

Issue: VA Affordable Housing

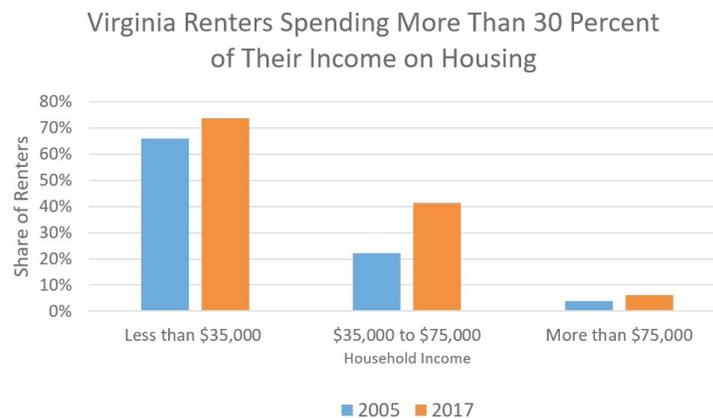
Affordable Housing in Virginia

There is an urgent need in the U.S. today to resolve the glaring disparity between housing demand and housing supply. In communities across the country, home prices and rents have climbed out of reach for an ever-growing share of households. New housing construction disproportionately serves the affluent, with housing subsidies serving only a fraction of those in need. Market pressures and gentrification are pushing many lower-income people out of their communities. America's history of racial discrimination and segregation is playing out yet again in the affordable housing crisis, locking too many people out of neighborhoods that support their wellbeing and their children's life chances. Moreover, in the aftermath of the Great Recession, the homeownership gap between whites and people of color has widened. Continued population growth, demographic change, and widening inequalities will only exacerbate the housing mismatch. Increases in housing inequalities, in turn, will unavoidably increase threats to families' stability, children's wellbeing, and opportunities for upward mobility.¹

Virginia's Housing Crisis

Virginia's economy is booming, and the state is doing well in a number of areas, yet, as reported on National Public Radio (NPR), "The reality is that many Virginians are struggling to find affordable housing."² According to findings from Princeton University's Eviction Lab, "this lack of affordable housing sits at the root of a host of social problems, from poverty and homelessness to educational disparities and health care."³ NPR also stated that, "Census figures show median rent in Virginia has risen *three times* as quickly as household incomes which has created an affordable housing crisis for many people who earn less than \$75,000 a year."⁴

As reported by Virginia Public Radio's Michael Pope, "Affordable housing is even scarcer now than during the housing bubble. That's the conclusion of Hamilton Lombard at the University of Virginia, who says the booming economy obscures how challenging the landscape is for many Virginians." According to Lombard, "A lot of the economic indicators look good, so it's surprising that the share spending more than 30 percent of their income on housing is actually higher than during the housing bubble, and the share of young adults living with parents or close relatives is actually still rising even though the recession ended how many years ago?"⁵



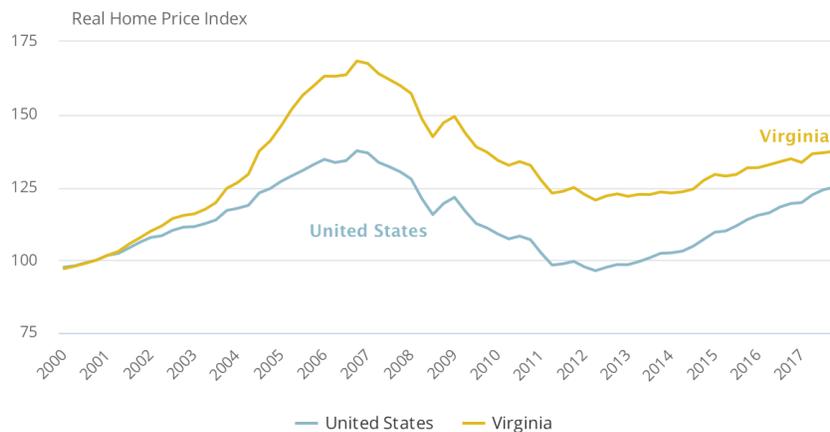
Source: Virginia Public Radio Report titled, "Affordable Housing in Virginia Remains Difficult to Find."⁶

