

# City of Lynchburg, VA: Housing Assessment



Prepared By:

Housing Opportunities Made Equal of Virginia, Inc.

for the

**City of Lynchburg**



**Table of Contents**

<b>Executive Summary</b>	<b>1</b>
<b>Socio-Economic and Demographic Profile</b>	<b>3</b>
<b>Housing Characteristics</b>	<b>6</b>
<b>Analysis of Subsidized Housing</b>	<b>12</b>
<b>Housing Market Analysis</b>	<b>15</b>

**List of Maps**

<b>Map 1. Median Household Income</b>	<b>5</b>
<b>Map 2. Total Population</b>	<b>6</b>
<b>Map 3. Total Occupied Housing Units</b>	<b>6</b>
<b>Map 4. Percent Owner Occupied Housing Units</b>	<b>7</b>
<b>Map 5. Percentage of Vacant Housing Units</b>	<b>7</b>
<b>Map 6. Total Population for Owner Occupied Housing Units</b>	<b>8</b>
<b>Map 7. Total Population for Renter Occupied Housing Units</b>	<b>9</b>
<b>Map 8. Housing Units by Type</b>	<b>10</b>
<b>Map 9. Median Age of Housing Units and Infill Development</b>	<b>10</b>
<b>Map 10. Population in University Housing</b>	<b>11</b>
<b>Map 11. Number of Housing Units Using Low-Income Housing Tax Credits</b>	<b>12</b>
<b>Map 12. Location of Housing Choice Voucher Residents</b>	<b>14</b>
<b>Map 13. Percentage of Cost Burdened Households</b>	<b>17</b>

**List of Charts**

<b>Chart 1. Racial Profile</b>	<b>3</b>
<b>Chart 2. Age-Cohort Percentage Change</b>	<b>4</b>
<b>Chart 3. African American Homeownership</b>	<b>8</b>
<b>Chart 4. African American Renter Occupied</b>	<b>9</b>
<b>Chart 5. Number of Units Built LIHTC</b>	<b>12</b>
<b>Chart 6. Federal Rent Assistance</b>	<b>13</b>
<b>Chart 7. Median Gross Rent</b>	<b>15</b>
<b>Chart 8. HAI at 60 percent</b>	<b>16</b>
<b>Chart 9. Rent Burden</b>	<b>16</b>
<b>Chart 10. Percent Owner Cost Burden</b>	<b>17</b>
<b>Chart 11. Percent Renter Cost Burden</b>	<b>18</b>

## Executive Summary



The City of Lynchburg has a variety of housing issues to consider as it seeks to maintain its tax base and grow economically as a regional center for the surrounding Counties. A Community Conversation with stakeholders and citizens is needed to identify housing needs and priorities and develop the goals and strategies to meet the needs of our citizens in order to strengthen the City. The Community Conversations are part of a recently adopted approach by the City, known as “Lynchburg is Listening,” which is now used for receiving community input. This approach has focused on allowing citizens to shape the conversation and focus on solutions following the presentation of data. It has also been used for the Community Dialogue on Race and Racism, Heritage High School, and recent annual budgets.

Through a series of meetings and informational sessions, City staff, with the help of a professional housing organization known as HOME (Housing Opportunities Made Equal), will convene a group of citizens from various disciplines and agencies (stakeholders) in order to explore the current housing data available for the purpose of analyzing housing needs. Through this process, the group will be charged with identifying possibilities in creating solutions to address the City’s housing gaps/needs.

The City expects a few goals to be accomplished by this housing conversation. First, the City will be able to establish its housing issues and measure those issues through data analysis. Second, the City anticipates that a “Housing

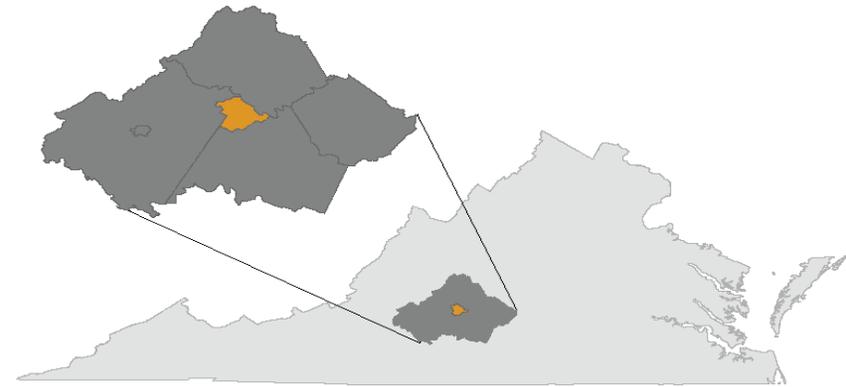
Partners” committee will be formed. The Housing Partners, a much smaller group than the stakeholders, to be identified through the community conversation on housing would meet regularly to ensure the initiatives discussed during the community housing conversations are implemented. Finally, City staff will provide a Citywide Housing Goals and Strategies document, which will direct housing policy changes or recommendations.

It is the mission of Housing Opportunities Made Equal (HOME) to ensure equal access to housing for all people. As one of the preeminent fair housing organizations in the country, it is our belief that the location of one’s home directly impacts the opportunities one will have throughout his or her life. Neighborhoods with high rates of homeownership and high median household income tend to have better schools and lower incidences of crime. Likewise, residents living in these neighborhoods typically have fewer serious illnesses and health issues than their neighbors in less affluent neighborhoods. In short, achieving equity and diversity in housing options for all citizens is the surest way to create a sustainable, healthy, and vibrant City.

Given this philosophy, the Lynchburg Housing Assessment consists of a detailed analysis of numerous socio-economic and housing-related data. It serves to illuminate the current strengths and weaknesses of the City’s housing market while also providing some insight into housing related issues which may present themselves in the future.

The key findings of the Housing Assessment performed by HOME are:

- **As is true in most cities throughout the country, Lynchburg is more racially diverse than the surrounding counties. This racial diversity translates into differences in variables such as affluence and opportunity. However, Lynchburg offers unique opportunities for “empty nesters” and young families due to its affordable housing options, proximity to cultural amenities and overall diversity. The number of “empty nesters” and young families has grown significantly over the past 10 years. Ensuring that their specific housing needs are met should be a priority for any future housing strategy.**
- **Although the City remains one of the most affordable of Virginia’s “First Cities,” there still exist numerous households which pay greater than 30 percent of their income toward housing costs. The percentage of household income devoted to housing has declined for residents owning their own home whereas the percentage devoted to rental housing has remained relatively stable. Median household income between owner occupied and renter occupied housing units is quite disparate in cities everywhere, but given the increasing affordability of homeownership in Lynchburg it may be beneficial to explore local incentives to increase the homeownership rate.**



*Location of the City of Lynchburg and Lynchburg MSA in relation to the State of Virginia*

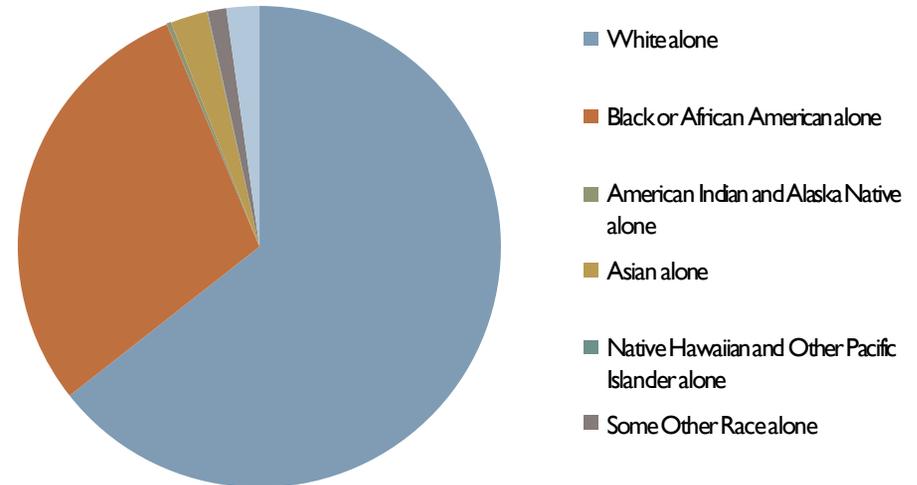
- **The location of residents receiving tenant-based federal rent assistance (Housing Choice Vouchers) is inversely related to those areas offering the greatest opportunity. Prolonged concentrations of low income residents have a negative impact both on the family and the community. Housing Choice Voucher holders’ housing options may be limited due to a number of factors such as landlord resistance, and poor credit and rental references. This represents an opportunity to explore creating or enhancing programs to encourage landlords in low poverty neighborhoods to participate in the voucher program, provide voucher holders with responsible tenancy education and helping potential landlords navigate Housing Choice Voucher program requirements.**

Chart I: Racial Profile of the City of Lynchburg,

Typical of cities throughout the United States, Lynchburg is facing numerous challenges as a result of sweeping demographic changes as both residents and businesses have moved from cities to suburbs. As a result, less affluent, minority populations have been essentially stranded in older neighborhoods, left with dwindling tax revenues to pay for rising education, transportation and other social service costs. However, in recent years, cities across the country have been experiencing a resurgence of sorts as people move back to city centers to take advantage of the numerous amenities found in inner cities.

