

VCHR Proposal to Central Shenandoah Planning District Commission

Working Draft 2/3/22

VCHR Background and Approach

As a university research center, the Virginia Center for Housing Research (VCHR) at Virginia Tech is committed to developing and applying the best research design to improve public policy and programs through a mutual commitment to learning and discovery. VCHR will work closely with Central Shenandoah Planning District Commission (CSPDC) and Housing Forward Virginia (HFV) and will bring the necessary depth of experience and knowledge to implement the required tasks and produce the required deliverables on time and with the high quality that distinguishes Virginia Tech's research and service missions.

The accuracy of data analysis depends on the quality of the data, collection instruments and procedures. The research and analysis to be carried out will be designed and supervised by the Principal Investigators who have significant training and experience in research methods. All of the procedures described below will conform to established University research protocols for assuring confidentiality, objectivity and accuracy of data. The faculty and research assistants who will be assigned to this project are trained in appropriate research methods and all standards will be closely supervised and upheld by the Principal Investigator.

Data note for rural jurisdictions: The availability of quality, publicly available data is limited for many rural jurisdictions and other small places since the US Census Bureau is unable to collect enough sample data to make reliable estimates. Analysis of limited and sometimes unreliable data requires additional time and effort by the research team to collect and validate data. The team will analyze and report reliable data and then supplement this data with other local data or collect additional data through surveys and focus groups as needed, weaving secondary data with the concrete examples and stories of local stakeholders.

Local real estate assessment data and REALTOR's Multiple listing Service (MLS) sales data will be a valuable resource in analyzing housing in the region and each locality therein. The research team anticipates that assessment data will provide accurate information regarding year built, unit sizes, and value; and may provide insights into unit conditions. MLS data is a key component of market analysis. *The study team will depend on the CSPDC to attain sale data and assessment data in a digital format.*

Scope of Work

VCHR will partner with the CSPDC and HFV to complete a regional housing study. The study is focused on the counties of Augusta, Bath, Highland, Rockbridge, and Rockingham and the eleven associated towns, as well as the cities of Buena Vista, Harrisonburg, Lexington, Staunton, and Waynesboro. Specific data analysis for small towns depends on the reliability and availability of public and local data. VCHR and region staff will partner to complete data collection, compilation and analysis as described in the detailed outline below. A training

component led by the VCHR will give CSPDC and local staff a deeper understanding of housing data and analysis, allow regional staff to partner in data compilation and analysis and later, update the proposed study and better support region jurisdictions with housing analysis and questions.

Literature Review

CSPDC jurisdictions have interest in a number of special topics for which a review of general academic and industry studies will be informative. VCHR proposes to conduct an in-depth review of research concerning second-home markets and short-term rentals and distill findings for relevancy for the CSPDC jurisdictions. VCHR will deliver a brief on the topic which will help contextualize data regarding second homes and potentially offer extension for additional research.

VCHR also proposed to update economic development and workforce housing literature reviews with a special focus on CSPDC jurisdictions' major industries. VCHR will distill findings for relevancy for CSPDC jurisdictions and will create up to three briefs to discuss specific topics such as COVID-impacted workforce housing preferences; housing for moderate-income, working households; and housing as a wealth-building opportunity for low and moderate income households.

Finally, VCHR proposed to update a review of student housing and impacts of student populations on the housing market. VCHR will create a brief focus on issues that are important to the CSPDC student-impacted submarkets. VCHR will supplement the review with relevant data about student households in the CSPDC PUMA.

Existing Studies, Plans and Goals

VCHR and HFV will rely on CSPDC to provide relevant regional and local studies, plans and goals for review. VCHR and HFV will review each document as a way of learning about the relevant history and context of the region and its localities. Upon request, VCHR will offer notes and recommendations on housing plans as feasible based on VCHR expertise. HFV will offer related recommendations as chosen by regional and local staff within the strategy development scope of work, below.

Quantitative Data Compilation and Analysis

Study Area

VCHR will establish housing market(s) and submarkets by examining commuting patterns among CSPDC jurisdictions and other nearby job centers. VCHR anticipates relationships along the two major highway corridors which connect CSPDC jurisdictions to each other as well as the Charlottesville, Roanoke, Lynchburg and Washington MSAs. VCHR will describe the major submarkets in CSPDC and quantify connections for vetting by the CSPDC staff.

Data

VCHR will compile data from ACS, CHAS, BLS, and CoStar for each MSA and jurisdiction within CSPDC. VCHR will rely on PDC staff to provide the study team with MLS and assessment data. The tables below offer basic measures and sources that VCHR will use at the beginning of the analysis. Further investigation as VCHR and CSPDC learn about the housing need and goals throughout the region will dictate additional measures and sources that will be added.

