Agenda
Board of Supervisors
Isle of Wight County
March 4, 2021

1. Call to Order (6:00 P.M.)
2. Invocation - Chairman Grice
3. Approval of Agenda
4. County Administrator's Report
    A. Small Business Development Center

       Presentation from the Small Business Development Center
    B. VDOT Presentation

       Special Presentation – Transportation Update, Virginia Department of Transportation
    C. SHS Basketball Team

       Resolution to Congratulate and Recognize the Smithfield High School Basketball Team
    D. Refuse and Recycling Report

       Staff Presentation - Refuse and Recycling Center Activities
    E. Fairgrounds

       Consideration of Pole Barns at the Fairgrounds
    F. Workforce Housing Study

       Discussion of Conducting a Workforce Housing Study
    G. COVID-19 Vaccine Update

       Staff Update on COVID-19 Vaccine Rollout in Western Tidewater
5. Adjournment

ISSUE:

Presentation from the Small Business Development Center

BACKGROUND:

Jim Carroll, Executive Director of the Hampton Road Small Business Development Council (SBDC) will gave a presentation on the efforts, challenges, and future goals of the SBDC.

BUDGETARY IMPACT:

None.

RECOMMENDATION:

For the Board's information.

ISSUE:

Special Presentation – Transportation Update, Virginia Department of Transportation

BACKGROUND:

Tommy Catlett, VDOT Resident Engineer, will present maintenance updates for roadways in Isle of Wight County, including paving, mowing, and ditch maintenance.

BUDGETARY IMPACT:

None.

RECOMMENDATION:

For the Board's information.

ISSUE:

Resolution to Congratulate and Recognize the Smithfield High School Basketball Team

BACKGROUND:

On February 20, 2021, the Smithfield High School Packers Basketball Team won the 2020-2021 Virginia High School League Class 4 State Basketball Championship. The victory over John Handley High School in Winchester, Virginia made the Packers Basketball Team State Champions for the first time in the 115 year history of Smithfield High School.

The team finished the 2020-2021 basketball season undefeated with a record of 11 wins and no losses.

The Board of Supervisors may wish to recognize and congratulate the Smithfield High School Packers Basketball Team for this monumental achievement. Should the Board adopt a resolution, it will be presented to the team at the School Board's regular meeting on March 11, 2021.

BUDGETARY IMPACT:

None.

RECOMMENDATION:

Adopt a resolution to congratulate and recognize the Smithfield High School Basketball Team.

ATTACHMENTS:

Description	Type	Upload Date
Resolution	Resolution Letter	3/4/2021

RESOLUTION TO RECOGNIZE AND CONGRATULATE THE SMITHFIELD HIGH SCHOOL BASKETBALL TEAM

WHEREAS, the Smithfield High School Packers Boys Basketball Team won the 2020-2021 Virginia High School League Class 4 State Basketball Championship; and,

WHEREAS, the Packers Basketball Team advanced to the State Championship by also winning the Virginia High School League Region A Championship; and,

WHEREAS, the Packers Basketball Team finished the 2020-2021 basketball season undefeated with a record of 11 wins and no losses; and,

WHEREAS, this is the first State Basketball Championship in the 115-year history of Smithfield High School; and,

WHEREAS, the Board of Supervisors desires to recognize and congratulate the Smithfield High School Packers Boys Basketball Team for its monumental achievement.

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED that the Board of Supervisors of the County of Isle of Wight, Virginia recognizes and congratulates the Smithfield High School Packers Boys Basketball Team for outstanding achievement in winning the 2020-2021 Virginia High School League Class 4 State Basketball Championship.

Adopted this 4th day of March, 2021.

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Richard L. Grice, Chairman

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Carey Mills Storm, Clerk

Approved as to form:

____
Robert W. Jones, Jr., County Attorney

ISSUE:

Staff Presentation - Refuse and Recycling Center Activities

BACKGROUND:

Staff will provide an update on operational efforts and capital projects relative to the County's Refuse and Recycling Centers and the anticipated increase in recyclable materials from residents of the Town of Smithfield.

BUDGETARY IMPACT:

None.

RECOMMENDATION:

For the Board's information.

ISSUE:

Consideration of Pole Barns at the Fairgrounds

BACKGROUND:

The Board has previously discussed the idea of constructing buildings, such as pole barns, at the Fairgrounds as a means of reducing, and possibly eliminating, some of the rising annual costs associated with tent rentals.

BUDGETARY IMPACT:

TBD.

RECOMMENDATION:

For the Board's information and discussion.

ISSUE:

Discussion of Conducting a Workforce Housing Study

BACKGROUND:

In 2007, a study was conducted regarding the availability of affordable housing to accommodate the needs of the public and private sector workforce in the County.

The County has approached relative to an opportunity to have an updated study performed that will provide more current data. The cost of the study will be potentially be covered by grant.

Housing Opportunity Program grants from the NATIONAL ASSOCIATION OF REALTORS® support state and local REALTOR® Association activities that create or improve systems, programs, and policies that expand access to housing.

The grant opportunity underscores the idea that accurate housing data must drive housing policy within the County and the surrounding region. It allows for the Virginia Peninsula Association of REALTORS® (VPAR) to engage a local economic researcher from an institution of higher education in the region to conduct a deep analysis into the County's current housing stock and future housing trends - rental housing as well as for-sale housing in a variety of categories: affordable housing, workforce housing, student housing, senior housing, housing for young professionals and families, single-family, multi-family, mixed use, etc.

From the Comprehensive Plan to County housing policy to economic development opportunities, the grant will provide a housing dataset that otherwise is unavailable to the County.

VPAR will complete the grant application, and if approved, the funds will be appropriated to VPAR. The Association then will engage the researcher. At that point, the Association "goes dark" and allows the researcher to conduct their work without any connection to or input from the Association. When the research is complete and the researcher has compiled their written report, the information will be delivered and presented to the Association. Following that, the researcher will deliver and present the study report to the County, at which point the study and dataset are the County's to use as it deems appropriate.

BUDGETARY IMPACT:

None.

RECOMMENDATION:

Per the Board's discussion and direction.

ATTACHMENTS:

Description	Type	Upload Date
2019 Housing Study - James City County	Backup Material	2/25/2021
2007 Workforce Housing Report - Isle of Wight County	Backup Material	2/25/2021

James City County
Housing Needs Assessment

Fall 2019

Prepared by Dr. Sarah Stafford, William & Mary

Acknowledgments

This report was prepared by Dr. Sarah Stafford, Professor of Economics, Public Policy and Law, William & Mary. The report was made possible by financial support from the Williamsburg Area Association of REALTORS.

Executive Summary

This Housing Needs Assessment was commissioned by the Williamsburg Area Association of REALTORS to create an unbiased analysis of the housing market in James City County. The goal of this study is to examine the existing housing market to determine the current state of James City County's housing stock and to provide a thorough assessment of the affordability of the existing housing in the county using a range of different measures. This report does not attempt to address how to solve the housing problems facing the county, but is meant to provide a foundation for current and future policy discussions. In future years this study can be replicated to understand trends and the effectiveness of policy decisions and investments.

Some of the key findings of the study include:

- The housing stock in the county has grown over 5 percent since 2000, far outpacing growth in the state of Virginia and the nation as a whole. Over this time period, the percentage of owner-occupied homes has dropped slightly while the percentage of both renter-occupied and vacant homes has increased. Even with these adjustments, the percentage of owner-occupied homes is well above the average for Virginia and the US as a whole.

- Home owners, as opposed to renters, are not distributed equally across all age groups and over time, younger households have become less likely to own their home. Thus the age profile of home owners in the county is increasing with time.

- There is a mismatch in the size of owner-occupied homes and the size of the households in those homes, with homes being much larger than households. There is no comparable mismatch in rental homes. Some of this mismatch could be by choice, with households wishing to own homes with plenty of room for guests. This could also indicate that the existing housing stock and the current population of households is out of sync.

- Home sales have recovered to pre-2008 levels, but housing prices have seen very little change since 2010.

- Rental vacancies hover around 15 percent indicating that currently there are excess units available. However, rental rates have outpaced inflation, suggesting that high rental rates may be adding to the vacancy level.

- Seniors (those 65 or older) represent about a quarter of the residents in the county. Almost two-thirds of senior households are married couples and about twenty percent of senior households are single individuals living independently. Only about two percent of seniors in the county live in nursing homes.

- Almost 30 percent of households in the county are cost-burdened – that is, they spend more than 30 percent of their income on housing. Renters are more likely to be cost-burdened – on average one of every two rental households is cost-burdened while only one in five owners is cost-burdened.

- The supply of affordable homes for first-time buyers is much lower than the demand for such homes. Even finding affordable rental units in the county can be difficult – for example, to afford a two-bedroom unit at "fair market rent" a household must have the equivalent of three full-time minimum wage workers. Households with a single full-time worker earning the average salary in the accommodation or food sector, in the education sector, or in the retail sector can't afford the typical one-bedroom rental unit in the county.

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Introduction

As the home of the first permanent English settlement in North America, James City County has long been an attractive place for people to live and work. The county has evolved from a primarily rural area to a vibrant community with a diverse economic base. It serves as the home for many individuals who work in the county as well as other parts of the greater Williamsburg area in a range of industries including manufacturing, tourism, education and health care. The community also includes many individuals who commute to jobs in Norfolk and Virginia Beach to the east and New Kent County and Richmond to the west. Additionally, for years the county has been an attractive destination for retirees from around the country.

The county has experienced significant growth since the 1980's. During the 2000 to 2010 period, James City County was the fifth-fastest growing locality in Virginia. Although the growth rate has slowed somewhat over the past couple of years, the area continues to attract newcomers from other parts of Virginia, the United States and the world. Over the years an active housing development sector has arisen to meet the growing demand for housing and has added significantly to the existing housing stock.

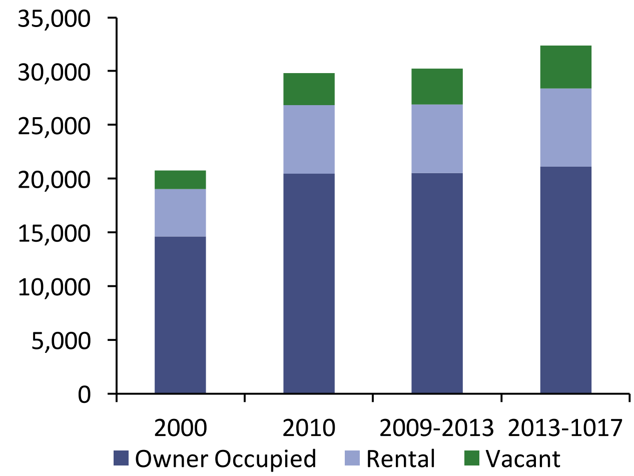
Even in such a thriving community, it is important to periodically assess the availability and distribution housing, particularly affordable housing, as the economy and population grow. This Housing Needs Assessment was commissioned by the Williamsburg Area Association of REALTORS to create an unbiased analysis of the housing market in James City County.

The goal of this study is to examine the existing housing market to determine the current state of James City County's housing stock including both owner-occupied and rental housing, as well as a comparison of the housing stock across different areas of the county. The study also provides a thorough assessment of the affordability of the existing housing in the county using a range of different measures. Lastly, the study compares the housing stock in the county to that of its two closest neighbors, the City of Williamsburg and York County and looks at commuting patterns into and out of the county.

Importantly, this report does not attempt to address how to solve the housing problems facing the county, although it hopefully provides a basis to begin disaggregating the problems the county faces so that solutions can be developed. Rather this survey is meant to serve as a foundation for current and future policy discussions. In future years this study can be replicated to better understand trends and the effectiveness of policy decisions and investments.

Existing Housing Stock

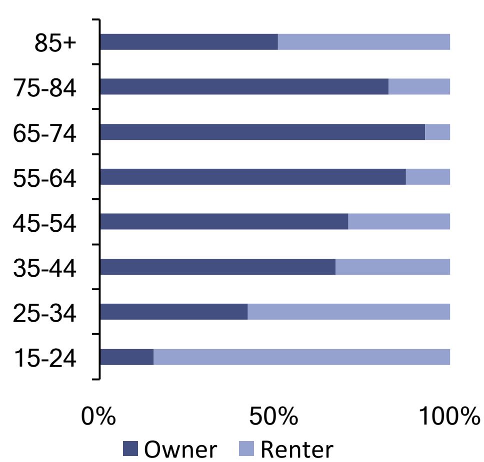
The housing stock has grown 55% since 2000…



In 2000, the U.S. Census counted a total of 20,772 homes in James City County housing just over 48,000 residents. By 2010, the number of homes had grown by 43 percent to a total of 29,797 units. The 2013-2017 American Community Survey (ACS) estimated a total of 32,357 units in the county housing just over 73,000 residents, which represents a 55 percent growth rate in housing since 2000 and an almost 10 percent growth rate over 2010 levels.[1] This is a relatively high level of growth, as the estimated housing growth in the state of Virginia during this same time period was only 19 percent and nationwide, the housing stock only grew by 17 percent.

In the census housing units are classified based on whether they are occupied by their owners or are rented to non-owners. The percentage of rental units in the county has grown slightly since 2000 from 21 percent of the housing stock to about 23 percent. Over that same period, the owner-occupancy rate has dropped from 70 percent in 2000 and to 65 percent currently. However, the absolute number of owner-occupied homes grown from 14,600 to 21,100. Making up the difference, the percentage of vacant units has increased across time, beginning at about 8.5 percent in 2000 and growing to about 12 percent currently. At the national level ownership is less common with 56 percent of units occupied by their owners, 32 percent of units rented, and 12 percent of units vacant.

Younger residents are more likely to



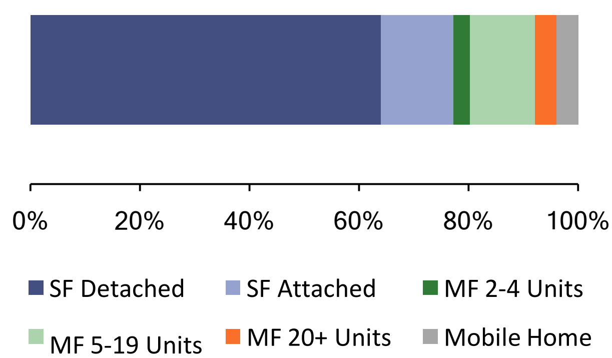
Because the decision to buy a home depends on a wide range of factors including income, future plans, and personal preferences, the percentage of people who own their home rather than rent varies dramatically across age groups. Generally, younger households begin by renting and as they age, more become homeowners. According to the

[1] Appendix B describes the various datasets used in this housing assessment and discusses their limitations and comparability.

2013-2017 ACS, about 84 percent of households in James City County that are headed by a person under the age of 25 are renters. Rental rates then decline and ownership rates increase as the householder ages. Ownership rates are highest for the 65 to 74 age group at about 93 percent owners and 7 percent renters. Ownership rates then begin to drop and once a householder reaches 85, renting and owning are equally likely.[2]

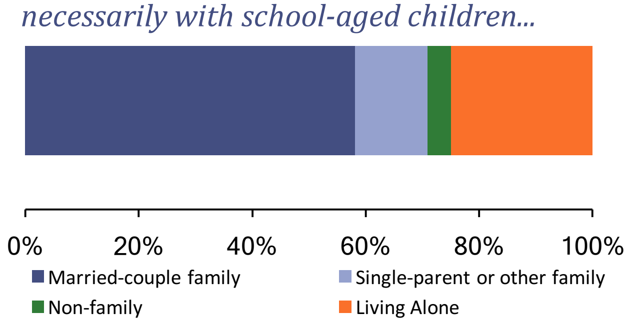
The ACS also provides details on the characteristics of the housing stock. For the 2013-20137 period, almost 80 percent of the housing units in the county are single-family homes – 64 percent are detached and 13 percent are attached homes. Close to 20 percent of the housing units are in multi-family structures, most commonly in 5 to 19 unit structures. The final 4 percent of units in the county are mobile homes.

Most housing is in single-family homes...



Housing units are occupied by what the Census Bureau terms "households." Households range from single-person households, that is an individual living alone, to family households, including extended-family and intergenerational households, to non-family households. For the purposes of collecting information about the occupants in a household, the self-selected "head" of the household is asked to provide more information to the Census Bureau. In most families, the head of the household is one of the older adults in the family, although it is not clear in extended-family households or in non-family households exactly who the head of the household is. There are just over 28,000 households that reside in the county. Just under 60 percent of the households, approximately 16,500, are headed by a married couple. An additional 13 percent of households (3,600) contain multiple family members, but are not headed by a married couple. Of the approximately 20,000 family households in the county, only about 7,500 have children under the age of 18 residing in the home. The 1,200 non-family households – i.e., households with more than one person who are not related to each other – represent about 4 percent of all households. Just under a quarter of households in the county, about 7,000, consist of a single individual. Of these single-person households, half are 65 or older, about two-fifths are between the ages of 35 and 64, and only one-tenth are 35 or younger.

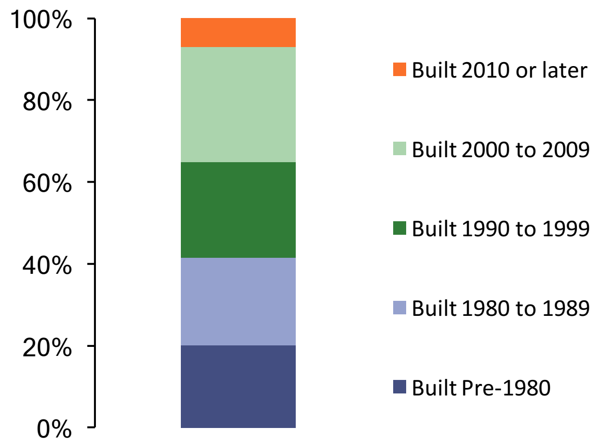
Most households are families, although not necessarily with school-aged children...



[2] Individuals living in nursing homes are not included in these estimates.

In addition to the households discussed above, about 1,000 residents, just over 1 percent of the county's population, is housed in what is known as group quarters. Group quarters are group living arrangements where the housing is owned or managed by an entity that provides both housing and other services for the residents. Such services may include custodial or medical care as well as other types of assistance, and residency is commonly restricted to those receiving these services. Group quarters include such places as residential treatment centers, skilled nursing facilities, and group homes.

The majority of units were built after 1990...

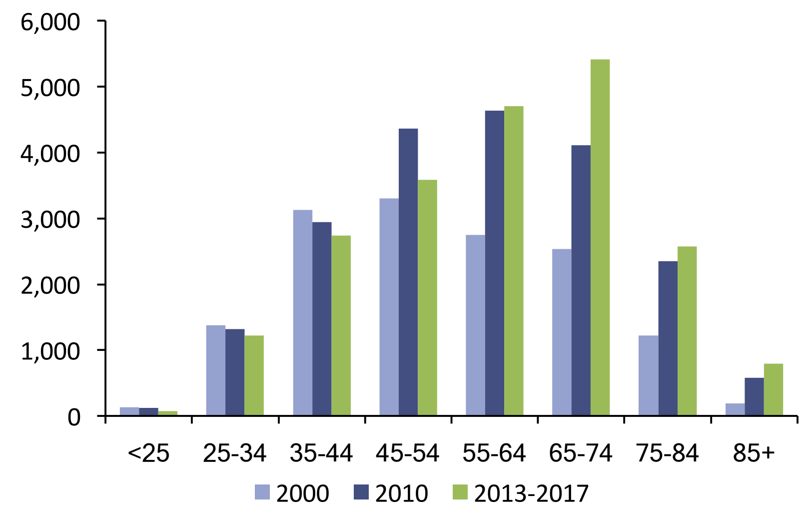


The ACS also tracks the age of the housing stock. According to the 2013-2017 survey, the median vintage of housing units in the county is 1993. Just about a fifth of housing units in the county were built prior to 1980. In each successive decade, an increasing number of units have been built, although the number of new homes since 2010 is estimated to be quite low. To some extent this is due to the fact that the ACS is a moving average of surveys from 2013 to2017 and thus does not fully reflect the current housing stock. The housing stock in James City County is much newer than the overall U.S. housing stock which has a median vintage of 1977. Nationally only about 18 percent of houses have been built since 2000 compared to over 35 percent in the county.

Owner-Occupied Homes

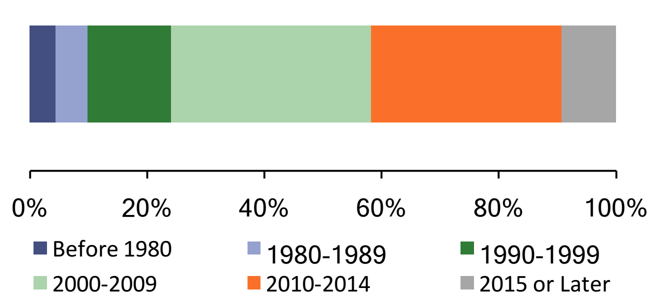
According to the 2013-2017 ACS there are 21,117 owner-occupied housing units in the county as well as 388 vacant units that are explicitly for sale and an additional 2,259 vacant units that may be for sale for a total of 23,714 units. This represents 73 percent of the current total housing stock. In 2010, the comparable number of units was 21,665 thus the county has experienced almost a 10 percent increase in the stock of owner-occupied housing in less than 10 years.

Ownership has decreased among younger households...



However, growth in the number of owner-occupied households in the county has not been distributed equally across all age groups. For the three youngest age groups (those under 45), the number of homeowners actually decreased slightly, even though the overall number of individuals in this age group has grown by almost 20 percent. This is consistent with the national trend that younger adults are less likely to own homes due both to lifestyle choices and to financial conditions. For all of the age groups above 55, the number of homeowners increased between 2000 and to the present, with the 65 to 74 age group showing the largest absolute increase of almost 3,000 homeowners. Of course, between 2000 and to 2013-2017 ACS householders aged 13 to 17 years, so householders who remain in their homes move across the age groups as well.

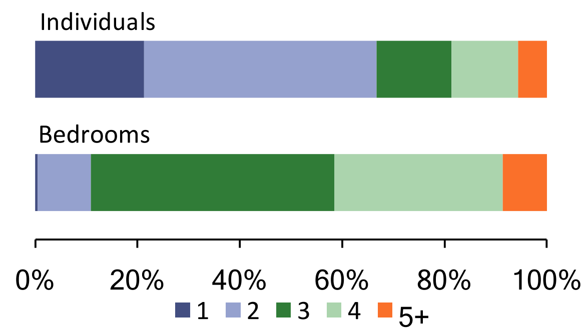
Over 40 percent bought within the last 10 years...



The 2013-2017 ACS reports that only 10 percent of owner-occupied households, about 2,800 households, moved into their current homes before 1990. About 4,000 households moved into their homes between 1990 and 1999. Most households bought their current home in the 2000's with about a third of all buyers purchasing their homes between 2000 and 2009 and another third purchasing their homes between 2010 and 2014. The final 10 percent purchased their homes in 2015 or later. Note that these estimates include both newcomers to the area as well as households that moved from other homes within the county.