The total population of the City according to the 2010 Decennial Census was 75,568, close to a 16 percent increase since 2000.<sup>1</sup> This number is projected to grow to 83,990 by the year 2030 according to projections made with a methodology developed by the Virginia Employment Commission.<sup>2</sup> As will be shown on the following pages, this population is widely dispersed throughout the City and exhibits great diversity across several key variables such as income and homeownership rates.

To truly understand the underpinnings of housing and how it serves as the center of opportunity for residents, a basic examination of the socio-economic and demographic profile of Lynchburg's residents is essential. As evidenced in Chart I, the City is primarily comprised of Whites (64.4 percent) and



Source: US Census Bureau, Decennial Census, 2010, SF1.

African Americans (29.3 percent). Combined, the other minority groups, American Indian (0.3 percent), Asian (2.5 percent), Native Hawaiian and other Pacific Islander (.05 percent), some other race (1.3 percent), and two or more races (2.2 percent) account for a total of just 6 percent of the population. Hispanics or Latinos, who can be of any race, account for approximately 3.5 percent of the total population.<sup>3</sup>

In comparison to the larger Lynchburg Metropolitan Statistical Area (MSA) (Shown on the Preceding Page), the City exhibits greater racial diversity; minorities account for 37 percent of the total population compared to just 23 percent in the surrounding counties.<sup>4</sup> This is due in large part

<sup>1</sup> US Decennial Census, 2000 SF3, 2010, SF1.

<sup>2</sup> Virginia Employment Commission most recent population projections were adjusted to establish the baseline population at the current population.

<sup>3</sup> US Decennial Census, 2010 SF1

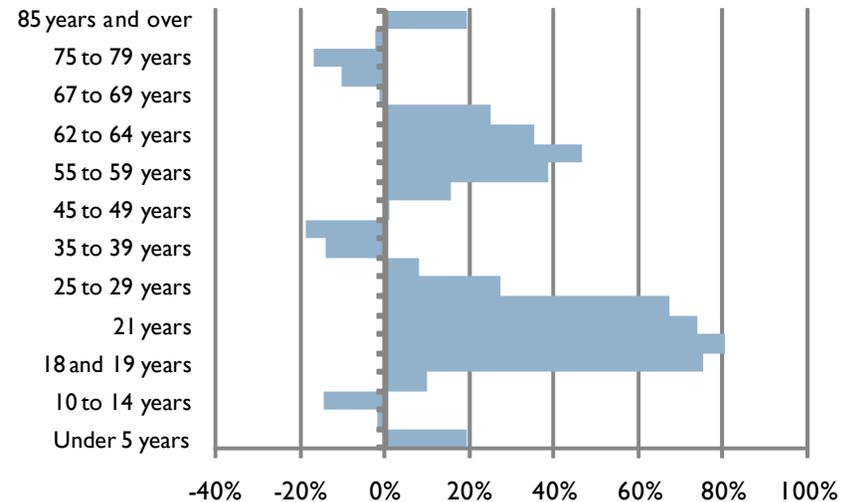
<sup>4</sup> Ibid.

to the aforementioned outmigration of affluent households to the periphery of the City, as well as the proximity and availability to amenities such as public transportation, and social and medical services found within the City.

Age is another important variable to assess when examining housing related issues, as the specific needs of various age groups must be appropriately addressed. For example, the needs of a large elementary school aged population are completely different than those of retirees. As the population of the United States continues to grow older as people live longer, local leaders are faced with the challenge of ensuring adequate and affordable housing for a population with specific needs such as proximity to shopping, transportation and healthcare, as well as overall accessibility.

Examining the percentage change in the population by age cohort reveals that there has been significant movement in several notable age ranges (Chart 2). First, the population aged 18 to 24 grew approximately 70 percent from 2000 to 2010. This is most likely due to increased enrollment within the numerous universities and colleges located in the City. Second, the population aged 55 to 66 grew by roughly 30 percent. Growth in this age group is consistent with the national aging trend described previously. Third, several age groups experienced marked decreases, most notably the 35 to 44 and 70 to 79 age group. Possible explanations for the younger age group could be migration due to the economic

Chart 2: Age-Cohort Percentage Change 2000 to 2010



Source: US Census Bureau, Decennial Census, 2010, Sfl; 2000 Sf3

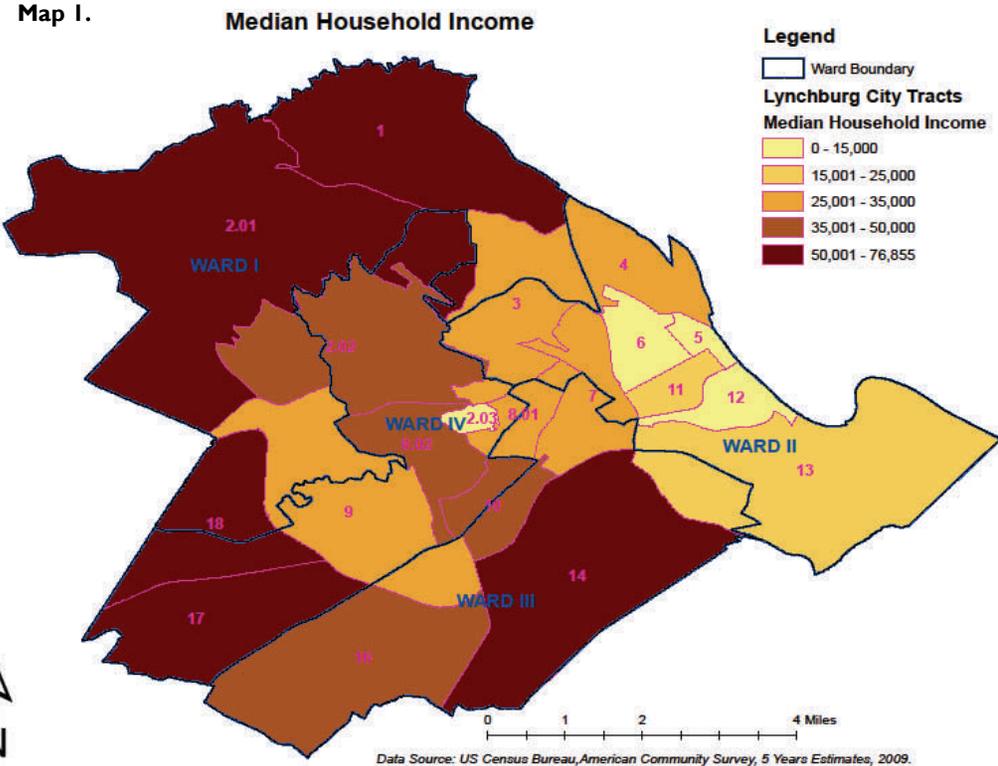
recession of 2008 to 2009. The older age group may have sought retirement elsewhere, either in the surrounding MSA or outside of the region entirely. Fourth, there was a nearly 20 percent increase in the population aged 85 years and older. Given the decline in the 70 to 79 age cohorts and the significant growth in the 85 and older, there may exist unmet demand for various adult living facilities, from retirement communities to nursing homes. In short, the age cohort analysis reveals several populations which have been growing over the past 10 years. Each of these age groups have unique demands which often go beyond housing to include a broad array of amenities including, but not limited to access to transportation, shopping, nightlife, and cultural events. Working to meet the housing needs of these growing

populations will no doubt include meeting some of their other needs as well.

Median household income is another important variable to assess when examining housing related issues, as income is one of the single largest determinants of housing choice. There exists a strong relationship between median household income and other variables such as race, homeownership rates, and overall opportunity (as will be discussed later). For now, Map I shows the spatial distribution of median household income in the City. It is important to note that median household income loosely follows the development patterns of the City. That is, those census tracts with the highest median household income are also the most recently developed portions of the City.

Conversely, those neighborhoods in, or close to, the downtown district are not only older, but significantly less affluent.

In conclusion, the socio-economic and demographic profile of the City of Lynchburg is similar to many cities across the Country in several ways. First, the City is significantly more racially diverse than the outlying counties. In addition, the population is showing signs of growing older. This point is also an important difference between Lynchburg and other cities in that the population between 18 and 29 grew substantially



over the past ten years. This can largely be attributed to growth in the universities and colleges found in the City. It also appears as if students are staying in the City upon graduation to pursue careers and possibly have children, which could explain the close to 20 percent increase in the population younger than 5. Finally, there exists great disparity in affluence among certain census tracts, notably tracts 5, 6 and 12. It will be the work of future efforts to

