Loudoun County Housing Needs Assessment

Presentation to the Loudoun County
Comprehensive Plan Stakeholders Committee
March 20, 2017

* Excerpts from GMU Presentation to Board of Supervisors, 2/23/17

Two Objectives of the Housing Needs Assessment

1. Analyze current demographic, economic and housing market conditions in the County

2. Prepare detailed household and housing demand forecasts for the County

1. Key Findings from the Analysis of Current Demographic, Economic and Housing Market Conditions

The County's fast-growing population has grown increasingly diverse

- Loudoun County's population more than doubled between Len 2000 and 2014
  - Young workers and families have fueled population growth in the County in recent years
    - Families with children **+122%** (overall household growth +96%)
    - 18-24 year olds **+154%** (overall population growth 107%)

- The older adult (65+) population is relatively small but is growing at a faster rate **(+198%)** than the overall population

Loudoun County is a key driver of the Washington DC area economy

- The number of jobs in Loudoun County grew by 68% between 2000 and 2014

- Fastest growing sectors 2000-2014
  - Professional & Business Services **(+17,437 jobs, +137%)**
  - Education & Health Services **(+9,168 jobs, +210%)**
  - Leisure & Hospitality **(+7,396 jobs, +86%)**

More than half of all jobs in the County are held by County residents

- Share of **Private Sector** Jobs held by Residents
  - 56% of Professional & Business Services jobs
  - 70% of Retail Trade jobs
  - 73% of Leisure & Hospitality jobs
  - 30% of Construction jobs

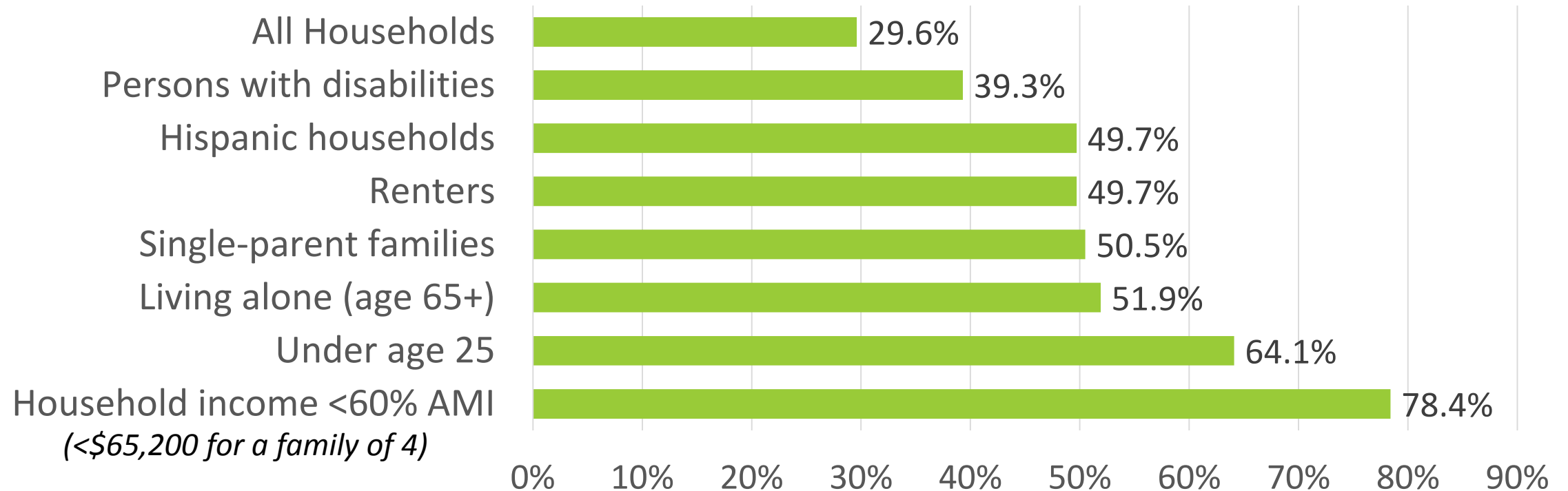- Share of **Public Sector** Jobs held by Residents
  - 57% of County's General Workforce employees
  - 77% of County Public School employees
  - 49% of Sheriff's Office employees
  - 23% of Fire & Rescue employees

Loudoun County's housing market is resilient and housing demand has rebounded since the downturn

- Demand for home ownership recovered relatively quickly following the housing market downturn

  - Current home ownership rate is 76% (78% in 2000)

- The number of renters in the County has increased substantially since the downturn
(+14,000 new renters since 2006)

  - The characteristics of renters have evolved in recent years; more families and older adults are renters than they were than in the past

High housing costs, slow-growing wages have led to growing housing affordability challenges for many

Households Paying 30%+ of Monthly Income on Housing Costs
(Cost Burdened Households)

Category	Percentage
All Households	29.6%
Persons with disabilities	39.3%
Hispanic households	49.7%
Renters	49.7%
Single-parent families	50.5%
Living alone (age 65+)	51.9%
Under age 25	64.1%
Household income <60% AMI *(<$65,200 for a family of 4)*	78.4%

The County's current supply of housing is not meeting the needs of low- and moderate-income households

- There is a potential **unmet need for 10,000 homes** with rents affordable to households with incomes below 80% of area median income (AMI), or $86,900 for a family of 4.

