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INSIGHT REGION™ INCLUSIVE PROSPERITY SERIES #1

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## Unequal Burden

# Low-Income Northern Virginians face the country's most severe housing cost burden

Northern Virginia has one of the lower rates of “severe housing burden”—spending over half of one’s household income on rent/mortgage, taxes, fees, and basic utilities—in the country. Yet while housing affordability is not an issue for most of our region, the soaring costs are felt acutely by those who have the least. Compared to other large metro areas, Northern Virginia has the highest rate of severe housing burden among households earning less than 200 percent of federal poverty (about \$50,000 for a family of four) in the country and the sixth highest rate among households earnings between 200 and 400 percent of federal poverty (\$50,000-\$100,000).

In the short-term, families experiencing severe housing burden will likely need to “cut corners” elsewhere—eating less, asking a relative for help watching their children, delaying medical care, or skipping a payment—and many will be pushed into needing public or informal assistance. While for some this financial situation is temporary, many will struggle for a lifetime, limiting their ability to achieve a higher quality of life for their families, constraining their children’s economic mobility, and concentrating disadvantage in our most vulnerable and marginalized populations.

Solutions require a community response. Individuals and families experiencing high levels of housing burden may need emergency and basic needs assistance, help accessing transportation, and care for their children and other dependents. Households that cannot keep up with rent and mortgage payments may require rent assistance and legal protections, but also the safety of shelter if they do experience homelessness. And because both affordable housing and living-wage jobs are crucial to reducing the severity of housing burden, long-term strategies should focus on expanding the supply of affordable housing and on promoting economic opportunity for low-income, working adults.

## Most residents can afford to live here

**Make no mistake—Northern Virginia is expensive.** Loudoun, Arlington, Fairfax, and Prince William counties fall consistently within the top 25 for highest median housing costs, and in 2019, the typical apartment dweller paid more to rent in Fairfax than in Seattle (King County), Boston (Suffolk County), Honolulu, DC, or New York City.<sup>1</sup> Work-related transportation costs are estimated at \$3,000 a year per person, and families with young children can expect to spend around \$1,400 per month for each child in daycare. By one estimate, a Northern Virginia family of two working adults and two children will need an annual income of \$94,000 (\$6,500 each month) just to pay for basic housing, food, transportation, health care, and childcare; see Figure 1.

**FIGURE 1.**

Estimated monthly costs for different households in Northern Virginia

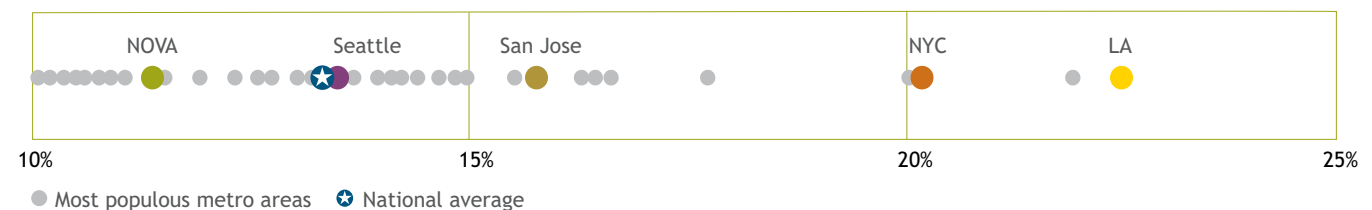
	Single adult	Couple, 1 kid (infant)	Single parent, 2 kids (pre-school, school age)	Couple, 2 kids (pre-school, school age)
<b>MINIMUM ANNUAL INCOME</b>	<b>\$39,000</b>	<b>\$81,000</b>	<b>\$88,000</b>	<b>\$94,000</b>
Housing	\$1,650	\$1,850	\$1,850	\$1,850
<b>Other Necessities</b>	<b>\$1,000</b>	<b>\$3,650</b>	<b>\$4,050</b>	<b>\$4,650</b>
Food	\$300	\$700	\$700	\$950
Transportation	\$250	\$500	\$250	\$500
Health Care	\$200	\$600	\$600	\$650
Miscellaneous	\$250	\$500	\$550	\$600
Child Care	\$0	\$1,400	\$2,100	\$2,100
<b>TOTAL MONTHLY EXPENSES</b>	<b>\$2,650</b>	<b>\$5,500</b>	<b>\$5,900</b>	<b>\$6,500</b>

Source: University of Washington Self-Sufficiency Standard for Virginia, 2020

The region's high cost of living does not necessarily mean it is unaffordable. Overall, most residents (between 65 and 75 percent, depending on the jurisdiction) have enough income to pay for basic necessities,<sup>2</sup> including housing, which typically represents the largest and most fixed portion of a household's budget. In 2019, 72 percent of households spent less than 30 percent of their income on housing—the federal threshold for affordability—and only 11 percent were “severely burdened” by spending over half of their income on housing. Both rates are on par with the national average and are lower than other tech hubs like Los Angeles, New York, Seattle, and San Jose.<sup>3</sup> See Figure 2.

**FIGURE 2.**

Severe housing burden in the 50 largest metro areas, 2019



Source: Insight Region™ analysis of U.S. Census, 2019 ACS, accessed through IPUMS

## Low- and moderate-income households face one of the country’s highest rates of severe housing burden

While the majority of residents make a sufficient income to afford the region’s steep prices, low-income households do not. In 2019, 67 percent of the region’s low-income households (those earning under 200 percent of federal poverty) spent more than half of their gross income on housing and just 13 percent had a sufficient income to afford their monthly housing costs. Moderate-income households earning between 200 and 400 percent of federal poverty faced much lower levels of severe housing burden, but fewer than half of these households (41 percent) spent an affordable amount on housing. See Figure 3.