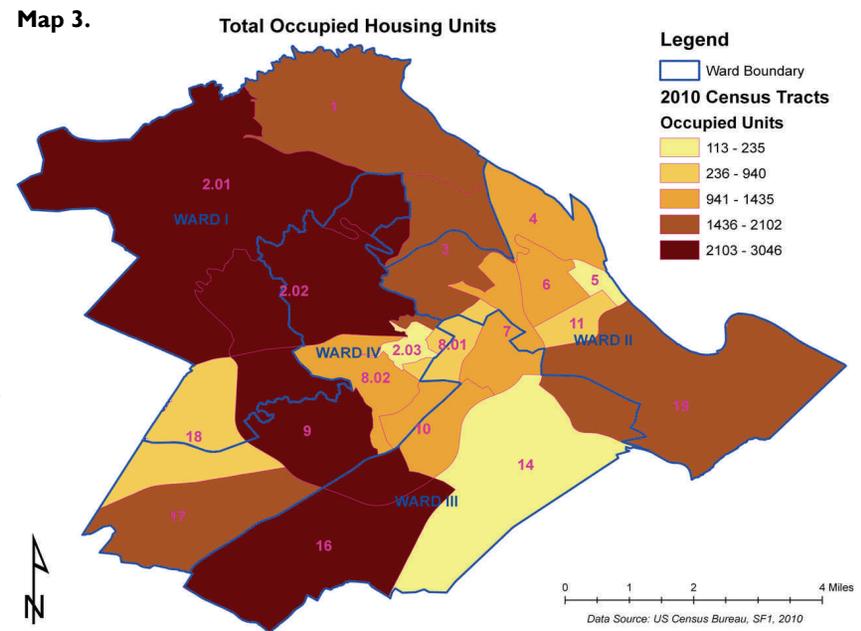
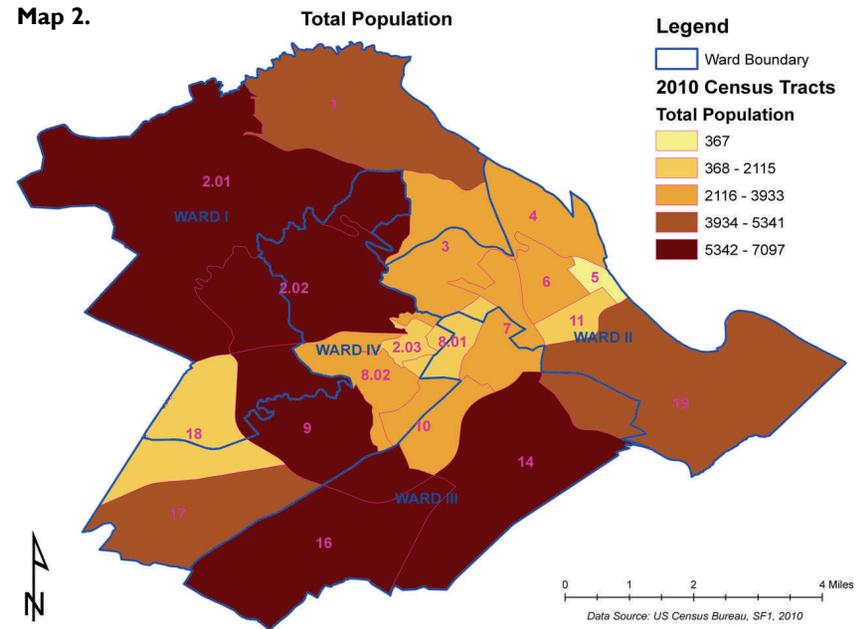
## Housing Characteristics

address this disparity, as it is one of the greatest barriers to equitable access to adequate and affordable housing.

The following section will examine a host of housing characteristics in relation to socio-economic variables such as housing occupancy, distribution of owner versus renter households, vacancies, and the distribution of various housing types. Additionally, variables such as housing affordability, gross rents, cost burden and federally assisted rents will be explored to compare the health of the Lynchburg housing market to similar cities across the State.

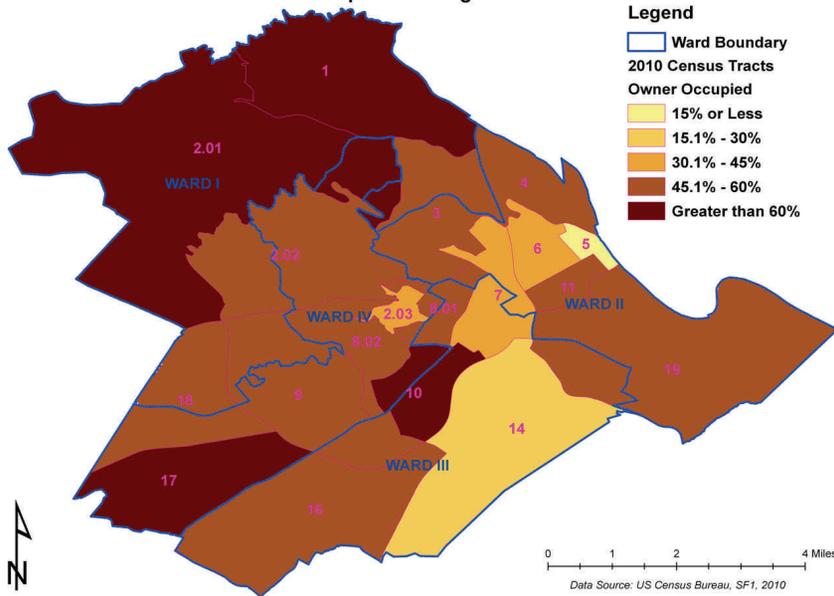
Comparing the spatial distribution of the total population of the City (Map 2) with the total number of occupied housing units (Map 3) reveals an anomaly in the way in which the Census Bureau collects census data. All of the census tracts have populations relative to the number of occupied housing units, except census tract 14, located in the southeast portion of the City. This census tract contains numerous student housing developments related to Liberty University. These housing units are classified by the Census Bureau as group quarters and though their population is accounted for in the total population map, the housing units are under-counted. Student housing and how it relates to the City of Lynchburg is discussed later.

Map 4 (following page), which shows the percentage of owner occupied housing units reveals that median household income is a strong indicator of homeownership rates. The majority of



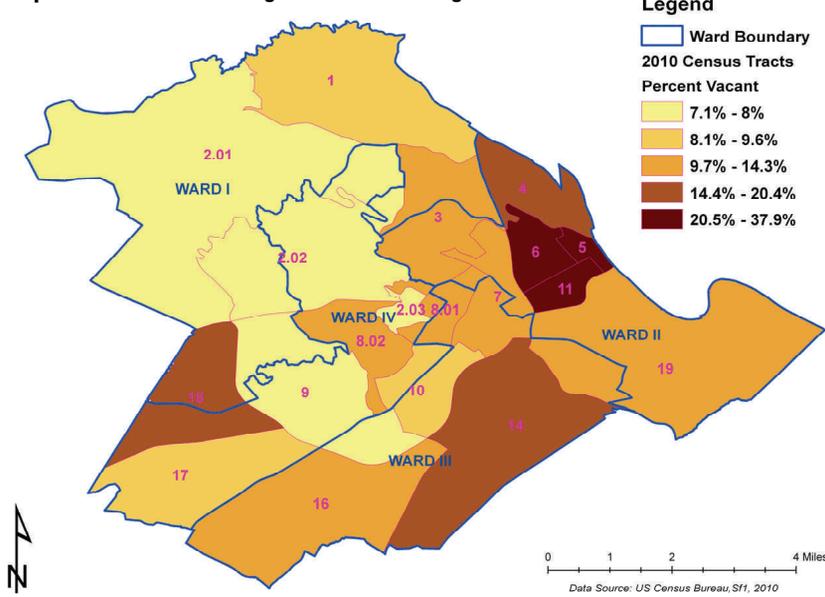
# Housing Characteristics

**Map 4. Percent Owner Occupied Housing Units**



census tracts with high median household income also exhibit the highest rates of owner occupied housing. However, homeownership is relatively evenly dispersed throughout the City with the majority of census tracts exhibiting at least 45 percent owner occupied housing units. The distribution of renter occupied housing units is inversely related to owner occupied housing.

