

CITY OF HARRISONBURG

Comprehensive Housing Assessment &
Market Study

January 12, 2021

Key Findings

There are several characteristics of the Harrisonburg housing market that exemplify the demand for more affordable housing, but two conditions concisely summarize the complexity of the challenges facing the City and its residents- a housing mismatch and a lack of the most affordable units.

There is a “housing mismatch” in which thousands of households live in units that do not align with their income

Higher income households have greater choice in the housing market as a result of having more income available for housing.

However, when higher income households reside in lower cost housing, they are effectively “squeezing out” lower income households—who, because they are lower income, have the fewest housing options.



81%+ AMI Household in a 51-80% Rental Unit. **Fine from a financial perspective but contributes to the mismatch.**

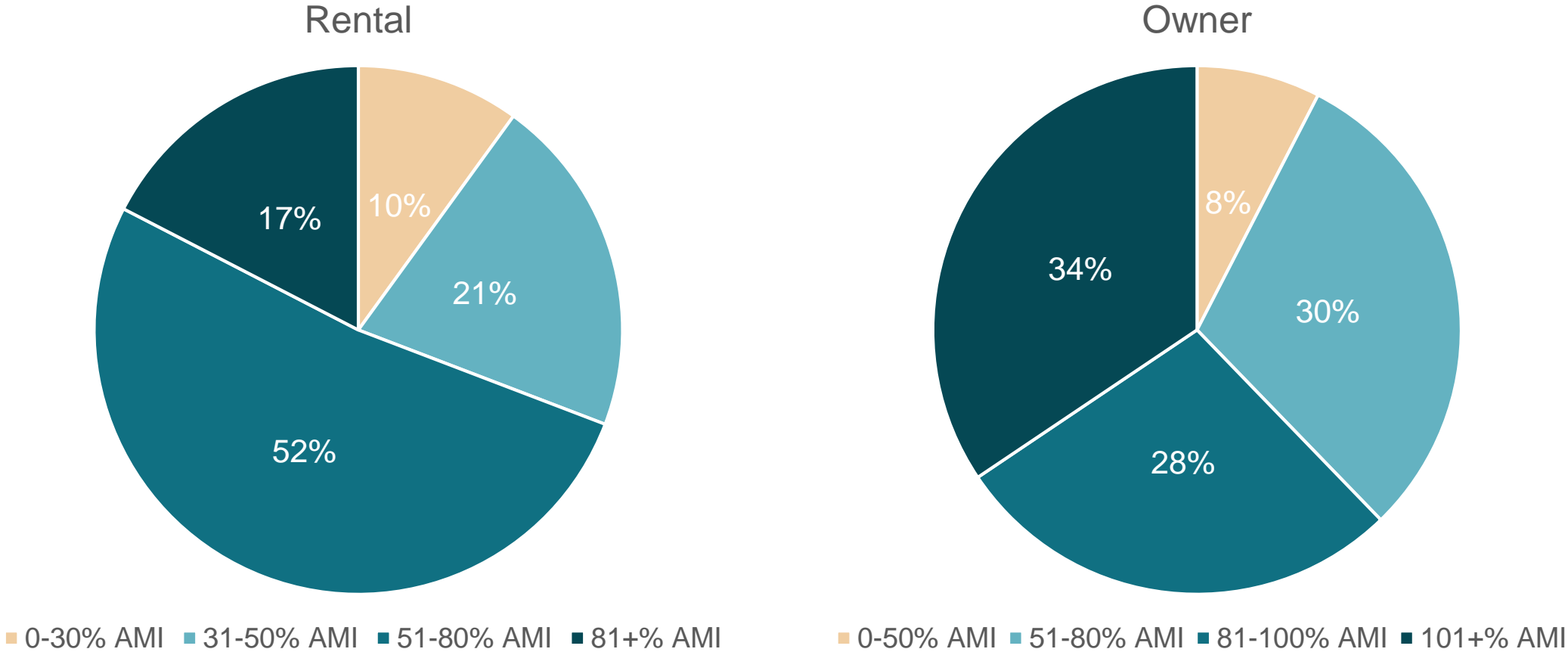


51-80% AMI Household in a 51-80% Rental Unit. **Does not contribute to the mismatch.**



0-30% AMI Household in a 51-80% Rental Unit.
A problem financially and contributes to the mismatch.

The lowest income group has the smallest housing inventory available and affordable to them.

