

A PLACE YOU WANT TO CALL HOME

AFFORDABLE HOMEOWNERSHIP —

WEST VIRGINIA'S INVISIBLE PROBLEM

What does “decent and affordable” mean? At a minimum...

■ Decent means warm in the winter; dry in the rain; with complete and workable plumbing and electrical systems; with adequate bathrooms and kitchens; with enough space for the number of people who live in the home; and reasonably well maintained.

■ Affordable means total housing cost no more than 30% (some organizations recommend less) of total monthly income.

The 72-year-old man lived in an ancient ten-by-ten camper he bought and placed on a tiny piece of leased land in McDowell County.

The camper's interior was suffocatingly hot in summer and biting cold in winter. It had no plumbing, and the man had to haul drinking water and pay a dollar for each use of a neighbor's shower. Nevertheless, under U.S. Census Bureau policy, he was counted among West Virginia's homeowners.

It's a paradox: West Virginia boasts one of the country's highest rates of homeownership, but thousands of people — some of them counted as homeowners — simply do not have adequate, affordable housing.

The “disconnect” at the heart of the paradox has several sources.

One is the definition of “home.” Lynn Talley, a West Virginia affordable housing advocate who has led a number of organizations, says, “There's a common notion that if you own a home, your housing problems are solved. That's just not so. ‘Home’ has to mean more than walls and a roof; it has to mean decent, safe, affordable housing where people can live with at least some level of comfort and dignity. Until we do more to make those ideas a reality, a high rate of homeownership doesn't mean much.”

It's a sad fact that, at this point, too much of West Virginia's housing stock is not “decent, safe, and affordable.”

According to the 2000 U.S. Census, nearly 20% of West Virginia's homes were built before 1940; the U.S. average is 15%. The age of a home is not in itself problematic; older homes can be elegant

and comfortable — if they're well maintained. But many of the State's older houses contain lead-based paint and/or asbestos, and have energy-inefficient heating systems. And too often lower-income owners simply can't afford the upkeep their older homes require, so the homes deteriorate not only in comfort but in appearance and safety.

Unhealthy — Even Dangerous

Moreover, much of the State's housing stock is substandard — lacking complete plumbing, built on inadequate foundations, harboring molds and mildews, uninsulated, sometimes with exposed wiring. Some of these homes are simply deficient, while others are actually unhealthy, even dangerous.

Why so much substandard housing? One reason is that a large proportion of the State's rural housing was built decades ago by coal companies for their workers, and not intended to last for generations. Another reason: many areas don't have building codes — and those with codes often don't have the resources to enforce them.

Mobile homes are a major component of West Virginia housing. The 2000 Census reports that 16.9% of West Virginians live in mobile homes; nationally the figure is only 7.6%. While mobile homes can be a good housing solution, the State's mobile homes have a median value of only \$22,800, and many lack potable water, adequate septic systems, and other basics. Additionally, says Moises Loza, Executive Director of the Washington, DC-based Housing Assistance Council (HAC), “Mobile homes depreciate, as opposed to conventional ‘stick-built’ homes that in most cases appreciate, building equity

for their owners. And about half of mobile homes sit on leased land, so any appreciation in land value is lost to the mobile homeowners.”

A third aspect of the problem includes the closely related issues of affordability and availability.

The median home value in West Virginia is \$72,800—ranking 47th in the U.S. That might sound like good news for homebuyers—but, like the homeownership rate, the figure can be deceptive. Josie Cuda, Executive Director of the Randolph County Housing Authority, says, “In many areas, if you find a home valued at \$65,000, it’s going to need work. And if you find a home valued at less than that, it’s going to need a *lot* of work. There are exceptions, but not many.”

More than 25% of the State’s houses are valued at less than \$50,000; they may be affordable, but often they don’t meet the standards of decency and safety. Alternatively, some parts of the State are experiencing booms that put housing costs out of reach of most potential homeowners. The median home price in Jefferson County is \$196,000 (up 75% since 1999), while in Morgantown the average 2002 home sale price was \$126,000. It takes a substantial income—or significant help with factors like interest rates and down payments—to afford such homes.

The upshot: West Virginia does indeed have a remarkably high rate of homeownership—but many of the homes are substandard, and problems of availability and affordability too often keep people of modest means from living in safe and decent housing.

Why Invisible?

It’s a significant problem—but it seems like an invisible one: ownership of decent, safe, affordable homes is rarely mentioned as a priority for West Virginia. Why? Among the likely reasons:

- Even though the State has no official housing agency (and therefore no official housing policy), various nonprofit organizations are addressing the problem, so it’s easy to think the issue is being resolved. But, while those organizations (some of them profiled in this report) do fine work, they don’t come close to having enough resources to be optimally effective.
- The economics of the situation deter involvement by for-profit organizations. There’s not much money to be made in building and

selling modest homes—especially to lower-income, higher-risk buyers. Such transactions usually incur “soft costs”—such as extensive prequalification processes and intensive homebuyer counseling—that can’t be recovered through a conventional mortgage.

- The issue isn’t as dramatic as, for instance, joblessness.

Perhaps the most important reason for the invisibility is that many people are simply not making the connection between affordable homeownership and something that is definitely a priority for West Virginia: economic development.

Tom Heywood, a partner in the Charleston office of Bowles Rice McDavid Graff & Love, Chief of Staff to former Governor Gaston Caperton, and facilitator of the West Virginia Housing Task Force created by former Governor Cecil Underwood, is among the people who do make that connection. “Housing isn’t just an individual issue; it’s an economic development issue that affects every one of us,” he asserts. “If we want businesses to locate here—and West Virginia works hard to make that happen—we need to be able to offer their employees housing stock that’s ample, of good quality, and appealing. But at this point, when businesses look at many parts of the State, they will have difficulty finding appropriate housing. That’s not sound economic development.”

Adds HAC’s Moises Loza, “Decent housing helps communities. It enhances the tax base and increases stability. When people are owners, they’re stakeholders in their community.

“Also,” he continues, “housing development is an industry that creates jobs through construction, sales, and financing—and has a multiplier effect even after the sale: the house has to be furnished, maintained, and so forth. Every home that is built and then kept up cycles money through the community.”

A West Virginian who is close to both issues agrees. Joe Hatfield, Executive Director of the West Virginia Housing Development Fund, the public (but non-governmental) nonprofit that focuses on housing and economic development, says, “West Virginia really needs to have a policy where housing and economic development are both priorities. They’re so interrelated you shouldn’t even think of separating them.”

In 2002, the national homeownership rate was 67.9%, while West Virginia’s was 77%. Only two other states — Minnesota and South Carolina, tied at 77.3% — had higher rates of homeownership.