**FIGURE 3.**  
Level of housing burden by income level in Northern Virginia, 2019

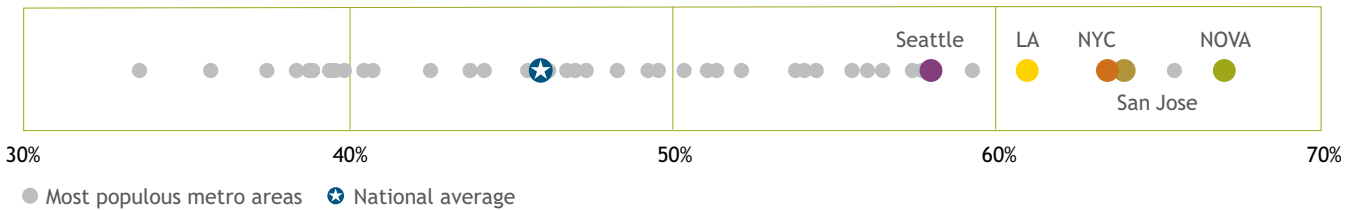
	Estimated Number of Households	No Burden (<30% of income)	Moderate Burden 30-49% of income	Severe Burden 50%+ of income
<b>Upper-Income</b> 400%+ federal poverty, over \$100k for family of 4	595,000	88%	11%	1%
<b>Moderate-Income</b> 200-400% federal poverty, \$50 - \$100k for a family of 4	133,000	41%	40%	19%
<b>Low-Income</b> <200% federal poverty, up to \$50k for a family of 4	92,000	13%	19%	67%
<b>ALL HOUSEHOLDS</b>	<b>821,000</b>	<b>72%</b>	<b>17%</b>	<b>11%</b>

Source: Insight Region™ analysis of U.S. Census, 2019 ACS, accessed through IPUMS

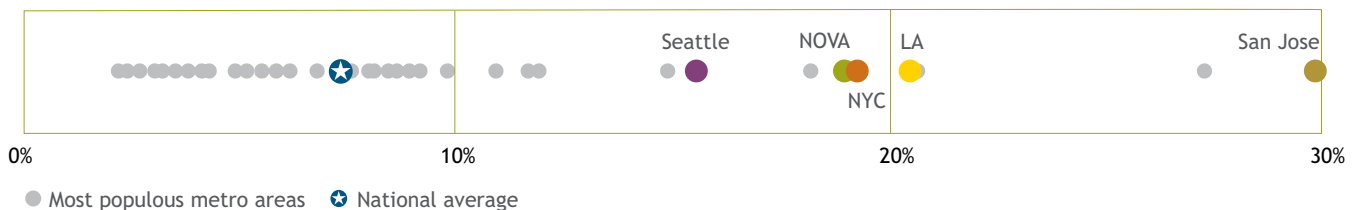
Compared to other large metropolitan areas, Northern Virginia had the highest rate of severe housing burden for low-income households and the sixth highest rate for moderate-income households; see Figure 4. A complete ranking of the 50 largest metros can be found in Appendix A.