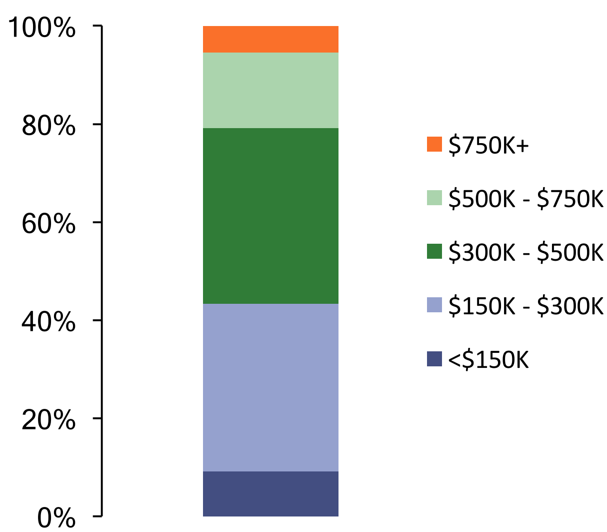
Households vary in size as do houses. According to the 2013-2017 ACS, there are only about 100 owner-occupied houses with only one bedroom even though about 20 percent of households consist of a single individual. In fact, just under two-thirds of all owner-occupied homes have two or fewer occupants even though 10 percent of all owner-occupied houses have two or fewer bedrooms. Overall, the owner-occupied houses are larger than the households in the county. Of course, many households may want additional bedrooms for visitors. In particular, older householders may purchase large homes to accommodate adult children and grandchildren. However, it could also be an indicator that the existing housing stock and the current population of households are somewhat out of sync.[3]

Houses are larger than households...



The 20013-2017 ACS provides estimates of the value of the owner-occupied housing stock. Approximately one-tenth of the homes in the county are valued at less than $150,000. About one-third of the homes are in the $150,000 to $300,000 range and another third are in the $300,000 to $500,000 range. The remaining 20 percent of homes are worth more $500,000 or more. In comparison to both the nation and the state, the owner-occupied housing stock in James City County is significantly more valuable. The 2013-2017 ACS estimates that the median value of owner-occupied homes in the U.S. is $194,000 while the median value in Virginia is $256,000 and the median value in James City County is $329,000. Interestingly, while both the U.S. and the state have a similar percentage of homes in the very highest category as the county, the county has a much higher percentage of homes in the $500,000 to $750,000 category.

Most homes are worth more than $300,000...

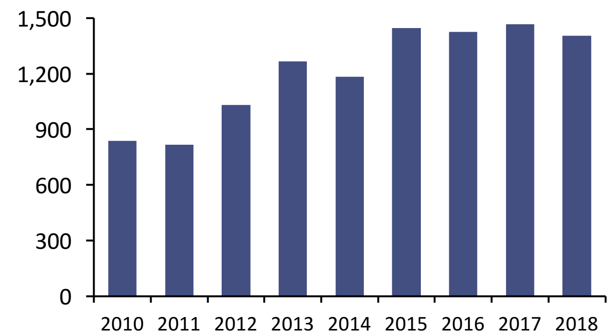


[3] Unfortunately, the ACS does not track the number of bedrooms in a home by the year the structure was built so we cannot determine whether new construction is smaller on average than the existing housing stock.

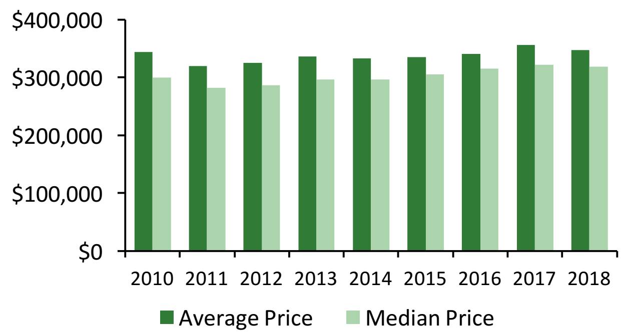
Home Sales and Prices

The number of home sales in James City County has been growing steadily since 2010. According to the Williamsburg Multiple Listing Service (MLS), 836 homes were sold through the service in 2010 while 1,405 homes were sold in 2018, almost an 80 percent increase. By 2015, home sales had recovered to their pre-2008 peak of 1,253 and have continued to grow since then. While sales numbers have seen a dramatic increase since 2010, home prices have not followed the same pattern. The average home sales price through the Williamsburg MLS was $344,000 in 2010 and $348,000 in 2018, about a 1 percent increase. However, these prices are well below the pre-2008 peak of $387,000 in 2006. The median price has risen by slightly more from $300,000 in 2010 to $319,000 in 2018.

Sales have recovered from the 2008 crash...



But prices have seen very little change.

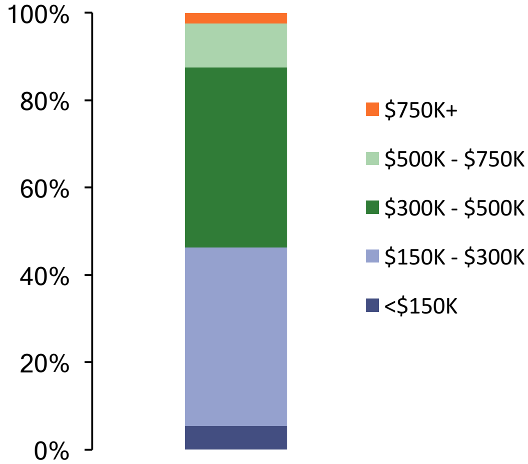


Attached and detached units sell equally well...

Home Type	Homes Sold	Median Price	Median Price/ Sq. Ft.	Median Days on Market
Single-Family Detached	1328	$355,000	$145	35
Single-Family Attached	619	$235,000	$134	23

In 2018, the majority of homes sold in the county – almost 70 percent – were single-family detached homes. The detached homes are significantly more expensive than single-family attached homes both overall and per square foot and spend more time on the market than attached homes. However, the time on the market– which is a good measure of the state of the market – for both types is significantly shorter than it was at the beginning of the decade when the median days on the market was 88 for detached homes and 110 for attached homes. Interestingly, the percentage of attached homes sales (just over 30 percent) is almost twice as large as the percentage of owner-occupied attached homes in the existing housing stock (13 percent).

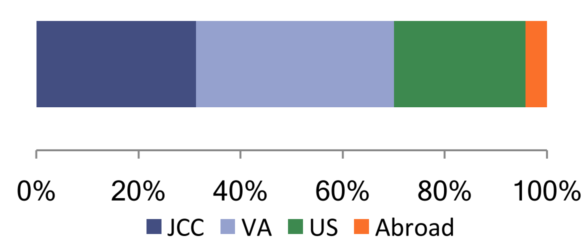
Most sales are in the $150-$500K range...



In 2018, home sales prices ranged from a low of $30,000 to a high of $2.4 million. The median price for single-family homes was approximately $312,000 while the average was around $340,000. According to the 2013-2017 ACS, the median home value for the existing stock of housing is higher at around $329,000. There are a higher percentage of sales in the $150,000 to $500,000 range than in the existing stock and a lower percentage of sales in the $500,000 and up range. In both the under $150,000 range and the $300,000 to $500,000 range, the percentages are roughly similar.

Given such a wide range of prices for home sales, it is not surprising that the square footage of the homes sold ranges from 500 to 25,865. The average square footage is 2,337 and the median square footage is 2,169. In terms of the number of bedrooms, the average is 3.3 and the median is 3. Less than one percent of homes sold had only one bedroom or 6 or more bedrooms.

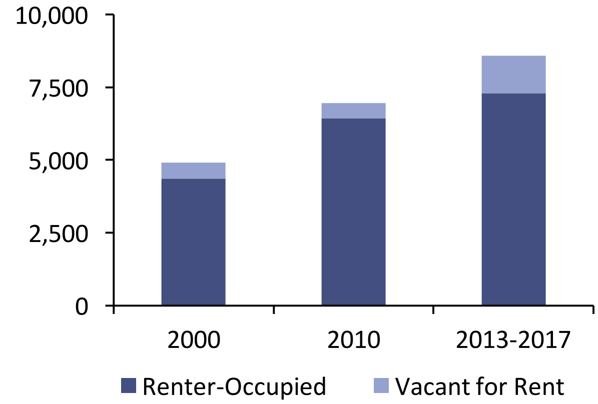
Two-thirds of buyers are realtively local...



From the 2013-2017 ACS we can get some sense of the population that has been buying homes in James City County in the recent past. Around 30 percent of the people that moved in the 2013-2017 period moved from one home in the county to a different home.[4] An additional 40 percent moved from outside the county but within the state. Just over a quarter of the people that moved into the county moved from U.S. states other than Virginia and around 5 percent moved from another country.

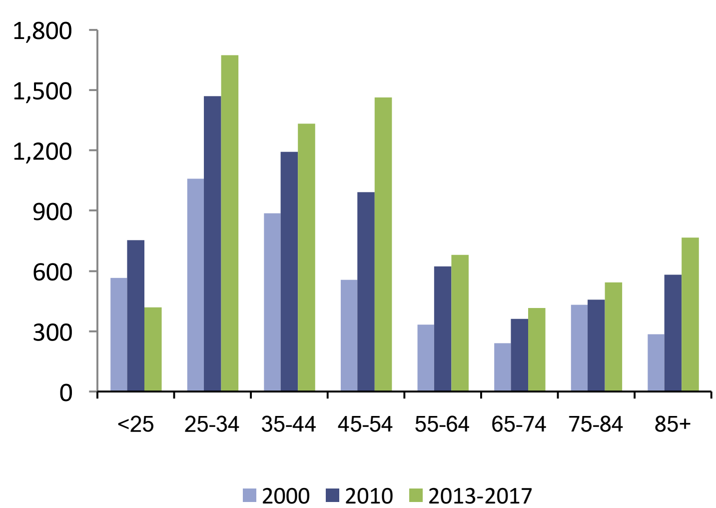
[4] The ACS counts the number of people moving, not the number of households.

Rental Homes


Rental stock has grown 75% since 2000...

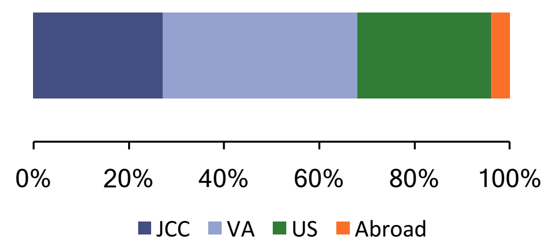
According to the 2013-2017 ACS there are 7,293 rental units in the county as well as 388 vacant units that are explicitly for rent for a total of 8,593 units. This represents 27 percent of the current total housing stock. In 2010, the comparable number of units was 6,964. Thus the county has experienced a 24 percent increase in the stock of rental housing in less than 10 years and a 75 percent increase since 2000. While the percentage increase in rental units is more than twice the rate of increase in the stock of owner-occupied housing, the absolute number of additional units is about the same across the two types of housing. The percentage of households that rent has increased slightly since 2000 and 2010 when it was just under a quarter of all households, which is consistent with national trends. However, on an absolute level the county a significantly lower percentage of rentals than both Virginia and in the U.S. overall, where rental percentages are between 32 and 34 percent.

In 2000, the vacancy rate for rental units was approximately 11 percent. Vacancies dropped to about 8 percent in the 2010 census, but were estimated at around 15 percent in the 2013-2017 ACS. A vacancy rate of 5 percent is generally thought to be the "natural" vacancy rate for rentals, i.e., the vacancy rate that indicates a balance between housing supply and demand. Vacancy rates higher than 5 percent indicate that the available rental housing is sufficient to satisfy existing demand.


There are more renters across almost all age groups...

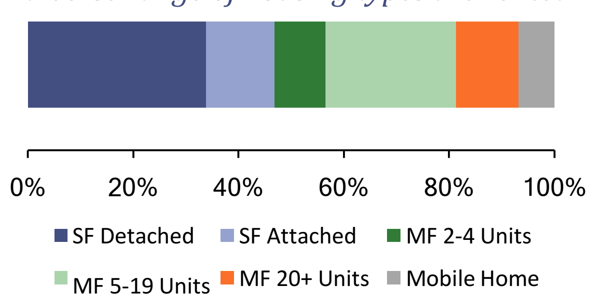
Both the percentage and the absolute number of households that rent has risen in every age category except those under 25. Higher rental rates in the younger age groups could be an indicator of the difficulty in making a first-time home purchase. On the other hand, increasing rental rates among older groups are likely due to different circumstances. Some may have been priced out of the sales market while others may be downsizing and perceive an advantage to renting. For elderly households the move to rental housing may be due to accessibility issues or the need to decrease the amount of home maintenance. Unfortunately for those in the upper age brackets, the move to the rental market may represent an increased cost burden, particularly for those on fixed incomes who were under pressure to change housing in a short time period.

Two-thirds of renters are from Virginia...



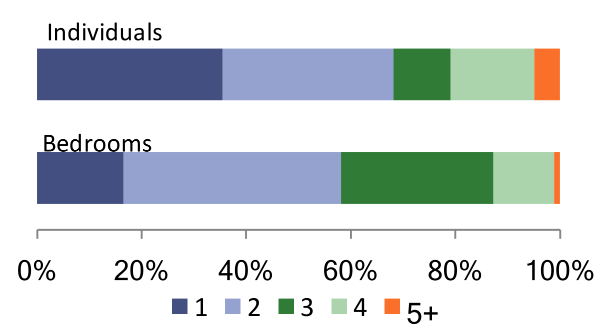
According to the 2013-2017 ACS, less than 10 percent of rental households have been in their units since 2000 or earlier. Just under 20 percent of rental households moved into their units between 2000 and 2009. The remaining 75 percent of householders moved into their units in 2010 or later. In terms of the rental population (rather than rental households), the 2009-2013 ACS reports that 75 percent of renters were in the same unit for at least a year and 25 percent moved into their unit within the last year. Of the renters that moved within the last year, 30 percent moved within the county and almost 45 percent moved within Virginia. Most of the remaining movers came from within the U.S. with only a small percentage (just over five percent) from abroad.

A diverse range of housing types are rented...



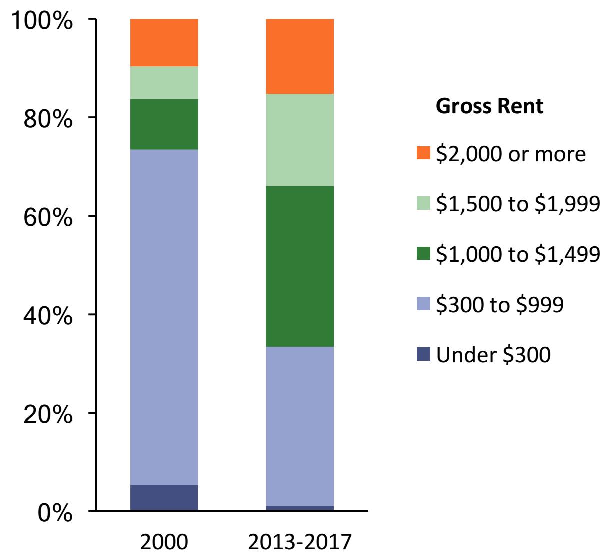
Every type of housing unit is available for rent in the county. The 2013-2017 ACS reports that over a third of the rental units are single-family detached houses and an additional 13 percent are single-family attached homes. Just under 10 percent of rental units are in small-multifamily structures. The most common type of multi-family rental are rentals in medium-sized structures, i.e., those with between 5 and 19 units which captures 25 percent of the rental population. About 12 percent of rentals are in large multi-family structures with 20 or more units. Finally, almost 7 percent of rentals are mobile homes.

Households and rental units are well-matched...



Comparing rental household sizes to the size of rental units as reported in the 2013-2017 ACS, we can see that they are better matched than owner-occupied units. About 18 percent of the rental units have one bedroom. While almost 40 percent of rental households have only one member, the ratio of single homeowners to one bedroom houses is about 20 to one rather than two to one. Just over 40 percent of units have two bedrooms, the most common size for rental units. At the other end of the spectrum, almost none of the rental units have five or more bedrooms, while about 5 percent of households have five or members. Of course, more than one person can share a bedroom.

Rents have outpaced inflation since 2000...

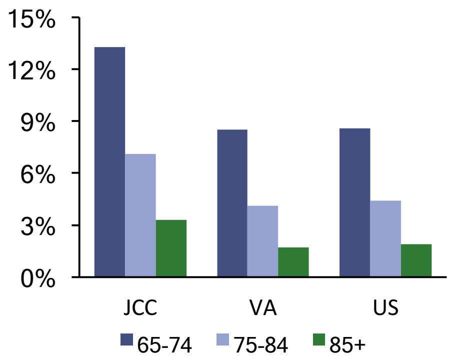


According to the 2000 Census, the median gross rent (which includes monthly utilities) for James City County was $703. In the 2013-2017 ACS, the median estimated gross rent is $1,202, which well exceeded the rate of inflation. If median gross rent had increased exactly at the rate of inflation, in 2017 it would have been only $1,011. The median rent may have increased by more than inflation rate because of a change in the types of rental housing available such as more luxury or upscale units. Alternatively, it could also indicate an increase in demand relative to supply for certain types of rental units in the county. However, the fact that the overall rental vacancy rate is well above the 5 percent "natural" vacancy rate shows that there is no overall imbalance between rental demand and supply. Of particular concern is that there is likely excess demand for units at the lower end of the scale. Even though the overall number of rental units has increased by 75% since 2000, the absolute number of units renting for less than $1,000 decreased by 750.

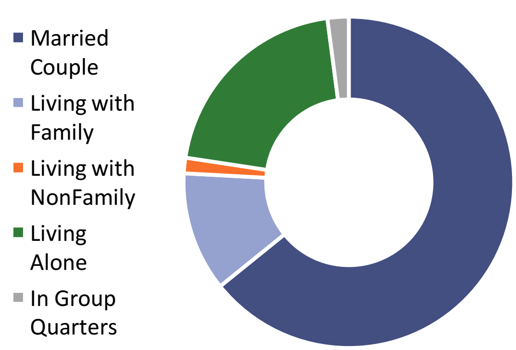
Senior Housing

Given the preponderance of seniors in the county, we wanted to examine the housing situation for seniors in detail. According to the 2013-2017 ACS, 17,264 of the people in the county were 65 years or older. Seniors thus represent almost one-quarter of the total population in the county. Across the U.S. overall, seniors are estimated to make up about 15 percent of the population, and only 14 percent of Virginians are 65 or older. Looking at specific age groups, about 13 percent of the county's population is between 65 and 74 compared to around 8 percent of the Virginia and U.S. populations. About 7 percent of the county's population is in the 75 to 84 age group and just over 3 percent are over 85. Both Virginia and the U.S. overall have smaller percentages – about 4 percent of the population in both are in the 75 to 84 age group and under 2 percent are in the 85 plus age group.

James City County is popular with seniors of all ages...



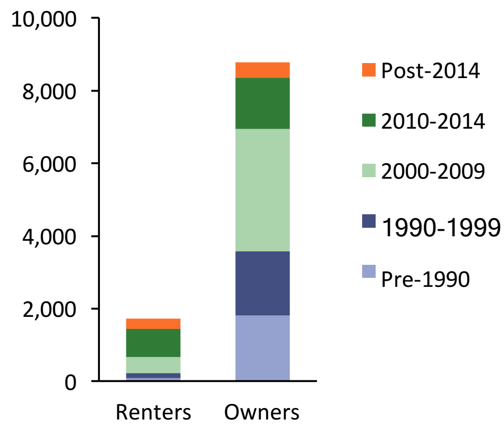
Most seniors share a home with a spouse...



The ACS also provides a breakdown of the senior population into household types. About 65 percent of seniors live with a spouse and another 12 percent live with at least one family member. A small number of seniors, about two percent, live in a household with non-family members. A little over 20 percent of seniors live alone, and more than three times as many women live alone compared to men. A small number of seniors – about 2 percent or 572 individuals – live in group quarters such as nursing homes. Just under 30 percent of seniors live with some form of disability.

While over 50 percent of the seniors in James City County would are classified as "upper income" with annual household income above $75,000, almost 15 percent have household incomes that are below almost are below $25,000. However, only a small percentage of seniors – about 2 percent – are estimated to be living below the poverty line. Looking at the impact of housing costs on seniors, of the 10,507 households 65 or older, about twenty-five percent of them are cost-burdened – that is, pay more than 30 percent of their income for housing. This is about the same as the percentage of households overall that are cost-burdened, as discussed in more detail in the following section, but there is a significant difference between owners and renters. Only 20 percent of the 8,783 senior households that own their homes are cost-burdened, while almost 60 percent of the 1,724 senior households that rent their homes are cost-burdened.

Seniors households include long-term residents and newcomers...



The 2013-2017 ACS also reports when senior households moved into their present home. Of the 10,507 total households, just about two-thirds are estimated to have moved into their home in 2000 or later. Of these, about 5,200 homes are owner-occupied and 1,500 and rentals. Of those that moved into their current homes before 2000, almost all of those households are owner-occupied, although about 230 households did move into their current rentals before 2000. Of the almost 1,500 seniors that reported moving to a new home within the last year, over one-third moved from another home within James City County. About 350 moved from another part of Virginia and over 500 moved from another state. Only around 50 reported moving from another country.

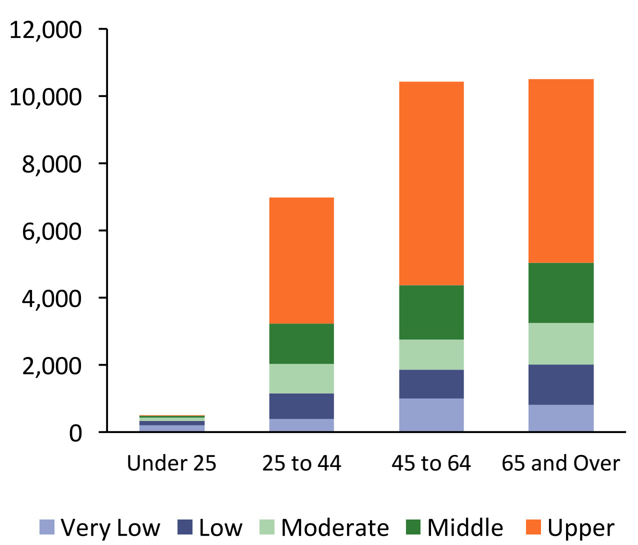
Housing Affordability Analysis

A housing affordability analysis compares what it costs to live in a certain area with the income of both current and potential new residents to determine whether the existing housing in the area is affordable. Affordability analyses typically focus on whether particular income groups can afford housing in a community.

Income Category	HUD Income Range	HUD Income Band	Analysis Income Band
Very low	< 30% MFI	Less than $25,100	Less than $20,000
Low	30% - 50% MFI	$25,100 - $37,500	$20,000 - $35,000
Moderate	50% - 70% MFI	$37,500 - $52,500	$35,000 - $50,000
Middle	70% - 100% MFI	$52,500 - $75,000	$50,000 - $75,000
Upper	> 100% MFI	More than $75,000	More than $75,000

Many affordability analyses use the income groups from the Department of Housing and Urban Development (HUD). The HUD income groups are defined relative to the Median Family Income (MFI) for an area. Very-low-income households have incomes that are less than 30 percent of the MFI while low-income groups have incomes between 30 and 50 percent of the MFI for a family of four. In 2018, the MFI for James City County was $75,000. Within the county, the HUD very-low-income group includes households with a total annual income of less than $25,100 and the low-income group has an income between $25,100 and $37,500. Unfortunately, the data we have on household incomes from the ACS do not allow us to determine how many households have incomes less than $25,100 or $37,500. Therefore, for this analysis we define a very-low-income household to be one with an annual income of less than $20,000 and a low-income household to be one with an income of $20,000 to $35,000. For our analysis, moderate-income households are those with income between $35,000 and $50,000, middle are those with income between $50,000 and $75,000, and upper are those with incomes greater than $75,000.

