

2008-2012 Consolidated Plan Summary

Introduction

Recipient jurisdictions of Community Development Block Grant, HOME Investment Partnership, Emergency Shelter or Housing for Persons with AIDS/HIV program funding must submit to the US Department of Housing and Urban Development (HUD) a Consolidated Plan for use of federal funds on a 3, 4, or 5-year frequency as well as an Annual Action Plan for use of specific allocations in a given fiscal year.

The purpose of the Consolidated Plan is to identify a community's housing and community development needs, priorities, goals and strategies, and to stipulate how funds will be allocated to housing and community development activities. The Consolidated Plan and Annual Action Plans can be a significant tool in articulating the community vision for the future as it relates to meeting housing and community development needs. In most communities, this document is resource for developers, investors, community based organizations and citizens to develop strategies by which they can get involved in local community planning and development activities.

The statutes for the formula grant programs set forth three basic goals against which the plan and the jurisdiction's performance under the plan will be evaluated by HUD. These goals are: Decent Housing, Suitable Living Environment, and Expanded Economic Opportunities. In addition to reporting strategies to meet the goals of federally funded programs, jurisdictions are encouraged to articulate local expenditures for housing and community development activities in the Consolidated and Action Plans. This inclusion of information conveys a more comprehensive picture to the community and to HUD of the total effort to meet priority needs.

This document is the Consolidated Plan for the City of Winchester's CDBG Program and HOME Consortium of the Northern Shenandoah Valley's HOME and ADDI Programs covering program years 2008-2012, or fiscal years 2009-2013. CDBG funds are eligible for use in the City of Winchester, and further allocated to activities occurring in a locally designated Target Area. HOME and ADDI funds are eligible for use throughout the Northern Shenandoah Valley- specifically located in the Counties of Clarke, Frederick, Page, Shenandoah and Warren, the Towns located therein and the City of Winchester. All funds will be used to address housing and community development needs of low- and moderate-income residents in the service areas.

Development of the Consolidated Plan is a result of the collective efforts of the all twenty of the localities in the Consortium. To that end, great care has been taken to analyze needs at the regional level while making strategic decisions to prioritize funding to activities that have potential for greatest impact. As much as possible, the plan is designed to provide a regional perspective to addressing housing and neighborhood needs, while highlighting particular local characteristics that may have impacted prioritization. This document is meant to be user friendly to interested residents of the service area, while comprehensive enough to meet all content requirements of HUD.

HUD requires that several key elements must be articulated in a clear and concise format, including a Needs Assessment, identification of Priority Needs, selection of Specific Objectives, and summary of Planned Activities' roles in meeting priority needs. In order to ensure comprehensive analysis of these key elements and adequate representation of community needs and priorities, HUD also requires recipient jurisdictions to consult with public and private agencies providing valuable services in the area. Such agencies include those providing housing and homelessness, health, and social and planning services.

As Lead Agency for the HOME Consortium, and administrator of the CDBG Program, the City of Winchester took responsibility for coordination of the consultation process. There are two major organizations that work closely with City of Winchester staff in the Office of Housing and Neighborhood Development to ensure the completion of the Consolidated Plan. The Community Development Committee is appointed by the Winchester City Council and charged with oversight of the CDBG Program. The HOME Consortium Advisory Council is appointed by member localities and responsible for oversight of the HOME program as well as other regional affordable housing and related activities. Together, these two groups serve as the policy advisory committees that make recommendations to local

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Boards of Supervisors, Town and City Councils regarding use of federal and local funds for housing and community development in the region.

The Consultation process for this Consolidated Plan was realized through a two-pronged approach including strategies to solicit input on two fronts- one that was broad based, seeking input from the general public, and one that was more focused and seeking input from service providers and housing professionals in the area. As a result, input through these two avenues was compared with statistical data to assist in identifying community priorities.

Needs Assessment

Location and Description

The Northern Shenandoah Valley Region, located in northwestern Virginia, includes the City of Winchester; the Counties of Clarke, Frederick, Page, Shenandoah, and Warren; and the Towns of Berryville, Boyce, Edinburg, Front Royal, Luray, Middletown, Mount Jackson, New Market, Shenandoah, Stanley, Stephens City, Strasburg, Toms Brook, and Woodstock. Encompassing approximately 1,652 square miles, the region is located within the scenic and historic Shenandoah Valley.

Throughout its history, the Northern Shenandoah Valley region has developed around the City of Winchester and the region's many towns. More recently, development activity has begun to move outward from the urban/town core areas and into historically rural areas. The region's attractive quality of life, excellent transportation infrastructure (including Interstates 81 and 66, and Routes 15, 50, 340, and 522), and proximity to the Northern Virginia / Washington D.C. metropolitan area have resulted in significant demographic changes over the past 40 years as will be described below.