**FIGURE 4.**  
Severe housing burden in the 50 largest metro areas by poverty status, 2019

### Share of low-income households spending over half of their income on housing



### Share of moderate-income households spending over half of their income on housing

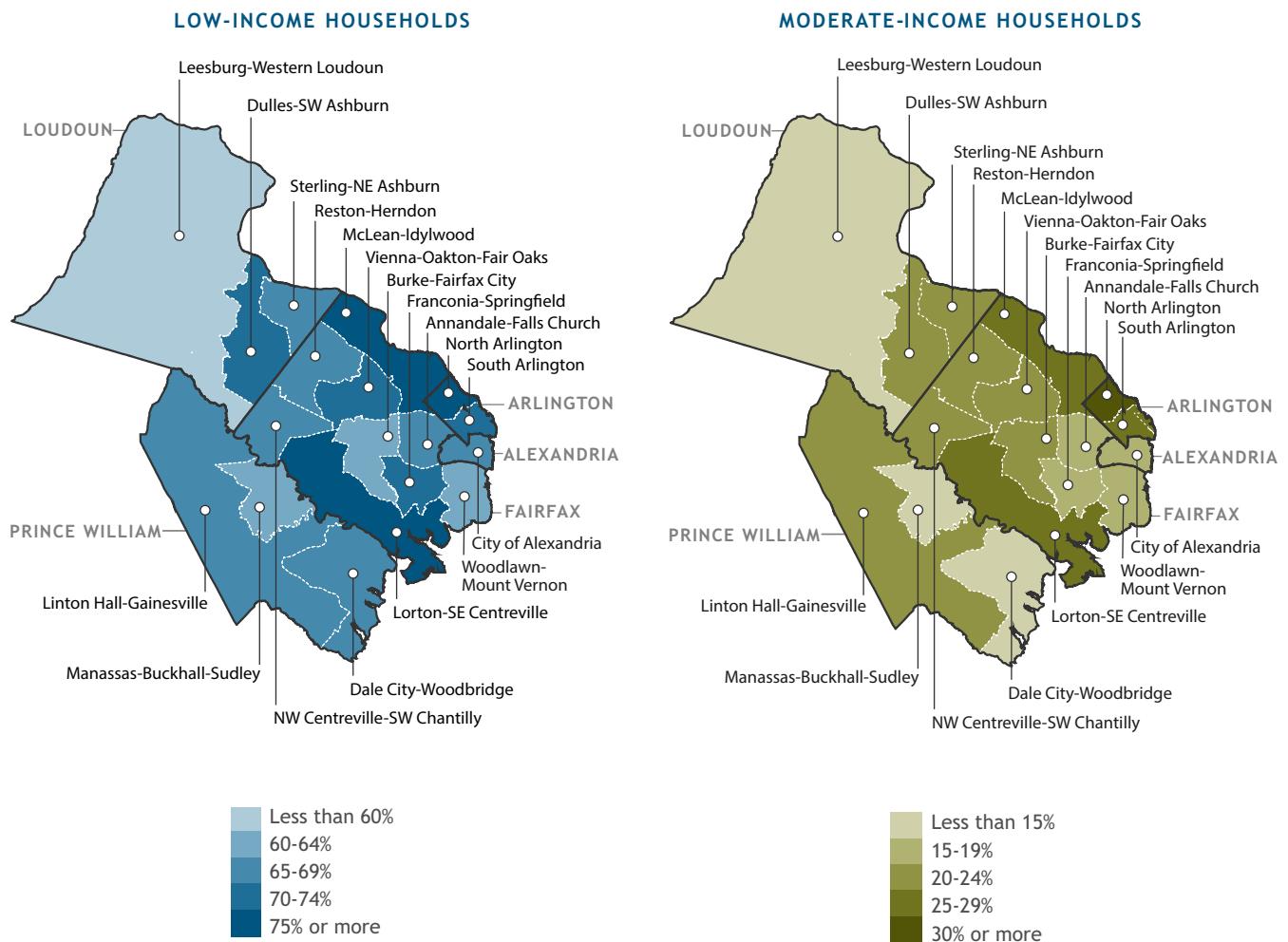


Source: Insight Region™ analysis of U.S. Census, 2019 ACS, accessed through IPUMS

## Severe housing burden is not spread evenly throughout the region

Certain communities within Northern Virginia offer somewhat more affordable options to low- and moderate-income households; see Figure 5. In Leesburg-Western Loudoun County, 58 percent of low-income households spent over half of their income on housing (2015-19, five year average), the lowest rate observed throughout the region for low-income homes. The highest rates—in excess of 75 percent—were found in North Arlington, Lorton-SE Centreville, and McLean-Idylwood. Moderate-income households saw the lowest rate of severe housing burden (10 percent) in the combined area of Manassas and Manassas Park; the highest housing burden was observed in North Arlington, where one third of moderate-income households spent over half of their income on housing.

**FIGURE 5.**  
Prevalence of severe housing burden in Northern Virginia by poverty status



Source: Insight Region™ analysis of U.S. Census, five year average of 2015-2019 ACS, accessed through IPUMS

## The Problem: Housing Supply and Income Adequacy

The high rate of severe housing burden in Northern Virginia signals two things: first, that the area has an insufficient supply of affordable housing given the range of incomes it produces, and second, that the current wage structure and distribution of wealth does not provide enough income given the cost of living.

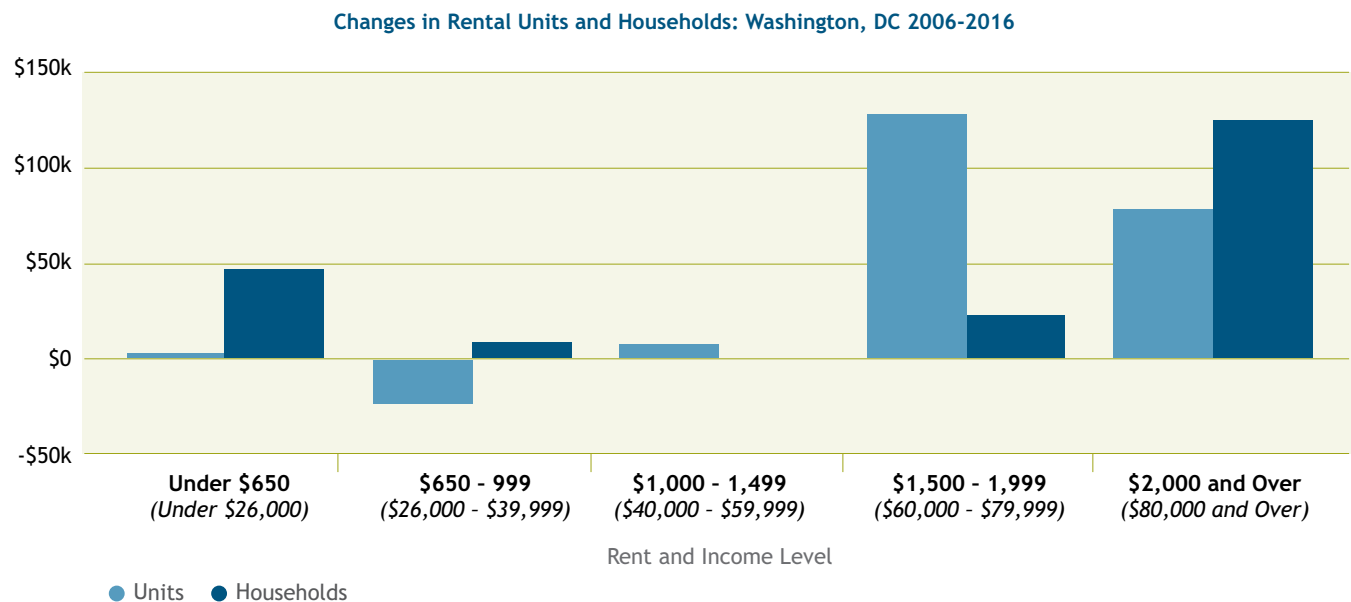
### HOUSING SUPPLY

In 2019, the Northern Virginia Affordable Housing Alliance (NVAHA) released a report detailing the state of affordable housing in Northern Virginia and the broader metropolitan area. Among other key findings, NVAHA described how the region has experienced a significant increase in homeownership costs relative to income that has driven more higher-income households to enter or remain in the rental market. As a result, the rental market has shifted dramatically toward higher cost units. See Figure 6.



