# Regional Housing Market Study Analysis

## Roanoke Valley-Alleghany Region

This study provides demographic, economic, household, and housing analyses outlining the shifting market dynamics across the Region.



3BR/ 2BA - $159,000

3BR/ 2BA - $169,900

2BR/1BA - $125,000

4BR/ 4BA - $189,000

2BA - $169,900

2BR/ 1BA - $135,500

4BR/ 2BA - $ 00 1/

3BR/ 2BA - $149,900

3BR/ 3BA - $155,000

½ mile / 10 min. walk

¼ mile / 5 min. walk

Roanoke Valley-Alleghany
**REGIONAL**
**commission**

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# Executive Summary

RKG undertook an analysis of the Roanoke Valley-Alleghany Region which is made up of the following localities: Alleghany, Botetourt, Craig, Franklin, and Roanoke Counties; the Cities of Covington, Roanoke, and Salem; and the Towns of Clifton Forge, Rocky Mount, and Vinton. This study provides demographic, economic, household, and housing analyses outlining the shifting market dynamics across the Region. The regions of Central Shenandoah PDC (CSPDC) and George Washington Regional Commission (GWRC) were used as comparison regions as part of the analysis. This study points to several challenges the Region is facing as it works to address housing needs which include:

1.  The Region's population has been slowly, but consistently, growing over the last 50 years, with the percentage of elderly population increasing.

2.  One, two, and three-person households comprise the largest share of households in the Region, but over the last five years more growth has occurred in larger households of four or more people.

3.  The number of vacant units has been increasing in the Region. This in part has been driven by the seasonal home market which accounts for 30% of all vacant units.

4.  The Region's industry sectors are varied, particularly those that are poised to grow over the next five years. The mix of higher paying jobs in sectors like Healthcare and Manufacturing are increasing purchasing power in the Region, yet at the same time there is continued growth in lower paying hourly wage jobs in Accommodations, Retail, and Food Services. Lower wage hourly positions can make affording housing in the Region more challenging thus exacerbating the need for affordable housing to those earning at or below 50% of the area median income (AMI).

5.  Nearly 82% of housing units in the Region were constructed before 1980, leaving the Region with a much older housing stock than what is found in many other parts of the state. This has led to lower owner-occupied home values and sales prices in localities with higher numbers of older units.

6.  Over the last five years, median gross rent in the Region increased by 14%. The average rent for a single-family home is around $1,000 per month, while rent in multifamily buildings averaged $1,200 per month.

7.  There are significant differences in the percentage of renter of owner households classified as cost burdened across the Region. Approximately 20% of owner households are experiencing some level of cost burden com-pared to 41% of renters. It is typical to see a broad difference between these two groups, but also speaks to the need for affordably priced housing for renter households.

8.  The number of renter households that qualify for affordable rental housing at the 30% of AMI level exceeds the number of units available at that price point. There is a projected deficit of 5,324 units, meaning many extre-mely low-income households are having to spend more than is recommended on housing costs. This further exacerbates housing affordability and cost burden challenges.

9.  A key constraint to addressing housing issues in the Region is the shrinking financial resources available to local governments. Housing programs are limited, forcing all levels of government to make decisions for how to prioritize funding sources.

# Roanoke Valley-Alleghany Region

**City of Covington**
2016 Population: 5,965
5.7 Square Miles

**Town of Clifton Forge**
2016 Population: 3,715
3.1 Square Miles

**Clifton Forge**

**Covington**

Covington

Clifton Forge

**Alleghany County**
2016 Population: 15,561
445 Square Miles
(Includes Clifton Forge)

**Alleghany  County**

**Botetourt County**
2016 Population: 33,176
543 Square Miles

**Craig County**
2016 Population: 5,216
331 Square Miles

**Botetourt  County**

**Craig  County**

Hollins

**City of Salem**
2016 Population: 25,476
14.6 Square Miles

**Town of Vinton**
2016 Population: 8,185
3.2 Square Miles

*Montgomery County
(Member of TPO)*

Salem

**Salem**

Roanoke

**Roanoke** **Vinton**

*Bedford
County (Member of TPO)*

Cave
Spring

**City of Roanoke**
2016 Population: 99,644
42.9 Square Miles

**Roanoke  County**

**Franklin County**
2015 Population: 56,205
692 Square Miles
(includes Rocky Mount)

**Roanoke County**
2016 Population: 93,924
251 Square Miles
(includes Vinton)

**Franklin County**

**Town of Rocky Mount**
2016 Population: 4,798
6.5 Square Miles

Rocky
Mount

**Rocky Mount**

**2016 Region:
335,167 People
2325 Square Miles**

Roanoke Valley Area
Transportation Planning
Organization (TPO)
2040 Boundary

Sources: Cities and Counties-Weldon Cooper
Center for Public Service, 2017.
Towns: US Census Bureau ACS Estimates, 2016

# Study Structure

This section of the study presents an overall introduction to the project, its purpose, and role in helping analyze and understand the housing market in the Roanoke Valley-Alleghany Region (the Region), and comparative regions such as the Central Shenandoah PDC (CSPDC) and George Washington Regional Commission (GWRC). The CSPDC represents and serves the local governments of Augusta, Bath, Highland, Rockbridge, and Rockingham counties and the cities of Buena Vista, Harrisonburg, Lexington, Staunton and Waynesboro as well as the 11 towns within the Central Shenandoah region. The GWRC is a planning district comprising the City of Fredericksburg and the counties of Caroline, King George, Spotsylvania and Stafford. Each commission's area of focus includes economic development, environmental services, human services (including homeless services support), affordable housing, transportation demand management, and rural and urban transportation planning.

# INTRODUCTION

Across the Region, and nationally, home prices have risen over the last decade. The recovery from the Great Recession led to an increased interest in homebuying and renting, which has increased housing prices. In many markets, supply has not kept pace with demand, which is only expected to increase over time. Circumstances have occurred in which home values and rents have risen faster rate than wages in many communities, leaving individuals and families priced out of the housing market.

Housing affordability and price security are critical components for creating places where residents can live comfortably without feeling stretched financially. As housing prices and rents rise alongside most other monthly expenses, more and more households are having difficulty adjusting to the rising cost of living. This creates a situation where households become cost burdened and are forced to spend more than the recommended 30% of their monthly income on housing-related costs. For many households, this can create a ripple effect where other monthly expenses are scaled back or cut out completely. Food, healthcare and wellness, transportation, and childcare are some of the basic household needs that can go unmet in the face of rising housing costs.

Understanding the economic landscape can help policymakers identify needs and align and direct the requisite resources towards priority actions. Across the Region, economic opportunities vary as do incomes, but a central commonality is that housing is a fundamental need which also defines a community – a collection of households that creates place. Ensuring that housing is available and affordable to all income levels is critical for growing and sustaining our communities long term.

This study, which was commissioned by the Roanoke Valley-Alleghany Regional Commission (RVARC), provides information on housing issues and opportunities within the Roanoke Valley-Alleghany Region.

# PROJECT PURPOSE

The goal of the Roanoke Valley-Alleghany Region Housing Study is to analyze, identify, and prioritize needs and gaps in the rental and for-sale housing market. This study, convened by RVARC and conducted with the assistance of a Housing Study Stakeholder Group made up of key stakeholders, aims to paint a picture of the housing landscape for the Region through rigorous quantitative and qualitative data analysis and synthesis. The results will help decision makers adjust, add, or reconfigure existing programs and strategies to match the needs of current and prospective residents.



# ROLE OF STUDY

The Roanoke Valley-Alleghany Region study is a compilation of regional analyses relating to demographics, socioeconomics, and housing. It identifies data points and highlights key findings. The purpose of the document is to allow policymakers at the local and regional level to understand the historical, current, and future challenges to housing across the Region. The quantification of issues, especially those related to housing supply and demand, are important for imparting regional change. Please note that the terms "affordable", "attainable", and "workforce" housing are used interchangeably throughout the document to generally describe housing that is priced to households with average or below average incomes.

The study utilizes knowledge gained from extensive data analysis to examine the challenges facing the housing market. The study includes a section on identified housing barriers and gaps, an analysis of broadband infrastructure, as well as a discussion of housing strategies and recommendations for future housing programs.

# Prior Plans and Key Findings

## ALLEGHANY HIGHLANDS REGION COMPREHENSIVE HOUSING ANALYSIS



This study completed in 2019 for the Alleghany Highlands Region included several key take-aways from the analysis. The primary conclusion is the lack of new housing development is not related to housing demand, but instead housing supply. There is a potential housing market in the Highlands region but there is a lack of developers bringing new product to the market, much of which is predicated on the regional economy strengthening and growing.

The second conclusion is there are several available, publicly-owned development sites that could be used to accommodate both single - family and multifamily housing for families and older adults. While public officials have recognized and supported plans for new housing development, there has not been a concerted effort to properly zone sites and ensure infrastructure is in place to facilitate development.

Lastly, there is a need for large employers in the area to assist in housing development strategies through a joint marketing effort. The region needs to work to ensure employees (new and existing) are aware of future housing opportunities and should conduct periodic surveys of employees around housing preferences to pass along to home builders in the area. This could help market the region to these employees, but also provide builders with a sense of market potential and pent-up demand.

This study completed in 2019 for Botetourt County was intended to identify new housing opportunities for new employees who are projected to work in the county over the next 5+ years. Of the 1,200 new employees expected across the county, most are likely to have annual incomes at or below $45,000. Many of these workers will require rental housing and/or affordable housing, particularly those that comprise single-income households. The new home market in the county is at a price range of $250,000 and above which would exceed what a $45,000 income could support. The study also identified a severe lack of quality rental housing in the county, and limited housing options across the broader region. Key findings from this study include:



- The general lack of affordable housing, particularly rental housing, will limit the county's ability to attract new employees to live in the county.
- The county has limited land zoned for apartment unit development and current zoning density for multifamily housing is likely too low to attract developers and meet financial return expectations.
- There are few sites today that are readily available for apartment unit development, but several, with rezoning, that could serve the county's needs. Readying these sites is key to serving the county's housing needs.

# FERRUM HOUSING NEEDS ASSESSMENT AND HOUSING PLAN





This study completed in 2020 for Ferrum was intended to provide a detailed description of the demographics, economics, and housing inventory of Ferrum and the surrounding area that impacts Ferrum. The findings from this study, included below, were then used to provide a recommended housing plan to be considered for implementation. Key findings in this study include:

1.  There is limited availability within the existing housing inventory with a shortage of units available to both owner and renter households at varying levels of affordability. Housing product should be diversified to include single family homes and multifamily buildings.

2.  Adopting a regional approach to housing solutions would benefit all involved. Many of the housing challenges around availability and affordability exist beyond the boundaries of Ferrum.

3.  A regional approach would also help to attract commuters to Ferrum and Franklin County. Local employers, chambers, economic development officials, and real estate professionals should work together to market the area to commuters.



4.  Prioritize efforts to develop / redevelop vacant sites and buildings, particularly those already served by infrastructure. Local government entitities may wnat to develop a list of sites to market to the development community.

5.  Support housing that would allow senior residents to downsize into housing that would better accommodate their needs. This should include a mix of both rental and for-sale product such as apartments and condominiums.

6.  Support efforts to develop new single-family housing and couple that with first-time homebuyer assistance programs.

# ROUTE 419 TOWN CENTER RESIDENTIAL MARKET STUDY





This study completed in 2016 was intended to identify the market potential and optimum market position for new housing units that could be developed within the proposed Route 419 Town Center area in Roanoke County. The study identified market potential for up to 500 units over a five-to-seven-year absorption period. The recommendation of the study was to concentrate new residential development on the higher-density housing types which could be more easily integrated into the commercial development already existing in the study area.

The study recommended the split of the 500 units include 70% multi-family rental housing units, 14% multifamily condo units, and 16% single-family attached units (townhomes). With this mix of housing types, the study recommended targeting empty-nesters and retirees, younger singles and couples, and traditional and non-traditional families. Price points were projected to be in range with what the county is already experiencing where 72% of all multifamily units would be priced below $1,500 per month. The study also recommended 80% of all for-sale units be priced at $250,000 or less.

The market position for the study area is predicated on a walkable town center design that can attract people, differentiate itself from other areas of the market, and command higher rent and sale prices. The town center area would not only need to be a walkable place, but also contain a mix of uses that would appeal to renters and buyers across the income and age spectrum. The study identifies the ability of walkable town centers to command a price premium of 35% on rental products and 15% on for-sale condos.

# Demographic Assessment

*This section of the study explores key data measures such as changes in population and population by age, changes in household composition, shifts in education levels, changes in household income, employment patterns, and changes to the industrial economy. These data points, and more, are used to evaluate the needs of today's residents and those who may choose to locate here in the future. The heart of this analysis is grounded in empirical data but is supplemented by knowledge gained from interviews with stakeholders described in more detail throughout the study.*

Figure 1 - Population Change



## POPULATION

Between 1970 and 2010, the population of the Region grew by 31%. The Region is made up of localities which experience differing rates of growth during this period. Urban places such as the cities of Salem and Roanoke saw slower population growth than counties such as Roanoke and Franklin. The population growth seen in the Region has coincided with national trends like suburbanization, while also being influenced by new economic opportunities in areas such as the Manufacturing, Healthcare, and Education. To accommodate this growth in population, new housing units were built across the region mostly in the form of single family and multifamily housing.

Over the last decade (2010-2018), the Region's population increased by over 3,324 residents which was one of the slowest ten-year periods since 1970. Looking forward, the population of the Region is projected to increase by 3% between 2018 and 2025, or about 8,779 residents.

# Map 1: Population Change Map



**Road Type**

━━━ Interstate

━━━ Primary

━━━ Blue Ridge Parkway

▱ Roanoke Valley Study Region

▱ Administrative Boundaries

~ Water Bodies

**Population Change**
**2013 - 2018**

■ -20% or more

■ -10% to -20%

■ 0% to -10%

■ 0% to +10%

■ +10% or more

0   2.5   5   10
Miles

N

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept. of Conservation
and Recreation, Virginia Economic Development Partnership,
US Census American Community Survey 5-year estimates

# POPULATION BY AGE

Between 1970 and 2010, the population of the Region grew by 31%. The Region is made up of localities which experience differing rates of growth during this period. Urban places such as the cities of Salem and Roanoke saw slower population growth than counties such as Roanoke and Franklin. The population growth seen in the Region has coincided with national trends like suburbanization, while also being influenced by new economic opportunities in areas such as the Manufacturing, Healthcare, and Education. To accommodate this growth in population, new housing units were built across the region mostly in the form of single family and multifamily housing.

Over the last decade (2010-2018), the Region's population increased by over 3,324 residents which was one of the slowest ten-year periods since 1970. Looking forward, the population of the Region is projected to increase by 3% between 2018 and 2025, or about 8,779 residents.

Population projections indicate seniors (65 years and older) are expected to continue to lead population growth by age cohort through 2025. The growth in the senior population will have an impact on the housing supply as many seniors may like to age in place so long as adequate housing supply is available which

Figure 2 - Change in Population



Figure 3 - Projected Change in Population



meets their needs. If not, it could result in a lack of housing turnover and tighten the available for-sale and rental supply. Additionally, the 35 to 44 age group is expected to grow by 5%. This has the potential to increase demand for ownership units, as this group tends to be more established in the housing market, have higher earnings than cohorts before them, and are more likely to head a larger household.
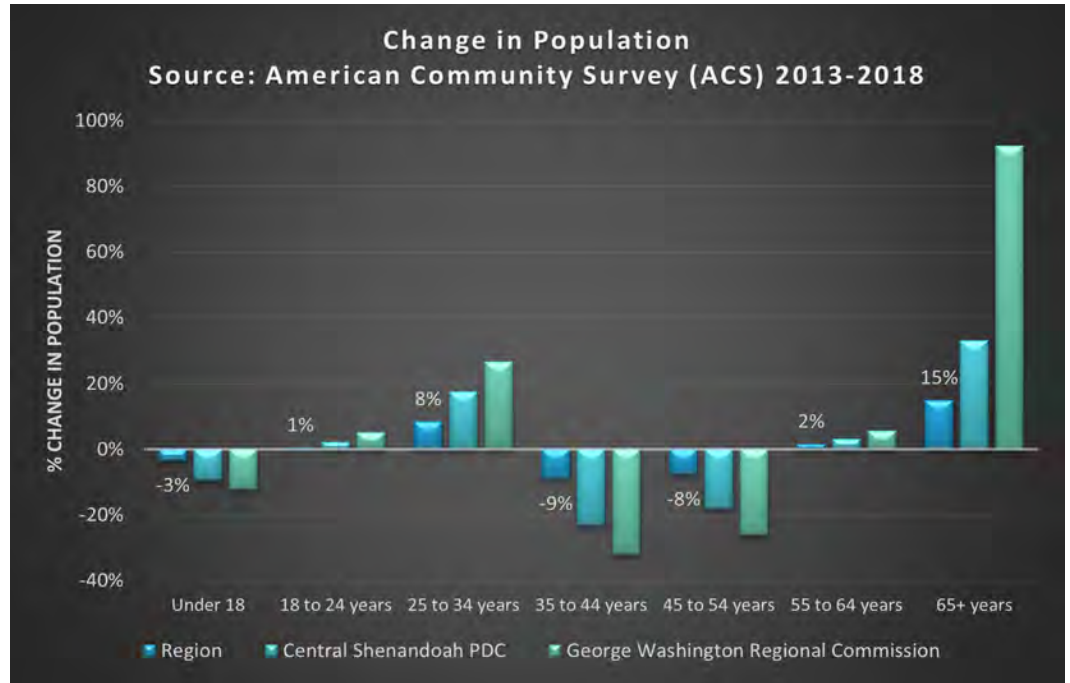
# RACE AND ETHNICITY

The Region has a diverse population when compared to the other areas such as the CSPDC and GWRC. In 2018, 81% of the Region's residents identified as White while 13% identified as Black or African American. Asian residents only comprise 2% of the Region's population. Between 2013 and 2018, the Region's population continued to expand its diversity with White residents decreasing 1% and nearly all other races increasing between 3% and 27%. The increase in the Asian population was particularly high growing by 26%, or 1,778 residents.

The Region's Hispanic/Latino population rose by 16%, from 10,433 residents in 2013 to 12,121 in 2018. This change was faster than the both the CSPDC and GWRC, which saw declines of 20% or greater over the same period.

Figure 4 - Change in Race
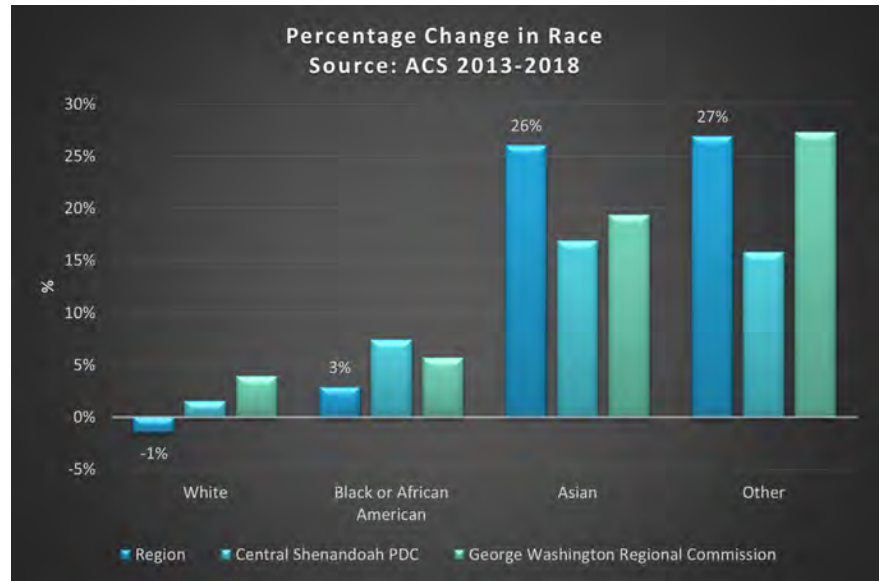


# EDUCATION

In the Region, 42% of the population has a high school diploma or less, which compares favorably to the CSPDC where about 48% of the population has a high school education or less. The Region lags the GWRC in higher educational attainment with 35% of the population of the GWRC having a bachelor's degree or greater, while only 25% of the population in the Region have such qualifications. Educational attainment is often associated with higher earnings which can translate to a greater ability to pay for housing.

Figure 5 - Educational Attainment
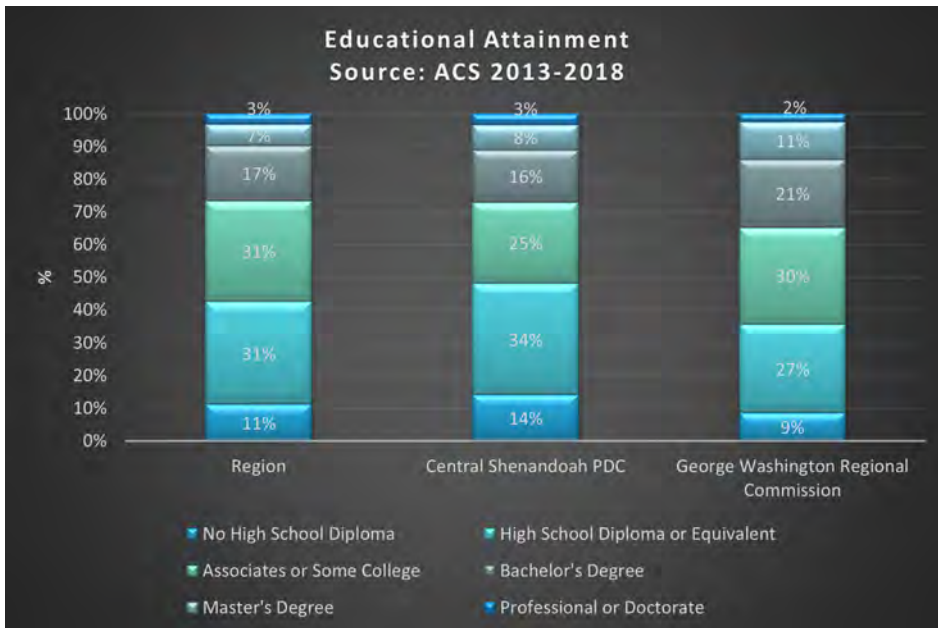


As jobs in the Region continue to change over time, the skill sets needed for new employment opportunities may require higher levels of education. This correlates with the Region's 22% increase in residents with professional degrees and doctorates. At the same time there has been an increase in the number of residents who have obtained a high school diploma and a decrease in residents without a diploma.

# DISABLED POPULATION

Federal laws define a person with a disability as "Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment." The Census classifies disabilities in the following categories: those having a hearing or vision impairment, ambulatory limitation, cognitive limitation, and self-care or independent living situation.

In the Region, 45,926 (14%) residents identified as having one or more of the Census defined disabilities. The largest concentration of disabled individuals can be found in the 35 to 64 age group which has 17,612 disabled individuals and accounts for 38% of all individuals with a disability. Figure 7 presents data on the disabled population by age.

Not surprisingly, the senior population in the Region (over 65) has the highest number of disabled residents with 19,953 residents having at least one disability. Of the senior population, 25% of individuals 75 years or older have a disability. The senior population is of special concern as they tend to live on fixed incomes and have higher healthcare costs which may limit the amount of money they could spend on housing. Disability, in particular mental health disabilities, can make it difficult to earn enough to afford adequate housing. While those with disabilities can qualify for Supplemental Security Insurance (SSI) and Social Security Disability Insurance (SSDI), these programs alone may not prevent residents from experiencing housing instability.

Figure 6 - Change in Educational Attainment



Figure 7 - Disabled Population by Age



The need for home accessibility and other services for people with disabilities in the Region is critical given the large number of seniors and the fact that this age cohort is growing. Improved survival rates and increased longevity among persons with disabilities combined with an aging population and the inaccessibility of older homes are indicators of a growing need to locate services and housing within proximity to one another. Recognizing the housing and service needs these populations require is critically important. Disabled residents often rely on long-term care and wrap-around services. There may also be an unmet need for long-term care facilities to assist residents with disabilities.

# HOMELESS POPULATION

To understand the existing homeless population across the Region, data was obtained from the Department of Housing and Urban Development (HUD) which showed the number of homeless individuals and families, as well as the number of beds available in the jurisdiction. HUD data is a compilation of information provided by local Continuums of Care's (CoC) which are typically non-profit or governmental entities working on homelessness. The Blue Ridge Continuum of Care is a regional group working to end homelessness and includes the Blue Ridge Interagency Council on Homelessness (BRICH) which is the regional governing body of the CoC. The BRICH is comprised of non-profit and governmental entities serving the counties of Alleghany, Botetourt, Craig, and Roanoke, and the cities of Covington, Roanoke, and Salem.

The HUD data presents, in aggregate, information from Roanoke County and the cities of Roanoke and Salem which are covered by the BRICH CoC. Franklin County falls within a separate CoC which is referred to as Balance of State. This CoC covers all jurisdictions across Virginia which are smaller and often more rural locations that do not have a specific CoC in place. Therefore the Commonwealth includes those locations under an umbrella CoC called Balance of State.

Based on Point-in-Time (PIT) data there were 1,080 homeless individuals in the area which encompasses Roanoke County, the cities of Salem and Roanoke, as well as the balance of the state. There were 633 persons in households with only adults, which accounts for 59% of the homeless population. While households with children accounted for 41% of the homeless population, translating into a total of 447 persons. About 82% of the homeless population is sheltered, while only 18% remain unsheltered. Table 1 presents data on the homeless population.

Table 1 - Homelessness Population in the Region and Balance of State

| Homeless Categories | Sheltered | | Unsheltered | Total |
|---|---|---|---|---|
| | Emergency Shelter | Transitional Housing | | |
| Persons in households without children | 271 | 18 | 100 | 389 |
| Persons Age 18 to 24 | 27 | 2 | 6 | 35 |
| Persons Over Age 24 | 244 | 16 | 94 | 354 |
| Persons in households with at least one adult and one child | 260 | 88 | 24 | 372 |
| Children Under Age 18 | 171 | 60 | 15 | 246 |
| Persons Age 18 to 24 | 7 | 3 | 1 | 11 |
| Persons Over Age 24 | 82 | 25 | 8 | 115 |
| Persons in households with only children | 0 | 0 | 0 | 0 |
| Total Homeless Persons | 531 | 106 | 124 | 761 |

Source: HUD Point in Time Data, VA-521 Virginia Balance of State Continuum of Care (CoC), 2019

Based on data provided by CoC's covering the region, there were a total of 1,927 beds available for homeless individuals, with 63% of beds found in emergency shelters and 37% of the beds located in permanent housing facilities. Based on the number of homeless individuals in the Region and Balance of State, the existing infrastructure to house the homeless is operating at slightly more than half capacity.

Table 2 - Housing Inventory in Region & Balance of State

| Unit Types | Family Units | Family Beds | Adult-Only Beds | Child-Only Beds | Total Year-Round Beds | Seasonal | Overflow / Voucher |
|---|---|---|---|---|---|---|---|
| **Emergency, Haven and Transitional Housing** | 204 | 678 | 534 | 0 | 1,212 | 100 | 27 |
| Emergency Shelter | 154 | 512 | 523 | 0 | 1,035 | 100 | 27 |
| Transitional Housing | 50 | 166 | 11 | 0 | 177 | 0 | 0 |
| **Permanent Housing** | 114 | 297 | 322 | 0 | 715 | 0 | 0 |
| Permanent Supportive Housing | 15 | 48 | 133 | 0 | 181 | 0 | 0 |
| Rapid Re-Housing | 94 | 281 | 125 | 0 | 406 | 0 | 0 |
| Other Permanent Housing | 0 | 0 | 9 | 0 | 9 | 0 | 0 |
| **Total** | 318 | 975 | 856 | 0 | 1,927 | 100 | 27 |

Source: HUD Housing Inventory County Study, VA-502 City of Roanoke & County, Salem Continuum of Care (CoC), Balance of State 2019

The Region has been effective in preventing a rise in the number of unsheltered homeless. Data from the CoCs showed a very low occurrence of unsheltered homeless with about 18% of the recorded homeless population going unsheltered, and of those unsheltered homeless, most refuse to engage in accessing resources. In many cases, mental health barriers prevent individuals from seeking and accepting housing assistance. Across the region there are non-profits that target their resources to help alleviate challenges faced by the homeless population. Services are available which help transition the homeless population to stable, permanent housing.

Table 3 - Homelessness by Race in the Region and Balance of State

| Race | Sheltered | | Unsheltered | Totals |
|---|---|---|---|---|
| | Emergency Shelter | Transitional Housing | | |
| Black or African-American | 313 | 50 | 52 | 415 |
| White | 460 | 43 | 76 | 579 |
| Asian | 7 | 0 | 0 | 7 |
| American Indian or Alaska Native | 7 | 0 | 2 | 9 |
| Native Hawaiian or Other Pacific Islander | 1 | 0 | 0 | 1 |
| Multiple Races | 47 | 13 | 9 | 69 |
| Total | 835 | 106 | 139 | 1,080 |

Source: HUD Point in Time Data, VA-502 City of Roanoke & County, Salem Continuum of Care (CoC), Balance of State, 2019

The PIT data shows that 38% (415 individuals) of all sheltered and unsheltered homeless individuals were Black/African American, while 54% (579 individuals) of the homeless population were White. The total population in the Region identifying as Black/African American is 13%, yet these residents comprise 38% of all homeless individuals indicating an overrepresentation in the homeless population.

# HOUSEHOLDS

Figure 8 - Household Change

The Census Bureau defines a "household" as one or more people living in a housing unit and includes a variety of living arrangements. From a historical perspective, the Region experienced steady, continued household growth between 1970 and 2010 which closely tracks with population growth over that same period. Between 1970 and 2010, the number of households in the Region increased by 73%, with the biggest increase (23,929) between 1970 and 1980.
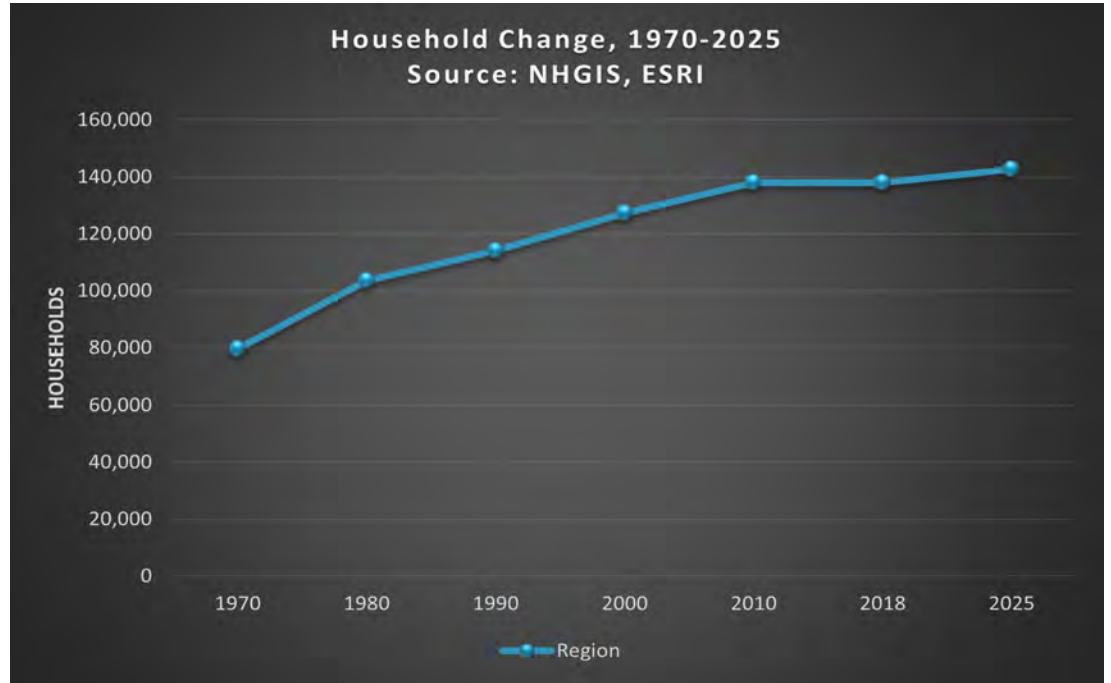
Interestingly, between 2010 and 2018 the population of the Region grew by 3,241 residents yet the number of total households decreased by 35, or effectively no growth. Typically, when population grows there is a commensurate growth in households particularly with the national trends of smaller household sizes driven by the growth in younger and older householders. In the Region, these two measures are heading in opposite directions driven by growth in larger households (4+ persons) and a reduction in one- and two-person households.

In 2018, the Region had 137,942 households. Future projections show the Region could add an additional 4,701 households (3%) by 2025. These same projections show household growth in both the CSPDC and GWRC regions increasing by 5% and 17%, respectively, over the next five years.

Table 4 - Projected Total Households

| Community | 2018 Estimates | 2025 Projections | Change | % Change |
|---|---|---|---|---|
| Region | 137,942 | 142,643 | 4,701 | 3% |
| Central Shenandoah PDC | 113,299 | 118,577 | 5,278 | 5% |
| George Washington Regional Commission | 120,601 | 141,335 | 20,734 | 17% |
| Source: ESRI, 2020 | | | | |

# HOUSEHOLD SIZE

Household size is an important consideration as it provides insight and an understanding of what types of housing units are needed to accommodate today's residents and those who may choose to locate here in the future. An example of this is a larger five-person household would require more bedrooms than a two-person household. Traditionally in the Region, owner-occupied single-family homes offer larger living spaces with more bedrooms and bathrooms, enough to accommodate the larger households. Structures with 10 or more units, which account for about 10% of all housing units in the Region, tend to have one- or two bedrooms and are priced similarly, in some instances, to a mortgage payment for a single-family home.

According to the Census, households can be defined as either family or non-family. Family households are comprised of two or more related individuals where non-family households are comprised of unrelated people living together (such as housemates), and single individuals. In the Region, most family households (73%) are comprised of two or three members. Most non-family households are single individuals which account for 85% of non-family households.

Between 2013 and 2018, family households decreased by 1% and non-family households increased by 2%. While 68% of all households in the Region are one- and two-person households, some unique changes in household size have occurred over the past five years. Regarding family households, nearly all categories experienced a decline, the highest being four-person family households which declined by 6%. This indicates a shift toward smaller family households. For non-family households, there were gains across all categories, particularly those in four-person households which increased by 38%. This can be attributed to more housemate type situations and the growth in unmarried partnerships. The growth trends show the potential need for slightly larger non-family sized units going forward. The growth trends in the older demographics may also point to a continued need for smaller units with universal design components in a managed property or as part of an homeowners association (HOA).

# Economic Assessment

## SOCIOECONOMICS

### INCOMES

Household income directly influences the ability of residents to secure housing that is affordable and available to them. Household income can influence housing prices if an influx of higher income households enters the market over time, or conversely leave the market over time. As of 2018, the median household income in the Region was $54,062, which was about $31,000 less than the GWRC's median income. This income differential is significant from a housing affordability perspective, as the Region's median income offers a purchasing power for a renter household of $868 per month less than a household in the GWRC. It is important that over time incomes are compared to housing costs to ensure increasing price points do not overburden low- and middle-income households.

*Economic issues such as changes in income, employment, commuting patterns, and the overall economy are explored in this section of the study. Much of the analysis is grounded in data which is supplemented by knowledge gained from interviews with stakeholders described in more detail throughout this section of the study. The economic baseline analysis provides the context and history of the Region to set the stage for the housing market analysis which follows.*

Figure 10 - Median Household Income
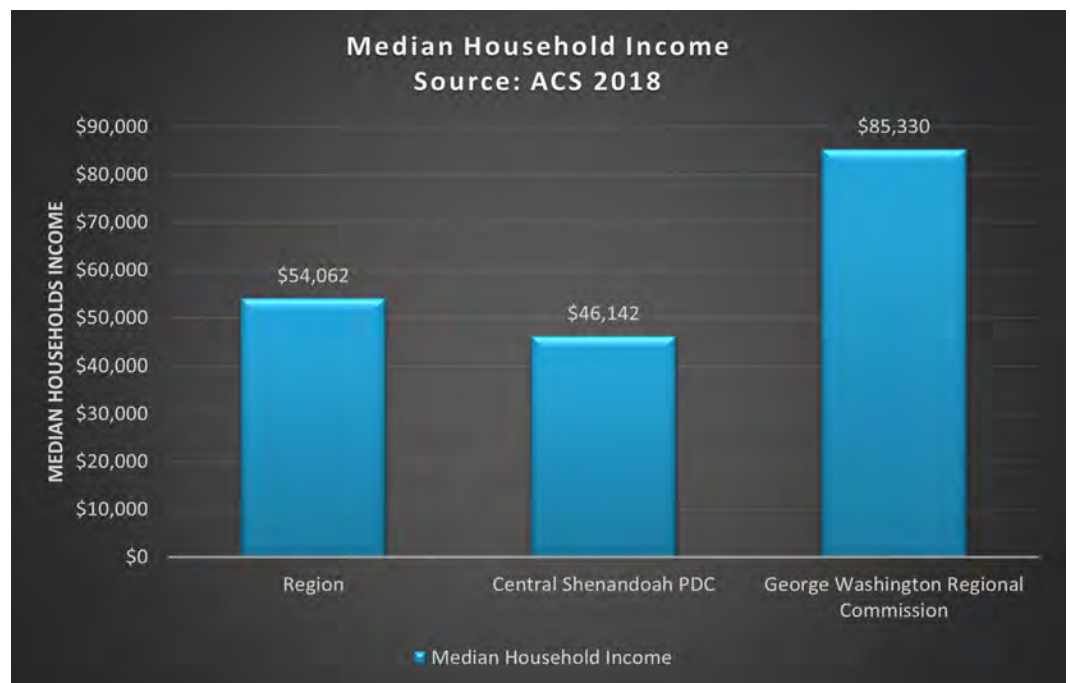
Cost burden, which is a circumstance where a household pays more than 30% of their income toward housing costs is a reality for lower-income households across the Region. Higher housing costs crowd out disposable income for other necessities such as food, healthcare, and transportation. About 32% of the Region's households earn less than $35,000 a year, compared to 32% in the CSPDC, and 15% in the GWRC. The higher percentage of lower-income households in Region requires proactive measures to ensure safe and affordable housing for households at all income levels.

Looking at the distribution of households by income over the last five years shows the Region experienced a loss of households with incomes below $50,000. Of households making less than $50,000, there was a 16% decrease within the cohort earning between $15,000 and $25,000 per year. While the Region is losing households at the lower end of the income spectrum, it is gaining households earning more than $75,000 per year. The increase of higher income households can be explained in part by growth in higher paying industry sectors like Healthcare and Finance and Insurance. Employees in these sectors typically have higher levels of education and specific skills tied to the industry sector resulting in higher wages. Manufacturing is also shifting toward higher earning jobs as manufacturing processes become more advanced the sector requires employees with advanced degrees in engineering, management, and logistics to keep up with changes in manufacturing processes.

Figure 11 - Change in Median Household Incomes

Map 2 - Household Income Change Map
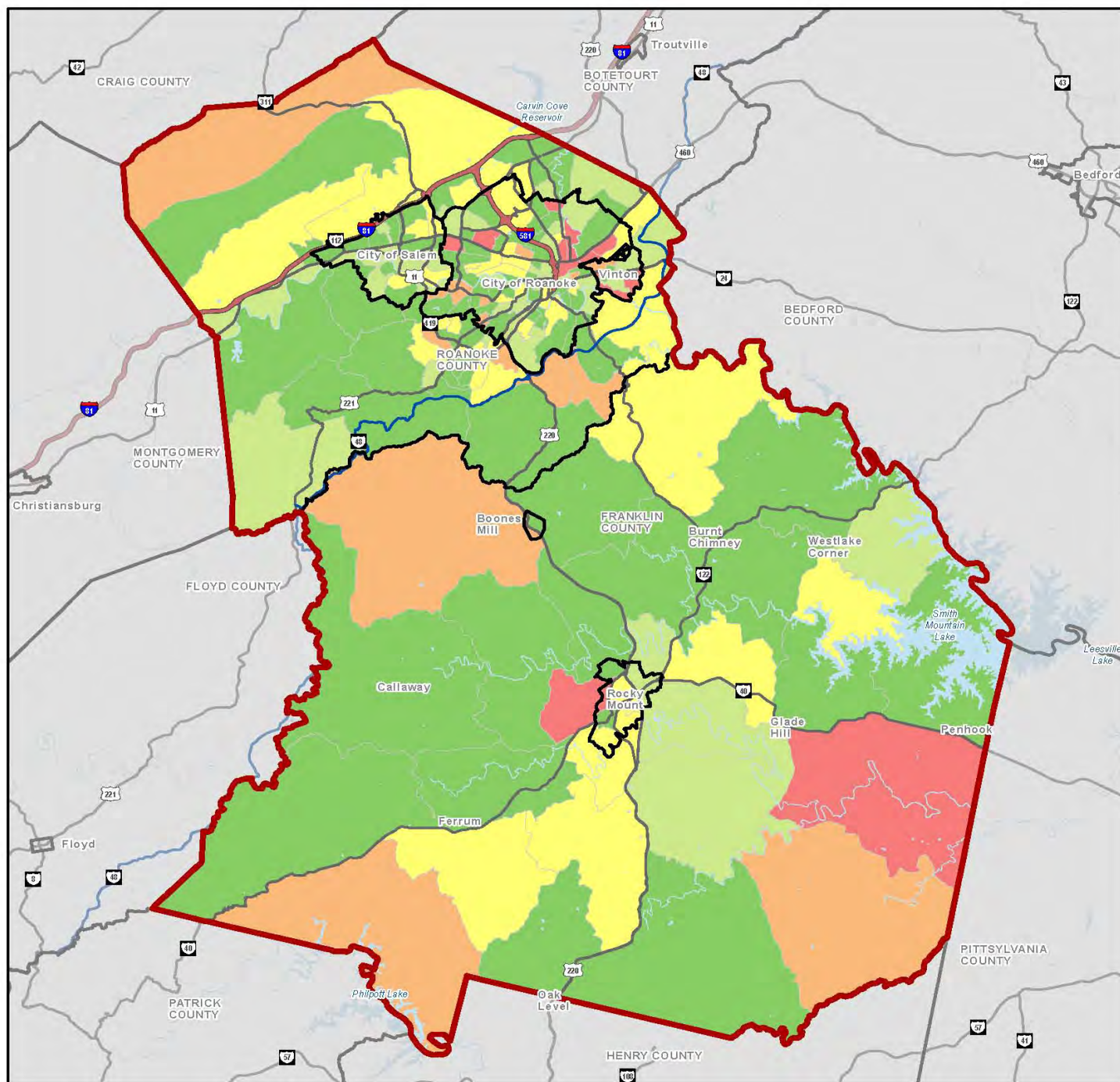


**Road Type**

━━━ Interstate

━━━ Primary

━━━ Blue Ridge Parkway

▭ Roanoke Valley Study Region

▭ Administrative Boundaries

    Water Bodies

**Median Household Income Change 2013 - 2018**

🟥 -$12,000 or more

🟧 -$6,000 to -$12,000

🟨 $0 to -$6,000

🟩 $0 to +$6,000

🟩 +$6,000 or more

0    2.5    5    10
Miles

N

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept. of Conservation
and Recreation, Virginia Economic Development Partnership,
US Census American Community Survey 5-year estimates

Modest growth of real incomes is a challenge both in the Region and across the United States. The Region saw median household income grow by 16% between 2013 and 2018. While impressive, the growth in income is not outpacing the cost of housing. As housing costs continue to rise, incomes must as well, or households will be forced to spend more on housing leaving less for other expenses.

Table 5 - Growth in Median Household Income

| Community | Growth Rate |
|---|---|
| Region | 16% |
| Central Shenandoah PDC | -1% |
| George Washington Regional Commission | 9% |
| Source: ACS 2008- 2013, 2014-2018, B19013, "Median Household Income in the Past 12 Months", and RKG Associates, Inc. | |

Looking forward, between 2020 and 2025 incomes in the Region are projected to grow by 5%. This future growth may be attributed to the investment employers are making in the region. As more employers paying higher wages enter the area and establish operations, opportunities for residents of the region to secure higher paying jobs will increase as well.

Table 6 - Projected Median Household Incomes

| Community | 2020 Estimates | 2025 Projections | Change | % Change |
|---|---|---|---|---|
| Region | $53,448 | $56,124 | $2,676 | 5% |
| Central Shenandoah PDC | $52,580 | $54,482 | $1,902 | 4% |
| George Washington Regional Commission | $92,566 | $97,765 | $5,199 | 6% |
| Source: ESRI, 2020 | | | | |

Figure 12 - Worker Inflow and Outflow

# WORKERS

In the Region, there are a total of 174,495 jobs which is inclusive of both private and government employment. Of that total, 14,232 people come from outside the Region to work, while 160,261 live and work within the Region. The large number of people entering the Region for employment is due to the City of Roanoke serving as the major employment hub with many large employers importing workers from around the Region.
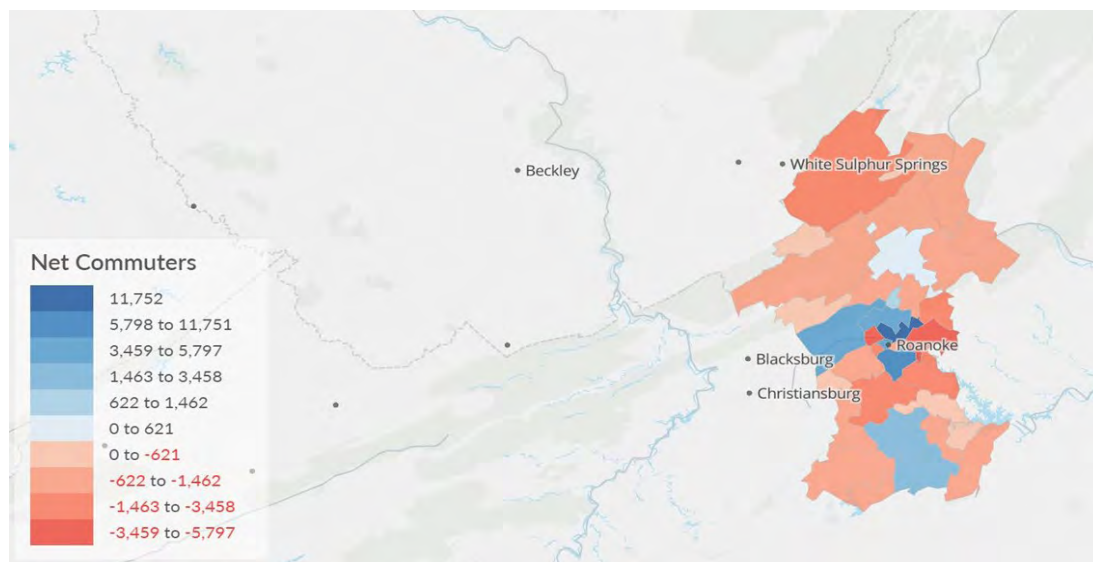


Understanding how many employees are in the Region what types of employment opportunities exist can help explain some of the activity within the housing market. One of the key linkages between employment and housing is how many individuals are employed in an area and where they commute from. This is important because it reflects whether the Region can attract and retain workers locally, and what role housing may play in workers being able to live and work in the Region. If workers are also residents, then their disposable income gets circulated locally, otherwise the Region may not capture that direct impact on the local economy. In contrast, when workers commute to an employment destination, much of their personal spending does not occur in the community where they work, but rather where they live.

# INDUSTRIES

I n the Region, about 57% of all jobs are clustered in five industry sectors. As a percentage of total employment, Healthcare and Social Assistance is the largest industry sector with 15% of all jobs. The second largest employment sector is Government, which accounts for 14% of all jobs. The Other category is made up of the remaining North American Industry Classification System (NAICS) sectors not in the top five job producing industries. This category accounts for 43% of the total employment in the Region. Figure 13 presents the top five employment sectors across the Region.

Most notable is the increase in Healthcare employment over the last ten years. Healthcare jobs increased 1% over the last ten years which correlates with national trends and the aging of the Baby Boom generation. Hospitals, outpatient clinics, assisted living, in-home care have all been staffing up to care for our seniors. In the Region, this is no different and is anticipated to continue as the population grows older. All other industry sectors gener-ally remained same if not dropped by a percentage point corresponding with the slight increase in overall employment over the ten year period from 169,079 in 2010 to 174,495 in 2020.

Figure 13 - Top Five Jobs by NAICS Industry Sector
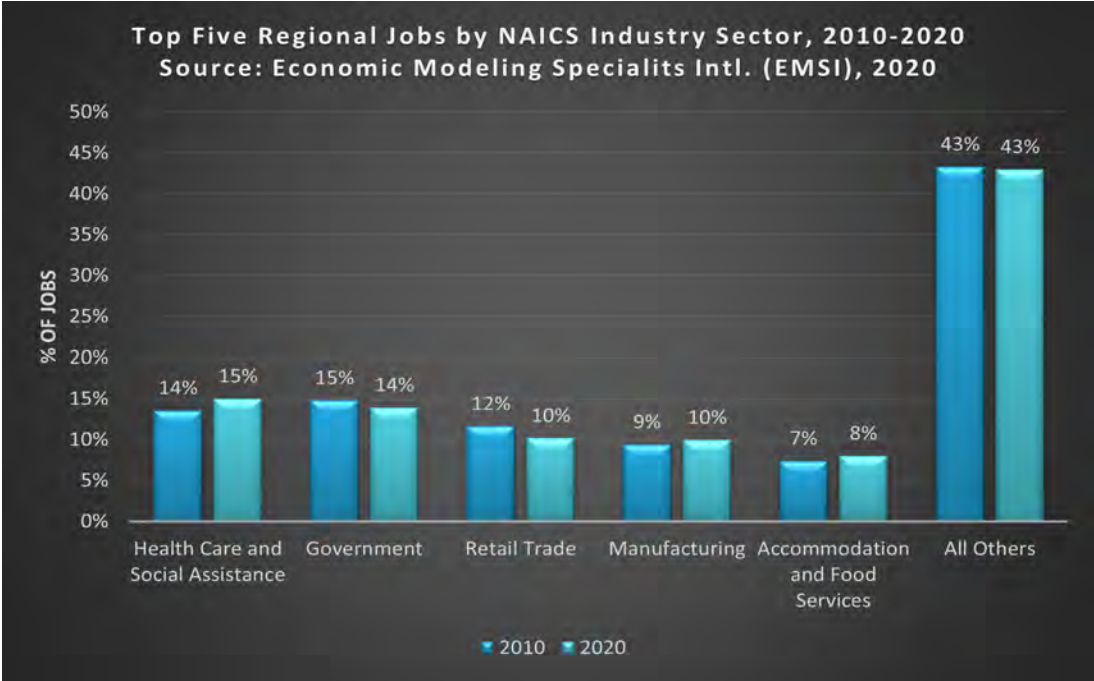


## MAJOR EMPLOYERS

A s indicated above, the Region has a diversified employment base which helps bolster the economy and makes the Region an attractive place for new residents and employers alike. As the major employment center in the region, City of Roanoke has attracted large medical providers like Carilion Clinic that has several large facilities including the Children's Hospital, the Community Hospital, and the Carilion Roanoke Memorial Hospital. Carilion also has several specialty and out-patient offices in Roanoke including oncology, pediatric services like cardiology and endocrinology, psychology, and rapid care facilities.

In addition to healthcare facilities, the Region has also attracted professional offices and corporate headquarters for several large corporations including Allstate Insurance, Kroger, and Wells Fargo Bank. These corporations employ thousands of work-ers who both live in the Region as well as those who commute in daily for employment. Below is a listing of the top five largest employers in the region:

| CARILION CLINIC | WELLS FARGO | Kroger | Advance Auto Parts | Allstate |
|---|---|---|---|---|
| 10,000+ employees | 1,000 - 2,999 employees | 1,000 - 2,999 employees | 1,000 - 2,999 employees | 500 - 999 employees |

Manufacturing firms contribute significantly to the Region's employment base. In recent years, specialized manufacturing companies have moved into the area, and rely on the highly trained local workforce. Below is a listing of some of the largest local private manufacturing employers in the area:

| | | | |
|---|---|---|---|
| **1,600 employees** | **500 - 999 employees** | **500 - 999 employees** | **300 - 499 employees** |
| Ply Gem Windows | Elbit Systems | General Electric | Integer |
| **300 - 499 employees** | **300 employees** | **250-499 employees** | **250 - 499 employees** |
| Carter Machinery | ProAmpac | Marvin Windows and Doors | P1 Technologies |
| **250 - 499 employees** | **125 employees** | **100 - 299 employees** | **100 - 299 employees** |
| TMEIC Corporation | NewBold Corporation | Cavco Industries | Ronile Incorporated |

The Region is also a center for higher education with several colleges and universities. The two main colleges in the area are Roanoke College and Ferrum College. Roanoke College is an independent, co-educational, 4-year liberal arts college. The college has nearly 2,000 full-time students and offers about 100 areas of study. The campus is located adjacent to downtown Salem and employs between 300 and 499 workers. Ferrum College is a four-year, private, co-educational, liberal arts college that offers bachelor's degree programs ranging from business and environmental science to teacher education and criminal justice. The campus is located about 35 miles south of the City of Roanoke and employs 250 persons.

The Region is also a center for higher education with several colleges and universities. The two main colleges in the area are Roanoke College and Ferrum College. Roanoke College is an independent, co-educational, 4-year liberal arts college. The college has nearly 2,000 full-time students and offers about 100 areas of study. The campus is located adjacent to downtown Salem and employs between 300 and 499 workers. Ferrum College is a four-year, private, co-educational, liberal arts college that offers bachelor's degree programs ranging from business and environmental science to teacher education and criminal justice. The campus is located about 35 miles south of the City of Roanoke and employs 250 persons.

The largest postsecondary educational institution in the area is Hollins University, a liberal arts university. The campus is in the Hollins District of Roanoke County, which is next to Roanoke-Blacksburg Regional Airport, and employs between 250 and 499 workers.

The housing market in the Region is influenced by these large employers because they provide jobs and potential career paths which enable households to gain economic stability and generate disposable income. With secure jobs, residents can engage in the housing market to make purchase and rental decisions based on their needs and wants. For example, households with higher incomes may choose to purchase larger homes, while lower income households may choose to rent single family homes or a unit in a multifamily building.

# CHANGES IN INDUSTRY

Between 2010 and 2020, employment data for the Region shows that the top 10 employment subsectors have added 9,926 jobs, with an average wage of $48,340. The sector which experienced the largest gain was Healthcare, adding 3,254 jobs over the ten-year period with an average wage of $63,865. One interesting trend to watch in the Region is the continued growth in the highest wage jobs and the lowest wage jobs. Sectors like Healthcare, Manufacturing, Professional Services are all growing but have average wages between $63,865 and $70,473. At the same time, the Region is experiencing growth in sectors like Accommodations and Food Services, and Arts and Entertainment. These sectors have average wages between $19,976 and $21,303 and has direct correlation to what a household could afford for housing.

Figure 14 - Top Ten Industry Subsector Increases 2010-2020
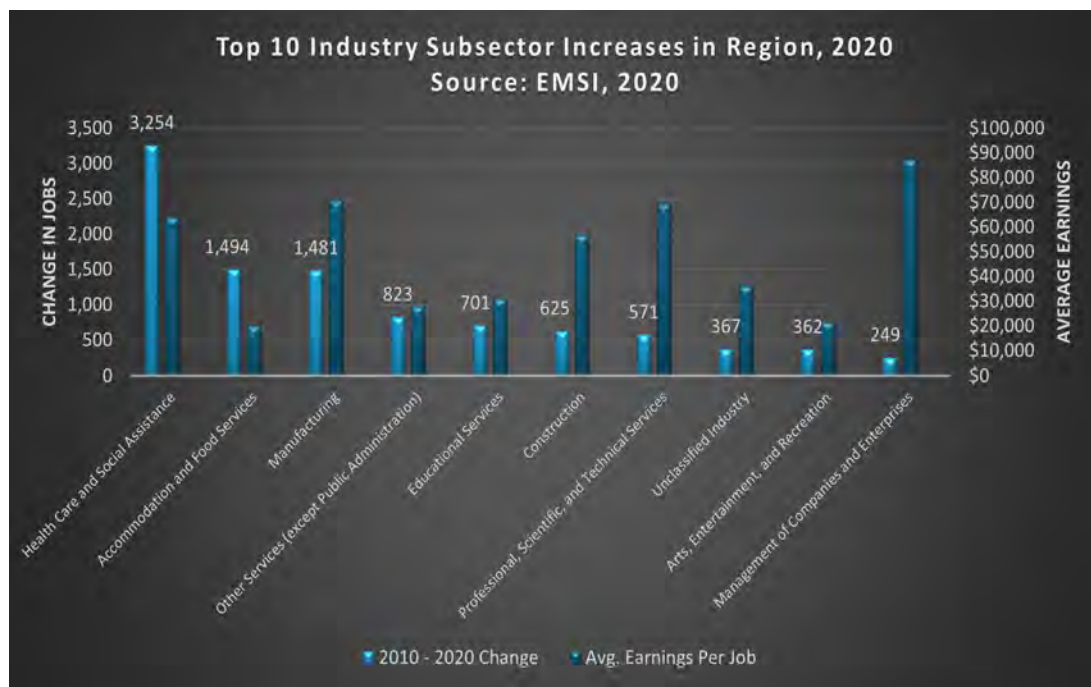
Between 2020 and 2029 the Region is projected to see employment growth in Healthcare and Social Assistance (2,891 jobs), Accommodations and Food (653 jobs), Professional Services (572 jobs), and Educational Services (550 jobs). Jobs in these industry sectors pay varying wages, some higher like in Healthcare and some lower like in Accommodations and Food. Job losses are projected in sectors like Finance and Insurance, and Information which tend to pay higher than average wages.

Figure 15 - Top Ten Industry Projected Subsector Increases 2020-2029
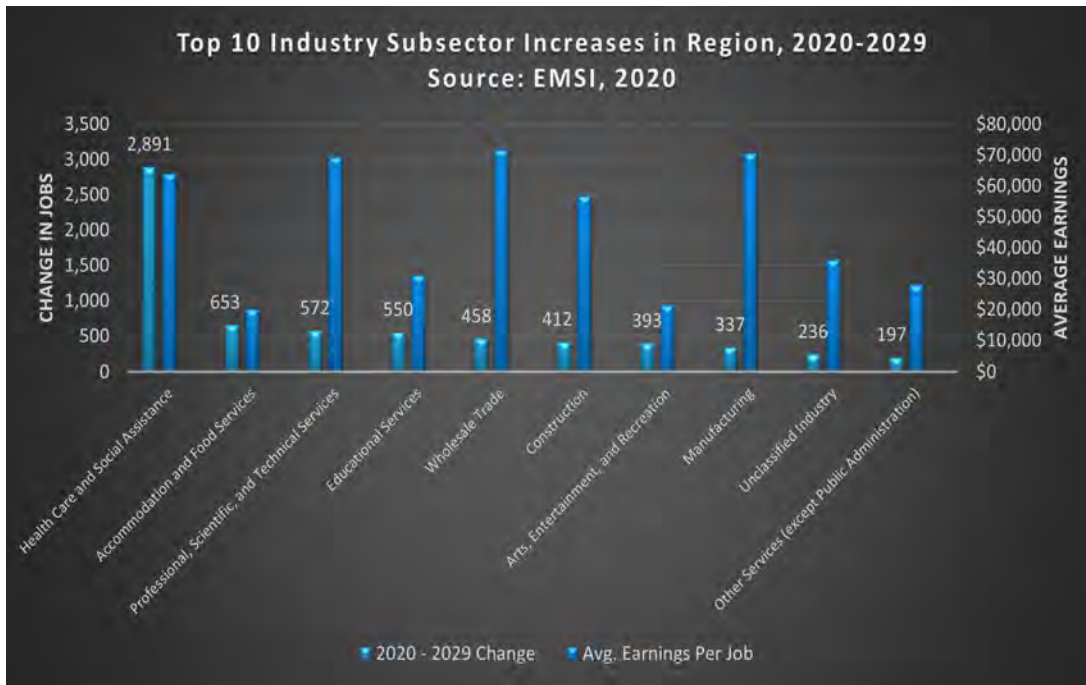


# INDUSTRY WAGES AND HOUSING AFFORDABILITY

While the Region experienced employment growth over the last decade, incomes in some industry sectors are not sufficient to cover mortgage or rent payments without placing added financial pressure on the household. Across the Region, the median sales value of a home is around $188,700, while the median gross rent is $857 per month. Based on these metrics, several of the top industries (and growing industries) do pay average wages for which employees could afford these housing prices. It is worth noting though that within certain industry sectors there is vast wage disparity across occupations. For example, within the Healthcare industry you may have physicians earning over $200,000 but janitorial staff earning less than $30,000 a year. There are also industry sectors like Retail Trade or Accommodations and Food Services that do not pay average wages high enough to cover housing costs at today's median rent or sale price.

Table 7 illustrates the affordable home price and affordable rent by industry sector based on the average earnings within each sector. It is important to note these represent average earnings and not the earnings across different occupations within industry sectors.

Table 7- Housing Affordability Based on Top 10 industry Sectors 2020

| Industry | Industry Jobs | Average Earnings | Affordable Home Price | Affordable Rent |
|---|---|---|---|---|
| Health Care and Social Assistance | 26,168 | $63,865 | $237,179 | $1,774 |
| Government | 24,285 | $64,232 | $238,542 | $1,784 |
| Retail Trade | 17,728 | $33,188 | $123,252 | $922 |
| Manufacturing | 17,359 | $70,473 | $261,722 | $1,958 |
| Accommodation and Food Services | 13,968 | $19,976 | $74,185 | $555 |
| Construction | 10,684 | $56,630 | $210,312 | $1,573 |
| Other Services (except Public Administration) | 9,490 | $27,906 | $103,636 | $775 |
| Administrative and Support and Waste Management and Remediation Services | 8,947 | $37,011 | $137,449 | $1,028 |
| Professional, Scientific, and Technical Services | 8,494 | $69,306 | $257,386 | $1,925 |
| Transportation and Warehousing | 7,909 | $58,157 | $215,982 | $1,615 |

Source: EMSI, and RKG Associates, Inc., 2020.
Note: Rent payment accounts for utilities. Home price accounts for mortgage, taxes, and insurance.

# Housing Market Analysis

## REGIONAL HOUSING MARKET

*The housing market analysis section describes the market characteristics associated with both owner-occupied and renter-occupied housing units in the Region. This section contains a description of housing types, price points, and affordability in addition to other topics.*

### YEAR BUILT AND HOUSING UNIT GROWTH

The Region's housing growth history shows a steady transformation over a few decades. Between 1970 and 2010, the number of housing units in the Region grew by 82%, rising from 85,697 to 156,128. The largest contributors to this growth were Franklin and Roanoke Counties, which saw many housing units built during this period of suburbanization where a higher percentage of households were locating outside the two cities. The steady housing unit growth coincided with both population and household growth.

The Region did experience a significant period of housing unit production between 1970 and 1980 with 26,072 new housing units being built. Figure 17 shows the year built for housing units highlighting the large number of units constructed during that period. Compared to the CSPDC and GWRC, the Region has an older housing stock with 86% of all units constructed before 1980 compared to only 66% across the GWRC and 80% across the CSPDC.

Figure 16 - Housing Unit Change

Figure 17 - Year Built
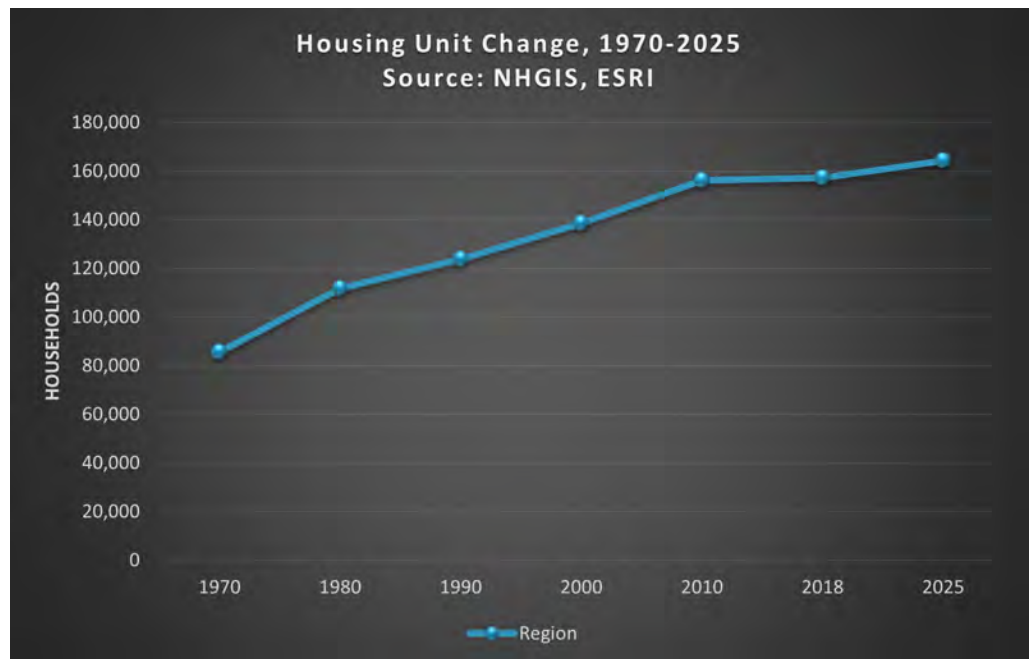


Year Built
Source: ACS 2018
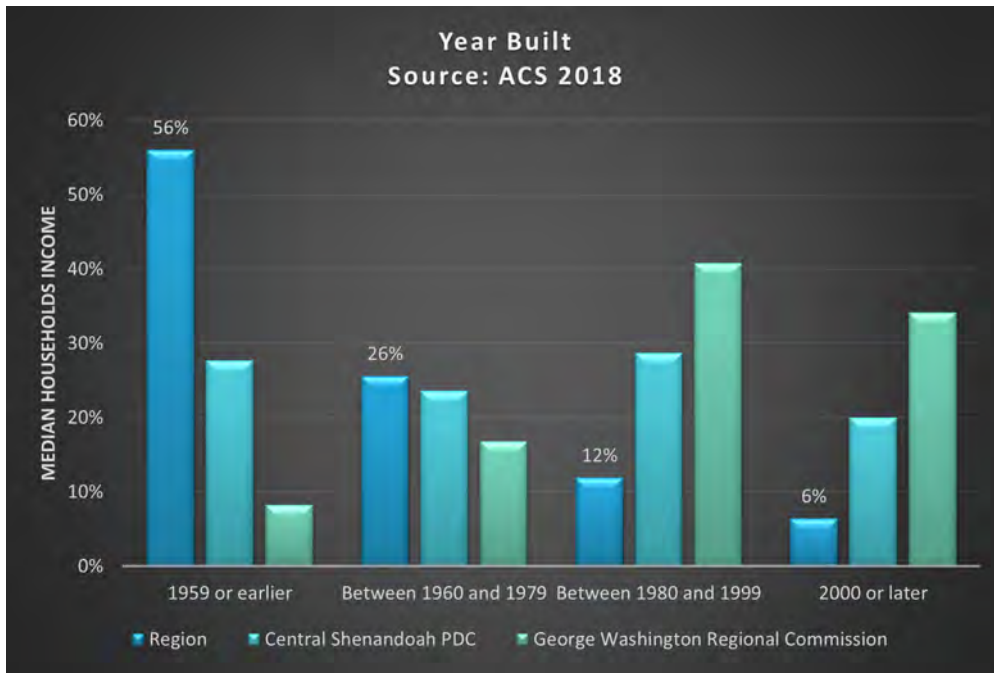
Figure 18 - Building Permits



Building Permits, 2010-2019
Source: US Census
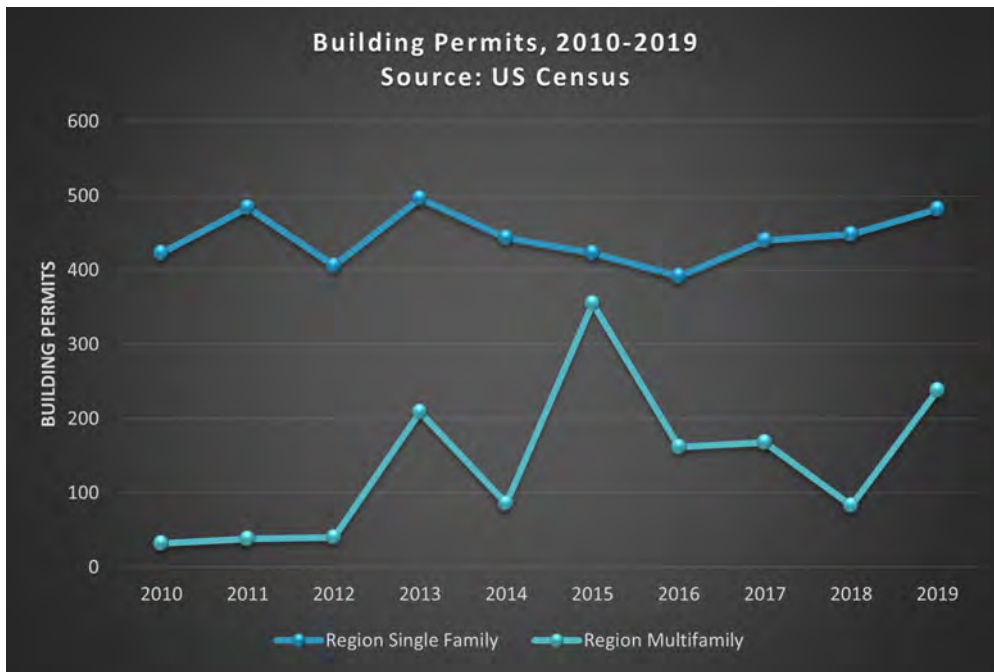
Table 8 - Housing Tenure

|  | Region | CSPDC | GWRC |
|---|---|---|---|
| Owner-Occupied | 63% | 59% | 69% |
| Renter-Occupied | 26% | 29% | 25% |
| Vacant | 12% | 12% | 7% |
| Source: ACS 2014-2018 | | | |

The Region also has a lower percentage (6%) of units constructed after 2000 compared to the CSPDC where 20% of the units were built after 2000. The GWRC has the highest percentage of units built after 2000, with 30% of all units being built within the last 20 years. This relatively new housing stock is a consequence of the fast pace of growth in the GWRC region.

## BUILDING PERMIT ACTIVITY
On average, the Region permitted 444 new single-family detached housing units per year since 2010. Over the same period, the Region also issued an average of 141 building permits per year for multifamily units in duplexes, triplexes, quadplexes, and buildings with five or more units. In the Region, the largest number of single-family permits were issued in 2013 when 496 housing units were built, while in 2015 there were 355 multi-family unit permits issued. The City of Roanoke has accounted for most of the multi-family permits granted in the region (69%) with Roanoke County accounting for another 27%. This is not surprising since the City of Roanoke is the urban center of the Region and has land constraints and a regulatory framework that more readily allows for denser forms of development.

## HOUSING TENURE
As of 2018, 69% of the Region's housing stock was owner-occupied while 31% was renter-occupied. The more urban parts of the Region's housing stock are more evenly split between owner and renter while the rural components of the Region skew more toward ownership with localities like Franklin County having 80% owner-occupied units.

## UNITS IN STRUCTURE

In the Region, 74% of residential units are in single family detached structures. The second largest residential typology are multifamily structures with 10 to 19 units which account for 6% of all units. In aggregate, the Region's housing stock has a much more diversified mix than some of the component parts of the Region. There are a range of housing choices from attached single family, to duplexes, to mid-scale multifamily and even larger scale multifamily with structures of 50 or more units. The development pattern combined with a mix of urban and rural locations has allowed the Region to create and maintain a diverse stock of building types and units.

The breakdown of units in structures changes drastically when comparing owner-occupied units to renter-occupied units. Within the Region, 93% of owner-occupied units are single family homes, 5% are mobile homes, and only 2% are in structures containing two or more units. Contrast this with renter-occupied units, where 44% are single family homes, 4% are in mobile homes, and 52% are in structures with two or more units. The housing diversity noted above is predominately in the renter market with units spread across the various typologies like duplexes, triplexes, and mid- to large-scale apartment buildings.

## VACANCY

Figure 19 - Overall Housing Vacancy

The Region's overall housing vacancy rate of 12% is a slight increase from 2010 when the rate was 10%. Part of the Region's housing market story can be told through the Census' Vacancy Table. Vacancy is defined by the Census across seven different categories which include:

- Units Actively Listed for Rent
- Units Rented, but Not Yet Occupied
- Units Actively Listed for Sale
- Units Sold, but Not Yet Occupied
- Units for Seasonal/Recreational Use
- Units for Migrant Workers
- Other Vacant

To calculate total vacancy across all categories in the Region, the Census sums each category together and divides by the total number of housing units in the Region. This vacancy rate provides an estimate of all housing units that are not occupied at the time the Census interview takes place regardless of whether the unit is actively being marketed or even habitable.



The increase in vacancy is a result of a significant jump in the number of seasonal housing units. Across the Region about 30% of all vacant units can be attributed to seasonal vacancy. The number of seasonal units increased by 1,174 units or 26% between 2010 and 2018. The seasonal home market is driven in part by Smith Mountain Lake, as there are many second homes in the area.

Housing units classified as Other Vacant increased over the eight-year period. The Census defines "other vacant" using eleven categories with ones most pertinent to the Region being: foreclosure, personal/family reasons, legal proceedings, preparing to rent/sell, needs repairs, abandoned/possibly to be demolished or condemned. In 2018, 33% of all vacant units in the Region fell under this category which equates to about 6,385 housing units. Figure 20 shows how the number of vacant units in four vacancy categories changed from 2010 to 2018.

Over this eight-year period, the number of vacant renter-occupied units increased by 36%. This change was due to an increase in the number of renter units being actively marketed indicating activity and turnover in the market. At the same time, the number of vacant ownership units increased by 12% further demonstrating the demand for housing in the Region.

# OWNER-OCCUPIED HOUSING MARKET

*The housing market analysis section describes the market characteristics associated with both owner-occupied and renter-occupied housing units in the Region. This section contains a description of housing types, price points, and affordability in addition to other topics.*

Figure 20 - Vacant Units by Category
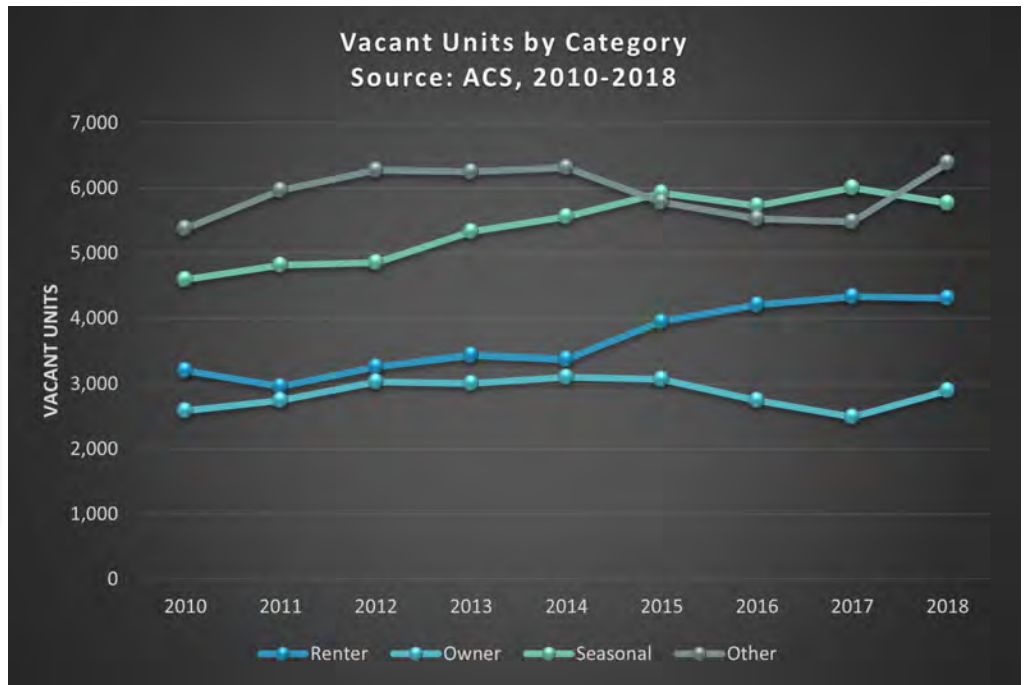


## SUPPLY

As was noted earlier, owner-occupied units comprise 63% of the Region's housing stock with 93% of units being single family homes, 2% in multi-family structures, and 5% of units in mobile homes. The single-family percentage in the Region is comparable to both the CSPDC and GWRC, but the percentage of multifamily and mobile homes are a bit different.

Between 2013 and 2018, there was a decrease of 2,508 owner-occupied housing units and an additional 2,497 renter units. The largest change occurred with single family homes showing the Region losing 1,1734 owner-occupied single-family homes and gaining 2,094 rental single-family homes. This is a trend seen in many places across the country, particularly after the Great Recession when many units were foreclosed upon, purchased by investors, and then rented back to residents. With interest rates at historic lows and capital flowing within the real estate industry, this trend is likely to continue.

The age of the Region's owner-occupied housing stock mirrors the age of the entire housing stock with 59% of ownership units built before 1980. This compares to 53% for the CSPDC and 23% for the GWRC. What is notable is that the Region was an earlier center of growth compared to the GWRC which grew rapidly during the post-1980's era.

Table 9 - Housing Tenure, Owner

| Owner Occupied | Region | CSPDC | GWRC |
|---|---|---|---|
| Single family | 93% | 92% | 96% |
| Multifamily | 2% | 1% | 1% |
| Mobile Home/RV/Other | 5% | 7% | 3% |
| Source: ACS 2014–2018 | | | |

Figure 21 - Year Built of Owner-Occupied Housing Units
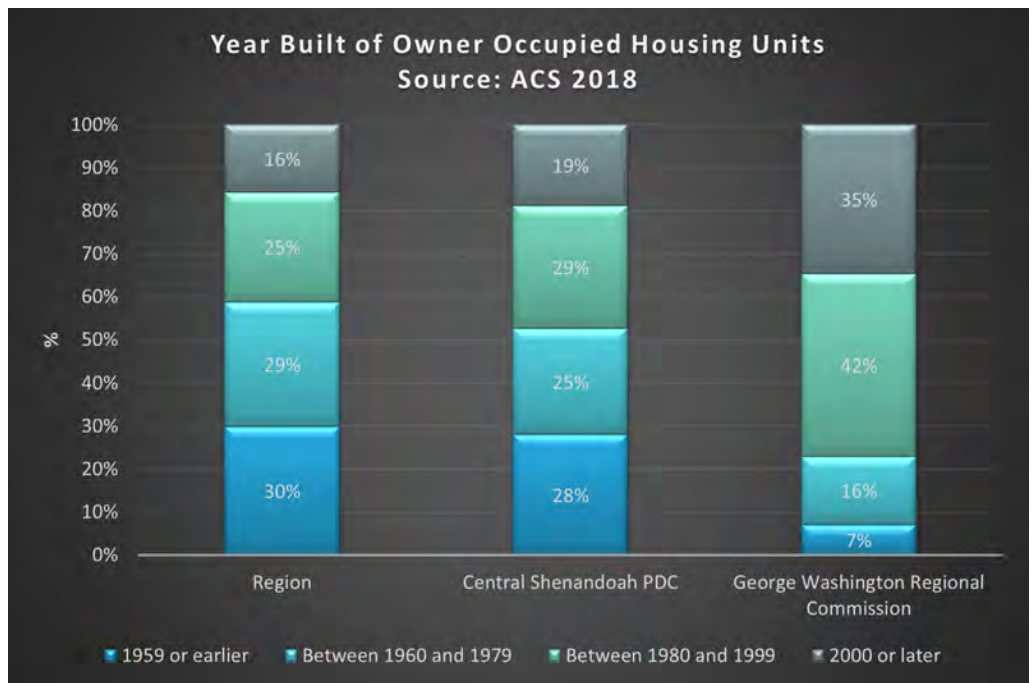
# PRICING

In 2018, the median value of an owner-occupied housing unit in the Region was $177,400. That figure is up 6% over the median value from 2013 of $167,000. While sale prices for owner-occupied units have been rising, the Great Recession hit the Region particularly hard driving both values and sale prices downward. It took until about 2013 for housing values to begin rising again. Figure 22 compares the number of owner-occupied housing units by value range across the Region, CSPDC, and GWRC. Generally, Region's housing stock is more affordable compared to both the CSPDC and GWRC with 61% of all owner-occupied units valued at less than $200,000. For the CSPDC about 51% of units are valued at less than $200,000 while in the GWRC only 21% of units are valued at that price point.

To provide accurate data on owner-occupied sales in the Region, Multiple Listing Service (MLS) data for the period 2010 to 2019 was analyzed. Over the ten-year period, there were about 32,800 sales with an average of 3,279 sales per year. While the Great Recession impacted sale prices between 2010 and 2012, the number of sales per year continued to increase.

Figure 22 - Percent of Owner-Occupied Units by Value Range



Figure 23 - Sales Price



Starting in 2010, sale prices began to decline to a low of $165,300 in 2012. Prices, number of sales, and days on market have all improved since then.

RKG also looked at a comparison of sales for existing single-family homes versus new single-family homes (ones that were built and sold in the same year) to better understand the price differential between the two. In 2019, new single-family homes on average sold for 47% more than existing single-family homes. The median sales price of a new home in 2019 was $275,662 compared to $188,037 for an existing home. Figure 23 shows median sales price for existing and new homes by year sold.

Homes built before 1970 accounted for 44% of all sales activity. Both the size and price of homes on a per square foot basis vary depending on the age of the home. On a price per square foot basis, the median sales price of a home built before 1950 was $68 per square foot compared to $135 per square foot for homes built after 2010. This shows that older homes do not garner nearly the same price for a variety of reasons including overall size, potential rehabilitation needs, location or school district, and modernized layout and amenities. Interestingly, homes built in the Region prior to 1990 are slightly smaller in size to newer homes constructed after 1990. Homes built prior to 1990 average 1,956 square feet while newer homes average 2,131 square feet.

Figure 24 - Sales Price by Year Built



The average days on market varies by product type with new homes selling faster than existing homes, which is a bit surprising given the significant differential in price point. This could again speak to the overall condition of the older, existing housing stock across the region. Overall, the total days on market has declined since 2010 when on average it took an average of 67 days for a unit to sell compared to only 21 days in 2019.

The map on the following page shows the prices of homes sold between 2010 and 2019 across the region. The highest priced markets are across much of Roanoke County and around Smith Mountain Lake in Franklin County. Interestingly, concentrations of lower sale prices are in the incorporated cities and towns like Roanoke, Salem, and Rocky Mount. While there are pockets of higher priced neighborhoods in each of those locations, their overall sales values tend to be lower than those found in the counties. This may be explained by the older housing stock, desire for more space, and real or perceived school quality.

Map 3 - Home Sales 2010-2020



Road Type
- Interstate
- Primary
- Blue Ridge Parkway
- Roanoke Valley Study Region
- Administrative Boundaries
- Water Bodies
- Conservation Land

MLS Sales 2010-2020
Sale Price (CPI-Adjusted)
- $100,000 or less
- $100,000 to $150,000
- $150,000 to $200,000
- $200,000 to $250,000
- $250,000 to $300,000
- $350,000 or more

0   2.5   5   10 Miles

N

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept of Conservation
and Recreation, Virginia Economic Development Partnership,
Roanoke Valley Association of Realtors Multiple Listing Service

# SECOND HOME MARKET

The second home market in the Region is strong, as the Region attracts nature lovers, retirees, and those looking for more space and recreational opportunities. As indicated earlier, nearly 30% of vacant housing units are classified as Seasonal which accounts for over 5,764 units. The seasonal home market distorts the year-round housing market, as prices tend to escalate substantially in prime locations. While it is not possible to identify every seasonal home, a good proxy for understanding the underlying market dynamics is to look at home sales in a location where seasonal homes tend to be concentrated. These areas include Penhook, Moneta, and Union Hall which are in the vicinity of Smith Mountain Lake.

Over the 10-year period of 2010 and 2019, there were 374 sales in this area which averages out to 37 sales annually. In 2010, sale prices and total sales began to decline, bottoming out in 2014 before slowly recovering, however prices for existing homes were still below 2010 figures. The median sale price dropped from $595,000 in 2010 to $422,000 in 2014. Since 2014, homes prices, umber of sales, and days on market have all improved.

Comparing sales of existing single-family homes that sold versus new single-family homes (ones that were built and sold in the same year)

Figure 25 - Smith Mountain Lake Homes Sales Price



Figure 26 - Smith Mountain Lake Sales Price by Year Built



provides a good understanding of the price differential between the two. In 2019, new single-family homes sold on average for 46% more than existing single-family homes, with the median sale price of a new home in 2019 being $693,498 compared $474,300 for an existing home. Figure 26 shows median sale prices for housing units in the Smith Mountain Lake area.

Homes built between 1990 and 2019 account for nearly 63% of all sales activity. Both the size and price of homes on a per square foot vary depending on the age of the home. The homes built in recent years are considerably larger than those homes built prior to the 1990's. Homes built between 1970 and 1990, averaged 2,304 square feet and sold for around $208 per square foot. Whereas homes built between 2010 and 2019 averaged 3,719 square feet and sold for $162 a square foot. The price differential between older and newer homes could potentially be explained by the difference in parcel sizes between older and new homes.

# RENTER-OCCUPIED HOUSING MARKET

This section provides an analysis of the renter-occupied housing market including supply, demand, and pricing across the Region.

## SUPPLY

In 2018 only 26% of the Region's households were renters, with 44% of rental units in single family homes, 52% in multi-unit structures, and 4% in mobile homes.

The rental housing stock across the Region is also older with 71% of rental housing units built before 1980. This compares to the CSPDC and GWRC where 49% and 31%, respectively, were build prior to 1980. About 38% of all rental units in the Region were constructed prior to 1959 with older rental units tending to require greater maintenance and sometimes result in less-than-ideal conditions for tenants.

## PRICING

In 2018, the median gross rent in the Region was $857 per month which was an increase of 14% from 2013. Gross rent is a measure of the monthly contract rent plus an estimated average utility cost paid by the renter. Utilities factored in include electric, gas, water, sewer, and fuel. Figure 28 shows the change in gross rent between 2013 and 2018 by price range. The number of households paying rent at the very low end (less than $500 a month) has declined by 2%, while the number of households paying rent at the higher end (over $1,500 a month) has grown by 213%. Households paying moderate rents, between $500 and $1,499 per month, have also increased driven mostly by renter households paying between $1,000 and $1,499 per month. Some of this rent growth may be attributed to new product coming on the market across the Region, particularly at the higher end of market.

A recent scan of rental listings showed the average rent for a single-family home to be around $1,000 per month, while rents in multi-family buildings averaged $1,200 per month. Rental prices in the larger apartment complexes vary significantly depending on the location, quality, and amenities offered but are about $200 higher than the average rent for a single family home.

Table 10 - Housing Tenure, Rental

| Renter Occupied | Region | CSPDC | GWRC |
|---|---|---|---|
| Single Family | 44% | 47% | 56% |
| Multifamily | 52% | 46% | 40% |
| Mobile Home/RV/Other | 4% | 7% | 4% |

Source: ACS 2014-2018

Figure 27 - Rental Structures by Year Built
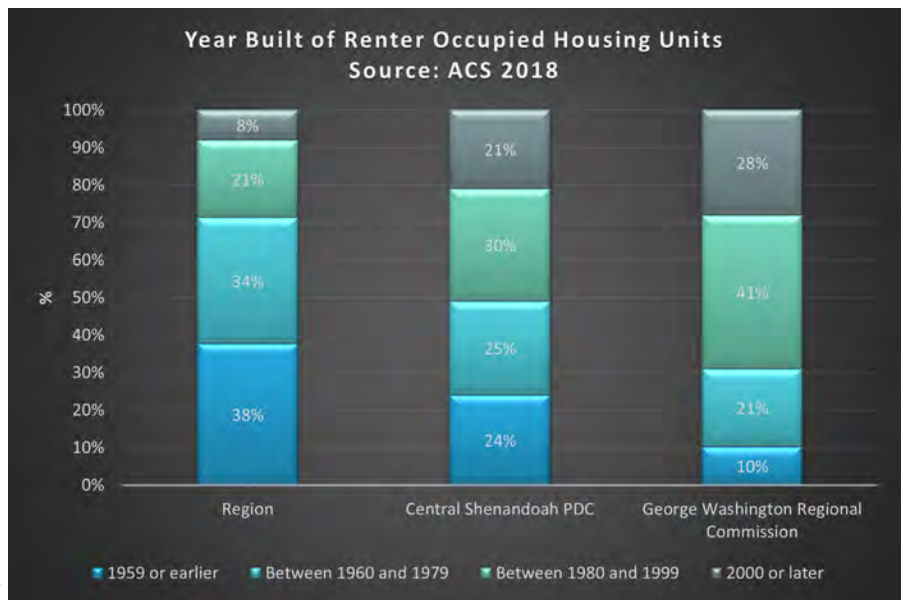


Figure 28 - Change in Gross Rent
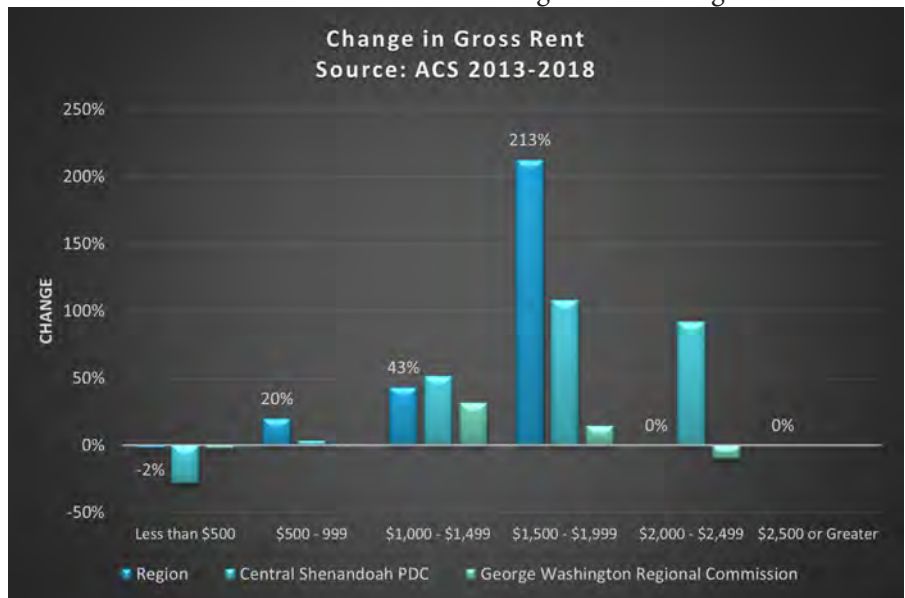
## AFFORDABLE RENTAL UNITS

In addition to market rate rental units, there are 68 apartment complexes in the Region which have income restricted affordable units. Currently, the Region has 5,475 low-income rental apartment units, of which 3,277 of the tenants receive rental assistance. The median rent in these units is $708. Rental assistance comes in the form of the Section 8 Voucher program which is administered by organizations that include the Roanoke Redevelopment and Housing Authority and Roanoke Total Action Against Poverty. These vouchers are targeted to low-income households, generally those at or below 30% of area median income (AMI). For a household of three, the expected rent would be no more than $941 for a two-bedroom or $1,268 for a three-bedroom unit.

## FUTURE HOUSING DEMAND

The population of the Region is projected to grow by 8,779 new residents between 2018 and 2025, a 3% increase. To accommodate this new population growth, RKG Associates developed a methodology for calculating the number of new households based on the increase in population and translated to estimates for future housing demand. RKG assumes that future household composition and housing tenure will follow a similar pattern to today and uses household sizes and tenure splits to allocate future household growth.

To accommodate the population projected for 2025, RKG estimates the Region may need to produce an additional 4,701 housing units above what exists today. This assumes current housing vacancy rates continue to hold steady. RKG also assumed that the split between owner and renter households would remain at its current split of 69% owner-occupied and 31% renter occupied. Under these assumptions, RKG projects the Region would need to add another 3,239 owner-occupied housing units and 1,462 renter-occupied units.

It is worth noting that between 2013 and 2018, the Region gained 438 housing units. Given the increase in units, the Region is making progress toward the target needed to accommodate the projected population and household counts if current trends held steady through 2025. Table 11 shows the allocation of households by household size for the projected new households across the Region. This allocation assumes that trends will remain constant out to the year 2025. For example, in 2018, 31% of all households were 1-person and 37% were 2-person. These percentages are applied in the same way to the total households projected for 2025 which results in 3,184 additional 1- and 2-person households over the next five years. Since 3, 4, and 5+ person households comprise a lower percentage of the Region's household composition those percentages are lower than 1- and 2-person households.

Table 12 shows the breakdown of owner and renter households by household size. With housing tenure held at the 69/31 split based on 2018 data, there is a projected need for an additional 3,239 owner-occupied housing units and 1,462 renter-occupied housing units through the year 2025. New households are skewed toward 1- and 2-person households which are the two predominant household size categories in the Region as of 2018.

Based on the projection data, the Region will need to consider how to increase the production of smaller units to accommodate the increase in 1- and 2-person owner-occupied households. In addition to housing production, the Region should consider rehabilitation programs to bring older owner and renter housing units up to the standards of today's buyers.

Table 11 - 2025 Projections if 2018 Household Composition Held Constant

| Household Size | Households | % of Total |
|---|---|---|
| 1-person household | 1,437 | 31% |
| 2-person household | 1,747 | 37% |
| 3-person household | 696 | 15% |
| 4-person household | 503 | 11% |
| 5-or-more person household | 318 | 7% |
| Total | 4,701 | 100% |

Source: ESRI, ACS 2013, 2018, RKG Associates

Table 12 - 2025 Projections if 2018 Household Composition Held Constant

| Household Size | Owner Households | Total % of Owner | Renter Households | Total % of Renter |
|---|---|---|---|---|
| 1-person household | 841 | 26% | 596 | 41% |
| 2-person household | 1,336 | 41% | 411 | 28% |
| 3-person household | 498 | 15% | 198 | 14% |
| 4-person household | 366 | 11% | 137 | 9% |
| 5-or-more person household | 198 | 6% | 120 | 8% |
| Total | 3,239 | 100% | 1,462 | 100% |

Source: ESRI, ACS 2013, 2018, RKG Associates

# Housing Market Gaps

## LOW AND MODERATE INCOME LIMITS AND AFFORDABLE HOUSING COSTS

**M**ost communities have some modestly priced housing that is more affordable to low- and moderate-income households: small, older single-family homes that are naturally less expensive than new homes; multi-family condominiums; or apartments that are leased for lower monthly rents. This type of affordable hous-

*This section explores key housing market gaps based on the demographic analysis and owner and renter market analysis. Gaps focus on the type of housing that may be needed in the Region going forward and the price points that appear to be underserved in today's market.*

ing often stays affordable where the market will allow it and redevelopment or rehabilitation pressures are not as high. In the Region today, there is a mix of housing at a variety of price points some of which is income restricted and others that are at a price point that is affordable to low- and moderate-income households.

Permanently affordable housing for low-income households provides protection from higher price increases than those households could otherwise afford. These units remain affordable because their resale prices and rents are governed by a deed restriction that lasts for many years, if not in perpetuity. There are other differences, too. For example, any household – regardless of income – may purchase or rent an unrestricted affordable unit, but only a low- or moderate-income household is eligible to purchase or rent a deed restricted unit. Both types of affordable housing meet a variety of needs. The primary difference is that the market determines the price of unrestricted affordable units, while a recorded legal instrument determines the price of deed restricted units.

Low and moderate incomes are based on percentages of the U.S. Department of Housing and Urban Development (HUD) Area Median Family Income (HAMFI) and adjusted for household size. Table 13 illustrates HUD's income breaks for the Region showing income limits by household size by income category.

Table 13 - HUD income Limits

| FY 2020 Income Limit Category | Persons in Family | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Extremely Low (30%) Income Limits ($) | $16,100 | $18,400 | $21,720 | $26,200 | $30,680 | $35,160 | $39,640 | $44,120 |
| Very Low (50%) Income Limits ($) | $26,850 | $30,700 | $34,550 | $38,350 | $41,450 | $44,500 | $47,600 | $50,650 |
| Low (80%) Income Limits ($) | $42,950 | $49,100 | $55,250 | $61,350 | $66,300 | $71,200 | $76,100 | $81,000 |

For example, in the Region, if the household income for a three-person household did not exceed $55,250 that household could qualify for a deed restricted affordable unit. Maximum housing payments are typically set by HUD at no more than 30% of household income, or in this case $1,381 per month. The income limitations and maximum payment thresholds ensure that households are not unduly burdened by housing costs.

# AFFORDABILITY ANALYSIS

Growth in housing prices coupled with slower or stagnant growth in incomes contributes to a housing affordability problem known as housing cost burden. HUD defines housing cost burden as the condition in which households spend more than 30% of their gross income on housing. When low- or moderate-income households are spending more than 50% of their income on housing costs, they are considered severely cost burdened. In the Region, 14% of all households are considered cost burdened under HUD's definition and 12% are considered severely cost burdened.

Figure 29 - Housing Cost Burden
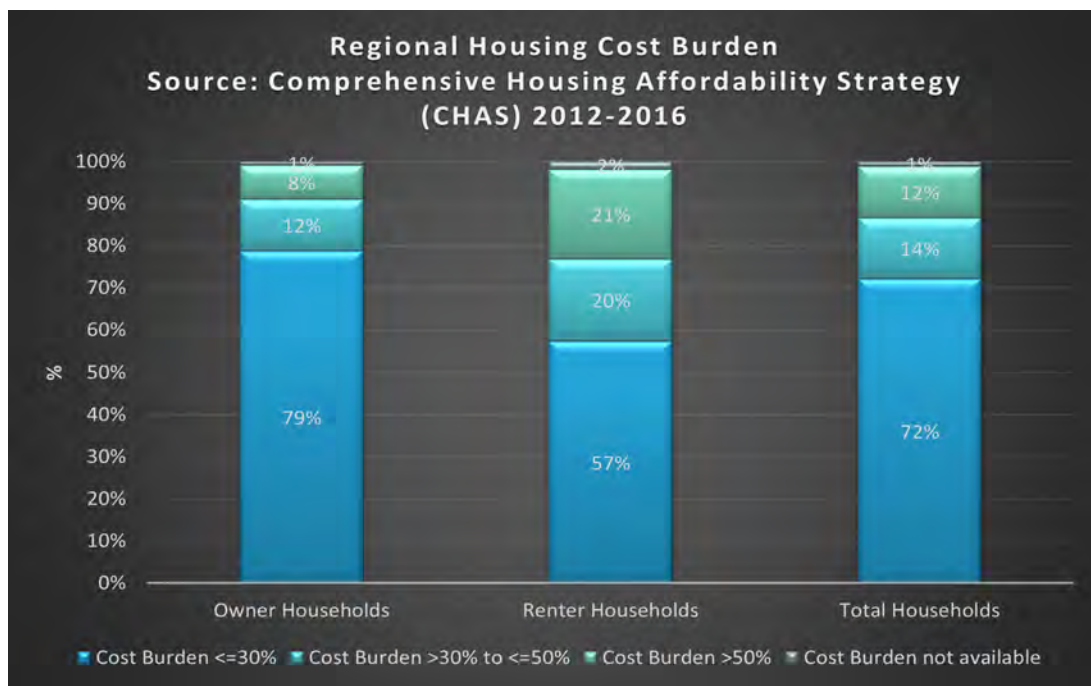


Table 14 shows the percentage of cost burdened owner and renter households. Renters in the Region have a higher tendency to be cost burdened than owners which is typical in most markets. In the case of the Region, 20% of renter households are cost burdened and 21% are severely cost burdened. The percentage of renter households severely cost burdened is almost three times as high as owner households. This correlates with the lower household incomes of renters and rising rental costs across the region.

Table 14 - Housing Cost Burden Overview, Region, 2012-2016

| Cost Burden | Owner Households | | Renter Households | | Total Households | |
|---|---|---|---|---|---|---|
| | Est. | % of Total | Est. | % of Total | Est. | % of Total |
| <= 30% | 75,405 | 79% | 24,725 | 57% | 100,130 | 72% |
| >30% to <=50% | 11,615 | 12% | 8,415 | 20% | 20,030 | 14% |
| >50% | 7,818 | 8% | 9,190 | 21% | 17,008 | 12% |
| Cost burden not available | 850 | 1% | 818 | 2% | 1,668 | 1% |
| Total: | 95,688 | 100% | 43,148 | 100% | 138,836 | 100% |

# AFFORDABILITY MISMATCH

While most communities have some older, more modestly priced homes and units with lower monthly rents these units are not necessarily occupied by low- or moderate-income households. HUD reports data for an affordable housing measure known as affordability mismatch which can be used to compare household income to housing prices. This measure can be used to identify housing price points where there may be an undersupply or oversupply and point to market opportunities where gaps could be filled. Affordability mismatch measures:
- The number of housing units in a community with rents or home values affordable to households in various income tiers;
- The number of households in each income tier; and
- The number of households living in housing priced above their income tier.

Viewing housing affordability in terms of income and cost (affordability threshold) serves as a proxy for understanding the challenges households face to afford adequate housing. To gauge whether owner and renter units in the Region are aligned with household AMI and affordability, RKG calculated the number of households that fall into each AMI category and compared it to the number of owner and renter units affordable at those income limits.

Table 15 shows the affordability analysis based on a three-person owner-occupied household. Given that just under 59% of all owner households in the Region earn at or above 100% of AMI, there is a shortage of units priced to what those households could technically afford. Some of this is related to the Region's market dynamics where many ownership units are valued at less than the average sales price. From an affordability standpoint, many homes across the Region are valued at less than $150,000 making the ownership market more affordable to a wider range of incomes. The issue is the age and quality of that housing stock may not appeal to all buyers in this price range.

Table 15 - Owner Price to Affordability Comparison

| Category | Income Threshold | Owner Households | % of Total | Fee Simple Home Price | Owner-Occupied Units | Surplus/ Deficit |
|---|---|---|---|---|---|---|
| 30% AMI | $21,720 | 11,777 | 12% | $80,663 | 14,620 | 2,843 |
| 50% AMI | $34,550 | 10,448 | 11% | $128,311 | 14,667 | 4,219 |
| 80% AMI | $55,250 | 16,967 | 18% | $205,186 | 29,806 | 12,839 |
| 100% AMI | $76,700 | 13,208 | 14% | $256,622 | 9,409 | -3,799 |
| 120% AMI | $82,875 | 6,787 | 7% | $307,779 | 9,592 | 2,805 |
| 120%+ AMI | $82,876 | 35,858 | 38% | $307,780 | 16,951 | -18,907 |
| Source: ACS 2014-2018, HUD | | | | | | |

Although this analysis does show a surplus of housing available to households at the lowest income tiers, many households at 30% and 50% of AMI struggle to enter the homeownership market without some assistance. They may lack the down payment necessary to cover mortgage requirements, they may not have a high enough credit score, and if they are able to enter the market the homes available to them may need rehabilitation and upgrades.

It is also worth noting this analysis was completed for a three-person household which carries higher income thresholds across each AMI category than one- or two-person households. If singles or two people wanted to purchase a home, it is likely their choices at the 30% and 50% AMI categories would be extremely limited and likely show a deficit. With the growth in one- and two-person households region-wide, homeownership options for smaller households should be a consideration going forward.

On the rental unit side, Table 16 shows a deficit of 5,324 units priced to households earning at or below 30% of AMI. This is a trend seen not only in the Region, but nationally as well. These units tend to be deed restricted and managed by public entities such as housing authorities. With limited funds for constructing and preserving these units, there are typically affordability gaps at this income level. Like what was described in the owner-occupied affordability section above, the renter analysis is also set to a three-person household with higher income thresholds. A one- or two-person household earing at or below 30% of AMI would have even more difficulty finding an affordable unit as their income would be lower and therefore could afford fewer rental units across the Region.

Table 16 - Renter Price to Affordability Comparison

| Category | Income Threshold | Renter Households | % of Total | Monthly Rent | Rental Units | Surplus/ Deficit |
|---|---|---|---|---|---|---|
| 30% AMI | $21,720 | 14,272 | 33% | $543 | 8,948 | -5,324 |
| 50% AMI | $34,550 | 7,659 | 18% | $864 | 15,223 | 7,564 |
| 80% AMI | $55,250 | 8,300 | 19% | $1,381 | 15,173 | 6,873 |
| 100% AMI | $76,700 | 1,400 | 3% | $1,918 | 2,491 | 1,091 |
| 120% AMI | $82,875 | 5,365 | 13% | $2,072 | 339 | -5,026 |
| 120%+ AMI | $82,876 | 5,901 | 14% | $2,072 | 723 | -5,178 |
| Source: ACS 2014-2018, HUD | | | | | | |

At the upper end of the rental market there is a deficit of 9,113 units priced for households at or above 100% of AMI. Again, this is the result of most rental units in the Region being priced between $500 and $1,000 a month. While there are renter households that could afford higher rents, they may be more inclined to rent a single-family home over an apartment unit if the prices are similar.

# Broadband Infrastructure

## ACCESS AND DIGITAL DIVIDE

*This section investigates the broadband infrastructure in the Region and identifies any gaps and barriers to its deployment.*

The U.S. Department of Housing and Urban Development defines the term "broadband" as high-speed, always-on connection to the Internet or also referred to as high-speed broadband or high-speed internet. A critical component of a broadband analysis is to address the need for access for low and moderate-income residents in the communities they serve. Access to computers that are connected to high-speed internet have become integral to how most Americans live their lives, receive information, and conduct business. As more and more information portals, service providers, and public resources transition to online platforms, digital inequities can surface with low-income households often left feeling the impact of the digital divide. Disparate access to computers and high-speed internet can correlate with the inequality of household income, race, ethnicity, and educational attainment. The lack of high-speed internet can also be detrimental to economic development efforts in low-income areas as it reduces capacity for residents to work from home, start home-based businesses, and develop entrepreneurial enterprises.

## AMENITY VALUE

Across the Region the major population centers tend to have access to broadband infrastructure, although interviews with local stakeholders indicated that access by neighborhood and income level vary considerably and leave some residents without quality service options. Rural portions of the region do not have such robust infrastructure or competition between providers. Many rural areas have monopolistic providers and slower speeds. Broadband infrastructure is a key amenity for attracting both employers and residents to the area. With the increase in working from home, households need stable and high-speed access to the internet. The value of this resource cannot be understated as the jobs of the future, particularly those in Healthcare, Professional Services, and Insurance require broadband access.

## REGIONAL BROADBAND

Although broadband coverage and service is available for nearly the entire Region, there are disparities between the quality of broadband available in rural and urban areas. One of the most important elements regarding broadband is choice of provider and speed. In the urban areas of the Region like the cities of Roanoke and Salem, there are greater numbers of broadband providers. According to data from the Federal Communications Commission (FCC), there are more than five providers which offer speeds of greater than 25/3 Megabits per second (Mbps).

Conversely, the more rural parts of the Region, particularly Franklin County and Roanoke County tend to have a limited number of broadband service providers. The lack of service providers tends to result in monopolistic pricing and slower speeds. One of the reasons for this lack of broadband infrastructure is the topographic challenges of the area. Also, the cost of installing the infrastructure associated with broadband maybe prohibitive since the population of rural areas tends to be sparse.

Additionally, pricing becomes an issue in rural areas, as many households are moderate income and many not be able to afford the monthly service. To overcome the financial challenges, some providers assist residents who qualify for lower-cost broadband plans. For example, AT&T currently offers the "Access Program" which provides low-cost residential internet service to qualifying households that have at least one resident who participates in U.S. SNAP and resides at an address within AT&T's service area. This program provides 3-5 Mbps internet service speeds at a cost of $10 per month.

Broadband is an important amenity for households and employers alike. This technology has become a necessity to keep up with technological change. The role of broadband internet is now like a utility, where it is a basic requirement for households and businesses. Whether used for school, work, or recreation, the internet is a platform which connects people to the rest of the world and unleashes human creativity and productivity.



Number of Fixed Residential Broadband Providers

0    1    2    3    4    6    12 or more
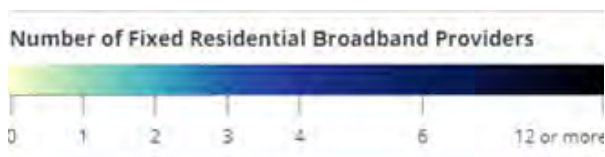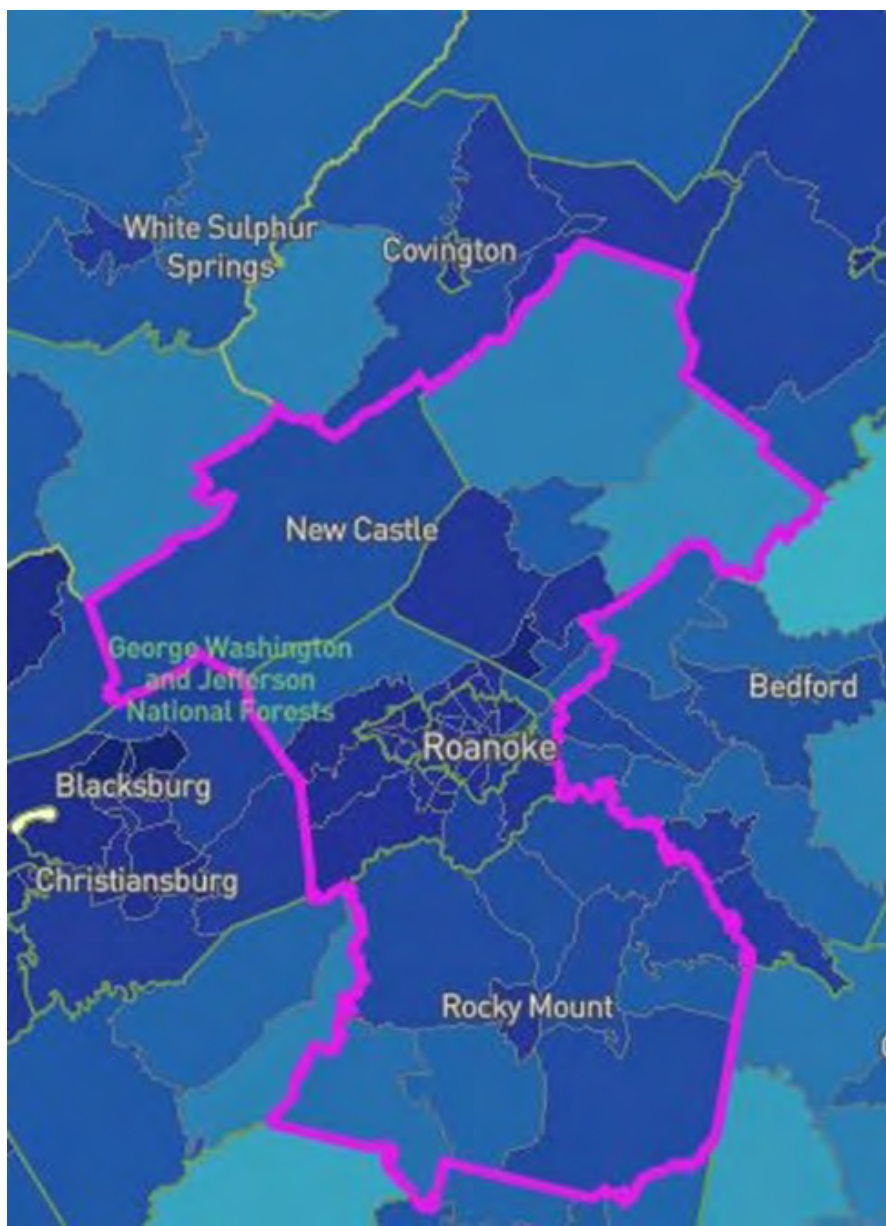
# Barriers to Addressing Housing

## MARKET BARRIERS

*To address gaps across the Region's housing market, several barriers will need to be addressed. For the purposes of this analysis and to inform future strategies in each of the subareas, we have organized current barriers into four categories:  Market, Financial, Regulatory, and Coordination.*

### LOWER HOUSEHOLD INCOMES

With a median household income of $54,062 and 22% of households having a median income of less than $25,000 a year, spending power on housing purchases or rents is limited for many. As housing prices and rents continue to climb, the need for affordable housing grows. These units are often the most challenging to produce and require deep subsidy or regulatory relief plus a development entity that is knowledge-able about the financing, construction, and long-term management of af-fordable units. The lower incomes of many households can be a market barrier to producing housing in an environment where costs are often higher due to land availability, environmental constraints and slope, and available infrastructure.

### HOUSING PRICES AND COMPS

With the Region's median sales price of $188,700, the construction of new single-family homes or significant rehabilitation of homes in exist-ing neighborhoods with lower housing values could be challenging for some developers/builders. Combining the purchase price of the house/land, demolition of the structure, and construction of a new home could put the sales price of the new home above local comps in the market. This may make it financially challenging for a developer or builder, as well as for the financial institution backing the loans. From the buyer's perspective, it may be challenging to obtain an acquisition and reha-bilitation loan if the value of the home plus the value of renovations exceeds local comps.

# FEWER OPPORTUNITIES FOR GREENFIELD DEVELOPMENT

There are fewer large, vacant tracts of land available, particularly those without topographic challenges and infrastructure, to support new development. This makes redevelopment of existing land and buildings a possible path forward, however with most redevelopment efforts, a certain level of development intensity is necessary to create financial returns the market will accept. This requires proactive zoning and good communication with the community about the benefits of redevelopment projects.

# MARKET PRICE DISTORTION FROM THE SALE OF SECOND HOMES

Market distortions from seasonal housing is influencing housing prices in certain parts of the Region, particularly in Franklin County. Across the Region, 30% of all vacant units are classified as Units for Seasonal/Recreational use removing a portion of the year-round housing stock that would typically be available to permanent residents. In the Smith Mountain Lake area, a new single family home on average sells for nearly 46% more than existing single family homes, with the median sale price of a new home in 2019 of $693,498 compared to $474,300 for an existing home. Sales prices of homes found in the Smith Mountain Lake area are about 75% higher than those found in the rest of Franklin County creating challenges for low- to moderate-income households who may want to live in this area. As the number of seasonal units continues to rise, housing availability, particularly affordably priced housing will become more limited.

# DECLINE IN 35 TO 44 YEAR-OLD POPULATION

Between 2013 and 2018, the number of residents between the ages of 35 and 44 decreased by 9%. Historically, this age cohort is at peak family formation and are a potential buyer pool for starter homes or larger homes representing a move up in the market. The continued decline in this population could potentially impact home purchases, home prices, and the vacancy rates across the Region.

# FINANCIAL BARRIERS

Financial barriers refer to the access to capital needed to fund housing development, access to financing to purchase a home, resources to address housing inequities and challenges, and the financial feasibility of rehabilitating the existing housing stock in certain parts of the Region. Financial barriers to housing development include:

## REHAB AND ACQUISITION

Rehabilitation of the older housing stock is difficult to execute because it requires a concerted effort on the part of homeowners, the availability of financing, and coordinated efforts by municipal officials. Rehabilitation is difficult from the homebuyer side because financial resources are not always available for renovation projects. While some lenders offer construction financing, lending terms may not be favorable to low- to moderate-income households who are unable to pay the loan back on top of an existing mortgage. While there are programs which help homeowners finance rehabilitation costs, these funds are limited.

There are also challenges for potential buyers of homes that need rehabilitation work. In areas where housing rehabilitation has not occurred and home values are lower, it can be difficult for lenders to find comparable properties to justify a combined rehab and acquisition loan. Oftentimes, gap financing is needed through a flexible funding source to help make up the difference between what a lender is willing to offer and the amount the homebuyer needs for repairs. This may also disproportionately impact low- to moderate-income households who may not have cash on hand to complete the needed rehabilitation on the home.



## DEVELOPMENT FEASIBILITY

The financial feasibility of revitalizing and redeveloping older neighborhoods, building on infill lots, or undertaking new development is a barrier. The cost of land, materials, and construction are significant, especially with the topographic challenges in parts of the Region and the availability of infrastructure and utilities. The risks associated with larger projects can be high, particularly in untested markets where there are fewer local builders willing to take risks. Financial feasibility concerns limit the potential of new developments to include affordability components, as developers opt to build higher priced housing to mitigate risk and increase returns.

# FUNDING RESOURCES

Funding to support housing programs and initiatives is limited in many cases to those available through local taxation or development fees, state funding dedicated to housing, tax credit programs, and federal housing programs like CDBG or HOME funds. Providing new affordable housing options will take a concerted effort and leveraging a variety of funding resources. This will be a key barrier to implementation and one that will require a coalition of government, non-profits, faith-based organizations, and private investors.

# LENDING CRITERIA AND ACCESS TO FINANCING

Homebuyers are challenged by increasing levels of personal debt, diminished savings, and stricter lending requirements by financial institutions due to the housing crisis. Purchasing power constraints limit the ability of households to buy homes or undertake major renovations to existing homes. Younger householders who carry large student loan debt coupled with price escalations in the housing market make homeownership difficult to attain and can result in greater numbers of renter households. For low- and moderate-income households, obtaining and maintaining a qualifying credit score can also be a challenge to accessing financing.

# REGULATORY BARRIERS

*Regulatory barriers refer to the policies and regulations placed on residential development by local, county, and/or state government that may be impeding the construction of certain types of housing product. This may be related to zoning, subdivision controls, permitting, or building codes. Regulatory barriers to housing development include:*

## INTEGRATING AFFORDABLE HOUSING

Integration of affordable housing can be challenging in markets where housing prices (sale or rents) are not enough to subsidize the inclusion of affordable units on its own. There may be a need for localities to revisit zoning regulations and permitting processes to look for ways to offset the inclusion of affordable units with mechanisms like a density bonus, expedited permitting, or reduced fees.

## ZONING ORDINANCES

Across the Region, zoning ordinances vary with some offering property owners quite a bit of flexibility from a residential perspective, including allowing a range of housing types to be built. While other ordinances are more restrictive and regulate the types of housing allowed (e.g., single family only). There is demand in the Region for housing, both large and small size units. Localities in the Region should revisit their zoning ordinances to ensure they are calibrated to meet the future growth in households.

## ADAPTIVE REUSE AND CODE COMPLIANCE

Adapting older buildings to meet today's building codes and accessibility requirements can be very expensive, particularly for those buildings that could host a mix of uses. Improvements such as adding sprinklers, providing elevator access to upper floors, and making accessibility improvements often require a large amount of upfront capital that may take a long time to recapture in an area with lower residential and commercial rents. These required improvements can sometimes force property owners to keep upper stories vacant or limit the ability to fit out spaces for a different mix of tenants.

# COORDINATION BARRIERS

*Coordination barriers refer to the ability of stakeholders to come together and focus efforts and resources to help with the Region's housing challenges. Change is never easy nor is identifying funding to address challenging issues, but both require a coalition of leaders to come together and agree on priorities and direction. Potential coordination barriers include:*

## IDENTIFY FUNDING SOURCES

To address housing issues identified in this study, additional funding sources are going to be needed. The housing market, while growing, is not necessarily meeting the needs of all residents. The market may not course correct on its own in the short-term and there may be a need to identify subsidies to prime the market in areas that have not seen new investment or may not be supplying the diversity of housing choices needed to serve residents today and into the future. Raising additional funds, leveraging resources, or reallocating existing funding is never easy but may be necessary to address housing needs across the Region.

## REGIONAL COLLABORATION

Over the last two decades, private corporations such as financial institutions, major employers, and anchor institutions such as hospitals and universities have played an increasingly important role in improving and expanding affordable housing. Investments in low-income housing tax credit projects have been a primary contributor to building multifamily affordable rental units across the country. The Region has a need to expand both the amount and type of affordable housing as well as the pool of funding available for such projects. The challenge now is for the Region to take charge of those challenges and begin seeking a larger partnership between government, philanthropy, and the private sector. This is a best practice in many places across the country who are working collaboratively to invest in larger, more complex community and economic development solutions.

The concept of leveraged capital, when a small amount of initial capital is made available to attract additional resources, is not new to the affordable housing industry. Most affordable housing built since the early 1990s has been financed by private equity investments seeking low-income housing tax credits and market rate returns. What is new to the community development sector are the innovations created through co-investment opportunities between the public and private sectors.

In the Region, partnership between local government, affordable housing providers, institutions, employers, non-profits, VHDA, and the RVARC will be critical to addressing housing needs going forward.

# Recommendations for Future Housing Programs

To address the identified barriers across the Region's housing market, several high-level recommendations for future housing program are identified and elaborated upon. Greater detail regarding local housing strategies can be found in the locality documents which accompany this Regional study.

## HOUSING REHABILITATION

The older housing stock across the Region was identified as a key issue. This is particularly true as older housing units tend to need continual maintenance otherwise these structures will begin to deteriorate. The rehabilitation of older housing stock is difficult to execute because it requires a concerted effort on the part of property owners, the availability of financing, and coordinated efforts by municipal officials. Additionally, a continued stream of funding is necessary to ensure the continuity of a program and the ability to meet goals.

The Region, and each subarea, should work toward improving upon, or starting housing rehabilitation programs. Existing low- and moderate-income households have trouble in securing housing, and any new programs should be targeted towards these groups. Housing rehabilitation programs can be targeted to property owners to help bring to code structures that are in disrepair. Across the Region, the total number of Vacant Other units is 6,385 which accounts for 33% of all vacant units. These units are in various states of disrepair and if targeted programs were created to fix these units and put them back on the market, some housing pressures could be relived particularly in the future when the Region will experience a growing demand for housing.

## EFFECTIVE ZONING

Zoning can help ensure that that community needs and wants are reflected in the built environment; however, for zoning to be effective it must be both clear and in-line with the market. If the zoning is ineffective, then development that meets the needs of the community will not result. Across the Region, zoning ordinances vary, with some offering property owners quite a bit of flexibility from a residential perspective. While other ordinances are more restrictive and regulate housing, typologies allowed (e.g. multifamily, mixed use). Localities in the Region should revisit their zoning ordinances to ensure they are calibrated to meet the needs of the future.

A Regional program could be created which helps municipalities obtain a zoning diagnostic and review. This could help communities revise their zoning ordinances and provide more clarity to users. Funding for such a program could come from through the pooling of local CDBG monies, or grants. The benefit of this type of program is that it can help communities pivot towards the future.

# REGIONAL COORDINATION

Housing is a regional issue particularly in the RVARC where there are multiple employment centers, and residents commute long distances for work. In the Region, greater partnership between local governments, affordable housing providers, institutions, employers, non-profits, VHDA, and the RVARC will be critical to addressing housing needs going forward. This is a best practice in many places across the country who are working collaboratively to invest in larger, more complex community and economic development solutions.

One approach towards ensuring coordination is to establish a Regional Housing Committee. This committee could be composed of key stakeholders in the Region who work toward the goal of providing more housing in the Region. The committee could work with individual localities to document and provide direction toward helping each community fulfill their housing needs. Funding for such a committee could come from each locality and well as the RVARC.

Regional coordination would also help in bringing about truly affordable housing by targeting resources towards specific projects which meet the need for regional housing. Through the Regional Housing Committee, affordable projects could be prioritized to ensure they get built. The Low-Income Housing Tax Credit (LIHTC) program is a competitive program in which developers can secure tax credits to help finance their projects. A Regional Housing Committee could help developers looking to build low-income by supporting their application process at the state level.

Through a regional approach towards development, capital can be pooled for specific projects or goals. The concept of leveraged capital, when a small amount of initial capital is made available to attract additional resources, is not new to the affordable housing industry. Most affordable housing built since the early 1990s has been financed by private equity investments seeking low-income housing tax credits and market rate returns. What is new to the community development sector are the innovations created through co-investment opportunities between the public and private sectors.

# REGIONAL APPROACH TO INFRASTRUCTURE

Given the topographic and geographic challenges in the Region, the cost of delivering basic infrastructure is high. Across the Region there are large disparities in infrastructure such as water, sewer, and broadband between communities. Urban locations such as the cities of Roanoke and Salem tend to already have the infrastructure in place, while more rural areas like Franklin County have yet to achieve the same level of infrastructure as their regional counterparts. This disparity in infrastructure hinders the development of housing as well as blocks potential economic opportunities.

Long-term commitment to capital investment and maintenance of infrastructure is vital to achieving a more prosperous, accessible, livable, and sustainable future. Through a regional approach, area leader can build upon the region's infrastructure systems, which include, water, energy, and broadband. By coming together, the Region can forge consensus for major infrastructure investments, and promote these investments as policy priorities. Working together on infrastructure can unlock the potential of the Region, particularly regarding housing as different typologies are need in the future, many of which may not be supportable in areas lacking infrastructure. Any regional strategy should include the Roanoke Valley Broadband Authority and the Western Virginia Water Authority.

# Countywide Housing Study

## Franklin County, Virginia

This study provides demographic, economic, household, and housing analyses outlining the shifting market dynamics across the County.

Franklin County
*A Natural Setting for Opportunity*

Roanoke Valley-Alleghany
REGIONAL commission

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Each of the 10+ interviewees that took time to speak with us and discuss the challenges and opportunities facing Franklin County.

# EXECUTIVE SUMMARY

RKG undertook an analysis of Franklin County's housing market and compared key metrics to the Roanoke Valley-Alleghany Region (the Region) which is made up of the following localities: Alleghany, Botetourt, Craig, Franklin, and Roanoke Counties; the Cities of Covington, Roanoke, and Salem; and the Towns of Clifton Forge, Rocky Mount, and Vinton. This study provides demographic, economic, household, and housing analyses outlining the shifting market dynamics across Franklin County. This study points to several challenges Franklin County is facing as it works to address housing needs which include:

- The county's population has consistently grown over 50 years, with the percentage of elderly population increasing.

- Households composed of one- two-, and three-persons comprise a large share of households across the county and have grown in number over the last five years.

- The current supply of housing units is larger than the number of households in the county which has resulted in a high level of vacancy.

- The county has many vacant housing units that are classified as seasonal, limiting the number of potential housing units available for year-round residents. Additionally, housing units located in areas with high seasonal use have substantially higher market prices which tend to distort price points for more traditional homebuyers across the rest of the county.

- Industries with the greatest numbers of employees do not pay wages sufficient to purchase existing homes at median sales prices. Across the county, the median sales price of a home is around $270,000 which means to comfortably purchase a home a household needs an income of around $80,000 per year.

- Median rents in the county are increasing. In 2018, the median gross rent increased 11% from 2013. The average rent for a single-family home is around $1,000 per month, while rents in multi-family buildings averaged $860 per month. Mobile homes comprise about 26% of the rental housing stock.

- Only 13% of all households in the county are considered cost burdened and 11% are considered severely cost burdened. This is very similar to (although slightly less than) the Region.

- The number of households that qualify for affordable housing outstrips the current supply, particularly for those households at or below 30% of area median income (AMI).

- Market demand and financial feasibility challenges make construction of new subdivisions or different types of housing difficult when factoring in topographic and infrastructure (water and sewer) challenges.

- Financial resources for housing programs are limited, forcing all levels of government to make decisions for how to prioritize limiting (and in some cases shrinking) funding sources.

To address some of these issues, RKG compiled a set of strategies each informed by a county-wide analysis, interviews and focus groups, and an assessment of existing housing resources and programs. Priority strategies the county should consider to address housing issues and opportunities include:

- Utilize zoning to allow or incentivize housing production with particular attention given to diversifying housing choices like missing middle housing options, cluster infill zoning, and accessory dwelling units.

- Work to establish a regional coordinating body or group for housing that can bring entities across the region together to work on housing regulations, financing, policy, and education.

- Ensure the preservation of existing affordable housing and look at regulations, financing, and incentives to boost the production of additional affordable housing options.

- Establish an affordable housing trust fund as a flexible funding tool for housing programs geared toward low- and moderate-income households across the county.

- Establish a residential rehabilitation program, potentially in partnership with a regional entity to provide funds for rehabilitating older homes.

- Continue to fund infrastructure projects that will improve, enhance, and unlock development sites for residential uses.

FRANKLIN COUNTY HOUSING STUDY
# STUDY STUCTURE

This section of the study presents an overall introduction to the project, its purpose, and role in helping analyze and understand the housing market in Franklin County and the Region.

## Introduction

Across Franklin County, and nationally, home prices have risen significantly over the last decade. The recovery from the Great Recession has led to a general uptick in homebuying and renting. In many markets, supply has not kept pace with demand, which is only expected to increase over time. Circumstances have occurred in which home values and rents have risen faster rate than wages in many communities, leaving families and individuals priced out of the marketplace for housing.

Housing affordability and price security are critical components for creating places where residents can live comfortably without feeling stretched financially. As housing prices and rents rise alongside most other monthly expenses, more and more households are having a tough time adjusting to the rising cost of living. This creates a situation where households become cost burdened and are forced to spend more than the recommended 30% of their monthly income on housing-related costs. For many households, this can create a ripple effect where other monthly expenses are scaled back or cut out completely. Food, healthcare and wellness, transportation, and childcare are some of the basic household needs that can go unmet in the face of rising housing costs.

Understanding the economic landscape both in the marketplace and across demographic groups can help policymakers identify needs and align and direct the requisite resources towards priority areas. Across Franklin County, economic opportunity varies as do incomes; rural and urban communities may have different needs, but a central commonality is that housing is a fundamental need which also defines a community – a collection of households living area. Ensuring that housing is available and affordable to all income levels is critical for growing and sustaining communities across the state.

This study, which was commissioned by the Roanoke Valley-Alleghany Regional Commission (RVARC), provides information on housing challenges within Franklin County and the Roanoke Valley-Alleghany Region.

## Project Purpose

The goal of the Franklin County Housing Study is to analyze, identify, and prioritize needs and gaps in the rental and for-sale housing market. This study, convened by RVARC and conducted with the assistance of a Housing Study Stakeholder Group made up of key stakeholders, aims to paint a county and regional picture of the housing landscape through rigorous quantitative and qualitative data analysis and synthesis. The results will help decision makers adjust, add, or reconfigure existing programs and strategies to match the needs of current and prospective residents.

## Role of Study

The Franklin County Housing Study is a compilation of county and regional analyses relating to demographics, socioeconomics, and housing. It identifies data points and highlights key findings. The purpose of the document is to allow policymakers at the local and regional level to understand the historical, current, and future challenges to housing across Franklin County. The quantification of issues, especially those related to housing supply and demand, are important for imparting regional change. Please note that the terms "affordable", "obtainable" and "workforce" housing are generally used interchangeable throughout the document to describe housing that is within the economic reach of households with about average or below average incomes.

The study utilizes knowledge gained from extensive data analysis to examine the challenges facing the housing market. The study includes a land suitability analysis, which helps identify housing barriers and gaps, as well as a detailed housing strategy section in which strategies are identified that have the potential to overcome the identified challenges.

# PRIOR PLANS AND KEY FINDINGS

Several housing studies, plans, and market studies have been completed across the Roanoke Valley-Alleghany region within the last five to seven years. This section of the study provides an overview of key findings from four prior housing studies that include:

- Alleghany Highlands Region Comprehensive Housing Analysis
- Botetourt County Market Analysis
- Ferrum Housing Needs Assessment and Housing Plan
- Route 419 Town Center Residential Market Study

## Alleghany Highlands Region Comprehensive Housing Analysis

This study completed in 2019 for the Alleghany Highlands Region included several key takeaways from the analysis. The primary conclusion is the lack of new housing development is not related to housing demand, but instead housing supply. There is a potential housing market in the Highlands region but there is a lack of developers bringing new product to the market, much of which is predicated on the regional economy strengthening and growing.

The second conclusion is there are several available, publicly-owned development sites that could be used to accommodate both single-family and multifamily housing for families and older adults. While public officials have recognized and supported plans for new housing development, there has not been a concerted effort to properly zone sites and ensure infrastructure is in place to facilitate development.

Lastly, there is a need for large employers in the area to assist in housing development strategies through a joint marketing effort. The region needs to work to ensure employees (new and existing) are aware of future housing opportunities and should conduct periodic surveys of employees around housing preferences to pass along to home builders in the area. This could help market the region to these employees, but also provide builders with a sense of market potential and pent-up demand.

## Botetourt County Market Analysis

This study completed in 2019 for Botetourt County was intended to identify new housing opportunities for new employees who are projected to work in the county over the next 5+ years. Of the 1,200 new employees expected across the county, most are likely to have annual incomes at or below $45,000. Many of these workers will require rental housing and/or affordable housing, particularly those that comprise single-income households. The new home market in the county is at a price range of $250,000 and above which would exceed what a $45,000 income could support. The study also identified a severe lack of quality rental housing in the county, and limited housing options across the broader region. Key findings from this study include:

- The general lack of affordable housing, particularly rental housing, will limit the county's ability to attract new employees to live in the county.

- The county has limited land zoned for apartment unit development and current zoning density for multifamily housing is likely too low to attract developers and meet financial return expectations.

- There are few sites today that are readily available for apartment unit development, but several, with rezoning, that could serve the county's needs. Readying these sites is key to serving the county's housing needs.

## Ferrum Housing Needs Assessment and Housing Plan

This study completed in 2020 for Ferrum was intended to provide a detailed description of the demographics, economics, and housing inventory of Ferrum and the surrounding area that impacts Ferrum. The findings from this study, included below, were then used to provide a recommended housing plan to be considered for implementation. Key findings in this study include:

- There is limited availability within the existing housing inventory with a shortage of units available to both owner and renter households at varying levels of affordability. Housing product should be diversified to include single-family homes and multifamily buildings.

- Adopting a regional approach to housing solutions would benefit all involved. Many of the housing challenges around availability and affordability exist beyond the boundaries of Ferrum.

- A regional approach would also help to attract commuters to Ferrum and Franklin County. Local employers, chambers, economic development officials, and real estate professionals should work together to market the area to commuters.

- Prioritize efforts to develop/redevelop vacant sites and buildings, particularly those already served by infrastructure. Local government entities may want to develop a list of sites to market to the development community.

- Support housing that would allow senior residents to downsize into housing that would better accommodate their needs. This should include a mix of both rental and for-sale product such as apartments and condominiums.

- Support efforts to develop new single-family housing and couple that with first-time homebuyer assistance programs.

## Route 419 Town Center Residential Market Study

This study completed in 2016 was intended to identify the market potential and optimum market position for new housing units that could be developed within the proposed Route 419 Town Center area in Roanoke County. The study identified market potential for up to 500 units over a five-to-seven-year absorption period. The recommendation of the study was to concentrate new residential development on the higher-density housing types which could be more easily integrated into the commercial development already existing in the study area.

The study recommended the split of the 500 units include 70% multifamily rental housing units, 14% multifamily condo units, and 16% single-family attached units (townhomes). With this mix of housing types, the study recommended targeting empty-nesters and retirees, younger singles and couples, and traditional and non-traditional families. Price points were projected to be in range with what the county is already experiencing where 72% of all multifamily units would be priced below $1,500 per month. The study also recommended 80% of all for-sale units be priced at $250,000 or less.

The market position for the study area is predicated on a walkable town center design that can attract people, differentiate itself from other areas of the market, and command higher rent and sale prices. The town center area would not only need to be a walkable place, but also contain a mix of uses that would appeal to renters and buyers across the income and age spectrum. The study identifies the ability of walkable town centers to command a price premium of 35% on rental products and 15% on for-sale condos.

# DEMOGRAPHIC ASSESSMENT

This section of the study explores key data measures such as changes in population and population by age, changes in household composition, shifts in education levels, changes in household income, employment patterns, and changes to the industrial economy. These data points, and more, are used to evaluate the needs of today's residents and those who may choose to locate here in the future. The heart of this analysis is grounded in empirical data but is supplemented by knowledge gained from interviews with stakeholders described in more detail throughout the study.

## Population

Between 1970 and 2010, the population of Franklin County grew by 109%, rising from around 27,000 to about 56,000. Over the same period, the Roanoke Valley-Alleghany Region (Region) grew by only 31%, indicating that Franklin County was one of the region's primary drivers of growth. The rapid population growth coincided with national trends like suburbanization, while also being influenced by new economic opportunities in areas such as the manufacturing, healthcare, and education sectors. To accommodate this growth in population, new housing units were created across the county. Although the Region's growth rate was not as high as Franklin County's during this period, the trend line of positive growth followed a similar progression.