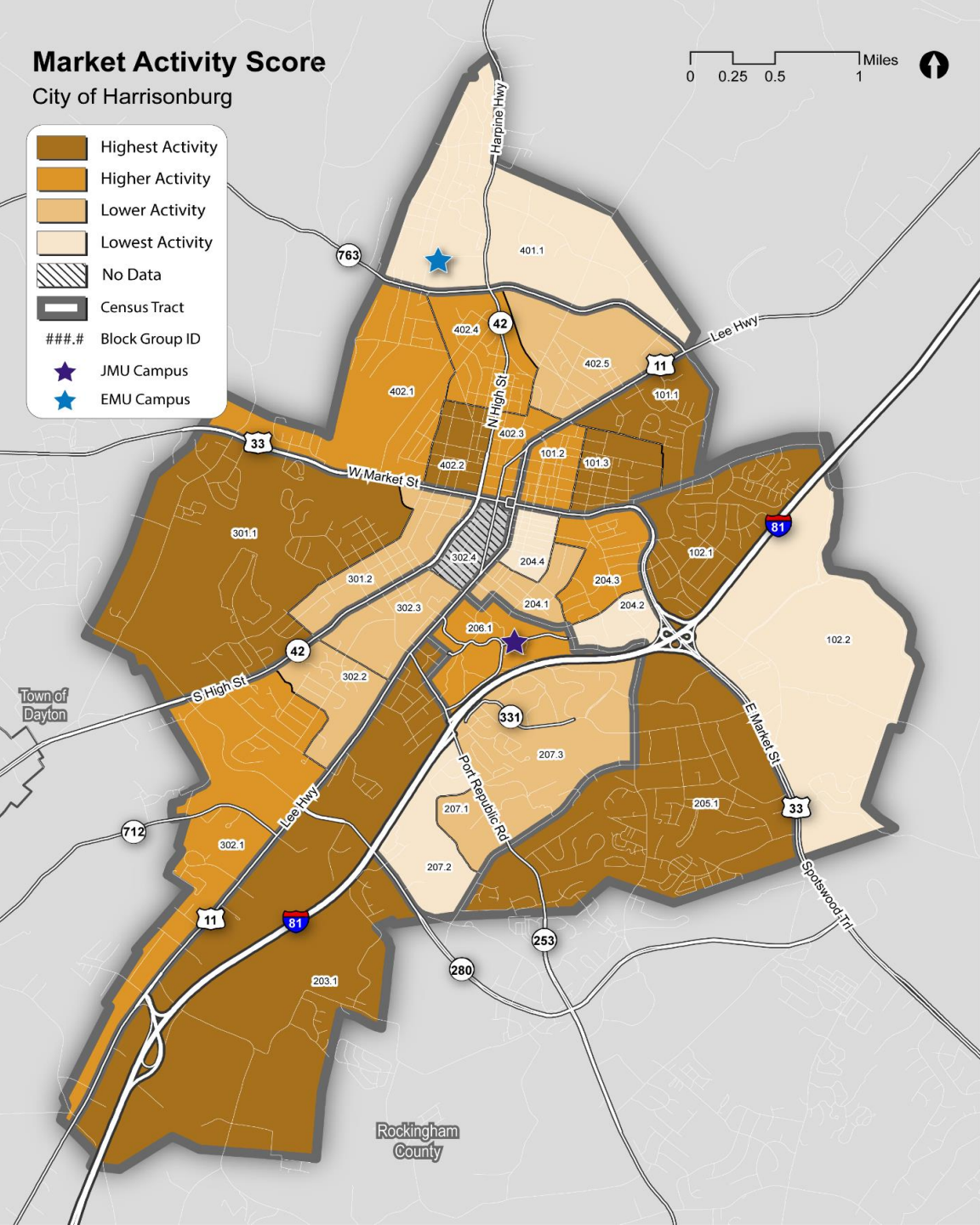


Rental and Owner Inventory by Area Median Income Tiers

Market Activity Score

City of Harrisonburg

- Highest Activity
- Higher Activity
- Lower Activity
- Lowest Activity
- No Data
- Census Tract
- Block Group ID
- ★ JMU Campus
- ★ EMU Campus



The Harrisonburg sales market is a very strong one



Median days on market



Median Sale Price

Highest/High

Lower/Lowest

1 week

2 weeks

Asking price

Within 3% of asking price

The City's rental market is comparably tight

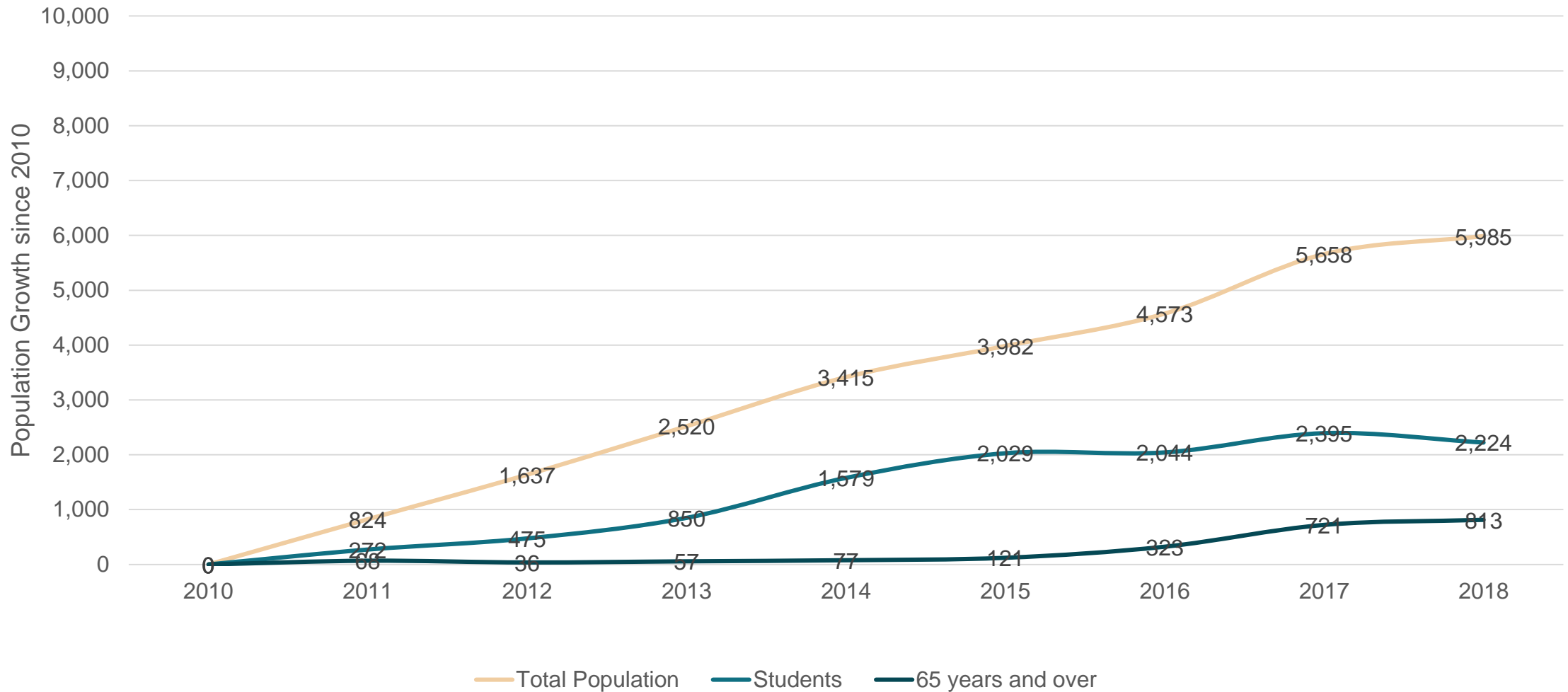


62% of
Harrisonburg's
housing
market are
renters.

