



H O M E

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R A N G E

LOW INTEREST RATES AND A GROWING ECONOMY DON'T ALWAYS OPEN DOORS  
FOR HARDWORKING PEOPLE HOPING TO PURCHASE A HOME.

**FIRST IN A SERIES OF ARTICLES ABOUT AFFORDABLE HOUSING IN HAMPTON ROADS**

**BY KRISTEN DE DEYN KIRK | PHOTOS BY KATHY KEENEY**



**Andy Friedman, director of housing and neighborhood preservation for the City of Virginia Beach, says that a \$14.55 per hour worker could afford a \$650 a month apartment. The city has about 1,000 such apartments — but only eight are vacant.**

According to the report, the average U.S. worker must earn at least \$11.28 an hour to afford the rent on a modest one-bedroom apartment or \$13.87 an hour for a two-bedroom apartment.

While the news that the median paycheck in the United States is \$16.97 an hour sounds encouraging, the fact that 2.7 million Americans work for minimum wage isn't.

The news isn't good in Hampton Roads either.

The United States Department of Labor reports that about 29 percent of our workers are "blue-collar" and earn an average of \$14.55 an hour; another 21 percent are in "service occupations" and earn \$9.69 an hour.

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The \$9.69 an hour worker could rent a \$450 a month apartment — but only seven are vacant.

The two workers would find a hunt for a house even more frustrating: This year, the median, single-family home in Virginia Beach was assessed at \$151,900. A person would need to earn \$23 an hour — \$46,000 a year — to afford the home. And that's only if he or she qualified for a 6.5 percent mortgage.

Of course, the \$14.55 an hour worker and the \$9.69 an hour worker could rent a more expensive apartment or buy a more expensive house. Their housing, however, would not be considered "affordable," which is commonly defined as requiring 30 percent or less of a person's income.

Many Virginia Beach residents, knowingly or unknowingly, stretch their housing budget: 37.8 percent of renters spend more than 30 percent, and so do 24.8 percent of homeowners.

**GREAT NECK LAKEFRONT**—Lovely cul-de-sac lot with lake access and in-ground pool. Hardwood floors, new kitchen with stainless steel appliances, plus 3 new baths! \$365,000

**FRIEDMAN HAS BEEN HEARING** the mantra "affordable housing, affordable housing, affordable housing" often from concerned citizens. Low interest rates on mortgages for the last few years have meant that more people can afford houses — and the increased demand has led to cutthroat competition, especially in Virginia Beach, where the schools are good and crime is low. Sellers entertain offers from buyers within hours of erecting their signs. And they don't just get their asking price, they get five, ten, fifteen thousand more. The result: The average house value in Virginia Beach grew by \$67,000 over an eight-year period. People looking to build new houses saw an even bigger leap — a \$126,000 increase in price.

Also getting people's attention and inspiring them to jump on the affordable housing welcome wagon were reports about Wedgewood Mobile Home Park closing this October, leaving about 900 families to find new homes, and Colony Mobile Home Park possibly closing. The City of Virginia Beach would like to use the Colony site to relocate Virginia Beach Middle School. Some 500 people could be displaced. (See photo essay following this story.)

This spring, two new groups were formed to address affordable housing.

Empower Hampton Roads, after extensively polling its membership from 28 congregations, made the issue its number-one priority.

Empower Hampton Roads President William Booth, pastor of First Baptist Church in Hampton, says many members had experienced their own struggles with housing.

"One mother told us about how her grown daughter had to come back home because she

## **T**HE FAMILY SITTING IN THE REAL ESTATE AGENT'S OFFICE

looked like they had descended from heaven.

The 20-something man, who had recently graduated from clergy school, sat next to his beautiful wife and young child.

The husband and wife smiled ear to ear, beaming with possibilities.

They were ready: They wanted to settle down in Virginia Beach, and to do that, they needed a house.

The agent searched her computer for one priced at \$80,000, the amount a bank said the couple could afford.

She couldn't find any, though, so she searched for houses sold recently at that price, thinking she could at least direct the family to neighborhoods where they might one day live.

They could drive around, dream, and pounce if they happened to see a new for-sale sign go up.

But the agent didn't find any houses that had sold for \$80,000.

She upped the search to \$100,000 and, finally, she found one that had sold — back in October 2003.

Far more common are listings like this one:

**BEACH BOROUGH**—Perfect beach cottage with 2,100 sq. ft., 3 bedrooms, 3 baths, open kitchen, 2-story family room, loft and 500 sq. ft. deck! \$314,900.

**THE CHALLENGE OF FINDING** affordable housing is by no means new. Minimum-wage earners and people making even dollars more per hour have long struggled to pay their monthly rent. The title of the National Low Income Housing Coalition's 2003 report, "Out of Reach," reminds these workers of what they already know.