**Figure 1:  Population Change**



Population Change, 1970-2025
Source: National Historical Geographic Information System (NHGIS), Environmental Systems Research Institute (ESRI)
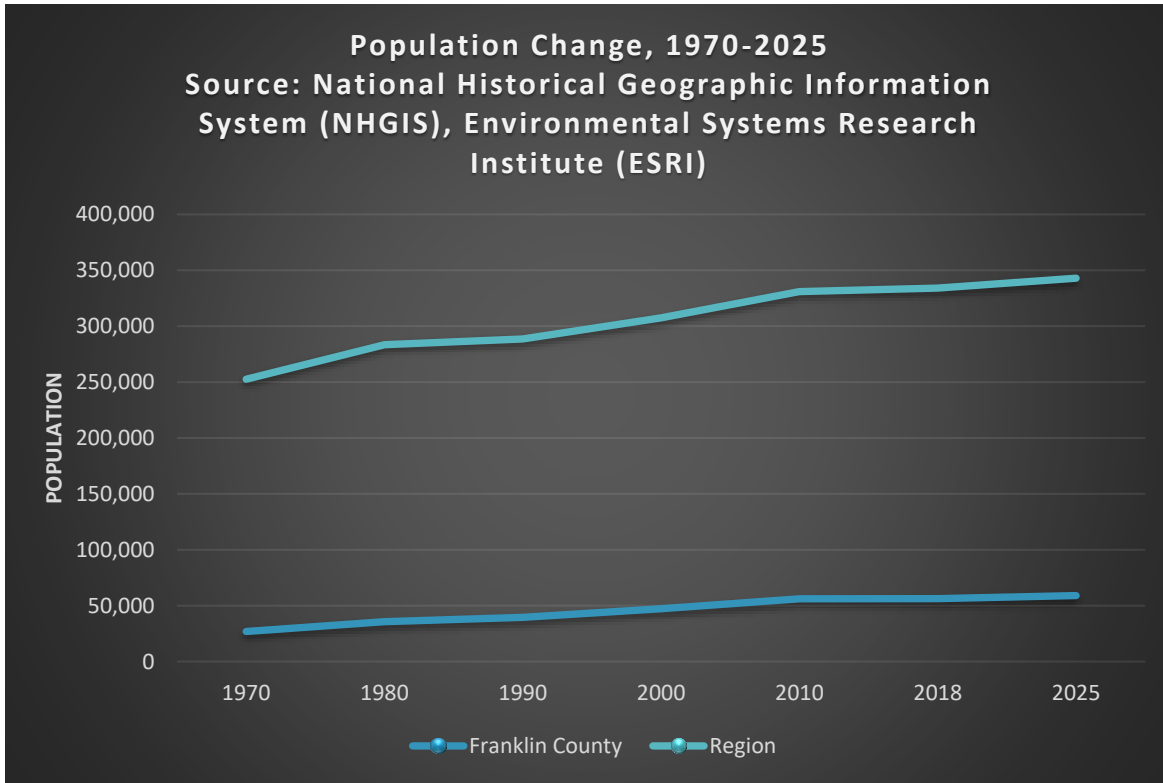
Over the last decade the county's population has stabilized. As of 2018, the population was 56,233 which was about the same as in 2010, while the Region increased its population by 1%. Looking forward, the population of Franklin County is projected to increase by 5% between 2018 and 2025, or about 2,800 residents. Compared to the regional projected growth of 3%, Franklin County's growth is faster and will therefore need to consider how and where these new residents can be accommodated.

## Population Change Map



**Road Type**
- Interstate
- Primary
- Blue Ridge Parkway
- Roanoke Valley Study Region
- Administrative Boundaries
- Water Bodies

**Population Change 2013 - 2018**
- -20% or more
- -10% to -20%
- 0% to -10%
- 0% to +10%
- +10% or more

Sources: Roanoke Valley-Alleghany Regional Commission, City of Roanoke, City of Salem, Roanoke County, Franklin County, Virginia Geographic Information Network, Dept. of Conservation and Recreation, Virginia Economic Development Partnership, US Census American Community Survey 5-year estimates

## Population by Age

Population by age is one way to look at the demographic makeup of a community through the balance and growth of different age cohorts and life cycles. Franklin County is experiencing an aging of its population through the attrition of both younger residents under the age of 24 and residents ages 35 to 54. The county has lost population across nearly all age cohorts under 55 years of age. These age cohorts are often important to a community's economy and housing market as they are of working age, may be more likely to own a home, and have children in the school system.
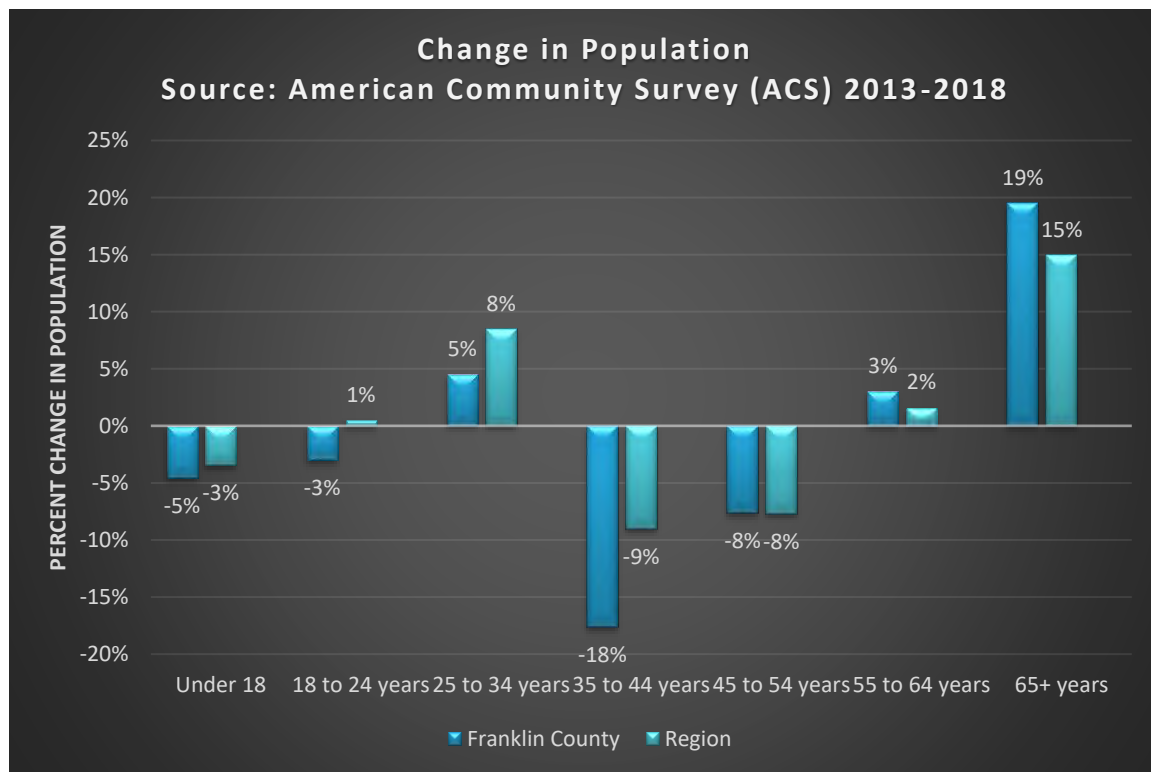
**Figure 2: Change in Population**



Between 2013 and 2018, the number of residents between the ages of 35 and 44 decreased by 18%, which is double the regional trend. These age cohorts are often filling jobs, renting or purchasing homes, and entering or are well within family formation years. These households are important to not only the housing market, but also the local economy by helping support the local commercial/retail market.

**Figure 3: Projected Change in Population**
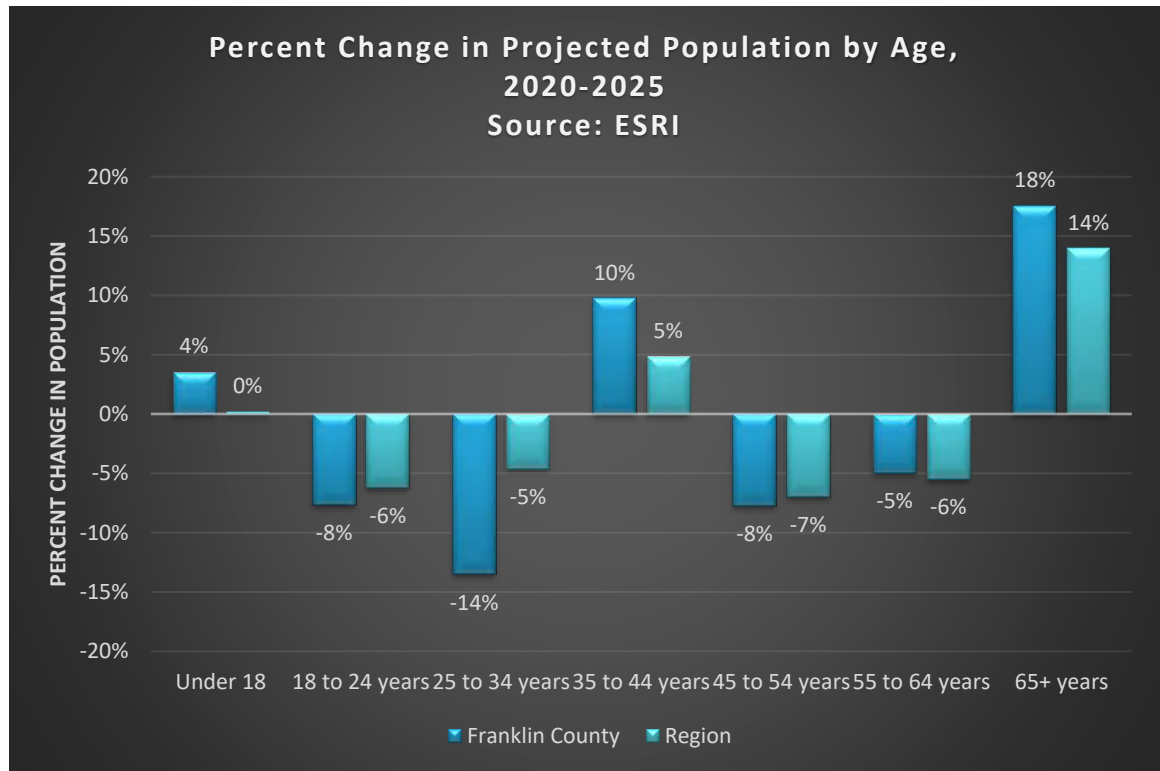


Population projections indicate seniors (65 years and older) comprise about 19% of the population today and are expected to grow 18% between 2020 and 2025. The growth in the senior population will have an impact on the housing supply as many seniors may like to age in place so long as an adequate housing supply is available which meets their needs. If not, it could result in a lack of housing turnover and tighten the available for-sale and rental supply. Additionally, the 35 to 44 age group is expected to grow by 10% which has the potential to increase demand for ownership units, as this group tends to be in peak family formation years.

## Race and Ethnicity

The overwhelming majority of residents in Franklin County are White, with 90% of the population identifying as White. Approximately 8% of the population identified as Black, while those identifying as Other account for about 2%. Both the White and Black populations experienced a decline between 2013 and 2018, while those identifying as Asian and Other saw respective increases of 47% and 43%. While the percent change may be high, in absolute numbers the Asian and Other racial categories account for about 800 individuals in total. Figure 4 shows the change in race from 2013 to 2018.

**Figure 4:  Change in Race**



Percent Change in Race
Source: ACS 2013-2018
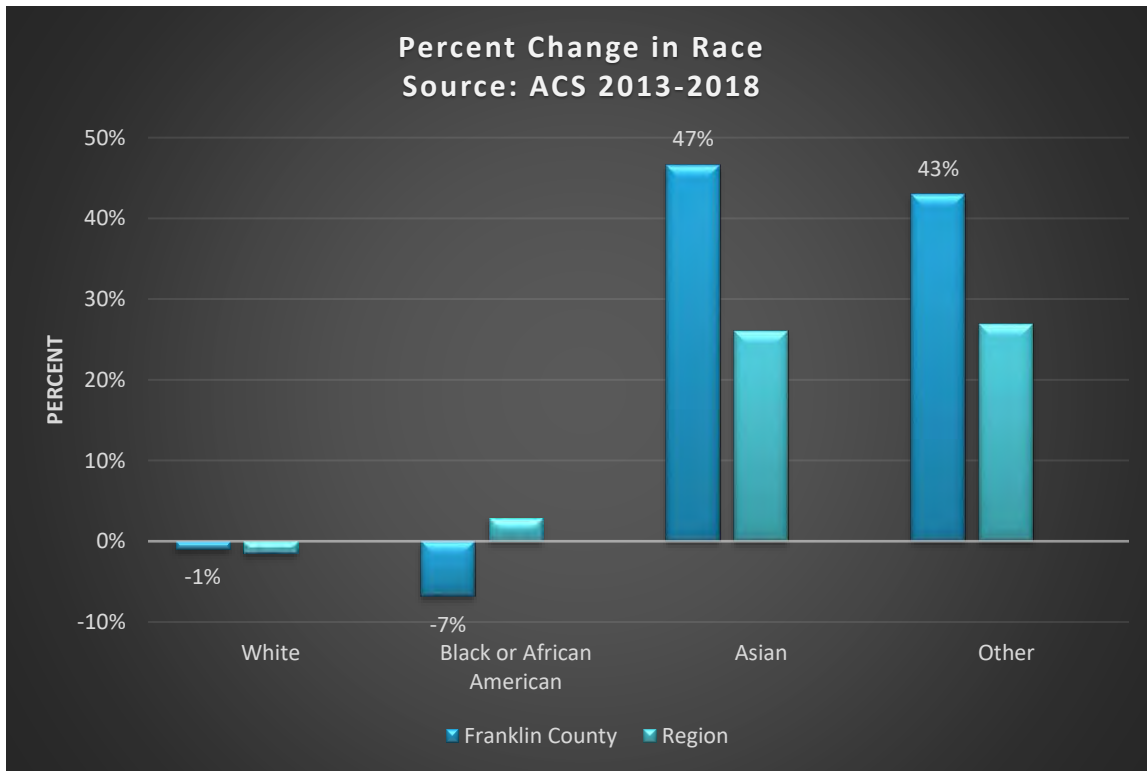
The county's Hispanic population rose by 6%, from 1,456 residents in 2013 to 1,548 in 2018. This change is much slower than the Region, which saw an increase of 16% over the same period.

## Education

Franklin County, in comparison to the Region, has a larger portion of its population (48%) with only a high school diploma or less, whereas across the Region only 42% have a high school diploma or less. Additionally, Franklin County lags the Region in the percentage of individuals who have completed bachelor's degrees or higher. Educational attainment is often associated with higher earnings which can translate to a greater ability to pay for housing costs.

As the employment market changed over time, the skill sets needed for new employment opportunities required higher levels of education. Looking at changes in educational attainment over time shows Franklin County's population with master's and professional degrees jumped 19% and 52%, respectively. At the same time there has been a decrease in the high school equivalent population. This may indicate the population is adapting to the needs of the local labor market.

**Figure 5: Educational Attainment**
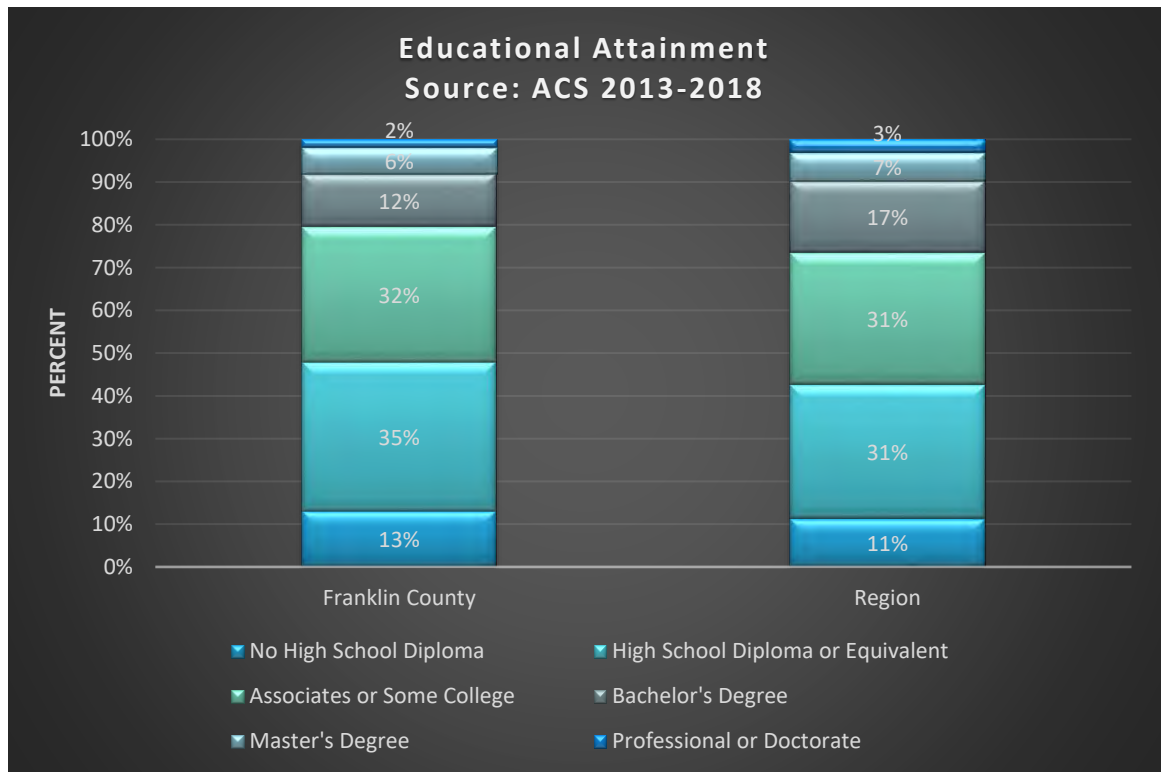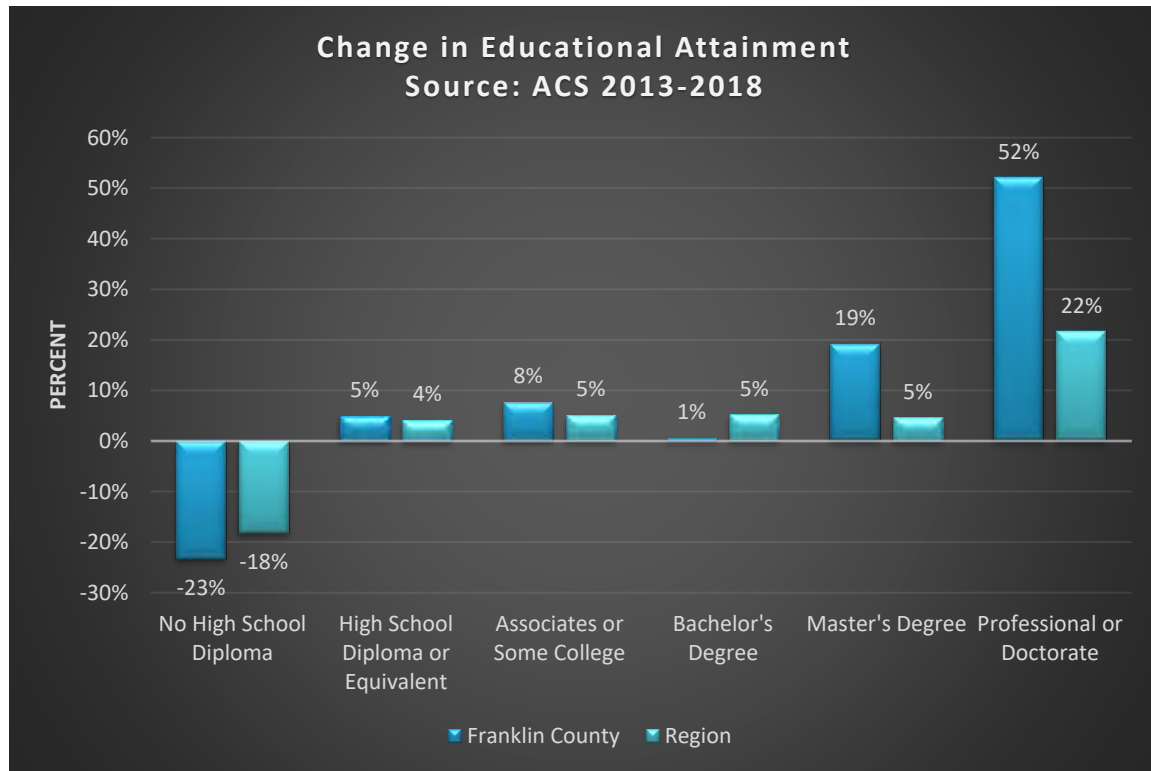


Educational Attainment
Source: ACS 2013-2018

Franklin County: No High School Diploma 13%, High School Diploma or Equivalent 35%, Associates or Some College 32%, Bachelor's Degree 12%, Master's Degree 6%, Professional or Doctorate 2%

Region: No High School Diploma 11%, High School Diploma or Equivalent 31%, Associates or Some College 31%, Bachelor's Degree 17%, Master's Degree 7%, Professional or Doctorate 3%

**Figure 6:  Change in Educational Attainment**



## Disabled Population

Federal laws define a person with a disability as "Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment." The Census classifies disabilities in the following categories: those having a hearing or vision impairment, ambulatory limitation, cognitive limitation, and self-care or independent living situation.

In Franklin County, 15% of the population has one or more of the Census defined disabilities, this translates into 8,423 individuals. The largest concentration of disabled individuals can be found in the 35 to 64 age group which has 3,369 disabled individuals and accounts for 40% of all disabled individuals in Franklin County. Figure 7 presents data on the disabled population by age.

**Figure 7:  Disabled Population by Age**
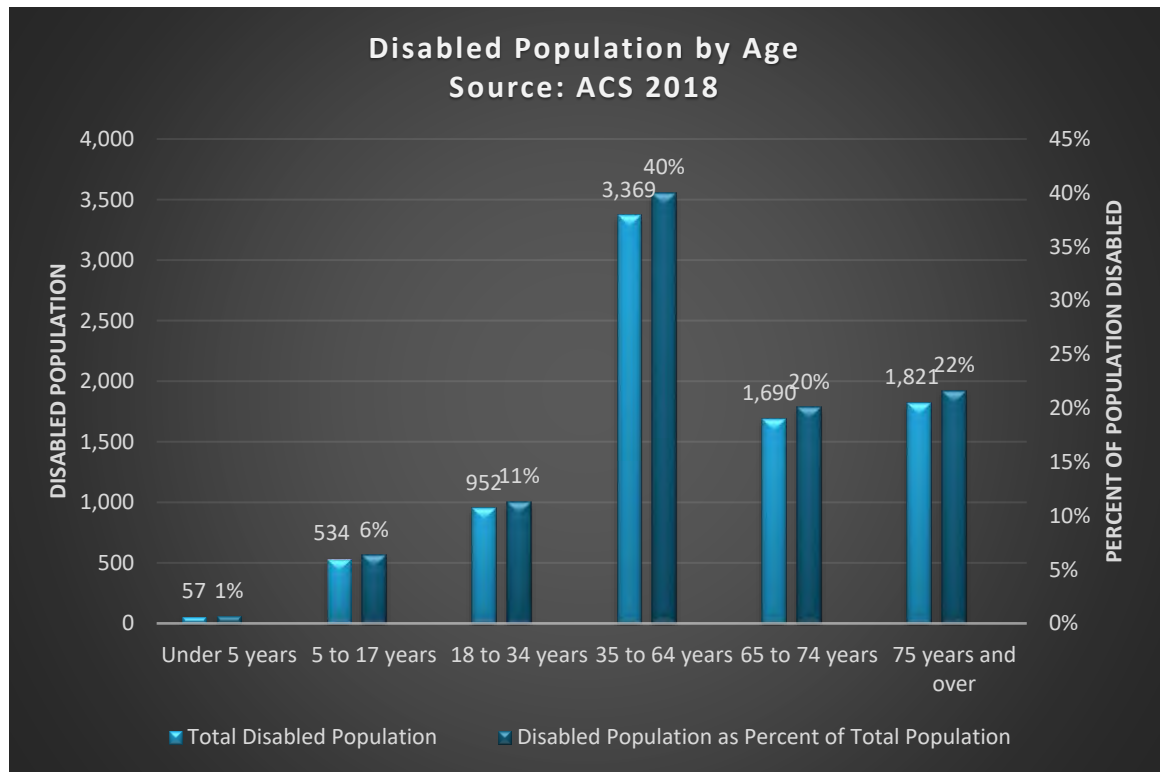


Not surprisingly, the senior population in Franklin County shows many disabled individuals, with 3,511 individuals identifying as disabled. Of the senior population, 22% of individuals 75 years or older have disabilities. The senior population is of special concern as they tend to live on fixed incomes and have higher healthcare costs which may limit the amount of money they could spend on housing. Disability, in particular mental health disabilities, can make it difficult to earn enough to afford adequate housing. While those with disabilities can qualify for Supplemental Security Insurance (SSI) and Social Security Disability Insurance (SSDI), these programs alone may not prevent the disabled from experiencing housing instability.

The need for home accessibility and other services for people with disabilities in Franklin County is critical given the large population. Improved survival rates and increased longevity among persons with disabilities combined with an aging population and the inaccessibility of older homes are indicators of a growing need for services provided by local organizations and the government. Recognizing the housing and service needs these populations require is critically important. Disabled residents often rely on long-term care and wrap-around services, which are an individually designed set of services supporting children with serious emotional disturbance or serious mental illness and their families that includes treatment services, personal support services or any other supports necessary to maintain the child in the family home.

## Homeless Population

To understand the existing homeless population in Franklin County, data was obtained from the Department of Housing and Urban Development (HUD) which showed the demographics of the homeless population, as well as the number of beds available in the jurisdiction. The HUD data is a compilation of data provided by local Continuums of Care's (CoC) which are typically non-profit or governmental entities dealing with homelessness. Data for homelessness in Franklin County is contained within the HUD Balance of State data. This data is the aggregation of all areas not classified as cities, or regions, and therefore it is not possible to separate information strictly for Franklin County.

Based on Point-in-Time (PIT) data there were 761 homeless individuals in the Balance of State, which encompasses Franklin County.  There were 389 persons in households with only adults, which accounts for 51% of the homeless population. While households with children accounted for 49% of the homeless population, translating into a total of 372 persons. About 84% of the homeless population is sheltered, while only 16% remain unsheltered. Table 1 presents data on the homeless population.

| Table 1: Homelessness Population in Balance of State | | | | |
|---|---|---|---|---|
| | Sheltered | | | |
| Homeless Categories | Emergency Shelter | Transitional Housing | Unsheltered | Total |
| Persons in households without children | 271 | 18 | 100 | 389 |
| Persons Age 18 to 24 | 27 | 2 | 6 | 35 |
| Persons Over Age 24 | 244 | 16 | 94 | 354 |
| | | | | |
| Persons in households with at least one adult and one child | 260 | 88 | 24 | 372 |
| Children Under Age 18 | 171 | 60 | 15 | 246 |
| Persons Age 18 to 24 | 7 | 3 | 1 | 11 |
| Persons Over Age 24 | 82 | 25 | 8 | 115 |
| | | | | |
| Persons in households with only children | 0 | 0 | 0 | 0 |
| | | | | |
| Total Homeless Persons | 531 | 106 | 124 | 761 |
| Source: HUD Point in Time Data, VA-521 Virginia Balance of State Continuum of Care (CoC), 2019 | | | | |

Based on data provided by CoCs operating in the Balance of State, there were a total of 1,280 beds available for homeless individuals, with 60% of beds found in emergency shelters and 40% of the beds located in permanent housing facilities. Based on the number of homeless individuals found across the Balance of State, the existing infrastructure to house the homeless is operating at nearly 60% capacity.

| Table 2: Homeless Housing Inventory in Balance of State | | | | | | | |
|---|---|---|---|---|---|---|---|
| Unit Types | Family Units | Family Beds | Adult-Only Beds | Child-Only Beds | Total Year-Round Beds | Seasonal | Overflow/ Voucher |
| Emergency, Safe haven and Transitional Housing | 178 | 517 | 246 | 0 | 763 | 100 | 25 |
| Emergency Shelter | 128 | 351 | 235 | 0 | 586 | 100 | 25 |
| Transitional Housing | 50 | 166 | 11 | 0 | 177 | N/A | N/A |
|  |  |  |  |  |  |  |  |
| Permanent Housing | 97 | 289 | 228 | 0 | 517 | 0 | 0 |
| Permanent Supportive Housing | 3 | 8 | 94 | 0 | 102 | N/A | N/A |
| Rapid Re-Housing | 94 | 281 | 125 | 0 | 406 | N/A | N/A |
| Other Permanent Housing | 0 | 0 | 9 | 0 | 9 | N/A | N/A |
|  |  |  |  |  |  |  |  |
| Total | 275 | 806 | 474 | 0 | 1,280 | 100 | 25 |
| Source: HUD Housing Inventory County Report, VA-521 Virginia Balance of State Continuum of Care (CoC), 2019 | | | | | | | |

The Balance of State has been effective in preventing a rise in the number of unsheltered homeless. Data from the CoC showed a low incident of unsheltered homeless with about 16% of the recorded homeless population going unsheltered, and of those unsheltered homeless, most refuse to engage in accessing resources. In many cases, multiple mental health barriers prevent individuals from obtaining and maintaining housing. Across the Balance of State, there are non-profits targeting their resources to help alleviate the plight of the homeless population. Additionally, services are available which help transition the homeless population towards long-term stability.

| Table 3: Homelessness by Race in Balance of State | | | | |
|---|---|---|---|---|
|  | Sheltered | | | |
| Race | Emergency Shelter | Transitional Housing | Unsheltered | Total |
| Black or African-American | 189 | 50 | 48 | 287 |
| White | 301 | 43 | 65 | 409 |
| Asian | 6 | 0 | 0 | 6 |
| American Indian or Alaska Native | 6 | 0 | 2 | 8 |
| Native Hawaiian or Other Pacific Islander | 1 | 0 | 0 | 1 |
| Multiple Races | 28 | 13 | 9 | 50 |
| Total | 531 | 106 | 124 | 761 |
| Source: HUD Point in Time Data, VA-521 Virginia Balance of State Continuum of Care (CoC), 2019 | | | | |

The PIT data from the Balance of State showed that 38% (287 individuals) of all sheltered and unsheltered homeless individuals were Black/African American, while 54% (409 individuals) of the homeless population were White. Franklin County has a relatively small Black/African American population, which indicates that they are overrepresented in the homeless population.

## Households

The Census Bureau defines a "household" as one or more people living in a housing unit and includes a variety of living arrangements. From a historical perspective, Franklin County experienced a spurt of household growth, with the number of households increasing by 197% between 1970 and 2010, with much of the growth happening between 1970 and 1980. Like the population growth rate, household growth has slowed considerably over the last 10 years. This slow growth can be attributed to the changing economic conditions as incomes and opportunities have rebalanced from the days of high growth led by the manufacturing industry and migration of households from larger urban areas.

**Figure 8:  Household Change**
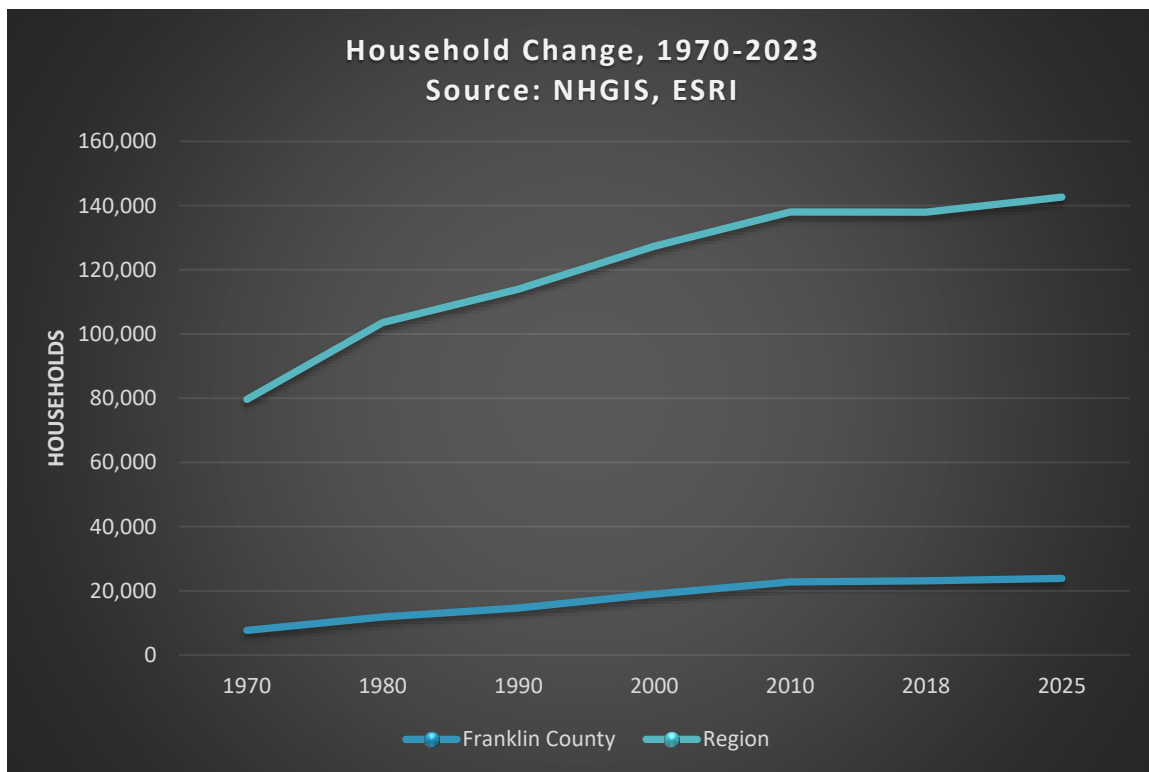


In 2018, the county had 23,104 households. Future projections show the county could add an additional 759 households (3%) by 2025.[1] These same projections show households region-wide also increasing by 3% over the next five years.

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[1] ESRI, 2020

| Table 4: Projected Total Households | | | | |
|---|---|---|---|---|
| Community | 2018 Estimates | 2025 Projections | Change | Percent Change |
| Franklin County | 23,104 | 23,863 | 759 | 3% |
| Region | 137,942 | 142,643 | 7,701 | 3% |
| Source: ESRI, 2020 | | | | |

## HOUSEHOLD SIZE

Household sizes are an important consideration because they provide insight and an understanding of what types of housing units are needed to accommodate today's residents and those who may choose to locate here in the future. An example might be a larger five-person household would require more bedrooms than a two-person household. Traditionally in the county, ranch style housing and mobile homes offer three bedrooms and one bathroom, which is enough for households of five or less. Apartments, of which there are relatively few in the county, tend to have two- or three-bedrooms and are priced similarly, in some instances, to a mortgage payment for a single-family home. Due to the pricing differential, non-family households comprised of roommates sometimes choose to rent single-family homes because of the additional space.

Figure 9:  Households by Type and Size
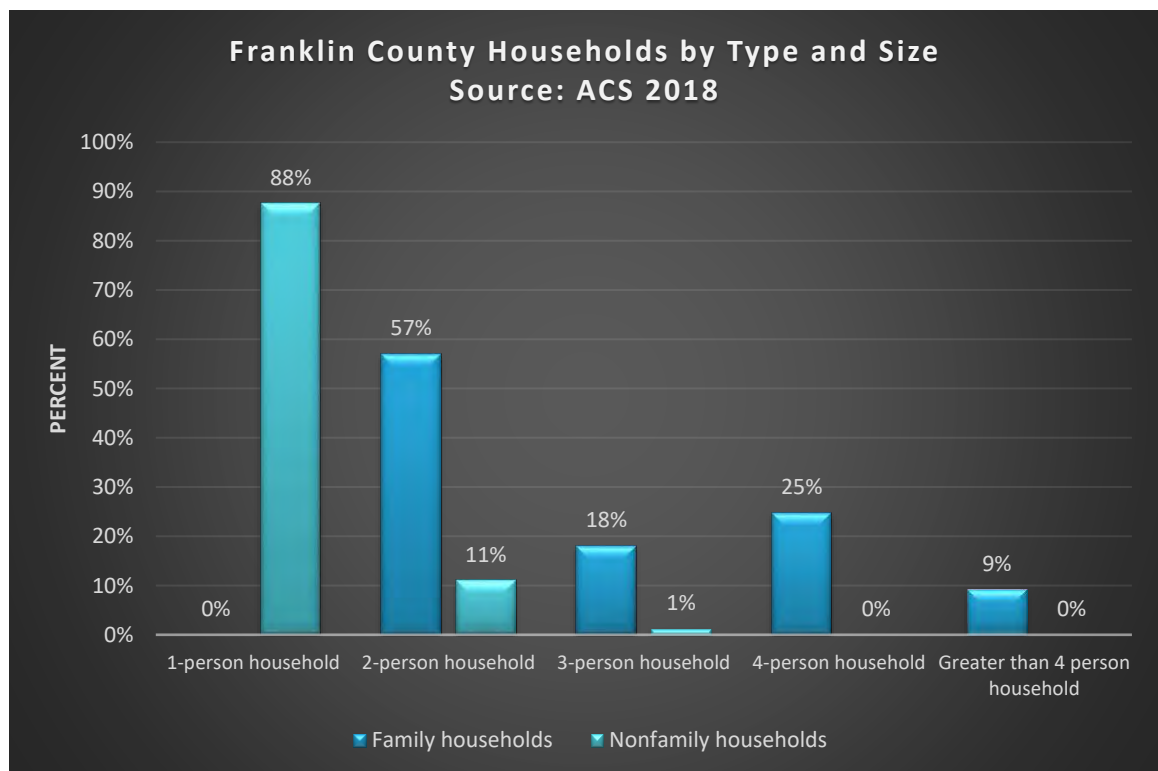


According to the Census, households can be defined as either family or non-family. Family households are comprised of two or more related individuals whereas non-family households are comprised of unrelated people living together (such as housemates), and single individuals. In Franklin County, most family households (75%) are comprised of two or three members. Most

non-family households are single individuals which account for nearly 88% of non-family households.

While many households in Franklin County are one- and two-person households, some changes in household size have occurred over the past five years. Three-person family households decreased by 19% between 2013 and 2018, and 2-person family households have increased by 6% over the same period. Conversely, the number of non-family households with three persons grew from 30 to 86, an increase of 187%. This may indicate a greater number of individuals sharing their living space with non-family members possibly out of economic necessity or economic practicality/choice.

# ECONOMIC ASSESSMENT

Economic issues such as changes in income, employment, commuting patterns, and the overall economy are explored in this section of the study. Much of the analysis is grounded in data which is supplemented by knowledge gained from interviews with stakeholders described in more detail throughout this section of the study. The economic baseline analysis provides the context and history of Franklin County to set the stage for the housing market analysis which follows.

## Socioeconomics

### INCOMES

Household income directly influences the ability of residents to secure housing that is affordable and available to them. Household income can influence housing prices if an influx of higher income households enter the market over time, or conversely leave the market over time. As of 2018, the median household income in the county was $52,639, which was about $1,500 less than the region's median income. This income differential is relatively small from a housing affordability perspective, as the region's median income would only add about $35 per month in purchasing power for a renter household. It is important that over time incomes are compared to housing costs to ensure increasing price points do not over low- and middle-income households.

**Figure 10:  Median Household Income**
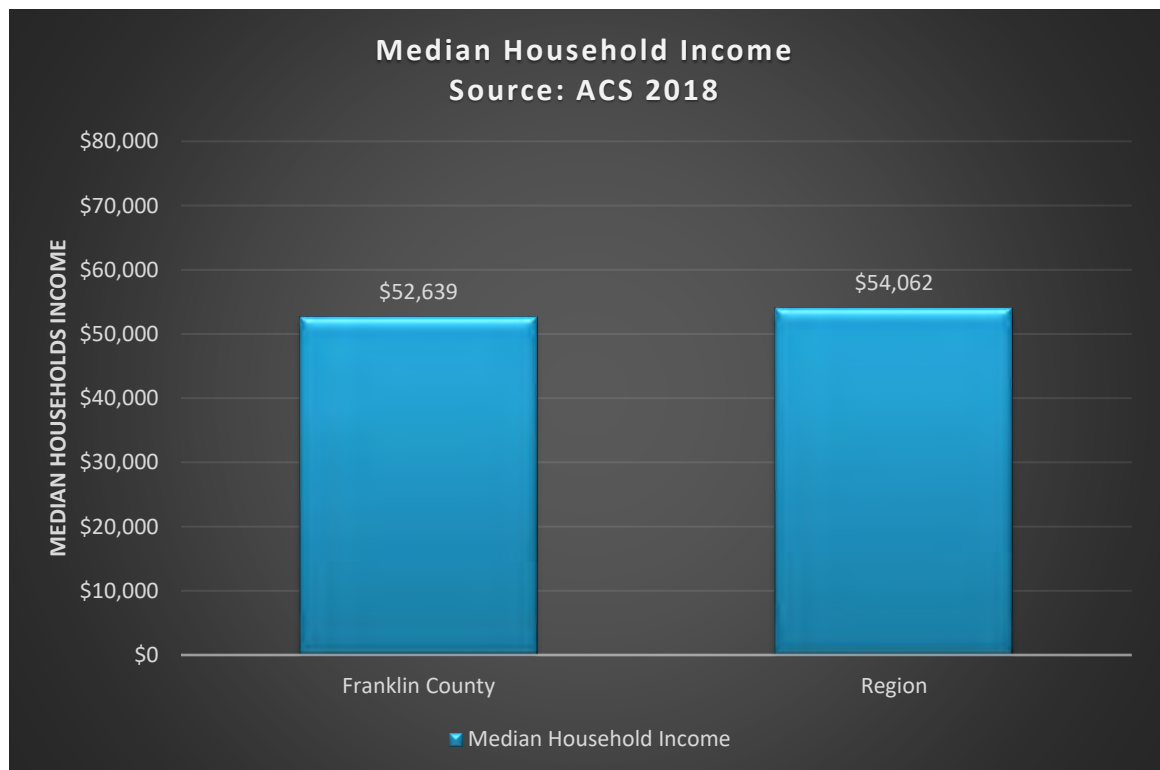
Cost burdening, which is a circumstance where a household pays 30% or more of their income toward housing costs is a reality for lower-income households across the county. Higher housing costs crowd out disposable income for other necessities such as food, healthcare, and transportation. About 33% of Franklin County households earn less than $35,000 a year, compared to 26% of households in the Region. The higher percentage of lower-income households in Franklin County requires proactive measures to ensuring safe and affordable housing for households at all income levels.

Looking at the distribution of households by income cohort over the last five years shows the county experiencing a loss of households with incomes below $50,000. Of households making less than $50,000, there was a 30% decrease within the cohort earning between $15,000 and $25,000 per year. While the county is losing households at the lower end of the income spectrum, it is gaining households earning more than $100,000 per year. The increase of higher income households can be explained in part by the expansion of the Manufacturing sector. Employers in this sector have a range of employees at various income levels, and those hired as skilled manufacturers, engineers, and managers tend to have higher incomes, particularly because of the premium associated with their skills and education.

Figure 11: Change in Median Household Incomes

# HOUSEHOLD INCOME CHANGE MAP



**Road Type**

— Interstate
— Primary
— Blue Ridge Parkway
▭ Roanoke Valley Study Region
▭ Administrative Boundaries
~ Water Bodies

**Median Household Income Change 2013 - 2018**

■ -$12,000 or more
■ -$6,000 to -$12,000
■ $0 to -$6,000
■ $0 to +$6,000
■ +$6,000 or more

0   2.5   5   10
Miles

N

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept. of Conservation
and Recreation, Virginia Economic Development Partnership,
US Census American Community Survey 5-year estimates

Modest growth of real incomes is a challenge both in Franklin County and across the United States as a whole. Franklin County saw median household incomes grow by 15% between 2013 and 2018, during which the Region grew by 16%. While impressive, the growth in income is not outpacing the cost of housing. As housing costs continue to rise, incomes must as well, or households will be forced to spend more on housing leaving less for other expenses.

| Table 5: Growth in Median Household Income, 2008-2018 | |
| --- | --- |
| Community | Growth Rate |
| Franklin County | 15% |
| Region | 16% |
| Source: ACS 2008- 2013, 2014-2018, B19013, "Median Household Income in the Past 12 Months", and RKG Associates, Inc. | |

Looking forward, incomes in Franklin County are projected to grow. Between 2020 and 2025, the county's median household income is projected to grow by 4%, slightly less than the Region's growth rate of 5%. This future growth may be attributed to the investment employers are making locally in Franklin County and surrounding areas. As more manufacturers are attracted to the area and establish operations, there is potential for further employment opportunities for both Franklin County residents and non-residents.

| Table 6: Projected Median Household Incomes | | | | |
| --- | --- | --- | --- | --- |
| Community | 2020 Estimates | 2025 Projections | Change | Percent Change |
| Franklin County | $52,342 | $54,225 | $1,883 | 4% |
| Region | $53,448 | $56,124 | $2,676 | 5% |
| Source: ESRI, 2020 | | | | |

## WORKERS

In Franklin County, there are a total of 12,313 jobs which is inclusive of both private and government employment.[2] Of that total, 5,782 people come from outside the county to work, while 6,531 live and work within the county. Aside from those working within the county, approximately 11,216 residents (63%) travel outside the county for employment, making the county a net exporter of labor. The large number of people leaving the county for jobs can be explained by the proximity of large employers in the City of Roanoke and Roanoke County.

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[2] OnTheMap, 2020

**Figure 12: Worker Inflow and Outflow**
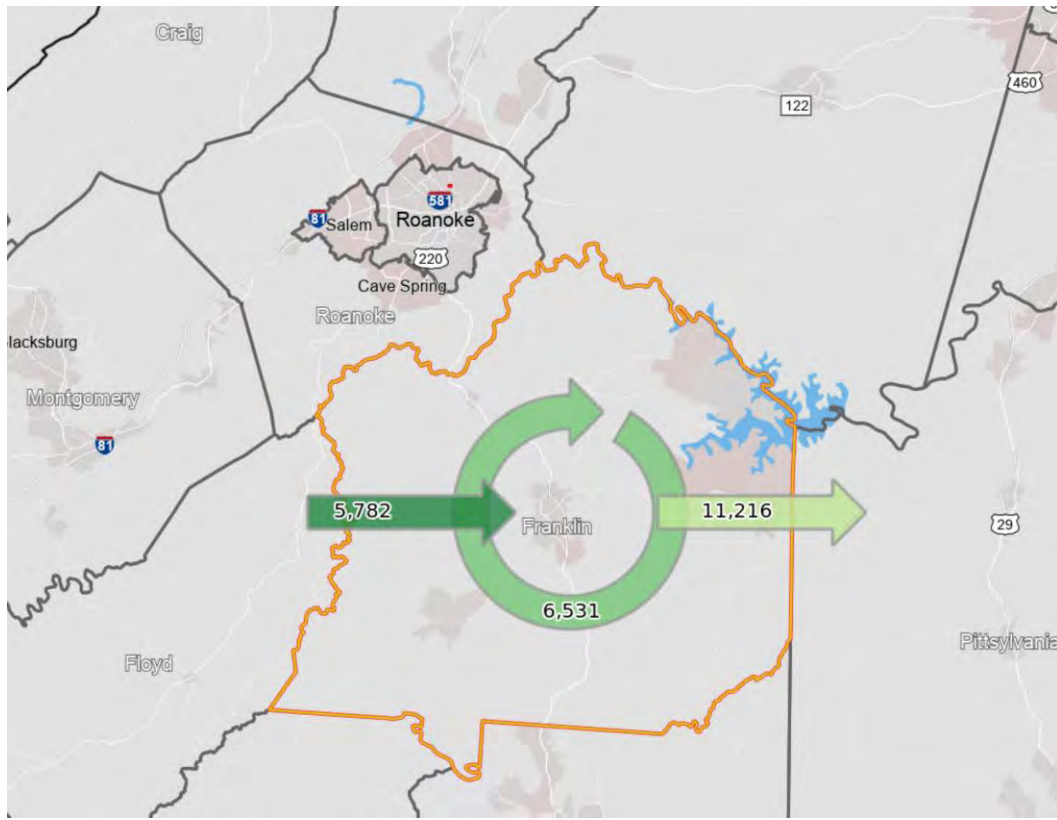


Understanding how many employees are in Franklin County and what types of employment opportunities exist can help explain some of the activity within the housing market. One of the key linkages between employment and housing is how many individuals are employed in an area and where they commute from. This is important because it reflects whether the county can attract and retain workers locally, and what role housing may play in workers being able to live and work in the county. If workers are also residents, then their disposable income gets circulated locally, otherwise the county may not capture that direct impact on the local economy. In contrast, when workers commute to an employment destination, much of their personal spending does not occur in the community where they work, but rather where they live.

**Figure 13:  Top Five Employee Capture Areas**
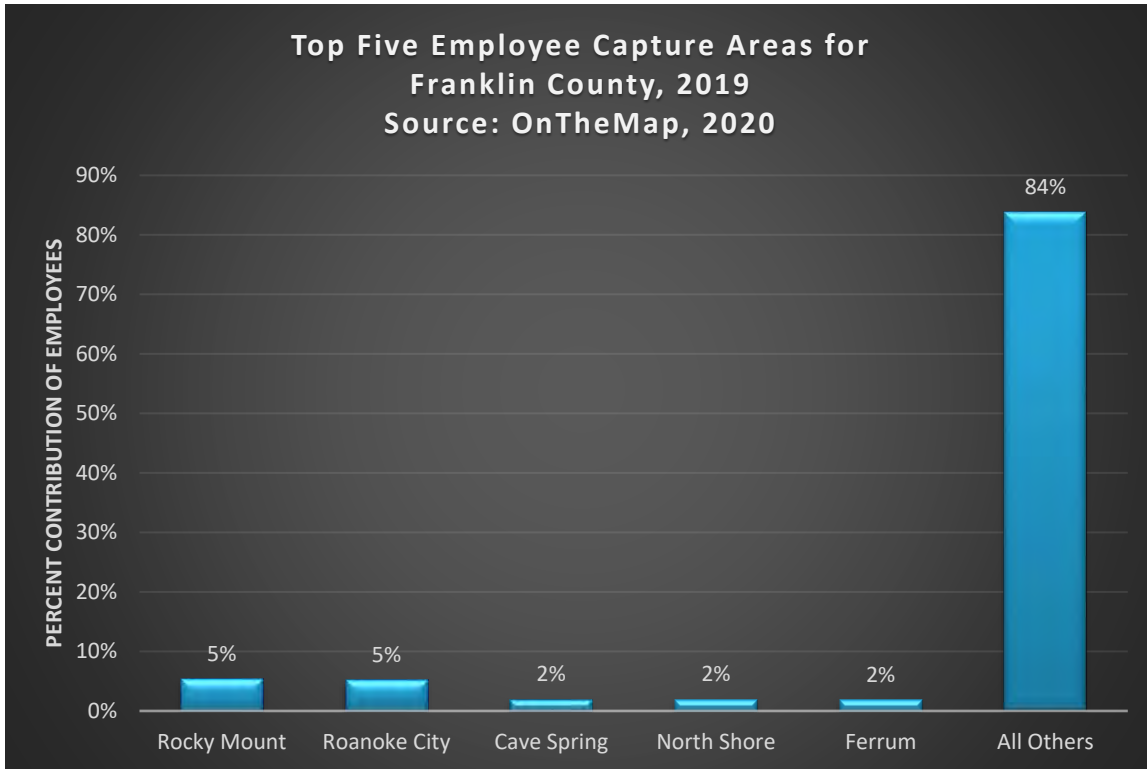


As mentioned previously, nearly 5,782 workers commute to Franklin County. The vast majority (84%) live in communities adjacent to the county. Based on the data, about 635 individuals commute from Roanoke City for jobs in Franklin County, accounting for slightly more than 5% of the total non-resident workers.

**Figure 14: Top Five Employment Destinations**
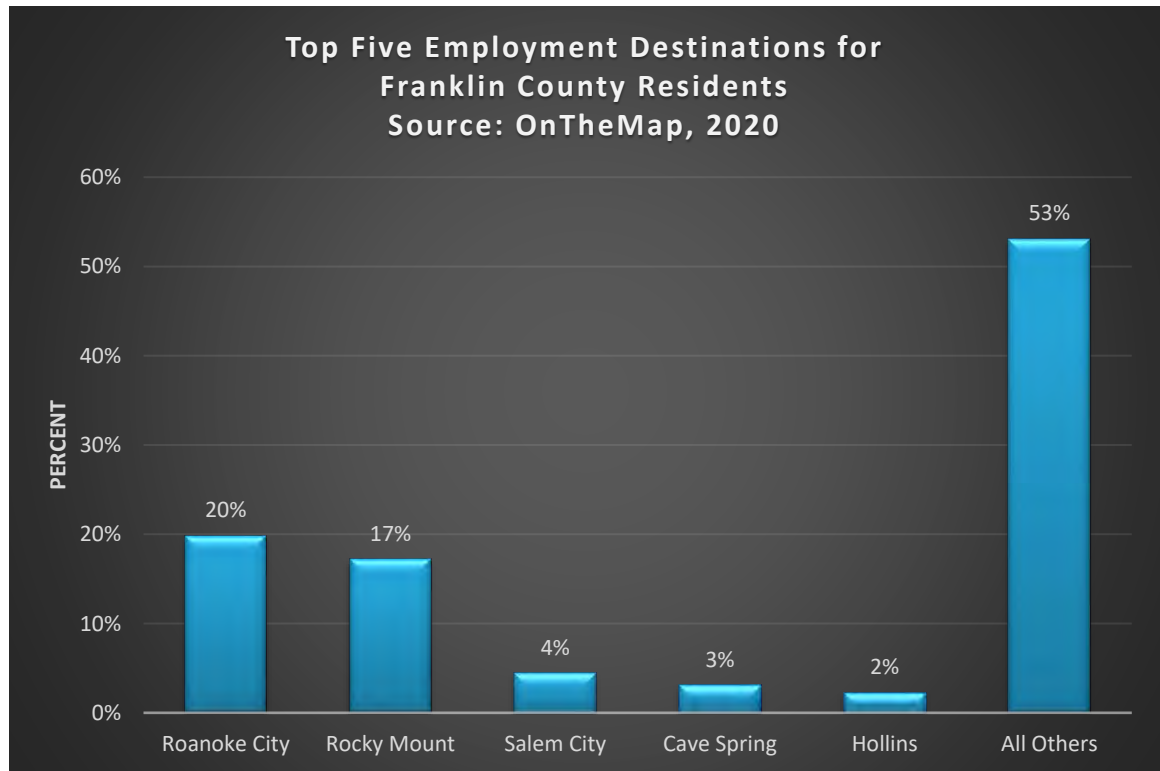


About 53% of residents live and work in Franklin County indicating a strong employment base. The second largest employment location for Franklin County residents is Roanoke City, which makes sense as it is one of the largest employment centers in southwestern Virginia with a diversity of employers such as universities, hospitals, and major corporations.

## INDUSTRIES

In Franklin County, employment is clustered in a few main industries. Figure 15 presents the top five employment sectors across the county. As a percentage of total employment, Manufacturing is the largest industry sector with 17% of all jobs. The second largest employment sector is Government, which accounts for 14% of all jobs. The Other category is made up of the remaining North American Industry Classification System (NAICS) sectors not in the top five job producing industries. This category accounts for 39% of the total employment in the county.
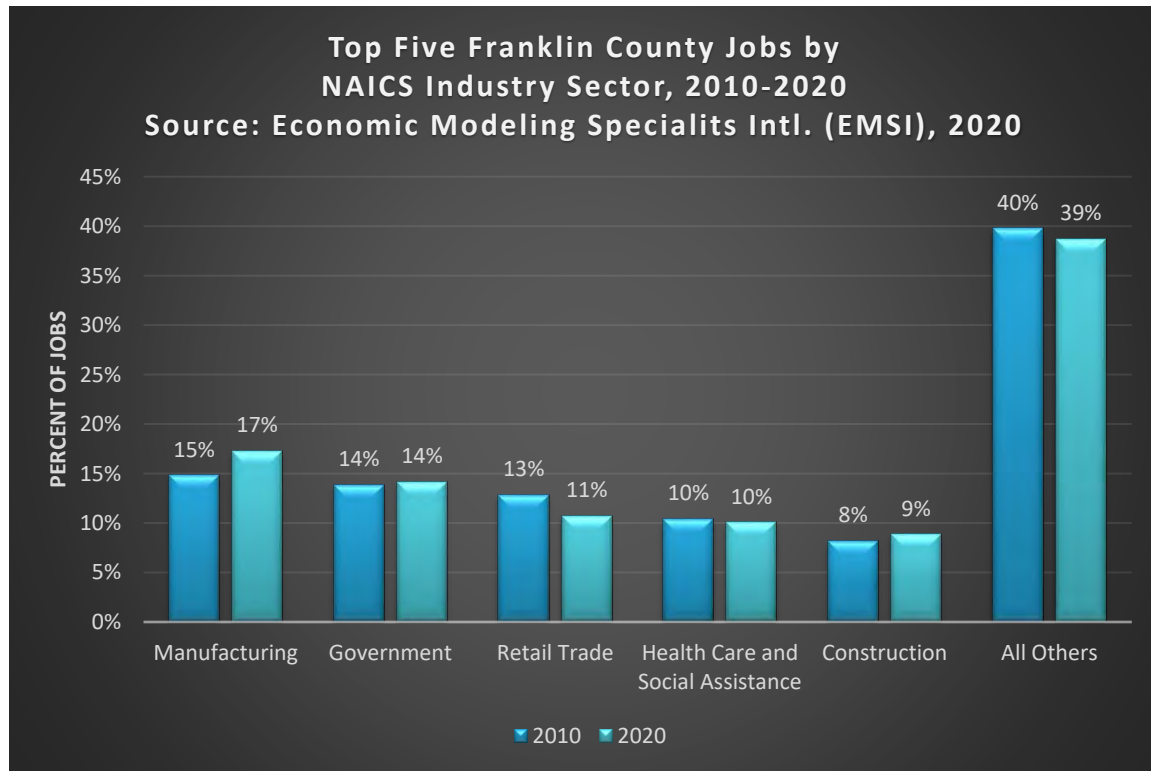
**Figure 15:  Top Five Jobs by NAICS Industry Sector**



Most notable is manufacturing's changing role over the last 10 years. Manufacturing once accounted for 15% of the jobs in the county, but now accounts for 17%. This shift is a result of structural changes in the economy whereby greater numbers of jobs are being created in the manufacturing sector. This shows important role of manufacturing in the county's economy and that manufacturing has been able to withstand the impacts of increased globalization and international competition.

## MAJOR EMPLOYERS

As indicated above, Franklin County has a diversified employment base which helps bolster the economy and makes the county an attractive place for new residents and employers alike. Historically, Franklin County was an agricultural economy, but in the last 40 years, shifted towards a more modern economy which relies more heavily on manufacturing and other higher-paying industries like Healthcare and Professional and Scientific Services.

As indicated earlier, manufacturing firms contribute significantly to the employment base (16%) county-wide. In recent years, specialized manufacturing companies have moved into the area, particularly in Rocky Mount. The county's largest manufacturer is Ply Gem Windows, a manufacturer of vinyl windows, which in 2016 made a commitment of nearly $2 million to expand

manufacturing capabilities in the county. Below is a listing of some of the largest local private manufacturing employers in the area:[345]

- Ply Gem Windows – 1,600 employees
- Trinity Packaging – 300 employees
- NewBold Corporation – 125 employees
- Ronile Incorporated – 100 to 299 employees
- Cavco Industries – 100 to 299 employees

Carilion Franklin Memorial Hospital, located in Rocky Mount, was constructed in 1952. Today the facility has undergone a $7-million renovation and offers a full suite of quality medical services.[6] As an affiliate of Carilion Clinic, Carilion Franklin Memorial Hospital is a fully equipped facility committed to enhancing the wellness of the community. The hospital is the only medical center in the county and a major employer. The hospital attracts professionals such as physicians, nurses, and therapists, as well as many non -technical staff. The hospital has 235 employees.

Ferrum College, founded in 1913, is a four-year, private, co-educational, liberal arts college related to the United Methodist Church. The college offers nationally recognized bachelor's degree programs ranging from business and environmental science to teacher education and criminal justice. The campus is located about 35 miles south of the City of Roanoke and employs 250 persons. The college maintains a four-year residency requirement for nearly all students and therefore very few students live off campus.

The housing market in Franklin County is influenced by these large employers because they provide jobs and careers which enable households to gain economic stability generate disposable income. Once stability is attained, households can actively engage the housing market by being able to make purchase and rental decisions based on their needs and wants. For example, households with higher incomes may choose to purchase larger homes, while more moderate-income households may choose to rent homes in either single-family or multifamily units. The underlying factor in being able to make such decisions is employment.

### CHANGES IN INDUSTRY

County level employment data between 2010 and 2020 shows that the top 10 employment subsectors have grown by 2,697 jobs, with an average wage of $40,668. Sectors which experienced the largest growth were related to Manufacturing which saw an increase of 1,091 jobs, and Health Care which saw an increase of 531 jobs. One area of concern is the wages associated with the growing industry sectors, which tend to be lower than some other sectors such as Professional

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[3] https://roanoke.com/business/ply-gem-windows-to-expand-add-jobs-in-rocky-mount/article_18a8bb1d-f27f-5264-a43d-4a3437991c97.html

[4] https://www.yesfranklincountyva.org/195/Employers

[5] Infosys.com 2017

[6] https://business.visitsmithmountainlake.com/list/member/carilion-franklin-memorial-hospital-1147

and Technical Services. However, the large number of new jobs in the growing sectors offer opportunities to two-income households, allowing them to potentially earn more than the county-wide median income of $52,639.

**Figure 16:  Top Ten Industry Subsector Increases, 2010-2019**
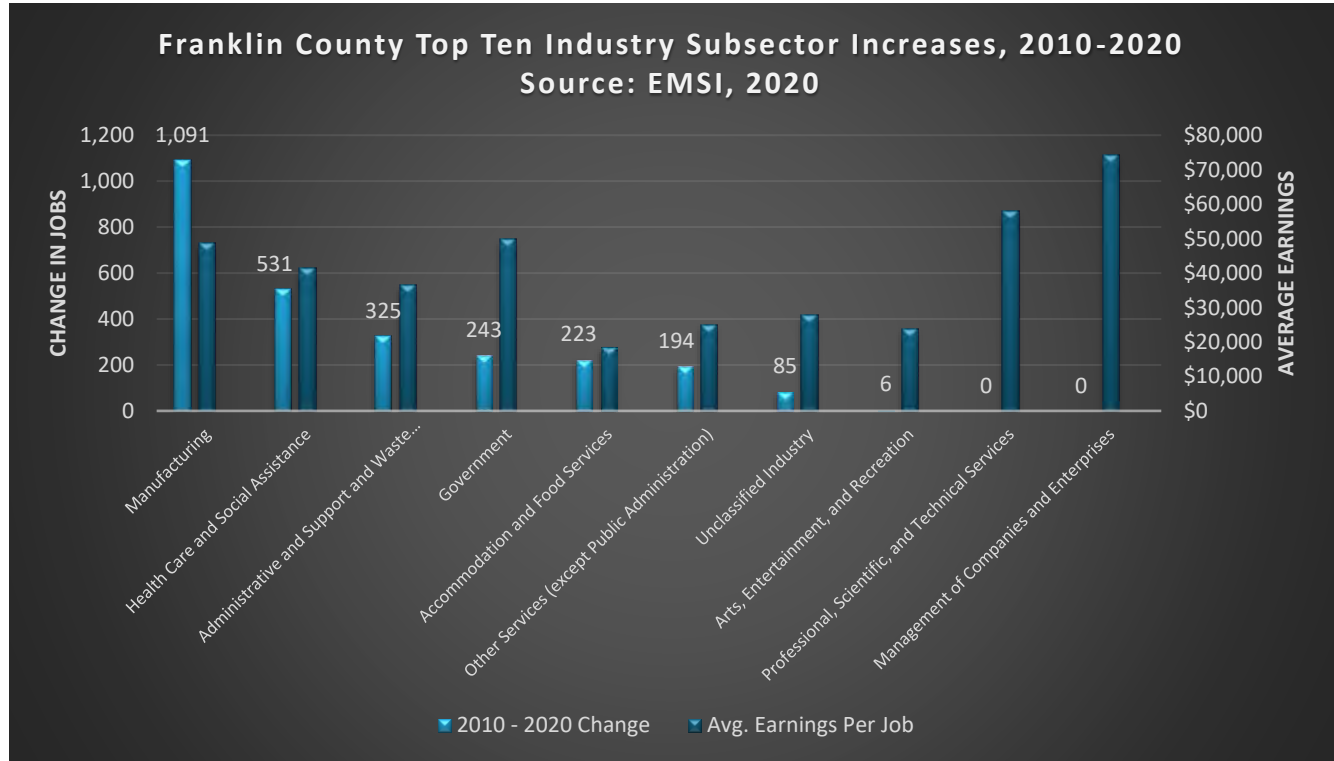


Between 2020 and 2029 Franklin County is projected to see modest employment growth in Health Care and Social Assistance (377 jobs), Educational Services (294 jobs), and Manufacturing (157 jobs). Jobs in these industry sectors generally pay moderate wages but are less than those found in sectors such as Government or Professional and Technical Services.

**Figure 17:  Top Ten Projected Industry Subsector Increases, 2020-2029**
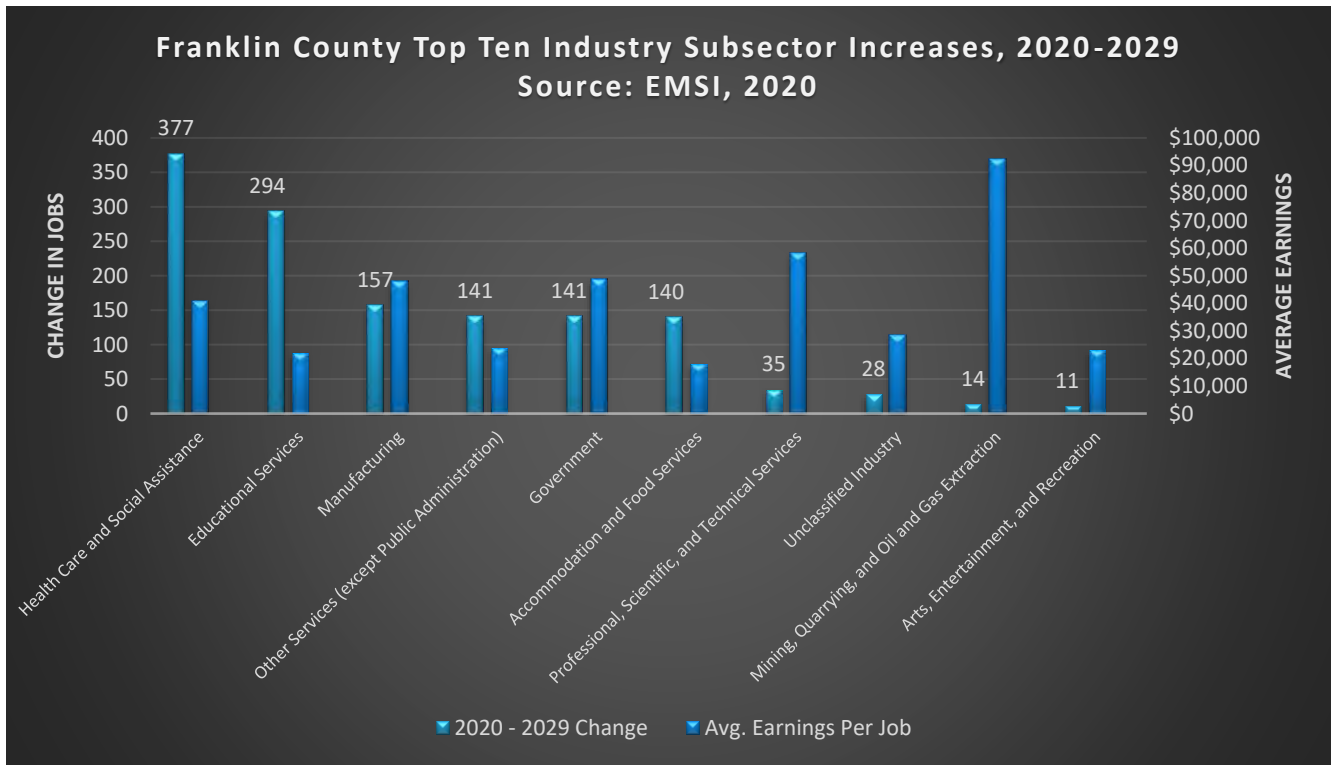


Job losses are projected to occur in the Construction and Real Estate sectors. The key difference in the future is that the average wage differential between the top jobs gained versus lost will shrink. The average wage of top growth sectors is $38,306 while the average wage of the top declining sectors is $48,180. This may indicate that future employees in the county could have a bigger challenge when it comes to housing prices and affordability if wages are unable to keep pace with changes in housing costs.

## INDUSTRY WAGES AND HOUSING AFFORDABILITY

Incomes in some industry sectors are not sufficient to rent or own housing without placing financial pressure on the household. Across the county, the median sales value of a home is around $270,000, while the median gross rent is about $724 per month. Based on these metrics, many of the top industries pay wages which fall well short of what it takes to rent or purchase a home as an individual.

| Table 7: Housing Affordability Based on Top 10 Industry Sectors, 2020 | | | | |
|---|---|---|---|---|
| Industry | Industry Jobs | Average Earnings | Affordable Home Price | Affordable Rent |
| Manufacturing | 3,207 | $48,013 | $178,309 | $1,334 |
| Government | 2,633 | $48,703 | $180,873 | $1,353 |
| Retail Trade | 1,991 | $31,501 | $116,987 | $875 |
| Health Care and Social Assistance | 1,869 | $40,961 | $152,119 | $1,138 |
| Construction | 1,647 | $45,333 | $168,358 | $1,259 |
| Educational Services | 1,286 | $21,930 | $81,441 | $609 |
| Accommodation and Food Services | 1,138 | $17,971 | $66,739 | $499 |
| Other Services (except Public Administration) | 1,127 | $24,009 | $89,166 | $667 |
| Administrative and Support and Waste Management and Remediation Services | 987 | $34,472 | $128,022 | $958 |
| Transportation and Warehousing | 442 | $60,401 | $224,316 | $1,678 |
| Source: EMSI, and RKG Associates, Inc., 2020 | | | | |

The largest industry sector, Manufacturing, pays on average about $48,013 per year which can purchase a home for around $178,000, a price significantly less than the county-wide median. As housing prices continue to outpace earnings, dual income households become more common, cost burdening increases, and the amount households can save for the future diminishes.

# HOUSING MARKET ANALYSIS

The housing market analysis section describes the market characteristics associated with both owner-occupied and renter-occupied housing units in Franklin County. This section contains a description of housing types, price points, and affordability in addition to other topics.

## County-Wide Housing Market

Franklin County has 29,847 housing units of which 23,104 (77%) are occupied and 6,743 (23%) are vacant. Of the occupied housing units, 80% are owner-occupied, and 20% are renter-occupied. Housing development patterns have changed over time across the county as the population has grown. This county-wide housing market analysis examines both the historical and current market conditions and uses that information to inform strategies for addressing future housing needs.

### YEAR BUILT AND HOUSING UNIT GROWTH

Franklin County's housing growth history shows a rapid transformation over several decades. Between 1970 and 2010, the number of housing units in Franklin County grew by 235%, rising from 8,800 to about 29,300. Over the same period, the Region grew by 82% indicating that growth in Franklin County was a major contributor to regional housing growth. The rapid growth coincided with both population and household growth in the county. Additionally, the national trend of suburbanization and a lower cost of living in Franklin County helped drive the construction of new units over the last 50 years.

**Figure 18:  Housing Unit Change**



Housing Unit Change, 1970-2025
Source: NHGIS, ESRI
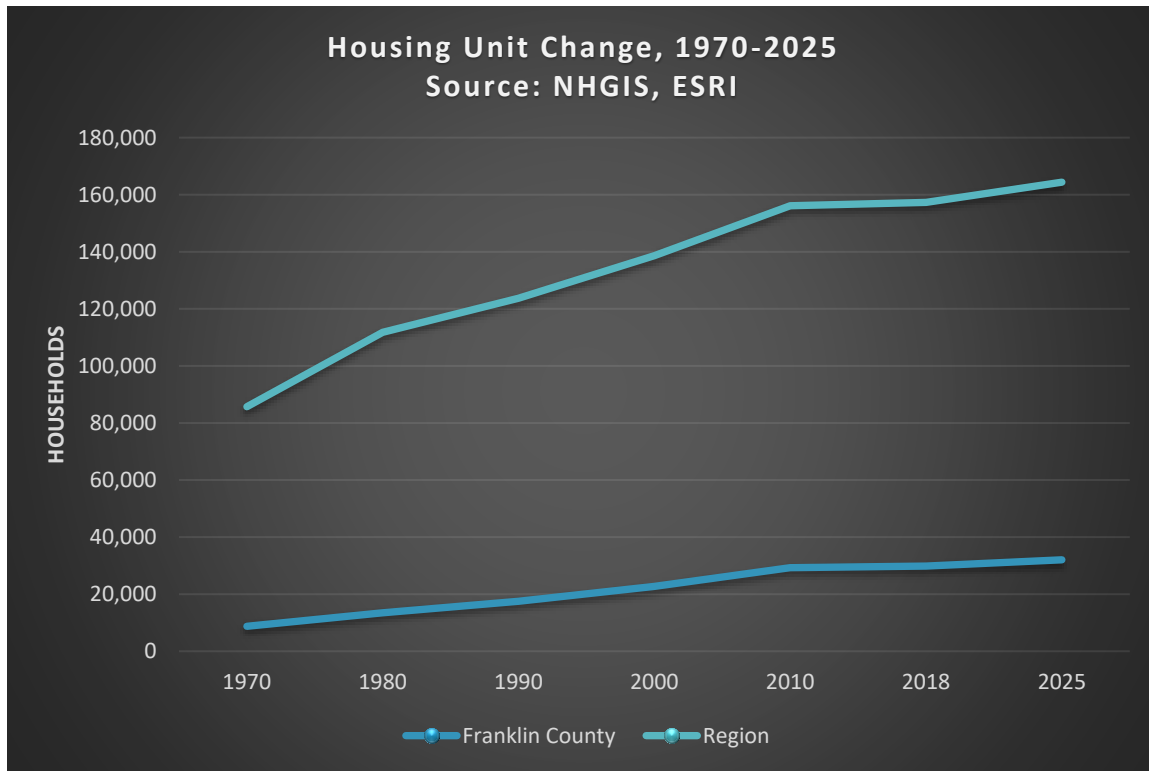
Franklin County experienced a rapid growth in housing units between the years 1970 and 2010 with 20,500 new housing units being built. Figure 19 shows the year built for housing units highlighting the large number of units constructed after 1980. In Franklin County about 61% of housing units were built after 1980, compared to only 38% in the Region.

**Figure 19:  Year Built**
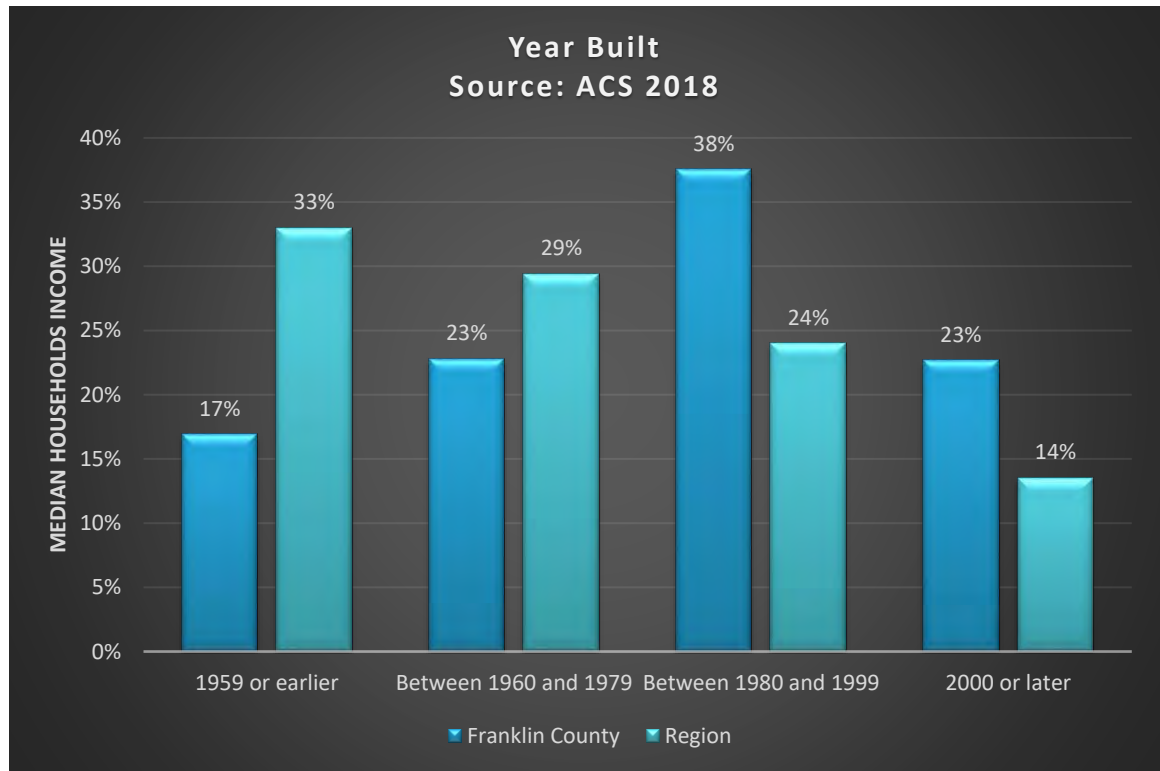


**Building Permit Activity**

On average, Franklin County permitted 115 new single-family detached housing units per year since 2010.[7] Over the same period, the county also issued an average of five building permits per year for multi-family units in duplexes, triplexes, quadplexes, and buildings with five or more units. In Franklin County, the largest number of single-family permits were issued in 2015 when 138 housing units were built, while in 2012 there were 32 multi-family unit permits issued. Regionally, the number of building permits has oscillated significantly in comparison to the county. Figure 20 shows the number of building permits in Franklin County and the Region.

[7] U.S. Census, 2020

**Figure 20: Building Permits**



Building Permits, 2010-2019
Source: US Census
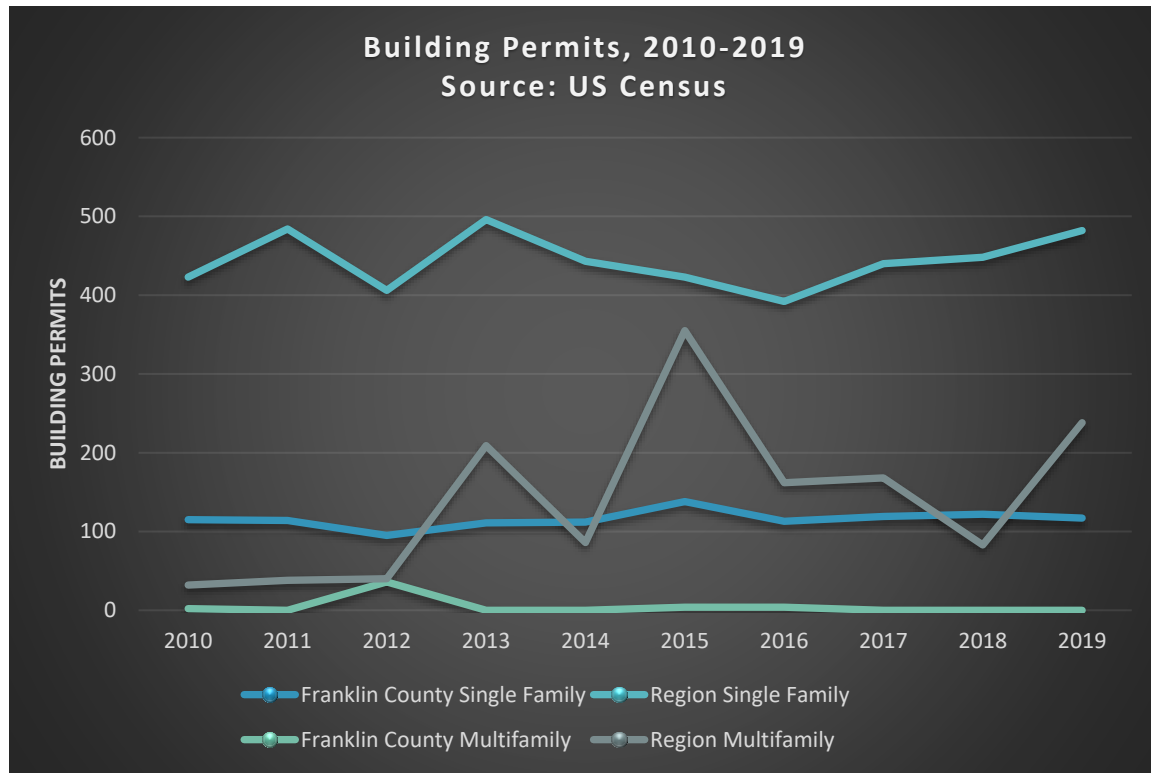
**Housing Tenure**

As of 2018, 62% of the county's housing stock was owner-occupied while 16% is renter-occupied. The county's housing stock is skewed more toward ownership than the Region where only 60% of housing units are owner-occupied. The built form and zoning regulations across the county are quite flexible and result in more single-family ownership type units.

| Table 8:  Housing Tenure | | |
|---|---|---|
|  | Franklin County | Region |
| Owner-Occupied | 62% | 60% |
| Renter-Occupied | 16% | 27% |
| Vacant | 23% | 12% |
| Source: ACS 2014-2018 | | |

**Units in Structure**

In Franklin County, most of the residential building stock is comprised of single-family detached units. As of 2018, 78% of the county's residential stock was single-family homes.[8] The second largest residential typology are mobile homes which account for 15% of all units. The Region has a much lower percentage of mobile homes (5%) than Franklin County because the Region includes larger urbanized areas like the Cities of Roanoke and Salem and their suburban counterparts which tend not to have as many mobile homes. The Region also has a greater diversity of housing types compared to Franklin County. For example, approximately 9% of the Region's housing stock

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[8] ACS 2014-2018

is in multi-family structures with more than 10 units while that figure is only 1% for Franklin County.

The breakdown of units in structures changes drastically when comparing owner-occupied and renter-occupied units. Within Franklin County, 86% of owner-occupied units are single-family homes and only 2% are in structures containing two or more units, while 12% of units are mobile homes. Contrast this with renter-occupied units, where 48% are single-family homes, 27% are in structures with two or more units, and mobile homes account for 26% of all rental units. As is typical for the rental market, housing diversity and choice is greater in Franklin County for household looking to rent versus those looking to purchase.

### Vacancy

Franklin County's overall housing vacancy rate has been steadily increasing since 2010 when the rate was 18%. As of 2018, the rate had increased to 23%. Part of Franklin County's housing market story can be told through the Census' Vacancy Table. Vacancy is defined by the Census across seven different categories which include:

- Units Actively Listed for Rent
- Units Rented, but Not Yet Occupied
- Units Actively Listed for Sale
- Units Sold, but Not Yet Occupied
- Units for Seasonal/Recreational Use
- Units for Migrant Workers
- Other Vacant

To calculate total vacancy across all categories in Franklin County, the Census sums each category together and divides by the total number of housing units in the county. This vacancy rate provides an estimate of all housing units that are not occupied at the time the Census interview takes place regardless of whether the unit is actively being marketed or even habitable.

**Figure 21: Overall Housing Vacancy**
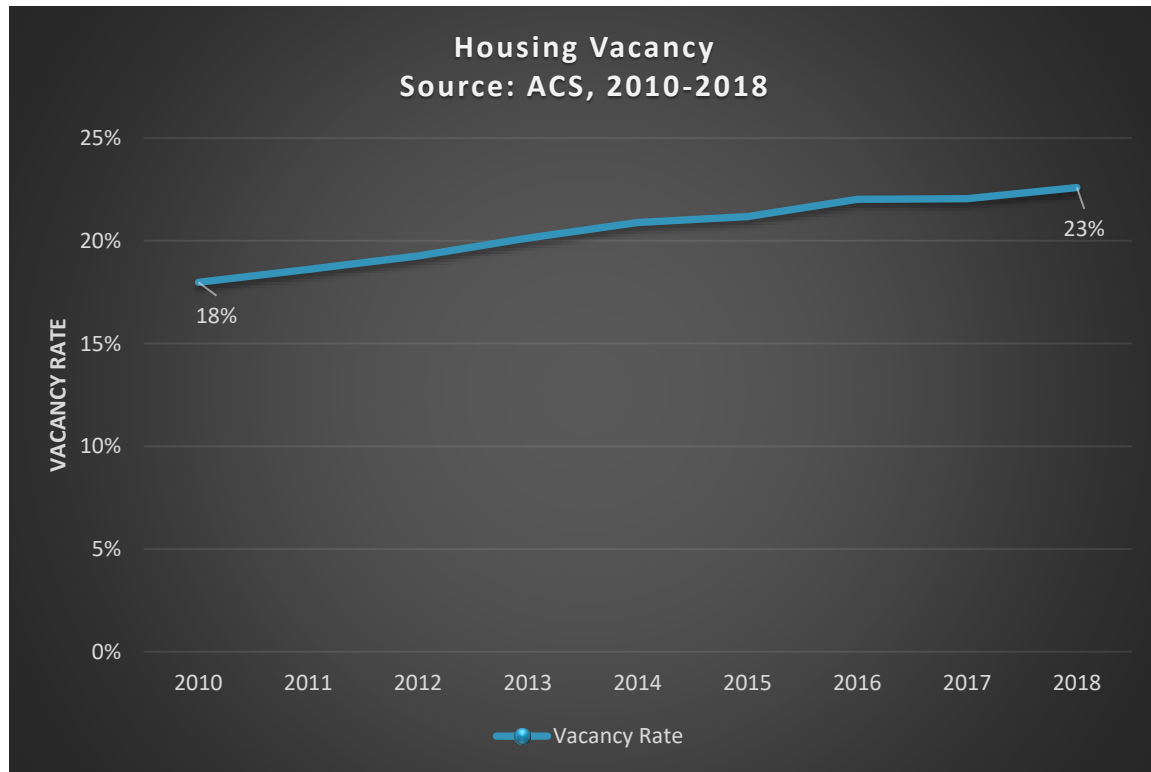


The increase in vacancy is a result of the expansion in the second home market in Franklin County, particularly around Smith Mountain Lake. As of 2018, 55% of all vacant units in Franklin County were classified as Units for Seasonal/Recreational Use.

The Census defines "Other Vacant" using 11 categories with ones most pertinent to Franklin County being: Foreclosure, Personal/Family Reasons, Legal Proceedings, Preparing to Rent/Sell, Needs Repairs, Abandoned/Possibly to be Demolished or Condemned. In 2018, 28% of all vacant units in Franklin County fell under this category which equates to about 1,890 housing units. Figure 22 shows how the number of vacant units in four vacancy categories changed from 2010 to 2018.

Over this eight-year period, the number of vacant owner-occupied units increased by 132%. This change was due to a sharp increase in the number of for-sale units being actively marketed indicating activity and turnover in the market. Some of these units represent conversions from year-round units to seasonal, which buyers from outside the region purchasing homes at higher prices further exacerbating affordability issues for locals. In addition, the number of vacant rental units declined by 26% during the same period, further tightening the available supply of housing units.

**Figure 22:  Vacant Units by Category**
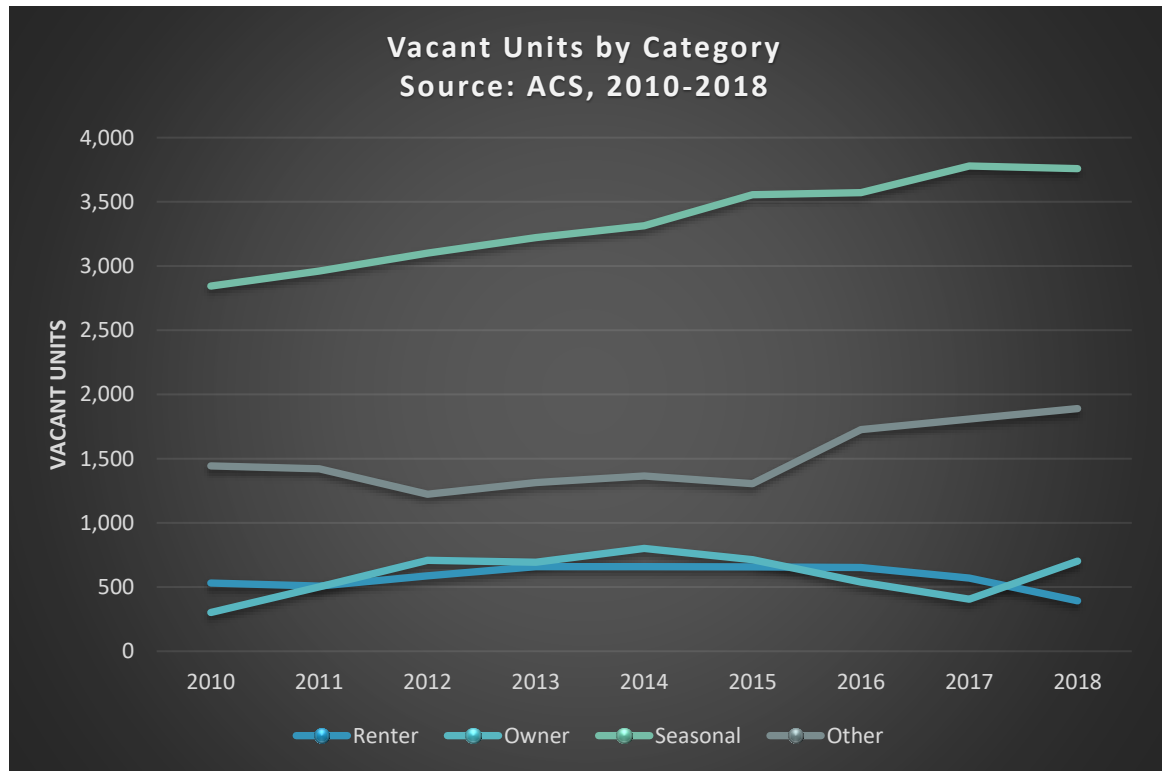


The second home market in Franklin County is strong. Many homes in Smith Mountain Lake are owned as second homes by both locals and individuals who live outside the Region. Communities around the lake such as North Shore, Westlake Corner, Union Hall, and Penhook have seen home prices increase over time as more interest has developed in the area. The percentage of Vacant Seasonal housing increased by 32% since 2010, rising from 2,844 to 3,758 units.

## Owner-Occupied Housing Market

This section provides a more in-depth analysis of the owner-occupied housing market including supply, demand, and pricing across the county.

### SUPPLY

As was noted earlier, owner-occupied units comprise 80% of the county's housing stock with 87% of units being single-family homes, 1% in multi-family structures, and 12% of units in mobile homes.  Compared to the Region where only 6% of rental housing is in mobile homes, Franklin County has a large reliance on these types of units.

| Table 9:  Housing Tenure, Owner | | |
|---|---|---|
| Owner-occupied | Franklin County | Region |
| Single-family | 87% | 92% |
| Multi-family | 1% | 2% |
| Mobile Home/RV/Other | 12% | 6% |
| Source: ACS 2014-2018 | | |

Between 2013 and 2018, there were over 217 net new owner-occupied housing units added in Franklin County, many of which were oriented towards the higher end of the market.[9] This number accounts for units that may have once been vacant, converted from a rental to ownership unit, or newly constructed.

When compared to the Region, Franklin County has a much younger housing stock with 59% of ownership units built after 1980, compared to 40% across the Region. This matches closely with the active periods of residential construction after 1970 when the county saw large increases in both housing units, households, and population. Many of the housing units built during that time were single-family units, which tended to serve the needs of households moving to the county.

**Figure 23: Year Built of Owner-occupied Housing Units**



Year Built of Owner-Occupied Housing Units
Source: ACS 2018

Franklin County: 1959 or earlier 16%, 1960 and 1979 25%, 1980 and 1999 37%, 2000 or later 22%
Region: 1959 or earlier 30%, 1960 and 1979 30%, 1980 and 1999 27%, 2000 or later 13%
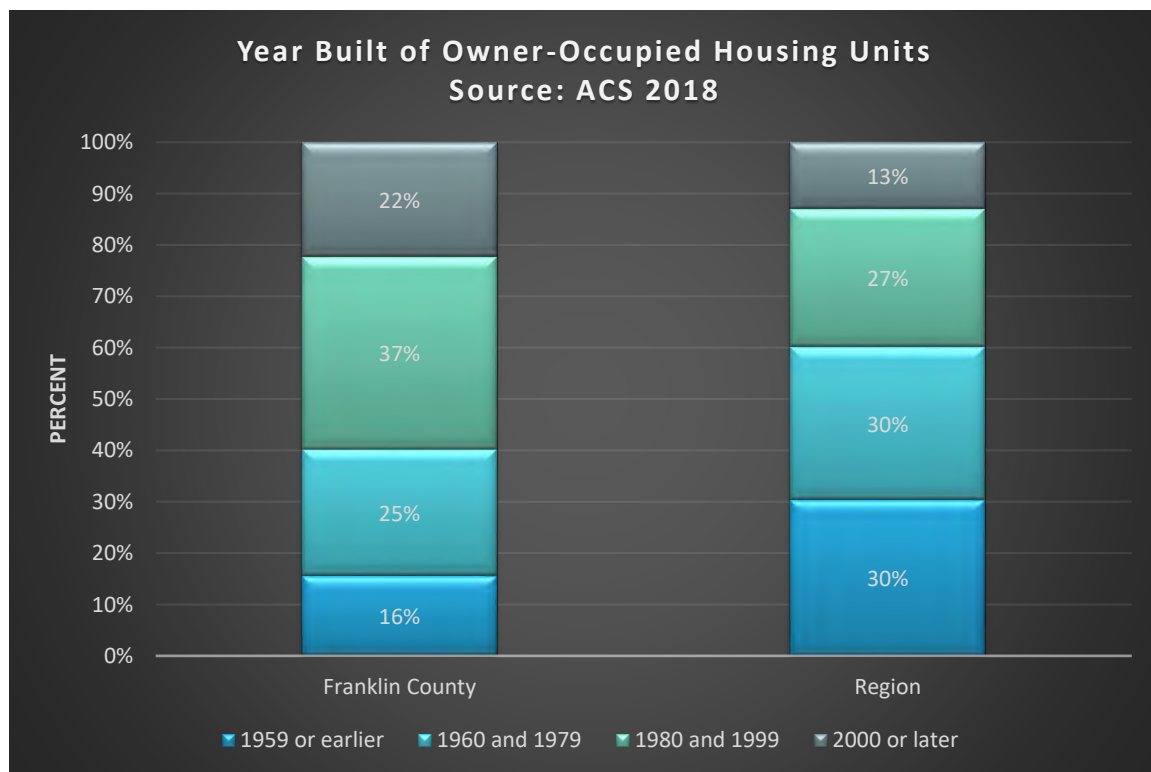
### Pricing

In 2018, the median value of an owner-occupied housing unit in Franklin County was $178,000.[10] That figure is up 9% over the median value from 2013 of $163,700. While prices for owner-occupied units have risen, it is important to note that 57% of the county's owner-occupied housing stock is still valued at less than $200,000 indicating some homes are valued within the reach of some households making the county median income. Figure 24 compares the number of owner-

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[9] ACS, 2013-2018.

[10] ACS, 2014-2018.

occupied housing units by value range across Franklin County and the Region. Generally, Franklin County's housing stock is more affordable compared to the Region as it encompasses more rural areas and includes a higher percentage of mobile homes which tend to have lower values compared to detached single-family homes.

**Figure 24:  Percent of Owner-Occupied Units by Price Range**
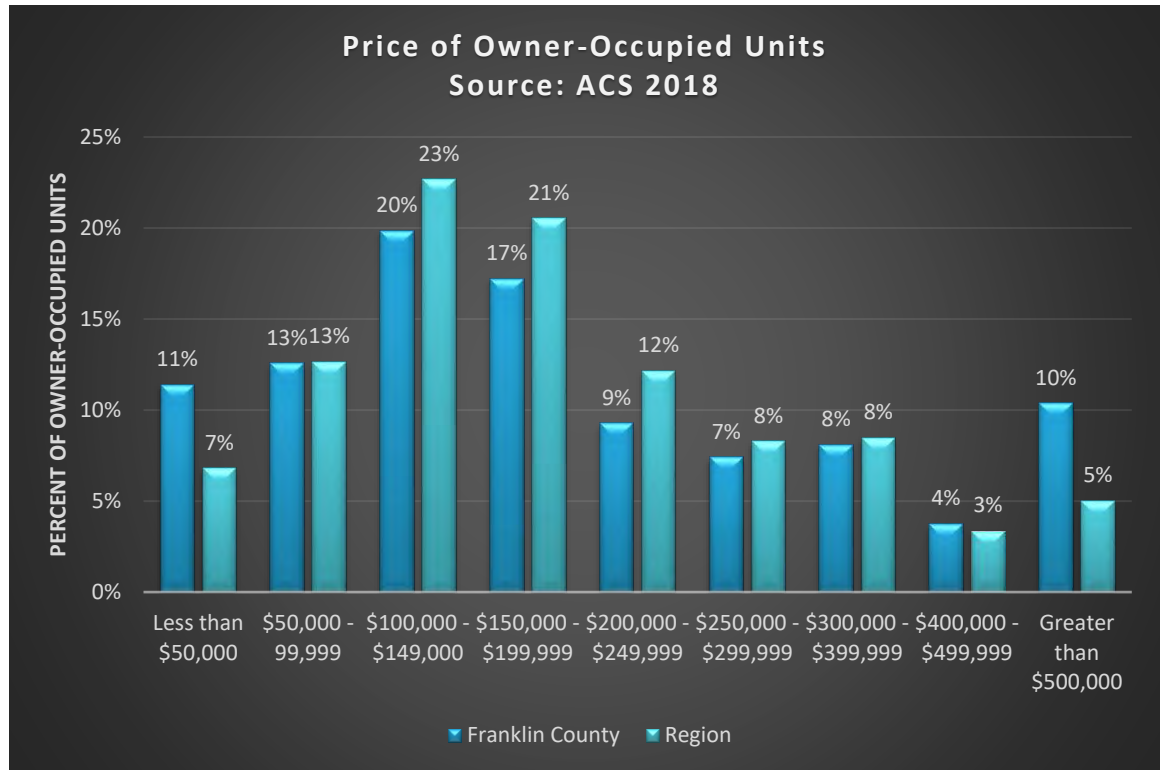


To provide accurate data on owner-occupied sales in Franklin County, Multiple Listing Service (MLS) data for the period 2010 to 2019 was analyzed.[11] Over the 10-year period, there were about 5,500 sales with an average of 559 sales annually. The Great Recession impacted the county's ownership market dropping the total number of yearly sales as well as the median sale price of ownership units. In 2010, sale prices and total sales declined hitting a low in 2012 before the recovery began. The number of home sales between 2010 and 2012 dropped from 419 to a low of 388. Likewise, the median sales price dropped from $249,900 to $222,300. Prices, number of sales, and days on market have all improved since then.

RKG also looked at a comparison of sales for existing single-family homes that sold versus brand new single-family homes (ones that were built and sold in the same year) to better understand the price differential between the two. In 2019, new single-family homes on average sold for 39% more than existing single-family homes. The median sales price of a new home in 2019 was $335,127

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[11] MLS data provided by the Roanoke Valley Association of Realtors.

compared to $240,608 for an existing home. Figure 25 shows median sales price for existing and new homes by year sold.

**Figure 25: Sales Price**
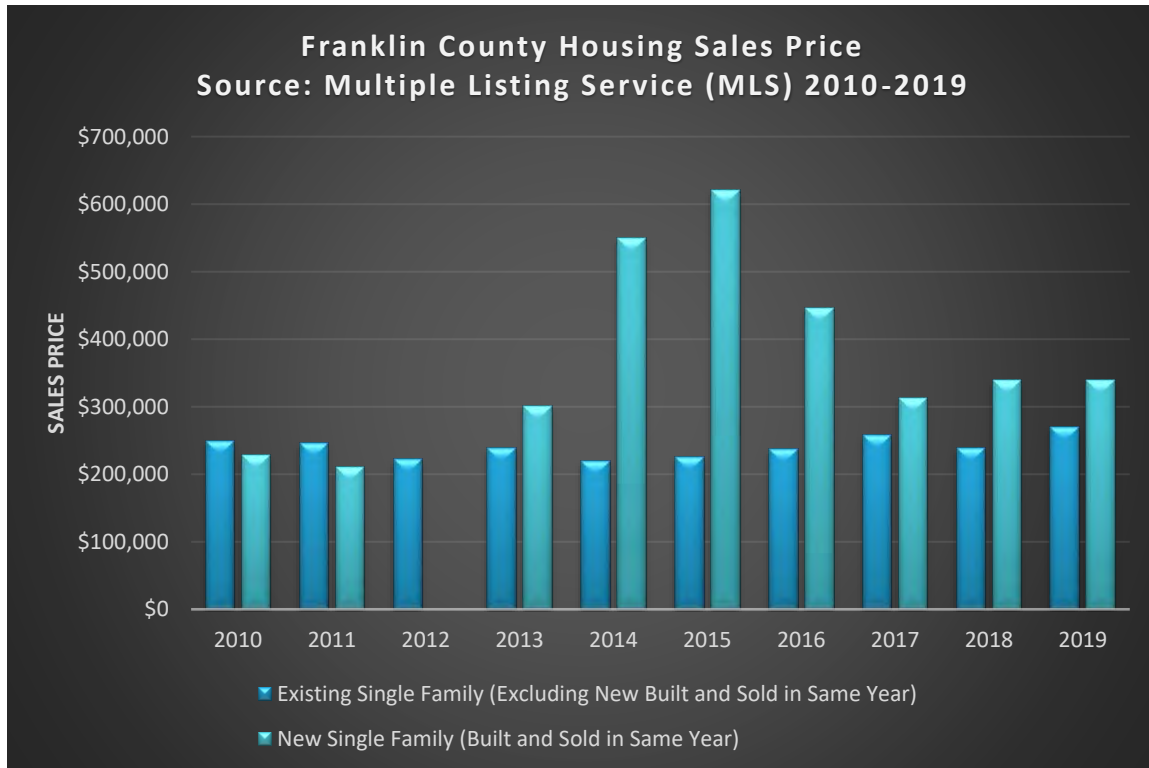


Homes built between 1970 and 2010 account for nearly 82% of all sales activity. Both the size and price of homes on a per square foot basis vary depending on the age of the home. On a price per square foot basis, the median sales price of a home built between 1950 and 1970 was $66 per square foot, compared to $146 a square foot for homes built after 2010. This shows that older homes do not garner nearly the same price for a variety of reasons including overall size, potential rehabilitation needs, location or school district, and modernized layout and amenities.

The homes built in recent years are considerably larger than those prior to the 1990's. Homes built between 1970 and 1990, averaged 2,072 square feet and sold for around $111 per square foot. Whereas between 2010 and 2019 homes averaged 2,660 square feet and sold for $146 a square foot.

The average days on market varies by product type with new homes taking longer to sell than existing homes, which is not surprising given the significant price differential between the two. Overall, the total days on market has declined since 2010 when on average it took an average of 99 days for a unit to sell compared to only 51 days in 2019.

**Figure 26:  Sale Price by Year Built**
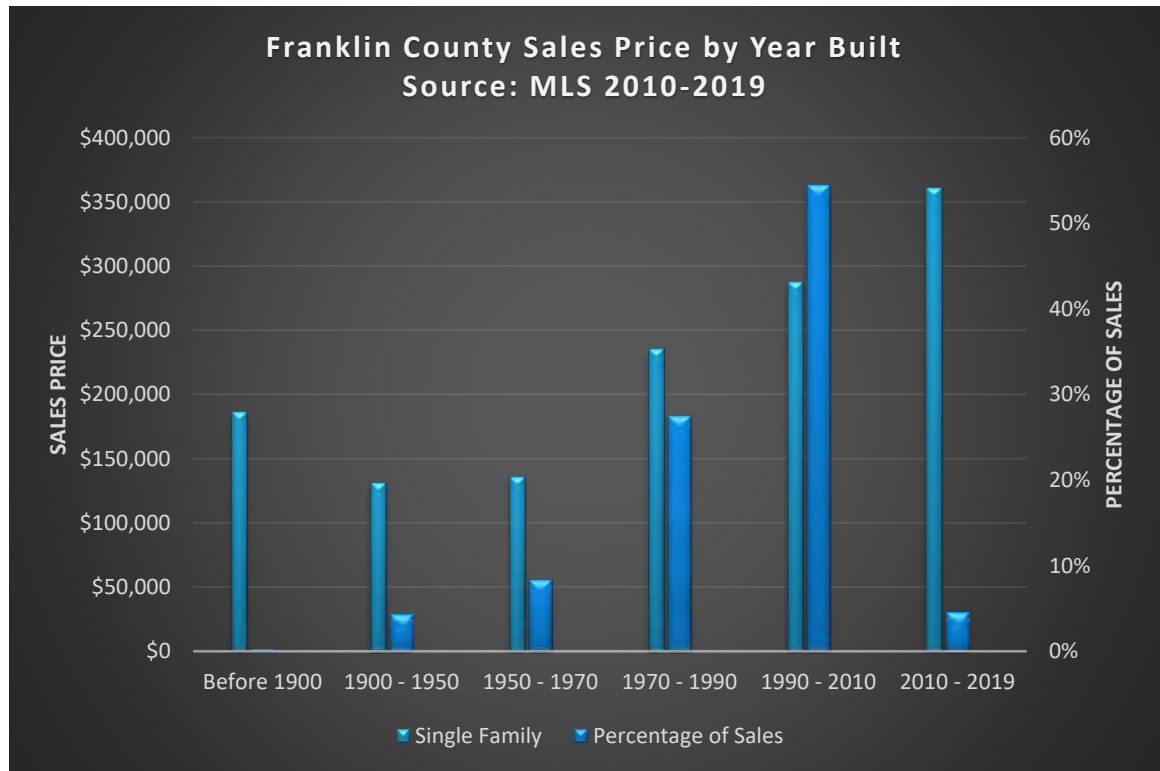


The maps on the following pages show sale prices by location across the county. There is a clear pattern of sale price escalation moving from the southern portion of the county toward the north and northeast. Areas such as Rocky Mount and the Smith Mountain Lake area have some of the highest median sales values in the county. Additionally, the proximity to employment centers tends to increase the value of residential units. This is particularly true for Rocky Mount, where there are several large employers, including government offices, as well as retail and restaurants which make the area more attractive.

VA HOUSING STUDY - HOME SALES 2010-2020
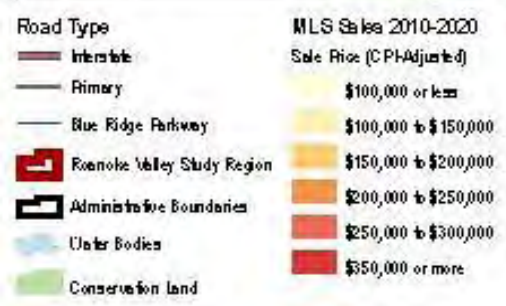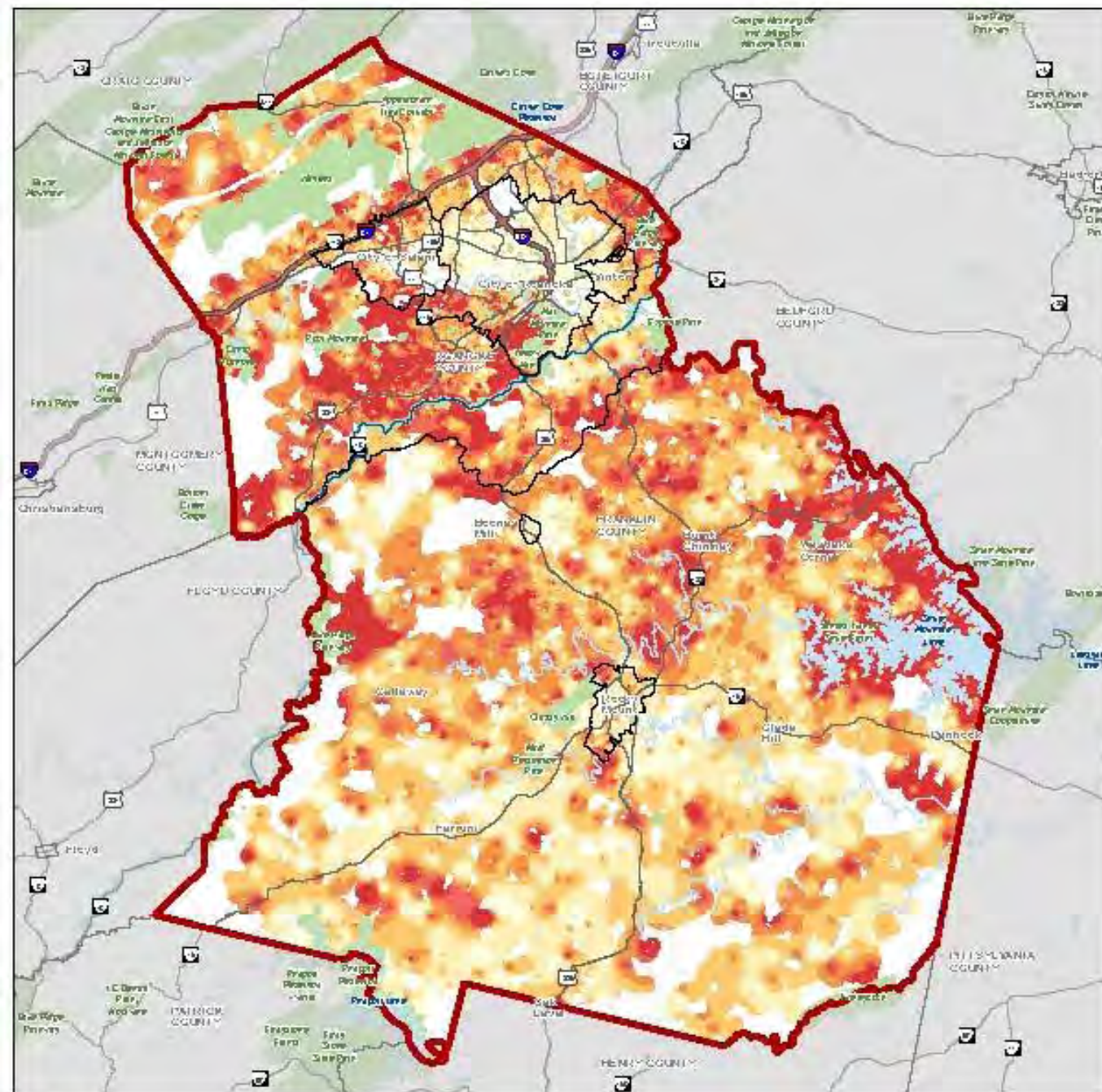


**Road Type**

- Interstate
- Primary
- Blue Ridge Parkway
- Roanoke Valley Study Region
- Administrative Boundaries
- Water Bodies
- Conservation Land

**MLS Sales 2010-2020**

Sale Price (CPI-Adjusted)

- $100,000 or less
- $100,000 to $150,000
- $150,000 to $200,000
- $200,000 to $250,000
- $250,000 to $300,000
- $350,000 or more

0   2.5   5   10 Miles

N

Sources: Roanoke Valley-Alleghany Regional Commission, City of Roanoke, City of Salem, Roanoke County, Franklin County, Virginia Geographic Information Network, Dept of Conservation and Recreation, Virginia Economic Development Partnership, Roanoke Valley Association of Realtors Multiple Listing Service

# FRANKLIN COUNTY, VIRGINIA - HOME SALES 2010-2020
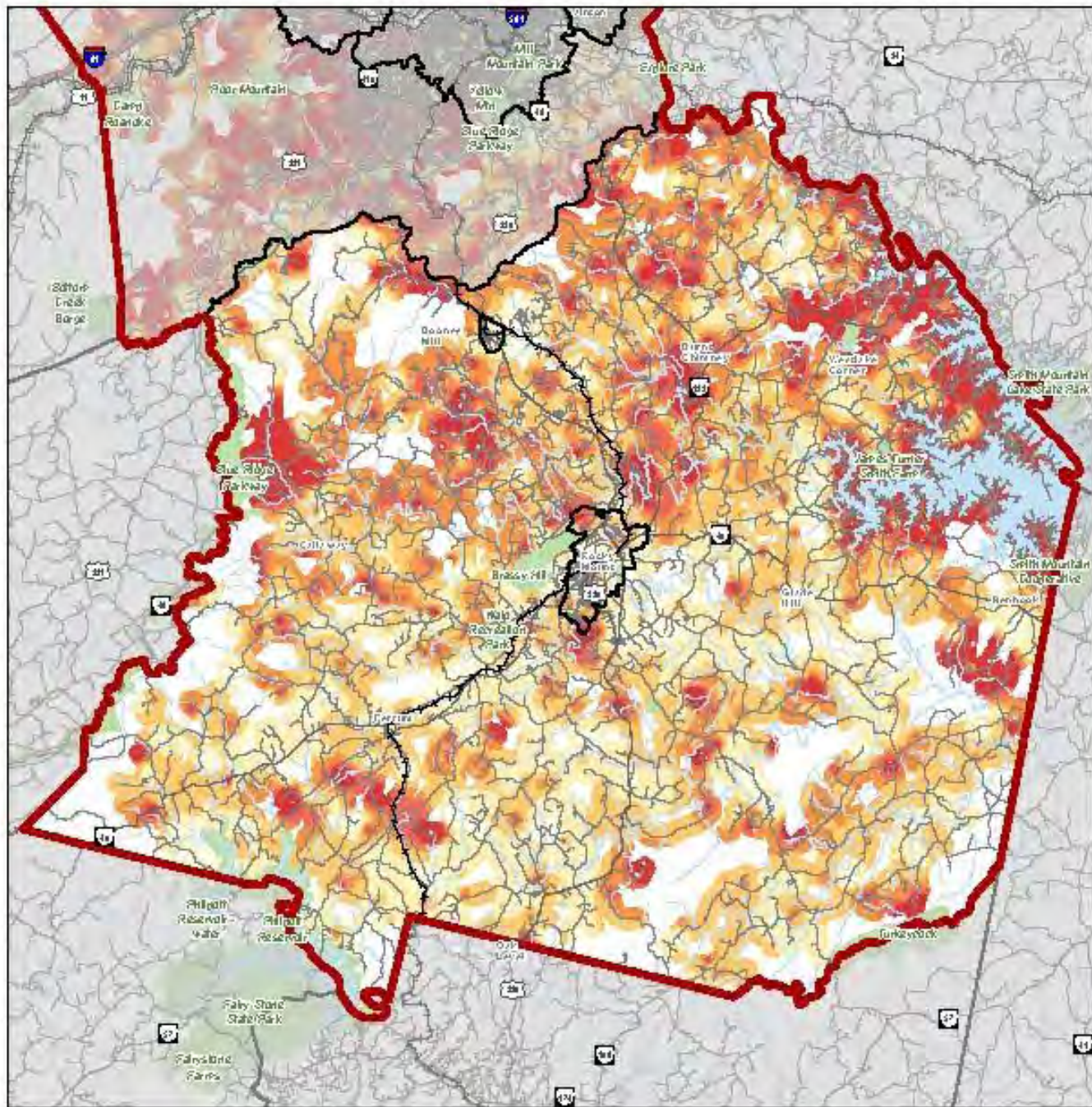


**Road Type**

- Interstate
- Primary
- Secondary
- Local
- +++ Railroad
- Roanoke Valley Study Region

Administrative Boundaries

Parks and Conservation Land

Water Bodies

Rivers

**MLS Sales 2010-2020**
Sale Price (CPI-Adjusted)

- $100,000 or less
- $100,000 to $150,000
- $150,000 to $200,000
- $200,000 to $250,000
- $250,000 to $300,000
- $300,000 or more

0  1  2      4
Miles

N

Sources: Roanoke Valley-Alleghany Regional Commission, City of Roanoke, City of Salem, Roanoke County, Franklin County, Virginia Geographic Information Network, Dept of Conservation and Recreation, Virginia Economic Development Partnership, Roanoke Valley Association of Realtors Multiple Listing Service

## SECOND HOME MARKET

The second home market in Franklin County is strong, as the Region attracts nature lovers, retirees, and those looking for more space and recreational opportunities. As indicated earlier, nearly 55% of vacant housing units are classified as Seasonal which accounts for over 1,890 units. The seasonal home market distorts the year-round housing market, as prices tend to escalate substantially in prime locations. While it is not possible to identify every seasonal home, a good proxy for understanding the underlying market dynamics is to look at home sales in a location where seasonal homes tend to be concentrated. In the case of Franklin County, these areas include Penhook, Moneta, and Union Hall which are in the vicinity of Smith Mountain Lake.

Over the 10-year period of 2010 and 2019, there were 374 sales in this area which averages out to 37 sales annually. In 2010, sale prices and total sales began to decline, bottoming out in 2014 before slowly recovering, however prices for existing homes were still below 2010 figures. The median sale price dropped from $595,000 in 2010 to $422,000 in 2014. Since 2014, homes prices, number of sales, and days on market have all improved.

**Figure 27: Smith Mountain Lake Home Sale Price**



Smith Mountain Lake Home Sales Price
Source: MLS 2010-2019
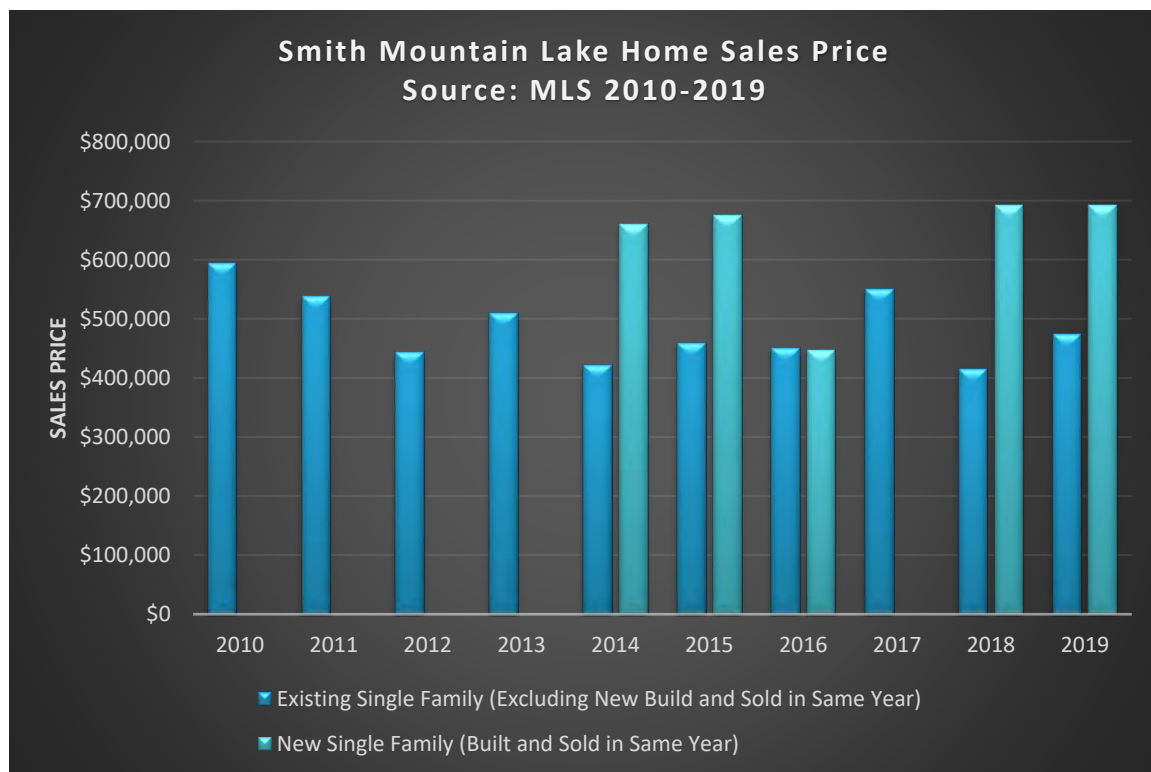
Comparing sales of existing single-family homes that sold to brand new single-family homes (ones that were built and sold in the same year) provides a good understanding of the price differential between the two. In 2019, new single-family homes sold on average for 46% more than existing single-family homes, with the median sale price of a new home in 2019 being $693,498 compared $474,300 for an existing home. Figure 28 shows median sale prices for housing units in the Smith Mountain Lake area.

**Figure 28:  Smith Mountain Lake Sales Price by Year Built**
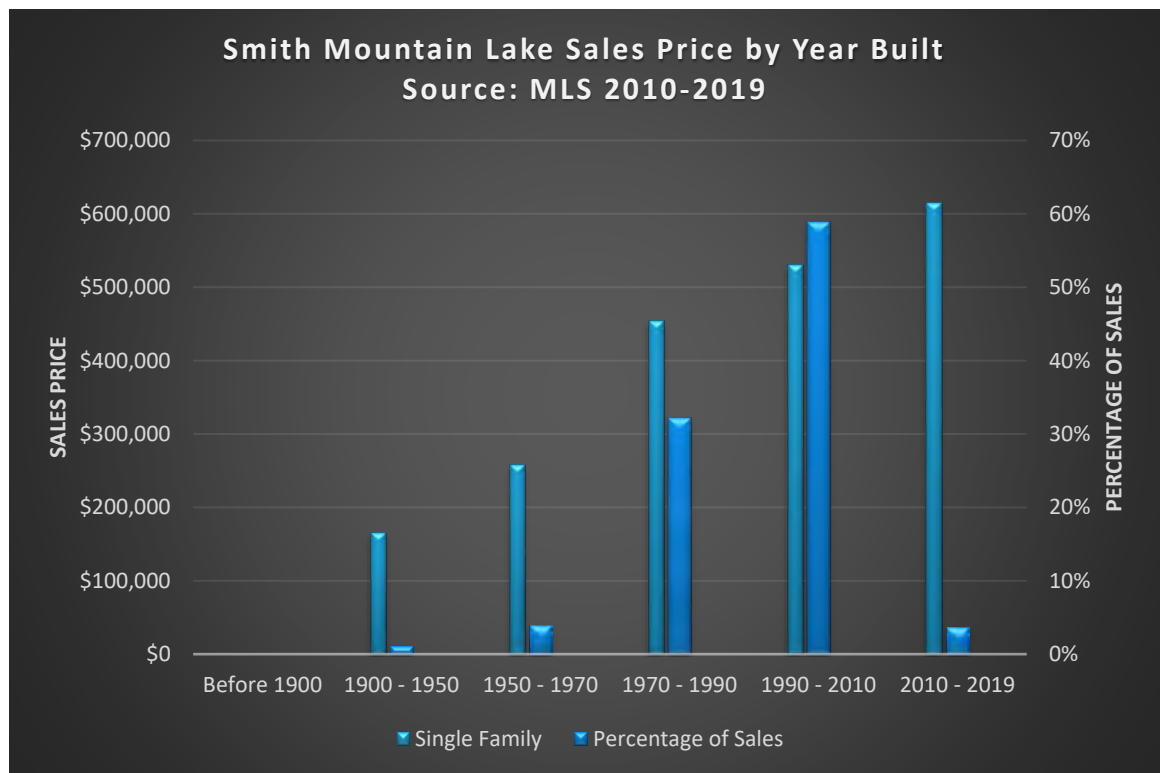


Homes built between 1990 and 2019 account for nearly 63% of all sales activity. Both the size and price of homes on a per square foot vary depending on the age of the home. The homes built in recent years are considerably larger than those homes built prior to the 1990's. Homes built between 1970 and 1990, averaged 2,304 square feet and sold for around $208 per square foot. Whereas homes built between 2010 and 2019 averaged 3,719 square feet and sold for $162 a square foot. The price differential between older and newer homes could potentially be explained by the difference in parcel sizes as homes built during the 1970s and 1980s, particularly in developed parts of the county, were constructed on smaller parcels than what was built during the decades of suburban expansion.

## Renter-Occupied Housing Market

This section provides an analysis of the renter-occupied housing market including supply, demand, and pricing across the county.

### SUPPLY

In 2018 only 20% of the county's households were renters, with 50% of rental units in single-family homes, 24% in multi-unit structures, and 26% in mobile homes. Compared to the region where only 4% of rental housing

| Table 10:  Housing Tenure, Rental | | |
|---|---|---|
| Renter-occupied | Franklin County | Region |
| Single-family | 50% | 44% |
| Multi-family | 24% | 52% |
| Mobile Home/RV/Other | 26% | 4% |
| Source: ACS 2014-2018 | | |

is in mobile homes, Franklin County has a large reliance on these types of units, as they offer lower cost, more affordable rental housing options.

The rental housing stock across the county is newer with about 50% of rental housing units built after 1980. This compares to the Region where only 31% of rental units were built after 1980. Older rental units tend to require greater maintenance and sometimes result in less-than-ideal conditions for tenants.

**Pricing**

Figure 29:  Rental Structures by Year Built
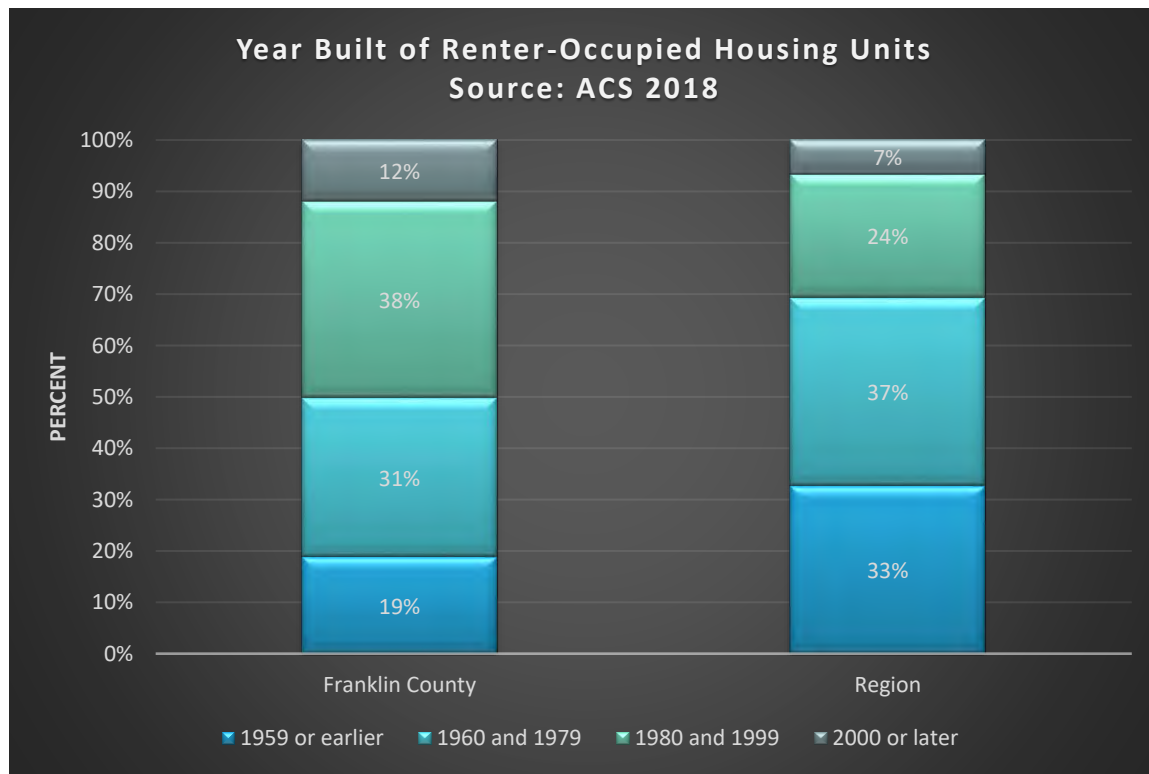
In 2018, the median gross rent in the county was $655 which was an increase of 11% from 2013.[12] Gross rent is a measure of the monthly contract rent plus an estimated average utility cost paid by the renter. Utilities factored in include electric, gas, water, sewer, and fuel. Figure 30 shows the change in gross rent between 2013 and 2018 by price range. The number of households paying rent at the very low end (less than $500 a month) has declined by 29%, while the number of households paying rent at the higher end (over $1,500 a month) has grown by 183%. Households paying moderate rents, between $500 and $1,500 per month, have also declined reinforcing the trend toward higher monthly rent payments.

**Figure 30:  Change in Gross Rent**
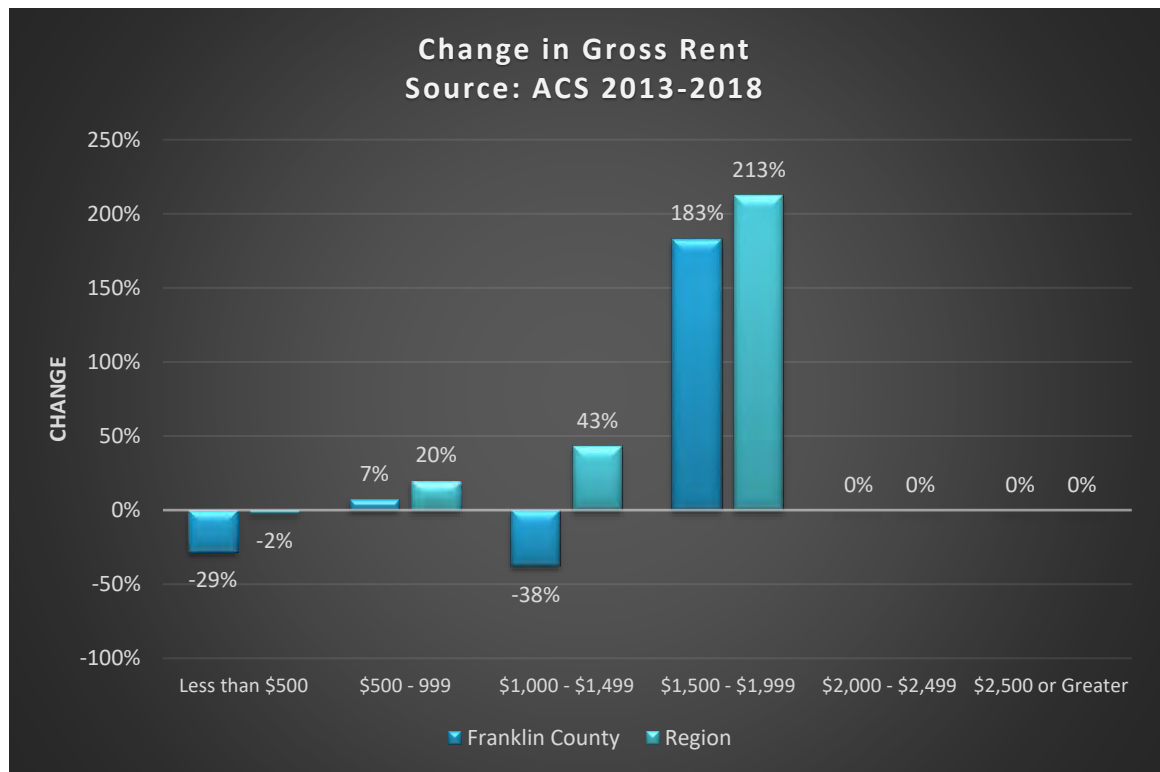


A recent scan of rental listings showed the average rent for a single-family home to be around $1,000 per month, while rents in multi-family buildings averaged $860 per month.[13] Rental prices in the larger apartment complexes vary significantly depending on the location, quality, and amenities offered.

**Affordable Rental Units**

In addition to market rate rental units, there are eight apartment complexes in the county which have income restricted affordable units. As of 2020, the county has 308 low-income rental apartment units, of which 188 of the tenants receive rental assistance.[14] The median rent in these

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[12] ACS 2013 and 2018.

[13] Apartments.com, November 2020.

[14] Affordable Housing Online. https://affordablehousingonline.com/housing-search/Virginia/Franklin-County. November 2020.

units is $659. Rental assistance comes in the form of the Section 8 Voucher program which is administered by STEP, Inc. and Virginia Housing. These vouchers are targeted to low-income households, generally those at or below 30% of area median income (AMI).  For a household of three, the expected rent would be no more than $680 for a two-bedroom or $897 for a three-bedroom unit.

## Future Housing Demand

The population of Franklin County is projected to grow by 2,803 new residents between 2018 and 2025, a less than 5% increase. To accommodate this new population growth, RKG Associates developed a methodology for calculating the number of new households based on the increase in population which then translates into estimates for future housing demand.  RKG assumed that future household composition and housing tenure will follow a similar pattern today and used household sizes and tenure splits to allocate future household growth.

To accommodate the population increase projected for 2025, RKG estimates the county may need to produce an additional 759 housing units above what exists today. This assumes current housing vacancy rates continue to hold steady. RKG also assumed that the split between owner and renter households would remain at its current split of 80% owner-occupied and 20% renter-occupied.

Under these assumptions, RKG projects the county would need to add another 606 owner-occupied housing units and 153 renter-occupied units.

It is worth noting that between 2013 and 2018, the county lost 254 housing units. Given that loss of housing units, the county would fall short of the target needed to accommodate the projected population and household counts if current trends held steady through 2025. This is particularly true for households at or below 30% of AMI, which currently experiences a shortage of affordable housing.

Table 11 shows the allocation of households by household size for the projected new households across the county. This allocation assumes that trends will remain constant out to the year 2025. For example, in 2018, 26% of all households were 1-person and 43% were 2-person. These percentages are applied in the same way to the total households projected for 2025 which results in 527 additional 1- and 2-person households over the next five years. Since 3, 4, and 5+ person households comprise a lower percentage of Franklin County's household composition those percentages are lower than 1- and 2-person households.

| Table 11: 2030 Projections if 2018 Household Composition Held Constant | | |
|---|---|---|
| Household Size | Households | % of Total |
| 1-person household | 197 | 26% |
| 2-person household | 330 | 43% |
| 3-person household | 100 | 13% |
| 4-person household | 84 | 11% |
| 5-or-more person household | 49 | 7% |
| Total | 759 | 100% |
| Source: ESRI, ACS 2013, 2018, RKG Associates | | |

Table 12 shows the breakdown of owner and renter households by household size. With housing tenure held at the 80/20 split based on 2018 data, there is a projected need for an additional 606 owner-occupied housing units and 153 renter-occupied housing units through the year 2025. The new households are skewed toward 1- and 2-person households which are the two predominant household size categories in Franklin County as of 2018.

| Table 12: 2030 Projections if 2018 Household Composition Held Constant | | | | |
|---|---|---|---|---|
| Household Size | Owner Households | Total % of Renter | Renter Households | Total % of Renter |
| 1-person household | 141 | 23% | 56 | 37% |
| 2-person household | 288 | 48% | 42 | 27% |
| 3-person household | 79 | 13% | 21 | 13% |
| 4-person household | 66 | 11% | 17 | 11% |
| 5-or-more person household | 32 | 5% | 17 | 11% |
| Total | 606 | 100% | 153 | 100% |
| Source: ESRI, ACS 2013, 2018, RKG Associates | | | | |

Based on the projection data, Franklin County will need to consider how to increase the production of smaller units to accommodate the increase in 1- and 2-person owner-occupied households. Based on the number of vacant units, the county could encourage the rehabilitation of units as one way to help facilitate the production and preservation of housing. Part of the county's housing strategy will also need to focus on diversifying product type including some production of larger-scale multi-family housing to accommodate renter households.

# NATIONAL TRENDS

This section describes national trends in demographics such as population and household growth, as well as trends in both owner- and renter-occupied housing. The trends related to housing include an examination of issues affecting housing types, price points, and affordability. This section also discusses the relationship of national trends to those seen in Franklin County.

## Population

The population of the United States has grown by 7% over the last decade, rising from 310 million to nearly 330 million. This population growth is driven in part by overall longer life expectancies, population reproduction rates, and immigration. The growth in population impacts the demographics associated with the housing market.