**FIGURE 6.**

NVAHA finds that the regional rental market has shifted toward higher cost units

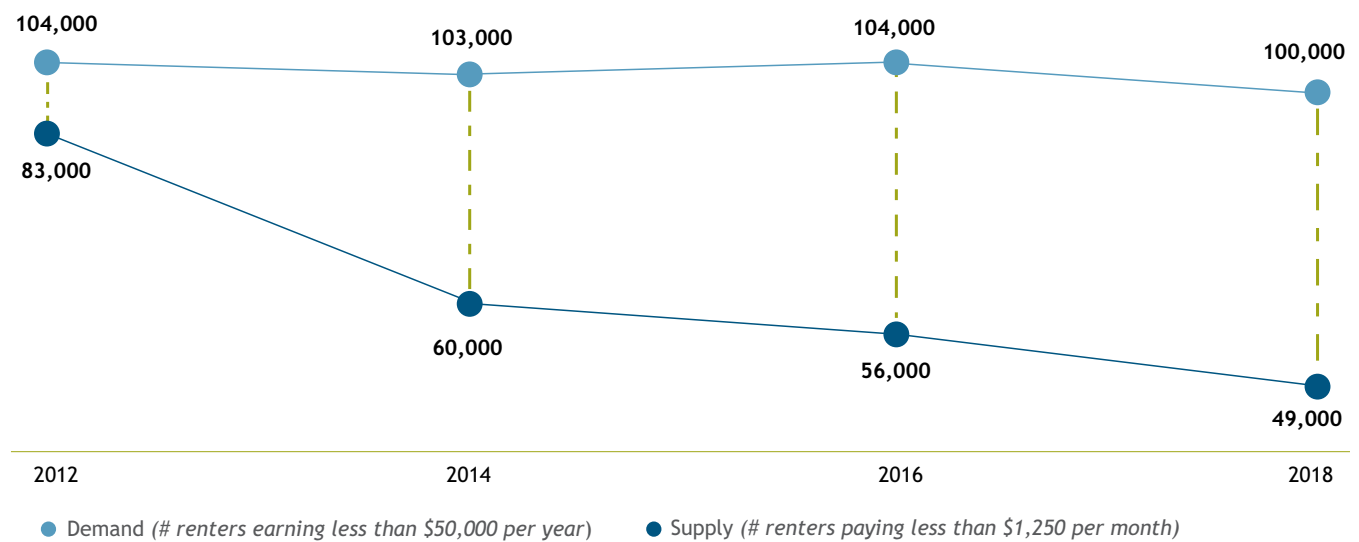


Source: Joint Center for Housing Studies as produced in NVAHA. 2019. [Building Northern Virginia's Future: Policies to Create a More Affordable, Equitable Housing Supply.](#)

Insight Region™ detected a similar trend, with a steady decline in the percent of renters paying less than \$1,250—the maximum “affordable” amount for a household earning \$50,000—as the number of low-income renters remains virtually unchanged (Figure 7). Though not a perfect measure of supply and demand, these data suggest a tightening supply of affordable housing. It is important to note that competition for these units has meant that, historically, low-income units are occupied frequently by tenants who could afford to spend more and that the supply gap is even greater.

**FIGURE 7.**

Low-Income renter households remain constant as stock declines in Northern Virginia



Source: Insight Region™ analysis of American Community Survey data; dollars not inflation adjusted

