HOUSING

INTRODUCTION

Since the housing needs of the County's residents can be expected to change and because the provision of housing is affected by the actions of the County and Town governments, it is necessary to plan to meet both present and future housing needs. This section considers the housing market in Shenandoah County, the need for housing, and the projected changes in the total housing stock through 2020.

HOUSING MARKET

Shenandoah County is defined as a basic housing market. As of 2000, 65.2% of its workers lived and worked in the County. The County is also part of the regional housing market, offering relatively lower-cost housing than Clarke County, Frederick County-Winchester, Rockingham County-Harrisonburg, or Warren County. Further, the County is a sub-market of the Washington, D.C. Metropolitan Area housing market. Because of the access to the metropolitan area afforded by I-81 and I-66, families with their primary income from that area consider Shenandoah County as a place to live.

The current housing market in the County is very active. According to 2000 Census data, 40 percent of the population aged 5 years and older were located in a different housing unit in 1995. There is now interest in building relatively larger housing developments by nationally-known construction firms, something that had not been seen before this decade.

Demand For Housing

A major concern for the County is the demand for housing. Based on the Federal Housing Administration market analysis criteria, the major determinants of demand are: 1) the rate of growth in the number of households; 2) income and employment patterns; 3) liquid asset holdings, down payment and mortgage term requirements; and, 4) space, convenience and style requirements.

The household is the basic unit of demand. Each household requires a dwelling unit, or housing. The terms "dwelling unit" and "housing" are used interchangeably. The following definitions apply:

Dwelling unit - A house, manufactured home, apartment, group of rooms, or single room occupied or intended for occupancy as separate living quarters.

Household - All of the persons who occupy a dwelling unit. They may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements, except those in group quarters.

Growth in Households

In 1990, Shenandoah County's average household size was 2.50 compared to 2.63 for the United States. In 2000, the national average was 2.59 persons per household which was again higher than the 2.42 persons per household in the County at that time.

A continued decline in the size of households is predicted through the year 2030. Table 6-A, below, shows the projections of the persons per household and total number of households in Shenandoah County.

The declining household size means that housing units will be required at an even higher rate than the population growth. A 10.9% increase in population between 1990 and 2000, combined with a decline in the average household size, generated a 14.8% increase in the number of households. Between 2000 and 2010, a projected 11.5% population increase would yield a 13.4% increase in households. In total, for the projection period between 2000 and 2020, a 22.6% increase in population is expected to generate a 26.4% increase in the number of households.

TABLE 6-A
PROJECTIONS OF HOUSEHOLDS

	Actual		Projections	
	1990	2000	2010	2020
Population	31,636	35,075	39,400	43,000
Persons not in Households	530	513	520	520
Person per Household	2.50	2.42	2.38	2.35
Number of Households	12,452	14,296	16,336	18,077

Sources: U.S. Bureau of the Census, Census of Population & Housing,1990 & 2000.
Virginia Employment Commission, Population Projections
Northern Shenandoah Valley Regional Commission, Projections of Households, 2004.

Income and Employment Patterns

The economic characteristics of the County are discussed in detail in Chapter 4 - Economy. This section will consider the distribution of income as it affects the housing market.

The most recent data available is 2002 income tax returns for the State of Virginia, and it is presented in nine income ranges with the highest being $75,000 and above. Of major concern to a builder is the price range affordable to new householders. To determine what ranges might exist in the County, the 2002 distribution of married couple Adjusted Gross Income (AGI) was used to project the income of new households. This assumes that married households will represent the majority of new households and that the income distribution among these households will be approximately the same for the near future as that in 2002.

Table 6-B on the next page uses this information as follows: Column 1 shows the nine income ranges. Column 2 computes the affordable range of housing costs for a household in each income range. Column 3 then computes the affordable total monthly housing cost at 30 percent of the gross monthly income. This figure is a currently-accepted guide for total monthly housing cost. This figure is then multiplied by 75 percent to determine an affordable mortgage or rental payment, shown in Column 4. The remaining 25 percent is to cover utilities, maintenance, taxes, insurance, and other incidental housing costs. Depending upon which costs are included in the rental payment, the rent figure may equal Column 3, total monthly housing costs.