- There is a potential **unmet need for 1,400 homes** at prices affordable to households with incomes below 100% of AMI, or $108,600 for a family of 4.

- There are **134 homeless individuals** in Loudoun County but the number could be as high as **469** according to homelessness experts.

2. Forecasts of Household Growth and Housing Demand in Loudoun County, 2015-2040

GMU's Approach to Forecasts of Housing Demand

- Analysis of the local and regional economic and demographic forces that likely will drive future demand for housing within the County
  - *How much housing will be needed in Loudoun County to accommodate future workers?*
  - *How much housing will be needed in Loudoun County to accommodate future residents not in the labor force (e.g. retirees)?*

GMU's Approach to Forecasts of Housing Demand

- **GMU employment-driven housing demand forecasts:** based on analysis of local and regional employment and demographic projections
  - Not constrained by land use capacity, County land use plans, or pipeline development

- *MWCOG*/County land use plan-based forecasts: based on current land use/zoning and an analysis of residential build-out, as well as pipeline development and expectations about local and regional future market conditions*

*Metropolitan Washington Council of Governments

GMU's Approach to Forecasts of Housing Demand
Key Assumptions

- Local and Regional Job Growth
  - Industry sectors, wages
- Commuting Patterns
- Characteristics of Households
  - Age, household size and composition, income
- Housing Preferences

Changes to assumptions would result in different household and housing units forecasts

Key Findings from GMU's Forecasts of Household Growth and Housing Demand

Household Growth

- Between 2015 and 2040, the GMU forecasts suggest the County could add **64,355 new households**, including 39,780 households with a job in Loudoun County

- The MWCOG/County projections indicate growth of only 46,490 households, a difference of 17,865 households

Characteristics of Additional Households Suggested by the GMU Housing Demand Forecasts

Household Characteristics	2015 to 2040 Increase in Households
Household Income	
<30% AMI	+3,200
30-49% AMI	+3,470
50-59% AMI	+3,120
60-69% AMI	+2,220
70-79% AMI	+2,510
80-99% AMI	+5,690
100-119% AMI	+6,450
120-149% AMI	+7,890
150%+ AMI	+29,810

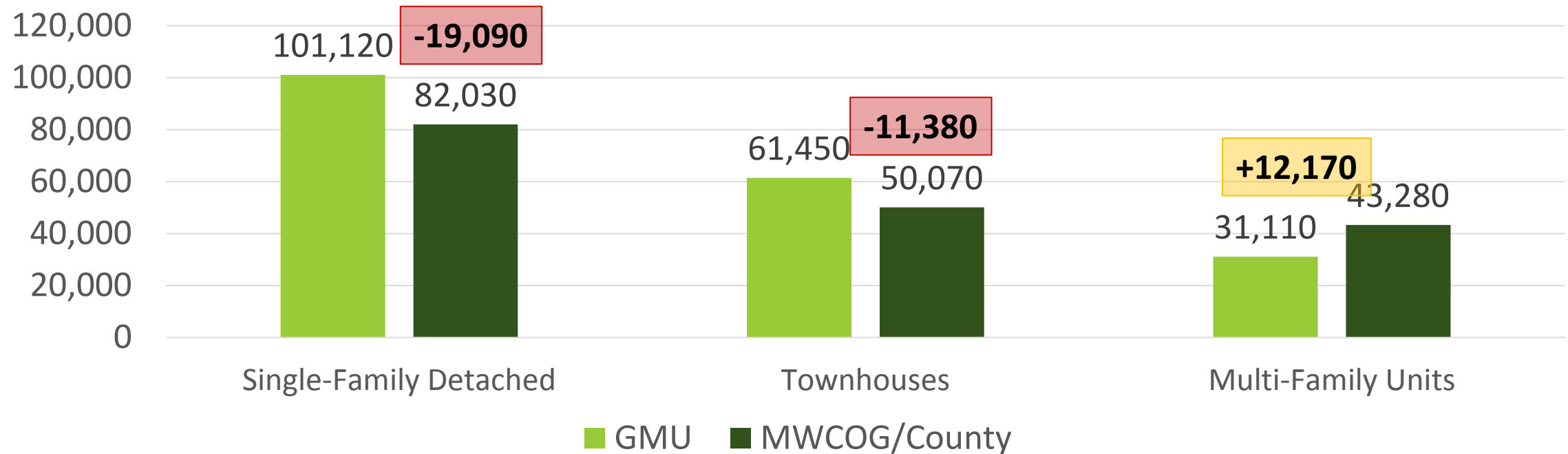# Key Findings from GMU's Forecasts of Household Growth and Housing Demand

Housing Units

- Between 2015 and 2040, the GMU forecasts suggest a need for **66,604 net new housing units** to accommodate household growth
  - 33,620 single-family detached homes
  - 22,060 single-family attached homes/townhouses
  - 10,911 homes in multi-family buildings