**Figure 31: Population Growth in the United States**
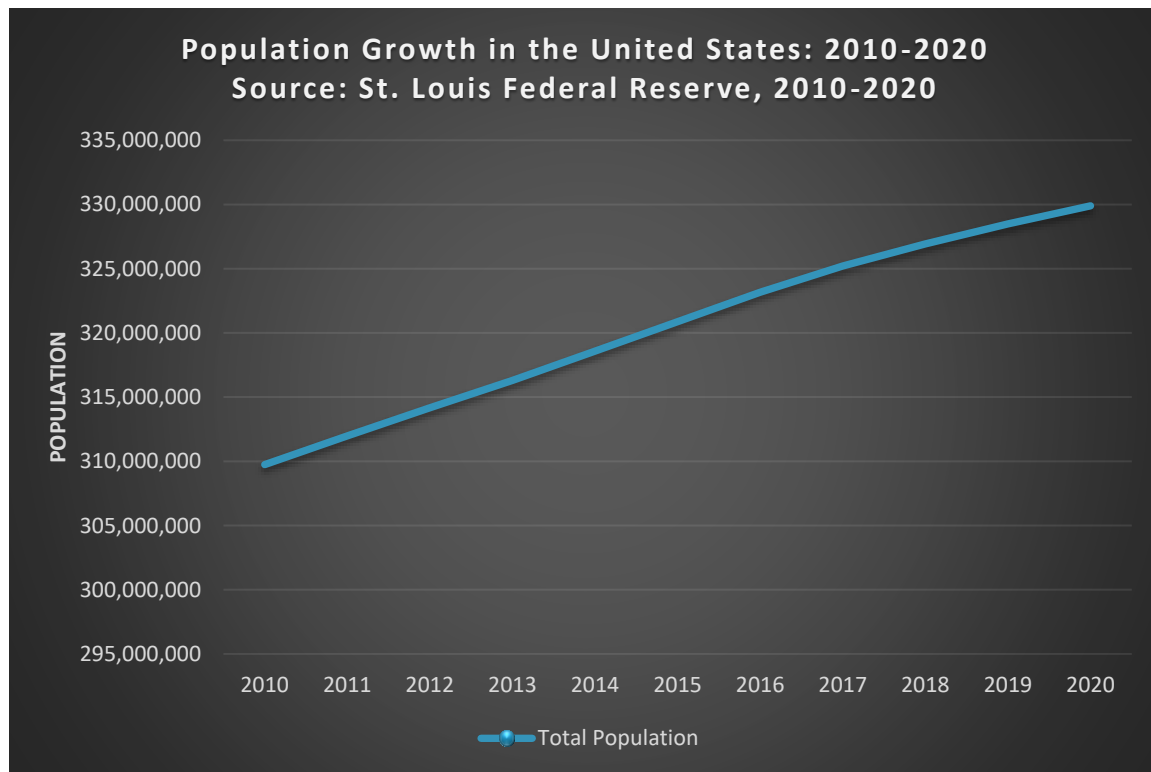


Franklin County has seen significant population growth over the last 50 years. Between 1970 and 2010, the population of Franklin County grew by 109%, rising from around 27,000 to about 56,000. However, this population growth has leveled off with the population only growing in total by 1% since 2010. Even with a slow population growth, the demographic changes occurring in Franklin County impact the housing market.

## Households

The number of households in the United States has increased by 11 million over the last decade. In 2020, there are 129 million households, an increase of 9% over 2010. The growth in households is driven by demographic changes within household composition. Households can be classified as family or non-family, with non-family households being defined as unrelated individuals living together, either through partnership or a roommate type situation. Over the last decade the growth in non-family households is nearly three times that of family households. Between 2010 and 2020 non-family households grew by 17%, rising from 39 million to 45 million, compared to family household which grew by 6% over the same period. The change in household composition is partially a result of a changing social structure (e.g. delayed marriage, longer life expectancy) as well as the economics associated with housing. Housing prices and rents have escalated in recent years, such that non-family households are formed so that they can afford housing. This generally occurs in highly urban areas where the cost of housing is substantial relative to incomes.

**Figure 32: Households in the United States**



In Franklin County, the total number of households remained nearly unchanged over the last five years. However, when looking at changes within family and non-family households, patterns similar to national trends exist. In Franklin County non-family households grew by 4% while family households declined by 1%. This shows that the county will need to adapt to its housing strategies to meet the needs of the growing non-family segment.

## Housing Units

The number of housing units in the United States has increased by 9 million over the last decade. In 2020, there are 140 million housing units, an increase of 7% over 2010. The growth in housing units is driven by demographic demand as total households are increasing. This growth in housing units also coincides with the recovery from the Great Recession, and the expansion of both the economy and monetary policy (i.e. low interest rates). This period also coincided with the revitalization of many cities, where dense housing development helped transform underdeveloped areas.

**Figure 33:  Housing Unit Growth in the United States**



Housing Unit Growth in the United States: 2010-2020
Source: St. Louis Federal Reserve, 2010-2020
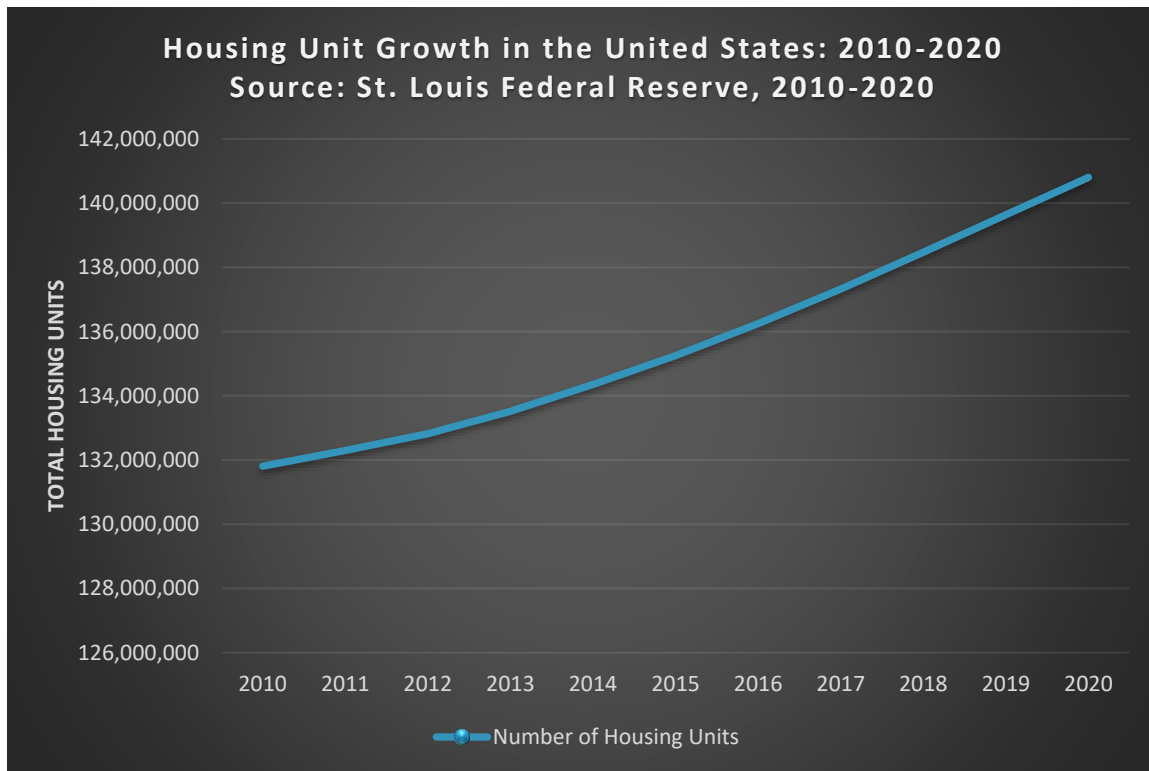
Franklin County has not experienced the same housing unit growth over the last decade. Across the county, the total number of housing units declined by 2% between 2010 and 2018. However, based on the analysis preceding this section, demand for housing in Franklin County remains strong, as prices have risen considerably over the past decade.

## Single-family Market

Across the United States single-family home prices have escalated substantially since the Great Recession. Key contributing factors include demographic changes, low interest rates, lack of supply, and a lag in new construction which has resulted in increasing prices. Since 2010, home prices have risen by 49%, or $101,000 nationally. In 2016, the national median sale price eclipsed $300,000 for the first time. The continual growth in home prices creates challenges for many households across the nation as the median home price is now out of reach for households at or

below the nation's median income. During the same 10-year period, median household income grew by only 19%, or $10,800, indicating homes prices are rising faster than wages.

**Figure 34: Median Sales Prices of Homes Sold in the United States**



Franklin County experienced a similar trend of home prices outpacing growth in incomes. Home prices have increased across Franklin County with a median sales price of around $270,000 which is well beyond what a household earning the median income could afford. Like the issues at the national level, Franklin County has seen a change in demographics as well as market dynamics which have limited the amount and type of housing being built. These changes include an increasing senior population who tend to age-in-place which limits housing turnover in marketplace, and a lack of multi-family developments which enable different types of households to attain affordable housing.

## Multi-family Market

Like the national for-sale housing market, the multi-family rental market has also seen prices escalate since the Great Recession. Since 2010, rents nationally have risen by 43%, or $422 per month. The continued growth in rent is a perennial challenge for renter-households as there is a higher propensity of lower-income households and cost burdened households comprising the renter market versus the owner market. As rents continue to climb, added financial burdens on renter households force a reallocation of household income from other spending categories like food, transportation, and healthcare over to housing. Contributing factors to increasing prices in rental housing include demographic and economic changes placing more renters in the market,

regulatory barriers for new construction keeping supply low, and high costs of construction requiring higher rents in certain markets.

**Figure 35: Median Rents of Multi-family Units in the United States**



Compounding the problem in the rental market are low levels of vacancy across the board. Vacancy rates have declined from 7% to 5% over the last 10 years. Low vacancy levels push rental prices upward as greater competition develops amongst households looking to secure available units. In Franklin County, the average rent for a single-family home is around $1,000 per month, while rents in multi-family buildings averaged $860 per month. The multi-family sector is a relatively small component of the market as only 6% of rental units are in buildings with greater than 10 units, while nearly 73% of rental units are in single-family or mobile homes.

## Affordable Housing Market

Access to affordable housing across the United States is a pressing issue. The production of truly affordable housing units has lagged demand for such units. There are a variety of reasons for this occurrence, primarily a lack of funding for affordable housing at the Federal and State levels, the competitive nature of tax credits as a key source of financing, regulatory barriers regarding density at the local level, and the long-term financial feasibility of constructing and operating affordable units without subsidies. Since 2015, rents of affordable units have risen by 14%, or $113 nationally. The continued rent growth has the potential to increase the number of households experiencing cost burdening impacting the lowest income households and households most vulnerable to displacement and homelessness.

**Figure 36:  Median Rents of Affordable Units in the United States**



Median Rents of Affordable Units in the United States:
2015-2020
Source: REIS, 2010-2020

Compounding the problem in the affordable rental market are low levels of vacancy across the board. Vacancy rates remained under 3% for the last five years. Low vacancy levels and the lack of new affordable housing create competition amongst households looking to secure available units. Waiting lists for affordable housing and housing vouchers have become longer in many markets as more households apply for the few units that may turnover each year.

# HOUSING MARKET GAPS

This section explores key housing market gaps based on the demographic analysis and owner and renter market analysis. Gaps focus on the type of housing that may be needed in Franklin County going forward and the price points that appear to be underserved in today's market.

## Low- and Moderate-Income Limits and Affordable Housing Costs

Most communities have some modestly priced housing that is more affordable to low- and moderate-income households: small, older single-family homes that are naturally less expensive than new homes; multi-family condominiums; or apartments that are leased for lower monthly rents. This type of affordable housing often stays affordable where the market will allow it and redevelopment or rehabilitation pressures are not as high. In the county today, there is a mix of housing at a variety of price points some of which is income restricted and others that are at a price point that is affordable to low- and moderate-income households.

Permanently affordable housing for low-income households provides protection from higher price increases than those households could otherwise afford. These units remain affordable because their resale prices and rents are governed by a deed restriction that lasts for many years, if not in perpetuity. There are other differences, too. For example, any household – regardless of income – may purchase or rent an unrestricted affordable unit, but only a low- or moderate-income household is eligible to purchase or rent a deed restricted unit. Both types of affordable housing meet a variety of needs. The primary difference is that the market determines the price of unrestricted affordable units, while a recorded legal instrument determines the price of deed restricted units.

Low and moderate incomes are based on percentages of the U.S. Department of Housing and Urban Development (HUD) Area Median Family Income (HAMFI) and adjusted for household size. Table 13 illustrates HUD's income breaks for Franklin County by household size and the maximum housing payment that is affordable in each tier.

| Table 13: HUD Income Limits | Persons in Family | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| FY 2020 Income Limit Category | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Extremely Low (30%) Income Limits ($) | $14,150 | $17,240 | $21,720 | $26,200 | $30,680 | $35,160 | $39,640 | $44,120 |
| Very Low (50%) Income Limits ($) | $23,550 | $26,900 | $30,250 | $33,600 | $36,300 | $39,000 | $41,700 | $44,400 |
| Low (80%) Income Limits ($) | $37,650 | $43,000 | $48,400 | $53,750 | $58,050 | $62,350 | $66,650 | $70,950 |

For example, in Franklin County, if the household income for a three-person household did not exceed $48,400 that household could qualify for a deed restricted affordable unit. Maximum

housing payments are typically set by HUD at no more than 30% of household income, or in this case $1,210 per month. The income limitations and maximum payment thresholds ensure that households are not unduly burdened with housing expenses.

## Affordability Analysis

Rapid growth in housing prices coupled with slow growth, if not declines, in incomes contributes to a housing affordability problem known as housing cost burden. HUD defines housing cost burden as the condition in which households spend more than 30% of their gross income on housing. When low- or moderate-income households are spending more than 50% of their income on housing costs, they are severely housing cost burdened.

**Figure 37:  Housing Cost Burden**
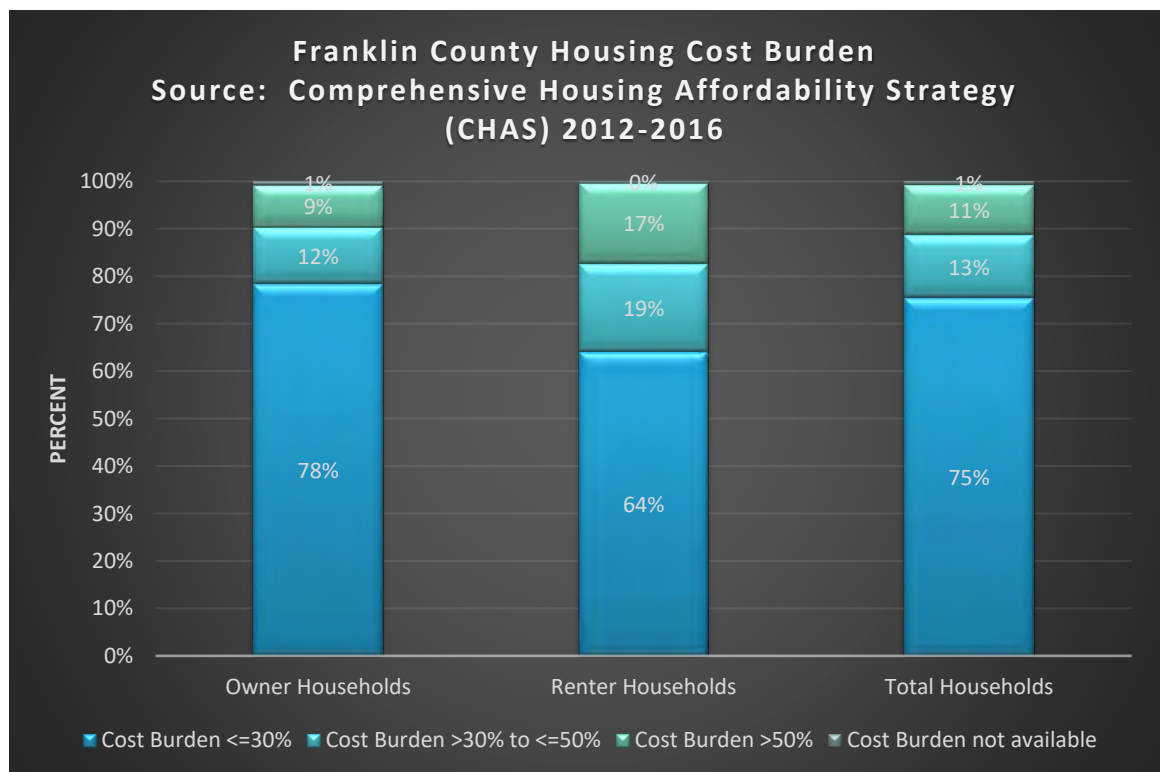


In Franklin County, only 13% of all households are considered cost burdened under HUD's definition and 11% are considered severely cost burdened. This is similar to (although slightly less than) the Region as 14% of households are considered cost burdened and 12% are severely cost burdened. Table 14 shows the percentage of cost burdened owner and renter households. Renters in Franklin County have a higher tendency to be cost burdened than owners, which is typical in most markets as well as nationally. In the case of the county, 19% of renter households are cost burdened and 17% are severely cost burdened which is a higher rate than owner households.

| Table 14:  Housing Cost Burden Overview, Franklin County, 2012–2016 | | | | | | |
|---|---|---|---|---|---|---|
| Cost Burden | Owner Households | | Renter Households | | Total Households | |
| | Est. | % of Total | Est. | % of Total | Est. | % of Total |
| <= 30% | 14,280 | 78% | 3,055 | 64% | 17,335 | 75% |
| >30% to <=50% | 2,165 | 12% | 885 | 19% | 3,050 | 13% |
| >50% | 1,620 | 9% | 810 | 17% | 2,430 | 11% |
| Cost burden not available | 145 | 1% | 15 | 0% | 160 | 1% |
| Total: | 18,210 | 100% | 4,765 | 100% | 22,975 | 100% |
| Source: HUD Comprehensive Housing Affordability Strategy (CHAS) Data; Note: Totals may not sum due to statistical error in CHAS data; and RKG Assoc. | | | | | | |

## AFFORDABILITY MISMATCH

While most communities have some older, more modestly priced homes and units with lower monthly rents these units are not necessarily occupied by low- or moderate-income households. HUD collects data for an affordable housing measure known as affordability mismatch which can be used to compare household income to housing prices. This measure can be used to identify housing price points where there may be an undersupply or oversupply and point to market opportunities where gaps could be filled. Affordability mismatch measures:

- The number of housing units in a community with rents or home values affordable to households in various income tiers;
- The number of households in each income tier; and
- The number of households living in housing priced above their income tier.

Viewing housing affordability in terms of income and cost (affordability threshold) serves as a proxy for understanding the challenges household face to afford adequate housing. To gauge whether owner and renter units in the county are aligned with household Area Median Income (AMI) and affordability, RKG calculated the number of households that fall into each AMI category and compared it to the number of owner and renter units affordable at those income limits.

Table 15 shows the affordability analysis based on a three-person owner-occupied household. Given that just under 50% of all owner households in the county earn at or above 120% of AMI, there is a shortage of units priced to what those households could technically afford. Some of this is related to Franklin County's market dynamics, as described in the market analysis section, where many owner units are currently valued at less than the average sales price. Many homes across the county are valued between $100,000 and $200,000 making the ownership market more affordable to a wider range of incomes. Just because a household can afford to spend more does not mean that they will; some households in Franklin County can choose to live below their means because sufficient housing is available at lower price points.

Although this analysis does show a surplus of housing available to households at the lowest income tiers, many households at 30 and 50% of AMI struggle to enter the homeownership market without some assistance. They may lack the down payment necessary to cover mortgage requirements, may not have a high enough credit score, and if able to enter the market the homes available to them may need substantial rehabilitation and upgrades.

It is also worth noting this analysis was completed for a three-person household which carries higher income thresholds across each AMI category than one- or two-person households. If singles or two people wanted to purchase a home, it is likely their choices at the 30 and 50% AMI categories would be extremely limited and likely show a deficit. With the growth in one- and two-person households countywide, homeownership options for smaller households should be a consideration going forward.

| Table 15:  Owner Price to Affordability Comparison | | | | | | |
|---|---|---|---|---|---|---|
| Category | Income Threshold | Owner Households | Percent | Fee Simple Home Price | Owner-Occupied Units | Surplus/ Deficit |
| 30% AMI | $21,720 | 2,906 | 15.8% | $80,663 | 3,109 | 203 |
| 50% AMI | $30,250 | 1,340 | 7.3% | $112,342 | 1,560 | 220 |
| 80% AMI | $48,400 | 3,041 | 16.5% | $179,747 | 4,468 | 1,427 |
| 100% AMI | $60,500 | 2,004 | 10.9% | $224,684 | 2,139 | 135 |
| 120% AMI | $72,600 | 1,164 | 6.3% | $269,620 | 1,083 | –81 |
| 120%+ AMI | $72,601 | 7,992 | 43.3% | $269,621 | 6,088 | –1,904 |
| Source:  ACS 2014–2018, HUD | | | | | | |

On the rental unit side, Table 16 shows a surplus of almost 885 units priced to households earning at or below 80% of AMI. At the upper end of the rental market there is a deficit of 734 units priced for households at or above 120% of AMI. Again, this is the result of most rental units countywide being priced between $500 and $1,000 a month. While there may be a few households that could afford higher rents, it does not mean they are going to pay those rents especially when higher-end rental product is not prevalent throughout the market.

Households earning 30% of AMI or below are finding it increasingly more difficult to find housing priced to their income. This is a trend seen not only in Franklin County, but nationally as well. These units tend to be deed restricted and managed by public entities such as housing authorities. With limited funds for constructing and preserving these units, there are typically affordability gaps at this income level. Like what was described in the owner-occupied affordability section above, the renter analysis is also set to a three-person household with higher income thresholds. A one- or two-person household earing at or below 30% of AMI would have even more difficulty finding an affordable unit as their income would be lower and therefore could afford fewer rental units countywide.

| Table 16:  Renter Price to Affordability Comparison | | | | | |
|---|---|---|---|---|---|
| Category | Income Threshold | Renter Households | Percent | Monthly Rent | Rental Units | Surplus/Deficit |
| 30% AMI | $21,720 | 1,734 | 37.2% | $543 | 1,587 | -147 |
| 50% AMI | $30,250 | 698 | 15.0% | $756 | 1,301 | 603 |
| 80% AMI | $48,400 | 1,094 | 23.5% | $1,210 | 1,523 | 429 |
| 100% AMI | $60,500 | 286 | 6.1% | $1,513 | 135 | -151 |
| 120% AMI | $72,600 | 133 | 2.8% | $1,815 | 60 | -73 |
| 120%+ AMI | $72,601 | 712 | 15.3% | $1,815 | 51 | -661 |
| Source:  ACS 2014–2018, HUD | | | | | |

FRANKLIN COUNTY HOUSING STUDY
# LAND SUITABILITY ANLAYSIS

Planning for land use change and future development must consider a wide range of factors that include environmental conditions and hazards, local plans and regulations, and the availability of critical infrastructure and services to support urban expansion and redevelopment. Land suitability models provide a framework that can incorporate these variables - and represent them geographically - to identify and prioritize areas that can support new housing, and potential constraints to development. This type of model is often employed in local and regional planning efforts using geospatial analysis techniques to process and integrate existing Geographic Information Systems (GIS) data. Thanks to the availability of high-resolution and regularly updated GIS databases, it has become possible to evaluate land suitability at the neighborhood and site scale while providing a reasonably accurate representation of local conditions.

## Overview

For this study, the objective was to assess the suitability of land for residential development across four localities in the Roanoke Valley-Allegheny Region: Roanoke County, Franklin County, Roanoke City, and Salem City. Because each locality has unique physical characteristics, local bylaws, and planning priorities, it was critical to customize the suitability model within the boundaries of these areas. Part of the objective of this study was to prioritize three specific sites for each locality from a list of potential development sites, which were identified by land use and development planning staff. Additional details on the process of engaging local planners in the land suitability analysis can be found later in this chapter. The following diagram summarizes the stages of model development, from compiling planning documents and GIS data to developing final recommendations for the selected sites, including the critical points where local feedback was solicited on the model inputs and results. The full land suitability methodology can be found in Appendix A at the end of this document.

| DATA COLLECTION AND PROCESSING | SUITABILITY MODEL SETUP | CALCULATION OF SUITABILITY | IDENTIFICATION OF TOP 3 SITES | SITE-SPECIFIC RECOMMENDATIONS |
|---|---|---|---|---|
| Land use and local resources | Identification of candidate sites/areas | Selection of highly-suitable sites/areas | Consultation with local staff | Housing type |
| Development and infrastructure | Selection of scoring criteria | Summary of suitability factors | Mapping of final sites | Infrastructure needs |
| Planning and local bylaws | Weighting of scoring criteria | | | |

⭐ **Indicates where planning staff was consulted**

## Data Collection and Processing

The information included in a land suitability model takes many forms, from GIS datasets representing linear infrastructure networks, administrative boundaries, and nodes of activity, to tables documenting details from assessors' databases and the dimensional requirements of local zoning bylaws. Data was collected from public data portals, RVARC's Director of Information Services, GIS managers from each city and county, and multiple agencies of the Commonwealth of Virginia.

In addition to GIS data sources, other location-specific data and variables were derived from local reports and planning documents, including comprehensive plans, area plans, zoning ordinances, housing assessments, and digital map documents produced by municipal and county planning offices.

## Suitability Scores and Weights

The land suitability model was designed based on established land use assessment techniques that apply spatial analysis tools to assign scores to a range of categorical and numerical variables. These scores are then combined into an index that indicates the relative suitability for a particular land use.

There are many ways to implement this type of model using GIS – in this case a raster-based model was used, in which each study area is divided into a grid of cells and suitability scores are assigned to each cell based on:

- proximity (ex. within 50 feet of a road)
- category (ex. land use or zoning)
- or a simple binary score (0 or 1) indicating location within an area of interest (ex. UDAs).

For this housing study, suitability criteria were selected based on a review of local planning documents and consultation with planning staff, with a focus on conditions that could support residential development in each jurisdiction. Numerical scores were assigned to each factor according to the level of development suitability, from high (score = 3) to low (score = 1), or not suitable at all (score = 0). Total scores were calculated using a weighted sum to combine the score of each factor.

The weight values range from Low (weight = 1) to Very High (weight = 7), and were based on initial discussions with local planners, then refined through further validation of the initial model results. The table below presents a summary of the suitability criteria, assumptions for each score, and the relative weights used in the model for each jurisdiction. Certain criteria were not factored into the analysis in some areas, for example, because some zoning or water resource protections were unique to the City of Roanoke they did not apply in other areas. Because of the scale of the regions and differences in mobility, the distance from public schools used wider ranges (1 to 5 miles) in the county geographies and smaller ranges (0.5 to 1.5 miles) in the cities. In total, the Roanoke County model included 13 criteria, 12 for Franklin County, 16 for the City of Roanoke, and 15 for the City of Salem.

## Assumptions and Limitations

As with any model, some simplifications were necessary to represent real-world conditions using this conceptual approach to evaluating land suitability. The break values selected for distance from critical infrastructure and scores assigned to different types of land cover, for example, represent assumptions made as part of the model development. Site-specific factors may change the applicability of these assumptions, but they are considered representative of potential development conditions at the regional and neighborhood scale.

Additionally, errors or omissions may be present in the GIS data and documents used to develop the model. One such known data gap is the water and sewer infrastructure in eastern Roanoke County. Data was collected for these infrastructure networks in Vinton, but it did not cover the areas connected to this system east of the Vinton border. Also, cemetery locations were included in the data for Roanoke County, but not other areas.

Overall, this model represents a regional decision support tool, using the best available data at the time of this document's writing. For more detailed parcel-level assessment of suitability and constraints, additional site surveys and mapping should be performed by qualified professionals. These models are intended to prioritize pre-selected development sites and identify potential infrastructure needs and other factors that could facilitate housing production. Other uses of this model should consider the assumptions and limitations outlined in this document.

## Site Identification

Development of the land suitability model was organized to capture local planning and development knowledge at critical stages in the process, specifically:

- **Data collection and processing:** determining key datasets and relevant local plans and bylaws
- **Suitability model configuration:** identifying potential development areas and discussing initial weights for suitability factors
- **Selection of final sites:** providing feedback on the suitability and constraints of selected sites
- **Site recommendations:** offering input on types of housing, zoning, incentives, and infrastructure

At each stage more of this local knowledge of land use, planning, and development conditions was integrated into the land suitability model configuration and helped to refine the areas suggested as sites of potential housing development.

## Site Selection

The ultimate objective of model is to evaluate the development potential of an initial list of sites, with the goal of prioritizing three sites within each jurisdiction. The sites were identified as follows:

1.  Initial discussions with planning staff (August 2020)
    *   The model development team conducted Zoom calls with planners from Vinton, Rocky Mount, City of Roanoke, Roanoke County, and Franklin County.
    *   Discussions centered on recent development trends and sites with potential for residential development, based on local knowledge and interest from developers. Initial locations were marked on a custom Google Map and saved to a GIS file.
    *   Planners were also asked to provide a preliminary distribution of importance to each category of suitability criteria.
2.  Site delineation and validation (September 2020)
    *   Based on the locations identified with planners, parcels and larger areas were identified and assigned an ID. Associated parcel numbers and addresses were tabulated for each site.
    *   Information on the preliminary sites was sent back to planning staff for validation
3.  Development site refinement and consolidation (October-November 2020)
    *   After reviewing the additional feedback, potential development area boundaries were adjusted, and ID numbers were updated to reflect the final selected sites.

## Site Evaluation

The final sites identified for each jurisdiction were incorporated into their respective suitability and constraint models to calculate the scores and compare the development potential within each site boundary. Because the model employed a grid-based approach, the suitability and constraints scores vary across each site. To account for the range of scores, the average suitability and constraint scores were tabulated. Based on feedback from the project steering committee, there was interest in reviewing the suitability of each site without considering current zoning, which would lower the score in areas where limited housing types are permitted by right.

The following section presents a summary of the scores for each version of the model, organized by jurisdiction. Final selection of potential housing development sites also considered the area and configuration of the parcels within each site, as well as local housing market conditions and the type of housing each site would be likely to support. At the end of each section, a summary of the top three sites is presented, including a close-up view of the site, a map of key constraints, and other important details, including: site area, zoning, and location relative to UDAs, zoning overlays, and historic districts.

## Franklin County Priority Sites

The map below shows the locations of the selected potential development sites, along with the results of the land suitability analysis, specifically the version including zoning in the overall score. Areas of higher suitability are located along major road corridors, in Urban Development Areas, and close to existing water and sewer infrastructure. The lowest suitability areas are in more rural, mountainous areas of the county where the lack of roads, water infrastructure, and steep slopes make development more difficult. The maximum suitability score for the model including zoning is 144, and the average score is 82.8.
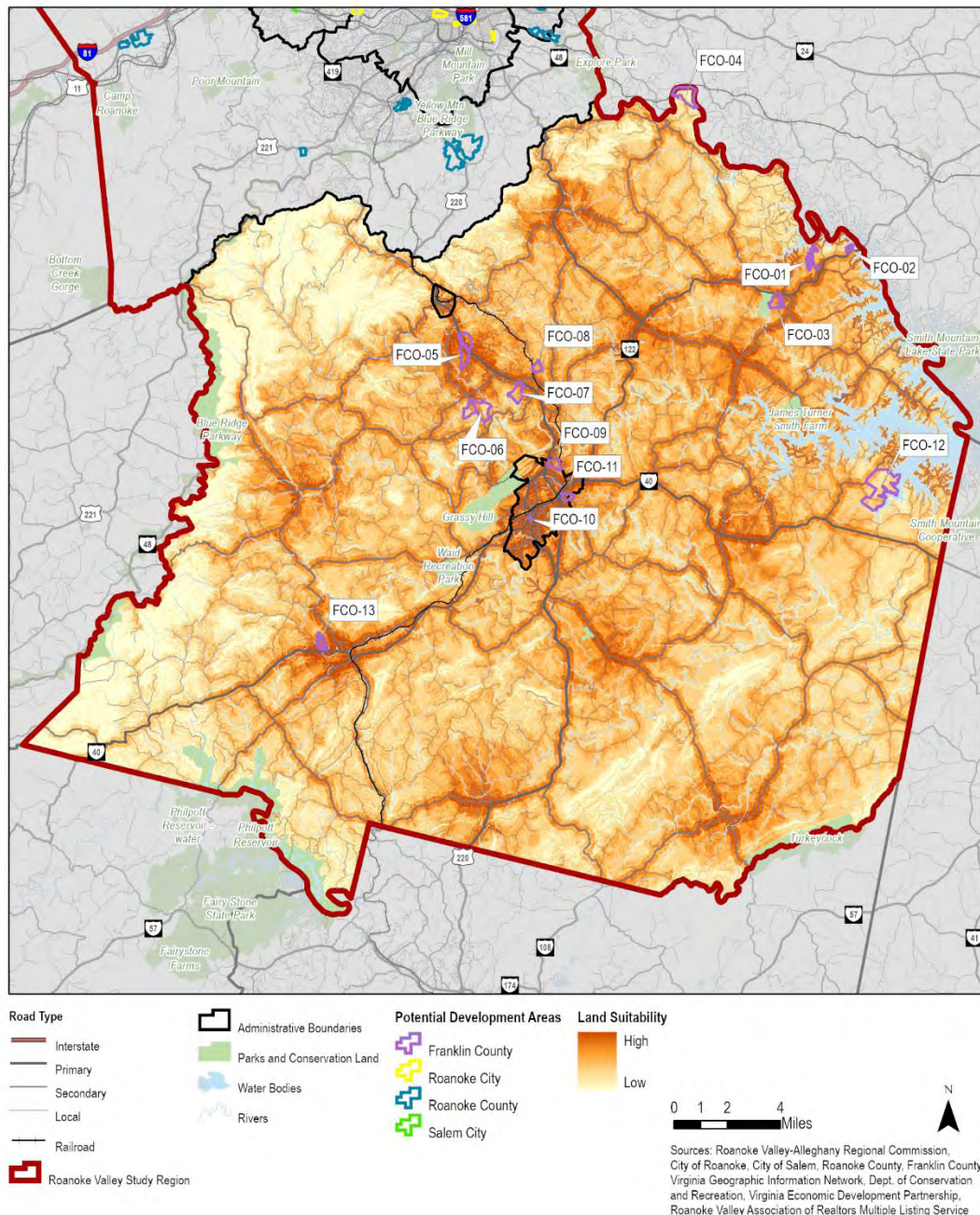


**Figure 38:  Franklin County Land Suitability**

Areas of higher constraints were somewhat scattered across Franklin County, with most located in existing conservation areas and higher mountain slopes. Existing development areas and zoning districts that do not allow residential by right were also constraints within Rocky Mount. Across the county, the highest constraint score was 5, and the average score was 0.27. The following map shows the distribution of constraints, with bright red indicating areas with the highest number of constraints.
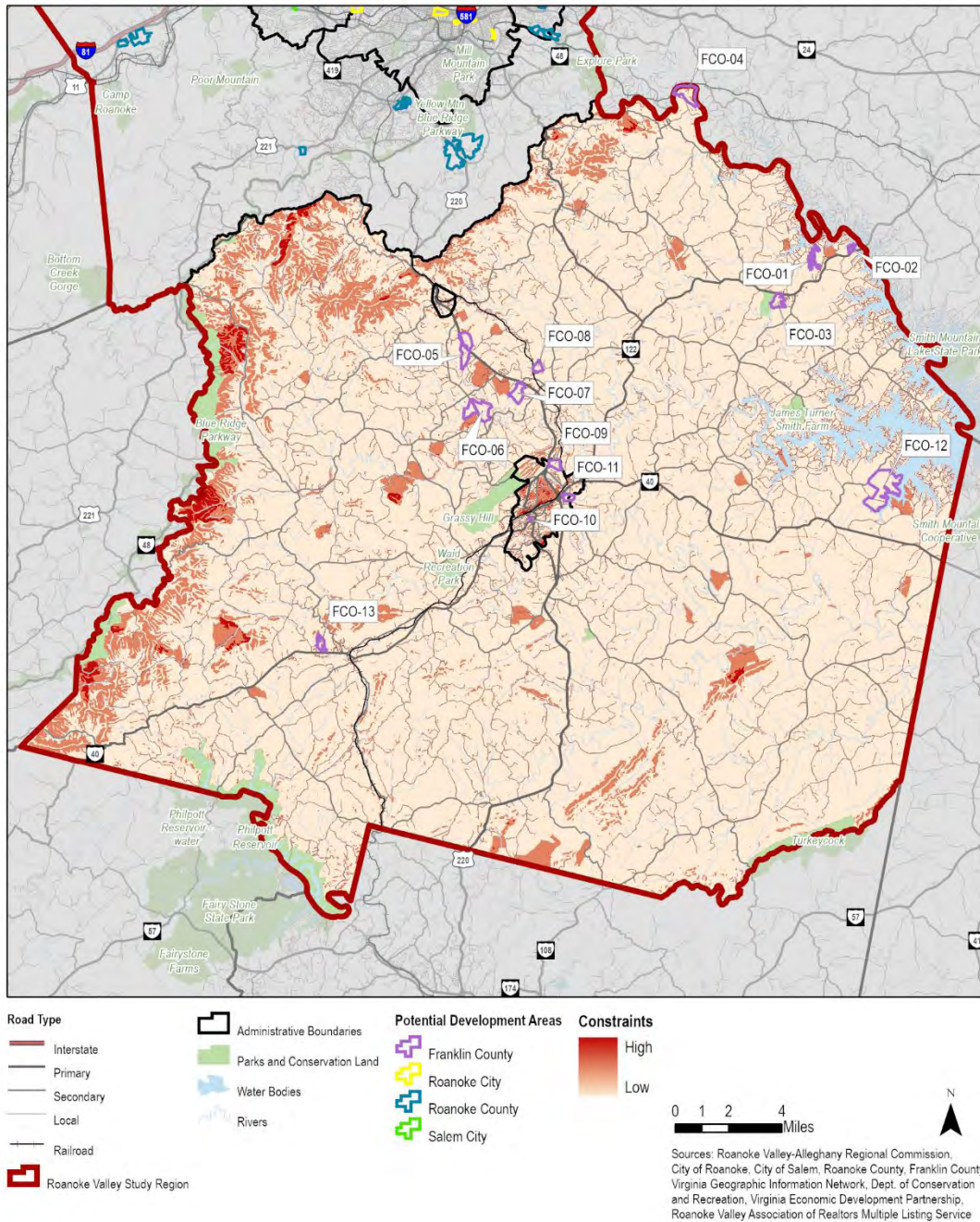


**Figure 39:  Franklin County Development Constraints**

Comparing each site to the scores across the entire city, many sites were close to the average suitability score, and a majority were below the average constraint score. Comparing the "Primary" model to the "No Zoning" model, it is important to note that the scores without zoning will be lower overall because there was one less factor contributing to the total score. The table below presents the suitability and constraint score for each site, both including and excluding zoning as a factor.

**Table 17: Franklin County Site Suitability Scores**

| Site ID | Site Description | Area (Acres) | Primary Model | | | No Zoning Model | | |
|---------|-----------------|--------------|-------------|-------------|------|-------------|-------------|------|
| | | | Suitability | Constraints | Rank | Suitability | Constraints | Rank |
| FCO-01 | Westlake - Lakewatch Plantation | 86.64 | 100.5 | 0.20 | 4 | 91.5 | 0.20 | 4 |
| FCO-02 | Westlake - Bridgewater Grande Drive | 31.19 | 92.2 | 0.18 | 8 | 83.2 | 0.18 | 8 |
| FCO-03 | Westlake - Route 122 | 119.29 | 97.4 | 0.12 | 7 | 88.4 | 0.12 | 7 |
| FCO-04 | Hardy - Moorman Road | 245.31 | 72.1 | 0.68 | 13 | 63.3 | 0.50 | 13 |
| FCO-05 | Boones Mill - Route 220 | 248.38 | 103.5 | 0.06 | 2 | 94.5 | 0.06 | 2 |
| FCO-06 | Grassy Hill Road | 318.15 | 86.4 | 0.04 | 11 | 77.4 | 0.04 | 11 |
| FCO-07 | Wirtz - Route 220 | 153.84 | 89.9 | 0.02 | 9 | 80.9 | 0.02 | 9 |
| FCO-08 | Wirtz - Rocky Lily Road | 66.38 | 88.0 | 0.02 | 10 | 79.0 | 0.02 | 10 |
| FCO-09 | Rocky Mount - Route 220 | 85.28 | 97.8 | 0.04 | 6 | 88.8 | 0.04 | 6 |
| FCO-10 | Rocky Mount - Downtown | 3.62 | 125.7 | 0.91 | 1 | 116.7 | 0.91 | 1 |
| FCO-11 | Rocky Mount - Powder Mill Creek | 58.73 | 102.1 | 0.25 | 3 | 93.3 | 0.23 | 3 |
| FCO-12 | Penn Hall Road | 717.35 | 79.1 | 0.03 | 12 | 70.1 | 0.02 | 12 |
| FCO-13 | Ferrum - Route 40 | 82.43 | 98.8 | 0.05 | 5 | 89.8 | 0.05 | 5 |

In both models, FCO-01 (Rocky Mount – Downtown) had the highest suitability score by a large margin, but also more constraints than other sites due to existing buildings; however, because this area is targeted for mixed-use redevelopment, some existing buildings have potential to accommodate new housing on the upper floors. FCO-05 (Boones Mill) and FCO-11 (Rocky Mount – Powder Mill Creek) were second and third highest, respectively, followed by FCO-01 (Westlake – Lakewatch Plantation) and FCO-13 (Ferrum – Route 40). The two lowest suitability sites, FCO-04 and FCO-12, are large vacant sites along Smith Mountain Lake, but their remote locations and lack of infrastructure hurt their score.

Once the suitability and constraint scores were considered alongside the characteristics of each site and local housing market conditions, the rankings were revised to reflect these other factors. Specifically, FCO-05 may have access to a major road and water/sewer infrastructure, but there is lower housing demand and access to other services along that corridor. The Lakewatch Plantation site (FCO-01) has already been subdivided and is likely destined to be developed as single-family vacation homes, which do not address the most urgent housing needs of the region. FCO-13 in Ferrum, however, has the necessary infrastructure and

potential to support new housing development, as indicated in the recent housing study highlighting this site.

The following table provides some additional details about the top three sites for Franklin County, and additional maps of these sites are included on the following pages. Note that the potential development site downtown Rocky Mount was expanded to capture additional parcels with redevelopment potential.

**Table 18:  Franklin County - Top Three Development Sites**

| Site ID | Site Description | Acres | Zoning | Overlays | UDA | Historic District |
|---------|------------------|-------|--------|----------|-----|-------------------|
| FCO-10 | Rocky Mount - Downtown | 10.06 | CBD | None | Yes | Yes |
| FCO-11 | Rocky Mount - Powder Mill Creek | 58.73 | GB (Rocky Mount); A1 (Franklin Co.) | None | No | No |
| FCO-13 | Ferrum - Route 40 | 82.43 | Not Zoned | None | Yes | No |

### FCO-10:  ROCKY MOUNT - DOWNTOWN

This cluster of sites in downtown Rocky Mount are located at the corner of Franklin and West Church streets. Rocky Mount is an incorporated Town in Franklin County with local zoning regulations. These sites are in the Central Business District (CBD). The CBD district permits single-family detached and mixed-use development by right. The CBD allows heights of 45 ft or two stories and requires site plan approval for mixed-use development. Section 7 of the Zoning Code requires two off-street parking spaces per residential unit and 7 spaces for the first 1,000 s.f. of retail.

The CBD is designated as an Urban Development Area (UDA), "Central Business District Growth Area" which encourages growth in area with sufficient transportation and public infrastructure. UDAs must be zoned for a minimum density of 12 apartment/condo units per acre.

The Rocky Mount National Register District encompasses downtown Rocky Mount and could provide incentives for reuse and rehabilitation through historic tax credits.

The Rocky Mount 2015-2035 Comprehensive Plan includes a strategy to encourage and promote development of upper-story residential lofts in downtown and uptown, creating an inventory of potential properties for residential use, and promoting available incentives for development (page 67).

This study's analysis of the market points to a need for diversified housing options, by type and price point, within Franklin County. This site could provide upper-story rental or ownership opportunities in mixed-use buildings that could appeal to both younger and older residents. As household composition continues to favor smaller household sizes, smaller rental or ownership units like these could appeal to a wide range of householders. There is

also a need in the region for more residential development in walkable, amenity-rich locations within a close range of employment.

With more flexible land use regulations and promotion of this area for redevelopment and reuse of existing, particularly any historic, properties, this area could potentially generate roughly 120 new residential units (based on the minimum UDA density of 12 units per acre).

Note, according to mapping data from the Roanoke Valley-Alleghany Regional Commission, this area appears to have public water and sewer infrastructure in close proximity.

**Recommendations:**

- As pointed out in the Comprehensive Plan, many of the development standards and guidelines in the existing zoning code are unclear and should be updated with clear standards.
- Consider increasing the height limitation of two-stories to three or four stories for mixed-used development in the CDB (existing limitation of 45' is likely sufficient for three to four story building).
- Consider reducing parking requirements for residential and commercial land uses to promote feasible development in the CBD.
- Create a neighborhood vision for this area of downtown that includes renderings of potential redevelopment of underutilized sites and parking areas.
- Create design guidelines and review process to help realize the neighborhood vision and clearly communicate design considerations and preferences to ensure new development reinforces the traditional and historic characteristics of this area.

## FCO-10: Rocky Mount - Downtown



Image sources: Commonwealth of Virginia, GeoEye, Maxar, Microsoft
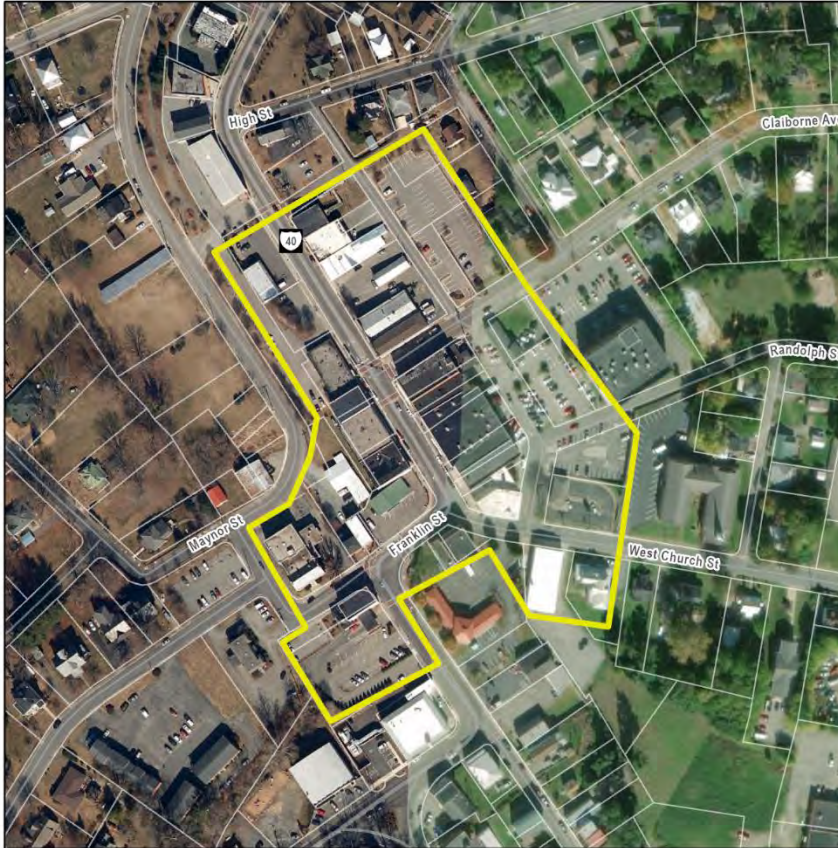
**Locality:** Franklin County

**Area (Acres):** 10.06

**Zoning District:**
CBD (Rocky Mount)

**Other Base Zoning:**
N/A

**Zoning Overlay:**
N/A

**In a UDA?**
Yes

**In a Historic District?**
Yes

350 Feet

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept. of Conservation
and Recreation, Virginia Economic Development Partnership

### Constraints



- Flood Zone
- Wetlands
- Steep Slope
- Karst
- Town Boundary
- Building Footprints

**Figure 40: FCO-10 Site Summary**

## FCO-11:  ROCKY MOUNT - POWDER MILL CREEK

This +/-59 acre site, which is comprised of two parcels in common ownership, is located on Old Franklin Turnpike (Route 40) in Franklin County and is in both the General Business (GB) zoning district per Rocky Mount's zoning code and Agricultural (A1) zoning district per Franklin County's zoning code. The site is primarily forested with some open fields and does not appear to have any significant environmental constraints to development. The site is in close proximity to strip commercial development on the Route 40 corridor including take-out restaurants and a Walmart Superstore.

The A1 portion of the site consists of the eastern parcel (parcel ID 63.00-254), which is just under 24 acres. A1 allows single-family detached, subdivisions, single-family with apartments, residential cluster development, mobile homes, and manufactured homes by right. In addition, the A1 district allows mixed-use development by special permit. Assuming a residential cluster development on the A1-zoned parcel, which would preserve at least 50 percent of the total land as publicly accessible open space, the parcel could be subdivided with up to 22 house lots (1/2 total acres + 10).

The GB portion of the site consists of the western parcel (parcel ID 203.00-61), which is just over 35 acres. GB permits mixed-use development by right. There are no minimum lot sizes or frontages in the GB district. Building heights are limited to 60 feet with variances.

This study's analysis of the market points to a need for diversified housing options, by type and price point, within Franklin County. This site could provide for that mix of housing types given its size and location. Part of the site could be used to meet demands of smaller households through multi-family rental housing with the A1 portion providing options for ownership units through cluster development or single-family detached homes. If smaller ownership units could be produced on this site and be offered at a price point affordable to households in the 80% - 100% of AMI range that would fill a continued need in the county for affordably priced starter homes.

Note, according to mapping data from the Roanoke Valley-Alleghany Regional Commission, this area appears to have public water and sewer infrastructure in close proximity.

**Recommendations:**

- With the strong need for multi-family and mixed-use housing to diversify housing options in this area, encourage new residential development on the Rocky Mount portion of the site, which has frontage on Route 40, a main transportation corridor, and is in close proximity to commercial land uses.
- Consider rezoning to a new zoning planned unit development district that permits higher density multi-family housing and mixed-use. Assuming 12 residential units per acre, the property could potentially yield 420 units.

- Preserve the A1 parcel as permanent open space or agricultural land to reinforce the agricultural characteristics of the surrounding area to the east in Franklin County.

## FCO-11: Rocky Mount - Powder Mill Creek



**Locality:** Franklin County

**Area (Acres):** 58.73

**Zoning District:**
GB (Rocky Mount)

**Other Base Zoning:**
A1 (Franklin Co.)

**Zoning Overlay:**
N/A
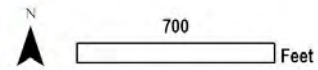
**In a UDA?**
No

**In a Historic District?**
No

700 Feet

Sources: Roanoke Valley-Alleghany Regional Commission, City of Roanoke, City of Salem, Roanoke County, Franklin County, Virginia Geographic Information Network, Dept. of Conservation and Recreation, Virginia Economic Development Partnership

Image sources: Commonwealth of Virginia, USDA FSA, GeoEye, Maxar

## Constraints



- Flood Zone
- Wetlands
- Steep Slope
- Karst
- – – Town Boundary
- Building Footprints
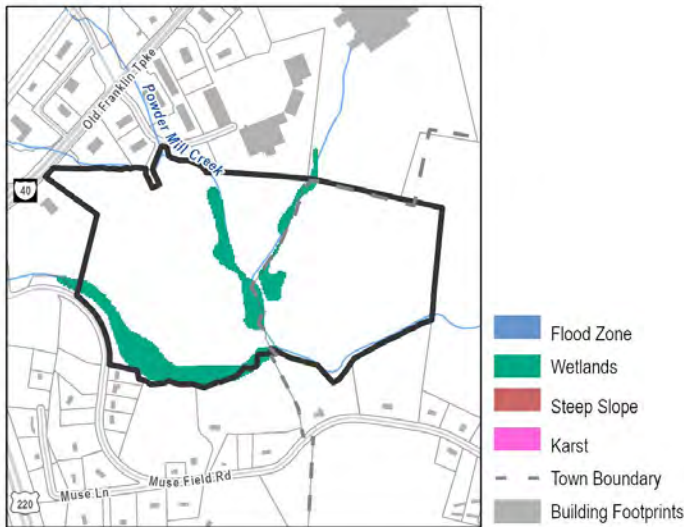
**Figure 41: FCO-11 Site Summary**

### FCO-13:  FERRUM- ROUTE 40

This site is a non-zoned site in Franklin County of just over 82 acres. The site is in the Ferrum Urban Development Area (UDA). Per the Ferrum Village Area Plan (2019), workshop participants indicated preference at this site for a mixture of uses including senior housing, destination restaurant/brewery, conference center and lodging, as well as recreational area with community gardens and multi-use trails.

This study's analysis of the market points to a need for diversified housing options, by type and price point particularly with respect to this site as no single housing segment in Ferrum is likely to support the full development of this large site. It may be better to break up this site and allow different developers to integrate a multitude of product types over time to create a mixed-product development. There could be housing for younger residents looking to rent, or those looking to enter the homeownership market with smaller, more affordable starter homes. There could also be housing geared toward the aging population with low-maintenance one-story living patio homes or even multi-family rentals that offer no-maintenance living.

With 82 acres, this large site could accommodate a mixture of uses, as envisioned by the community. If assuming 30 percent of the site for housing (about 24 acres), at a density of 12 units per acre, the site could yield roughly 288 multi-family units. Or if assuming townhouses, the site could yield 144 townhouses on 30 percent of the site.

The site is owned by the county and therefore, has great potential for redevelopment through a public disposition process that includes economic development objectives in addition to affordable and mixed-income housing.

Note, according to mapping data from the Roanoke Valley-Alleghany Regional Commission, this area appears to have public sewer infrastructure in close proximity and there appears to be a water main on Franklin Street.

**Recommendations:**

- Create a feasibility study and site master plan, with a strong community vision component, to determine the ideal mix of uses at this site which could include senior housing or other affordable, mixed-income housing options.
- Initiate a competitive public disposition process awarding the site to responsive and qualified developer(s) who demonstrate the greatest alignment with the site master plan and community objectives, the most attractive public benefits, and appropriate compensation.

## FCO-13: Ferrum - Route 40



Image sources: Commonwealth of Virginia, USDA FSA, GeoEye, Maxar

**Locality:** Franklin County

**Area (Acres):** 82.43

**Zoning District:**
Not Zoned (Franklin Co.)

**Other Base Zoning:**
N/A

**Zoning Overlay:**
N/A

**In a UDA?**
Yes

**In a Historic District?**
No

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept. of Conservation
and Recreation, Virginia Economic Development Partnership

### Constraints



- Flood Zone
- Wetlands
- Steep Slope
- Karst
- Town Boundary
- Building Footprints
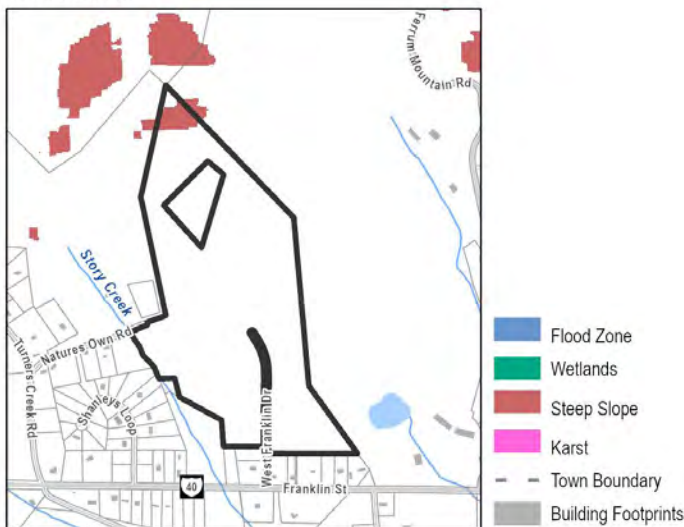
**Figure 42: FCO-13 Site Summary**

# BARRIERS TO ADDRESSING HOUSING

To address gaps across Franklin County's housing market, several barriers will need to be addressed. For the purposes of this analysis and to inform future strategies, we have organized current barriers into four categories: Market, Financial, Regulatory, and Coordination.

## Market Barriers

Market barriers refer to constraints placed on the housing market or factors that drive the market to respond in a certain way. In Franklin County, there are several market-based barriers affecting housing which include:

- **Market Price Distortion from the Sale of Second Homes** – Market distortions from seasonal housing is influencing housing prices in certain parts of Franklin County. Across the county, 55% of all vacant units are classified as Units for Seasonal/Recreational use removing a portion of the year-round housing stock that would typically be available to permanent residents. In the Smith Mountain Lake area, a new single-family home on average sells for nearly 46% more than existing single-family homes, with the median sale price of a new home in 2019 of $693,498 compared to $474,300 for an existing home. Sales prices of homes found in the Smith Mountain Lake area are about 75% higher than those found in the rest of Franklin County creating challenges for low- to moderate-income households who may want to live in this area. As the number of seasonal units continues to rise, housing availability, particularly affordably priced housing will become more limited.

- **Reduction in Local Building Capacity** – The Great Recession had some negative effects on the housing market in Franklin County but, by-in-large, prices and rents have rebounded back to pre-recession levels. A bigger impact of the recession that continues today is the reduction in local building capacity as there are only a few larger sized developers within the Region. These developers tend to look for projects which are likely to be permitted, require less risk and offer acceptable financial returns.

- **Decline in 35 to 44-Year-Old Population** – Between 2013 and 2018, the number of residents between the ages of 35 and 44 decreased by 18%, which is double the regional trend. Historically, this age cohort is at peak family formation and are a potential buyer pool for starter homes or larger homes representing a move up in the market. The continued decline in this population could potentially impact home purchases, home prices, and the vacancy rates across the county.

- **Lack of Diversity in Housing Types** – The predominate housing type for both renters and owners in Franklin County are single-family homes and mobile homes. Multi-family housing units are limited across the county but offer an important price and size distinction in the market compared to single-family homes. The demographic shifts to an aging population will continue to influence the market and likely drive demand for more diversified housing types

like townhomes, patio homes, and potentially condos to retain the senior population while also bringing affordability to younger households. Nationally, there is an alignment of housing preferences between younger and older generations in terms of both product type, locations, and amenities. Universal design is also an important factor to consider for new units so they can be designed or easily adapted to meet the needs of owners and renters regardless of age or ability.

## Financial Barriers

Financial barriers refer to the access to capital needed to fund housing development, access to financing to purchase a home, resources to address housing inequities and challenges, and the financial feasibility of rehabilitating the existing housing stock in certain parts of the county. Financial barriers to housing development include:

- **Rehab and Acquisition** - Rehabilitation of the older housing stock is difficult to execute because it requires a concerted effort on the part of homeowners, the availability of financing, and coordinated efforts by municipal officials. Rehabilitation is difficult from the homebuyer side because financial resources are not always available for renovation projects. While some lenders offer construction financing, lending terms may not be favorable to low- to moderate-income households who are unable to pay the loan back on top of an existing mortgage. While there are county, state, and non-profit programs which help homeowners finance rehabilitation costs, these funds are limited.

  There are also challenges for potential buyers of homes that need rehabilitation work. In areas where housing rehabilitation has not occurred and home values are lower, it can be difficult for lenders to find comparable properties to justify a combined rehab and acquisition loan. Oftentimes, gap financing is needed through a flexible funding source to help make up the difference between what a lender is willing to offer and the amount the homebuyer needs for repairs. This may also disproportionately impact low- to moderate-income households who may not have cash on hand to complete the needed rehabilitation on the home.

- **Development Feasibility** – The financial feasibility of revitalizing and redeveloping older areas, building on in-fill lots, or undertaking new greenfield/subdivision development is a major barrier. The cost of land, materials, and construction are significant, especially with the topographic challenges in parts of the county and the availability of infrastructure and utilities. The risks associated with larger projects can be high, particularly in untested markets where there are fewer local builders willing to take risks. Financial feasibility concerns limit the potential of new developments to include affordability components, as developers opt to build higher priced housing to mitigate risk and increase returns.

- **County/State/Federal Resources** – Funding to support housing programs and initiatives is limited in many cases to those available through local taxation or development fees, state funding dedicated to housing, tax credit programs, and federal housing programs like CDBG or HOME funds. Providing new affordable housing options will take a concerted effort and leveraging a variety of funding resources. This will be a key barrier to implementation and

one that will require a coalition of government, non-profits, faith-based organizations, and private investors.

- **Lending Criteria and Access to Financing** – Homebuyers are challenged by increasing levels of personal debt, diminished savings, and stricter lending requirements by financial institutions due to economic and policy changes from the Great Recession. Purchasing power constraints limit the ability of households to buy homes or undertake major renovations to existing homes. Younger householders who carry large student loan debt coupled with price escalations in the housing market make homeownership difficult to attain and can result in greater numbers of renter households. For low- and moderate-income households, obtaining and maintaining a qualifying credit score can also be a challenge to accessing financing.

## Regulatory Barriers

Regulatory barriers refer to the policies and regulations placed on residential development by local, county, and/or state government that may be impeding the construction of certain types of housing product. This may be related to zoning, subdivision controls, permitting, or building codes. Regulatory barriers to housing development include:

- **County Zoning Ordinance** – The County's Zoning Ordinance currently offers property owners quite a bit of flexibility from a residential perspective, including allowing a range of housing types to be built. Franklin County has six residential zoning districts—three Residential Subdivision Districts (Suburban R-1, Suburban R-2, and Combined RC-1), one Residential Estates District (RE), a Multifamily District (MF), and Planned Development District (RPD). Single-family development is allowed by-right in five of these residential districts, in the Agricultural District (A-1) and by special permit in the Planned Commercial District (PCD). The County's MF district does not permit single-family development.

- **Restrictions on Multifamily Development** - Multifamily use is only allowed in two districts by-right—the Multifamily and Planned Development Districts. Mixed-use development is allowed by-right in the Limited Business District (B1), General Business District (B2), and Light Industrial District (M1), and by special permit in the A-1 District at a density defined by this bylaw.

- **Adaptive Reuse and Code Compliance** – Adapting older buildings to meet today's building codes and accessibility requirements can be very expensive, particularly for those buildings that could host a mix of uses. Improvements such as adding sprinklers, providing elevator access to upper floors, and making accessibility improvements often require a large amount of upfront capital that may take a long time to recapture in an area with lower residential and commercial rents. These required improvements can sometimes force property owners to keep upper stories vacant or limit the ability to fit out spaces for a different mix of tenants.

## Coordination Barriers

Coordination barriers refer to the ability of stakeholders to come together and focus efforts and resources to help with the county's housing challenges. Change is never easy nor is identifying

funding to address challenging issues, but both require a coalition of leaders to come together and agree on priorities and direction. Potential coordination barriers include:

- **Identify Funding Sources** – To address housing issues identified in this study, additional funding sources are going to be needed. The housing market, while growing, is not necessarily meeting the needs of residents. The market may not course correct on its own in the short-term and there may be a need to identify subsidies to prime the market in areas that have not seen new investment or may not be supplying the diversity of housing choices needed to serve residents today and into the future. Raising additional funds, leveraging resources, or reallocating existing funding is never easy but may be necessary to address housing needs across the county.

- **Regional Collaboration** – Over the last two decades, private corporations such as financial institutions, major employers, and anchor institutions such as hospitals and universities have played an increasingly important role in improving and expanding affordable housing. Investments in low-income housing tax credit projects have been a primary contributor to building multi-family affordable rental units across the country. Franklin County has a need to expand both the amount and type of affordable housing as well as the pool of funding available for such projects. The challenge now is for the County to take charge of those challenges and begin seeking a larger partnership between government, philanthropy, and the private sector. This is a best practice in many places across the country who are working collaboratively to invest in larger, more complex community and economic development solutions.

The concept of leveraged capital, when a small amount of initial capital is made available to attract additional resources, is not new to the affordable housing industry. Most affordable housing built since the early 1990s has been financed by private equity investments seeking low-income housing tax credits and market rate returns. What is new to the community development sector are the innovations created through co-investment opportunities between the public and private sectors.

In Franklin County, partnership between the County, affordable housing providers, institutions, employers, non-profits, Virginia Housing, Virginia Department of Housing and Community Development, and the RVARC will be critical to addressing housing needs going forward.

# STRATEGIES

To address of the housing issues and opportunities noted in this study, RKG compiled a set of strategies each informed by the county-wide data analyses, interviews and focus groups, and an assessment of existing housing programs. The strategies presented are targeted toward addressing the identified gaps and barriers in the current housing market and have been organized under headings which group similar strategy types and an estimated timeframe for implementation. The strategies are also intended to help address housing typology gaps identified in Franklin County's market and easing restrictions or putting forth incentives to help produce that product in the future.

It is crucial that strategies focus on initiatives the county and its partners can undertake within the first few years to address key issues and opportunities in the housing market. Undertaking incremental steps in the beginning stages of an implementation strategy can build momentum and give residents and investors the confidence in the potential of the plan. Short-term implementation recommendations (0-5 years) can include organizational restructuring, policy and regulatory changes, realignment or consolidation of funding sources, or small investment projects. Mid- and long-term recommendations (6-10 and 10+ years) may take more time, additional or creative financing, complex partnerships, political will, and patience as the market adjusts to changes in policy, regulation, and/or funding priorities.

## Regulatory Strategies Barriers

The County and its local partners should consider zoning changes that allow and potentially incentivize new housing types where appropriate. The County's growing population is concentrated in two primary age cohorts – younger professionals and seniors. National trends show housing preferences of both groups in close alignment with a preference toward housing in walkable locations with amenities nearby, attached ownership units or multi-family rental structures with minimal maintenance responsibilities, and amenitized buildings. These housing preferences were not only noted in this study and backed up by interviews and focus groups, but also by other recent studies such as the 2020 Ferrum Housing Study and Rocky Mount's 2035 Comprehensive Plan. If the County wants to continue to attract people to live here and retain the residents who are here already, increasing housing choice and diversity should be a key goal moving forward.

### UTILIZE ZONING TO ALLOW OR INCENTIVIZE HOUSING PRODUCTION

Zoning changes should respond to resident needs and desires for new housing types and structures that provide additional housing choices yet are still compatible with the built environment in which they are placed. Zoning is one of the few tools the county and local partners can change almost immediately and at little cost that can have a direct impact on housing production. Zoning can also be used to integrate new housing types across a wide variety of area or neighborhood types in the county from rural areas to vacant land along transportation corridors

to downtowns with mixed-use and upper story residential. The following zoning recommendations should be considered by the county and local partners to help diversify housing types and address housing affordability at different price points.

**Zoning for Housing Choice (Near-Term)**
The housing market study and focus group interviews point to a lack of housing choice throughout the county, particularly for housing typologies that offer slightly higher densities. While the County does allow townhomes and multi-family units in districts like RMF and RPD, lot coverages and density restrictions may be making it less attractive to pursue these options. These districts also require larger tracts of land (five or more acres) which could push higher density development outside of areas serviced by infrastructure and amenities. The County should revisit the regulations for these districts and review minimum parcel size requirements, land coverage/open space requirements, density regulations, and allowable housing types.

The County and its local partners should also look at options for integrating other housing types into neighborhoods where appropriate. The idea of "missing middle" housing is one where different housing types such as duplexes, triplexes, townhomes, or smaller 6-10 unit multi-family structures are integrated within existing neighborhoods, downtowns, and commercial districts to provide added housing choice and affordability. The County should look at its residential districts where only single-family homes are allowed and determine if other housing types could be allowed, possibly accompanied by design guidelines where appropriate. Housing typologies such as two-families, three-families, patio homes, and townhomes are only allowed in the RC1, RMF, and RPD districts today.

**Cluster Zoning (Near-Term)**
Cluster zoning can be an excellent way to both increase density and housing choice while also achieving goals around the preservation of open space. The County currently allows residential cluster development in the A-1 district where no less than 50% of the land area must be preserved as open space. The County may wish to consider how different housing types could be integrated into a cluster development, possibly expanding cluster development to other zoning districts with different requirements and offering a density bonus or reduction in open space preservation in return for affordable housing set asides.

**Accessory Dwelling Units (Near-Term)**
An accessory dwelling unit (ADU) is an independent residential living area that is on the same property as a larger, primary dwelling unit. The term "accessory" is purposely meant to describe the unit as secondary to the primary unit, in the same way a garage is of secondary importance to the home. These units cannot be sold separately and are typically limited in size to help reduce impacts on neighbors and blend in with surrounding homes. These units can help meet a wide range of living arrangements, provide an affordable housing option to family or friends, or create an opportunity for the primary homeowner to generate additional income through rent.

An accessory dwelling unit generally takes three forms:
1. **Re-purposed space:** e.g. above the garage or in the basement.
2. **Stand-alone unit:** separate from the primary home.
3. **Attached:** addition to the primary home.

Some states and municipalities across the country have taken additional steps to make the approval and permitting of ADUs as streamlined as possible while still considering the impacts on surrounding property owners. For example, the City of Seattle has been working for several years to streamline the ADU permitting system and reduce as many barriers to cost and construction as possible. A study from the City's Planning Director in 2016 identified several barriers to address to improve the delivery of ADUs. These included:
- Removal of off-street parking requirements for ADUs
- Reduce minimum lot sizes for detached ADUs
- Allow the same gross square foot limits for attached and detached ADUs
- Allow flexibility for placing primary entrances
- Allow modified roof lines/features that create useable spaces
- Allow an ADU structure to be placed within the rear setback

ADUs in Franklin County could play an important role in the overall housing stock based on what we know from the demographic and market data:
- ADUs offer an affordable housing option for smaller households
- ADUs could provide seniors, especially those living alone, with another housing option and allows older owners to age in place
- ADUs could also provide a lower cost housing option for younger residents
- ADUs offer a quicker and easier way to boost housing production

The County currently allows ADUs in six zoning districts by special permit from the Board of Supervisors with the caveat that the unit is used by immediate family. The County should consider ways to ease restrictions on ADUs where appropriate, particularly the family unit restriction. ADUs can be an excellent option for younger and older single-person households who can rent from the owner of the primary structure. This could also help supplement the owner's income, particularly if they are a low to moderate income household. The County could also consider developing a set of pre-approved ADU architectural plans whereby an owner agrees to use a pre-approved plan and is not required to go through the special permit process. This could help save time and money on the part of the owner and the County.

**Transfer of Development Rights (Mid-Term)**
Transfer of Development Rights (TDR) is a zoning technique that helps conserve land by redirecting development that would have otherwise been allowed on a piece of land to another area of a town or county that is more suitable for a higher level of density and development. For the program to work there usually two key mechanisms or considerations that must be accommodated:
- There must be a designated "receiving area" where new development will be directed, and that new development must be at a density that will allow the

developer to purchase the development rights from the owner of the other property (sending area).

- The receiving area must have zoning in place that allows for sufficient density and mix of uses or in this case, mix of housing types, so the developer can achieve adequate financial returns. In addition to the typical costs associated with development (land, permitting, construction costs, etc.), with TDR the developer also must purchase the development credits from the sending area property owner.

A TDR regulation is not only helpful from the development perspective, but it could also help the County and local partners with goals around protection and preservation of farmland or open space that might have otherwise been developed.

### INCENTIVIZE HOUSING PRODUCTION (NEAR-TERM)

The County and its local partners should consider creating a fast-tracked permit process for development that includes a permanent, deed restriction on affordable housing units. In addition to removing or reducing zoning hurdles, the permitting process for housing can also be time consuming and costly in many jurisdictions. Coupling zoning changes with expedited permitting could make housing development more attractive, increase financial returns, and increase the production of affordable housing.

## Policy and Coordination Strategies

To advance the implementation of both market-rate and affordable housing strategies, the County should consider policies and coordination strategies to broaden partnerships with other organizations and agencies focused on housing. The County and its local partners should also consider broader policies and principles that would guide the types of, and locations of, housing in the future.

### COORDINATION TO ADVANCE HOUSING PRODUCTION AND PRESERVATION

Successful housing production and preservation outcomes typically rely on a robust partnership between government, non-profits, housing authorities, developers, property owners, and financial institutions. These partnerships or coordinated efforts help expand the capacity of county and local governments to add staffing, financing, and knowledge to share the responsibility of successfully implementing housing strategies, which is often a multi-jurisdiction, long-term process. The following strategies aim to broaden housing coordination within Franklin County.

**Establish a Regional Coordinating Body or Group (Near-Term)**
Housing is an issue that often extends beyond the boundary lines of any one locality as residents and capital tend to flow to where market opportunities are or are created. Therefore, a regional body that meets regularly to discuss housing issues, opportunities, best practices, grant and funding opportunities, and ideas for new programs or policies would be a benefit to all localities within the Roanoke Valley-Alleghany Region. With the RVARC already in place and serving as a regional coordinating body for other purposes, the infrastructure is likely in place to create a housing council and expand its membership to include other organizations and agencies that may

not regularly participate in other functions of the RVARC. These should include major employers, developers, financial institutions, colleges and universities, non-profits, funders, housing authorities, and representatives from county and local government. This group could organize around some or all of the following topic areas:

- Educating elected leaders, staff, and the public about the important role housing plays in the region and ways to talk about housing choice, affordability, and density that bring people together rather than being a divisive issue.
- Look for ways to leverage staff and financial resources to address housing issues. This could result in new pools of funding, new vehicles for distributing funds, or supporting grant application efforts as a region rather than as individual entities.
- Create a marketing push to major employers and commuters coming into the region and showcasing the different communities and counties as great places to live and work.

**Developer Recruitment (Mid-Term)**

The County and local partners should create market materials advertising the preeminent development sites to the development community and make a determined effort to market the County and the sites to developers. Marketing materials should also include information about progressive zoning, allowable housing typologies, infrastructure availability, and any incentives that may exist supporting residential development. The County should use the land suitability analysis from this study as a starting point for identifying key sites and potential constraints development may have to overcome.

**Leverage County Land for Housing Production (Near - to Mid-Term)**

Disposing of available County-owned properties to support housing production, particularly mixed-income or affordable housing, can be an effective way of partnering with developers to address housing needs. Land is a cost borne by the development, but when publicly owned, could be offered at a steeply discounted rate to improve the financial viability of a proposal that includes an affordable housing component. If the disposition of land is of interest to the County, several items should be considered before disposing of the land which include:

- **Minimum Lot Size:** Over 5,000 square feet, but preference for larger sites that could accommodate multi-family units.
- **Use of Property:** Ensure there are no other competing public uses for the property, and no plans by other county or local departments for future use of the property. The use/housing type should be compatible or not conflict with existing neighborhood character.
- **Zoning:** Property should be in an existing residential or mixed-use district or overlay district.
- **Infrastructure Capacity:** Property should be served by existing water, sewer, and transportation infrastructure. Capacity should be available to serve the development.
- **Property Location:** Ideally, the property is located near amenities residents could take advantage of such as parks and open space, schools, childcare facilities, and shops and grocery options.
- **Environmental Considerations:** Property should not be located within a floodplain, have significant wetland encumbrances, or environmental remediation issues.

**Preserve Existing Affordable Housing (On-Going)**

Housing production is not the only way to advance housing goals in the county, a successful housing strategy also relies on the ability to maintain the affordable housing that exists today. One way the County could take a more proactive role in housing preservation is to require property owner or managers of deed restricted affordable housing units/buildings to provide advance notification to the County if affordability restrictions are about to expire and the units are going to convert to market rate units in the future. This type of notification is already required for developments utilizing Low-Income Housing Tax Credit funds which gives a right of first refusal to non-profits who wish to purchase the units/buildings to preserve affordability restrictions. The County could consider expanding this notification process to other residential developments that include affordable units or to projects that receive any public subsidy to support affordable housing.

## POLICIES TO ADVANCE HOUSING PRODUCTION AND PRESERVATION

The County and local partners could also consider policies and actions to encourage housing production and preservation. Some could be formally adopted such as encouraging universal design in new housing units while others may be guiding policies such as prioritizing locations for residential development.

**Prioritize the Best Locations for Housing (Near-Term)**

Leveraging the work done through this study on land suitability and site identification, the County should adopt a guiding policy that new development should be limited in the near-term to the best and most development ready sites to encourage smart growth and slow outward growth away from population and employment centers. This policy could first encourage sites that are served by roads, water, and sewer and within closer proximity to services and amenities such as schools, shopping, and job centers. Secondarily, the County could consider sites that need infrastructure extended to unlock vacant development sites and avoiding development on farmland or other open spaces to preserve agriculture and the natural environment that makes Franklin County and the larger region what it is today.

**Consider Development Negotiations for Affordability (On-Going)**

For new, larger scale residential development, the County and local partners should consider entering developer negotiations to secure dedicated affordable units as a percentage of total units in the development. This is a less formal process than a codified inclusionary ordinance and can often be more effective and produce more units in markets where development may not be able to finance affordable units on its own. This process, often referred to as Voluntary Inclusionary Zoning, could be coupled with a zoning change, density bonus, reduced permitting fees, property tax abatements, and/or infrastructure investments in return for long-term deed restricted affordable housing. In some cases, it may be to the County's interest to negotiate a payment-in-lieu of housing units which could then be used to help fund other housing initiatives and programs.

**Partner with the Housing Authority (On-Going)**

The Housing Authority owns and operates some of the only deeply affordable housing in the County/Region and has the knowledge and experience to be a valuable partner on public/private partnerships to produce additional units at a variety of income levels. Going forward, the County and local partners should continue to bring value in its financial resources, access to publicly-owned land, and staff resources that could help augment the Housing Authority's knowledge of affordable housing funding, programs, construction, and operations and maintenance. The County and Housing Authority should have open communication and discussions involving the purchase/use of land, pooling of resources, and engaging private sector developers to look for ways of creating additional mixed-income housing as way to both modernize and expand affordable housing across the county.

From the County side, continued assistance with expedited permitting of future affordable housing developments will be helpful to keep approval times shortened. County engagement early in the design process and site plan layout are also helpful to limit iterations which cost time and money.

**Encourage Universal Design (Near-Term)**

Given the increases in the senior population, the County and local partners should encourage (at a minimum) some percentage of new units to include universal design features. Universal design focuses on making the unit safe and accessible for everyone, regardless of age or physical ability. Universal design features go beyond ramps and grab bars and account for the design of the unit itself with things like wider doors and hallways. This is also a good way to move away from age-restricting units or buildings that have these features so when demographics change over time the units are designed for a wider market base.

## Financing Strategies

In the residential development world, especially as it pertains to affordable housing, financing strategies and subsides can be a critical component to financial feasibility and a project moving forward. The following are financing strategies the County and local partners should consider advancing both the development of housing as well as the upkeep and maintenance of existing housing.

**County Housing Trust Fund (Mid-Term)**

Affordable Housing Trust (AHT) funds are a flexible source of funding that can be used to support many different affordable housing initiatives. The money that is generated for the fund is typically created and administered at the county or local level and are not subject to restrictions like other state and federal housing funds. The money in the fund can be designed to address local needs and priorities, such as those noted throughout this Housing Study.

The entity administering the fund, in this case Franklin County, would work to define priorities and eligible activities money in the fund could be used for. Examples of funding areas might include:
- Emergency rental assistance
- Gap financing for new construction of affordable units

- Repairs/rehabilitation of older affordable homes/units
- Weatherization program to lower utility costs
- Down payment and closing assistance
- Foreclosure prevention

Once the AHT is established, the County will need to determine who will be administering the fund. Typically, these funds are administered by an existing public office that has experience working in partnership with housing developers, administering grants, and overseeing a competitive application process for funding. In Franklin County, this is could be the Planning and Community Development Department which is already engaged in planning, development, and housing efforts. The County would also need to determine how the fund would be seeded and capitalized over time. Some options include:

- Annual allocation from the general fund
- Funds collected from development (negotiated payments in-lieu)
- Business license fees
- Local occupancy taxes
- Short-term rental registration fee

It is important that once the AHT is created that funding be made available each year for housing programs and to support development and infrastructure requests. This will create a predictable source of funding year over year and allow programs to be marketed and succeed. Funds from the AHT could also be leveraged against federal and state housing funds or other housing-related resources that could be pooled from non-profits, institutions, philanthropies, and employers.

**Residential Rehabilitation Program (Near-Term)**
In parts of the County there are older homes with lower values that have likely not been kept up or invested in. These homes may need minor or major rehabilitation, and if owned by low- to moderate income householders, may not have the funds on hand to maintain the structure. A residential rehabilitation program can assist homeowners with the cost of rehabilitation through no – or low-interest rate loans that can be applied to specific repairs the structure may need.

A rehab program would require seed funding from the County or local partners, or a CDBG request to the Commonwealth to provide funds. This type of program does require considerable oversight and coordination to ensure funding is reaching those most in need and addressing issues that would normally trigger a building code violation. If the County were to pursue its own rehab program, the following questions and parameters should be considered:

- Should the program target owner-occupied units and/or renter-occupied units?

- Should the rehab money be given as a grant, no-interest loan, interest loan, or deferred loan repayable on sale of the property?

- What household income levels would the County want to target (30% AMI, 80% AMI, etc.)?

- What types of home repairs would be eligible under the program?

- What should the maximum loan amount be set at?

Another consideration could be the creation of a regional home repair program that could be managed by the RVARC or a similar regional entity. This is common across many counties and regions, particularly with federal programs like weatherization.

### First Time Homebuyer Program (Near-Term)

Down payment and closing cost assistance help low- and moderate-income families overcome one of the most common barriers to homeownership—accumulating sufficient savings to make a down payment and pay for closing costs on a mortgage.

Assistance can be offered in a variety of forms, including as a grant, a no- or low-interest amortizing loan or a deferred loan in which repayment is not due until the resale of the home. The assistance is often provided by a local housing agency, a nonprofit organization or a state or local housing finance agency, sometimes through a participating private lender. Program details differ across jurisdictions, but in general borrowers must fall within income and home purchase price limits and must comply with other eligibility requirements, including being a first-time homebuyer, using the home as a primary residence, and completing a homebuyer education course and/or participating in housing counseling.

The County and local partners should consider advancing a first-time homebuyer program for eligible low- to moderate-income buyers who often have the most amount of difficulty entering the homeownership market. This is particularly true in places with rising home values, like parts of Franklin County, where housing prices are exceeding income growth for many households. The County could consider creating a pool of funds to be set aside as a no-interest rate loan program where the loan is forgivable after a certain period if the homeowner does not move or sell the property. The County could also consider a revolving loan fund (with or without interest) where the loan must be paid back over a certain period, or at the sale or transfer of the property. The revolving loan fund helps ensure the funding pool is recapitalized over time versus forgivable loans in which some percentage of funds are never returned.

### Property Tax Abatement for Housing (Near-Term)

To encourage affordable housing development, the County and its local partners should consider the application of property tax abatements in return for a percentage of affordable housing units included in the development. The County could consider a sliding scale for the tax abatement where the more units or the deeper the affordability the more property taxes are abated. The County could also consider a sliding scale for the length of the abatement and when the percentages of taxes paid begins to increase over time.

## Infrastructure Strategies (Mid- to Long-Term)

Housing development in the county may be impeded by a lack of available infrastructure, particularly public water and sewer for larger scale residential development. The County and its local and regional partners should continue to be proactive in identifying potential development sites and working to ready those sites with strategic infrastructure investments. Where public water and sewer cannot be accommodated, the County and its partners should look for ways to

partner with developers to construct on-site package treatment plants that can support new residential development.

## APPENDIX A: SITE SUITABILITY DOCUMENTATION

## LAND SUITABILITY ANALYSIS

Planning for land use change and future development must consider a wide range of factors that include environmental conditions and hazards, local plans and regulations, and the availability of critical infrastructure and services to support urban expansion and redevelopment. Land suitability models provide a framework that can incorporate these variables - and represent them geographically - to identify and prioritize areas that can support new housing, and potential constraints to development. This type of model is often employed in local and regional planning efforts using geospatial analysis techniques to process and integrate existing Geographic Information Systems (GIS) data. Thanks to the availability of high-resolution and regularly updated GIS databases, it has become possible to evaluate land suitability at the neighborhood and site scale while providing a reasonably accurate representation of local conditions.

## Overview

For this project, the objective was to assess the suitability of land for residential development across four jurisdictions in the Roanoke Valley-Allegheny Region: Roanoke County, Franklin County, the City of Roanoke, and the City of Salem. Because each locality has unique physical characteristics, local bylaws, and planning priorities, it was critical to customize the suitability model within the boundaries of these areas. Part of the objective of this study was to prioritize three specific sites for each locality from a list of potential development sites, which were identified by land use and development planning staff. Additional details on the process of engaging local planners in the land suitability analysis can be found later in this chapter. The following diagram summarizes the stages of model development, from compiling planning documents and GIS data to developing final recommendations for the selected sites, including the

| DATA COLLECTION AND PROCESSING | SUITABILITY MODEL SETUP | CALCULATION OF SUITABILITY | IDENTIFICATION OF TOP 3 SITES | SITE-SPECIFIC RECOMMENDATIONS |
|---|---|---|---|---|
| Land use and local resources | Identification of candidate sites/areas | Selection of highly-suitable sites/areas | Consultation with local staff | Housing type |
| Development and infrastructure | Selection of scoring criteria | Summary of suitability factors | Mapping of final sites | Infrastructure needs |
| Planning and local bylaws | Weighting of scoring criteria | | | |

★ Indicates where planning staff was consulted

Figure 1 Land suitability model process

critical points where local feedback was solicited on the model inputs and results.

## Data Collection and Processing

The information included in a land suitability model takes many forms, from GIS datasets representing linear infrastructure networks, administrative boundaries, and nodes of activity, to tables documenting details from assessors' databases and the dimensional requirements of local zoning bylaws. Data was collected from public data portals, RVARC's Director of Information Services, GIS managers from each city and county, and multiple agencies of the Commonwealth of Virginia, including:

- Department of Conservation and Recreation (DCR)
- Office of Intermodal Planning and Investment (OIPI)
- Virginia Department of Transportation (VDOT)
- Virginia Economic Development Partnership (VEDP)
- Virginia Information Technologies Agency (VITA)
- Western Virginia Water Authority (WVWA)



Figure 2 Sources of data used for the suitability model

To ensure consistency and compatibility between data from different sources, each dataset was clipped to a common geographic extent, defined by the project's study area, and assigned a common projected coordinate system (NAD 1983 Virginia Lambert (Meters)) when data were imported into the geodatabases created for mapping and analysis. Additional data processing and preliminary analysis steps were completed to standardize the data and ensure complete and continuous coverage for the study area, including:

- Aggregating land cover data from the Virginia GIS Clearinghouse to merge three regional datasets overlapping with the study region
- Combining water and sewer network data from multiple jurisdictions to generate a single dataset for each infrastructure type
- Merging city, county, and commonwealth boundaries for conservation land and easements

- Cleaning up boundary overlaps between Franklin County and Rocky Mount zoning data, and aligning boundaries with Smith Mountain Lake
- Calculating or joining additional values to GIS attribute tables based on road type classifications, zoning regulations, and assessed value for parcels (ex. computing improved value to land value ratio)
- Interpolating a Digital Elevation Model (DEM) and calculating percent slope using topographic contour data
- Generating buffer areas that represent regulatory constraints, such as river protection areas, utility easements, and setbacks from roads and railroad corridors
- Geocoding school addresses for the City of Salem to produce point locations

In addition to GIS data sources, other location-specific data and variables were derived from local reports and planning documents, including comprehensive plans, area plans, zoning ordinances, housing assessments, and digital map documents produced by municipal and county planning offices. A full list of the documents referenced to derive land suitability model inputs is provided in the appendix. The following table summarizes the key data inputs that were compiled for this study.

**Table 1 Land suitability data types**

| LAND USE AND LOCAL RESOURCES | DEVELOPMENT AND INFRASTRUCTURE | PLANNING AND LOCAL BYLAWS | OTHER DATA |
|---|---|---|---|
| Existing development and impervious surfaces | Existing residential, commercial, industrial, and institutional bldgs. | Base zoning and overlay districts | Administrative boundaries, Census block groups |
| Agricultural land, forests, wetlands and water bodies | Urban Development Areas / Designated Growth Areas | Future land use designations | Planning area and study area boundaries |
| Protected open space, local parks and recreation facilities | Public safety facilities, waste management sites | Parcels and assessor's data (lot size, improved and land value) | Airports, rail infrastructure |
| Trails and greenways | Existing and planned roadways | Historic districts | Public schools and universities |
| Natural hazard areas: flood zones, karst geology, steep slopes | Existing and planned public water and sewer service areas | River buffer areas | Hospitals, libraries |
| Historic and cultural resources, cemeteries | Utility easements, including the Mountain Valley Pipeline | Conservation easements | Topographic contours |

## Suitability Scores and Weights

The land suitability model was designed based on established land use assessment techniques that apply spatial analysis tools to assign scores to a range of categorical and numerical variables. These scores are then combined into an index that indicates the relative suitability for a particular land use.

There are many ways to implement this type of model using GIS – in this case a raster-based model was used, in which each study area is divided into a grid of cells and suitability scores are assigned to each cell based on:

- proximity (ex. within 50 feet of a road)
- category (ex. land use or zoning)
- or a simple binary score (0 or 1) indicating location within an area of interest (ex. UDAs).

The following examples illustrate how these scores were assigned based on land use and road proximity in Roanoke County. Water, wetlands, and existing buildings are indicated as the least suitable, while cleared land with minimal vegetation (areas classified as barren, scrub/shrub, pasture, etc.) are most suitable for residential development. Areas within 50 feet of the center of roads were considered not suitable, to account for the road right of way and an average setback distance. Areas close to the roads (between 50 and 200 feet) are considered the most suitable.

| Land Cover | Road Proximity |
|---|---|
| *water is not suitable (0), barren land is highly suitable (3), forest land is somewhat suitable (2)* | *within 50 ft. of road centerline is unsuitable (0), from 50 to 250 ft. of roads is highly suitable (3)* |



**Figure 3 Land suitability score examples**

For this housing study, suitability criteria were selected based on a review of local planning documents and consultation with planning staff, with a focus on conditions that could support residential development in each jurisdiction. Numerical scores were assigned to each factor according to the level of development suitability, from high (score = 3) to low (score = 1), or not suitable at all (score = 0). Total scores were calculated using a weighted sum to combine the score of each factor.

The weight values range from Low (weight = 1) to Very High (weight = 7), and were based on initial discussions with local planners, then refined through further validation of the initial model results. The table below presents a summary of the suitability criteria, assumptions for each score, and the relative weights used in the model for each jurisdiction. Certain criteria were not factored into the analysis in some areas, for example, because some zoning or water resource protections were unique to the City of Roanoke they did not apply in other areas. Because of the scale of the regions and differences in mobility, the distance from public schools used wider ranges (1 to 5 miles) in the county geographies and smaller ranges (0.5 to 1.5 miles) in the cities. In total, the Roanoke County model included 13 criteria, 12 for Franklin County, 16 for the City of Roanoke, and 15 for the City of Salem.

**Table 2 Suitability criteria and weights**

| Suitability Criteria | Suitability Score | | | | Criteria Weight | | | |
|---|---|---|---|---|---|---|---|---|
| | High (3) | Medium (2) | Low (1) | None (0) | Roanoke County | Franklin County | City of Roanoke | City of Salem |
| Land Cover/Hydrology | Barren, Scrub-Shrub, Harvested-Disturbed, Turf Grass, Pasture | Impervious (parking), Forest, Tree, Cropland | Impervious (roads/buildings), Wetlands | Rivers/Streams, Lakes and Ponds | High | High | Very High | Very High |
| Protected Open Space / Conservation Easements | Not in conservation land or easement (score = 1) | | | Protected land | Medium | Medium | High | High |
| Topography | 0-15% slope | 15-25% slope | 25-35% slope | >35% slope | Low | Medium | Low | Medium |
| Flood Zones | Not in flood zone | 500 year flood zone | 100 year flood zone | Floodway | High | High | Very High | Very High |
| Urban Development Area | Located in UDA or Designated Growth Area (score = 1) | | | Not in UDA/DGA | Very High | High | | Very High |
| Distance from Roads | 50-250 ft. | 250-1000 ft. | 1000+ ft. | 0-50 ft.** | High | Medium | Medium | Medium |
| Distance from Major Roads | 50-250 ft. | 250-1000 ft. | 1000+ ft. | 0-50 ft.** | Very High | Very High | Medium | Medium |
| Distance from Public Water | 20-200 ft. | no medium score | 200+ ft. | 0-20 ft.** | Very High | Medium | Medium | Medium |
| Distance from Public Sewer | 20-200 ft. | no medium score | 200+ ft. | 0-20 ft.** | Very High | Medium | Medium | Medium |
| Distance from Railways | no high score | 100+ ft. | 50-100 ft. | 0-50 ft. | Low | Low | Medium | Medium |
| Distance from Greenways | < 0.5 mile | 0.5-1 mile | > 1 mile | N/A | | | High | High |
| Distance from Public Parks | < 0.25 mile | 0.25-0.5 mile | > 0.5 mile | N/A | | | High | High |
| Improved to Land Value Ratio* | 0 (or unknown) | 0.1-2 | 2 or more | N/A | | | High | High |
| Base Zoning# *(model was also run without zoning restrictions)* | 3+ Mixed Density Housing Types | 2-3 Mixed Density Housing Types | 1-2 Low Density Housing Types | No Housing Allowed | High | Medium | High | Very High |
| **Zoning Overlays** | | | | | | | | |
| Roanoke River Conservation | no high score | 100+ ft. | 50-100 ft. | 0-50 ft. | Low | | | |
| River & Creek Corridor | Not within 50 ft. of rivers and creeks (score = 1) | | | 0-50 ft. | | | Very High | |
| Design/Historic Districts | Neighborhood Design District | Historic Downtown & Neighborhood | Not in a design overlay | N/A | | | Low | |
| **Distance from Public Schools** | | | | | | | | |
| Counties | < 1 mile | 1-2 miles | 2-5 miles | > 5 miles | Very High | High | | |
| Cities | <0.5 mile | 0.5-1 mile | 1-1.5 miles | > 1.5 miles | | | Medium | Medium |
| *# includes zoning ordinances for Town of Vinton and Town of Rocky Mount* | | | | **Number of Criteria:** | 13 | 12 | 16 | 15 |
| *\* ratio of improved value to land value from assessed values (vacant land ratio = 0)* | | | | | | | | |
| *\*\* represents a setback or easement associated with the infrastructure network* | | | | | | | | |

## Constraints

In addition to calculating land suitability scores for each jurisdiction, a separate score was computed for development constraints. These constraints represent the suitability criteria that are considered not suitable, areas where development would not be feasible due to physical barriers or regulatory restrictions associated with infrastructure or land use.

The table below shows which constraints were included for each locality. In some cases, the constraint was not present in all areas, such as the Mountain Valley Pipeline. For others, such as karst geology and cemetery parcels, data was only available in certain jurisdictions. The Roanoke County model included the most constraints, 13 in total, while Franklin County had the fewest with 10 constraints.

Table 3 Development constraints by jurisdiction

| Constraints | Development Constraints | | | |
| --- | --- | --- | --- | --- |
| | Roanoke County | Franklin County | City of Roanoke | City of Salem |
| Land                                                         Cover/Hydrology: Impervious (buildings/roads), Wetlands, Rivers/Lakes | X | X | X | X |
| Protected Open Space / Conservation Easements | X | X | X | X |
| Base Zoning: residential not allowed | X | X | X | X |
| Topography: > 35% slope | X | X | X | X |
| Flood Zones: Floodway only | X | X | X | X |
| Karst Geology: within karst formation | X | | X | X |
| River Conservation Buffer: within 50 ft. of river | X | | X | |
| Distance from Roads: within 50 ft. of centerline | X | X | X | X |
| Distance from Public Water: within 20 ft. of network | X | X | X | X |
| Distance from Public Sewer: within 20 ft. of network | X | X | X | X |
| Distance from Railways: within 50 ft. of centerline | X | X | X | X |
| Mountain Valley Pipeline: permanent easement | X | X | | |
| Cemetery parcels | X | | | |
| Greenways: within 20 ft. of network | | | X | X |
| Number of Constraints: | 13 | 10 | 12 | 11 |

## Assumptions and Limitations

As with any model, some simplifications were necessary to represent real-world conditions using this conceptual approach to evaluating land suitability. The break values selected for distance from critical infrastructure and scores assigned to different types of land cover, for example, represent assumptions made as part of the model development. Site-specific factors may change the applicability of these assumptions, but they are considered representative of potential development conditions at the regional and neighborhood scale.

Additionally, errors or omissions may be present in the GIS data and documents used to develop the model. One such known data gap is the water and sewer infrastructure in eastern Roanoke County. Data was collected for these infrastructure networks in Vinton, but it did not cover the areas connected to this system east of the Vinton border. Also, cemetery locations were included in the data for Roanoke County, but not other areas.

Overall, this model represents a regional decision support tool, using the best available data at the time of this document's writing. For more detailed parcel-level assessment of suitability and constraints, additional site surveys and mapping should be performed by qualified professionals. These models are intended to prioritize pre-selected development sites and identify potential

infrastructure needs and other factors that could facilitate housing production. Other uses of this model should consider the assumptions and limitations outlined in this document.

## Site Identification

Development of the land suitability model was organized to capture local planning and development knowledge at critical stages in the process, specifically:

- **Data collection and processing:** determining key datasets and relevant local plans and bylaws
- **Suitability model configuration:** identifying potential development areas and discussing initial weights for suitability factors
- **Selection of final sites:** providing feedback on the suitability and constraints of selected sites
- **Site recommendations:** offering input on types of housing, zoning, incentives, and infrastructure

At each stage more of this local knowledge of land use, planning, and development conditions was integrated into the land suitability model configuration and helped to refine the areas suggested as sites of potential housing development.

## Site Selection

The ultimate objective of model is to evaluate the development potential of an initial list of sites, with the goal of prioritizing three sites within each jurisdiction. The sites were identified as follows:

4. Initial discussions with planning staff (August 2020)

   - The model development team conducted Zoom calls with planners from Vinton, Rocky Mount, City of Roanoke, Roanoke County, and Franklin County.
   - Discussions centered on recent development trends and sites with potential for residential development, based on local knowledge and interest from developers. Initial locations were marked on a custom Google Map and saved to a GIS file.



Figure 4 Mapping potential development areas

   - Planners were also asked to provide a preliminary distribution of importance to each category of suitability criteria.

5. Site delineation and validation (September 2020)

   - Based on the locations identified with planners, parcels and larger areas were identified and assigned an ID. Associated parcel numbers and addresses were tabulated for each site.

- Information on the preliminary sites was sent back to planning staff for validation
- Another discussion with senior planning staff in Roanoke County led to the identification of additional potential development areas.
- Initial sites were identified for the City of Salem, using future land use data, aerial imagery, and other reference datasets. A meeting with their planning staff could not be coordinated until November 2020, at which point the initial sites were modified.



**Figure 5 Development site validation and delineation**

6. Development site refinement and consolidation (October-November 2020)
   - After reviewing the additional feedback, potential development area boundaries were adjusted, and ID numbers were updated to reflect the final selected sites.
   - The largest site, FCO-12 (Penn Hall Road), was reduced from over 1,000 acres to just over 700 acres, focusing on parcels directly adjacent to Smith Mountain Lake.
   - Separate sites located in the West End area of the City of Roanoke were consolidated into a single larger area (RCI-03).
   - In the City of Roanoke, the Countryside site (RCI-11) was added, and the Jefferson Street site (RCI-08) was removed – it is slated to be part of a special corridor
   - In the City of Salem, five sites were removed (SCI-01, SCI-03, SCI-05, SCI-09, and SCI-10), the SCI-08 site was redefined to eliminate an area with steep slopes, and the "Radio Station" site was added (SCI-07).

## Site Evaluation

The final sites identified for each jurisdiction were incorporated into their respective suitability and constraint models to calculate the scores and compare the development potential within each site boundary. Because the model employed a grid-based approach, the suitability and constraints scores vary across each site. To account for the range of scores, the average suitability and constraint scores were tabulated. Based on feedback from the project steering committee, there was interest in reviewing the suitability of each site without considering current zoning, which would lower the score in areas where limited housing types are permitted by right.

The following section presents a summary of the scores for each version of the model, organized by jurisdiction. Final selection of potential housing development sites also considered the area and

configuration of the parcels within each site, as well as local housing market conditions and the type of housing each site would be likely to support. At the end of each section, a summary of the top three sites is presented, including a close-up view of the site, a map of key constraints, and other important details, including: site area, zoning, and location relative to UDAs, zoning overlays, and historic districts.

# Citywide Housing Study

## City of Roanoke, Virginia

This study provides demographic, economic, household, and housing analyses outlining the shifting market dynamics across the City.

ROANOKE

Roanoke Valley-Alleghany
REGIONAL
commission

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# EXECUTIVE SUMMARY

RKG undertook an analysis of the City of Roanoke's housing market and compared key metrics to the Roanoke Valley-Alleghany Region (the Region) which is made up of the following localities: the Counties of Alleghany, Botetourt, Craig, Franklin, and Roanoke, the Cities of Covington, Roanoke, and Salem; and the Towns of Clifton Forge, Rocky Mount, and Vinton. This study provides demographic, economic, household, and housing analyses outlining the shifting market dynamics across the City of Roanoke. This study points to several challenges the city is facing as it works to address housing needs which include:

- The city's population has been slowly, but consistently, growing over the last 50 years, with the percentage of elderly population increasing.

- Households composed of one- and two-persons comprise the largest share of households in the city, but over the last five years more growth has occurred in larger households of four or more people.

- The number of vacant units has been declining in Roanoke. Owner-occupied vacancy is quite low at 2%, while rental vacancy is a bit higher at 5%. Both vacancy rates are within the range of a healthy market with turnover. Rental vacancy has slowly been increasing since 2012 which could be the result of new product coming on the market.

- The City of Roanoke's industry sectors are varied, particularly those that are poised to grow over the next five years. The mix of higher paying jobs in sectors like Healthcare and Finance and Insurance are increasing purchasing power in the city and region, yet at the same time there is continued growth in lower paying hourly wage jobs in Accommodations, Retail, and Food Services. Lower wage hourly positions can make affording housing in the city more challenging thus exacerbating the need for affordable housing to those earning at or below 50% of the area median income (AMI).

- The percentage of housing units constructed before 1980 is 82 in Roanoke, leaving the city with a much older housing stock than what is found in many other parts of the region. This has led to much lower owner-occupied home values and sales prices. Although the median sales price of a home in the city has increased 7% since 2010, sales prices are still low compared to other parts of the region.

- Median rents in the city are increasing. In 2018, the median gross rent increased 15% since 2013. The average rent for a single family home is around $900 per month, while rents in multifamily buildings averaged $1,300 per month.

- In the city, there is a significant difference in cost burdened households when comparing owners and renters. Approximately 26% of owner households are experiencing some level of cost burden compared to 47% of renters. It is typical in many cities to see a broad

difference between these two groups, but also speaks to the need for affordably priced housing for renter households.

- The number of renter households that qualify for affordable rental housing at the 30% of AMI level outstrips the number of units available at that price point. There is a projected deficit of 3,570 units, which means many extremely low-income households are having to spend more than is recommended on housing further exacerbating the housing affordability and cost burden challenges.

- A key constraint is the shrinking financial resources available to local governments to address housing and housing affordability issues. Housing programs are limited, forcing all levels of government to make decisions for how to prioritize limiting (and in some cases shrinking) funding sources.

To address some of these issues, RKG compiled a set of strategies each informed by a city-wide analysis, interviews and focus groups, and an assessment of existing housing resources and programs. Priority strategies the city should consider to address housing issues and opportunities include:

- Establish a residential rehabilitation program, potentially in partnership with a regional entity to provide funds for rehabilitating older homes.

- Continue to fund infrastructure projects that will improve, enhance, and unlock development sites and encourage rehabilitation and infill development in neighborhoods for residential uses.

- Ensure the preservation of existing affordable housing and look at regulations, financing, and incentives to boost the production of additional affordable housing options.

- Establish an affordable housing trust fund as a flexible funding tool for housing programs geared toward low- and moderate-income households in the city.

- Utilize zoning to allow or incentivize housing production with particular attention given to diversifying housing choices like missing middle housing options, neighborhood infill, downtown infill, and development of key parcels of vacant land.

- Work to establish a regional coordinating body or group for housing that can bring entities across the region together to work on housing regulations, financing, policy, and education.

# STUDY STUCTURE

This section of the study presents an overall introduction to the project, its purpose, and role in helping analyze and understand the housing market in the City of Roanoke and the Region.

## Introduction

Across the City of Roanoke, and nationally, home prices have risen over the last decade. The recovery from the Great Recession has led to a general uptick in homebuying and renting. In many markets, supply has not kept pace with demand, which is only expected to increase over time. Circumstances have occurred in which home values and rents have risen at a faster rate than wages in many communities, leaving families and individuals priced out of the housing market.

Housing affordability and price security are critical components for creating places where residents can live comfortably without feeling stretched financially. As housing prices and rents rise alongside most other monthly expenses, more and more households are having a difficult time adjusting to the rising cost of living. This creates a situation where households become cost burdened and are forced to spend more than the recommended 30% of their monthly income on housing-related costs. For many households, this can create a ripple effect where other monthly expenses are scaled back or cut out completely. Food, healthcare and wellness, transportation, and childcare are some of the basic household needs that can go unmet in the face of rising housing costs.

Understanding the economic landscape including industry composition and wages can help policymakers identify needs and direct the requisite resources towards priority areas. Across the City of Roanoke, economic opportunity varies as do incomes, but a central commonality is that housing is a fundamental need which also defines a community – a collection of households living area. Ensuring that housing is available and affordable to all income levels is critical for growing and sustaining communities.

This study, which was commissioned by the Roanoke Valley-Alleghany Regional Commission (RVARC), provides information on housing challenges within Salem and the Roanoke Valley-Alleghany Region.

## Project Purpose

The goal of the City of Roanoke's Housing Study is to analyze, identify, and prioritize needs and gaps in the rental and for-sale housing market. This study, convened by RVARC and conducted with the assistance of a Housing Study Stakeholder Group made up of key stakeholders, aims to paint a picture of the housing landscape for both the city and the region through rigorous quantitative and qualitative data analysis and synthesis. The results will help decision makers adjust, add, or reconfigure existing programs and strategies to match the needs of current and prospective residents.

## Role of Study

The City of Roanoke's Housing Study is a compilation of city and regional analyses relating to demographics, socioeconomics, and housing. It identifies data points and highlights key findings. The purpose of the document is to allow policymakers at the local and regional level to understand the historical, current, and future challenges to housing across the City of Roanoke. The quantification of issues, especially those related to housing supply and demand, are important for imparting regional change. Please note that the terms "affordable", "attainable", and "workforce" housing are used interchangeably throughout the document to generally describe housing that is priced to households with average or below average incomes.

The study utilizes knowledge gained from extensive data analysis to examine the challenges facing the housing market. The study includes a land suitability analysis, which helps identify housing barriers and gaps, as well as a housing strategy section that groups strategies by topic which could be used to address identified issues in the housing market.

# PRIOR PLANS AND KEY FINDINGS

Several housing studies, plans, and market studies have been completed across the Roanoke Valley-Alleghany region within the last five to seven years. This section of the study provides an overview of key findings from four prior housing studies that include:

- Alleghany Highlands Region Comprehensive Housing Analysis
- Botetourt County Market Analysis
- Ferrum Housing Needs Assessment and Housing Plan
- Route 419 Town Center Residential Market Study

## Alleghany Highlands Region Comprehensive Housing Analysis

This study completed in 2019 for the Alleghany Highlands Region included several key takeaways from the analysis. The primary conclusion is the lack of new housing development is not related to housing demand, but instead housing supply. There is a potential housing market in the Highlands region but there is a lack of developers bringing new product to the market, much of which is predicated on the regional economy strengthening and growing.

The second conclusion is there are several available, publicly-owned development sites that could be used to accommodate both single-family and multifamily housing for families and older adults. While public officials have recognized and supported plans for new housing development, there has not been a concerted effort to properly zone sites and ensure infrastructure is in place to facilitate development.

Lastly, there is a need for large employers in the area to assist in housing development strategies through a joint marketing effort. The region needs to work to ensure employees (new and existing) are aware of future housing opportunities and should conduct periodic surveys of employees around housing preferences to pass along to home builders in the area. This could help market the region to these employees, but also provide builders with a sense of market potential and pent-up demand.

## Botetourt County Market Analysis

This study completed in 2019 for Botetourt County was intended to identify new housing opportunities for new employees who are projected to work in the county over the next 5+ years. Of the 1,200 new employees expected across the county, most are likely to have annual incomes at or below $45,000. Many of these workers will require rental housing and/or affordable housing, particularly those that comprise single-income households. The new home market in the county is at a price range of $250,000 and above which would exceed what a $45,000 income could support. The study also identified a severe lack of quality rental housing in the county, and limited housing options across the broader region. Key findings from this study include:

- The general lack of affordable housing, particularly rental housing, will limit the county's ability to attract new employees to live in the county.

- The county has limited land zoned for apartment unit development and current zoning density for multifamily housing is likely too low to attract developers and meet financial return expectations.

- There are few sites today that are readily available for apartment unit development, but several, with rezoning, that could serve the county's needs. Readying these sites is key to serving the county's housing needs.

## Ferrum Housing Needs Assessment and Housing Plan

This study completed in 2020 for Ferrum was intended to provide a detailed description of the demographics, economics, and housing inventory of Ferrum and the surrounding area that impacts Ferrum. The findings from this study, included below, were then used to provide a recommended housing plan to be considered for implementation. Key findings in this study include:

- There is limited availability within the existing housing inventory with a shortage of units available to both owner and renter households at varying levels of affordability. Housing product should be diversified to include single-family homes and multifamily buildings.

- Adopting a regional approach to housing solutions would benefit all involved. Many of the housing challenges around availability and affordability exist beyond the boundaries of Ferrum.

- A regional approach would also help to attract commuters to Ferrum and Franklin County. Local employers, chambers, economic development officials, and real estate professionals should work together to market the area to commuters.

- Prioritize efforts to develop/redevelop vacant sites and buildings, particularly those already served by infrastructure. Local government entities may want to develop a list of sites to market to the development community.

- Support housing that would allow senior residents to downsize into housing that would better accommodate their needs. This should include a mix of both rental and for-sale product such as apartments and condominiums.

- Support efforts to develop new single-family housing and couple that with first-time homebuyer assistance programs.

## Route 419 Town Center Residential Market Study

This study completed in 2016 was intended to identify the market potential and optimum market position for new housing units that could be developed within the proposed Route 419 Town Center area in Roanoke County. The study identified market potential for up to 500 units over a five to seven year absorption period. The recommendation of the study was to concentrate new residential development on the higher-density housing types which could be more easily integrated into the commercial development already existing in the study area.

The study recommended the split of the 500 units include 70% multifamily rental housing units, 14% multifamily condo units, and 16% single-family attached units (townhomes). With this mix of housing types, the study recommended targeting empty-nesters and retirees, younger singles and couples, and traditional and non-traditional families. Price points were projected to be in range with what the county is already experiencing where 72% of all multifamily units would be priced below $1,500 per month. The study also recommended 80% of all for-sale units be priced at $250,000 or less.

The market position for the study area is predicated on a walkable town center design that can attract people, differentiate itself from other areas of the market, and command higher rent and sale prices. The town center area would not only need to be a walkable place, but also contain a mix of uses that would appeal to renters and buyers across the income and age spectrum. The study identifies the ability of walkable town centers to command a price premium of 35% on rental products and 15% on for-sale condos.

CITY OF ROANOKE HOUSING STUDY

# DEMOGRAPHIC ASSESSMENT

This section of the study explores key data measures such as changes in population and population by age, changes in household composition, shifts in education levels, changes in household income, employment patterns, and changes to the industrial economy. These data points, and more, are used to evaluate the needs of today's residents and those who may choose to locate here in the future. The heart of this analysis is grounded in empirical data but is supplemented by knowledge gained from interviews with stakeholders described in more detail throughout the study.

## Population

Between 1970 and 2010, the population of Roanoke grew by 8%, rising from around 92,000 to about 99,600. Over the same period, the Region grew by 31%. Roanoke, as the primary population center in the region, saw most of its growth occur in prior decades and has been growing more slowly than the region or even the counties in the region. The slower growth rate is likely attributable to a lack of available development ready sites compared to what was and is available outside the City's boundary. The faster population growth seen in the region has coincided with national trends like suburbanization, while also being influenced by new economic opportunities in areas such as the Manufacturing, Healthcare, and Education sectors. To accommodate this growth in population, new housing units were created across the region mostly in the form of single family housing.

**Figure 1:  Population Change**
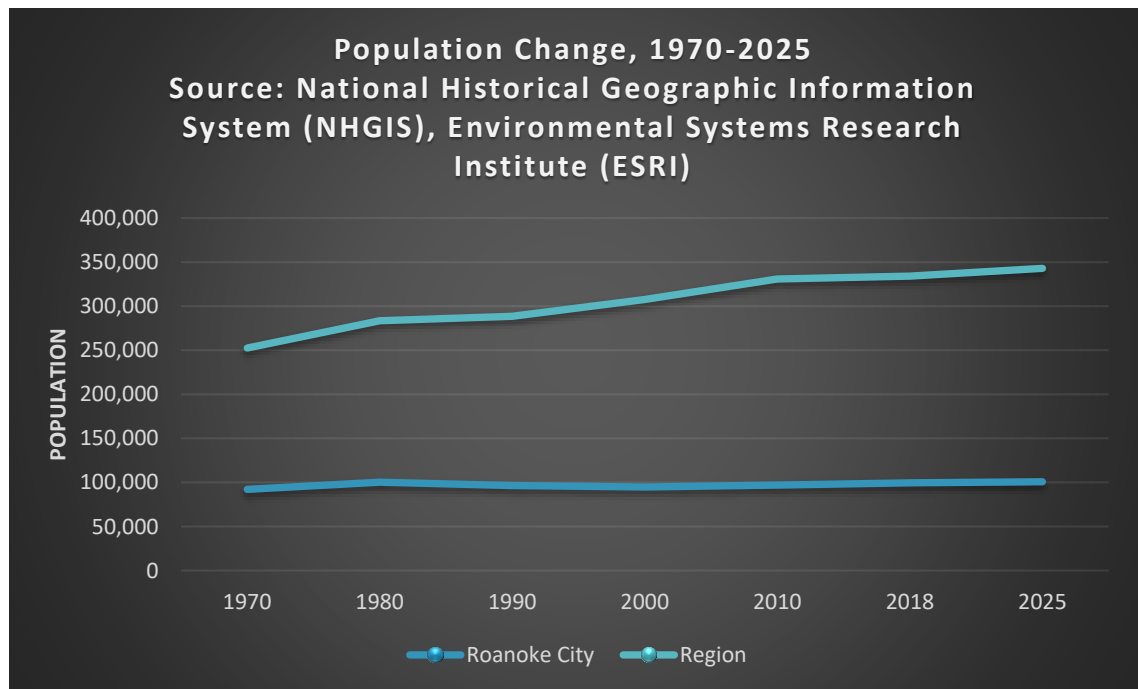
Over the last decade (2010-2018), the City of Roanoke's population increased by over 2,600 residents which was the highest number of new residents since the period between 1970 and 1980 when the city grew its population by 8,000. Looking forward, the population of Roanoke is projected to increase by 1.2% between 2018 and 2025, or about 1,100 residents. Compared to the regional projected growth of 3%, the City is projected to continue to grow slower than the region but is still projected to increase its population regardless.

# POPULATION CHANGE MAP



**Road Type**
- Interstate
- Primary
- Blue Ridge Parkway
- Roanoke Valley Study Region
- Administrative Boundaries
- Water Bodies

**Population Change 2013 - 2018**
- -20% or more
- -10% to -20%
- 0% to -10%
- 0% to +10%
- +10% or more

Sources: Roanoke Valley-Alleghany Regional Commission, City of Roanoke, City of Salem, Roanoke County, Franklin County, Virginia Geographic Information Network, Dept. of Conservation and Recreation, Virginia Economic Development Partnership, US Census American Community Survey 5-year estimates

## Population by Age

Population by age is one way to look at the demographic makeup of a community through the balance and growth of different age cohorts and life cycles. Similar to the region, the City of Roanoke is experiencing an aging of its population with an increase of 13% of residents over the age of 65 in the last five years. The city has also seen growth in residents ages 25 to 34, a group that is part of the early stage workforce, which may be renting and looking to purchase a home and may be in the early stages of family formation. Interestingly, Roanoke's growth in this age cohort does lag the region.

Unlike the region, the City saw growth in residents ages 35 to 44 and residents under the age of 18. These two age cohorts are often linked as householders ages 35 to 44 are more likely to have children and growth in this category may signal demand for family-sized housing units. Over the last five years the data shows those residents 18 or older are leaving the city resulting in the 8% decrease compared to a 1% increase in the region.

**Figure 2:  Change in Population**
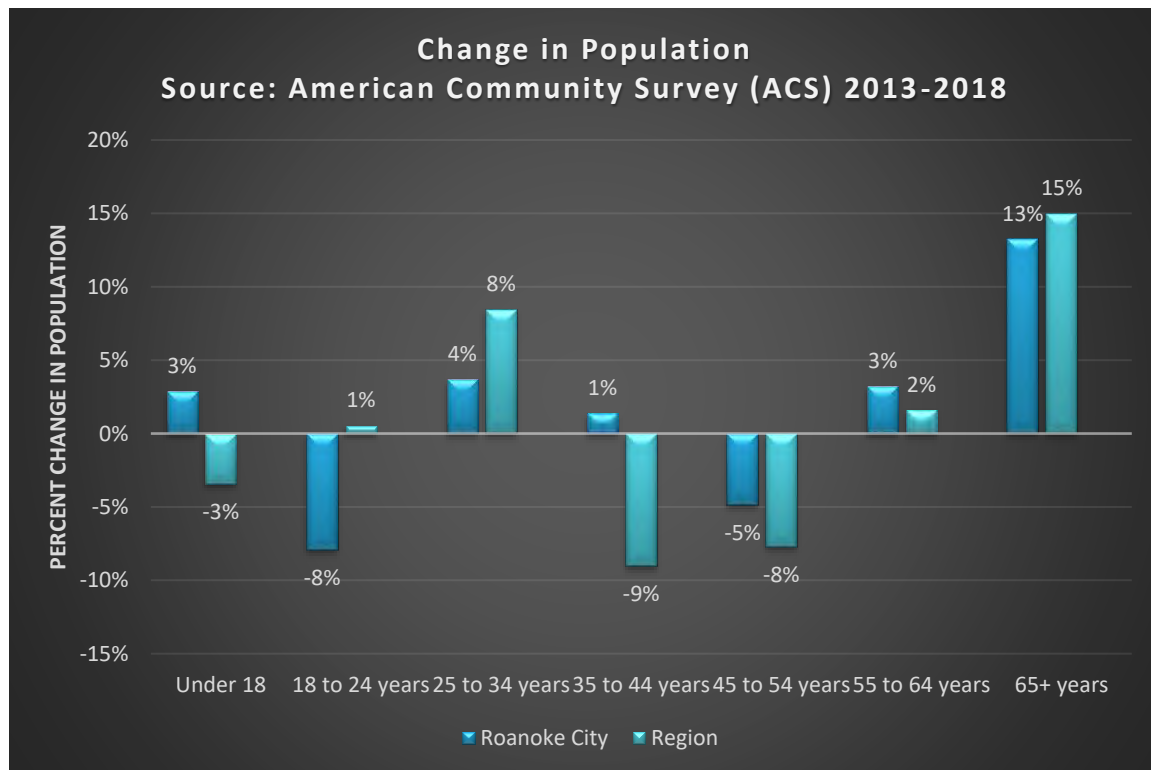
Population projections indicate seniors (65 years and older) are expected to continue to lead population growth by age cohort through 2025. The growth in the senior population will have an impact on the housing supply as many seniors may like to age in place so long as adequate housing supply is available which meets their needs. If not, it could result in a lack of housing turnover and tighten the available for-sale and rental supply. Additionally, the under 18 age group is expected to grow by 2%, again matching a very small growth projection in the 35 to 44 year age group. This has the potential to increase demand for ownership units, as this group tends to be more established in the housing market, have higher earnings than cohorts before them, and are more likely to be part of a larger household.

**Figure 3: Projected Change in Population**
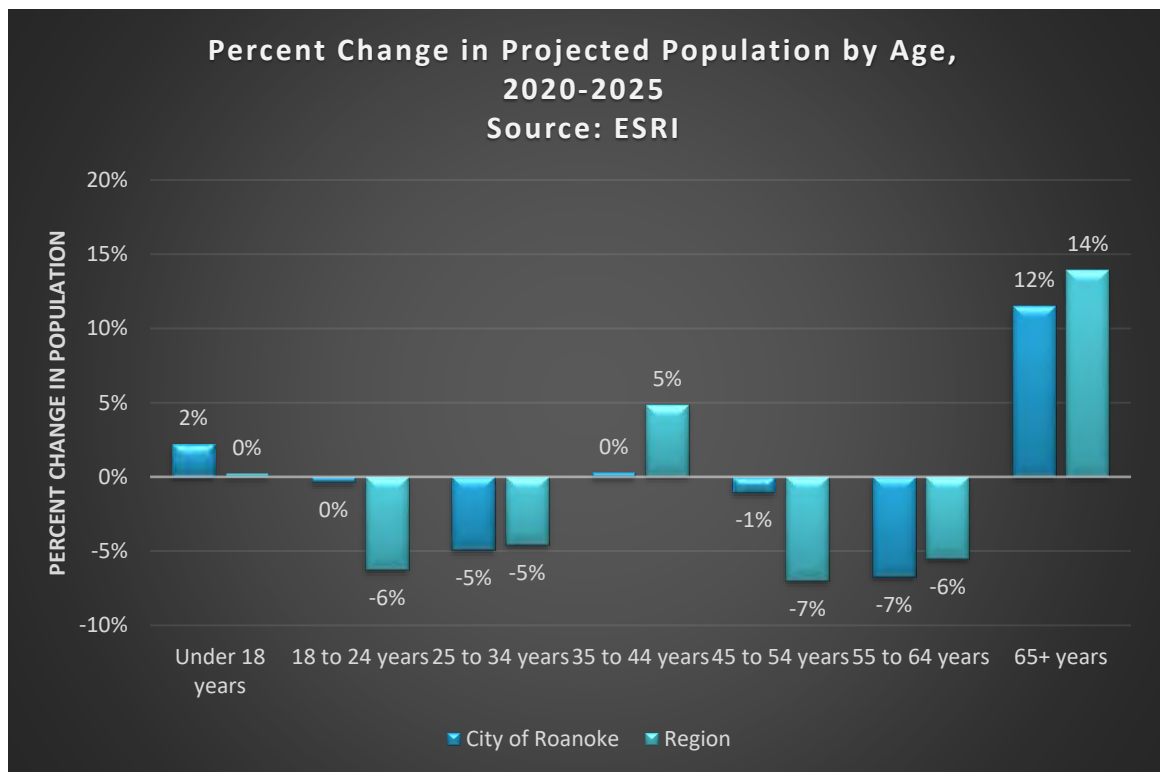


## Race and Ethnicity

The City of Roanoke's resident population has a more diverse racial and ethnic composition than most other places in the Roanoke Valley-Alleghany Region. As of 2018, 63% of Roanoke residents identified as White while 29% identified as Black or African American. The Black population in Roanoke accounts for 67% of all Black residents in the region. While Asian residents only comprise 3% of the city's population, they account for 45% of Asian residents in the region.

Between 2013 and 2018, Roanoke's population continued to expand its diversity with White residents decreasing 2% and nearly all other races increasing between 6 and 39%. The increase in the Asian population was particularly high, growing by 39% or 1,200 residents.

**Figure 4:  Change in Race**
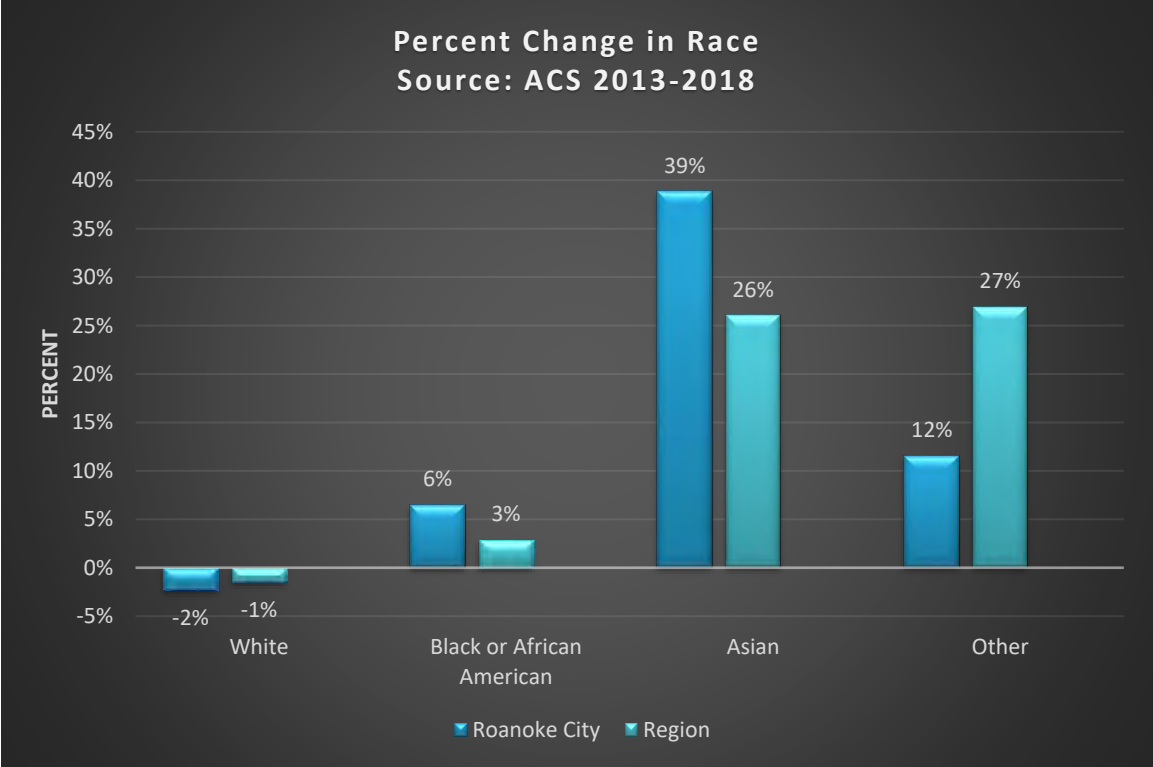


The city's Hispanic/Latino population rose by 13%, from 5,406 residents in 2013 to 6,104 in 2018. This change was slower than the Region, which saw an increase of 16% over the same period but city growth comprised 41% of the regional growth.

## Education

The City of Roanoke, in comparison to the Region, has a larger portion of its population (47%) with a high school diploma or less, whereas the Region's population is only 42%. Additionally, the city lags the Region in the percentage of individuals who have completed bachelor's degrees or higher (15% to 17%, respectively). Educational attainment is often associated with higher earnings which can translate to a greater ability to pay for housing costs.

**Figure 5:  Educational Attainment**
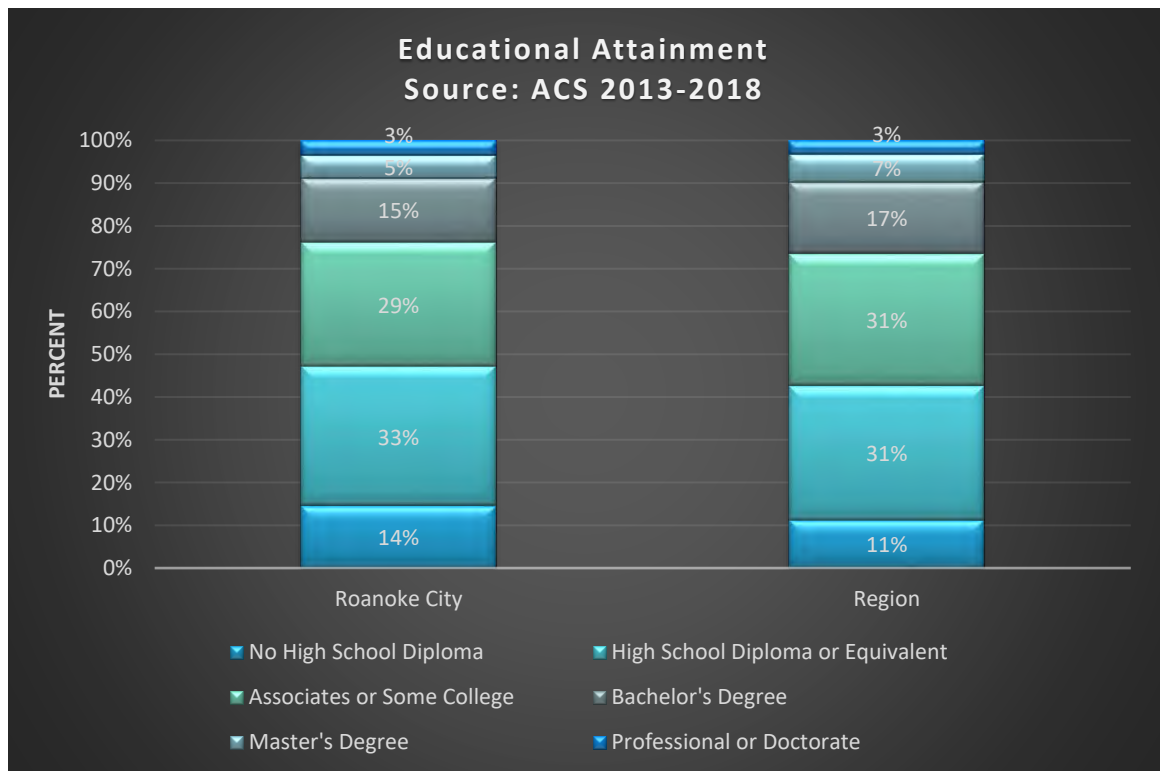


As the employment market changes over time, the skill sets needed for new employment opportunities require higher levels of education. Looking at changes in educational attainment over time shows Roanoke's population with professional and doctoral degrees jumping 25%. At the same time there has been an increase in the number of residents who have obtained a high school diploma and a decrease in residents without a diploma.

**Figure 6: Change in Educational Attainment**
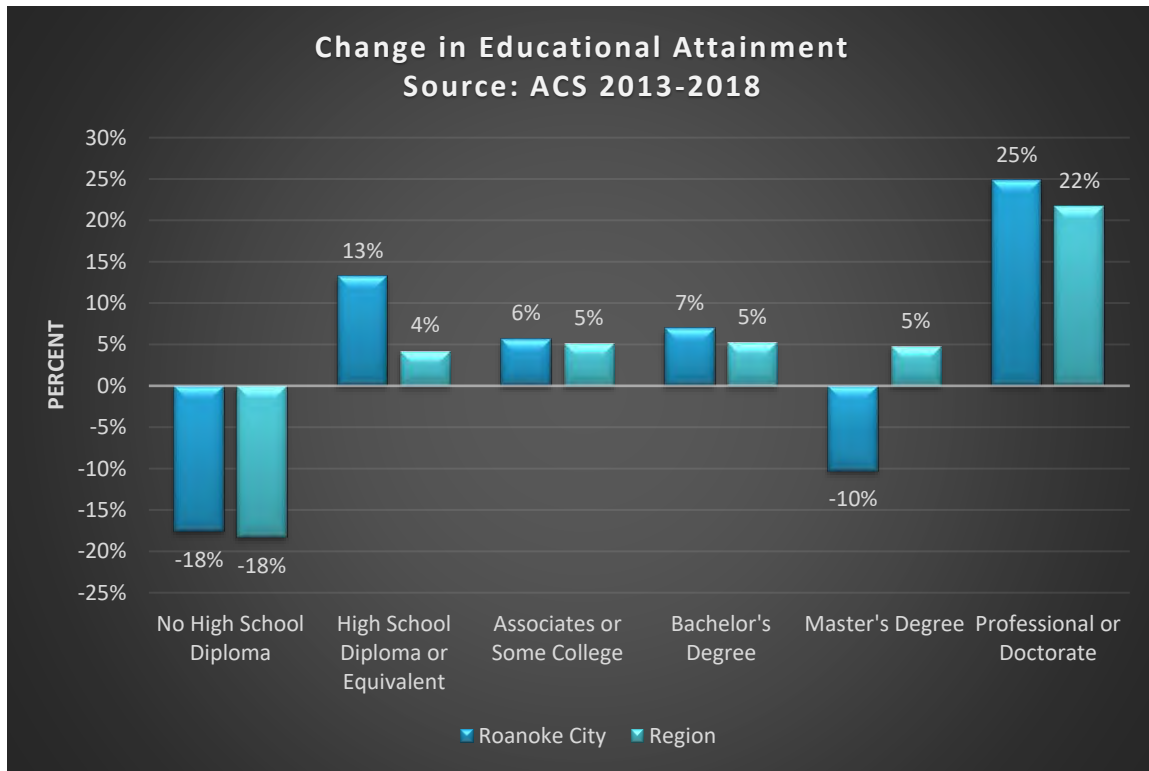


Change in Educational Attainment
Source: ACS 2013-2018

## Disabled Population

Federal laws define a person with a disability as "Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment." The Census classifies disabilities in the following categories: those having a hearing or vision impairment, ambulatory limitation, cognitive limitation, and self-care or independent living situation.

In the City of Roanoke, 15% of the population has one or more of the Census defined disabilities, translating into 14,461 individuals. The largest concentration of disabled individuals can be found in the 35 to 64 age group which has 6,060 disabled individuals and accounts for 42% of all disabled individuals in the city. Figure 7 presents data on the disabled population by age.

**Figure 7:  Disabled Population by Age**
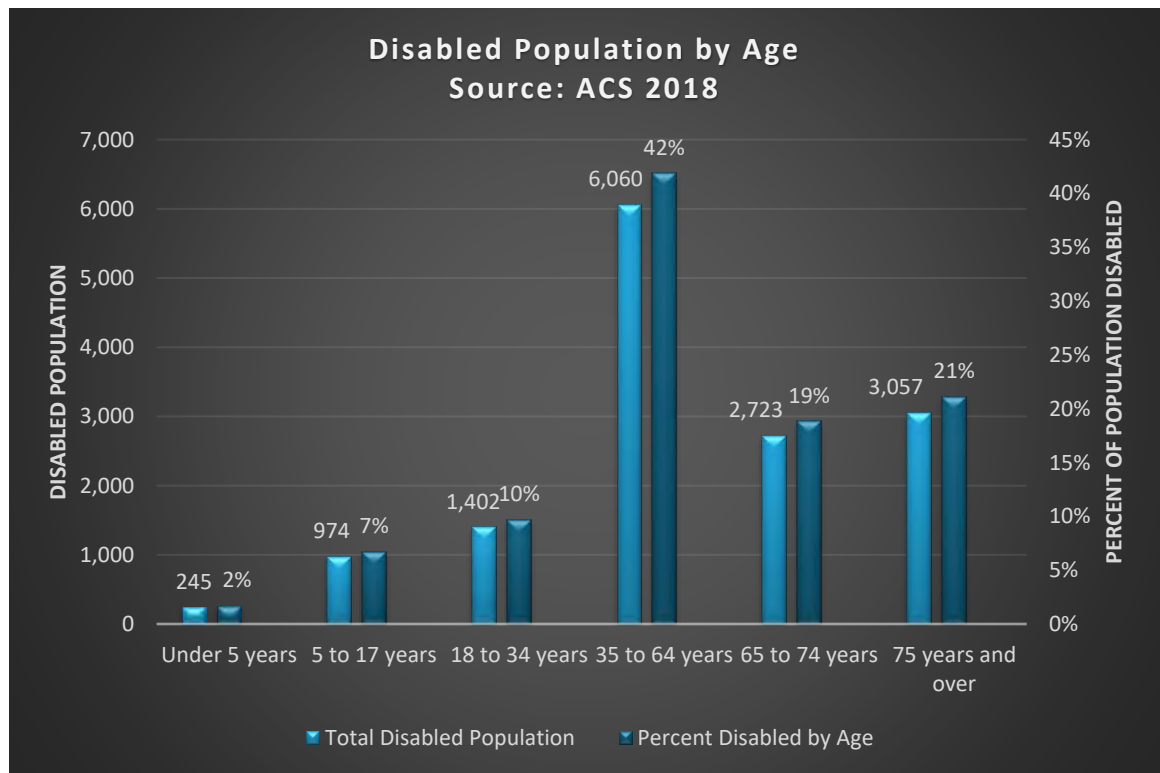


Not surprisingly, the senior population in the City shows many disabled individuals, with 5,780 residents having at least one disability. Of the senior population, 21% of individuals 75 years or older have a disability. The senior population is of special concern as they tend to live on fixed incomes and have higher healthcare costs which may limit the amount of money they could spend on housing. Disability, in particular mental health disabilities, can make it difficult to earn enough to afford adequate housing. While those with disabilities can qualify for Supplemental Security Insurance (SSI) and Social Security Disability Insurance (SSDI), these programs alone may not prevent the disabled from experiencing housing instability.