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couldn't afford an apartment,” says Booth. “Another man agonized over selling his apartment building. He was concerned the new owner would gut the place and turn it into expensive condos.”

Ninety people have signed up to serve on an Empower Hampton Roads committee that will recommend and work to implement changes.

Virginia Beach's Friedman also started a partners group to solicit solutions. At the second meeting of the Quality Workforce Housing Subcommittee, held this June at the Contemporary Art Center of Virginia (CACV), representatives from the City's Human Rights Commission, the Greater Hampton Roads Realtors Association, Tidewater Builders Association, Virginia Housing Development Authority and Bank of America reviewed the challenges they face:

- Virginia Beach has a shortage of land – thanks to the Green Line.
- House seekers outnumber houses for sale.
- A gap exists between wages and housing costs.
- Those who can afford a house can't save the required down payment.
- Residents aren't knowledgeable about house buying.
- People have negative attitudes toward affordable housing and exhibit the NIMBY (Not In My Back Yard) syndrome.
- Developers face exorbitant costs because of city regulations.
- Some areas may already be overpopulated.

The possible solutions to the problems are multiple as well, says Friedman: Programs, especially federal-funded housing vouchers, help. (Virginia Beach

currently spends \$12 million a year in Section 8 vouchers. Residents pay 30 percent of their pay for their housing, and the city pays the rest. Virginia Beach also sponsors program that assist first-time homeowners with down payments).

Partnerships with builders and non-profit organizations can lessen housing rehab and land development costs, and land use policies, such as density bonuses, can encourage builders to create affordable homes.

The list of solutions is even longer in other communities across the country. Down payment gift programs and loans requiring low down payments are available; fees can be waived for developers who build affordable houses; and employers can offer assistance with forgivable down payment loans. An employee borrows the money, and the employer forgives a certain amount each year for five years.

The employee gets a house, and the employer gets a loyal employee.

City Councilwoman Rosemary Wilson, a real estate agent, served as the Quality Workforce Housing committee's official leader. Two years ago, she probably would not have been part of the group.

“The feeling was,” she says, “that we had enough affordable housing. A lot has happened...the market has gone crazy, and prices have gone way, way up. There's a recognition that's growing that people need to be able to have quality, [an] affordable place. If you work here, you should be able to live here.”

Iva Nash, who became president of the Virginia Beach Education Association last Thursday, couldn't agree more.

“The problem is pretty big,” she says, “especially for young teachers (who are paid \$34,000 to start.) A lot are now

looking at [living and working in] Chesapeake and Suffolk.”

Nash knows one young teacher who lives in a townhouse and recently filed for bankruptcy. Another teacher, a single mother of two, receives housing subsidies.

Councilwoman Wilson believes some City police officers, who also earn \$34,000 a year to start, are struggling as well.

“If we don't do anything,” she says, “where will we be?”

**WEST NECK** – Retire in quiet elegance at West Neck in this extraordinary all-brick home. Panoramic view of the lake and golf course! \$494,900

**DAVID RUSK, A HOUSING CONSULTANT** from Washington D.C., asked a different question when he visited Hampton in June for an Empower Hampton Roads meeting:

*Where would we be right now if we had done something during the 1990s?*

Rusk showed his audience slides of two houses and asked the group to identify which house cost \$500,000 and which cost \$165,000.

Virginia Beach Housing Director Friedman didn't know.

Rusk was illustrating a concept Friedman and his staff are exploring: Inclusionary zoning, which requires builders to set aside a certain percentage of houses in a new development as “affordable.”

At least 130 cities in the United States have inclusionary zoning laws on the books and, because of the regulations, about 13 million people live in mixed-income housing.

The concept is especially popular on the West Coast: Approximately 20 per-

## LEARN MORE ABOUT AFFORDABLE HOUSING

The Contemporary Art Center of Virginia is hosting the HOME House Project through July 18. The project, started by David Brown, senior curator at the Southeastern Center for Contemporary Art in Winston Salem, North Carolina, features the winners of an architecture design contest. Over 400 participants submitted plans for constructing affordable houses (within Habitat for Humanity guidelines) that are also environmentally friendly. The second half of the HOME House Project involves the actual building of some of the homes in the Winston Salem area. Call 425-0000 for more information.

Empower Hampton Roads will hold its first affordable housing committee meeting on July 8 at 7 p.m. at Sacred Heart Church, 520 Graydon Ave., Norfolk. Call Lead Organizer Angela James at 615-1006.

New participants are welcome to join the Virginia Beach Department of Housing Partners Group. Call Andy Friedman, director of housing and neighborhood preservation, at 426-5750.

cent of the counties in California mandate inclusionary housing. Communities closer to Hampton Roads — Fairfax County and parts of Washington D.C. — do so also.