Column 5 shows the 2002 distribution of income for Shenandoah County married households. Column 6 and 7 is the distribution of total anticipated households between 2000 - 2010 and 2010 - 2020, based on the 2002 distribution. Total new households are the same as shown in Table 6-A.

Based on affordable housing costs, most of the lower income households will be unable to find homes that can be purchased on their incomes and will, therefore, probably seek rental units. In order to get adequate housing, these households may have to spend more than 25 percent of their income. Households in all income ranges may be willing to spend more than 25 percent of their incomes for housing. In part, for these projections to occur, the local economy must continue to expand.

TABLE 6-B
SHENANDOAH COUNTY
DISTRIBUTION OF NEW HOUSEHOLDS BY AFFORDABLE HOUSING COSTS

Income $	Affordable Housing Range at 2 and 2-1/2 Times Gross Annual Income ($)	Affordable Total Monthlly Housing at 30% Gross Monthly Income ($)	Affordable Mortgage or Rental Pay-ment at 75% Total Monthly Housing Cost	2002 Distribution of Income for Married Households %	Distribution of New Households 2000-2010*	Distribution of New Households 2010-2020
Less than $ 9,999	to $20,000	$ 250 maximum	$ 188 maximum	13.0%	249	243
$10,000 to $14,999	$ 20,000 to $ 37,000	$ 250 to $ 375	$ 188 to $ 281	4.0%	77	75
$15,000 to $19,999	$ 30,000 to $ 50,000	$ 375 to $ 500	$ 281 to $ 375	4.6%	88	86
$20,000 to $24,999	$ 40,000 to $ 62,500	$ 500 to $ 625	$ 375 to $ 469	5.6%	107	105
$25,000 to $29,999	$ 50,000 to $ 75,000	$ 625 to $ 750	$ 469 to $ 563	5.7%	109	106
$30,000 to $39,999	$ 60,000 to $100,000	$ 750 to $1,000	$ 563 to $ 750	12.1%	232	226
$40,000 to $49,999	$ 80,000 to $125,000	$1,000 to $1,250	$ 750 to $ 938	13.1%	251	245
$50,000 to $74,999	$100,000 to $187,500	$1,250 to $1,875	$ 938 to $1,406	24.8%	474	462
$75,000 or more	$150,000 or more	$1,875 or more	$1,406 or more	17.1%	327	319
			TOTAL	100.0%	1,914	1,867

NOTE: Totals have been corrected to account for rounding.

SOURCE: Weldon Cooper Center for Public Service, University of Virginia, Virginia Adjusted Gross Income by Income Class and Locality, 2002.

Liquid Asset Holdings and Financing

This category of determinants is difficult to predict. Mortgage interest rates and down payment requirements may be variable over time. Down payment requirements for banks are generally held to a 20 percent minimum; to finance greater than 80 percent of the value, banks will require private mortgage insurance (PMI). Credit unions may allow a lower down payment. Lower down payment loans are also offered through the Virginia Housing Development Authority or Farmers Home Administration for low and moderate income households who are first time buyers. The most important figure for the home buyer is the monthly housing payment. Those households with little or no liquid assets will need State and Federal programs to make home ownership within their reach.

Those new households which consist of retirees or out-commuters are likely to have higher assets with which to purchase housing in the local market. Both of these groups either come primarily from or travel to the Washington Metropolitan Area. They may have equity from the sale of property or be earning higher wages relative to the area, and thus be able to afford more costly housing than the typical Shenandoah County family. This may also be true with respect to households in higher income jurisdictions within the Planning District.

Space, Convenience, and Style

The County's housing consists primarily of single-family, detached, owner-occupied homes; 13,208 out of a total 16,709 houses (79%) were included in that category in 2000. Although most households would prefer that type of home, many may not have the resources to buy such a home in the future. Over the last two decades, there has been a demand for more rental units to serve the increased number of small households and those families which cannot afford, or may not wish to buy, a home. These demands are now being met by the sale or rent of townhouse units and by apartments. More apartment construction may be anticipated in the future, along with efforts to convert large single-family homes into apartment units.

