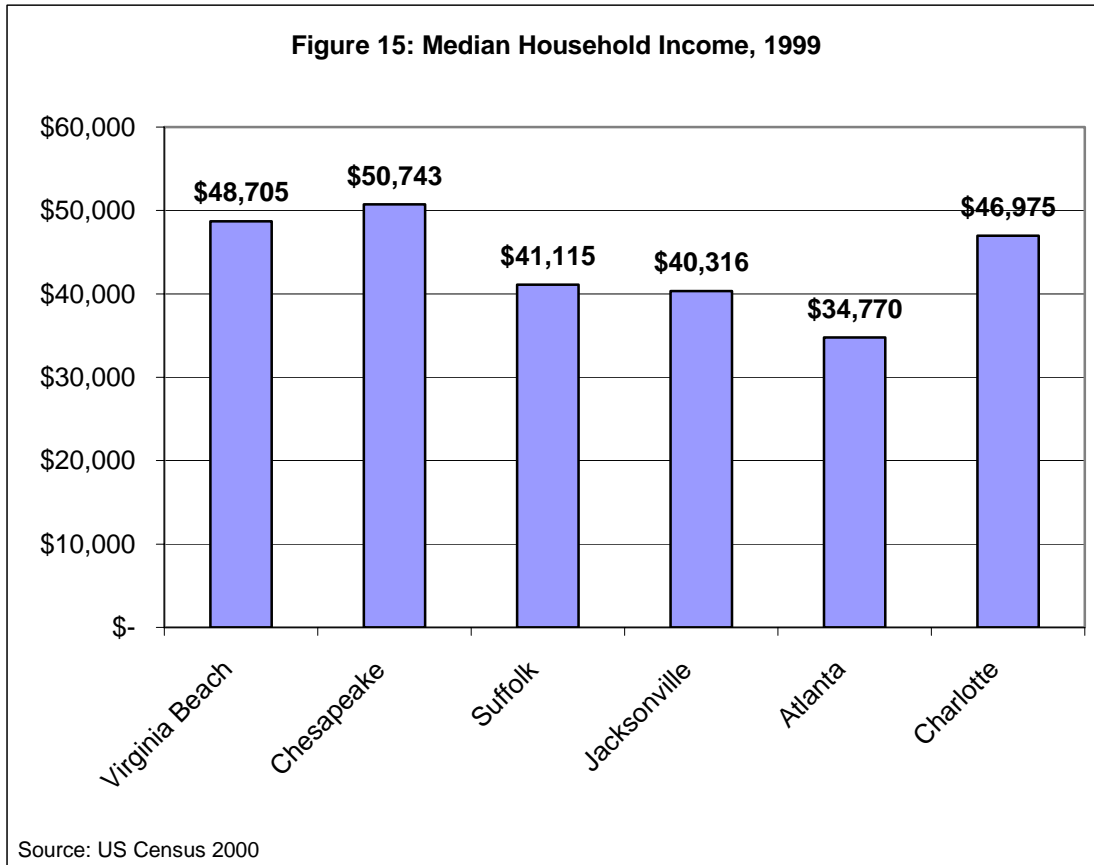
2. Household Income

Figure 14 shows that all cities had almost the same distribution pattern for household income. However, Virginia Beach had a smaller percent of households with incomes less than \$15,000, and the second highest percent of households with incomes of \$50,000 plus in 2000.