**Map 5. Percentage of Vacant Housing Units**

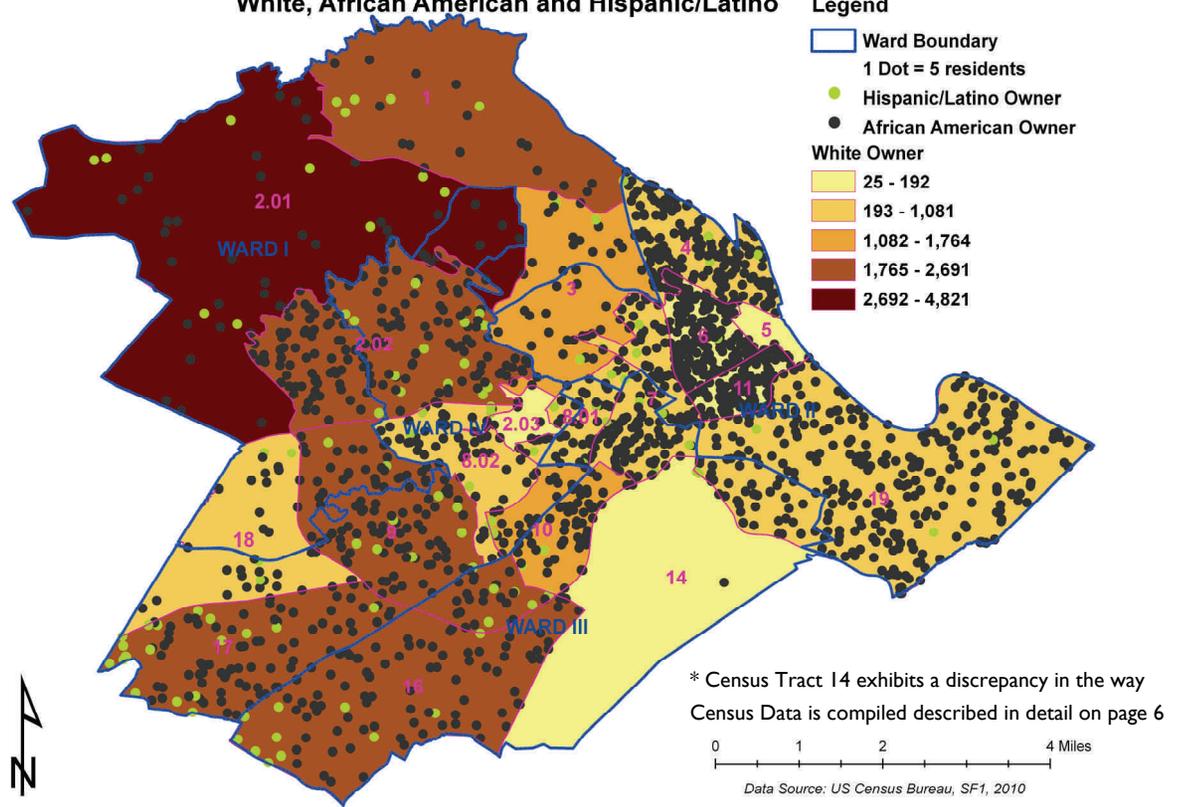


Map 5 shows the distribution of the percentage of vacant housing units by census tract. Overall, the number of vacant units in the City has increased 45 percent since 2000, from 8.4 percent to 12.3 percent in 2010.<sup>5</sup> This is no doubt due in large part to the economic recession of 2008-2009 and the foreclosure epidemic which has left large numbers of vacant homes in neighborhoods across the country. It is worth noting that residential vacancies have particularly impacted the downtown area of the City, being as high as 38 percent in some census tracts, as opposed to other neighborhoods in the City. It is also worth noting that median household income in these census tracts is the lowest in the City. This fact serves as a reminder that although the current economy has effected people of all socio-economic classes, it has disproportionately affected less affluent residents.

<sup>5</sup> US Decennial Census, 2000 SF3, 2010, SF1.

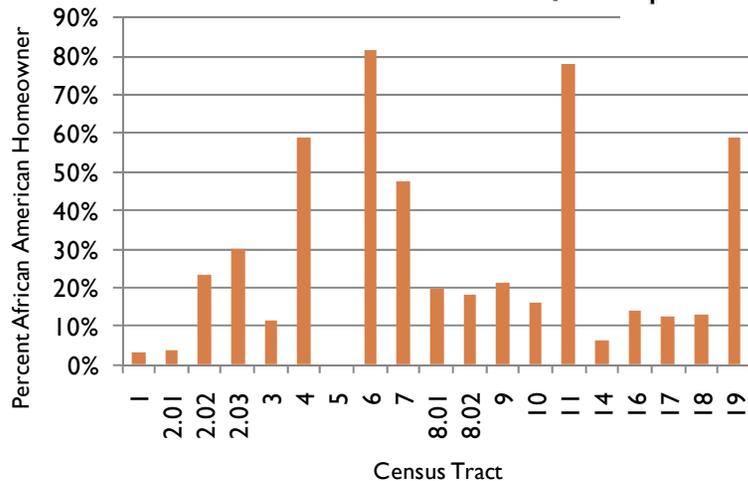
## Housing Characteristics

**Map 6. Total Population for Owner Occupied Housing Units:  
White, African American and Hispanic/Latino**



The total population of owner occupied housing units by race is shown in Map 6. Although most census tracts exhibit relative racial diversity in terms of homeownership, there are several census tracts which exhibit a fair degree of disparity. In particular, homeowners in census tracts 4, 6, 11, and 19 are up to four times more likely to be African-American than in other tracts throughout the City. Chart 3 (below) shows the percentage of African American homeowners per census tract. Clearly, African Americans are significantly more likely to own homes in particular census tracts than others. In 11 of the 19 census tracts found in the City, African American

**Chart 3: African American Homeownership**

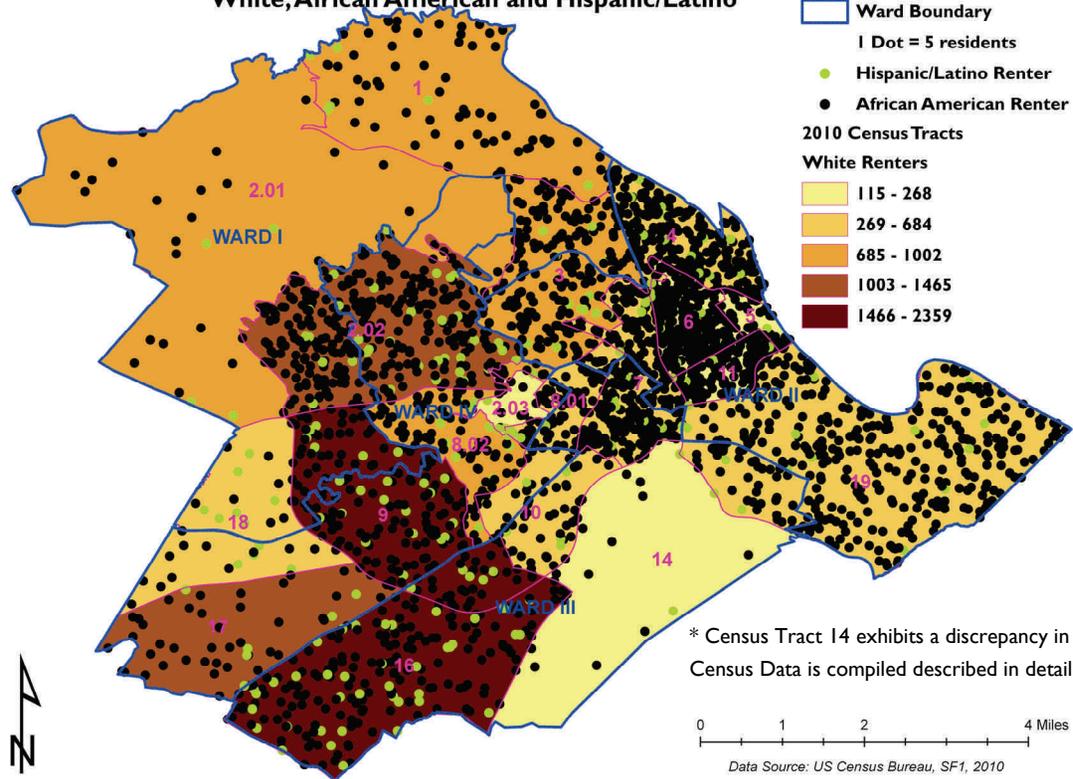


Source: US Census Bureau, Decennial Census, 2010, Sfl

homeowners account for less than 20 percent of total homeowners. Though this distribution of homeownership is the norm for cities across the country, one of the principal goals of any significant housing strategy should be to affirmatively further fair housing by preserving equal access to opportunity for all residents. This means evaluating whether there exist mechanisms that are artificially concentrating residents in particular neighborhoods or barriers preventing them from moving. Hispanics/Latinos are the other significant minority population found in the City, and with relatively few exceptions are evenly distributed

## Housing Characteristics

Map 7. Total Population for Renter Occupied Housing Units: White, African American and Hispanic/Latino



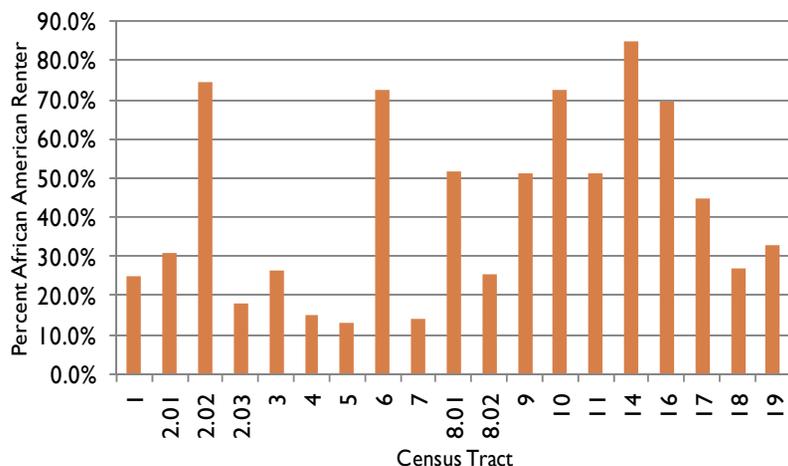
throughout the City's neighborhoods.

Map 7 (right) shows the spatial distribution of the total number of renter occupied housing units by minority group. It is clear that renter occupied housing units are particularly clustered in several census tracts in the core of the City. In particular, African American renter occupied housing units are clustered around the downtown district.