The GMU forecasts suggest more demand for single-family, less demand for multi-family housing than what is suggested by County plans

Projected Housing Units by Type, 2040
Difference (MWCOG/County – GMU)

- 120,000
- 100,000
- 80,000
- 60,000
- 40,000
- 20,000
- 0

Single-Family Detached: 101,120 → -19,090 → 82,030

Townhouses: 61,450 → -11,380 → 50,070

Multi-Family Units: 31,110 → +12,170 → 43,280
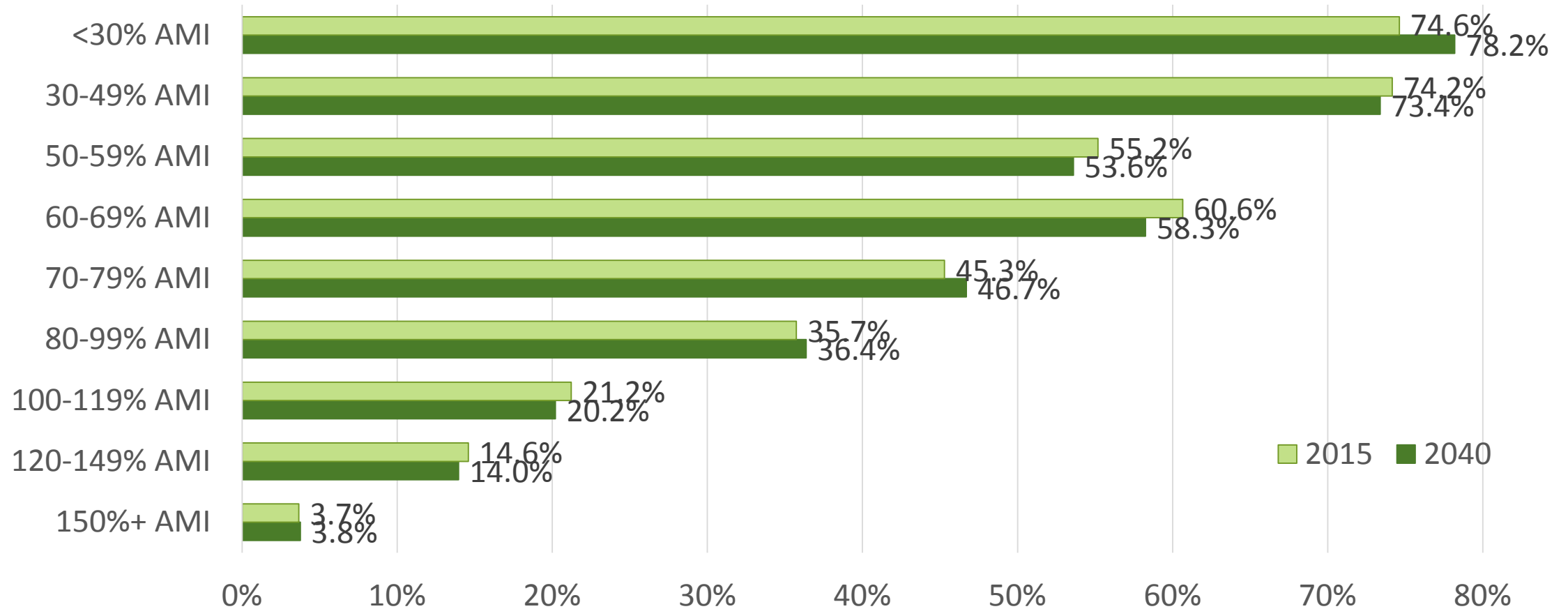
Legend: GMU | MWCOG/County

Key Drivers of the GMU Housing Demand Forecasts

- Job growth in the high-wage Professional & Business Services sector

- Growth in the number of higher-income family households

- Aging of the Millennial population into their 30s & 40s

Strong demand for home ownership and single-family housing in Loudoun County

Under the GMU forecasts, cost burdened rates worsen for extremely low-and moderate-income households

AMI	2015	2040
<30% AMI	74.6%	78.2%
30-49% AMI	74.2%	73.4%
50-59% AMI	55.2%	53.6%
60-69% AMI	60.6%	58.3%
70-79% AMI	45.3%	46.7%
80-99% AMI	35.7%	36.4%
100-119% AMI	21.2%	20.2%
120-149% AMI	14.6%	14.0%
150%+ AMI	3.7%	3.8%

Implications of Having an Insufficient Supply of Housing

- People working in jobs in Loudoun County will have fewer options to live in the County.

  ▫ Businesses could see a lack of sufficient housing options as a negative when making decisions about locating or expanding in Loudoun County.

- There are two outcomes if the type of housing available does not meet demand:

  ▫ Households may shift preferences to stay in Loudoun County (e.g. from single-family detached to townhouse/multi-family).

  ▫ Households may choose not to live in Loudoun County to find the housing they want.

Implications of Having an Insufficient Supply of Housing

- Limited housing supply will put upward pressure on overall housing prices and rents.
  - Potential first-time home buyers will find it increasingly hard to buy in Loudoun County.
  - Lower-income renters will continued to be severely cost burdened.