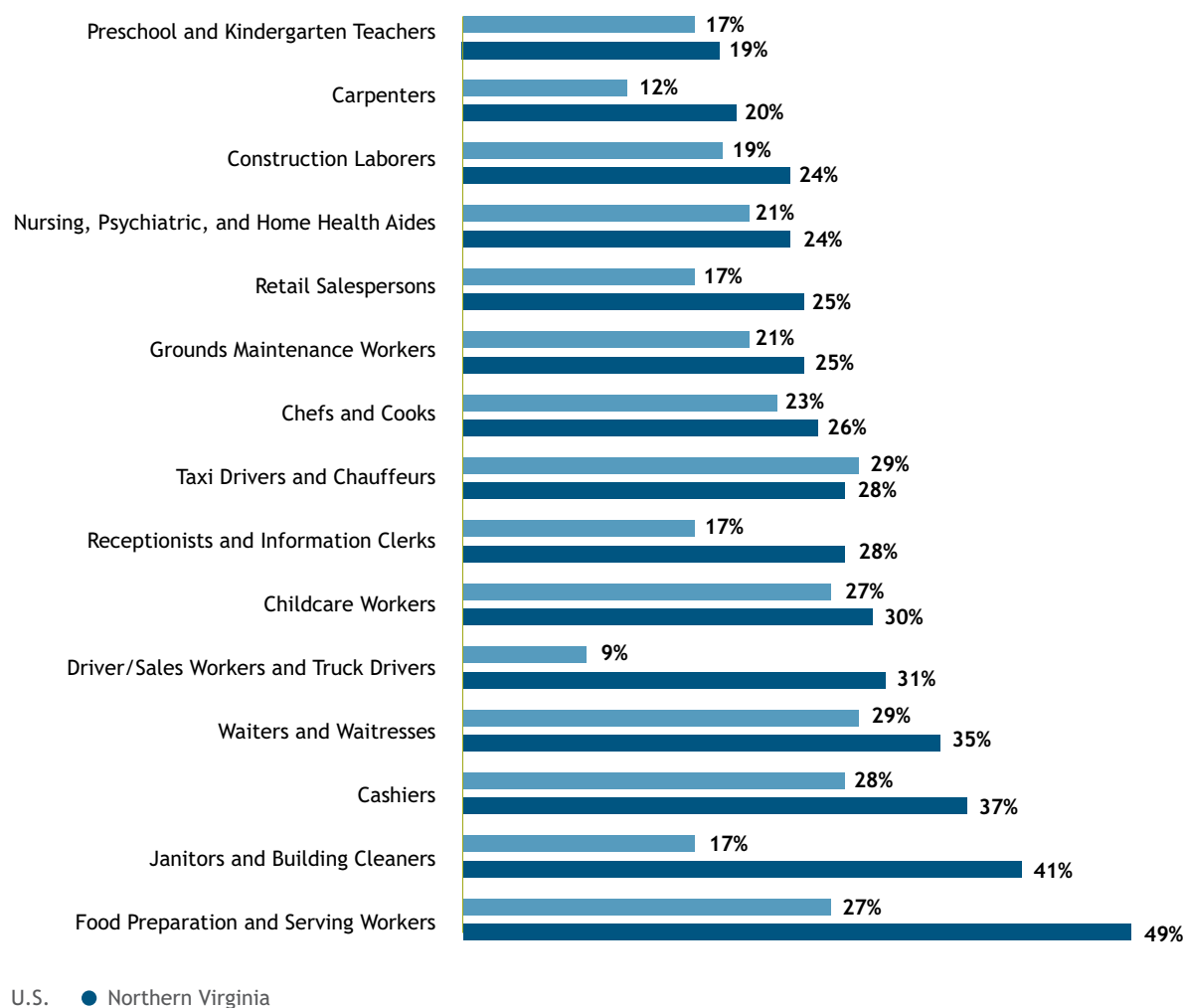
## INCOME

For many families, employment alone does not guarantee a sufficient income to live in Northern Virginia. Most households (58 percent) experiencing severe housing burden were headed by an adult who was working, and the vast majority (92 percent) of those who were employed worked full-time.

The occupations that experienced severe housing burden at the highest rates were predominantly in roles deemed “essential” during Covid-19, including teachers, construction workers, retail salespersons, drivers, and restaurant staff. They also tend to be low pay, offer unpredictable hours and schedules, and not come with benefits. Long-term job prospects may also be precarious—many face unemployment in the short-term and the potential for automation in the next ten years. As shown in Figure 8, these occupations experienced severe housing burden in Northern Virginia at a much higher rate than the average American employed in these occupations.

**FIGURE 8.**

Top 15 employed occupations experiencing severe housing burden in Northern Virginia



Source: Insight Region™ analysis of U.S. Census, 2019 ACS, accessed through IPUMS; excludes occupations with fewer than 2,000 workers

## The Result: Shelter Poverty and Deepening Inequality

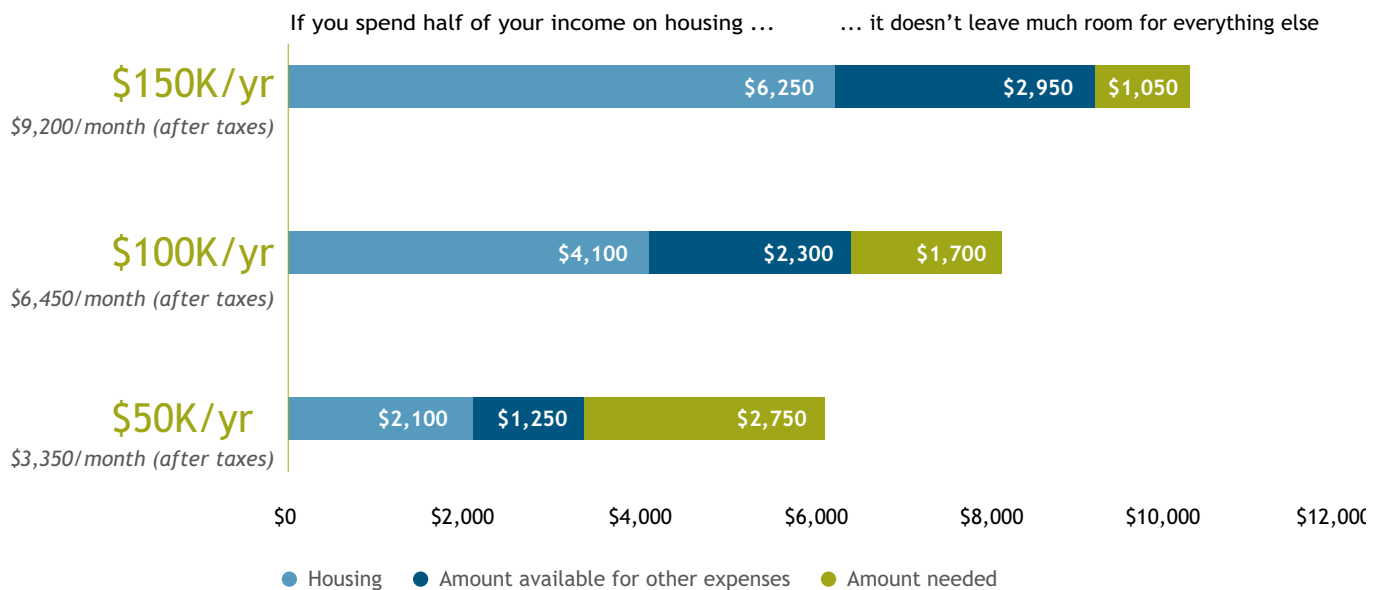
When a household spends half of its income on housing, it becomes difficult to cover other monthly expenses, let alone save for a crisis. A family of four earning \$50,000 that spends half of its income on housing would have just \$1,250 remaining, an amount woefully inadequate to cover the estimated \$4,000 a month that it likely needs for expenses other than housing.<sup>6</sup> As shown in Figure 9, even families with children at much higher income levels would struggle to pay for their basic needs if half of their income was devoted to housing. All told, about 40 percent of households experiencing severe housing burden had children and will likely struggle to pay for both housing and childcare.