Chart 4 (below) shows the ratio of African American to White renter occupied housing units by census tract. As the chart makes clear, African American renter occupied households are significantly more likely to be found in certain census tracts as compared to others especially in light of the fact that they are more



Chart 4: African American Renter Occupied Housing



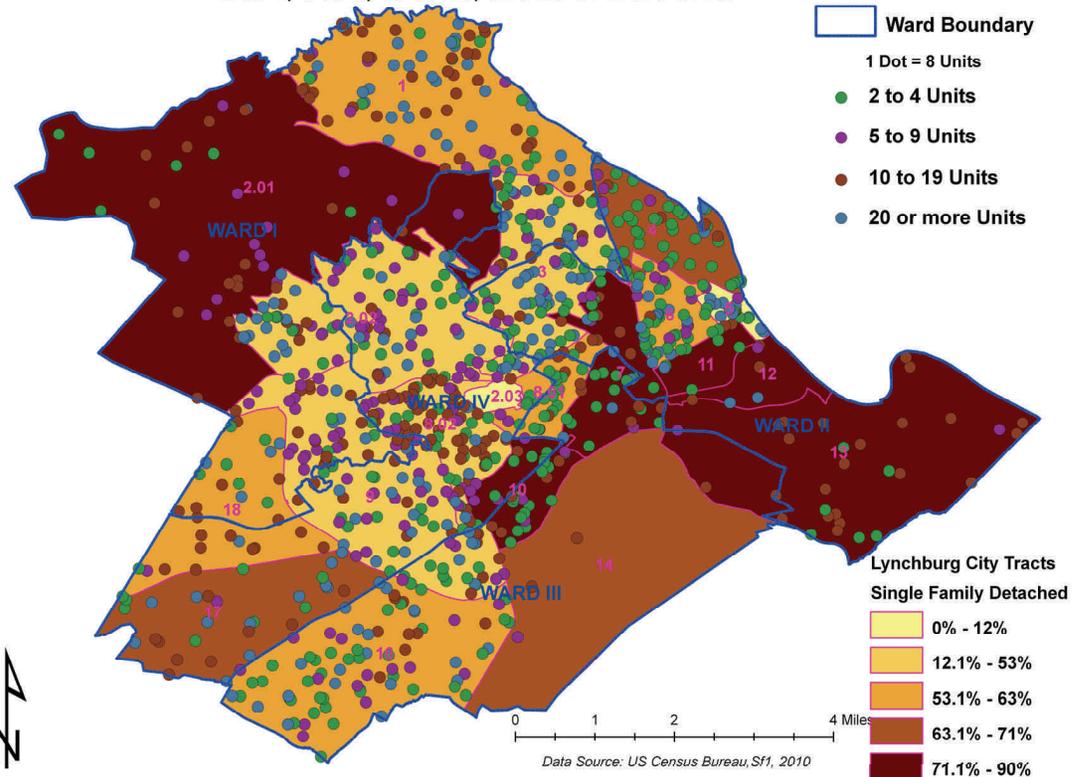
Source: US Census Bureau, Decennial Census, 2010, Sf1

prevalent throughout the City.

Comparing Map 7 with Map 6 highlights the racial composition of City residents; though large portions of the City are relatively racially diverse, there exist extreme concentrations of minority populations in specific areas, most notably the older, downtown and peripheral areas. Again, a top priority of any housing strategy must be to preserve equal access to opportunity for all residents. Further evaluating housing barriers impacting minorities and low to moderate income residents will help reveal deeper issues.

## Housing Characteristics

Map 8. Housing Units by Type: Single Family Detached, 2 to 4, 5 to 9, 10 to 19, and 20 or more Units



Much of the preceding analysis detailing the composition of the City’s population can be explained by Map 8 (right) showing the spatial distribution of the types of housing options found throughout the City. When compared to the preceding two maps, it is clear that there is a strong correlation between homeownership and the prevalence of single family, detached housing units. Conversely, there is an obvious distribution of renter occupied housing units and multi-family housing options found through the central core of the City.

The median age of housing units, as shown in Map 9 (following page) reveals a concentric development pattern, described previously, in which the residential development radiates out from the City center in concentric rings. Long a cornerstone of the vibrancy and overall health of the City, downtown central business districts have fallen upon hard times in the recent past due in large part to the demographic shifts described previously. Thus, cities across the country have focused substantial resources into rejuvenating declining downtown areas by expanding retail amenities, housing options, and cultural activities. Lynchburg has done the same. Map 9 shows the location of housing grants awarded in 2010.<sup>6</sup> Lynchburg has focused significant effort on expanding affordable housing options to residents in the oldest parts of the City. A number of housing

organizations

have been particularly active in renovating existing housing stock in some of the neighborhoods with the highest vacancy rates in the City. These efforts to create affordable housing options while retaining the historical integrity of the City should be applauded. Such efforts, however, must be carefully balanced with efforts to increase the opportunity found in such neighborhoods by working to provide access to transportation, education, employment, and open, green space in order that such efforts are sustainable over the long

<sup>6</sup>City of Lynchburg, VA Department of Information Technology

## Housing Characteristics

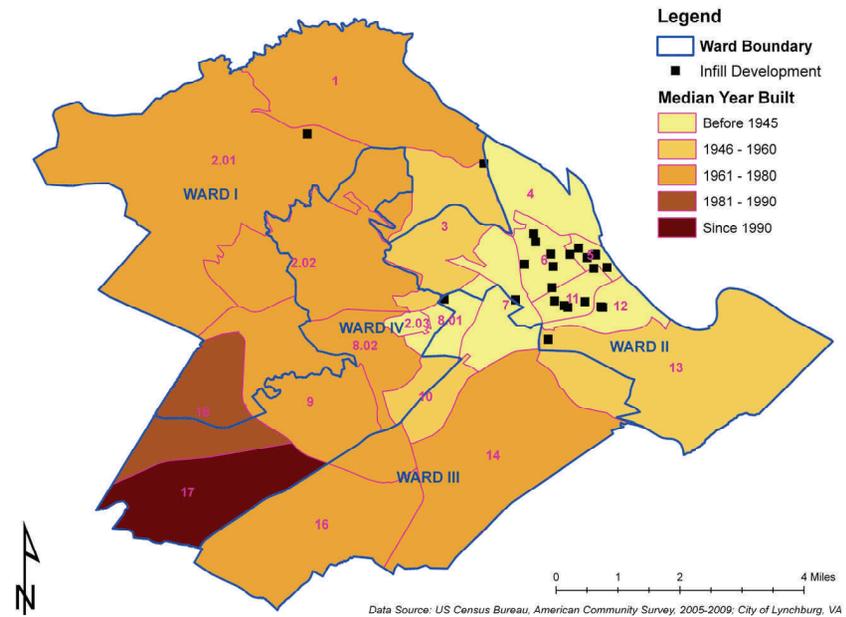
run. Without a balanced approach, such efforts oftentimes serve to reinforce socio-economic disparity by encouraging low income residents to remain in neighborhoods with lesser opportunity than other, more desirable neighborhoods.

Finally, the City contains an estimated 16,000 residential students at five primary colleges/universities within the City limits.<sup>7</sup> Of these, Liberty University, located in census tract 14, is the largest, providing housing to approximately 50 percent of its 12,200 residential students. This census tract is largely occupied by Liberty University and commercial businesses. As Map 8 (preceding page) shows, there are very few housing options for students in this census tract beyond University supplied housing. Thus, it can be assumed that the rental housing market absorbs the remainder of the residential student population.

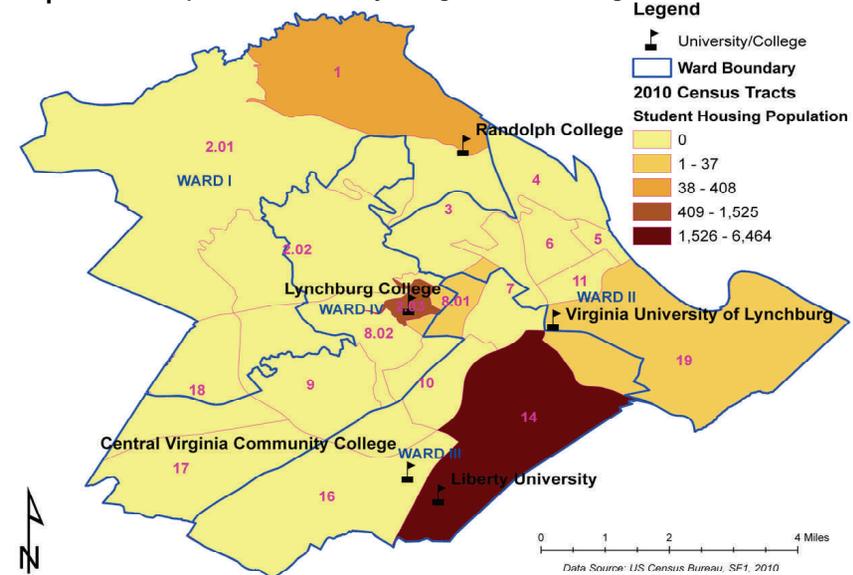
Lynchburg College, in the center of the City (census tract 2.03) houses approximately 1,525 students in student housing. This census tract appears to be almost exclusively the domain of the College; there are very few housing units located within the tracts beyond student housing. In fact, the College has purchased a number of residential units in neighborhoods adjacent to the College to provide students with additional housing options. Given an estimated enrollment of 2,500, numerous students are taking advantage of the abundant rental opportunities found in the neighborhoods surrounding the College.

A comprehensive housing strategy will take into account projected increases in student populations for each of the City's five institutions of higher education to ensure that the housing needs of its students are met.

Map 9. Median Age of Housing Units and Infill Development Since 2010



Map 10. Population in University/College Student Housing



<sup>7</sup> Estimates calculated from current residential enrollment numbers provide by each University/College.

## Analysis of Subsidized Housing

As mentioned several times throughout this report, housing location is a major determinant of access to the opportunities necessary for success. As such, the goal of any housing strategy should be to overcome barriers to equitable opportunity and affirmatively further fair housing. One of the most direct and impactful ways to do this is through to encourage a variety of housing options for less affluent residents, particularly minorities, located in areas with greater opportunity.