The need for home accessibility and other services for people with disabilities in Roanoke is critical given the large population. Improved survival rates and increased longevity among persons with disabilities combined with an aging population and the inaccessibility of older homes are indicators of a growing need for services provided by local organizations and the government. Recognizing the housing and service needs these populations require is critically important. Disabled residents may also rely on long-term care and wrap-around services such as counseling, case management, education services, and self-help groups. There may also be an unmet need for long-term housing facilities to assist residents with disabilities.

## Homeless Population

To understand the existing homeless population in the City of Roanoke, data was obtained from the Department of Housing and Urban Development (HUD) which showed the demographics of the homeless population, as well as the number of beds available in the jurisdiction. The HUD

data is a compilation of data provided by local Continuums of Care's (CoC) which are typically non-profit or governmental entities dealing with homelessness. The Blue Ridge Continuum of Care is a regional planning group working to end homelessness. The Blue Ridge Interagency Council on Homelessness (BRICH) is the regional governing body of the CoC. The BRICH is comprised of non-profit and governmental entities serving the Counties of Alleghany, Botetourt, Craig, and Roanoke, and the Cities of Covington, Roanoke, and Salem.

The HUD data presents, in aggregate, information from Roanoke County, and the cities of Roanoke and Salem, and it is therefore not possible to separate information strictly for the City of Roanoke.

Based on Point-in-Time (PIT) data there were 276 homeless individuals in the area which encompasses Roanoke County, and the cities of Roanoke and Salem.  There were 213 persons in households with only adults, which accounts for 77 percent of the homeless population. While households with children accounted for 23 percent of the homeless population, translating into a total of 63 persons. About 89 percent of the homeless population is sheltered, while only 6 percent remain unsheltered. Table 1 presents data on the homeless population.

| Table 1: Homelessness Population in Roanoke County, and the City of Roanoke and Salem | | | | |
|---|---|---|---|---|
| | Sheltered | | | |
| Homeless Categories | Emergency Shelter | Transitional Housing | Unsheltered | Total |
| Persons in households without children | 183 | 0 | 30 | 213 |
| Persons Age 18 to 24 | 14 | 0 | 0 | 14 |
| Persons Over Age 24 | 169 | 0 | 28 | 197 |
| | | | | |
| Persons in households with at least one adult and one child | 63 | 0 | 0 | 63 |
| Children Under Age 18 | 37 | 0 | 0 | 37 |
| Persons Age 18 to 24 | 2 | 0 | 0 | 2 |
| Persons Over Age 24 | 24 | 0 | 0 | 24 |
| | | | | |
| Persons in households with only children | 0 | 0 | 0 | 0 |
| | | | | |
| Total Homeless Persons | 246 | 0 | 30 | 276 |
| Source: BRICH Point in Time Data, 2020. | | | | |

Based on data provided by CoC's operating in the Salem area, there were a total of 726 beds available for homeless individuals, with 62% of beds found in emergency shelters and 38% of the beds located in permanent housing facilities. Based on the number of homeless individuals found across the Roanoke region, the existing infrastructure to house the homeless is operating at less than half capacity.

| Table 2: Homeless Housing Inventory in Roanoke County, and the City of Roanoke and Salem | | | | | | | |
|---|---|---|---|---|---|---|---|
| Unit Types | Family Units | Family Beds | Adult- Only Beds | Child- Only Beds | Total Year- Round Beds | Seasonal | Overflow/ Voucher |
| Emergency, Haven and Transitional Housing | 26 | 161 | 288 | 0 | 449 | 0 | 2 |
| Emergency Shelter | 26 | 161 | 288 | 0 | 449 | 0 | 2 |
| | | | | | | | |
| Permanent Housing | 29 | 48 | 133 | 0 | 277 | 0 | 0 |
| Permanent Supportive Housing | 17 | 8 | 94 | 0 | 198 | N/A | N/A |
| Rapid Re-Housing | 12 | 40 | 39 | 0 | 79 | N/A | N/A |
| | | | | | | | |
| Total | 55 | 209 | 421 | 0 | 726 | 0 | 2 |
| Source: HUD Housing Inventory County Study, VA-502 Roanoke City & County, Salem Continuum of Care (CoC), 2019 | | | | | | | |

The Roanoke Valley-Alleghany Region has been effective in preventing a rise in the number of unsheltered homeless. Data from the CoC showed a very low incident of unsheltered homeless with about 6% of the recorded homeless population going unsheltered, and of those unsheltered homeless, most refuse to engage in accessing resources. In many cases, multiple mental health barriers prevent individuals from obtaining and maintaining housing.  Across the region there are non-profits targeting their resources to help alleviate the plight of the homeless population. Services are available which help transition the homeless population towards long-term stability.

| Table 3: Homelessness by Race in Roanoke County, and the City of Roanoke and Salem | | | | |
|---|---|---|---|---|
| | Sheltered | | | |
| Race | Emergency Shelter | Transitional Housing | Unsheltered | Total |
| Black or African-American | 87 | 0 | 6 | 93 |
| White | 137 | 0 | 20 | 157 |
| Asian | 0 | 0 | 0 | 0 |
| American Indian or Alaska Native | 2 | 0 | 2 | 4 |
| Native Hawaiian or Other Pacific Islander | 0 | 0 | 0 | 0 |
| Multiple Races | 17 | 0 | 2 | 19 |
| Total | 246 | 0 | 30 | 276 |
| Source: BRICH Point in Time Data, 2020. | | | | |

The PIT data from the City of Roanoke Roanoke County, and City of Salem CoC showed that 34 percent (93 individuals) of all sheltered and unsheltered homeless individuals were Black/African American, while 57 percent (157 individuals) of the homeless population were White. The Region has a relatively small Black/African American population, which indicates that they are overrepresented in the homeless population.

## Households

The Census Bureau defines a "household" as one or more people living in a housing unit and includes a variety of living arrangements. From a historical perspective, the City of Roanoke experienced steady, continued household growth between 1970 and 2010 which closely tracks with population growth over that same period. Between 1970 and 2010, the number of households in the city increased by 34%, with the biggest increase (8,200) between 1970 and 1980. This decade of growth was the largest for the region as well.

Interestingly, between 2010 and 2018 the population of Roanoke grew by about 2,600 residents yet the number of total households decreased by 675, or 2%. Typically, when population grows, there is a commensurate growth in households particularly with the national trends of smaller household sizes driven by the growth in younger and older householders. In the City of Roanoke though, these two measures are heading in opposite directions driven by growth in larger households (4+ persons) and a shrinking of one- and two-person households.

**Figure 8: Household Change**



Figure 8: Household Change — Household Change, 1970-2023, Source: NHGIS, ESRI
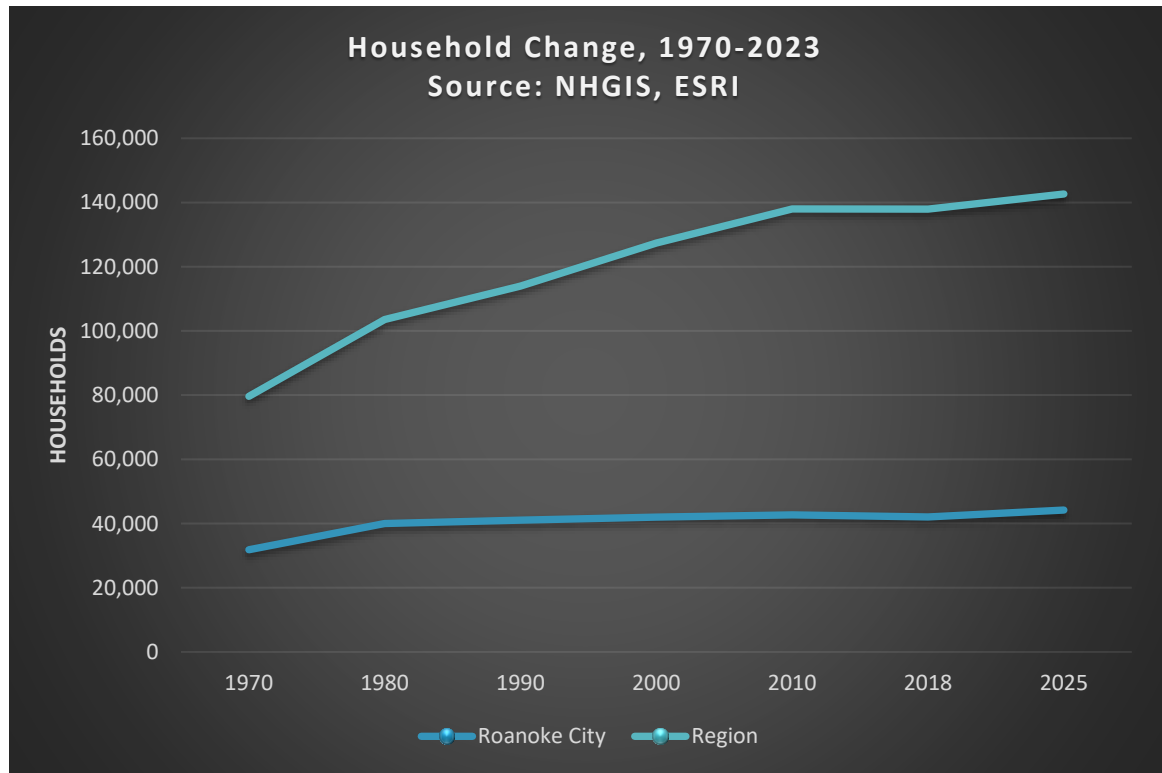
In 2018, the city had 42,037 households. Future projections show the city could add an additional 2,162 households (5%) by 2025.[1] These same projections show households region-wide also increasing by 3% over the next five years.

| Table 4: Projected Total Households | | | | |
| --- | --- | --- | --- | --- |
| Community | 2018 Estimates | 2025 Projections | Change | Percent Change |
| Roanoke City | 42,037 | 44,119 | 2,162 | 5% |
| Region | 137,942 | 142,643 | 4,701 | 3% |
| Source: ESRI, 2020 | | | | |

## HOUSEHOLD SIZE

Household size is an important consideration as it provides insight and an understanding of what types of housing units are needed to accommodate today's residents and those who may choose to locate here in the future. An example of this is a larger five-person household would require more bedrooms than a two-person household. Traditionally in the city, owner-occupied single family homes offer larger living spaces with more bedrooms and bathrooms, enough to accommodate the larger households with four or more members. Structures with 10 or more units,

[1] ESRI, 2020

which account for about 20% of all housing units in the city, tend to have one- or two bedrooms and are priced similarly, in some instances, to a mortgage payment for a single family home.

According to the Census, households can be defined as either family or non-family. Family households are comprised of two or more related individuals where non-family households are comprised of unrelated people living together (such as housemates), and single individuals. In the City of Roanoke, most family households (73%) are comprised of two or three members. Most non-family households are single individuals which account for nearly 83% of non-family households.

**Figure 9:  Households by Type and Size**
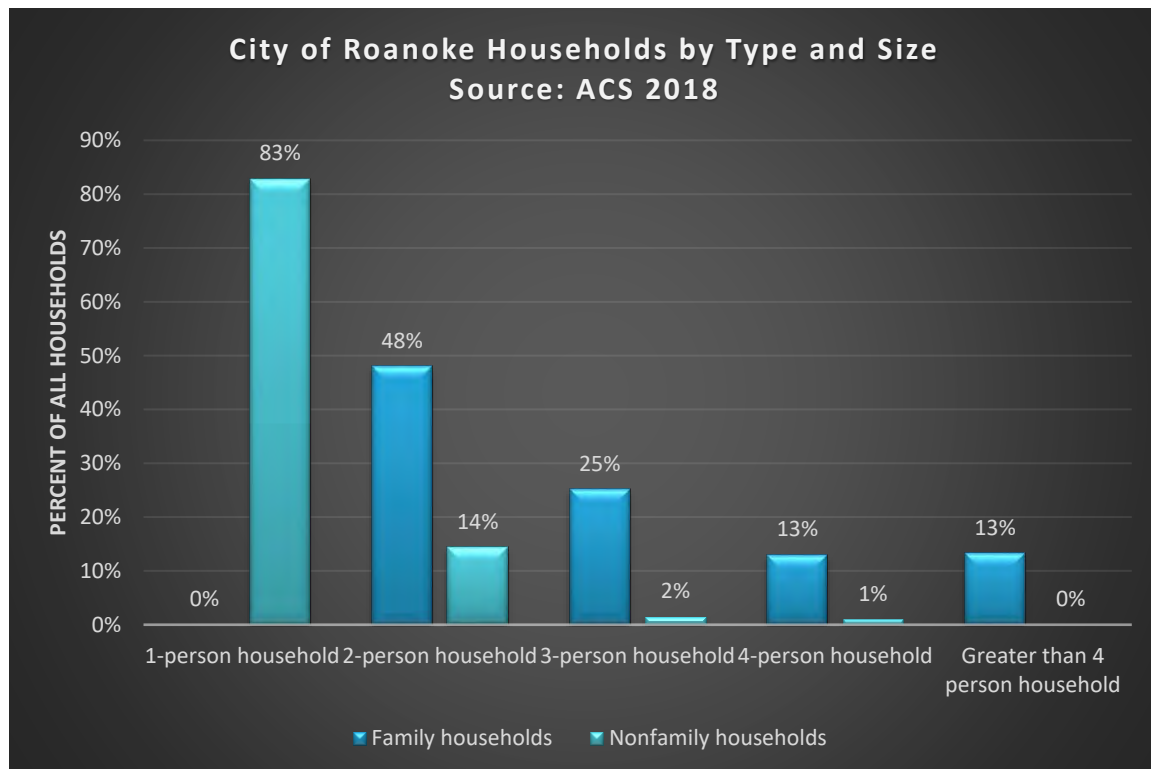


While over 70% of all households in the city are one- and two-person households, some unique changes in household size have occurred over the past five years. Between 2013 and 2018, family households with five or more persons increased by 33% while single-person households decreased by 5%. While single- and two-person households still comprise the highest number and share of households in the city, there may also be a need for slightly larger family-sized units going forward. The growth trends in the older demographics may also point to a continued need for smaller units with universal design components in a managed property or as part of a Homeowners Association.

Among family households with children under the age of 18, 50% of these households are headed by a single parent of which 75% of households are headed by a female. This equates to 9,260 single parent households with children, and 6,888 headed by a female. The median household income for a female headed household with children is $25,272 which is nearly $18,000 less than the

median household income for the city. The median income for female single parent households is just above the federal poverty line for a household of three and would equate to an affordable monthly rent of $632. This is $160 below the City's 2018 median gross rent of $799 per month.

# ECONOMIC ASSESSMENT

Economic issues such as changes in income, employment, commuting patterns, and the overall economy are explored in this section of the study. Much of the analysis is grounded in data which is supplemented by knowledge gained from interviews with stakeholders described in more detail throughout this section of the study. The economic baseline analysis provides the context and history of the City of Roanoke to set the stage for the housing market analysis which follows.

## Socioeconomics
### INCOMES

Household income directly influences the ability of residents to secure housing that is affordable and available to them. Household income can influence housing prices if an influx of higher income households enters the market over time, or conversely leave the market over time. As of 2018, the median household income in City of Roanoke was $43,028, which was about $11,000 less than the region's median income of $54,062. This income differential is significant from a housing affordability perspective, as the region's median income would add about $275 per month in purchasing power for a renter household. It is important that over time incomes are compared to housing costs to ensure increasing price points do not overburden low- and middle-income households.

**Figure 10:  Median Household Income**
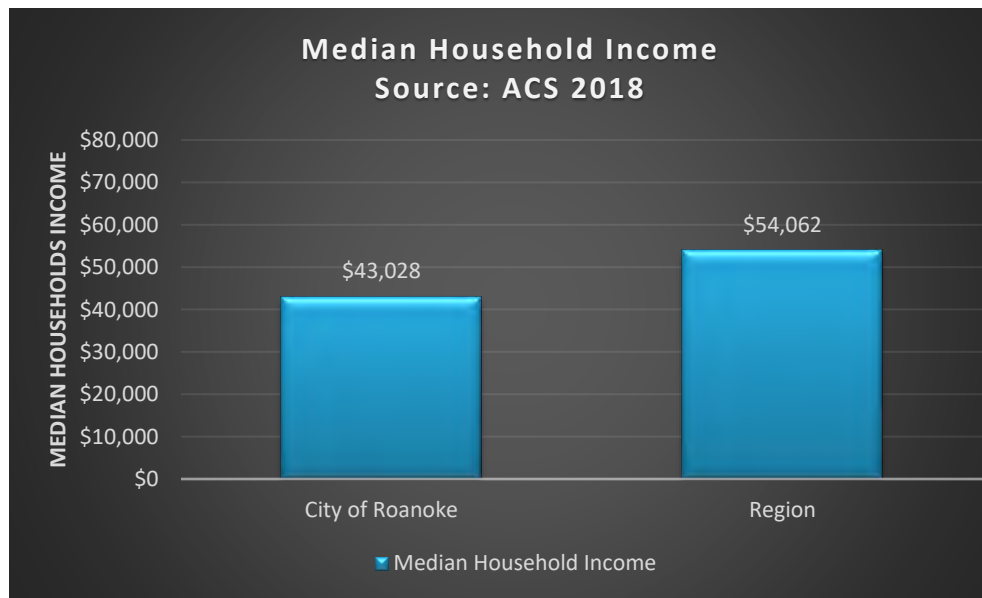


Cost burdening, which is circumstance where a household pays 30% or more of their income toward housing costs is a reality for lower-income households across the city. Higher housing costs crowd out disposable income for other necessities such as food, healthcare, and transportation. About 42% of city households earn less than $35,000 a year, compared to 26% of

households in the Region. The higher percentage of lower-income households requires proactive measures to ensure safe and affordable housing for households at all income levels.

Looking at the distribution of households by income cohort over the last five years shows the city experiencing a loss of households with incomes below $50,000. Of households making less than $50,000, there was a 11% decrease within the cohort earning between $15,000 and $25,000 per year. While the city is losing households at the lower end of the income spectrum, it is gaining households earning more than $75,000 per year. The increase of higher income households can be explained in part by growth in higher paying industry sectors such as Manufacturing, Healthcare, and Finance and Insurance. Employees in these sectors typically have higher levels of education and specific skills tied to the industry sector resulting in higher wages. As manufacturing processes shift from legacy to advanced, the sector requires employees with advanced degrees in engineering, management, and logistics to keep up with advances in manufacturing processes.

**Figure 11:  Change in Median Household Incomes**

# HOUSEHOLD INCOME CHANGE MAP



**Road Type**

━━ Interstate

━━ Primary

━━ Blue Ridge Parkway

▭ Roanoke Valley Study Region

▭ Administrative Boundaries

🌊 Water Bodies

**Median Household Income**

**Change 2013 - 2018**

🟥 -$12,000 or more

🟧 -$6,000 to -$12,000

🟨 $0 to -$6,000

🟩 $0 to +$6,000

🟩 +$6,000 or more

0   2.5   5   10 Miles

N

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept. of Conservation
and Recreation, Virginia Economic Development Partnership,
US Census American Community Survey 5-year estimates

Modest growth of real incomes is a challenge both in Roanoke and across the United States as a whole. The city saw median household incomes grow by 13% between 2013 and 2018, during which the Region grew by 16%. While impressive, the growth in income is not outpacing the cost of housing. As housing costs continue to rise, incomes must as well, or households will be forced to spend more on housing leaving less for other expenses.

| Table 5: Growth in Median Household Income, 2008-2018 | |
|---|---|
| Community | Growth Rate |
| Roanoke City | 13% |
| Region | 16% |
| Source: ACS 2008- 2013, 2014-2018, B19013, "Median Household Income in the Past 12 Months", and RKG Associates, Inc. | |

Looking forward, incomes in the city are projected to grow. Between 2020 and 2025, the city's median household income is projected to grow by 4.4%, slightly less than the Region's growth rate of 5%. This future growth may be attributed to the investment employers are making locally in the City of Roanoke and surrounding areas. As more employers paying higher wages enter the area and establish operations, opportunities for residents of the region to secure higher paying jobs will increase as well.

| Table 6: Projected Median Household Incomes | | | | |
|---|---|---|---|---|
| Community | 2020 Estimates | 2025 Projections | Change | Percent Change |
| Roanoke City | $40,593 | $42,357 | $1,764 | 4% |
| Region | $53,448 | $56,124 | $2,676 | 5% |
| Source: ESRI, 2020 | | | | |

## WORKERS

In the City of Roanoke, there are a total of 60,445 jobs which is inclusive of both private and government employment.[2] Of that total, 45,401 people come from outside the city to work, while 15,044 live and work within the city. Aside from those working within the city, approximately 19,841 residents travel outside for employment, making Roanoke a net importer of labor. The large number of people entering the city for employment is due to its function as the major employment hub in the region with many large employers importing workers from around the region.

[2] OnTheMap, 2020

**Figure 12:  Worker Inflow and Outflow**
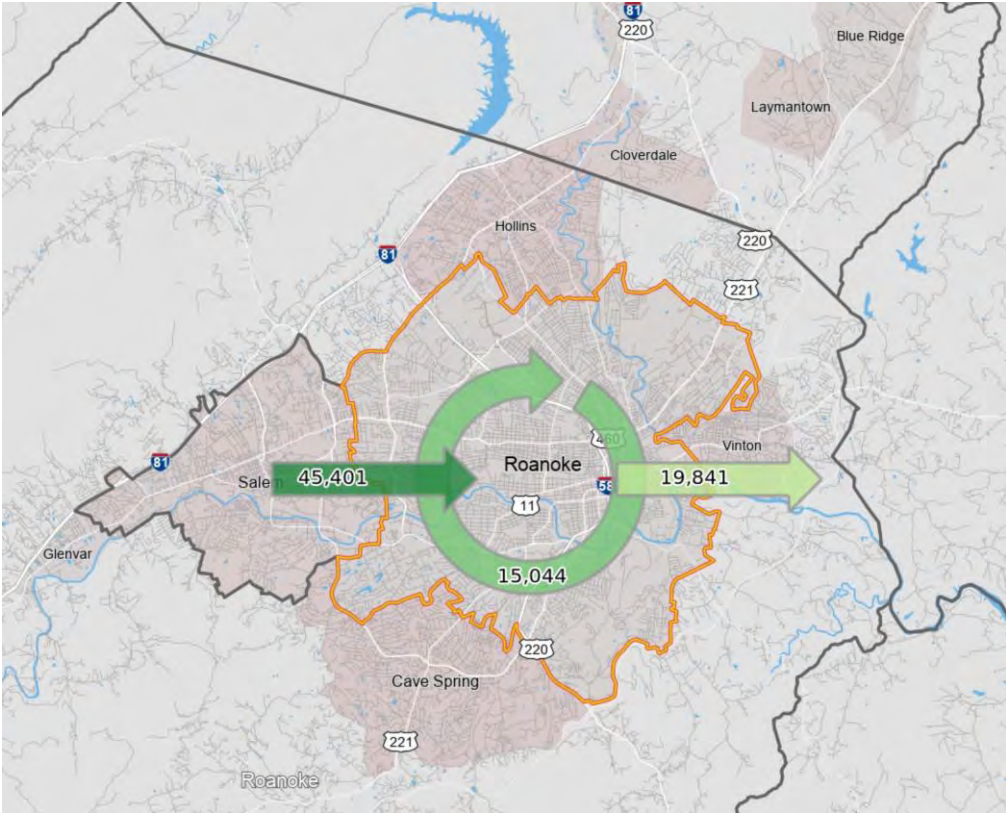


Understanding how many employees are in the city and what types of employment opportunities exist can help explain some of the activity within the housing market. One of the key linkages between employment and housing is how many individuals are employed in an area and from whence they commute. This is important because it reflects whether the city can attract and retain workers locally, and what role housing may play in workers being able to live and work here. If workers are also residents, then their disposable income gets circulated locally, otherwise the city may not capture that direct impact on the local economy. In contrast, when workers commute to an employment destination, much of their personal spending does not occur in the community where they work, but rather where they live.

**Figure 13:  Top Five Employee Capture Areas**
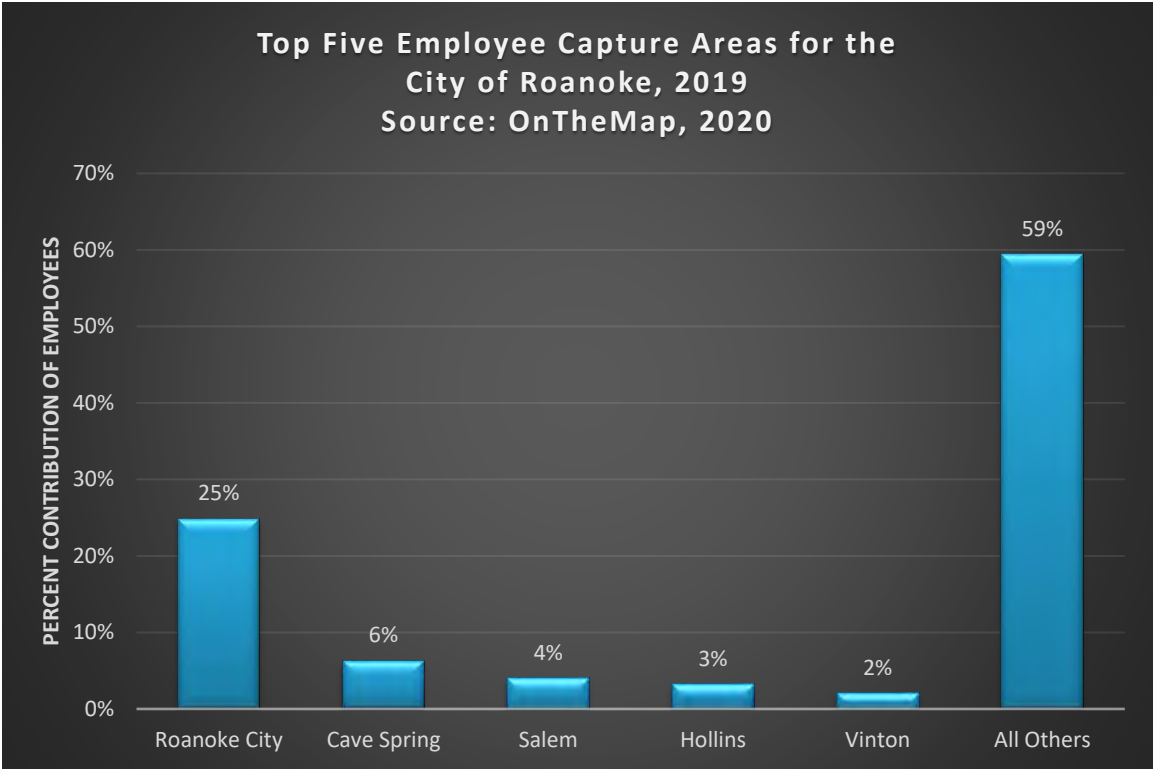


As mentioned previously, 45,401 workers commute to the city from communities and counties outside the city with the highest percentages coming from places like Cave Spring, Salem, Hollins, and Vinton. Residents who both live and work in the city comprise 25% of the workforce, or 15,000 resident workers. Being the major employment center in the region, it is not surprising to see a higher percentage of residents who both live and work in the city.

**Figure 14:  Top Five Employment Destinations**
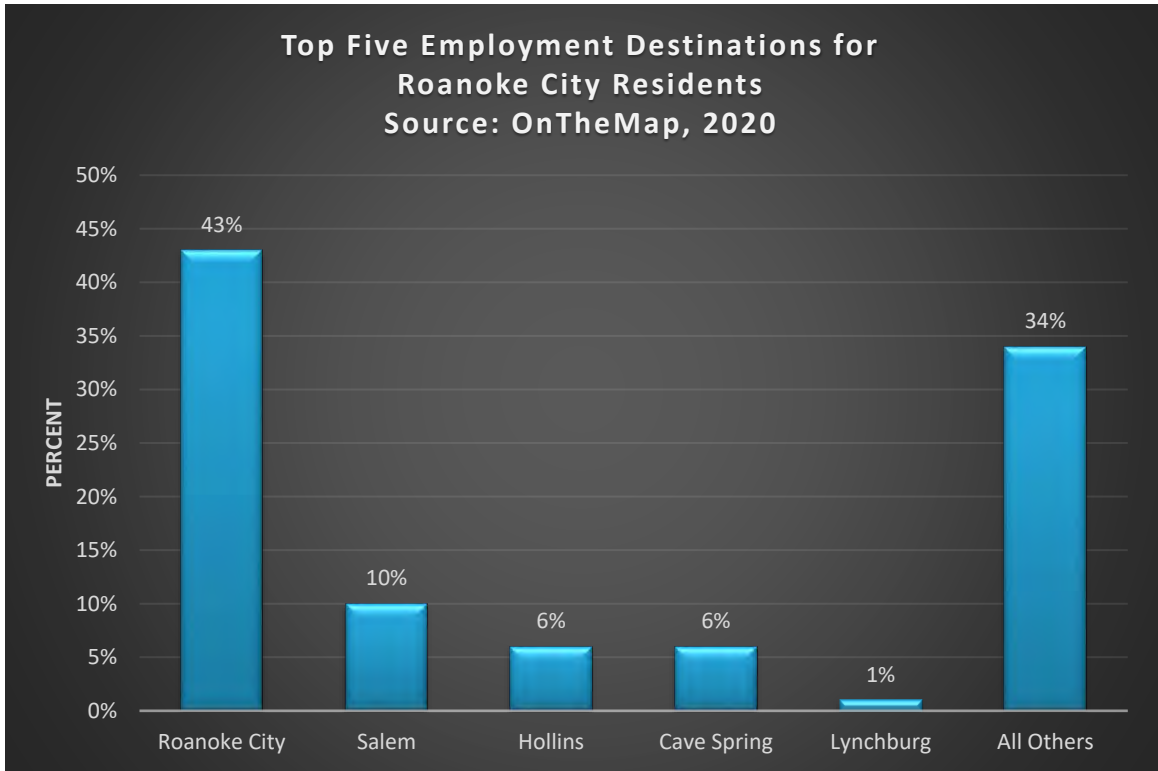


When looking at the top commuting destinations for city residents, about 43% of residents work in Roanoke which helps minimize commute distances and transportation costs. The second largest employment location for Roanoke residents is Salem, which the other major employment center in the region.

## INDUSTRIES

In Roanoke, about half of all jobs are clustered in five industry sectors. Figure 15 presents the top five employment sectors across the city. As a percentage of total employment, Healthcare and Social Assistance is the largest industry sector with 19% of all jobs. The second largest employment sector is Government, which accounts for 12% of all jobs. The Other category is made up of the remaining North American Industrial Classification System (NAICS) sectors not in the top five job producing industries. This category accounts for 43% of the total employment in the city.

**Figure 15:  Top Five Jobs by NAICS Industry Sector**



Top Five City of Roanoke Jobs by NAICS Industry Sector, 2010-2020
Source: Economic Modeling Specialists Intl. (EMSI), 2020
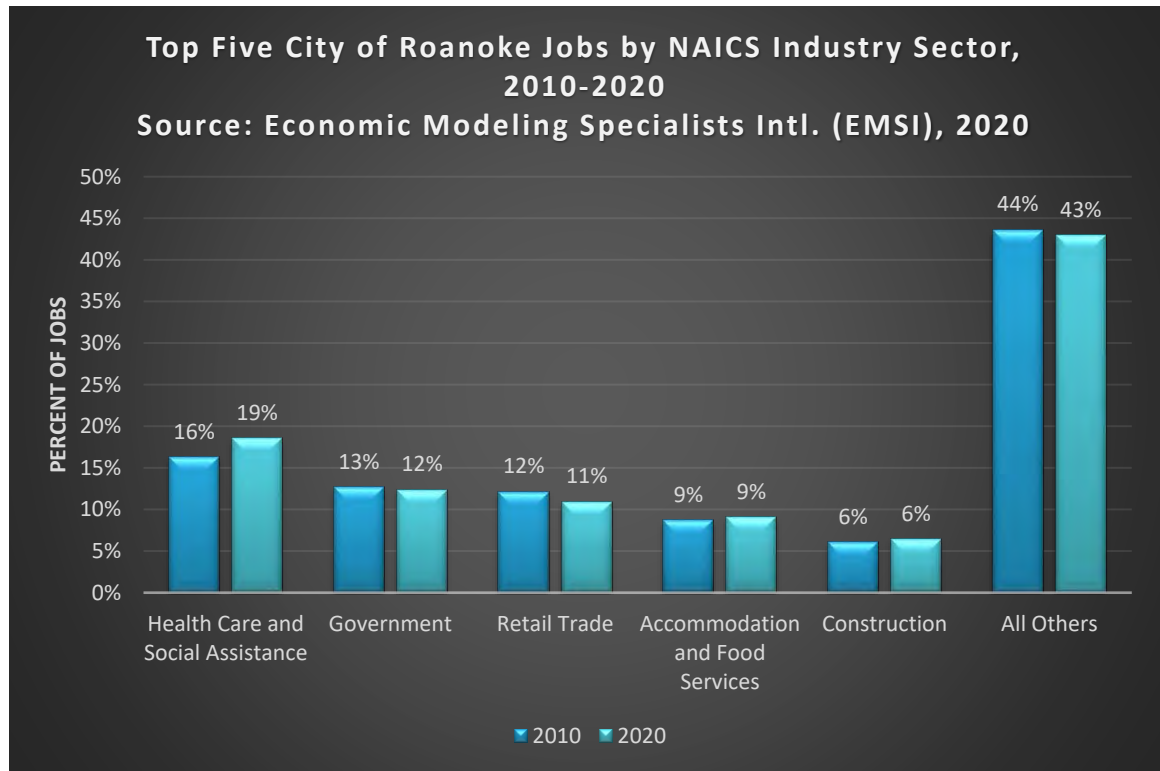
Most notable is the increase in Healthcare employment over the last 10 years. Healthcare jobs increased 3% over the last 10 years which correlates with national trends and the aging of the Baby Boomer generation. Hospitals, outpatient clinics, assisted living, in-home care have all been staffing up to care for our seniors. In the City of Roanoke, this is no different and is anticipated to continue as the population grows older. All other industry sectors generally remained same if not dropped by a percentage point corresponding with the slight increase in overall employment over the 10-year period from 69,940 in 2010 to 69,819 in 2020.

## MAJOR EMPLOYERS

As indicated above, the city has a diversified employment base which helps bolster the economy and makes it an attractive place for new residents and employers alike. As the major employment center in the region, Roanoke has attracted large medical providers like Carilion Clinic that has several large facilities here including the Children's Hospital, the Community Hospital, and the Carilion Roanoke Memorial Hospital. Carilion also has several specialty and out-patient offices in Roanoke including oncology, pediatric services like cardiology and endocrinology, psychology, and rapid care facilities.

In addition to healthcare facilities, the city has also attracted professional offices and corporate headquarters for several large corporations including Allstate Insurance, Advance Auto, Kroger, and Wells Fargo Bank. These corporations employ thousands of workers who both live in the City

of Roanoke as well as those who commute in daily for employment. Below is a listing of some of the largest local private employers in the area:[3]

- Carilion Clinic – 10,000+ employees
- Kroger Mid-Atlantic Division Office – 1,000 to 2,999 employees
- Advance Auto Headquarters – 1,000 to 2,999 employees
- Allstate Corporate Headquarters – 500 - 999 employees

The housing market in the City is influenced by these large employers because they provide jobs and careers which enable households to gain economic stability generate disposable income. Once stability is attained, households can actively engage the housing market by being able to make purchase and rental decisions based on their needs and wants. For example, households with higher incomes may choose to purchase larger homes, while more moderate income households may choose to rent homes in either single family or multifamily units. The underlying factor in being able to make such decisions is employment.

### CHANGES IN INDUSTRY

Between 2010 and 2019, employment data for the City of Roanoke shows that the top 10 employment subsectors have added 206 jobs, with an average wage of $55,000. The sector which experienced the largest gain was Healthcare, adding 1,576 jobs over the ten year period with an average wage of $72,900. One interesting trend to watch in the city is the growth in high wage jobs and low wage jobs. Sectors like Healthcare, Finance and Insurance, and Manufacturing are all growing but have average wages between $73,000 and $88,200. At the same time, the city is experiencing growth in sectors like Accommodations and Food Services, Personal Services, and Arts and Entertainment. These sectors have average wages between $21,150 and $29,000, much lower than the previously described sectors which has direct correlation to what a person or family could afford for housing.

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[3] https://www.bizroanoke.com/about-roanoke/major-employers/

**Figure 16:  Top Ten Industry Subsector Increases, 2010-2020**



Roanoke City Top 10 Industry Subsector Increases, 2020
Source: EMSI, 2020
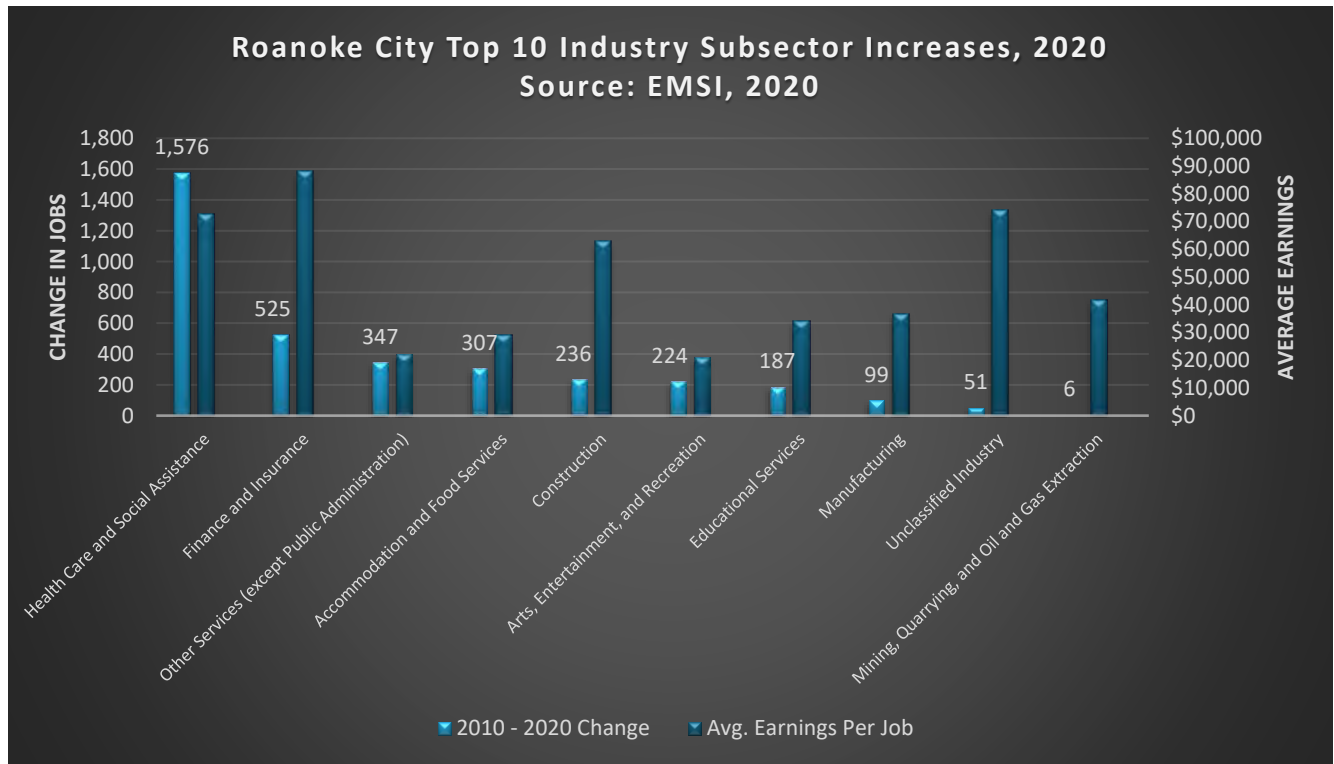
Between 2020 and 2029 the City of Roanoke is projected to see employment growth in Healthcare and Social Assistance (1,308 jobs), Personal Services (279 jobs), Educational Services (123 jobs), Arts and Entertainment (112 jobs), and Accommodations and Food (70 jobs). Jobs in these industry sectors pay varying wages, some higher like in Healthcare and some lower like in Arts and Entertainment. Job losses are projected in sectors like Manufacturing and Government which tend to pay higher than average wages.

**Figure 17:  Top Ten Projected Industry Subsector Increases, 2020-2029**
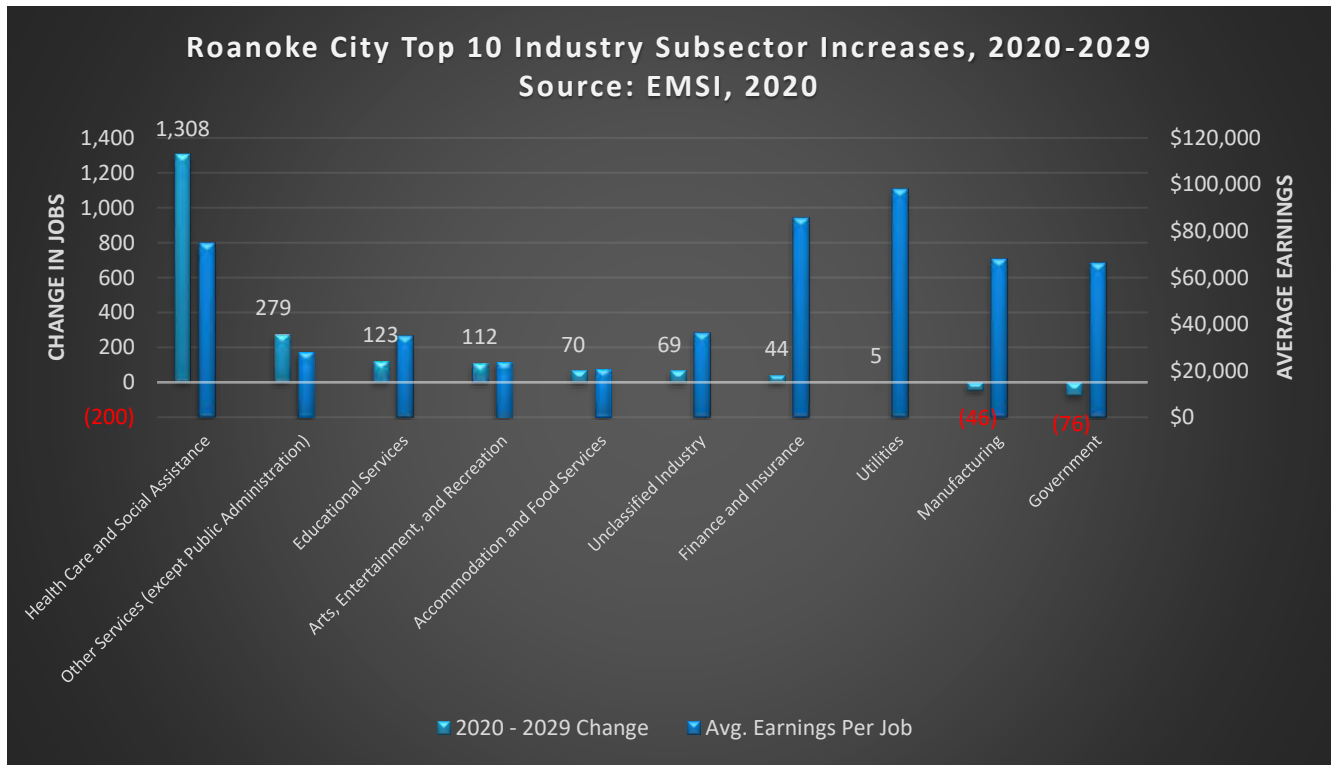


### INDUSTRY WAGES AND HOUSING AFFORDABILITY

As indicated earlier, while Roanoke experienced low employment growth over the last decade and incomes in some industry sectors are not sufficient to rent or own housing without placing financial pressure on the household. Across the city, the median sales value of a home is around $147,000, while the median gross rent is about $799 per month. Based on these metrics, several of the top industries and growing industries do pay wages which could afford these housing prices. At the same time, there are several that do not and there are also jobs within top paying industry sectors which do not. For example, within the Healthcare industry physicians may earn over $200,000 but janitorial staff earning less than $30,000 a year.

Table 7 illustrates the affordable home price and affordable rent by industry sector based on the average earnings within each sector. It is important to note these represent average earnings and not the earnings across different occupations within industry sectors.

| Table 7: Housing Affordability Based on Top 10 Industry Sectors, 2019 | | | | |
|---|---|---|---|---|
| Industry | Industry Jobs | Average Earnings | Affordable Home Price | Affordable Rent |
| Health Care and Social Assistance | 12,992 | $72,853 | $268,949 | $1,821 |
| Government | 8,647 | $68,237 | $251,908 | $1,706 |
| Retail Trade | 7,636 | $33,689 | $124,369 | $842 |
| Accommodation and Food Services | 6,319 | $21,154 | $78,093 | $529 |
| Construction | 4,485 | $62,851 | $232,025 | $1,571 |
| Transportation and Warehousing | 4,222 | $56,664 | $209,185 | $1,417 |
| Other Services (except Public Administration) | 3,933 | $28,968 | $106,940 | $724 |
| Manufacturing | 3,898 | $74,083 | $273,490 | $1,852 |
| Finance and Insurance | 3,221 | $88,231 | $325,719 | $2,206 |
| Administrative and Support Services | 2,941 | $43,552 | $160,779 | $1,089 |
| Source: EMSI, and RKG Associates, Inc., 2020<br>Note: Rent payment accounts for utilities. Home price accounts for mortgage, taxes, and insurance. | | | | |

# HOUSING MARKET ANALYSIS

The housing market analysis section describes the market characteristics associated with both owner-occupied and renter-occupied housing units in the City of Roanoke. This section contains a description of housing types, price points, and affordability in addition to other topics.

## City-Wide Housing Market

The City of Roanoke has 47,056 housing units of which 42,037 (89%) are occupied and 5,019 (11%) are vacant. Of the occupied housing units, 52% are owner-occupied, and 48% are renter-occupied. Housing development patterns have changed over time across the city as the population has grown. This city-wide housing market analysis examines both the historical and current market conditions and uses that information to inform strategies for addressing future housing needs.

**Figure 18:  Housing Unit Change**
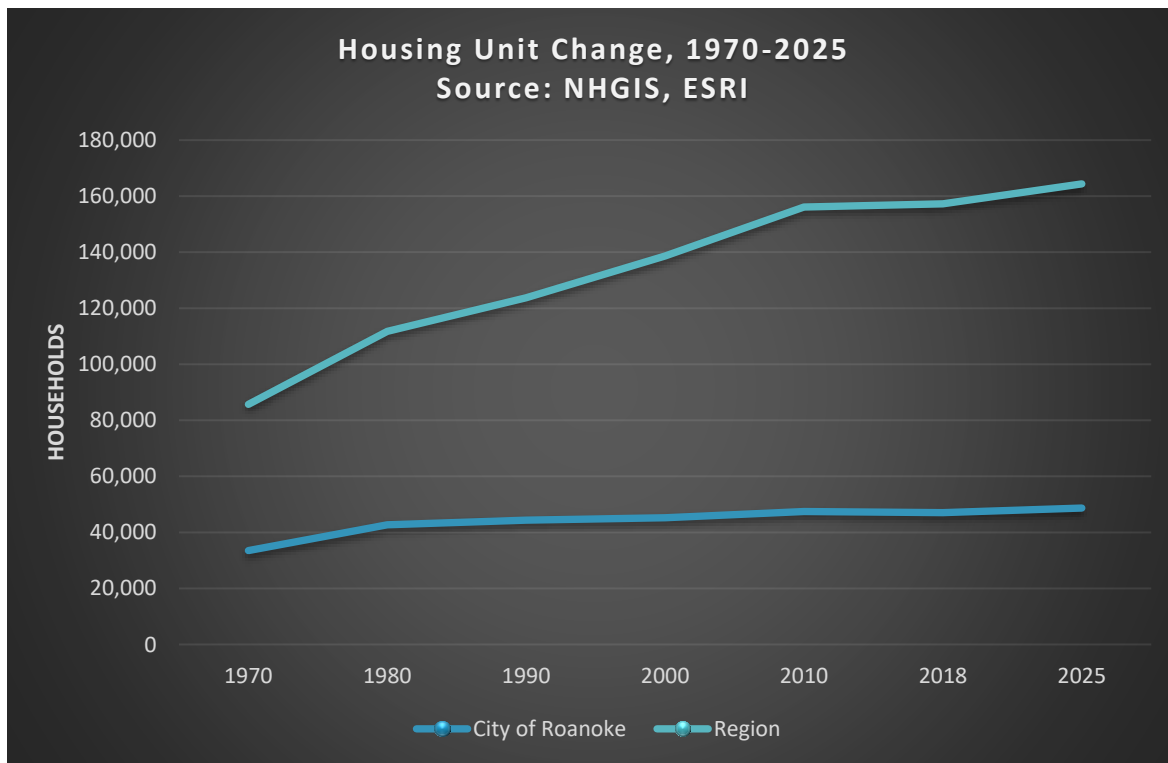


### YEAR BUILT AND HOUSING UNIT GROWTH

The city's housing growth history shows a steady transformation over a few decades. Between 1970 and 2010, the number of housing units grew by 42%, rising from 33,500 to about 47,450. Over the same period, the Region grew by 82% indicating that growth in the City of Roanoke was a smaller contributor to regional growth than other locations like Franklin and Roanoke Counties. The steady housing unit growth in the city coincided with both population and household growth. The City of Roanoke did experience a much larger period of housing unit between 1970 and 1980 with 9,177 new housing units being built. Figure 19 shows the year built for housing units highlighting the large number of units constructed during that period. Compared to the counties

and region, the city has a much older housing stock with 82% of all units constructed before 1980 compared to only 62% across the region. The City of Roanoke also has a lower percentage of units constructed after 2000 at 6% versus 14% for the region.

**Figure 19:  Year Built**
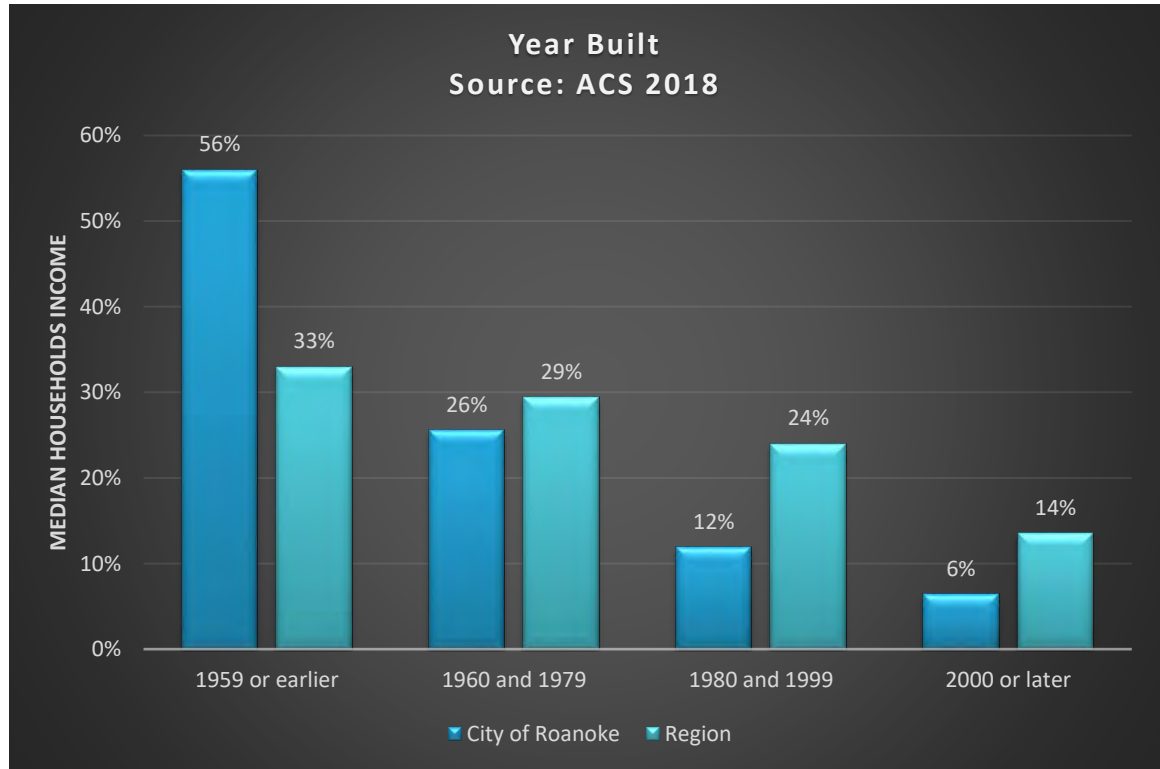


## Building Permit Activity

On average, the City of Roanoke permitted 35 new single family detached housing units per year since 2010.[4] Over the same period, the city also issued an average of 97 building permits per year for multifamily units in duplexes, triplexes, quadplexes, and buildings with five or more units. In Roanoke, the largest number of single family permits were issued in 2013 when 65 housing units were built, while in 2019 there were 238 multifamily unit permits issued. The city has comprised the vast majority of all multifamily permits granted in the region (69%) with Roanoke County accounting for another 27%. This is not surprising since the city is the urban center in the region and as a community that is more built-out with less land availability denser forms of development are more common.

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[4] U.S. Census, 2020

**Figure 20: Building Permits**



Building Permits, 2010-2019
Source: US Census

Legend: Roanoke City - Single Family, Region - Single Family, Roanoke City - Multifamily, Region - Multifamily
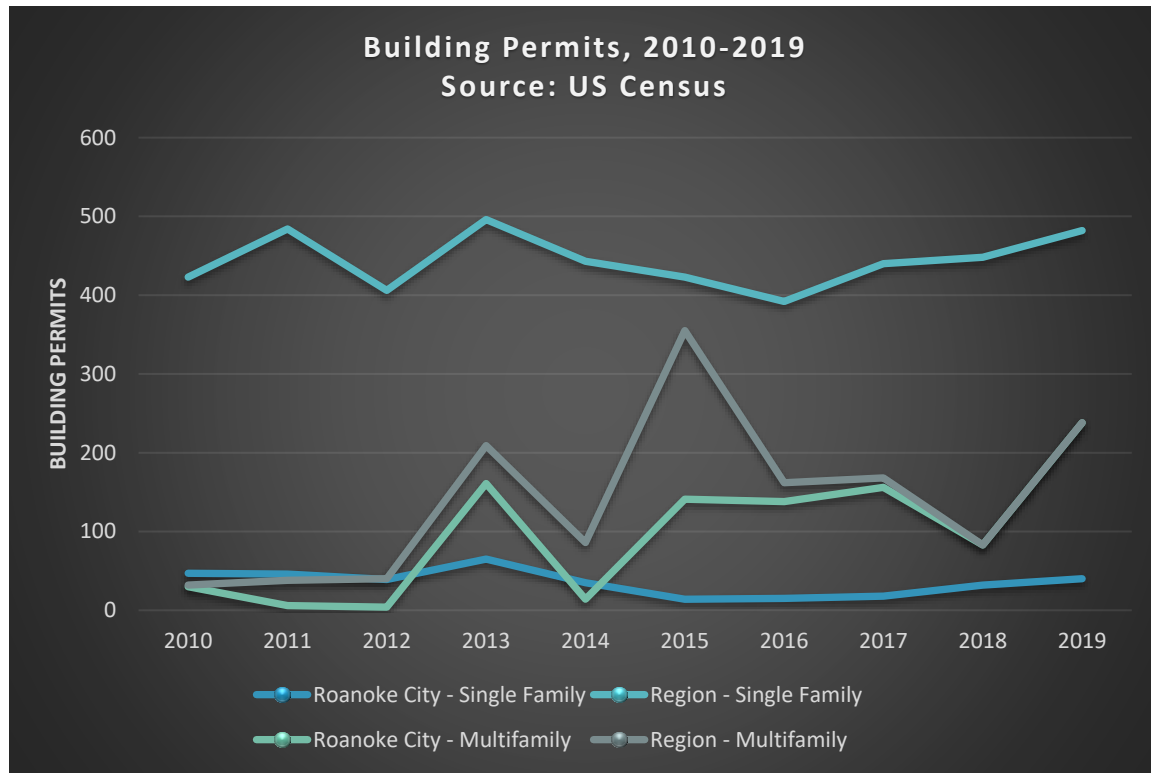
**Housing Tenure**

As of 2018, 46% of the city's housing stock was owner-occupied with 43% renter-occupied. The city's housing stock is nearly evenly split between owner and renter while the region skews more toward ownership with localities like Franklin County having 80% owner-occupied units.

| Table 8: Housing Tenure | | |
|---|---|---|
| | City of Roanoke | Region |
| Owner-Occupied | 46% | 63% |
| Renter-Occupied | 43% | 26% |
| Vacant | 11% | 12% |
| Source: ACS 2014-2018 | | |

**Units in Structure**

In the City of Roanoke, 65% of residential units are in single family detached structures.[5] The second largest residential typology are multifamily structures with 10 to 19 units accounting for 9% of all units. Roanoke's housing stock has a much more diversified mix than many other locations in the region. While it does have a lower percentage of single family homes, it instead offers a wider range of housing choices from attached single family, to duplexes, to mid-scale multifamily and even larger scale multifamily with structures of 50 or more units. The historical

[5] ACS 2014-2018

development pattern combined with a more urban built fabric has allowed Roanoke to create and maintain a fairly diverse stock of building types and units.

The breakdown of units in structures changes drastically when comparing owner-occupied units to renter-occupied units. Within the city, 93% of owner-occupied units are single family homes and only 7% are in structures containing two or more units. Contrast this with renter-occupied units, where 35% are single family homes, 65% are in structures with two or more units. The housing diversity noted above is predominately in the renter market with units spread across the various typologies like duplexes, triplexes, and mid- to large-scale apartment buildings.

### Vacancy

The City of Roanoke's overall housing vacancy rate has been steadily increasing since 2010 when the rate was 9%. As of 2018, the rate had increased to 11%. Part of Roanoke's housing market story can be told through the Census' Vacancy Table. Vacancy is defined by the Census across seven different categories which include:

- Units Actively Listed for Rent
- Units Rented, but Not Yet Occupied
- Units Actively Listed for Sale
- Units Sold, but Not Yet Occupied
- Units for Seasonal/Recreational Use
- Units for Migrant Workers
- Other Vacant

To calculate Roanoke's total vacancy across all categories, the Census sums each category together and divides by the total number of housing units in the city. This vacancy rate provides an estimate of all housing units that are not occupied at the time the Census interview takes place regardless of whether the unit is actively being marketed or even habitable.

**Figure 21:  Overall Housing Vacancy**
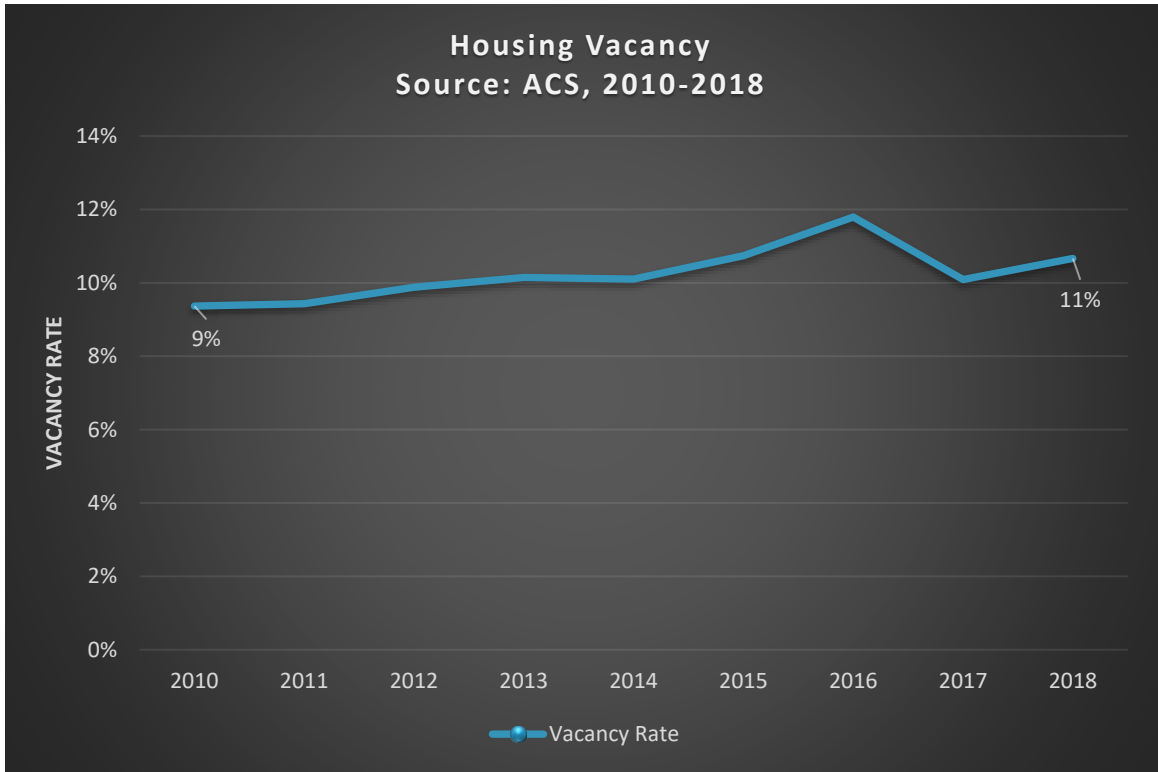


The increase in vacancy is a result of a significant jump in vacant rental units in 2017 which could be the result of some larger rental developments entering the market. The other vacancy categories have largely remained consistent over the eight-year period including units categorized Other Vacant.

The Census defines "other vacant" using eleven categories with ones most pertinent to the City of Roanoke being: Foreclosure, Personal/Family Reasons, Legal Proceedings, Preparing to Rent/Sell, Needs Repairs, Abandoned/Possibly to be Demolished or Condemned. In 2018, 35% of all vacant units in the city fell under this category which equates to about 1,777 housing units. Figure 22 shows how the number of vacant units in four vacancy categories changed from 2010 to 2018.

Over this eight-year period, the number of vacant renter-occupied units increased by 76%. This change was due to an increase in the number of renter units being actively marketed indicating activity and turnover in the market. At the same time, the number of vacant ownership units declined by 31% during the same period, further tightening the available supply of housing units.

**Figure 22:  Vacant Units by Category**
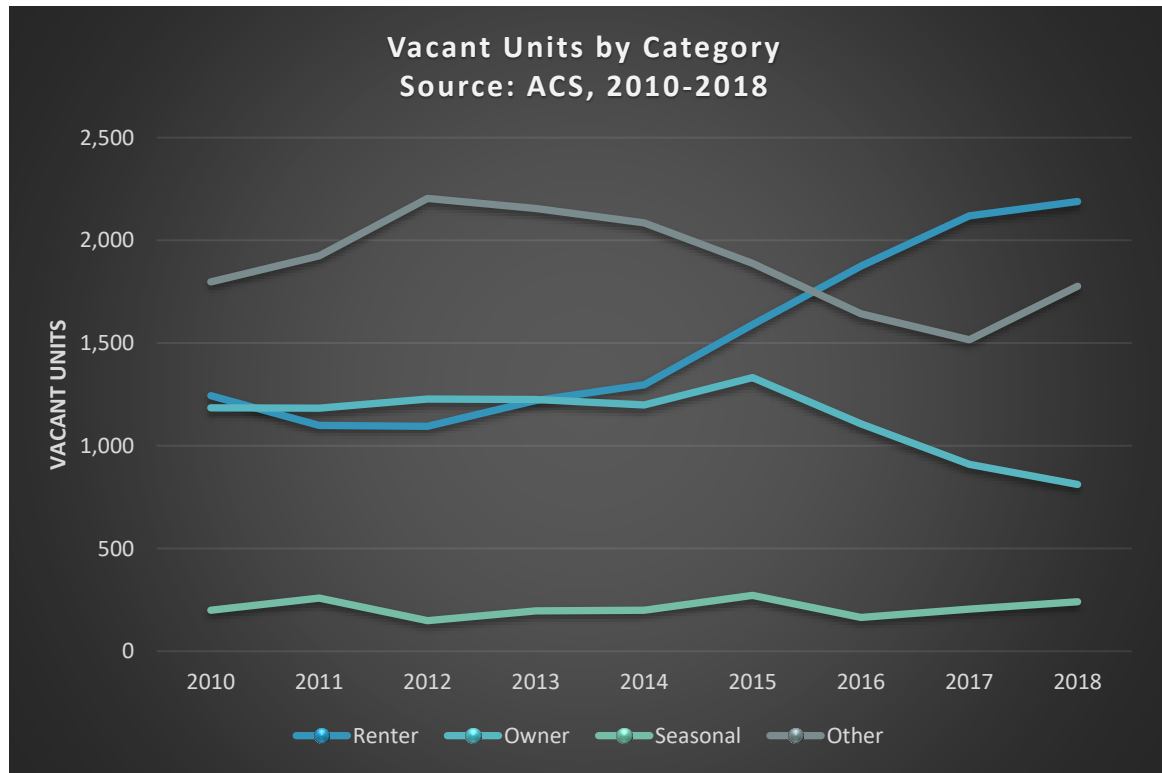


## Owner-Occupied Housing Market

This section provides a more in-depth analysis of the owner-occupied housing market including supply, demand, and pricing across the city.

### SUPPLY

As was noted earlier, owner-occupied units comprise 52% of the city's housing stock with 93% of units being single family homes, 6% in multifamily structures, and 1% of units in mobile homes.

| Table 9:  Housing Tenure, Owner | | |
|---|---|---|
| Owner Occupied | Roanoke City | Region |
| Single family | 93% | 92% |
| Multifamily | 6% | 2% |
| Mobile Home/RV/Other | 1% | 6% |
| Source: ACS 2014–2018 | | |

The single family percentage in the city is comparable to the region, but the percentage of multifamily and mobile homes are a bit different.

Between 2013 and 2018, there was a decrease of 1,490 owner-occupied housing units and an additional 1,031 renter units. The largest change occurred with single family homes showing the city losing 1,297 owner-occupied single family homes and gaining 1,604 rental single family

homes.[6] This is a trend seen in many cities across the country, particularly after the Great Recession when many units were foreclosed upon, purchased by investors, and then rented back to residents. With interest rates at historic lows and capital flowing within the real estate industry, this trend is likely to continue.

The age of Roanoke's owner-occupied housing stock mirrors the age of the entire housing stock with 82% of ownership units built before 1980. This compares to 60% for the Region. Prior to 1960 there were many owner-occupied, single family units built across the city with a second building boom between 1970 and 1980. Since then, the number of new units constructed has increased at a steady rate.

**Figure 23:  Year Built of Owner Occupied Housing Units**
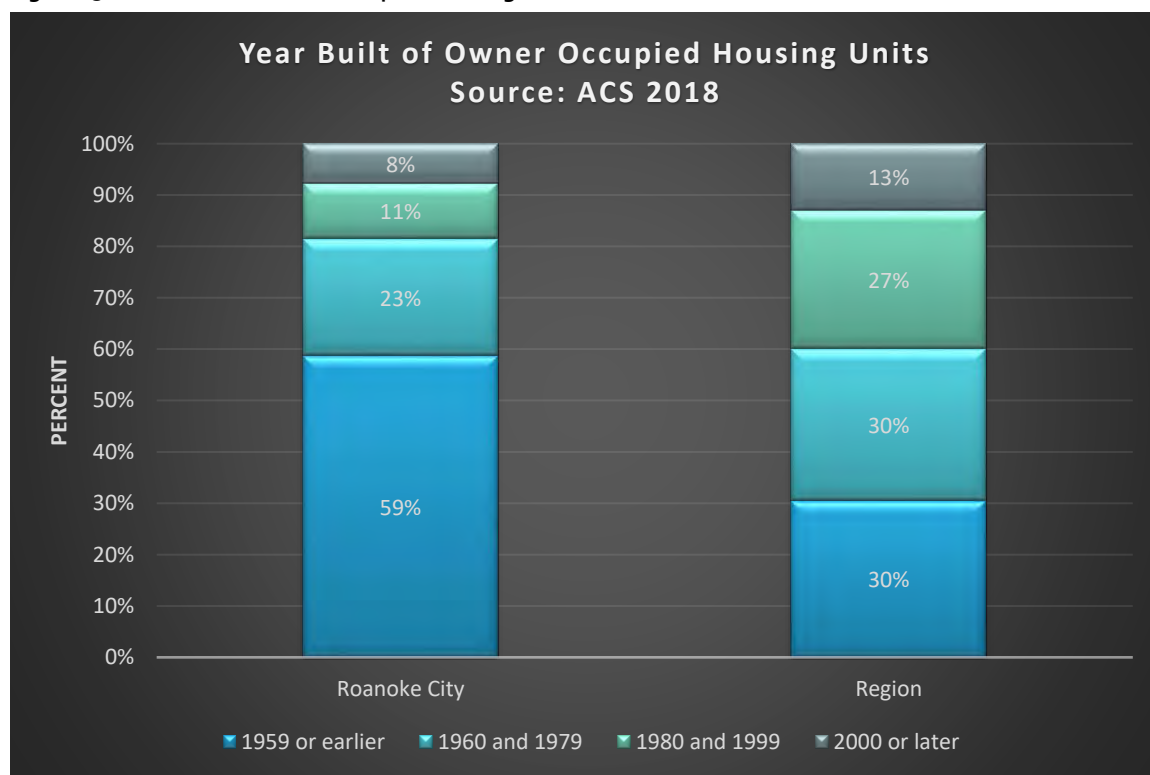


## Pricing

In 2018, the median value of an owner-occupied housing unit in the City of Roanoke was $133,200.[7] That figure is down 1.1% over the median value from 2013 of $134,700. While sale prices for owner-occupied units have been rising, the Great Recession hit the city particularly hard driving both values and sale prices downward. It took until about 2013 for the median sales price to begin rising again. Figure 24 compares the number of owner-occupied housing units by value range across the city and the Region. Generally, Roanoke's housing stock is more affordable compared to the

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[6] ACS, 2013-2018.

[7] ACS, 2014-2018.

Region with 59% of all owner-occupied units valued at less than $150,000. Only 22% of all owner-occupied units in the city are valued at more than $200,000. That figure is 36% for the region.

**Figure 24:  Percent of Owner-Occupied Units by Price Range**
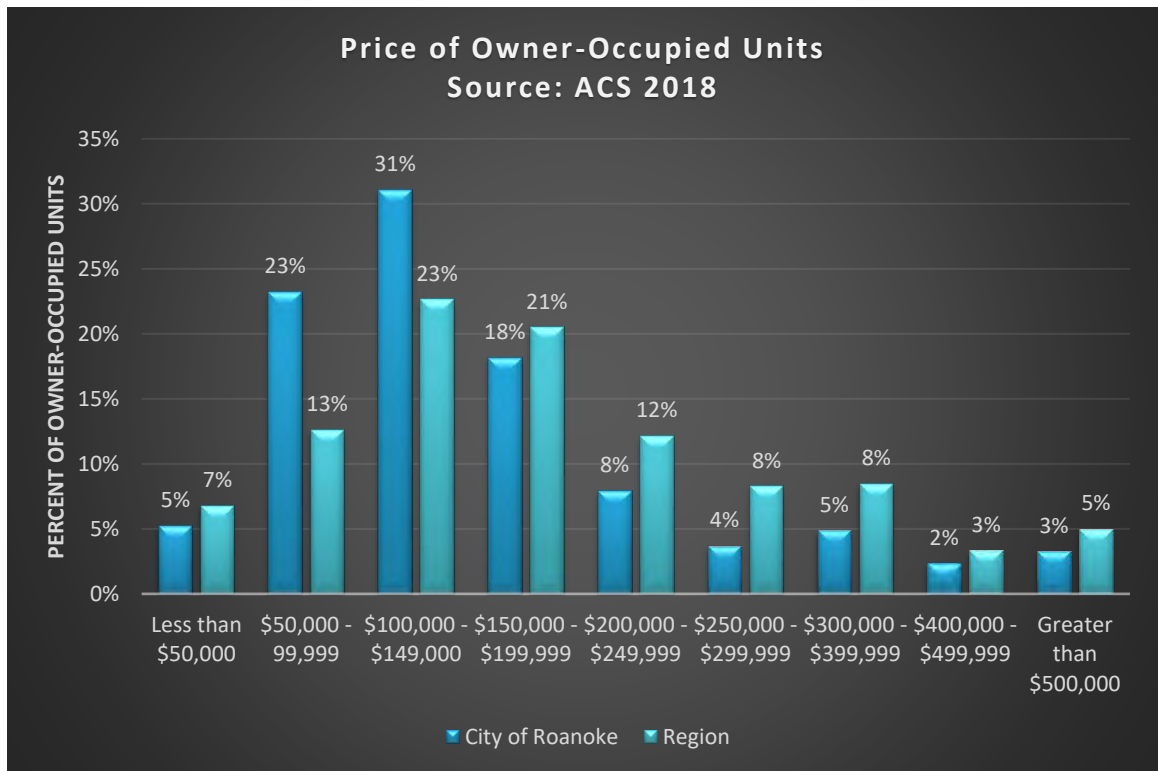


To provide accurate data on owner-occupied sales in the City of Roanoke, Multiple Listing Service (MLS) data for the period 2010 to 2019 was analyzed.[8] Over the ten-year period, there were about 11,300 sales with an average of 1,130 sales annually. While the Great Recession impacted sales prices between 2010 and 2012, the number of sales per year continued to increase. Starting in 2010, sale prices began to decline to a low in 2012 before recovery began to take place. The median sale price dropped from $136,850 in 2010 to $114,000 in 2012. Prices, number of sales, and days on market have all improved since then.

RKG also looked at a comparison of sales for existing single-family homes that sold versus brand new single family homes (ones that were built and sold in the same year) to better understand the price differential between the two. In 2019, new single-family homes on average sold for 97% more than existing single family homes. The median sales price of a new home in 2019 was $289,680

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[8] MLS data provided by Roanoke Valley Association of Realtors.

compared to $147,033 for an existing home. Figure 2 shows median sales price for existing and new homes by year sold.

**Figure 25: Sales Price**
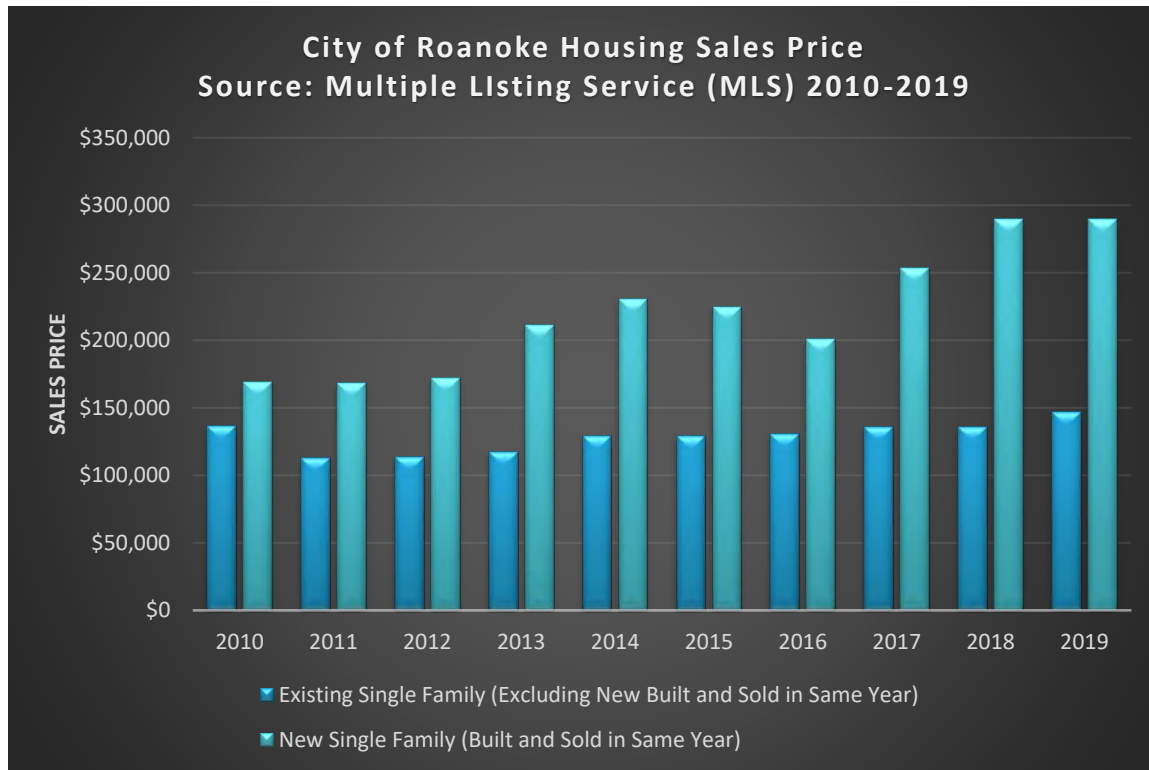


Homes built before 1970 accounted for 74% of all sales activity. Both the size and price of homes on a per square foot basis vary depending on the age of the home. On a price per square foot basis, the median sales price of a home built before 1950 was $64 per square foot, compared to $134 a square foot for homes built after 2010. This shows that older homes do not garner nearly the same price for a variety of reasons including overall size, potential rehabilitation needs, location or school district, and modernized layout and amenities.

Interestingly, homes built in the city prior to 1990 are actually larger than newer homes constructed after 1990. Home built prior to 1990 average 1,880 square feet while newer homes average 1,650 square feet. The fact that these smaller homes are selling for nearly double the price of older, larger homes may speak to the condition of older homes in Roanoke and the layout and amenities inside the home. Homebuyers today may place more consideration on the location, age, condition, and layout of the home than the space and price.

The average days on market varies by product type with new homes selling faster than existing homes, which is a bit surprising given the significant differential in price point. This could again speak to the overall condition of the older, existing housing stock across the city. Overall, the total

days on market has declined since 2010 when on average it took an average of 60 days for a unit to sell compared to only 17 days in 2019.
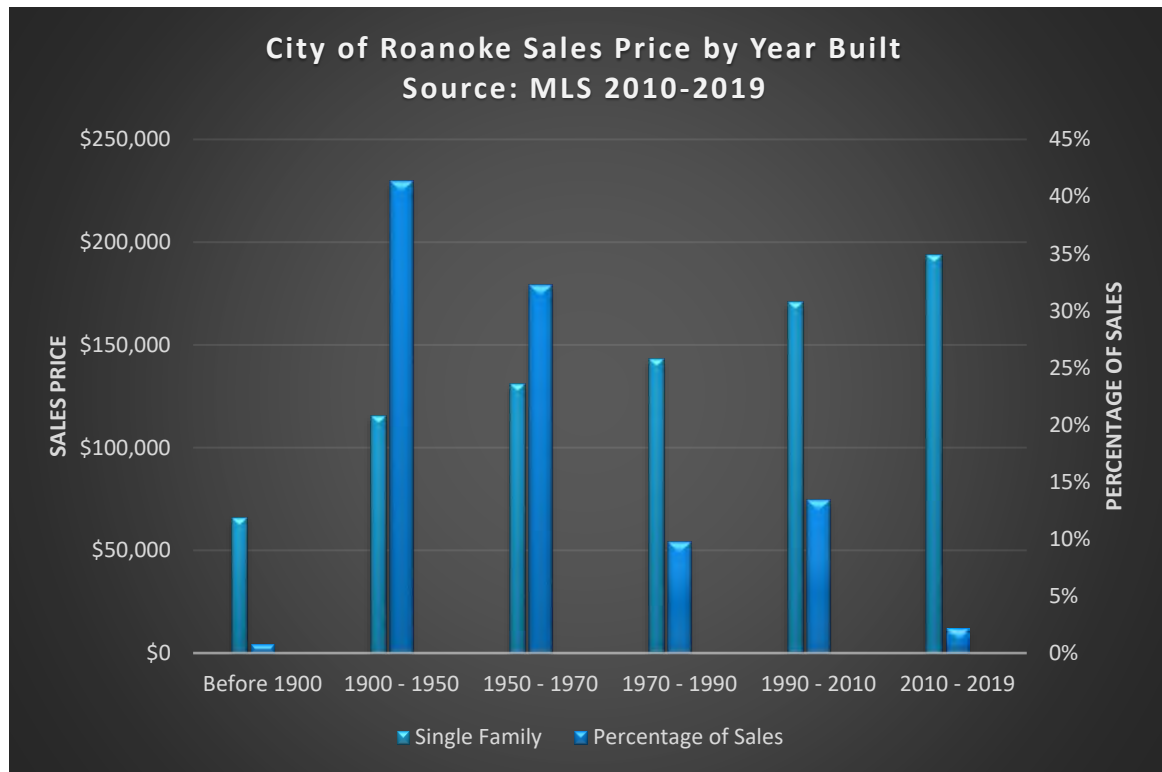
**Figure 26:  Sale Price by Year Built**



The maps on the following pages show the prices of homes sold between 2010 and 2020 at the regional level. The highest priced markets are across much of Roanoke County and around Smith Mountain Lake in Franklin County. Interestingly, the lowest concentrations of sales prices are in the incorporated cities and towns like Roanoke, City of Salem, and Rocky Mount. While there are pockets of higher priced neighborhoods in each of those locations, their overall sales values tend to be lower than those found in the counties. This may be explained by the older housing stock, desire for larger lots in the county, and real or perceived school quality.

The second map shows sale prices over the same period for the city which increase significantly as one travels from the core of city to the periphery. Newer homes and subdivisions, particularly on the south and southwest edges of the city have far higher sale prices than the central portion spanning east and west along the Route 460 spine.

# RVA HOUSING STUDY - HOME SALES 2010-2020



Road Type
- Interstate
- Primary
- Blue Ridge Parkway
- Roanoke Valley Study Region
- Administrative Boundaries
- Water Bodies
- Conservation land

MLS Sales 2010-2020
Sale Price (CPI-Adjusted)
- $100,000 or less
- $100,000 to $150,000
- $150,000 to $200,000
- $200,000 to $250,000
- $250,000 to $300,000
- $350,000 or more

0   2.5   5   10   Miles

N

Sources: Roanoke Valley-Alleghany Regional Commission, City of Roanoke, City of Salem, Roanoke County, Franklin County, Virginia Geographic Information Network, Dept. of Conservation and Recreation, Virginia Economic Development Partnership, Roanoke Valley Association of Realtors Multiple Listing Service

# CITY OF ROANOKE, VIRGINIA - HOME SALES 2010-2020



**Road Type**

- Interstate
- Primary
- Secondary
- Local
- ++++ Railroad
- Roanoke Valley Study Region

**Administrative Boundaries**

- Parks and Conservation Land
- Water Bodies
- Rivers

**MLS Sales 2010-2020**
Sale Price (CPI-Adjusted)

- $100,000 or less
- $100,000 to $150,000
- $150,000 to $200,000
- $200,000 to $250,000
- $250,000 to $300,000
- $300,000 or more

0   0.5   1   2 Miles

Sources: Roanoke Valley-Alleghany Regional Commission, City of Roanoke, City of Salem, Roanoke County, Franklin County, Virginia Geographic Information Network, Dept of Conservation and Recreation, Virginia Economic Development Partnership, Roanoke Valley Association of Realtors Multiple Listing Service

## Renter-Occupied Housing Market

This section provides an analysis of the renter-occupied housing market including supply, demand, and pricing across the city.

### SUPPLY

In 2018 only 48% of the city's households were renters, with 42% of rental units in single family homes and 57% in multi-unit structures. These percentages, except for mobile homes, closely mirror that of the region.

| Table 10:  Housing Tenure, Rental | | |
|---|---|---|
| Renter Occupied | City of Roanoke | Region |
| Single Family | 42% | 44% |
| Multifamily | 57% | 52% |
| Mobile Home/RV/Other | 0% | 4% |
| Source: ACS 2014-2018 | | |

The rental housing stock across the city is also older with 80% of rental housing units built before 1980. This compares to the Region where 70% of rental units were built before 1980. Half of all rental units in the city were constructed prior to 1959 compared to only 33% in the region. Older rental units tend to require greater maintenance and sometimes result in less than ideal conditions for tenants.

**Figure 29:  Rental Structures by Year Built**



Year Built of Renter-Occupied Housing Units
Source: ACS 2018
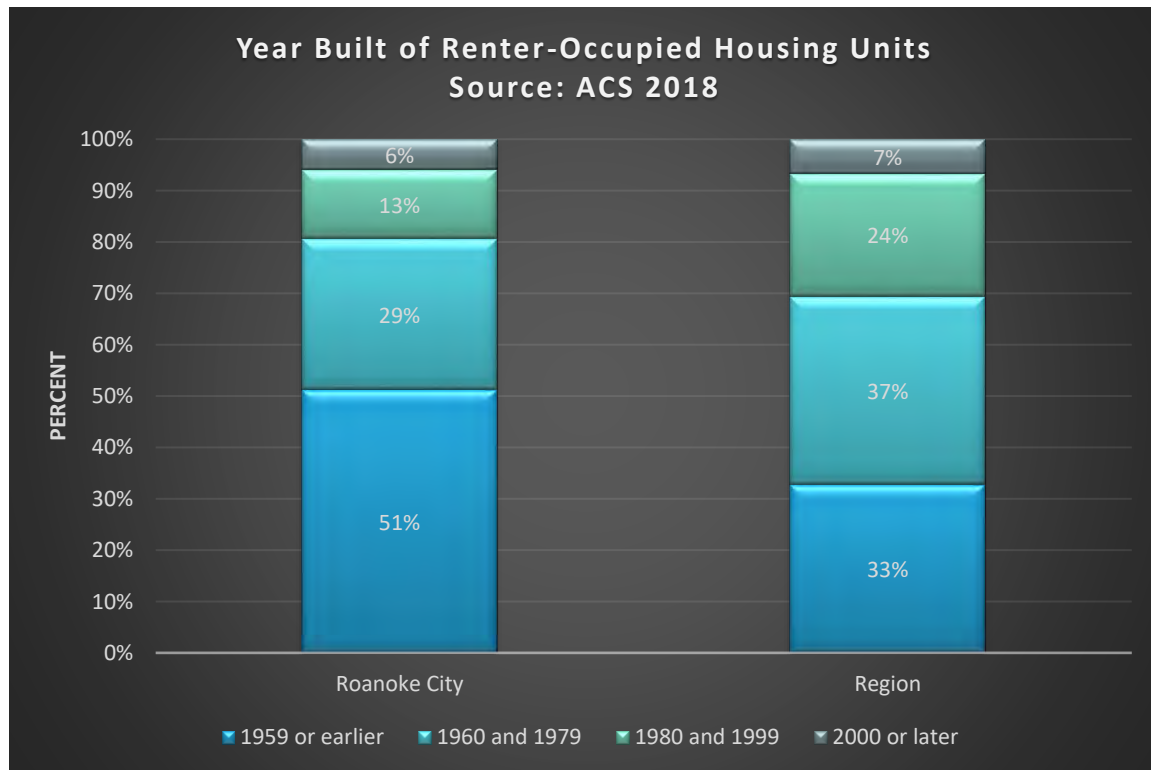
**Pricing**

In 2018, the median gross rent in the city was $799 which was an increase of 15% from 2013.[9] Gross rent is a measure of the monthly contract rent plus an estimated average utility cost paid by the renter. Utilities factored in include electric, gas, water, sewer, and fuel. Figure 30 shows the change in gross rent between 2013 and 2018 by price range. The number of households paying rent at the very low end (less than $500 a month) has declined by 35%, while the number of households paying rent at the higher end (over $1,500 a month) has grown by 116%. Households paying moderate rents, between $500 and $1,499 per month, have also increased driven mostly by renter households paying between $1,000 and $1,499 per month.  Some of this rent growth may be attributed to new product coming on the market which could coincide with the sharp increase in rental vacancy described in the Vacancy section of the study.

Figure 30:  Change in Gross Rent
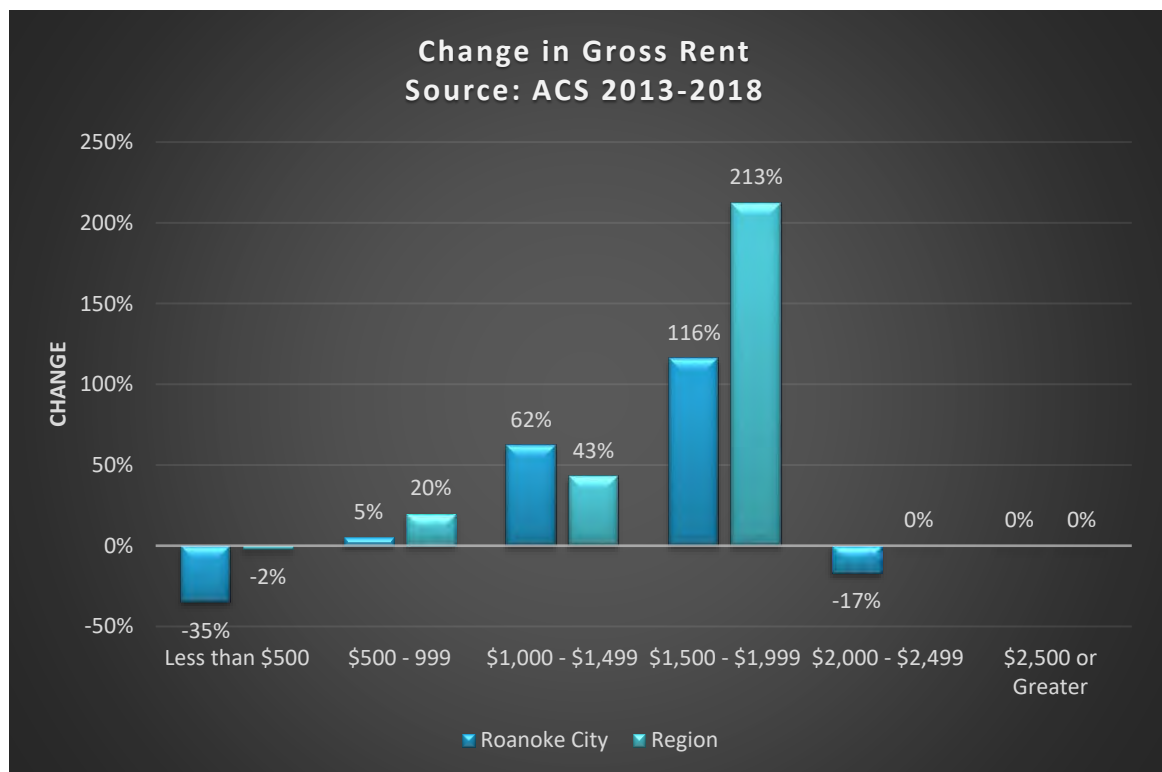


A recent scan of rental listings showed the average rent for a single family home to be around $907 per month, while rents in multifamily buildings averaged $1,308 per month.[10] Rental prices in the larger apartment complexes vary significantly depending on the location, quality, and amenities offered but are about $400 higher than the average rent for a single family home.

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[9] ACS 2013 and 2018.

[10] Apartments.com, November 2020.

**Affordable Rental Units**

In addition to market rate rental units, there are 50 apartment complexes in the city which have income restricted affordable units. As of 2020, the city has 4,281 low income rental apartment units, of which 2,509 of the tenants receive rental assistance.[11] The median rent in these units is $728. Rental assistance comes in the form of the Section 8 Voucher program which is administered by the Roanoke Redevelopment and Housing Authority and Roanoke Total Action Against Poverty. These vouchers are targeted to low-income households, generally those at or below 30% of area median income (AMI).  For a household of three, the expected rent would be no more than $941 for a two-bedroom or $1,268 for a three-bedroom unit.

## Future Housing Demand

The population of the City of Roanoke is projected to grow by 1,148 new residents between 2018 and 2025, a less than 1.2% increase. To accommodate this new population growth, RKG Associates developed a methodology for calculating the number of new households based on the increase in population which then translates into estimates for future housing demand.  RKG assumes that future household composition and housing tenure will follow a similar pattern today and used household sizes and tenure splits to allocate future household growth.

To accommodate the population projected for 2025, RKG estimates the city may need to produce an additional 2,162 housing units above what exists today. This assumes current housing vacancy rates continue to hold steady. RKG also assumed that the split between owner and renter households would remain at its current split of 52% owner-occupied and 48% renter-occupied.

Under these assumptions, RKG projects the city would need to add another 1,120 owner-occupied housing units and 1,042 renter-occupied units.

It is worth noting that between 2013 and 2018, the city lost 457 housing units. Given that loss of housing units, the city would fall short of the target needed to accommodate the projected population and household counts if current trends held steady through 2025. This is particularly true for households at or below 30% of AMI, which currently experiences a shortage of affordable housing.

Table 11 shows the allocation of households by household size for the projected new households across the city. This allocation assumes that trends will remain constant out to the year 2025. For example, in 2018, 17% of all households were 1-person and 20% were 2-person. These percentages are applied in the same way to the total households projected for 2025 which results in 1,520 additional 1- and 2-person households over the next five years. Since 3, 4, and 5+ person households comprise a lower percentage of the city's household composition those percentages are lower than 1- and 2-person households.

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[11] Affordable Housing Online. https://affordablehousingonline.com/housing-search/Virginia/Franklin-County. November 2020.

| Table 11: 2025 Projections if 2018 Household Composition Held Constant | | |
|---|---|---|
| Household Size | Households | % of Total |
| 1-person household | 809 | 37% |
| 2-person household | 711 | 33% |
| 3-person household | 314 | 15% |
| 4-person household | 170 | 8% |
| 5-or-more person household | 158 | 7% |
| Total | 2,162 | 100% |
| Source: ESRI, ACS 2013, 2018, RKG Associates | | |

Table 12 shows the breakdown of owner and renter households by household size. With housing tenure held at the 52/48 split based on 2018 data, there is a projected need for an additional 1,120 owner-occupied housing units and 1,042 renter-occupied housing units through the year 2025. The new households are skewed toward one- and two-person households which are the two predominant household size categories in Roanoke as of 2018.

| Table 12: 2025 Projections if 2018 Household Composition Held Constant | | | | |
|---|---|---|---|---|
| Household Size | Owner Households | Total % of Owner | Renter Households | Total % of Renter |
| 1-person household | 372 | 33% | 437 | 42% |
| 2-person household | 424 | 38% | 287 | 28% |
| 3-person household | 165 | 15% | 150 | 14% |
| 4-person household | 92 | 8% | 78 | 7% |
| 5-or-more person household | 68 | 6% | 91 | 9% |
| Total | 1,120 | 100% | 1,042 | 100% |
| Source: ESRI, ACS 2013, 2018, RKG Associates | | | | |

Based on the projection data, the City of Roanoke will need to consider how to increase the production of smaller units to accommodate the increase in 1- and 2-person owner-occupied households. In addition to housing production, the city should consider rehabilitation programs to bring older owner and renter housing units up to the standards of today's buyers.

# NATIONAL TRENDS

This section describes national trends in demographics such as population and household growth, as well as trends in both owner- and renter-occupied housing. The trends related to housing include an examination of issues affecting housing types, price points, and affordability. This section also discusses the relationship of national trends to those seen in the City of Roanoke.

## Population

The population of the United States has grown by 7% over the last decade, rising from 310 million to nearly 330 million. This population growth is driven in part by overall longer life expectancies, population reproduction rates, and immigration. The growth in population impacts the demographics associated with the housing market.

**Figure 31:  Population Growth in the United States**
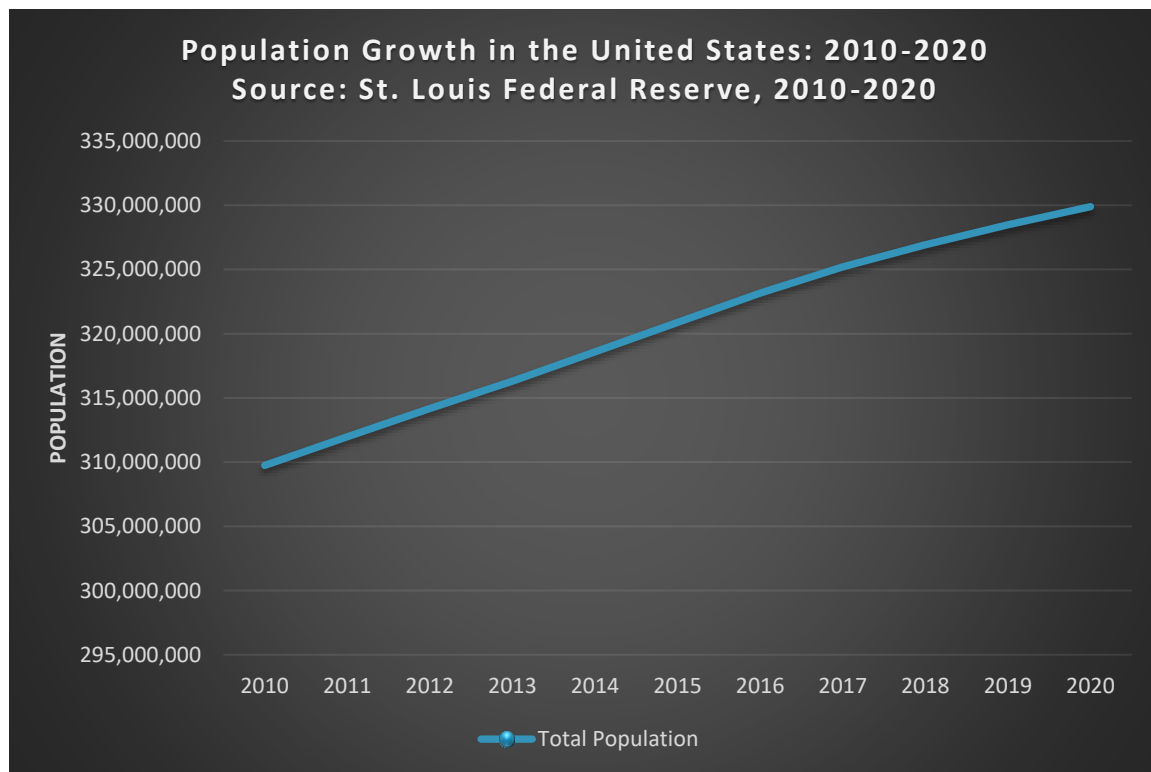


Roanoke has seen steady population growth over the last 50 years. Between 1970 and 2010, the population of the City of Roanoke grew by 5%, rising from around 92,115 to 97,032. However, this population growth has leveled off with the population only growing by 2.6% since 2010. Even with a slow population growth, the demographic changes occurring in the city impacts the housing market.

## Households

The number of households in the United States has increased by 11 million over the last decade. In 2020, there are 129 million households, an increase of 9% over 2010. The growth in households is driven by demographic changes within household composition. Households can be classified as family or non-family, with non-family households being defined as unrelated individuals living together, either through partnership or a roommate type situation. Over the last decade the growth in non-family households is nearly three times that of family households. Between 2010 and 2020 non-family households grew by 17%, rising from 39 million to 45 million, compared to family household which grew by 6% over the same period. The change in household composition is partially a result of a changing social structure (e.g. delayed marriage, longer life expectancy) as well as the economics associated with housing. Housing prices and rents have escalated in recent years, such that non-family households are formed so that they can afford housing. This generally occurs in highly urban areas where the cost of housing is substantial relative to incomes.

**Figure 32:  Households in the United States**



In Roanoke, the total number of households has decreased over the last five years. Unlike national trends, the number of non-family households declined at a much faster rate with a loss of over 400 non-family households over the last five years. Family households remained relatively unchanged, declining by 50 households.

## Housing Units

The number of housing units in the United States has increased by 9 million over the last decade. In 2020, there are 140 million housing units, an increase of 7% over 2010. The growth in housing units is driven by demographic demand as total households are increasing. This growth in housing units also coincides with the recovery from the Great Recession, and the expansion of both the economy and monetary policy (i.e. low interest rates). This period also coincided with the revitalization of many cities, where dense housing development help transform underdeveloped areas.

**Figure 33: Housing Unit Growth in the United States**
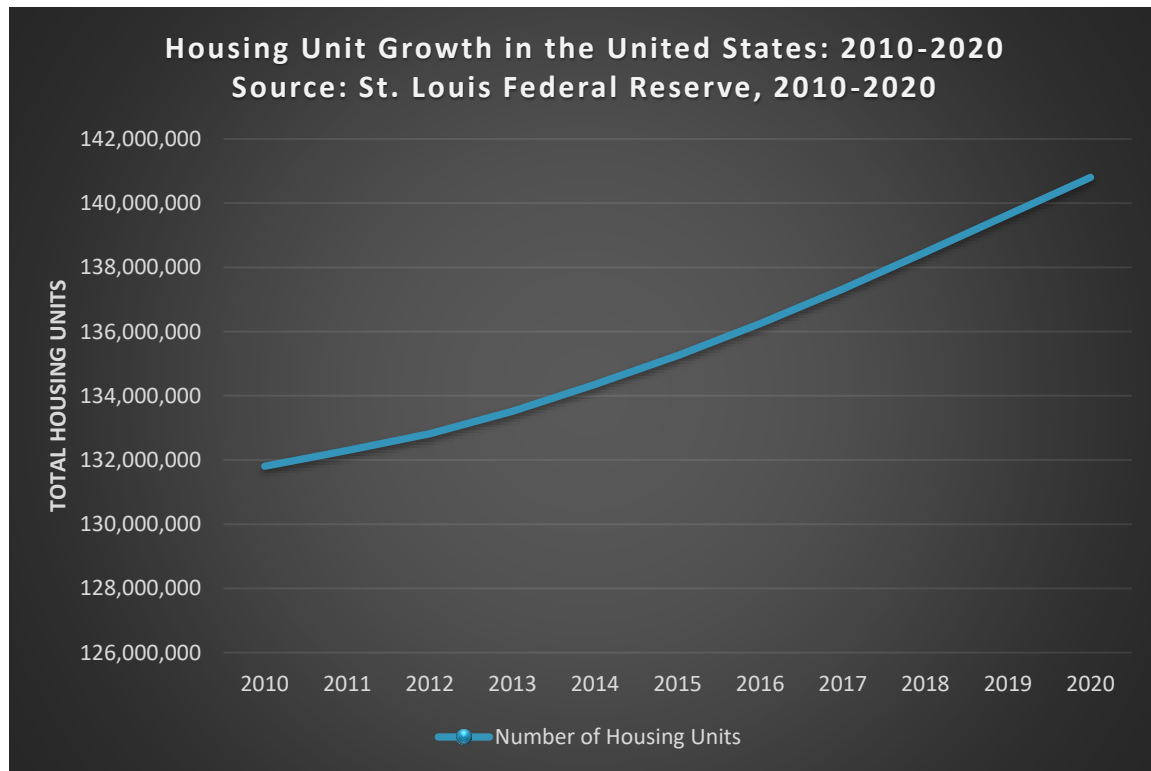


Unlike national trends, the City of Roanoke has experienced a loss of housing units over the last five years. Across the city, the total number of housing units declined by 0.5% or 236 total units.

## Single family Market

Across the United States single family home prices have escalated substantially since the Great Recession. Key contributing factors include demographic changes, low interest rates, lack of supply, and a lag in new construction which has resulted in increasing prices. Since 2010, home prices have risen by 49%, or $101,000 nationally. In 2016, the national median sales price eclipsed $300,000 for the first time. The continual growth in home prices creates challenges for many households across the nation as the median home price is now out of reach for households at or below the nation's median income. During the same 10-year period, median household income grew by only 19%, or $10,800, indicating homes prices are rising faster than wages.

**Figure 34:  Median Sales Prices of Homes Sold in the United States**
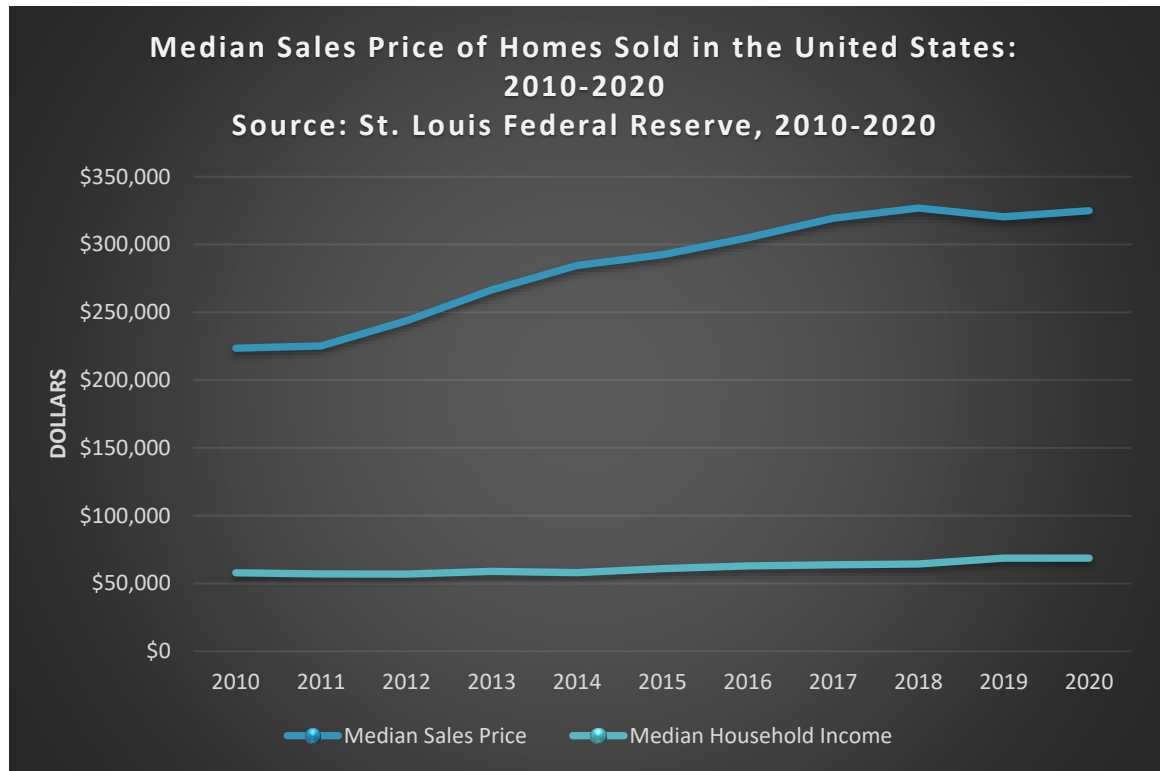


Home prices have increased across the city with a median sales price of around $147,033, up from $136,850 in 2010. Unlike many parts of the country, and even other parts of the Roanoke Valley-Alleghany Region, home prices have remained relatively low and affordable. Like many other urban cities in rural regions, the older housing stock and long-term maintenance issues have kept values low. The price difference of $142,000 between a new home and an existing home illustrates this issue clearly.

## Multifamily Market

Like the national for-sale housing market, the multifamily rental market has also seen prices escalate since the Great Recession. Since 2010, rents nationally have risen by 43%, or $422 per month. The continued growth in rent is a perennial challenge for renter-households as there is a higher propensity of lower-income households and cost burdened households comprising the renter market versus the owner market. As rents continue to climb, added financial burdens on renter households force a reallocation of household income from other spending categories like food, transportation, and healthcare over to housing. Contributing factors to increasing prices in rental housing include demographic and economic changes placing more renters in the market, regulatory barriers for new construction keeping supply low, and high costs of construction requiring higher rents in certain markets.

**Figure 35: Median Rents of Multifamily Units in the United States**



Compounding the problem in the rental market are low levels of vacancy for rental units. Rental unit rates have declined to less than 5% over the last 10 years. Low vacancy levels push rental prices upward as greater competition develops amongst households looking to secure available units. In the City of Roanoke, the average rent for a single family home is around $907 per month, while rents in multifamily buildings averaged $1,308 per month. The multifamily sector comprises the majority share of all rental units at 57% of rental units and 37% of units in buildings with more than five units.

## Affordable Housing Market

Access to affordable housing across the United States is a pressing issue. The production of truly affordable housing units has lagged demand for such units. There are a variety of reasons for this occurrence, primarily a lack of funding for affordable housing at the Federal and State levels, the competitive nature of tax credits as a key source of financing, regulatory barriers regarding density at the local level, and the long-term financial feasibility of constructing and operating affordable units without subsidies. Since 2015 rents of affordable units have risen by 14%, or $113 nationally. The continued rent growth has the potential to increase the number of households experiencing cost burdening impacting our lowest income households and households most vulnerable to displacement and homelessness.

**Figure 36:  Median Rents of Affordable Units in the United States**



Compounding the problem in the affordable rental market are low levels of vacancy across the board. Vacancy for renter- and owner-occupied units actively being marketed remained at a healthy rate of 6% for the last five years. Low vacancy levels and the lack of new affordable housing create competition amongst households looking to secure available units. Waiting lists for affordable housing and housing vouchers have become longer in many markets as more households apply for the few units that may turnover each year.

# HOUSING MARKET GAPS

This section explores key housing market gaps based on the demographic analysis and owner and renter market analysis. Gaps focus on the type of housing that may be needed in the City of Roanoke going forward and the price points that appear to be underserved in today's market.

## Low- and Moderate-Income Limits and Affordable Housing Costs

Most communities have some modestly priced housing that is more affordable to low- and moderate-income households: small, older single family homes that are naturally less expensive than new homes; multifamily condominiums; or apartments that are leased for lower monthly rents. This type of affordable housing often stays affordable where the market will allow it and redevelopment or rehabilitation pressures are not as high. In the city today, there is a mix of housing at a variety of price points some of which is income restricted and others that are at a price point that is affordable to low- and moderate-income households.

Permanently affordable housing for low-income households provides protection from higher price increases than those households could otherwise afford. These units remain affordable because their resale prices and rents are governed by a deed restriction that lasts for many years, if not in perpetuity. There are other differences, too. For example, any household – regardless of income – may purchase or rent an unrestricted affordable unit, but only a low- or moderate-income household is eligible to purchase or rent a deed restricted unit. Both types of affordable housing meet a variety of needs. The primary difference is that the market determines the price of unrestricted affordable units, while a recorded legal instrument determines the price of deed restricted units.

Low and moderate incomes are based on percentages of the U.S. Department of Housing and Urban Development (HUD) Area Median Family Income (HAMFI) and adjusted for household size. Table 13 illustrates HUD's income breaks for the City of Roanoke showing income limits by household size and the maximum housing payment that is affordable in each tier.

| Table 13: HUD Income Limits | Persons in Family | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| FY 2020 Income Limit Category | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Extremely Low (30%) Income Limits ($) | $16,100 | $18,400 | $21,720 | $26,200 | $30,680 | $35,160 | $39,640 | $44,120 |
| Very Low (50%) Income Limits ($) | $26,850 | $30,700 | $34,550 | $38,350 | $41,450 | $44,500 | $47,600 | $50,650 |
| Low (80%) Income Limits ($) | $42,950 | $49,100 | $55,250 | $61,350 | $66,300 | $71,200 | $76,100 | $81,000 |

For example, in the City of Roanoke, if the household income for a three-person household did not exceed $55,250 that household could qualify for a deed restricted affordable unit. Maximum

housing payments are typically set by HUD at no more than 30% of household income, or in this case $1,381 per month. The income limitations and maximum payment thresholds ensure that households are not unduly burdened with housing expenses.

## Affordability Analysis

Growth in housing prices coupled with slower or stagnant growth in incomes contributes to a housing affordability problem known as housing cost burden. HUD defines housing cost burden as the condition in which households spend more than 30% of their gross income on housing. When low- or moderate-income households are spending more than 50% of their income on housing costs, they are severely housing cost burdened.

**Figure 37: Housing Cost Burden**



In the city, 19% of all households are considered cost burdened under HUD's definition and 17% are considered severely cost burdened. This is higher than the Region as 14 percent of households are considered cost burdened and 12% are severely cost burdened. Table 14 shows the percentage of cost burdened owner and renter households. Renters in the City of Roanoke have a higher tendency to be cost burdened than owners which is typical in most markets as well as nationally. In City of Roanoke, 22% of renter households are cost burdened and 25% of households are severely cost burdened. The percentage of renter households severely cost burdened is more than twice as high as owner households which correlates with lower household incomes for renters and rising rent rates.

| Table 14: Housing Cost Burden Overview, Roanoke City, 2012–2016 | | | | | | |
|---|---|---|---|---|---|---|
| Cost Burden | Owner Households | | Renter Households | | Total Households | |
| | Est. | % of Total | Est. | % of Total | Est. | % of Total |
| <= 30% | 16,235 | 73% | 10,225 | 50% | 26,460 | 62% |
| >30% to <=50% | 3,490 | 16% | 4,555 | 22% | 8,045 | 19% |
| >50% | 2,235 | 10% | 5,030 | 25% | 7,265 | 17% |
| Cost burden not available | 190 | 1% | 580 | 3% | 770 | 2% |
| Total: | 22,155 | 100% | 20,385 | 100% | 42,540 | 100% |
| Source: HUD Comprehensive Housing Affordability Strategy (CHAS) Data; Note: Totals may not sum due to statistical error in CHAS data; and RKG Assoc. | | | | | | |

## AFFORDABILITY MISMATCH

While most communities have some older, more modestly priced homes and units with lower monthly rents these units are not necessarily occupied by low- or moderate-income households. HUD reports data for an affordable housing measure known as affordability mismatch which can be used to compare household income to housing prices. This measure can be used to identify housing price points where there may be an undersupply or oversupply and point to market opportunities where gaps could be filled. Affordability mismatch measures:

- The number of housing units in a community with rents or home values affordable to households in various income tiers;
- The number of households in each income tier;
- The number of households living in housing priced above their income tier

Viewing housing affordability in terms of income and cost (affordability threshold) serves as a proxy for understanding the challenges household face to afford adequate housing. To gauge whether owner and renter units in the city are aligned with household Area Median Income (AMI) and affordability, RKG calculated the number of households that fall into each AMI category and compared it to the number of owner and renter units affordable at those income limits.

Table 15 shows the affordability analysis based on a three-person owner-occupied household. Given that just under 52% of all owner households in the city earn at or above 100 percent of AMI, there is a shortage of units priced to what those households could technically afford home in that price range. Some of this is related to the city's market dynamics, as described in the market analysis section, where many ownership units are valued at less than the average sales price. Many homes across the city are valued at less than $150,000 making the ownership market more affordable to a wider range of incomes. Just because a household can afford to spend more does not mean that they will; some households in the city can choose to live below their means because housing is available at lower price points.

Although this analysis does show a surplus of housing available to households at the lowest income tiers, many households at 30 and 50 % of AMI struggle to enter the homeownership market without some assistance. They may lack the down payment necessary to cover mortgage

requirements, they may not have a high enough credit score, and if they are able to enter the market the homes available to them may need substantial rehabilitation and upgrades.

It is also worth noting this analysis was completed for a three-person household which carries higher income thresholds across each AMI category than one- or two-person households. If singles or two people wanted to purchase a home, it is likely their choices at the 30 and 50% AMI categories would be extremely limited and likely show a deficit. With the growth in one- and two-person households city-wide, homeownership options for smaller households should be a consideration going forward.

| Table 15: Owner Price to Affordability Comparison | | | | | | |
|---|---|---|---|---|---|---|
| Category | Income Threshold | Owner Households | Percent | Fee Simple Home Price | Owner-Occupied Units | Surplus/Deficit |
| 30% AMI | $21,720 | 3,144 | 14.4% | $80,663 | 5,008 | 1,864 |
| 50% AMI | $34,550 | 2,789 | 12.8% | $128,311 | 5,034 | 2,245 |
| 80% AMI | $55,250 | 4,626 | 21.2% | $205,186 | 7,028 | 2,402 |
| 100% AMI | $76,700 | 3,162 | 14.5% | $256,622 | 1,238 | –1,924 |
| 120% AMI | $82,875 | 1,548 | 7.1% | $307,779 | 1,252 | –296 |
| 120%+ AMI | $82,876 | 6,514 | 29.9% | $307,780 | 2,223 | –4,291 |
| Source: ACS 2014–2018, HUD | | | | | | |

On the rental unit side, Table 16 shows a surplus of almost 3,933 units priced to households earning at or below 80% of AMI. At the upper end of the rental market there is a deficit of 3,933 units priced for households at or above 100 percent of AMI. Again, this is the result of most rental units in the city being priced between $500 and $1,000 a month. While there are renter households that could afford higher rents, they may be more inclined to rent a single family home over an apartment unit if the prices are similar.

| Table 16: Renter Price to Affordability Comparison | | | | | | |
|---|---|---|---|---|---|---|
| Category | Income Threshold | Renter Households | Percent | Monthly Rent | Rental Units | Surplus/Deficit |
| 30% AMI | $21,720 | 7,565 | 37.4% | $543 | 3,996 | –3,569 |
| 50% AMI | $34,550 | 3,859 | 19.1% | $864 | 7,530 | 3,671 |
| 80% AMI | $55,250 | 3,585 | 17.7% | $1,381 | 7,416 | 3,831 |
| 100% AMI | $76,700 | 598 | 3.0% | $1,918 | 860 | 262 |
| 120% AMI | $82,875 | 2,285 | 11.3% | $2,072 | 108 | –2,177 |
| 120%+ AMI | $82,876 | 2,362 | 11.7% | $2,072 | 344 | –2,018 |
| Source: ACS 2014–2018, HUD | | | | | | |

Households earning 30% of AMI or below are showing a significant deficit in the number of units available compared to households in this income band. There is a deficit of nearly 3,600 rental

units affordable to households at or below 30% of AMI. This is a trend seen not only in the city, but nationally as well. These units tend to be deed restricted and managed by public entities such as housing authorities. With limited funds for constructing and preserving these units, there are typically affordability gaps at this income level. Like what was described in the owner-occupied affordability section above, the renter analysis is also set to a three-person household with higher income thresholds. A one- or two-person household earing at or below 30% of AMI would have even more difficulty finding an affordable unit as their income would be lower and therefore could afford fewer rental units citywide.

# LAND SUITABILITY ANLAYSIS

Planning for land use change and future development must consider a wide range of factors that include environmental conditions and hazards, local plans and regulations, and the availability of critical infrastructure and services to support urban expansion and redevelopment. Land suitability models provide a framework that can incorporate these variables - and represent them geographically - to identify and prioritize areas that can support new housing, and potential constraints to development. This type of model is often employed in local and regional planning efforts using geospatial analysis techniques to process and integrate existing Geographic Information Systems (GIS) data. Thanks to the availability of high-resolution and regularly updated GIS databases, it has become possible to evaluate land suitability at the neighborhood and site scale while providing a reasonably accurate representation of local conditions.

## Overview

For this study, the objective was to assess the suitability of land for residential development across four jurisdictions in the Roanoke Valley-Allegheny Region: Roanoke County, Franklin County, City of Roanoke, and City of Salem. Because each locality has unique physical characteristics, local bylaws, and planning priorities, it was critical to customize the suitability model within the boundaries of these areas. Part of the objective of this study was to prioritize three specific sites for each locality from a list of potential development sites, which were identified by land use and development planning staff. Additional details on the process of engaging local planners in the land suitability analysis can be found later in this chapter. The following diagram summarizes the stages of model development, from compiling planning documents and GIS data to developing final recommendations for the selected sites, including the critical points where local feedback was solicited on the model inputs and results. The full land suitability methodology can be found in Appendix A at the end of this document.

| DATA COLLECTION AND PROCESSING | SUITABILITY MODEL SETUP | CALCULATION OF SUITABILITY | IDENTIFICATION OF TOP 3 SITES | SITE-SPECIFIC RECOMMENDATIONS |
|---|---|---|---|---|
| Land use and local resources | Identification of candidate sites/areas | Selection of highly-suitable sites/areas | Consultation with local staff | Housing type |
| Development and infrastructure | Selection of scoring criteria | Summary of suitability factors | Mapping of final sites | Infrastructure needs |
| Planning and local bylaws | Weighting of scoring criteria | | | |

★ Indicates where planning staff was consulted

## Data Collection and Processing

The information included in a land suitability model takes many forms, from GIS datasets representing linear infrastructure networks, administrative boundaries, and nodes of activity, to tables documenting details from assessors' databases and the dimensional requirements of local zoning bylaws. Data was collected from public data portals, RVARC's Director of Information Services, GIS managers from each city and county, and multiple agencies of the Commonwealth of Virginia.

In addition to GIS data sources, other location-specific data and variables were derived from local reports and planning documents, including comprehensive plans, area plans, zoning ordinances, housing assessments, and digital map documents produced by municipal and county planning offices.

## Suitability Scores and Weights

The land suitability model was designed based on established land use assessment techniques that apply spatial analysis tools to assign scores to a range of categorical and numerical variables. These scores are then combined into an index that indicates the relative suitability for a particular land use.

There are many ways to implement this type of model using GIS – in this case a raster-based model was used, in which each study area is divided into a grid of cells and suitability scores are assigned to each cell based on:

- proximity (ex. within 50 feet of a road)
- category (ex. land use or zoning)
- or a simple binary score (0 or 1) indicating location within an area of interest (ex. UDAs).

For this housing study, suitability criteria were selected based on a review of local planning documents and consultation with planning staff, with a focus on conditions that could support residential development in each jurisdiction. Numerical scores were assigned to each factor according to the level of development suitability, from high (score = 3) to low (score = 1), or not suitable at all (score = 0). Total scores were calculated using a weighted sum to combine the score of each factor.

The weight values range from Low (weight = 1) to Very High (weight = 7), and were based on initial discussions with local planners, then refined through further validation of the initial model results. The table below presents a summary of the suitability criteria, assumptions for each score, and the relative weights used in the model for each jurisdiction. Certain criteria were not factored into the analysis in some areas, for example, because some zoning or water resource protections were unique to the City of Roanoke they did not apply in other areas. Because of the scale of the regions and differences in mobility, the distance from public schools used wider ranges (1 to 5 miles) in the county geographies and smaller ranges (0.5 to 1.5 miles) in the cities. In total, the Roanoke County model included 13 criteria, 12 for Franklin County, 16 for the City of Roanoke, and 15 for the City of Salem.

## Assumptions and Limitations

As with any model, some simplifications were necessary to represent real-world conditions using this conceptual approach to evaluating land suitability. The break values selected for distance from critical infrastructure and scores assigned to different types of land cover, for example, represent assumptions made as part of the model development. Site-specific factors may change the applicability of these assumptions, but they are considered representative of potential development conditions at the regional and neighborhood scale.

Additionally, errors or omissions may be present in the GIS data and documents used to develop the model. One such known data gap is the water and sewer infrastructure in eastern Roanoke County. Data was collected for these infrastructure networks in Vinton, but it did not cover the areas connected to this system east of the Vinton border. Also, cemetery locations were included in the data for Roanoke County, but not other areas.

Overall, this model represents a regional decision support tool, using the best available data at the time of this document's writing. For more detailed parcel-level assessment of suitability and constraints, additional site surveys and mapping should be performed by qualified professionals. These models are intended to prioritize pre-selected development sites and identify potential infrastructure needs and other factors that could facilitate housing production. Other uses of this model should consider the assumptions and limitations outlined in this document.

## Site Identification

Development of the land suitability model was organized to capture local planning and development knowledge at critical stages in the process, specifically:

- **Data collection and processing:** determining key datasets and relevant local plans and bylaws
- **Suitability model configuration:** identifying potential development areas and discussing initial weights for suitability factors
- **Selection of final sites:** providing feedback on the suitability and constraints of selected sites
- **Site recommendations:** offering input on types of housing, zoning, incentives, and infrastructure

At each stage more of this local knowledge of land use, planning, and development conditions was integrated into the land suitability model configuration and helped to refine the areas suggested as sites of potential housing development.

## Site Selection

The ultimate objective of model is to evaluate the development potential of an initial list of sites, with the goal of prioritizing three sites within each jurisdiction. The sites were identified as follows:

1. Initial discussions with planning staff (August 2020)
   - The model development team conducted Zoom calls with planners from Vinton, Rocky Mount, City of Roanoke, Roanoke County, and Franklin County.
   - Discussions centered on recent development trends and sites with potential for residential development, based on local knowledge and interest from developers. Initial locations were marked on a custom Google Map and saved to a GIS file.
   - Planners were also asked to provide a preliminary distribution of importance to each category of suitability criteria.
2. Site delineation and validation (September 2020)
   - Based on the locations identified with planners, parcels and larger areas were identified and assigned an ID. Associated parcel numbers and addresses were tabulated for each site.
   - Information on the preliminary sites was sent back to planning staff for validation
3. Development site refinement and consolidation (October-November 2020)
   - After reviewing the additional feedback, potential development area boundaries were adjusted, and ID numbers were updated to reflect the final selected sites.

## Site Evaluation

The final sites identified for each jurisdiction were incorporated into their respective suitability and constraint models to calculate the scores and compare the development potential within each site boundary. Because the model employed a grid-based approach, the suitability and constraints scores vary across each site. To account for the range of scores, the average suitability and constraint scores were tabulated. Based on feedback from the project steering committee, there was interest in reviewing the suitability of each site without considering current zoning, which would lower the score in areas where limited housing types are permitted by right.

The following section presents a summary of the scores for each version of the model, organized by jurisdiction. Final selection of potential housing development sites also considered the area and configuration of the parcels within each site, as well as local housing market conditions and the type of housing each site would be likely to support. At the end of each section, a summary of the top three sites is presented, including a close-up view of the site, a map of key constraints, and other important details, including: site area, zoning, and location relative to UDAs, zoning overlays, and historic districts.

## City of Roanoke Priority Sites

The map below shows the locations of the selected potential development sites, along with the results of the land suitability analysis, specifically the version including zoning in the overall score. Areas of higher suitability are concentrated closer to downtown Roanoke and extend east and west between the two main railway corridors. Neighborhoods between Orange Avenue NW and Route 581 also showed high suitability. The lowest suitability areas were generally located closer to the perimeter of the city, around the airport and existing industrial parks, as well as areas with slope or infrastructure limitations. The maximum suitability score for the model including zoning was 176, and the average score was 123.
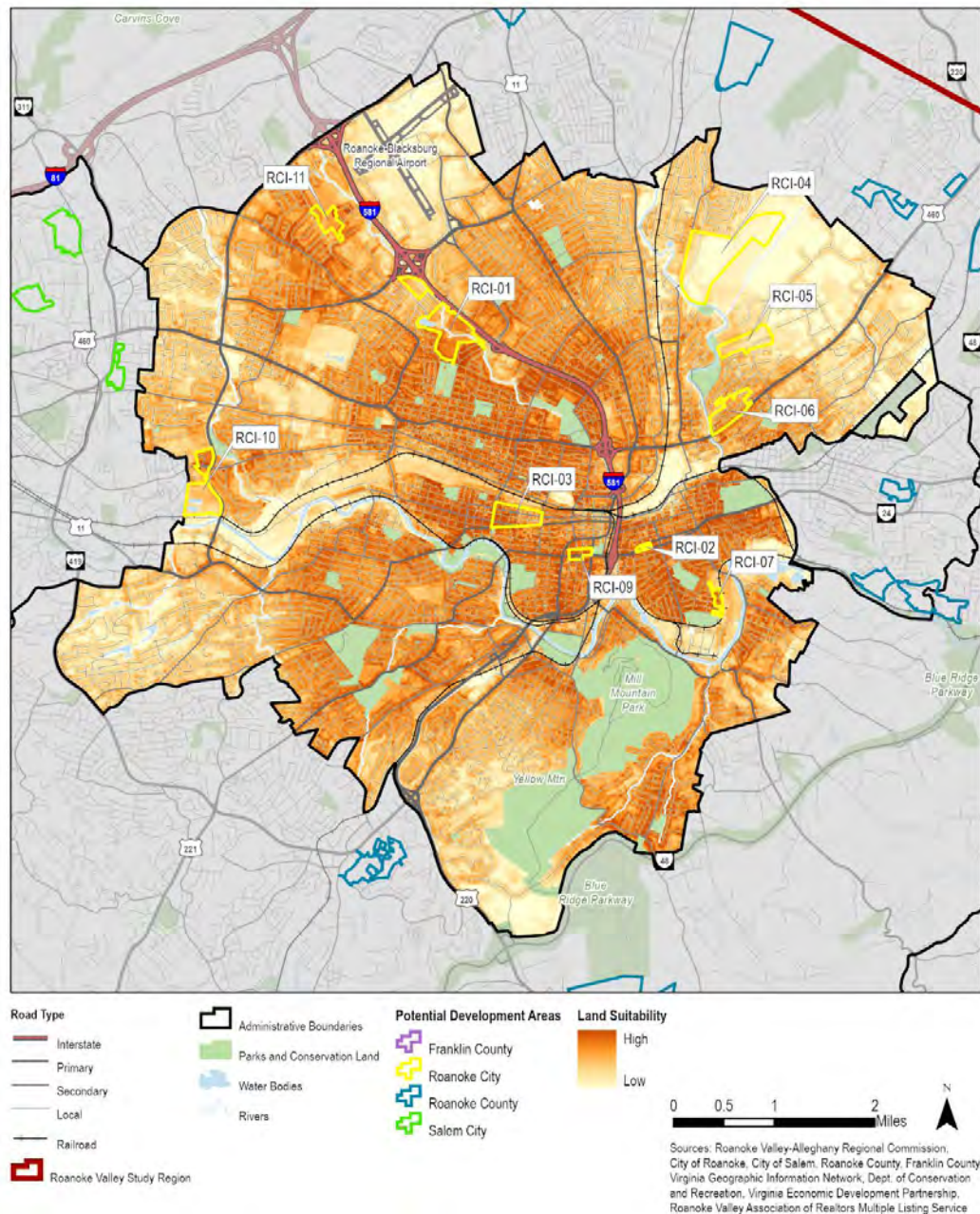


**Figure 38: City of Roanoke Land Suitability**

Constraints were relatively evenly distributed across the city, with the most constrained areas along existing roads, the Roanoke River, and the main railway corridor running from east to west through the center of the city. The airport and existing parks and open spaces also had higher constraint scores. Across the city, the highest constraint score was 9, and the average score was 1.07. The following map shows the distribution of constraints, including zoning districts that do not allow residential development by right.
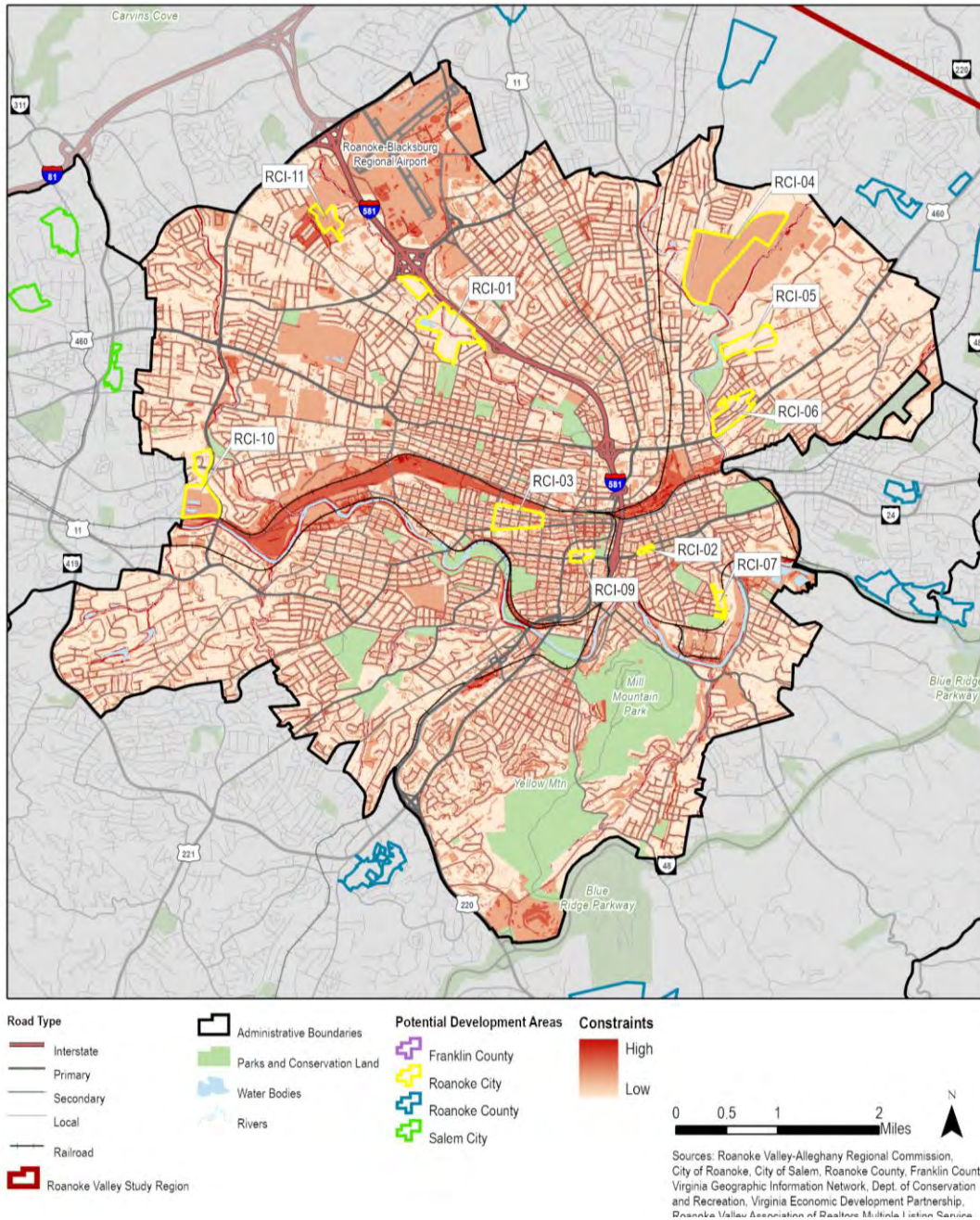


**Figure 39: City of Roanoke Development Constraints**

Comparing each site to the scores across the entire city, several had a suitability score that was above average, and most were below the average constraint score. Looking at the "Primary" model in comparison to the "No Zoning" model, it is important to note that the scores without zoning will be lower overall because there was one less factor contributing to the total score. The table below presents the suitability and constraint score for each site, both including and excluding zoning as a factor.

**Table 17: City of Roanoke Site Suitability Scores**

| Site ID | Site Description | Area (Acres) | Primary Model | | | No Zoning Model | | |
|---------|-----------------|--------------|-------------|-------------|------|-------------|-------------|------|
| | | | Suitability | Constraints | Rank | Suitability | Constraints | Rank |
| RCI-01 | Evans Spring | 121.91 | 136.3 | 0.43 | 4 | 126.3 | 0.43 | 6 |
| RCI-02 | Gateway to Southeast | 4.25 | 152.3 | 0.87 | 1 | 140.5 | 0.66 | 1 |
| RCI-03 | West End - Norfolk to Campbell Ave. | 58.80 | 134.3 | 1.30 | 6 | 126.8 | 1.27 | 5 |
| RCI-04 | Monterey Golf Course | 228.35 | 102.5 | 1.06 | 10 | 102.5 | 0.06 | 10 |
| RCI-05 | Eastgate - Mason Mill Road | 51.90 | 113.8 | 0.32 | 9 | 104.0 | 0.30 | 9 |
| RCI-06 | Eastgate - Orange Avenue | 56.37 | 129.8 | 0.83 | 7 | 119.8 | 0.83 | 8 |
| RCI-07 | Morningside | 12.71 | 145.1 | 0.14 | 2 | 135.1 | 0.14 | 2 |
| RCI-08 | Jefferson Street | 24.33 | removed | | | removed | | |
| RCI-09 | Day/Elm Avenue | 12.66 | 140.1 | 1.18 | 3 | 130.1 | 1.18 | 4 |
| RCI-10 | Peters Creek Road / VA Hospital | 82.84 | 125.9 | 0.97 | 8 | 120.8 | 0.31 | 7 |
| RCI-11 | Countryside (added) | 31.28 | 135.4 | 1.16 | 5 | 134.4 | 0.23 | 3 |

In both models, RCI-02 (Gateway to Southeast) had the highest suitability score, followed by RCI-07 (Morningside). RCI-09 (Day/Elm Avenue) ranked third in the primary model and fourth in the no zoning model. RCI-11 was third highest in the no zoning model and fifth in the primary model. RCI-04 (Monterey Golf Course) had the lowest score, due in part to the distance of most of the site from water and sewer infrastructure, as well as schools and parks.

Upon further review and discussion of the sites, the size of RCI-02 limited its housing production potential and it was therefore not selected as one of the top three sites. The total land area and interest from developers in the Evans Spring site (RCI-01) resulted in it being included instead. Additionally, although the Morningside site showed high potential in the model, feedback from planning staff suggested the topography and associated infrastructure costs would make it less attractive. Recent planning efforts and the mix of housing types and higher home values in the vicinity of Countryside contributed to that site being included among the top three.