Single-person households earning \$25,000—the threshold for 200 percent of federal poverty for an individual—that devote half of their income to housing would have just \$700 left over for food, transportation, healthcare, and other items. While this budget would be tight for anyone, it may be particularly hard for seniors, who comprise 23 percent



of severely housing burdened households in Northern Virginia. When this population has to cut corners to pay for housing costs—eating poorly, skipping routine medical care, or delaying home maintenance—they put themselves at increased risk for substantial and lasting health problems. For example, one study found that seniors who spent more than 30 percent of their income on rent had heightened risk of moving to a nursing home, independent of their underlying physical capacity and mental health.<sup>7</sup>

**FIGURE 9.** How much money is left over if 50 percent of your income goes to housing?



Source: Monthly take home estimated for married households with two dependents in Fairfax County, VA, see <https://smartasset.com/taxes/virginia-paycheck-calculator#MYMuwUzYeH>. Retrieved October 2020. Take home pay and housing costs rounded to nearest \$50.



These individuals and families are experiencing *shelter poverty*, a condition where the high cost of housing makes it difficult to pay for other essentials without cutting corners, relying on informal or public assistance, and falling deeper into debt.<sup>8</sup> And while for some this financial situation is temporary, many will struggle for a lifetime, limiting their ability to move out of poverty and achieve a higher quality of life for their families.

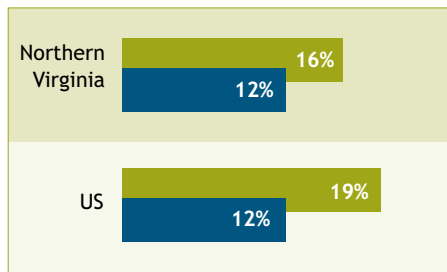
Shelter poverty not only harms the individuals experiencing it; it is also a mechanism for concentrating disadvantage in our most vulnerable and marginalized populations. Racial and ethnic minorities and immigrant communities experience severe housing burden at higher rates nationally and in Northern Virginia, a function of higher rates of poverty and disadvantage in these communities along with a history of housing and employment discrimination. Over half (57 percent) of severely housing burdened households were headed by an individual who was not white, and 47 percent were born in a different country. These rates are substantially higher than the overall composition of households, with larger gaps than the national average observed for Hispanic and immigrant households in Northern Virginia. See Figure 10.



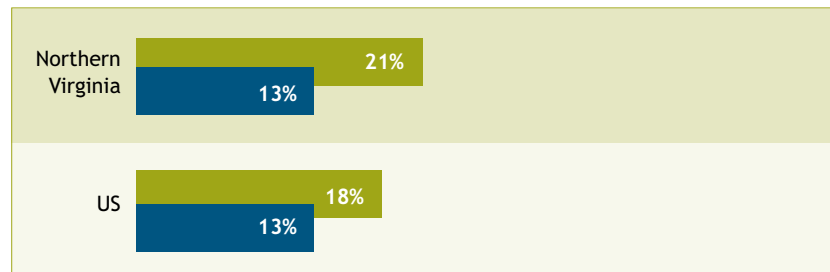
**FIGURE 10.**

Demographic composition of severe housing burdened households

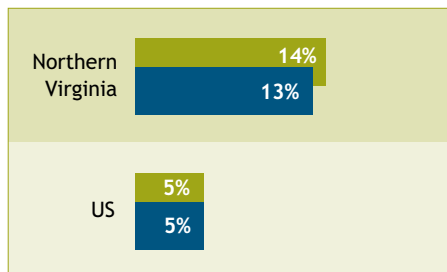
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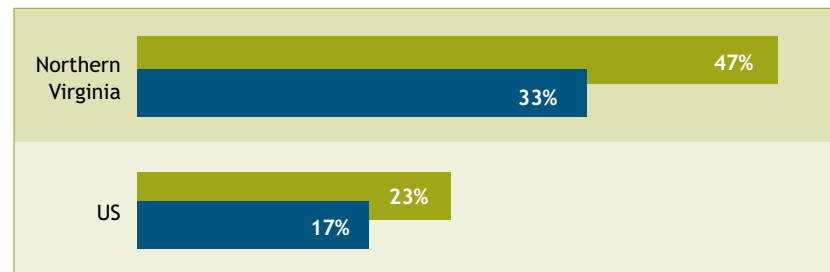
**HISPANIC**



**ASIAN**



**FOREIGN BORN**



- Percent of severe housing burdened households
- Percent of all households

Source: Insight Region™ analysis of U.S. Census, 2019 ACS, accessed through IPUMS

## Coming together around short-term and long-term solutions

The most immediate, ongoing need in the community is for poverty relief and emergency assistance to individuals and families who just cannot make ends meet—making sure all residents of Northern Virginia have the food, medicine, internet access, child care, and dependent care to survive, along with a roof over their heads. Some individuals and families will need targeted rental assistance and legal aid, still focused on the short-term goal of avoiding evictions, foreclosures, and highly-constrained living.

Longer-term solutions are more complex and will need to address both the limited supply of affordable housing as well as the lack of a living wage for certain occupations. Strategies that focus on the *preservation and expansion of affordable housing*—particularly in areas that are close to jobs and provide a decent quality of life for residents—are a given, but housing burden is as much about the sufficiency of income as it is pure housing cost. We also need solutions that support *long-term economic mobility and wealth creation* through education, training, and employment, helping residents move out of poverty, save money, and achieve complete economic mobility: economic success, power and autonomy, and value in the community.<sup>9</sup>

Strategies can also be tailored to the specific communities experiencing severe housing burden. Programs that support *families with children* could focus on providing affordable, high quality daycare, particularly to workers who are essential during COVID-19 and cannot perform their jobs in a virtual environment, and helping families securing affordable housing that can accommodate their family's size and space needs. Solutions for *seniors* may focus on strategies for aging in place, helping individuals afford both housing and medical costs as their care requirements grow, supporting multi-generational households, and providing income supplements so that our older neighbors can retire instead of continuing to work low-wage jobs.