“The median home sales price in Virginia is just now passing pre-recession levels, and older homes are not depreciating in value as quickly as in past decades. Salem Furth at George Mason University says that could be a contributing factor to the economic landscape.” He further stated, “If you want to control housing prices, you’ve got to be consistently building new housing because the new luxury housing of today is the affordable housing of a generation from now.”⁷

“Compared to the rest of the nation,” according to the *Washington Post*, “it’s harder for average-earning families to find housing in Mid-Atlantic states such as Virginia, where lower-priced homes are a long commute from well-paying jobs. “Affordable housing is not an urban versus rural issue. It affects every area of the commonwealth,” said Del. Alfonso H. Lopez (D-Arlington).”⁸

Virginia’s Housing Prices Consistently Higher than National Average⁹

Since 2000, Real Home Price Growth Has Varied Across the Country



Notes: Prices are adjusted for inflation using the CPI-U for all items less shelter. US non-metro home prices are a weighted average of all state non-metro prices, with each state's value weighted by the share of detached single-family housing units in non-metro areas.
Source: JCHS tabulations of the FHFA All-Transactions House Price Index.

Republican Lawmakers Want to Up Property Values

As stated in the *Virginia Mercury* on April 21, 2019, “Some members of the GOP majority say they aren’t sure there are even issues to address [sic: regarding the housing shortage], reacting with skepticism and exasperation to a long presentation on gentrification at a State Housing Commission meeting earlier this month that ended with a plea for additional state money.” We want the extra jobs coming to a locality. I want nice houses. I want to up the property values,” said Del. Barry Knight (R-Virginia Beach). “We in the General Assembly — I know you talk about trying to get more money and we don’t have enough for housing and all this and all that — we just can’t be all things to everybody....but I kind of like pulling yourself up by your own bootstraps.”¹⁰

According to Michelle Krockner, executive director of the Northern Virginia Affordable Housing Alliance, “There’s still a lot of stigma when you talk about affordable housing in some parts of Virginia, that it’s for people on welfare or it’s for people who don’t work, or that it brings down property values.”¹¹ The problem with both of these theories—bootstrapping to betterment and only people on welfare need affordable housing—is that neither are, in fact, true. The bootstrapping theory has long been debunked by the Brookings Institute and others,¹² and the fact that people earning as much as \$75,000 are impacted by affordable housing puts them well above the welfare threshold of \$25,750.¹³

Virginia's Eviction Crisis

According to a February 15, 2019 article on proposed affordable housing bills, produced by Virginia Commonwealth University's Capital News Service and reported by AP news, "Democratic lawmakers have been pushing for solutions to the affordable housing crisis since the Eviction Lab, a research group at Princeton University, led by the Princeton sociologist and "Evicted" author, Matthew Desmond, found that of the 10 cities with the highest eviction rates in the US, five are in Virginia: Richmond, Hampton, Newport News, Norfolk and Chesapeake."¹⁴

The *New York Times* reported in April 2019, "In Richmond, in 2016, one in five renter households were threatened with eviction, while during the same year, about one in nine renter households were issued eviction judgments. Judgments issued in majority white neighborhoods were far less common."

The consequences of what happens after eviction spreads across the city include:

- The Richmond public school system reroutes buses to follow children from apartments to homeless shelters to pay-by-the-week motels.
- City social workers coach residents on how to fill out job applications when they have no answer for the address line.
- Families lose their food stamps and Medicaid benefits when they lose the permanent addresses where renewal notices are sent.

"An eviction isn't one problem," said Amy Woolard, a lawyer and the policy coordinator at the Legal Aid Justice Center in town. "It's like 12 problems."¹⁵

"This isn't by happenstance — this is quite intentional," said Levar Stoney, Richmond's mayor. "A quarter of households here are poor, leaving many people a car repair or a hospital visit away from missing the rent check." But that poverty collides with a legal structure that responds to such moments swiftly. This is a state, Mr. Stoney and others say, that favors property owners, as it has since plantation days. And aid to the poor has been limited.¹⁶

Evictions in Virginia are not limited to Richmond; they occur wherever the poverty rates are high, the minimum wage is low, and there are few tenant rights. Not surprisingly, the problem of evictions disproportionately impacts minority communities. "Housing eviction rates in our commonwealth are a disgrace," said Sen. Mamie Locke, (D-Hampton.) "It is no secret that the laws and regulations around eviction in Virginia are intentionally vague and disproportionately target our most vulnerable communities."¹⁷