The table below provides some additional details about the top three sites for the City of Roanoke, additional maps of these sites are included on the following pages.

| Site ID | Site Description | Acres | Zoning | Overlays | UDA | Historic District |
|---------|------------------|-------|--------|----------|-----|-------------------|
| RCI-01 | Evans Spring | 121.91 | RA | Floodplain, River & Creek Corridor | Yes | No |
| RCI-09 | Day/Elm Avenue | 12.66 | D | None | Yes | Yes (partial) |
| RCI-11 | Countryside (added) | 31.28 | ROS / RM-2 | None | Yes | No |

## RCI-01: EVANS SPRING

The Evans Spring area is the largest remaining open land in the City of Roanoke and has been considered for development over many years including in the City's Comprehensive Plan, Vision 2001-2020. The City's Evans Spring Area Plan (2013) envisioned a mixed use development with a mix of commercial and residential uses including apartments, townhomes, and detached single family houses. The area was subject of a recent rezoning request for mixed use residential/commercial development that was withdrawn in February 2020.



*(Image from the 2013 Evan's Spring Area Plan, page 13)*

The site consists of 14 parcels owned by seven private entities and one parcel owned by the City of Roanoke – both located on Route 681 near the Valley View Mall. The total site consists of 122 acres and zoned RA per the City of Roanoke's Zoning Code. A portion of the larger, southeastern area is within a Floodplain overlay and both areas are partially within the Creek Corridor overlay district. The site is within the designated Urban Development Area (UDA).

The RA district allows single family, manufactured homes, mobile homes, and mixed use development but at more limited intensities than envisioned in the 2013 Evans Spring Area Plan (page 26).

Potential yield depends on many factors including the mix of commercial and residential uses, types of residential uses, density, environmental considerations including the extent of preservation of natural features including Lick Run, and transportation and traffic circulation considerations. Note, according to mapping data from the Western Virginia Water Authority, this area appears to have public water and sewer infrastructure in close proximity.

This study's analysis of the market points to a need for a mix of housing types and price points in the City of Roanoke. This site, given its size and location, could provide a mix of single family homes, townhomes, and multifamily apartments. The key with this site is to mix incomes, and not just product types. This is especially true for renter households who, on average, have lower incomes and are more impacted by housing cost burden. New product entering the market on this site could be a considerable draw for Roanoke, particularly if the area is designed in accordance with what was envisioned in the 2013 Plan, a mixed use neighborhood where commercial and residential components are integrated in a walkable, pedestrian-friendly environment.

Recommendations:

- Consider development proposals that closely align with the Evan's Spring Area plan's guiding principles and policies including stormwater management and conservation of natural resources, street network and design, urban development aimed to create a village center development with a diversity of housing types that are compatible with the City's Residential Pattern Book and the Residential Plans Library to ensure compatibility with surrounding neighborhoods.
- Secure public funding to construct access from I-581 Valley View interchange to the site as a public investment to remove a financial obstacle to constructing an architecturally and environmentally sensitive and well-integrated mixed use and mixed-income development.

## RCI-01: Evans Spring



Image sources: USDA FSA, GeoEye, Maxar

**Locality:** City of Roanoke

**Area (Acres):** 121.91

**Zoning District:**
RA (City of Roanoke)

**Other Base Zoning:**
N/A

**Zoning Overlay:**
Floodplain; River & Creek Corridor

**In a UDA?**
Yes

**In a Historic District?**
No

N

1,000 | Feet

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept. of Conservation
and Recreation, Virginia Economic Development Partnership

## Constraints



Flood Zone
Wetlands
Steep Slope
Karst
Town Boundary
Building Footprints
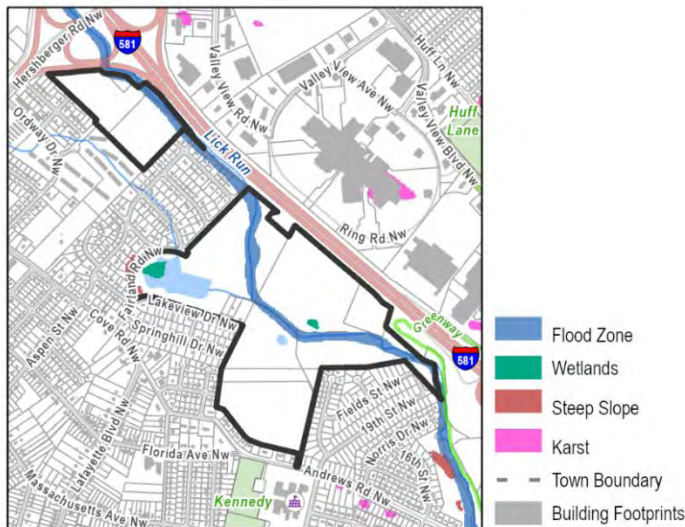
**Figure 40: RCI-01 Site Summary**

## RCI-09:  DAY/ELM AVENUE

The area of Roanoke in the northern edge of Old Southwest consists of 65 parcels owned by 22 separate entities, all private except for one parcel that is owned by the City. This area is located on Day Ave SW and Elm Ave SW between 3rd Street SW and Jefferson Street SE and consists of just under 13 acres in total. Based on ortho photos, many of the parcels are used as parking lots. Other parcels contain apartment buildings, office buildings, houses converted to offices and possibly some remaining as single family. There may be some historic resources, such as the Gill Memorial Building at 709 Jefferson Street SE.

The area is in the city's Downtown (D) zoning district, which allows multifamily dwellings, townhouses, group homes, and mixed use by right and is intended for higher intensity development. The district has no minimum lot size or frontage and no height limitations unless abutting a residential district. The area is not in the Historic Downtown Overlay District (H-1) nor is it included in the Southwest Historic District. However, it appears that some of the parcels are within a National Register District, which could provide incentives for rehab and reuse of existing historic buildings.

Note, according to mapping data from the Western Virginia Water Authority, this area appears to have public water and sewer infrastructure in close proximity.

This study's analysis of the market points to a need for a mix of housing types and price points in the City of Roanoke. This area, with its proximity to the major employer Carilion Community Hospital and health center complex, could provide market opportunities for infill development of parking lot sites to create more missing middle housing downtown (small to midrange multifamily) and mixed use. This could serve as housing opportunities for employees of the hospital or other employers in and around the Downtown. Smaller units could cater to single-person households and younger residents looking to live within a close walk to Downtown. Proximity to Elmwood Park provides additional access to nearby open space and events.

Recommendations:

- Conduct a neighborhood vision study that includes a parking study to determine use of existing parking areas and level of need for parking to support local commercial, institutional, and residential uses.
- Consider City partnerships with its authorities, non-profit community, and private sector to explore opportunities including property aggregation to foster urban infill development (supported by the 2006 City of Roanoke Strategic Housing Plan, pages 10 and 17).

## RCI-09: Day/Elm Avenue



Image sources: Commonwealth of Virginia, USDA FSA, GeoEye, Maxar

**Locality:** City of Roanoke

**Area (Acres):** 12.66

**Zoning District:**
D (City of Roanoke)

**Other Base Zoning:**
N/A

**Zoning Overlay:**
N/A

**In a UDA?**
Yes

**In a Historic District?**
Yes (partial)

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept. of Conservation
and Recreation, Virginia Economic Development Partnership

## Constraints



Flood Zone
Wetlands
Steep Slope
Karst
Town Boundary
Building Footprints

**Figure 41: RCI-09 Site Summary**

## RCI-11: COUNTRYSIDE

As described in the 2011 Countryside Master Plan, the City of Roanoke purchased the Countryside Golf Course property in November 2005. The golf course was closed in winter 2010 and City planning staff initiated a public participation process to identify potential reuse options. The Plan recommends the property be developed as a new mixed use neighborhood set within the context of other neighborhoods and existing development, which is consistent with and implements the Vision 2001-2020 Comprehensive Plan and the Strategic Housing Plan.

The Master Plan recommends residential uses including single family, townhouse, and mixed residential, for about 26% (35 acres) of the site that provide a variety of dwelling types to "allow people of different lifestyles, ages, family composition, income levels, and tastes to live in close proximity and to interact with one another."

The site is within two zoning districts – about 29 acres of is in the Recreation and Open Space (ROS) zoning district and 2 acres in the north portion of the site is in the Residential Mixed Density (RM-2) zoning district. The ROS district does not allow residential development. The RM-2 district allows single family, both detached and attached, townhouses, two-family, multifamily with 10 or fewer units, and mixed use by right and multifamily with 11 or more units by special permit.

The entire City is designated as an Urban Development Area which requires zoning to accommodate minimum residential densities as follows: four units per acre for single family; six units per acre for townhouses; and 12 units per acre for multifamily. Note, according to mapping data from the Western Virginia Water Authority, this area appears to have public water and sewer infrastructure in close proximity.

This study's analysis of the market points to a need for a mix of housing types and price points in the City of Roanoke. This site, given its size and the planning that has already taken place,

could provide for the mix of residential described in the 2011 Plan. From a market perspective, this should include a mix of smaller single family homes, townhomes, and multifamily apartments. The key with this site (like Evans Spring) is to mix incomes and leverage city-owned land to secure more affordable housing options for residents. This is especially true for renter households who, on average, have lower incomes and are more impacted by housing cost burden.

Recommendations:

- Work to implement the Master Plan's vision. Consider rezoning options and development incentives. Consider subdividing parcels to create manageable development opportunities per the general land uses envisioned in the master plan.
- Issue various RFPs for private development of residential, office/ and neighborhood commercial areas as envisioned per the Master Plan.
- Negotiate development agreements to ensure the Master Plan's vision and design principles are closely followed.
- City should invest in public improvements concurrently with marketing development opportunities including construction of greenways, park amenities, athletic facilities, and environmental improvements.

## RCI-11: Countryside



Image sources: USDA FSA, GeoEye, Maxar

**Locality:** City of Roanoke

**Area (Acres):** 31.28

**Zoning District:**
ROS (City of Roanoke)

**Other Base Zoning:**
RM-2 (City of Roanoke)

**Zoning Overlay:**
N/A
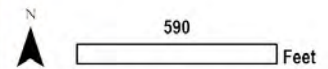
**In a UDA?**
Yes

**In a Historic District?**
No

590 Feet

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept. of Conservation
and Recreation, Virginia Economic Development Partnership.

### Constraints



- Flood Zone
- Wetlands
- Steep Slope
- Karst
- -- Town Boundary
- Building Footprints

**Figure 42: RCI-11 Site Summary**

# BARRIERS TO ADDRESSING HOUSING

To address gaps across the City of Roanoke's housing market, several barriers will need to be addressed. For the purposes of this analysis and to inform future strategies, we have organized current barriers into four categories: Market, Financial, Regulatory, and Coordination.

## Market Barriers

Market barriers refer to constraints placed on the housing market or factors that drive the market to respond in a certain way. In the city, there are several market-based barriers affecting housing which include:

- **Lower Household Incomes** – With a median household income of $43,028 and 30% of households having a median income of less than $25,000 a year, spending power on housing purchases or rents is limited for many. As housing prices and rents continue to climb, the need for affordable units grows. These units are often the most challenging to produce and require deep subsidy or regulatory relief plus a development entity that is knowledgeable about the financing, construction, and long-term management of affordable units. The lower incomes of many households in the city can be a market barrier to producing housing in a city environment where costs are often higher, and redevelopment is more prevalent.

- **Housing Prices and Comps** – With a citywide median sales price of $147,000, the construction of new single family homes or significant rehabilitation of homes in existing neighborhoods with lower housing values could be challenging for some developers/builders. Combining the purchase price of the house/land, demolition of the structure, and construction of a new home could put the sales price of the new home above localized comps in the neighborhood. This may make it financially challenging for a developer or builder, as well as for the financial institution backing the loans. From the buyer's perspective, it may be challenging to obtain an acquisition and rehabilitation loan if the value of the home plus the value of renovations exceeds local neighborhood comps.

- **Fewer Opportunities for Greenfield Development** – Roanoke is an older, more established locality compared to other parts of the region like Franklin and Roanoke Counties, as such much of the city has been developed over time. There are fewer large, vacant tracts of land available to support development which in turn guides efforts toward redevelopment of existing land and buildings. With most redevelopment efforts, a certain level of development intensity is necessary to create financial returns the market will accept. This requires proactive zoning and good communication with the community about the benefits of redevelopment projects.

## Financial Barriers

Financial barriers refer to the access to capital needed to fund housing development, access to financing to purchase a home, resources to address housing inequities and challenges, and the financial feasibility of rehabilitating the existing housing stock in certain parts of the city. Financial barriers to housing development include:

- **Rehab and Acquisition** - Rehabilitation of the older housing stock is difficult to execute because it requires a concerted effort on the part of homeowners, the availability of financing, and coordinated efforts by municipal officials. Rehabilitation is difficult from the homebuyer side because financial resources are not always available for renovation projects. While some lenders offer construction financing, lending terms may not be favorable to low- to moderate-income households who are unable to pay the loan back on top of an existing mortgage. While there are programs which help homeowners finance rehabilitation costs, these funds are limited.

  There are also challenges for potential buyers of homes that need rehabilitation work. In areas where housing rehabilitation has not occurred and home values are lower, it can be difficult for lenders to find comparable properties to justify a combined rehab and acquisition loan. Oftentimes, gap financing is needed through a flexible funding source to help make up the difference between what a lender is willing to offer and the amount the homebuyer needs for repairs. This may also disproportionately impact low- to moderate-income households who may not have cash on hand to complete the needed rehabilitation on the home.

- **Development Feasibility** – The financial feasibility of revitalizing and redeveloping older neighborhoods, building on in-fill lots, or undertaking new development is a barrier. The cost of land, materials, and construction are significant, especially with the topographic challenges in parts of the city and the availability of infrastructure and utilities. The risks associated with larger projects can be high, particularly in untested markets where there are fewer local builders willing to take risks. Financial feasibility concerns limit the potential of new developments to include affordability components, as developers opt to build higher priced housing to mitigate risk and increase returns.

- **Funding Resources** – Funding to support housing programs and initiatives is limited in many cases to those available through local taxation or development fees, state funding dedicated to housing, tax credit programs, and federal housing programs like CDBG or HOME funds. Providing new affordable housing options will take a concerted effort and leveraging a variety of funding resources. This will be a key barrier to implementation and one that will require a coalition of government, non-profits, faith-based organizations, and private investors.

- **Lending Criteria and Access to Financing** – Homebuyers are challenged by increasing levels of personal debt, diminished savings, and stricter lending requirements by financial institutions due to the housing crisis. Purchasing power constraints limit the ability of households to buy homes or undertake major renovations to existing homes. Younger householders who carry large student loan debt coupled with price escalations in the housing

market make homeownership difficult to attain and can result in greater numbers of renter households. For low- and moderate-income households, obtaining and maintaining a qualifying credit score can also be a challenge to accessing financing.

## Regulatory Barriers

Regulatory barriers refer to the policies and regulations placed on residential development by local, and/or state government that may be impeding the construction of certain types of housing product. This may be related to zoning, subdivision controls, permitting, or building codes. Regulatory barriers to housing development include:

- **Integrating Affordable Housing** – The city's zoning ordinance allows a wide range of housing types across many different zoning districts with favorable lot sizes, lot coverage, and heights that generally match the historic development patterns of neighborhoods. Integration of affordable housing can be challenging in markets where housing prices (sale or rents) are not enough to subsidize the inclusion of affordable units on its own. There may be a need for the city to revisit zoning regulations and permitting processes to look for ways to offset the inclusion of affordable units through mechanisms like a density bonus, expedited permitting, or reduced fees.

- **Design District Regulations** – The city has designated specific neighborhoods for priority conservation areas or targeted rehabilitation. Neighborhoods like Melrose-Rugby, Washington Park, Evans Spring, and Morningside fall under the city's Rehabilitation designation, but are also covered under the Neighborhood Design District Overlay. This overlay district was designed in response to neighborhood concerns that new construction was incompatible with the design features of existing homes. The Design District principles specifically address building location and massing, roofs, entrances and windows, siding, and porches to ensure design mimics features common to the neighborhood. Given the lower housing values in Roanoke, the city may wish to audit the Design District standards and determine if any create a financial barrier to either significant rehabilitation efforts or new construction.

- **Adaptive Reuse and Code Compliance** – Adapting older buildings to meet today's building codes and accessibility requirements can be very expensive, particularly for those buildings that could host a mix of uses. Improvements such as adding sprinklers, providing elevator access to upper floors, and making accessibility improvements often require a large amount of upfront capital that may take a long time to recapture in an area with lower residential and commercial rents. These required improvements can sometimes force property owners to keep upper stories vacant or limit the ability to fit out spaces for a different mix of tenants.

## Coordination Barriers

Coordination barriers refer to the ability of stakeholders to come together and focus efforts and resources to help with the city's housing challenges. Change is never easy nor is identifying funding to address challenging issues, but both require a coalition of leaders to come together and agree on priorities and direction. Potential coordination barriers include:

- **Identify Funding Sources** – To address housing issues identified in this study, additional funding sources are going to be needed. The housing market, while growing, is not necessarily meeting the needs of all residents. The market may not course correct on its own in the short-term and there may be a need to identify subsidies to prime the market in areas that have not seen new investment or may not be supplying the diversity of housing choices needed to serve residents today and into the future. Raising additional funds, leveraging resources, or reallocating existing funding is never easy but may be necessary to address housing needs across the city.

- **Regional Collaboration** – Over the last two decades, private corporations such as financial institutions, major employers, and anchor institutions such as hospitals and universities have played an increasingly important role in improving and expanding affordable housing. Investments in low-income housing tax credit projects have been a primary contributor to building multifamily affordable rental units across the country. The City of Roanoke has a need to expand both the amount and type of affordable housing as well as the pool of funding available for such projects. The challenge now is for the city to take charge of those challenges and begin seeking a larger partnership between government, philanthropy, and the private sector. This is a best practice in many places across the country who are working collaboratively to invest in larger, more complex community and economic development solutions.

  The concept of leveraged capital, when a small amount of initial capital is made available to attract additional resources, is not new to the affordable housing industry. Most affordable housing built since the early 1990s has been financed by private equity investments seeking low-income housing tax credits and market rate returns. What is new to the community development sector are the innovations created through co-investment opportunities between the public and private sectors.

  In the city, partnerships between local government, affordable housing providers, institutions, employers, non-profits, Virginia Housing, Virginia Department of Housing and Community Development, and the RVARC will be critical to addressing housing needs going forward.

# STRATEGIES

To address of the housing issues and opportunities noted in this study, RKG compiled a set of strategies each informed by the city-wide data analyses, interviews and focus groups, and an assessment of existing housing programs. The strategies presented are targeted toward addressing the identified gaps and barriers in the current housing market and have been organized under headings which group similar strategy types and an estimated timeframe for implementation. The strategies are also intended to help address housing typology gaps identified in the city's market and easing restrictions or putting forth incentives to help produce that product in the future.

It is crucial that strategies focus on initiatives the city and its partners can undertake within the first few years to address key issues and opportunities in the housing market. Undertaking incremental steps in the beginning stages of an implementation strategy can build momentum and give residents and investors the confidence in the potential of the plan. Short-term implementation recommendations (0-5 years) can include organizational restructuring, policy and regulatory changes, realignment or consolidation of funding sources, or small investment projects. Mid- and long-term recommendations (6-10 and 10+ years) may take more time, additional or creative financing, complex partnerships, political will, and patience as the market adjusts to changes in policy, regulation, and/or funding priorities.

## Regulatory Strategies

The city and its local partners should consider zoning changes that allow and potentially incentivize new housing types where appropriate. The city's growing population is concentrated in two primary age cohorts – younger professionals and seniors. National trends show housing preferences of both groups in close alignment with a preference toward housing in walkable locations with amenities nearby, attached ownership units or multifamily rental structures with minimal maintenance responsibilities, and amenitized buildings. If the city wants to continue to attract people to live here and retain the residents who are here already, increasing housing choice and diversity should be a key goal moving forward.

### REVIEW OF PROPOSED VIRGINIA HOUSE OF DELEGATES LEGISLATION AND LOCAL REGULATIONS

Zoning changes should respond to resident needs and desires for new housing types and structures that provide additional housing choices yet are still compatible with the built environment in which they are placed. Zoning is one of the few tools the city and local partners can change almost immediately and at very little cost that can have a direct impact on housing production. Zoning can also be used to integrate new housing types across a wide variety of area or neighborhood types in the city from rural areas to vacant land along transportation corridors to downtowns with mixed use and upper story residential. The review and comment on three House of Delegates bills from the 2020 Session of the Virginia General Assembly, regulatory

reviews, and recommendations included here should be considered by the city and local partners to help diversify housing types and address housing affordability at different price points.

**HB 151 - Accessory Dwelling Units (Near-Term)**

An accessory dwelling unit (ADU) is an independent residential living area that is on the same000 property as a larger, primary dwelling unit. The term "accessory" is purposely meant to describe the unit as secondary to the primary unit, in the same way a garage is of secondary importance to the home. These units cannot be sold separately and are typically limited in size to help reduce impacts on neighbors and blend in with surrounding homes. These units can help meet a wide range of living arrangements, provide an affordable housing option to family or friends, or create an opportunity for the primary homeowner to generate additional income through rent.

An accessory dwelling unit generally takes three forms:
1. **Re-purposed space:** e.g. above the garage or in the basement.
2. **Stand-alone unit:** separate from the primary home.
3. **Attached:** addition to the primary home.

Some states and municipalities across the country have taken additional steps to make the approval and permitting of ADUs as streamlined as possible while still considering the impacts on surrounding property owners. For example, the City of Seattle has been working for several years to streamline the ADU permitting system and reduce as many barriers to cost and construction as possible. A study from the City's Planning Director in 2016 identified several barriers to address to improve the delivery of ADUs. These included:
- Removal of off-street parking requirements for ADUs
- Reduce minimum lot sizes for detached ADUs
- Allow the same gross square foot limits for attached and detached ADUs
- Allow flexibility for placing primary entrances
- Allow modified roof lines/features that create useable spaces
- Allow an ADU structure to be placed within the rear setback

HB 151, offered in January 2020, requires all localities to allow for the development and use of one accessory dwelling unit per single family dwelling, notwithstanding any contrary provision of a zoning ordinance. Localities can regulate the size and design of ADUs through an approval process provided the regulations are not written in an excessive or burdensome way that would unreasonably restrict a property owners ability to create the ADU.

ADUs in Roanoke could play an important role in the overall housing stock based on what we know from the demographic and market data:
- ADUs offer an affordable housing option for smaller households
- ADUs could provide seniors, especially those living alone, with another housing option and allows older owners to age in place
- ADUs could also provide a lower cost housing option for younger residents
- ADUs offer a quicker and easier way to boost housing production

HB 151 leaves much of the regulatory powers to the locality to define how ADUs will be implemented and in what zoning districts. Other states, such as New Hampshire, have taken similar actions where ADUs must be allowed by localities. New Hampshire however followed up with a detailed guide for localities to help with the implementation of ADUs in their community.[12] While HB 151 does create statewide legislation enabling the creation of ADUs in all communities, it does not provide the guidance needed to craft an ADU policy that reflects the nuance of each community's built environment, lot sizes, housing needs, infrastructure capacity, and more. In addition to the regulation, Virginia should follow up with a detailed guidebook for localities of different sizes to offer model language for zoning codes, educational materials for residents, property owners, and staff, and ideas for successful integration of ADUs in to the fabric of existing neighborhoods. In addition to the regulations the city would need to adopt, it may also be worth considering the development of a set of pre-approved ADU architectural plans whereby an owner agrees to use a pre-approved plan and is not required to go through the special permit process. This could help save time and money on the part of the owner and the City.

**HB 152 – Missing Middle Housing Choices (Near-Term)**
The housing market study and focus group interviews point to a desire for what is often termed "missing middle housing" which can be defined as a range of residential buildings with multiple units that are generally compatible in scale and form with detached single family homes in the neighborhood. Throughout the city there are already neighborhoods and zoning districts (like RM-1 and RM-2) that allow for and currently offer a range of housing types. However, these zoning districts tend to serve as transitions between the more intensely developed Downtown area, commercial, and industrial corridors and the residential districts that allow primarily single family dwellings (RA through R-3).

The goal of HB 152 is to allow a diversity of housing types across residential districts to provide housing choice in more neighborhoods, some of which may have been previously inaccessible to households at or below a certain income. This may also provide improved access to higher performing schools, transportation/public transportation, grocery stores, childcare, jobs, and public amenities like parks and open space. HB 152 leaves much of the implementation to localities so long as zoning is not used to impose restrictions that discourage the development of all missing middle housing types. HB 152 provides localities with the regulatory backing at the state level needed to push forward the integration of different housing typologies in predominately single family neighborhoods. Like the recommendation for ADUs, the city may wish to consider pre-approved designs for different housing types to ensure new residential structures are integrated into neighborhoods in as seamless a way as possible.

This study and accompanying market study points to the need for diversified housing types across each locality within the larger region to accommodate differences in personal preference for housing, market demand for a variety of housing types particularly for the older and younger generations and offering housing at a variety of price points that are affordable to a wider range of households. HB 152 as written would help push localities to adopt what may otherwise be

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[12] Accessory Dwelling Units in New Hampshire, 2017. https://www.nhhfa.org/wp-content/uploads/2019/08/NHHFA_ADU_Guide_final_web.pdf

considered politically difficult, if not impossible. This approach was recently adopted in Minneapolis, Minnesota where the city is trying to remedy decades of exclusionary zoning and rising housing costs.[13]

**HB 545 – Inclusionary Housing (Near-Term)**
To advance affordable housing, HB 545 (as proposed January 8, 2020) is divided into three primary groups that are intended to work together and build on one another. These sections include:
- Sections A and B – adoption and periodic update of a housing plan.
- Sections C and D – creation and enforcement of inclusionary housing programs and implementation measures and tools.
- Sections E, F, and G – creation of a local advisory committee and approaches for providing units.

HB 545 provides a wide range of powers to localities for the purposes of creating, incentivizing, regulating, and tracking affordable housing over time. The process begins with the creation and adoption of a housing plan to address the safe, sanitary, and affordable shelter for all residents. The plan must include elements like linkages between jobs and housing affordability, access to transportation, access to public amenities, methods for preserving and increasing affordably priced housing, and reviewing regulations and policies to ensure they do not concentrate poverty or limit choice based on income. The adopted plan must be submitted to the Department of Housing and Community Development and updated at least every five years.

HB 545 also provides a diversity of regulatory, policy, and programmatic options for localities to advance the production and preservation of affordable housing. Options include density bonuses as an offset for affordable housing, monetary contributions to a housing trust fund, integrating a variety of housing types through zoning, specific set asides of affordable housing as part of a development project (inclusionary zoning), and financial incentives to promote the creation of affordable units. HB 545 leaves the selection and implementation of affordable housing tools to the locality which allows for each city and town to tailor responses to local need and context.

For the City of Roanoke, HB 545 would require the creation of a local housing plan with specific recommendations and programs for how the city would address housing affordability issues over time. The bill provides many options for addressing housing issues but leaves much of the implementation work to the city. While many of the tools suggested in HB 545 are consistent with the findings of this study and would help address gaps in affordability, there needs to be additional resources (technical assistance, financing, educational materials) provided by the Commonwealth to help localities with these planning and implementation efforts. This is particularly true for those looking to adopt inclusionary zoning. Understanding what additional financial costs development can shoulder and how to tailor regulations to the market are critical in designing a program that can deliver units without shutting down the development pipeline.

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[13] Rezoning History, Influential Minneapolis Policy Shift Links Affordability, Equity. https://www.lincolninst.edu/publications/articles/2020-01-rezoning-history-minneapolis-policy-shift-links-affordability-equity#:~:text=With%20the%20arrival%20of,directly%20to%20lasting%20racial%20inequities.

## Policy and Coordination Strategies

To advance the implementation of both market-rate and affordable housing strategies, the city should consider policies and coordination strategies to broaden partnerships with other organizations and agencies focused on housing. The city and its local partners should also consider broader policies and principles that would guide the types of, and locations of, housing in the future.

### COORDINATION TO ADVANCE HOUSING PRODUCTION AND PRESERVATION

Successful housing production and preservation outcomes typically rely on a robust partnership between government, non-profits, housing authorities, developers, property owners, and financial institutions. These partnerships or coordinated efforts help expand the capacity of city and local governments to add staffing, financing, and knowledge to share the responsibility of successfully implementing housing strategies, which is often a multi-jurisdiction, long-term process. The following strategies aim to broaden housing coordination within the city.

**Establish a Regional Coordinating Body or Group (Near-Term)**
Housing is an issue that often extends beyond the boundary lines of any one locality as residents and capital tend to flow to where market opportunities are or are created. Therefore, a regional body that meets regularly to discuss housing issues, opportunities, best practices, grant and funding opportunities, and ideas for new programs or policies would be a benefit to all localities within the Roanoke Valley-Alleghany Region. With the RVARC already in place and serving as a regional coordinating body for other purposes, the infrastructure is likely in place to create a housing council and expand its membership to include other organizations and agencies that may not regularly participate in other functions of the RVARC. These should include major employers, developers, financial institutions, colleges and universities, non-profits, funders, housing authorities, and representatives from city and local government. This group could organize around some or all of the following topic areas:

- Educating elected leaders, staff, and the public about the important role housing plays in the region and ways to talk about housing choice, affordability, and density that bring people together rather than being a divisive issue.
- Look for ways to leverage staff and financial resources to address housing issues. This could result in new pools of funding, new vehicles for distributing funds, or supporting grant application efforts as a region rather than as individual entities.
- Create a marketing push to major employers and commuters coming into the region and showcasing the different communities and counties as great places to live and work.

**Developer Recruitment (Mid-Term)**
The City and local partners should create market materials advertising the preeminent development sites to the development community and make a determined effort to market the City and the sites to developers. Marketing materials should also include information about progressive zoning, allowable housing typologies, infrastructure availability, and any incentives that may exist supporting residential development. The City should use the land suitability

analysis from this study as a starting point for identifying key sites and potential constraints development may have to overcome.

**Leverage City Land for Housing Production (Near - to Mid-Term)**
Disposing of available City-owned properties to support housing production, particularly mixed-income or affordable housing, can be an effective way of partnering with developers to address housing needs. Land is a cost borne by the development, but when publicly owned, could be offered at a steeply discounted rate to improve the financial viability of a proposal that includes an affordable housing component. If the disposition of land is of interest to the City, several items should be considered before disposing of the land which include:

- **Minimum Lot Size:**  Over 5,000 square feet, but preference for larger sites that could accommodate multifamily units.
- **Use of Property:**  Ensure there are no other competing public uses for the property, and no plans by other city or local departments for future use of the property. The use/housing type should be compatible or not conflict with existing neighborhood character.
- **Zoning:**  Property should be in an existing residential or mixed use district or overlay district.
- **Infrastructure Capacity:**  Property should be served by existing water, sewer, and transportation infrastructure. Capacity should be available to serve the development.
- **Property Location:**  Ideally, the property is located near amenities residents could take advantage of such as parks and open space, schools, childcare facilities, and shops and grocery options.
- **Environmental Considerations:**  Property should not be located within a floodplain, have significant wetland encumbrances, or environmental remediation issues.

**Preserve Existing Affordable Housing (On-Going)**
Housing production is not the only way to advance housing goals in the city, a successful housing strategy also relies on the ability to maintain the affordable housing that exists today. One way the City could take a more proactive role in housing preservation is to require property owner or managers of deed restricted affordable housing units/buildings to provide advance notification to the City if affordability restrictions are about to expire and the units are going to convert to market rate units in the future. This type of notification is already required for developments utilizing Low-Income Housing Tax Credit (LIHTC) funds which gives a right of first refusal to non-profits who wish to purchase the units/buildings to preserve affordability restrictions. The City could consider expanding this notification process to other residential developments that include affordable units or to projects that receive any public subsidy to support affordable housing.

## POLICIES TO ADVANCE HOUSING PRODUCTION AND PRESERVATION

The City and local partners could also consider policies and actions to encourage housing production and preservation. Some could be formally adopted such as encouraging universal design in new housing units while others may be guiding policies such as prioritizing locations for residential development.

**Prioritize the Best Locations for Housing (Near-Term)**

Leveraging the work done through this study on land suitability and site identification, the City should adopt a guiding policy that new development should be limited in the near-term to the best and most development ready sites to encourage smart growth and slow outward growth away from population and employment centers. This policy could first encourage sites that are served by roads, water, and sewer and within closer proximity to services and amenities such as schools, shopping, and job centers. Secondarily, the City could consider sites that need infrastructure extended to unlock vacant development sites and avoiding development on farmland or other open spaces to preserve agriculture and the natural environment that makes Roanoke and the larger region what it is today.

**Consider Inclusionary Zoning (Near-Term)**

Inclusionary Zoning (IZ) is a policy used to create affordable housing by requiring developers to include a specific percentage set aside of below-market units as part of a market-rate rental or ownership development. The IZ policy effectively leverages private market investment to create new affordable units with very little (if any) public subsidy. IZ is also an effective way of integrating affordable units across a community to provide opportunities for housing choices in neighborhoods where lower-income households may not have otherwise been able to afford. Resource-rich areas/neighborhoods may have access to better schools, healthcare options, transportation choices, and open spaces. Diversifying the locations of affordable housing may offer new opportunities to households who previously had limited choice.

Inclusionary zoning policies are typically classified as one of two types:  mandatory or voluntary. In mandatory policies, affordable units must be included in all proposed developments that fit within the parameters of the policy. Voluntary policies rely on negotiations and offsets which function as incentives to encourage developers to provide affordable units.

The city should consider what type of policy it wishes to advance, and if it is a codified mandatory IZ policy then the city should also consider conducting a feasibility analysis will allow the city to understand what changes could be supported by market-rate residential development and which changes may slow the pace of development. The financial modeling exercise can help in the crafting of new IZ language and should include the following considerations:

- What size development should IZ be applied to?
- Where should IZ be applied in the city?
- What percentage of units should be set aside?
- Should the policy cover both ownership and rental projects?
- Should the city have a payment in-lieu option to collect money for the Affordable Housing Trust?
- What income levels should the units target?
- Should there be a tiered system for affordable units where fewer but more deeply affordable units are required versus more units at a higher income level?
- What incentives or offsets should the city offer?

Concurrently, the city could work with the entity conducting the feasibility analysis to craft an IZ policy that responds to the feasibility findings. This can help ensure changes to the IZ policy will not discourage private investment thereby reducing affordable housing production.

**Partner with the Housing Authority (On-Going)**

The Roanoke Redevelopment and Housing Authority (RRHA) owns and operates some of the only deeply affordable housing in the City/Region and has the knowledge and experience to be a valuable partner on public/private partnerships to produce additional units at a variety of income levels. Going forward, the City and local partners should continue to bring value in its financial resources, access to publicly owned land, and staff resources that could help augment the RRHA's knowledge of affordable housing funding, programs, construction, and operations and maintenance. The City and Housing Authority should have open communication and discussions involving the purchase/use of land, pooling of resources, and engaging private sector developers to look for ways of creating additional mixed-income housing as way to both modernize and expand affordable housing across the city.

From the City side, continued assistance with expedited permitting of future affordable housing developments will be very helpful to keep approval times shortened. City engagement early in the design process and site plan layout are also helpful to limit iterations which cost time and money.

**Encourage Universal Design (Near-Term)**

Given the increases in the senior population, the City and local partners should encourage (at a minimum) some percentage of new units to include universal design features. Universal design focuses on making the unit safe and accessible for everyone, regardless of age or physical ability. Universal design features go beyond ramps and grab bars and account for the design of the unit itself with things like wider doors and hallways. This is also a good way to move away from age-restricting units or buildings that have these features so when demographics change over time the units are designed for a wider market base.

## Financing Strategies

In the residential development world, especially as it pertains to affordable housing, financing strategies and subsides can be a critical component to financial feasibility and a project moving forward. The following are financing strategies the City and local partners should consider advancing both the development of housing as well as the upkeep and maintenance of existing housing.

**City Housing Trust Fund (Mid-Term)**

Affordable Housing Trust (AHT) funds are a flexible source of funding that can be used to support many different affordable housing initiatives. The money that is generated for the fund is typically created and administered at the city or local level and are not subject to restrictions like other state and federal housing funds. The money in the fund can be designed to address local needs and priorities, such as those noted throughout this Housing Study.

The entity administering the fund, in this case the City of Roanoke, would work to define priorities and eligible activities money in the fund could be used for. Examples of funding areas might include:

- Emergency rental assistance
- Gap financing for new construction of affordable units
- Repairs/rehabilitation of older affordable homes/units
- Weatherization program to lower utility costs
- Down payment and closing assistance
- Foreclosure prevention

Once the AHT is established the city will need to determine who will be administering the fund. Typically, these funds are administered by an existing public office that has experience working in partnership with housing developers, administering grants, and overseeing a competitive application process for funding. In the City of Roanoke, this is could be the Planning, Building, and Development Department which is already engaged in planning, development, and housing efforts. The city would also need to determine how the fund would be seeded and capitalized over time. Some options include:

- Annual allocation from the general fund
- Funds collected from development (negotiated payments in-lieu)
- Business license fees
- Local occupancy taxes
- Short term rental registration fee

It is important that once the AHT is created that funding be made available each year for housing programs and to support development and infrastructure requests. This will create a predictable source of funding year over year and allow programs to be marketed and succeed. Funds from the AHT could also be leveraged against federal and state housing funds or other housing-related resources that could be pooled from non-profits, institutions, philanthropies, and employers. Other cities in Virginia like Richmond, Alexandria, Charlottesville, and Norfolk have established and capitalized local housing trust funds.

**Residential Rehabilitation Program (Near-Term)**

In many parts of the City there are older homes with lower values that have likely not been kept up or invested in. These homes may need minor or major rehabilitation, and if owned by low- to moderate income householders, may not have the funds on hand to maintain the structure. The City currently uses a portion of its Community Development Block Grant (CDBG) funds to cover several rehabilitation programs for owner-occupied housing. The City's HUD FY 2020-2021 Annual Action Plan identifies funding for emergency home repair, limited rehab within the Belmont-Fallon and Melrose-Orange Target Areas, and major rehab in the Melrose-Orange Target Area. Between these three funding allocations, the City and its partners estimate up to 28 structures can be addressed with 1-2 structures receiving major rehab funds.

These residential rehabilitation programs are critical in assisting homeowners with the cost of rehabilitation through no – or low-interest rate loans that can be applied to specific repairs the structure may need. In a city like Roanoke, where housing values are low and structures are old,

rehab needs could quickly outpace funds and capacity leaving households with limited options to address deficiencies. To stretch funds further, the City should consider the creation of a revolving loan fund where some households (based on income) would be required to pay back to the loan at little or no interest to keep the fund capitalized allowing for multiple rounds of awards throughout the year. Money leveraged through other funding sources could also be applied to this program and repaid to the AHT over time.

Given 48% of the city's housing stock is renter-occupied, some consideration should also be given to the creation of a rehabilitation program for investor-owned properties. Tenants do not have the same ability to address deficiencies as homeowners do, relying instead of landlords or even city intervention if conditions worsen. A rental rehab program could benefit both property owners and tenants and could be coupled with a rental registry program or routine inspections of rental units over time. The rental rehab loans should have a requirement to be paid back over time, but repayment terms could be scaled to the income of the property owner or even affordability restrictions placed on the unit(s) itself.

### First Time Homebuyer Program (Near-Term)
Down payment and closing cost assistance help low- and moderate-income families overcome one of the most common barriers to homeownership—accumulating sufficient savings to make a down payment and pay for closing costs on a mortgage.

Assistance can be offered in a variety of forms, including as a grant, a no- or low-interest amortizing loan or a deferred loan in which repayment is not due until the resale of the home. The assistance is often provided by a local housing agency, a nonprofit organization or a state or local housing finance agency, sometimes through a participating private lender. Program details differ across jurisdictions, but in general borrowers must fall within income and home purchase price limits and must comply with other eligibility requirements, including being a first-time homebuyer, using the home as a primary residence, and completing a homebuyer education course and/or participating in housing counseling.

The City and local partners should continue to offer the down payment assistance program funds of up to $8,000 per household and possibly look for ways to leverage down payment assistance programs offered by Virginia Housing. The City could also consider a revolving loan fund (with or without interest) where the loan must be paid back over a certain period, or at the sale or transfer of the property. The revolving loan fund helps ensure the funding pool is recapitalized over time versus forgivable loans in which some percentage of funds are never returned.

### Property Tax Abatement for Housing (Near-Term)
To encourage affordable housing development, the City and its local partners should consider the application of property tax abatements in return for a percentage of affordable housing units included in the development. The City could consider a sliding scale for the tax abatement where the more units or the deeper the affordability the more property taxes are abated. The City could also consider a sliding scale for the length of the abatement and when the percentages of taxes paid begins to increase over time.

## Infrastructure Strategies (Mid- to Long-Term)

Housing development in the city may be impeded by a lack of available infrastructure or infrastructure that has fallen into disrepair. The City already commits a percentage of its annual CDBG funds to infrastructure improvements in targeted areas and this should continue over time. The City should also look at ways to leverage local infrastructure dollars against regional, state, or federal funds to increase the impact of local investments. In a place like the City of Roanoke, the emphasis may be more on repairs, aesthetics, and upsizing utilities compared to locations in the city where infrastructure may not exist and needs to be extended.
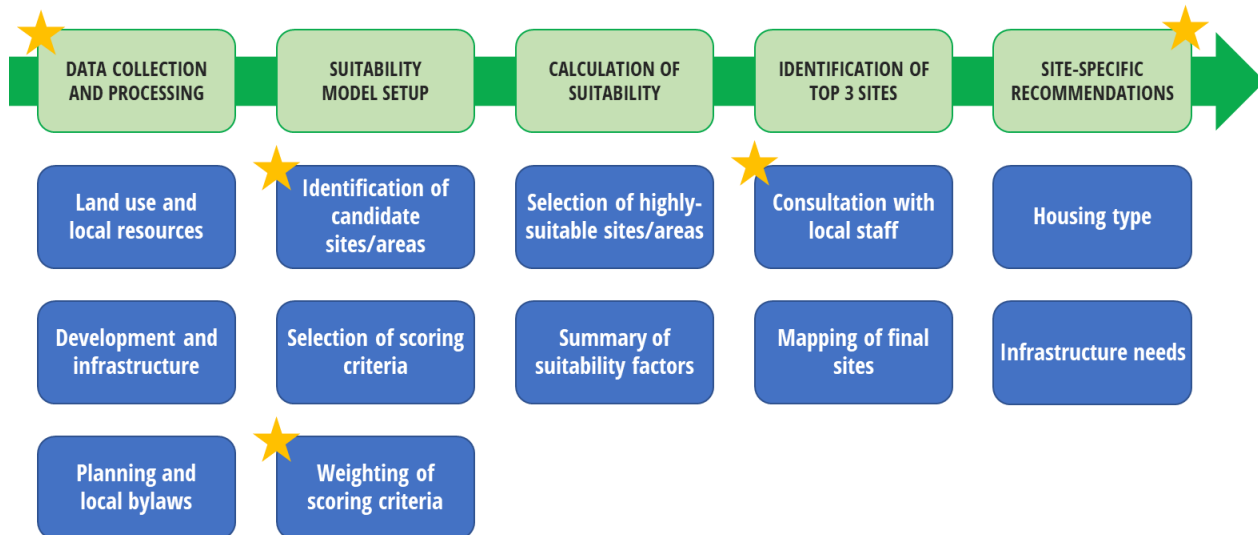
## APPENDIX A: SITE SUITABILITY DOCUMENTATION

## LAND SUITABILITY ANALYSIS

Planning for land use change and future development must consider a wide range of factors that include environmental conditions and hazards, local plans and regulations, and the availability of critical infrastructure and services to support urban expansion and redevelopment. Land suitability models provide a framework that can incorporate these variables - and represent them geographically - in order to identify and prioritize areas that can support new housing, and potential constraints to development. This type of model is often employed in local and regional planning efforts using geospatial analysis techniques to process and integrate existing Geographic Information Systems (GIS) data. Thanks to the availability of high-resolution and regularly updated GIS databases, it has become possible to evaluate land suitability at the neighborhood and site scale while providing a reasonably accurate representation of local conditions.

## Overview

For this project, the objective was to assess the suitability of land for residential development across four jurisdictions in the Roanoke Valley-Allegheny Region: Roanoke County, Franklin County, the City of Roanoke, and the City of Salem. Because each locality has unique physical characteristics, local bylaws, and planning priorities, it was critical to customize the suitability model within the boundaries of these areas. Part of the objective of this study was to prioritize three specific sites for each locality from a list of potential development sites, which were identified by land use and development planning staff. Additional details on the process of engaging local planners in the land suitability analysis can be found later in this chapter. The following diagram summarizes the stages of model development, from compiling planning documents and GIS data to developing final recommendations for the selected sites, including the



Figure 1 Land suitability model process

critical points where local feedback was solicited on the model inputs and results.

## Data Collection and Processing

The information included in a land suitability model takes many forms, from GIS datasets representing linear infrastructure networks, administrative boundaries, and nodes of activity, to tables documenting details from assessors' databases and the dimensional requirements of local zoning bylaws. Data was collected from public data portals, RVARC's Director of Information Services, GIS managers from each city and county, and multiple agencies of the Commonwealth of Virginia, including:

- Department of Conservation and Recreation (DCR)
- Office of Intermodal Planning and Investment (OIPI)
- Virginia Department of Transportation (VDOT)
- Virginia Economic Development Partnership (VEDP)
- Virginia Information Technologies Agency (VITA)
- Western Virginia Water Authority (WVWA)



Figure 2 Sources of data used for the suitability model

To ensure consistency and compatibility between data from different sources, each dataset was clipped to a common geographic extent, defined by the project's study area, and assigned a common projected coordinate system (NAD 1983 Virginia Lambert (Meters)) when data were imported into the geodatabases created for mapping and analysis. Additional data processing and preliminary analysis steps were completed to standardize the data and ensure complete and continuous coverage for the study area, including:

- Aggregating land cover data from the Virginia GIS Clearinghouse to merge three regional datasets overlapping with the study region
- Combining water and sewer network data from multiple jurisdictions to generate a single dataset for each infrastructure type
- Merging city, county, and commonwealth boundaries for conservation land and easements

- Cleaning up boundary overlaps between Franklin County and Rocky Mount zoning data, and aligning boundaries with Smith Mountain Lake
- Calculating or joining additional values to GIS attribute tables based on road type classifications, zoning regulations, and assessed value for parcels (ex. computing improved value to land value ratio)
- Interpolating a Digital Elevation Model (DEM) and calculating percent slope using topographic contour data
- Generating buffer areas that represent regulatory constraints, such as river protection areas, utility easements, and setbacks from roads and railroad corridors
- Geocoding school addresses for the City of Salem to produce point locations

In addition to GIS data sources, other location-specific data and variables were derived from local reports and planning documents, including comprehensive plans, area plans, zoning ordinances, housing assessments, and digital map documents produced by municipal and county planning offices. A full list of the documents referenced to derive land suitability model inputs is provided in the appendix. The following table summarizes the key data inputs that were compiled for this study.

**Table 1 Land suitability data types**

| LAND USE AND LOCAL RESOURCES | DEVELOPMENT AND INFRASTRUCTURE | PLANNING AND LOCAL BYLAWS | OTHER DATA |
|---|---|---|---|
| Existing development and impervious surfaces | Existing residential, commercial, industrial, and institutional bldgs. | Base zoning and overlay districts | Administrative boundaries, Census block groups |
| Agricultural land, forests, wetlands and water bodies | Urban Development Areas / Designated Growth Areas | Future land use designations | Planning area and study area boundaries |
| Protected open space, local parks and recreation facilities | Public safety facilities, waste management sites | Parcels and assessor's data (lot size, improved and land value) | Airports, rail infrastructure |
| Trails and greenways | Existing and planned roadways | Historic districts | Public schools and universities |
| Natural hazard areas: flood zones, karst geology, steep slopes | Existing and planned public water and sewer service areas | River buffer areas | Hospitals, libraries |
| Historic and cultural resources, cemeteries | Utility easements, including the Mountain Valley Pipeline | Conservation easements | Topographic contours |

## Suitability Scores and Weights

The land suitability model was designed based on established land use assessment techniques that apply spatial analysis tools to assign scores to a range of categorical and numerical variables. These scores are then combined into an index that indicates the relative suitability for a particular land use.

There are many ways to implement this type of model using GIS – in this case a raster-based model was used, in which each study area is divided into a grid of cells and suitability scores are assigned to each cell based on:

- proximity (ex. within 50 feet of a road)
- category (ex. land use or zoning)
- or a simple binary score (0 or 1) indicating location within an area of interest (ex. UDAs).

The following examples illustrate how these scores were assigned based on land use and road proximity in Roanoke County. Water, wetlands, and existing buildings are indicated as the least suitable, while cleared land with minimal vegetation (areas classified as barren, scrub/shrub, pasture, etc.) are most suitable for residential development. Areas within 50 feet of the center of roads were considered not suitable, to account for the road right of way and an average setback distance. Areas close to the roads (between 50 and 200 feet) are considered the most suitable.

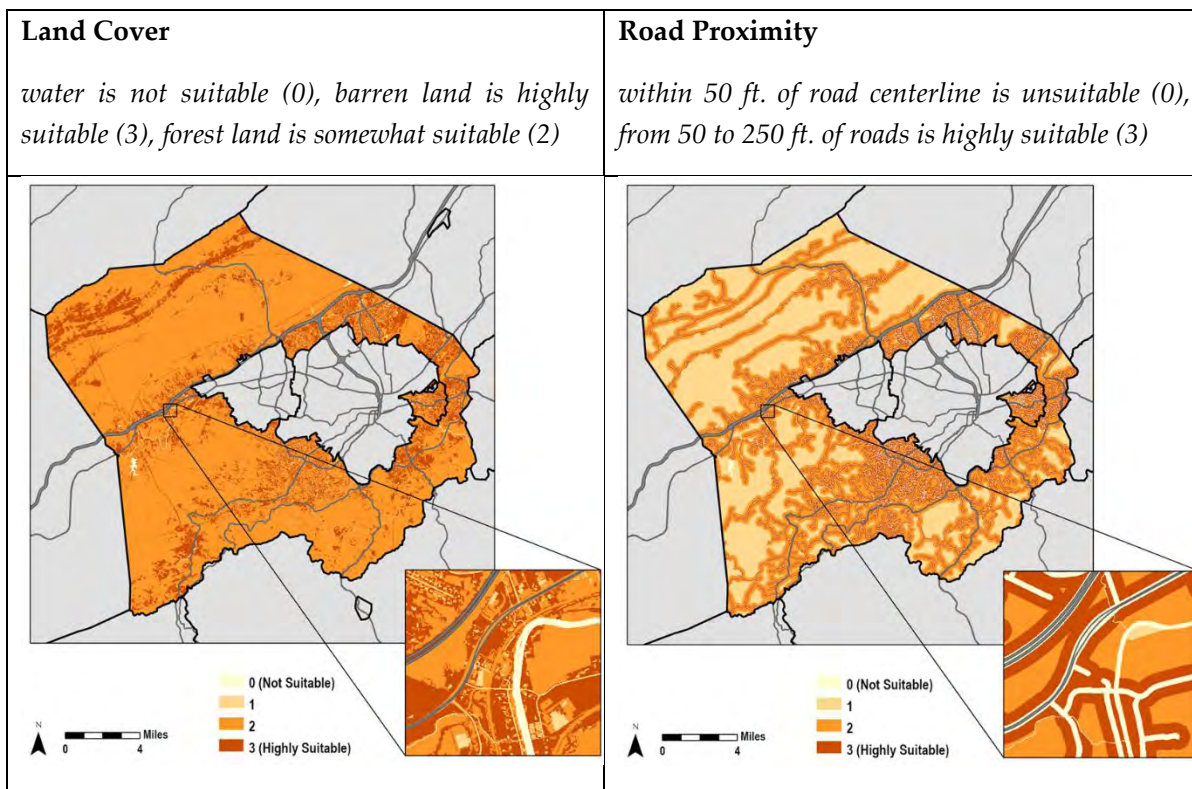| **Land Cover** | **Road Proximity** |
|---|---|
| *water is not suitable (0), barren land is highly suitable (3), forest land is somewhat suitable (2)* | *within 50 ft. of road centerline is unsuitable (0), from 50 to 250 ft. of roads is highly suitable (3)* |
|  |  |

Figure 3 Land suitability score examples

For this housing study, suitability criteria were selected based on a review of local planning documents and consultation with planning staff, with a focus on conditions that could support residential development in each jurisdiction. Numerical scores were assigned to each factor according to the level of development suitability, from high (score = 3) to low (score = 1), or not suitable at all (score = 0). Total scores were calculated using a weighted sum to combine the score of each factor.

The weight values range from Low (weight = 1) to Very High (weight = 7), and were based on initial discussions with local planners, then refined through further validation of the initial model results. The table below presents a summary of the suitability criteria, assumptions for each score, and the relative weights used in the model for each jurisdiction. Certain criteria were not factored into the analysis in some areas, for example, because some zoning or water resource protections were unique to the City of Roanoke they did not apply in other areas. Because of the scale of the regions and differences in mobility, the distance from public schools used wider ranges (1 to 5 miles) in the county geographies and smaller ranges (0.5 to 1.5 miles) in the cities. In total, the Roanoke County model included 13 criteria, 12 for Franklin County, 16 for the City of Roanoke, and 15 for the City of Salem.

**Table 2 Suitability criteria and weights**

| Suitability Criteria | Suitability Score | | | | Criteria Weight | | | |
|---|---|---|---|---|---|---|---|---|
| | **High (3)** | **Medium (2)** | **Low (1)** | **None (0)** | **Roanoke County** | **Franklin County** | **City of Roanoke** | **City of Salem** |
| Land Cover/Hydrology | Barren, Scrub-Shrub, Harvested-Disturbed, Turf Grass, Pasture | Impervious (parking), Forest, Tree, Cropland | Impervious (roads/buildings), Wetlands | Rivers/Streams, Lakes and Ponds | High | High | Very High | Very High |
| Protected Open Space / Conservation Easements | Not in conservation land or easement (score = 1) | | | Protected land | Medium | Medium | High | High |
| Topography | 0-15% slope | 15-25% slope | 25-35% slope | >35% slope | Low | Medium | Low | Medium |
| Flood Zones | Not in flood zone | 500 year flood zone | 100 year flood zone | Floodway | High | High | Very High | Very High |
| Urban Development Area | Located in UDA or Designated Growth Area (score = 1) | | | Not in UDA/DGA | Very High | High | | Very High |
| Distance from Roads | 50-250 ft. | 250-1000 ft. | 1000+ ft. | 0-50 ft.** | High | Medium | Medium | Medium |
| Distance from Major Roads | 50-250 ft. | 250-1000 ft. | 1000+ ft. | 0-50 ft.** | Very High | Very High | Medium | Medium |
| Distance from Public Water | 20-200 ft. | no medium score | 200+ ft. | 0-20 ft.** | Very High | Medium | Medium | Medium |
| Distance from Public Sewer | 20-200 ft. | no medium score | 200+ ft. | 0-20 ft.** | Very High | Medium | Medium | Medium |
| Distance from Railways | no high score | 100+ ft. | 50-100 ft. | 0-50 ft. | Low | Low | Medium | Medium |
| Distance from Greenways | < 0.5 mile | 0.5-1 mile | > 1 mile | N/A | | | High | High |
| Distance from Public Parks | < 0.25 mile | 0.25-0.5 mile | > 0.5 mile | N/A | | | High | High |
| Improved to Land Value Ratio* | 0 (or unknown) | 0.1-2 | 2 or more | N/A | | | High | High |
| Base Zoning# *(model was also run without zoning restrictions)* | 3+ Mixed Density Housing Types | 2-3 Mixed Density Housing Types | 1-2 Low Density Housing Types | No Housing Allowed | High | Medium | High | Very High |
| **Zoning Overlays** | | | | | | | | |
| Roanoke River Conservation | no high score | 100+ ft. | 50-100 ft. | 0-50 ft. | Low | | | |
| River & Creek Corridor | Not within 50 ft. of rivers and creeks (score = 1) | | | 0-50 ft. | | | Very High | |
| Design/Historic Districts | Neighborhood Design District | Historic Downtown & Neighborhood | Not in a design overlay | N/A | | | Low | |
| **Distance from Public Schools** | | | | | | | | |
| Counties | < 1 mile | 1-2 miles | 2-5 miles | > 5 miles | Very High | High | | |
| Cities | <0.5 mile | 0.5-1 mile | 1-1.5 miles | > 1.5 miles | | | Medium | Medium |
| *# includes zoning ordinances for Town of Vinton and Town of Rocky Mount* | | | | **Number of Criteria:** | **13** | **12** | **16** | **15** |
| *\* ratio of improved value to land value from assessed values (vacant land ratio = 0)* | | | | | | | | |
| *\*\* represents a setback or easement associated with the infrastructure network* | | | | | | | | |

## Constraints

In addition to calculating land suitability scores for each jurisdiction, a separate score was computed for development constraints. These constraints represent the suitability criteria that are considered not suitable, areas where development would not be feasible due to physical barriers or regulatory restrictions associated with infrastructure or land use.

The table below shows which constraints were included for each locality. In some cases, the constraint was not present in all areas, such as the Mountain Valley Pipeline. For others, such as karst geology and cemetery parcels, data was only available in certain jurisdictions. The Roanoke County model included the most constraints, 13 in total, while Franklin County had the fewest with 10 constraints.

Table 3 Development constraints by jurisdiction

| Constraints | Development Constraints | | | |
| --- | --- | --- | --- | --- |
| | Roanoke County | Franklin County | City of Roanoke | City of Salem |
| Land Cover/Hydrology: Impervious (buildings/roads), Wetlands, Rivers/Lakes | X | X | X | X |
| Protected Open Space / Conservation Easements | X | X | X | X |
| Base Zoning: residential not allowed | X | X | X | X |
| Topography: > 35% slope | X | X | X | X |
| Flood Zones: Floodway only | X | X | X | X |
| Karst Geology: within karst formation | X | | X | X |
| River Conservation Buffer: within 50 ft. of river | X | | X | |
| Distance from Roads: within 50 ft. of centerline | X | X | X | X |
| Distance from Public Water: within 20 ft. of network | X | X | X | X |
| Distance from Public Sewer: within 20 ft. of network | X | X | X | X |
| Distance from Railways: within 50 ft. of centerline | X | X | X | X |
| Mountain Valley Pipeline: permanent easement | X | X | | |
| Cemetery parcels | X | | | |
| Greenways: within 20 ft. of network | | | X | X |
| Number of Constraints: | 13 | 10 | 12 | 11 |

## Assumptions and Limitations

As with any model, some simplifications were necessary to represent real-world conditions using this conceptual approach to evaluating land suitability. The break values selected for distance from critical infrastructure and scores assigned to different types of land cover, for example, represent assumptions made as part of the model development. Site-specific factors may change the applicability of these assumptions, but they are considered representative of potential development conditions at the regional and neighborhood scale.

Additionally, errors or omissions may be present in the GIS data and documents used to develop the model. One such known data gap is the water and sewer infrastructure in eastern Roanoke County. Data was collected for these infrastructure networks in Vinton, but it did not cover the areas connected to this system east of the Vinton border. Also, cemetery locations were included in the data for Roanoke County, but not other areas.

Overall, this model represents a regional decision support tool, using the best available data at the time of this report's writing. For more detailed parcel-level assessment of suitability and constraints, additional site surveys and mapping should be performed by qualified professionals. These models are intended to prioritize pre-selected development sites and identify potential

infrastructure needs and other factors that could facilitate housing production. Other uses of this model should consider the assumptions and limitations outlined in this report.

## Site Identification

Development of the land suitability model was organized to capture local planning and development knowledge at critical stages in the process, specifically:

- **Data collection and processing:** determining key datasets and relevant local plans and bylaws
- **Suitability model configuration:** identifying potential development areas and discussing initial weights for suitability factors
- **Selection of final sites:** providing feedback on the suitability and constraints of selected sites
- **Site recommendations:** offering input on types of housing, zoning, incentives, and infrastructure

At each stage more of this local knowledge of land use, planning, and development conditions was integrated into the land suitability model configuration and helped to refine the areas suggested as sites of potential housing development.

## Site Selection

The ultimate objective of model is to evaluate the development potential of an initial list of sites, with the goal of prioritizing three sites within each jurisdiction. The sites were identified as follows:

4. Initial discussions with planning staff (August 2020)

   - The model development team conducted Zoom calls with planners from Vinton, Rocky Mount, City of Roanoke, Roanoke County, and Franklin County.

   - Discussions centered on recent development trends and sites with potential for residential development, based on local knowledge and interest from developers. Initial locations were

   

   Figure 4 Mapping potential development areas

   marked on a custom Google Map and saved to a GIS file.

   - Planners were also asked to provide a preliminary distribution of importance to each category of suitability criteria.
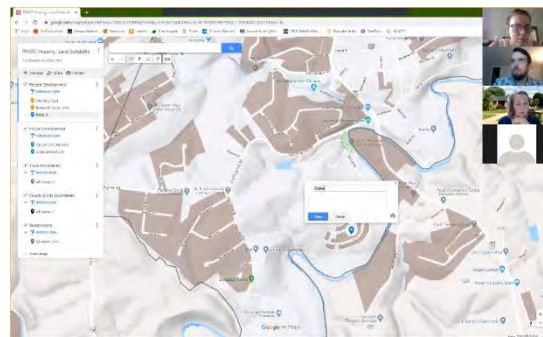
5. Site delineation and validation (September 2020)

   - Based on the locations identified with planners, parcels and larger areas were identified and assigned an ID. Associated parcel numbers and addresses were tabulated for each site.

- Information on the preliminary sites was sent back to planning staff for validation
- Another discussion with senior planning staff in Roanoke County led to the identification of additional potential development areas.
- Initial sites were identified for the City of Salem, using future land use data, aerial imagery, and other reference datasets. A meeting with their planning staff could not be coordinated until November 2020, at which point the initial sites were modified.
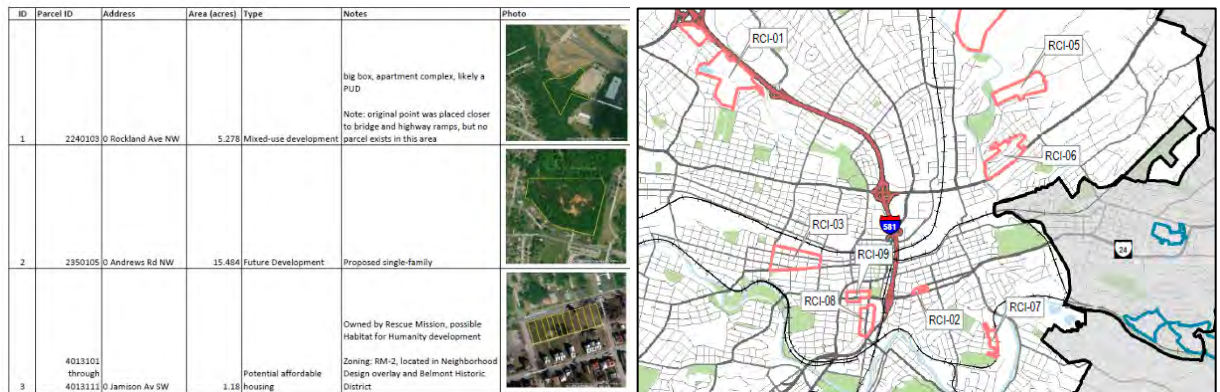


**Figure 5 Development site validation and delineation**

6. Development site refinement and consolidation (October-November 2020)
   - After reviewing the additional feedback, potential development area boundaries were adjusted, and ID numbers were updated to reflect the final selected sites.
   - The largest site, FCO-12 (Penn Hall Road), was reduced from over 1,000 acres to just over 700 acres, focusing on parcels directly adjacent to Smith Mountain Lake.
   - Separate sites located in the West End area of the City of Roanoke were consolidated into a single larger area (RCI-03).
   - In the City of Roanoke, the Countryside site (RCI-11) was added, and the Jefferson Street site (RCI-08) was removed – it is slated to be part of a special corridor
   - In the City of Salem, five sites were removed (SCI-01, SCI-03, SCI-05, SCI-09, and SCI-10), the SCI-08 site was redefined to eliminate an area with steep slopes, and the "Radio Station" site was added (SCI-07).

## Site Evaluation

The final sites identified for each jurisdiction were incorporated into their respective suitability and constraint models to calculate the scores and compare the development potential within each site boundary. Because the model employed a grid-based approach, the suitability and constraints scores vary across each site. To account for the range of scores, the average suitability and constraint scores were tabulated. Based on feedback from the project steering committee, there was interest in reviewing the suitability of each site without considering current zoning, which would lower the score in areas where limited housing types are permitted by right.

The following section presents a summary of the scores for each version of the model, organized by jurisdiction. Final selection of potential housing development sites also considered the area and

configuration of the parcels within each site, as well as local housing market conditions and the type of housing each site would be likely to support. At the end of each section, a summary of the top three sites is presented, including a close-up view of the site, a map of key constraints, and other important details, including: site area, zoning, and location relative to UDAs, zoning overlays, and historic districts.

# Countywide Housing Study

## Roanoke County, Virginia

This study provides demographic, economic, household, and housing analyses outlining the shifting market dynamics across the County.



ROANOKE
COUNTY VA

Roanoke Valley-Alleghany
REGIONAL
commission

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Each of the 10+ interviewees that took time to speak with us and discuss the challenges and opportunities facing Roanoke County.

# EXECUTIVE SUMMARY

RKG undertook an analysis of Roanoke County's housing market and compared key metrics to the Roanoke Valley-Alleghany Region (the Region) which is made up of the following localities: Alleghany, Botetourt, Craig, Franklin, and Roanoke Counties, the Cities of Covington, Roanoke, and Salem; and the Towns of Clifton Forge, Rocky Mount, and Vinton. This study provides demographic, economic, household, and housing analyses outlining the shifting market dynamics across Roanoke County. This study points to several challenges Roanoke County is facing as it works to address housing needs which include:

- The county's population has consistently grown over 50 years, with the percentage of elderly residents increasing.

- One- two-, and three-person households comprise the largest share of households across the county and have grown in number over the last five years.

- The current supply of housing units is larger than the number of households in the county, leading to a vacancy rate of 6%. This rate is still considered to be in the healthy market range, especially when looking at vacancy of owner-occupied and renter-occupied units alone.

- Across Roanoke County, jobs in many industry sectors pay higher than average wages and, in many cases, pay wages sufficient to purchase existing homes at the median sales price in the county.

- Across the county, the median sales price of a home is around $213,155 which means to comfortably purchase a home a household needs an income of around $70,000 per year.

- Median rents in the county are increasing. In 2018, the median gross rent was $949 in the county, a 15% increase from 2013. The average rent for a single family home is around $1,200 per month, while rents in multifamily buildings averaged $1,150 per month.

- In Roanoke County, 13% of all households are considered cost burdened and 10% are considered severely cost burdened. This slightly less than cost burden percentages across the Region.

- The number of households that qualify for affordable housing outstrips the current supply, particularly for those households at or below 30% of area median income (AMI).

- Market demand and financial feasibility challenges make construction of new subdivisions or multi-unit structures difficult when factoring in topographic and infrastructure (water and sewer) challenges.

- Financial resources for housing programs are limited, forcing all levels of government to make decisions for how to prioritize limiting funding sources.

To address some of these issues, RKG compiled a set of strategies each informed by a county-wide analysis, interviews and focus groups, and an assessment of existing housing resources and programs. A detailed description of strategies can be found in the Strategy section at the end of this document. Priority strategies the county should consider for addressing housing issues and opportunities include:

- Utilize zoning to allow or incentivize housing production with particular attention given to diversifying housing choices like missing middle housing options, neighborhood infill, downtown infill, and development of key parcels of vacant land.

- Establish a residential rehabilitation program, potentially in partnership with a regional entity to provide funds for rehabilitating older homes.

- Continue to fund infrastructure projects that will improve, enhance, and unlock development sites and encourage rehabilitation and infill development in neighborhoods for residential uses.

- Ensure the preservation of existing affordable housing and look at regulations, financing, and incentives to boost the production of additional affordable housing options.

- Establish an affordable housing trust fund as a flexible funding tool for housing programs geared toward low- and moderate-income households in the county.

- Work to establish a regional coordinating body or group for housing that can bring entities across the region together to work on housing regulations, financing, policy, and education.

# STUDY STUCTURE

This section of the study presents an overall introduction to the project, its purpose, and role in helping analyze and understand the housing market in Roanoke County and the Region.

## Introduction

Across Roanoke County, and nationally, home prices have risen significantly over the last decade. The recovery from the Great Recession has led to a general uptick in homebuying and renting. In many markets, supply has not kept pace with demand, which is only expected to increase over time. Circumstances have occurred in which home values and rents have risen at a faster rate than wages in many communities, leaving families and individuals priced out of the housing market.

Housing affordability and price security are critical components for creating places where residents can live comfortably without feeling stretched financially. As housing prices and rents rise alongside most other monthly expenses, more and more households are having difficulty adjusting to the rising cost of living. This creates a situation where households become cost burdened and are forced to spend more than the recommended 30% of their monthly income on housing-related costs. For many households, this can create a ripple effect where other monthly expenses are scaled back or cut out completely. Food, healthcare and wellness, transportation, and childcare are some of the basic household needs that can go unmet in the face of rising housing costs.

Understanding the economic landscape can help policymakers identify needs and align and direct the requisite resources towards priority actions. Across Roanoke County, economic opportunities vary as do incomes, but a central commonality is that housing is a fundamental need which also defines a community – a collection of households that creates place. Ensuring that housing is available and affordable to all income levels is critical for growing and sustaining our communities long term.

This study, which was commissioned by the Roanoke Valley-Alleghany Regional Commission (RVARC), provides information on housing challenges within Roanoke County and the Roanoke Valley-Alleghany Region.

## Project Purpose

The goal of the Roanoke County Housing Study is to analyze, identify, and prioritize needs and gaps in the rental and for-sale housing market. This study, convened by RVARC and conducted with the assistance of a Housing Study Stakeholder Group made up of key stakeholders, aims to paint a county and regional picture of the housing landscape through rigorous quantitative and qualitative data analysis and synthesis. The results will help decisionmakers adjust, add, or reconfigure existing programs and strategies to match the needs of current and prospective residents.

## Role of Study

The Roanoke County Housing Study is a compilation of county and regional analyses relating to demographics, socioeconomics, and housing. It identifies data points and highlights key findings. The purpose of the document is to allow policymakers at the local and regional level to understand the historical, current, and future challenges to housing across Roanoke County. The quantification of issues, especially those related to housing supply and demand, are important for imparting regional change. Please note that the terms "affordable", "obtainable" and "workforce" housing are generally used interchangeably throughout the document to describe housing that is within the economic reach of households with about average or below average incomes.

The study utilizes knowledge gained from extensive data analysis to examine the challenges facing the housing market. The study includes a land suitability analysis, which helps identify housing barriers and gaps, as well as a detailed housing strategy section in which strategies are identified that have the potential to overcome the identified challenges.

# PRIOR PLANS AND KEY FINDINGS

Several housing studies, plans, and market studies have been completed across the Roanoke Valley-Alleghany region within the last five to seven years. This section of the study provides an overview of key findings from four prior housing studies that include:

- Alleghany Highlands Region Comprehensive Housing Analysis
- Botetourt County Market Analysis
- Ferrum Housing Needs Assessment and Housing Plan
- Route 419 Town Center Residential Market Study

## Alleghany Highlands Region Comprehensive Housing Analysis

This study completed in 2019 for the Alleghany Highlands Region included several key takeaways from the analysis. The primary conclusion is the lack of new housing development is not related to housing demand, but instead housing supply. There is a potential housing market in the Highlands region but there is a lack of developers bringing new product to the market, much of which is predicated on the regional economy strengthening and growing.

The second conclusion is there are several available, publicly owned development sites that could be used to accommodate both single-family and multifamily housing for families and older adults. While public officials have recognized and supported plans for new housing development, there has not been a concerted effort to properly zone sites and ensure infrastructure is in place to facilitate development.

Lastly, there is a need for large employers in the area to assist in housing development strategies through a joint marketing effort. The region needs to work to ensure employees (new and existing) are aware of future housing opportunities and should conduct periodic surveys of employees around housing preferences to pass along to home builders in the area. This could help market the region to these employees, but also provide builders with a sense of market potential and pent-up demand.

## Botetourt County Market Analysis

This study completed in 2019 for Botetourt County was intended to identify new housing opportunities for new employees who are projected to work in the county over the next 5+ years. Of the 1,200 new employees expected across the county, most are likely to have annual incomes at or below $45,000. Many of these workers will require rental housing and/or affordable housing, particularly those that comprise single-income households. The new home market in the county is at a price range of $250,000 and above which would exceed what a $45,000 income could support. The study also identified a severe lack of quality rental housing in the county, and limited housing options across the broader region. Key findings from this study include:

- The general lack of affordable housing, particularly rental housing, will limit the county's ability to attract new employees to live in the county.

- The county has limited land zoned for apartment unit development and current zoning density for multifamily housing is likely too low to attract developers and meet financial return expectations.

- There are few sites today that are readily available for apartment unit development, but several, with rezoning, that could serve the county's needs. Readying these sites is key to serving the county's housing needs.

## Ferrum Housing Needs Assessment and Housing Plan

This study completed in 2020 for Ferrum was intended to provide a detailed description of the demographics, economics, and housing inventory of Ferrum and the surrounding area that impacts Ferrum. The findings from this study, included below, were then used to provide a recommended housing plan to be considered for implementation. Key findings in this study include:

- There is limited availability within the existing housing inventory with a shortage of units available to both owner and renter households at varying levels of affordability. Housing product should be diversified to include single-family homes and multifamily buildings.

- Adopting a regional approach to housing solutions would benefit all involved. Many of the housing challenges around availability and affordability exist beyond the boundaries of Ferrum.

- A regional approach would also help to attract commuters to Ferrum and Franklin County. Local employers, chambers, economic development officials, and real estate professionals should work together to market the area to commuters.

- Prioritize efforts to develop/redevelop vacant sites and buildings, particularly those already served by infrastructure. Local government entities may want to develop a list of sites to market to the development community.

- Support housing that would allow senior residents to downsize into housing that would better accommodate their needs. This should include a mix of both rental and for-sale product such as apartments and condominiums.

- Support efforts to develop new single-family housing and couple that with first-time homebuyer assistance programs.

## Route 419 Town Center Residential Market Study

This study completed in 2016 was intended to identify the market potential and optimum market position for new housing units that could be developed within the proposed Route 419 Town Center area in Roanoke County. The study identified market potential for up to 500 units over a five to seven year absorption period. The recommendation of the study was to concentrate new residential development on the higher-density housing types which could be more easily integrated into the commercial development already existing in the study area.

The study recommended the split of the 500 units include 70% multifamily rental housing units, 14% multifamily condo units, and 16% single-family attached units (townhomes). With this mix of housing types, the study recommended targeting empty-nesters and retirees, younger singles and couples, and traditional and non-traditional families. Price points were projected to be in range with what the county is already experiencing where 72% of all multifamily units would be priced below $1,500 per month. The study also recommended 80% of all for-sale units be priced at $250,000 or less.

The market position for the study area is predicated on a walkable town center design that can attract people, differentiate itself from other areas of the market, and command higher rent and sale prices. The town center area would not only need to be a walkable place, but also contain a mix of uses that would appeal to renters and buyers across the income and age spectrum. The study identifies the ability of walkable town centers to command a price premium of 35% on rental products and 15% on for-sale condos.

# DEMOGRAPHIC ASSESSMENT

This section of the study explores key data measures such as changes in population and population by age, changes in household composition, shifts in education levels, changes in household income, employment patterns, and changes to the industrial economy. These data points, and more, are used to evaluate the needs of today's residents and those who may choose to locate here in the future. The heart of this analysis is grounded in empirical data but is supplemented by knowledge gained from interviews with stakeholders described in more detail throughout the study.

## Population

Between 1970 and 2010, the population of Roanoke County grew by 37%, rising from around 67,000 to about 92,000. Over the same period, the Region grew by only 31%, indicating that Roanoke County outpaced the Region. The rapid population growth coincided with national trends like suburbanization, while also being influenced by new economic opportunities in industries such as the health care, manufacturing, and the professional services sector. To accommodate this growth in population, new housing units were created across the county. Although the Region's growth rate was not as high as Roanoke County's during this period, the trend line of growth followed a similar progression.

**Figure 1:  Population Change**



Population Change, 1970-2025
Source: National Historical Geographic Information System (NHGIS), Environmental Systems Research Institute (ESRI)
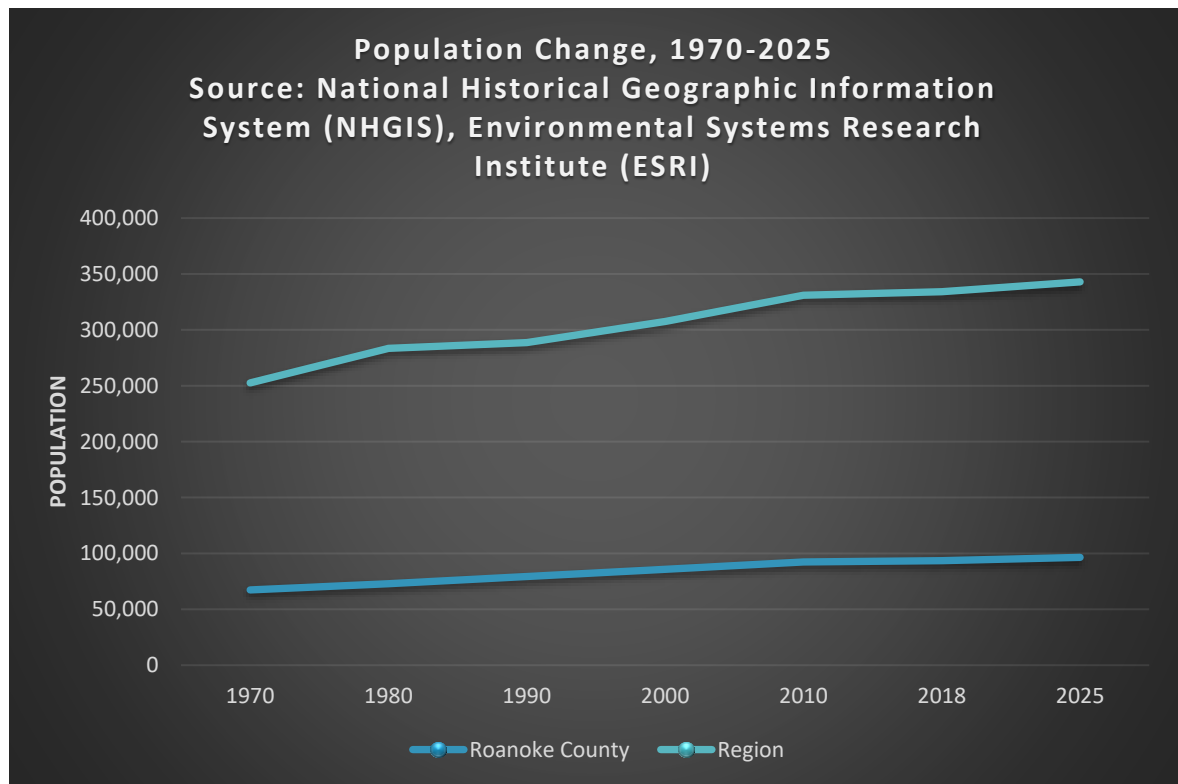
Over the last decade the county's population has stabilized. As of 2018, the population was 93,583 which was a little over 1,000 additional residents over eight years. Looking forward, the population of Roanoke County is projected to increase by 3% between 2018 and 2025, or about 2,900 residents, a similar growth rate to what is projected for the Region.

# POPULATION CHANGE MAP



**Road Type**
- Interstate
- Primary
- Blue Ridge Parkway
- Roanoke Valley Study Region
- Administrative Boundaries
- Water Bodies

**Population Change 2013 - 2018**
- -20% or more
- -10% to -20%
- 0% to -10%
- 0% to +10%
- +10% or more

0   2.5   5   10 Miles

N

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept. of Conservation
and Recreation, Virginia Economic Development Partnership,
US Census American Community Survey 5-year estimates

## Population by Age

Population by age is one way to look at the demographic makeup of a community and understand how changes in age and life stages may be driving demand for housing. Roanoke County is experiencing an aging of its population through the attrition of middle-aged residents ages 35 to 54. These age cohorts are often important to a community's economy and housing market as they are of working age, may be more likely to own a home, and may have children in the school system.

**Figure 2:  Change in Population**
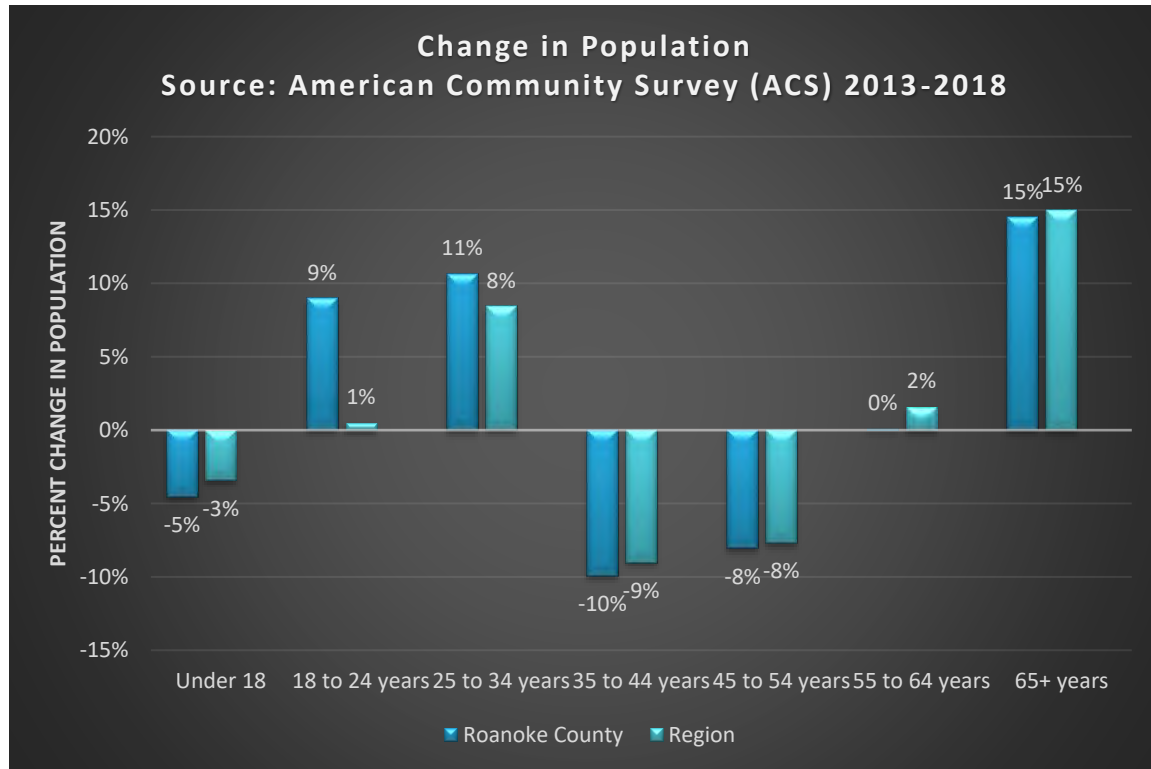


Between 2013 and 2018, the number of residents between the ages of 35 and 44 decreased by 10%, which is a trend seen throughout the region. This age cohort is typically active in the workforce, renting or purchasing homes, and entering or well within family formation years. These households are important to not only the housing market, but also the local economy by helping support the local commercial/retail market through added household spending.

Between 2013 and 2018, the number of residents between the ages of 18 and 24 increased by 9% compared to only 1% across the Region. This growth may be attributed to increasing enrollments in the many local colleges and added jobs across industry sectors in the Region. Retaining this growing cohort will be a challenge if suitable housing does not exist which meets their needs.

**Figure 3:  Projected Change in Population**
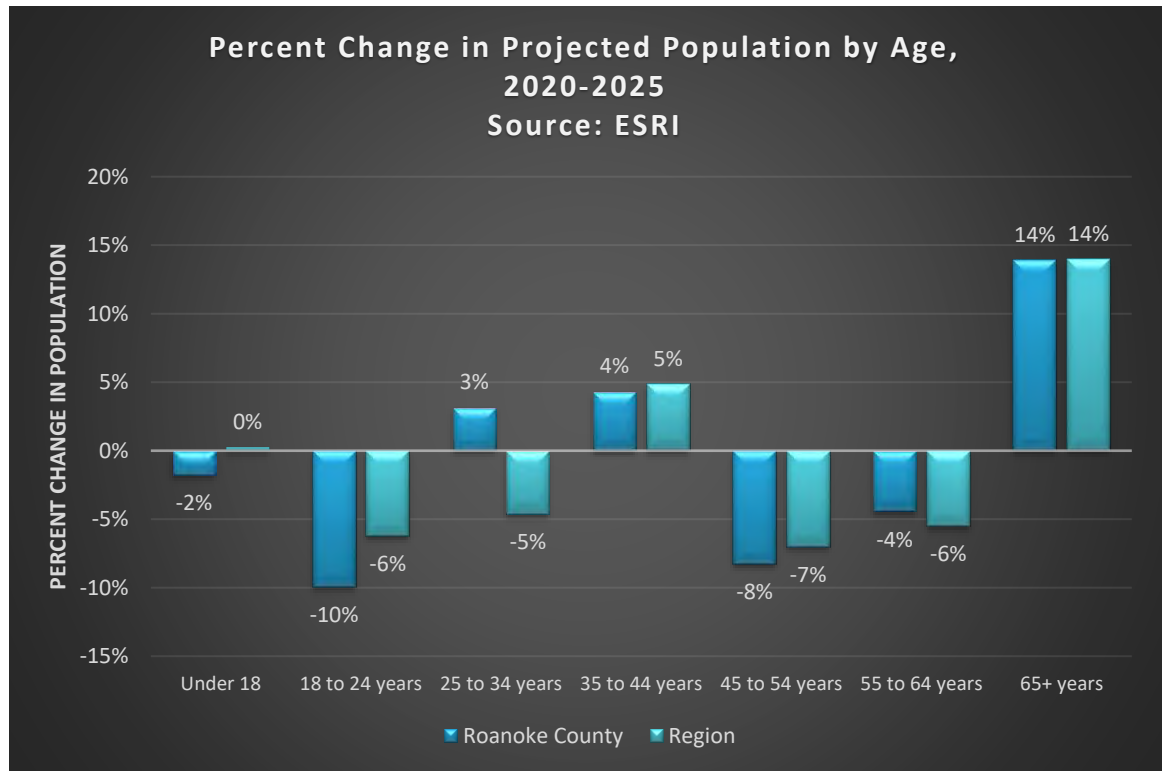


Today, senior residents (65 years and older) comprise about 18% of the population and are projected to grow 14% between 2020 and 2025. The growth in the senior population will have an impact on the housing supply as many seniors may choose to age in place so long as an adequate housing supply is available which meets their needs. If not, it could result in a lack of housing turnover and tighten the owner-occupied housing supply. Additionally, the 35 to 44 age group is expected to grow by 4% which has the potential to increase demand for ownership units, as this group may be looking for starter homes or to purchase a larger home if they are in family formation with larger household sizes.

## Race and Ethnicity

In Roanoke County, 88% of the population identifies as White. Approximately 6% of the population identifies as Black, while those identifying as Asian and Other accounting for about 3%, respectively. The White population experienced a modest decline between 2013 and 2018, while those identifying as Asian and Other saw respective increases of 9% and 40%. While the percent change may be high, in absolute numbers the Asian and Other racial categories account for about 1,400 individuals in total. Figure 4 shows the change in race from 2013 to 2018.

**Figure 4:  Change in Race**



**Percent Change in Race**
**Source: ACS 2013-2018**
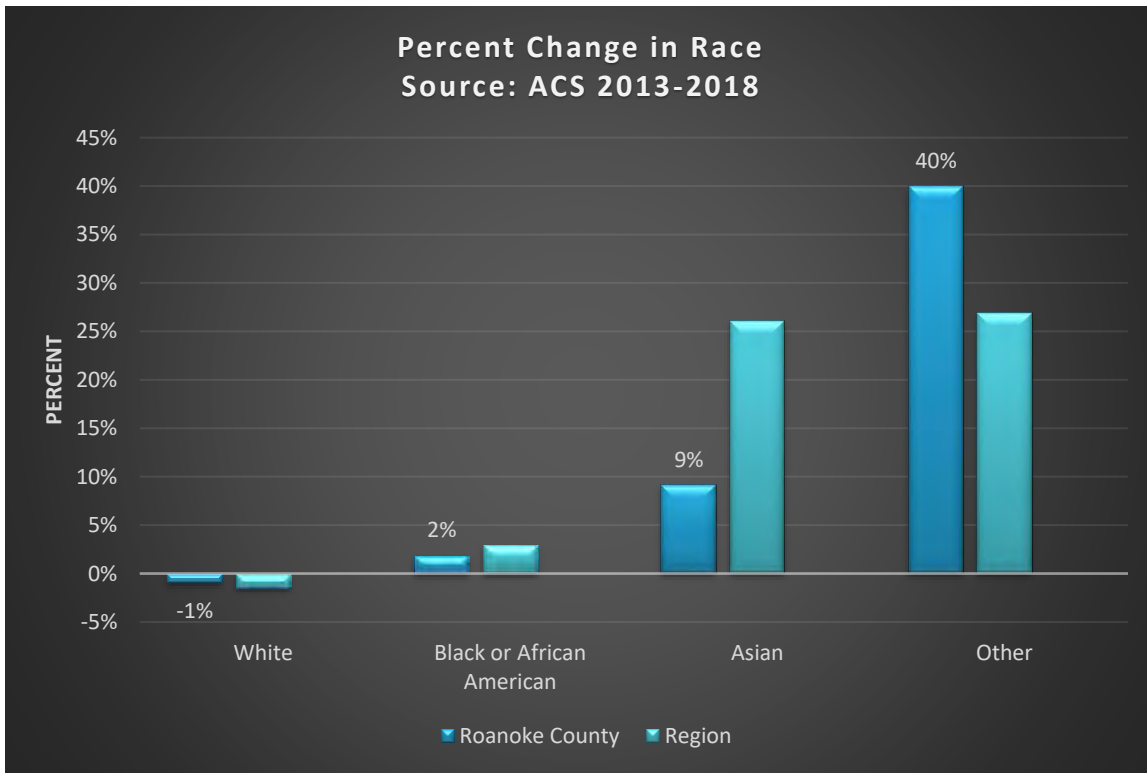
The county's Hispanic population rose by 27%, from 2,155 residents in 2013 to 2,731 in 2018. This change is much faster than the Region, which saw an increase of 16% over the same period.

## Education

Roanoke County, in comparison to the Region, has a smaller portion of its population (33%) with only a high school diploma or less. Additionally, Roanoke County outpaces the Region in the percentage of individuals who have completed bachelor's degrees or higher. Educational attainment is often associated with higher earnings which can translate to a greater ability to pay for housing costs.

**Figure 5:  Educational Attainment**
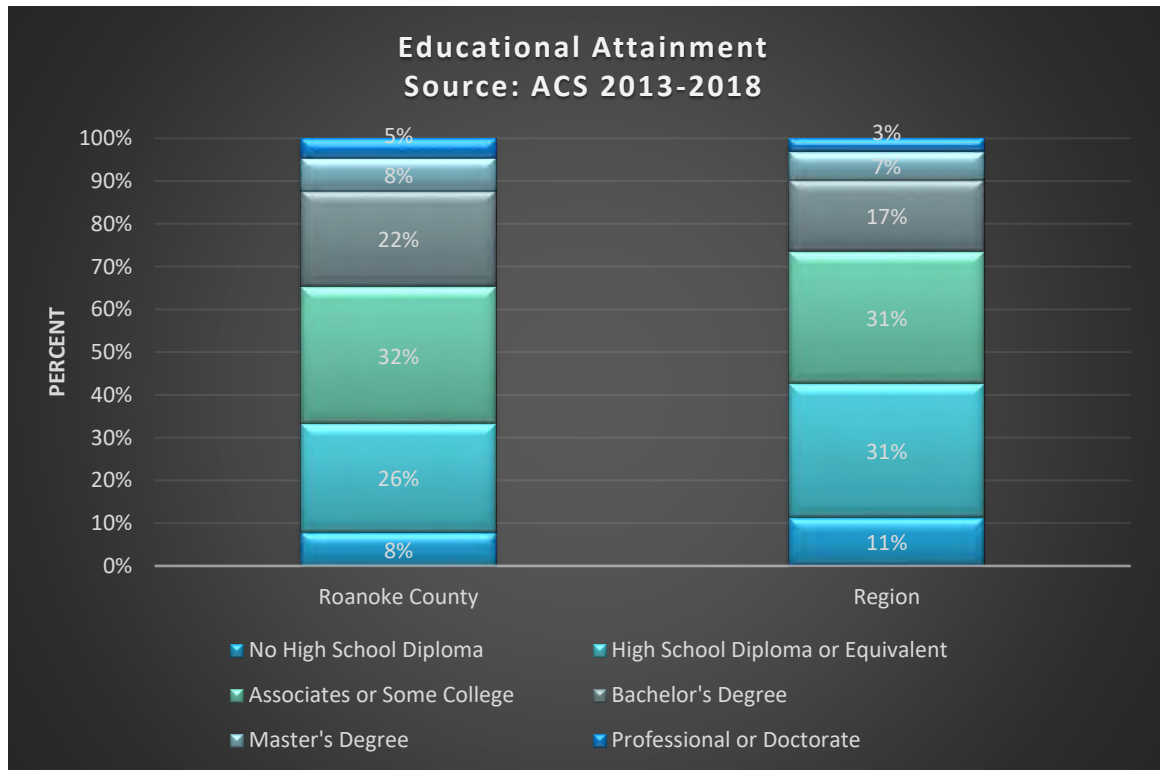


As jobs have changed over time, the skill sets needed for new employment opportunities required higher levels of education. Looking at changes in educational attainment over time shows Roanoke County's population with master's and professional or doctoral degrees increased by 3% and 27%, respectively. At the same time there was a decrease in the high school equivalent population. This may indicate new residents who are filling jobs in the county are more highly educated as a requirement of those jobs, and/or the county is able to retain some of the residents who are graduating from area colleges to fill jobs in the Region.

**Figure 6:  Change in Educational Attainment**
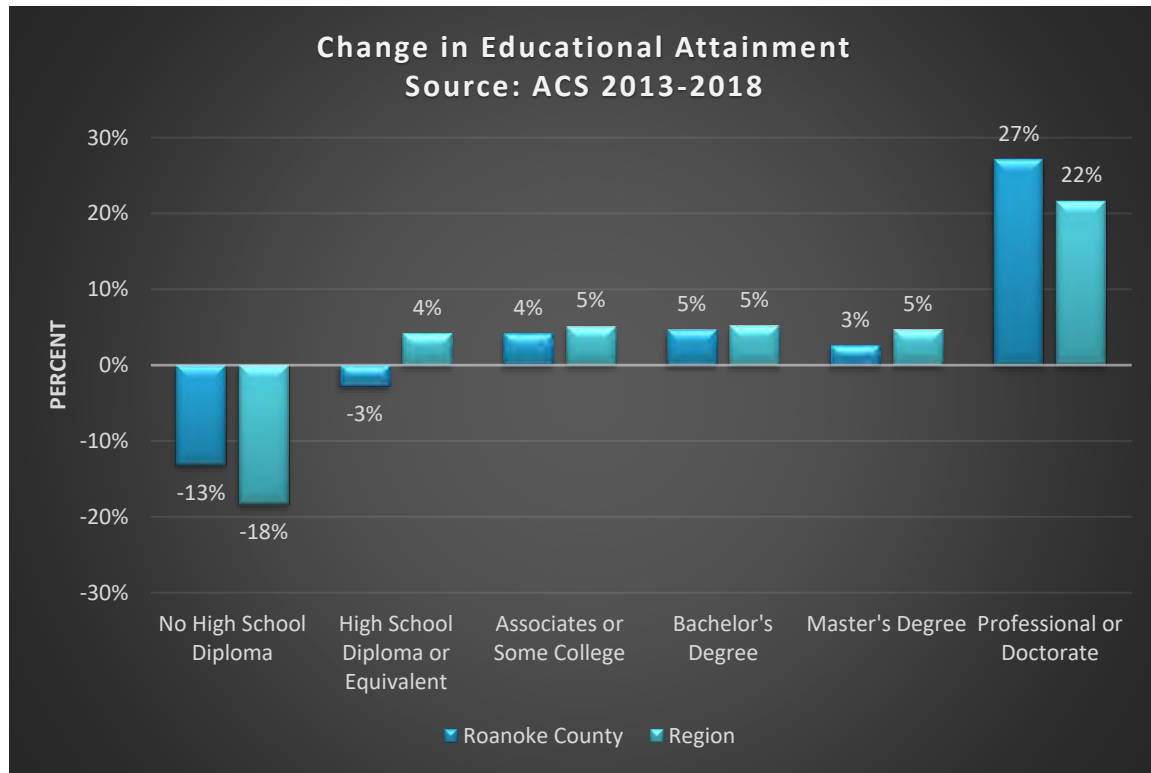


## Disabled Population

Federal laws define a person with a disability as "Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment." The Census classifies disabilities in the following categories: those having a hearing or vision impairment, ambulatory limitation, cognitive limitation, and self-care or independent living situation.

In Roanoke County, 10,606 (12%) residents identified as having one or more of the Census defined disabilities. The largest concentration of disabled individuals can be found in the 35 to 64 age group which has 3,670 disabled individuals and accounts for 35% of all individuals with a disability in Roanoke County. Figure 7 presents data on the disabled population by age.

**Figure 7:  Disabled Population by Age**
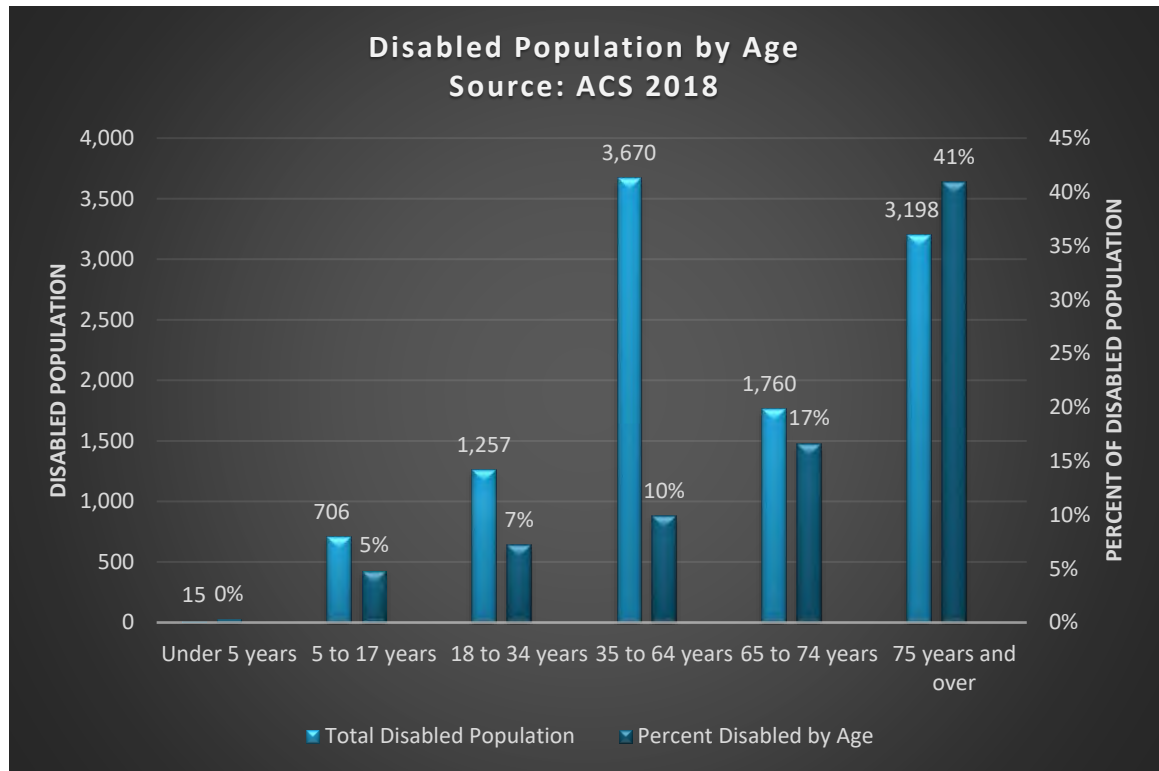


Not surprisingly, the senior population in Roanoke County (over 65) has the highest number of disabled residents with 4,958 residents having at least one disability. Of the senior population, 41% of individuals 75 years or older have disabilities. The senior population is of special concern as they tend to live on fixed incomes and have higher healthcare costs which may limit the amount of money they could spend on housing. Disability, in particular mental health disabilities, can make it difficult to earn enough to afford adequate housing. While those with disabilities can qualify for Supplemental Security Insurance (SSI) and Social Security Disability Insurance (SSDI), these programs alone may not prevent residents from experiencing housing instability.

The need for home accessibility and other services for people with disabilities in Roanoke County is critical given the large number of seniors and the fact that this age cohort is growing. Improved survival rates and increased longevity among persons with disabilities combined with an aging population and the inaccessibility of older homes are indicators of a growing need to locate services and housing within proximity to one another. Recognizing the housing and service needs these populations require is critically important. Disabled residents often rely on long-term care and wrap-around services. There may also be an unmet need for long-term care facilities to assist residents with disabilities.

## Homeless Population

To understand the existing homeless population in the Roanoke County, data was obtained from the Department of Housing and Urban Development (HUD) which showed the demographics of the homeless population, as well as the number of beds available in the jurisdiction. The HUD

data is a compilation of data provided by local Continuums of Care's (CoC) which are typically non-profit or governmental entities dealing with homelessness. The Blue Ridge Continuum of Care is a regional planning group working to end homelessness. The Blue Ridge Interagency Council on Homelessness (BRICH) is the regional governing body of the CoC. The BRICH is comprised of non-profit and governmental entities serving the Counties of Alleghany, Botetourt, Craig, and Roanoke, and the Cities of Covington, Roanoke, and Salem.

The HUD data presents, in aggregate, information from Roanoke County, and the cities of Roanoke and Salem, and it is therefore not possible to separate information strictly for Roanoke County.

Based on Point-in-Time (PIT) data there were 276 homeless individuals in the area which encompasses Roanoke County, and the cities of Roanoke and Salem.  There were 213 persons in households with only adults, which accounts for 77 percent of the homeless population. While households with children accounted for 23 percent of the homeless population, translating into a total of 63 persons. About 89 percent of the homeless population is sheltered, while only 6 percent remain unsheltered. Table 1 presents data on the homeless population.

| Table 1: Homelessness Population in Roanoke County, and the City of Roanoke and Salem | | | | |
|---|---|---|---|---|
| | Sheltered | | | |
| Homeless Categories | Emergency Shelter | Transitional Housing | Unsheltered | Total |
| Persons in households without children | 183 | 0 | 30 | 213 |
| Persons Age 18 to 24 | 14 | 0 | 0 | 14 |
| Persons Over Age 24 | 169 | 0 | 28 | 197 |
| | | | | |
| Persons in households with at least one adult and one child | 63 | 0 | 0 | 63 |
| Children Under Age 18 | 37 | 0 | 0 | 37 |
| Persons Age 18 to 24 | 2 | 0 | 0 | 2 |
| Persons Over Age 24 | 24 | 0 | 0 | 24 |
| | | | | |
| Persons in households with only children | 0 | 0 | 0 | 0 |
| | | | | |
| Total Homeless Persons | 246 | 0 | 30 | 276 |
| Source: BRICH Point in Time Data, 2020. | | | | |

Based on data provided by CoCs operating in the Roanoke area, there were a total of 726 beds available for homeless individuals, with 62% of beds found in emergency shelters and 38% of the beds located in permanent housing facilities. Based on the number of homeless individuals found across the Roanoke region, the existing infrastructure to house the homeless is operating at less than half capacity.

| Table 2: Homeless Housing Inventory in Roanoke County, and the City of Roanoke and Salem | | | | | | | |
|---|---|---|---|---|---|---|---|
| Unit Types | Family Units | Family Beds | Adult-Only Beds | Child-Only Beds | Total Year-Round Beds | Seasonal | Overflow/ Voucher |
| Emergency, Haven and Transitional Housing | 26 | 161 | 288 | 0 | 449 | 0 | 2 |
| Emergency Shelter | 26 | 161 | 288 | 0 | 449 | 0 | 2 |
| | | | | | | | |
| Permanent Housing | 29 | 48 | 133 | 0 | 277 | 0 | 0 |
| Permanent Supportive Housing | 17 | 8 | 94 | 0 | 198 | N/A | N/A |
| Rapid Re-Housing | 12 | 40 | 39 | 0 | 79 | N/A | N/A |
| | | | | | | | |
| Total | 55 | 209 | 421 | 0 | 726 | 0 | 2 |
| Source: HUD Housing Inventory County Study, VA-502 Roanoke City & County, Salem Continuum of Care (CoC), 2019 | | | | | | | |

The Roanoke Region has been effective in preventing a rise in the number of unsheltered homeless. Data from the CoCs showed a very low occurrence of unsheltered homeless with about 18% of the recorded homeless population going unsheltered, and of those unsheltered homeless, most refuse to engage in accessing resources. In many cases, mental health barriers prevent individuals from seeking and accepting housing assistance. Across the region there are non-profits that target their resources to help alleviate challenges faced by the homeless population. Services are available which help transition the homeless population to stable, permanent housing.

| Table 3: Homelessness by Race in Roanoke County, and the City of Roanoke and Salem | | | | |
|---|---|---|---|---|
| | Sheltered | | | |
| Race | Emergency Shelter | Transitional Housing | Unsheltered | Total |
| Black or African-American | 87 | 0 | 6 | 93 |
| White | 137 | 0 | 20 | 157 |
| Asian | 0 | 0 | 0 | 0 |
| American Indian or Alaska Native | 2 | 0 | 2 | 4 |
| Native Hawaiian or Other Pacific Islander | 0 | 0 | 0 | 0 |
| Multiple Races | 17 | 0 | 2 | 19 |
| Total | 246 | 0 | 30 | 276 |
| Source: BRICH Point in Time Data, 2020. | | | | |

The PIT data from the Roanoke City Roanoke County, and City of Salem CoC showed that 34 percent (93 individuals) of all sheltered and unsheltered homeless individuals were Black/African American, while 57 percent (157 individuals) of the homeless population were White. The Region has a relatively small Black/African American population, which indicates that they are overrepresented in the homeless population.

## Households

The Census Bureau defines a "household" as one or more people living in a housing unit and includes a variety of living arrangements. From a historical perspective, Roanoke County experienced a spurt of household growth between 1970 and 2010, with the number of households increasing by 89%. Much of that growth occurred between 1970 and 1980. Like the population growth rate, household growth has slowed considerably over the last 10 years.

**Figure 8:  Household Change**
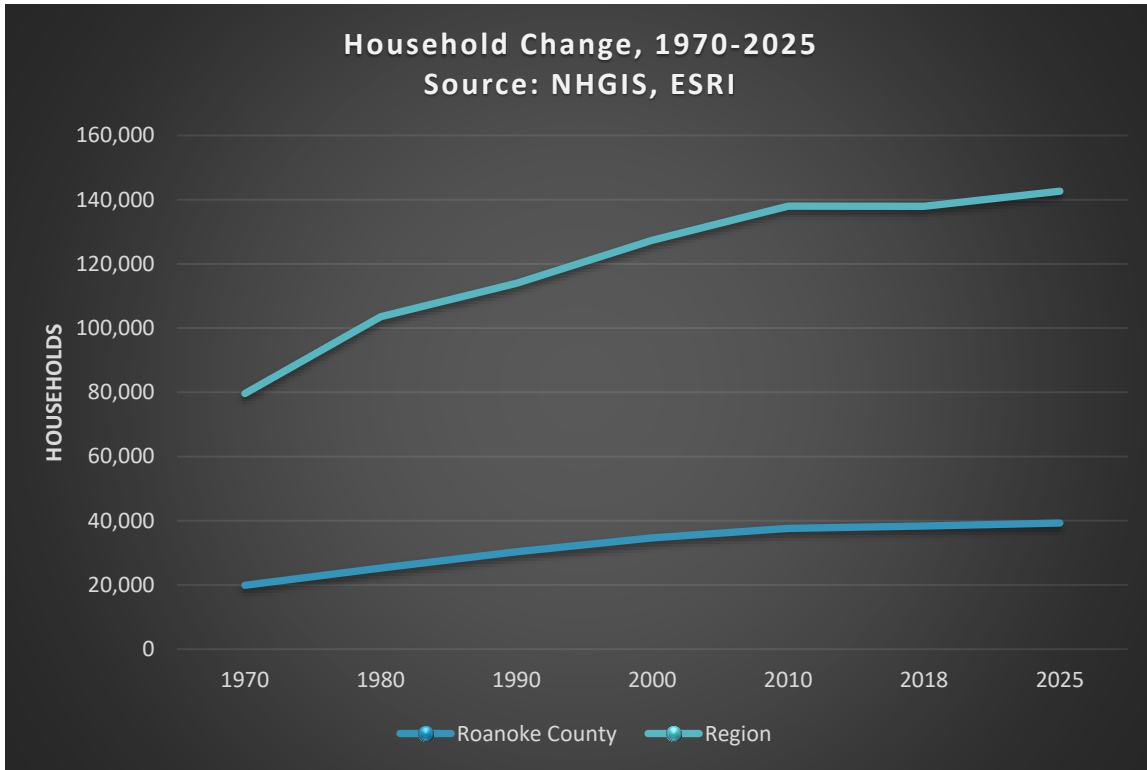


In 2018, the county had 38,343 households. Future projections show the county could add an additional 940 households (2%) by 2025.[1] These same projections show households region-wide increasing by 3% over the next five years.

| Table 4: Projected Total Households | | | | |
|---|---|---|---|---|
| Community | 2018 Estimates | 2025 Projections | Change | Percent Change |
| Roanoke County | 38,343 | 39,283 | 940 | 2% |
| Region | 137,942 | 142,643 | 7,701 | 3% |
| Source: ESRI, 2020 | | | | |

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[1] ESRI, 2020

## HOUSEHOLD SIZE

Household size is an important consideration as it provides insight and an understanding of what types of housing units are needed to accommodate today's residents and those who may choose to locate here in the future. An example of this is a larger five-person household would require more bedrooms than a two-person household. Traditionally in the Region, owner-occupied single-family homes offer larger living spaces with more bedrooms and bathrooms, enough to accommodate the larger households. Structures with 10 or more units, which account for about 10% of all housing units in the Region, tend to have one- or two bedrooms and are priced similarly, in some instances, to a mortgage payment for a single-family home.

According to the Census, households can be defined as either family or non-family. Family households are comprised of two or more related individuals where non-family households are comprised of unrelated people living together (such as housemates), and single individuals. In Roanoke County, most family households (72%) are comprised of two or three members. Most non-family households are single individuals which account for nearly 85% of non-family households.

While many households in Roanoke County are one- and two-person households, some changes in household size have occurred over the past five years. Four-person family households decreased by 4% between 2013 and 2018, and 2-person family households have increased by 2% over the same period. Similarly, the number of non-family households with two persons grew by 393, an increase of 30%.

**Figure 9: Households by Type and Size**
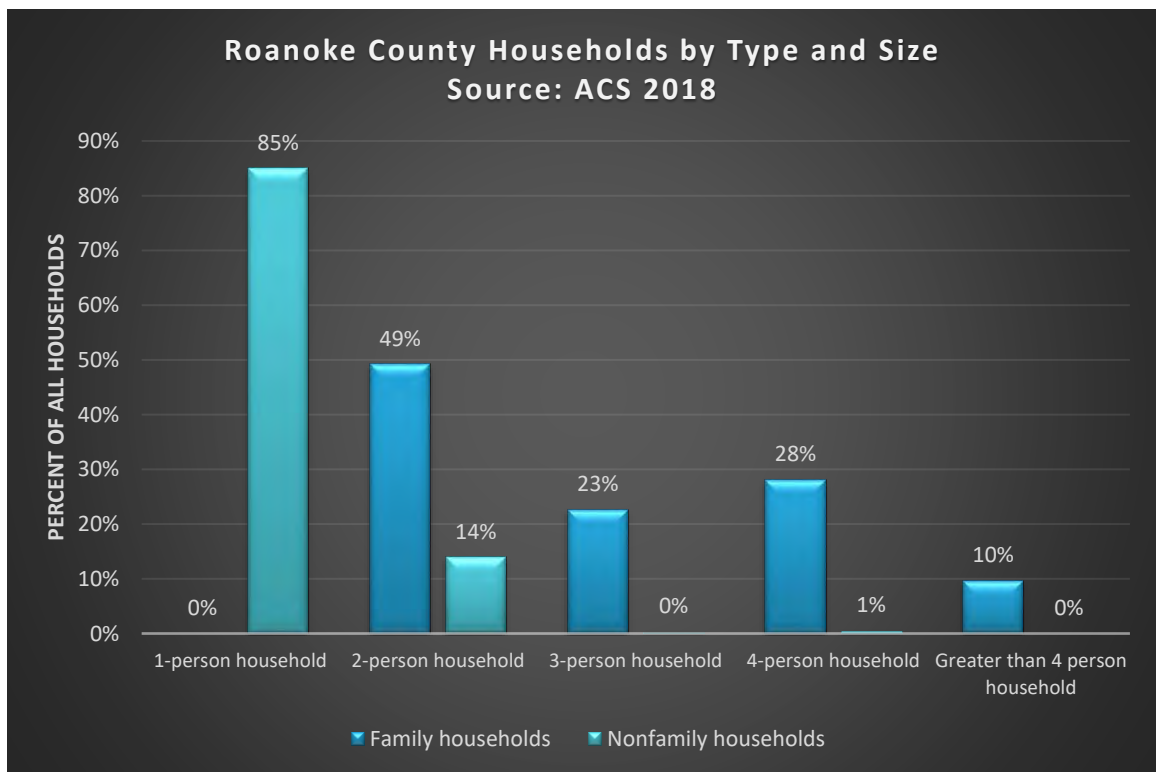
# ECONOMIC ASSESSMENT

Economic issues such as changes in income, employment, commuting patterns, and the overall economy are explored in this section of the study. Much of the analysis is grounded in data which is supplemented by knowledge gained from interviews with stakeholders described in more detail throughout this section. The economic baseline analysis provides the context and history of Roanoke County to set the stage for the housing market analysis which follows.

## Socioeconomics
### INCOMES

Household income directly influences the ability of residents to secure housing that is affordable and available to them. Household income can influence housing prices if an influx of higher income households enters the market over time, or conversely leave the market over time. As of 2018, the median household income in the county was $65,467, which was about $11,406 more than the region's median income. This income differential is significant from a housing affordability perspective, as Roanoke County's median income adds about $317 per month in purchasing power for a renter household when compared to the Region. It is important that over time incomes are compared to housing costs to ensure increasing price points do not overburden low- and middle-income households.

**Figure 10:  Median Household Income**



Median Household Income
Source: ACS 2018
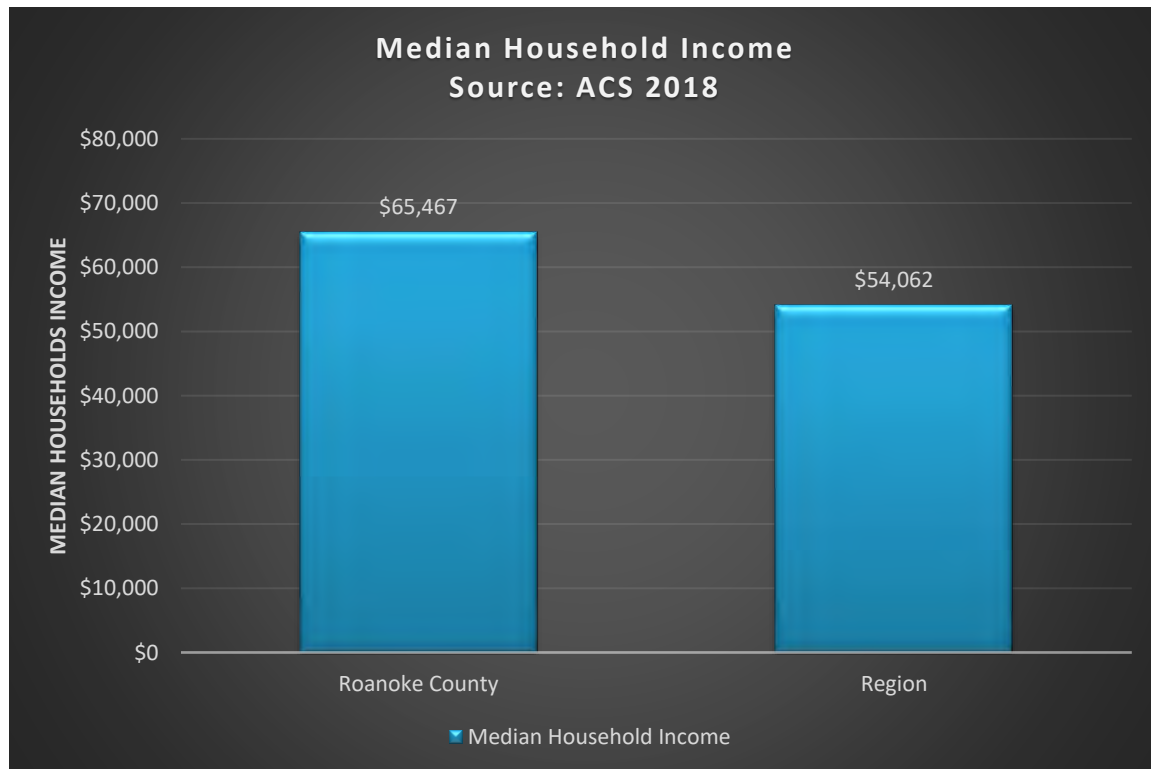
Cost burden is a circumstance where a household pays 30% or more of their income toward housing costs and is a reality for lower-income households across the county. Higher housing costs crowd out disposable income for other necessities such as food, healthcare, and transportation. About 24% of Roanoke County households earn less than $35,000 a year, compared to 26% of households in the Region. While lower than the Region, it is still important to consider the housing needs and costs of lower-income households and ensuring proactive measures are in place to maintain safe and affordable housing.

Looking at the distribution of households by income cohort over the last five years shows the county experiencing a loss of households with incomes below $50,000. Of households making less than $50,000, there was a 14% decrease within the cohort earning between $15,000 and $25,000 per year. While the county is losing households at the lower end of the income spectrum, it is gaining households earning more than $100,000 per year. The increase of higher income households can be explained in part by the expansion of higher paying industry sectors. Employers in this sector have a range of employees at various income levels, and those hired as skilled manufacturers, engineers, and managers tend to have higher earnings because of the premium associated with their skills and education.

**Figure 11:  Change in Median Household Incomes**

# HOUSEHOLD INCOME CHANGE MAP



**Road Type**

— Interstate

— Primary

— Blue Ridge Parkway

⬜ Roanoke Valley Study Region

⬜ Administrative Boundaries

🟦 Water Bodies

**Median Household Income Change 2013 - 2018**

🟥 -$12,000 or more

🟧 -$6,000 to -$12,000

🟨 $0 to -$6,000

🟩 $0 to +$6,000

🟩 +$6,000 or more

0    2.5    5         10
                          Miles

N

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept. of Conservation
and Recreation, Virginia Economic Development Partnership,
US Census American Community Survey 5-year estimates

Modest growth of real incomes is a challenge both in Roanoke County and across the United States as a whole. Roanoke County saw median household incomes grow by 8% between 2013 and 2018, during which the Region grew by 16%. Although incomes are higher in Roanoke County, the Region is slowly catching up. Even with the growth in income, housing prices continue to rise creating greater instances of housing cost burden.

| Table 5: Growth in Median Household Income, 2008-2018 | |
|---|---|
| **Community** | **Growth Rate** |
| Roanoke County | 8% |
| Region | 16% |
| Source: ACS 2008- 2013, 2014-2018, B19013, "Median Household Income in the Past 12 Months", and RKG Associates, Inc. | |

Looking forward, incomes in Roanoke County are projected to continue to grow. Between 2020 and 2025, the county's median household income is projected to grow by 8%, slightly more than the Region's growth rate of 5%. This future growth may be attributed to the investment employers are making locally in Roanoke County and surrounding areas. As more employers paying higher wages enter the area and establish operations, opportunities for residents of the region to secure higher paying jobs will increase as well.

| Table 6: Projected Median Household Incomes | | | | |
|---|---|---|---|---|
| **Community** | **2020 Estimates** | **2025 Projections** | **Change** | **Percent Change** |
| Roanoke County | $69,842 | $75,350 | $5,508 | 8% |
| Region | $53,448 | $56,124 | $2,676 | 5% |
| Source: ESRI, 2020 | | | | |

## WORKERS

In Roanoke County, there are a total of 29,935 jobs which is inclusive of both private and government employment.[2] Of that total, 22,265 people come from outside the county to work, while 7,670 live and work within the county. Aside from those working within the county, approximately 27,766 residents travel outside the county for employment, making it a net exporter of labor. The large number of people leaving the county for jobs can be explained by the proximity of large employers in the City of Roanoke, City of Salem, and Franklin County.

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[2] OnTheMap, 2020

**Figure 12:  Worker Inflow and Outflow**
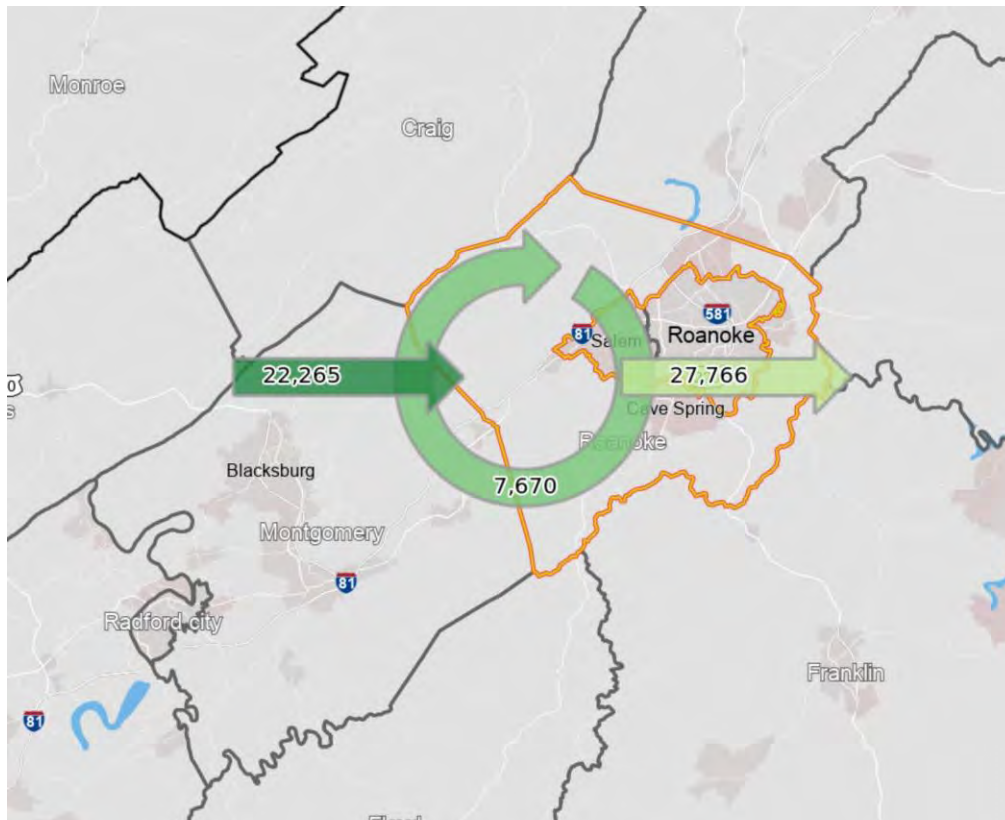


Understanding how many employees are in Roanoke County and what types of employment opportunities exist can help explain some of the activity within the housing market. One of the key linkages between employment and housing is how many individuals are employed in an area and where they commute from. This is important because it reflects whether the county can attract and retain workers locally, and what role housing may play in workers being able to live and work here. If workers are also residents, then their disposable income gets circulated locally, otherwise the county may not capture that direct impact on the local economy. In contrast, when workers commute to an employment destination, much of their personal spending does not occur in the community where they work, but rather where they live.

**Figure 13:  Top Five Employee Capture Areas**



Top Five Employee Capture Areas for Roanoke County, 2019
Source: OnTheMap, 2020

As mentioned previously, about 22,265 workers commute to the City of Roanoke. The vast majority live in communities adjacent to the county. Based on the data, about 6,228 individuals commute from the City of Roanoke for jobs in Roanoke County, accounting for about 21% of the total non-resident workers.

**Figure 14:  Top Five Employment Destinations**
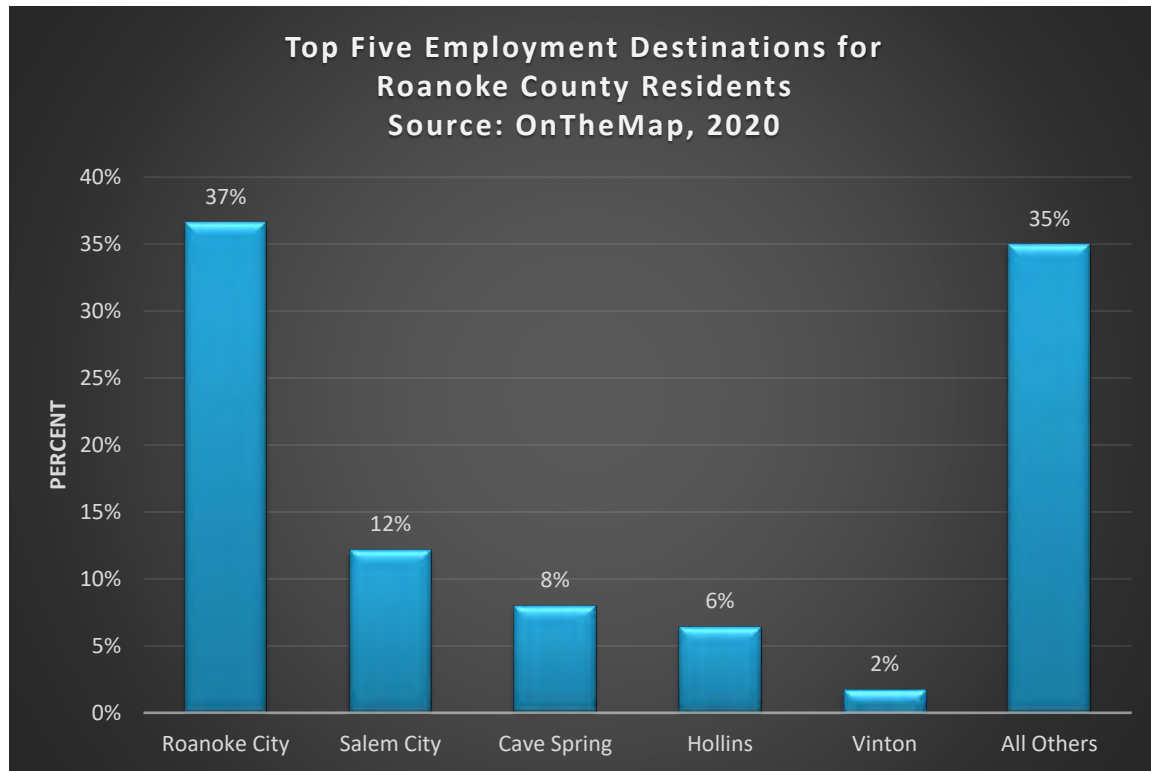


About 26% of residents live and work in Roanoke County indicating a strong employment base. The second largest employment location for Roanoke County residents is the City of Roanoke, which makes sense as it is one of the largest employment centers in southwestern Virginia with a diversity of employers such as universities, hospitals, and major corporations.

## INDUSTRIES

In Roanoke County, employment is clustered in a few main industries. Figure 15 presents the top five employment sectors across the county. As a percentage of total employment, Health Care and Social Assistance is the largest industry sector with 15% of all jobs. The second largest employment sector is Government, which accounts for 12% of all jobs. The Other category is made up of the remaining North American Industrial Classification System (NAICS) sectors not in the top five job producing industries. This category accounts for 45% of the total employment in the county.
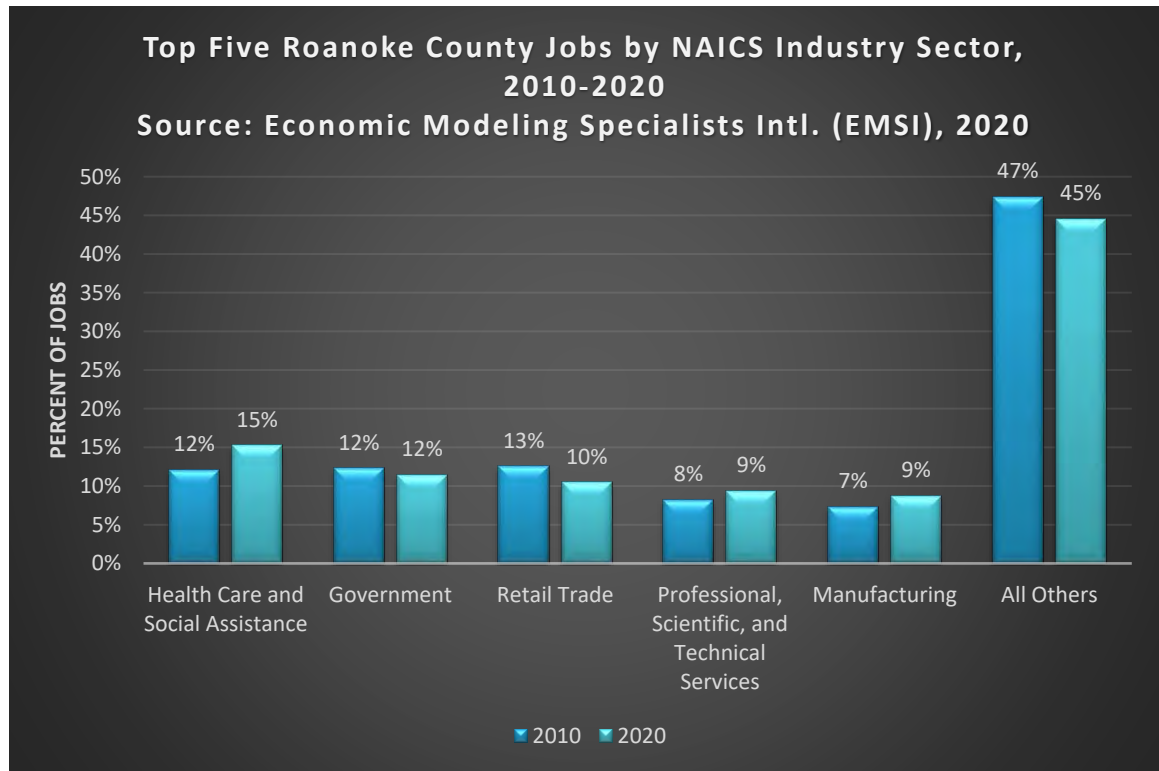
**Figure 15:  Top Five Jobs by NAICS Industry Sector**



Most notable is manufacturing's changing role over the last 10 years. Manufacturing once accounted for 7% of the jobs in the county, but now accounts for 9%. This shift is a result of structural changes in the economy whereby greater number of jobs are being created in the manufacturing sector.

## MAJOR EMPLOYERS
As indicated above, Roanoke County has a diversified employment base which helps bolster the economy and makes the county an attractive place for new residents and employers alike. Historically, Roanoke County has been linked with employment in urban areas in the cities of Salem and Roanoke, but in recent years, Roanoke County has developed its own economy which relies more heavily on health care, manufacturing, and other higher-paying industries.

Wells Fargo Bank is the largest private company in Roanoke County. Wells Fargo has a corporate operations center in the Hollins District and employs between 2,000 and 2,499 workers.[3] The workers at the facility work in many back-office roles in technical and non-technical capacities. The center services Wells Fargo's banking operations in southwest Virginia.

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[3] https://www.yesroanoke.com/253/Roanoke-Countys-25-Largest-Employers

Catawba Hospital, located in Catawba, specializes in serving adults who need mental health care. The hospital offers both short-term "acute care" units and dedicated geriatric units. Catawba Hospital is affiliated with the Virginia Tech Carilion School of Medicine, where staff psychiatrists may have faculty appointments and help train psychiatry residents and medical students.[4] As a medical institution, students can receive training in various disciplines such as nursing, psychology, social work, music therapy, recreation therapy, and food and nutritional services. The hospital attracts professionals such as physicians, nurses, and therapists, as well as many non - technical staff. The hospital which employs a range of 100 and 249 employees, has been expanding in recent years.

As indicated earlier, manufacturing firms contribute significantly to the employment base (9%) countywide. In recent years, specialized manufacturing companies have moved into the area, and rely on the highly trained local workforce. The county's largest manufacturer is Elbit Systems, a manufacturer of military hardware (night vision goggles), who purchased an existing plant in 2019 made a commitment to expand employment in the county.[5] Below is a listing of some of the largest local private employers in the area:

- Elbit Systems – 500 to 999 employees
- Integrity Windows and Doors – 250 to 499 employees
- P1 Technologies – 250 to 499 employees
- TMEIC Corporation – 250 to 499 employees

Hollins University, established in 1842 as Valley Union Seminary, is an independent liberal arts university dedicated to academic excellence and humane values.[6] Hollins University offers undergraduate liberal arts education for women, selected graduate programs for men and women, and community outreach initiatives. The Hollins curriculum and cocurricular programs prepare students for lives of active learning, fulfilling work, personal growth, achievement, and service to society. The campus is in the Hollins District, which is next to Roanoke-Blacksburg Regional Airport, and employs between 250 and 499 workers.[7] The college is a residence community with most students living in residence hall, which therefore does not significantly impact the housing market across Roanoke County.

The housing market in Roanoke County is influenced by these large employers because they provide jobs and careers which enable households to gain economic stability and generate disposable income. With steady, reliable income, households create demand for both renter and ownership units and can make decisions on housing based on what is desired and available in

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[4] http://www.catawba.dbhds.virginia.gov/

[5] https://roanoke.com/news/local/roanoke-county-night-vision-factory-lands-major-order-changes-hands/article_37c3b4ea-3a02-5edd-a9cd-6677e60d7db6.html

[6] https://hollins.edu/who-we-are/history/

[7] https://www.yesroanoke.com/253/Roanoke-Countys-25-Largest-Employers

the market. For example, households with higher incomes may choose to purchase larger homes, while more moderate-income households may choose to rent homes in either single family or multifamily units.

## CHANGES IN INDUSTRY

County level employment data between 2010 and 2020 shows that the top 10 employment subsectors have grown by 6,880 jobs, with an average wage of $53,510. Sectors which experienced the largest growth were related to Health Care which saw an increase of 1,973 jobs, and Manufacturing which saw an increase of 995 jobs.