To address disproportionate housing cost burden for *different racial, ethnic, and immigrant groups*,



jurisdictions in Northern Virginia should continue to expand their work around racial justice and equity, supporting projects focused on alleviating intergenerational poverty, promoting community wealth building, and stabilizing small businesses—including landlords—in the middle of the pandemic.

The Community Foundation for Northern Virginia operates several funds that support programs, services, and organizations to address the short-term and long-term needs of Northern Virginians experiencing severe housing burden.

- [Community Investment Funds](#) have supported, for example, same-day emergency assistance to prevent eviction and homelessness, home and car repair for low-income families, legal services related to housing quality, and resources for individuals who are reentering the community after incarceration or experiencing homelessness.
- The [Build Back Dream Forward](#) COVID-19 Response Fund awards funding to local nonprofits working to achieve social and economic equity, promote racial justice and equity, and catalyze more inclusive systems of economic growth in Northern Virginia, particularly in local communities of color who have been disproportionately impacted by the virus.
- The [Innovation Fund](#) uses a venture philanthropy model of grant making in which donors find investment opportunities in Northern Virginia to help diversify the local economy, expand cyber security instruction in local high schools, diversify the tech talent pipeline, and promote grass roots innovation.

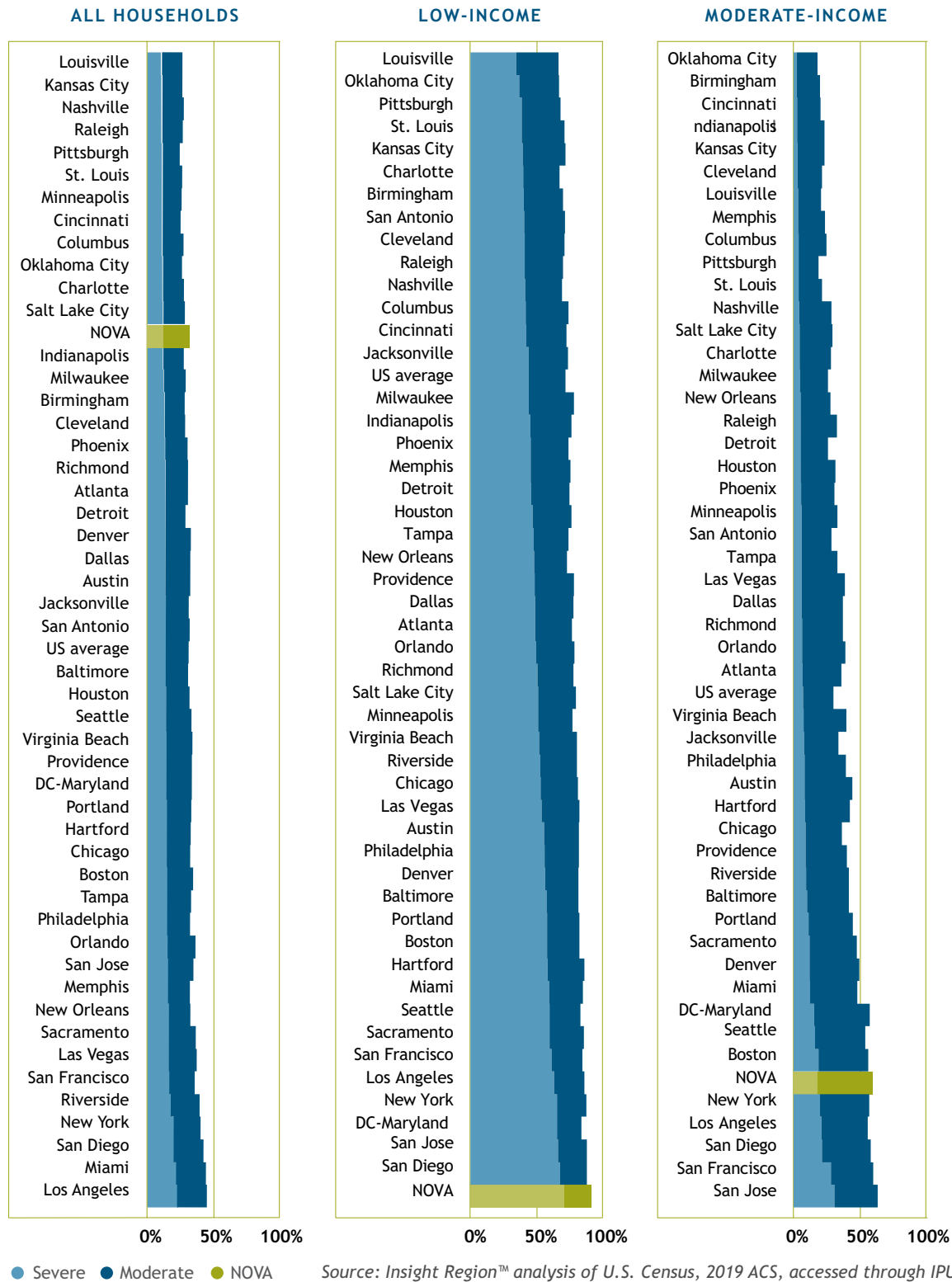
## Learn more

Northern Virginia has a strong network of advocates, policy experts, academics, and community members who care deeply about affordable housing and have produced a number of in-depth reports on this topic.