Population

The region's total estimated population in the year 2006 was 209,847. The population of the Northern Shenandoah Valley has steadily increased over the past several decades. Since the year 2000 alone, the region's population has grown by over 26,000 (approximately 14%) and is projected to increase by over 60,000 (approximately 29%) over the next 25 years. The Northern Shenandoah Valley region's rapid population growth between 1970 and 2006 (97%) significantly outpaced both the Commonwealth of Virginia (64%) and the United States (47%).

Housing Needs

The significant population growth within the Northern Shenandoah Valley Region over a relatively short time period has impacted both the region's housing supply and its affordability.

Housing Supply Trends

The result of nationwide growth trends is that more housing units are needed to accommodate fewer people. As such, competition for available housing units is greater than it has been historically, resulting in an upward pressure on housing costs (both sale price and rental rates)

Housing Cost Trends

Average housing costs within the region have risen dramatically over the past several years, with the majority of the region's jurisdictions showing averages approaching or in excess of \$300,000.

Income Trends

The region's income levels have demonstrated steady increases over time, due in large part to an influx of commuters from the Northern Virginia / Washington D.C. metropolitan area. Unfortunately though, poverty rates continue to be of concern throughout the region. In general, the majority of the areas demonstrating the highest poverty rates are concentrated around the region's towns.

Average income within the region continues to rise, although increased income levels have not kept pace with the rise in average housing costs. Unlike population and housing growth rates, which

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have consistently outpaced both state and national averages, income within the region consistently lags behind.

Housing Cost Burden

One particularly useful measure of housing affordability is housing cost burden, defined as the ratio of gross housing cost to income. When households are required to pay a large portion of their income to housing, they usually have to sacrifice somewhere else through a reduction in or elimination of non-housing related household expenditures. In 2000, approximately 18% of all renters in the Northern Shenandoah Valley paid less than 30% of their incomes for housing. However, the vast majority (approximately 65%) of all renter households paid more than 50% of their incomes towards rent resulting in a critical housing cost burden.

In 2000, 5.9 percent of all owner households in the Northern Shenandoah Valley paid less than 30% of their income for housing, while 87% paid more than 50% of their income.

As housing costs continue to increase at a rate greater than increases in income, an affordability gap appears. The City of Winchester and each of the region's Counties demonstrate a substantial affordability gap. The 2005 regional average was nearly \$8,000 (i.e. the average annual income in the region lagged behind that which was necessary to afford the average housing cost in the region by \$8,000). Throughout the region, this affordability gap ranged from approximately \$3,500 in Winchester City to nearly \$15,000 in Clarke County.

Housing Conditions

Substandard Housing

While the region has added substantially to its housing supply over the past 40 years, there are several pockets of substandard housing including those with incomplete plumbing and/or incomplete kitchen facilities. In the Northern Shenandoah Valley, areas with the highest percent lacking complete plumbing are the southeastern portions of Warren County and the northeastern portions of Page County, both showing 5-13% of households lacking complete plumbing facilities. The areas with the highest percentage of units lacking complete kitchen facilities are the western portions of Shenandoah County and the southeastern portions of Warren County, both showing 2-3.18% of households lacking complete kitchen facilities.

Lead Based Paint Hazards

Areas within the Northern Shenandoah Valley region demonstrating the highest percentage of likely hazards include the northern sections of the City of Winchester and areas within the Town of Front Royal. Housing units built before 1950 constitute approximately 40-50% of the total housing units within certain sections of these jurisdictions. Other areas of higher than average concern (based upon higher than average levels of housing stock built prior to 1950) include the Town of Edinburg in Shenandoah County, and the Town of Boyce in Clarke County, each having 30-40% of households being built on or before 1950.

Barriers to Affordable Housing

Local and regional public policies, as well as national, regional, and local trends and conditions, can affect a region's ability to provide and maintain a viable affordable housing stock. In examining barriers to affordable housing opportunities within the Northern Shenandoah Valley Region, this analysis focuses on local and regional factors. Chief among these factors are local real estate tax rates, local land use controls, and local and regional employment opportunities.

Another potential barrier to affordable housing within the region is the increasing costs of commuting. For many, housing costs represent the household's single largest expenditure. Unfortunately, as gasoline prices continue to rise, commuting costs consume a larger percentage of the household budget, thereby exacerbating the affordability gap.

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Finally, housing market conditions have become and will continue to be a cause for concern relative to housing affordability. The nation's housing market has been in decline since 2006, the impacts of which have been felt locally in a variety of ways.