The rental vacancy rate is low at 2-3.5%.

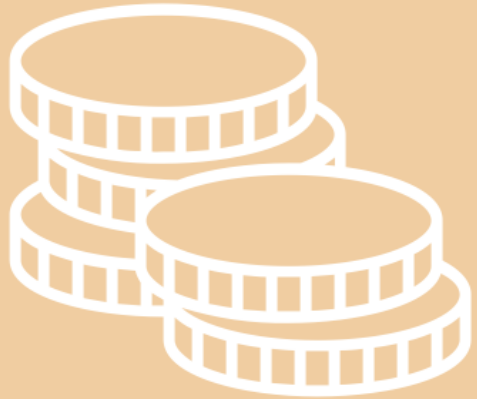
This creates high levels of competition within the market as renters compete for scarce units.

College students drive population growth and the housing market.



College students accounted for 37% of the population growth in Harrisonburg

The poverty rate skews higher in the City with its large college student population



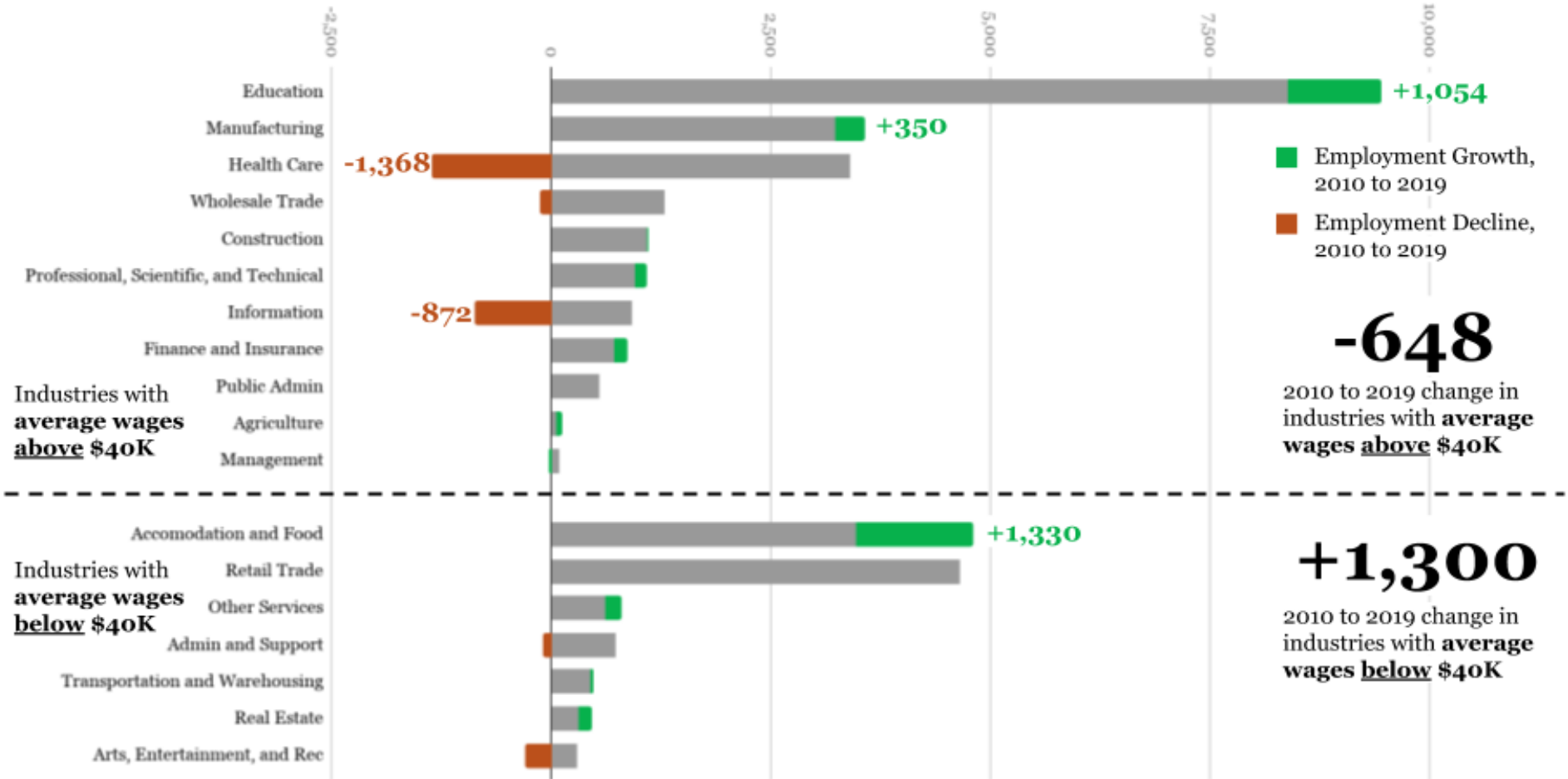
Harrisonburg's poverty rate is largely impacted by college students.

The city's poverty rate is inflated by the large number of college students who live off-campus.

Poverty for non-college students is approximately 14%, in line with the national average.

Without adjusting for off-campus college students, the poverty rate is 28% citywide.