As evidenced by Chart 5 (below) there exists an obvious correlation between the number of units built per year and the health of the national economy, as units built peak in the years generally associated with the beginning of recessions and return to zero in the years following the downturn. Overall, efforts to address the supply of affordable housing units have increased tremendously during the past decade.

Unfortunately, the overwhelming majority of units constructed using tax credits have been in tracts with the lowest median household income, high vacancy rates, and significant minority populations. (Map 11). As pointed out earlier, this can have the unintended consequence of further isolating poor, minority populations in inner city neighborhoods. Recently however, several significant projects in the southern portion

Map 11. Number of Housing Units Constructed Using Low-Income Housing Tax Credits

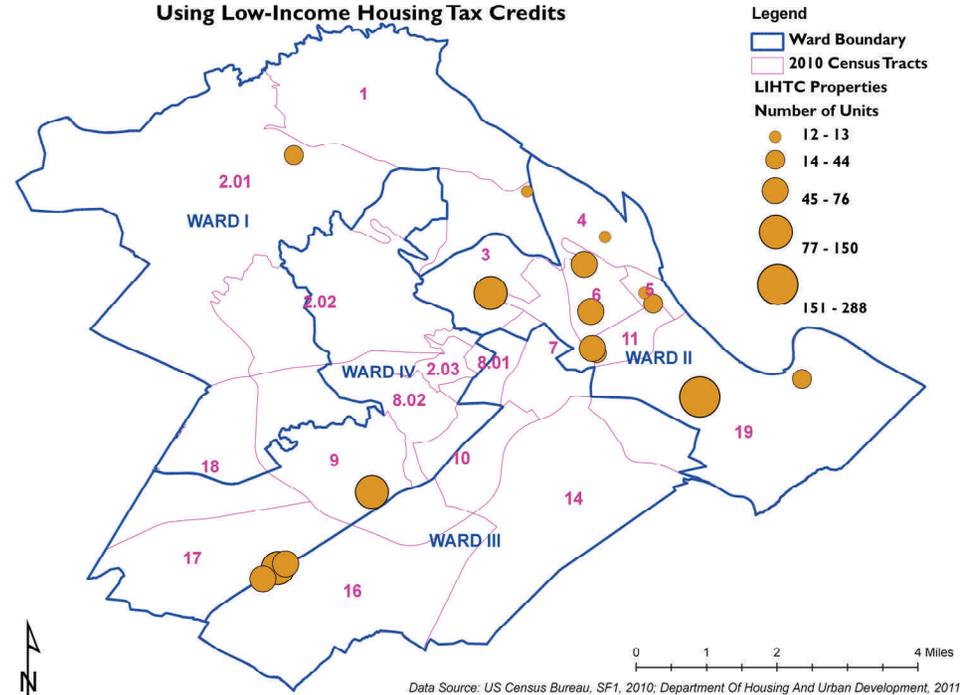
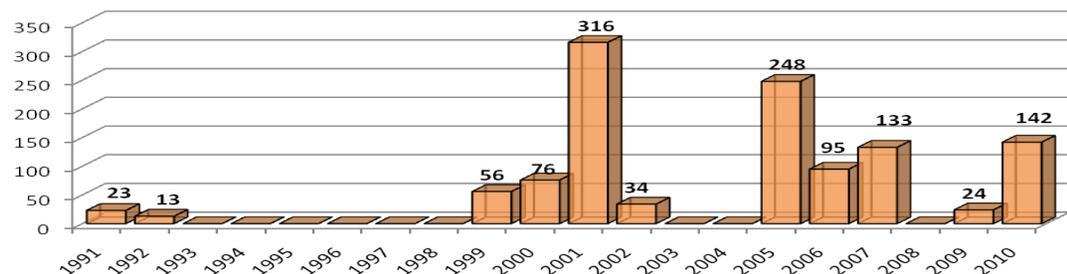


Chart 5: Number of Units Built Per Year using Low-Income Tax



Source: Virginia Housing Development Authority (VHDA)

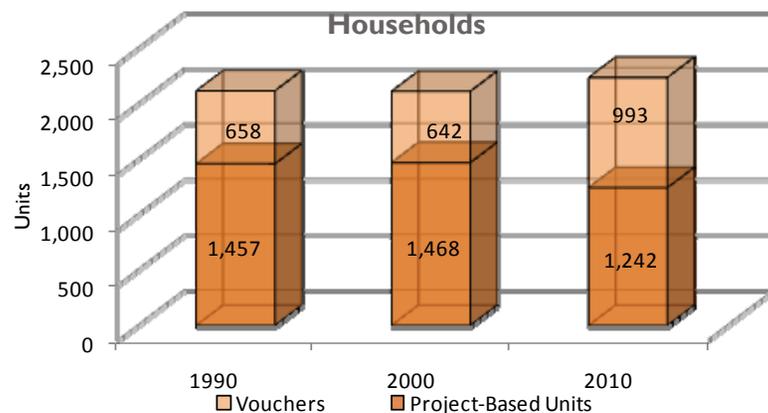
## Analysis of Subsidized Housing

of the City have made affordable units available in census tracts with high median household income, higher rates of home ownership and greater racial diversity.

One of the primary objectives of federal housing assistance policy has been to shift housing assistance from project based subsidies to tenant based subsidies (Housing Choice Voucher Program), thereby allowing the tenant greater access to neighborhoods of opportunity through enhanced control in deciding where to live. Examining data for extremely low-income households in the City, defined as less than 30 percent of median household income, shows that total federal rental assistance in the form of the Housing Choice Voucher Program increased 15 percent while assistance in the form of project based subsidies contracted by 50 percent (Chart 6). Lynchburg is not alone in this trend as half of the First Cities experienced similar trends.

Overall, federal assistance to the poorest families increased only 5 percent from 1990 to 2010. This rate of increase is

Chart 6: Federal Rent Assistance for Extremely Low Income



Source: Virginia Housing Development Authority (VHDA)

among the lowest when compared against Virginia's First Cities. In fact, half of those cities saw federal housing assistance for extremely low income households increase by more than 35 percent over the past twenty years. Of the remaining 6 cities, only the City of Roanoke (4.7 percent) saw increases below Lynchburg (5.6 percent).<sup>8</sup> The increase in subsidies provided through the Housing Choice Voucher is encouraging, as one of the aims of the program is to provide greater choices for voucher holders by allowing them to move into neighborhoods that afford more opportunity.

The Housing Choice Voucher Program, though successful in providing suitable housing for low-income residents, has been less successful integrating residents based upon income. As such, the program often further isolates low-income households in census tracts with large concentrations of low-income, minority households. Primary reasons for this include the reluctance of housing providers to accept housing vouchers, limited access to transportation to get to and from work, and the disruption of social and cultural ties.

The concept of increasing households' opportunity through housing location has not been lost by the Department of Housing and Urban Development (HUD). In fact, they developed an index of suitability derived from numerous socio-economic variables including poverty, educational attainment, percentage of existing housing choice voucher residents and the concentration of minorities. In short, the study ranked census tracts with scores from 40 to 100, with higher scores indicating neighborhoods with greater opportunity for voucher households.

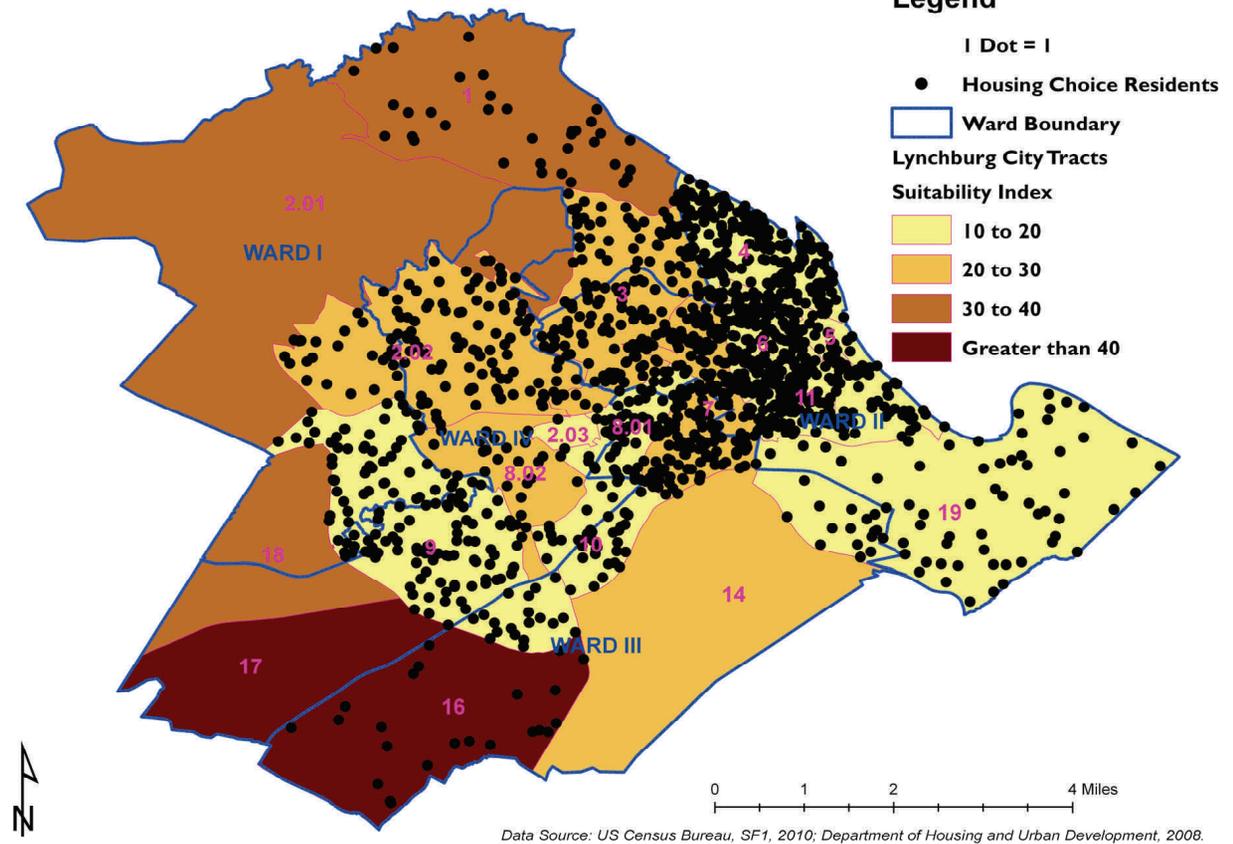
<sup>8</sup> Virginia Housing Development Authority (VHDA)