**Figure 16:  Top Ten Industry Subsector Increases, 2010-2020**
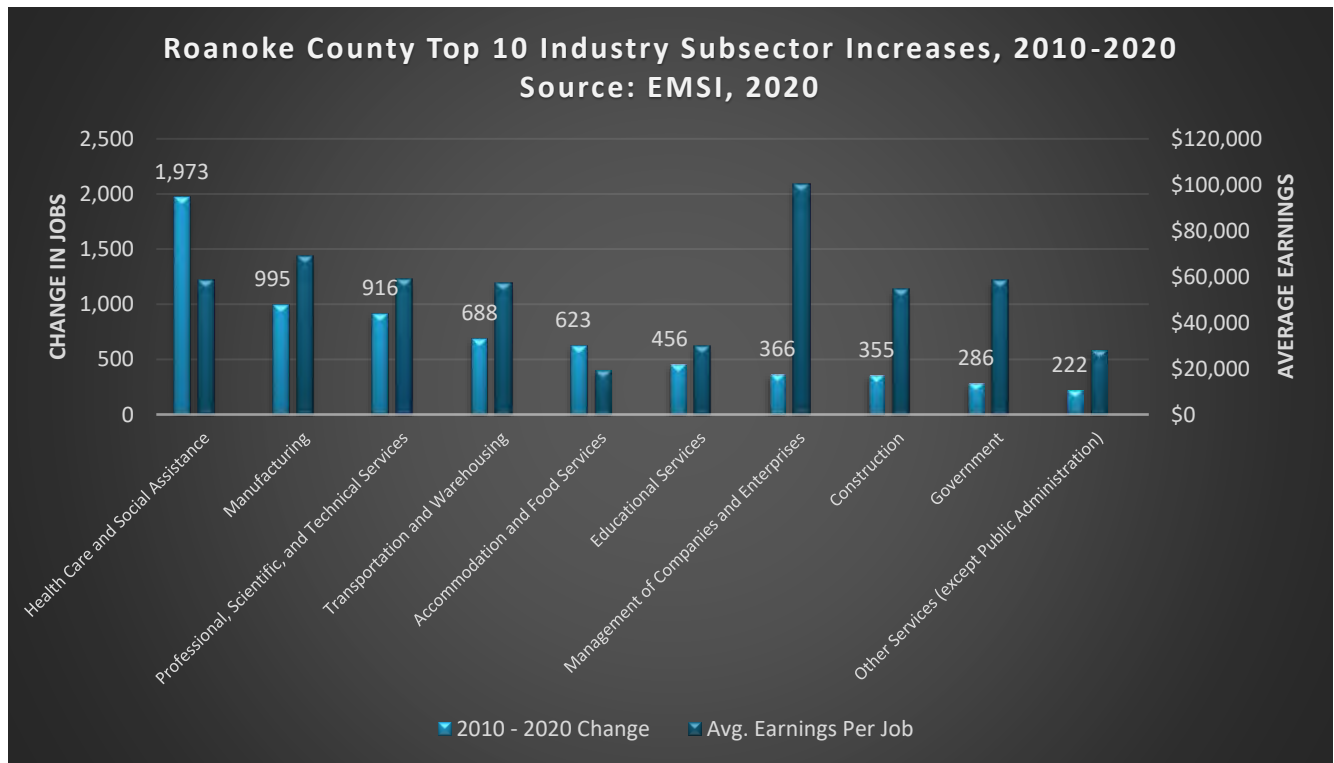


Between 2020 and 2029, Roanoke County is projected to see modest employment growth in Health Care and Social Assistance (1,530 jobs), Professional Services (779 jobs), and Manufacturing (422 jobs). Jobs in these industry sectors generally pay good wages which tend to outpace other industry sectors.

**Figure 17:  Top Ten Projected Industry Subsector Increases, 2020-2029**



Roanoke County Top 10 Industry Subsector Increases, 2020-2029
Source: EMSI, 2020
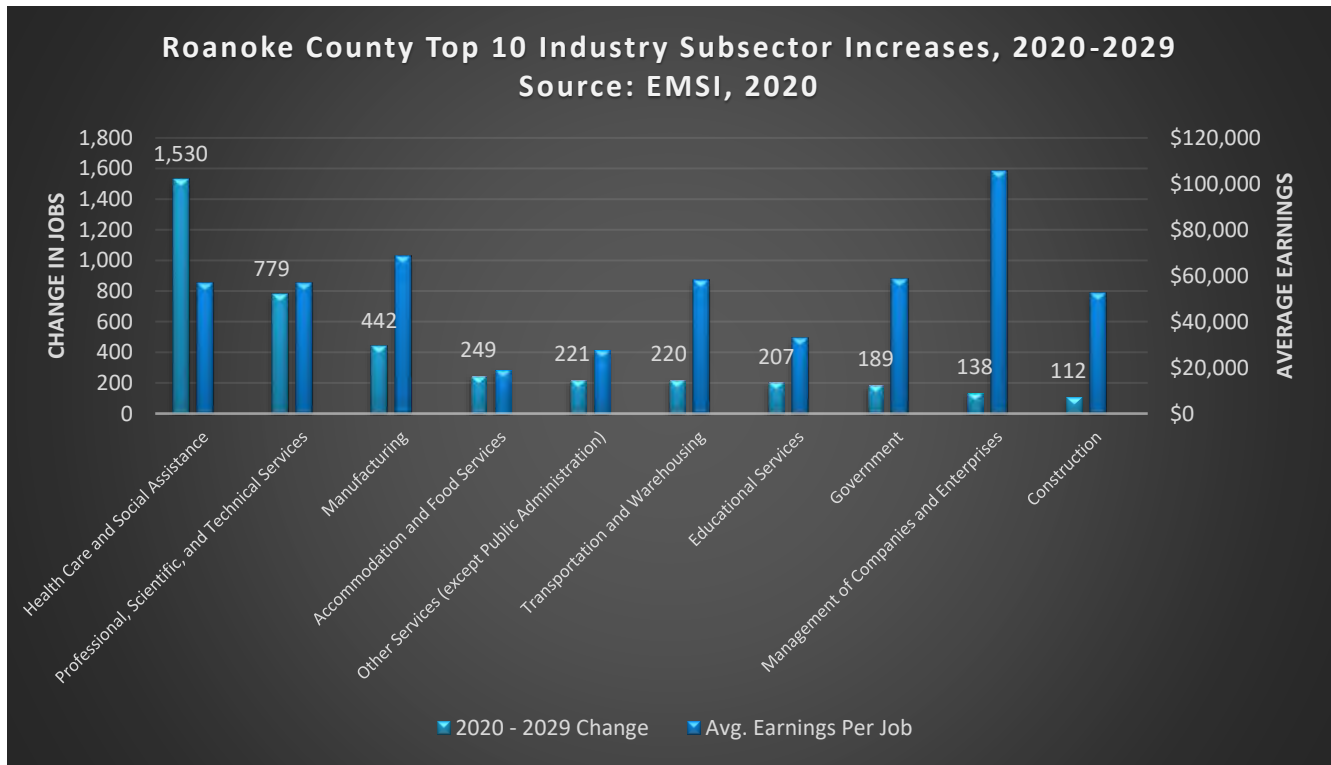
The largest losses are projected to occur in the Finance and Insurance Sectors with a decline of 329 jobs. The key difference in the future is that the average wage differential between the top jobs gained versus lost will expand. The average wage of top growth sectors is $57,508 while the average wage of the top declining sectors is $51,669. This may indicate that some employees in the future may have addition income than those jobs today which could translate into purchasing power for housing.

## INDUSTRY WAGES AND HOUSING AFFORDABILITY

While the county experienced employment growth over the last decade, incomes in some industry sectors are not sufficient to cover mortgage or rent payments without placing added financial pressure on the household. Across the county, the median sales value of a home is around $213,155, while the median gross rent is about $949 per month. Based on these metrics, several of the top industries (and growing industries) do pay average wages for which employees could afford these housing prices. It is worth noting though that within certain industry sectors there is vast wage disparity across occupations. For example, within the Healthcare industry you may have physicians earning over $200,000 but janitorial staff earning less than $30,000 a year. There are also industry sectors like Retail Trade or Accommodations and Food Services that do not pay average wages high enough to cover housing costs at today's median rent or sale price.

| Table 7:  Housing Affordability Based on Top 10 Industry Sectors, 2020 | | | | |
|---|---|---|---|---|
| Industry | Industry Jobs | Average Earnings | Affordable Home Price | Affordable Rent |
| Health Care and Social Assistance | 6,762 | $56,726 | $212,706 | $1,576 |
| Government | 4,828 | $58,807 | $220,510 | $1,634 |
| Retail Trade | 4,566 | $33,930 | $127,228 | $942 |
| Professional, Scientific, and Technical Services | 4,138 | $56,883 | $213,295 | $1,580 |
| Manufacturing | 3,958 | $68,769 | $257,864 | $1,910 |
| Accommodation and Food Services | 3,037 | $19,189 | $71,953 | $533 |
| Administrative and Support and Waste Management and Remediation Services | 2,507 | $33,109 | $124,149 | $920 |
| Other Services (except Public Administration) | 2,265 | $27,504 | $103,132 | $764 |
| Construction | 1,825 | $52,555 | $197,066 | $1,460 |
| Transportation and Warehousing | 1,730 | $58,320 | $218,683 | $1,620 |
| Source: EMSI, and RKG Associates, Inc., 2020 Note: Rent payment accounts for utilities. Home price accounts for mortgage, taxes, and insurance. | | | | |

The largest industry sector, Health Care and Social Assistance, pays on average about $56,726 per year which can purchase a home for around $213,000, a price nearly on par with the countywide median. Other industries such as Retail Trade pay significantly less, with individual workers able to afford homes priced at $127,000, which is nearly $70,000 less than a median priced home. As housing prices continue to outpace earnings, dual income households become more common, cost burden increases, and the amount households can save for the future diminishes.

# HOUSING MARKET ANALYSIS

The housing market analysis section describes the market characteristics associated with both owner-occupied and renter-occupied housing units in Roanoke County. This section contains a description of housing types, price points, and affordability in addition to other topics.

## Countywide Housing Market

Roanoke County has 40,800 housing units of which 38,373 (94%) are occupied and 2,457 (6%) are vacant. Of the occupied housing units, 74% are owner-occupied, and 26% are renter-occupied. Housing development patterns have changed over time across the county as the population has grown. This county-wide housing market analysis examines both the historical and current market conditions and uses that information to inform strategies for addressing future housing needs.

### YEAR BUILT AND HOUSING UNIT GROWTH

Roanoke County's housing growth history shows a rapid transformation over a few decades. Between 1970 and 2010, the number of housing units in Roanoke County grew by 88%, rising from 21,300 to about 40,000. Over the same period, the Region grew by 82% indicating that the growth rate in Roanoke County outpaced the Region but not by a lot. The rapid growth coincided with both population and household growth in the county. Additionally, the national trend of suburbanization and a lower cost of living (in the earlier decades) in Roanoke County helped drive the construction of new units over the last 50 years.

**Figure 18:  Housing Unit Change**
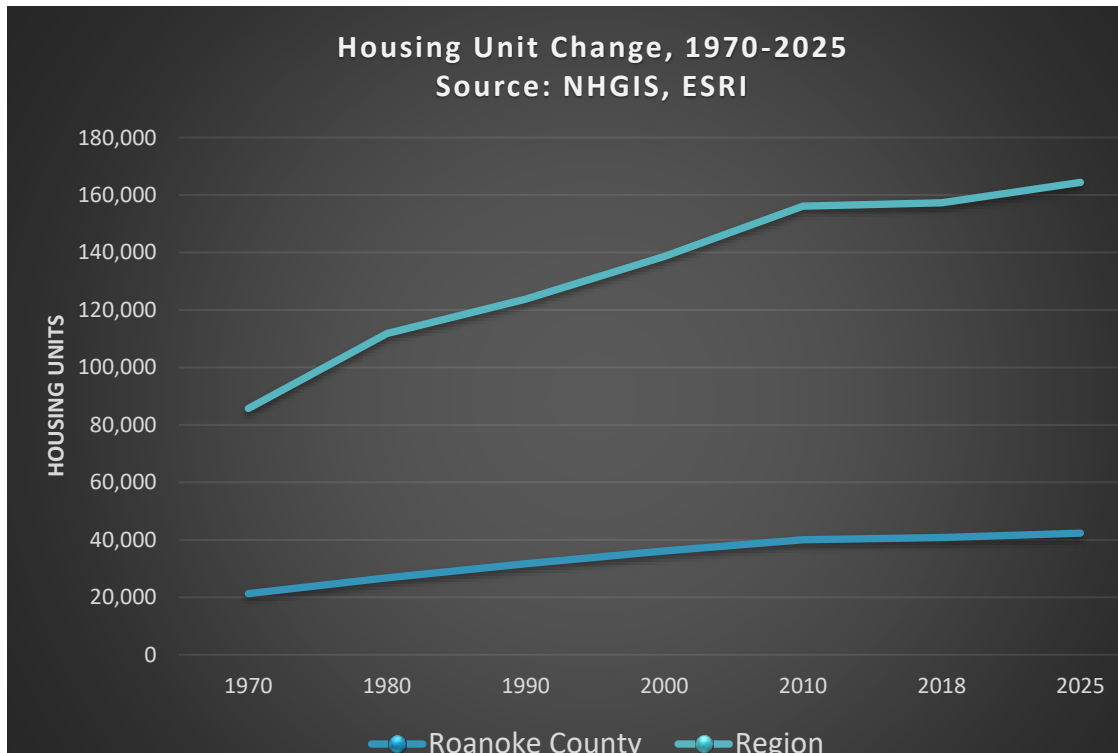
Figure 19 shows the year built for housing structures highlighting the large number of units constructed between 1960 and 1999. In Roanoke County about 41% of housing units were built between 1960 and 1980, compared to only 29% in the Region.

**Figure 19: Year Built**
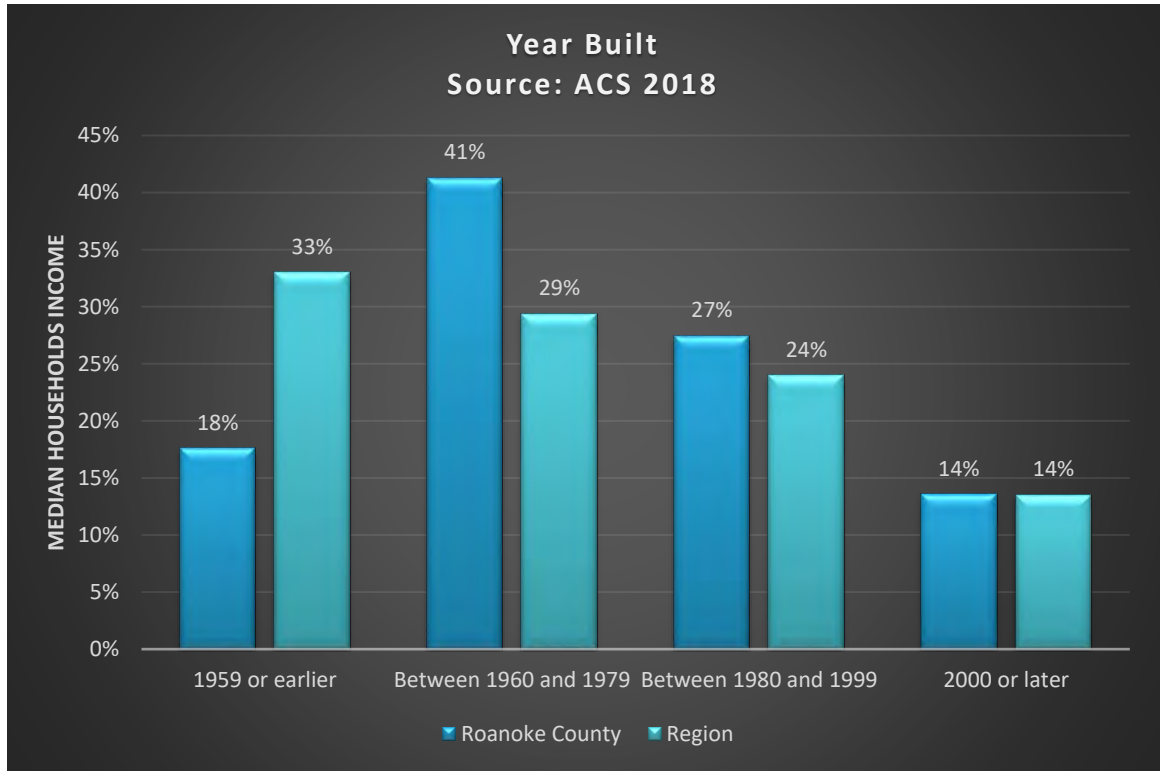


**Building Permit Activity**

On average, Roanoke County permitted 155 new single family detached housing units per year since 2010.[8] Over the same period, the county also issued an average of 39 building permits per year for multifamily units in duplexes, triplexes, quadplexes, and buildings with five or more units. In Roanoke County, the largest number of single-family permits were issued in 2019 when 162 housing units were built, while in 2015 there were 210 multifamily unit permits issued. Regionally, the number of building permits has fluctuated closely with the county. Figure 20 shows the number of building permits in Roanoke County and the Region.

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[8] U.S. Census, 2020

**Figure 20: Building Permits**
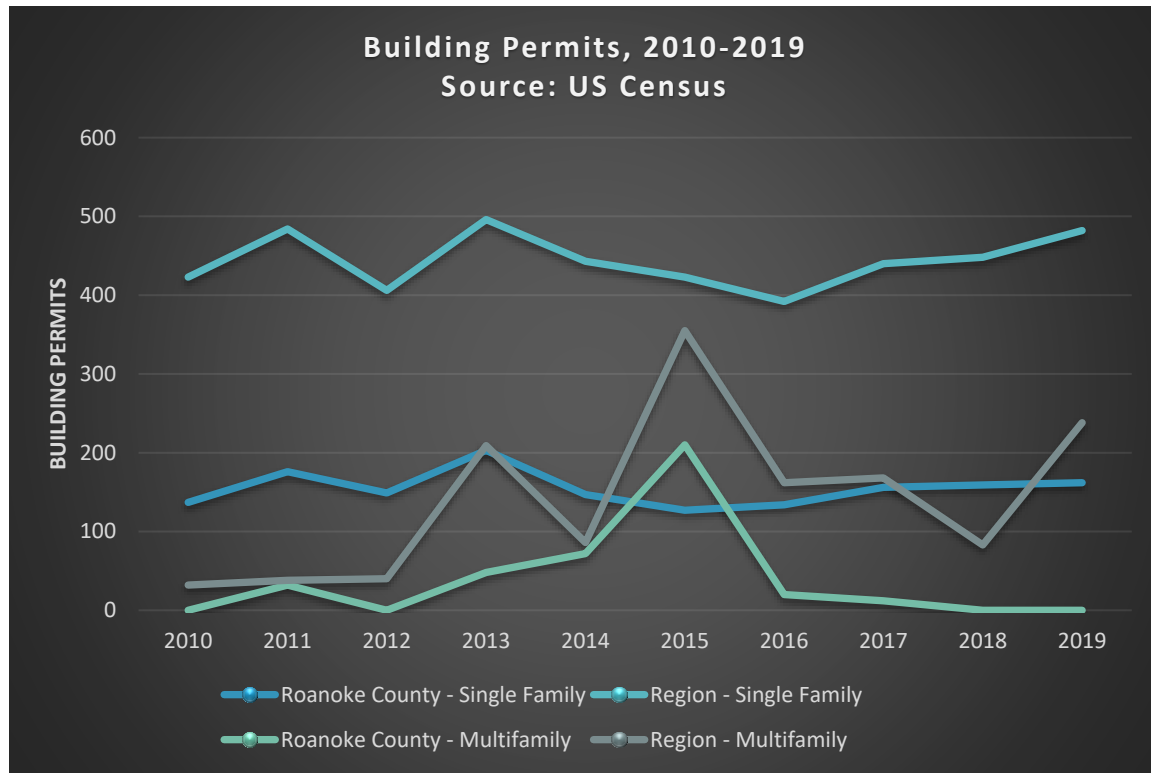


**Housing Tenure**

As of 2018, 70% of the county's housing stock was owner-occupied while 24% was renter-occupied. The county's housing stock is skewed more toward ownership than the Region where only 60% of housing units are owner occupied.

| Table 8:  Housing Tenure | | |
|---|---|---|
| | **Roanoke County** | **Region** |
| Owner–Occupied | 70% | 60% |
| Renter–Occupied | 24% | 27% |
| Vacant | 6% | 12% |
| Source: ACS 2014–2018 | | |

**Units in Structure**

In Roanoke County, most of the residential building stock is comprised of single family detached units. As of 2018, 81% of the county's residential stock was single family homes.[9] The second largest residential typology are mobile homes which account for 2% of all units. The Region has a much higher percentage of mobile homes (5%) than Roanoke County because the Region encompasses more rural areas like Franklin County which tend to have more mobile homes.

The breakdown of units in structures changes drastically when comparing owner-occupied units to renter-occupied units. Within Roanoke County, 96% of owner-occupied units are single family homes and only 2% are in structures containing two or more units, while 2% of units are mobile

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[9] ACS 2014-2018

homes. Contrast this with renter-occupied units, where 38% are single family homes, 61% are in structures with two or more units, and mobile homes account for 1% of all rental units. As is typical for the rental market, housing diversity and choice is greater in Roanoke County for household looking to rent versus those looking to purchase.

### Vacancy

Roanoke County's overall housing vacancy rate has been relatively steady since 2010, except for a spike during 2016. As of 2018, the rate had increased to 6%. Part of Roanoke County's housing market story can be told through the Census' Vacancy Table. Vacancy is defined by the Census across seven different categories which include:

- Units Actively Listed for Rent
- Units Rented, but Not Yet Occupied
- Units Actively Listed for Sale
- Units Sold, but Not Yet Occupied
- Units for Seasonal/Recreational Use
- Units for Migrant Workers
- Other Vacant

To calculate total vacancy across all categories in Roanoke County, the Census sums each category together and divides by the total number of housing units in the county. This vacancy rate provides an estimate of all housing units that are not occupied at the time the Census interview takes place regardless of whether the unit is actively being marketed or even habitable.

**Figure 21:  Overall Housing Vacancy**
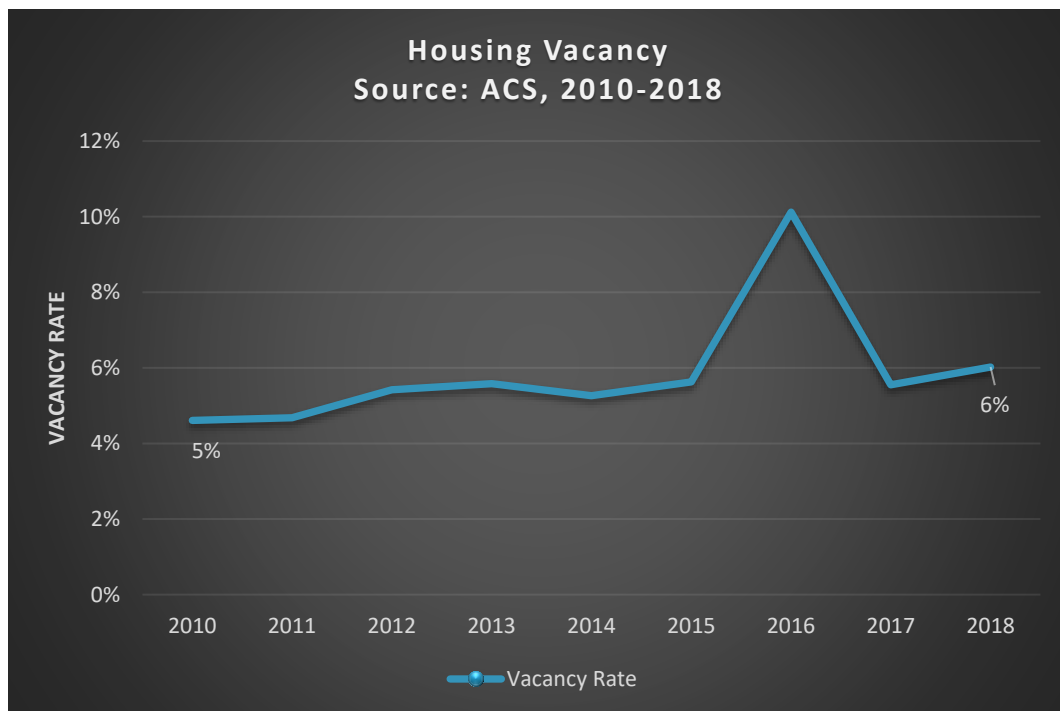
The Census defines "Other Vacant" using eleven categories with ones most pertinent to Roanoke County being: foreclosure, personal/family reasons, legal proceedings, preparing to rent/sell, needs repairs, abandoned/possibly to be demolished or condemned. In 2018, 28% of all vacant units in Roanoke County fell under this category which equates to about 682 housing units. Figure 22 shows how the number of vacant units in four vacancy categories changed from 2010 to 2018.

Generally, over this eight-year period the number of vacant units grew steadily except for 2016 when the number increased dramatically then declined just as rapidly. This change in 2016 is likely an error in the Census data. Between 2010 and 2018, there was a 20% increase in the number of vacant rental units, while there was a 114% increase in the number of for-sale units. Although there has been an increase in the vacancy rate, the county's overall vacancy and vacancy of available units is still quite low indicating a tight housing market and increased competition for units. This is also backed by data on sale prices, days on market, and increases in gross rent.

**Figure 22:  Vacant Units by Category**
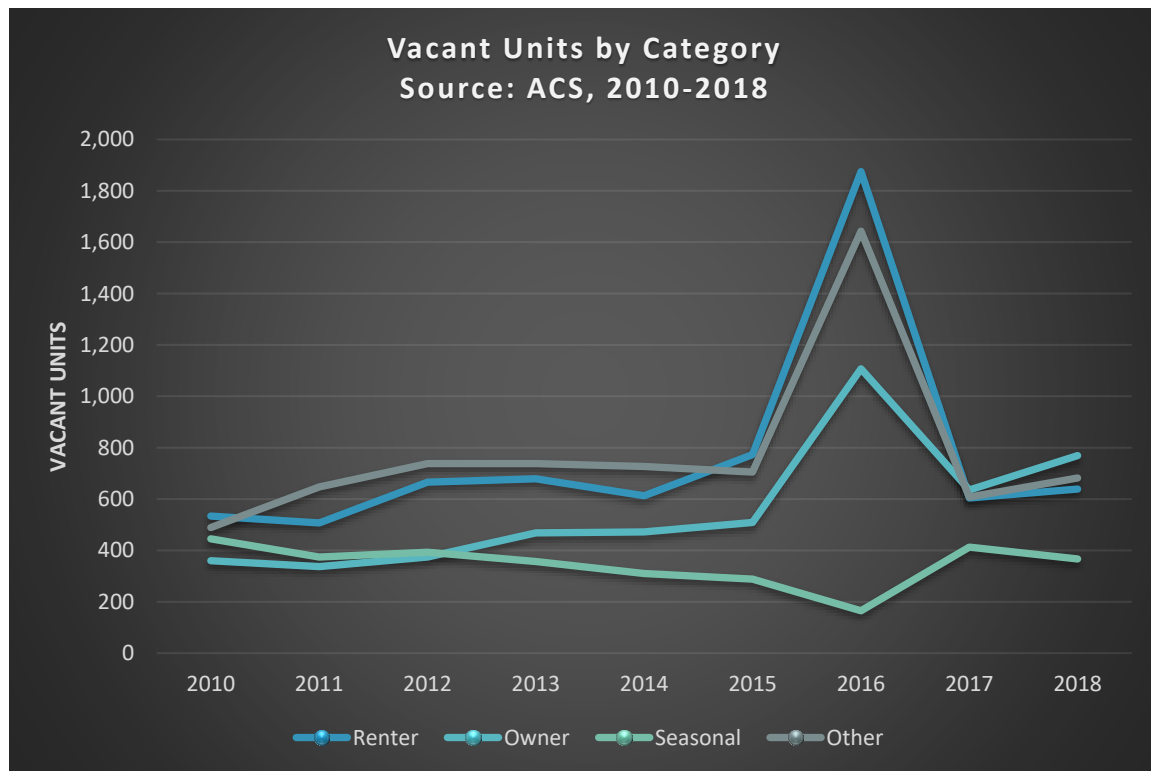


The second home market in Roanoke County is not particularly strong. As of 2018, only 15% (367 units) of all vacant units Roanoke County were classified as Units for Seasonal/Recreational Use. Much of the seasonal use homes in the Region are in Franklin County where about 56% of its homes are seasonal, especially those found around Smith Mountain Lake.

## Owner-Occupied Housing Market

This section provides a more in-depth analysis of the owner-occupied housing market including supply, demand, and pricing across the county.

### SUPPLY

As was noted earlier, owner-occupied units comprise 70% of the county's housing stock with 96% of units being single family homes, 2% in multifamily structures, and 2% of units in mobile homes. Compared to the Region where 6% of rental housing is in mobile homes, Roanoke County has less reliance on these types of units. Between 2013 and 2018, there was a loss of 695 owner-occupied housing units in Roanoke County, many of which were converted from ownership units to rental units.

| Table 9:  Housing Tenure, Owner | | |
|---|---|---|
| Owner Occupied | Roanoke County | Region |
| Single family | 96% | 92% |
| Multifamily | 2% | 2% |
| Mobile Home/RV/Other | 2% | 6% |
| Source: ACS 2014-2018 | | |

When compared to the Region, Roanoke County has a slightly younger housing stock with 44% of ownership units built after 1980, compared to 40% across the Region. This matches closely with the active periods of residential construction after 1970 when the county saw large increases in both housing units, households, and population. Many of the housing units built during that time were single family units, which tended to serve the needs of households moving to the county at that time.

**Figure 23:  Year Built of Owner-Occupied Housing Units**
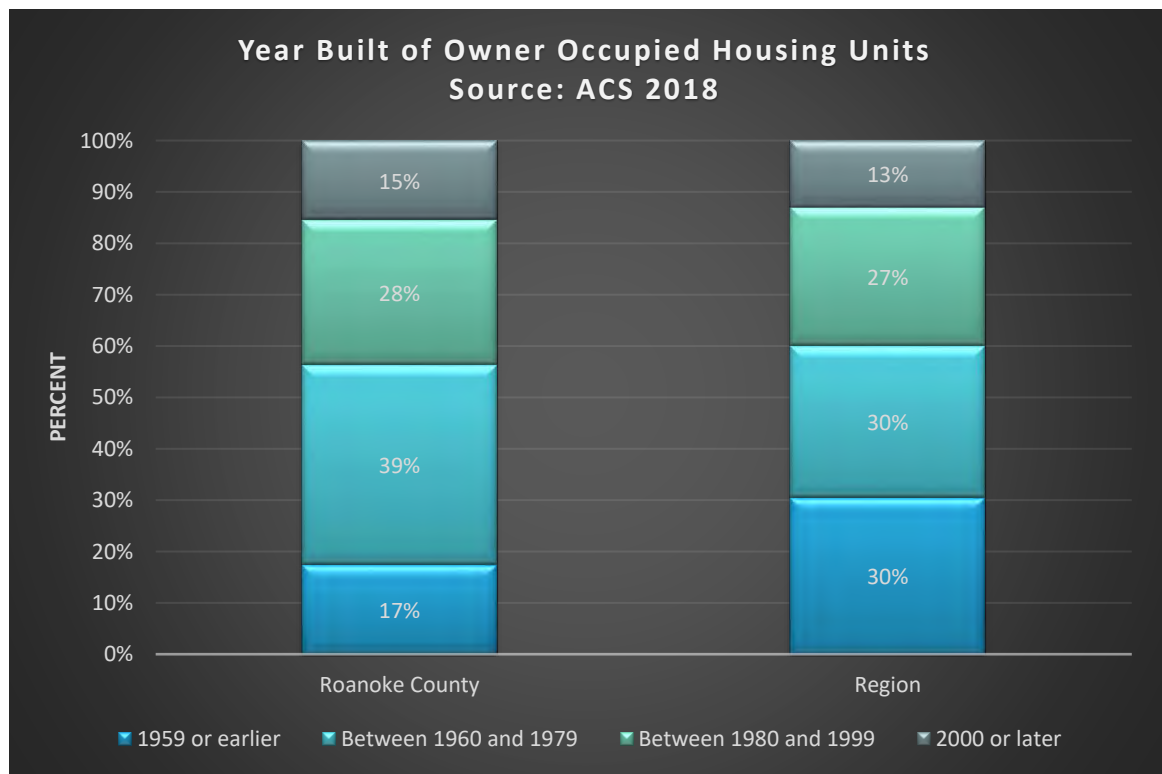
**Pricing**

In 2018, the median value of an owner-occupied housing unit in Roanoke County was $194,800.[10] That figure is up only 1% over the median value from 2013 of $193,700. While prices for owner-occupied units have risen, it is important to note that 53% of the county's owner-occupied housing stock is still valued at less than $200,000 indicating some homes are valued within the reach of some households making the county median income. Figure 24 compares the number of owner-occupied housing units by value range across Roanoke County and the Region. Generally, Roanoke County's housing stock is more affordable compared to the Region as it encompasses more rural areas.

Figure 24:  Percent of Owner-Occupied Units by Value
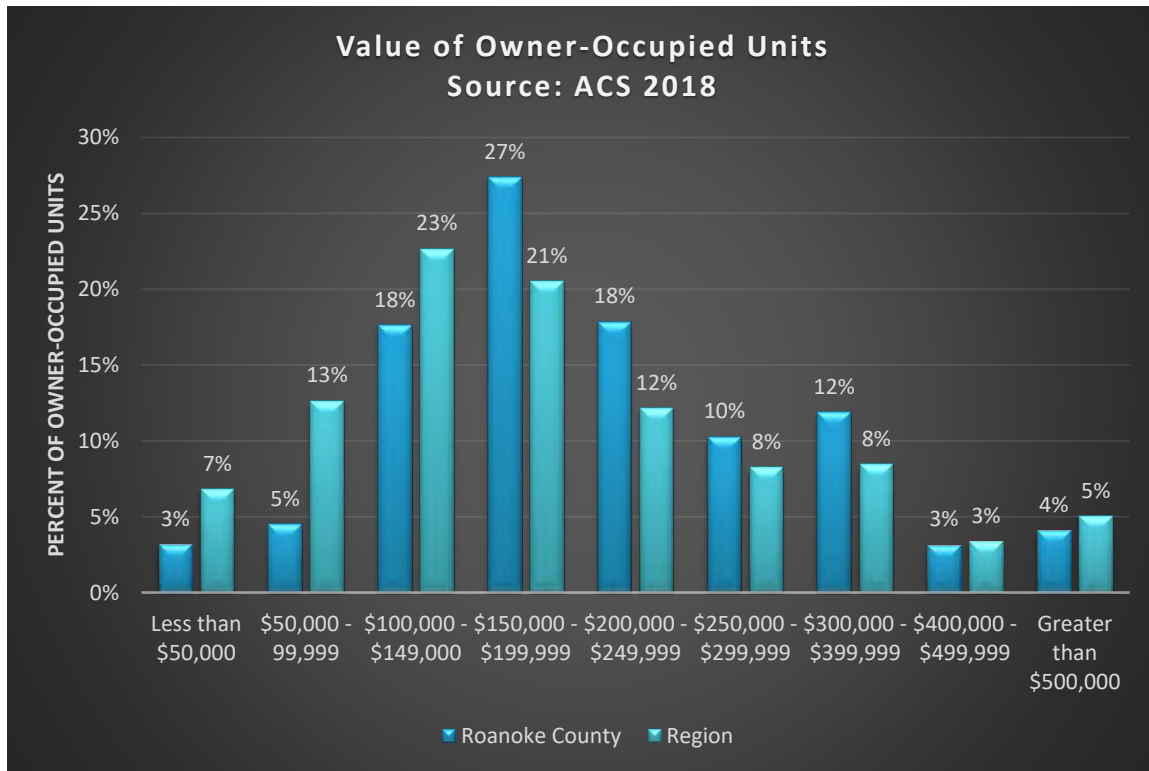


To provide accurate data on owner-occupied sales in Roanoke County, Multiple Listing Service (MLS) data for the period 2010 to 2019 was analyzed.[11] Over the 10-year period, there were about 12,921 sales with an average of 1,292 sales per year. The Great Recession impacted the county's ownership market dropping the total number of yearly sales as well as the median sale price of ownership units. Sale prices and total sales declined hitting a low in 2012 before the recovery began to take place. The median sales price between 2010 and 2012 dropped by 13% from $221,300 to $193,200. Prices, number of sales, and days on market have all improved since then.

[10] ACS, 2014-2018.

[11] MLS data provided by Roanoke Valley Association of Realtors.

RKG also looked at a comparison of sales for existing single-family homes that sold versus brand new single-family homes (ones that were built and sold in the same year) to better understand the price differential between the two. In 2019, new single-family homes on average sold for 32% more than existing single-family homes. The median sales price of a new home in 2019 was $275,349 compared to $209,100 for an existing home. Figure 25 shows median sales price for existing and new homes by year sold.

**Figure 25:  Sales Price**
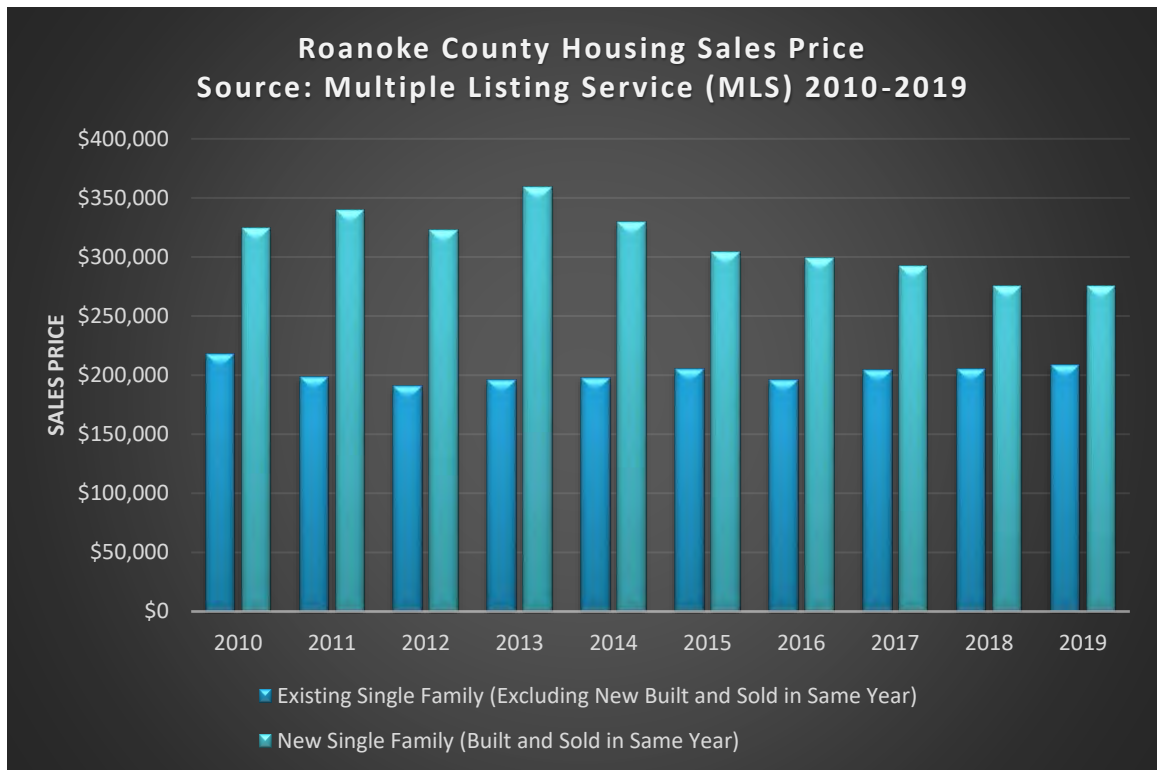


Homes built between 1970 and 2010 account for nearly 61% of all sales activity. Both the size and price of homes on a per square foot basis vary depending on the age of the home. On a price per square foot basis, the median sales price of a home built between 1950 and 1970 was $77 per square foot, compared to $134 a square foot for homes built after 2010. This shows that older homes do not garner nearly the same price for a variety of reasons including overall size, potential rehabilitation needs, location or school district, and modernized layout and amenities.

The homes built in recent years are generally the same size as those built prior to the 1990's. Homes built between 1970 and 1990, averaged 2,188 square feet and sold for around $111 per square foot. Whereas between 2010 and 2019 homes averaged 2,223 square feet and sold for $134 a square foot.

The average days on market varies by product type with new homes taking longer to sell than existing homes, which is not surprising given the significant price differential between the two.

Overall, the total days on market has declined since 2010 when on average it took an average of 65 days for a unit to sell compared to only 17 days in 2019.

**Figure 26:  Sale Price by Year Built**



The maps on the following pages show the prices of homes sold between 2010 and 2020 at the regional level. The highest priced markets are across much of Roanoke County and around Smith Mountain Lake in Franklin County. Interestingly, the lowest concentrations of sales prices are in the incorporated cities and towns like Roanoke, Salem, and Rocky Mount. While there are pockets of higher priced neighborhoods in each of those locations, their overall sales values tend to be lower than those found in the counties. This may be explained by the older housing stock, desire for larger lots in the county, and real or perceived school quality.

The second map shows sale prices over the same period for Roanoke County.

# RVA HOUSING STUDY - HOME SALES 2010-2020



**Road Type**
- Interstate
- Primary
- Blue Ridge Parkway
- Roanoke Valley Study Region
- Administrative Boundaries
- Water Bodies
- Conservation land

**MLS Sales 2010-2020**
**Sale Price (CPI-Adjusted)**
- $100,000 or less
- $100,000 to $150,000
- $150,000 to $200,000
- $200,000 to $250,000
- $250,000 to $300,000
- $350,000 or more

0    2.5    5    10 Miles

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept of Conservation
and Recreation, Virginia Economic Development Partnership,
Roanoke Valley Association of Realtors Multiple Listing Service

# ROANOKE COUNTY, VIRGINIA - HOME SALES 2010-2020
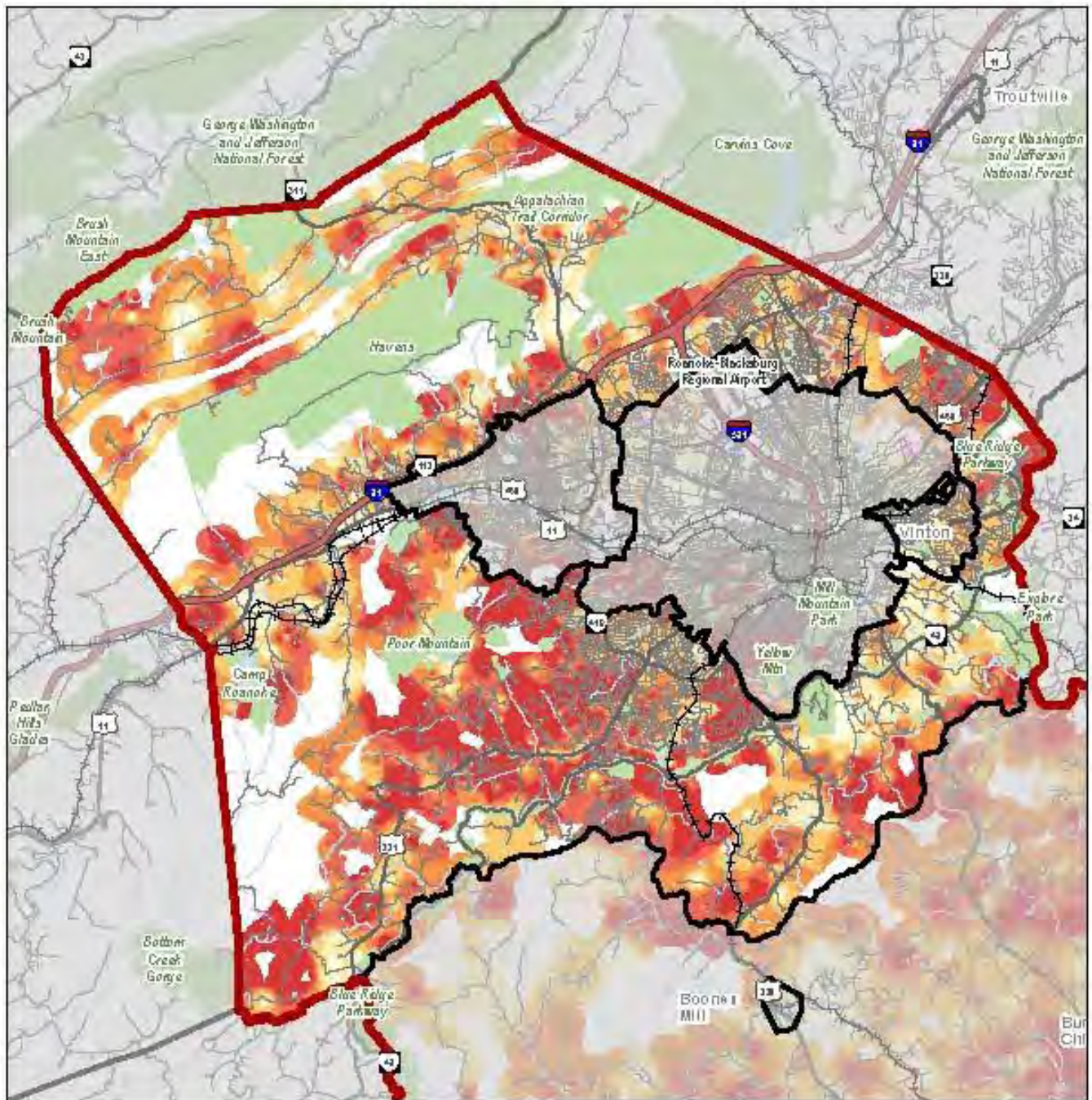


Road Type
- Interstate
- Primary
- Secondary
- Local
- Railroad
- Roanoke Valley Study Region

Administrative Boundaries
Parks and Conservation Land
Water Bodies
Rivers

MLS Sales 2010-2020
Sale Price (CPI-Adjusted)
- $100,000 or less
- $100,000 to $150,000
- $150,000 to $200,000
- $200,000 to $250,000
- $250,000 to $300,000
- $300,000 or more

0  1  2  4  Miles

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept of Conservation
and Recreation, Virginia Economic Development Partnership,
Roanoke Valley Association of Realtors Multiple Listing Service

## SECOND HOME MARKET

While the Region attracts nature lovers, retirees, and those looking for more space and recreational opportunities, the second home market in Roanoke County is not as strong as the Region. As indicated earlier, only 15% of vacant housing units are classified as Seasonal which accounts for 367 units. While there are some second homes/seasonal units in the county, the total number of seasonal units does not distort pricing associated with the year-round housing market. As mentioned above, the median sales price in 2019 was only $213,155 for an existing home. The price points found in Roanoke County are significantly lower than those found in true second home markets such as Smith Mountain Lake, where units can easily sell for $500,000.

## Renter-Occupied Housing Market

This section provides an analysis of the renter-occupied housing market including supply, demand, and pricing across the county.

### SUPPLY

In 2018 only 26% of the county's households were renters, with 38% of rental units in single family homes, 61% in multi-unit structures, and 2% of units in mobile homes. Compared to the region where only 52% of rental housing is in multifamily units, Roanoke County has a larger share of these types of rental units which can offer lower costs, less maintenance, and a variety of housing types.

| Table 10:  Housing Tenure, Rental | | |
|---|---|---|
| Renter Occupied | Roanoke County | Region |
| Single family | 38% | 44% |
| Multifamily | 61% | 52% |
| Mobile Home/RV/Other | 2% | 4% |
| Source: ACS 2014–2018 | | |

The rental housing stock across the county is slightly newer with about 36% of rental housing units were built after 1980. This compares to the Region where only 31% of rental units were built after 1980. Older rental units tend to require greater maintenance and sometimes result in less than ideal conditions for tenants.

**Figure 27:  Rental Structures by Year Built**
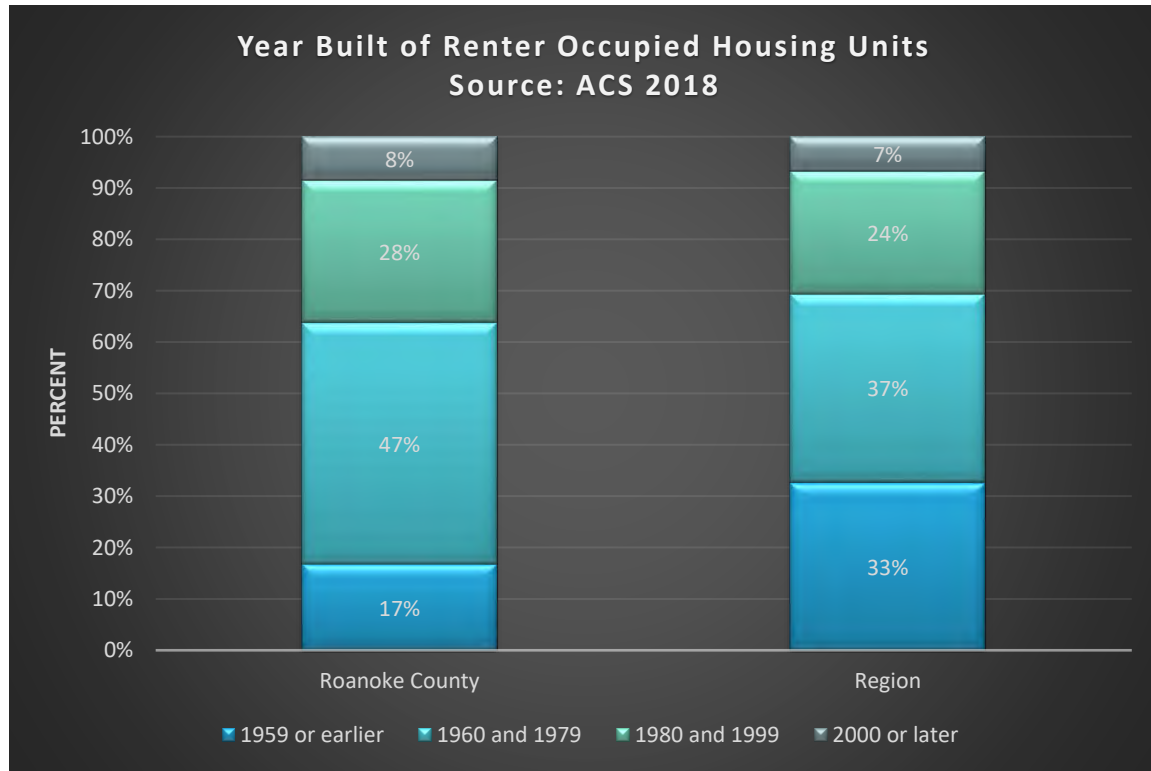


### Pricing

In 2018, the median gross rent in the county was $949 which was an increase of 15% from 2013.[12] Gross rent is a measure of the monthly contract rent plus an estimated average utility cost paid by the renter. Utilities factored in include electric, gas, water, sewer, and fuel. Figure 28 shows the change in gross rent between 2013 and 2018 by price range. The number of households paying rent at the very low end (less than $500 a month) has declined by 24%, while the number of households paying rent at the higher end (over $1,500 a month) has grown by 147%. Households paying moderate rents, between $500 and $1,000 per month, have also declined reinforcing the trend toward higher monthly rent payments.

[12] ACS 2013 and 2018.

**Figure 28:  Change in Gross Rent**
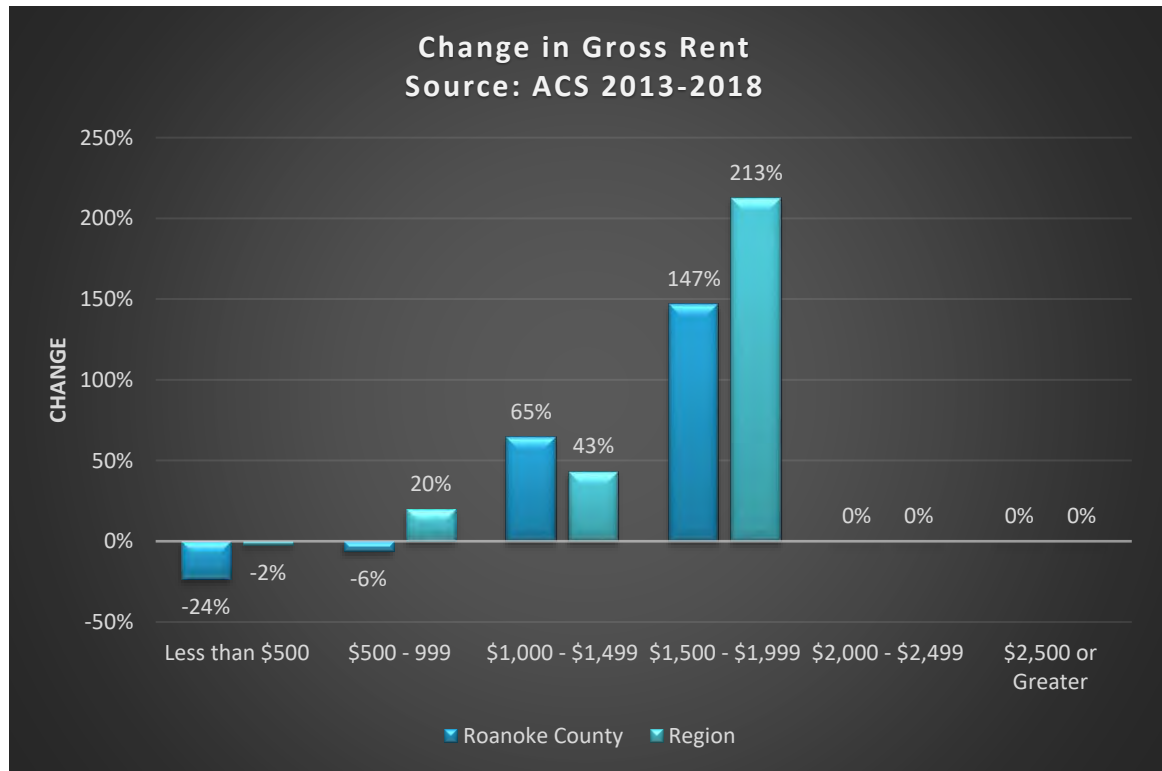


A recent scan of rental listings showed the average rent for a single-family home to be around $1,200 per month, while rents in multifamily buildings averaged $1,150 per month.[13] Rental prices in the larger apartment complexes vary significantly depending on the location, quality, and amenities offered.

**Affordable Rental Units**

In addition to market rate rental units, there are four apartment complexes in the county which have income restricted affordable units. As of 2020, the county has 332 low-income rental apartment units, of which 332 of the tenants receive rental assistance.[14] The median rent in these units is $872. Rental assistance comes in the form of the Section 8 Voucher program which is administered by STEP, Inc. and Virginia Housing. These vouchers are targeted to low-income households, generally those at or below 30% of area median income (AMI).  For a household of three, the expected rent would be no more than $680 for a two-bedroom or $897 for a three-bedroom unit.

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[13] Apartments.com, November 2020.

[14] https://affordablehousingonline.com/housing-search/Virginia/Roanoke-County

## Future Housing Demand

The population of Roanoke County is projected to grow by 2,906 new residents between 2018 and 2025, a 3% increase. To accommodate this new population growth, RKG Associates developed a methodology for calculating the number of new households based on the increase in population which then translates into estimates for future housing demand.  RKG assumes that future household composition and housing tenure will follow a similar pattern today and used household sizes and tenure splits to allocate future household growth.

To accommodate the increase in population projected for 2025, RKG estimates the county may need to produce an additional 940 housing units above what exists today. This assumes current housing vacancy rates continue to hold steady. RKG also assumed that the split between owner and renter households would remain at its current split of 74% owner-occupied and 26% renter occupied. Under these assumptions, RKG projects the county would need to add another 696 owner-occupied housing units and 244 renter-occupied units.

Table 11 shows the allocation of households by household size for the projected new households across the county. This allocation assumes that trends will remain constant out to the year 2025. For example, in 2018, 27% of all households were 1-person and 38% were 2-person. These percentages are applied in the same way to the total households projected for 2025 which results in 612 additional 1- and 2-person households over the next five years. Since 3, 4, and 5+ person households comprise a lower percentage of Roanoke County's household composition those percentages are lower than 1- and 2-person households.

| Table 11: 2030 Projections if 2018 Household Composition Held Constant | | |
|---|---|---|
| Household Size | Households | % of Total |
| 1-person household | 254 | 27% |
| 2-person household | 358 | 38% |
| 3-person household | 146 | 16% |
| 4-person household | 120 | 13% |
| 5-or-more person household | 62 | 7% |
| Total | 940 | 100% |
| Source: ESRI, ACS 2013, 2018, RKG Associates | | |

Table 12 shows the breakdown of owner and renter households by household size. With housing tenure held at the 74/26 split based on 2018 data, there is a projected need for an additional 696 owner-occupied housing units and 244 renter-occupied housing units through the year 2025. The new households are skewed toward 1- and 2-person households which are the two predominant household size categories in Roanoke County as of 2018.

| Table 12: 2030 Projections if 2018 Household Composition Held Constant | | | | |
|---|---|---|---|---|
| Household Size | Owner Households | Total % of Renter | Renter Households | Total % of Renter |
| 1-person household | 159 | 23% | 95 | 39% |
| 2-person household | 285 | 41% | 73 | 30% |
| 3-person household | 113 | 16% | 33 | 14% |
| 4-person household | 95 | 14% | 25 | 10% |
| 5-or-more person household | 45 | 6% | 17 | 7% |
| Total | 696 | 100% | 244 | 100% |
| Source: ESRI, ACS 2013, 2018, RKG Associates | | | | |

Based on the projection data, Roanoke County will need to consider how to increase the production of smaller units to accommodate the increase in 1- and 2-person owner-occupied households. Based on the number of vacant units, the county could encourage the rehabilitation units as one way to help facilitate the production and preservation of housing. Part of the county's housing strategy will also need to focus on diversifying product type including some production of larger-scale multifamily housing to accommodate renter households.

# NATIONAL TRENDS

This section describes national trends in demographics such as population and household growth, as well as trends in both owner- and renter-occupied housing. The trends related to housing include an examination of issues affecting housing types, price points, and affordability. This section also discusses the relationship of national trends to those seen in Roanoke County.

## Population

The population of the United States has grown by 7% over the last decade, rising from 310 million to nearly 330 million. This population growth is driven in part by overall longer life expectancies, population reproduction rates, and immigration. The growth in population impacts the demographics associated with the housing market.

**Figure 29:  Population Growth in the United States**
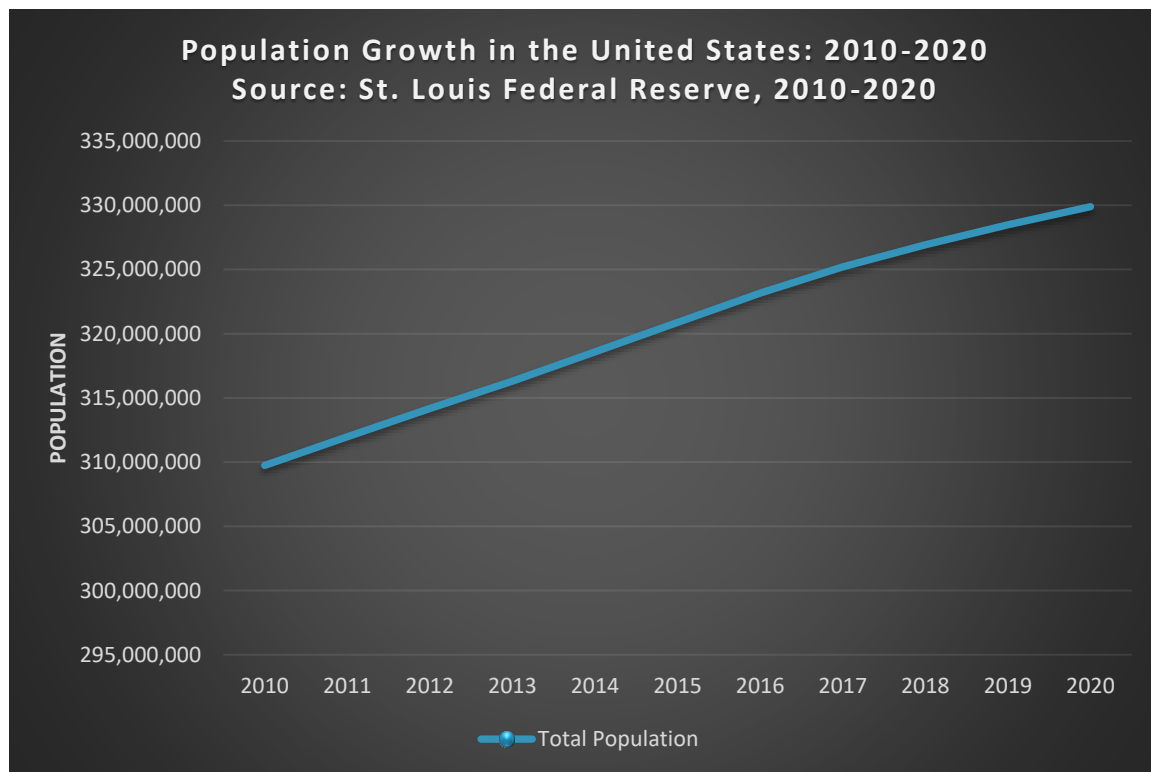


Roanoke County has seen significant population growth over the last 50 years. Between 1970 and 2010, the county's population grew by 37%, rising from around 67,000 to about 82,000. However, this population growth has leveled-off off with the population only growing by 1% since 2010. Even with a slow population growth, the demographic changes occurring in Roanoke County impact the housing market.

## Households

The number of households in the United States has increased by 11 million over the last decade. In 2020, there are 129 million households, an increase of 9% over 2010. The growth in households is driven by demographic changes within household composition. Households can be classified as family or non-family, with non-family households being defined as unrelated individuals living together, either through partnership or a roommate type situation. Over the last decade the growth in non-family households is nearly three times that of family households. Between 2010 and 2020 non-family households grew by 17%, rising from 39 million to 45 million, compared to family households which grew by 6% over the same period. The change in household composition is partially a result of a changing social structure (e.g. delayed marriage, longer life expectancy) as well as the economics associated with housing. Housing prices and rents have escalated in recent years, such that non-family households are formed so that they can afford housing. This generally occurs in highly urban areas where the cost of housing is substantial relative to incomes.

**Figure 30: Households in the United States**
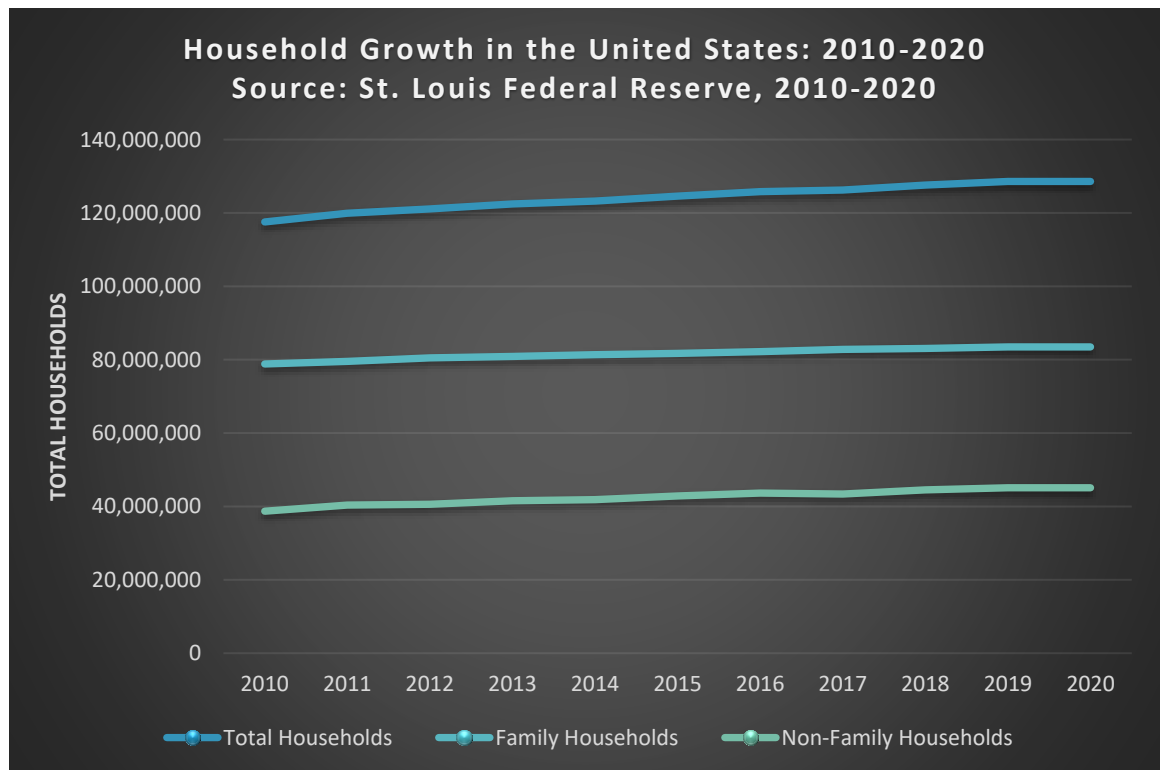


In Roanoke County, the total number of households has remains nearly unchanged over the last five years. However, when looking at changes within family and non-family households, patterns like national trends exist. In the county, non-family households grew by 3% while family households essentially stayed the same. This shows that the county will need to adapt to its housing strategies to meet the needs of the growing non-family segment.

## Housing Units

The number of housing units in the United States has increased by 9 million over the last decade. In 2020, there are 140 million housing units, an increase of 7% over 2010. The growth in housing units is driven by demographic demand as total households are increasing. This growth in housing units also coincides with the recovery from the Great Recession, and the expansion of both the economy and monetary policy (i.e. low interest rates). This period also coincided with the revitalization of many cities, where dense housing development help transform underdeveloped areas.

**Figure 31:  Housing Unit Growth in the United States**



Housing Unit Growth in the United States: 2010-2020
Source: St. Louis Federal Reserve, 2010-2020

Roanoke County has not experienced such housing unit growth over the last decade. Across the county, the total number of housing units declined by 2% between 2010 and 2018. However, based on the analysis preceding this section, demand for housing in Roanoke County remains strong, as prices have risen considerably over the past decade.

## Single family Market

Across the United States single family home prices have escalated substantially since the Great Recession. Key contributing factors include demographic changes, low interest rates, lack of supply, and a lag in new construction which has resulted in increasing prices. Since 2010, home prices have risen by 49%, or $101,000 nationally. In 2016, the national median sale price eclipsed $300,000 for the first time. The continual growth in home prices creates challenges for many households across the nation as the median home price is now out of reach for households at or

below the nation's median income. During the same 10-year period, median household income grew by only 19%, or $10,800, indicating homes prices are rising faster than wages.

Figure 32: Median Sales Prices of Homes Sold in the United States



Roanoke County experienced a similar trend of home prices outpacing growth in incomes. Home prices have increased across Roanoke County with a median sales price of around $213,155 which is within reasonable reach of what a household earning the median income could afford. Like the issues at the national level, Roanoke County has seen a change in demographics as well as market dynamics which have limited the amount and type of housing being built. These changes include an increasing senior population who tend to age-in-place which limits housing turnover in marketplace, and a lack of multifamily developments which enable different types of households to attain affordable housing.

## Multifamily Market

Like the national for-sale housing market, the multifamily rental market has also seen prices escalate since the Great Recession. Since 2010, rents nationally have risen by 43%, or $422 per month. The continued growth in rent is a perennial challenge for renter-households as there is a higher propensity of lower-income households and cost burdened households comprising the renter market versus the owner market. As rents continue to climb, added financial burdens on renter households force a reallocation of household income from other spending categories like food, transportation, and healthcare over to housing. Contributing factors to increasing prices in rental housing include demographic and economic changes placing more renters in the market,

regulatory barriers for new construction keeping supply low, and high costs of construction requiring higher rents in certain markets.

**Figure 33:  Median Rents of Multifamily Units in the United States**



Compounding the problem in the rental market are low levels of vacancy across the board. Vacancy rates have remained close to 6% over the last 10 years. Low vacancy levels push rental prices upward as greater competition develops amongst households looking to secure available units. In Roanoke County, the average rent for a single-family home is around $1,200 per month, while rents in multifamily buildings averaged $1,150 per month. The multifamily sector is a relatively large component of the market as 39% of rental units are in buildings with greater than 10 units, while nearly 40% of rental units are in single family or mobile homes.

## Affordable Housing Market

Access to affordable housing across the United States is a pressing issue. The production of truly affordable housing units has lagged demand for such units. There are a variety of reasons for this occurrence, primarily a lack of funding for affordable housing at the Federal and State levels, the competitive nature of tax credits as a key source of financing, regulatory barriers regarding density at the local level, and the long-term financial feasibility of constructing and operating affordable units without subsidies. Since 2015 rents of affordable units have risen by 14%, or $113 nationally. The continued rent growth has the potential to increase the number of households experiencing cost burdening impacting our lowest income households and households most vulnerable to displacement and homelessness.

**Figure 34:  Median Rents of Affordable Units in the United States**



Median Rents of Affordable Units in the United States: 2010-2020
Source: REIS, 2010-2020

Compounding the problem in the affordable rental market are low levels of vacancy across the board. Vacancy rates remained under 3% for the last five years. Low vacancy levels and the lack of new affordable housing create competition amongst households looking to secure available units. Waiting lists for affordable housing and housing vouchers have become longer in many markets as more households apply for the few units that may turnover each year.

# HOUSING MARKET GAPS

This section explores key housing market gaps based on the demographic analysis and owner and renter market analysis. Gaps focus on the type of housing that may be needed in Roanoke County going forward and the price points that appear to be underserved in today's market.

## Low- and Moderate-Income Limits and Affordable Housing Costs

Most communities have some modestly priced housing that is more affordable to low- and moderate-income households: small, older single-family homes that are naturally less expensive than new homes; multifamily condominiums; or apartments that are leased for lower monthly rents. This type of affordable housing often stays affordable where the market will allow it and redevelopment or rehabilitation pressures are not as high. In the county today, there is a mix of housing at a variety of price points some of which is income restricted and others that are at a price point that is affordable to low- and moderate-income households.

Permanently affordable housing for low-income households provides protection from higher price increases than those households could otherwise afford. These units remain affordable because their resale prices and rents are governed by a deed restriction that lasts for many years, if not in perpetuity. There are other differences, too. For example, any household – regardless of income – may purchase or rent an unrestricted affordable unit, but only a low- or moderate-income household is eligible to purchase or rent a deed restricted unit. Both types of affordable housing meet a variety of needs. The primary difference is that the market determines the price of unrestricted affordable units, while a recorded legal instrument determines the price of deed restricted units.

Low and moderate incomes are based on percentages of the U.S. Department of Housing and Urban Development (HUD) Area Median Family Income (HAMFI) and adjusted for household size. Table 13 illustrates HUD's income breaks for Roanoke County studying income limits by household size and the maximum housing payment that is affordable in each tier.

| Table 13: HUD Income Limits | Persons in Family | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| FY 2020 Income Limit Category | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Extremely Low (30%) Income Limits ($) | $16,100 | $18,400 | $21,720 | $26,200 | $30,680 | $35,160 | $39,640 | $44,120 |
| Very Low (50%) Income Limits ($) | $26,850 | $30,700 | $34,550 | $38,350 | $41,450 | $44,500 | $47,600 | $50,650 |
| Low (80%) Income Limits ($) | $42,950 | $49,100 | $55,250 | $61,350 | $66,300 | $71,200 | $76,100 | $81,000 |

For example, in Roanoke County, if the household income for a three-person household did not exceed $55,250 that household could qualify for a deed restricted affordable unit. Maximum housing payments are typically set by HUD at no more than 30% of household income, or in this case $1,381 per month. The income limitations and maximum payment thresholds ensure that households are not unduly burdened with housing expenses.

## Affordability Analysis

Rapid growth in housing prices coupled with slow growth, if not declines, in incomes contributes to a housing affordability problem known as housing cost burden. HUD defines housing cost burden as the condition in which households spend more than 30% of their gross income on housing. When low- or moderate-income households are spending more than 50% of their income on housing costs, they are severely housing cost burdened.

**Figure 35:  Housing Cost Burden**



In Roanoke County, only 13% of all households are considered cost burdened under HUD's definition and 10% are considered severely cost burdened. This is very similar to the Region with 14% of households are considered cost burdened and 12% are severely cost burdened. Table 14 shows the percentage of cost burdened owner and renter households. Renters in Roanoke County have a higher tendency to be cost burdened than owners which is typical in most markets as well as nationally. In the case of the county, 16% of renter households are cost burdened and 18% of households are severely cost burdened which is a higher rate than owner households.

| Table 14: Housing Cost Burden Overview, Roanoke County, 2012–2016 | | | | | | |
|---|---|---|---|---|---|---|
| Cost Burden | Owner Households | | Renter Households | | Total Households | |
| | Est. | % of Total | Est. | % of Total | Est. | % of Total |
| <= 30% | 23,215 | 81% | 6,300 | 64% | 29,515 | 77% |
| >30% to <=50% | 3,245 | 11% | 1,560 | 16% | 4,805 | 13% |
| >50% | 1,890 | 7% | 1,800 | 18% | 3,690 | 10% |
| Cost burden not available | 135 | 0% | 165 | 2% | 300 | 1% |
| Total: | 28,490 | 100% | 9,830 | 100% | 38,320 | 100% |
| Source: HUD Comprehensive Housing Affordability Strategy (CHAS) Data; Note: Totals may not sum due to statistical error in CHAS data; and RKG Assoc. | | | | | | |

## AFFORDABILITY MISMATCH

While most communities have some older, more modestly priced homes and units with lower monthly rents these units are not necessarily occupied by low- or moderate-income households. HUD reports data for an affordable housing measure known as affordability mismatch which can be used to compare household income to housing prices. This measure can be used to identify housing price points where there may be an undersupply or oversupply and point to market opportunities where gaps could be filled. Affordability mismatch measures:

- The number of housing units in a community with rents or home values affordable to households in various income tiers;
- The number of households in each income tier;
- The number of households living in housing priced above their income tier

Viewing housing affordability in terms of income and cost (affordability threshold) serves as a proxy for understanding the challenges households face to afford adequate housing. To gauge whether owner and renter units in the Region are aligned with household AMI and affordability, RKG calculated the number of households that fall into each AMI category and compared it to the number of owner and renter units affordable at those income limits.

Table 15 shows the affordability analysis based on a three-person owner-occupied household. Given that about 46% of all owner households in the county earn at or above 120% of AMI, there is a shortage of units priced to what those households could technically afford. Some of this is related to Roanoke County's market dynamics where many owner units are currently valued at less than the average sales price due to the dynamics described in the market analysis section. Many homes across the county are valued between $100,000 and $200,000 making the ownership market more affordable to a wider range of incomes. Just because a household can afford to spend more does not mean that they will; some households in Roanoke County can choose to live below their means because sufficient housing is available at lower price points.

Although this analysis does show a surplus of housing available to households at middle income tiers, many households at 30% of AMI struggle to enter the homeownership market without some

assistance. They may lack the down payment necessary to cover mortgage requirements, they may not have a high enough credit score, and if they are able to enter the market the homes available to them may need substantial rehabilitation and upgrades.

It is also worth noting this analysis was completed for a three-person household which carries higher income thresholds across each AMI category than one- or two-person households. If singles or two people wanted to purchase a home, it is likely their choices at the 30% and 50% of AMI categories would be extremely limited and likely show a deficit. With the growth in one- and two-person households countywide, homeownership options for smaller households should be a consideration going forward.

| Table 15: Owner Price to Affordability Comparison | | | | | | |
|---|---|---|---|---|---|---|
| Category | Income Threshold | Owner Households | Percent | Fee Simple Home Price | Owner-Occupied Units | Surplus/Deficit |
| 30% AMI | $21,720 | 2,415 | 8.5% | $80,663 | 1,765 | -650 |
| 50% AMI | $34,550 | 2,632 | 9.3% | $128,311 | 3,257 | 625 |
| 80% AMI | $55,250 | 4,486 | 15.8% | $205,186 | 10,361 | 5,875 |
| 100% AMI | $76,700 | 4,814 | 16.9% | $256,622 | 3,897 | -917 |
| 120% AMI | $82,875 | 1,077 | 3.8% | $307,779 | 3,943 | 2,865 |
| 120%+ AMI | $82,876 | 12,979 | 45.7% | $307,780 | 5,180 | -7,799 |
| Source: ACS 2014-2018, HUD | | | | | | |

On the rental unit side, Table 16 shows a surplus of almost 2,521 units priced to households earning at or below 80% of AMI. At the upper end of the rental market there is a deficit of 1,797 units priced for households at or above 120% of AMI. Again, this is the result of most rental units countywide being priced between $500 and $1,000 a month. While there may be a few households that could afford higher rents, it does not mean they are going to pay those rents especially when higher-end rental product is not prevalent throughout the market.

Households earning 30% of AMI or below are finding it increasingly more difficult to find housing priced to their income. This is a trend seen not only in Roanoke County, but nationally as well. These units tend to be deed restricted and managed by public entities such as housing authorities. With limited funds for constructing and preserving these units, there are typically affordability gaps at this income level. Like what was described in the owner-occupied affordability section above, the renter analysis is also set to a three-person household with higher income thresholds. A one- or two-person household earing at or below 30% of AMI would have even more difficulty finding an affordable unit as their income would be lower and therefore could afford fewer rental units countywide.

| Table 16: Renter Price to Affordability Comparison | | | | | |
|---|---|---|---|---|---|
| Category | Income Threshold | Renter Households | Percent | Monthly Rent | Rental Units | Surplus/Deficit |
| 30% AMI | $21,720 | 2,440 | 26% | $543 | 1,370 | –1,070 |
| 50% AMI | $34,550 | 1,508 | 15% | $864 | 2,956 | 1,448 |
| 80% AMI | $55,250 | 1,999 | 20% | $1,381 | 4,142 | 2,143 |
| 100% AMI | $76,700 | 418 | 4% | $1,918 | 1,119 | 701 |
| 120% AMI | $82,875 | 1,579 | 16% | $2,072 | 154 | –1,425 |
| 120%+ AMI | $82,876 | 1,996 | 20% | $2,072 | 199 | –1,797 |
| Source:  ACS 2014–2018, HUD | | | | | |

ROANOKE COUNTY HOUSING STUDY
# LAND SUITABILITY ANLAYSIS

Planning for land use change and future development must consider a wide range of factors that include environmental conditions and hazards, local plans and regulations, and the availability of critical infrastructure and services to support urban expansion and redevelopment. Land suitability models provide a framework that can incorporate these variables - and represent them geographically - to identify and prioritize areas that can support new housing, and potential constraints to development. This type of model is often employed in local and regional planning efforts using geospatial analysis techniques to process and integrate existing Geographic Information Systems (GIS) data. Thanks to the availability of high-resolution and regularly updated GIS databases, it has become possible to evaluate land suitability at the neighborhood and site scale while providing a reasonably accurate representation of local conditions.

## Overview

For this study, the objective was to assess the suitability of land for residential development across four jurisdictions in the Roanoke Valley-Allegheny Region: Roanoke County, Franklin County, City of Roanoke, and City of Salem. Because each locality has unique physical characteristics, local bylaws, and planning priorities, it was critical to customize the suitability model within the boundaries of these areas. Part of the objective of this study was to prioritize three specific sites for each locality from a list of potential development sites, which were identified by land use and development planning staff. Additional details on the process of engaging local planners in the land suitability analysis can be found later in this chapter. The following diagram summarizes the stages of model development, from compiling planning documents and GIS data to developing final recommendations for the selected sites, including the critical points where local feedback was solicited on the model inputs and results. The full land suitability methodology can be found in Appendix A at the end of this document.

## Data Collection and Processing

The information included in a land suitability model takes many forms, from GIS datasets representing linear infrastructure networks, administrative boundaries, and nodes of activity, to tables documenting details from assessors' databases and the dimensional requirements of local zoning bylaws. Data was collected from public data portals, RVARC's Director of Information Services, GIS managers from each city and county, and multiple agencies of the Commonwealth of Virginia.

In addition to GIS data sources, other location-specific data and variables were derived from local reports and planning documents, including comprehensive plans, area plans, zoning ordinances, housing assessments, and digital map documents produced by municipal and county planning offices.

## Suitability Scores and Weights

The land suitability model was designed based on established land use assessment techniques that apply spatial analysis tools to assign scores to a range of categorical and numerical variables. These scores are then combined into an index that indicates the relative suitability for a particular land use.

There are many ways to implement this type of model using GIS – in this case a raster-based model was used, in which each study area is divided into a grid of cells and suitability scores are assigned to each cell based on:

- proximity (ex. within 50 feet of a road)
- category (ex. land use or zoning)
- or a simple binary score (0 or 1) indicating location within an area of interest (ex. UDAs).

For this housing study, suitability criteria were selected based on a review of local planning documents and consultation with planning staff, with a focus on conditions that could support residential development in each jurisdiction. Numerical scores were assigned to each factor according to the level of development suitability, from high (score = 3) to low (score = 1), or not suitable at all (score = 0). Total scores were calculated using a weighted sum to combine the score of each factor.

The weight values range from Low (weight = 1) to Very High (weight = 7), and were based on initial discussions with local planners, then refined through further validation of the initial model results. The table below presents a summary of the suitability criteria, assumptions for each score, and the relative weights used in the model for each jurisdiction. Certain criteria were not factored into the analysis in some areas, for example, because some zoning or water resource protections were unique to the City of Roanoke they did not apply in other areas. Because of the scale of the regions and differences in mobility, the distance from public schools used wider ranges (1 to 5 miles) in the county geographies and smaller ranges (0.5 to 1.5 miles) in the cities. In total, the Roanoke County model included 13 criteria, 12 for Franklin County, 16 for the City of Roanoke, and 15 for the City of Salem.

## Assumptions and Limitations

As with any model, some simplifications were necessary to represent real-world conditions using this conceptual approach to evaluating land suitability. The break values selected for distance from critical infrastructure and scores assigned to different types of land cover, for example, represent assumptions made as part of the model development. Site-specific factors may change the applicability of these assumptions, but they are considered representative of potential development conditions at the regional and neighborhood scale.

Additionally, errors or omissions may be present in the GIS data and documents used to develop the model. One such known data gap is the water and sewer infrastructure in eastern Roanoke County. Data was collected for these infrastructure networks in Vinton, but it did not cover the areas connected to this system east of the Vinton border. Also, cemetery locations were included in the data for Roanoke County, but not other areas.

Overall, this model represents a regional decision support tool, using the best available data at the time of this document's writing. For more detailed parcel-level assessment of suitability and constraints, additional site surveys and mapping should be performed by qualified professionals. These models are intended to prioritize pre-selected development sites and identify potential infrastructure needs and other factors that could facilitate housing production. Other uses of this model should consider the assumptions and limitations outlined in this document.

## Site Identification

Development of the land suitability model was organized to capture local planning and development knowledge at critical stages in the process, specifically:

- **Data collection and processing:** determining key datasets and relevant local plans and bylaws
- **Suitability model configuration:** identifying potential development areas and discussing initial weights for suitability factors
- **Selection of final sites:** providing feedback on the suitability and constraints of selected sites
- **Site recommendations:** offering input on types of housing, zoning, incentives, and infrastructure

At each stage more of this local knowledge of land use, planning, and development conditions was integrated into the land suitability model configuration and helped to refine the areas suggested as sites of potential housing development.

## Site Selection

The ultimate objective of model is to evaluate the development potential of an initial list of sites, with the goal of prioritizing three sites within each jurisdiction. The sites were identified as follows:

1. Initial discussions with planning staff (August 2020)
   - The model development team conducted Zoom calls with planners from Vinton, Rocky Mount, City of Roanoke, Roanoke County, and Franklin County.
   - Discussions centered on recent development trends and sites with potential for residential development, based on local knowledge and interest from developers. Initial locations were marked on a custom Google Map and saved to a GIS file.
   - Planners were also asked to provide a preliminary distribution of importance to each category of suitability criteria.
2. Site delineation and validation (September 2020)
   - Based on the locations identified with planners, parcels and larger areas were identified and assigned an ID. Associated parcel numbers and addresses were tabulated for each site.
   - Information on the preliminary sites was sent back to planning staff for validation
3. Development site refinement and consolidation (October-November 2020)
   - After reviewing the additional feedback, potential development area boundaries were adjusted, and ID numbers were updated to reflect the final selected sites.

## Site Evaluation

The final sites identified for each jurisdiction were incorporated into their respective suitability and constraint models to calculate the scores and compare the development potential within each site boundary. Because the model employed a grid-based approach, the suitability and constraints scores vary across each site. To account for the range of scores, the average suitability and constraint scores were tabulated. Based on feedback from the project steering committee, there was interest in reviewing the suitability of each site without considering current zoning, which would lower the score in areas where limited housing types are permitted by right.

The following section presents a summary of the scores for each version of the model, organized by jurisdiction. Final selection of potential housing development sites also considered the area and configuration of the parcels within each site, as well as local housing market conditions and the type of housing each site would be likely to support. At the end of each section, a summary of the top three sites is presented, including a close-up view of the site, a map of key constraints, and other important details, including: site area, zoning, and location relative to UDAs, zoning overlays, and historic districts.

## Roanoke County Priority Sites

The map below shows the locations of the selected potential development sites, along with the results of the land suitability analysis, specifically the version including zoning in the overall score. Higher suitability areas are located around the perimeter of the cities of Roanoke and Salem, including Hollins, Vinton, Bonsack, and Cave Spring. These areas have access to a dense road network and water and sewer infrastructure and are also Designated Growth Areas. Lower suitability scores are spread across rural areas with steeper terrain, primarily in the west and south of the county. The maximum suitability score for the model including zoning is 173, and the average score is 88.5.
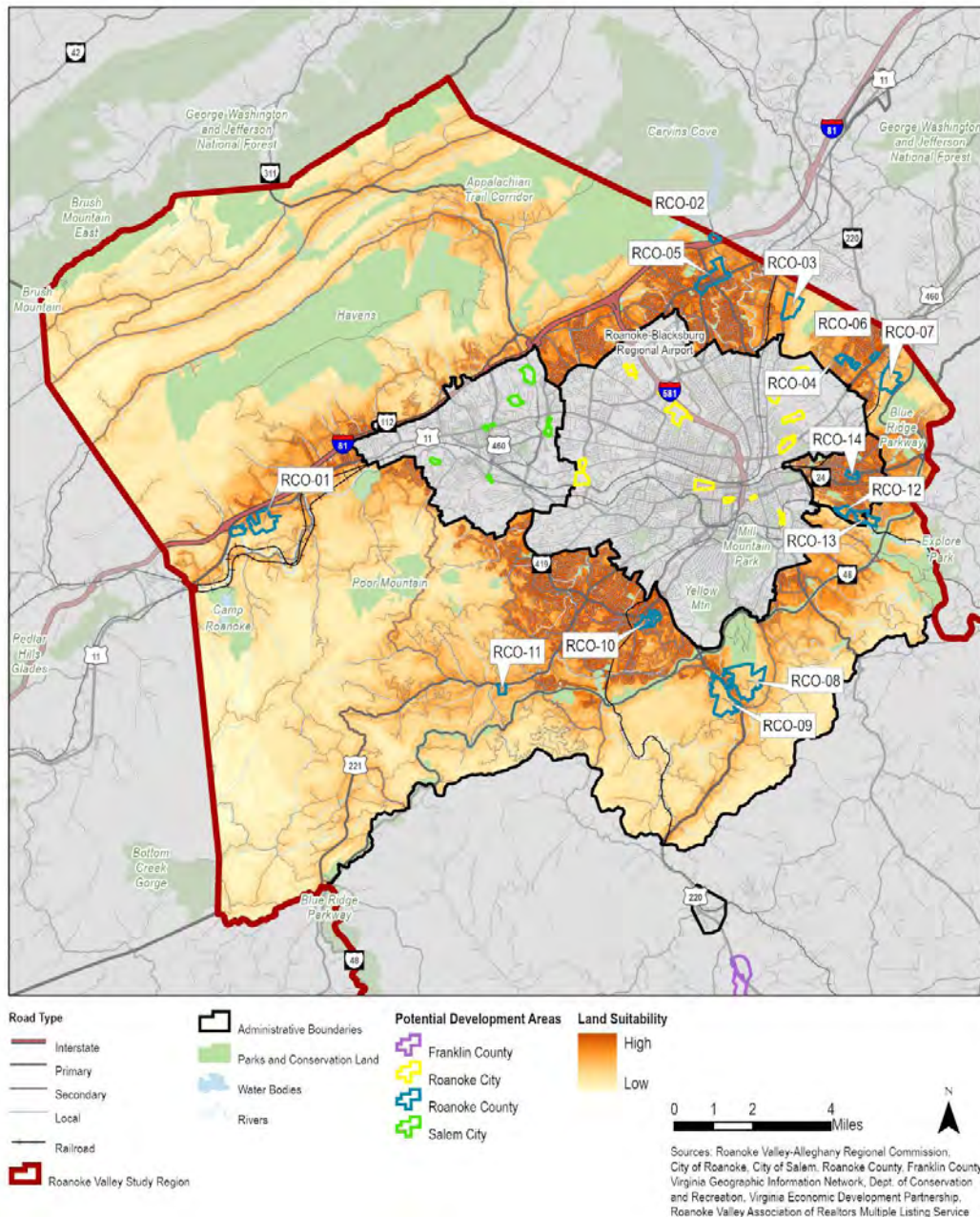


**Figure 36:  Roanoke County Land Suitability**

Areas of higher constraints are generally the inverse of the high suitability areas, in most cases showing regions where steep slopes, protected open space, and water resource areas overlap. Existing development areas and zoning districts that do not allow residential by right were also constraints in more urbanized areas of the county. Looking at the county as a whole, the highest constraint score was 6, and the average score was 0.69. The following map shows the distribution of constraints, with bright red indicating areas with the highest number of constraints.



**Figure 37:  Roanoke County Development Constraints**

Comparing each site to the countywide suitability scores, all sites were above the average suitability score, and all but one were below the average constraint score. Comparing the "Primary" model to the "No Zoning" model, it is important to note that the scores without zoning will be lower overall because there was one less factor contributing to the total score. The table below presents the suitability and constraint score for each site, both including and excluding zoning as a factor.

Table 17:  Roanoke County Site Suitability Scores

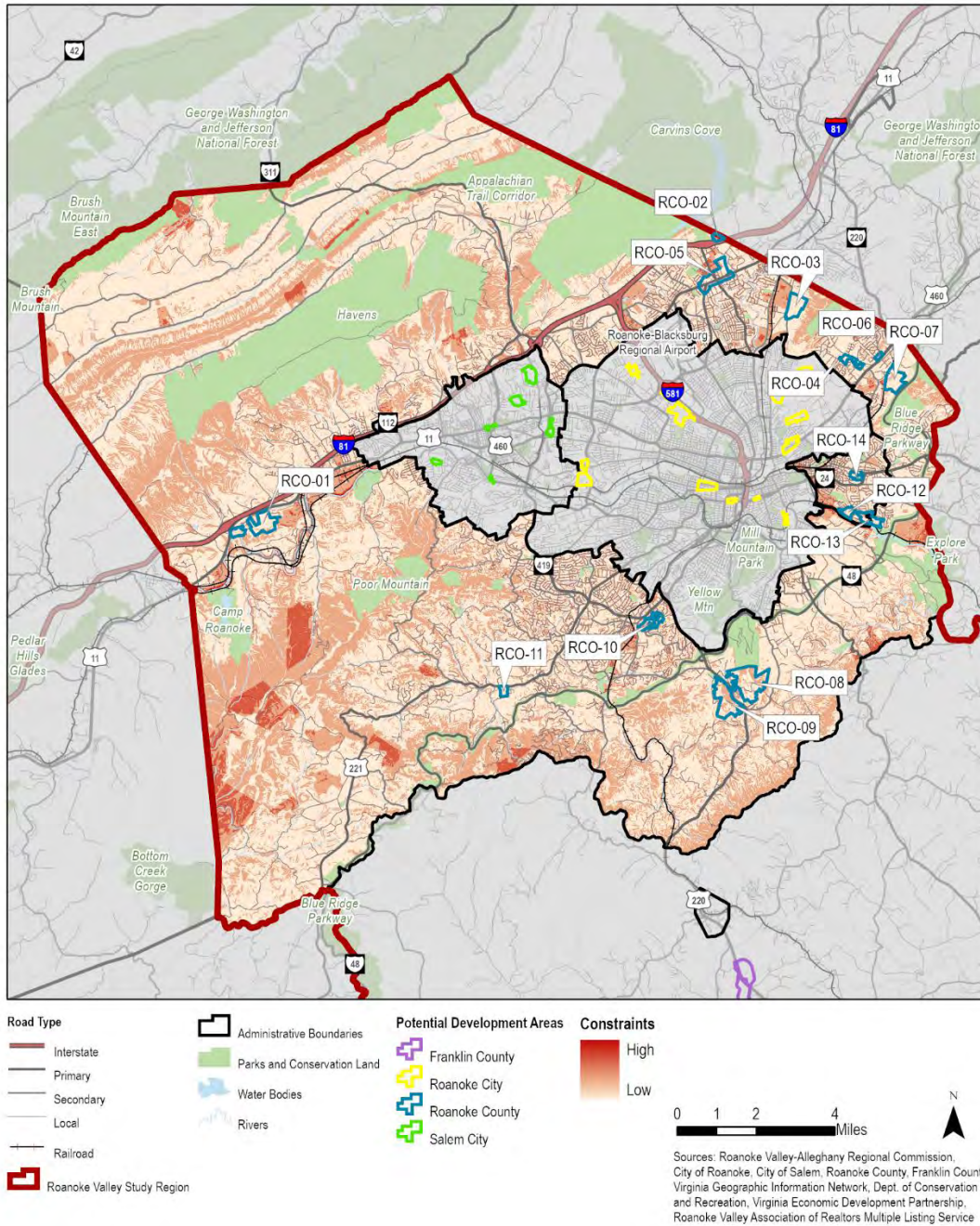| Site ID | Site Description | Area (Acres) | Primary Model | | | No Zoning Model | | |
|---|---|---|---|---|---|---|---|---|
| | | | Suitability | Constraints | Rank | Suitability | Constraints | Rank |
| RCO-01 | Riverside - Exit 132 | 209.27 | 96.4 | 0.17 | 11 | 91.4 | 0.17 | 11 |
| RCO-02 | Hollins University - Tinker Creek | 23.24 | 97.7 | 1.09 | 10 | 97.7 | 0.09 | 9 |
| RCO-03 | Old Mountain Rd. - Bradshaw Property | 136.82 | 103.9 | 0.03 | 7 | 98.9 | 0.03 | 6 |
| RCO-04 | Bonsack - East Ruritan Road | 45.73 | 111.5 | 0.15 | 5 | 106.5 | 0.15 | 5 |
| RCO-05 | Hollins Center – Mixed Use | 199.11 | 135.2 | 0.62 | 2 | 123.0 | 0.56 | 2 |
| RCO-06 | Bonsack - Jim Battles Park | 13.17 | 135.2 | 0.04 | 1 | 120.2 | 0.04 | 3 |
| RCO-07 | Bonsack - Layman Road | 146.52 | 91.2 | 0.19 | 13 | 86.2 | 0.19 | 13 |
| RCO-08 | Cave Spring - 220 Corridor East | 341.26 | 90.4 | 0.39 | 14 | 85.4 | 0.39 | 14 |
| RCO-09 | Cave Spring - 220 Corridor West | 246.10 | 95.5 | 0.44 | 12 | 89.9 | 0.44 | 12 |
| RCO-10 | Cave Spring - The Ridges | 80.05 | 124.4 | 0.31 | 4 | 109.5 | 0.31 | 4 |
| RCO-11 | School Board property - 221 Corridor | 31.52 | 103.2 | 0.27 | 8 | 98.3 | 0.27 | 7 |
| RCO-12 | Vinton - Wyndham Drive | 40.63 | 108.2 | 0.20 | 6 | 98.2 | 0.20 | 8 |
| RCO-13 | Vinton - Niagara Road | 85.57 | 99.8 | 0.45 | 9 | 94.8 | 0.45 | 10 |
| RCO-14 | Vinton - River Park Shopping Center | 27.47 | 133.7 | 0.20 | 3 | 126.9 | 0.20 | 1 |

There was agreement between both models on the top three sites, although the ranking changed when zoning was taken out of the equation. These sites were RCO-06 (Jim Battles Park), RCO-05 (Hollins Center – Mixed Use) and RCO-14 (Vinton – River Park Shopping Center). Each of these sites is located along a major thoroughfare, in a Designated Growth Area, with good access to water infrastructure. The lowest suitability sites, RCO-07 in Bonsack and RCO-08 and 09 on Rt. 220 in Cave Spring, scored lower due to steep slope and flood constraints, as well as more limited infrastructure access.

Because each of the top three sites have potential for a range of housing types and enough area to support more than a few housing units, they were considered good candidates for the final evaluation. The following table provides some additional details about the top three sites for Roanoke County, and additional maps of these sites are included on the following pages.

**Table 18: Roanoke County - Top Three Development Sites**

| Site ID | Site Description | Acres | Zoning | Overlays | UDA | Historic District |
|---|---|---|---|---|---|---|
| RCO-05 | Hollins Center – Mixed Use | 199.11 | C2 | None | Yes | No |
| RCO-06 | Bonsack – Jim Battles Park | 13.17 | C2 | None | Yes | No |
| RCO-14 | Vinton – River Park Shopping Center | 27.47 | R3 | None | Yes | No |

## RCO-05: HOLLINS CENTER - MIXED USE

According to the Hollins Center Plan (2018), Roanoke County Planning and Development staff identified several centers throughout the County that were appropriate for new commercial and residential redevelopment or infill. The Hollins Center study area was included for its proximity to Interstate 81 and Hollins University, the highest concentration of employment in the County. The Hollins Center Plan considers a larger study area that includes industrial and commercial uses as well as lower-density residential. For the purposes of this study, the analysis identifies only the area designated for mixed-use to encourage development of more diverse housing options including multifamily apartments/condominiums.

Note, according to mapping data from the Western Virginia Water Authority, this area appears to have public water and sewer infrastructure in close proximity.



This study's analysis of the market for this area indicates that there is a need for a diversity of housing options, by type and price, which meets the needs of growing populations. While mixed-use development is not traditionally found across the county, proximity to the university and major employers makes this site a potentially viable location for such a housing typology. The site could capitalize on the growing young professional population across the county. Additionally, mixed use development is also attractive to the growing senior population, as they may be looking to downsize, and looking for walkability and amenities.

Recommendations:

- Support implementation of the Hollins Center Plan recommendations to create mixed-use development with a mix of housing types and commercial uses as designated on the Future Land Use map.
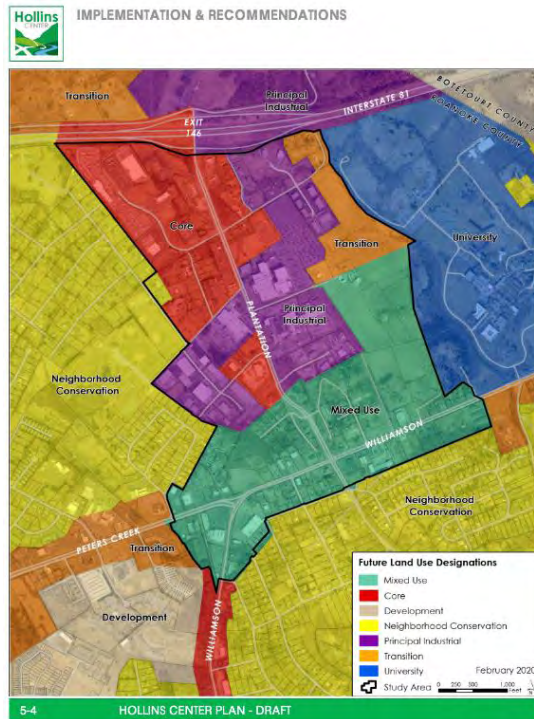
- Invest in public improvements and infrastructure to support the plan including rebuilding the Hollins Branch Library, improving recreation facilities and trails, improving key intersections and multimodal accommodations, installing streetscape amenities, seeking public art installations.
- As described in the Hollins Center Plan, consider public-private partnerships for redevelopment revitalization opportunities including financial incentives as well as zoning changes to allow and encourage housing diversity and mixed use development.
- Actively seek out development partners through marketing efforts, networking, and requests for qualification.

## RCO-05: Hollins Center - Mixed-Use



Image sources: USDA FSA, GeoEye, Maxar

**Locality:** Roanoke County

**Area (Acres):** 199.11

**Zoning District:**
C2 (Roanoke Co.)

**Other Base Zoning:**
R3, R1 (Roanoke Co.)

**Zoning Overlay:**
N/A
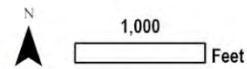
**In a UDA?**
Yes

**In a Historic District?**
No

N ↑

1,000
Feet

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept. of Conservation
and Recreation, Virginia Economic Development Partnership

### Constraints



- ▬ Flood Zone
- ▬ Wetlands
- ▬ Steep Slope
- ▬ Karst
- - - Town Boundary
- ▬ Building Footprints

**Figure 38:  RCO-05 Site Summary**

## RCO-06:  BONSACK - JIM BATTLES PARK

This site located on the corner of Route 460 and Huntridge Road in Roanoke County is just over 13 acres and located in the County's Commercial 2 (C-2) zoning district. The C-2 district allows commercial development as well as two-family, multifamily, and mixed use development. The area is part of the Route 460 East/Bonsack Urban Development Area (UDA).

Multifamily housing and duplexes have additional regulations in the C-2 district per Article IV of Roanoke's Zoning Ordinance which outlines additional design and use standards for specific uses in some districts. They must include a commercial, civic, or office use and cannot account for more than 50 percent of the gross floor area on the site. Otherwise, a special permit is required from the Board of Supervisors.

The 2005 Roanoke County Community Plan (Chapter 7) identifies the Route 460 corridor in Bonsack as an area to promote the use of planned commercial developments and/or nodes of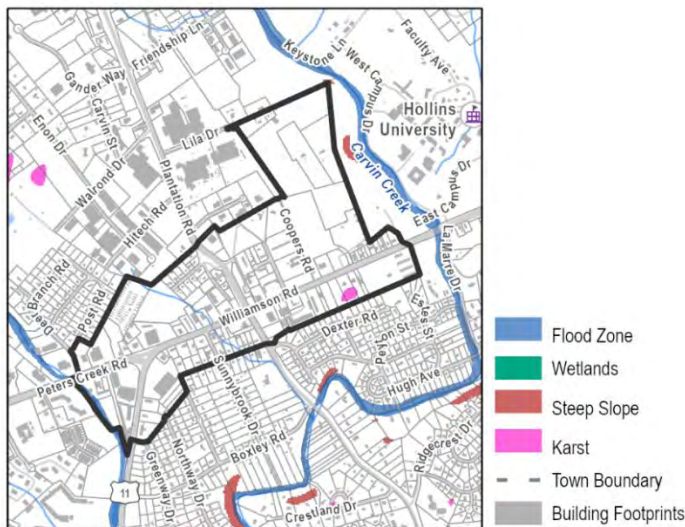 commercial development and emphasizes that the appropriate balance between residential, commercial, industrial, and agricultural land uses is key to Bonsack becoming a sustainable community. This site is surrounded by a single family neighborhood to the southwest and west and a medical office use to the northeast (on Huntridge Road).

The Future Land Use map (see image above) identifies this site as Transitional (TR) due to its location between the single family neighborhood (designated Neighborhood Conservation (NC)) and the highway. As defined in Chapter 6 of the Roanoke County Community Plan, transition areas generally serve as developed buffers between highways and nearby or adjacent lower intensity development. Intense retail and highway oriented commercial uses are discouraged in transition areas, which are more suitable for office, institutional and small-scale, coordinated retail uses as well as multifamily residential (12-24 units per acre) and townhouses (single family attached residential of six or more units per acre).

The site could provide an opportunity for both non-residential uses along Huntridge Road, similar to the use across the street, and medium-density residential uses such as townhouses or duplexes. If approximately 25 percent of the site were used for non-residential uses, there would be about 10 acres that could be used for residential uses. If assuming multifamily residential at 12 units per acre, the site could potentially yield 120 units. If assuming townhouses at 6 units per acre, the site could potentially yield 60 units.

Note, according to mapping data from the Western Virginia Water Authority, this area appears to have public water and sewer infrastructure in close proximity.

This site could provide a mix of housing, both duplexes and townhouses, which could appeal to many households in the area. As household composition continues to favor smaller household sizes, ownership units like these could appeal to a wide range of householders, particularly small family households. There is demand within the for entry-level ownership housing, and this location offers potential opportunity to capitalize on the market. Based on local sales prices in this area of the county, the market is quite strong and new housing product has the potential to meet the growing demand.

Recommendations:

- Consider development proposals in alignment with the Future Land Use map that include a mixture of non-residential and medium-density residential uses for this transitional area that could sufficiently buffer the NC area from the highway.

## RCO-06: Bonsack - Jim Battles Park



Image sources: GeoEye, Maxar, Microsoft

**Locality:** Roanoke County

**Area (Acres):** 13.17

**Zoning District:**
C2 (Roanoke Co.)

**Other Base Zoning:**
N/A

**Zoning Overlay:**
N/A

**In a UDA?**
Yes

**In a Historic District?**
No

N

350 Feet

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept. of Conservation
and Recreation, Virginia Economic Development Partnership.

### Constraints



Flood Zone
Wetlands
Steep Slope
Karst
- - Town Boundary
Building Footprints

**Figure 39:  RCO-06 Site Summary**

## RCO-14:  VINTON - RIVER PARK SHOPPING CENTER

The Vinton River Park Shopping Center is located on about 27 acres in Vinton and lies within two Vinton zoning districts: GB and R3. The site is also located in a UDA. The eastern portion of the site, which has frontage on Route 24 and Washington Avenue is developed as a shopping center. The western portion of the site appears to be primarily forested. The site is surrounded primarily by single family residential uses with some commercial uses along Route 24.

The R3 district, which covers about 10 acres on the western side of the site, allows single and two-family dwellings and townhouses by right and multifamily dwellings by special permit. Building heights in the R3 district can reach up to 45 ft and buildings cannot cover more than 35 percent of the lot. The minimum lot size for multifamily dwellings in the R3 district on lots with water and sewer access is 12,000 square feet.

Note, according to mapping data from Roanoke County, this area appears to have public water and sewer infrastructure in close proximity.

The GB district, which covers just over 17 acres on the eastern portion of the site, permits mixed use development and residential uses must be located above the first floor or in the rear of other permitted commercial uses and the amount of floor area for residential uses cannot be more than twice the floor area of other uses. In the GB district, buildings can be built up to 60 ft, except where lots are located within 100 ft of a residential district. Here they can only reach up to 35 ft.

This study's analysis of the market for this area indicates that there is a need for a diversity of housing options, by type and price, which meets the needs of growing populations. While mixed-use development is not traditionally found across the county, proximity to the shopping and employment opportunities makes this site a potentially viable location for such a housing typology. The site could capitalize on the growing young professional population across the county. Additionally, mixed-use development is also attractive to the growing senior population, as they may be looking to downsize, and looking for walkability and amenities. The market could also accommodate duplexes and townhouses which appeals to younger family households. There is demand within the for entry-level ownership housing, and this location offers potential opportunity to capitalize on that market.

Recommendations:

- Consider development proposals in alignment with the current zoning that include redevelopment of the shopping center to mixed-use with commercial uses on the first floor and apartments or condominiums above on the eastern portion of the lot (the area zoned GB)
- Consider proposals for a medium-density transitional residential use on the western portion of the lot (zoned R3) such as two-family dwellings or townhouses.

## RCO-14: Vinton - River Park Shopping Center



Image sources: USDA FSA, GeoEye, Maxar

**Locality:** Roanoke County

**Area (Acres):** 27.47

**Zoning District:**
C2 (Vinton)

**Other Base Zoning:**
R3 (Vinton)

**Zoning Overlay:**
N/A
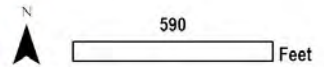
**In a UDA?**
Yes

**In a Historic District?**
No

590 Feet

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept. of Conservation
and Recreation, Virginia Economic Development Partnership

### Constraints



- Flood Zone
- Wetlands
- Steep Slope
- Karst
- Town Boundary
- Building Footprints

Figure 40: RCO-14 Site Summary

# BARRIERS TO ADDRESSING HOUSING

To address gaps across Roanoke County's housing market, several barriers will need to be addressed. For the purposes of this analysis and to inform future strategies, we have organized current barriers into four categories:  Market, Financial, Regulatory, and Coordination.

## Market Barriers

Market barriers refer to constraints placed on the housing market or factors that drive the market to respond in a certain way. In Roanoke County, there are several market-based barriers affecting housing which include:

- **Reduction in Local Building Capacity** – The Great Recession had some negative effects on the housing market in Roanoke County, but by-in-large prices and rents have rebounded back to pre-recession levels. A bigger impact of the recession that continues today is the reduction in local building capacity as there are only a few larger sized developers within the Region. These developers tend to look for projects which are likely to be permitted, require less risk and offer acceptable financial returns.

- **Decline in 35 to 44-Yyear Old Population** – Between 2013 and 2018, the number of residents between the ages of 35 and 44 decreased by 10%, which is slightly greater than the regional trend. Historically, this age cohort is at peak family formation and are a potential buyer pool for starter homes or larger homes representing a move up in the market. The continued decline in this population could potentially impact home purchases, home prices, and the vacancy rates across the county.

- **Lack of Diversity in Housing Types** – The predominate housing type for both renters and owners in Roanoke County are single family homes and multifamily homes. Multifamily housing units are limited across the county but offer an important price and size distinction in the market compared to single family homes. The demographic shifts to an aging population will continue to influence the market and likely drive demand for more diversified housing types like townhomes, patio homes, and potentially condos to retain the senior population while also bringing affordability to younger households. Nationally, there is an alignment of housing preferences between younger and older generations in terms of both product type, locations, and amenities. Universal design is also an important factor to consider for new units so they can be design or easily adapted to meet the needs of owners and renters regardless of age or ability.

## Financial Barriers

Financial barriers refer to the access to capital needed to fund housing development, access to financing to purchase a home, resources to address housing inequities and challenges, and the

financial feasibility of rehabilitating the existing housing stock in certain parts of the county. Financial barriers to housing development include:

- **Rehab and Acquisition** - Rehabilitation of the older housing stock is difficult to execute because it requires a concerted effort on the part of homeowners, the availability of financing, and coordinated efforts by municipal officials. Rehabilitation is difficult from the homebuyer side because financial resources are not always available for renovation projects. While some lenders offer construction financing, lending terms may not be favorable to low- to moderate-income households who are unable to pay the loan back on top of an existing mortgage. While there are county, state, and non-profit programs which help homeowners finance rehabilitation costs, these funds are limited.

  There are also challenges for potential buyers of homes that need rehabilitation work. In areas where housing rehabilitation has not occurred and home values are lower, it can be difficult for lenders to find comparable properties to justify a combined rehab and acquisition loan. Oftentimes, gap financing is needed through a flexible funding source to help make up the difference between what a lender is willing to offer and the amount the homebuyer needs for repairs. This may also disproportionately impact low- to moderate-income households who may not have cash on hand to complete the needed rehabilitation on the home.

- **Development Feasibility** – The financial feasibility of revitalizing and redeveloping older areas, building on in-fill lots, or undertaking new greenfield/subdivision development is a major barrier. The cost of land, materials, and construction are significant, especially with the topographic challenges in parts of the county and the availability of infrastructure and utilities. The risks associated with larger projects is can be high, particularly in untested markets where there are fewer local builders willing to take risks. Financial feasibility concerns limit the potential of new developments to include affordability components, as developers opt to build higher priced housing to mitigate risk and increase returns.

- **County/State/Federal Resources** – Funding to support housing programs and initiatives is limited in many cases to those available through local taxation or development fees, state funding dedicated to housing, tax credit programs, and federal housing programs like Community Development Block Grant (CDBG) or HOME funds. Providing new affordable housing options will take a concerted effort and leveraging a variety of funding resources. This will be a key barrier to implementation and one that will require a coalition of government, non-profits, faith-based organizations, and private investors.

- **Lending Criteria and Access to Financing** – Homebuyers are challenged by increasing levels of personal debt, diminished savings, and stricter lending requirements by financial institutions due to the housing crisis. Purchasing power constraints limit the ability of households to buy homes or undertake major renovations to existing homes. Younger householders who carry large student loan debt coupled with price escalations in the housing market make homeownership difficult to attain and can result in greater numbers of renter

households. For low- and moderate-income households, obtaining and maintaining a qualifying credit score can also be a challenge to accessing financing.

## Regulatory Barriers

Regulatory barriers refer to the policies and regulations placed on residential development by local, county, and/or state government that may be impeding the construction of certain types of housing product. This may be related to zoning, subdivision controls, permitting, or building codes. Regulatory barriers to housing development include:

- **County Zoning Ordinance** – The County's Zoning Ordinance currently offers property owners quite a bit of flexibility from a residential perspective, including allowing a range of housing types to be built. Residential development in Roanoke County is primarily allowed in its five residential districts (R-1, R-2, R-3, R-4, and R-MH), its Planned Residential Development District (PRD), and in its four agricultural districts (AG-3, AG-1, AR, and AV). Single family is allowed by-right in all these districts except the Residential Manufactured Homes District (R-MH). Many of the County's site development regulations are influenced by the availability of water and sewer access. Generally, the maximum building height in districts is 45 ft unless noted.

- **Restrictions on Dense Development** - Multifamily and townhouses are allowed by special permit from the Board of Supervisors and have additional regulations in the AV district per Article IV of Roanoke's Zoning Ordinance which outlines additional design and use standards for specific uses in some districts. For multifamily housing, the minimum lot size is 20,000 square feet for the first unit plus 5,000 sf for each additional unit. For townhouses, the minimum lot size is 20,000 sf for the first unit plus 5,445 sf for each additional unit. No more than eight townhouse units are permitted per acre and no more than 4 townhouse units can be in a single group or block.  Each individual lot size for a townhouse must be at least 2,000 sf for interior lots and 2,500 sf for end lots—and a minimum width of 20 ft.

- **Adaptive Reuse and Code Compliance** – Adapting older buildings to meet today's building codes and accessibility requirements can be very expensive, particularly for those buildings that could host a mix of uses. Improvements such as adding sprinklers, providing elevator access to upper floors, and making accessibility improvements often require a large amount of upfront capital that may take a long time to recapture in an area with lower residential and commercial rents. These required improvements can sometimes force property owners to keep upper stories vacant or limit the ability to fit out spaces for a different mix of tenants.

## Coordination Barriers

Coordination barriers refer to the ability of stakeholders to come together and focus efforts and resources to help with the county's housing challenges. Change is never easy nor is identifying funding to address challenging issues, but both require a coalition of leaders to come together and agree on priorities and direction. Potential coordination barriers include:

- **Identify Funding Sources** – To address housing issues identified in this study, additional funding sources are going to be needed. The housing market, while growing, is not necessarily meeting the needs of residents. The market may not course correct on its own in the short-term and there may be a need to identify subsidies to prime the market in areas that have not seen new investment or may not be supplying the diversity of housing choices needed to serve residents today and into the future. Raising additional funds, leveraging resources, or reallocating existing funding is never easy but may be necessary to address housing needs across the county.

- **Regional Collaboration** – Over the last two decades, private corporations such as financial institutions, major employers, and anchor institutions such as hospitals and universities have played an increasingly important role in improving and expanding affordable housing. Investments in low-income housing tax credit projects have been a primary contributor to building multifamily affordable rental units across the country. Roanoke County has a need to expand both the amount and type of affordable housing as well as the pool of funding available for such projects. The challenge now is for the County to take charge of those challenges and begin seeking a larger partnership between government, philanthropy, and the private sector. This is a best practice in many places across the country who are working collaboratively to invest in larger, more complex community and economic development solutions.

The concept of leveraged capital, when a small amount of initial capital is made available to attract additional resources, is not new to the affordable housing industry. Most affordable housing built since the early 1990s has been financed by private equity investments seeking low-income housing tax credits and market rate returns. What is new to the community development sector are the innovations created through co-investment opportunities between the public and private sectors.

In Roanoke County, partnership between the County, affordable housing providers, institutions, employers, non-profits, Virginia Housing, and the RVARC will be critical to addressing housing needs going forward.

# STRATEGIES

To address of the housing issues and opportunities noted in this study, RKG compiled a set of strategies each informed by the countywide data analyses, interviews and focus groups, and an assessment of existing housing programs. The strategies presented are targeted toward addressing the identified gaps and barriers in the current housing market and have been organized under headings which group similar strategy types and an estimated timeframe for implementation. The strategies are also intended to help address housing typology gaps identified in Roanoke County's market and easing restrictions or putting forth incentives to help produce that product in the future.

It is crucial that strategies focus on initiatives the county and its partners can undertake within the first few years to address key issues and opportunities in the housing market. Undertaking incremental steps in the beginning stages of an implementation strategy can build momentum and give residents and investors the confidence in the potential of the plan. Short-term implementation recommendations (0-5 years) can include organizational restructuring, policy and regulatory changes, realignment or consolidation of funding sources, or small investment projects. Mid- and long-term recommendations (6-10 and 10+ years) may take more time, additional or creative financing, complex partnerships, political will, and patience as the market adjusts to changes in policy, regulation, and/or funding priorities.

## Regulatory Strategies Barriers

The County and its local partners should consider zoning changes that allow and potentially incentivize new housing types where appropriate. The County's growing population is concentrated in two primary age cohorts – younger professionals and seniors. National trends show housing preferences of both groups in close alignment with a preference toward housing in walkable locations with amenities nearby, attached ownership units or multifamily rental structures with minimal maintenance responsibilities, and amenitized buildings. These housing preferences were not only noted in this study and backed up by interviews and focus groups, but also by other recent studies such as the 2016 Route 419 Town Center Study, the 2008 Hollins Area Plan, and the 2005 Comprehensive Plan. If the County wants to continue to attract people to live here and retain the residents who are here already, increasing housing choice and diversity should be a key goal moving forward.

### UTILIZE ZONING TO ALLOW OR INCENTIVIZE HOUSING PRODUCTION

Zoning changes should respond to resident needs and desires for new housing types and structures that provide additional housing choices yet are still compatible with the built environment in which they are placed. Zoning is one of the few tools the county and local partners can change almost immediately and at very little cost that can have a direct impact on housing production. Zoning can also be used to integrate new housing types across a wide variety of area or neighborhood types in the county from rural areas to vacant land along transportation corridors

to downtowns with mixed use and upper story residential. The following zoning recommendations should be considered by the county and local partners to help diversify housing types and address housing affordability at different price points.

### Zoning for Housing Choice (Near-Term)
The housing market study and focus group interviews point to a lack of housing choice throughout the county, particularly for housing typologies that offer slightly higher densities. While the County does allow townhomes and multifamily units in the AV, R-2, R-3, R-4, PDF, C-1, C-2, PCD/PTD, and CVOD zoning districts, by Special Permit or with added regulations, lot coverages and density restrictions may be making it less attractive to pursue these options. The County should revisit the regulations for these districts and review minimum parcel size requirements, land coverage/open space requirements, density regulations, and allowable housing types.

The County and its local partners should also look at options for integrating other housing types into neighborhoods where appropriate. The idea of "missing middle" housing is one where different housing types such as duplexes, triplexes, townhomes, or smaller six-to-10-unit multifamily structures are integrated within existing neighborhoods, downtowns, and commercial districts to provide added housing choice and affordability. The County should look at its residential districts where only single-family homes are allowed and determine if other housing types could be allowed, possibly accompanied by design guidelines where appropriate. Housing typologies such as two-families, three-families, patio homes, and townhomes are only allowed in the AV, R-2, R-3, R-4, PDF, C-1, C-2, PCD/PTD, and CVOD districts today, and developing these typologies require either a Special Permit, or have additional regulations per Article IV of Roanoke's Zoning Ordinance.

### Cluster Zoning (Near-Term)
Cluster zoning can be an excellent way to both increase density and housing choice while also achieving goals around the preservation of open space. The County currently allows residential cluster development in the R-1, R-2, R-3, and R-4 districts, as well as in the PCD/PTD district. The minimum tract size for cluster subdivisions is 10 acres with maximum density of 5.5 units per acre and 48 feet of frontage. All lots in the subdivision must have access to public water and sewer, while at least 45% of contiguous land in the subdivision must be used as open space and conservation land with a trail or sidewalk for public access.

The County may wish to consider how different housing types could be integrated into a cluster development, possibly expanding cluster development to other zoning districts with different requirements and offering a density bonus or reduction in open space preservation in return for affordable housing set asides.

### Accessory Dwelling Units (Near-Term)
An accessory dwelling unit (ADU) is an independent residential living area that is on the same property as a larger, primary dwelling unit. The term "accessory" is purposely meant to describe the unit as secondary to the primary unit, in the same way a garage is of secondary importance to the home. These units cannot be sold separately and are typically limited in size to help reduce

impacts on neighbors and blend in with surrounding homes. These units can help meet a wide range of living arrangements, provide an affordable housing option to family or friends, or create an opportunity for the primary homeowner to generate additional income through rent.

An accessory dwelling unit generally takes three forms:
1. **Re-purposed space:** e.g. above the garage or in the basement.
2. **Stand-alone unit:** separate from the primary home.
3. **Attached:** addition to the primary home.

Some states and municipalities across the country have taken additional steps to make the approval and permitting of ADUs as streamlined as possible while still considering the impacts on surrounding property owners. For example, the City of Seattle has been working for several years to streamline the ADU permitting system and reduce as many barriers to cost and construction as possible. A study from the City's Planning Director in 2016 identified several barriers to address to improve the delivery of ADUs. These included:
- Removal of off-street parking requirements for ADUs
- Reduce minimum lot sizes for detached ADUs
- Allow the same gross square foot limits for attached and detached ADUs
- Allow flexibility for placing primary entrances
- Allow modified roof lines/features that create useable spaces
- Allow an ADU structure to be placed within the rear setback

ADUs in Roanoke County could play an important role in the overall housing stock based on what we know from the demographic and market data:
- ADUs offer an affordable housing option for smaller households
- ADUs could provide seniors, especially those living alone, with another housing option and allows older owners to age in place
- ADUs could also provide a lower cost housing option for younger residents
- ADUs offer a quicker and easier way to boost housing production

The County currently allows ADUs in nearly all zoning districts, except for PRD, R-MH, CN, CVOD, I-1, and I-2. In all zoning districts where ADUs are permissible, except for PCD/PTD where they are allowed by-right, the units must comply with modified or more stringent standards as listed in *Article IV, Use and Design Standards* in the Roanoke County Code. The County should consider ways to ease restrictions on ADUs where appropriate, particularly the family unit restriction. ADUs can be an excellent option for younger and older single-person households who can rent from the owner of the primary structure. This could also help supplement the owner's income, particularly if they are a low to moderate income household. The County could also consider developing a set of pre-approved ADU architectural plans whereby an owner agrees to use a pre-approved plan and is not required to go through the special permit process. This could help save time and money on the part of the owner and the County.

**Transfer of Development Rights (Mid-Term)**
Transfer of Development Rights (TDR) is a zoning technique that helps conserve land by redirecting development that would have otherwise been allowed on a piece of land to

another area of a town or county that is more suitable for a higher level of density and development. For the program to work there usually are two key mechanisms or considerations that must be accommodated:

- There must be a designated "receiving area" where new development will be directed, and that new development must be at a density that will allow the developer to purchase the development rights from the owner of the other property (sending area).
- The receiving area must have zoning in place that allows for sufficient density and mix of uses or in this case, mix of housing types, so the developer can achieve adequate financial returns. In addition to the typical costs associated with development (land, permitting, construction costs, etc.), with TDR the developer also must purchase the development credits from the sending area property owner.

A TDR regulation is not only helpful from the development perspective, but it could also help the County and local partners with goals around protection and preservation of farmland or open space that might have otherwise been developed.

### INCENTIVIZE HOUSING PRODUCTION (NEAR-TERM)

The County and its local partners should consider creating a fast-tracked permitting process for development that includes a permanent, deed restriction on affordable housing units. In addition to removing or reducing zoning hurdles, the permitting process for housing can also be time consuming and costly in many localities. Coupling zoning changes with expedited permitting could make housing development more attractive, increase financial returns, and increase the production of affordable housing.

## Policy and Coordination Strategies

To advance the implementation of both market-rate and affordable housing strategies, the County should consider policies and coordination strategies to broaden partnerships with other organizations and agencies focused on housing. The County and its local partners should also consider broader policies and principles that would guide the types, and locations of, housing in the future.

### COORDINATION TO ADVANCE HOUSING PRODUCTION AND PRESERVATION

Successful housing production and preservation outcomes typically rely on a robust partnership between government, non-profits, housing authorities, developers, property owners, and financial institutions. These partnerships or coordinated efforts help expand the capacity of county and local governments to add staffing, financing, and knowledge to share the responsibility of successfully implementing housing strategies, which is often a multi-jurisdiction, long-term process. The following strategies aim to broaden housing coordination within Roanoke County.

**Establish a Regional Coordinating Body or Group (Near-Term)**
Housing is an issue that often extends beyond the boundary lines of any one locality as residents and capital tend to flow to where market opportunities are or are created. Therefore, a regional

body that meets regularly to discuss housing issues, opportunities, best practices, grant and funding opportunities, and ideas for new programs or policies would be a benefit to all localities within the Roanoke Valley-Alleghany Region. With the RVARC already in place and serving as a regional coordinating body for other purposes, the infrastructure is likely in place to create a housing council and expand its membership to include other organizations and agencies that may not regularly participate in other functions of the RVARC. These should include major employers, developers, financial institutions, colleges and universities, non-profits, funders, housing authorities, and representatives from county and local government. This group could organize around some or all of the following topic areas:

- Educating elected leaders, staff, and the public about the important role housing plays in the region and ways to talk about housing choice, affordability, and density that bring people together rather than being a divisive issue.
- Look for ways to leverage staff and financial resources to address housing issues. This could result in new pools of funding, new vehicles for distributing funds, or supporting grant application efforts as a region rather than as individual entities.
- Create a marketing push to major employers and commuters coming into the region and showcasing the different communities and counties as great places to live and work.

**Developer Recruitment (Mid-Term)**

The County and local partners should create market materials advertising the preeminent development sites to the development community and make a determined effort to market the County and the sites to developers. Marketing materials should also include information about progressive zoning, allowable housing typologies, infrastructure availability, and any incentives that may exist supporting residential development. The County should use the land suitability analysis from this study as a starting point for identifying key sites and potential constraints development may have to overcome.

**Leverage County Land for Housing Production (Near - to Mid-Term)**

Disposing of available County-owned properties to support housing production, particularly mixed-income or affordable housing, can be an effective way of partnering with developers to address housing needs. Land is a cost borne by the development, but when publicly owned, could be offered at a steeply discounted rate to improve the financial viability of a proposal that includes an affordable housing component. If the disposition of land is of interest to the County, several items should be considered before disposing of the land which include:

- **Minimum Lot Size:** Over 5,000 square feet, but preference for larger sites that could accommodate multifamily units.
- **Use of Property:** Ensure there are no other competing public uses for the property, and no plans by other county or local departments for future use of the property. The use/housing type should be compatible or not conflict with existing neighborhood character.
- **Zoning:** Property should be in an existing residential or mixed use district or overlay district.
- **Infrastructure Capacity:** Property should be served by existing water, sewer, and transportation infrastructure. Capacity should be available to serve the development.

- **Property Location:** Ideally, the property is located near amenities residents could take advantage of such as parks and open space, schools, childcare facilities, and shops and grocery options.
- **Environmental Considerations:** Property should not be located within a floodplain, have significant wetland encumbrances, or environmental remediation issues.

### Preserve Existing Affordable Housing (On-Going)

Housing production is not the only way to advance housing goals in the county, a successful housing strategy also relies on the ability to maintain the affordable housing that exists today. One way the County could take a more proactive role in housing preservation is to require property owner or managers of deed restricted affordable housing units/buildings to provide advance notification to the County if affordability restrictions are about to expire and the units are going to convert to market rate units in the future. This type of notification is already required for developments utilizing Low-Income Housing Tax Credit funds which gives a right of first refusal to non-profits who wish to purchase the units/buildings to preserve affordability restrictions. The County could consider expanding this notification process to other residential developments that include affordable units or to projects that receive any public subsidy to support affordable housing.

## POLICIES TO ADVANCE HOUSING PRODUCTION AND PRESERVATION

The County and local partners could also consider policies and actions to encourage housing production and preservation. Some could be formally adopted such as encouraging universal design in new housing units while others may be guiding policies such as prioritizing locations for residential development.

### Prioritize the Best Locations for Housing (Near-Term)

Leveraging the work done through this study on land suitability and site identification, the County should adopt a guiding policy that new development should be limited in the near-term to the best and most development ready sites to encourage smart growth and slow outward growth away from population and employment centers. This policy could first encourage sites that are served by roads, water, and sewer and within closer proximity to services and amenities such as schools, shopping, and job centers. Secondarily, the County could consider sites that need infrastructure extended to unlock vacant development sites and avoiding development on farmland or other open spaces to preserve agriculture and the natural environment that makes Roanoke County and the larger region what it is today.

### Consider Development Negotiations for Affordability (On-Going)

For new, larger scale residential development, the County and local partners should consider entering developer negotiations to secure dedicated affordable units as a percentage of total units in the development. This is a less formal process than a codified inclusionary ordinance and can often be more effective and produce more units in markets where development may not be able to finance affordable units on its own. This process, often referred to as Voluntary Inclusionary Zoning, could be coupled with a zoning change, density bonus, reduced permitting fees, property tax abatements, and/or infrastructure investments in return for long-term deed restricted

affordable housing. In some cases, it may be to the County's interest to negotiate a payment-in-lieu of housing units which could then be used to help fund other housing initiatives and programs.

### Encourage Universal Design (Near-Term)

Given the increases in the senior population, the County and local partners should encourage (at a minimum) some percentage of new units to include universal design features. Universal design focuses on making the unit safe and accessible for everyone, regardless of age or physical ability. Universal design features go beyond ramps and grab bars and account for the design of the unit itself with things like wider doors and hallways. This is also a good way to move away from age-restricting units or buildings that have these features so when demographics change over time the units are designed for a wider market base.

## Financing Strategies

In the residential development world, especially as it pertains to affordable housing, financing strategies and subsides can be a critical component to financial feasibility and a project moving forward. The following are financing strategies the County and local partners should consider advancing both the development of housing as well as the upkeep and maintenance of existing housing.

### County Housing Trust Fund (Mid-Term)

Affordable Housing Trust (AHT) funds are a flexible source of funding that can be used to support many different affordable housing initiatives. The money that is generated for the fund is typically created and administered at the county or local level and are not subject to restrictions like other state and federal housing funds. The money in the fund can be designed to address local needs and priorities, such as those noted throughout this Housing Study.

The entity administering the fund, in this case Roanoke County, would work to define priorities and eligible activities money in the fund could be used for. Examples of funding areas might include:

- Emergency rental assistance
- Gap financing for new construction of affordable units
- Repairs/rehabilitation of older affordable homes/units
- Weatherization program to lower utility costs
- Down payment and closing assistance
- Foreclosure prevention

Once the AHT is established, the County will need to determine who will be administering the fund. Typically, these funds are administered by an existing public office that has experience working in partnership with housing developers, administering grants, and overseeing a competitive application process for funding. In Roanoke County, this is could be the Planning and Zoning Department which is already engaged in planning, development, and housing efforts. The County would also need to determine how the fund would be seeded and capitalized over time. Some options include:

- Annual allocation from the general fund
- Funds collected from development (negotiated payments in-lieu)
- Business license fees
- Local occupancy taxes
- Short-term rental registration fee

It is important that once the AHT is created that funding be made available each year for housing programs and to support development and infrastructure requests. This will create a predictable source of funding year over year and allow programs to be marketed and succeed. Funds from the AHT could also be leveraged against federal and state housing funds or other housing-related resources that could be pooled from non-profits, institutions, philanthropies, and employers. Other localities in Virginia like Richmond, Alexandria, Charlottesville, and Norfolk have established and capitalized local housing trust funds.

**Residential Rehabilitation Program (Near-Term)**
In parts of the County there are older homes with lower values that have likely not been kept up or invested in. These homes may need minor or major rehabilitation, and if owned by low- to moderate income householders, may not have the funds on hand to maintain the structure. A residential rehabilitation program can assist homeowners with the cost of rehabilitation through no – or low-interest rate loans that can be applied to specific repairs the structure may need.

A rehab program would require seed funding from the County or local partners, or a CDBG request to the Commonwealth to provide funds. This type of program does require considerable oversight and coordination to ensure funding is reaching those most in need and addressing issues that would normally trigger a building code violation. If the County were to pursue its own rehab program, the following questions and parameters should be considered:
- Should the program target owner-occupied units and/or renter-occupied units?

- Should the rehab money be given as a grant, no-interest loan, interest loan, or deferred loan repayable on sale of the property?

- What household income levels would the County want to target (30% AMI, 80% AMI, etc.)?

- What types of home repairs would be eligible under the program?

- What should the maximum loan amount be set at?

Another consideration could be the creation of a regional home repair program that could be managed by the RVARC or a similar regional entity. This is common across many counties and regions, particularly with federal programs like weatherization.

**First Time Homebuyer Program (Near-Term)**
Down payment and closing cost assistance help low- and moderate-income families overcome one of the most common barriers to homeownership—accumulating sufficient savings to make a down payment and pay for closing costs on a mortgage.

Assistance can be offered in a variety of forms, including as a grant, a no- or low-interest amortizing loan or a deferred loan in which repayment is not due until the resale of the home. The assistance is often provided by a local housing agency, a nonprofit organization or a state or local housing finance agency, sometimes through a participating private lender. Program details differ across jurisdictions, but in general borrowers must fall within income and home purchase price limits and must comply with other eligibility requirements, including being a first-time homebuyer, using the home as a primary residence, and completing a homebuyer education course and/or participating in housing counseling.

The County and local partners should consider advancing a first-time homebuyer program for eligible low- to moderate-income buyers who often have the most amount of difficulty entering the homeownership market. This is particularly true in places with rising home values, like parts of Roanoke County, where housing prices are exceeding income growth for many households. The County could consider creating a pool of funds to be set aside as a no-interest rate loan program where the loan is forgivable after a certain period if the homeowner does not move or sell the property. The County could also consider a revolving loan fund (with or without interest) where the loan must be paid back over a certain period, or at the sale or transfer of the property. The revolving loan fund helps ensure the funding pool is recapitalized over time versus forgivable loans in which some percentage of funds are never returned.

**Property Tax Abatement for Housing (Near-Term)**

To encourage affordable housing development, the County and its local partners should consider the application of property tax abatements in return for a percentage of affordable housing units included in the development. The County could consider a sliding scale for the tax abatement where the more units or the deeper the affordability the more property taxes are abated. The County could also consider a sliding scale for the length of the abatement and when the percentages of taxes paid begins to increase over time.

## Infrastructure Strategies (Mid- to Long-Term)

Housing development in the county may be impeded by a lack of available infrastructure, particularly public water and sewer for larger scale residential development. The County and its local and regional partners should continue to be proactive in identifying potential development sites and working to ready those sites with strategic infrastructure investments. Where public water and sewer cannot be accommodated, the County and its partners should look for ways to partner with developers to construct on-site package treatment plants that can support new residential development.
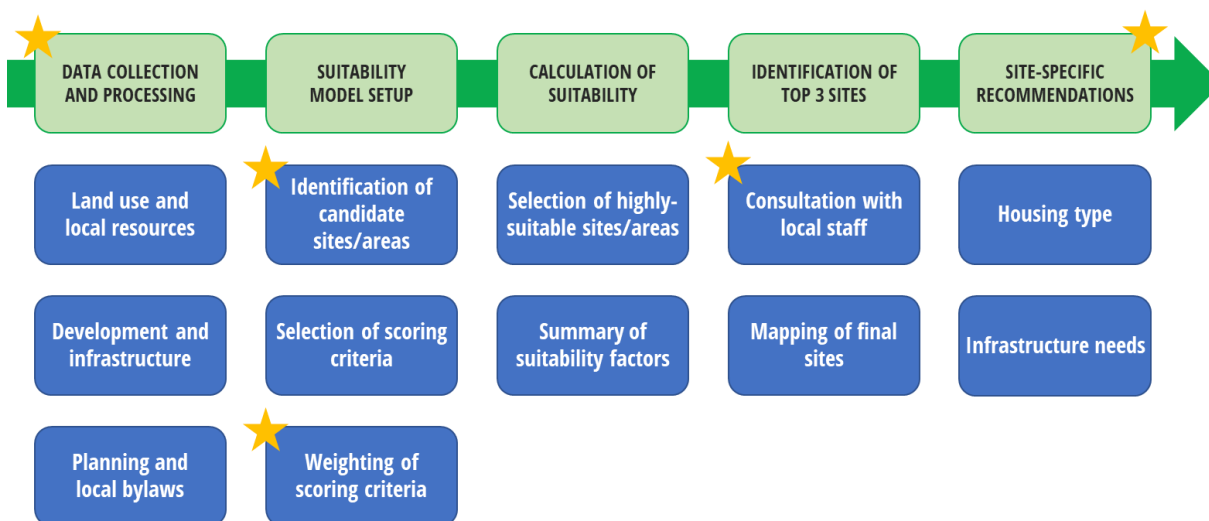
## APPENDIX A: SITE SUITABILITY DOCUMENTATION

# LAND SUITABILITY ANALYSIS

Planning for land use change and future development must consider a wide range of factors that include environmental conditions and hazards, local plans and regulations, and the availability of critical infrastructure and services to support urban expansion and redevelopment. Land suitability models provide a framework that can incorporate these variables - and represent them geographically - in order to identify and prioritize areas that can support new housing, and potential constraints to development. This type of model is often employed in local and regional planning efforts using geospatial analysis techniques to process and integrate existing Geographic Information Systems (GIS) data. Thanks to the availability of high-resolution and regularly updated GIS databases, it has become possible to evaluate land suitability at the neighborhood and site scale while providing a reasonably accurate representation of local conditions.