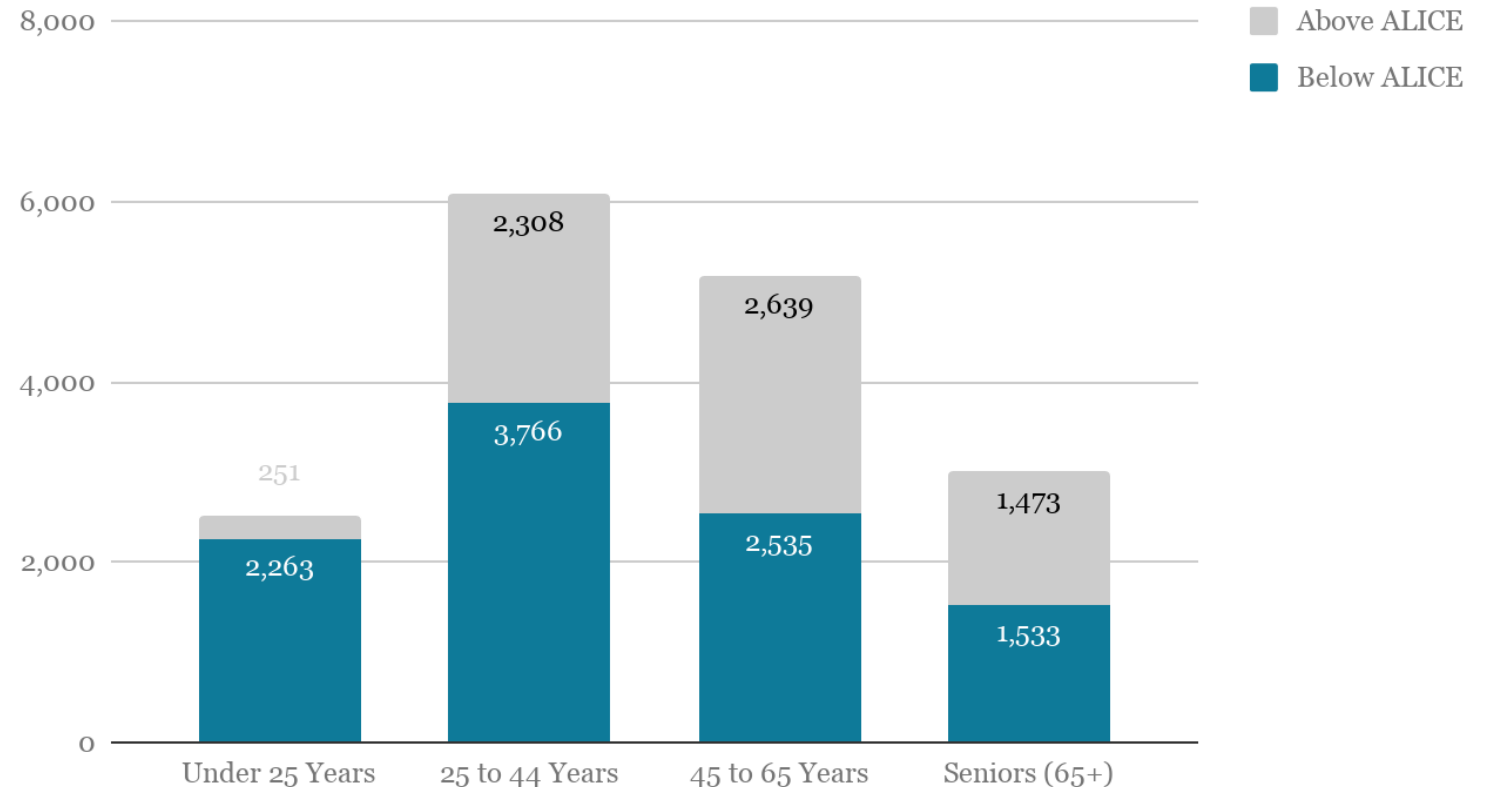
Net employment growth occurred in jobs paying less than \$40,000 annually



ALICE: Asset Limited, Income Constrained, Employed

As of 2018, the United Way estimates that the ALICE income threshold to meet basic expenses for a family of two adults and two children in Harrisonburg is \$60,000.

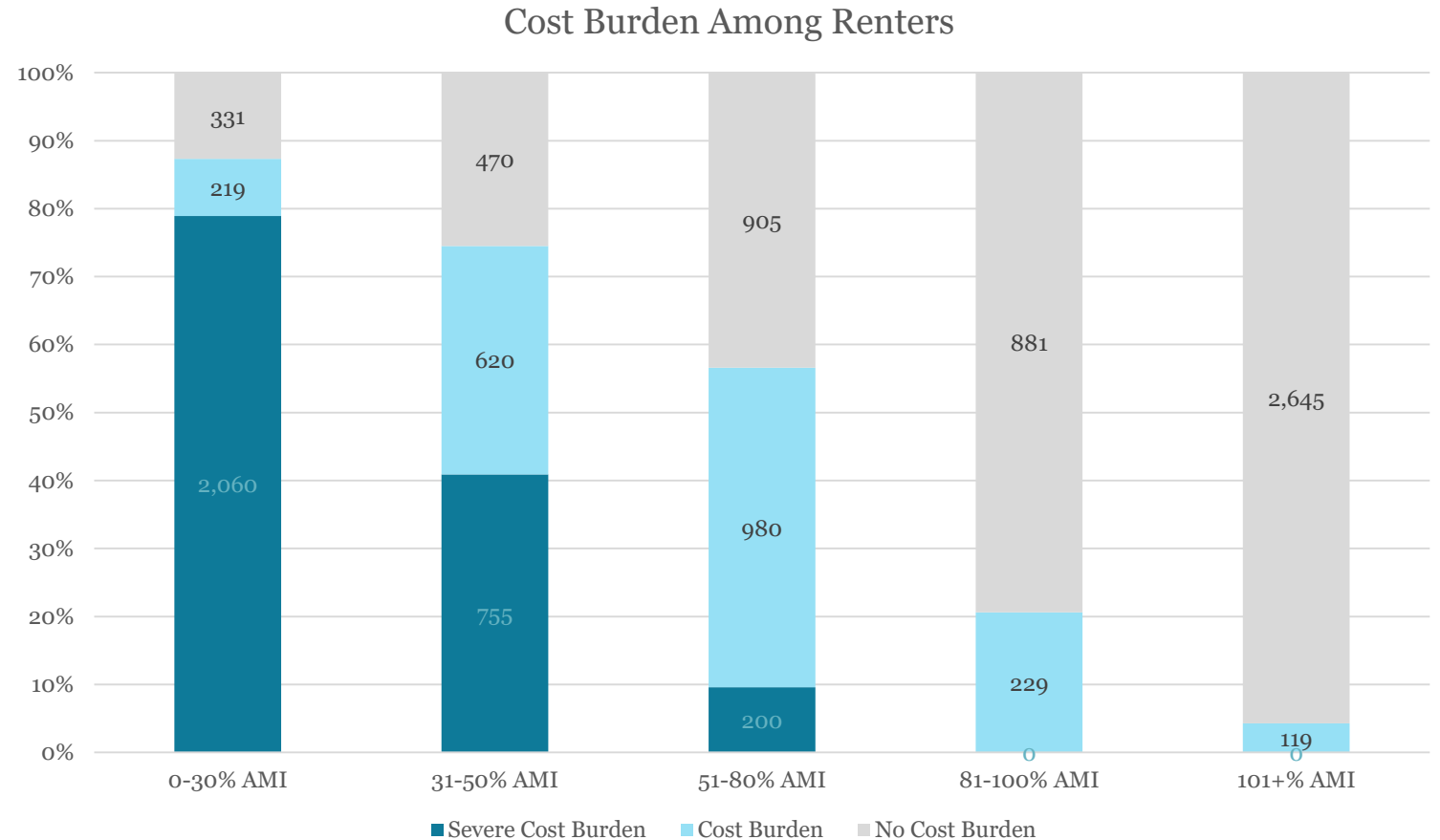
More than 7,800 households do not meet this threshold of a survival budget for a family of four.