Priority Needs

Based on data analysis, citizen and stakeholder input, the following priority needs were identified. These needs are by no means exhaustive of all community needs but are selected based upon citizen and stakeholder input, consultation with community, regional, state and federal agencies and evaluation of the current institutional structure.

- Dilapidated or Blighted Buildings
- Homelessness
- Public Facilities and Improvements
- Fair Housing
- Rental Housing Subsidies
- Security Deposits
- Direct Homeownership Assistance
- Non-Profit Organization Capacity Building
- Rehab; Owner Units

The above priority needs are articulated consistently with the HUD language used in the Consolidated Plan Management Process (CPMP) Tool charts as well as HUD's data management system, Integrated Disbursement and Information System (IDIS). In order to better understand the relationship of activities the City of Winchester and the HOME Consortium will take to meet these priority needs, the following suggestion explains the relationship between strategic goals, specific objectives, priority needs and planned activities.

Specific Objectives

In March, 2006, HUD developed a Strategic Plan for fiscal years 2006-2011 that organizes all of the federal agency's activities within six strategic goals meant to achieve its mission of "increasing homeownership, supporting community development and increasing access to affordable housing free from discrimination". HUD further identified within these, three programmatic strategic goals and three cross-cutting strategic goals. HUD's strategic plan serves as the foundation for performance measurement and utilizes this framework in evaluating program success. In an effort to achieve consistency with HUD in goal setting and performance measurement, the Consolidated Plan articulates specific objectives within the same Strategic Framework.

For the life of this five-year Consolidated Plan, the City of Winchester and HOME Consortium will work toward meeting the above listed Priority Needs through identifying specific objectives within the following Strategic Goals:

- A. Increase Homeownership Opportunities
- B. Promote Decent Affordable Housing
- C. Strengthen Communities
- D. Ensure Equal Opportunity in Housing
- E. Embrace High Standards of Ethics, Management and Accountability
- F. Promote Participation of Faith-Based and Community Organizations

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The Chart below outlines the relationship between priority needs, strategic goals and specific objectives:

| Priority Need | Strategic Goal | Specific Objective | Annual Measure | Location | Funds and Source |
|--|--|---|--|---|--|
| (In)Direct Homeownership Assistance | Increase Homeownership Opportunities | <ol style="list-style-type: none"> 1. Provide Direct Downpayment and Closing Cost assistance to eligible first time low income homebuyers 2. Provide Direct Downpayment and Closing Cost Assistance to eligible homebuyers 3. Provide Indirect assistance to eligible first time low income homebuyers | <ol style="list-style-type: none"> 1. 16 hh 2. 7 hh 3. 2 hh | <ol style="list-style-type: none"> 1. NSV Region 2. Winchester 3. Winchester Target Area | <ol style="list-style-type: none"> 1. \$525,000 (HOME) 2. \$250,000 (CHF) 3. \$60,000 (CDBG) |
| Rental Housing Subsidies | Promote Decent Affordable Housing | <ol style="list-style-type: none"> 1. Provide Rental Assistance through the Housing Choice Voucher Program to eligible low and moderate income renting households | <ol style="list-style-type: none"> 1. 230 hh | <ol style="list-style-type: none"> 1. Winchester, Frederick, Clarke | <ol style="list-style-type: none"> 1. VHDA funds directly (approx. \$990,000) |
| Homelessness | Promote Decent Affordable Housing | <ol style="list-style-type: none"> 1. Provide security deposit assistance to families and individuals at risk of homelessness | <ol style="list-style-type: none"> 1. 20 hh | <ol style="list-style-type: none"> 1. Winchester | <ol style="list-style-type: none"> 1. \$30,000 (CDBG) |
| Clearance and Demolition (of dilapidated or blighted property) | Strengthen Communities | <ol style="list-style-type: none"> 1. Demolish and clear properties that have been determined as blighted; remove blighting influences (including graffiti, trash, weeds or other neighborhood nuisances) | <ol style="list-style-type: none"> 1. 10 properties | <ol style="list-style-type: none"> 1. Winchester | <ol style="list-style-type: none"> 1. \$251,351 (CHF) |
| Public Facilities Improvements | Strengthen Communities | <ol style="list-style-type: none"> 1. Repair and replace dilapidated sidewalks in low income neighborhoods | | <ol style="list-style-type: none"> 1. Winchester Target Area | <ol style="list-style-type: none"> 1. \$110,616 (CDBG) |
| Rehab; Owner Units | Strengthen Communities | <ol style="list-style-type: none"> 1. Administer Home Repair Loan Program for income eligible homeowners 2. Provide Home Repair Assistance to income eligible homeowners | <ol style="list-style-type: none"> 1. 10 hh 2. 12 hh | <ol style="list-style-type: none"> 1. Winchester 2. Winchester Target Area | <ol style="list-style-type: none"> 1. \$425,437 (CDBGPI, Local PI, CHF) 2. \$60,000 (Local Program Income) |
| Fair Housing | Ensure Equal Opportunity in Housing | <ol style="list-style-type: none"> 1. Promote Fair Housing through Outreach and Training | | | <ol style="list-style-type: none"> 1. Administrative Funds |
| Non-Profit Organization Capacity Building | Promote Participation of Faith-Based and Community Organizations | <ol style="list-style-type: none"> 1. Provide Technical Assistance to local Community and Faith based Organizations 2. Provide Capacity Building funds to CHDO's | | | <ol style="list-style-type: none"> 1. \$37,500 (HOME) |