Low-income households exist in all age groups...

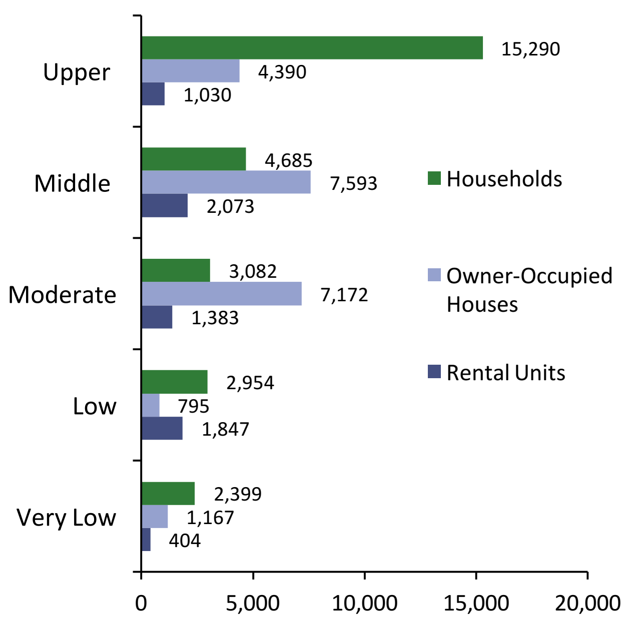


As one might expect, the under-25 age group the highest percentage of very-low-income and low-income households although such households occur in all age groups. Across all age groups in the county there are almost 2,400 very-low-income households which is just under 10 percent of all households and there are almost 3,000 low-income households representing just over 10 percent of households. Across all ages, about 11 percent of households are moderate income and 16 percent are middle income. By definition, almost 50 percent of all households are in the upper income group. Many of the very-low-income households are likely to be living in poverty as the federal poverty threshold for a family of four in 2018 was $25,100. However, the poverty level depends on the number of people in a household while the income groups do not. Thus, there could be some very-low-income households with a small number of family members that are not below the poverty level and some low-income households with large numbers of family members that might be.

Income Category	Maximum Rent [5]	Maximum House Value[7]
Very low	$600	$100,000
Low	$1000	$150,000
Moderate	$1,250	$300,000
Middle	$2,000	$500,000
Upper	> $2,000	>$500,000

Housing affordability is typically measured by computing the fraction of a household's income that must be expended to provide the household with housing. Housing is deemed to be affordable if the household spends 30 percent or less of their income on housing costs. Housing costs depend on whether the household owns or rents their home. For renters, housing costs include rent and utilities and we can look at gross monthly rent to determine whether a rental unit is affordable. For those in the very low income groups gross rent must be less than $600 per month to be affordable and, depending on what a particular household's income is, the maximum affordable housing might be significantly less. For homeowners, housing costs include mortgage principal and interest, taxes, insurance and utilities. For each income group we can determine the maximum affordable price for a home under certain assumptions.[6] For example, for those in the very low income group, only homes that are worth less than $100,000 are affordable. To determine whether the existing housing stock in James City County is affordable for residents in the different income groups, we compare the number of households in each income group to the number of owner-occupied houses and rental units in the county that are below the maximum house value and gross

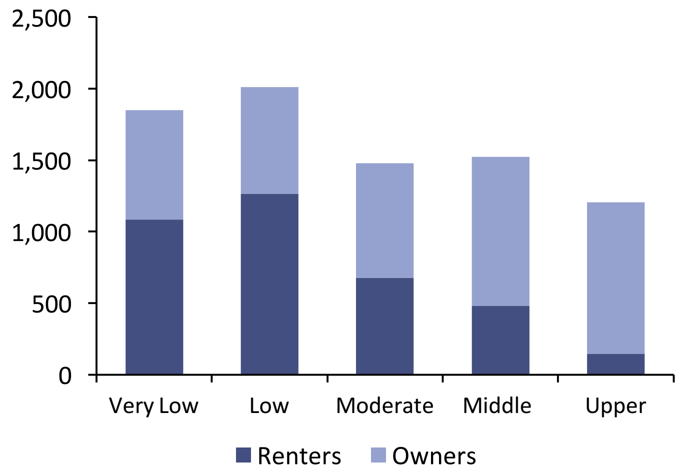
Demand for affordable units exceeds supply…



[5] In setting the maximum rent and maximum house price for each income group, we were limited by the way that gross rent data and house values are reported in the Census and ACS. Appendix A explains how we arrived at these values.

[6] We assume a 30-year fixed rate loan at a 3.75% interest rate with a 10% down payment, homeowner's insurance at 0.031% of the home's value and property taxes at 0.9%.

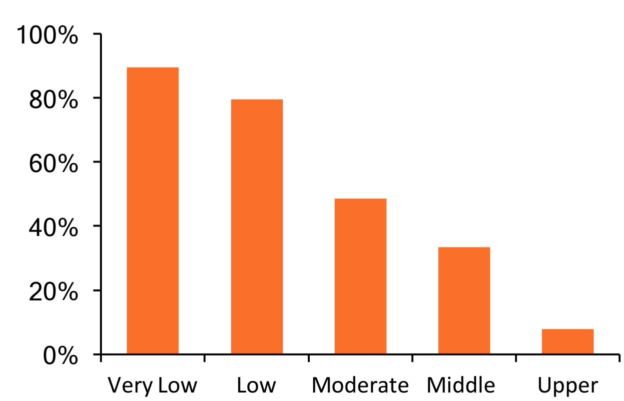
Households are cost-burdened at all income levels...



rents for that income group. For the very-low income group, the number of affordable rental and owner-occupied housing units is significantly less than the number of households. Thus almost half of the households in this group are likely to be "cost-burdened" as they will have to spend more than 30 percent of their income on housing. The situation is only slightly better for those households in the low-income group, i.e., those making between $20,000 and $35,000. There are over 2,600 housing units that are considered affordable for this income group while there are about 2,900 households in this group. However, since the total demand for housing for households making less than $35,000 is about 5,400 units and the supply is only about 4,200 units, overall a significant proportion of households in these two groups will be cost-burdened. For both the moderate and middle income groups, the stock of affordable housing is greater than the demand. While the stock of "affordable" housing for the upper income group may at first look to be insufficient, the total number of housing units is greater than the total number of households, so there is sufficient housing stock for households in this income group.

When one examines the 2013-2017 ACS data on the share of income that households report spending on housing, it appears that the cost burden is spread more widely than one might expect at first. Overall, just under thirty percent of households in the county, 8,068, are cost-burdened. In every income group a significant number of households are cost-burdened. Renters are more likely to be cost-burdened, with just over half of all renters reporting that they are cost-burdened. Just over twenty percent of owners report being cost-burdened. As one might expect, at the lower end of the income scale there are more cost-burdened renters but as income increases, the cost-burdened are more likely own their home. When one examines the percentage of households in each income group that are cost burdened, the percentage decreases as incomes rise. In the very-low-income group, almost 90 percent of all households are cost burdened and in the low-income group almost 80 percent are. These estimates include all households in the county, even those receiving housing assistance. While

But the cost burden falls hardest on the poor...

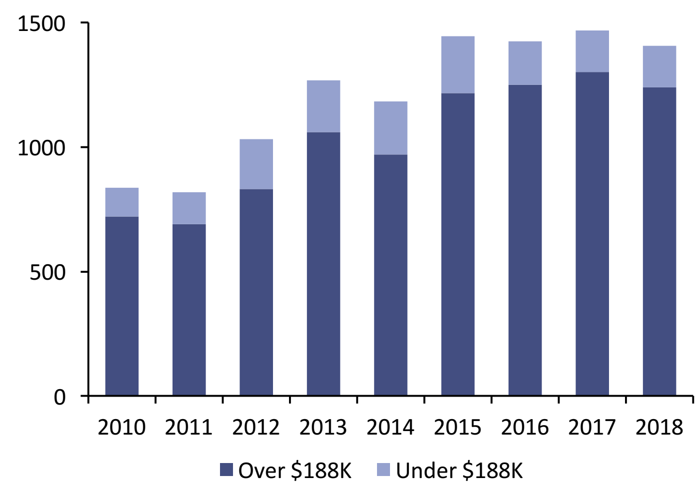


housing assistance does relieve the some of the cost burden for households that receive them, there is not enough housing assistance available to meet needs in the county and therefore a significant number of low-income households in the county are still struggling to pay for housing.

Interestingly, even in the moderate-income group almost 50 percent of households are cost-burdened and a third of those in the middle-income group are. For some households, it could be the case that they made their housing decision under different financial circumstances and some change, such as the loss of a job, has left them cost-burdened. Alternatively, some of these households may be voluntarily cost-burdened – that is, the household deliberately made a choice to spend more than 30 percent of their income on housing to obtain a higher standard of housing. Additionally, when considering these results it is important to remember that the definition of cost-burden compares income to monthly housing costs. Thus, a household that has high wealth might appear to be cost-burdened even if it is not having trouble covering the cost of housing. For example, a household that has recently retired may have a relatively modest annual income but have money in savings that is used to pay housing costs.

In addition to considering the reported cost-burden, another way to look at affordability is to analyze whether a typical first-time buyer can afford most to buy a home in the county. According to the 2013-2017 ACS, the median income of a rental household in the county was $43,678. Assuming that the renter is a first-time homebuyer and can pay no more than 30 percent of that income on housing, this translates into a monthly housing budget of $1,092 a month including principal, interest, taxes, and insurance (PITI). This means that a renter with the median income could afford to purchase a home selling for around than $188,000.[7] Since there are approximately 7,300 rental households in the county, this means that there are around 3,650 rental households in the county that have incomes below $43,678 and can only afford houses that cost less than $188,000. According to the 2009-2013 ACS, there are less than 2,000 owner-occupied homes that are worth less than $150,000.[8] Of

Most homes for sale aren't affordable to renters...



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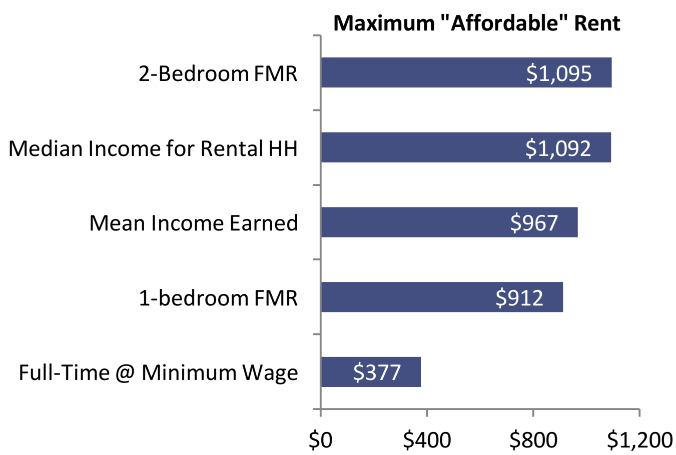
[7] Assuming a 30-year fixed rate loan at a 3.75% interest rate with a 10% down payment, including homeowner's insurance at 0.3% of the home's value and property taxes at 1%.

[8] Unfortunately, the ACS only reports the number of homes below $150,00 and those in the $150 to $300,000 range, so we cannot determine the number of homes in the county worth $200,000 or less.

course, those homes already have owners. Looking at the MLS sales data for 2018, only 165 homes were sold for $188,000 or less – just under 12 percent of the total sales in 2018. Looking at all home sales from 2010 to 2018, the numbers are slightly better with just over 14 percent of homes sales for prices under $188,000 representing just under 1,700 houses. These figures indicate that the supply of affordable homes for first-time buyers is much lower than the potential demand for such homes.

If one is concerned primarily about the affordability of rental housing, one key factor to examine is whether a typical rental household can afford to rent a two-bedroom home without spending more than 30 percent of the household's income on housing costs. Alternatively, one can calculate the hourly wage an individual must earn to afford the estimated "Fair Market Rent" (FMR) while spending no more than 30 percent of income on housing. The FMR is defined by HUD as the 40th percentile of gross rents for typical, non-substandard rental units in the area. FMRs are determined by HUD on an annual basis, and the 2018 FMR for James City County for a two-bedroom unit was $1,095 and $912 for a one-bedroom unit. The median rental household in James City County can just afford the two-bedroom FMR as their maximum affordable monthly housing cost is $1,092. However, a household with only one worker who earns the average income paid in James City County of $38,679 can only afford $967 per month without being cost-burdened.[9] Thus such a worker would just barely be able to afford a one-bedroom unit at FMR. For a worker with a full-time minimum-wage worker who only earns $15,080 a year, even a one bedroom units is unaffordable. In fact, for a household to be able to afford a two-bedroom unit at FMR there would have to be the equivalent of 3 full-time minimum-wage workers in the household and for a one-bedroom unit there would have to be 2.5 full-time minimum wage workers. If there was only one earner in the household working full-time, that person would have to earn $21.06 an hour to afford a two-bedroom unit and $17.54 to afford a one-bedroom unit.

Minimum-wage workers can't afford most rentals...



[9] Bureau of Labor Statistics, Quarterly Census of Employment and Wages average annual income paid for James City County in 2018.

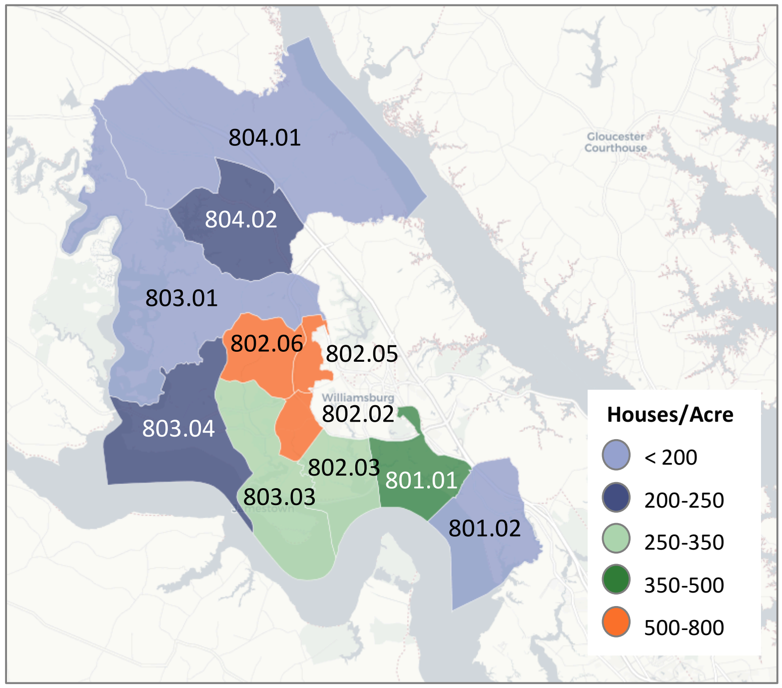
Industry	Average Annual Salary	Maximum Monthly Rent	Maximum Home Price
Accommodations and Food Service	$20,200	$505	$88,000
Retail Trade	$21,400	$535	$90,000
Education	$25,000	$625	$93,000
Health Care and Social Assistance	$43,100	$1,080	$162,000
Construction	$52,400	$1,310	$217,000

Many affordability analyses also compare the average salary for different types of jobs in an area to housing costs in that area to determine whether the area is affordable for the individuals engaged in those occupations. According to the Virginia Employment Commission, in 2018 the average wage for worker in the Accommodations and Food Service sector in the county was $20,200. This worker could afford a maximum monthly rent of $505 and could buy a home worth no more than $88,000.[10] Thus, a household with a single earner working in the Accommodations and Food Service sector could not afford the FMR for a one-bedroom apartment and would have a difficult time finding a house that he could afford to buy. A worker in the Retail Trade or Education sectors (which includes teachers as well as other staff members at public and private schools) would be in a similar situation. The average workers in the Health Care and Social Assistance or the Construction industries would be able to afford a two-bedroom apartment at fair market rent, although they will have a difficult time finding an affordable home to buy since less than 25 percent of homes on the market in the county are sold for less than $200,000.

[10] Assuming a 30-year fixed rate loan at a 3.75% interest rate with a 10% down payment, including homeowner's insurance at 0.03% of the home's value and property taxes at 1%.

Intra-County Comparison

The densest tracts are closest to the City of Williamsburg…

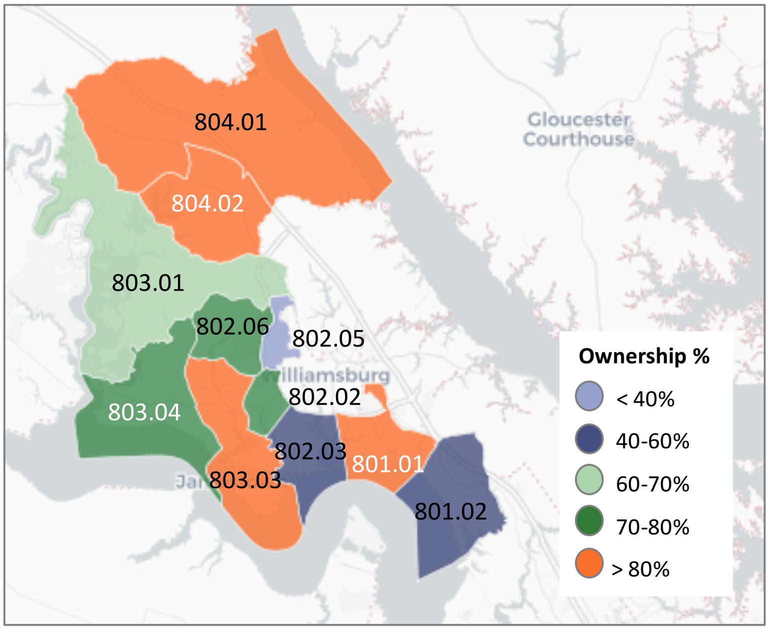


The housing stock is not equally distributed across James City County. In terms of housing density, the number of housing units per acre according to the 2013-2017 ACS ranges from a high of 789 units per acre in census tract 802.05 to a low of 71 units per acre in tract 804.01. Overall, the housing density in the county is about 230 units per acre. The densest tracts are those closest to the City of Williamsburg while the least dense tracts are those in the northwest section of the county as well as the tract is the southeastern part of the county. Housing density depends on a number of factors including the amount of land that is zoned for residential use, the size of lots and the existence of multi-family housing in addition to demand for housing in a particular area.

Census Tract	Housing Units in 2013-17	Housing Units in 2010	Percent Growth
801.01	3,118	3,095	1%
801.02	1,537	1,409	9%
802.02	2,284	2,275	0%
802.03	1,785	1,746	2%
802.05	1,988	1,450	37%
802.06	5,402	4,947	9%
803.01	3,585	3,683	-3%
803.03	3,825	3,214	19%
803.04	2,409	2,416	-1%
804.01	2,988	2,669	12%
804.02	3,436	2,893	19%

In absolute numbers of housing units, the tracts vary significantly as well with a current estimate of 5,402 total units in census tract 802.05 and only 1537 units in tracts 801.02. In analyzing the growth in housing between 2010 and today, the fastest growing census tracts in terms of the percentage increase in housing in 802.05 which grew by 37 percent. However, this is a relatively small tract. Thus, while tract 803.03 only had a 19 percent increase in the number of housing units, the absolute increase was over 600 homes compared to about 530 homes in 802.05. Tract 804.02 also had an increase in about 550 units during this time period. Note that two tracts are actually estimated to have decreased the number of available units, 803.01 and 803.04.

Ownership rates are high across most of the county…



The county has a very high ownership rate compared to the rest of Virginia and the US overall. In 2013-2017 ACS, census tract 804.01 had the highest owner-occupancy rate at 90 percent, followed closely by tract 803.03 which has an owner-occupancy rate of 85 percent.[11] The real outlier is tract 802.05 – the tract that contains New Town – which has an owner-occupancy rate of about 36 percent and thus a rental rate of around 64 percent. In this tract, almost 40 percent of units are in complexes with 10 or more units and another 10 percent are in other multi-family complexes. The next lowest owner-occupancy rate is in tract 802.03 which has an ownership rate of just over 60 percent. This is the census tract that includes the apartment complexes at the intersection of 199 and Jamestown Road and overall this tract has just over a third of its housing stock in multi-unit housing structures. Almost all of the other census tracts in the county have between 75 and 90 percent single-family units, not including mobile homes. The one remaining exception is census tract 801.02, the southernmost tract, where 46 percent of the housing units are mobile homes and the owner occupancy rate is only about 60 percent.

Vacancy rates (for both owner-occupied and rental units) vary across the census tracts as well. Census tracts 801.01 and 802.06 both have vacancy rates much higher than the county's overall rate of 12 percent as both of these tracts have a vacancy rate of almost 20 percent. These are extremely high vacancy rates, particularly since both of these tracts are over 75 percent owner-occupied, with more than one out of every six houses vacant. Tract 801.01 contains the Kingsmill neighborhood while tract 802.06 includes the Ford's Colony golf courses and surrounding homes. While the "natural" vacancy rate for rentals is around 5 percent, owner-occupied vacancy rates tend to be below 5 percent. Interestingly, these tracts have the relatively high value homes which could be contributing to the high vacancy rates for these areas. Tracts 802.02 and 803.04 both have the lowest vacancy rates – less 5 percent – which is less half that of the county's overall rate. The remaining tracts all have vacancy rates between 8 and 15 percent. Thus overall

[11] These estimates only consider occupied housing – thus the owner occupancy rate is calculated as the total number of owner-occupied houses divided by the total number of occupied houses.

the county appears to have a slight excess supply of housing relative to the demand for housing, although of course for certain price points or types of housing there could be excess demand.

Owner-Occupied Houses

As one would expect, housing values also vary across census tract. The median owner-

	801.01	801.02	802.02	802.03	802.05	802.06	803.01	803.03	803.04	804.01	804.02
Median Value	$496K	$111K	$282K	$333K	$205K	$441K	$268K	$327K	$458K	$337K	$276K
<$100K	3%	48%	7%	2%	8%	5%	7%	1%	3%	2%	4%
$100K-150K	0%	14%	9%	6%	10%	1%	6%	3%	0%	3%	4%
$150K-300K	14%	37%	39%	32%	66%	21%	54%	38%	13%	37%	48%
$300K-500K	34%	1%	40%	46%	13%	37%	30%	44%	39%	37%	41%
<$500K	49%	0%	6%	14%	4%	36%	4%	14%	47%	22%	3%

occupied house value varies from a low of $111,000 in tract 801.02 to a high of $496,000 in tract 801.01. Recall that in tract 801.02, 46 percent of the housing units are mobile homes, explaining the low median value. The housing affordability analysis found that the maximum house price that a household with a very low income could afford is $100,000, $150,000 for a household with a low income, $300,000 for a household with a moderate income, and $500,000 for a household with a middle income. Tract 801.02 is the census tract that is most likely to house very low income households as 47 percent of the homes in this tract are worth less than $100,000. Even low income households are likely to live in only four tracts – 801.02, 802.02, 802.05, and 803.01. In tracts 801.01, 802.06 and 803.04, the majority of households are likely to be in the upper income group since less than 25 percent of their owner-occupied houses are worth $300,000 or less and thus affordable to anyone other than those in the upper income group.