Cost Burden Renter Households

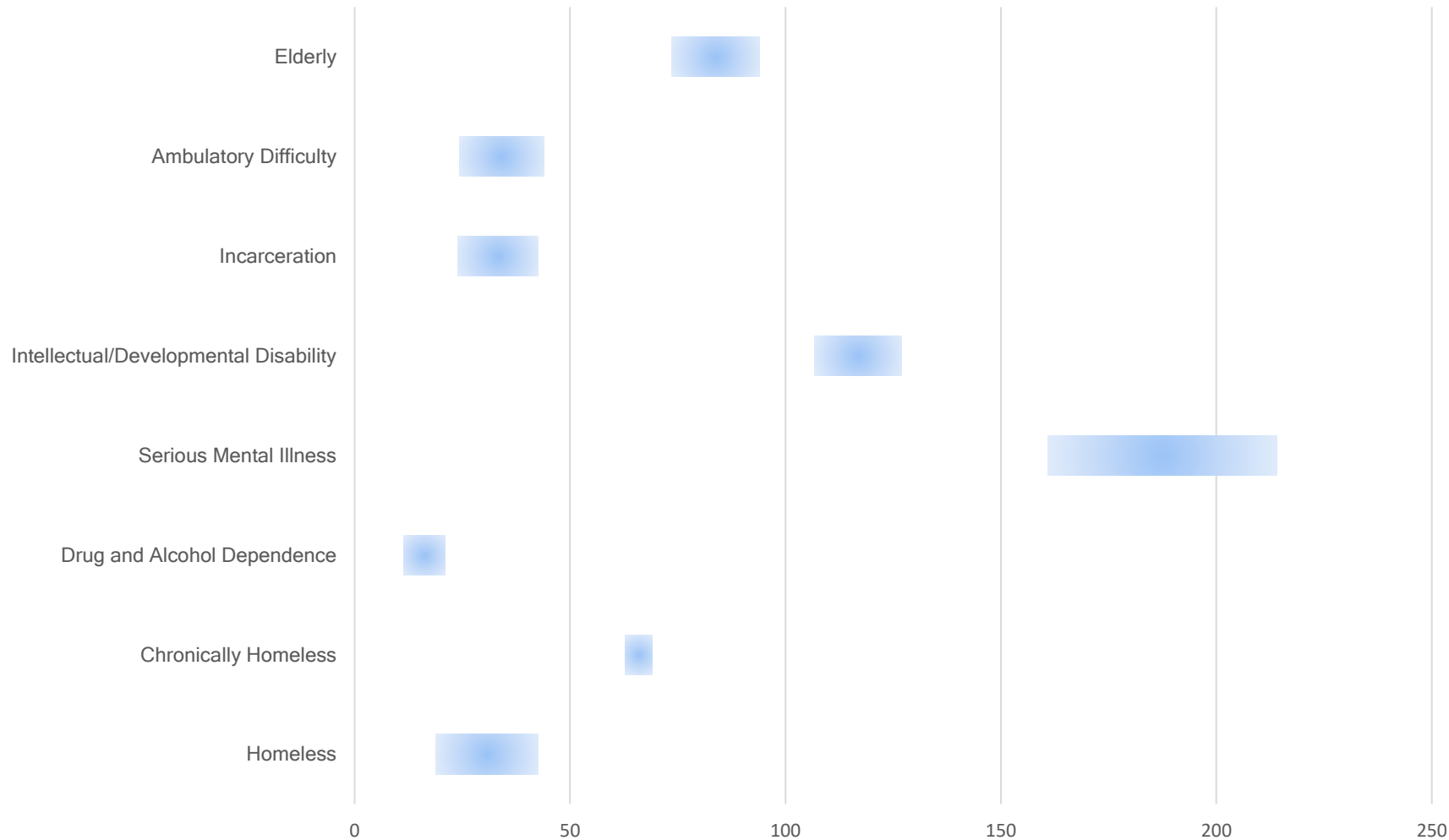
The level of affordable housing need among renters is much greater than among owner households residing in Harrisonburg.