HOUSING NEED

If all existing housing units met minimum standards, the housing market would only require the addition of enough units to meet the growth in households with enough surplus to provide an adequate vacancy rate. However, not all housing units meet standards for adequacy, so substandard units must be brought up to standards or new units provided to replace substandard units.

Adequacy of the housing stock was measured only indirectly in the 2000 Census. The two most common indicators of substandard units are overcrowding -- defined as 1.01 or more persons per room -- and a lack of complete plumbing facilities for exclusive use of the household. Since an overcrowded unit may be otherwise adequate, the best available indicator of structural inadequacy is lack of complete plumbing.

In 2000, 290 (2.0 percent) of the occupied housing units lacked one or more plumbing facilities for the exclusive use of the occupants. Plumbing facilities were hot and cold piped water, a flush toilet, and a bath tub or shower.

Another measure of adequacy has to do with the cost of a unit compared to household income. If the household is paying more than 25 to 30 percent of its gross income for housing, including utilities, then the unit (whether structurally standard or not) may be considered too costly relative to the household income. In some respects this is a measure of the adequacy of the income; however, it also indicates to what degree the market does not provide adequate housing at certain price levels.

Additional data on the 1980, 1990, and 2000 housing stock are shown in Table 6-C, below. Due to the existence of a second home housing market in the County, there is also a large stock of homes held for occasional use. They are generally suitable for year round occupancy and therefore, if so utilized, on a wide scale, could result in a rapid increase in population without the construction of more new units.

TABLE 6-C
SHENANDOAH COUNTY HOUSING STOCK
1980-2000

	1980	% of Total	1990	% of Total	2000	% of Total
Total Year-round	11,861	100	15,160	100	16,709	100
Vacant-For Sale/Rent	423	3.6	352	2.3	372	2.2
Not for Sale/Rent	371	3.1	507	3.3	579	3.5
Held for Occasional Use	1,032	8.7	1,849	12.2	1,462	8.7
Total Occupied	10,035	84.6	12,452	82.1	14,296	85.6
Owner	7,622	76.0*	8,903	71.5*	10,462	73.2*
Renter	2,413	24.0*	3,549	28.5*	3,834	26.8*
In-Town	3,877	32.7	4,976	32.8	5,771	34.5
Out-of-Town	7,984	67.3	10,184	67.2	10,938	65.5

Sources: Census of Housing, 1980, 1990, 2000, U.S. Bureau of the Census

Notes: *(As percentage of total occupied.)

The housing market is the system which currently allocates housing resources within the County. In simple terms, people buy or rent the kind of housing they can afford on their income. The Virginia Housing Development Authority and Farmers' Home Administration expand the range of choice for low and moderate income households through their loan programs.

U.S. Department of Housing and Urban Development Section 236 and Section 8 rental housing program units provide some assistance to renters, either through direct subsidies or interest rate subsidies for construction of units, as does the Farmers Home Administration Section 515 Rural Rental Housing Program. There are over 800 subsidized units in Shenandoah County as of 2004.

The County recognizes the need for additional affordable housing, and encourages small developments of it dispersed in and around the towns and public service areas. In addition, the existing housing stock should be preserved, and upgraded where necessary. Substandard housing should be brought up to code wherever possible.

Housing Stock Improvement

Substandard housing units should either be brought up to standard by rehabilitation or removed from the housing stock. Due to the high costs of new construction, it is expected that most such units would be rehabilitated. Many homeowners cannot afford to move, and therefore choose to improve their current homes. Some families purchase older but larger and perhaps substandard structures and gradually improve them, which gives them more square footage of living space than they could purchase outright in perfect condition. Other substandard units may have to be replaced.