Housing supply estimates

Characteristic	Measures	Sources
Housing values and costs		
Contract rent and gross rent	Median, Average, Distribution, units by affordability	ACS, CHAS, CoStar
Owner costs with a mortgage	Median, Average, Distribution, units by affordability	ACS, MLS, CHAS
Unit values	Median and distribution	ACS, MLS, local assessment data
Utilities	Distribution	PUMS
Housing by unit size		
Number of bedrooms	Distribution	ACS, PUMS
Number of rooms	Distribution	ACS, PUMS
Housing unit by type		
Single-family detached or attached, Multifamily, Mobile homes, Single-level homes	Number of units by locality	ACS

Housing conditions		
Year built	Average, Distribution, number of units	ACS, PUMS
Utility costs	Average by size, Average by number of residents	ACS, PUMS
Age of mobile home units	Average, distribution	ACS, PUMS
Nested estimates		
Housing costs by tenure and unit type	Median, Average, Distribution, units by affordability	ACS, CHAS
Housing costs by tenure and unit size	Median, Average, Distribution, units by affordability	ACS, CHAS

Household Characteristics

Characteristic	Measures	Sources
Household income	Median, Average, Median HMF1, households by income level and percent of AMI	ACS, CHAS, PUMS
Household size	Median, households by size	ACS
Number of workers	Households by number of workers per household	ACS
Occupation/industry	Households by occupation of householder	PUMS
Age of householder	Households by age and occupation of householder, households that include seniors/elderly, age of householder by tenure	ACS, PUMS

Commute	Times, Type (car, bus, etc.), estimated cost	ACS, OntheMap
Student households	Number of student-headed households, not including on-campus, characteristics of student households (see above)	PUMS
Length of occupancy	Years in current residence by tenure	ACS, PUMS

Housing affordability for the workforce

VCHR will compare maximum affordable house prices by occupation to house costs to determine whether workers in each occupation will be able to afford and access housing in the region. VCHR assesses affordability for single earners earning at the median, dual earners earning a similar wage, and skilled/experienced workers with earnings in the 90th percentile for each occupation. For the workforce housing characterization, VCHR will also compare wages in other important markets (as defined by commuting patterns) to understand workforce affordability dynamics among major markets. For example, households earning in another market may compete with CSPDC earners to access housing in the CSPDC market and vice versa.

VCHR will reconcile occupational earnings with housing market availability and an affordable housing gap analysis to identify levels of affordable housing needed to address worker needs and occupations associated with income levels that may face low inventory challenges.

Short-term rentals and second homes

VCHR will review current literature on estimating the number of short-term rental units and adopt any established best practices for analysis. VCHR will compile data from third-party vendors as feasible based on budget, data quality and data coverage. If necessary, VCHR will pull sample data from short-term rental websites such as AirBnB and VBRO for a full year to create a dataset for analysis. VCHR will rely on CSPDC to identify and collect any available local data, such as homestay or short-term rental registries or relevant licensure or tax data from member local governments. Using available resources, VCHR will quantify short-term rentals as a percentage of the housing stock and identify geographic and housing type trends of short-term rentals to establish their effect on the for-sale and long-term (traditional, year-long leased units) rental market.

Qualitative Data Collection and Analysis

VCHR will conduct focus groups and targeted interviews to collect data from local housing experts and key stakeholders. VCHR will host focus groups in-person or via Zoom, depending on the ongoing public health situation and availability of or appropriateness for participants.

VCHR has budgeted for up to five days of in-person focus group sessions and 3-5 sessions per day are comfortable. However, time and resources can be used much more efficiently by utilizing online meeting platforms. VCHR will work closely with CSPDC to determine how to collect the best and most information using the allocated resources.

VCHR suggests focus groups with realtors, builders, developers, lenders, housing services providers, community service providers (e.g. faith organization, community action), K-12 school representatives, economic developers and employers. For some large employers, targeted interviews or individual meetings are often more effective. Further, interviews may be necessary for key stakeholders or experts who are not available to attend a focus group session. Some groups may be combined or additional groups may be added. The composition of groups is usually very unique to individual localities and regions. VCHR will work closely with CSPDC to comprise groups. VCHR will rely on CSPDC to facilitate logistics for in-person groups as well as outreach to group participants. Depending on the number of groups hosted at a given time, VCHR may require facilitation and notetaking assistance from region staff.

CSPDC may also choose to conduct focus groups with residents as a part of the qualitative data collection effort and *within* the allocated time and travel resources. VCHR will collaborate with CSPDC to create a focus group strategy and associated protocols, but will rely on CSPDC for outreach and logistics. In the case of very-large meetings, VCHR will coordinate with CSPDC and HFV to staff the meeting with the appropriate number of facilitators and notetakers.