More than 3,600 lower income renter households are cost-burdened and pay more than 30% of their income on housing costs.



Supportive Housing

Estimated households/persons in the City of Harrisonburg who have needs consistent with supportive housing.



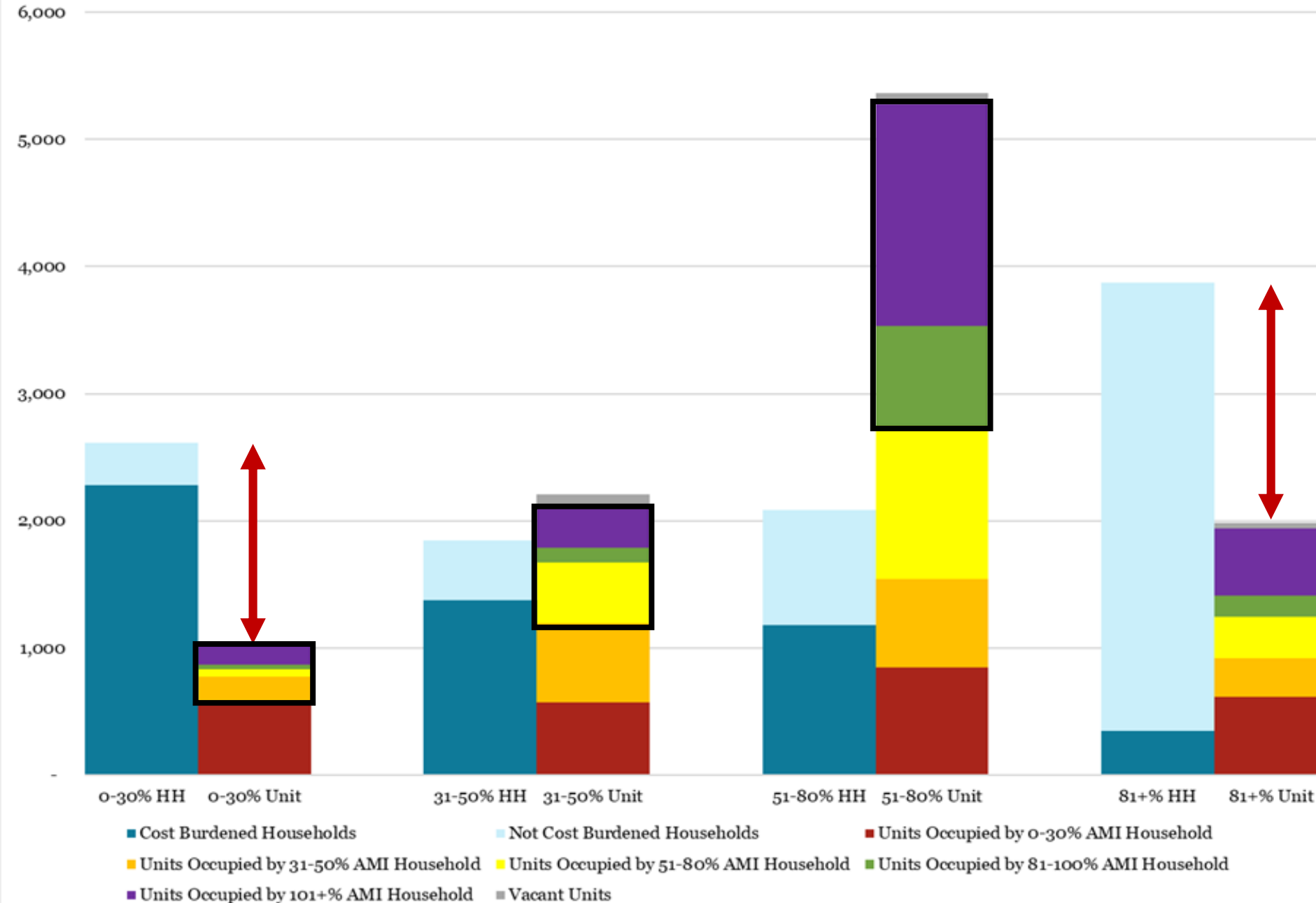
Over the next five years, it is projected the Western Virginia Continuum of Care will need to add 126 beds of Permanent Supportive Housing to meet the number of individuals experiencing chronic homelessness.

Citywide Residency Patterns Among Renters
2013-2017 CHAS

Rental Housing Mismatch

There is a lack of units for households in the 0-30% and 81%+ AMI income tiers.

Although there are many units for 31-50% and especially 51-80% AMI, the units are frequently occupied by higher income households including households with incomes above 100% AMI.