An objective for the County is for all year-round housing units to meet the standards by the year 2020. This could be achieved by encouraging the elimination of half of the substandard housing units in each of the next two decades. Using lack of complete plumbing as the best available indicator of adequacy, the 1980 substandard housing stock was 975 units, or 8.2% of year-round units. By the year 2000, this was reduced to 290, and a goal is to reduce the balance to zero by 2020.

Replacement of Losses

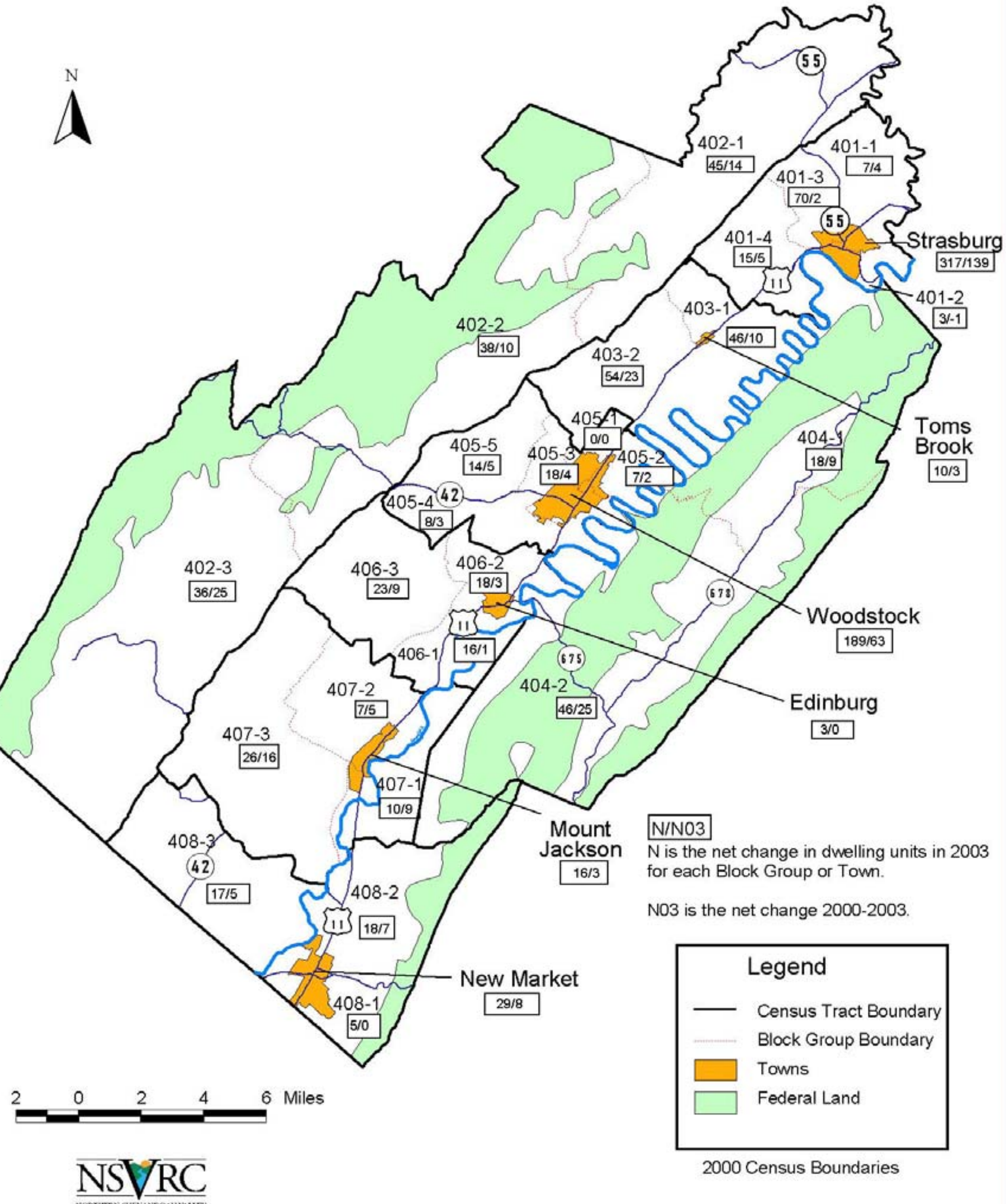
In addition to planned replacement of substandard units, other losses can be expected to occur in the housing stock. Units are lost due to: deterioration to a point where they are unfit for habitation; natural disasters such as fire and flood; man-made changes such as conversion to non-residential uses, or to group quarters, or removal from the site. Based on previous changes, documented by the U. S. Bureau of Census Components of Inventory Change, approximately 6.4 percent of each decade's beginning housing stock is lost. This percentage is applied to the projections in Table 6-E on page 6-13.