## Analysis of Subsidized Housing

Map 12 (right) shows the location of Housing Choice Voucher households in relation to the census tracts exhibiting the greatest opportunity. This distribution is completely in line with national trends of Housing Choice Voucher residents in that the overwhelming majority of voucher residents reside in the same types of neighborhoods that the program was designed to help them leave. As mentioned previously, this is due to many reasons, but namely it is attributable to the reluctance of prospective landlords to accept Housing Choice Vouchers. As receipt of public assistance is not a protected class under the Fair Housing Act, it is still lawful to discriminate against residents for being poor. A quick search in the apartments/housing for rent section on Craigslist for the City revealed numerous listings stating “No Section 8.” Until there can be meaningful dialogue about the benefits of income integration to society as a whole, poor minorities will remain isolated in certain neighborhoods.

Finally, the most current Point In Time (PIT) survey of the

Map 12. Location of Housing Choice Voucher Residents in Relation to Housing Choice Voucher Suitability



City’s homeless population conducted in January, 2011 reveals that there are a total of 243 persons classified as homeless.<sup>9</sup> Of these, 47 percent are in emergency shelters, 44 percent in transitional housing, and 8 percent unsheltered. Though there are numerous variables which contribute to homelessness, the lack of affordable housing is a significant factor. A meaningful housing strategy will take this population into account and strive to end homelessness.

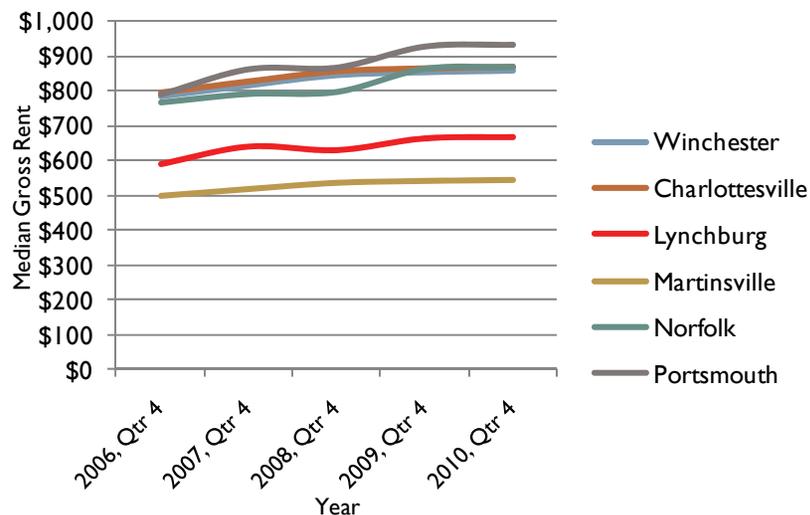
<sup>9</sup>Data supplied by the City of Lynchburg, VA

Lynchburg is one of 13 cities in the First Cities coalition, a consortium of the state’s oldest and most historic cities. Having many commonalities amongst them, it is beneficial to compare Lynchburg to these cities to gauge its overall livability. Despite the usefulness of this comparison in assessing the health of the local housing market, it is recommended that housing policies and strategies spring forth from regional issues, rather than from competition with other regions.

Several specific variables were analyzed to gauge the affordability of the Lynchburg housing market. First, median household income and median gross rent were examined to gauge the relative purchasing power of the City’s residents. Next, the Housing Affordability Index (HAI), which measures the ability for the average household to afford the average housing unit was examined to gauge the affordability of housing in the City. Finally, the percentage of households that are rent burdened was determined. Overall, in comparison to the other 12 First Cities, Lynchburg stands well placed in terms of overall housing affordability. Undoubtedly, this is due at least in part by the collapse of the residential housing market and resultant decline in housing costs. However, given the tremendous increase in unemployment across all socio-economic classes, the fact that housing remains affordable in Lynchburg is a definite strength of the City.

Of the first cities, Lynchburg had, by far, the greatest increase in median household income, increasing 12 percent from

**Chart 7: Median Gross Rent**



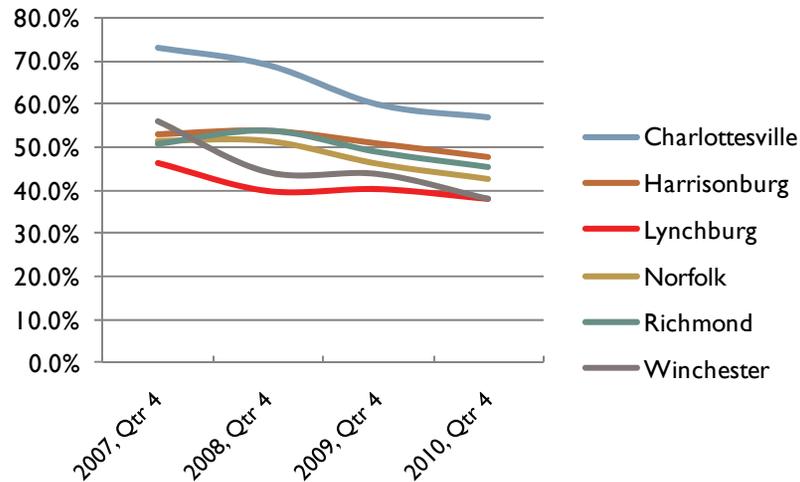
Source: US Census Bureau, American Community Survey, 5 Year Estimates, 2009

\$34,700 to \$39,093 between 2007 and 2010. This no doubt has helped the City maintain some of the most affordable housing of the First Cities. Median gross rent is another measure of housing affordability. In 2006 Lynchburg had the fourth lowest rent of the First Cities; only the cities of Martinsville, Roanoke and Staunton had lower median rents. By 2010, median gross rents had increased 12 percent, mirroring the increase of the City’s median household income (Chart 7, above). However, in relation to the other cities, median gross rents actually declined, making Lynchburg the third least expensive City in which to rent.

Another measure of affordability is the Housing Affordability Index or HAI.<sup>10</sup> In short, the HAI measures the affordability of the median cost of a typical housing unit based on median

<sup>10</sup> The HAI is a composite Index consisting of numerous data points from various organizations. It is calculated and maintained by Housing Virginia.

Chart 8: HAI at 60 percent Median Household Income



Source: Housing Virginia; 2011

household income. The index is calculated for both rental and owner occupied units. Examining the HAI at 60 percent of median household income (Chart 8, above) reveals that the City had the fifth lowest HAI; just 38.2 percent of 60 percent of the median household income is required to afford a median priced housing unit. Given a median household income of \$39,093, this amounts to approximately \$750 per month or \$8,960 per year.

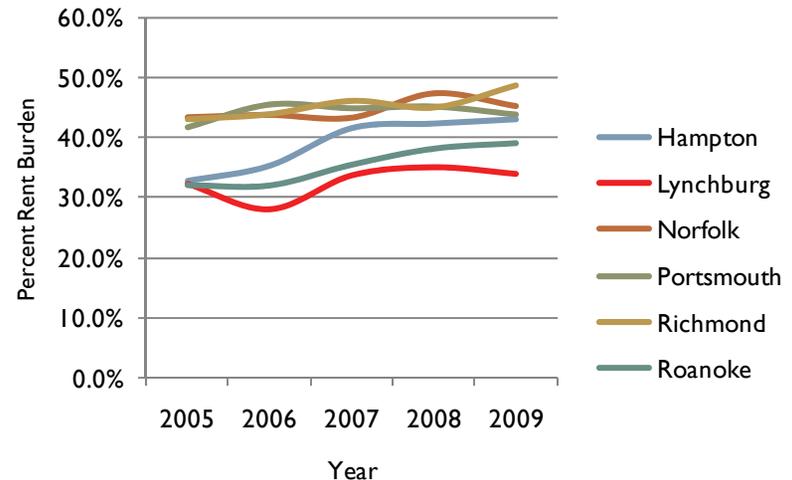
Within the City, median income for renter occupied housing units (\$24,116) is just 40 percent of owner occupied median household income (\$59,877).<sup>11</sup> HAI for home purchases declined by 17 percent from 2007 to 2010, HAI for rentals only declined by 6 percent. Thus, for those households that can afford to purchase a home, it became much more affordable to do so over the past several years. In fact,

<sup>11</sup> US Census Bureau American Community Survey, 5 year estimates, 2009.