Who qualifies to buy the “affordable homes” varies by the community. Some cities make the majority of homes available to residents earning less than 80 percent of the city’s (or the region’s) median income (Hampton Roads’ is \$54,000); others up the earning maximum to 120 percent of the median income.

Some lower it to 50 percent.

The overwhelming majority — 95 percent — of the communities offer builders density bonuses — which means the builder can erect more units per acre than allowed by law. Selling more homes can make up for charging less for some.

The home price or apartment rents are frozen permanently or from 10 to 99 years.

Inclusionary zoning can help moderate income people live in communities that would otherwise be inaccessible to them.

One of the greatest benefits: Children can attend high-performing schools.

Montgomery County, Maryland developed one of the country’s first inclusionary zone policies in 1973. If a developer plans to build 35 units or more, he must set aside 12.5 to 15 percent of the units for affordable units. In return, the developer may increase the total number of units by up to 22 percent. Over 11,000 affordable units have been created in so far.

According to Rusk, Montgomery County is one of the country’s ten wealthiest counties and the number one center for bio-medical research.

It is also one of the country’s most racially and economically integrated communities.

No one can say for sure what would have happened if inclusionary zoning was practiced in Hampton Roads in the ’90s, but Rusk speculates: Working with the fact that 109,400 “housing units” were built here during the decade, he says that about 6,500 workforce units and 3,250 welfare-to-work units would have been built in new subdivisions in growing job centers.

“Adopting a Montgomery County-type inclusionary zoning law,” he writes in his report, *Specifications for a Model Inclusionary Zoning Law*, “would be the most important single step that any metro area could take to

reverse the trend toward greater economic segregation.”

**CHURCH POINT** — Wonderful brick residence with 6 bedrooms, finished 3rd floor bonus room, gourmet kitchen, lovely master suite, large back yard and more! \$697,000

**WHEN VIRGINIA BEACH MAYOR** Meyera Oberndorf took the stage at last Wednesday’s affordable housing forum at CACV, she didn’t share her woes over having her purse stolen when she recently attend a national mayors’ conference in Boston last week.

Instead, she proudly showed off the t-shirts she had worn while helping build a new Boston Habitat for Humanity home.

The mayor also hinted that she had a bout of jealousy while at the conference. Santa Barbara had been presented a “livability award.”

The honor was given because of their innovative housing program. The city had encouraged residents to live near the town’s center, work nearby and give up their cars. Willing, financially qualified residents were rewarded with affordable apartments and easier commutes.

“With this group,” Oberndorf said as she looked at the audience of city and state leaders, developers and concerned citizens, “answers will be found [in Hampton Roads] and opportunities given.”

Whether or not the answers will include inclusionary zoning remains to be seen.

The regulation can be a tough sell. A new report by San Jose State University states that inclusionary zoning raises home prices. The zoning laws added \$22,000 to \$44,000 to home costs in San Francisco, where the median home price soars at \$525,000.

The report argues that the upper-end homes subsidize the lower end and that middle-class wage earners lose big: They don’t make enough to buy the high-end house but they make too much to qualify to buy the low-end house.

Construction dropped in the Bay area after the inclusionary laws took effect, with cities averaging only 15 new houses over the last year.

Homeowners in other communities have worried about price deflation, and unfortunately, they’ve also voiced class-related prejudices.

A study conducted by Housing Illinois, a coalition of affordable housing groups, reflects the internal battle some homeowners experience over the concept of affordable housing. Researchers polled residents outside of Chicago and found that 48 percent strongly supported bringing affordable housing to their community; 35 percent would offer some support; and 17 percent would not support it at all.

The numbers changed for the worse when researchers dug deeper: 66 percent had concerns about the property being maintained properly and were worried about criminal activity caused by new residents.

But the potential for NIMBY-ism won’t deter some local leaders.

Robert Jenkins, Jr, interim executive director of the Norfolk Redevelopment and Housing Authority, articulated as much as he spoke at the affordable housing forum.

“We should have more mixed income housing,” Jenkins said, “so there is less of a stigma of ‘that’s where the poor people live.’”

Housing Virginia, a committee Housing Director Friedman sits on, is test marketing an advertising campaign designed to combat NIMBY-ism.

Television, newspaper and radio ads will run in August in Charlottesville, and pre- and post-campaign surveys will judge their effectiveness. The campaign, if successful, will be used in Hampton Roads.

Says Friedman: “We have to overcome the idea that income equals character.” ■

*The real estate listings above appeared in a one-page advertisement in The Virginian-Pilot At Home section on June 26, 2004. Only 13 of the 57 listings in the ad featured homes priced under \$200,000. Three of those encouraged investors to purchase the homes.*