Strategy Development

HFV will lead the development strategies for communities to improve their current housing stock as well as develop new housing opportunities. The study recommendations and strategies will help CSPDC facilitate regional collaboration and coordination to more effectively address housing challenges. Inter-jurisdiction partnerships can more effectively address challenges and opportunities that are shared among two or more jurisdictions. Coordination of local strategies will promote intentional development patterns and sensitivity to household demand and choice.

HFV will use the following process to propose, draft, and finalize the solutions:

1. Review existing housing programs, policies, and priorities at the local and regional level in the study area. Information will come primarily from kick-off meetings with local officials (completed by end of January 2022).
2. Evaluate scale and type of housing needs as determined by VCHR's needs assessment.
3. In consultation with VCHR and CSPDC, propose initial solution ideas for each geographic unit. (Title of solution and one paragraph description.) Via email, and virtual meetings if needed, vet solution ideas with applicable local officials.
4. Following approval from local officials, draft full solution proposals, including example best practices.
5. Provide complete drafts to VCHR and CSPDC for initial review and edits. HFV will complete revisions within two weeks of receiving this input.

6. Provide complete drafts to local officials for their first review and edits. HFV will complete revisions within four weeks of receiving this input.
7. Provide complete drafts to local officials for their final review and edits. HFV will complete revisions within two weeks of receiving this input.
8. Integrate finalized solutions into full report.

Strategy development will include up to 46 primary strategies and 46 secondary strategies. Strategies may be applied as regional, partnership and local strategies. Priority solutions provide greater detail for operational design and implementation than secondary solutions.

Primary solutions are policy initiatives that are prioritized due to projected ability to meet current housing needs and strong levels of local support for near-future implementation. These recommendations may also be significant expansions of existing efforts. As such, HFV will provide much higher levels of detail to ensure local officials have a roadmap to success.

Each primary solution will include:

1. **Policy framework** - Explains the overall programmatic design of the solution to describe what it does and how it works.
2. **Implementation plan** - Specific steps that must be taken to make progress; organized by Short-term (within 12 months) and Long-term (within 24 months).
3. **Responsible actors and roles** - Descriptions of public, private, and nonprofit entities responsible for implementing solution, along with their tasks and responsibilities.
4. **Legal, financial, and organizational capacity** - Evaluation of state and local code to identify any legal barriers; evaluation of fiscal and staff capacities of relevant actors.
5. **Funding scope requirements** - As proposed, the possible levels of funding required to implement and support solution. Includes start-up and long-term operational costs.
6. **Potential funding sources** - Identification of possible local, state, national, and private funding sources to support solution.
7. **Metrics to evaluate success** - List of recommended measurable outputs and outcomes to benchmark implementation.
8. **Projected impact** - Possible levels of impact (as measured by selected metrics) depending on funding levels.
9. **Relevant examples** - Name and brief description of best practices from comparable localities (if applicable).

Primary solutions will average 750-1,250 words each.

Secondary solutions are policy initiatives that could also meet existing housing needs, but are subordinate to priority solutions due to lower relative levels of support and capacity to implement. These recommendations may require additional public engagement, significant funding outside of local/regional control, or expanded enabling authority by the General Assembly. As a result, potential implementation of secondary solutions will take longer to begin.

Each secondary solution will include:

1. **Policy framework** - Explains the overall programmatic design of the solution to describe what it does and how it works.
2. **Implementation plan** - Specific steps that must be taken to make progress. (Less detail than primary solutions.
3. **Responsible actors and roles** - Descriptions of public, private, and nonprofit entities responsible for implementing solution, along with their tasks and responsibilities.
4. **Potential funding sources** - Identification of possible local, state, national, and private funding sources to support solution.
5. **Relevant examples** - Name of any best practices from comparable localities (if applicable).

Secondary solutions will average 500-750 words each.

Reporting

The final report will discuss data and analysis and will provide implementation details for proposed policies including income and household type targeting, housing production targets, financial resources, and legislative changes. It will include suggestions as to what partnerships may help facilitate the work, who are prospective responsible partners and how jurisdictions can forge relationships with those entities. SPDC can assist each locality with setting target goals and metrics for evaluating their progress.

The “consumer” version of the report would be a high-level summary of the detailed report presenting the most important data and conclusions as well as summaries of the recommendations/solutions. HFV, VCHR and SPDC will collaborate to identify the content for the report, with SPDC leading the initial process of identifying the most important items to the region and VCHR identifying complementary or supportive information. VCHR and HFV anticipate that CSPDC will lead the drafting of plain-language information for the consumer version with HFV and VCHR collaborating to improve effectiveness of communication and accuracy. VCHR and HFV will hire a design consultant to prepare infographics, images and other design elements to enhance the report.