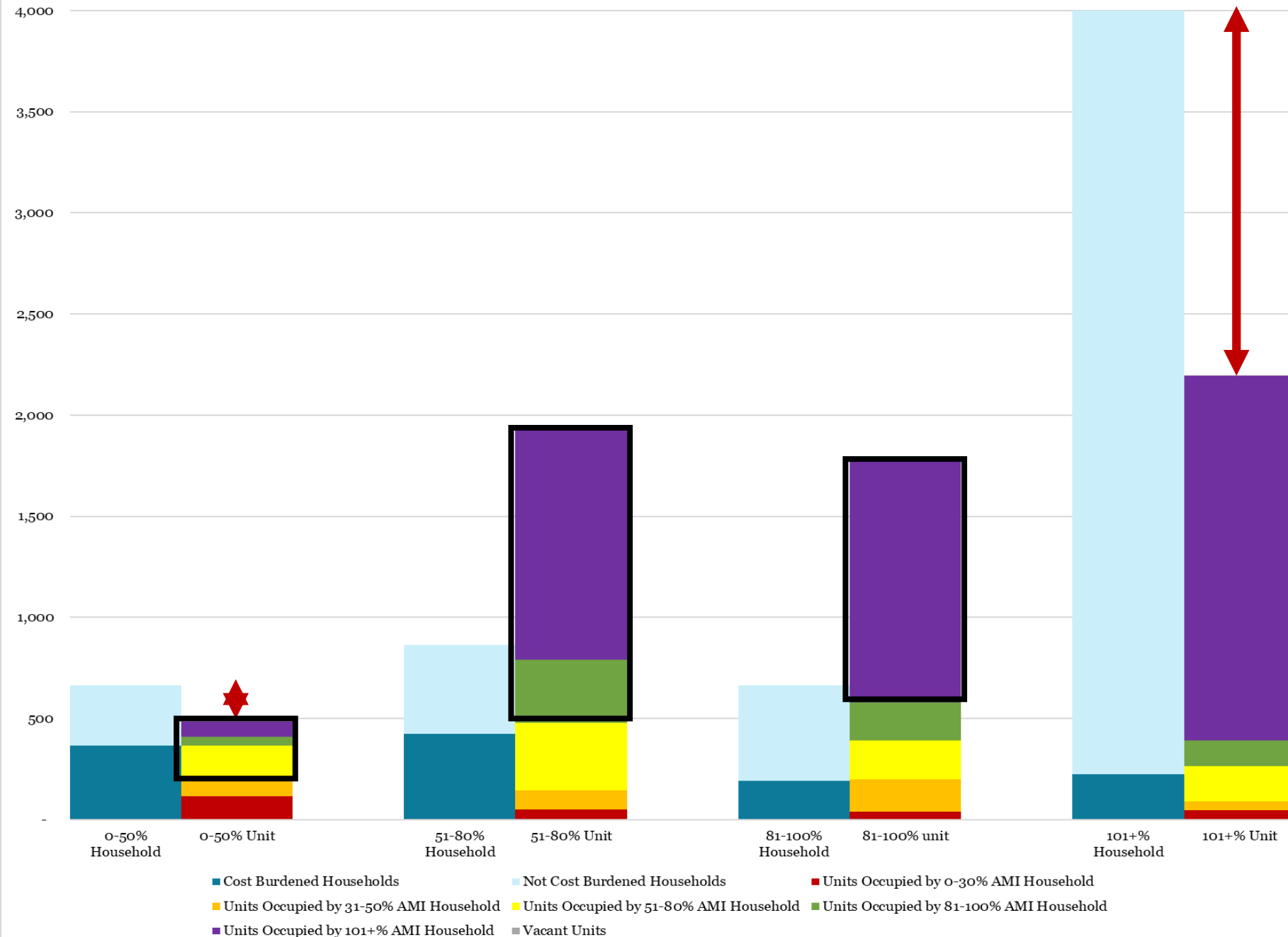
Citywide Residency Patterns Among Owners
2013-2017

Owner Housing Mismatch

The majority of homeowners have incomes above 100% AMI.

There is a shortage of units affordable to households with incomes at 0-50% and above 100% AMI.

The highest-income homeowners purchased down-market, squeezing out lower income households who have less money and fewer housing options.



Recommendations

PRIORITY	ACTIONS	YEARS									
		1	2	3	4	5	6	7	8	9	10
City of Harrisonburg											
1	Hire Housing Coordinator	■									
2	Attract & Grow Good-Paying Jobs & Provide Workforce Training (for 10 years)	■	■	■	■	■	■	■	■	■	■
3	Conduct Affordable Housing Public Education Campaign	■	■								
4	Prioritize City Resources to Finance Affordable Housing Initiatives (annually)	■	■	■	■	■	■	■	■	■	■
5	Waive Fees for New Affordable Housing Development (for 10 years)	■	■	■	■	■	■	■	■	■	■
6	Provide Tax Abatement for New Multi-family Rental Construction (for 10 years)	■	■	■	■	■	■	■	■	■	■
7	Adopt an Affordable Housing Location Policy	■	■								
8	Identify City-Owned Assets Suitable for Development & Issue RFPs	■	■	■	■	■					
9	Update Zoning Ordinance to Implement Affordable Housing Recommendations	■	■								
10	Amend Comprehensive Plan and Zoning Ordinance to Add Missing Middle Strategies	■	■								
11	Develop Accessory Dwelling Unit Ordinance	■	■								
12	Continue Housing Rehabilitation Activities to Preserve Existing Affordable Housing (for 10 years)	■	■	■	■	■	■	■	■	■	■
13	Continue Support for Affordable Homebuyer Initiatives (for 10 years)	■	■	■	■	■	■	■	■	■	■
14	Collaborate with Builders & Developers to Create an Affordable Housing Set-Aside Policy		■	■	■						
15	Create and Capitalize a Local Housing Trust Fund		■	■	■						
16	Advocate for Virginia Housing to Eliminate the Local Letter of Support from the QAP		■	■							
17	Amend the Comprehensive Plan to incorporate the housing policies and analysis included in this study		■	■							
Continuum of Care											
18	Prioritize Funding for Local Investment	■	■	■	■	■	■	■	■	■	■
19	Expand Use of Data to Make Informed Decisions to Address Homelessness	■	■								
20	Expand Use of Best Practices to Address Additional Populations with Special Needs	■	■	■							
21	Build Capacity Among Nonprofits and Homeless Service Providers	■	■	■	■	■					

Hire a Housing Coordinator

The implementation of the study's recommendations will require the coordination and collaboration of numerous City departments as well as outside entities.



Launch and amplify collaborative efforts to attract and grow jobs with annual wages above \$40,000 and provide workforce training so residents have the required skills

Harrisonburg needs an economic and workforce development strategy that promotes the upskilling of residents and connects them to jobs that enable them to thrive, not just survive.



Conduct a coordinated Affordable Housing public campaign

Conduct a public campaign about affordable housing and why it contributes to a vibrant community. Educating residents, organizations, and businesses is a key element to combating NIMBYism that exists against any change proposed.



Prioritize City resources to finance affordable housing initiatives.