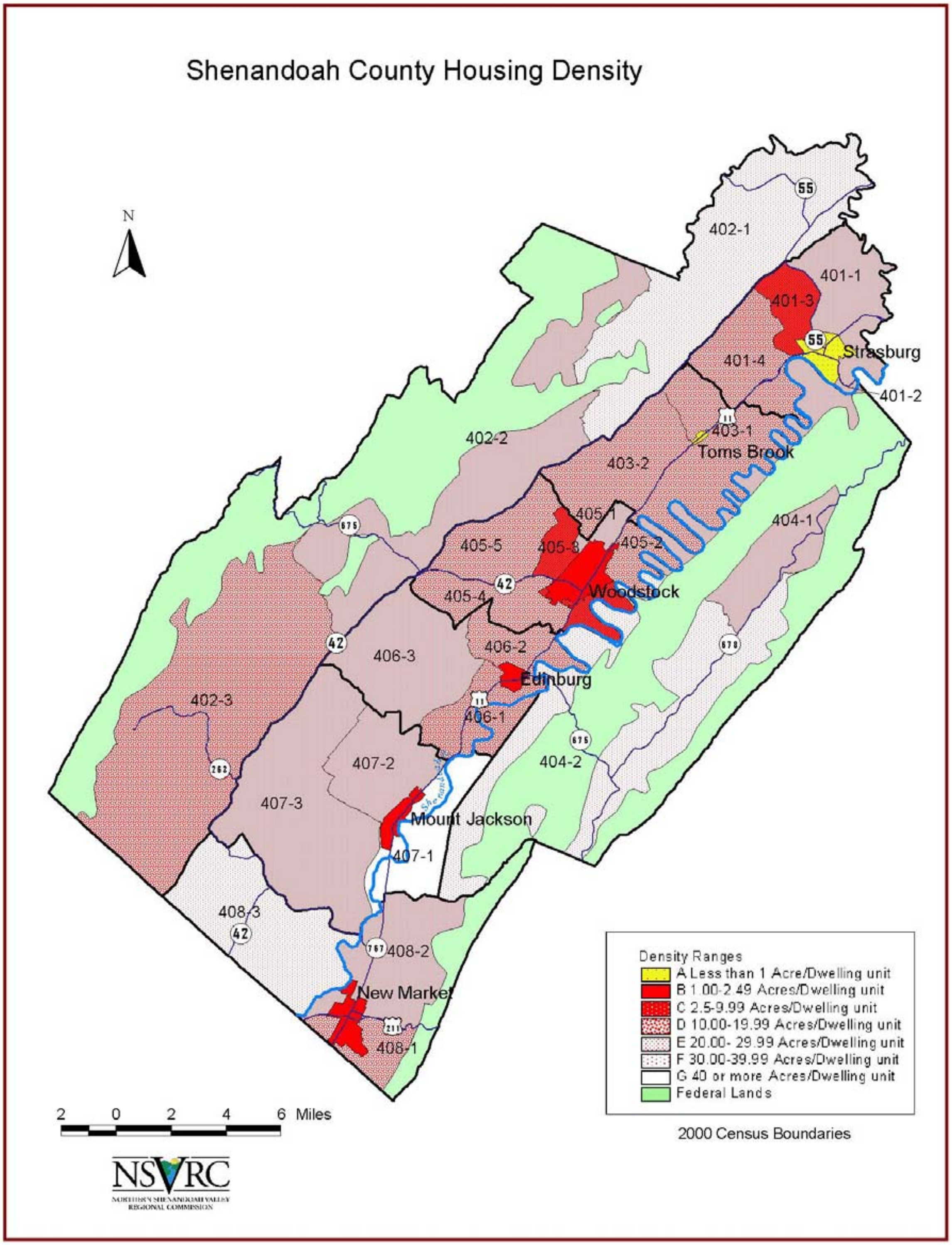
Current Estimates

The most current estimates through 2003, based on building permit data are shown in the Housing Data Report table on the next page. The 2000-2003 growth figures and resulting densities are also shown on the following two maps. These three pages were extracted from the Annual Housing Report prepared by the Northern Shenandoah Valley Regional Commission, and show that the housing growth rate has increased (9.2% for 2000-2003 compared to 10.2 for the last decade).

[Insert NSVRC 2003 Housing Table here – it is in M.S. Word Format – print separately!]

Shenandoah County Housing Analysis Areas




Shenandoah County Housing Density
N
402-1
401-1
401-3
401-4
Strasburg
401-2
403-1
Toms Brook
403-2
402-2
405-1
405-5
405-3
405-2
404-1
405-4
Woodstock
406-3
406-2
Edinburg
402-3
406-1
407-2
404-2
407-3
Mount Jackson
407-1
408-3
408-2
New Market
408-1
Density Ranges
A Less than 1 Acre/Dwelling unit
B 1.00-2.49 Acres/Dwelling unit
C 2.5-9.99 Acres/Dwelling unit
D 10.00-19.99 Acres/Dwelling unit
E 20.00- 29.99 Acres/Dwelling unit
F 30.00-39.99 Acres/Dwelling unit
G 40 or more Acres/Dwelling unit
Federal Lands
2000 Census Boundaries
2 0 2 4 6 Miles
NSVRC

Vacancy