Anticipated Scope Period: 5/2022–5/2024

Summer 2022 (May-August)

- Review existing housing studies, plans and goals
- Literature Review for key issues: second homes and short-term rentals, workforce housing affordability, housing in university submarkets and impact of student housing demand
- Assessment of third-party short-term rental housing data availability, depending on availability, commence sampling.

- Local Data Compilation
 - Assessment Data
 - MLS Data
- (ASAP, May or early June) Kick-off Learning/Listening Tour: VCHR, HFV and CSPDC to participate in kick-off meetings with regional local officials over the course of three to four (3-4) consecutive weekdays. These meetings will help the team learn about all relevant prior and current housing initiatives, existing and potential opportunities, policy priority areas, and other important community-level information necessary to draft effective solutions.
- Convene Leadership Team, including at least one representative from each locality
 - Identify potential members of consortium group
 - Discuss project scope and timeline
- Preliminary analysis and trainings (VCHR leading virtual sessions for CSPDC and localities, CSPDC staff and VCHR compiling data and conducting preliminary analysis). Trainings will take place in 1-hour sessions and will include assignments that support preliminary data analysis.
 - ACS + Decennial Census as available (June)
 - BLS & workforce housing analysis-jobs EQ (June)
 - CHAS (June)
 - PUMS (July)
 - MLS (September, depending on availability and permissions)
 - Assessment (September, depending on data quality)

Fall 2022 (September-October)

- Convene Leadership Team
 - Discuss preliminary data analysis and solicit feedback RE interpretation/validity
 - Facilitate conversation about details that need to be tackled in more depth—question wish list
- Assessment data cleaning and organization
- Detailed data analysis
- Complete analysis of market dynamics, housing needs and up to 5 (flexible depending on depth required) additional detailed subjects (e.g. workforce housing, aging, housing for young professionals, downtown housing, etc.)
- Schedule focus groups
- Make focus group materials and protocols

Late fall, before the holidays (October-December 2022)

- Up to 5 focus-group trips (1 night stay), sessions can include multiple facilitated groups, 3 sessions per day is comfortable and 5 is possible. Zoom meetings may be a better use of resources for some groups.
 - Required groups: realtors, lenders, builders/developers, economic developers, employers (can be interviews in lieu), housing providers and associated service providers

- Convene Consortium and Leadership to Present Preliminary Data Analysis and Findings (CSPDC/VCHR)

Winter/Spring (December 2022-April 2023)

- Refine data analysis and follow up on additional analysis based on Consortium, Leadership, and focus group feedback
- VCHR will support CSPDC public engagement as desired through support with a survey, public meetings or meetings with important stakeholder groups
- Deliver data analysis and notes to HFV (VCHR)
- VCHR and CSPDC Draft Interim data report (market trends and needs)
 - Report drafting begins (VCHR, CSPDC, & HFV)
 - HFV & VCHR will propose overall report composition
 - VCHR will draft main data analysis sections and most local profiles
 - CSPDC will draft a minimum of 2 local profiles, following examples provided by VCHR.
- HFV develops policy solution menu the following geographic levels:
 - Regional
 - Local partnerships (between some but not all localities)
 - Local

Summer 2023 (May-August)

- Convene leadership team (CSPDC)
 - Discuss interim report
 - Present important/interesting findings from focus groups
- Data update *if* data is 2021 ACS data is available, if not update may be delayed
- CSPDC facilitates review of solution menus with each locality

Fall 2023 (October-November)

- HFV begins to refine and develop strategy/solution drafts
- HFV shares drafts as available and begins meeting with localities to refine, CSPDC to facilitate
- HFV responds to requests/suggestions
- HFV refines solutions and associated information (e.g. funding, steps, examples)

Winter/Spring (December 2023-April 2024)

- Final report drafting
- HFV, VCHR and CSPDC will collaborate to identify the content for the “consumer” report, with CSPDC leading the initial process of identifying the most important items to the region and VCHR identifying complementary or supportive information. VCHR and HFV anticipate that the CSPDC will lead the drafting of ‘plain-language’ information for the consumer version with HFV and VCHR collaborating to improve the effectiveness of communication and accuracy. VCHR/HFV will engage a graphic designer(s) to produce infographics and where the budget allows, original report and presentation templates.
- Send drafts to leadership team to review and provide feedback (March)

- Respond to leadership feedback (March)
- Begin considering/scheduling presentations (CSPDC)
- Present findings to Consortium group and leadership team (April)
- Final report delivered (April/May depending on copy editing)
- Final presentations in 1-2 days (April/May)