The 2018 MLS sales data also provide insight into the relative value of homes in each tract. Not surprisingly, the lowest average sales price is in tract 801.02. There are also very few MLS sales per owner-occupied house in this tract. The highest average price is in tract 803.04 which also has a relatively low number of sales per house. The most active tract is 804.02 with 7.5 percent of the owner-occupied houses sold in 2018. This tract added over 550 new homes since 2010, which explains the high percentage of sales. Note also

Census Tract	Sales in 2018	MLS Sales/ Houses	Average Price	Avg. Days on Market
801.01	141	4.5%	$441,046	82
801.02	17	1.1%	$176,331	243
802.02	158	6.9%	$252,762	34
802.03	42	2.4%	$329,763	58
802.05	65	3.3%	$273,344	91
802.06	193	3.6%	$445,835	77
803.01	116	3.2%	$285,918	50
803.03	185	4.8%	$310,746	66
803.04	85	3.5%	$534,404	86
804.01	86	2.9%	$360,312	74
804.02	256	7.5%	$315,162	44

that the average sales price in this tract is at the lower end of the range for the county and the days on the market is also relatively low. Tract 801.02 has the highest average days on the market, an indicator that houses in this tract are not selling well. Recall that this tract also has the highest percent of vacancies in the county – almost 20 percent – which is a further indicator that the houses in this area not in high demand.

Rental Units

Census Tract	Housing Units	Units for Rent	Percent for Rent	Rental Vacancies	Median Rent
801.01	3,118	750	24%	40%	$1,209
801.02	1,537	557	36%	4%	$955
802.02	2,284	497	22%	3%	$1,175
802.03	1,785	792	44%	18%	$1,161
802.05	1,988	1,297	65%	12%	$1,365
802.06	5,402	1,388	26%	16%	$1,204
803.01	3,585	1,152	32%	5%	$1,230
803.03	3,825	627	16%	22%	$1,227
803.04	2,409	468	19%	0%	$1,705
804.01	2,988	434	15%	30%	$1,809
804.02	3,436	631	18%	17%	$798

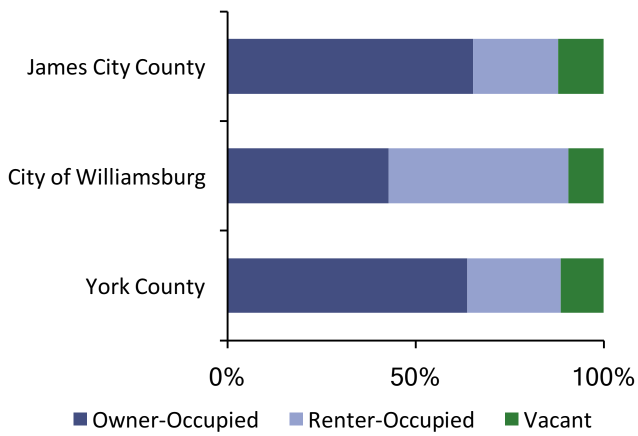
The stock of rental housing also differs significantly across the county both in terms of availability and price. As discussed earlier, tract 802.05 has the highest percentage of rental units (both occupied and vacant) in the county, although tract 802.06 – the tract that contains a number of rental complexes off of Longhill Road – has the highest number of rental units. Tract 804.01 has the lowest number of units and percent for rent.[12] Several tracts have a very low rental vacancy – i.e., vacancy rates below below the "natural" vacancy rate of 5 percent. Other tracts have very high rental vacancies above 30% in both tract 804.01 and 801.01. There are also significant differences in the median rental rate across tracts. Some of the variation in both rents and vacancy rates is due to the type of rentals in each tract. In both 804.01 and 801.01, at least 60 of occupied rental units are single-family houses. The two tracts with the lowest median rental rates, 801.02 and 804.02, also have the highest percentage of rentals in complexes with 50 or more units.

[12] The "Percent for Rent" is the number of units current occupied by renters plus the vacant units for rent divided by the total number of units.

Inter-County Comparison

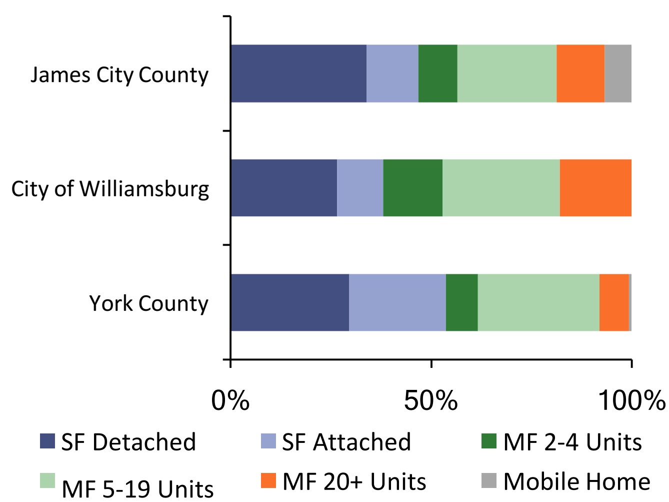
Greater Williamsburg consists of three different jurisdictions – James City County, the City of Williamsburg and the upper portion of York County. Individuals who looking to reside in the greater Williamsburg area are likely to look at homes in all three locations. Thus, it makes sense to compare the housing markets of these three areas. All three areas have experienced significant growth over the last three decades, although the City Williamsburg, with its lack of significant undeveloped land, has seen the lowest growth of about 30% compared to 80% in York County and 120% in James City County. The City of Williamsburg has just over 5,100 housing units compared to 27,500 in York and 32,400 in James City. All three localities have similar rates of housing vacancies – between 9 and 12 percent, but the two counties both have a significantly higher percentage of owner-occupied housing than the City of Williamsburg, where less than half of all units are occupied by their owners.

The counties look similar to each other, but the city stands out with many more renters...



There are also important differences in the types of housing available in the three jurisdictions. Only James City County has a significant number of mobile homes – 7 percent – while York has less than one percent and the City has none. Williamsburg has a much higher percentage of very large multi-family units, almost twenty percent, compared to 12 and 8 percent in James City County and York, respectively. York has the highest percentage of single family homes – 55 percent – although about half of its single-family homes are attached compared to about thirty percent for the City and James City County. Given these differences in the types of housing units, as one might expect there are also difference in the house prices and rents. James City County has the highest median value for owner-occupied houses at $329,000 according to the 2013-2017 ACS, followed by

Available housing varies across jurisdictions...



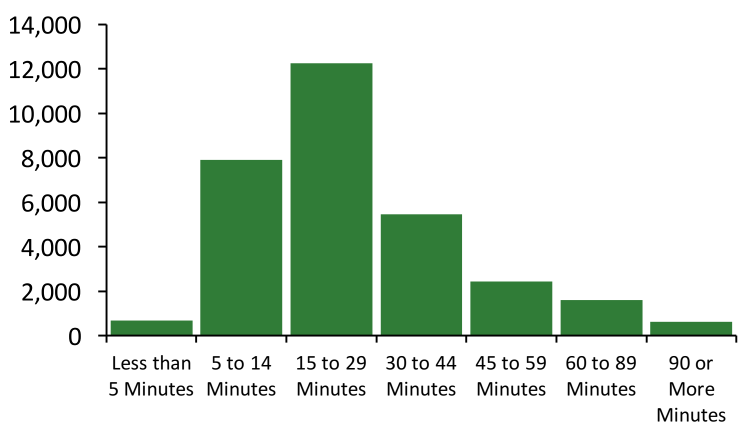
York County at $315,000 and the City at $307,000. However, York has the highest median rent at $1,460 followed by James City at $1,200 and the City at $1,000.

With respect to house sales, the Williamsburg MLS contains data on sales from all three jurisdictions, although it does not have a complete records of sales in York county as a separate multiple listing service, the Real Estate Information Network (REIN) covers the lower part of Hampton Roads. The Williamsburg MLS primarily covers sales in the upper part of York county, particularly parts of the county with a Williamsburg mailing address. According the Williamsburg MLS, there are about ten times as many house sales in James City County as there are in Williamsburg and homes in James City County sell faster and for more than homes in Williamsburg. Compared to upper York County, homes in James City take longer to sell, but they also sell for a higher average price.

Jurisdiction	Williamsburg MLS Sales	Average Price	Avg. Days on Market
James City County	1,405	$347,832	64
City of Williamsburg	154	$311,333	73
York County	390	$322,607	46

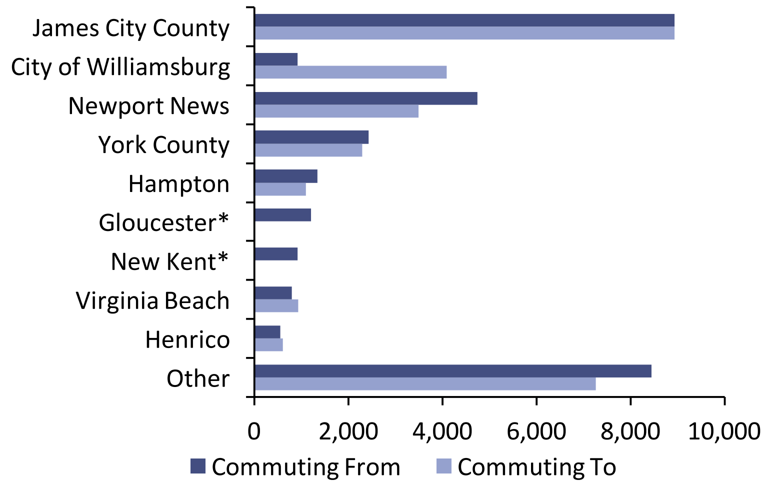
Another important factor that influences an individual's housing location decision is their ability to commute to other locations. According to the 2013-2017 ACS, about 6 percent of the working adults in the JCC worked from home – the remaining all commute to work. While the average commute time is 25 minutes, commute times vary significantly from under 5 minutes to over 90 minutes. Amost all of these commuters use a personal vehicle to get to work, with almost 90 percent of commuters driving alone and an additional 8 percent carpooling in a personal vehicle. Just about one percent of commuters use some form of public transportation to get to work and just over one percent walk to work.

Most JCC Residents have commutes under 30 minutes...



The Census Bureau's Longitudinal Employer-Household Dynamics (LEHD) dataset also provides information on commuting patterns in the area. In 2017, approximately 9,000 residents (around 30 percent of workers) of James City County both lived and worked in the county with the remaining 20,000 working residents commuting to other jurisdictions. Additionally, about 21,000 individuals commute into the county from elsewhere to work. Thus, the inflow and outflow of workers in the county is about equal. However, more workers commute to the city of Williamsburg than commute from Williamsburg to James City County, with a net outflow of almost 3,000. The reverse is true of Newport News, York County and Hampton, all of which show a net inflow of workers. Newport News

JCC receives a net outflow of commuters to Williamsburg and a net inflow from Newport News, York, and Hampton...

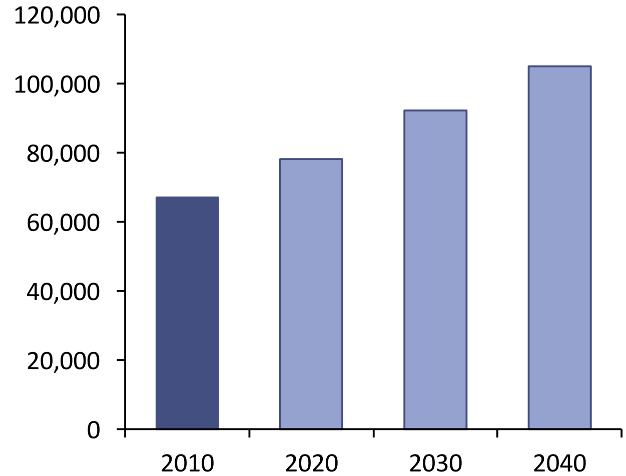


has the highest net inflow of about 1,200 workers into the county as well as the largest absolute number of incoming commuters. Gloucester and New Kent counties are both significant sources of workers in the county with 1,200 and 900 commuters respectively. The number James City residents working in those two areas is less than 500, and thus is not calculated direcrly in the LEHD, but rather included in the "Other" group in the graph to the right. Both Virginia Beach and Henrico have more workers commuting into the county that commute out to those two locations. Virginia Beach has a net inflow of commuters of about 150 workers, while Henrico's inflow is about 50.

Future Housing Needs

The Weldon Cooper Center for Public Service produces population projections for all Virginia localities. According to their most recent estimates, the population in Williamsburg will grow to 78,016 by 2020, to 92,210 by 2030, and to 104,915 by 2040. These figures are consistent with the 2013-2017 ACS population estimate of 73,028 which shows about a 6,000 person increase over the 2010 Census count of 67,009. Thus, over the next decade, the population of the county is likely to grow by well over 10,000 individuals. Given an estimated average household size of 2.5 people, this suggests the need for more than 7,500 additional housing units by 2030. The 2013-2017 ACS estimates a total just under 4,000 vacant housing units currently leaving a deficit of over 3,500 units that will be needed within the next decade to meet the increased demand for housing.

The county's population is projected to grow by well over ten thousand in the next decade...



Appendix A: Affordability Analysis Income Groups

Income Category	HUD Income Range	HUD Income Band	Analysis Income Band
Very low	< 30% MFI	Less than $25,100	Less than $20,000
Low	30% - 50% MFI	$25,100 - $37,500	$20,000 - $35,000
Moderate	50% - 70% MFI	$37,500 - $52,500	$35,000 - $50,000
Middle	70% - 100% MFI	$52,500 - $75,000	$50,000 - $75,000
Upper	> 100% MFI	More than $75,000	More than $75,000

The standard income groups used in housing affordability analyses are those created by the Department of Housing and Urban Development (HUD). The income groups are defined relative to the Median Family Income (MFI) for an area, assuming a household of four people. As shown in the table above, very low income households have incomes that are less than 30 percent of the MFI while low income groups have incomes between 30 and 50 percent of the MFI, etc. In 2018, the MFI for James City County was $75,000. Thus, within the county, the HUD very low income group includes households with a total annual income that is less than $25,100 and the low-income group has an income between $25,100 and $37,500. However, the data available on household incomes from the Census and ACS do not break income out into fine enough categories to allow us to determine how many households have incomes less than $25,100 or $37,500. Therefore, for this analysis we used income ranges that correspond as closely as possible to the HUD income ranges while being consistent with the data provided by the Census and ACS. This for this analysis we define a very-low-income household to be one with an annual income of less than $20,000 and a low-income household to be one with an income of $20,000 to $35,000. For our analysis, moderate-income households are those with income between $35,000 and $50,000, middle are those with income between $50,000 and $75,000, and upper are those with incomes greater than $75,000.

Similarly, when analyzing the number of housing units – both owner-occupied and rental – that would be affordable for each income group, we were limited by the way in which the ACS reports home values and gross rents. The table below shows the actual maximum gross rent and house price that each income group could afford as well as the proxy values we used in our analysis based on the way data are reported in the ACS. Thus while the maximum rent that is affordable for a low-income household (using our analysis income bands) is $875, for our analysis we considered any rents below $1000 to be affordable. Similarly, while the maximum house price someone in this income group could afford is $152,500 we only considered houses less than $150,000 to be affordable.

Income Category	HUD Income Band	Analysis Income Band	Maximum Rent	Maximum Rent Proxy	Maximum House Price	Maximum House Proxy
Very low	Less than $25,100	Less than $20,000	$500	$600	$102,000	$100,000
Low	$25,100 - $37,500	$20,000 - $35,000	$875	$1000	$180,000	$150,000
Moderate	$37,500 - $52,500	$35,000 - $50,000	$1,250	$1,250	$255,000	$300,000
Middle	$52,500 - $75,000	$50,000 - $75,000	$1,875	$2,000	$385,000	$500,000
Upper	More than $75,000	More than $75,000	> $1,875	> $2,000	>$385,000	>$500,000

Appendix B: Data Sets Used in the Assessment

One of the mainstays of demographic analysis is the decennial Census administered by the Census Bureau. One of the strengths of the census is that it attempts to record data on all individuals living in the country, rather than using a sample of individuals to estimate demographic characteristics for particular locations. However the questions that are asked of all individuals are generally pretty limited. Each household is asked to record the age, gender, and race of all individuals living in the household. With respect to housing information, the only information collected is the number of units in a structure, whether units are occupied or vacant, and whether they are owner-occupied or rented. More detailed demographic data is collected through a survey. Prior to 2010, the survey was part of the decennial Census and was called the "long form." Approximately 1 in 6 households received the long form which asked additional individual data (level of education, employment status and type, disability status, income levels, etc.) as well as additional data on housing (gross rent, number of bedrooms, mortgage status, etc.).

Beginning in 2005 the American Community Survey (ACS), which is also conducted by the Census Bureau, replaced the Census long form. The ACS is conducted monthly, rather than every 10 years and collects much the same information that was collected on the Census long form. The ACS is also a sample but has a much lower sampling rate – only 1 in 40 households is sampled every year. Because the sample is lower the estimates from the ACS are noisier. Thus for smaller geographies (census tracts, block groups, areas with less than 60,000 in population) estimates are only provided based on a 5-year moving average. For larger geographies, estimates are available based on a 3-year or 1-year average. Because the estimates are based on a sample, they are subject to error. The short time periods use fewer surveys to calculate the estimates and thus have larger errors.

Comparing data across the ACS and the Census should be done with care. For example, the 2013-2017 ACS includes data from collected each month between the beginning of 2013 and the end of 2017 and thus represent an average over those 5 years while data from the 2010 Census provides a picture of what was happening in 2010 alone.

An important source for information about housing investment patterns and housing affordability in James City County is the Williamsburg Multiple Listing Service (MLS) data on home sales in James City County. The Williamsburg MLS data contains information on all home sales that are listed by brokers that participate in the MLS service in the area. Sales that are made by private parties, such as sales by owners, are usually not listed in the MLS. Estimates of the percentage of total sales listed on the MLS range from 70 percent to 90 percent of all sales and depend on both the area and the market conditions. Additionally, some realtors may belong to the Hampton Roads MLS and thus their listings would not be included in these data. In particular, some listings on the southeast side of the county, i.e., in tract 801.02 may not be included in this data. For this analysis we looked at a cross-section of Williamsburg MLS sales for James City County in 2018 as well as a panel dataset of WMLS sales in the county from 2010 to 2018. The important thing to remember when using this data set is that not all sales are represented and in particular one might expect that very low priced houses would be less likely to be sold using a real estate agent both because the sellers may not be willing to pay an agent a commission and because agents may not be interested in selling houses that will result in only low commissions.

For information on commuting patterns, we used the Census Bureau's Longitudinal Employer-Household Dynamics (LEHD) dataset to find data on the origin and destination of commuters. These data are estimates based on tabulated and modeled administrative data, not counts from a census. For information on population projections, we used data developed by the Demographics Research Group at the University of Virginia's Weldon Cooper Center. These data are estimates calculated using data from the 2010 Census and a variety of different growth and extrapolation methods.

FINAL REPORT OF THE ISLE OF WIGHT COUNTY TASK FORCE ON WORKFORCE HOUSING

April 2007

With the assistance of the
Innovative Housing Institute
David Rusk and Thomas Doerr

ISLE of WIGHT COUNTY IN VIRGINIA (757) 357-3191 | Isle of Wight County P.O. Box 80 Isle of Wight, VA 23397

April, 2007

To: The Isle of Wight County Board of Supervisors
The Town of Smithfield Town Council
The Town of Windsor Town Council

We are pleased to transmit the final report of the Task Force on Workforce Housing.

Over the past seven months, the Task Force has studied extensively housing needs of our county's workforce – the almost 12,000 people who teach our children, protect our homes and businesses, maintain our roads and streets, staff our stores and offices, till our fields, and work in our manufacturing plants.

We have concluded that in recent years new housing built in Isle of Wight County is not affordable for practically anyone who actually works within the county. If it were not for the existence of an older, less expensive housing supply – a legacy of the county's semi-rural past – the county's workforce housing crisis would be more severe.

To correct this imbalance, the Task Force has made comprehensive recommendations covering proposed changes in land use and zoning policies; changes in fee and tax policies; provision of direct subsidies on both the "supply side" (housing production) and "demand side" (buyer/renter assistance); and policies to preserve the existing stock of workforce housing.

We would like to thank the members of the Task Force and the interested citizens who participated in our seven formal Task Force meetings and several study sessions, including our two workshops with local developers and builders.

We would also like to thank Joseph Carter and Ray Ransom of the Town of Smithfield Planning Department and, especially, Beverly Walkup, County Planning Director, for the excellent support and guidance they provided us.

Finally, we would like to express our appreciation to our consultants, David Rusk and Tom Doerr of the Innovative Housing Institute, who combined both broad national expertise with sensitivity to our local conditions in an exceptional way.

The Task Force believes that our recommendations are shaped realistically to the legal and fiscal capabilities of local government and the economic interests of the private sector. The program would produce 100 to 150 new, affordable homes a year for the local workforce.

We strongly recommend its enactment by the County Board of Supervisors and the Town Councils of Smithfield and Windsor.

John Graham
Task Force Co-Chair

Robert Duckett
Task Force Co-Chair

Task Force on Workforce Housing

John Graham, co-chair
GSH Real Estate

Robert Duckett, co-chair
Peninsula Housing and Builders Association

James Brown
Isle of Wight Planning Commission
Isle of Wight Board of Supervisors

Lanna DeVites
Isle of Wight Department of Social Services

Rev. James Harrison
Main Street Baptist Church

Susan Milton
Isle of Wight County Habitat for Humanity

Jim O'Briant
Isle of Wight Planning Commission

Tyrone Sessoms
The STOP Organization

Daniel Smith
Smithfield Planning Commission
Smithfield Town Council

EXECUTIVE SUMMARY

In recent years new housing built in Isle of Wight County is not affordable for practically anyone who actually works within the county. If it were not for the existence of an older, less expensive housing supply – a legacy of the county's semi-rural past – the county's workforce housing crisis would be more severe.

During February 2007, 45 new, single-family homes were brought on the market in Isle of Wight North. They ranged in price from $339,000 to $1,250,000; median price was $539,000. Of the 254 employees of county government, only the county administrator and one top aide could afford to buy a newly built home in Isle of Wight North.

During the same month, 44 new, single-family homes were listed for sale in Smithfield. Their prices ranged from $292,000 to $740,000; median price was $438,000. Not one of the town government's 54 employees, including the town manager, could afford to buy a new home in Smithfield.

Among the 804 employees of Isle of Wight County Public Schools, only the superintendent and his senior staff could have afforded a new, single-family detached home (and at the lower end of the price scale). Only the most veteran teacher in the system could have afforded to bid on even the least expensive new townhouses (median price: $215,000). The new construction market isn't functioning with even a pretense of serving the county's teachers and other school employees.

With 3,445 employees on-site, Smithfield Foods is the foundation of the county's economy. Though 42 percent of Smithfield Foods' salaried employees still live in Isle of Wight County, no category of salaried or hourly employees could afford to buy new homes being built locally now. Only 25 percent of its hourly-wage workers now reside in the county. Three quarters commute from outside the county to the Smithfield Foods plants. Out-of-county workers drive an estimated 110,000 miles each day to get to and from the job, burning 5,500 gallons of gasoline daily. Over 70 percent of Smithfield Foods' $100 million payroll goes home – out of county. The picture at International Paper is even more extreme.