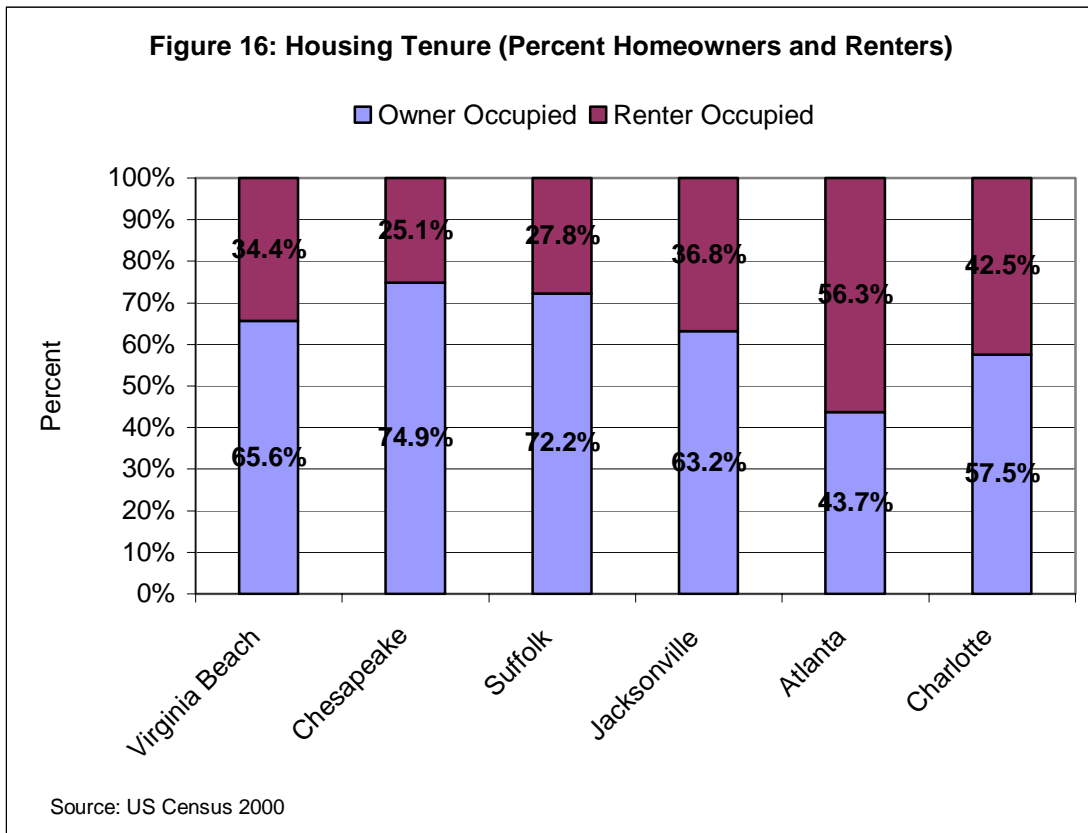
3. Median Household Income

Figure 15 shows that only Chesapeake had a higher median household income in 1999 than Virginia Beach among the selected cities.