The number of vacant units for 1990 and 2000, and the 2000 vacancy rate are shown for each rural Census Tract and for the six incorporated towns in Table 6-D. In some areas of the County there is a very high vacancy rate; the Census Tract which contains the Basye/Bryce Mountain area has a vacancy rate of 35.2 percent, and the Fort Valley area has a vacancy rate of 25.5 percent. Much of this vacant housing stock represents second homes or retirement homes that are held for occasional use. The northern-most section of the County, west of routes 623 and 628, has the lowest vacancy rate of the unincorporated area. The towns have considerably more moderate vacancy rates, ranging from 2.9 percent in the Town of Toms Brook to 9.4 percent in the Town of Edinburg.

TABLE 6-D
VACANT DWELLING UNITS 1990-2000

	Vacant 1990	Vacant 2000	'90 - '00 Change	Tl. DU's 2000	2000 Vacancy Rate
Rural Portion of Census Tract:					
402	1,456	1,131	-22.3%	3,208	35.2%
403	112	99	-11.6%	1,268	7.8%
401	33	50	51.5%	920	5.4%
404	331	288	-13.0%	1,131	25.5%
405	82	76	-7.3%	1,325	5.7%
406	76	71	-6.6%	973	7.3%
407	130	117	-10.0%	1,030	11.4%
408	191	157	-17.8%	1,083	14.5%
Incorporated Towns:					
Edinburg	32	40	25.0%	425	9.4%
Mount Jackson	29	51	75.9%	718	7.1%
New Market	51	71	39.2%	808	8.8%
Strasburg	57	104	82.5%	1,877	5.5%
Toms Brook	3	3	0.0%	103	2.9%
Woodstock	125	155	24.0%	1,840	8.4%

Source: U.S. Census of Population & Housing, 1990, 2000.