- ◆ The Northern Virginia Affordable Housing Alliance includes a series of recommendations in its 2019 report, [Building Northern Virginia's Future: Policies to Create a More Affordable, Equitable Housing Supply](#). The report organizes its recommendations around four key themes: (1) preservation and expansion of housing options for low-income and historically marginalized households; (2) increased and diversified housing stock across the region; (3) administrative and policy improvements; and (4) communications and community engagement.
- ◆ The Urban Institute, in its 2019 report [Meeting the Washington Region's Future Housing Needs](#), calls for the establishment of 10-year targets to shrink the current affordability gap, increase the pace of new housing production, and align additional housing units with expected household needs and resources. The report includes specific recommendations for local and state government officials, the philanthropic community, and the private sector. Specifically, the report calls on philanthropic and business leaders to prioritize a regionwide perspective, promote strategic planning and goal setting, build public understanding and support, and monitor progress over time toward regionwide targets.
- ◆ Results For America maintains a [clearinghouse](#) of programs and strategies proven effective at increasing economic mobility. As part of this work, RFA has developed a list of evidence-based approaches for enhancing safe, stable, and affordable housing, including strategies around eviction, displacement, homelessness prevention, homeownership, housing quality, affordable housing creation and preservation, and environmental remediation.
- ◆ For a national perspective on these issues, the [Institute for Research on Poverty](#) at the University of Wisconsin-Madison has written more extensively on housing burden specifically among individuals and families in poverty, examining historical trends and the relationship between cost burden and eviction. [The Urban Insitute](#) also recently analyzed how COVID-19 is affecting racial and income disparities in housing burden.

# Appendix A.

## Severe Housing Burden in the 50 most populous metros



## Appendix B.

### Prevalence of severe housing burden in Northern Virginia by poverty status

COMMUNITY	LOW-INCOME	MODERATE-INCOME
<b>ALEXANDRIA</b>	66%	19%
City of Alexandria	66%	19%
<b>ARLINGTON</b>	74%	29%
North Arlington	75%	33%
South Arlington	73%	27%
<b>FAIRFAX</b>	68%	20%
Annandale-Falls Church	67%	15%
Burke-Fairfax City	63%	22%
Franconia-Springfield	73%	18%
Lorton-SE Centreville	77%	26%
McLean-Idylwood	75%	27%
NW Centreville-SW Chantilly	69%	20%
Reston-Herndon	67%	20%
Vienna-Oakton-Fair Oaks	73%	21%
Woodlawn-Rose Hill-Mount Vernon	63%	19%
<b>LOUDOUN</b>	66%	20%
Dulles-SW Ashburn	70%	24%
Leesburg-Western Loudoun	58%	14%
Sterling-NE Ashburn	69%	22%
<b>PRINCE WILLIAM</b>	65%	13%
Dale City-Woodbridge	66%	11%
Linton Hall-Gainesville	68%	22%
Manassas-Buckhall-Sudley	62%	10%

Source: Insight Region™ analysis of U.S. Census, five year average of 2015-2019 ACS, accessed through IPUMS

## Appendix C. End Notes

1. American Community Survey, 1-year estimate for 2019. Housing costs include rent/mortgage, taxes, fees, and utilities.
2. United for Alice. All households, Virginia, 2018. <https://www.unitedforalice.org/virginia>
3. Northern Virginia is part of the DC metropolitan area and is typically not compared as a separate entity against other metropolitan areas. However, because Fairfax County is considered a separate “urban core” in the DC metro area, it is acceptable to separate out Northern Virginia (centered around Fairfax) from the DC-suburban Maryland region (centered around DC), even though residents can and do commute between the two urban cores.
4. The DC metro area would rank as #3 for the highest rate of severe housing burden for low-income households and #8 for the highest rate among moderate-income households.
5. Turner et al. 2019. Meeting the Washington Region’s Future Housing Needs. Urban Institute. [https://www.urban.org/sites/default/files/publication/100946/meeting\\_the\\_washington\\_regions\\_future\\_housing\\_needs\\_2.pdf](https://www.urban.org/sites/default/files/publication/100946/meeting_the_washington_regions_future_housing_needs_2.pdf)
6. According to the University of Washington Self-Sufficiency Standard, families in Northern Virginia can expect to spend around \$1,400 per child for daycare, \$200 per child for food (plus an additional \$300 for each adult), and \$600 for family healthcare. All told, researchers estimate that families in Northern Virginia require approximately \$4,000 each month to pay for necessities other than housing.
7. Morales, M. J. and Robert, S. A. 2020. The Effects of Housing Cost Burden and Housing Tenure on Moves to a Nursing Home Among Low- and Moderate-Income Older Adults. *The Gerontologist*, gnaa052.
8. For more information on the concept and operationalization of shelter poverty, see NIHLC. 2019. Standard Affordability Measure Misrepresents Households Living in ‘Shelter Poverty,’ Unable to Meet Basic Needs. <https://nlihc.org/resource/standard-affordability-measure-misrepresents-households-living-shelter-poverty-unable-meet>.
9. U.S. Partnership on Mobility from Poverty. See <https://www.mobilitypartnership.org/>

## About the Community Foundation for Northern Virginia

The Community Foundation for Northern Virginia is a trusted public charity that grows philanthropy to respond to need, seed innovation and lead and convene the community. Comprised of donor advised funds, permanent funds, giving circles, and other charitable endowments, the Community Foundation works to address some of the most complex civic and social challenges we face through community dialogue and strategic investments.

In 2020 the Community Foundation awarded more than \$13 million in grants and scholarships and reported \$70 million in managed philanthropic assets.

[www.cfnova.org](http://www.cfnova.org)

## About Insight Region™

Launched in 2020, Insight Region™ is a research center at the Community Foundation for Northern Virginia that analyzes local trends, convenes civic leaders, and promotes civic and social action. It is a growing hub for reliable, well-researched, and actionable data and analyses on issues critical to Northern Virginia.

In 2021, Insight Region™ will focus on understanding and promoting Inclusive Prosperity – increasing self-sufficiency, expanding economic opportunity, and forging pathways for long-term movements out of poverty for all of Northern Virginia's residents.

[www.cfnova.org/insight-region](http://www.cfnova.org/insight-region)

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