With the county's absorbtion into the metropolitan economy and regional housing market, its low-density zoning facilitated new housing construction for high-income exurbanites and high-income retirees – that is, two groups whose wealth comes from elsewhere rather than from Isle of Wight County-based employment. The result has been not only an extraordinarily high price for new residential construction but upward pressures on the prices of the existing housing supply. (Rental housing is not a significant alternative due to the low number of rentals in the county and the very few which have come onto the market during this housing boom.)

The price of older housing is steadily rising. As of February 1, 2007, the median income family could only afford to buy about 11 percent of the houses listed in the Multiple Listing Service: in effect, they could only chose among 35 homes. The remaining 89 percent of homes listed were generally unaffordable to about half of county residents.

Local zoning policies are substantially responsible for the affordable housing crisis the county's workforce now faces.

There is only one basic solution for the workforce housing crisis: **the county and towns must amend land use and zoning policies to allow, encourage, and even require more intensive use of residential land.**

The Task Force has made comprehensive recommendations covering proposed changes in land use and zoning policies; changes in fee and tax policies; provision of direct subsidies on both the "supply side" (housing production) and "demand side" (buyer/renter assistance); and policies to preserve the existing stock of affordable housing.

The Task Force's major recommendations are for the County and the Towns

- to enact mandatory Workforce Housing Unit (WHU) ordinances as authorized by the newly-amended Virginia Code Section 15.2-2305; the ordinances would require that 17 percent of any development of 30 units or more must be affordable when accompanied by a 30 percent increase in density; under such conditions, while building inclusionary developments builders' profitability would be protected (and even enhanced); at an annual construction pace of about 600 new homes, this policy would yield about 100 workforce housing units per year;
- to set specific annual targets for multi-family production (for example, 50-60 rental apartment units per year, or about 10 percent of all residential construction) and amend current zoning provisions to facilitate apartment construction;

- to encourage development of good quality mobile home parks. The towns and county could create a new mobile home zone with modern mobile home development standards. Existing mobile home parks would be grandfathered. If a mobile home park were to be demolished, the land would not retain the old density except for a new mobile park or a high percentage of below-market homes or rental apartments;
- to establish a Workforce Housing Trust Fund – funded by an automatic allocation of a percentage of transfer taxes/ recordation fees. The Workforce Housing Trust Fund could also receive federal and state grants; share in the equity windfall from future market-rate sales of no longer price-controlled WHUs; and serve as a legal trustee of "soft" second mortgages that would have made homes affordable. In addition to being a source of cash subsidies as needed to lower production costs ("supply side"), the Workforce Housing Trust Fund would provide buyer and renter subsidies ("demand side") in the form of down payment assistance, closing cost assistance, lower interest mortgages, rent subsidies, direct public purchase of WHUs, etc.; and
- to establish the position of Housing Officer within the county government to oversee all aspects of the affordable housing program (except for zoning administration). The Housing Officer should contract with other public agencies, community development corporations, or other non-profit agencies to implement the programs.

The Task Force believes that its recommendations are shaped realistically to the legal and fiscal capabilities of local government and the economic interests of the private sector. The program would produce 100 to 150 new, affordable homes a year for the local workforce.

We strongly recommend its enactment by the County Board of Supervisors and the Town Councils.

Introduction

"Everyone knows that Isle of Wight County has a big problem of housing affordability."

--- Comment at Task Force on Affordable Housing (January 19, 2007)

Where will the people who actually work in Isle of Wight County live in a future Isle of Wight County that is being created these days? In all the new homes being built?

During February 2007, 45 new, single-family homes were on the market in Isle of Wight North. They ranged in price from $339,000 to $1,250,000; median price was $539,000. Of the 254 employees of county government, only the county administrator and one top aide could have afforded to buy a newly built home in Isle of Wight North.

During the same month, 44 brand-new, single-family homes were for sale in Smithfield. Their prices varied from $292,000 to $740,000; median price was $438,000. Not one of the town government's 54 employees, including the town manager, could have bought a new home in Smithfield.

There were also seven new, single-family detached homes for sale in the southern part of the county and their median price was $315,000.[1]

Also listed at various locations throughout the county were only 17 newly constructed townhouses, costing from $200,000 to $350,000 (median price: $215,000). At best, the ten highest paid managers and professionals in county and town government might have been able to buy one of the new townhouses (but only if they bid quickly for the few lower priced ones).

Of course, these statements are based on the assumption that the town or county employee is his or her family's sole breadwinner. Almost sixty percent of families in Isle of Wight County are married couple families; in most, both spouses work. Yet if a spouse earned an income equal to the salary or wages of the average town or county employee, that family still could not afford to buy any new home built recently.

Perhaps the couple would wants to rent, trying to build up a nest egg to buy a new "starter" home? Over the past six years only 228 new apartment units were built in the county, all at Eagle Harbor, with monthly rents ranging from $930 for a one-bedroom apartment to $1,320 for a three-

[1] There is a single 1,100 square foot new home near Franklin selling for $159,900. This is a small modular unit and very different from the other homes being built in IOW. We have excluded this single unit from the overall analysis in the text.

bedroom apartment. As an alternative, the family might be able to move into one of the 512 mobile homes for which new permits were issued over the seven years.

Some 69 percent of county employees, 72 percent of Town of Smithfield employees, and 58 percent of county public schools employees (but less than half of all teachers) live within Isle of Wight County, but they are overwhelmingly dependent upon an older, lower cost housing supply that was built when the county was a rural community far from the centers of metropolitan growth. And the cost of older housing itself is rising.

Isle of Wight's population profile is changing. High-income, professional families who earn their living elsewhere in Hampton Roads are moving into the new homes being built in Isle of Wight County. Average incomes of residents may rise, but so does the need for services. Where will the county's road maintenance workers, the town's police officers, and the school district's teachers find housing while they work to serve the needs of this steadily rising population?

And what of the private sector? In the old days, Smithfield Foods dominated the rural county's economy. It still does in terms of jobs that are located within the county itself (as contrasted with the larger metropolitan economy to which most newcomers commute). The 3,445 jobs at its Smithfield complex are almost 30 percent of all jobs located in the county.

Though 42 percent of Smithfield Foods' salaried employees still live in Isle of Wight County, *no category of salaried or hourly employees could afford to buy new homes being built locally now.* Only 25 percent of its hourly-wage workers now reside in the county. Three quarters commute from outside the county to the Smithfield Foods plants. Out-of-county workers drive an estimated 110,000 miles per day to get to and from the job, burning 5,500 gallons of gasoline daily. Out-of-county workers average a 44-mile, roundtrip drive, including over 100 miles daily for the 337 workers that commute from North Carolina. Commuters spend $1,100 per year just on gas – money better invested in an equity creating home rather than just going out the tailpipe. If living much closer to the Smithfield Foods plants allowed a worker to cut out one extra family car (unlikely, for many), that worker would save almost $5,000 per year – an amount equal to more than one-sixth of the average Smithfield employee's annual salary or wages.

Smithfield Foods' payroll almost tops $100 million annually Over 70 percent of it goes home – out of county. Little of that $70 million re-circulates within the Isle of Wight economy, creating additional jobs and local wealth.

The picture is even more extreme regarding International Paper, whose plant is located at the extreme southern edge of the county. Only ten percent of International Paper's employees are estimated to live within the county and 90 percent of its $52 million payroll leaves the county.

Since new workforce housing is not being built, the percentages of county, town, public school, Smithfield Foods and International Paper employees that live within the county are undoubtedly eroding steadily. Certainly, this county will never be another Aspen, Colorado, where, catering solely to the rich, housing costs have soared into the stratosphere and the workforce that keeps the community actually running must live 60 to 100 miles away. But the local affordable housing crisis could reach such an acute state that it jeopardizes the very prosperity that Isle of Wight County has experienced in recent years.

There is only one basic solution for the workforce housing crisis: **the county and the towns must amend their land use and zoning policies to allow, encourage, and even require more intensive use of residential land.**

* * *

This report of the Isle of Wight County Task Force on Workforce Housing will be organized in five sections.

Part I will provide a brief overview of the county's demographic, economic, and housing trends over recent decades.

Part II will provide more detailed analysis of the workforce housing problem faced by employees of the local governments and Smithfield Foods and International Paper, the foundation of the in-county economy.

Part III will present a definition of workforce housing and model several approaches to production of new housing within the target price ranges, based on local market housing production costs.

Part IV will present the Task Force's comprehensive recommendations. They will cover proposed changes in land use and zoning policies; changes in fee and tax policies; provision of direct subsidies on both the "supply side" (housing production) and "demand side" (buyer/renter assistance); and policies to preserve the existing stock of affordable housing.

Finally, an appendix will propose specific draft ordinances to carry out the Task Force's recommendations.

Part I – Trends

a. population and income

Over the past half century Isle of Wight County has been going through the transition from a rural county to a rapidly suburbanizing part of a steadily growing metropolitan area – the Norfolk-Virginia Beach-Newport News VA-NC area (referred to hereafter as the Hampton Roads region.) Over the past 55 years, Table I-1 (inserted) shows the Hampton Roads region has almost tripled in population, increasing from 568,459 in 1950 to 1,647,296 in 2005.

Such population growth reflects both increasing population in many (but not all) original parts of the Hampton Roads region, but also its geographic expansion. Analyzing commuting patterns revealed by the 1990 census, the federal government declared officially that Isle of Wight County had become economically and socially an integral part of the Hampton Roads region. (Indeed, after Census 2000, Surry County on Isle of Wight's western border has now been officially added to the Hampton Roads region as well.)

Having become part of the metropolitan economy, Isle of Wight County's population growth is accelerating. Over the past five years, it has grown 12 percent, adding an average of 738 net new residents per year. That is more than twice its annual average growth in net new residents during the 1970s and 1980s, and almost 60 percent greater than the growth of net new residents in the 1990s.

The transformation from a rural economy to a metropolitan economy has typically meant rising median income levels, but the transition can leave out many long time residents. Some long-time residents do benefit from greater access to higher paying jobs within the metropolitan core. In larger measure, higher average incomes reflect the in-migration of higher-income families that choose to commute (often substantial distances) from their new homes in the suburbanizing community to their job locations closer to the metropolitan core.

This upward trend in relative income levels is illustrated by tracking median family income in Isle of Wight County as a percentage of the regional median family income from 1950 to 2000. In 1950, the county lay well beyond the boundaries of the metropolitan region; Isle of Wight County's median family income was only 71 percent of the region's median family income. By the 1990 census, the economic ties between Isle of Wight and the expanding region were much stronger, and the county's median family income was 95 percent of the regional median. By 2000, with the accelerating influx of high-end "exurbanites," the county's median family income had soared to 107 percent of the regional median. Undoubtedly, since Census 2000 that upward trend has continued (consistent with the housing patterns that have already been noted in the introduction) but reliable new data will not be available until the 2010 census.

In Census 2000, Isle of Wight County had a labor force of 17,225 and a labor force participation rate of 64 percent. More workers commuted out of the county for employment than commuted in, and only a quarter of the workers both lived and worked in the county.

GROWTH OF NORFOLK-VIRGINIA BEACH-NEWPORT NEWS VA-NC METROPOLITAN AREA FROM 1950 TO 2005

	added to metro area after census	population in 1950	population in 1960	population in 1970	population in 1980	population in 1990	population in 2000	population in 2005
Norfolk-Virginia Beach-Newport News, VA-NC MSA (census boundaries)		568,469	764,523	972,759	1,160,311	1,396,107	1,569,541	1,647,296
Norfolk-Virginia Beach-Newport News, VA-NC MSA (2005 boundaries)		696,724	914,197	1,091,594	1,206,088	1,449,389	1,576,370	1,647,296
Norfolk city, VA	original	213,513	304,869	307,951	266,979	261,229	234,403	231,954
Portsmouth city, VA	original	80,039	114,773	110,963	104,577	103,907	100,565	100,169
Virginia Beach city, VA (1)	original	42,277	85,218	172,106	262,199	393,069	425,257	438,415
Chesapeake city, VA (2)	original	110,371	73,463	89,580	114,486	151,976	199,184	218,968
Suffolk city, VA (3)	original	37,577	43,975	45,024	47,621	52,141	63,677	78,994
Newport News city, VA (4)	original	82,333	113,662	138,177	144,903	170,045	180,150	179,849
Hampton city, VA (5)	original	60,994	89,258	120,779	122,617	133,793	146,437	145,579
York County, VA	original	11,750	21,583	27,762	35,463	42,422	56,297	61,758
Poquoson city, VA (6)	1970	na	4,278	5,441	8,726	11,005	11,566	11,811
Williamsburg city, VA	1970	6,735	6,832	9,069	10,294	11,530	11,998	11,751
Gloucester County, VA	1970	10,343	11,919	14,059	20,107	30,131	34,780	37,787
James City County, VA	1970	6,317	11,539	17,853	22,339	34,859	48,102	57,525
Isle of Wight County, VA	1990	14,906	17,164	18,285	*21,669*	25,053	29,728	33,417
Mathews County, VA	1990	7,148	7,121	7,128	*7,738*	8,348	9,207	9,194
Surry County VA	2000	6,220	6,220	5,882	*6,014*	6,145	6,829	7,013
Currituck County, NC	1990	6,201	6,601	6,976	*10,356*	13,736	18,190	23,112

(1) was Princess Anne County until 1962
(2) was South Norfolk City and Norfolk County until 1972
(3) absorbed Nansemond County (pt) in 1972
(4) absorbed Warwick County in 1957
(5) absorbed Elizabeth City County in 1962
(6) formed in 1975 from York County; was dependent town from 1952

Table I-2

Commuting Patterns IOW 2000 Census

Live and work in Isle of Wight County:	5,118	24.8%
Total In-Commuters:	6,681	32.3%
Total Out-Commuters:	8,868	42.9%
Net Out-Commuters:	2,187	
In-Commuters From:		
Suffolk City VA	1,615	37.7%
Southampton Co. VA	1,151	26.9%
Franklin City VA	636	14.9%
Portsmouth City VA	462	10.8%
Surry Co. VA	415	9.7%
Out-Commuters To:		
Newport News City VA	2,544	39.4%
Suffolk City VA	1,284	19.9%
Hampton City VA	1,160	18.0%
Portsmouth City VA	787	12.2%
Norfolk City VA	674	10.5%

According to Census 2000, there were 11,799 total jobs located in the county of which county residents filled 5,118, or 43 percent. Of the 699 North Carolina residents that commuted into the county for work, 337, or almost half, now work at Smithfield Foods. Though Isle of Wight County is located south of the James River, the fact that more commuters from the county worked in Newport News and Hampton than in Suffolk, Chesapeake, Norfolk, and Portsmouth accounted for the county's closer identification with the Peninsula than with South Hampton Roads.

b. housing affordability

That Isle of Wight County was a community in transition was clearly evident in the composition of its housing supply in 2000 (Table I-3). Isle of Wight County's high proportion of mobile homes (17.7 percent) mirrored its recent history as a non-metropolitan, rural county; mobile homes were 16.3 percent of the housing stock of non-metropolitan counties nation-wide.

On the other hand, the absence of multi-family housing in Isle of Wight County was notable; structures with 3 or more units only constituted 5.6 percent of its housing stock. On a national basis, that was less than half the percentage for multi-family units in non-metropolitan counties (11.7 percent) and barely one-quarter of the percentage for multi-family units in the suburban counties of 331 metropolitan areas (21.3 percent).

Compared with the US as a whole, Isle of Wight County had significantly fewer rental units (19.2 percent) than either suburban counties

(27.0 percent) or non-metropolitan, largely rural counties (26.1 percent). Were it not for many smaller, older, single family, detached houses that had become rentals and some proportion of the mobile homes that were also rentals, Isle of Wight County would have had virtually no inventory of rental units – a severe constraint on its ability to house lower-wage workers.

Table 1-3

Isle of Wight County housing market compared with 331 metro housing markets in 2000

housing type	Isle of Wight number	Isle of Wight percentage	suburban average (331 metro areas)
owner-occupied	9,150	80.8%	73.0%
renter-occupied	2,169	19.2%	27.0%
1-unit, detached	8,940	74.1%	65.3%
1-unit, attached	312	2.6%	5.9%
2 units	92	0.8%	3.2%
3 or 4 units	185	1.5%	3.7%
5 to 9 units	170	1.4%	4.1%
10 to 19 units	142	1.2%	3.8%
20 or more units	89	0.7%	6.5%
Mobile home	2,136	17.7%	7.2%
Boat, RV, van, etc.	0	0.0%	0.2%

What can families in Isle of Wight County afford? Affordability for a homebuyer is defined as follows: the *maximum* house price a family with good credit can afford is calculated as:

* 32% of gross monthly income;

* minus extraordinary expenses such as very high medical costs, real estate taxes, homeowners' insurance, and homeowner association (HOA) or condominium fees;

* multiplied by the interest rate factor current at the time;

* plus down payment;

* minus closing costs to the buyer;

* equals the house price.

In 2006, the Area Median Income (AMI) for the Hampton Roads region was $60,300 for a four-person household. Isle of Wight median income was undoubtedly somewhat higher since the county's median family income was seven percent above the regional median in Census 2000. However, the US Department of Housing and Urban Development (HUD) surveys only entire metropolitan areas in calculating AMI on an annual basis. As using AMI is the standard for all federal and state housing programs, Table I-V calculates what the average Isle of Wight four-member family can afford to buy.

Table I-4

Calculation of maximum home price affordable for average Isle of Wight four-member family	
annual income	$60,300
monthly income	$ 5,025
32% of monthly income	$1,608
extraordinary expenses	$ 0
real estate taxes	($250)
homeowners insurance	($75)
association fee	($25)
available for mortgage (at 6.25%)	$202,000
down payment (at 5%)	$10,000
closing costs	($8,000)
maximum affordable house price	$204,000.

Table I-5 examines all houses that were listed for sale as of February 1, 2007 in Isle of Wight County.

Table I-5

Houses on Market in Isle of Wight County as of February 1 2007-

Listing Price	Number of Units at this Price	Percent of Units at this Price
$29,999 to $99,999	13	4%
$100,000 to $149,999	10	3%
$150,000 to $199,999	12	4%
$200,000 to $249,999	19	6%
$250,000 to $299,999	35	11%

$300,000 to $399,999	60	19%
$400,000 to $499,999	71	23%
$500,000 and above	89	29%
Total	309	99% (does not equal 100% due to rounding)

Thus, given the current price of homes on the market in Isle of Wight County, ***the median income family could only afford to buy about 11 percent of the houses listed: in effect, they could only chose among 35 homes. The remaining 89 percent of homes are generally unaffordable to about half of county residents.***

The cooling of the national boom in real estate prices has not had the effect of lowering home prices in Isle of Wight. To date, the length of time a house is on the market has increased but it still appears that average prices are rising quickly and are well in excess of those affordable to the median family.

Table I-6 below shows the sales prices for homes in the county over 2005 and 2006. As we see from the table, median home sales prices rose almost 16 percent countywide in a single year! While many parts of the nation experienced some relief from the dramatic price inflation, Isle of Wight is still in the nation's top tier of areas with escalating housing costs.

Table 1-6 For-Sale Houses, IOW, 2005-2006

	# Units Sold	Average Sales Price	Median Sales Price	Highest Sales Price
2006				
All of Isle of Wight				
Detached / Attached	651	$349,494	$324,444	$865,000
Detached Only	563	$364,689	$349,900	$865,000
Attached Only	88	$252,280	$263,912	$775,000
Smithfield				
Detached / Attached	200	$368,804	$335,000	$865,000
Detached Only	191	$378,202	$341,901	$865,000
Attached Only	9	$169,355	$199,900	$233,000
S. Isle of Wight				
Detached / Attached	112	$267,739	$295,244	$775,000
Detached Only	111	$263,169	$295,000	$417,000
Attached Only	1	$775,000	$775,000	$775,000
N. Isle of Wight				
Detached / Attached	339	$365,112	$354,132	$779,000
Detached Only	261	$397,975	$403,832	$779,000
Attached Only	78	$255,146	$268,972	$313,050
Franklin				
Detached / Attached	114	$175,423	$164,500	$438,100
Detached Only	104	$184,332	$176,000	$438,100
Attached Only	10	$82,770	$74,000	$139,900
2005				
All of Isle of Wight				
Detached / Attached	656	$314,371	$280,000	$1,400,000
Detached Only	512	$335,470	$319,950	$1,400,000
Attached Only	144	$239,353	$241,840	$312,000
Smithfield				
Detached / Attached	213	$345,257	$308,100	$1,400,000
Detached Only	201	$354,723	$319,900	$1,400,000
Attached Only	12	$186,702	$191,015	$212,000
S. Isle of Wight				
Detached / Attached	70	$220,527	$229,950	$475,000
Detached Only	70	$220,527	$229,950	$475,000
Attached Only				
N. Isle of Wight				
Detached / Attached	373	$314,346	$273,185	$1,188,000
Detached Only	241	$352,799	$359,900	$1,188,000
Attached Only	132	$244,139	$244,220	$312,000
Franklin				
Detached / Attached	134	$183,293	$169,950	$1,500,000
Detached Only	130	$186,127	$173,000	$1,500,000
Attached Only	4	$91,200	$110,900	$116,000

The outlook for housing affordability becomes even grimmer when we consider only new construction. Table I-7 summarizes building permits issued during the past six years. Some undetermined proportion of mobile home permits issued must have been replacements for worn-out mobile homes and not net additions to the affordable housing inventory.

Table 1-7

Building permits for Isle of Wight County 2000-2006

Housing Type	2000	2001	2002	2003	2004	2005	2006	Total
Multi-Family	0	0	0	0	228	0	0	228
Single Family	227	260	334	370	417	534	615	2,757
Mobile Home*	119	70	66	56	95	49	57	512
Demolition	(22)	(44)	(27)	(28)	(29)	(21)	(23)	(194)
Net total additional homes**	**324**	**286**	**373**	**398**	**711**	**562**	**649**	**3,303**

*includes single- & double-wides

** assumes that all demolitions were housing units although this is unrealistic

Table I-8 examines newly built housing on the market in February 2007.

Table 1-8

Newly Constructed Homes on the Market in February 2007

	Townhouse Total County	Single Family Detached in IOW North	Single Family Detached in Smithfield	Single Family Detached in IOW South
Total	17	45	44	7
Lowest Price	$200,000	$339,000	$292,000	$156,900
Highest Price	$350,000	$1,250,000	$740,000	$374,900
Average Price	$232,000	$548,000	$471,000	$301,000
Median Price	$215,000	$539,000	$438,000	$315,000

The crisis in affordability that these trends indicate can best be understood by examining the impact on key groups that actually work in the Isle of Wight County. That is the subject of Part II.

Part II: Housing Affordability for Key Employee Groups

We can illustrate the growing crisis of housing affordability in Isle of Wight County by examining five key groups of workers within the county: the 254 employees of county government; the 54 employees of the Town of Smithfield; the 804 employees (including 422 teachers) of the Isle of Wight County Public Schools; the 3,445 salaried and hourly wage workers at Smithfield Foods; and approximately 1,000 employees at International Paper. Together, they constitute almost half of all jobs located in the county.