An adequate vacancy rate should be maintained in the housing market to provide for movement of households and the creation of new households. The Virginia Housing Development Authority identifies three recommended levels of vacancy rates based on population growth rates (derived from annual percentage increases.) They are:

A. Areas of slow growth - less than 1% average annual increase
owner vacancies = 1.0%
renter vacancies = 4.0%

B. Areas of moderate growth - between 1% and 5% average annual increase
owner vacancies = 1.25%
renter vacancies = 5.0%

C. Areas of fast growth - greater than 5% average annual increase
owner vacancies = 1.75%
renter vacancies = 7.0%

In 2000, there was a 73.2% - 26.8% split between owner and renter-occupied units. The vacancy rates shown in Table 6-E are based on the assumption that the 2000 percentage of owner-occupied units would be maintained and are applied to the average annual rate of growth on a decade-by-decade basis.

Projections

Table 6-E on the following page shows Shenandoah County's projected Dwelling Unit needs to the year 2020, based on the projected number of households, the projected number of units that must be replaced, and the expected vacancy rate needed for the housing market.

Between 2000 and 2020 an additional 6,075 housing units will be required to house the projected growth. This translates into an annual average of about 304 new units. As with all projections, these projections are based on assumptions about the continuation of recent growth trends into the future, making periodic re-evaluation of the trends and projections necessary for proper planning.

Table 6-E
Dwelling Unit Projections By Decade
Shenandoah County

	1990-2000	2000-2010	2000-2020
Average Annual Growth	1.20%	1.30%	1.00%
Vacancy Rate considered appropriate			
Owner	1.25%	1.25%	1.25%
Renter	5.00%	5.00%	5.00%
Occupied Units, End of Decade	14,296	16,210	18,076
Owner Units (71.5%)	10,462	11,865	13,231
Rental Units (28.5%)	3,834	4,345	4,845
Vacant Units, End of Decade	2,413	2,406	2,448
Owner Units	202	148	165
Renter Units	170	217	242
Other* - Not for sale/rent and/or held for occasional use	2,041	2,041	2,041
Total Units, End of Decade	16,709	18,616	20,524
Total Units, Beginning of Decade	15,160	16,709	18,616
Loss for Decade (6.4%)	-970	-1,069	-1,191
Net Dwelling Unit Base	14,190	15,640	17,425
New Units in Decade	2,519	2,976	3,099
Annual Average	252	298	310

* The 2000 other vacancies is the balance of units after vacant for sale & rent is subtracted from the 1990 vacant unit counts. The total of other vacancies is held constant for 2010 and 2020. This other vacant figure is added to the vacant for sale & rent to determine the total vacant units for 2010 and 2020. These other vacant figures could be smaller if the household size declines faster than projected or the County population has been under-estimated.

SUMMARY

Shenandoah County's housing stock is a reflection of the market demand for housing. In addition to serving the needs of natives, it also is a desirable location for other housing buyers within the Northern Shenandoah Valley Region and the Northern Virginia/Washington, D.C. metropolitan area.

Based on projections of population growth and declining household size, a 13% increase in households can be expected between 2000 and 2010, and an additional 12% increase between 2010 and 2020. The types of housing that are affordable will be dictated by the household income.

The housing stock is primarily single-family, detached, owner-occupied homes. In 2000, the County had a vacancy rate of 14.4 percent. The County has a large share of second homes which accounted for 60.6 percent of all the vacant units or 8.7 percent of the 1990 total housing stock. As for quality, as of 2000 only 290 (1.7 percent) of total dwelling units lacked complete plumbing facilities.

As the County grows, the housing stock will change. Losses will need to be replaced. The vacancy rate will fluctuate with the market demand. Taking into account such dynamic factors, it is projected that 2,976 units may be added from 2000 to 2010 and 3,099 from 2010 to 2020.

A basic objective of the local governments should be to provide for a wide variety of housing opportunities within the County. This is important for the maintenance of a healthy economy. Quality, however, should also be a major criteria, both in the maintenance of the existing housing stock and for additions. Additional affordable housing is needed; small developments should be encouraged in and around the towns and public service areas. Substandard housing should be brought up to code wherever possible.

Federal and State programs are available to provide some assistance in the area of affordable housing. Detailed analyses of the housing stock and targeted planning is required to access funds.