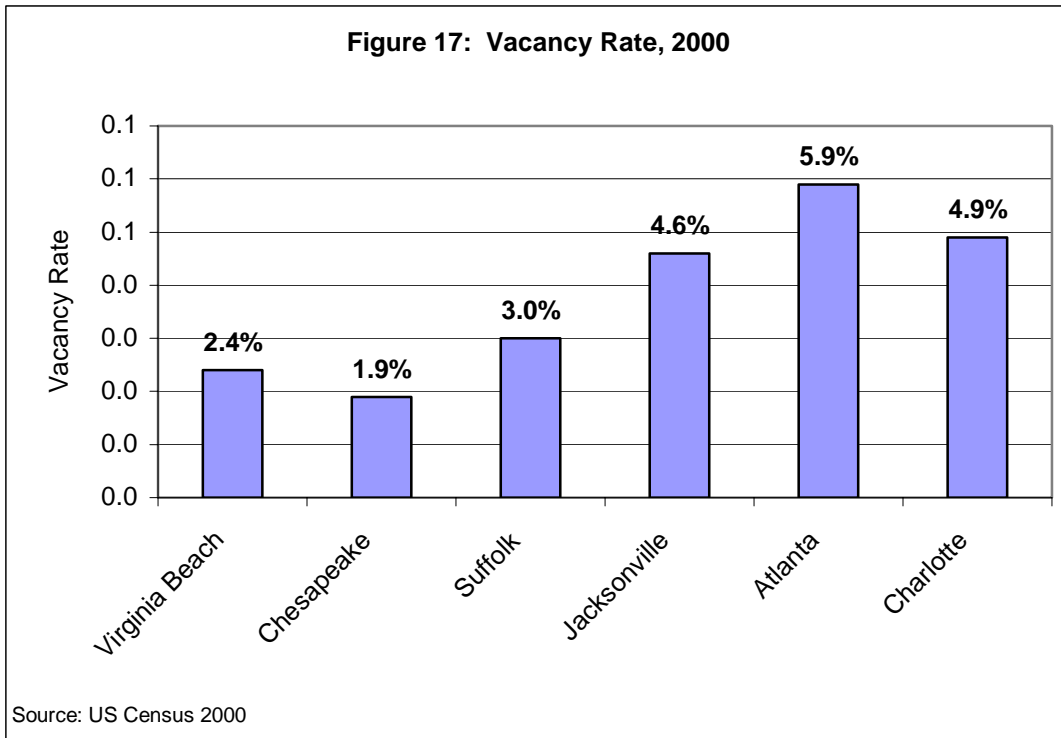
4. Housing Tenure

Figure 16 shows that Virginia Beach had a higher ownership rate in 2000 than Jacksonville, Atlanta, and Charlotte but lower rate than Chesapeake and Suffolk.



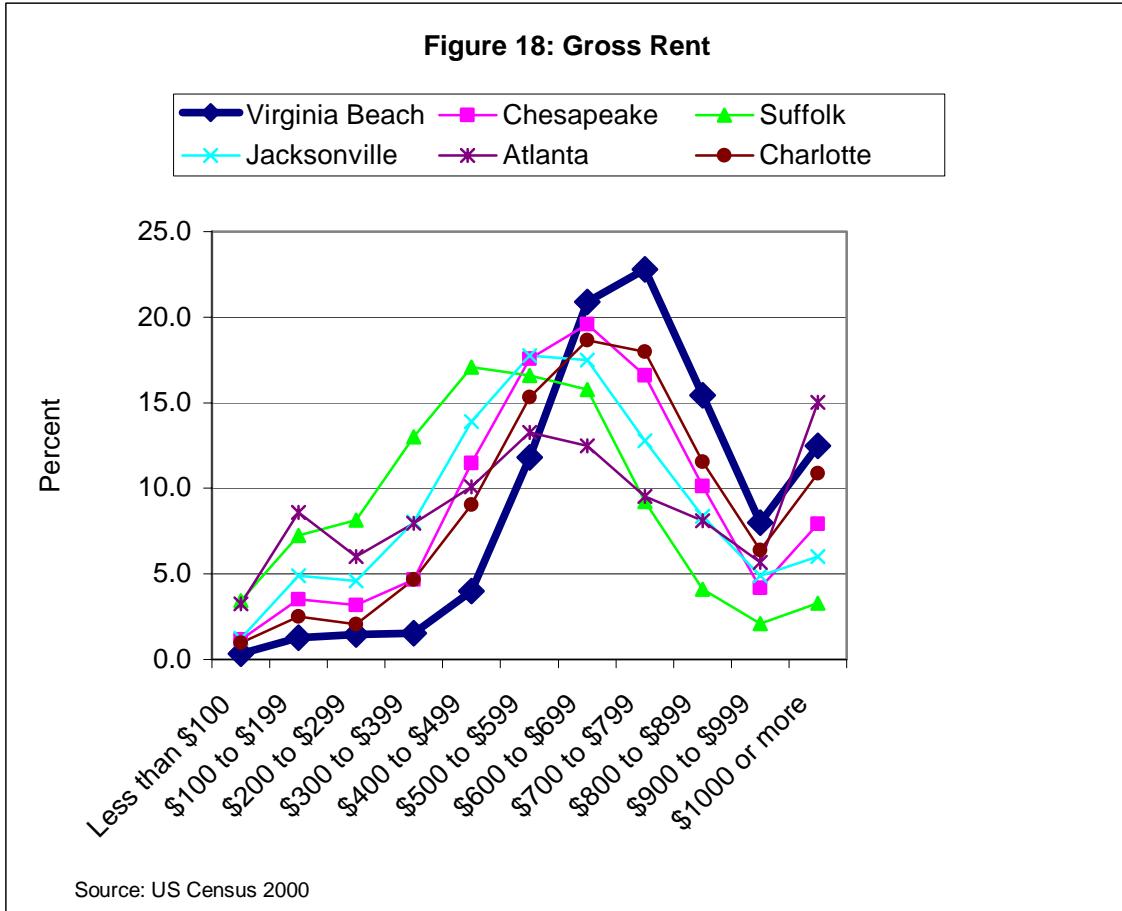
5. Vacancy Rates

Figure 17 shows that Virginia Beach had a significantly lower vacancy rate than the comparison cities of Jacksonville, Atlanta, and Charlotte and was second lowest to Chesapeake in 2000.