Isle of Wight County: Of 254 County employees, 174 (or 69 percent) live within Isle of Wight County. The distribution of County employees by residence (and their average mileage to commute to the County Court House) is shown in Table II-1.

Table II-1

Distribution of County employees by residence

jurisdiction of residence (zip)	no.	Average miles
Isle of Wight County	174	
(23397: Isle of Wight Court House)	3	< 1
(23487: Windsor)	44	8
(23898: Zuni)	13	9
(23315: Carrsville)	13	24
(23431: Smithfield)	2	6
(23430: Smithfield)	81	6
(23314: Carrollton)	18	12
Suffolk City	18	19
Franklin City	11	17
Southampton County	11	20
Virginia Beach	7	35
Surry County	7	22
Newport News City	4	19
Hampton City	4	24
Gloucester County	3	41
Portsmouth City	2	21
York County	2	25
Sussex County	2	21
Chesapeake City	2	29
Williamsburg City	2	33
Norfolk City	1	28
Gates County NC	1	26
average one-way commute: county residents		8.4 miles
average one-way commute: non-county residents		19.5 miles

Analyzing where county employees live by pay grade offers further insights. Table II-2 assumes that the employee is the only breadwinner in a family and can afford a house based on the formula used in Table I-4. For annual income we used the midpoint of the county pay scale. For rentals we used a monthly rent (including utilities) equal to 30 percent of gross income. The table also relates the county pay scale to Area Median Income of the Hampton Roads region, which was $60,300 for a family of four in 2006.

Table II-2

Distribution of County employees by pay grade and housing affordability

pay grade	county resident	county non-resident	midpoint pay scale	pct AMI	affordable house	affordable mo. rent
38	47	7	$22,000	36%	$39,000	$550
39	1	0	$24,201	40%	$56,600	$605
40	29	8	$26,621	44%	$67,200	$666
41	33	11	$29,283	49%	$78,800	$732
42	13	5	$32,797	54%	$94,200	$820
43	10	10	$36,732	61%	$110,400	$918
44	14	25	$41,141	68%	$130,700	$1,029
45	13	5	$46,077	76%	$144,000	$1,152
46	1	3	$51,607	86%	$168,200	$1,290
47	3	0	$57,799	96%	$195,300	$1,445
48	5	3	$64,735	107%	$217,400	$1,618
49	3	0	$75,093	125%	$262,700	$1,877
50	1	2	$87,108	144%	$313,200	$2,178
51	1	1	$101,045	168%	$359,800	$2,526

In terms of whether or not they live within Isle of Wight County, County employees divide into three groups.

- 80 percent of the lowest County workers on the pay scale (154 employees in pay grades 38 to 42, or making $22,000 to about $33,000) live in the county; though this is just speculation, many may be living with other family members, with friends, or own or rent mobile homes that constitute 18 percent of the county's housing stock; at such modest wage levels, many of these workers are likely to have been born locally, which may give them a network of friends and relatives that can help them cope with housing needs;
- by contrast, over half of the County's mid-range employees (40 of 77, or 52 percent, in pay ranges 43 to 45, making roughly $37,000 to $46,000 per year) live outside Isle of Wight County; many would have community college or university degrees and would constitute a more mobile labor force; clearly, many cannot find housing they can afford within the county; and,
- about 60 percent of the County's top professional and administrative employees (14 of 23 in pay grades 46 to 51, making $52,000 to $101,000 per year), live within Isle of Wight County; *however, among the highest paid county employees, only the county administrator and one other can afford to buy one of the new, detached homes currently on the market – and only one of the least expensive.*

How valid is the assumption that the typical County employee is the only working person in the family? According to Census 2000, of 8,736 families in Isle of Wight County, 1,020 had no working members, or about 12 percent of all families. Most would have been retirees; there were 758 married couple families with neither spouse working.[2] There were also 2,627 family households with a single worker, or 30 percent of all families.

Thus, 58 percent of all families in the county had two or more workers.[3] Nevertheless, with a minimum price of $292,000 for a new, detached home (one), only a dozen new townhouses priced between $200,000 and $215,000, and no new rental housing having been built in the

[2] There were also 245 were non-working female householders without a husband present, or about 19 percent of female heads of family households, in 2000.

[3] In almost 70 percent of non-retiree, married couple families, both husband and wife worked in 2000. Only one-quarter were "Ozzie and Harriett"-type families.

last two years, 60 percent of the county's employees would have found it impossible to afford any new housing built in Isle of Wight County *even if a county employee's spouse earned an equal annual income*. Within the Isle of Wight County housing market, most County employees must depend upon the supply of older housing – and, with prices and rents escalating more rapidly than County government wages and salaries, that supply of housing affordable for County employees is rapidly shrinking.

Town of Smithfield: The picture for Smithfield's 54 employees is much the same. Table II-3 shows their distribution by residence.

Table II-3
Residence of Town of Smithfield Employees

Isle of Wight County	39	72%
Town of Smithfield	32	59%
Town of Windsor	3	6%
Carrollton area	3	6%
Carrsville area	1	2%
Other Virginia jurisdictions	15	28%
Chesapeake	1	2%
Franklin	1	2%
Hampton	1	2%
Newport News	3	6%
Southampton	3	6%
Suffolk	3	6%
Surry	2	4%
Virginia Beach	1	2%
total	54	

Of the 54 town employees, 59 percent live within the town itself and another 13 percent elsewhere in the county. Of the 15 out-of-county residents, most live in adjacent communities.

Table II-4 arrays the distribution of employees by salary or annualized wages and measures what they could afford if they were thrown on the open market. Since the Town provided current salary levels for each employee without allocating them among pay classifications, we have divided them into seven levels (level 1: $20,000-$29,999: mid-point: $25,000, etc.).

Table II-4

Distribution of Smithfield employees by pay grade and housing affordability

pay level	county resident	county non-resident	mid-point pay scale	pct AMI	affordable house	affordable mo. rent
1	12	3	$25,000	42%	$60,000	$625
2	11	7	$35,000	58%	$103,000	$875
3	9	3	$45,000	75%	$147,500	$1,125
4	3	1	$55,000	92%	$183,000	$1,375
5	2	1	$65,000	108%	$218,600	$1,625
6	1	0	$75,000	125%	$262,300	$1,875
7	1	0	$85,000	142%	$306,010	$2,125

Among the 54 town employees, only the two highest paid (the town manager and the chief of police) could afford to buy even a new townhouse being built somewhere within the county; they could not afford to buy any of the new, single family (detached) homes being built within their own town.

None of the new housing being built would be affordable for other town employees. In fact, the typical town employee (current average salary: $39,533) could only afford to bid on about 18-20 *existing* homes that were on the market as of February 2007 – or about six percent of all housing listed. Even if a married town employee's spouse earned an income equal to that of the employee, five out of six such couples could not afford to buy a new, single family (detached) house; they would be candidates only for a new townhouse.

Finally, tables II-2 and II-4 list county and town salaries at the mid-point of the salary scale and not at the entry level salary. Without local friends or family on which to rely, the odds are overwhelming that a new county or town employee will not be able to find affordable housing within Isle of Wight County.

Public Schools: With 804 full- and part-time employees, Isle of Wight County Public Schools is easily the largest public employer in the county and its third largest employer overall. According to district records, 473 school employees, or 58.8 percent, live within the county. This percentage is 11-12 percentage points less than the percentage of county government and Town of Smithfield employees that live within the county.

Table II-5

Distribution of 804 school district employees by residence

jurisdiction of residence (zip)	**no.**	**pct**
Isle of Wight County	473	58.8%
[23430: Smithfield]	[235]	[29.2%]
[23487: Windsor]	[91]	[11.3%]
[23314: Carrollton]	[75]	[9.3%]
[23898: Zuni]	[34]	[4.2%]
[23315: Carrsville]	[27]	[3.4%]
[23431: Smithfield]	[5]	[0.6%]
[23304: Battery Park]	[2]	[0.2%]
[23397: Court House]	[2]	[0.2%]
[23424: Rescue]	[2]	[0.2%]
Suffolk City	81	10.1%
Newport News City	47	5.8%
Franklin City	39	4.9%
Southampton County	34	4.2%
Chesapeake City	28	3.5%
Hampton City	24	3.0%
Portsmouth City	21	2.6%
Sussex County	10	1.2%
Virginia Beach	9	1.1%
Surry County	9	1.1%
Norfolk City	7	0.9%
Other Virginia communities	16	1.7%
North Carolina communities	4	0.4%

However, as Table II-6 below shows, employees in the lower ranks and at the very top of the public school payroll are more likely to live within the county than are the majority of the school district's teachers.

Table II-6

Distribution of school employees by pay range and housing affordability

pay range	county resident	non-county resident	midpoint pay scale	pct AMI	affordable house	affordable mo. rent
$5,500-9,866*	37	4	$7,683	13%	n/a***	$192
$10,283-14,806*	94	12	$12,545	21%	n/a***	$314
$15,385-19,890*	70	24	$17,638	29%	n/a***	$441
$20,167-36,359	50	28	$28,263	47%	$74,400	$707
$36,400-69,760	211	249	$53,080	88%	$182,900	$1,327
teachers	(193)	(229)				
other personnel	(18)	(20)				
$70,051-99,665	6	14	$84,858	141%	$305,400	$2,121
$100,639-156,600	4	0	$105,796**	175%	$396,900	$2,645

*includes many part-time, part-year employees
** senior staff only; does not include superintendent's salary
*** purchasing a home at this income is not possible

In the very lowest pay ranges are part-time, part-year employees such as school bus drivers, crossing guards, etc. By the very definition of their duties, they would have to overwhelmingly be local residents; almost ninety percent of school district employees earning less than $15,000 per year live within the county. At the other end of the pay scale, the superintendent and three top assistants – all earning over $100,000 a year – live in the Smithfield area. The pay scale for teachers ranges from $36,400 for a beginning teacher to $69,760 for a veteran teacher with 23 years or more teaching in the Isle of Wight system and holding an advanced degree. Of the district's 422 teachers (identified by pay scale), less than half (46 percent) live within the county.

With regard to new housing being brought on the market, *as sole breadwinners*, only the superintendent and his senior staff could have afforded a new, single-family detached home (and at the lower end of the price scale). Only the most veteran teacher in the system could have afforded to bid on even the least expensive new townhouses. The new construction market isn't functioning with even a pretense of serving its own school system employees.

Smithfield Foods: With its 3,445 employees located at its complex in Smithfield, Smithfield Foods and the 1,000-employee International Paper plant in southern Isle of Wight are the twin pillars of Isle of Wight County's local economy. (The county school district is the third largest employer; Carroll's Foods, the hog producer, with 375 employees, is fourth largest; and county government itself is the fifth largest.)

As Table II-5 shows (inserted), though 42 percent of the company's 576 salaried employees live in Isle of Wight County, only 25 percent of its 2,869 hourly employees do – a clear indication of the lack of workforce housing within the county. They come from 25 different communities within Virginia. About one in eight hourly employees commutes from North Carolina (at least a 50-mile, one hour's drive each way).

Table II-5

SMITHFIELD FOODS EMPLOYEE RESIDENCE BY JURISDICTION IN 2007

jurisdiction	salaried	hourly	total	salaried	hourly
Isle of Wight	241	718	959	41.8%	25.0%
Suffolk	73	553	626	12.7%	19.3%
Newport News	47	428	475	8.2%	14.9%
Hampton	34	179	213	5.9%	6.2%
Portsmouth	24	139	163	4.2%	4.8%
Franklin	6	144	150	1.0%	5.0%
Surry	25	105	130	4.3%	3.7%
Chesapeake	38	61	99	6.6%	2.1%
Southampton	19	78	97	3.3%	2.7%
Sussex	8	59	67	1.4%	2.1%
Norfolk	8	43	51	1.4%	1.5%
Williamsburg	16	5	21	2.8%	0.2%
Virginia Beach	9	6	15	1.6%	0.2%
York	6	4	10	1.0%	0.1%
Gloucester	5	2	7	0.9%	0.1%
Chesterfield	5	0	5	0.9%	0.0%
Henrico	2	1	3	0.3%	0.0%
Petersburg	0	3	3	0.0%	0.1%
Richmond	2	1	3	0.3%	0.0%
Charles City	0	2	2	0.0%	0.1%
Mathews	1	1	2	0.2%	0.0%
Poquoson	2	0	2	0.3%	0.0%
Prince George	1	1	2	0.2%	0.0%
Brunswick	0	1	1	0.0%	0.0%
James City	1	0	1	0.2%	0.0%
Nottoway	0	1	1	0.0%	0.0%
			North Carolina		
Hertford	0	121	121	0.0%	4.2%
Bertie	0	87	87	0.0%	3.0%
Gates	3	61	64	0.5%	2.1%
Northampton	0	28	28	0.0%	1.0%
Chowan	0	26	26	0.0%	0.9%
Pasquotank	0	4	4	0.0%	0.1%
Halifax	0	3	3	0.0%	0.1%
Perquimans	0	2	2	0.0%	0.1%
Nash	0	1	1	0.0%	0.0%
Washington	0	1	1	0.0%	0.0%
Total	**576**	**2,869**	**3,445**	**100.0%**	**100.0%**
Virginia total	**573**	**2535**	**3108**	**99.5%**	**88.4%**
Carolina total	**3**	**334**	**337**	**0.5%**	**11.6%**

Table II-6 analyzes the patterns by pay level. Since the company's data averaged employees' pay into broad classifications, I have further grouped them into "hourly," "salary-1," etc.

Table II-6

Distribution of Smithfield Foods employees by pay grade and housing affordability

pay grade	county resident	county non-resident	midpoint pay scale	pct AMI	affordable house	affordable mo. rent
hourly	547	1,533	$23,198	38%	$69,600	$580
salary-1	0	3	$43,902	73%	$131,700	$1,098
salary-2	2	2	$47,392	79%	$142,200	$1,185
salary-3	65	83	$49,202	82%	$147,600	$1,230
salary-4	142	193	$58,276	97%	$174,800	$1,457
salary-5	32	54	$66,357	110%	$199,100	$1,659

The same observations apply to Smithfield Foods employees as to county and town employees. Not even the company's highest paid managers and professionals could afford the homes now being built in Isle of Wight County. (Corporate executive salaries were not included.)

Finally, we have tabulated the average commutes of different categories of workers. Out-of-county workers drive an estimated 110,000 miles per day to get to and from the job, burning 5,500 gallons of gasoline daily. Out-of-county workers average a 44-mile, roundtrip drive, including over 100 miles daily for the 337 workers that commute from North Carolina. Commuters spend $1,100 per year just on gas – money better invested in an equity creating home rather than just going out the tailpipe. If living much closer to the Smithfield Foods plants allowed a worker to cut out one extra family car (unlikely, for many), that worker would save almost $5,000 per year – an amount equal to more than one-sixth of the average Smithfield employee's annual salary or wages. A worker could move from North Carolina and afford a house in Isle of Wight County that could be $15,000 more expensive than current housing in North Carolina and break even financially – not to mention that the worker would not be consuming two hours a day in commuting.

Smithfield Foods' payroll almost tops $100 million annually. Some 70 percent of it goes home – out of county. Little of that $70 million re-circulates within the Isle of Wight economy, creating additional jobs and local wealth.

International Paper: The company employs over 1,000 persons with an estimated payroll of $52 million at its plant in southern Isle of Wight County located near the City of Franklin. A company spokesman provided the following estimates regarding the residence of its employees: City of Franklin/ Southampton County (500), North Carolina (200), City of Suffolk (150), Isle of Wight County (100), and other Virginia communities (50).

Summing Up

Since new workforce housing is not being built, the percentages of employees of county and town government, the public schools, Smithfield Foods, and International Paper that live within the county are undoubtedly eroding steadily. The local affordable housing crisis could reach such an acute state that it would jeopardize the very prosperity that Isle of Wight County has experienced in recent years. To summarize very simply: in recent years new housing built in Isle of Wight County is not affordable for practically anyone who actually works within the county.

Part III: Producing Affordable Housing

Owning one's own home is the goal of most workers in Isle of Wight County. The average Smithfield Foods employee can only afford a new home costing about $90,000. The average county employee can only afford a new home costing about $105,000. The average Town of Smithfield employee can only afford a new home costing about $120,000.

The hard construction cost ("sticks and bricks") to build a new house today is at least $65 to $70 per square foot. Thus, the cost just to build a very compact, three-bedroom, 1,200 square foot house would be $78,000 to $84,000.[4] To that must be added the cost of the land underneath the house; the cost of preparing the lot (grading, sidewalk and driveway, curb and gutter, utility connections, etc.); a variety of local government fees (plan approval fee, building permits, utility hookup charges, cash proffers, etc.); construction financing cost; marketing costs; the builder's overhead costs; and finally, a reasonable profit for the builder's investment of time, effort, capital, and assumption of risk.

In the face of such realities, there are only three ways to produce housing that would begin to approach the affordable range for the great majority of the Isle of Wight County's on-site workforce.

- expand the supply of rental apartments and mobile homes, thereby providing affordable shelter but not responding to many workers' desires for ownership of equity-building homes as wealth-creating assets;
- provide massive public subsidies either to reduce housing production costs ("supply-side subsidies") or to increase buyers' capabilities to buy ("demand-side subsidies"); or
- provide free land for the new housing units being built.

Massive public subsidies are out of the question. With an $8.5 trillion national debt, penchant for cutting taxes, and the staggering health care and Social Security costs of the Baby Boom generation looming, the federal government is cutting back the real value of its housing assistance programs steadily. The State of Virginia is not filling the gap sufficiently.

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[4] The average size of new single family (detached) homes built in the United States now is about 2,700 square feet.

So the solution is to find free land as the basis for building more workforce housing.

Local government and, in particular, the school district may own some plots of lands outright that are surplus to their needs. Federal and state governments, including VDOT, may have surplus land as well. This land could be sold or leased to developers of workforce housing units.

Of course, such publicly donated land is "free" only on the books of the housing providers and, ultimately, as translated into the reduced price of the housing for modest income families. In the eyes of the governments, such donations are not "free;" they are foregoing the "opportunity cost" of utilizing or selling the land for some other purpose. Also, publicly owned land suitable for residential development is likely to be relatively scarce.

The great potential source of "free" land is embedded in a local government's zoning powers. Ever since the US Supreme Court's ruling in *Euclid v. Ambler* in 1926, the courts have found that there is a valid public interest in the government's regulating where certain land uses should occur. All land within the county falls under the zoning regulations of Isle of Wight County and the Towns of Smithfield and Windsor. Zoning, market demand, and public capital investment (roads, water and sewer lines, etc.) largely determine the value of land.

Isle of Wight County has been zoned for many decades for agricultural purposes or for relatively low density development. While it was a rural county, its low density zoning did not matter. Land prices stayed low and housing costs stayed low and affordable for many workers.

However, with the county's absorbtion into the metropolitan economy and metropolitan housing market, low density zoning facilitated market demand focused on high-income exurbanites and high-income retirees – that is, two groups whose wealth comes from elsewhere rather than from Isle of Wight County-based employment. The result has been not only extraordinarily high prices for new residential construction but upward pressures on the prices of the existing housing supply.

Local zoning policies are substantially responsible for the affordable housing crisis the county's workforce now faces.

Local zoning policies – in the form of increases in residential density allowed – are also substantially the source of the solutions.

To illustrate the importance of residential density allowed, let us look at an (over)simplified version of the three of the county government's most common categories of residentially zoned land and the minimum acreage required for different intensities of residential development:

zoning category	**residential density**	**acreage per home**
rural residential (RR)	**1 home per 5 acres**	**5**
suburban estate (SE)	**2 homes per acre**	**0.5**
suburban residential (SR)	**3 homes per acre**	**0.33**

Let us suppose that a 100-acre tract of land is zoned "rural residential." Its maximum capacity for residential development would be 20 homes. If its zoning classification is changed from "rural residential" to "suburban estate," the 100-acre tract's maximum capacity increases to 200 homes (a ten-fold increase). If "rural residential" is changed to "suburban residential," the tract's maximum capacity increases to 300 homes (a fifteen-fold increase). If land already zoned "suburban estate" is re-zoned "suburban residential," its maximum capacity increases from 200 homes to 300 homes – a 50 percent increase.

Rezoning actions create greatly enhanced profitability. Within that greatly enhanced profitability lies the opportunity for creating a proportion of workforce housing units as an integral component of otherwise market rate developments. Increases in residential density are the economic engine that drives Virginia's Affordable Dwelling Unit law (Section 15.2-2305).

For land that is undergoing major rezoning, the density increases are implicit in the rezoning itself (as illustrated above). For land that is already zoned at the desired level, requiring workforce housing units (WHUs) must automatically trigger a "density bonus."

Under the previous state law, a maximum 12.5 percent set-aside for WHU units was counterbalanced by a maximum 20 percent increase in allowed residential capacity for the affected land. Under amendments to the law approved by the General Assembly in the 2007 session, the set-aside for WHU units has been increased to a maximum of 17 percent and the counterbalancing "density bonus" to 30 percent.

In both instances, the "density bonus" is greater than the "WHU set-aside." This allows for building additional market rate units as well as building the WHUs. Since the total cost of the underlying land is the same, the marginal cost of land for the bonus units – both WHUs and bonus market rate units – is zero.

In fact, the new formula (17/30) should be more attractive to for-profit builders than the old formula (12.5/20). Under the old formula, for every 100 WHUs built, the developer could build 60 bonus market rate units. Under the new formula, for every 100 WHUs built, the developer can build 76 bonus market rate units. (If the total density bonus cannot be achieved on a specific site, the state law directs that the WHU set-aside be reduced proprtionally.)

Because the land cost for the WHUs is zero, their production cost is substantially reduced, and WHUs are brought within the range of affordability of a substantial proportion of Isle of Wight County's workforce. In addition, because the land cost for the bonus market rate units is zero but the sales price would not be lowered accordingly, the bonus market rate units are very profitable. This raises the overall profitability of the total development, including its required WHUs, above the overall profitability that the total development could have achieved without the WHU requirements (and automatic density bonus).

It is a "win-win" scenario. The community wins in terms of meeting a portion of its workforce housing needs. The developer wins in terms of higher profits from the development.

Production cost: prototype WHU

Before examining the economics of how this would work for a typical residential subdivision, we need to establish what it would cost to build a Workforce Housing Unit (WHU). For this purpose we have modeled a modest, 1,200 sq. ft., three-bedroom townhouse, which is the most common workforce housing configuration in Montgomery County, MD and Fairfax County, the USA's first and third largest inclusionary zoning programs.

With *zero* land cost, this modest-sized WHU townhome could be built for an estimated $158,500. It would be affordable for a family of four at about 88% AMI (Area Median Income, which was $60,300 for the Hampton Roads region in 2006). If $20,000 in county fees were waived, the sales price would drop to $130,000, or 72% AMI. (Note that the builder would still be making a customary 10 percent profit.)