In the "Why Eviction Matters" section of the Princeton University's Eviction Lab report on the US eviction crisis, researchers point out that understanding the eviction crisis is an essential first step in addressing the problems of homelessness, poverty, and inequality. They describe the eviction process as follows: "Landlords initiate the process, and renters are served notice to appear in court. Almost everywhere in the United States, evictions take place in civil court, where renters have no right to an attorney. For this reason, most renters do not appear in eviction court. When this happens, they receive a default eviction judgment, provided that the landlord or a representative is present. Renters who do appear in court may also receive an eviction judgment ordering them to vacate their home by a specific date." The report also indicates additional ways in which eviction cases can be resolved, including dismissal, rulings in favor of defendants, allowing renters to remain in their home, and establishing a mediated agreement between a landlord and a renter, often called a "settlement" or "stipulation."¹⁸

US cities with the highest rate of eviction judgments in 2016

City	Eviction filing rate	Eviction judgment rate
1 North Charleston, S.C.	35.6%	16.5%
2 Richmond, Va.	30.9%	11.4%
3 Hampton, Va.	37.3%	10.5%
4 Newport News, Va.	34.1%	10.2%
5 Jackson, Miss.	11.6%	8.8%
6 Norfolk, Va.	27.6%	8.7%
7 Greensboro, N.C.	19.8%	8.4%
8 Columbia, S.C.	20.4%	8.2%
9 Warren, Mich.	29.8%	8.1%
10 Chesapeake, Va.	23.7%	7.9%

For cities with a population of 100,000 or more. Eviction filing rate refers to eviction cases filed per 100 renter households. Some households experience more than one summons in a single year.¹⁹

Virginia Lags Behind Other States in Housing Affordability

The National League of Cities' March 2019 report on affordable housing includes a state-by-state analysis of strategies to expand housing affordability and access. These include "rent control, inclusionary housing (low income housing mixed with or located near market rate housing), fair housing, housing trust funds, and state tax incentive programs. Some cities and states have connected housing strategies to employment, mobility, and health initiatives. Few of these measures, however, have been implemented by Virginia's Republican-controlled legislature, and where they do exist, they barely meet the need of many of the state's residents."²⁰

The *Washington Post* on March 31, 2019, reported on Virginia's six-year-old statewide housing trust fund, sponsored by Del. Alfonso H. Lopez (D-Arlington), which provides loans to communities and nonprofit agencies to reduce the cost of both owning and renting a home.²¹ As much as 20 percent of the fund is available to efforts to reduce homelessness. The loans are paid back with interest, which creates a revolving fund.

The article also states that Virginia "had been dedicating \$5 million a year to the fund but according to Derek Hyra, a professor at American University and director of its Metropolitan Policy Center, that figure is abysmal compared to the \$100 million Washington D.C. dedicates to its trust fund." During the 2019 legislative session, Del. Lopez sought \$50 million for the fund, and Gov. Northam \$19 million. But in February, the General Assembly approved only the \$1.5 million boost sponsored by State Sen. Adam P. Ebbin (D-Alexandria) and added an additional \$4 million in April at Gov. Northam's request. That money increases the state funding for the trust to \$9.5 million at least for the fiscal year, ending June 30. In response, Del. Lopez stated, "I'm concerned that if we don't keep pushing ahead in a big way, this won't get ramped up any further," he said. If Democrats win control of the General Assembly in November, he added, "I'm very hopeful . . . there will be more in the trust fund. But it won't just happen by wishing for it."²²

The Amazon Effect

The *Washington Post* on April 3, 2019 reported that after Amazon announced its decision in November 2018 to establish its second headquarters in Northern Virginia, the percentage of homes in the region under contract rose for three consecutive months. That increased demand, resulting in

rising home prices, only exacerbates Northern Virginia's lack of affordable housing, thus pressuring the region to build more housing based on an *anticipated* increase in tax revenues:

“The county and the city of Alexandria expect to rely on tax revenue from Amazon’s location in the area to fund at least \$15 million annually to preserve and create affordable housing. The Virginia Housing Development Authority pledged an additional \$15 million annually for five years for REACH Virginia (Resources Enabling Affordable Community Housing in Virginia) in Northern Virginia. That is on top of the \$300 million annually that the agency provides for rental housing and \$600 million per year for homeownership financing in Northern Virginia. JBG Smith, Amazon’s development partner, is working with the Federal City Council on the Washington Housing Initiative to preserve or build 2,000 to 3,000 units of affordable workforce housing in the metro area over the next decade.”²³

The *Virginia Mercury News* reported on April 21, 2019, that “Virginia’s deal with Amazon initially included a proposal for \$100 million in state funding for affordable housing, but GOP leaders balked at the allocation, arguing that the impacted localities should address housing issues with local funds.” Governor Northam’s Secretary of Finance, Aubrey Layne, stated that to a certain extent the administration agreed:

“The local developers, who are obviously going to do very well on the deal, and the localities that will receive the property tax increases — they should use some of that for affordable housing,” Layne said. And ultimately, according to the *Mercury News*, “that’s how the final deal was structured. Amazon and Arlington have pledged to invest \$150 million in affordable housing over the next 10 years. But, according to Layne, that arrangement shouldn’t signal that Northam doesn’t see any state role in funding affordable housing.”²⁴

Cost of Affordable Housing and Need for Subsidies

In its research project on affordable housing, the Urban Institute outlines the revenue disconnect between actual building costs and the eventual rents most people pay. In order to fund construction costs, developers must rely primarily on loans and other equity sources. But those loans are dependent on the development producing enough revenue to pay back its lenders. “The gap between the amount a building is expected to produce from rents and the amount developers will need to pay lenders and investors can stop affordable housing development before it even begins, leaving few options for the millions of low-income families looking for safe, affordable homes.” The report reaches the conclusion that ongoing subsidies are essential to closing the gap. “Changes to land use, to regulations, or to what and how we build all will help close the gap, but we won’t get where we need to be without subsidies.”²⁵

2019 Legislative Session

Virginia House Democrats are committed to implementing affordable housing reform and protecting vulnerable communities from evictions. “The displacement of vulnerable communities is not the nationwide record we want to be setting in the commonwealth,” said Del. Jeff Bourne (D-71st District). Bourne introduced the Virginia Fair Housing Law (HB 1647), which would have prohibited discriminating in application of land use ordinances. The bill was left in the Republican-controlled Committee on General Laws. The Senate version of the bill (SB 1062), introduced by Jennifer L. McClellan, (D-Senate District 9) did pass thirty-six to four.²⁶

Four additional bills favorable to low-income renters and/or supporting affordable housing passed both chambers of the legislature:

HB 2054, introduced by Del. Betsy Carr (D-Richmond), requires landlords to provide a written rental agreement to tenants.²⁷

HB 1681, introduced by Del. Jay Jones (D-Norfolk), expands eligibility for the housing choice voucher tax credit to low-income communities in Hampton Roads.²⁸

SB 1448, introduced by Sen. Mamie Locke (D-Hampton), changes the terminology from writ of possession to writ of eviction for the writ executed by a sheriff to recover real property pursuant to an order of possession. The bill specifies that an order of possession remains effective for 180 days after being granted by the court and clarifies that any writ of eviction not executed within 30 days of its issuance shall be vacated as a matter of law.

HB 2229, introduced by Del. Lamont Bagby (D-Charles City) allows localities to waive building fees for affordable housing developments.²⁹

Affordable Housing Resources

There are a number of affordable housing resources available to Virginia residents, which are listed in the chart below.³⁰ The following abbreviations indicate the type of resource.

The Legal Aid – LA; Tenants’ Rights – TR; Education & Advocacy – E&A; Housing Assistance - HA

Resource	Service Type	Area Covered	Phone Number	Email
Northern Virginia Affordable Housing Alliance	LA	Northern Virginia	571-572-2238	https://nvaha.org/
Legal Services of Northern Virginia	LA; TR; E&A	Northern Virginia	703-778-6800	http://www.lsnv.org/
Legal Aid Justice Center	LA	Charlottesville	434-529-1849	http://www.justice4all.org/
Housing and Community Services of Northern Virginia	LA; E&A	Falls Church	703-372-5440	http://hcsnv.org/
Northern Virginia Family Services	LA; E&A	Oakton	571-748-2500	http://nvfs.org/
Housing Opportunities Made Equal of Virginia	E&A	Richmond	804-354-0641	http://homeofva.org/
Virginia Housing Alliance	HA; LA	Richmond	804-840-7582	http://vahousingalliance.org/
Virginia Supportive Housing	E&A	Richmond	804-788-6825 x 252	http://www.virginiassupportivehousing.org/
Blue Ridge Legal Services, Inc.	LA	Shenandoah & Roanoke Valleys	540-433-1830	http://brls.org/