## Overview

For this project, the objective was to assess the suitability of land for residential development across four jurisdictions in the Roanoke Valley-Allegheny Region: Roanoke County, Franklin County, the City of Roanoke, and the City of Salem. Because each locality has unique physical characteristics, local bylaws, and planning priorities, it was critical to customize the suitability model within the boundaries of these areas. Part of the objective of this study was to prioritize three specific sites for each locality from a list of potential development sites, which were identified by land use and development planning staff. Additional details on the process of engaging local planners in the land suitability analysis can be found later in this chapter. The following diagram summarizes the stages of model development, from compiling planning documents and GIS data to developing final recommendations for the selected sites, including the critical points where local feedback was solicited on the model inputs and results.



Figure 1 Land suitability model process

## Data Collection and Processing

The information included in a land suitability model takes many forms, from GIS datasets representing linear infrastructure networks, administrative boundaries, and nodes of activity, to tables documenting details from assessors' databases and the dimensional requirements of local zoning bylaws. Data was collected from public data portals, RVARC's Director of Information Services, GIS managers from each city and county, and multiple agencies of the Commonwealth of Virginia, including:

- Department of Conservation and Recreation (DCR)
- Office of Intermodal Planning and Investment (OIPI)
- Virginia Department of Transportation (VDOT)
- Virginia Economic Development Partnership (VEDP)
- Virginia Information Technologies Agency (VITA)
- Western Virginia Water Authority (WVWA)



Figure 2 Sources of data used for the suitability model

To ensure consistency and compatibility between data from different sources, each dataset was clipped to a common geographic extent, defined by the project's study area, and assigned a common projected coordinate system (NAD 1983 Virginia Lambert (Meters)) when data were imported into the geodatabases created for mapping and analysis. Additional data processing and preliminary analysis steps were completed to standardize the data and ensure complete and continuous coverage for the study area, including:

- Aggregating land cover data from the Virginia GIS Clearinghouse to merge three regional datasets overlapping with the study region
- Combining water and sewer network data from multiple jurisdictions to generate a single dataset for each infrastructure type
- Merging city, county, and commonwealth boundaries for conservation land and easements

- Cleaning up boundary overlaps between Franklin County and Rocky Mount zoning data, and aligning boundaries with Smith Mountain Lake
- Calculating or joining additional values to GIS attribute tables based on road type classifications, zoning regulations, and assessed value for parcels (ex. computing improved value to land value ratio)
- Interpolating a Digital Elevation Model (DEM) and calculating percent slope using topographic contour data
- Generating buffer areas that represent regulatory constraints, such as river protection areas, utility easements, and setbacks from roads and railroad corridors
- Geocoding school addresses for the City of Salem to produce point locations

In addition to GIS data sources, other location-specific data and variables were derived from local reports and planning documents, including comprehensive plans, area plans, zoning ordinances, housing assessments, and digital map documents produced by municipal and county planning offices. A full list of the documents referenced to derive land suitability model inputs is provided in the appendix. The following table summarizes the key data inputs that were compiled for this study.

**Table 2 Land suitability data types**

| LAND USE AND LOCAL RESOURCES | DEVELOPMENT AND INFRASTRUCTURE | PLANNING AND LOCAL BYLAWS | OTHER DATA |
|---|---|---|---|
| Existing development and impervious surfaces | Existing residential, commercial, industrial, and institutional bldgs. | Base zoning and overlay districts | Administrative boundaries, Census block groups |
| Agricultural land, forests, wetlands and water bodies | Urban Development Areas / Designated Growth Areas | Future land use designations | Planning area and study area boundaries |
| Protected open space, local parks and recreation facilities | Public safety facilities, waste management sites | Parcels and assessor's data (lot size, improved and land value) | Airports, rail infrastructure |
| Trails and greenways | Existing and planned roadways | Historic districts | Public schools and universities |
| Natural hazard areas: flood zones, karst geology, steep slopes | Existing and planned public water and sewer service areas | River buffer areas | Hospitals, libraries |
| Historic and cultural resources, cemeteries | Utility easements, including the Mountain Valley Pipeline | Conservation easements | Topographic contours |

## Suitability Scores and Weights

The land suitability model was designed based on established land use assessment techniques that apply spatial analysis tools to assign scores to a range of categorical and numerical variables. These scores are then combined into an index that indicates the relative suitability for a particular land use.

There are many ways to implement this type of model using GIS – in this case a raster-based model was used, in which each study area is divided into a grid of cells and suitability scores are assigned to each cell based on:

- proximity (ex. within 50 feet of a road)
- category (ex. land use or zoning)
- or a simple binary score (0 or 1) indicating location within an area of interest (ex. UDAs).

The following examples illustrate how these scores were assigned based on land use and road proximity in Roanoke County. Water, wetlands, and existing buildings are indicated as the least suitable, while cleared land with minimal vegetation (areas classified as barren, scrub/shrub, pasture, etc.) are most suitable for residential development. Areas within 50 feet of the center of roads were considered not suitable, to account for the road right of way and an average setback distance. Areas close to the roads (between 50 and 200 feet) are considered the most suitable.

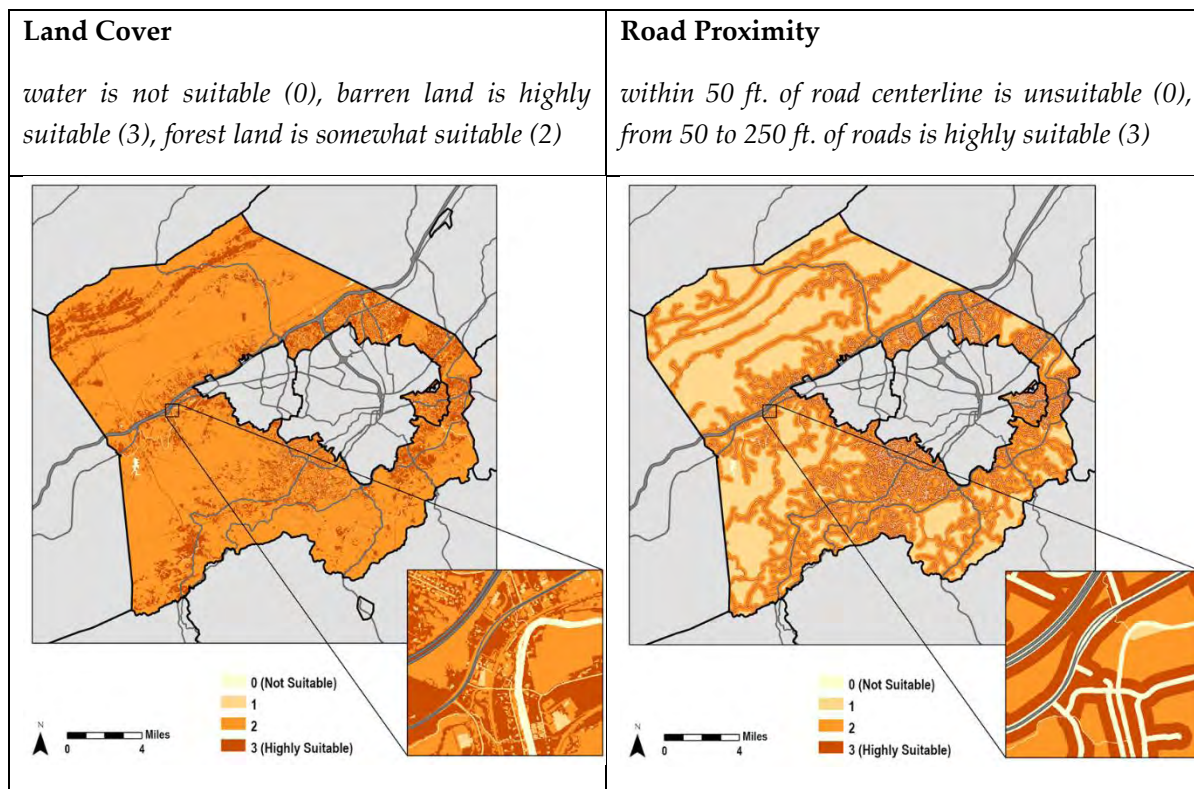| Land Cover | Road Proximity |
|---|---|
| *water is not suitable (0), barren land is highly suitable (3), forest land is somewhat suitable (2)* | *within 50 ft. of road centerline is unsuitable (0), from 50 to 250 ft. of roads is highly suitable (3)* |



Figure 3 Land suitability score examples

For this housing study, suitability criteria were selected based on a review of local planning documents and consultation with planning staff, with a focus on conditions that could support residential development in each jurisdiction. Numerical scores were assigned to each factor according to the level of development suitability, from high (score = 3) to low (score = 1), or not suitable at all (score = 0). Total scores were calculated using a weighted sum to combine the score of each factor.

The weight values range from Low (weight = 1) to Very High (weight = 7), and were based on initial discussions with local planners, then refined through further validation of the initial model results. The table below presents a summary of the suitability criteria, assumptions for each score, and the relative weights used in the model for each jurisdiction. Certain criteria were not factored into the analysis in some areas, for example, because some zoning or water resource protections were unique to the City of Roanoke they did not apply in other areas. Because of the scale of the regions and differences in mobility, the distance from public schools used wider ranges (1 to 5 miles) in the county geographies and smaller ranges (0.5 to 1.5 miles) in the cities. In total, the Roanoke County model included 13 criteria, 12 for Franklin County, 16 for the City of Roanoke, and 15 for the City of Salem.

**Table 3 Suitability criteria and weights**

| Suitability Criteria | Suitability Score | | | | Criteria Weight | | | |
|---|---|---|---|---|---|---|---|---|
| | High (3) | Medium (2) | Low (1) | None (0) | Roanoke County | Franklin County | City of Roanoke | City of Salem |
| Land Cover/Hydrology | Barren, Scrub-Shrub, Harvested-Disturbed, Turf Grass, Pasture | Impervious (parking), Forest, Tree, Cropland | Impervious (roads/buildings), Wetlands | Rivers/Streams, Lakes and Ponds | High | High | Very High | Very High |
| Protected Open Space / Conservation Easements | Not in conservation land or easement (score = 1) | | | Protected land | Medium | Medium | High | High |
| Topography | 0-15% slope | 15-25% slope | 25-35% slope | >35% slope | Low | Medium | Low | Medium |
| Flood Zones | Not in flood zone | 500 year flood zone | 100 year flood zone | Floodway | High | High | Very High | Very High |
| Urban Development Area | Located in UDA or Designated Growth Area (score = 1) | | | Not in UDA/DGA | Very High | High | | Very High |
| Distance from Roads | 50-250 ft. | 250-1000 ft. | 1000+ ft. | 0-50 ft.** | High | Medium | Medium | Medium |
| Distance from Major Roads | 50-250 ft. | 250-1000 ft. | 1000+ ft. | 0-50 ft.** | Very High | Very High | Medium | Medium |
| Distance from Public Water | 20-200 ft. | no medium score | 200+ ft. | 0-20 ft.** | Very High | Medium | Medium | Medium |
| Distance from Public Sewer | 20-200 ft. | no medium score | 200+ ft. | 0-20 ft.** | Very High | Medium | Medium | Medium |
| Distance from Railways | no high score | 100+ ft. | 50-100 ft. | 0-50 ft. | Low | Low | Medium | Medium |
| Distance from Greenways | < 0.5 mile | 0.5-1 mile | > 1 mile | N/A | | | High | High |
| Distance from Public Parks | < 0.25 mile | 0.25-0.5 mile | > 0.5 mile | N/A | | | High | High |
| Improved to Land Value Ratio* | 0 (or unknown) | 0.1-2 | 2 or more | N/A | | | High | High |
| Base Zoning# (model was also run without zoning restrictions) | 3+ Mixed Density Housing Types | 2-3 Mixed Density Housing Types | 1-2 Low Density Housing Types | No Housing Allowed | High | Medium | High | Very High |
| **Zoning Overlays** | | | | | | | | |
| Roanoke River Conservation | no high score | 100+ ft. | 50-100 ft. | 0-50 ft. | Low | | | |
| River & Creek Corridor | Not within 50 ft. of rivers and creeks (score = 1) | | | 0-50 ft. | | | Very High | |
| Design/Historic Districts | Neighborhood Design District | Historic Downtown & Neighborhood | Not in a design overlay | N/A | | | Low | |
| **Distance from Public Schools** | | | | | | | | |
| Counties | < 1 mile | 1-2 miles | 2-5 miles | > 5 miles | Very High | High | | |
| Cities | <0.5 mile | 0.5-1 mile | 1-1.5 miles | > 1.5 miles | | | Medium | Medium |
| # includes zoning ordinances for Town of Vinton and Town of Rocky Mount | | | | Number of Criteria: | 13 | 12 | 16 | 15 |
| * ratio of improved value to land value from assessed values (vacant land ratio = 0) | | | | | | | | |
| ** represents a setback or easement associated with the infrastructure network | | | | | | | | |

## Constraints

In addition to calculating land suitability scores for each jurisdiction, a separate score was computed for development constraints. These constraints represent the suitability criteria that are considered not suitable, areas where development would not be feasible due to physical barriers or regulatory restrictions associated with infrastructure or land use.

The table below shows which constraints were included for each locality. In some cases, the constraint was not present in all areas, such as the Mountain Valley Pipeline. For others, such as karst geology and cemetery parcels, data was only available in certain jurisdictions. The Roanoke County model included the most constraints, 13 in total, while Franklin County had the fewest with 10 constraints.

Table 4 Development constraints by jurisdiction

| Constraints | Development Constraints | | | |
| --- | --- | --- | --- | --- |
| | Roanoke County | Franklin County | City of Roanoke | City of Salem |
| Land Cover/Hydrology: Impervious (buildings/roads), Wetlands, Rivers/Lakes | X | X | X | X |
| Protected Open Space / Conservation Easements | X | X | X | X |
| Base Zoning: residential not allowed | X | X | X | X |
| Topography: > 35% slope | X | X | X | X |
| Flood Zones: Floodway only | X | X | X | X |
| Karst Geology: within karst formation | X | | X | X |
| River Conservation Buffer: within 50 ft. of river | X | | X | |
| Distance from Roads: within 50 ft. of centerline | X | X | X | X |
| Distance from Public Water: within 20 ft. of network | X | X | X | X |
| Distance from Public Sewer: within 20 ft. of network | X | X | X | X |
| Distance from Railways: within 50 ft. of centerline | X | X | X | X |
| Mountain Valley Pipeline: permanent easement | X | X | | |
| Cemetery parcels | X | | | |
| Greenways: within 20 ft. of network | | | X | X |
| **Number of Constraints:** | 13 | 10 | 12 | 11 |

## Assumptions and Limitations

As with any model, some simplifications were necessary to represent real-world conditions using this conceptual approach to evaluating land suitability. The break values selected for distance from critical infrastructure and scores assigned to different types of land cover, for example, represent assumptions made as part of the model development. Site-specific factors may change the applicability of these assumptions, but they are considered representative of potential development conditions at the regional and neighborhood scale.

Additionally, errors or omissions may be present in the GIS data and documents used to develop the model. One such known data gap is the water and sewer infrastructure in eastern Roanoke County. Data was collected for these infrastructure networks in Vinton, but it did not cover the areas connected to this system east of the Vinton border. Also, cemetery locations were included in the data for Roanoke County, but not other areas.

Overall, this model represents a regional decision support tool, using the best available data at the time of this report's writing. For more detailed parcel-level assessment of suitability and constraints, additional site surveys and mapping should be performed by qualified professionals. These models are intended to prioritize pre-selected development sites and identify potential

infrastructure needs and other factors that could facilitate housing production. Other uses of this model should consider the assumptions and limitations outlined in this report.

## Site Identification

Development of the land suitability model was organized to capture local planning and development knowledge at critical stages in the process, specifically:

- **Data collection and processing:** determining key datasets and relevant local plans and bylaws
- **Suitability model configuration:** identifying potential development areas and discussing initial weights for suitability factors
- **Selection of final sites:** providing feedback on the suitability and constraints of selected sites
- **Site recommendations:** offering input on types of housing, zoning, incentives, and infrastructure

At each stage more of this local knowledge of land use, planning, and development conditions was integrated into the land suitability model configuration and helped to refine the areas suggested as sites of potential housing development.

## Site Selection

The ultimate objective of model is to evaluate the development potential of an initial list of sites, with the goal of prioritizing three sites within each jurisdiction. The sites were identified as follows:

4. Initial discussions with planning staff (August 2020)
   - The model development team conducted Zoom calls with planners from Vinton, Rocky Mount, City of Roanoke, Roanoke County, and Franklin County.
   - Discussions centered on recent development trends and sites with potential for residential development, based on local knowledge and interest from developers. Initial locations were marked on a custom Google Map and saved to a GIS file.



Figure 4 Mapping potential development areas

   - Planners were also asked to provide a preliminary distribution of importance to each category of suitability criteria.
5. Site delineation and validation (September 2020)
   - Based on the locations identified with planners, parcels and larger areas were identified and assigned an ID. Associated parcel numbers and addresses were tabulated for each site.

- Information on the preliminary sites was sent back to planning staff for validation
- Another discussion with senior planning staff in Roanoke County led to the identification of additional potential development areas.
- Initial sites were identified for the City of Salem, using future land use data, aerial imagery, and other reference datasets. A meeting with their planning staff could not be coordinated until November 2020, at which point the initial sites were modified.
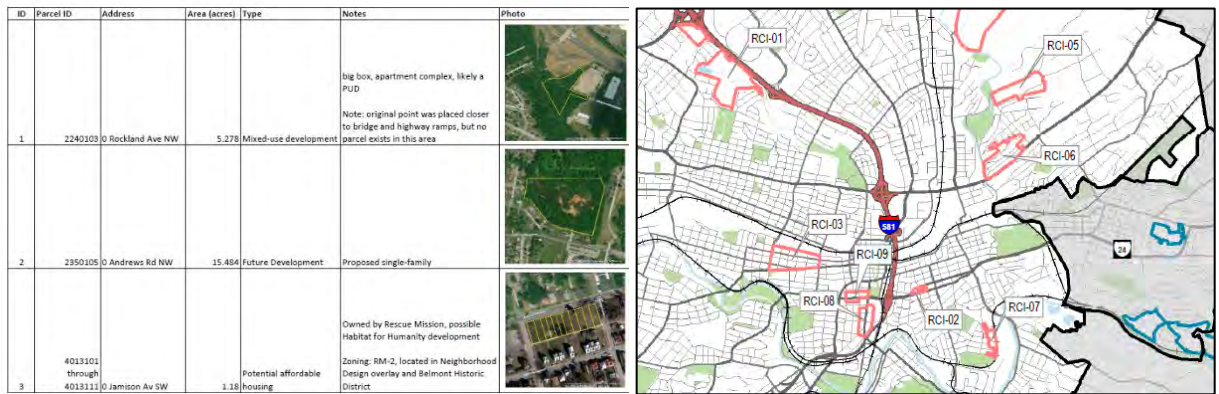


**Figure 5 Development site validation and delineation**

6. Development site refinement and consolidation (October-November 2020)
   - After reviewing the additional feedback, potential development area boundaries were adjusted, and ID numbers were updated to reflect the final selected sites.
   - The largest site, FCO-12 (Penn Hall Road), was reduced from over 1,000 acres to just over 700 acres, focusing on parcels directly adjacent to Smith Mountain Lake.
   - Separate sites located in the West End area of the City of Roanoke were consolidated into a single larger area (RCI-03).
   - In the City of Roanoke, the Countryside site (RCI-11) was added, and the Jefferson Street site (RCI-08) was removed – it is slated to be part of a special corridor
   - In the City of Salem, five sites were removed (SCI-01, SCI-03, SCI-05, SCI-09, and SCI-10), the SCI-08 site was redefined to eliminate an area with steep slopes, and the "Radio Station" site was added (SCI-07).

## Site Evaluation

The final sites identified for each jurisdiction were incorporated into their respective suitability and constraint models to calculate the scores and compare the development potential within each site boundary. Because the model employed a grid-based approach, the suitability and constraints scores vary across each site. To account for the range of scores, the average suitability and constraint scores were tabulated. Based on feedback from the project steering committee, there was interest in reviewing the suitability of each site without considering current zoning, which would lower the score in areas where limited housing types are permitted by right.

The following section presents a summary of the scores for each version of the model, organized by jurisdiction. Final selection of potential housing development sites also considered the area and

configuration of the parcels within each site, as well as local housing market conditions and the type of housing each site would be likely to support. At the end of each section, a summary of the top three sites is presented, including a close-up view of the site, a map of key constraints, and other important details, including: site area, zoning, and location relative to UDAs, zoning overlays, and historic districts.

# Citywide Housing Study

## City of Salem, Virginia

This study provides demographic, economic, household, and housing analyses outlining the shifting market dynamics across the City.

SALEM VIRGINIA

Roanoke Valley-Alleghany
**REGIONAL**
**commission**

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# ACKNOWLEDGEMENTS

**Roanoke Valley-Alleghany Regional Housing Stakeholder Group**

**Roanoke Valley-Alleghany Regional Commission Staff**

**Special Thanks To:**

**RKG** ASSOCIATES INC          **J M Goldson** community preservation + planning

# EXECUTIVE SUMMARY

RKG undertook an analysis of the City of Salem's housing market and compared key metrics to the Roanoke Valley-Alleghany Region (the Region) which is made up of the following localities: Alleghany, Botetourt, Craig, Franklin, and Roanoke Counties; the Cities of Covington, Roanoke, Roanoke, and Salem; and the Towns of Clifton Forge, Rocky Mount, and Vinton. This study provides demographic, economic, household, and housing analyses outlining the shifting market dynamics across the City of Salem. This study points to several challenges the City of Salem is facing as it works to address housing needs which include:

- The city's population has slowly grown over 50 years, with the age of elderly population increasing as well as those between the ages of 18 and 24 years old.

- Households composed of one- two-, and three-persons comprise a large share of households across the city and have grown in number over the last five years.

- The current supply of housing units is larger than the number of households in the city, leading to a vacancy rate of 9%.

- Across the City of Salem, employment in the major industry sectors is well paying and, on average, pay wages sufficient to purchase existing homes at median sales prices. Across the city, the median sales value of a home is around $172,890 which means to comfortably purchase a home a household needs an income of around $50,000 per year.

- Median rents in the city are increasing. In 2018, the median gross rent was $915, a 13% increase from 2013. The average rent for a single family home is around $1,200 per month and multifamily rents also averaged $1,200 per month.

- In the City of Salem, 15% of all households are considered cost burdened and 12% are considered severely cost burdened. This is slightly higher than the Region.

- The number of households that qualify for affordable housing outstrips the current supply, particularly for those households at or below 30% of area median income (AMI).

- Market demand and financial feasibility challenges make construction of new subdivisions or different types of housing difficult when factoring in topographic and infrastructure (water and sewer) challenges.

- Financial resources for housing programs are limited, forcing all levels of government to make decisions for how to prioritize funding sources.

To address some of these issues, RKG compiled a set of strategies each informed by a city-wide analysis, interviews and focus groups, and an assessment of existing housing resources and programs. Priority strategies the city should consider to address housing issues and opportunities include:

- Establish a residential rehabilitation program, potentially in partnership with a regional entity to provide funds for rehabilitating older homes.

- Continue to fund infrastructure projects that will improve, enhance, and unlock development sites and encourage rehabilitation and infill development in neighborhoods for residential uses.

- Ensure the preservation of existing affordable housing and look at regulations, financing, and incentives to boost the production of additional affordable housing options.

- Establish an affordable housing trust fund as a flexible funding tool for housing programs geared toward low- and moderate-income households in the city.

- Utilize zoning to allow or incentivize housing production with particular attention given to diversifying housing choices like missing middle housing options, neighborhood infill, downtown infill, and development of key parcels of vacant land.

- Work to establish a regional coordinating body or group for housing that can bring entities across the region together to work on housing regulations, financing, policy, and education.

**CITY OF SALEM HOUSING STUDY**

# STUDY STUCTURE

This section of the study presents an overall introduction to the project, its purpose, and role in helping analyze and understand the housing market in the City of Salem and the Region.

## Introduction

Across the City of Salem, and nationally, home prices have risen significantly over the last decade. The recovery from the Great Recession has led to a general uptick in homebuying and renting. In many markets, supply has not kept pace with demand, which is only expected to increase over time. Circumstances have occurred in which home values and rents have risen at a faster rate than wages in many communities, leaving families and individuals priced out of the housing market.

Housing affordability and price security are critical components for creating places where residents can live comfortably without feeling stretched financially. As housing prices and rents rise alongside most other monthly expenses, more and more households are having a difficult time adjusting to the rising cost of living. This creates a situation where households become cost burdened and are forced to spend more than the recommended 30% of their monthly income on housing-related costs. For many households, this can create a ripple effect where other monthly expenses are scaled back or cut out completely. Food, healthcare and wellness, transportation, and childcare are some of the basic household needs that can go unmet in the face of rising housing costs.

Understanding the economic landscape including industry composition and wages can help policymakers identify needs and direct the requisite resources towards priority areas. Across the City of Salem, economic opportunity varies as do incomes, but a central commonality is that housing is a fundamental need which also defines a community – a collection of households living area. Ensuring that housing is available and affordable to all income levels is critical for growing and sustaining communities.

This study, which was commissioned by the Roanoke Valley-Alleghany Regional Commission (RVARC), provides information on housing challenges within Salem and the Roanoke Valley-Alleghany Region.

## Project Purpose

The goal of the City of Salem Housing Study is to analyze, identify, and prioritize needs and gaps in the rental and for-sale housing market. This study, convened by RVARC and conducted with the assistance of a Housing Study Stakeholder Group made up of key stakeholders, aims to paint a city and regional picture of the housing landscape through rigorous quantitative and qualitative data analysis and synthesis. The results will help decision makers adjust, add, or reconfigure existing programs and strategies to match the needs of current and prospective residents.

## Role of Study

The City of Salem Housing Study is a compilation of city and regional analyses relating to demographics, socioeconomics, and housing. It identifies data points and highlights key findings. The purpose of the document is to allow policy makers at the local and regional level to understand the historical, current, and future challenges to housing across the City of Salem. The quantification of issues, especially those related to housing supply and demand, are important for imparting regional change. Please note that the terms "affordable", "obtainable" and "workforce" housing are generally used interchangeably throughout the document to describe housing that is within the economic reach of households with about average or below average incomes.

The study utilizes knowledge gained from extensive data analysis to examine the challenges facing the housing market. The study includes a land suitability analysis, which helps identify housing barriers and gaps, as well as a detailed housing strategy section in which strategies are identified that have the potential to overcome the identified challenges.

# PRIOR PLANS AND KEY FINDINGS

Several housing studies, plans, and market studies have been completed across the Roanoke Valley-Alleghany region within the last five to seven years. This section of the study provides an overview of key findings from four prior housing studies that include:

- Alleghany Highlands Region Comprehensive Housing Analysis
- Botetourt County Market Analysis
- Ferrum Housing Needs Assessment and Housing Plan
- Route 419 Town Center Residential Market Study

## Alleghany Highlands Region Comprehensive Housing Analysis

This study completed in 2019 for the Alleghany Highlands Region included several key takeaways from the analysis. The primary conclusion is the lack of new housing development is not related to housing demand, but instead housing supply. There is a potential housing market in the Highlands region but there is a lack of developers bringing new product to the market, much of which is predicated on the regional economy strengthening and growing.

The second conclusion is there are several available, publicly-owned development sites that could be used to accommodate both single family and multifamily housing for families and older adults. While public officials have recognized and supported plans for new housing development, there has not been a concerted effort to properly zone sites and ensure infrastructure is in place to facilitate development.

Lastly, there is a need for large employers in the area to assist in housing development strategies through a joint marketing effort. The region needs to work to ensure employees (new and existing) are aware of future housing opportunities and should conduct periodic surveys of employees around housing preferences to pass along to home builders in the area. This could help market the region to these employees, but also provide builders with a sense of market potential and pent-up demand.

## Botetourt County Market Analysis

This study completed in 2019 for Botetourt County was intended to identify new housing opportunities for new employees who are projected to work in the county over the next 5+ years. Of the 1,200 new employees expected across the county, most are likely to have annual incomes at or below $45,000. Many of these workers will require rental housing and/or affordable housing, particularly those that comprise single-income households. The new home market in the county is at a price range of $250,000 and above which would exceed what a $45,000 income could support. The study also identified a severe lack of quality rental housing in the county, and limited housing options across the broader region. Key findings from this study include:

- The general lack of affordable housing, particularly rental housing, will limit the county's ability to attract new employees to live in the county.

- The county has limited land zoned for apartment unit development and current zoning density for multifamily housing is likely too low to attract developers and meet financial return expectations.

- There are few sites today that are readily available for apartment unit development, but several, with rezoning, that could serve the county's needs. Readying these sites is key to serving the county's housing needs.

## Ferrum Housing Needs Assessment and Housing Plan

This study completed in 2020 for Ferrum was intended to provide a detailed description of the demographics, economics, and housing inventory of Ferrum and the surrounding area that impacts Ferrum. The findings from this study, included below, were then used to provide a recommended housing plan to be considered for implementation. Key findings in this study include:

- There is limited availability within the existing housing inventory with a shortage of units available to both owner and renter households at varying levels of affordability. Housing product should be diversified to include single family homes and multifamily buildings.

- Adopting a regional approach to housing solutions would benefit all involved. Many of the housing challenges around availability and affordability exist beyond the boundaries of Ferrum.

- A regional approach would also help to attract commuters to Ferrum and Franklin County. Local employers, chambers, economic development officials, and real estate professionals should work together to market the area to commuters.

- Prioritize efforts to develop/redevelop vacant sites and buildings, particularly those already served by infrastructure. Local government entities may want to develop a list of sites to market to the development community.

- Support housing that would allow senior residents to downsize into housing that would better accommodate their needs. This should include a mix of both rental and for-sale product such as apartments and condominiums.

- Support efforts to develop new single family housing and couple that with first-time homebuyer assistance programs.

## Route 419 Town Center Residential Market Study

This study completed in 2016 was intended to identify the market potential and optimum market position for new housing units that could be developed within the proposed Route 419 Town Center area in Roanoke County. The study identified market potential for up to 500 units over a five to seven year absorption period. The recommendation of the study was to concentrate new residential development on the higher-density housing types which could be more easily integrated into the commercial development already existing in the study area.

The study recommended the split of the 500 units include 70% multifamily rental housing units, 14% multifamily condo units, and 16% single family attached units (townhomes). With this mix of housing types, the study recommended targeting empty-nesters and retirees, younger singles and couples, and traditional and non-traditional families. Price points were projected to be in range with what the county is already experiencing where 72% of all multifamily units would be priced below $1,500 per month. The study also recommended 80% of all for-sale units be priced at $250,000 or less.

The market position for the study area is predicated on a walkable town center design that can attract people, differentiate itself from other areas of the market, and command higher rent and sale prices. The town center area would not only need to be a walkable place, but also contain a mix of uses that would appeal to renters and buyers across the income and age spectrum. The study identifies the ability of walkable town centers to command a price premium of 35% on rental products and 15% on for-sale condos.
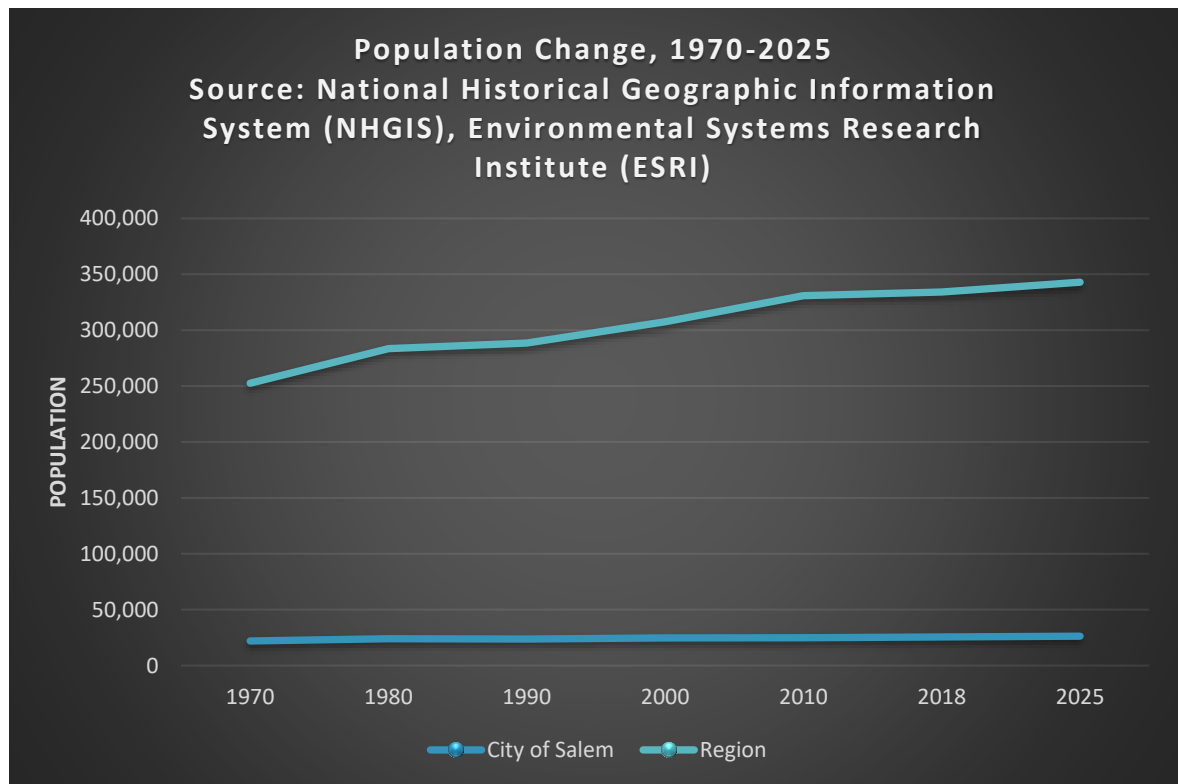
**CITY OF SALEM HOUSING STUDY**

# DEMOGRAPHIC ASSESSMENT

This section of the study explores key data measures such as changes in population and population by age, changes in household composition, shifts in education levels, changes in household income, employment patterns, and changes to the industrial economy. These data points, and more, are used to evaluate the needs of today's residents and those who may choose to locate here in the future. The heart of this analysis is grounded in empirical data but is supplemented by knowledge gained from interviews with stakeholders described in more detail throughout the study.

## Population

Between 1970 and 2010, the population of the City of Salem grew by 13%, rising from around 21,000 to about 25,500. Over the same period, the Region grew by 31%, indicating that Salem grew substantially slow than the Region. The gradual population growth coincided with national trends like suburbanization, which lead to many households leaving urban centers. Localities adjacent to the City of Salem, such as Roanoke County, have benefited from suburbanization and the changing economic landscape. Despite the challenges, the City of Salem has still consistently grown over the years.

**Figure 1:  Population Change**



Population Change, 1970-2025
Source: National Historical Geographic Information System (NHGIS), Environmental Systems Research Institute (ESRI)

Over the last decade the city's population has remained stable but adding new residents each decade. As of 2018, the population was 25,519 which was 700 residents more than in 2010. During this time the Region increased its population by 3,241. Looking forward, the population of Salem is projected to increase by 3% between 2018 and 2025, or about 746 residents, a growth rate similar to the Region. To accommodate this new growth, Salem will need to consider how and where these new residents can be accommodated.

# POPULATION CHANGE MAP



**Road Type**

— Interstate

— Primary

— Blue Ridge Parkway

⬜ Roanoke Valley Study Region

⬛ Administrative Boundaries

Water Bodies

**Population Change**
**2013 - 2018**

🟥 -20% or more

🟧 -10% to -20%

🟨 0% to -10%

🟩 0% to +10%

🟩 +10% or more

0   2.5   5         10
                    Miles

N

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept. of Conservation
and Recreation, Virginia Economic Development Partnership,
US Census American Community Survey 5-year estimates

## Population by Age

Population by age is one way to look at the demographic makeup of a community and understand how changes in age and life stages may be driving demand for housing. Salem is experiencing an aging of its population through the attrition of middle-aged residents ages 35 to 54. These age cohorts are often important to a community's economy and housing market as they are of working age, may be more likely to own a home, and may have children in the school system.

**Figure 2:  Change in Population**
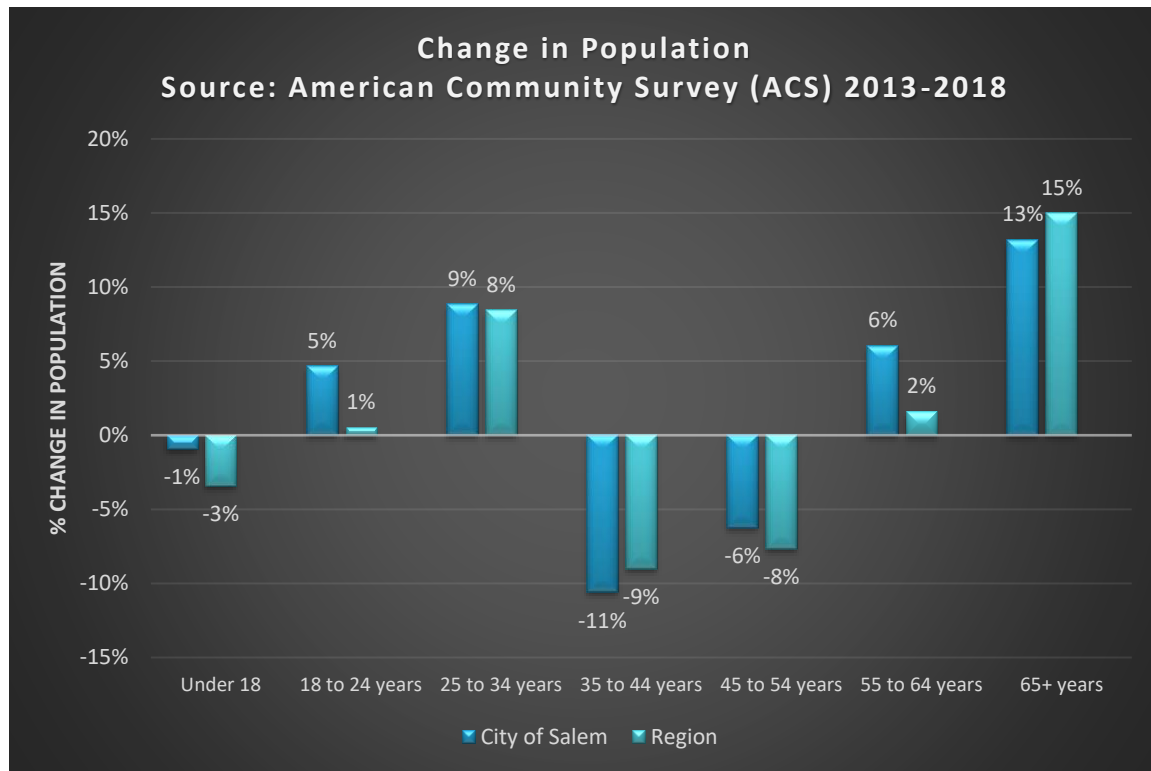


Between 2013 and 2018, the number of residents between the ages of 35 and 44 decreased by 11%, which is slightly more than the Region. This age cohort plays a significant role in the local economy, is active in the housing market, and may be entering or within family formation years. These households are important to not only the housing market, but also the local economy by helping support the local commercial/retail market through household spending.

A bright spot is the 18 to 24 year old cohort is growing faster than the Region. Between 2013 and 2018, the number of residents between the ages of 18 and 24 increased by 5% compared to 1% across the Region. The growth may be attributed to the attraction and retention of college-aged residents to the area's academic institutions.

**Figure 3:  Projected Change in Population**
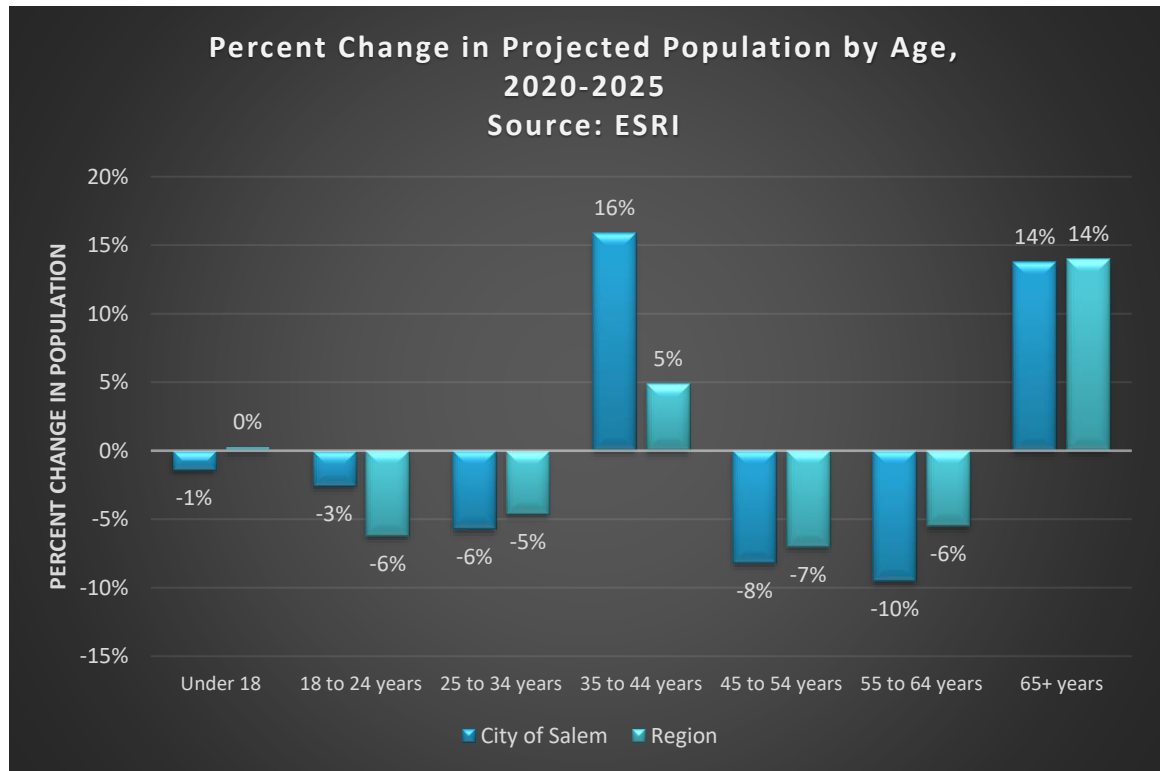


Population projections indicate senior residents (65 years and older) are expected to grow 14% between 2020 and 2025. The growth in the senior population will have an impact on the housing supply as many seniors may want to age in place so long as adequate housing supply is available which meets their needs. If not, it could result in a lack of housing turnover and tighten the available for-sale and rental supply. Additionally, the 35 to 44 age group is expected to grow by 16% which has the potential to increase demand for ownership units, as this group tends to be in peak family formation years.

## Race and Ethnicity

The overwhelming majority of residents in the City of Salem (87%) identify as White. Approximately 7% of the population identify as Black, while those identifying as Asian and Other accounting for about 2% and 3%, respectively. The White population experienced a modest increase between 2013 and 2018, while the Black population declined by 9%. The greatest percentage change in population occurred in those identifying Other which saw an increase of 48%. While the percent change may be high, in absolute numbers the Other racial category accounts for about 476 individuals in total. Figure 4 shows the change in race from 2013 to 2018.

**Figure 4: Change in Race**



Percent Change in Race
Source: ACS 2013-2018
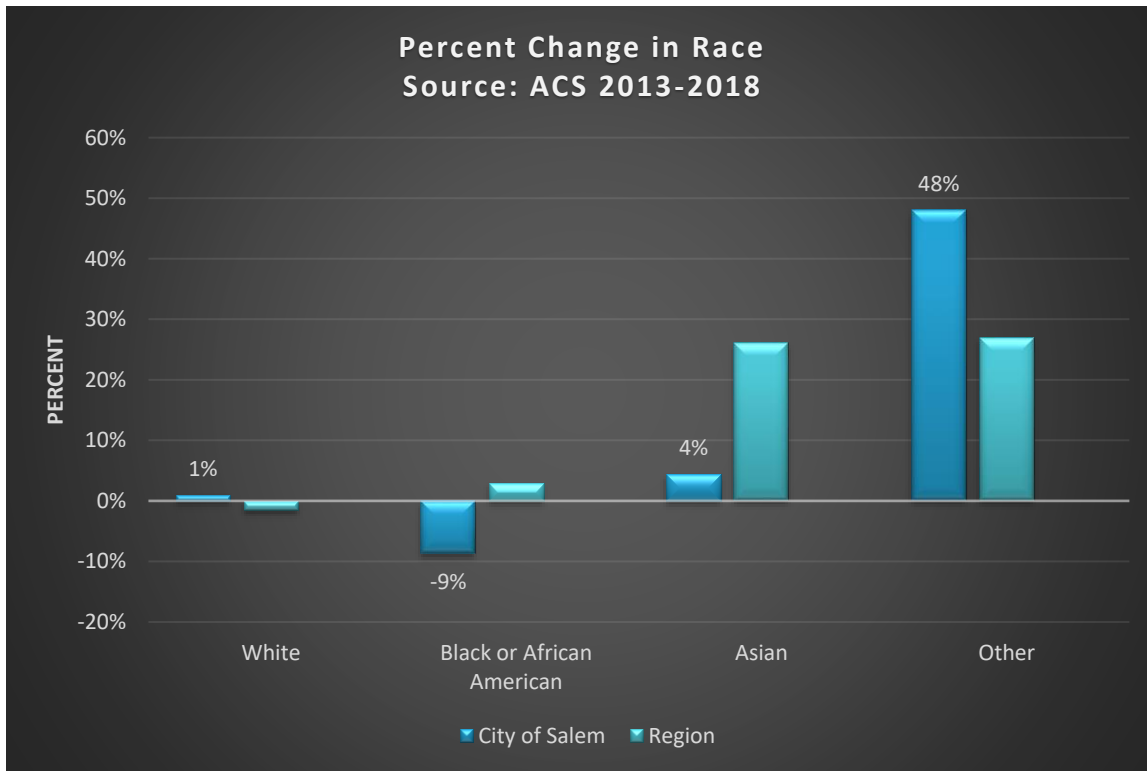
The city's Hispanic population rose by 26%, from 655 residents in 2013 to 827 in 2018. This change is much faster than the Region, which saw an increase of 16% over the same period.

## Education

In comparison to the Region, the City of Salem has a smaller portion of its population with a high school diploma or less. Within Salem, 39% of residents have a high school diploma or less compared to 42% for the Region. Additionally, Salem outpaces the Region in the percentage of individuals who have completed bachelor's degrees or higher. Educational attainment is often associated with higher earnings which can translate to a greater ability to pay for housing costs.

**Figure 5: Educational Attainment**
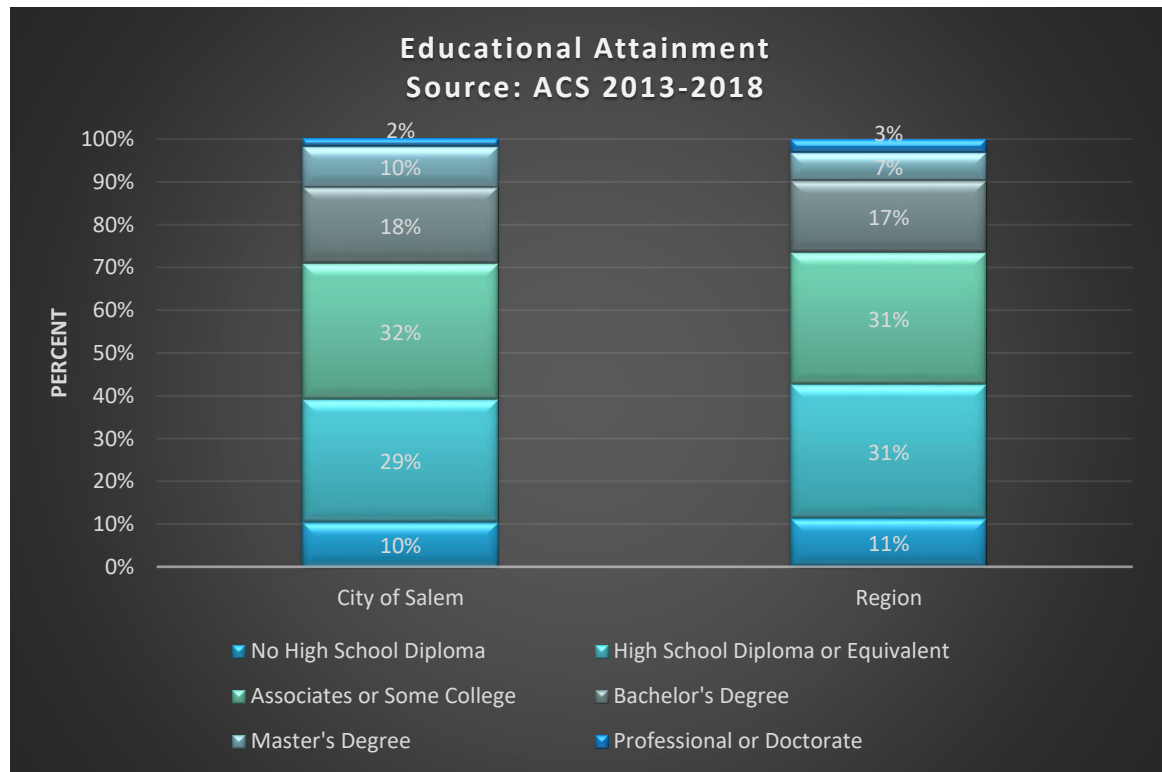


As the employment market changed over time, the skill sets needed for new employment opportunities required higher levels of education. Looking at changes in educational attainment over time shows Salem's population with master's degrees jumped by 14%. However, over the same period the percentage of residents with professional degrees dropped by 53%, indicating those households are leaving the City at a much higher rate.

**Figure 6:  Change in Educational Attainment**
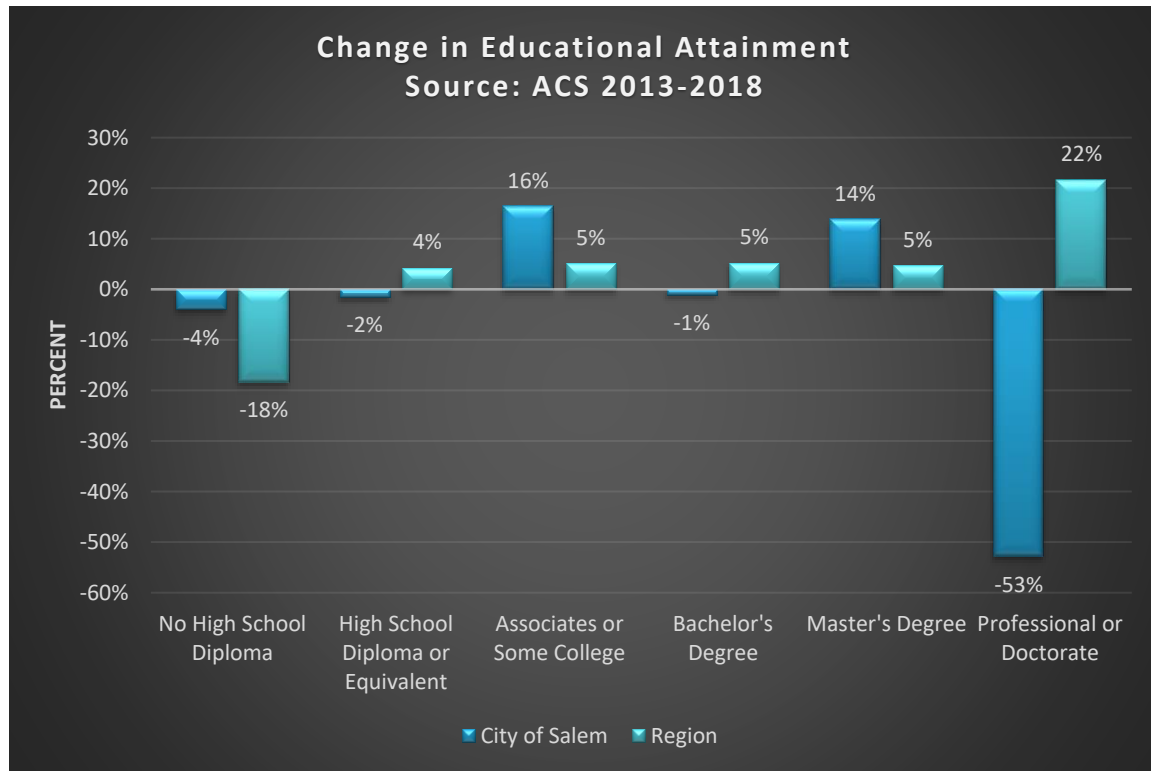


## Change in Educational Attainment
## Source: ACS 2013-2018

Disabled Population
=========

Federal laws define a person with a disability as "Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such an impairment." The Census classifies disabilities in the following categories: those having a hearing or vision impairment, ambulatory limitation, cognitive limitation, and self-care or independent living situation.

In the City of Salem, 2,848 (12%) residents identified as having one or more of the Census defined disabilities. The largest concentration of disabled individuals can be found in the 35 to 64 age group which has 976 disabled individuals and accounts for 34% of all disabled individuals with a disability in the City of Salem. Figure 7 presents data on the disabled population by age.

**Figure 7: Disabled Population by Age**
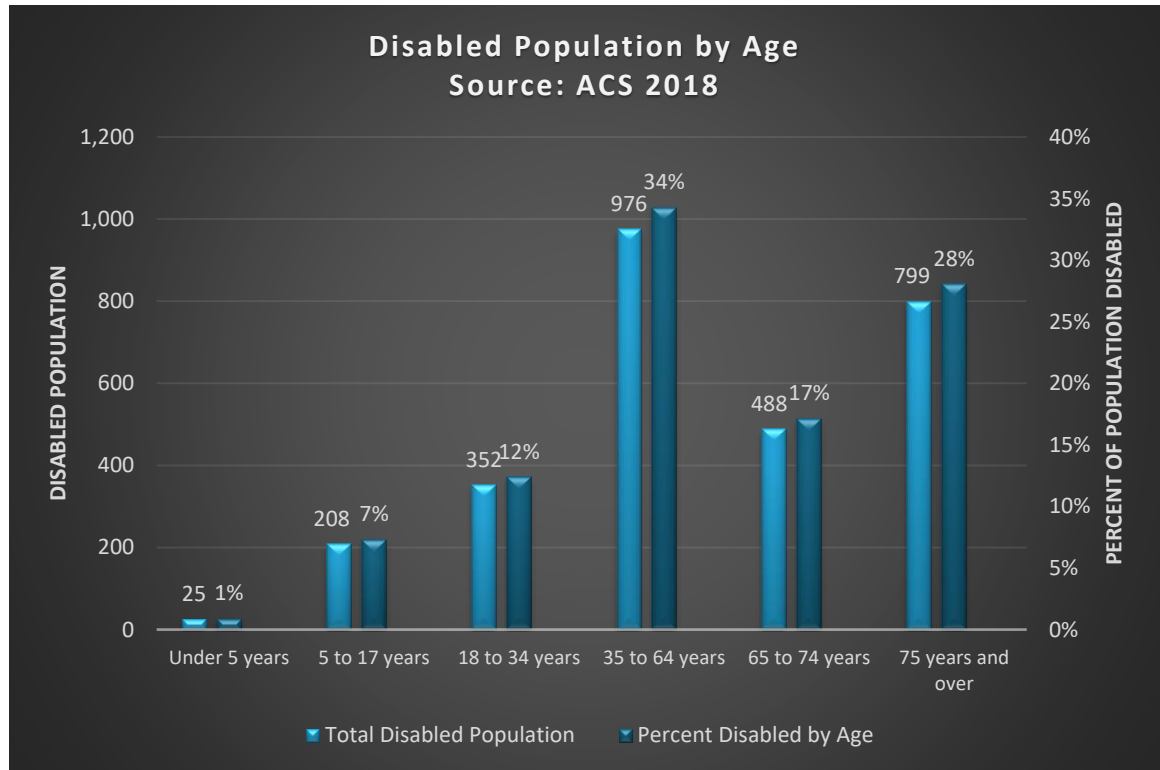


Not surprisingly, the senior population in the City of Salem shows many disabled individuals, with 1,287 individuals identifying as disabled. Of the senior population, 28% of individuals 75 years or older have disabilities. The senior population is of special concern as they tend to live on fixed incomes and have higher healthcare costs which may limit the amount of money they could spend on housing. Disability, in particular mental health disabilities, can make it difficult to earn enough to afford adequate housing. While those with disabilities can qualify for Supplemental Security Insurance (SSI) and Social Security Disability Insurance (SSDI), these programs alone may not prevent the disabled from experiencing housing instability.

The need for home accessibility and other services for people with disabilities in the City of Salem is critical given the large number of seniors and the fact that this age cohort is growing. Improved survival rates and increased longevity among persons with disabilities combined with an aging population and the inaccessibility of older homes are indicators of a growing need to locate services and housing within proximity to one another. Recognizing the housing and service needs these populations require is critically important. Disabled residents often rely on long-term care and wrap-around services. There may also be an unmet need for long-term care facilities to assist residents with disabilities.

## Homeless Population

To understand the existing homeless population across the Region, data was obtained from the Department of Housing and Urban Development (HUD) which showed the number of homeless individuals and families, as well as the number of beds available in the jurisdiction. HUD data is a compilation of information provided by local Continuums of Care's (CoC) which are typically non-profit or governmental entities working on homelessness. The Blue Ridge Continuum of Care is a regional group working to end homelessness and includes the Blue Ridge Interagency Council on Homelessness (BRICH) which is the regional governing body of the CoC. The BRICH is comprised of non-profit and governmental entities serving the counties of Alleghany, Botetourt, Craig, and Roanoke, and the cities of Covington, Roanoke, and Salem.

The HUD data presents, in aggregate, information from Roanoke County, and the cities of Roanoke and Salem, and it is therefore not possible to separate information strictly for the City of Salem.

Based on Point-in-Time (PIT) data there were 276 homeless individuals in the area which encompasses Roanoke County, and the cities of Roanoke and Salem.  There were 213 persons in households with only adults, which accounts for 77% of the homeless population. While households with children accounted for 23% of the homeless population, translating into a total of 63 persons. About 89% of the homeless population is sheltered, while only 6% remain unsheltered. Table 1 presents data on the homeless population.

| Table 1: Homelessness Population in Roanoke County, and the City of Roanoke and Salem | | | | |
|---|---|---|---|---|
| | Sheltered | | | |
| Homeless Categories | Emergency Shelter | Transitional Housing | Unsheltered | Total |
| Persons in households without children | 183 | 0 | 30 | 213 |
| Persons Age 18 to 24 | 14 | 0 | 0 | 14 |
| Persons Over Age 24 | 169 | 0 | 28 | 197 |
| | | | | |
| Persons in households with at least one adult and one child | 63 | 0 | 0 | 63 |
| Children Under Age 18 | 37 | 0 | 0 | 37 |
| Persons Age 18 to 24 | 2 | 0 | 0 | 2 |
| Persons Over Age 24 | 24 | 0 | 0 | 24 |
| | | | | |
| Persons in households with only children | 0 | 0 | 0 | 0 |
| | | | | |
| Total Homeless Persons | 246 | 0 | 30 | 276 |
| Source: BRICH Point in Time Data, 2020. | | | | |

Based on data provided by CoC's operating in the Salem area, there were a total of 726 beds available for homeless individuals, with 62% of beds found in emergency shelters and 38% of the beds located in permanent housing facilities. Based on the number of homeless individuals found

across the Roanoke region, the existing infrastructure to house the homeless is operating at less than half capacity.

| Table 2: Homeless Housing Inventory in Roanoke County, and the City of Roanoke and Salem | | | | | | | |
|---|---|---|---|---|---|---|---|
| Unit Types | Family Units | Family Beds | Adult–Only Beds | Child–Only Beds | Total Year–Round Beds | Seasonal | Overflow/Voucher |
| Emergency, Haven and Transitional Housing | 26 | 161 | 288 | 0 | 449 | 0 | 2 |
| Emergency Shelter | 26 | 161 | 288 | 0 | 449 | 0 | 2 |
| | | | | | | | |
| Permanent Housing | 29 | 48 | 133 | 0 | 277 | 0 | 0 |
| Permanent Supportive Housing | 17 | 8 | 94 | 0 | 198 | N/A | N/A |
| Rapid Re-Housing | 12 | 40 | 39 | 0 | 79 | N/A | N/A |
| | | | | | | | |
| Total | 55 | 209 | 421 | 0 | 726 | 0 | 2 |
| Source: HUD Housing Inventory County Study, VA-502 Roanoke City & County, Salem Continuum of Care (CoC), 2019 | | | | | | | |

The Roanoke Region has been effective in preventing a rise in the number of unsheltered homeless. Data from the CoC showed a very low incident of unsheltered homeless with about 6% of the recorded homeless population going unsheltered, and of those unsheltered homeless, most refuse to engage in accessing resources. In many cases, multiple mental health barriers prevent individuals from obtaining and maintaining housing. Across the region there are non-profits target their resources to help alleviate the plight of the homeless population. Services are available which help transition the homeless population towards long-term stability.

| Table 3: Homelessness by Race in Roanoke County, and the City of Roanoke and Salem | | | | |
|---|---|---|---|---|
| | Sheltered | | | |
| Race | Emergency Shelter | Transitional Housing | Unsheltered | Total |
| Black or African–American | 87 | 0 | 6 | 93 |
| White | 137 | 0 | 20 | 157 |
| Asian | 0 | 0 | 0 | 0 |
| American Indian or Alaska Native | 2 | 0 | 2 | 4 |
| Native Hawaiian or Other Pacific Islander | 0 | 0 | 0 | 0 |
| Multiple Races | 17 | 0 | 2 | 19 |
| Total | 246 | 0 | 30 | 276 |
| Source: BRICH Point in Time Data, 2020. | | | | |

The PIT data from the Roanoke City Roanoke County, and City of Salem CoC showed that 34% (93 individuals) of all sheltered and unsheltered homeless individuals were Black/African American, while 57% (157 individuals) of the homeless population were White. The Region has a relatively small Black/African American population, which indicates that they are overrepresented in the homeless population.

## Households

The Census Bureau defines a "household" as one or more people living in a housing unit and includes a variety of living arrangements. From a historical perspective, the City of Salem experienced a spurt of household growth, with the number of households increasing by 51% between 1970 and 2010, with much of the growth happening between 1970 and 1980. Like the population growth rate, household growth has slowed considerably over the last 10 years. This slow growth can be attributed to the changing economic conditions and housing preferences in the region.

**Figure 8:  Household Change**
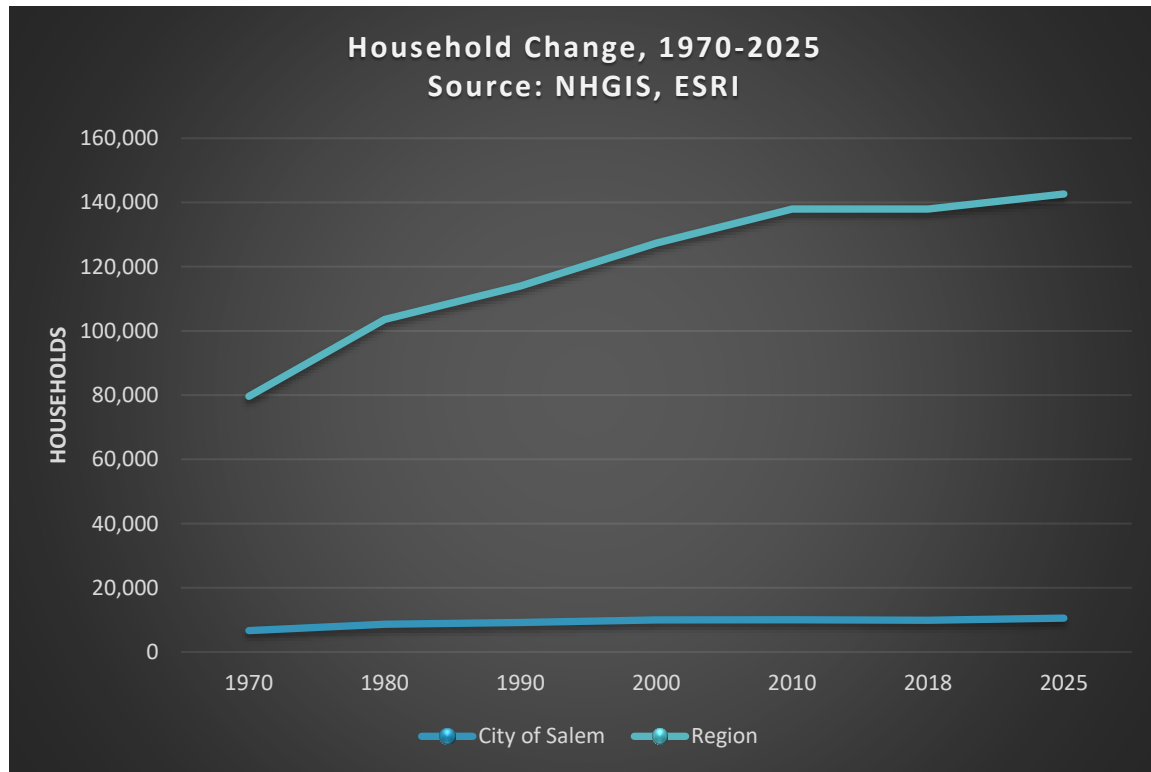


In 2018, the city had 9,881 households. Future projections show the city could add an additional 657 households (7%) by 2025.[1] These same projections show households region-wide also increasing by 3% over the next five years.

| Table 4: Projected Total Households | | | | |
|---|---|---|---|---|
| Community | 2018 Estimates | 2025 Projections | Change | % Change |
| City of Salem | 9,881 | 10,538 | 657 | 7% |
| Region | 137,942 | 142,643 | 7,701 | 3% |
| Source: ESRI, 2020 | | | | |

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[1] ESRI, 2020

## HOUSEHOLD SIZE

Household size is an important consideration as it provides insight and an understanding of what types of housing units are needed to accommodate today's residents and those who may choose to locate here in the future. An example of this is a larger five-person household would require more bedrooms than a two-person household. Traditionally in the city, ranch style housing offers three bedrooms and one bathroom, which is enough for households of five or less. Apartments tend to have two- or three-bedrooms and are priced similarly, in some instances, to a mortgage payment for a single family home. Due to the pricing differential, non-family households comprised of roommates sometimes choose to rent single family homes because of the additional space.

According to the Census, households can be defined as either family or non-family. Family households are comprised of two or more related individuals where non-family households are comprised of unrelated people living together (such as housemates), and single individuals. In the City of Salem, most family households (77%) are comprised of two or three members. Most non-family households are single individuals which account for nearly 88% of non-family households.

Figure 9:  Households by Type and Size
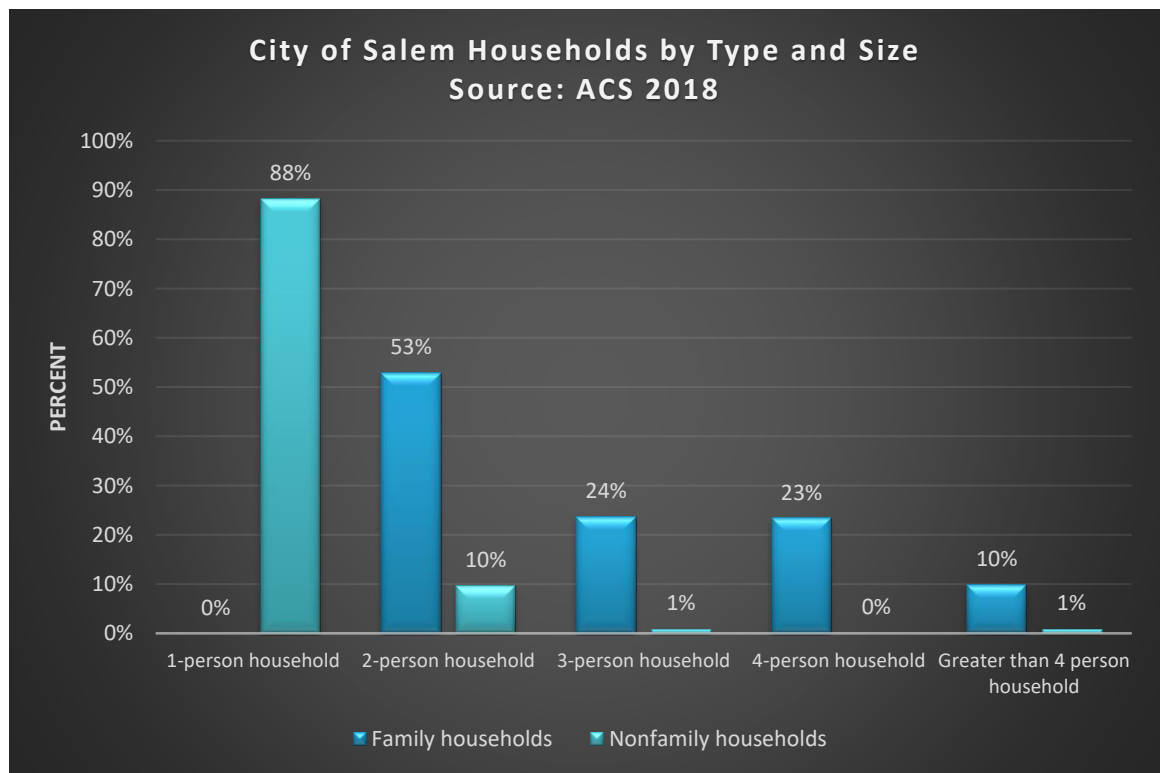


While many households in the City of Salem are one- and two-person households, some changes in household size have occurred over the past five years. Four-person family households decreased by 24% between 2013 and 2018, and 3-person family households have increased by 17% over the same period. Similarly, the number of non-family households with two persons declined by 277, a decrease of 43%. This may indicate a shift towards smaller household sizes both for

family and non-family households, with the implication that the total number of households will potentially grow.

**CITY OF SALEM HOUSING STUDY**

# ECONOMIC ASSESSMENT

Economic issues such as changes in income, employment, commuting patterns, and the overall economy are explored in this section of the study. Much of the analysis is grounded in data which is supplemented by knowledge gained from interviews with stakeholders described in more detail throughout this section of the study. The economic baseline analysis provides the context and history of the City of Salem to set the stage for the housing market analysis which follows.

## Socioeconomics

### INCOMES

Household income directly influences the ability of residents to secure housing that is affordable and available to them. Household income can influence housing prices if an influx of higher income households enters the market over time, or conversely, leave. As of 2018, the median household income in the city was $57,185, which was about $3,124 more than the Region's median income. This income differential is small from a housing affordability perspective, as the City of Salem's median income adds about $87 per month in purchasing power for a renter household when compared to the Region. It is important that over time incomes are compared to housing costs to ensure increasing price points do not over low- and middle-income households.
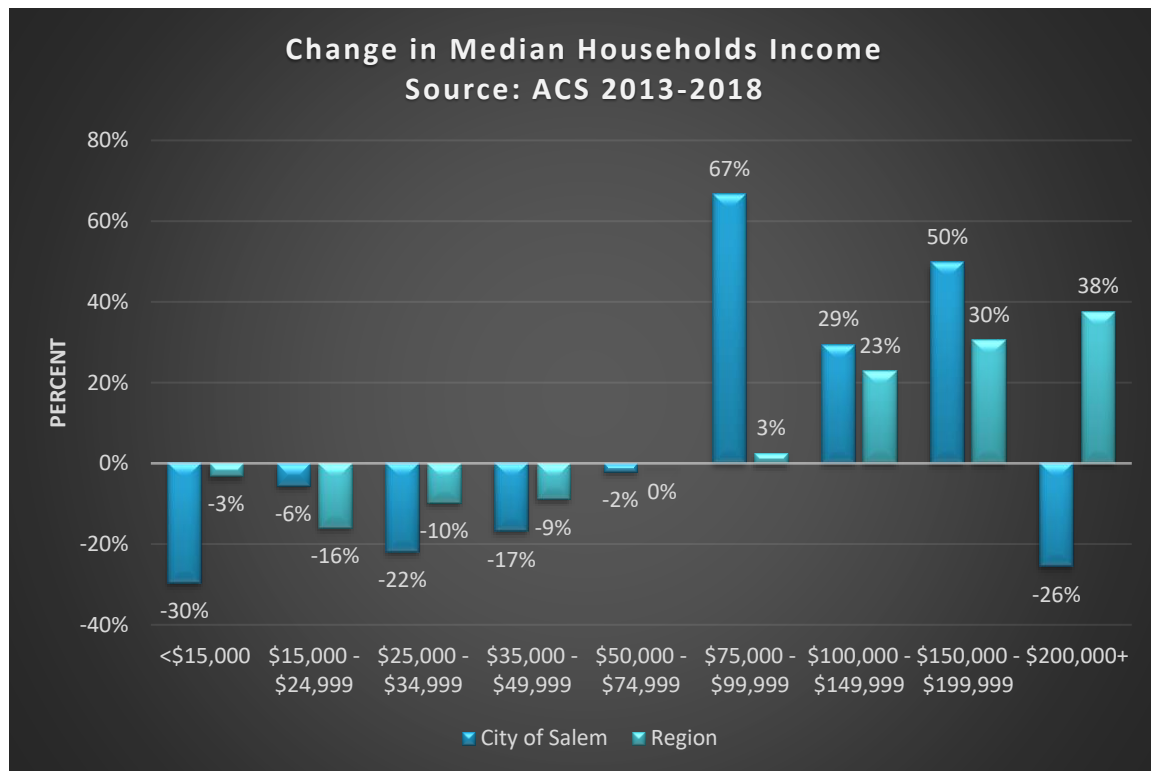
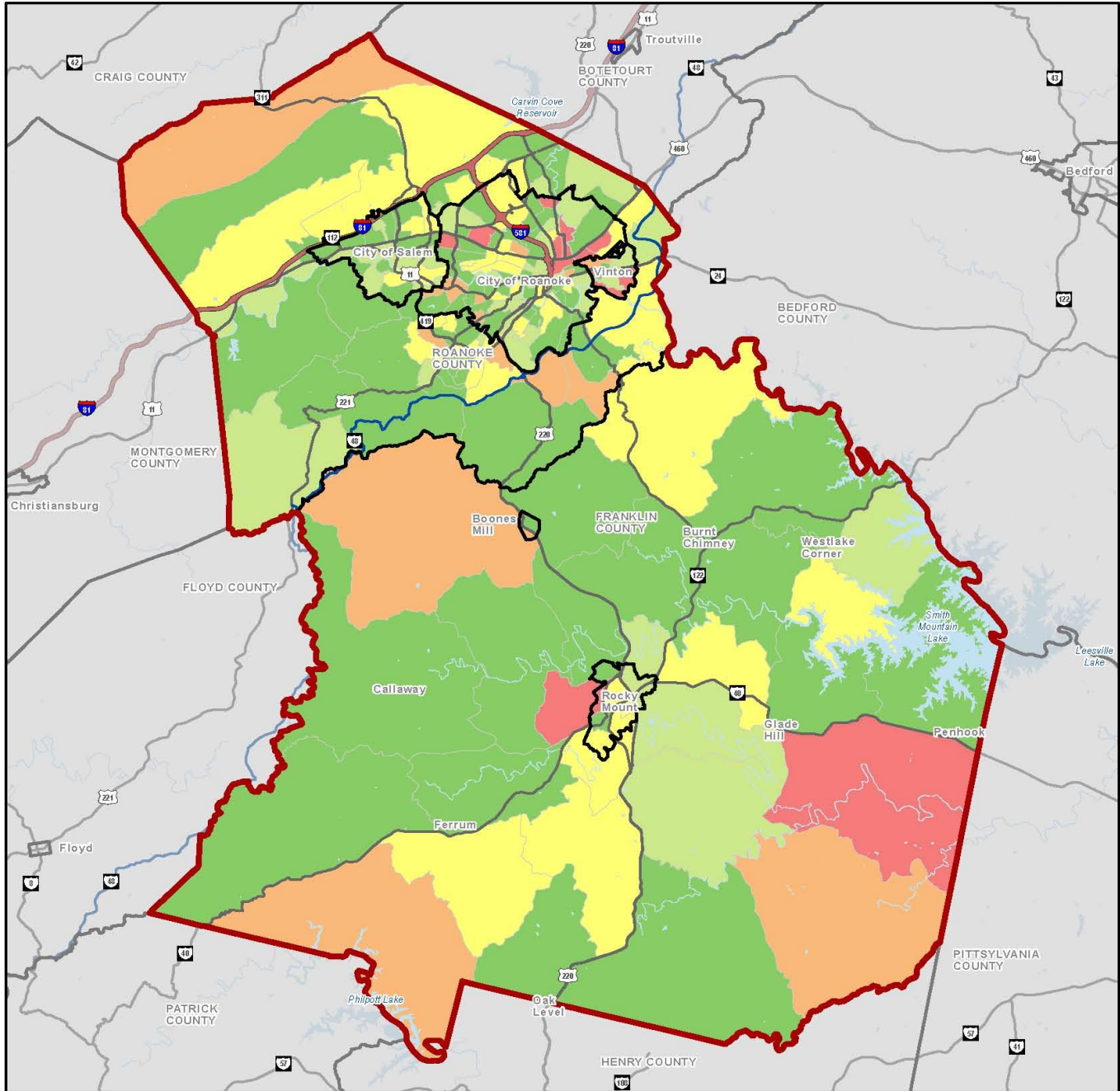**Figure 10:  Median Household Income**
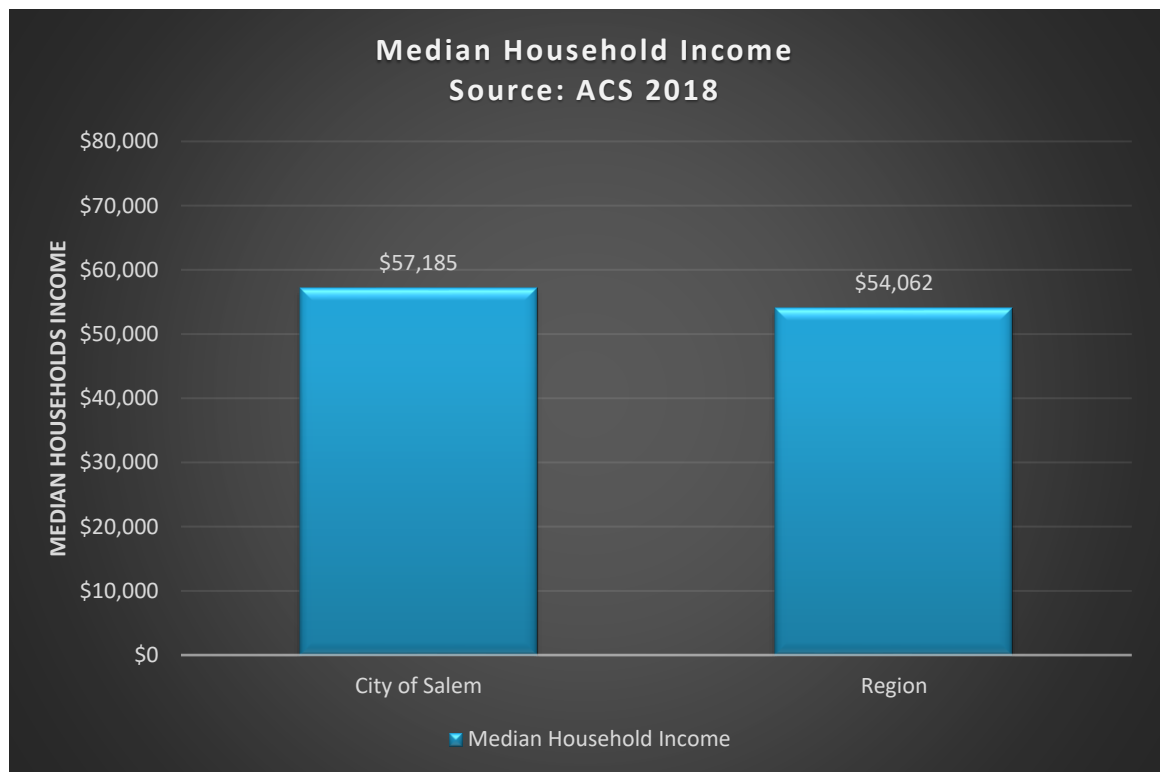
Cost burden, which is a circumstance where a household pays 30% or more of their income toward housing costs, is a reality for lower-income households across the city. Higher housing costs crowd out disposable income for other necessities such as food, healthcare, and transportation. About 27% of Salem households earn less than $35,000 a year, compared to 26% of households in the Region. While slightly more than the Region, the percentage of lower-income households in the City of Salem require proactive measures to ensuring safe and affordable housing for households at all income levels.

Looking at the distribution of households by income cohort over the last five years shows the city experiencing a loss of households with incomes below $75,000. Of households making less than $50,000, there was a 30% decrease within the cohort earning below $15,000 per year, and a 22% decline in households earning between $25,000 and $35,000 per year. While the city is losing households at the lower end of the income spectrum, it is gaining households earning more than $75,000 per year. The increase of higher income households can be explained in part by growth in higher paying industry sectors like Healthcare and Finance and Insurance. Employees in these sectors typically have higher levels of education and specific skills tied to the industry sector resulting in higher wages. Manufacturing is also shifting toward higher earning jobs as manufacturing processes become more advanced the sector requires employees with advanced degrees in engineering, management, and logistics to keep up with changes in manufacturing processes.

**Figure 11:  Change in Median Household Incomes**

# HOUSEHOLD INCOME CHANGE MAP



**Road Type**

Interstate

Primary

Blue Ridge Parkway

Roanoke Valley Study Region

Administrative Boundaries

Water Bodies

**Median Household Income**

**Change 2013 - 2018**

-$12,000 or more

-$6,000 to -$12,000

$0 to -$6,000

$0 to +$6,000

+$6,000 or more

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept. of Conservation
and Recreation, Virginia Economic Development Partnership,
US Census American Community Survey 5-year estimates

Modest growth of real incomes is a challenge both in the City of Salem and across the United States as a whole. The city saw median household incomes grow by 17% between 2013 and 2018, while the Region grew by 16%. As housing costs continue to rise, incomes must as well, or households will be forced to spend more on housing leaving less for other expenses.

| Table 5: Growth in Median Household Income, 2008-2018 | |
|---|---|
| Community | Growth Rate |
| City of Salem | 17% |
| Region | 16% |
| Source: ACS 2008- 2013, 2014-2018, B19013, "Median Household Income in the Past 12 Months", and RKG Associates, Inc. | |

Looking forward, incomes in the City of Salem are projected to grow. Between 2020 and 2025, the median household income is projected to grow by 4%, slightly less than the Region's growth rate of 5%. As more employers paying higher wages enter the area and establish operations, opportunities for residents of the region to secure higher paying jobs will increase as well.

| Table 6: Projected Median Household Incomes | | | | |
|---|---|---|---|---|
| Community | 2020 Estimates | 2025 Projections | Change | % Change |
| City of Salem | $57,893 | $60,254 | $2,361 | 4% |
| Region | $53,448 | $56,124 | $2,676 | 5% |
| Source: ESRI, 2020 | | | | |

## WORKERS

In the City of Salem, there are a total of 18,258 jobs which is inclusive of both private and government employment.[2] Of that total, 18,258 people come from outside the city to work, while 2,361 live and work within the city. Aside from those working within the city, approximately 6,408 residents travel outside for employment, making it a net exporter of labor. The large number of people leaving the city for jobs can be explained by the proximity of large employers in Roanoke City, Roanoke County, and Franklin County.

[2] OnTheMap, 2020

**Figure 12:  Worker Inflow and Outflow**
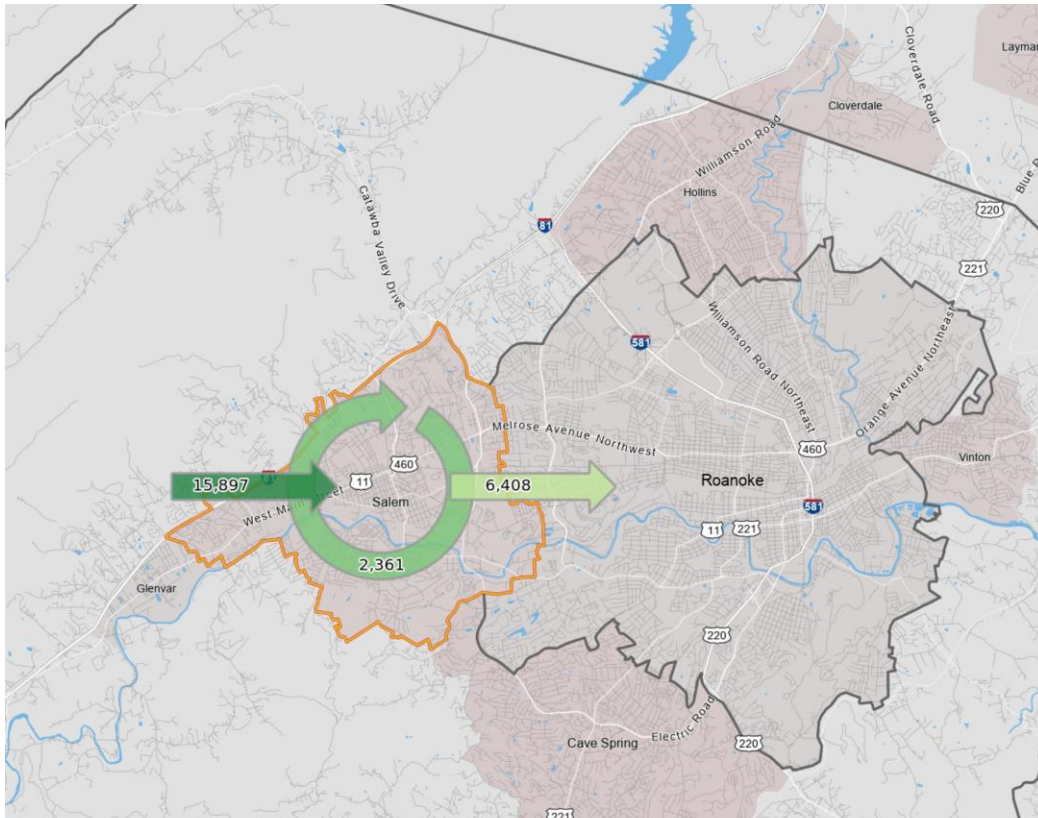


Understanding how many employees are in the city what types of employment opportunities exist can help explain some of the activity within the housing market. One of the key linkages between employment and housing is how many individuals are employed in an area and where they commute from. This is important because it reflects whether the city can attract and retain workers locally, and what role housing may play in workers being able to live and work in the city. If workers are also residents, then their disposable income gets circulated locally, otherwise the city may not capture that direct impact on the local economy. In contrast, when workers commute to an employment destination, much of their personal spending does not occur in the community where they work, but rather where they live.

**Figure 13:  Top Five Employee Capture Areas**



Top Five Employee Capture Areas for the City of Salem, 2019
Source: OnTheMap, 2020
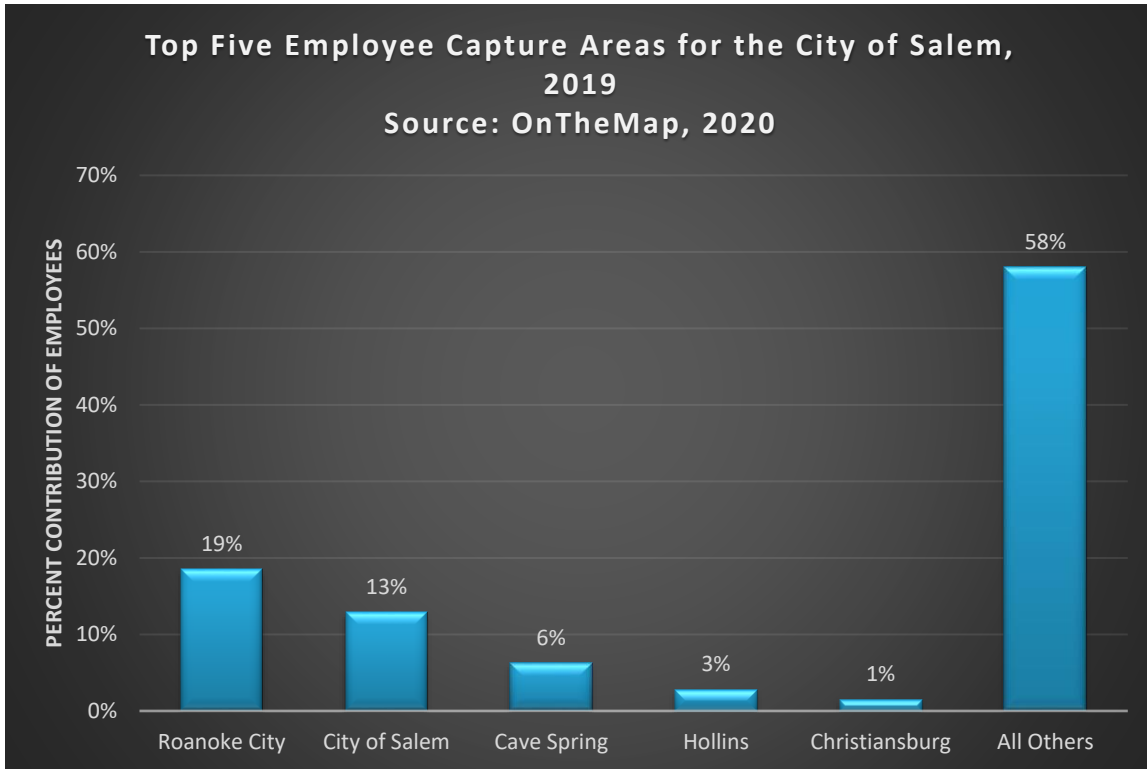
As mentioned previously, about 15,897 workers commute to the City of Salem. The vast majority live in communities adjacent to the city. Based on the data, about 3,020 individuals commute from Roanoke City for jobs in Salem, accounting for about 19% of the total non-resident workers.

**Figure 14:  Top Five Employment Destinations**



Top Five Employment Destinations for
City of Salem Residents
Source: OnTheMap, 2020
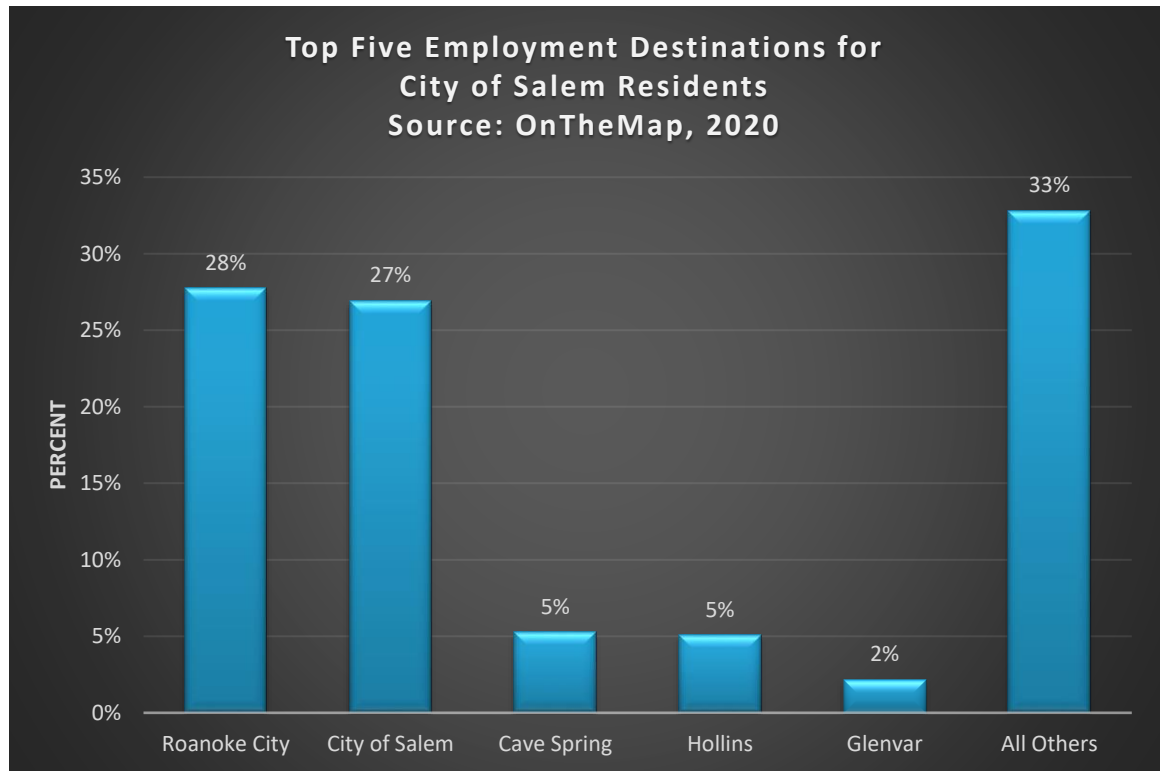
About 27% of residents live and work in the City of Salem indicating a strong employment base. The largest employment location outside of Salem is the City of Roanoke, which makes sense as it is one of the largest employment centers in southwestern Virginia with a diversity of employers such as universities, hospitals, and major corporations.

## INDUSTRIES

In the City of Salem, employment is clustered in a few main industries. Figure 15 presents the top five employment sectors across the city. As a percentage of total employment, Government is the largest industry sector with 21% of all jobs. The second largest employment sector is Manufacturing, which accounts for 13% of all jobs. The Other category is made up of the remaining North American Industry Classification System (NAICS) sectors not in the top five job producing industries. This category accounts for 37% of the total employment in the city.

**Figure 15:  Top Five Jobs by NAICS Industry Sector**



Top Five City of Salem Jobs by NAICS Industry Sector, 2010-2020
Source: Economic Modeling Specialists Intl. (EMSI), 2020
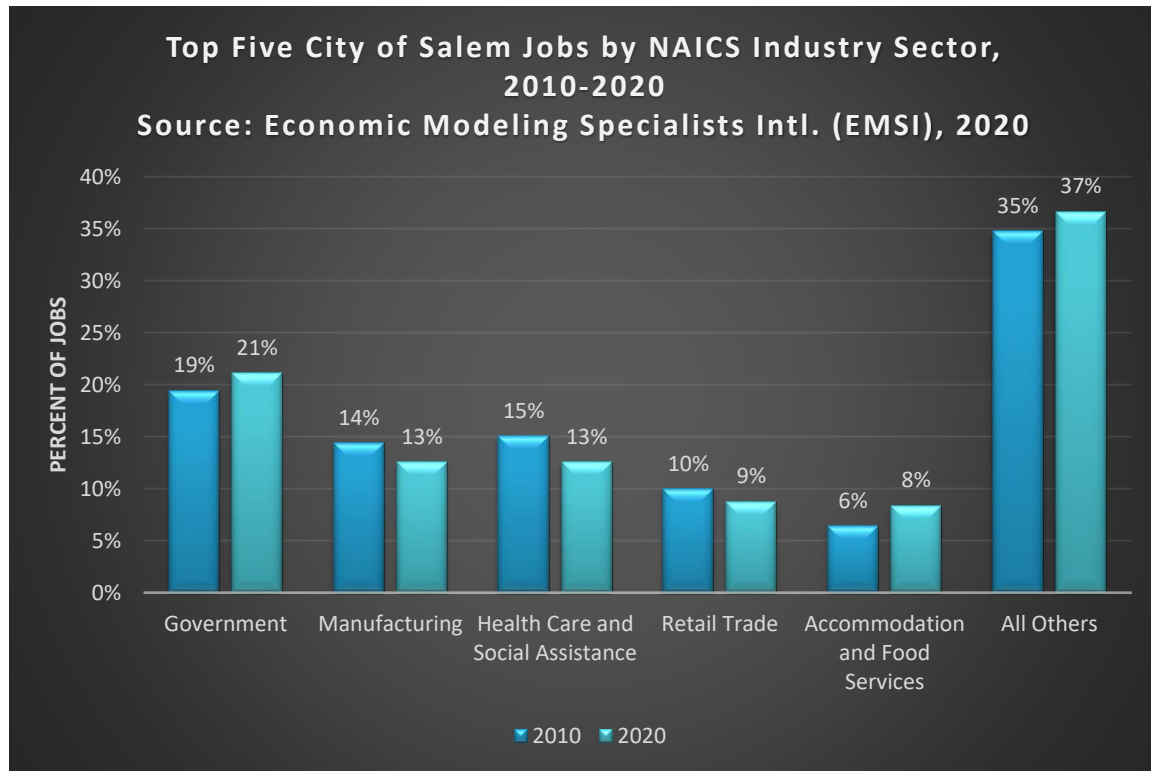
## MAJOR EMPLOYERS

As indicated above, the City of Salem has a diversified employment base which helps bolster the economy and makes the city an attractive place for new residents and employers alike. The City of Salem has developed its own economy which relies more heavily on Health Care, Government, Education, and Manufacturing. These industries do offer good paying jobs for residents and non-residents alike.

The City of Salem has two large hospitals which serve the needs of residents and non-residents. The largest hospital and employer in the city is the Salem VA Medical Center which provides services to more than 78,000 eligible Veterans living in 26 counties and 13 independent cities of southwestern Virginia.[3] The hospital employs between 2,000 and 2,499 individuals across technical and non-technical roles.[4] The second hospital in Salem is the Lewis-Gale Medical Center. This hospital is part of a larger integrated network of care which includes four hospitals, six outpatient centers, two cancer centers and 700 physicians at more than 160 affiliated locations stretching from Alleghany Highlands and Rockbridge County to the Roanoke and New River Valleys.[5] In Salem, the hospital employs between 500 and 999 individuals across a variety of roles.

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[3] https://www.salem.va.gov/about/index.asp

[4] https://salemva.gov/Departments/Economic-Development/Major-Employers

[5] https://lewisgale.com/about/

As indicated earlier, manufacturing firms contribute significantly to the employment base (13%) citywide. In recent years, specialized manufacturing companies have moved into the area, and rely on a highly trained local workforce. The city's largest manufacturer is Yokohama Industries, a manufacturer of tires, which employs between 500 and 999 workers. In 2011, the company invested $13 million to expand its operations and workforce.[6] Below is a listing of some of the largest local private manufacturing employers in the area:

- Yokohama Industries – 500 – 999 employees
- General Electric – 500 to 999 employees
- Integer – 300 to 499 employees
- Carter Machinery – 300 to 499 employees

Roanoke College is an independent, co-educational, four-year liberal arts college. Founded in 1842, it is the second-oldest Lutheran-related college in America. The college has nearly 2,000 full-time students and offers about 100 areas of study. The campus is located adjacent to downtown Salem and employs between 300 and 499 workers. Most students attending Roanoke College, 78%, live in on-campus housing which results in the city not having a sizable market for student housing.

The housing market in the city is influenced by these large employers because they provide jobs and potential career paths which enable households to gain economic stability and generate disposable income. With secure jobs, residents can engage in the housing market to make purchase and rental decisions based on their needs and wants. For example, households with higher incomes may choose to purchase larger homes, while lower income households may choose to rent single family homes or a unit in a multifamily building.

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[6] https://roanoke.com/archive/yokohama-grows-in-salem/article_024f790d-a40d-502f-bd4e-137d1a11baeb.html

## CHANGES IN INDUSTRY

City employment data between 2010 and 2020 shows that the top ten employment subsectors have grown by 333 jobs, with an average wage of $46,571. Sectors which experienced the largest growth were related to Accommodation and Food Services which saw an increase of 220 jobs, and Professional Services which saw an increase of 37 jobs. The large number of new jobs in the growing sectors offer opportunities to two-income households, allowing them to potentially earn more than the citywide median income of $57,185.

Figure 16:  Top Ten Industry Subsector Increases, 2010-2020
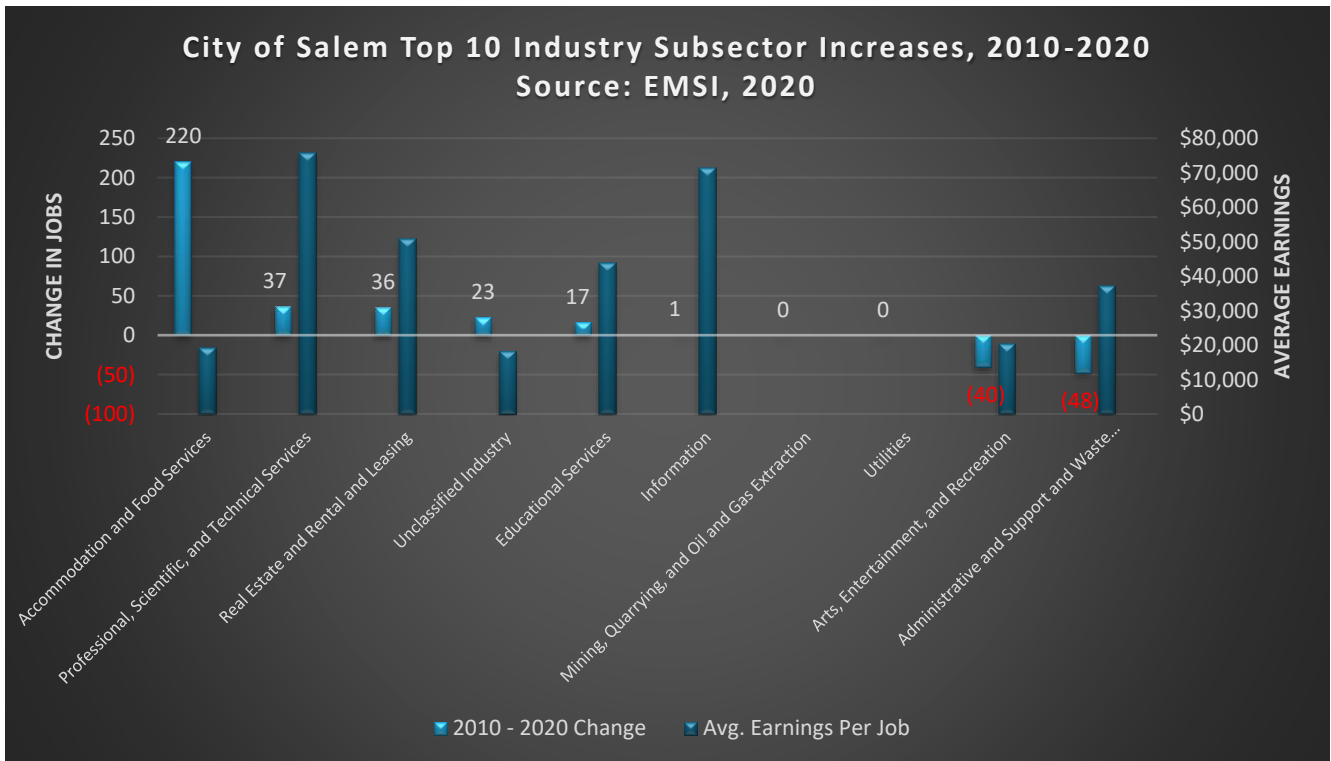


Between 2020 and 2029 the City of Salem is projected to see modest employment growth in Accommodation and Food Services (67 jobs), Wholesale Trade (49 jobs), Transportation and Warehousing (42 jobs), and Educational Services (35 jobs). Jobs in these industry sectors generally pay good wages, except for Accommodation and Food Services.

**Figure 17:  Top Ten Projected Industry Subsector Increases, 2020-2029**
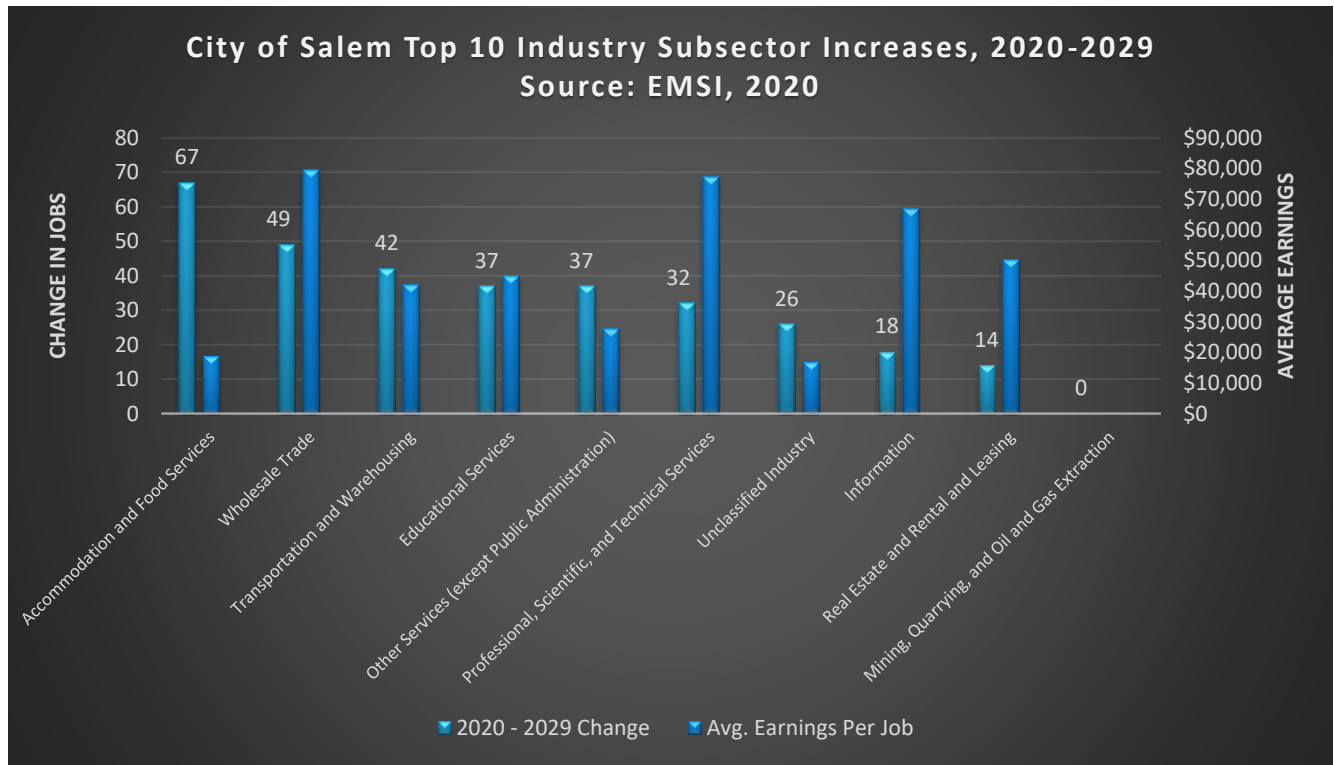


The largest losses are projected to occur in the Manufacturing sector, with a decline of 473 jobs and Retail which is expected to lose 202 jobs. The key difference in the future is that the average wage differential between the top jobs lost versus gained will expand. The average wage of top growth sectors is $46,097 while the average wage of the top declining sectors is $58,507. This may indicate that future employees in the city may have a greater challenge in securing housing as the wages of growing industries are less than the wages in industries which are declining.

## INDUSTRY WAGES AND HOUSING AFFORDABILITY

While the city experienced employment growth over the last decade, incomes in some industry sectors are not sufficient to cover mortgage or rent payments without placing added financial pressure on the household. Across the city, the median sales value of a home is around $172,890, while the median gross rent is about $915 per month. Based on these metrics, several of the top industries (and growing industries) do pay average wages for which employees could afford these housing prices. It is worth noting though that within certain industry sectors there is vast wage disparity across occupations. For example, within the Healthcare industry you may have physicians earning over $200,000 but janitorial staff earning less than $30,000 a year. There are also industry sectors like Retail Trade or Accommodations and Food Services that do not pay average wages high enough to cover housing costs at today's median rent or sale price.

Table 7 illustrates the affordable home price and affordable rent by industry sector based on the average earnings within each sector. It is important to note these represent average earnings and not the earnings across different occupations within industry sectors.

| Table 7:  Housing Affordability Based on Top 10 Industry Sectors, 2020 | | | | |
|---|---|---|---|---|
| Industry | Industry Jobs | Average Earnings | Affordable Home Price | Affordable Rent |
| Government | 4,583 | $80,309 | $297,183 | $2,231 |
| Manufacturing | 2,776 | $77,147 | $285,480 | $2,143 |
| Health Care and Social Assistance | 2,459 | $67,103 | $248,314 | $1,864 |
| Retail Trade | 1,858 | $33,654 | $124,534 | $935 |
| Accommodation and Food Services | 1,833 | $18,804 | $69,585 | $522 |
| Wholesale Trade | 1,636 | $79,392 | $293,790 | $2,205 |
| Other Services (except Public Administration) | 1,057 | $27,508 | $101,794 | $764 |
| Administrative and Support and Waste Management and Remediation Services | 921 | $37,274 | $137,930 | $1,035 |
| Construction | 896 | $50,956 | $188,560 | $1,415 |
| Professional, Scientific, and Technical Services | 722 | $77,091 | $285,273 | $2,141 |
| Source: EMSI, and RKG Associates, Inc., 2020 Note: Rent payment accounts for utilities. Home price accounts for mortgage, taxes, and insurance. | | | | |

**CITY OF SALEM HOUSING STUDY**
# HOUSING MARKET ANALYSIS

The housing market analysis section describes the market characteristics associated with both owner-occupied and renter-occupied housing units in the City of Salem. This section contains a description of housing types, price points, and affordability in addition to other topics.

## Citywide Housing Market

The City of Salem has 10,852 housing units of which 9,881 (91%) are occupied and 971 (9%) are vacant. Of the occupied housing units, 65% are owner-occupied, and 35% are renter-occupied. Housing development patterns have changed over time across the city as the population has grown. This citywide housing market analysis examines both the historical and current market conditions and uses that information to inform strategies for addressing future housing needs.

### YEAR BUILT AND HOUSING UNIT GROWTH

The City of Salem's housing growth history shows slow growth over a few decades. Between 1970 and 2010, the number of housing units in Salem grew by 57%, rising from 6,900 to about 10,800. Over the same period, the Region grew by 82% indicating that growth in Salem has lagged. The slow growth in housing coincided equally slow growth in both population and households in the city.

**Figure 18:  Housing Unit Change**
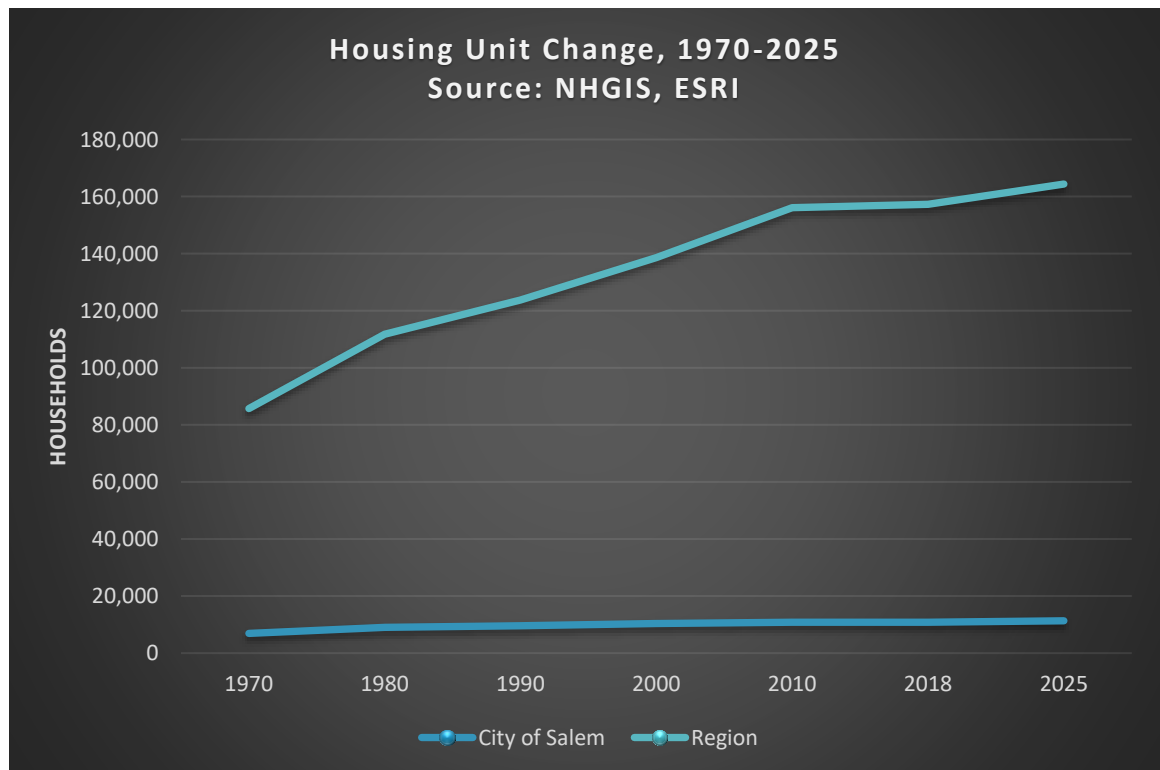
Salem experienced slow growth in housing units between the years 1970 and 2010 with 3,911 new housing units being built. Figure 19 shows the year built for housing units highlighting the large number of units constructed prior to 1980. In the City of Salem about 70% of housing units were built before 1980, compared to only 62% in the Region.

**Figure 19:  Year Built**
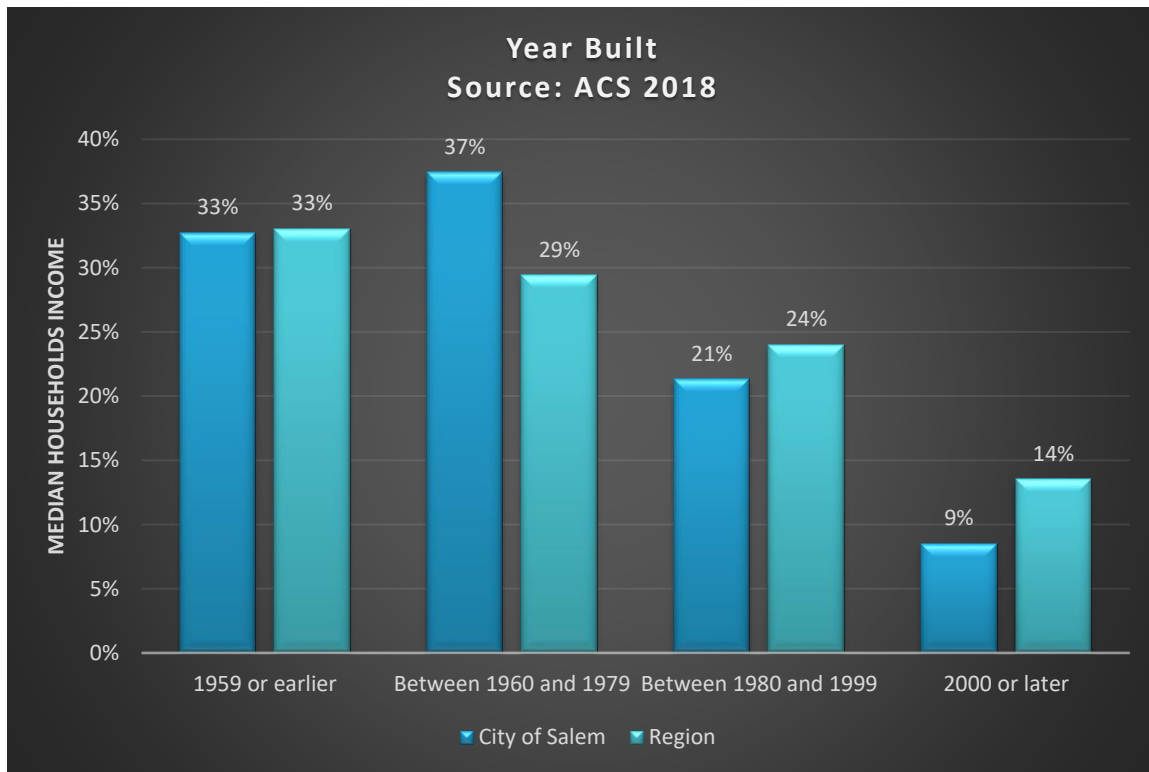


**Building Permit Activity**

On average, the City of Salem permitted an average of 28 new single family detached housing units per year since 2010.[7] Over the same period, the city did not issue a single building permit for multifamily units in duplexes, triplexes, quadplexes, and buildings with five or more units. In Salem, the largest number of single family permits were issued in 2017 when 43 housing units were built. Regionally, the number of building permits has far outpaced the city. Figure 20 shows the number of building permits in the City of Salem and the Region.

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[7] U.S. Census, 2020

**Figure 20: Building Permits**
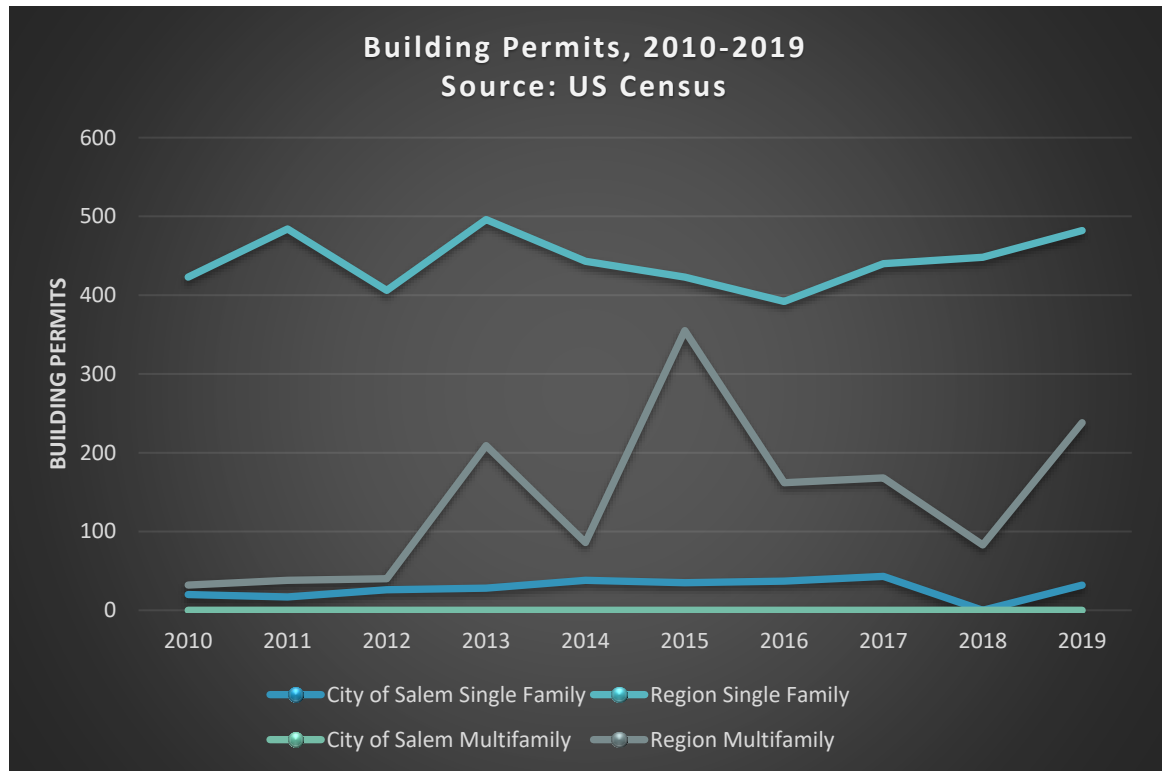


**Housing Tenure**

As of 2018, 59% of the city's occupied housing stock was owner-occupied while 32% is renter-occupied. The city's housing stock is skewed more toward ownership than the Region where only 60% of housing units are owner-occupied.

| Table 8:  Housing Tenure | | |
|---|---|---|
|  | **City of Salem** | **Region** |
| Owner-Occupied | 59% | 60% |
| Renter-Occupied | 32% | 27% |
| Vacant | 9% | 12% |
| Source: ACS 2014-2018 | | |

**Units in Structure**

In Salem, most of the residential building stock is comprised of single family detached units. As of 2018, 76% of the city's residential stock was single family homes.[8] The second largest residential typology are multifamily homes with between 10 and 19 units in the structure, these account for 12% of all units across the city. The Region has a much lower percentage of multifamily homes than the city because the Region encompasses more rural areas like Franklin and Roanoke Counties which tend to have more single family and mobile homes.

The breakdown of units in structures changes drastically when comparing owner-occupied units to renter-occupied units. Within the City of Salem, 95% of owner-occupied units are single family

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[8] ACS 2014-2018

homes and only 1% are in structures containing two or more units, while 4% of units are mobile homes. Contrast this with renter-occupied units, where 40% are single family homes, 58% are in structures with two or more units, and mobile homes account for 2% of all rental units. As is typical for the rental market, housing diversity and choice is greater in the City of Salem for households looking to rent versus those looking to purchase.

**Vacancy**

The City of Salem's overall housing vacancy rate of 9% increased slightly from 2010 when the rate was 8%. Part of the City of Salem's housing market story can be told through the Census' Vacancy Table. Vacancy is defined by the Census across seven different categories which include:

- Units Actively Listed for Rent
- Units Rented, but Not Yet Occupied
- Units Actively Listed for Sale
- Units Sold, but Not Yet Occupied
- Units for Seasonal/Recreational Use
- Units for Migrant Workers
- Other Vacant

To calculate total vacancy across all categories in the City of Salem, the Census sums each category together and divides by the total number of housing units in the city. This vacancy rate provides an estimate of all housing units that are not occupied at the time the Census interview takes place regardless of whether the unit is actively being marketed or even habitable.

**Figure 21:  Overall Housing Vacancy**
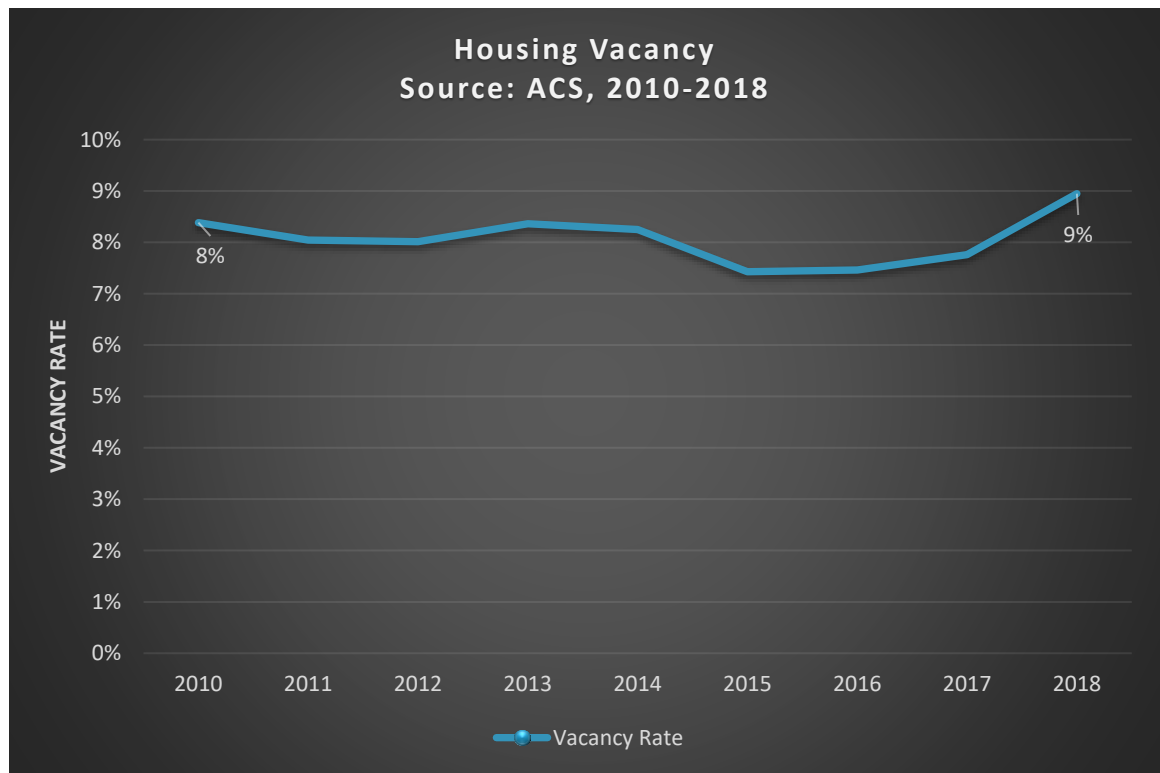


The Census defines "Other Vacant" using eleven categories with ones most pertinent to the City of Salem being: Foreclosure, Personal/Family Reasons, Legal Proceedings, Preparing to Rent/Sell, Needs Repairs, Abandoned/Possibly to be Demolished or Condemned. In 2018, 43% of all vacant units in the City of Salem fell under this category which equates to about 413 housing units. Figure 22 shows how the number of vacant units in four vacancy categories changed from 2010 to 2018.

Over this eight-year period, the number of vacant units grew by 7%, or 66 units. Between 2010 and 2018, there was a 15% increase in the number of vacant rental units, while there was a 21% decrease in the number of for-sale units. This indicates a strong demand for ownership units and a softened rental market that may have been impacted by conversions of formerly owner-occupied units into rentals.

**Figure 22:  Vacant Units by Category**
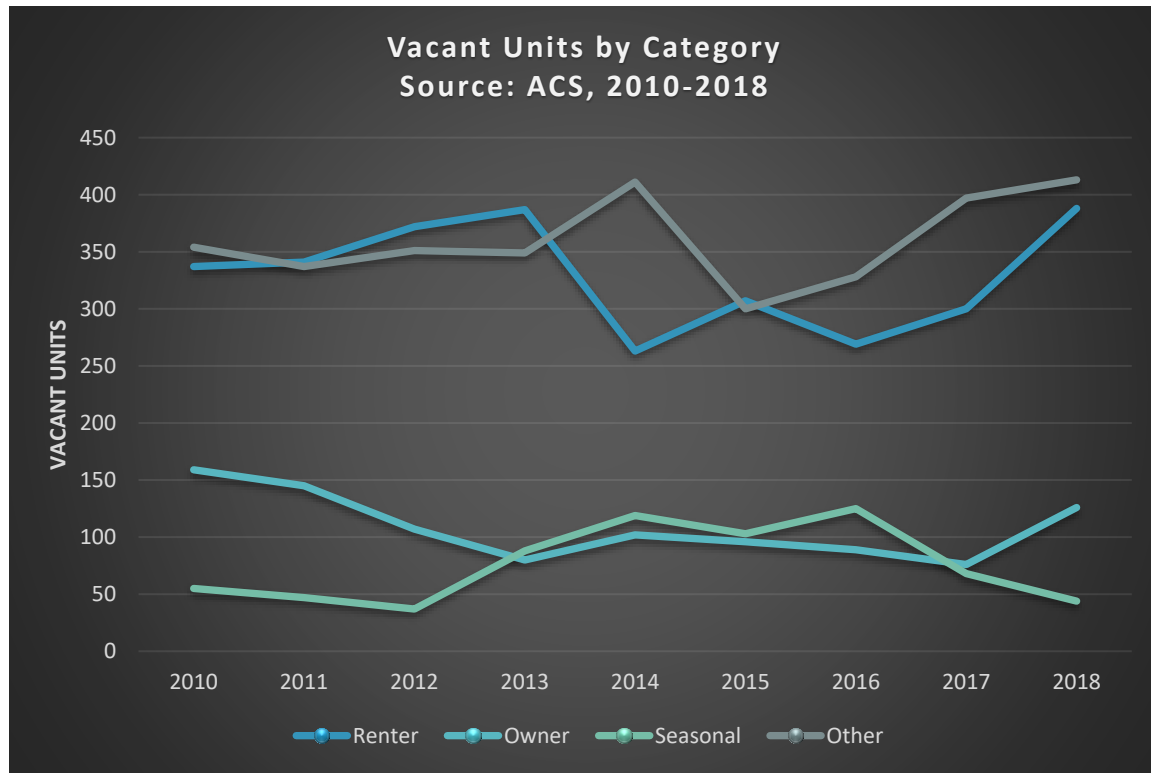


The second home market in the City of Salem is not particularly strong. As of 2018, only 5% (44 units) of all vacant units the City of Salem were classified as Units for Seasonal/Recreational Use. Much of the seasonal use homes in the Region are in Franklin County where about 56% of the homes are seasonal, especially those found around Smith Mountain Lake.

## Owner-Occupied Housing Market

This section provides a more in-depth analysis of the owner-occupied housing market including supply, demand, and pricing across the city.

### SUPPLY

As was noted earlier, owner-occupied units comprise 65% of the city's housing stock with 95% of units being single family homes, 1% in multifamily structures, and 4% of units in mobile homes. Compared to the Region where 6% of rental housing is in mobile homes, the city has less reliance on these types of units. Between 2013 and 2018, there was a loss of 184 owner-occupied housing units in the city, many of which were converted from ownership units to rental units.

| Table 9:  Housing Tenure, Owner | | |
| --- | --- | --- |
| Owner Occupied | City of Salem | Region |
| Single family | 95% | 92% |
| Multifamily | 1% | 2% |
| Mobile Home/RV/Other | 4% | 6% |
| Source: ACS 2014–2018 | | |

Compared to the Region, the City of Salem has a slightly older housing stock with 65% of ownership units built before 1980, compared to 60% across the Region. This matches closely with the slow period of residential construction after 1970 when the city saw modest increases in housing units, households, and population. Many of the housing units built during that time were single family units, which tended to serve the needs of households at that time.

**Figure 23: Year Built of Owner Occupied Housing Units**
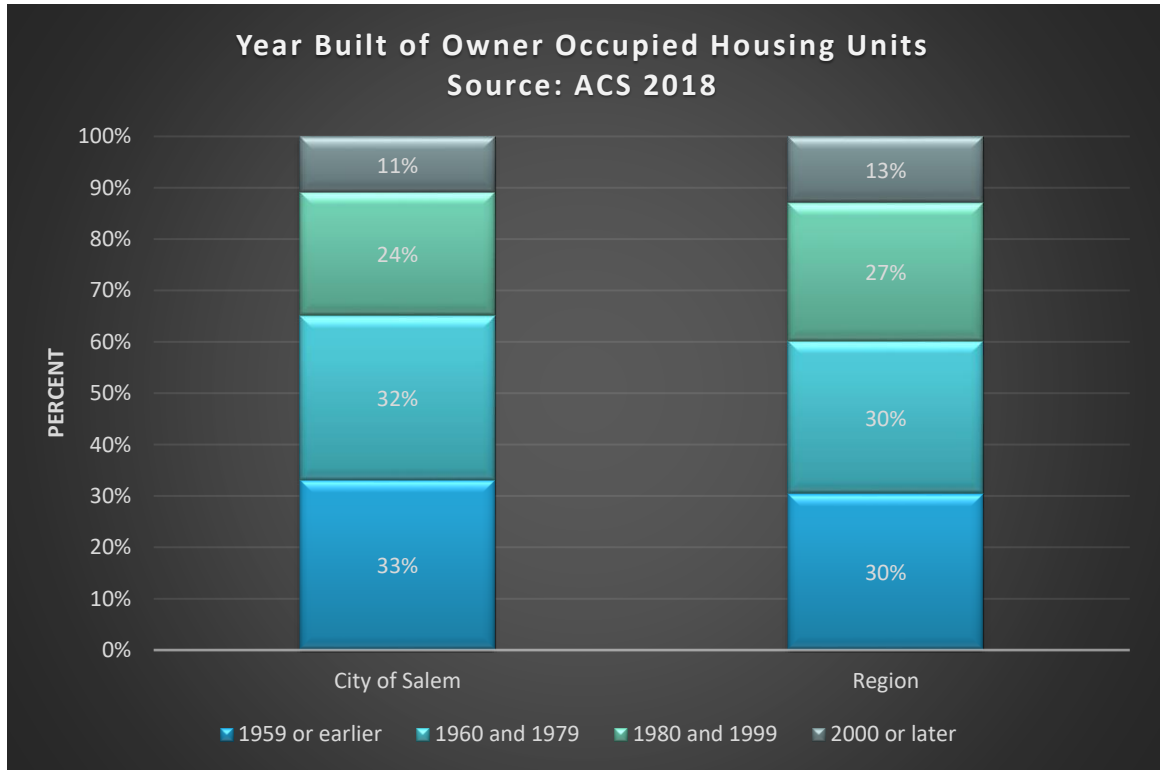


### Pricing

In 2018, the median value of an owner-occupied housing unit in the City of Salem was $176,800.[9] That figure is up only 4% over the median value from 2013 of $170,300. While prices for owner-occupied units have risen, it is important to note that 37% of the city's owner-occupied housing stock is still valued at less than $150,000 indicating some homes are valued within the reach of households earning the median income. Figure 24 compares the number of owner-occupied

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[9] ACS, 2014-2018.

housing units by value range across the City of Salem and the Region. Generally, the City of Salem's housing stock is valued greater than the Region as it encompasses more rural areas.

**Figure 24:  Percent of Owner-Occupied Units by Value Range**
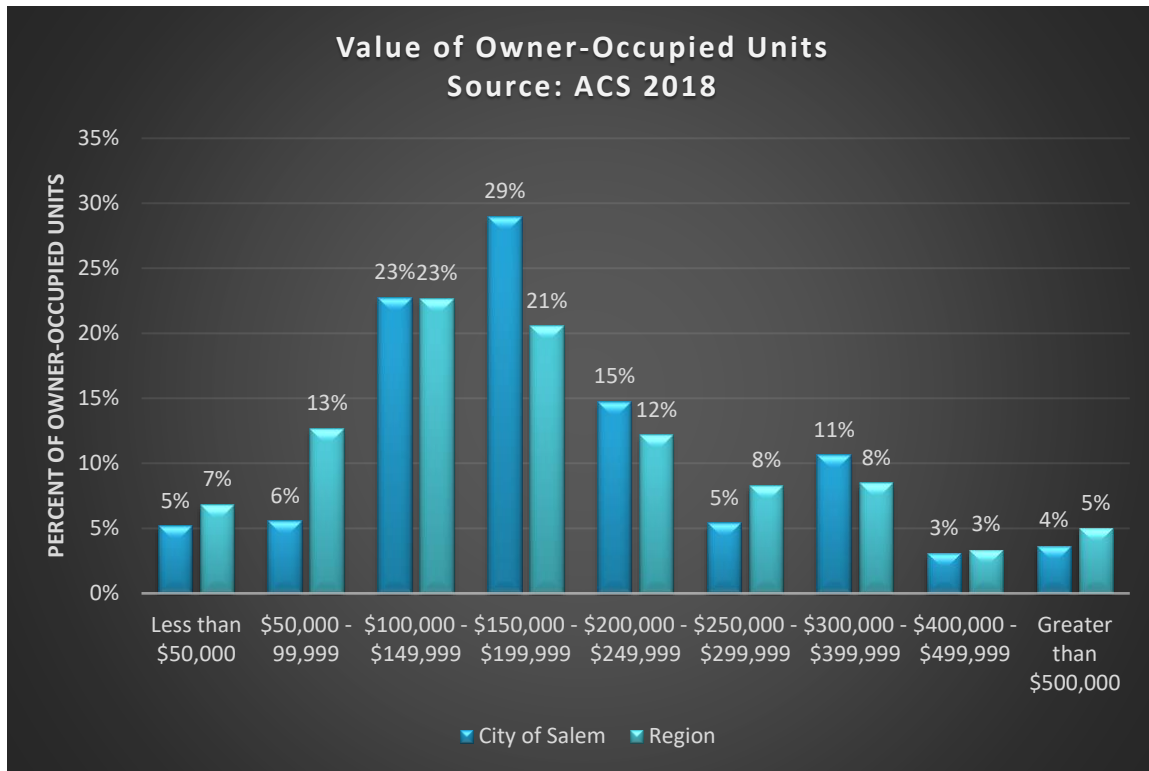


To provide accurate data on owner-occupied sales in the City of Salem, Multiple Listing Service (MLS) data for the period 2010 to 2019 was analyzed.[10] Over the ten-year period, there were about 2,692 sales with an average of 269 sales per year. The Great Recession impacted the city's ownership market dropping the total number of yearly sales as well as the median sale price of ownership units. Sale prices and total sales declined hitting a low in 2012 before the recovery began to take place. The median sales price between 2010 and 2012 dropped by 13% from $178,500 to $156,180. Prices, number of sales, and days on market have all improved since then.