Lynchburg was the only City among the First Cities to experience a decrease in rental HAI; it became approximately 5 percent more expensive to rent in the majority of the other cities. Given the collapse of the housing market driving housing prices down, high unemployment, the foreclosure crisis sweeping the nation, and the contraction of mortgage lending nationwide, it is only logical that increased demand and dwindling financial resources has made renting less affordable.

Another important measure of housing affordability is the percentage of income a household spends on housing. A household is considered to be cost burdened if they are paying over 30 percent of their income for housing. In 2010, 34 percent of the City's households were cost burdened, up

Chart 9: Rent Burden

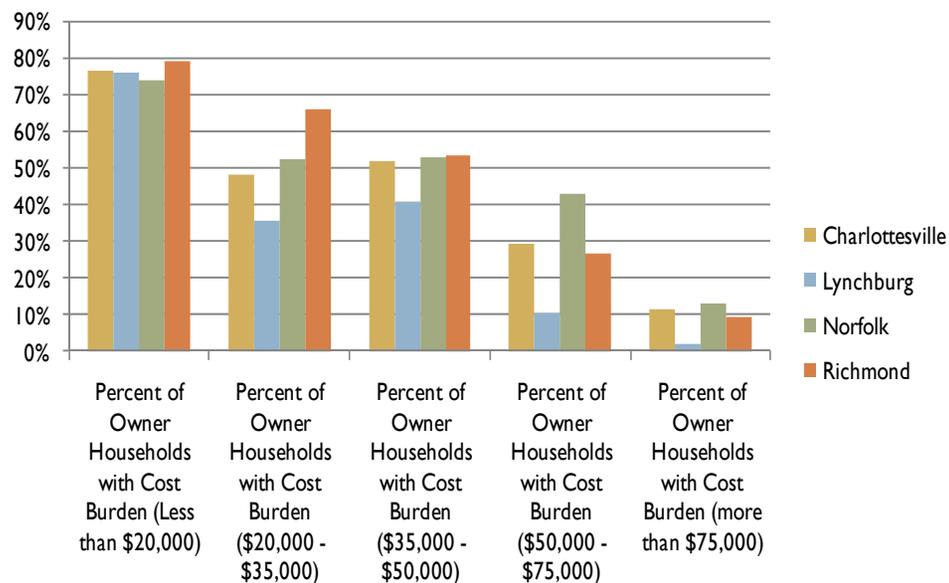


Source: Virginia Housing, 2011

significantly from 28 percent in 2006 (Chart 9, below, left). This percentage was significantly lower than other First Cities such as the cities of Richmond and Norfolk. Additionally, the percentage of cost burdened households in the City was among the lowest of the comparison cities.

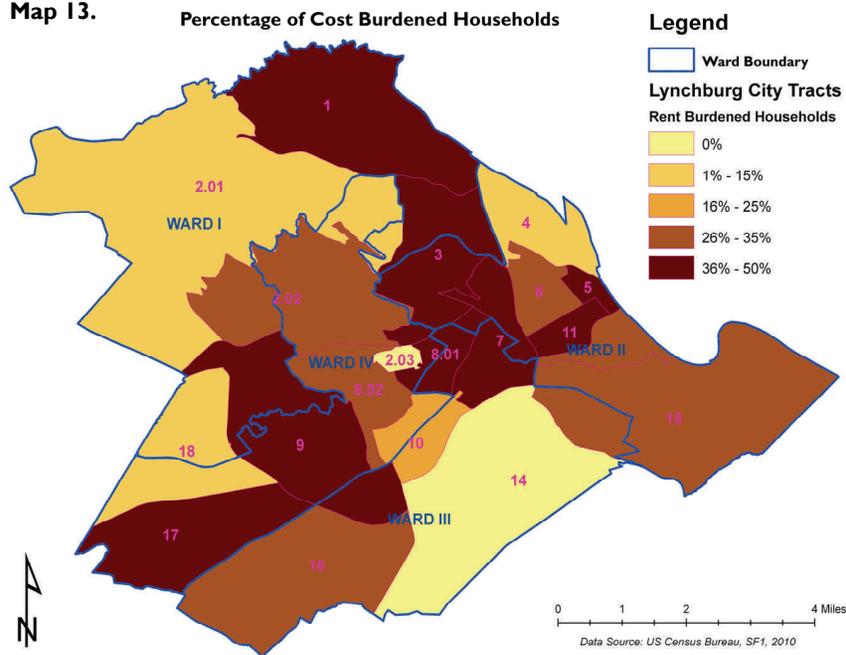
Since household income directly impacts cost burden, it is only logical that less affluent households typically spend more of their income on housing than do their wealthier neighbors. Chart 10 (right) shows this disparity in owner occupied households. The City of Richmond displays a normal distribution for this data. It is interesting to

Chart 10: Percent Owner Household Cost Burden



Source: US Census Bureau, American Community Survey, 5 year estimates, 2009

Map 13.



note that there is a greater percentage of cost burdened households in the \$35,000 to \$50,000 cohort compared to \$20,000 to \$35,000. A detailed analysis of Home Mortgage Disclosure Act data could uncover the cause of this discrepancy to be high risk loans with adjustable interest rates targeted to households in this income bracket.

It is worth noting, as Map 13 (left) indicates, that the greatest percentage of cost burdened owner households roughly corresponds to those same neighborhoods that have the greatest racial and ethnic diversity in terms of owner occupied housing. This potentially suggests that minorities are more likely to be cost burdened. No spatial correlation between cost burden and median household income is apparent.

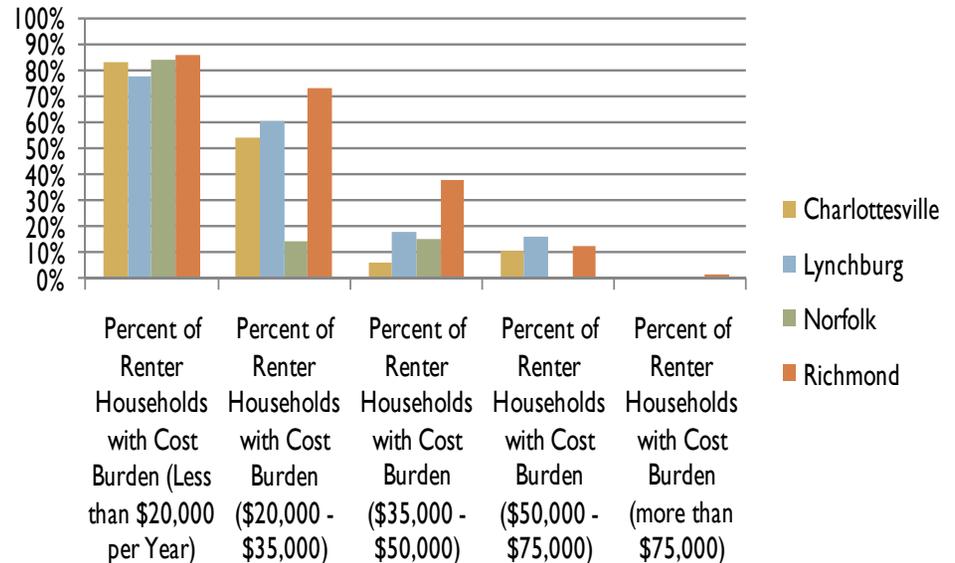
## Housing Market Analysis

As mentioned previously, there is great disparity between renter household income and owner household income. As such, it stands to reason that a greater percentage of renter households are cost burdened across all income cohorts. In this category, only the cities of Winchester and Petersburg have lower overall percentages of cost burdened renter households. Across the various income cohorts, Lynchburg again compares favorably with many of its neighbors (Chart 11, right). However, given the median renter income of \$24,116, the overwhelming majority of renter households pay more than 30 percent of their income to housing costs.

On the surface, it appears that the housing market data is inconsistent. However, this divergence in rising median household income, slowly increasing median gross rents, and growing number of households that are cost burdened is most likely explained by the dramatic increase in unemployment. Additionally, other macro-economic factors at least partially explain this trend. Inflation decreases the purchasing power of the dollar, making low to middle income households more likely to find themselves spending more than 30 percent of their household income on housing costs.

It is readily assumed that there will always exist households for which the housing market will never be able to supply. This is where federal subsidies, community development corporations and local governments attempt to address the externalities of the housing market. As such, it should be the

Chart 11: Percent Renter Household Cost



Source: US Census Bureau, American Community Survey, 5 year estimates, 2009

goal of a housing strategy to affirmatively further fair housing by preserving and promoting equitable access to opportunities for all residents. In order to realize this goal, HOME recommends the City undertake a thorough Analysis of Impediments to Fair Housing including fair housing testing. Such an analysis will evaluate whether there exist mechanisms that serve to artificially concentrate residents in particular neighborhoods or which prevent them from moving to areas of greater opportunity. It will also give greater insight into many of the findings of this report, providing more comprehensive analysis of some of the underlying issues only briefly covered herein.