The City should identify and evaluate how all available resources can be re-allocated to affordable housing as a priority.



Enact waiver of certain fees for affordable housing

Waiving certain fees for affordable housing development may help to offset some of the costs associated with the project. The City can waive building permit and other local fees associated with a private-sector entity that is pursuing an affordable housing development.



Provide a 10-year tax abatement for new affordable multi-family projects consisting of more than four units and the adaptive re-use or preservation of formerly vacant or non-residential structures into affordable residential uses for non-student households.

Providing a tax abatement is another financial incentive the City can offer to encourage private developers and builders to undertake new affordable rental construction or substantial conversion of larger structures.



Adopt an Affordable Housing Location Policy

Adopt an Affordable Housing Location Policy with the goal of increasing the supply of affordable housing in underserved locations near employment, transit, and commercial centers; in and near downtown areas and neighborhoods with approved revitalization plans; and preventing further concentrations of minority and low-income persons and subsidized housing.



Identify City-owned assets suitable for affordable and/or mixed-income residential development and issue Requests for Proposals (RFPs) for development options

The City owns a valuable commodity that can contribute to expanding its housing inventory: developable land located across the City in all Market Types.



Incorporate new and updated provisions in the current Zoning Ordinance update that will facilitate the implementation of the recommendations made in the study.

Under the City's current zoning code, there are several changes that, if made, would expand housing choice and foster greater affordability.



Amend the Comprehensive Plan and Zoning Ordinance to include “Missing Middle Housing” strategies.

For small households and other households in different phases of their lives seeking alternatives to single-family detached dwellings, medium density housing can be the solution.



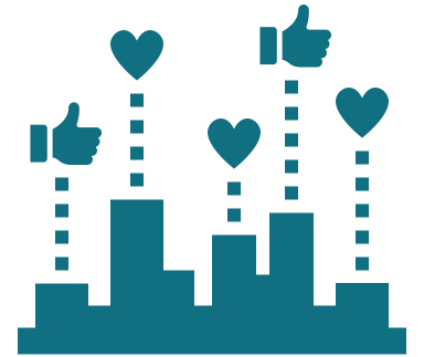
Adopt an Accessory Dwelling Unit (ADU) Ordinance

Permit accessory dwelling units, which are smaller units located on the same lot as a principal residence. ADUs offer an affordable housing option for adult children, adult family members with disabilities who want to live independently, single parents of adult children who want to live close to family but independently, among others.



Continue and expand the preservation of the City's affordable housing stock

Much of the City's housing is relatively affordable. As such, it is critical that these units be maintained and preserved. Since many of them are older, they require maintenance and repairs to keep them safe, decent and affordable for future owners and renters.



Continue homebuyer assistance activities for low- and moderate-income homebuyers

For low- and moderate-income households who desire to become homeowners, two critical elements can assist them in achieving this goal: homebuyer counseling and financial management along with down payment and closing cost assistance.



Collaborate with builders and developers to create and adopt an Affordable Housing Set-Aside Policy

Harnessing the power of the private market to expand the inventory of affordable housing has become a very successful initiative in numerous cities and counties. The most common incentive is a density bonus whereby in exchange for including affordable units in their project, developers are provided the benefit of increasing the density of the overall project.



Create and establish a Harrisonburg Housing Trust Fund

A housing trust fund should be established by local ordinance and has several benefits. To be successful and sustained over time, a housing trust fund must have a dedicated stream of funding. Periodic grants and other one-time sources are certainly good, but the focus of the trust fund is better spent on investing its funding rather than constantly raising funds.



Advocate for Virginia Housing to eliminate the requirement in the state's Qualified Allocation Plan that municipalities must provide a letter of support in order for low-income housing tax credit (LIHTC) applications to be approved

The requirement for a letter of local support has the tendency to encourage NIMBYism more often than not in communities where affordable housing is needed. The potential for NIMBYism to kill a much-needed affordable housing development is too high to ignore it.



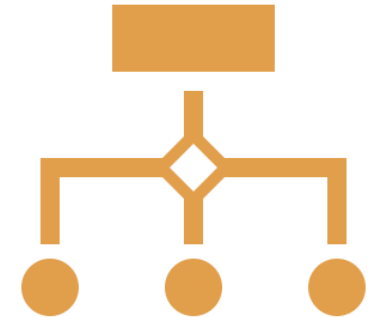
Amend the Comprehensive Plan to incorporate the housing policies and analysis included in this study

The City should incorporate the Comprehensive Housing Assessment and Market Analysis in the Comprehensive Plan to support the data elements of the housing chapter.



Continuum of Care service providers should prioritize how funds are invested locally.

Funding to provide deep subsidies and supportive services needed for supportive housing is limited. By re-directing existing resources and improving policies to prioritize individuals with the greatest needs, it allows the community to increase positive outcomes for individuals, improve performance measures that could increase competitiveness for additional federal and state funds, and allows for enhanced consistency and coordination between service providers.



Expand the use of data to make informed decisions to address homelessness

Funding sources continue to stress the importance of using data to inform local decision making and changes to local systems of care. Data allows communities to optimize services and resource allocation, identify gaps in services, and remove systemic barriers to housing and services.



Continuum of Care services providers should expand the use of best practices to address additional populations with needs consistent with supportive housing

Best practices such as case conferencing and by-names lists, a real-time list of all people experiencing homelessness in the community, allows for the most effective prioritization of limited resources and encourages collaboration and coordination to serve high barrier populations.



HARRISONBURG AREA MEDIAN INCOME, 2017

		
30% AMI	\$13,200	\$24,600
50% AMI	\$22,000	\$31,400
80% AMI	\$35,150	\$50,200
100% AMI	\$44,000	\$64,700

AMI table: 2017 (1-person/4-person households)

organizations

1

Understanding the local assets and capacity to develop, operate, and provide services is necessary for expansion. Increased capacity can translate into new funding opportunities and expand quality supportive housing.