RKG also looked at a comparison of sales for existing single family homes that sold versus brand new single family homes (ones that were built and sold in the same year) to better understand the price differential between the two. In 2019, new single family homes on average sold for 74% more than existing single family homes. The median sales price of a new home in 2019 was $300,875

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[10] MLS data provided by Roanoke Valley Association of Realtors.

compared to $172,890 for an existing home. Figure 25 shows median sales price for existing and new homes by year sold.

**Figure 25:  Sales Price**
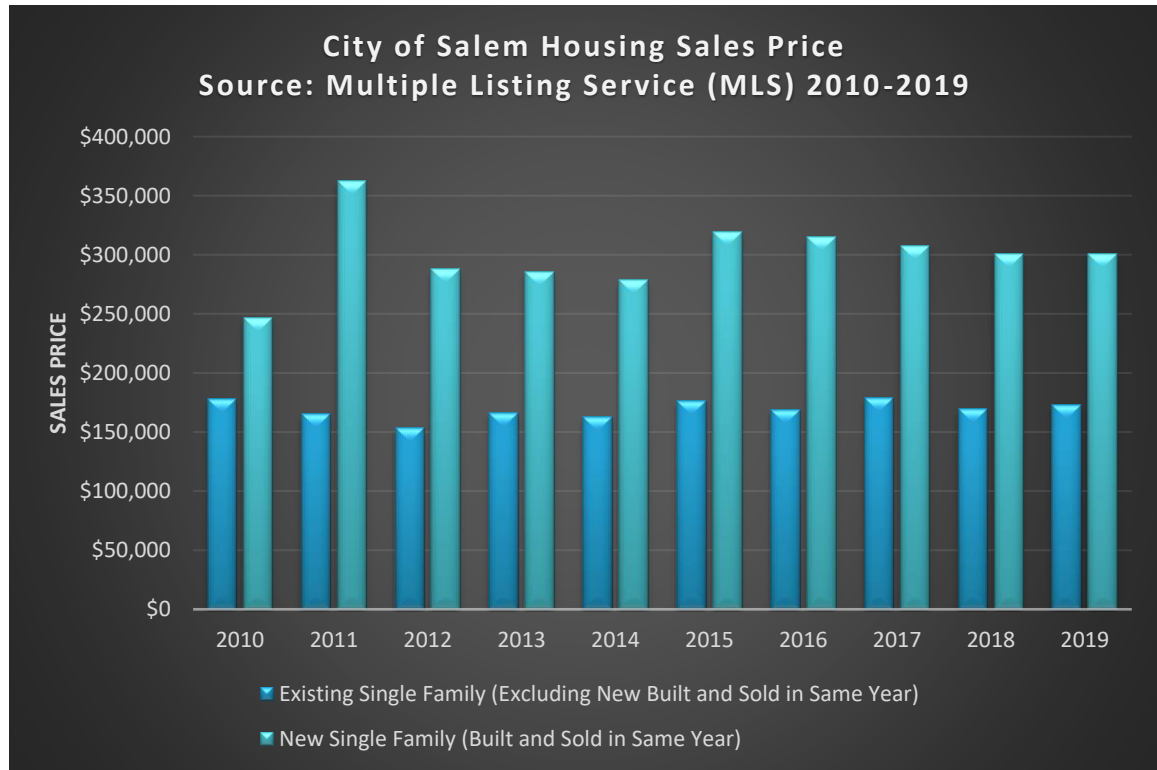


Homes built between 1970 and 2010 accounted for nearly 47% of all sales activity. Both the size and price of homes on a per square foot basis vary depending on the age of the structure. On a price per square foot basis, the median sales price of a home built between 1950 and 1970 was $84 per square foot, compared to $141 a square foot for homes built after 2010. This shows that older homes do not garner nearly the same price for a variety of reasons including overall size, potential rehabilitation needs, location or school district, and modernized layout and amenities.

The homes built in recent years are generally the same size as those built prior to the 1990's. Homes built between 1970 and 1990, averaged 2,093 square feet and sold for around $96 per square foot. Whereas between 2010 and 2019 homes averaged 1,956 square feet and sold for $141 a square foot.

The average days on market varies by product type with new homes taking longer to sell than existing homes, which is not surprising given the price differential between the two.  Overall, the total days on market has declined since 2010 when on average it took an average of 46 days for a unit to sell compared to only 18 days in 2019.

**Figure 26:  Sale Price by Year Built**
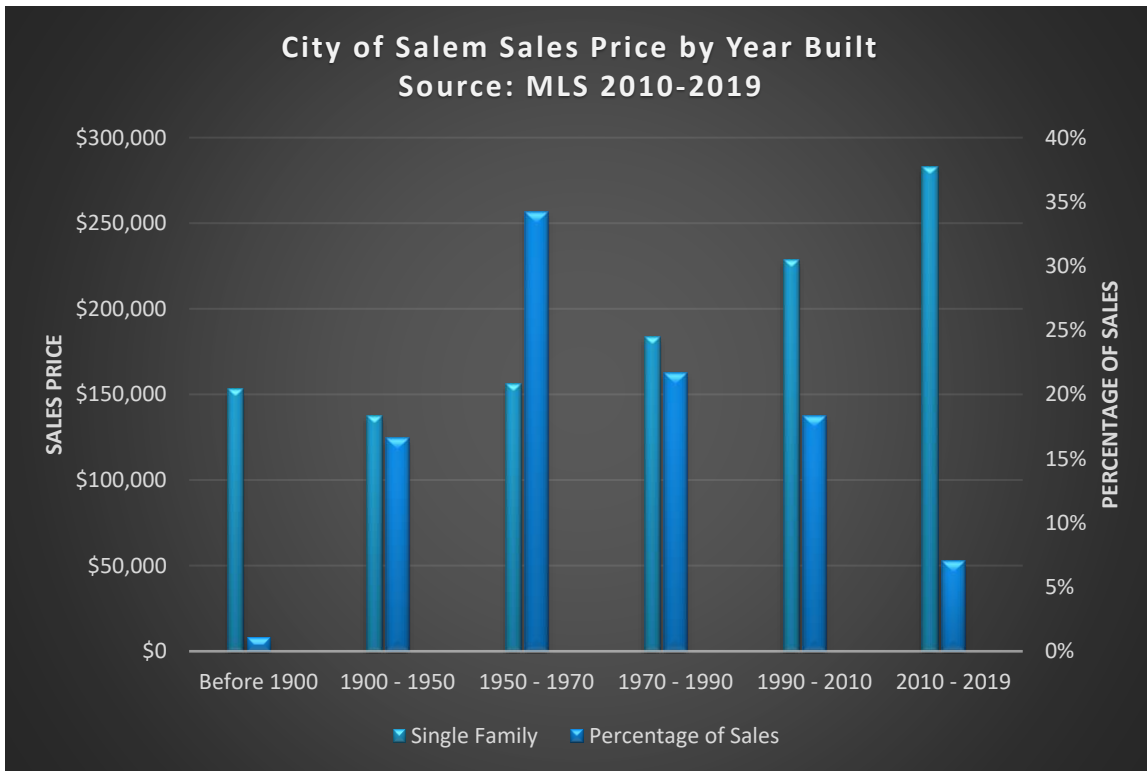


City of Salem Sales Price by Year Built
Source: MLS 2010-2019

The maps on the following pages show the prices of homes sold between 2010 and 2020 at the regional level. The highest priced markets are across much of Roanoke County and around Smith Mountain Lake in Franklin County. Interestingly, the lowest concentrations of sales prices are in the incorporated cities and towns like Roanoke, Salem, and Rocky Mount. While there are pockets of higher priced neighborhoods in each of those locations, their overall sales values tend to be lower than those found in the counties. This may be explained by the older housing stock, desire for larger lots in the county, and real or perceived school quality.

# RVA HOUSING STUDY - HOME SALES 2010-2020
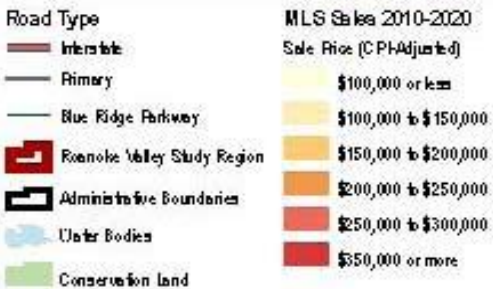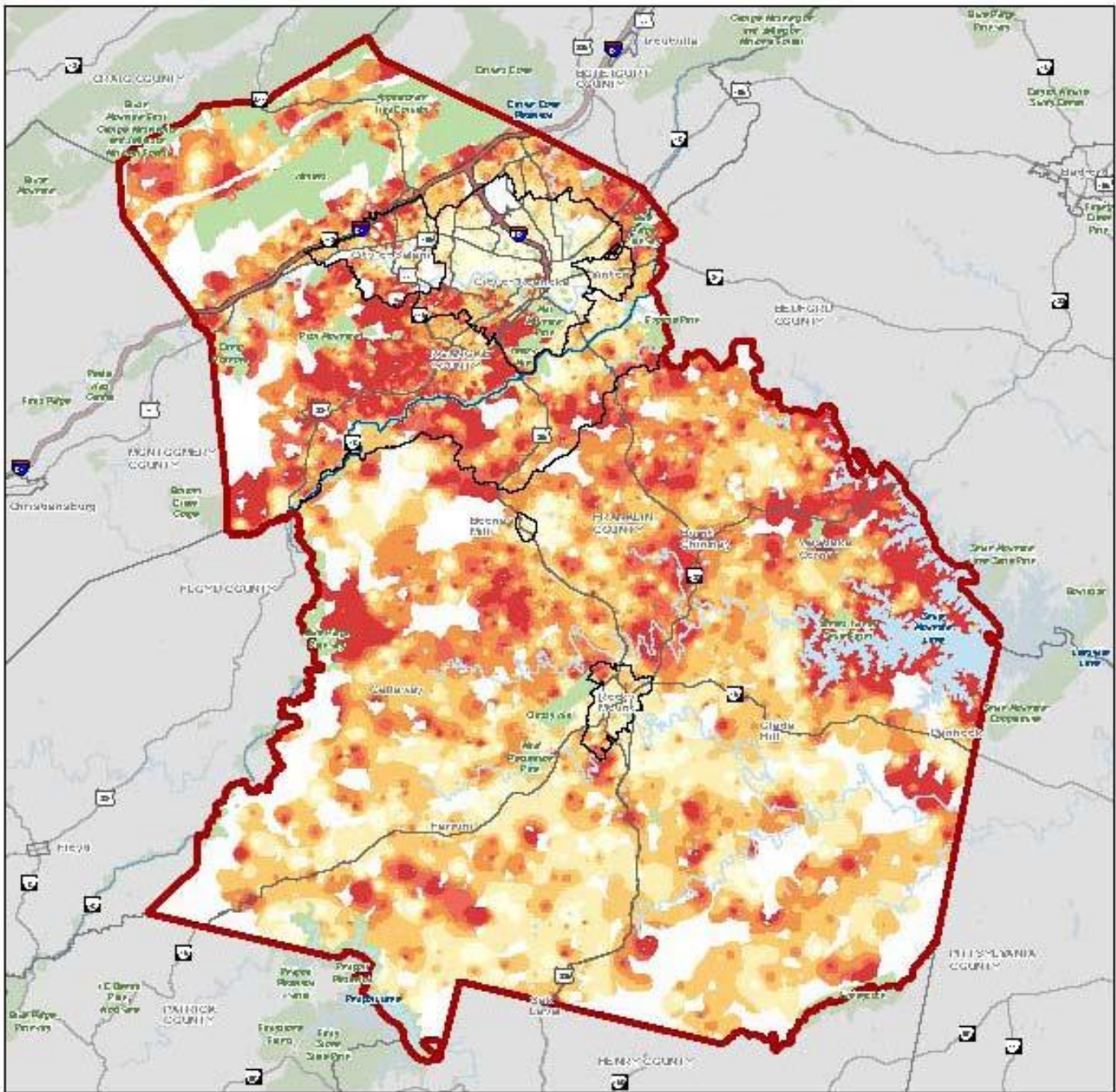


Road Type
- Interstate
- Primary
- Blue Ridge Parkway
- Roanoke Valley Study Region
- Administrative Boundaries
- Water Bodies
- Conservation Land

MLS Sales 2010-2020
Sale Price (CPI-Adjusted)
- $100,000 or less
- $100,000 to $150,000
- $150,000 to $200,000
- $200,000 to $250,000
- $250,000 to $300,000
- $350,000 or more

0    2.5    5    10 Miles

Sources: Roanoke Valley-Alleghany Regional Commission, City of Roanoke, City of Salem, Roanoke County, Franklin County, Virginia Geographic Information Network, Dept of Conservation and Recreation, Virginia Economic Development Partnership, Roanoke Valley Association of Realtors Multiple Listing Service

# CITY OF SALEM, VIRGINIA - HOME SALES 2010-2020
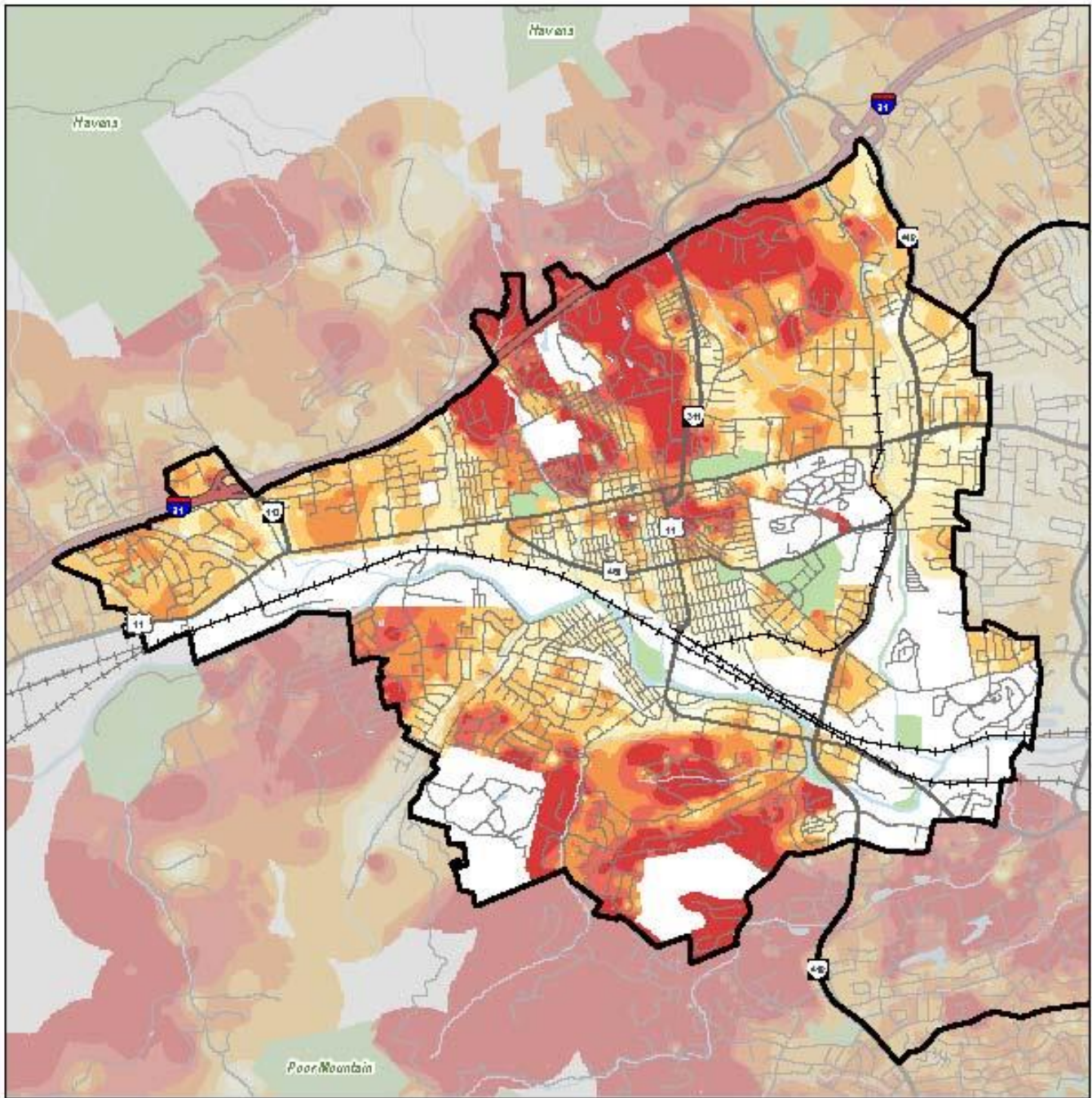


Road Type
- Interstate
- Primary
- Secondary
- Local
- Railroad
- Roanoke Valley Study Region

Administrative Boundaries
Parks and Conservation Land
Water Bodies
Rivers

MLS Sales 2010-2020
Sale Price (CPI-Adjusted)
- $100,000 or less
- $100,000 to $150,000
- $150,000 to $200,000
- $200,000 to $250,000
- $250,000 to $300,000
- $300,000 or more

0   0.25   0.5   1 Miles

N

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept of Conservation
and Recreation, Virginia Economic Development Partnership,
Roanoke Valley Association of Realtors Multiple Listing Service

## SECOND HOME MARKET

While the Region attracts nature lovers, retirees, and those looking for more space and recreation opportunities, the second home market in the City of Salem is not as strong as the Region. As indicated earlier, only 5% of vacant housing units are classified as Seasonal which accounts for only 44 units. While some homeowners may choose to own second homes in the city, the total number of seasonal units does not distort pricing associated with the year-round housing market. As mentioned above, the median sales price in 2019 was only $172,780 for an existing home. The price points found in the City of Salem are significantly lower than those found in true second home markets such as Smith Mountain Lake, where units can easily sell for $500,000.

## Renter-Occupied Housing Market

This section provides an analysis of the renter-occupied housing market including supply, demand, and pricing across the city.

## SUPPLY

In 2018 only 35% of the city's households were renters, with 40% of rental units in single family homes, 58% in multi-unit structures, and 2% of units in mobile homes. Compared to the region where only 52% of rental units are in multi-unit structures, the City of Salem has a larger reliance on these types of units as they offer different housing choices, price points, and lower maintenance than single family homes.

| Table 10: Housing Tenure, Rental | | |
|---|---|---|
| Renter Occupied | City of Salem | Region |
| Single family | 40% | 44% |
| Multifamily | 58% | 52% |
| Mobile Home/RV/Other | 2% | 4% |
| Source: ACS 2014–2018 | | |

The rental housing stock across the city is older with only about 24% of rental housing units built after 1980. This compares to the Region where 31% of rental units were built after 1980. Older rental units may require greater maintenance and could result in less than ideal conditions for tenants.

**Figure 27: Rental Structures by Year Built**



Year Built of Renter Occupied Housing Units
Source: ACS 2018
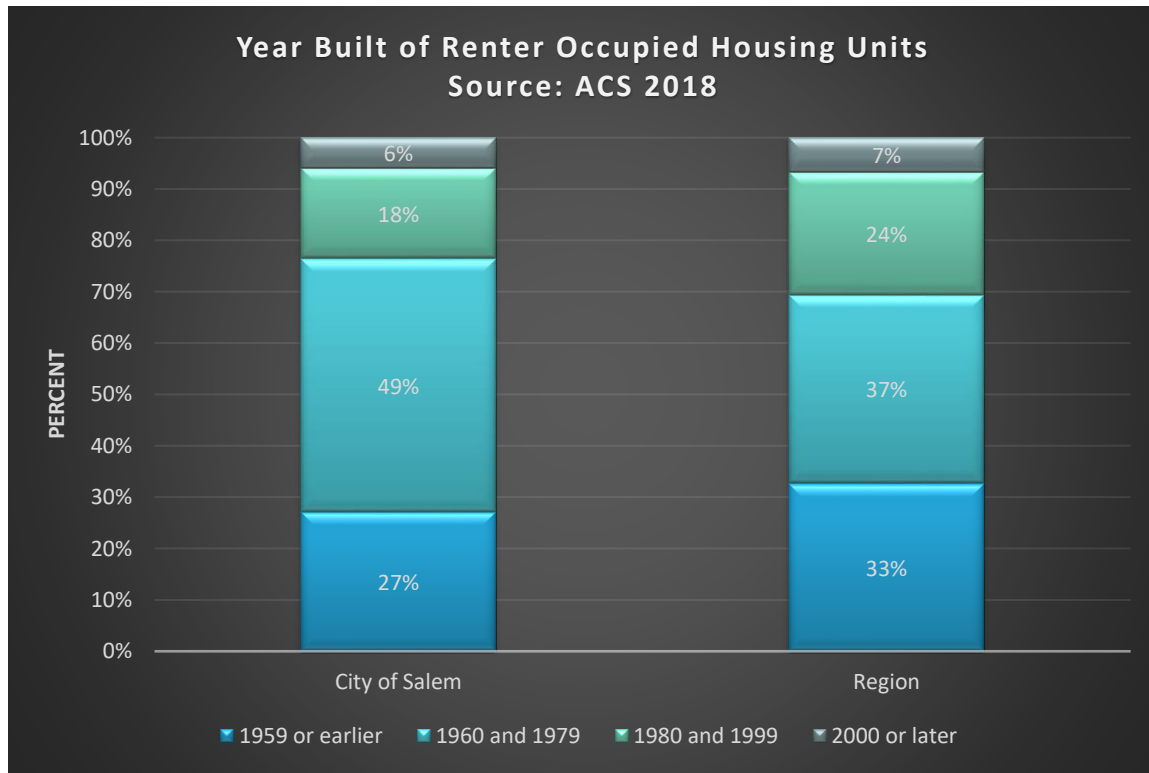
**Pricing**

In 2018, the median gross rent in the city was $915 which was an increase of 13% from 2013.[11] Gross rent is a measure of the monthly contract rent plus an estimated average utility cost paid by the renter. Utilities factored in include electric, gas, water, sewer, and fuel. Figure 28 shows the change in gross rent between 2013 and 2018 by price range. The number of households paying rent at the very low end (less than $500 a month) has declined by 54%, while the number of households paying moderate rents (between $1,000 and $1,499 a month) has grown by 56%. The trend toward higher monthly rent payments has implications for lower income households in the form of cost burdening and an inability to afford rent.

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[11] ACS 2013 and 2018.

**Figure 28:  Change in Gross Rent**
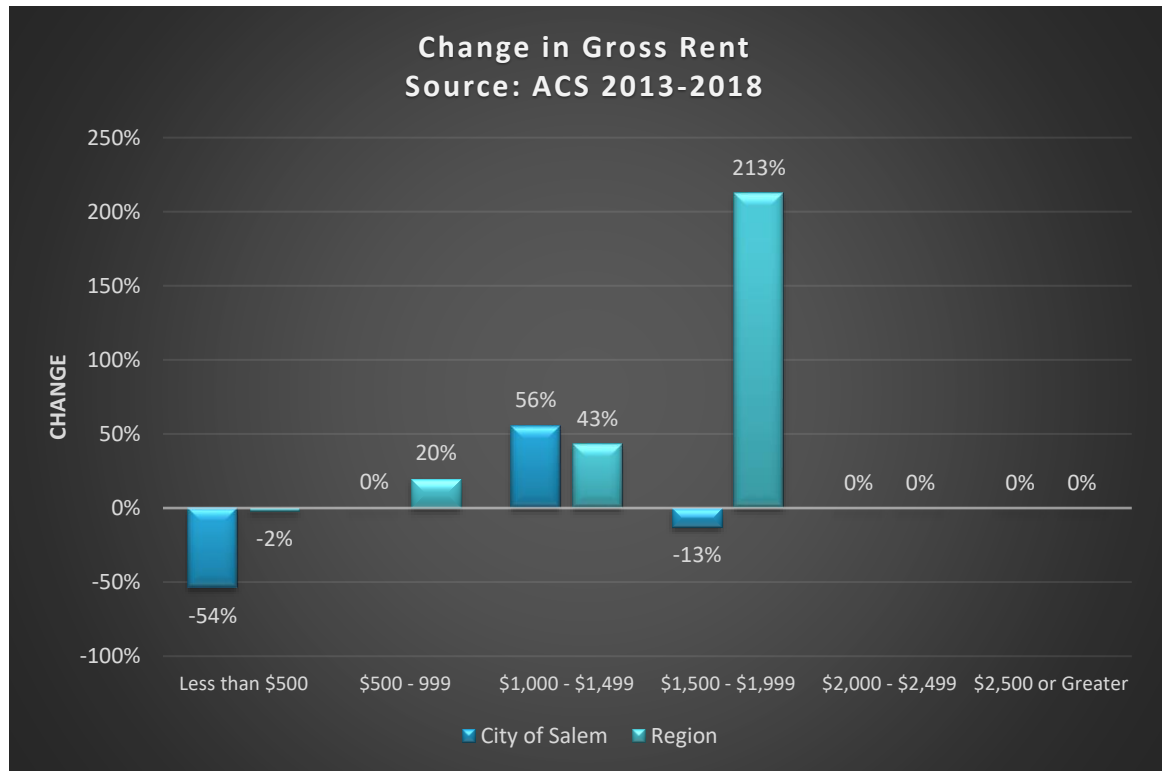


A recent scan of rental listings showed the average rent for a single family home to be around $1,200 per month, while rents in multifamily buildings also averaged $1,200 per month.[12] Rental prices in the larger apartment complexes vary significantly depending on the location, quality, and amenities offered.

**Affordable Rental Units**

In addition to market rate rental units, there are three apartment complexes in the city which have income restricted affordable units. As of 2020, the city has 372 low income rental apartment units, of which 106 of the tenants receive rental assistance.[13] The median rent in these units is $836. Rental assistance comes in the form of the Section 8 Voucher program which is administered by STEP, Inc. and Virginia Housing. These vouchers are targeted to low-income households, generally those at or below 30% of area median income (AMI). The maximum amount a vouch pays on behalf of a low-income tenant for a two-bedroom is between $847 and $1,035 a month.

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[12] Apartments.com, November 2020.

[13] https://affordablehousingonline.com/housing-search/Virginia/Salem

## Future Housing Demand

The population of the City of Salem is projected to grow by 746 new residents between 2018 and 2025, a 3% increase. To accommodate this new population growth, RKG Associates developed a methodology for calculating the number of new households based on the increase in population and translated to estimates for future housing demand. RKG assumes that future household composition and housing tenure will follow a similar pattern to today and uses household sizes and tenure splits to allocate future household growth.

To accommodate the increase in population projected for 2025, RKG estimates the city may need to produce an additional 657 housing units above what exists today. This assumes current housing vacancy rates continue to hold steady. RKG also assumed that the split between owner and renter households would remain at its current split of 65% owner-occupied and 35% renter-occupied. Under these assumptions, RKG projects the city would need to add another 427 owner-occupied housing units and 230 renter-occupied units.

Table 11 shows the allocation of households by household size for the projected new households across the city. This allocation assumes that trends will remain constant out to the year 2025. For example, in 2018, 34% of all households were 1-person and 36% were 2-person. These percentages are applied in the same way to the total households projected for 2025 which results in 462 additional 1- and 2-person households over the next five years. Since 3, 4, and 5+ person households comprise a lower percentage of Salem's household composition those percentages are lower than 1- and 2-person households.

| Table 11: 2030 Projections if 2018 Household Composition Held Constant | | |
|---|---|---|
| Household Size | Households | % of Total |
| 1-person household | 223 | 34% |
| 2-person household | 239 | 36% |
| 3-person household | 98 | 15% |
| 4-person household | 55 | 8% |
| 5-or-more person household | 42 | 6% |
| Total | 657 | 100% |
| Source: ESRI, ACS 2013, 2018, RKG Associates | | |

Table 12 shows the breakdown of owner and renter households by household size. With housing tenure held at the 65/35 split based on 2018 data, there is a projected need for an additional 427 owner-occupied housing units and 230 renter-occupied housing units through the year 2025. The new households are skewed toward 1- and 2-person households which are the two predominant household size categories in the City of Salem as of 2018.

| Table 12: 2030 Projections if 2018 Household Composition Held Constant | | | | |
|---|---|---|---|---|
| Household Size | Owner Households | Total% of Renter | Renter Households | Total% of Renter |
| 1-person household | 118 | 28% | 105 | 45% |
| 2-person household | 169 | 40% | 69 | 30% |
| 3-person household | 69 | 16% | 29 | 12% |
| 4-person household | 38 | 9% | 17 | 7% |
| 5-or-more person household | 31 | 7% | 11 | 5% |
| Total | 427 | 100% | 230 | 100% |
| Source: ESRI, ACS 2013, 2018, RKG Associates | | | | |

Based on the projection data, the City of Salem will need to consider how to increase the production of smaller units to accommodate the increase in 1- and 2-person owner-occupied households. Based on the number of vacant units, the city could encourage the rehabilitation units as one way to help facilitate the production and preservation of housing. Part of the city's housing strategy will also need to focus on diversifying product type including some production of larger-scale multifamily housing to accommodate renter households.

# NATIONAL TRENDS

This section describes national trends in demographics such as population and household growth, as well as trends in both owner- and renter-occupied housing. The trends related to housing include an examination of issues affecting housing types, price points, and affordability. This section also discusses the relationship of national trends to those seen in the City of Salem.

## Population

The population of the United States has grown by 7% over the last decade, rising from 310 million to nearly 330 million. This population growth is driven in part by overall longer life expectancies, population reproduction rates, and immigration. The growth in population impacts the demographics associated with the housing market.

**Figure 29:  Population Growth in the United States**



Population Growth in the United States: 2010-2020
Source: St. Louis Federal Reserve, 2010-2020
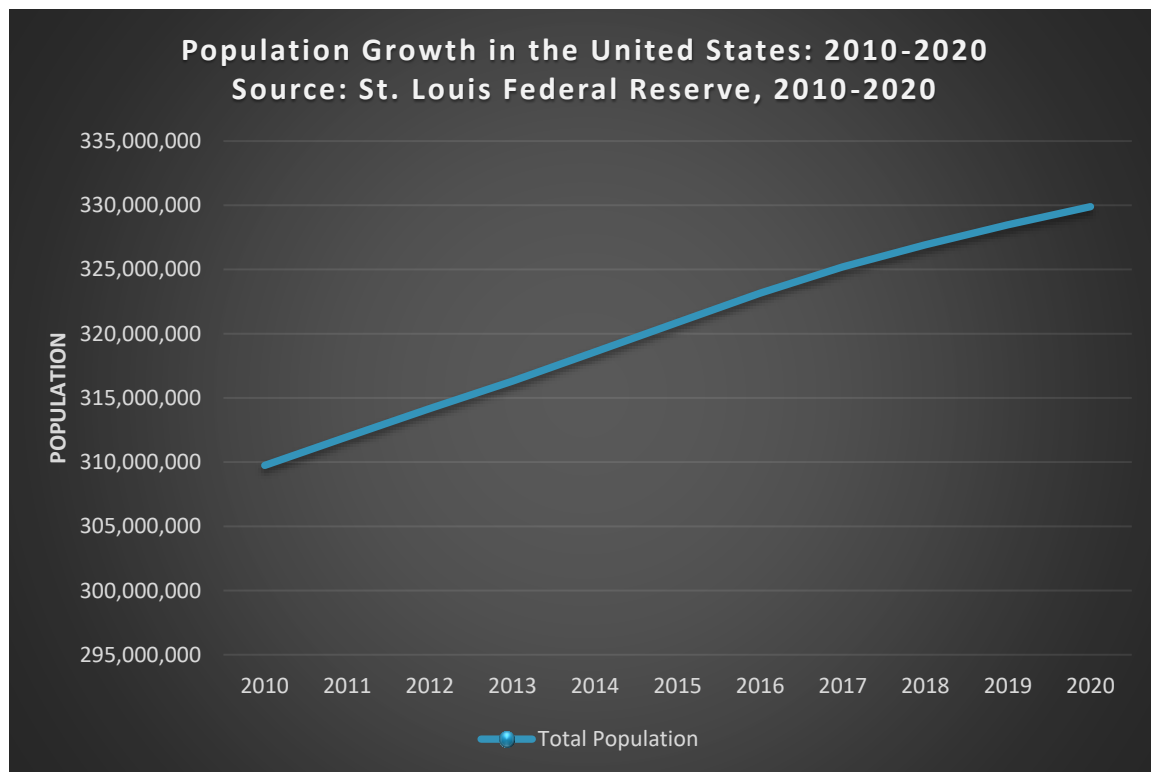
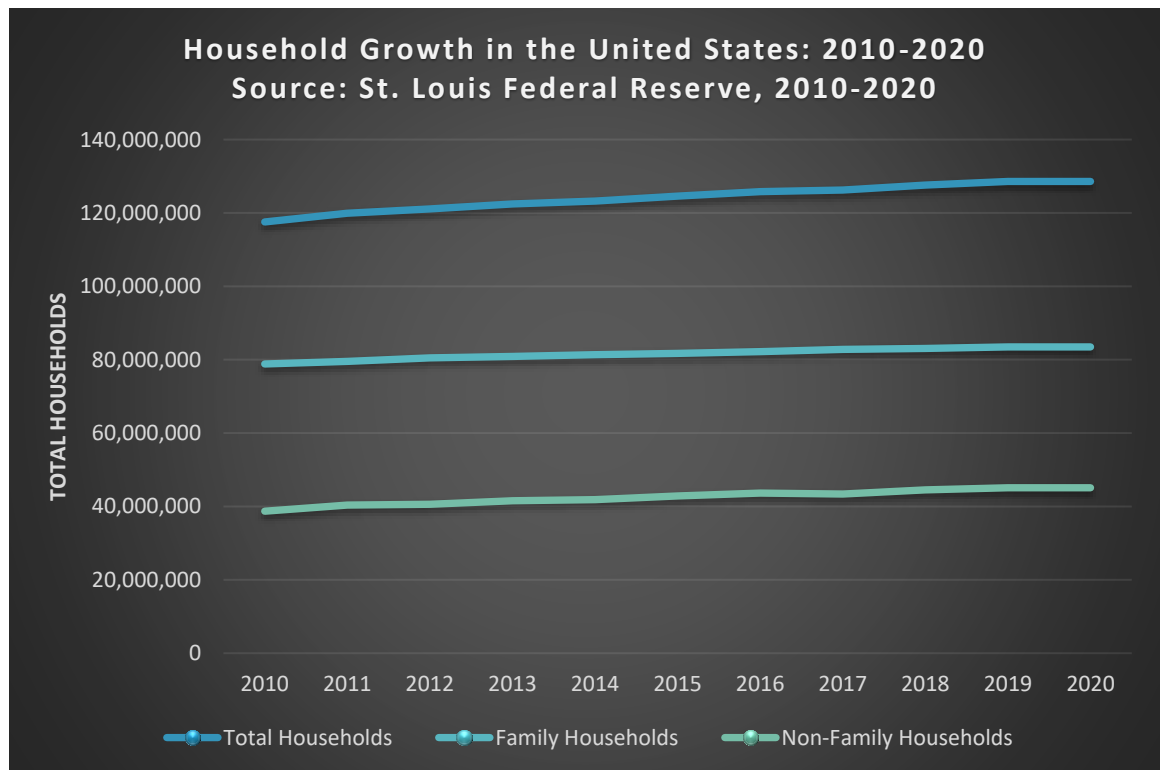The City of Salem has seen modest population growth over the last 50 years. Between 1970 and 2010, the population of the City of Salem grew by 13%, rising from around 21,000 to about 25,500. However, this population growth has leveled off with the population only growing by 1% since 2010. Even with a slow population growth, the demographic changes occurring in the city impact the housing market.

## Households

The number of households in the United States has increased by 11 million over the last decade. In 2020, there are 129 million households, an increase of 9% over 2010. The growth in households is driven by demographic changes within household composition. Households can be classified as family or non-family, with non-family households being defined as unrelated individuals living together, either through partnership or a roommate type situation. Over the last decade the growth in non-family households is nearly three times that of family households. Between 2010 and 2020 non-family households grew by 17%, rising from 39 million to 45 million, compared to family household which grew by 6% over the same period. The change in household composition is partially a result of a changing social structure (e.g. delayed marriage, longer life expectancy) as well as the economics associated with housing. Housing prices and rents have escalated in recent years, such that non-family households are formed so that they can afford housing. This generally occurs in highly urban areas where the cost of housing is substantial relative to incomes.

**Figure 30:  Households in the United States**



In the City of Salem, the total number of households has remains nearly unchanged over the last five years. However, when looking at changes within family and non-family households, patterns similar to national trends exist. In the City of Salem non-family households grew by 3% while family households declined by 2%. This shows that the city will need to adapt to its housing strategies to meet the needs of the growing non-family segment.

## Housing Units

The number of housing units in the United States has increased by 9 million over the last decade. In 2020, there are 140 million housing units, an increase of 7% over 2010. The growth in housing units is driven by demographic demand as total households are increasing. This growth in housing units also coincides with the recovery from the Great Recession, and the expansion of both the economy and monetary policy (i.e. low interest rates). This period also coincided with the revitalization of many cities, where dense housing development help transform underdeveloped areas.

Figure 31: Housing Unit Growth in the United States



The City of Salem has not experienced much housing unit growth over the last decade. Across the city, the total number of housing units stayed essentially the same between 2010 and 2018. However, based on the analysis preceding this section, demand for housing in the City of Salem remains strong, as prices have risen over the past decade.

## Single family Market

Across the United States single family home prices have escalated substantially since the Great Recession. Key contributing factors include demographic changes, low interest rates, lack of supply, and a lag in new construction which has resulted in increasing prices. Since 2010, home prices have risen by 49%, or $101,000 nationally. In 2016, the national median sale price eclipsed $300,000 for the first time. The continual growth in home prices creates challenges for many households across the nation as the median home price is now out of reach for households at or

below the nation's median income. During the same 10-year period, median household income grew by only 19%, or $10,800, indicating homes prices are rising faster than wages.

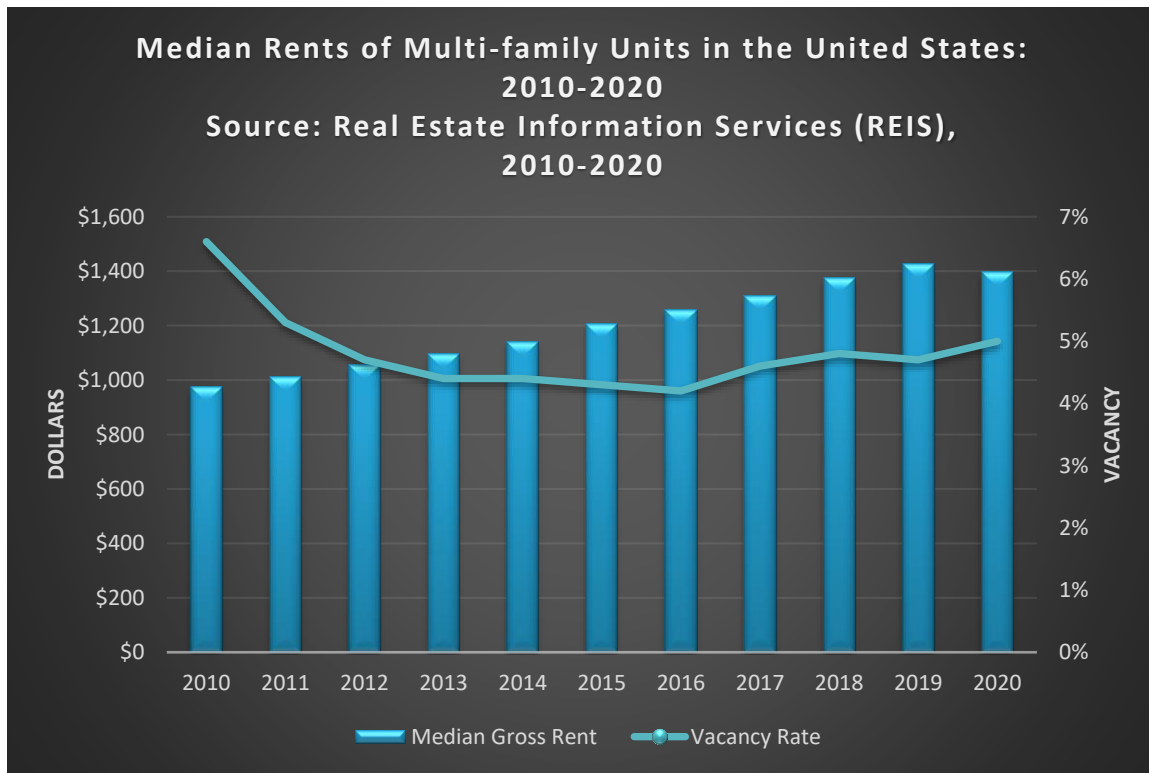**Figure 32:  Median Sales Prices of Homes Sold in the United States**



The City of Salem experienced a similar trend of home prices outpacing growth in incomes. Home prices have increased across the city with a median sales price of around $172,780 which is within reasonable reach of what a household earning the median income could afford. Like the issues at the national level, the City of Salem has seen a change in demographics as well as market dynamics which have limited the amount and type of housing being built. These changes include an increasing senior population who tend to age-in-place which limits housing turnover in marketplace, and a lack of multifamily developments which enable different types of households to attain affordable housing.

## Multifamily Market

Like the national for-sale housing market, the multifamily rental market has also seen prices escalate since the Great Recession. Since 2010, rents nationally have risen by 43%, or $422 per month. The continued growth in rent is a perennial challenge for renter-households as there is a higher propensity of lower-income households and cost burdened households comprising the renter market versus the owner market. As rents continue to climb, added financial burdens on renter households force a reallocation of household income from other spending categories like food, transportation, and healthcare over to housing. Contributing factors to increasing prices in rental housing include demographic and economic changes placing more renters in the market,

regulatory barriers for new construction keeping supply low, and high costs of construction requiring higher rents in certain markets.

Figure 33:  Median Rents of Multifamily Units in the United States
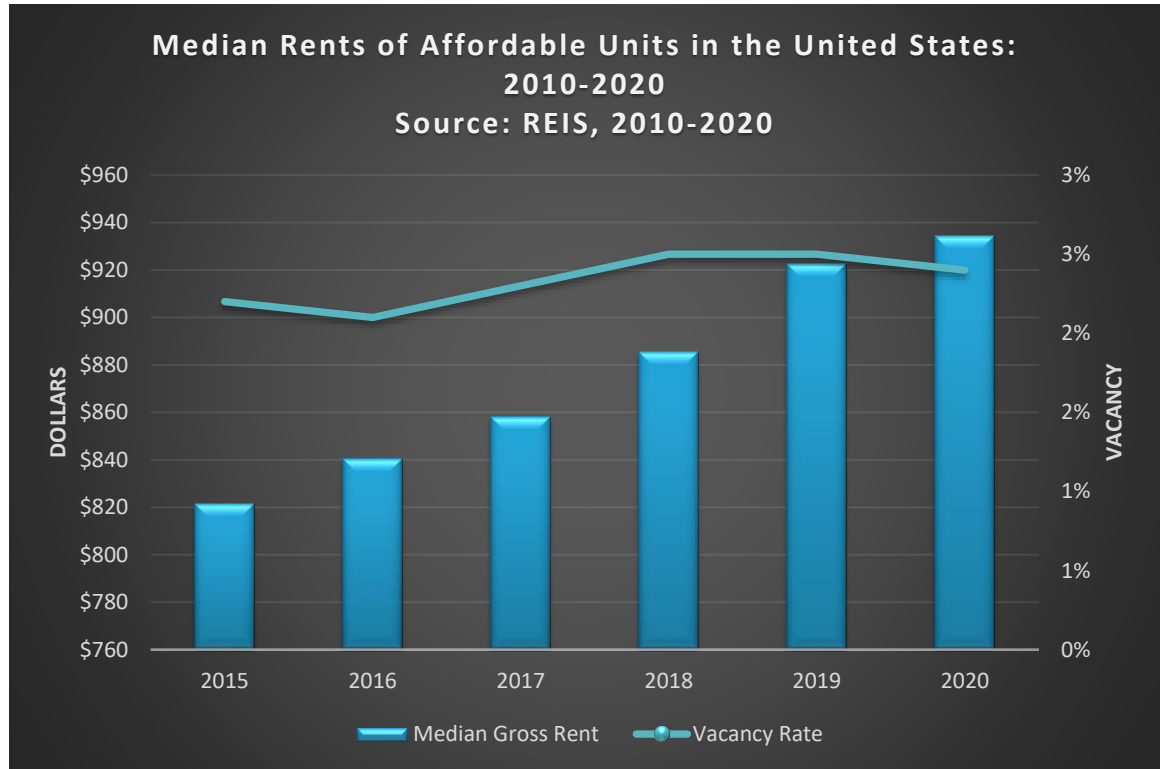


Compounding the problem in the rental market are low levels of vacancy across the board. Vacancy rates have remained close to 9% over the last 10 years. Low vacancy levels push rental prices upward as greater competition develops amongst households looking to secure available units. In the city, the average rent for a single family home is around $1,200 per month, while rents in multifamily buildings averaged $1,200 per month. The multifamily sector is a relatively large component of the rental market as multifamily units account for 58% of all rental units.

## Affordable Housing Market

Access to affordable housing across the United States is a pressing issue. The production of truly affordable housing units has lagged demand for such units. There are a variety of reasons for this occurrence, primarily a lack of funding for affordable housing at the Federal and State levels, the competitive nature of tax credits as a key source of financing, regulatory barriers regarding density at the local level, and the long-term financial feasibility of constructing and operating affordable units without subsidies. Since 2015 rents of affordable units have risen by 14%, or $113 nationally. The continued rent growth has the potential to increase the number of households experiencing cost burdening impacting our lowest income households and households most vulnerable to displacement and homelessness.

**Figure 34:  Median Rents of Affordable Units in the United States**



Compounding the problem in the affordable rental market are low levels of vacancy across the board. Lower vacancy levels and the lack of new affordable housing create competition amongst households looking to secure available units. Waiting lists for affordable housing and housing vouchers have become longer in many markets as more households apply for the few units that may turnover each year.

**CITY OF SALEM HOUSING STUDY**
# HOUSING MARKET GAPS

This section explores key housing market gaps based on the demographic analysis and owner and renter market analysis. Gaps focus on the type of housing that may be needed in the City of Salem going forward and the price points that appear to be underserved in today's market.

## Low- and Moderate-Income Limits and Affordable Housing Costs

Most communities have some modestly priced housing that is more affordable to low- and moderate-income households: small, older single family homes that are naturally less expensive than new homes; multifamily condominiums; or apartments that are leased for lower monthly rents. This type of affordable housing often stays affordable where the market will allow it and redevelopment or rehabilitation pressures are not as high. In the city today, there is a mix of housing at a variety of price points some of which is income restricted and others that are at a price point that is affordable to low- and moderate-income households.

Permanently affordable housing for low-income households provides protection from higher price increases than those households could otherwise afford. These units remain affordable because their resale prices and rents are governed by a deed restriction that lasts for many years, if not in perpetuity. There are other differences, too. For example, any household – regardless of income – may purchase or rent an unrestricted affordable unit, but only a low- or moderate-income household is eligible to purchase or rent a deed restricted unit. Both types of affordable housing meet a variety of needs. The primary difference is that the market determines the price of unrestricted affordable units, while a recorded legal instrument determines the price of deed restricted units.

Low and moderate incomes are based on percentages of the U.S. Department of Housing and Urban Development (HUD) Area Median Family Income (HAMFI) and adjusted for household size. Table 13 illustrates HUD's income breaks for the City of Salem studying income limits by household size and the maximum housing payment that is affordable in each tier.

| Table 13: HUD Income Limits | Persons in Family | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| FY 2020 Income Limit Category | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Extremely Low (30%) Income Limits ($) | $16,100 | $18,400 | $21,720 | $26,200 | $30,680 | $35,160 | $39,640 | $44,120 |
| Very Low (50%) Income Limits ($) | $26,850 | $30,700 | $34,550 | $38,350 | $41,450 | $44,500 | $47,600 | $50,650 |
| Low (80%) Income Limits ($) | $42,950 | $49,100 | $55,250 | $61,350 | $66,300 | $71,200 | $76,100 | $81,000 |

For example, in the City of Salem, if the household income for a three-person household did not exceed $55,250 that household could qualify for a deed restricted affordable unit. Maximum housing payments are typically set by HUD at no more than 30% of household income, or in this case $1,381 per month. The income limitations and maximum payment thresholds ensure that households are not unduly burdened with housing expenses.

## Affordability Analysis

Rapid growth in housing prices coupled with slow growth, if not declines, in incomes contributes to a housing affordability problem known as housing cost burden. HUD defines housing cost burden as the condition in which households spend more than 30% of their gross income on housing. When low- or moderate-income households are spending more than 50% of their income on housing costs, they are severely housing cost burdened.

**Figure 35:  Housing Cost Burden**



In the City of Salem, 15% of all households are considered cost burdened under HUD's definition and 12% are considered severely cost burdened. This is very similar to the Region as 14% of households are considered cost burdened and 12% are severely cost burdened. Table 14 shows the percentage of cost burdened owner and renter households. Renters in Salem have a higher tendency to be cost burdened than owners which is typical in most markets. In the case of the city, 22% of renter households are cost burdened and 20% of households are severely cost burdened which is a higher rate than owner households.

| Table 14: Housing Cost Burden Overview, City of Salem, 2012–2016 | | | | | | |
|---|---|---|---|---|---|---|
| Cost Burden | Owner Households | | Renter Households | | Total Households | |
| | Est. | % of Total | Est. | % of Total | Est. | % of Total |
| <= 30% | 5,185 | 80% | 2,075 | 58% | 7,260 | 72% |
| >30% to <=50% | 715 | 11% | 774 | 22% | 1,489 | 15% |
| >50% | 530 | 8% | 720 | 20% | 1,250 | 12% |
| Cost burden not available | 35 | 1% | 30 | 1% | 65 | 1% |
| Total: | 6,465 | 100% | 3,595 | 100% | 10,060 | 100% |
| Source: HUD Comprehensive Housing Affordability Strategy (CHAS) Data; Note: Totals may not sum due to statistical error in CHAS data; and RKG Assoc. | | | | | | |

## AFFORDABILITY MISMATCH

While most communities have some older, more modestly priced homes and units with lower monthly rents these units are not necessarily occupied by low- or moderate-income households. HUD reports data for an affordable housing measure known as affordability mismatch which can be used to compare household income to housing prices. This measure can be used to identify housing price points where there may be an undersupply or oversupply and point to market opportunities where gaps could be filled. Affordability mismatch measures:

- The number of housing units in a community with rents or home values affordable to households in various income tiers;
- The number of households in each income tier;
- The number of households living in housing priced above their income tier

Viewing housing affordability in terms of income and cost (affordability threshold) serves as a proxy for understanding the challenges households face to afford adequate housing. To gauge whether owner and renter units in the Region are aligned with household AMI and affordability, RKG calculated the number of households that fall into each AMI category and compared it to the number of owner and renter units affordable at those income limits.

Table 15 shows the affordability analysis based on a three-person owner-occupied household. Given that about 43% of all owner households in the city earn at or above 120% of AMI, there is a shortage of units priced to what those households could technically afford. Some of this is related to the City of Salem's market dynamics where many owner units are currently valued at less than the average sales price, due to the dynamics described in the market analysis section. Many homes across the city are valued between $100,000 and $150,000 making the ownership market more affordable to a wider range of incomes. Just because a household can afford to spend more does not mean that they will; some households in the city can choose to live below their means because sufficient housing is available at lower price points.

| Table 15:  Owner Price to Affordability Comparison | | | | | | |
|---|---|---|---|---|---|---|
| Category | Income Threshold | Owner Households | % | Fee Simple Home Price | Owner-Occupied Units | Surplus/Deficit |
| 30% AMI | $21,720 | 724 | 11% | $80,663 | 557 | -167 |
| 50% AMI | $34,550 | 551 | 9% | $128,311 | 960 | 409 |
| 80% AMI | $55,250 | 1,061 | 17% | $205,186 | 2,559 | 1,498 |
| 100% AMI | $76,700 | 1,071 | 17% | $256,622 | 630 | -441 |
| 120% AMI | $82,875 | 272 | 4% | $307,779 | 647 | 375 |
| 120%+ AMI | $82,876 | 2,736 | 43% | $307,780 | 1,062 | -1,674 |
| Source:  ACS 2014–2018, HUD | | | | | | |

Although this analysis does show a surplus of housing available to households at the lowest income tiers, many households at 30% and 50% of AMI struggle to enter the homeownership market without some assistance. They may lack the down payment necessary to cover mortgage requirements, they may not have a high enough credit score, and if they are able to enter the market the homes available to them may need rehabilitation and upgrades.

It is also worth noting this analysis was completed for a three-person household which carries higher income thresholds across each AMI category than one- or two-person households. If singles or two people wanted to purchase a home, it is likely their choices at the 30% and 50% AMI categories would be extremely limited and likely show a deficit. With the growth in one- and two-person households region-wide, homeownership options for smaller households should be a consideration going forward.

On the rental unit side, Table 16 shows a surplus of almost 924 units priced to households earning at or below 80% of AMI. At the upper end of the rental market there is a deficit of 1,674 units priced for households at or above 120% of AMI. Again, this is the result of most rental units citywide being priced between $500 and $1,000 a month. While there may be a few households that could afford higher rents, it does not mean they are going to pay those rents especially when higher-end rental product is not prevalent throughout the market.

| Table 16:  Renter Price to Affordability Comparison | | | | | | |
|---|---|---|---|---|---|---|
| Category | Income Threshold | Renter Households | % | Monthly Rent | Rental Units | Surplus/Deficit |
| 30% AMI | $21,720 | 781 | 23% | $543 | 341 | -440 |
| 50% AMI | $34,550 | 566 | 16% | $864 | 1,303 | 737 |
| 80% AMI | $55,250 | 871 | 25% | $1,381 | 1,498 | 627 |
| 100% AMI | $76,700 | 165 | 5% | $1,918 | 198 | 33 |
| 120% AMI | $82,875 | 634 | 18% | $2,072 | 34 | -600 |
| 120%+ AMI | $82,876 | 449 | 13% | $2,072 | 92 | -357 |
| Source:  ACS 2014–2018, HUD | | | | | | |

Households earning 30% of AMI or below are finding it increasingly more difficult to find housing priced to their income. This is a trend seen not only in the City of Salem, but nationally as well. These units tend to be deed restricted and managed by public entities such as housing authorities. With limited funds for constructing and preserving these units, there are typically affordability gaps at this income level. Like what was described in the owner-occupied affordability section above, the renter analysis is also set to a three-person household with higher income thresholds. A one- or two-person household earing at or below 30% of AMI would have even more difficulty finding an affordable unit as their income would be lower and therefore could afford fewer rental units citywide.
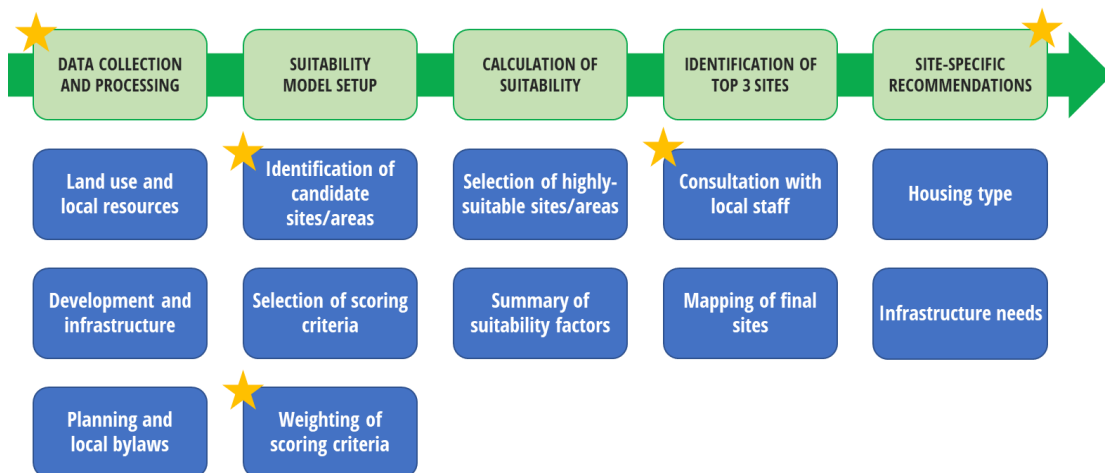
**CITY OF SALEM HOUSING STUDY**
# LAND SUITABILITY ANLAYSIS

Planning for land use change and future development must consider a wide range of factors that include environmental conditions and hazards, local plans and regulations, and the availability of critical infrastructure and services to support urban expansion and redevelopment. Land suitability models provide a framework that can incorporate these variables - and represent them geographically - to identify and prioritize areas that can support new housing, and potential constraints to development. This type of model is often employed in local and regional planning efforts using geospatial analysis techniques to process and integrate existing Geographic Information Systems (GIS) data. Thanks to the availability of high-resolution and regularly updated GIS databases, it has become possible to evaluate land suitability at the neighborhood and site scale while providing a reasonably accurate representation of local conditions.

## Overview

For this study, the objective was to assess the suitability of land for residential development across four jurisdictions in the Roanoke Valley-Allegheny Region: Roanoke County, Franklin County, Roanoke City, and Salem City. Because each locality has unique physical characteristics, local bylaws, and planning priorities, it was critical to customize the suitability model within the boundaries of these areas. Part of the objective of this study was to prioritize three specific sites for each locality from a list of potential development sites, which were identified by land use and development planning staff. Additional details on the process of engaging local planners in the land suitability analysis can be found later in this chapter. The following diagram summarizes the stages of model development, from compiling planning documents and GIS data to developing final recommendations for the selected sites, including the critical points where local feedback was solicited on the model inputs and results. The full land suitability methodology can be found in Appendix A at the end of this document.



| DATA COLLECTION AND PROCESSING | SUITABILITY MODEL SETUP | CALCULATION OF SUITABILITY | IDENTIFICATION OF TOP 3 SITES | SITE-SPECIFIC RECOMMENDATIONS |
|---|---|---|---|---|
| Land use and local resources | Identification of candidate sites/areas | Selection of highly-suitable sites/areas | Consultation with local staff | Housing type |
| Development and infrastructure | Selection of scoring criteria | Summary of suitability factors | Mapping of final sites | Infrastructure needs |
| Planning and local bylaws | Weighting of scoring criteria | | | |

★ **Indicates where planning staff was consulted**

## Data Collection and Processing

The information included in a land suitability model takes many forms, from GIS datasets representing linear infrastructure networks, administrative boundaries, and nodes of activity, to tables documenting details from assessors' databases and the dimensional requirements of local zoning bylaws. Data was collected from public data portals, RVARC's Director of Information Services, GIS managers from each city and county, and multiple agencies of the Commonwealth of Virginia.

In addition to GIS data sources, other location-specific data and variables were derived from local reports and planning documents, including comprehensive plans, area plans, zoning ordinances, housing assessments, and digital map documents produced by municipal and county planning offices.

## Suitability Scores and Weights

The land suitability model was designed based on established land use assessment techniques that apply spatial analysis tools to assign scores to a range of categorical and numerical variables. These scores are then combined into an index that indicates the relative suitability for a particular land use.

There are many ways to implement this type of model using GIS – in this case a raster-based model was used, in which each study area is divided into a grid of cells and suitability scores are assigned to each cell based on:

- proximity (ex. within 50 feet of a road)
- category (ex. land use or zoning)
- or a simple binary score (0 or 1) indicating location within an area of interest (ex. UDAs).

For this housing study, suitability criteria were selected based on a review of local planning documents and consultation with planning staff, with a focus on conditions that could support residential development in each jurisdiction. Numerical scores were assigned to each factor according to the level of development suitability, from high (score = 3) to low (score = 1), or not suitable at all (score = 0). Total scores were calculated using a weighted sum to combine the score of each factor.

The weight values range from Low (weight = 1) to Very High (weight = 7), and were based on initial discussions with local planners, then refined through further validation of the initial model results. The table below presents a summary of the suitability criteria, assumptions for each score, and the relative weights used in the model for each jurisdiction. Certain criteria were not factored into the analysis in some areas, for example, because some zoning or water resource protections were unique to the City of Roanoke they did not apply in other areas. Because of the scale of the regions and differences in mobility, the distance from public schools used wider ranges (1 to 5 miles) in the county geographies and smaller ranges (0.5 to 1.5 miles) in the cities. In total, the Roanoke County model included 13 criteria, 12 for Franklin County, 16 for the City of Roanoke, and 15 for the City of Salem.

## Assumptions and Limitations

As with any model, some simplifications were necessary to represent real-world conditions using this conceptual approach to evaluating land suitability. The break values selected for distance from critical infrastructure and scores assigned to different types of land cover, for example, represent assumptions made as part of the model development. Site-specific factors may change the applicability of these assumptions, but they are considered representative of potential development conditions at the regional and neighborhood scale.

Additionally, errors or omissions may be present in the GIS data and documents used to develop the model. One such known data gap is the water and sewer infrastructure in eastern Roanoke County. Data was collected for these infrastructure networks in Vinton, but it did not cover the areas connected to this system east of the Vinton border. Also, cemetery locations were included in the data for Roanoke County, but not other areas.

Overall, this model represents a regional decision support tool, using the best available data at the time of this document's writing. For more detailed parcel-level assessment of suitability and constraints, additional site surveys and mapping should be performed by qualified professionals. These models are intended to prioritize pre-selected development sites and identify potential infrastructure needs and other factors that could facilitate housing production. Other uses of this model should consider the assumptions and limitations outlined in this document.

## Site Identification

Development of the land suitability model was organized to capture local planning and development knowledge at critical stages in the process, specifically:

- **Data collection and processing:** determining key datasets and relevant local plans and bylaws
- **Suitability model configuration:** identifying potential development areas and discussing initial weights for suitability factors
- **Selection of final sites:** providing feedback on the suitability and constraints of selected sites
- **Site recommendations:** offering input on types of housing, zoning, incentives, and infrastructure

At each stage more of this local knowledge of land use, planning, and development conditions was integrated into the land suitability model configuration and helped to refine the areas suggested as sites of potential housing development.

## Site Selection

The ultimate objective of model is to evaluate the development potential of an initial list of sites, with the goal of prioritizing three sites within each jurisdiction. The sites were identified as follows:

1. Initial discussions with planning staff (August 2020)
   - The model development team conducted Zoom calls with planners from Vinton, Rocky Mount, City of Roanoke, Roanoke County, and Franklin County.
   - Discussions centered on recent development trends and sites with potential for residential development, based on local knowledge and interest from developers. Initial locations were marked on a custom Google Map and saved to a GIS file.
   - Planners were also asked to provide a preliminary distribution of importance to each category of suitability criteria.
2. Site delineation and validation (September 2020)
   - Based on the locations identified with planners, parcels and larger areas were identified and assigned an ID. Associated parcel numbers and addresses were tabulated for each site.
   - Information on the preliminary sites was sent back to planning staff for validation
3. Development site refinement and consolidation (October-November 2020)
   - After reviewing the additional feedback, potential development area boundaries were adjusted, and ID numbers were updated to reflect the final selected sites.

## Site Evaluation

The final sites identified for each jurisdiction were incorporated into their respective suitability and constraint models to calculate the scores and compare the development potential within each site boundary. Because the model employed a grid-based approach, the suitability and constraints scores vary across each site. To account for the range of scores, the average suitability and constraint scores were tabulated. Based on feedback from the project steering committee, there was interest in reviewing the suitability of each site without considering current zoning, which would lower the score in areas where limited housing types are permitted by right.

The following section presents a summary of the scores for each version of the model, organized by jurisdiction. Final selection of potential housing development sites also considered the area and configuration of the parcels within each site, as well as local housing market conditions and the type of housing each site would be likely to support. At the end of each section, a summary of the top three sites is presented, including a close-up view of the site, a map of key constraints, and other important details, including: site area, zoning, and location relative to UDAs, zoning overlays, and historic districts.

## City of Salem Priority Sites

The maps on the next two pages show the locations of the selected potential development sites, along with the results of the land suitability analysis, specifically the version including zoning in the overall score. Areas with highest suitability include the historic downtown and major road corridors such as Route 460, Route 11, and Roanoke Boulevard. The city's Urban Development Areas, particularly City Core and Village Core, also contributed to the higher scores. Flood zones along the Roanoke River and its tributaries were one factor in the lower scores in those areas. The maximum suitability score for the model including zoning is 159, and the average score is 111.
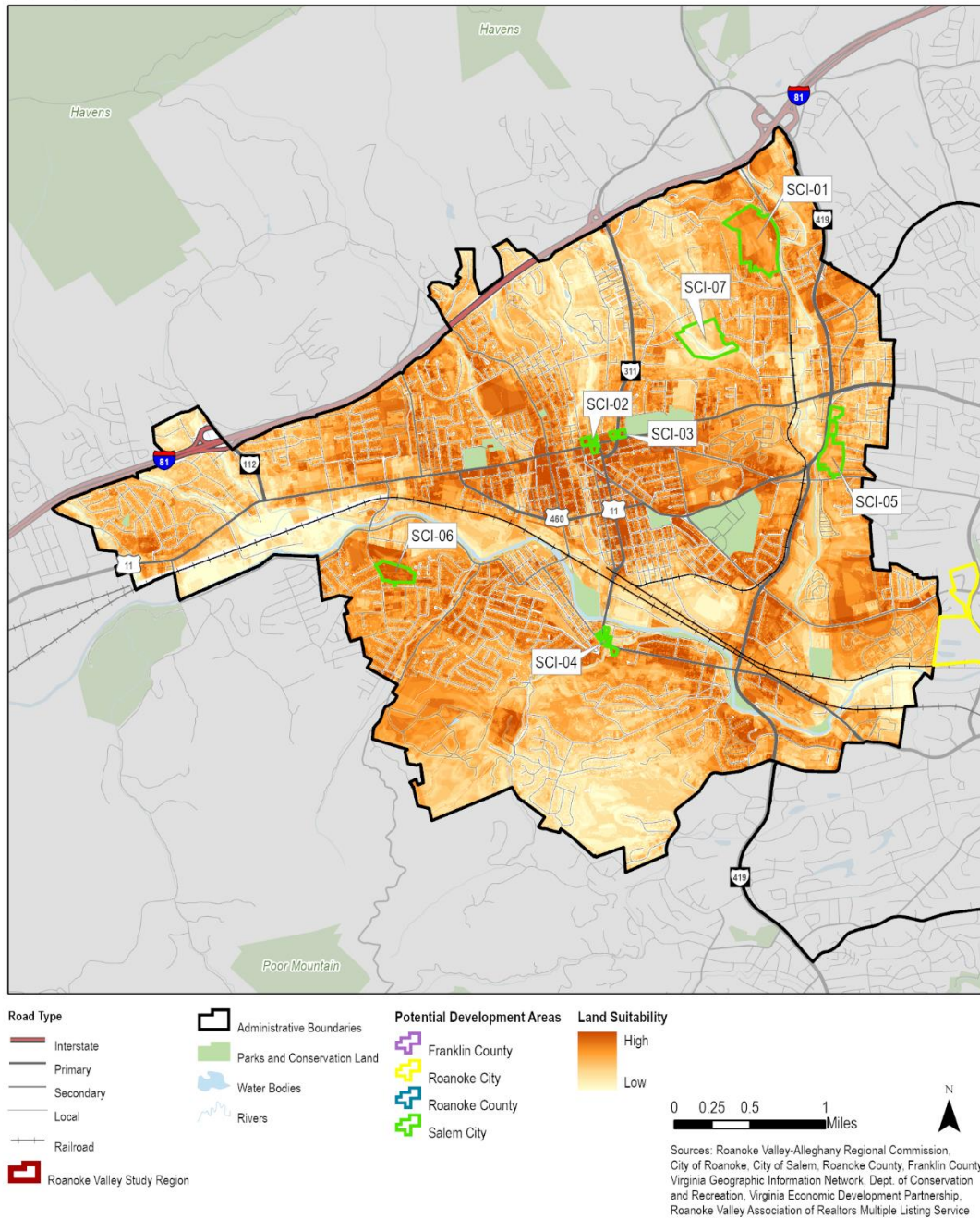


**Figure 36: City of Salem Land Suitability**

Highly constrained areas are located along the railway and river corridors in the City of Salem. Factors in these areas contributing to the higher constraint scores include existing industrial development, zoning restrictions, and flood zones. Most other constrained areas are associated with the city's road network, parks, and existing buildings. The areas with fewest constraints are in less densely developed residential neighborhoods and golf courses. Throughout the entire city the highest constraint score was 6, and the average score was 0.69. The following map shows the distribution of constraints, with bright red areas indicating a greater number of overlapping constraints.
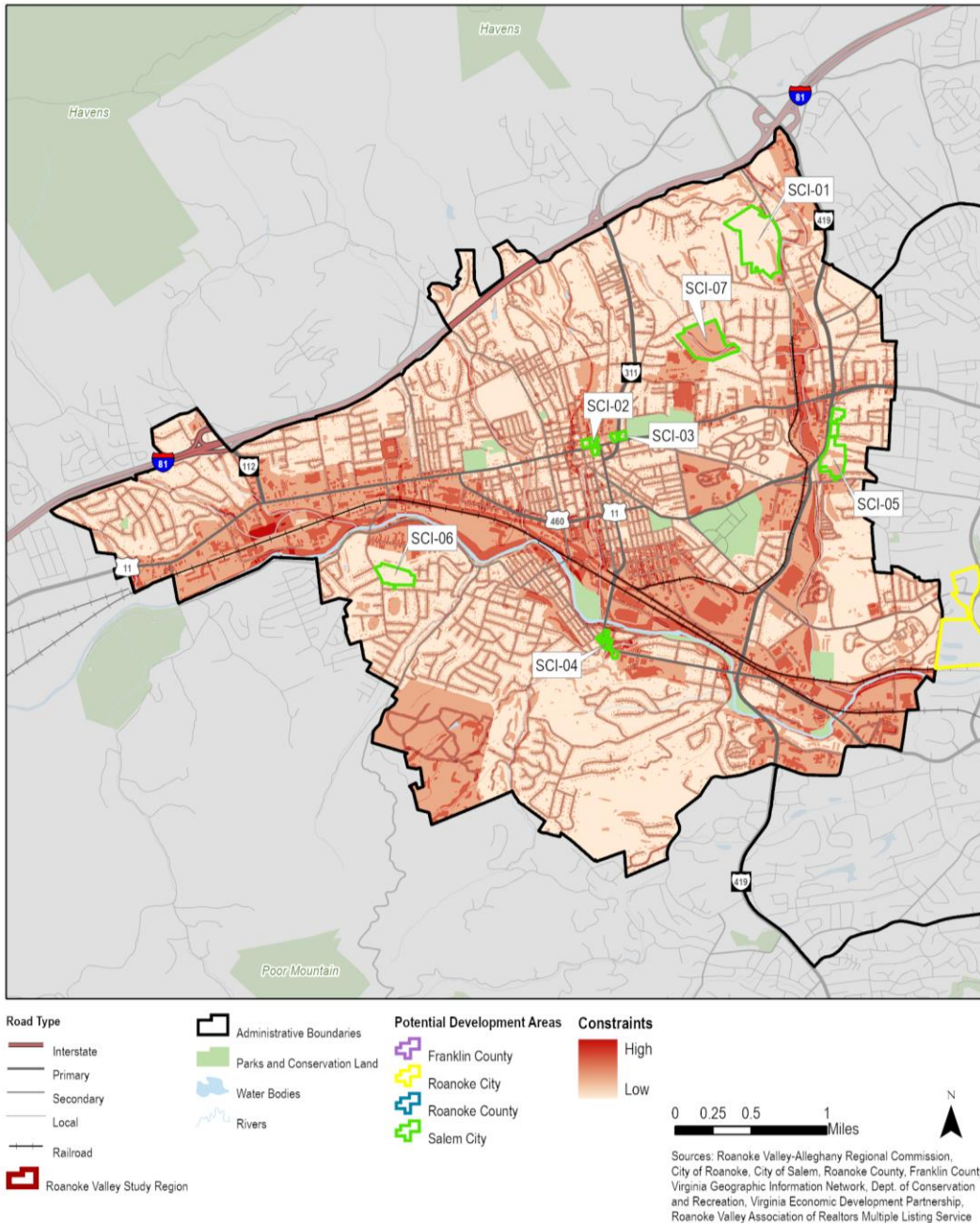


**Figure 37: City of Salem Development Constraints**

In comparison to the suitability scores across the city, all but one site was above the average suitability score, and a majority of sites had constraint scores that were below the average. Comparing the "Primary" model to the "No Zoning" model, it is important to note that the scores without zoning will be lower overall because there was one less factor contributing to the total score. The table below presents the suitability and constraint score for each site, both including and excluding zoning as a factor.

**Table 17: City of Salem Site Suitability Scores**

| Site ID | Site Description | Area (Acres) | Primary Model | | | No Zoning Model | | |
|---------|-----------------|--------------|---------------|-------------|------|-----------------|-------------|------|
| | | | Suitability | Constraints | Rank | Suitability | Constraints | Rank |
| SCI-01 | Kessler Mill Road | 63.95 | 121.0 | 0.09 | 4 | 114.0 | 0.09 | 5 |
| SCI-02 | Downtown Parking 2 | 4.36 | 135.3 | 0.89 | 2 | 114.3 | 0.89 | 4 |
| SCI-03 | Downtown Parking 1 | 2.50 | 137.3 | 0.49 | 1 | 116.3 | 0.49 | 2 |
| SCI-04 | Village Core | 4.31 | 116.3 | 1.57 | 5 | 114.4 | 0.71 | 3 |
| SCI-05 | Electric Road | 29.27 | 114.8 | 0.47 | 6 | 108.9 | 0.27 | 6 |
| SCI-06 | Mill Lane | 16.10 | 130.6 | 0.06 | 3 | 123.6 | 0.06 | 1 |
| SCI-07 | Radio Station | 38.87 | 98.9 | 1.18 | 7 | 98.9 | 0.18 | 7 |

There was agreement between the models on two of the top three sites, SCI-03 (Downtown Parking 1) and SCI-06 (Mill Lane), the third site switched from the other downtown parking area to SCI-04 (Village Core) when zoning was not considered. The Kessler Mill Road site (SCI-01) came up fourth in the ranking when zoning was included and fifth when it was excluded. The lowest suitability site, SCI-07, is currently a radio station with a series of towers, it also had a lower score due to terrain and flooding issues.

Due to their similar characteristics and proximity to each other, the parking lot sites in downtown Salem were combined into a single site for the purpose of final recommendations and housing yield estimation. Mill Lane and Kessler Mill Road were selected to round out the top three sites. Village Core was considered because of its redevelopment potential and location in a UDA, but ultimately the layout of the site and existing development were detrimental to its housing potential. The following table provides some additional details about the top three sites for the City of Salem, and additional maps of these sites are included on the following pages.

**Table 18: City of Salem - Top Three Development Sites**

| Site ID | Site Description | Acres | Zoning | Overlays | UDA | Historic District |
|---------|-----------------|-------|--------|----------|-----|-------------------|
| SCI-01 | Kessler Mill Road | 63.96 | RSF/RSF-LM/AG | None | No | No |
| SCI-02 | Downtown Parking 1 & 2 | 6.85 | DBD | Floodplain (partial) | Yes | Yes |
| SCI-06 | Mill Lane | 16.09 | AG | None | No | No |

## SCI-01: KESSLER MILL ROAD

This site consists of ten parcels with almost 64 acres on Kessler Mill Road. Existing land uses appear to include an automobile supply and body shop, two single family houses, and forested land. In addition, the site is adjacent to a paved recreational trail, part of the City's greenway system. Surrounding land uses include large lot single-family residential uses to the north and west, more compact single-family uses to the south and on the east side of Kessler Mill. The site has some steep slopes in the southeastern portion of the site, but no other apparent environmental constraints.

About 39 acres on the northern portion of the site is in the Agricultural (AG) zoning district, just under 10 acres are in the Residential Single Family/Light Manufacturing (RSF-LM) zoning district, and about 15 acres are in the Residential Single Family (RSF) zoning district. The 2012 Future Land Use Map indicates this area as residential. The only residential use allowed by right in these districts is single family dwellings. Two family dwellings are allowed by special permit in the RSF districts. Multifamily dwellings are not allowed in any of these districts.

This study's analysis of the market for this area indicates that while the City has a slower household growth rate than the Region, there is still an opportunity to deliver affordable housing options to households at different price points. There is a strong market for entry-level housing and this location offers a potential opportunity. The City's existing housing stock is old, and many units need rehabilitation, which is both costly and time consuming for first-time homebuyers. Additionally, obtaining financing for rehabilitation is difficult as depressed neighborhoods values influence lending decisions. New development in the form of bungalows, single family, duplexes, and townhomes, and which are reasonably priced offer a first step to households looking for housing which is economical.

Note, according to mapping data from the City of Salem, this area appears to have public water and sewer infrastructure in close proximity.

Recommendations:

- Consider rezoning this site, possibly as a Planned Unit Development (PUD), to allow flexible development of missing middle housing including two-family and townhouse dwellings and small multifamily dwellings of 3-4 units to provide more housing diversity.
- Master plan for this site, per the PUD requirements, should maximize open space, particularly as a buffer to surrounding single family neighborhoods.

## SCI-01: Kesler Mill Road



Image sources: USDA FSA, GeoEye, Maxar
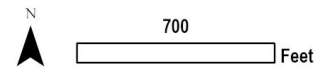
**Locality:** City of Salem

**Area (Acres):** 63.95

**Zoning District:**
RSF (City of Salem)

**Other Base Zoning:**
AG (City of Salem)

**Zoning Overlay:**
N/A

**In a UDA?**
No

**In a Historic District?**
No

N

700

Feet

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept. of Conservation
and Recreation, Virginia Economic Development Partnership

## Constraints



Flood Zone
Wetlands
Steep Slope
Karst
Town Boundary
Building Footprints
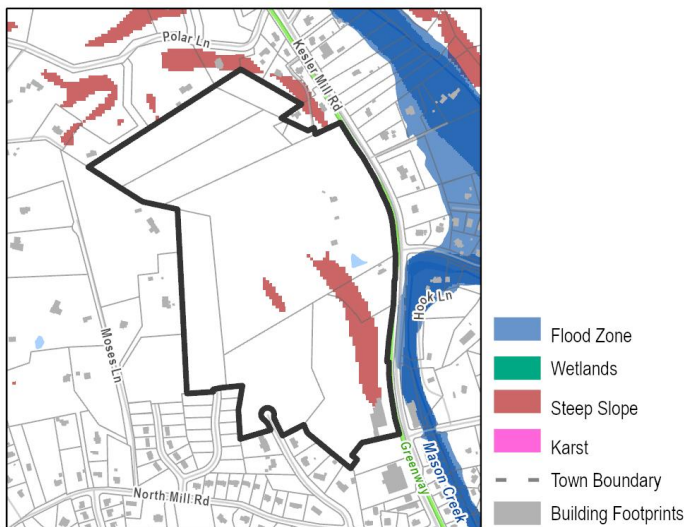
**Figure 38:  SCI-01 Site Summary**

## SCI-02:  DOWNTOWN PAKRING 1 & 2

This site consists of 27 parcels in downtown Salem, many of which consists entirely or partially of parking lots, located near the Roanoke County Circuit Court and to the rear of businesses fronting East Main Street between North Market Street and Route 311. Roanoke College campus is in close proximity. The parcels have 14 separate owners, primarily private entities. The city owns one parcel (#106-11-4.1) of about 0.2 acres and the Roanoke County Board of Supervisors owns five parcels totaling about 1.2 acres.

The site is in the Downtown Business District (DBD) zoning district which permits mixed-use by right and multifamily as well as single family and two family by special permit. The Downtown Business district (DBD) seeks to preserve the character of Salem's historic city center, with a mix of retail, office, and institutional uses combined with upper level residential. The DBD has no minimum lot size requirements and a height maximum of 80 feet.

Downtown Salem is a National Historic District with historic resources mostly dating from the late 19th and early 20th century. Rehabilitation of historic resources that are listed on the National Register of Historic Places can be eligible for financial incentives through historic tax credits. Downtown Salem is also designated as a UDA, which requires a minimum density of 12 units per acre for apartments or condominium multi-family dwellings.

The 2012 Future Land Use Map designates this area as part of downtown. One of the objectives of the 2012 Comprehensive Plan is to ensure development within the downtown area maintains an urban fabric and includes a strategy to evaluate form-based codes for downtown development. Another Plan objective is to promote downtown housing options that take advantage of the mixed-use and walkable nature of the area with a strategy to encourage mixed-use structures in downtown among other areas. Also, as described in the Plan, encouraging mixed-use development in downtown can help to increase the strength of businesses in downtown and helps to encourage activity downtown after work hours.

This study's analysis of the market for this area indicates that there is a need for housing options which meet the need of growing population and are also catalytic for new economic development. While large numbers of mixed use developments are not found across the city, proximity to the Roanoke College and major employers makes this site a potentially viable location for such a housing typology. The site could capitalize on the growing young professional population across the City and be a catalyst for further economic activity in the downtown, with the potential for new restaurants and retail supported by the increase in foot traffic. Additionally, mixed use development is also attractive to the growing senior population, as they may be looking to downsize, and looking for walkability and amenities.

Note, according to mapping data from the City of Salem, this area appears to have public water and sewer infrastructure in close proximity.

Recommendations:

- Evaluate parking demand and management strategies for the businesses and institutional uses in this area of downtown to determine feasibility of promoting mixed/use infill development on parking areas.
- Develop design concepts for infill sites to help envision mixed-use development possibilities that are compatible with the built character of downtown.
- Consider form-based codes for downtown that would provide flexibility to encourage medium density multi-family in mixed use development on infill sites while preserving historic resources and the traditional main street character of this downtown business district. Land use controls should ensure infill development is compatible with the architectural styles and scale of the neighborhood.

## SCI-02: Downtown Parking 1 & 2



Image sources: USDA FSA, GeoEye, Maxar
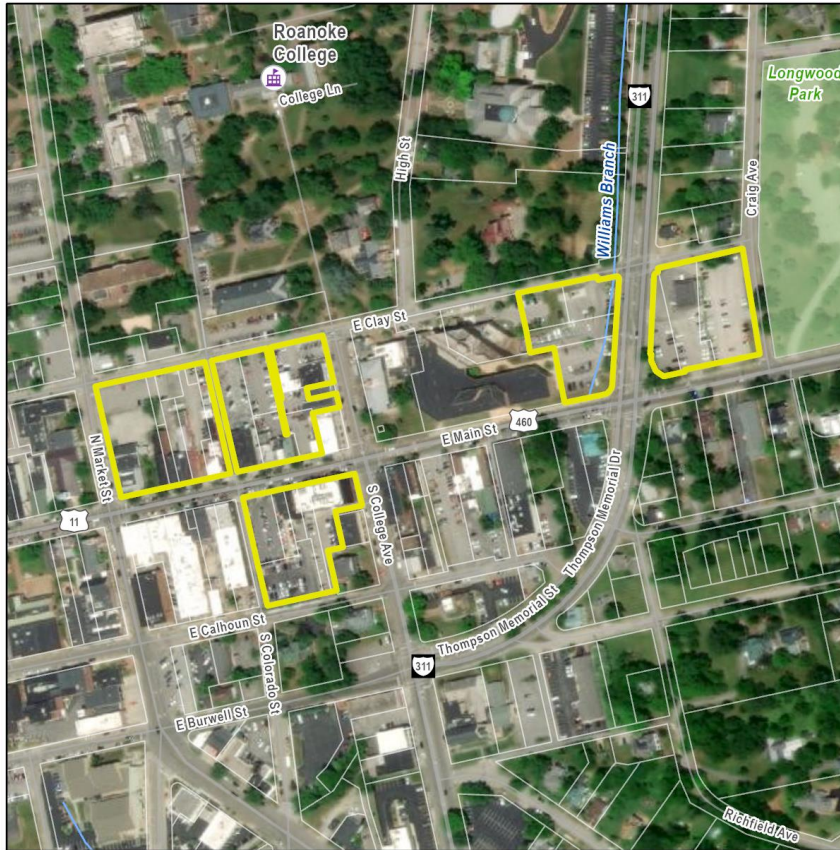
**Locality:** City of Salem

**Area (Acres):** 6.85

**Zoning District:**
DBD (City of Salem)

**Other Base Zoning:**
N/A

**Zoning Overlay:**
Floodplain (partial)

**In a UDA?**
Yes

**In a Historic District?**
Yes
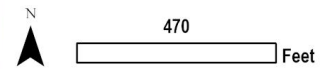
470 Feet

Sources: Roanoke Valley-Alleghany Regional Commission,
City of Roanoke, City of Salem, Roanoke County, Franklin County,
Virginia Geographic Information Network, Dept. of Conservation
and Recreation, Virginia Economic Development Partnership

### Constraints



Flood Zone
Wetlands
Steep Slope
Karst
Town Boundary
Building Footprints
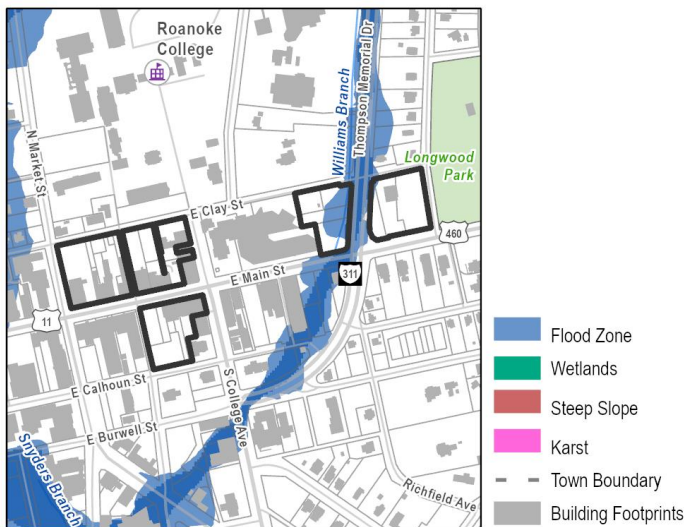
**Figure 39:  SCI-02 Site Summary**

## SCI-06:  MILL LANE

This site consists of two parcels totaling about 16 acres and has frontage on Mill Lane and Penley Boulevard. The site is close to the South Salem Elementary School. Note that there are also two abutting undeveloped parcels to the north of this site, however the slopes may make development less feasible. The subject site appears to have a few buildings or structures toward the Mill Lane boundary (possibly outbuildings/farm buildings associated with the adjoining property) fields cleared to the rear (East) of these structures and the remaining land is forested or shrub land.

The site is in the Agricultural (AG) zoning district. The only residential use allowed by right in this district is single family dwellings with a minimum lot size of 10 acres. To the West, South, and East are single family residential neighborhoods zoned as Residential Single-Family (RSF) districts. To the North, beyond the undeveloped parcel, is in the Light Manufacturing (LM) zoning district.

The 2012 Future Land Use Map designates this area as residential. It is adjacent to an economic development area to the north.

In an area largely developed as single family neighborhoods, this site and the adjoining undeveloped site are some of the few remaining larger undeveloped sites in this area of Salem. If this site is valued for its open space character or as a farm, it may be possible to encourage a cluster subdivision approach to development of this site. This type of development could preserve open space and scenic aspects of this site while providing the opportunity for more compact development sited away from the main roads to visually tuck into the site.

Section 106-222 of the City's Zoning Code permits Cluster Housing Overlay district to be requested for any land zoned RSF. The overlay zoning provisions allow flexibility in site design and lot arrangements for new single family residential development including attached single family dwellings on parcels with minimum development size of 2 acres, minimum lot size of 4,500 square feet and maximum density of 5 units per acre.

If this site were rezoned to allow a cluster subdivision, it may be possible to cluster new attached single family homes on roughly 8-10 acres or so of land in the south, southeast, and east portions of the site, thereby preserving the open space/scenic view from Mill Lane and the farm use at the western portion of the lot. Developing 8-10 acres of the site in this manner could preserve 50 to 60 percent of the site and potentially produce 40-80 attached single family houses, which could provide some additional housing options as alternatives to the primarily detached single family houses that predominate in the area.

This study's analysis of the market for this area indicates that while the city has a slower household growth rate than the Region, there is still an opportunity to deliver new reasonably affordable housing options to households. There is a strong market for missing-middle type

housing and this location offers a potential opportunity. The city's existing housing stock is old, and many units need rehabilitation, which is both costly and time consuming for first-time homebuyers. Additionally, obtaining financing for rehabilitation is difficult as depressed neighborhoods values influence lending decisions. New development in a cluster form, could offer affordable price points and amenities, such as open space, which is not available in other parts of the city. Based on local sales prices in this area of the city, the market is quite strong and new housing product has the potential to meet the growing demand.

Note, according to mapping data from the City of Salem, this area appears to have public water and sewer infrastructure in close proximity.

Recommendations:

- Amend the Cluster Housing Overlay zoning to permit AG zoned land as eligible and adopt site planning standards that emphasize protection of land for working farms and scenic vistas.
- Consider further amendments to the Cluster Housing Overlay to provide incentives that favor development of attached-single family dwellings over detached to promote creation of needed housing options.

## SCI-06: Mill Lane



Image sources: USDA FSA, GeoEye, Maxar
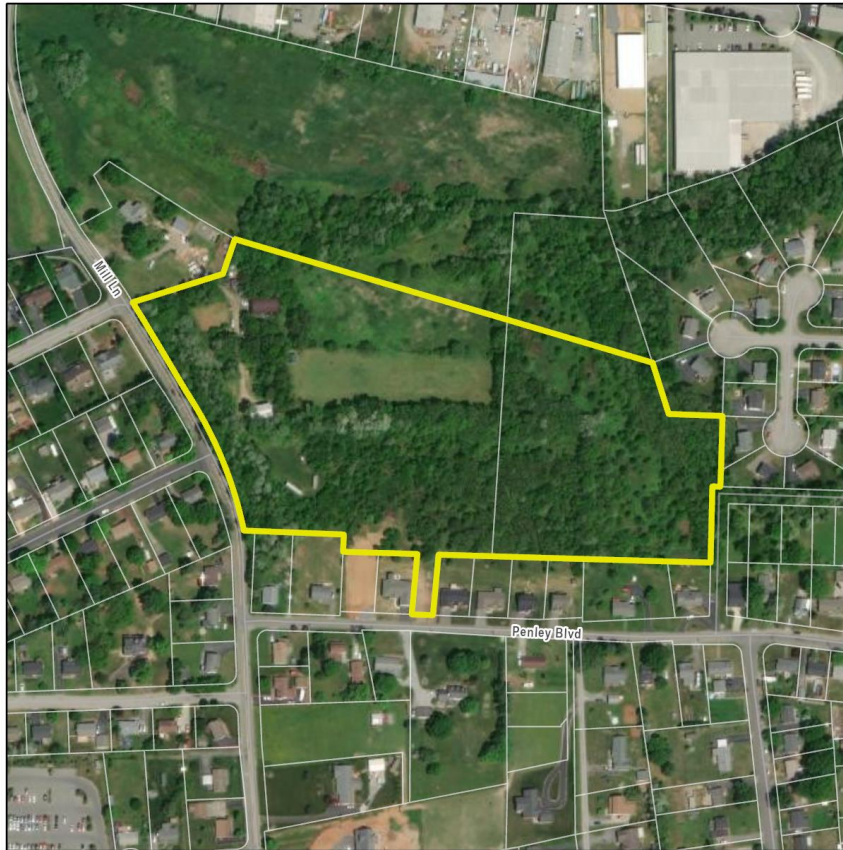
**Locality:** City of Salem

**Area (Acres):** 16.09

**Zoning District:**
AG (City of Salem)

**Other Base Zoning:**
N/A

**Zoning Overlay:**
N/A

**In a UDA?**
No

**In a Historic District?**
No

470 Feet

Sources: Roanoke Valley-Alleghany Regional Commission, City of Roanoke, City of Salem, Roanoke County, Franklin County, Virginia Geographic Information Network, Dept. of Conservation and Recreation, Virginia Economic Development Partnership

## Constraints



- Flood Zone
- Wetlands
- Steep Slope
- Karst
- Town Boundary
- Building Footprints

**Figure 40: SCI-02 Site Summary**

# BARRIERS TO ADDRESSING HOUSING

To address gaps across the City of Salem's housing market, several barriers will need to be addressed. For the purposes of this analysis and to inform future strategies, we have organized current barriers into four categories: Market, Financial, Regulatory, and Coordination.

## Market Barriers

Market barriers refer to constraints placed on the housing market or factors that drive the market to respond in a certain way. In the City of Salem, there are several market-based barriers affecting housing which include:

- **Reduction in Local Building Capacity** – The Great Recession had some negative effects on the housing market in the City of Salem, but by-in-large prices and rents have rebounded back to pre-recession levels. A bigger impact of the recession that continues today is the reduction in local building capacity as there are only a few larger sized developers within the Region. These developers tend to look for projects which are likely to be permitted, require less risk and offer acceptable financial returns.

- **Decline in 35 to 44-Year Old Population** – Between 2013 and 2018, the number of residents between the ages of 35 and 44 decreased by 10%, which is greater decline than the regional trend. Historically, this age cohort is at peak family formation and are a potential buyer pool for starter homes or larger homes representing a move up in the market. The continued decline in this population could potentially impact home purchases, home prices, and the vacancy rates across the city.

- **Lack of Diversity in Housing Types** – The predominate housing type for both renters and owners in the City of Salem are single family homes and smaller multifamily structures. Multifamily housing units offer an important price and size distinction in the market compared to single family homes. The demographic shifts to an aging population will continue to influence the market and likely drive demand for more diversified housing types like townhomes, patio homes, and potentially condos to retain the senior population while also bringing affordability to younger households. Nationally, there is an alignment of housing preferences between younger and older generations in terms of both product type, locations, and amenities. Universal design is also an important factor to consider for new units so they can be design or easily adapted to meet the needs of owners and renters regardless of age or ability.

## Financial Barriers

Financial barriers refer to the access to capital needed to fund housing development, access to financing to purchase a home, resources to address housing inequities and challenges, and the financial feasibility of rehabilitating the existing housing stock in certain parts of the city. Financial barriers to housing development include:

- **Rehab and Acquisition** – Rehabilitation of the older housing stock is difficult to execute because it requires a concerted effort on the part of homeowners, the availability of financing, and coordinated efforts by municipal officials. Rehabilitation is difficult from the homebuyer side because financial resources are not always available for renovation projects. While some lenders offer construction financing, lending terms may not be favorable to low- to moderate-income households who are unable to pay the loan back on top of an existing mortgage. While there are city, state, and non-profit programs which help homeowners finance rehabilitation costs, these funds are limited.

  There are also challenges for potential buyers of homes that need rehabilitation work. In areas where housing rehabilitation has not occurred and home values are lower, it can be difficult for lenders to find comparable properties to justify a combined rehab and acquisition loan. Oftentimes, gap financing is needed through a flexible funding source to help make up the difference between what a lender is willing to offer and the amount the homebuyer needs for repairs. This may also disproportionately impact low- to moderate-income households who may not have cash on hand to complete the needed rehabilitation on the home.

- **Development Feasibility** – The financial feasibility of revitalizing and redeveloping older neighborhoods, building on infill lots, or undertaking new development is a barrier. The cost of land, materials, and construction are significant, especially with the topographic challenges in parts of the Region and the availability of infrastructure and utilities. The risks associated with larger projects can be high, particularly in untested markets where there are fewer local builders willing to take risks. Financial feasibility concerns limit the potential of new developments to include affordability components, as developers opt to build higher priced housing to mitigate risk and increase returns.

- **City/State/Federal Resources** – Funding to support housing programs and initiatives is limited in many cases to those available through local taxation or development fees, state funding dedicated to housing, tax credit programs, and federal housing programs like Community Development Block Grant (CDBG) or HOME funds. Providing new affordable housing options will take a concerted effort and leveraging a variety of funding resources. This will be a key barrier to implementation and one that will require a coalition of government, non-profits, faith-based organizations, and private investors.

- **Lending Criteria and Access to Financing** – Homebuyers are challenged by increasing levels of personal debt, diminished savings, and stricter lending requirements by financial institutions due to the housing crisis. Purchasing power constraints limit the ability of households to buy homes or undertake major renovations to existing homes. Younger

householders who carry large student loan debt coupled with price escalations in the housing market make homeownership difficult to attain and can result in greater numbers of renter households. For low- and moderate-income households, obtaining and maintaining a qualifying credit score can also be a challenge to accessing financing.

## Regulatory Barriers

Regulatory barriers refer to the policies and regulations placed on residential development by local, and/or state government that may be impeding the construction of certain types of housing product. This may be related to zoning, subdivision controls, permitting, or building codes. Regulatory barriers to housing development include:

- **City Zoning Ordinance** – The City's Zoning Ordinance currently does not offer property owners much flexibility to build a range of housing typologies. Many types of housing development are subject to permitting by special exception (SP) and may have additional requirements defined by Article III of the City's zoning ordinance. The City has five residential zoning districts, each of which regulates housing types and density, ranging from the lowest density Agricultural (AG) district to the higher density Residential Multifamily (RMF) and Residential Business (RB) districts. The Residential Single Family (RSF) ordinance acknowledges detached homes as the predominant housing type in Salem and indicates that most future housing growth is expected in this district.

- **Restrictions on Multifamily Development** - Multifamily use is only allowed in five districts, with four of the districts requiring a special exception. Only the RMF district allows multifamily use without a special exception but requires additional compliance under Article III of the City's zoning ordinance. Greater flexibility in allowing multifamily could help bring different housing typologies to Salem.

- **Adaptive Reuse and Code Compliance** – Adapting older buildings to meet today's building codes and accessibility requirements can be very expensive, particularly for those buildings that could host a mix of uses. Improvements such as adding sprinklers, providing elevator access to upper floors, and making accessibility improvements often require a large amount of upfront capital that may take a long time to recapture in an area with lower residential and commercial rents. These required improvements can sometimes force property owners to keep upper stories vacant or limit the ability to fit out spaces for a different mix of tenants.

## Coordination Barriers

Coordination barriers refer to the ability of stakeholders to come together and focus efforts and resources to help with the city's housing challenges. Change is never easy nor is identifying funding to address challenging issues, but both require a coalition of leaders to come together and agree on priorities and direction. Potential coordination barriers include:

- **Identify Funding Sources** – To address housing issues identified in this study, additional funding sources are going to be needed. The housing market, while growing, is not necessarily meeting the needs of residents. The market may not course correct on its own in the short-

term and there may be a need to identify subsidies to prime the market in areas that have not seen new investment or may not be supplying the diversity of housing choices needed to serve residents today and into the future. Raising additional funds, leveraging resources, or reallocating existing funding is never easy but may be necessary to address housing needs across the city.

- **Regional Collaboration** – Over the last two decades, private corporations such as financial institutions, major employers, and anchor institutions such as hospitals and universities have played an increasingly important role in improving and expanding affordable housing. Investments in low-income housing tax credit projects have been a primary contributor to building multifamily affordable rental units across the country. The City of Salem has a need to expand both the amount and type of affordable housing as well as the pool of funding available for such projects. The challenge now is for the City to take charge of those challenges and begin seeking a larger partnership between government, philanthropy, and the private sector. This is a best practice in many places across the country who are working collaboratively to invest in larger, more complex community and economic development solutions.

The concept of leveraged capital, when a small amount of initial capital is made available to attract additional resources, is not new to the affordable housing industry. Most affordable housing built since the early 1990s has been financed by private equity investments seeking low-income housing tax credits and market rate returns. What is new to the community development sector are the innovations created through co-investment opportunities between the public and private sectors.

In the City of Salem, partnership between the City, affordable housing providers, institutions, employers, non-profits, Virginia Housing, Virginia Department of Housing and Community Development, and the RVARC will be critical to addressing housing needs going forward.

**Zoning for Housing Choice (Near-Term)**

The housing market study and focus group interviews point to a lack of housing choice throughout the City, particularly for housing typologies that offer slightly higher densities. The City has five residential zoning districts, each of which regulates housing types and density, ranging from the lowest density Agricultural (AG) district to the higher density Residential Multifamily (RMF) and Residential Business (RB) districts. The Residential Single Family (RSF) district acknowledges detached homes as the predominant housing type in Salem and indicates that most future housing growth is expected in this district. Development in these districts is subject to permitting by special exception (SP) and additional requirements defined by Article III of the City's zoning ordinance. The City should revisit the regulations for these districts and review minimum parcel size requirements, land coverage/open space requirements, density regulations, and allowable housing types.

**Missing Middle Housing Choices (Near-Term)**

The housing market study and focus group interviews point to a desire for what is often termed "missing middle housing" is where different housing types such as duplexes, triplexes, townhomes, or smaller 6-10 unit multifamily structures are integrated within existing neighborhoods, downtowns, and commercial districts to provide added housing choice and affordability. The City and its local partners should also look at options for integrating other housing types into neighborhoods where appropriate. Throughout the City of Salem there are already neighborhoods and zoning districts (like RMF and RB) that allow for and currently offer a range of housing types. However, these zoning districts are somewhat limited and have dimensional requirements that may not serve the needs of the market. The City should revisit the regulations for these districts and review minimum parcel size requirements, land coverage/open space requirements, density regulations, and allowable housing types.

## Policy and Coordination Strategies

To advance the implementation of both market-rate and affordable housing strategies, the city should consider policies and coordination strategies to broaden partnerships with other organizations and agencies focused on housing. The city and its local partners should also consider broader policies and principles that would guide the types of, and locations of, housing in the future.

### COORDINATION TO ADVANCE HOUSING PRODUCTION AND PRESERVATION

Successful housing production and preservation outcomes typically rely on a robust partnership between government, non-profits, housing authorities, developers, property owners, and financial institutions. These partnerships or coordinated efforts help expand the capacity of city and local governments to add staffing, financing, and knowledge to share the responsibility of successfully implementing housing strategies, which is often a multi-jurisdiction, long-term process. The following strategies aim to broaden housing coordination within the City of Salem.

**Establish a Regional Coordinating Body or Group (Near-Term)**

Housing is an issue that often extends beyond the boundary lines of any one locality as residents and capital tend to flow to where market opportunities are or are created. Therefore, a regional body that meets regularly to discuss housing issues, opportunities, best practices, grant and funding opportunities, and ideas for new programs or policies would be a benefit to all localities within the Roanoke Valley-Alleghany Region. With the RVARC already in place and serving as a regional coordinating body for other purposes, the infrastructure is likely in place to create a housing council and expand its membership to include other organizations and agencies that may not regularly participate in other functions of the RVARC. These should include major employers, developers, financial institutions, colleges and universities, non-profits, funders, housing authorities, and representatives from city and local government. This group could organize around some or all the following topic areas:

- Educating elected leaders, staff, and the public about the important role housing plays in the region and ways to talk about housing choice, affordability, and density that bring people together rather than being a divisive issue.
- Look for ways to leverage staff and financial resources to address housing issues. This could result in new pools of funding, new vehicles for distributing funds, or supporting grant application efforts as a region rather than as individual entities.
- Create a marketing push to major employers and commuters coming into the region and showcasing the different communities and counties as great places to live and work.

**Developer Recruitment (Mid-Term)**

The City and local partners should create market materials advertising the preeminent development sites to the development community and make a determined effort to market the City and the sites to developers. Marketing materials should also include information about progressive zoning, allowable housing typologies, infrastructure availability, and any incentives that may exist supporting residential development. The City should use the land suitability analysis from this study as a starting point for identifying key sites and potential constraints development may have to overcome.

**Leverage City Land for Housing Production (Near - to Mid-Term)**

Disposing of available City-owned properties to support housing production, particularly mixed-income or affordable housing, can be an effective way of partnering with developers to address housing needs. Land is a cost borne by the development, but when publicly owned, could be offered at a steeply discounted rate to improve the financial viability of a proposal that includes an affordable housing component. If the disposition of land is of interest to the City, several items should be considered before disposing of the land which include:

- **Minimum Lot Size:**  Over 5,000 square feet, but preference for larger sites that could accommodate multifamily units.
- **Use of Property:**  Ensure there are no other competing public uses for the property, and no plans by other city or local departments for future use of the property. The use/housing type should be compatible or not conflict with existing neighborhood character.

- **Zoning:**  Property should be in an existing residential or mixed use district or overlay district.
- **Infrastructure Capacity:**  Property should be served by existing water, sewer, and transportation infrastructure. Capacity should be available to serve the development.
- **Property Location:**  Ideally, the property is located near amenities residents could take advantage of such as parks and open space, schools, childcare facilities, and shops and grocery options.
- **Environmental Considerations:**  Property should not be located within a floodplain, have significant wetland encumbrances, or environmental remediation issues.

## Preserve Existing Affordable Housing (On-Going)

Housing production is not the only way to advance housing goals in the city, a successful housing strategy also relies on the ability to maintain the affordable housing that exists today. One way the City could take a more proactive role in housing preservation is to require property owner or managers of deed restricted affordable housing units/buildings to provide advance notification to the City if affordability restrictions are about to expire and the units are going to convert to market rate units in the future. This type of notification is already required for developments utilizing Low-Income Housing Tax Credit (LIHTC) funds which gives a right of first refusal to non-profits who wish to purchase the units/buildings to preserve affordability restrictions. The City could consider expanding this notification process to other residential developments that include affordable units or to projects that receive any public subsidy to support affordable housing.

## POLICIES TO ADVANCE HOUSING PRODUCTION AND PRESERVATION

The City and local partners could also consider policies and actions to encourage housing production and preservation. Some could be formally adopted such as encouraging universal design in new housing units while others may be guiding policies such as prioritizing locations for residential development.

## Prioritize the Best Locations for Housing (Near-Term)

Leveraging the work done through this study on land suitability and site identification, the City should adopt a guiding policy that new development should be limited in the near-term to the best and most development ready sites to encourage smart growth and slow outward growth away from population and employment centers. This policy could first encourage sites that are served by roads, water, and sewer and within closer proximity to services and amenities such as schools, shopping, and job centers. Secondarily, the City could consider sites that need infrastructure extended to unlock vacant development sites and avoiding development on farmland or other open spaces to preserve the natural environment that makes the City of Salem and the larger region what it is today.

## Consider Inclusionary Zoning (Near-Term)

Inclusionary Zoning (IZ) is a policy used to create affordable housing by requiring developers to include a specific percentage set aside of below-market units as part of a market-rate rental or ownership development. The IZ policy effectively leverages private market investment to create

new affordable units with very little (if any) public subsidy. IZ is also an effective way of integrating affordable units across a community to provide opportunities for housing choices in neighborhoods where lower-income households may not have otherwise been able to afford. Resource-rich areas/neighborhoods may have access to better schools, healthcare options, transportation choices, and open spaces. Diversifying the locations of affordable housing may offer new opportunities to households who previously had limited choice.

Inclusionary zoning policies are typically classified as one of two types:  mandatory or voluntary. In mandatory policies, affordable units must be included in all proposed developments that fit within the parameters of the policy. Voluntary policies rely on negotiations and offsets which function as incentives to encourage developers to provide affordable units.

The city should consider what type of policy it wishes to advance, and if it is a codified mandatory IZ policy then the city should also consider conducting a feasibility analysis will allow the city to understand what changes could be supported by market-rate residential development and which changes may slow the pace of development. The financial modeling exercise can help in the crafting of new IZ language and should include the following considerations:

- What size development should IZ be applied to?
- Where should IZ be applied in the city?
- What percentage of units should be set aside?
- Should the policy cover both ownership and rental projects?
- Should the city have a payment in-lieu option to collect money for the Affordable Housing Trust?
- What income levels should the units target?
- Should there be a tiered system for affordable units where fewer but more deeply affordable units are required versus more units at a higher income level?
- What incentives or offsets should the city offer?

Concurrently, the city could work with the entity conducting the feasibility analysis to craft an IZ policy that responds to the feasibility findings. This can help ensure changes to the IZ policy will not discourage private investment thereby reducing affordable housing production.

**Encourage Universal Design (Near-Term)**
Given the increases in the senior population, the City and local partners should encourage (at a minimum) some percentage of new units to include universal design features. Universal design focuses on making the unit safe and accessible for everyone, regardless of age or physical ability. Universal design features go beyond ramps and grab bars and account for the design of the unit itself with things like wider doors and hallways. This is also a good way to move away from age-restricting units or buildings that have these features so when demographics change over time the units are designed for a wider market base.

## Financing Strategies

In the residential development world, especially as it pertains to affordable housing, financing strategies and subsides can be a critical component to financial feasibility and a project moving forward. The following are financing strategies the City and local partners should consider advancing both the development of housing as well as the upkeep and maintenance of existing housing.

**City Housing Trust Fund (Mid-Term)**

Affordable Housing Trust (AHT) funds are a flexible source of funding that can be used to support many different affordable housing initiatives. The money that is generated for the fund is typically created and administered at the city or local level and are not subject to restrictions like other state and federal housing funds. The money in the fund can be designed to address local needs and priorities, such as those noted throughout this Housing Study.

The entity administering the fund, in this case the City of Salem, would work to define priorities and eligible activities money in the fund could be used for. Examples of funding areas might include:

- Emergency rental assistance
- Gap financing for new construction of affordable units
- Repairs/rehabilitation of older affordable homes/units
- Weatherization program to lower utility costs
- Down payment and closing assistance
- Foreclosure prevention

Once the AHT is established the City will need to determine who will be administering the fund. Typically, these funds are administered by an existing public office that has experience working in partnership with housing developers, administering grants, and overseeing a competitive application process for funding. In the City of Salem, this is could be the Community Development Department, which is already engaged in planning, development, and housing efforts. The City would also need to determine how the fund would be seeded and capitalized over time. Some options include:

- Annual allocation from the general fund
- Funds collected from development (negotiated payments in-lieu)
- Business license fees
- Local occupancy taxes
- Short term rental registration fee

It is important that once the AHT is created that funding be made available each year for housing programs and to support development and infrastructure requests. This will create a predictable source of funding year over year and allow programs to be marketed and succeed. Funds from the AHT could also be leveraged against federal and state housing funds or other housing-related resources that could be pooled from non-profits, institutions, philanthropies, and employers. Other cities in Virginia like Richmond, Alexandria, Charlottesville, and Norfolk have established and capitalized local housing trust funds.

**Residential Rehabilitation Program (Near-Term)**

In many parts of the City there are older homes with lower values that have likely not been kept up or invested in. These homes may need minor or major rehabilitation, and if owned by low- to moderate income householders, may not have the funds on hand to maintain the structure. Residential rehabilitation programs are critical in assisting homeowners with the cost of rehabilitation through no – or low-interest rate loans that can be applied to specific repairs the structure may need. In a city like Salem, where housing values are low and structures are old, rehab needs could quickly outpace funds and capacity leaving households with limited options to address deficiencies. To stretch funds further, the City should consider the creation of a revolving loan fund where some households (based on income) would be required to pay back to the loan at little or no interest to keep the fund capitalized allowing for multiple rounds of awards throughout the year. Money leveraged through other funding sources could also be applied to this program and repaid to the AHT over time.

Given 35% of the city's housing stock is renter-occupied, some consideration should also be given to the creation of a rehabilitation program for investor-owned properties. Tenants do not have the same ability to address deficiencies as homeowners do, relying instead of landlords or even city intervention if conditions worsen. A rental rehab program could benefit both property owners and tenants and could be coupled with a rental registry program or routine inspections of rental units over time. The rental rehab loans should have a requirement to be paid back over time, but repayment terms could be scaled to the income of the property owner or even affordability restrictions placed on the unit(s) itself.

**First Time Homebuyer Program (Near-Term)**

Down payment and closing cost assistance help low- and moderate-income families overcome one of the most common barriers to homeownership—accumulating sufficient savings to make a down payment and pay for closing costs on a mortgage.

Assistance can be offered in a variety of forms, including as a grant, a no- or low-interest amortizing loan or a deferred loan in which repayment is not due until the resale of the home. The assistance is often provided by a local housing agency, a nonprofit organization or a state or local housing finance agency, sometimes through a participating private lender. Program details differ across jurisdictions, but in general borrowers must fall within income and home purchase price limits and must comply with other eligibility requirements, including being a first-time homebuyer, using the home as a primary residence, and completing a homebuyer education course and/or participating in housing counseling.

The City and local partners should continue to offer the down payment assistance program funds of up to $8,000 per household and possibly look for ways to leverage down payment assistance programs offered by VHDA. The City could also consider a revolving loan fund (with or without interest) where the loan must be paid back over a certain period, or at the sale or transfer of the property. The revolving loan fund helps ensure the funding pool is recapitalized over time versus forgivable loans in which some percentage of funds are never returned.

**Property Tax Abatement for Housing (Near-Term)**

To encourage affordable housing development, the City and its local partners should consider the application of property tax abatements in return for a percentage of affordable housing units included in the development. The City could consider a sliding scale for the tax abatement where the more units or the deeper the affordability the more property taxes are abated. The City could also consider a sliding scale for the length of the abatement and when the percentages of taxes paid begins to increase over time.

## Infrastructure Strategies (Mid- to Long-Term)

Housing development in the city may be impeded by a lack of available infrastructure or infrastructure that has fallen into disrepair. The City should look at ways to leverage local infrastructure dollars against regional, state, or federal funds to increase the impact of local investments. In a place like the City of Salem, the emphasis may be more on repairs, aesthetics, and upsizing utilities to meet future housing demand.
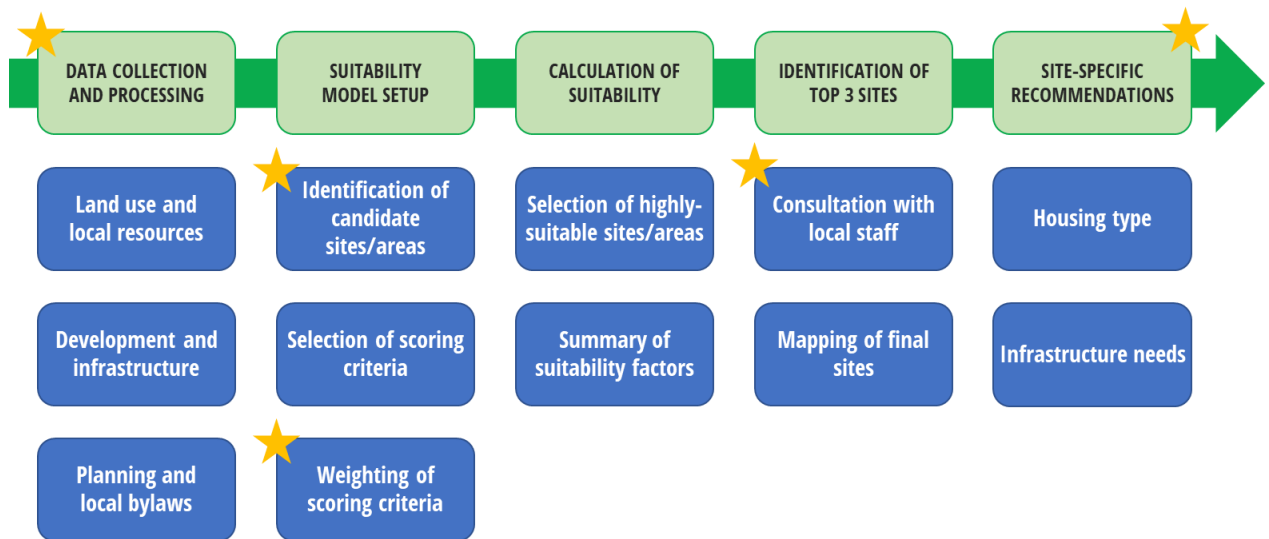
# APPENDIX A: SITE SUITABILITY DOCUMENTATION

## LAND SUITABILITY ANALYSIS

Planning for land use change and future development must consider a wide range of factors that include environmental conditions and hazards, local plans and regulations, and the availability of critical infrastructure and services to support urban expansion and redevelopment. Land suitability models provide a framework that can incorporate these variables - and represent them geographically - to identify and prioritize areas that can support new housing, and potential constraints to development. This type of model is often employed in local and regional planning efforts using geospatial analysis techniques to process and integrate existing Geographic Information Systems (GIS) data. Thanks to the availability of high-resolution and regularly updated GIS databases, it has become possible to evaluate land suitability at the neighborhood and site scale while providing a reasonably accurate representation of local conditions.

### Overview

For this project, the objective was to assess the suitability of land for residential development across four jurisdictions in the Roanoke Valley-Allegheny Region: Roanoke County, Franklin County, the City of Roanoke, and the City of Salem. Because each locality has unique physical characteristics, local bylaws, and planning priorities, it was critical to customize the suitability model within the boundaries of these areas. Part of the objective of this study was to prioritize three specific sites for each locality from a list of potential development sites, which were identified by land use and development planning staff. Additional details on the process of engaging local planners in the land suitability analysis can be found later in this chapter. The following diagram summarizes the stages of model development, from compiling planning documents and GIS data to developing final recommendations for the selected sites, including the



Figure 1 Land suitability model process

critical points where local feedback was solicited on the model inputs and results.

## Data Collection and Processing

The information included in a land suitability model takes many forms, from GIS datasets representing linear infrastructure networks, administrative boundaries, and nodes of activity, to tables documenting details from assessors' databases and the dimensional requirements of local zoning bylaws. Data was collected from public data portals, RVARC's Director of Information Services, GIS managers from each city and county, and multiple agencies of the Commonwealth of Virginia, including:

- Department of Conservation and Recreation (DCR)
- Office of Intermodal Planning and Investment (OIPI)
- Virginia Department of Transportation (VDOT)
- Virginia Economic Development Partnership (VEDP)
- Virginia Information Technologies Agency (VITA)
- Western Virginia Water Authority (WVWA)



**Figure 2 Sources of data used for the suitability model**

To ensure consistency and compatibility between data from different sources, each dataset was clipped to a common geographic extent, defined by the project's study area, and assigned a common projected coordinate system (NAD 1983 Virginia Lambert (Meters)) when data were imported into the geodatabases created for mapping and analysis. Additional data processing and preliminary analysis steps were completed to standardize the data and ensure complete and continuous coverage for the study area, including:

- Aggregating land cover data from the Virginia GIS Clearinghouse to merge three regional datasets overlapping with the study region
- Combining water and sewer network data from multiple jurisdictions to generate a single dataset for each infrastructure type
- Merging city, county, and commonwealth boundaries for conservation land and easements

- Cleaning up boundary overlaps between Franklin County and Rocky Mount zoning data, and aligning boundaries with Smith Mountain Lake
- Calculating or joining additional values to GIS attribute tables based on road type classifications, zoning regulations, and assessed value for parcels (ex. computing improved value to land value ratio)
- Interpolating a Digital Elevation Model (DEM) and calculating percent slope using topographic contour data
- Generating buffer areas that represent regulatory constraints, such as river protection areas, utility easements, and setbacks from roads and railroad corridors
- Geocoding school addresses for the City of Salem to produce point locations

In addition to GIS data sources, other location-specific data and variables were derived from local reports and planning documents, including comprehensive plans, area plans, zoning ordinances, housing assessments, and digital map documents produced by municipal and county planning offices. A full list of the documents referenced to derive land suitability model inputs is provided in the appendix. The following table summarizes the key data inputs that were compiled for this study.

**Table 1 Land suitability data types**

| LAND USE AND LOCAL RESOURCES | DEVELOPMENT AND INFRASTRUCTURE | PLANNING AND LOCAL BYLAWS | OTHER DATA |
|---|---|---|---|
| Existing development and impervious surfaces | Existing residential, commercial, industrial, and institutional bldgs. | Base zoning and overlay districts | Administrative boundaries, Census block groups |
| Agricultural land, forests, wetlands and water bodies | Urban Development Areas / Designated Growth Areas | Future land use designations | Planning area and study area boundaries |
| Protected open space, local parks and recreation facilities | Public safety facilities, waste management sites | Parcels and assessor's data (lot size, improved and land value) | Airports, rail infrastructure |
| Trails and greenways | Existing and planned roadways | Historic districts | Public schools and universities |
| Natural hazard areas: flood zones, karst geology, steep slopes | Existing and planned public water and sewer service areas | River buffer areas | Hospitals, libraries |
| Historic and cultural resources, cemeteries | Utility easements, including the Mountain Valley Pipeline | Conservation easements | Topographic contours |

## Suitability Scores and Weights

The land suitability model was designed based on established land use assessment techniques that apply spatial analysis tools to assign scores to a range of categorical and numerical variables. These scores are then combined into an index that indicates the relative suitability for a particular land use.

There are many ways to implement this type of model using GIS – in this case a raster-based model was used, in which each study area is divided into a grid of cells and suitability scores are assigned to each cell based on:

- proximity (ex. within 50 feet of a road)
- category (ex. land use or zoning)
- or a simple binary score (0 or 1) indicating location within an area of interest (ex. UDAs).

The following examples illustrate how these scores were assigned based on land use and road proximity in Roanoke County. Water, wetlands, and existing buildings are indicated as the least suitable, while cleared land with minimal vegetation (areas classified as barren, scrub/shrub, pasture, etc.) are most suitable for residential development. Areas within 50 feet of the center of roads were considered not suitable, to account for the road right of way and an average setback distance. Areas close to the roads (between 50 and 200 feet) are considered the most suitable.

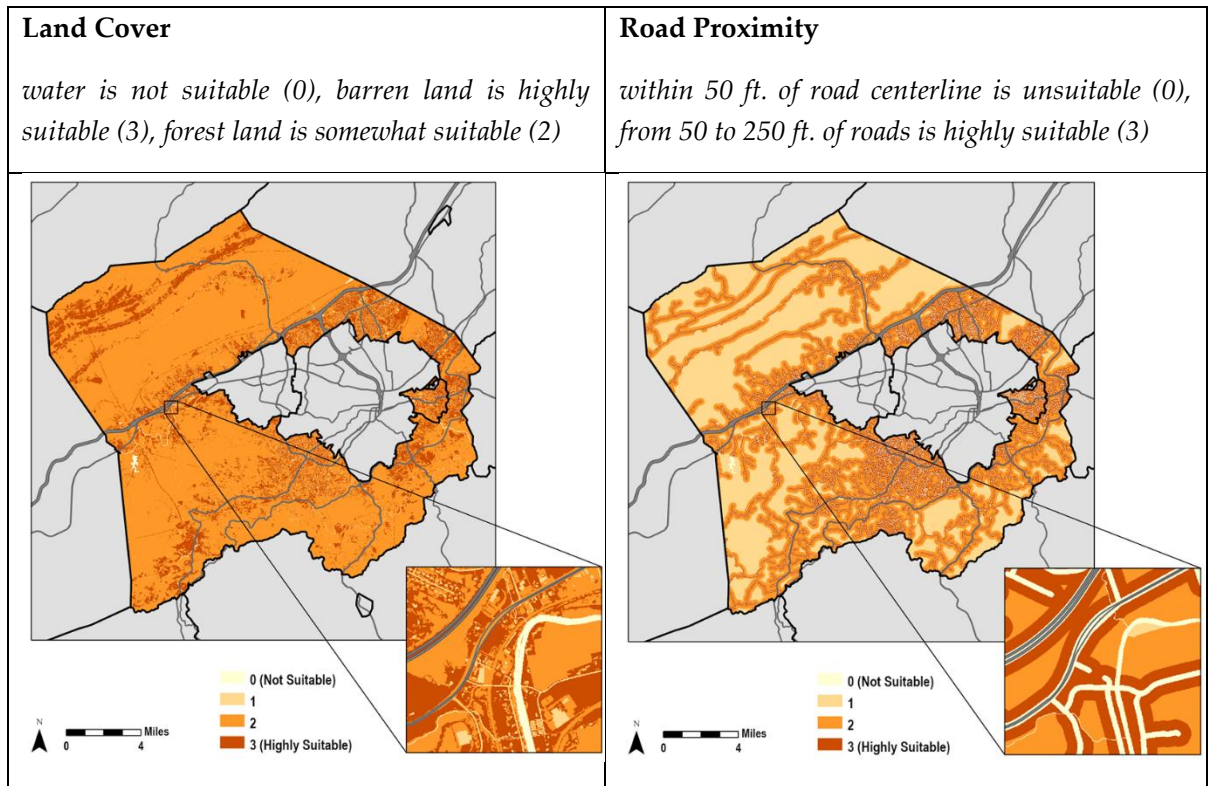| Land Cover | Road Proximity |
|---|---|
| *water is not suitable (0), barren land is highly suitable (3), forest land is somewhat suitable (2)* | *within 50 ft. of road centerline is unsuitable (0), from 50 to 250 ft. of roads is highly suitable (3)* |



Figure 3 Land suitability score examples

For this housing study, suitability criteria were selected based on a review of local planning documents and consultation with planning staff, with a focus on conditions that could support residential development in each jurisdiction. Numerical scores were assigned to each factor according to the level of development suitability, from high (score = 3) to low (score = 1), or not suitable at all (score = 0). Total scores were calculated using a weighted sum to combine the score of each factor.

The weight values range from Low (weight = 1) to Very High (weight = 7), and were based on initial discussions with local planners, then refined through further validation of the initial model results. The table below presents a summary of the suitability criteria, assumptions for each score, and the relative weights used in the model for each jurisdiction. Certain criteria were not factored into the analysis in some areas, for example, because some zoning or water resource protections were unique to the City of Roanoke they did not apply in other areas. Because of the scale of the regions and differences in mobility, the distance from public schools used wider ranges (1 to 5 miles) in the county geographies and smaller ranges (0.5 to 1.5 miles) in the cities. In total, the Roanoke County model included 13 criteria, 12 for Franklin County, 16 for the City of Roanoke, and 15 for the City of Salem.

**Table 2 Suitability criteria and weights**

| Suitability Criteria | Suitability Score | | | | Criteria Weight | | | |
|---|---|---|---|---|---|---|---|---|
| | High (3) | Medium (2) | Low (1) | None (0) | Roanoke County | Franklin County | City of Roanoke | City of Salem |
| Land Cover/Hydrology | Barren, Scrub-Shrub, Harvested-Disturbed, Turf Grass, Pasture | Impervious (parking), Forest, Tree, Cropland | Impervious (roads/buildings), Wetlands | Rivers/Streams, Lakes and Ponds | High | High | Very High | Very High |
| Protected Open Space / Conservation Easements | Not in conservation land or easement (score = 1) | | | Protected land | Medium | Medium | High | High |
| Topography | 0-15% slope | 15-25% slope | 25-35% slope | >35% slope | Low | Medium | Low | Medium |
| Flood Zones | Not in flood zone | 500 year flood zone | 100 year flood zone | Floodway | High | High | Very High | Very High |
| Urban Development Area | Located in UDA or Designated Growth Area (score = 1) | | | Not in UDA/DGA | Very High | High | | Very High |
| Distance from Roads | 50-250 ft. | 250-1000 ft. | 1000+ ft. | 0-50 ft.** | High | Medium | Medium | Medium |
| Distance from Major Roads | 50-250 ft. | 250-1000 ft. | 1000+ ft. | 0-50 ft.** | Very High | Very High | Medium | Medium |
| Distance from Public Water | 20-200 ft. | no medium score | 200+ ft. | 0-20 ft.** | Very High | Medium | Medium | Medium |
| Distance from Public Sewer | 20-200 ft. | no medium score | 200+ ft. | 0-20 ft.** | Very High | Medium | Medium | Medium |
| Distance from Railways | no high score | 100+ ft. | 50-100 ft. | 0-50 ft. | Low | Low | Medium | Medium |
| Distance from Greenways | < 0.5 mile | 0.5-1 mile | > 1 mile | N/A | | | High | High |
| Distance from Public Parks | < 0.25 mile | 0.25-0.5 mile | > 0.5 mile | N/A | | | High | High |
| Improved to Land Value Ratio* | 0 (or unknown) | 0.1-2 | 2 or more | N/A | | | High | High |
| Base Zoning# *(model was also run without zoning restrictions)* | 3+ Mixed Density Housing Types | 2-3 Mixed Density Housing Types | 1-2 Low Density Housing Types | No Housing Allowed | High | Medium | High | Very High |
| **Zoning Overlays** | | | | | | | | |
| Roanoke River Conservation | no high score | 100+ ft. | 50-100 ft. | 0-50 ft. | Low | | | |
| River & Creek Corridor | Not within 50 ft. of rivers and creeks (score = 1) | | | 0-50 ft. | | | Very High | |
| Design/Historic Districts | Neighborhood Design District | Historic Downtown & Neighborhood | Not in a design overlay | N/A | | | Low | |
| **Distance from Public Schools** | | | | | | | | |
| Counties | < 1 mile | 1-2 miles | 2-5 miles | > 5 miles | Very High | High | | |
| Cities | <0.5 mile | 0.5-1 mile | 1-1.5 miles | > 1.5 miles | | | Medium | Medium |
| *# includes zoning ordinances for Town of Vinton and Town of Rocky Mount* | | | | **Number of Criteria:** | **13** | **12** | **16** | **15** |
| *\* ratio of improved value to land value from assessed values (vacant land ratio = 0)* | | | | | | | | |
| *\*\* represents a setback or easement associated with the infrastructure network* | | | | | | | | |

## Constraints

In addition to calculating land suitability scores for each jurisdiction, a separate score was computed for development constraints. These constraints represent the suitability criteria that are considered not suitable, areas where development would not be feasible due to physical barriers or regulatory restrictions associated with infrastructure or land use.

The table below shows which constraints were included for each locality. In some cases, the constraint was not present in all areas, such as the Mountain Valley Pipeline. For others, such as karst geology and cemetery parcels, data was only available in certain jurisdictions. The Roanoke County model included the most constraints, 13 in total, while Franklin County had the fewest with 10 constraints.

Table 3 Development constraints by jurisdiction

| Constraints | Development Constraints | | | |
| --- | --- | --- | --- | --- |
| | Roanoke County | Franklin County | City of Roanoke | City of Salem |
| Land Cover/Hydrology: Impervious (buildings/roads), Wetlands, Rivers/Lakes | X | X | X | X |
| Protected Open Space / Conservation Easements | X | X | X | X |
| Base Zoning: residential not allowed | X | X | X | X |
| Topography: > 35% slope | X | X | X | X |
| Flood Zones: Floodway only | X | X | X | X |
| Karst Geology: within karst formation | X | | X | X |
| River Conservation Buffer: within 50 ft. of river | X | | X | |
| Distance from Roads: within 50 ft. of centerline | X | X | X | X |
| Distance from Public Water: within 20 ft. of network | X | X | X | X |
| Distance from Public Sewer: within 20 ft. of network | X | X | X | X |
| Distance from Railways: within 50 ft. of centerline | X | X | X | X |
| Mountain Valley Pipeline: permanent easement | X | X | | |
| Cemetery parcels | X | | | |
| Greenways: within 20 ft. of network | | | X | X |
| **Number of Constraints:** | 13 | 10 | 12 | 11 |

## Assumptions and Limitations

As with any model, some simplifications were necessary to represent real-world conditions using this conceptual approach to evaluating land suitability. The break values selected for distance from critical infrastructure and scores assigned to different types of land cover, for example, represent assumptions made as part of the model development. Site-specific factors may change the applicability of these assumptions, but they are considered representative of potential development conditions at the regional and neighborhood scale.

Additionally, errors or omissions may be present in the GIS data and documents used to develop the model. One such known data gap is the water and sewer infrastructure in eastern Roanoke County. Data was collected for these infrastructure networks in Vinton, but it did not cover the areas connected to this system east of the Vinton border. Also, cemetery locations were included in the data for Roanoke County, but not other areas.

Overall, this model represents a regional decision support tool, using the best available data at the time of this report's writing. For more detailed parcel-level assessment of suitability and constraints, additional site surveys and mapping should be performed by qualified professionals. These models are intended to prioritize pre-selected development sites and identify potential

infrastructure needs and other factors that could facilitate housing production. Other uses of this model should consider the assumptions and limitations outlined in this report.

## Site Identification

Development of the land suitability model was organized to capture local planning and development knowledge at critical stages in the process, specifically:

- **Data collection and processing:** determining key datasets and relevant local plans and bylaws
- **Suitability model configuration:** identifying potential development areas and discussing initial weights for suitability factors
- **Selection of final sites:** providing feedback on the suitability and constraints of selected sites
- **Site recommendations:** offering input on types of housing, zoning, incentives, and infrastructure

At each stage more of this local knowledge of land use, planning, and development conditions was integrated into the land suitability model configuration and helped to refine the areas suggested as sites of potential housing development.

## Site Selection

The ultimate objective of model is to evaluate the development potential of an initial list of sites, with the goal of prioritizing three sites within each jurisdiction. The sites were identified as follows:

4. Initial discussions with planning staff (August 2020)

   - The model development team conducted Zoom calls with planners from Vinton, Rocky Mount, City of Roanoke, Roanoke County, and Franklin County.

   

   Figure 4 Mapping potential development areas

   - Discussions centered on recent development trends and sites with potential for residential development, based on local knowledge and interest from developers. Initial locations were marked on a custom Google Map and saved to a GIS file.
   - Planners were also asked to provide a preliminary distribution of importance to each category of suitability criteria.

5. Site delineation and validation (September 2020)

   - Based on the locations identified with planners, parcels and larger areas were identified and assigned an ID. Associated parcel numbers and addresses were tabulated for each site.
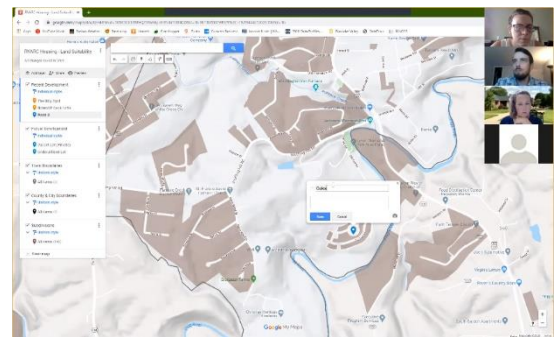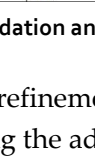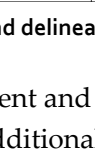
- Information on the preliminary sites was sent back to planning staff for validation
- Another discussion with senior planning staff in Roanoke County led to the identification of additional potential development areas.
- Initial sites were identified for the City of Salem, using future land use data, aerial imagery, and other reference datasets. A meeting with their planning staff could not be coordinated until November 2020, at which point the initial sites were modified.
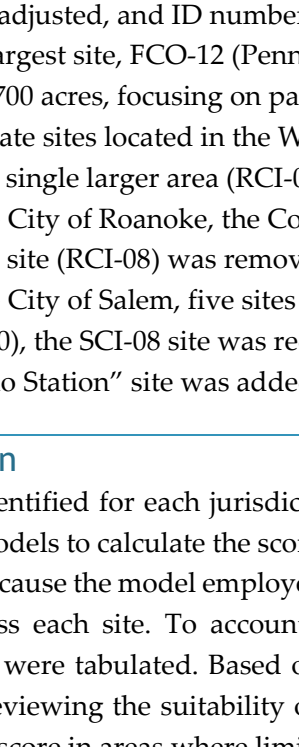


**Figure 5 Development site validation and delineation**

6. Development site refinement and consolidation (October-November 2020)
   - After reviewing the additional feedback, potential development area boundaries were adjusted, and ID numbers were updated to reflect the final selected sites.
   - The largest site, FCO-12 (Penn Hall Road), was reduced from over 1,000 acres to just over 700 acres, focusing on parcels directly adjacent to Smith Mountain Lake.
   - Separate sites located in the West End area of the City of Roanoke were consolidated into a single larger area (RCI-03).
   - In the City of Roanoke, the Countryside site (RCI-11) was added, and the Jefferson Street site (RCI-08) was removed – it is slated to be part of a special corridor
   - In the City of Salem, five sites were removed (SCI-01, SCI-03, SCI-05, SCI-09, and SCI-10), the SCI-08 site was redefined to eliminate an area with steep slopes, and the "Radio Station" site was added (SCI-07).

## Site Evaluation

The final sites identified for each jurisdiction were incorporated into their respective suitability and constraint models to calculate the scores and compare the development potential within each site boundary. Because the model employed a grid-based approach, the suitability and constraints scores vary across each site. To account for the range of scores, the average suitability and constraint scores were tabulated. Based on feedback from the project steering committee, there was interest in reviewing the suitability of each site without considering current zoning, which would lower the score in areas where limited housing types are permitted by right.

The following section presents a summary of the scores for each version of the model, organized by jurisdiction. Final selection of potential housing development sites also considered the area and

configuration of the parcels within each site, as well as local housing market conditions and the type of housing each site would be likely to support. At the end of each section, a summary of the top three sites is presented, including a close-up view of the site, a map of key constraints, and other important details, including: site area, zoning, and location relative to UDAs, zoning overlays, and historic districts.