Table III-1

WHU Townhouse Production Cost and Pricing	
Prototype townhouse	Per DU
Square foot unit size	1,200
Construction hard cost per sq ft	x $65
Structure cost	$78,000
Land development cost	$13,000
Total unit hard cost	$91,000
Local government charges (illustrative)	$20,000
including:	
site plan approval fee	
building permit fee	
utility hookup/cash proffer	
other government fees	
Land cost	$0
Total "hard" costs (70% of sales price)	$111,000
Total "soft" costs (20% of sales price) (e.g. construction financing cost, builder's overhead, marketing cost, etc.)	$31,650
Builder's profit (10% of sales price)	$15,850
WHU sales price	$158,500

Overall inclusionary subdivision profitability

For the purposes of the following examples we have assumed the following policies have been adopted:

- The maximum density bonus of 30 percent has been applied.
- The maximum number of WHUs (17 percent) must be built.
- A market-rate home sales price of $400,000 is assumed.
- The sales price of a WHU has been rounded off to $160,000.
- The allocation of costs is similar to the Franciscus Homes model. This formula would assume "hard" costs of $65 per square foot for sticks and bricks, land costs of $80,000 per unit, comparably increased site work costs for larger units, full payment of all government fees and cash proffers – all "hard" costs would total 70 percent of the sales price;

- “soft” costs such as architectural and engineering fees, construction financing, builder’s overhead, and marketing costs would total 20 percent of the sales price; and
- a profit margin of 10 percent of the final sales price.

We will now look at what happens when a 100-unit single-family subdivision which comes under the WHU program is developed. The assumptions for this development are:

Table III-2

	Number of Single Family Homes	Number of 1,200 square foot WHU townhomes	Total number of units
Before WHU	100	0	100
After WHU	108	22	130

When we construct a financial model using these assumptions we have the following:

Table III-3
100 single-family (SF) detached units with no density bonus

category	units	pct. of project	price/cost per unit	total
sales revenue	100	n/a	$400,000	$40,000,000
construction cost	100	40%	160,000	16,000,000
land cost	100	20%	80,000	8,000,000
site costs/fees & proffers	100	10%	40,000	4,000,000
“soft” costs	100	20%	80,000	8,00,000
total costs	100			$36,000,000
net profit	100	10%	$40,000	$4,000,000

The developer’s total profit from a conventional subdivision would be $4,000,000.

Table III-4 below shows the effect on the developer's costs and profit from developing the additional eight single family (SF) units gained from the WHU density bonus.

Table III-4

108 single-family (SF) detached units with 30% WHU density bonus

category	**units**	**pct. of project**	**price/cost per unit**	**total**
sales revenue	108	n/a	$400,000	$43,200,000
construction cost	108	40%	$160,000	$17,280,000
land cost	108	fixed	fixed	$8,000,000
site cost/fees & proffers	108	10%	$40,000	$4,320,000
"soft" costs	108	20%	$80,000	$8,640,000
total costs	108	n/a		$38,240,000
gross profit	108	11.5%		$4,960,000

added profit from regular 10% profit margin on 8 bonus SF units	$320,000
added profit from free land on 8 bonus SF units	$640,000
total added profit on 8 bonus SF units	$960,000

We then need to price the WHU units and add them to the "market rate" segment above. The right hand column simply grosses up the numbers in Table III-1 to scale for 22 ADUs.

Table III-5
22 WHU Townhouses with 30% WHU density bonus

category	**units**	**price/cost per unit**	**total**
sales revenue	22	$160,000	$3,520,000
construction cost	22	$78,000	$1,716,000
land cost	22	$0	$0
site costs/fees & proffers	22	$33,000	$726,000
"soft" costs	22	$33,000	$726,000
total costs	22		$3,168,000
net profit at 10%	22	$16,000	$352,000

As shown below, the developer using this program has been able to produce modest townhouse units at his direct cost plus a 10 percent profit and sell them for $160,000.[5]

When we look at the developer's overall profit, we can see that the developer has benefited handsomely.

Table III-6

Sales revenues, costs, and profits of 130-unit mixed-income development

Total sales revenue from 108 SF market rate units	$43,200,000
Total sales revenue from 22 WHU unit	$3,520,000
Total sales revenue from 130 mixed-income units	$46,720,000
Total production cost of 108 SF market rate units	$38,240,000
Total production cost of 22 WHU units	$3,168,000
Total production cost of 130 mixed-income units	$41,408,000
Total profits from 130 mixed-income units	$5,312,000
Total profits from 100 conventional SF units	$4,000,000
increased profit from 130 mixed-income units	$1,312,000
or a 32.8% increase in gross profit margin	

Thus, without the WHU program, the developer would have built 100 market rate units for a total profit of $4,000,000. With the WHU program (with both the WHU set-aside *and* the automatic density bonus), the developer would build 130 total units, divided among 108 market rate units and 22 ADUs. Total profit would increase to $5,312,000 and the gross profit margin would increase from 10.0 percent to 11.4 percent – all because the WHU program would have created "free land" through the impact of the

[5] In reality, with regard to the builder's cost structure, certain costs associated with marketing the WHUs would be less than they would be for marketing the market-rate units, because 1) the public entity administering the program certifies WHU buyer eligibility and maintains lists of interested WHU buyers for referral to the builder; and 2) a non-profit or other local group assists buyers to become "bankable" and to help arrange the most favorable rates, such as those from the Virginia Housing Development Authority. However, because marketing the overall development would still include major marketing expenses such as providing model homes for inspection, we will keep the same cost structure in place for WHUs.

density bonus. In fact, even if the developer voluntarily chose to exceed the prototype standards (for example, by building a WHU townhouse larger than 1,200 square feet or adding more luxurious features), thereby eliminating the potential profits from the WHUs themselves, the overall development would have been almost $1 million more profitable because of the very profitable, bonus market rate homes built.

Soft Second Mortgages

There are alternative models of using zoning increases for the addition of workforce housing. Frank Spadea of Franciscus Homes has presented the Task Force with a model ("Rainbow Solutions") he is seeking to implement in the City of Suffolk.

This model is also driven by a major increase in residential density through rezoning. However, Frank does not propose to build special units, such as the prototype townhouse discussed above, to provide workforce housing. Instead, he would discount the price of some of his market rate models by 20 percent to make them more affordable. In short, the workforce housing would be identical to the market rate housing surrounding it.

This model gives the developer and the public alternative sales prices based upon the number of WHU units. For example, one could choose all WHUs to be priced at the lower end and have fewer units; or all could be priced at the higher end of affordability and have more WHU units. The basic presumption is that the program would meet the standards of the local Workforce Housing Unit ordinance as to number of units and income eligibility range, but could be subject to negotiation.

Table III-7 shows this model in detail, based on Franciscus Homes' proposal for the "Eberwine" subdivision in the City of Suffolk.

The key aspect of the Spadea approach is having a "soft" second mortgage cover the difference between the lower WHU sales price and the actual market value of the unit. The "soft second mortgage" does not add to the owner's mortgage payment; it is payment free – a lien on the property. However, it is paid off when the price-controlled WHU is eventually sold at a market rate. In the case of the "Rainbow Solutions" proposal, Franciscus Homes would donate the "soft second mortgage" to the City of Suffolk in order to qualify the WHU buyers for mortgage assistance from the Virginia Housing Development Authority. In effect, the company would be making a "gift" of $4,000,000 to the city, but the overall development would still be a satisfactorily profitable undertaking.

Table III-7

"Soft Second Mortgage Plan"
(Frank Spadea's "Rainbow Solutions" in Suffolk)

type	no.	WHU price (in $1,000s)	no.	Market price (in $1,000s)
coach	35	$165-190	134	$206-237
carriage	11	$190-220	73	$237-275
cluster (s/f detached)	24	$220-250	83	$275-312
villas	4	$225-295	29	$312-350
total/average price	75	$207,500	319	$265,000

Why is this possible? It is made possible because, as a conventional subdivision, Eberwine would only be allowed to build 260 housing units. However, through the re-zoning that Franciscus Homes is seeking, that would be raised to a total of 394 units (including 75 WHUs) – about a 50 percent density bonus. Overall, the discounted WHU sales prices would represent about a four percent reduction in total sales volume, but the mixed-income development would still be more profitable overall than if it were developed as a conventional subdivision under existing zoning.

"Soft" second mortgages, when paid off, could accrue to a housing trust fund to be used for addition affordable units. This approach is also available under the first model. For example, the true market value of these town homes might be $200,000, but their cost is only $160,000 in the WHU example above. The difference in the market price and the actual sales price could also be captured in a silent second mortgage, and, if paid off due to a subsequent market rate sale, the proceeds could also flow to a trust fund.

WHUs from the Public Perspective

When we consider the total absence of new workforce housing in Isle of Wight County, we might imagine that any activity that produces such housing should be encouraged. While that is true to some extent, there are programs that produce better housing and community outcomes than others. For example, if it were possible to produce a 100-unit townhouse project on donated land at similar prices to those in the above example, and then sell them all to income-eligible families, would this be a preferable outcome to a WHU, mixed-income development strategy?

Probably not. The 100 units of affordable housing in a single location could stigmatize those who live there. It is unlikely that the owners would experience the same appreciation in home values as WHUs in mixed-income neighborhoods. Communities segregated by income often have negative impacts on school performance and other socially desirable measures.

Among the alternatives for producing workforce housing, the scattering of locations provided by a WHU policy is certainly one of the best socially, and it is almost always the best economically.

If Isle of Wight County and the two incorporated towns of Smithfield and Windsor had had a WHU program in effect from 2000 to 2006, as many as 507 of the 2,985 new units built would have been WHUs. These units would be in every large subdivision in the county and would provide excellent housing in an excellent environment. An addition of this size is a real beginning to addressing the problem. At the current pace of new housing construction of about 600 units a year, the annual addition to the workforce stock from WHUs alone would be *about 100 units a year* scattered throughout the growth areas of the county. This is a significant increase from the current state of zero being added annually.

Apartment Development

Nationwide, apartment development currently falls into only one of two categories: luxury or affordable. Isle of Wight could use a mixture of the two. The development of luxury apartments will depend upon demand for such units, but there appears to be a ready market for at least an age-restricted development in Smithfield. Any such development would include WHUs and provide a fair portion of less costly rentals.

Affordable apartment developments typically use the Low Income Housing Tax Credit program (LIHTC) to reduce financing costs significantly. The LIHTC is a federal program administered by the states, and is allocated competitively. Most states give a preference for funding apartments in locations that have yet to have many such developments.

An LIHTC development must have a minimum of either 20 percent of the apartments affordable to households at 50 percent of Area Median

Income (a monthly rent of about $600 for a two-bedroom unit plus utilities of about $125), or 40 per cent of the units at 60 percent of AMI (a monthly rent of about $750 for a two-bedroom unit plus utilities of about $125). In return, the developer receives credits against federal income tax worth about 75 percent of the cost of building the lower rent units. WHUs would also be included in this type of development.

Part IV: Task Force Recommendations

"Give me the density and I can produce workforce housing."
--- Frank Spadea, CEO, Franciscus Homes

County and town policies are the keys to the ability to produce more workforce housing in Isle of Wight County, Smithfield and Windsor. Such policies fall into four categories:

1) Zoning policies: Current zoning policies greatly favor construction of relatively large, single-family, detached homes and discourage construction of smaller townhouses and rental apartments and creation of new manufactured housing developments. With land costs rising rapidly, modification of current zoning standards to allow more intensive utilization of land is essential if the County and the Towns are to succeed in promoting new workforce housing;
2) Fee/tax policies: The array of development-related fees collected by local governments (platting fees, site approval fees, building permit fees, etc.), in particular cash proffers, and development-related taxes (transfer tax, recordation fee, etc) add appreciably to the cost of new housing. Local governments should reduce or waive such fees and taxes for workforce housing.
3) Direct subsidies: Direct subsidies can be made either a) to housing producers in the form of providing publicly owned land for free or at substantially below market value, publicly subsidized financing, and direct cash subsidies, or b) to low- and modest-income buyers and renters in the form of down payment assistance, closing cost assistance, and reduced interest mortgages (for buyers) or rent subsidies for market-priced rentals or reduced rents for publicly owned housing.
4) Preservation policies. These policies would focus the attention of local government and existing state resources on preserving and improving the existing moderate and low income housing stock. These can include sensitive code enforcement, encouraging transfers of badly managed rental properties, homeowner assistance loans, and the like. If it became an important issue, the policies could include

controls on conversions of rental housing to condominiums such that all or a portion of the units remain affordable after the transfer.

The Task Force makes recommendations for all four areas.

Overview

After the 1990 census, as noted earlier, the proportion of county residents commuting to jobs sites within the Hampton Roads region justified Isle of Wight County's inclusion in the metropolitan area. However, local zoning policies were not adjusted to adapt to metropolitan realities. The county's large-lot zoning policies promoted building large homes for new, high-income households who earned their living not within the county itself but in the metropolitan core. Rising land costs and existing zoning policies have precluded building housing affordable for the great majority of the county's workforce necessary to service a growing population (county, town, and school district employees, and retail and service industry workers). Furthermore, the housing squeeze on moderate- and lower-wage workers retards the county's development as a job center in its own right.

In effect, meeting the county's workforce housing needs requires zoning policies that, while encouraging building some new, small-lot, affordable single-family homes, emphasize construction of townhouses, duplexes, tri-plexes, apartment complexes, and the creation of good quality mobile home parks.

Part A: Creating new affordable housing

Thus, in order of potential impact on building a new supply of workforce housing, the Task Force recommends that

Zoning policies

The Isle of Wight County and the Towns of Smithfield and Windsor, as appropriate, should

1) set specific annual targets for multi-family production (for example, 50-60 rental apartment units per year, or about 10 percent of all residential construction) and amend current zoning provisions to facilitate apartment construction;

2) encourage development of good quality mobile home parks using the flexible standards in the zoning ordinance. Existing mobile home parks would be grandfathered. If a mobile home park were to be demolished, the

land would not retain the old density except for a new mobile park or a high percentage of below market homes or rental apartments;

3) promote inclusion of accessory apartments for homes on single-family detached lots. These units could either be inside, attached, or in separate but connected buildings;

4) promote creation of shared housing or "rooming houses" or some other such arrangement of sufficient density to allow them to be profitably operated. For example, in Smithfield it is probably illegal for an elderly person to rent rooms to students in her largely empty home;

5) enact mandatory Workforce Housing Unit (WHU) zoning laws as authorized by Virginia statutes (section 15.2-2305), as just amended:

a) requiring a set-aside of up to 17 percent WHUs for both for-sale and rental housing developments of 30 or more units, which would automatically trigger an up to 30 percent density bonus; and

b) reworking development standards within the zoning ordinance such that sites containing WHUs can reasonably accommodate the larger number of units;

c) setting an average income eligibility of 100% AMI and a maximum income eligibility of 120% AMI for for-sale WHUs;

d) setting a maximum income eligibility of 60% AMI for rental WHUs;

e) establishing a price control period for for-sale ADUs of 20 years. The "clock" would re-set upon re-sale of a WHU within the control period. Any equity windfall on subsequent sale after price controls expired would be split with the proposed Housing Trust Fund with the WHU owner receiving 50 percent of the equity windfall in year 21 and that percentage to be increased by five percent for each year of continued ownership after the price control period expired;

f) authorizing an appropriate public or private, non-profit agency to buy or rent one-third of WHUs as rentals to very low-income households (less than 50% AMI);

g) providing builders with access to a menu of cost-offsets other than density bonuses in order to lower affordability levels or to maintain the overall project's profitability if density bonuses could not be utilized;

h) providing that developments of less than 30 units could voluntarily participate in the WHU program; and

i) appointing an WHU Advisory Committee that would, among other responsibilities, have the power to reduce or waive WHU requirements upon demonstration by the builder that meeting WHU requirements would render the project economically infeasible.

6) offer "incentive zoning" when a builder voluntarily proposes to exceed WHU requirements either in terms of percentage of affordable units and/or through lower income targets when a greater density increase than 30 percent would be required over existing zoning.

Fee/Tax/Capital Investment Policies

1) The County and Towns should waive cash proffers for WHUs as part of a cost-offsets menu either

a) to reduce affordability levels further, or

b) to maintain project's profitability if density bonuses cannot be implemented.

2) The County and the Towns should waive other fees levied on a per unit basis for the WHUs for the same purposes as #1.

Direct subsidies

The County and the Towns

1) should establish a Workforce Housing Trust Fund – funded by an automatic allocation of a percentage of transfer taxes/recordation fees. The Workforce Housing Trust Fund could receive other grants and contributions; share of equity windfall of future market-rate sales of non-price controlled WHUs; and serve as a legal trustee of "soft" second mortgages that have made homes affordable. In addition to being a source of cash subsidies as needed to lower production costs ("supply side"), the Workforce Housing Trust Fund would provide buyer and renter subsidies ("demand side") in the form of down payment assistance, closing cost assistance, lower interest mortgages, rent subsidies, direct public purchase of WHUs, etc.;

2) should establish (through a joint powers agreement) the position of Housing Officer within the county government to oversee all aspects of the workforce housing program (except

for zoning administration). The Housing Officer should contract with other public agencies, community development corporations, or other non-profit agencies to implement the programs. To the maximum extent possible, implementing agencies should be able to utilize all available state and federal housing assistance programs; and

3) should establish employee housing assistance programs (forgivable down payment loans, lower-interest mortgages) in order to facilitate County and Town employees living within the communities they serve.

Part B: Maintaining the existing workforce housing stock.

In every growing community the least expensive way to provide workforce housing is to prevent the loss of the affordable supply that currently exists. Even if such housing is viewed as a social detriment, it can be transformed into a mixed income community that will continue to provide decent housing.

In Isle of Wight, according to county data, over the past six years there were about 200 demolition permits issued. Many were for existing homes. This is, of course, a small number compared with over 2,700 new single-family dwellings built during that period. However, one can assume that many of the demolished homes provided homes for lower income workers – homes that are now gone from the housing stock. Had they been preserved through loans and grants for repairs, they might now be providing affordable, decent shelter. These demolished homes are not being replaced with new workforce housing, as we have seen earlier in the report.

The majority of the workforce housing stock which needs to be maintained is of four types: manufactured homes, existing low cost rentals and homes owned by lower income families, government subsidized housing, and non-subsidized apartments. Somewhat different strategies apply to each.

a. manufactured homes

The Task Force recommends that:

1) existing mobile home parks should be retained, and where necessary, improved. This can be done through "sensitive code enforcement" which is a strategy wherein zoning inspectors and the Housing Officer approach owners with the

financial resources to assist mobile home park owners in making any necessary upgrades.

2) The Housing Officer (or its agent) could also assist owners in finding affordable financing for new mobile homes if the need arises. A combination of state loans and a locally generated loan program with local banks could be such a tool for both rehabilitation and purchase.

3) In order to preserve this stock of workforce housing from being demolished and that land being used to build more expensive, exclusionary housing, the County and Towns should amend their zoning codes a) to place restrictions on re-use, and/or b) require a percentage of workforce housing in new, market rate developments on-site that would offer existing residents a realistic right to purchase new homes in the former mobile home park themselves.

b. existing low cost rentals and homes owned by low income families

This is surely the most numerous form of existing workforce housing. Homes purchased before the real estate boom, homes willed to family members, and older apartment buildings that have been in the same ownership for decades tend to make up this class. For lower income owners one of the greatest threats is deterioration of the home. For these families the sensitive code enforcement program mentioned above can preserve many of these homes. Therefore, the Task Force recommends that

1) through federal, state, and local funds, the Housing Officer must be able to make flexible loans or grants to lower income home owners for renovation of their properties; and

2) these loan and grant programs must be available to the owners of workforce rental properties as well.

c. government subsidized housing

HUD lists six apartment properties in Isle of Wight that are subsidized by HUD. In addition, there are 307 Section 8 housing vouchers available to the county. These vouchers pay the difference between a modest market rent and the amount that a family can afford for housing.

These apartment projects are critical resources that in some cases can be in danger of losing their subsidies due to expiring subsidy contracts with HUD. There may be cases where the owner is highly profit motivated and may wish to pay off the HUD loan and cancel the subsidy contract as well in order to convert the project to all market rate rentals.

The Task Force recommends that

1) the Housing Officer establish the status of each subsidized project and learn what the owner's intentions are;

2) If the project is in danger of canceling its subsidy contract, the Housing Officer should employ a project-specific strategy to keep it in the workforce housing inventory.

d. non-subsidized apartment developments

In many areas of the country there has been a recent boom in converting rental apartments to ownership condominiums. As the supply of multi-family housing increases (there are currently less than 500 rental units in apartment developments of ten or more units, including the 228 high-rent apartments at Eagle Harbor), if "condo conversion" becomes a possibility in the county, the Task Force recommends that the county pass legislation a) that would allow the residents to purchase the building first, or b) the building owner must pay a fee to the county so that the county might be able to assist displaced families to find other housing.

Final Comments

The Task Force believes that its comprehensive recommendations are shaped realistically to the legal and fiscal capabilities of local government and the economic interests of the private sector. The program would produce 100 to 150 new, affordable homes a year for the local workforce.

We strongly recommend its enactment by the County Board of Supervisors and the Town Councils.

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Appendix 1-A **DRAFT ISLE OF WIGHT COUNTY WHU ORDINANCE**

[NOTE: Loudoun County and, in particular, Fairfax County have enacted detailed provisions in their ADU ordinances to address various issues that have arisen in administering their zoning codes and managing their extensive ADU programs (which have been in existence for ten and sixteen years, respectively). This draft "WHU" ordinance for Isle of Wight County takes a "short and sweet" approach. The draft is based on the revised state statute (section 15.2-2305) and such provisions, adapted from the other two counties' ADU laws, which are essential for the ordinance itself. Many highly detailed sections of the Loudoun and Fairfax County ADU laws, though undoubtedly justified by their experiences, could serve as guidelines for possible administrative regulations to be enacted through delegation of regulatory authority by the Board of Supervisors to the County Administrator; one such example is attached to this proposed ordinance.]

[NEW] ARTICLE XII
CREATING, ADMINISTERING, AND REGULATING WORKFORCE HOUSING UNIT (WHU) PROGRAM

Article 12-1000 Workforce Housing Unit Developments.

12-1000 **Purpose.** The Workforce Housing Unit Program is established to assist in the provision of housing to persons of low and moderate income by (a) promoting the development of a full range of housing choices, and (b) by providing for increases in density in exchange for requiring the construction and continued existence of workforce housing units. "Workforce housing units" shall be defined as those units for which the rental and/or sales price is regulated pursuant to the provisions contained in this Article, as adopted by the Board of Supervisors. Under the program, workforce housing units shall be affordable for purchase by households whose income is less than 120 percent (120%) of the Area Median Income of the Norfolk-Virginia Beach-Newport News VA-NC Metropolitan Statistical Area as determined annually by the United States Department of Housing and Urban Development (hereinafter referred to as "Area Median Income.") and shall be made available for a range of households so that the average income shall be less than 100 percent (100%) of Area Median Income. Under the program rental workforce housing units are affordable for rental by households whose income is less than 60 percent (60%) of the Area Median Income. All affordable dwelling units shall comply with the following provisions and regulations for Workforce Housing Unit Developments contained in Article 12-1001 through 12-1020 of this Ordinance.

12-1001 **Administration.**

(A) The Workforce Housing Unit Program shall be administered by the County Administrator or his designees. Subject to the supervision of the County Administrator, the County Planning Director shall administer the provisions of the Workforce Housing Unit Program affecting the zoning code. The County Administrator shall create the position of Housing Officer, who, subject to his supervision, shall administer all non-zoning code components of the Workforce Housing Unit Program. By inter-governmental agreements, the County Housing Officer may also administer all non-zoning components of Workforce Housing Unit Programs that may be established by the Town of Smithfield and the Town of Windsor.