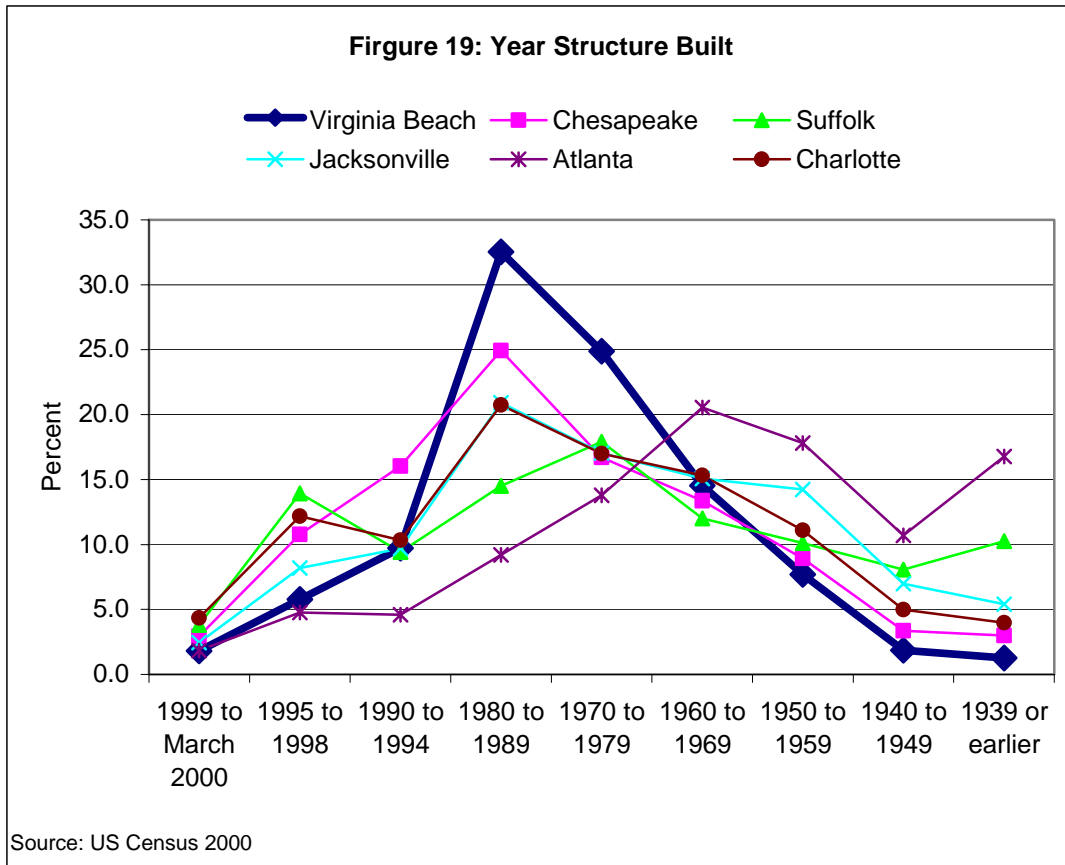
6. Gross Rent

Figure 18 shows that Virginia Beach had the lowest percentage of rents less than \$600, and the highest percentage of rents more than \$700 among the selected cities in 2000.



7. Year Structure Built

Figure 19 shows that in 2000 Virginia Beach had the lowest percentage of pre-1960 housing units compared to the selected cities, with the majority of its stock built in the 1970s-1990s.



8. Median Year Structure Built

Figure 20 shows that in 2000 the median year structure built for Virginia Beach was second most recent to Chesapeake.