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Planned Activities

The CDBG Program funds can be used to benefit extremely low-, low, and moderate-income persons by providing decent housing, suitable living environment and expanding economic opportunities. CDBG funds are provided to the City of Winchester and administered by the Office of Housing and Neighborhood Development at the direction of the Winchester Community Development Committee.

OHND anticipates receipt of approximately \$250,770 in CDBG funds in fiscal year 2009. No more than 20% of the annual allocation may be expended for administrative activities. Likewise, no more than 20% of the annual allocation may be expended for public services. In fiscal year 2009, CDBG funds are proposed for the following activities:

- Administration (20% cap): \$50,154
- Homeownership: \$60,000
- Neighborhood Improvements: \$110,616
- Homeless Prevention/Intervention: \$30,000

OHND also has program income from previous years' projects funded through CDBG. Program income in fiscal year 2009 is estimated at \$208,981 and will be allocated to Home Repair.

OHND anticipates approximately \$871,805 in local funds available in fiscal year 2009. These funds are a combination of carry forward money from previous fiscal year, program income and recapture of funds from expired subrecipient agreements. In fiscal year 2009, city funds are proposed for the following activities:

- Administration: \$103,375
- Homeownership: \$232,357
- Home Repair: \$281,019
- Neighborhood Improvements: \$255,072

Early in 2008, the City of Winchester, as Lead Entity, was notified of the Consortium's acceptance into the HOME program. Eligible HOME funded activities are as follows:

- **Homeowner Rehabilitation:** HOME funds may be used to assist existing owner-occupants with the repair, rehabilitation or reconstruction of their homes.
- **Homebuyer activities:** HOME recipients may finance the acquisition and/or rehabilitation or new construction of homes for homebuyers.
- **Rental Housing:** Affordable rental housing may be acquired and/or rehabilitated or constructed.
- **Tenant-Based Rental Assistance (TBRA):** Financial assistance for rent, security deposits and, under certain conditions utility deposits may be provided to tenants. Assistance for utility deposits may only be provided in conjunction with a TBRA security deposit or monthly rental assistance program.

HOME funds are administered by OHND on behalf of the Northern Shenandoah Valley Region at the direction of the HOME Consortium Advisory Council. Recipients may use up to 10% of the total of their annual allocation plus any program income received for eligible and reasonable planning and administrative costs. Each HOME recipient may also reserve up to 5% of its annual allocation for CHDO operating expenses. Finally, each recipient *must* reserve a minimum of 15% of its annual allocation for activities undertaken by qualified Community Housing Development Organizations (CHDOs).

The HOME Consortium of the Northern Shenandoah Valley anticipates allocation of \$750,000 in fiscal year 2009. The total allocation amount less eligible administrative and set aside fund allows for \$525,000 to be allocated to eligible activities annually. In fiscal year 2009, HOME funds are proposed for the following activities:

- Administration (10% cap): \$75,000
- CHDO Operating (5% cap): \$37,500
- CHDO Set Aside (15% cap): \$112,500
- Homeownership: \$525,000

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Participation in the HOME program triggers allocation of funds through the American Dream Down payment Initiative (ADDI) to provide down payment and closing cost assistance. In fiscal year 2009, the HOME Consortium will receive \$5,460 in ADDI funds.

Summary

In fiscal year 2009, OHND anticipates availability of \$2,087,034 in total funds including CDBG, HOME, program income and local funds. In fiscal year 2009, the total available funds are proposed for the following:

| | |
|-------------------------------------|-----------|
| - Administration: | \$228,529 |
| - CHDO Operating: | \$37,500 |
| - CHDO Set Aside: | \$112,500 |
| - Homeownership: | \$822,817 |
| - Home Repair: | \$490,000 |
| - Neighborhood Improvements: | \$365,688 |
| - Homeless Prevention/Intervention: | \$30,000 |