(B) The authority to adopt reasonable regulations and provisions for the administration of the Workforce Housing Unit Program that are authorized by Virginia Code Section 15.2-2305 is hereby delegated to the County Administrator, subject to the review and approval, at its option, of the Board of Supervisors.

12-1002 Workforce Housing Unit Advisory Board

A. The Workforce Housing Unit (WHU) Advisory Board shall consist of nine (9) members appointed by the Board of Supervisors. Members shall be qualified as follows:

1. Two members shall be either civil engineers and/or architects, each of whom shall be registered or certified with the relevant agency of the Commonwealth, or planners, all of whom shall have extensive experience in practice in Isle of Wight County.

2. One member shall be a representative of a lending institution which finances residential development in Isle of Wight County.

3. Four members shall consist of:

(1) The County Housing Officer (as an *ex officio* member), who shall act as secretary for the WHU Advisory Board.

(2) A residential builder with extensive experience in producing single family detached and attached dwelling units.

(3) A residential builder with extensive experience in producing multiple family dwelling units; and

(4) The County Planning Director.

4. One member shall be a representative of a nonprofit housing group which provides services in Isle of Wight County.

5. One member shall be a citizen of Isle of Wight County.

6. At least four members shall be employed in the private sector.

B. Except for the *ex officio* member, each member of the WHU Advisory Board shall be appointed to serve a four-year term. Terms shall be staggered such that the initially constituted Board shall consist of three members appointed to four-year terms; three members appointed to three-year terms; and two members appointed to two-year terms.

C. The WHU Advisory Board shall advise the County Administrator respecting specifications for and setting of the amount and terms of all sales and rental prices of workforce housing units.

D. The WHU Advisory Board shall be authorized to hear and make final determinations or grant requests for modifications of the requirements of the Workforce Housing Unit Program submitted by owners or applicants. The Board shall submit a semi-annual report to the Board of Supervisors on its determinations regarding modifications of the Workforce Housing Unit Program requirements requested by owners or applicants.

E. The WHU Advisory Board shall advise the County Housing Officer on the use of funds from the Housing Fund and shall submit a semi-annual report to the Board of Supervisors regarding uses of the Housing Fund.

12-1003 Applicability.

(A) The requirements of the Workforce Housing Unit Program shall apply to any site, or portion thereof, at one location which is (a) located within an approved sewer area, and (b) the subject of an application for rezoning, special exception, site plan or subdivision plat which yields, as submitted by the applicant, thirty (30) or more dwelling units at an equivalent density greater than one (1) unit per acre.

(B) Any request for approval of a site plan or subdivision plat for land already zoned for residential use that results in an increase in the total number of residential units shall be subject to this Ordinance but only 1) if the increase results in additional market rate units, and only 2) provided that the overall density of the project results in thirty (30) or more units at a density of greater than one (1) unit per acre. The percentage of Workforce Housing Units in the development shall be proportional to the increase in total residential units as set forth in Section 12-1004 below.

(C) The requirements of this Article shall not apply to the following:

(1) Special exception, site plan or subdivision plat applications filed in accordance with an approved rezoning which has proffered the provision of workforce housing units or other contributions toward the provision of workforce housing units prior to the effective date of this Ordinance.

(2) Proffer amendment, preliminary subdivision amendment, site plan amendment and special exception amendment applications filed after the effective date of this Ordinance which deal exclusively with issues of building relocation, site access, storm water drainage, or other engineering or public facility issues, or the preservation of historic structures, wetlands, child care facilities, or changes in the size of units, a reduction in the number of units, or which request the addition of a non-residential special exception use.

(3) Properties subject to proffers accepted by the Board of Supervisors, pursuant to Section 15.2-2303 of the Code of Virginia, prior to _______, 2007.

(5) Any request for a zoning amendment which involves the rezoning of land within a mixed use planned development district in order to redistribute existing units to the newly zoned property within the same development, but which does not result in an increase in the total number of residential units.

(6) Any request for a rezoning plat amendment or zoning amendment which involves the rezoning of land within a non-planned development

district in order to redistribute existing units to the newly zoned property within the same development, but which does not result in an increase in the total number of residential units.

(D) At the applicant's discretion, the provisions of this Article and individual district regulations for workforce housing unit developments may be applied to developments which are exempt from these provisions, as stated in Article 12-1003(C). In the event that an applicant proposes to provide workforce housing units in a development which is otherwise exempt, the County shall waive any application fee associated with a site plan or subdivision plat amendment proposing to change the plan or plat only in order to provide workforce housing units. County review of such applications shall not exceed 90 days.

12-1004 Workforce Housing Unit Density Adjustments.

(A) Single Family Detached Units, Single Family Attached Units, and Multi-Family Dwelling Unit Structures, or combinations thereof.

(1) For active rezoning applications as of __________, 2007, and for rezoning, special exception, site plan and preliminary subdivision applications officially accepted after ___________, 2007 which request approval of single family detached dwelling units, single family attached dwelling units, multi-family dwelling unit structures, or a combination thereof, the proposed density shall reflect an increase of thirty percent (30%), including the required number of workforce housing units, unless such figure is modified pursuant to the provisions of Article 12-1002(D).

(2) In the event that a thirty percent (30%) density increase is achieved pursuant to Article 12-1002(A)(1) above, not less than seventeen percent (17%) of the total number of dwelling units approved for the subject development shall be workforce housing units, for which the rental

and/or sales price will be controlled pursuant to this Article.

(B) Special Provision for Multi-Family Dwelling Unit Structures

For any building which is four stories or above and has an elevator, the applicant may request, and the County shall consider, the unique ancillary costs associated with living in such a building in determining whether such housing will be affordable under the definition established by the County in its ordinance adopted pursuant to this Article.

(C) In the case where workforce housing units are provided pursuant to Article 12-1002(D) above, the density of a development subject to voluntary provision of workforce housing units which is otherwise exempt may be increased up to thirty percent (30%). In the event that a thirty percent (30%) density increase is approved pursuant this Section, not less than seventeen percent (17%) of the total density bonus units approved for the subject development shall be workforce housing units, for which the rental and/or sales price will be controlled pursuant to this Article.

12-1005 Cost-Offsets in Addition to Increased Density

(A) The County shall offer incentives other than density increases, such as reductions or waiver of permit, development, and infrastructure fees and cash proffers as cost-offsets to further encourage the provision of workforce housing.

(B) Whenever fees or proffers are collected on a per unit basis, any reduction or waiver shall only be applied to the workforce housing units within the development.

(C) The principal purpose of reduction or waiver of fees and proffers shall be to lower the affordability range of workforce housing units.

(D) The Workforce Housing Unit Advisory Committee may consider approving reduction or waiver of certain fees, or of voluntary proffers (but only on workforce housing units) in order to protect an owner or applicant from economic loss as set forth in Section 12-1005(C).

12-1006 Basic Program: For-Sale Workforce Housing Unit Specifications.

(A) The County Administrator shall adopt annual specifications for prototype workforce housing unit for-sale housing products, which specifications shall be developed and recommended by the Workforce Housing Unit Advisory Board. All building plans for workforce housing units shall comply with such specifications. Any applicant or owner may voluntarily construct workforce housing units to a standard in excess of such specifications, but only fifty (50) percent of any added cost for exterior architectural compatibility upgrades (such as brick facade, shutters, bay windows, etc.) and additional landscaping on the workforce housing unit lot shall be included within recoverable costs, up to a maximum of two (2) percent of the sales price of the workforce housing unit, with the allowance for additional landscaping not to exceed one-half (1/2) of the above-noted two (2) percent maximum.

(B) In the administration of the Basic Workforce Housing Unit Program design and construction specifications established and sales prices shall be structured to make the units affordable for purchase by households whose income is less than 120 percent (120%) of the Area Median Income and shall be made available for a range of households so that the average income shall be less than 100 percent (100%) of Area Median Income.

(C) The sales price for Workforce Housing Units within a development shall be established such that the owner/applicant shall not suffer economic loss as a result of providing the required affordable dwelling units. For purposes of the Basic Program, "economic loss" for sales units means that result when the owner or applicant of a development fails to recoup the cost of construction and certain allowances as may be determined by the designee of the governing body for the workforce housing units, exclusive of the cost of land acquisition and cost voluntarily incurred but not authorized by the ordinance, upon the sale of a workforce housing unit. If an owner or applicant believes that economic loss will be incurred, the owner or applicant may appeal for modification of the workforce housing unit requirements to the Workforce Housing Unit Advisory Board.

12-1007 Optional Alternative For-Sale Workforce Housing Unit Program:

(A) At the owner/applicant's option and subject to the County's approval, the requirements of the Workforce Housing Unit Program may be met by the owner/applicant's reducing the sales price of a certain number of market-rate units to make them affordable for eligible households.

(B) The number of reduced-price units and the degree of the reduction in price of each units may vary, subject to the approval of the County, but the average sales price of the affordable dwelling units shall be affordable for purchase by households whose income is less than 120 percent (120%) of the Area Median Income and shall be made available for a range of households so that the average income shall be less than 100 percent (100%) of Area Median Income.

(C) The owner/applicant may apply the price reduction to either one or a variety of housing types within the property. However, no housing type shall be sold exclusively as workforce housing units.

(D) The difference between market-rate price and the reduced price of a workforce housing unit shall be recorded as a lien on the property. The ownership of the lien shall be vested in the Workforce Housing Fund and shall be recovered at the time of first sale of the workforce housing unit after expiration of its resale price control period.

(E) Prior to approval by the County of the owner/applicant's Optional Alternative Program, the owner/applicant shall execute an affidavit stating that the owner/applicant has incurred no economic loss as a result of providing the required workforce housing units. For purposes of the Optional Alternative Program, "economic loss" means that the overall profitability of the property is equal to or greater than it would have been had the property been developed for residential purposes prior to approval of an application for rezoning, special exception, site plan or subdivision plat that has resulted in an increase of at least thirty (30) percent in the residential development capacity of the property. If the realized increase in residential development capacity is less than thirty (30) percent, the percentage of required workforce housing units shall be reduced proportionally.

12-1008 Designation of Workforce Housing Units on Site Plans and Subdivision Plats.

(A) Approved site plans and/or record subdivision plats shall identify the specific number of for-sale units and/or percentage of units for rent which are to be regulated as workforce housing units pursuant to this Article.

(1) All plans or plats for developments containing workforce housing for-sale units shall identify specific units which are for sale under the affordable guidelines in this Article.

(2) All site plans for developments containing workforce housing rental units shall include information concerning the number of each type of unit, by bedroom count, which shall be maintained as affordable.

(B) Specifications regarding dwelling dimensions and the number of bedrooms in all workforce housing units shall meet the requirements established by the Workforce Housing Unit Advisory Board. In general, though the dwelling dimensions may be smaller under the Basic Program, the number of bedrooms in an affordable multi-family unit shall be comparable to equivalent market rate units on the subject parcel.

(C) Workforce housing units shall be of a building type and of an architectural style compatible with residential units permitted within the zoning district in which they are located and interspersed among market rate units in the proposed development.

12-1009 Review of site or subdivision plans within 90 days. The County shall process final site plans, preliminary subdivisions or record subdivision plats proposing the development or construction of workforce housing units within ninety (90) days from the receipt thereof, provided that such plans and plats substantially comply with all ordinance requirements when submitted. The calculation of the review period shall include only that time the plans or plats are under County review and shall not include such time as may be required for revisions or modifications in order to comply with ordinance requirements.

Timing of Construction/Availability of Workforce Housing Units. In a development which contains single family detached, single family attached, or multi-family lots or units, or a combination thereof, occupancy permits for no more than fifty percent (50%) of the market rate dwelling units shall be issued prior to the issuance of occupancy permits for fifty percent (50%) of the workforce housing units. Occupancy permits for no more than seventy-five percent (75%) of the market rate dwelling units shall be issued until occupancy permits have been issued for one hundred percent (100%) of the workforce housing units for the development.

12-1011 Regulation of Sale and Rental Prices of Workforce Housing Units.

1) The sale of workforce housing units shall be administered by the Housing Officer under such reasonable rules and regulations regarding the sale and resale of workforce housing units as shall be adopted by the County Administrator. Such rules and regulations may include giving a priority to persons who live or work in Isle of Wight County. Initial sales prices (to be adjusted semiannually) shall be based on a determination of all ordinary, necessary and reasonable costs required to construct the workforce housing unit prototype dwellings by private industry after considering written comment by the public and the Workforce Housing Unit Advisory Board, and other information such as the area's current general market and economic conditions, provided that sales prices not include the cost of land, on-site sales commissions and marketing expenses, but may include, among other costs, builder-paid permanent mortgage placement costs and buy-down fees and closing costs except prepaid expenses required at settlement.
2) The rental of workforce housing units shall be administered by the Housing Officer under such reasonable rules and regulations regarding the rental of workforce housing units as shall be adopted by the County Administrator. Such rules and regulations may include giving a priority to persons who live or work in Isle of Wight County. Initial rental prices (to be adjusted semi-annually) shall be based on a determination of all ordinary, necessary and reasonable costs required to construct and market the required number of workforce housing rental units by private industry in the area, after considering written comment by the public and the Workforce Housing Unit Advisory Board, and other information such as the area's current general market and economic conditions.

12-1012 Price Control Periods for Workforce Housing Units

1) For workforce housing units under either the Basic Program or the Optional Alternative Program for which the initial sale occurs after the effective date of this Article, the price for subsequent re-sales shall be controlled for a period of twenty (20) years after the initial sale. For any workforce housing unit that is owned for an entire 20-year control period by the same individual(s), the price control term shall expire and the first sale of the unit after such expiration shall be in accordance with Par. 2 below.

2) For the initial sale of a workforce housing unit after the expiration of any control period, the Housing Officer shall be offered the exclusive right to purchase the unit. The owner of each such unit shall provide the Housing Officer with written notification sent by registered or certified mail that the unit is for sale. If the Housing Officer elects to purchase such unit, the Housing Officer shall so notify the owner in writing within thirty (30) days of receipt of the written notification from the owner and the all cash closing shall occur within sixty (60) days thereafter.

3) In all instances, whether or not the Housing Officer elects to purchase such unit, one-half (1/2) of the amount of the difference between the net sales price paid by the purchaser at such sale and the owner's purchase price plus a percentage of the unit's selling price equal to the increase in the U.S. Department of Labor's Consumer Price-Urban Area Index or such other index selected by the County Administrator upon recommendation by the Workforce Housing Unit Advisory Board, plus the lesser of the current fair market value or the actual original cost of certain improvements as determined by the Housing Officer in accordance with its regulations to be (a) substantial and appropriate replacements or improvements of existing housing components and/or (b) structural improvements made to the unit between the date of the owner's purchase and the date of resale shall be contributed to the Isle of Wight County Housing Fund to promote housing affordability in Isle of Wight County as part of the disbursement of settlements proceeds. The percentage that shall be contributed to the Workforce Housing Fund shall be reduced by five (5) percentage points for each year of continuous residence in the unit by the seller after expiration of the price control period.

4) In accordance with standards adopted by the Workforce Housing Unit Advisory Board, the Housing Officer may elect to waive the control period in order to generate additional revenues for the Workforce Housing Fund from re-sale of a price-controlled unit at market rate. Should the Housing Officer elect to terminate the control period, the provisions of Par. 3 above apply as if the control

period had expired after twenty (20) years. However, in no instance shall a price control period be less than five years of continuous occupancy by an owner of a workforce housing unit.

5) For rental workforce housing units for which the initial rental occurs after the effective date of this Article, the prices for the initial rental and subsequent re-rentals shall be controlled for a period of fifty (50) years after the initial rental transaction for the respective workforce housing unit. Rentals shall be adjusted semi-annually based on the increase in the U.S. Department of Labor's Consumer Price-Urban Area Index or such other index selected by the County Administrator upon recommendation by the Workforce Housing Unit Advisory Board plus a fair return for any improvements made to the property by the owner. Workforce housing unit rental prices shall be set so that the property owner shall be reasonably protected against economic loss.

12-1013 Exclusive Right To Purchase One-Third of For Sale ADU Units.

1. The County Housing Officer, or his designees, shall have an exclusive right to purchase up to one-third (1/3) of the for-sale workforce housing units within a development for a ninety (90) day period beginning on the date that a complete Notice of Availability and WHU Sales Offering Agreement, submitted by the owner, is executed by the County Housing Officer.
2. The remaining two-thirds of such units shall be offered for sale exclusively for a ninety (90) day period to persons who meet the income criteria annually established by the County Administrator pursuant to Section 12-1000 of this Article.

12-1014 Exclusive Right To Lease Fifty (50) Percent of Rental WHU Units.

1. The County Housing Officer, or his designees, shall have an exclusive right to lease up to fifty (50) percent of the rental workforce housing units within a development within a controlled period determined by the County.

2. The remaining for-rental workforce housing units within a development shall be offered to persons who meet the income criteria annually established by the County Administrator pursuant to Section 12-1000 of this Article.

12-1015 Establishment of Workforce Housing Fund

1) A county Workforce Housing Fund is established as part of the Workforce Housing Unit program to assist in achieving the workforce housing goals of the County pursuant to this Article.

2) The Housing Fund shall be a dedicated fund within the other funds of the County; any funds received pursuant to this Article shall be used for achieving the workforce housing goals of the County.

3) The Workforce Housing Fund shall receive appropriations that may be made by the Board of Supervisors, funds from the sale of bonds that have been approved for the purposes of this Article, federal and state housing assistance grants, gifts, donations, and any equity share in the proceeds of sales of workforce housing units after expiration of the price control period in accordance with the provision of Article 12-1012(3).

4) The Workforce Housing Fund shall be assigned ownership of liens on any workforce units participating in the Optional Alternative Program in accordance with the provisions of Article 12-1007(D).

5) The Workforce Housing Fund shall be administered by the Housing Officer. Funds may be expended for any lawful purpose authorized for housing assistance funds under federal or state law. Proceeds from the Workforce Housing Fund may be used for the purchase and/or lease of workforce housing units under the provisions of sections 12-1013 and 12-1014.

12-1016 Compliance with State/Federal/Local Laws.

(A) A development which provides, pursuant to Federal, State or other local programs, the same number or more workforce housing units as the number of workforce housing units required under Article 12-1004(C) above, subject to terms and restrictions equivalent to the requirements of this Article, shall satisfy the requirements of the Workforce Housing Unit Program.

(B) A development which provides, pursuant to Federal, State, or other local programs, a fewer number of workforce housing units than required under Article 12-1004(C) above, subject to terms and restrictions equivalent to the requirements of this Article, shall provide the additional number of workforce housing units necessary to make up the shortage.

(C) The rents and sales prices for workforce housing units provided pursuant to Federal, State, or other local programs shall be in accordance with the rules and regulations governing such programs and these units shall be marketed in accordance with such rules and regulations, provided rents and sale prices shall not exceed those set pursuant to this Article.

12-1017 Violations and Penalties.

The County Administrator shall adopt reasonable regulations and provisions regarding standards of compliance with the provisions of the Workforce Housing Unit Program and for the authority of the County to enforce compliance with such standards and impose reasonable penalties for noncompliance.

12-1018 Enforcement and Court Appeals.

(A) Notwithstanding the provisions of Section 15.2-2311 of the Virginia Code, any person aggrieved by any decision of the County Planning Commission, the Workforce Housing Unit Advisory Board, or by an administrative officer in the administration or enforcement of the Workforce Housing Unit Program may appeal such decision to the Board of Supervisors by filing a petition of appeal which specifies the grounds upon which aggrieved within thirty (30) days from the date of the decision.

(B) Any petition of appeal properly filed pursuant to Paragraph A above shall not constitute a de novo proceeding and shall be considered by the Circuit Court in a manner similar to petitions filed pursuant to Section 15.2-2314 of the Virginia Code.

12-1019 **Severability.** If any portion of this ordinance is found unlawful by a court of competent jurisdiction, such finding shall not render the other portions of this ordinance unlawful.

Appendix 1-B

Draft Sample ADU Regulations

PROPOSED REGULATIONS FOR SECTION 12-1003 (Applicability)

These subsections below are drawn verbatim (with the exceptions noted) from the Fairfax County ADU ordinance and are closely mirrored by the Loudoun County ADU ordinance. Though detailed, they are based on experience and seek to forestall attempts to avoid ADU compliance through apparent "different" ownership or by splitting up a property in smaller parcels below the ADU threshold (which has been 50 units).

(1) For the purposes of this Ordinance, "site or portion thereof, at one location" shall include all adjacent undeveloped land of the property owner and/or applicant, the property lines of which are contiguous or nearly contiguous at any point, or the property lines of which are separated only by a public or private street, road, highway, or utility right-of-way or public or private right-of-way at any point, or separated only by other land of the owner and/or applicant, which separating land is not subject to the requirements of this Article.

(2) "Site or portion thereof, at one location" shall include all land under common ownership and/or control of the owner and/or applicant, including, but not limited to, land owned and/or controlled by separate partnerships, land trusts, or corporations in which the owner and/or applicant (to include members of the owner's and/or applicant's immediate family) is an owner of one (1) percent or more of the stock, and other such forms of business entities. Adjacent parcels of undeveloped land owned by separate members of the same family shall be exempt from the provisions of this section when such separate ownership has existed for a period of no less than five (5) years.

(3) Immediate family members shall include the owner's and/or applicant's spouse, children, parents, and siblings.

(4) In instances where a lending institution, such as pension fund, bank, savings and loan, insurance company or similar entity has acquired, or acquires, an equity interest solely by virtue of its agreement to provide financing, such equity interest shall not

constitute ownership and shall not be considered in making determinations of applicability. However, the acquisition of a fee interest by such lending institution due to foreclosure or project participation shall be considered as ownership in making determinations of applicability.

(5) At the time of application for rezoning or special exception and at the time of site plan or subdivision plat submission, the owner and/or applicant shall submit an affidavit which shall include:

A. The names of the owners of each parcel of the sites or portions thereof, as such terms are defined in Par. 1 above.

B. The Fairfax County Property Identification Map Number, parcel size and zoning district classification for each parcel which is part of the site or portion thereof.

(C) An owner and/or applicant shall not be exempt from the requirements of this Ordinance by submitting phased applications for rezoning, special exception, site plan or preliminary subdivision for less than ____ (__) dwelling units at any one time. An owner and/or applicant may submit an application for rezoning, special exception, or preliminary subdivision for less than ____ (__) units if the applicant agrees, in writing, that the next application or submission for the subject site, or portion thereof, shall meet the requirements of this Ordinance when the total number of dwelling units in the subject development has reached ____ (__) units or more. This statement shall be included on the approved concept development plan, rezoning plat, special exception, site plan, or preliminary subdivision plat. Such statement shall be recorded among the Fairfax County land records and shall be indexed in the names of all owners of the site, or portion thereof, as such terms are defined above.

ISSUE:

Staff Update on COVID-19 Vaccine Rollout in Western Tidewater

BACKGROUND:

The Western Tidewater Health District is administering the COVID-19 vaccine to Isle of Wight County employees and residents. Lack of sufficient quantity of the vaccine on a consistent basis is significantly impacting the ability of health district staff to vaccinate more people sooner.

Staff will provide information regarding current vaccination efforts/challenges.

BUDGETARY IMPACT:

None.

RECOMMENDATION:

For the Board's information.