If everyone could afford quality housing, and every neighborhood offered a diversity of housing options, people up and down the income ladder could enjoy housing security and build wealth through homeownership. “Achieving this vision,” the Urban Institute goes on to say, “requires more than incremental tinkering with today’s market institutions and public policies. It requires bold

innovation by change makers at all levels of government and in the private and nonprofit sectors.”³¹

As stated in Harvard University’s *The State of the Nation’s Housing* 2018 report, “State and local jurisdictions also have opportunities to reduce housing costs through regulatory reform. Allowing higher-density development and simpler housing designs, as well as streamlining approval processes, would enable and incentivize builders to supply homes affordable to a broader range of incomes. While current regulations are intended to protect the public interest, concerns for health, safety, and efficiency must be weighed against the need to reduce the costs of housing production. Striking this balance is essential if the nation is to meet its stated goal of a decent home and suitable living environment for all.”³²

¹ https://next50.urban.org/.../2019.../2019.02.20_Next50%20Housing%20brief_finalize...

² https://cpa.ds.npr.org/wvtf/audio/2018/11/affordable_housing.mp3

³ <https://evictionlab.org/why-eviction-matters/#understanding-eviction>

⁴ https://cpa.ds.npr.org/wvtf/audio/2018/11/affordable_housing.mp3

⁵ <https://www.wvtf.org/post/affordable-housing-virginia-remains-difficult-find#stream/0>

⁶ <https://www.wvtf.org/post/affordable-housing-virginia-remains-difficult-find#stream/0>. Print version

⁷ <https://www.wvtf.org/post/affordable-housing-virginia-remains-difficult-find#stream/0>

⁸ https://www.washingtonpost.com/local/virginia-politics/northams-latest-request-for-housing-money-will-again-test-virginia-legislature/2019/03/31/d624cea2-5189-11e9-a3f7-78b7525a8d5f_story.html?tid=a_inl_manual&tidloc=5

⁹ <https://www.jchs.harvard.edu/state-nations-housing-2018>

¹⁰ <https://www.virginiamercury.com/2019/04/21/in-fight-over-affordable-housing-some-lawmakers-arent-worried-about-gentrification-i-want-to-up-the-property-values/>

¹¹ https://www.washingtonpost.com/local/virginia-politics/northams-latest-request-for-housing-money-will-again-test-virginia-legislature/2019/03/31/d624cea2-5189-11e9-a3f7-78b7525a8d5f_story.html?tid=a_inl_manual&tidloc=5

¹² <https://money.howstuffworks.com/bootstrap-myth-climbing-economic-ladder-takes-more-hard-work.htm>

¹³ <https://www.thebalance.com/welfare-programs-definition-and-list-3305759>

¹⁴ <https://www.apnews.com/6be25efelc10424d87606f987445cb66> <https://www.nytimes.com/interactive/2018/04/07/upshot/millions-of-eviction-records-a-sweeping-new-look-at-housing-in-america.html>

¹⁵ <https://www.nytimes.com/interactive/2018/04/07/upshot/millions-of-eviction-records-a-sweeping-new-look-at-housing-in-america.html>

¹⁶ <https://www.nytimes.com/interactive/2018/04/07/upshot/millions-of-eviction-records-a-sweeping-new-look-at-housing-in-america.html>

¹⁷ <https://www.apnews.com/6be25efelc10424d87606f987445cb66>

¹⁸ <https://evictionlab.org/why-eviction-matters/#understanding-eviction>

¹⁹ <https://evictionlab.org/rankings/#/evictions?r=United%20States&a=0&d=evictionRate&l=4>

²⁰ <https://www.nlc.org/resource/local-tools-to-address-housing-affordability-a-state-by-state-analysis>

²¹ https://www.washingtonpost.com/local/virginia-politics/northams-latest-request-for-housing-money-will-again-test-virginia-legislature/2019/03/31/d624cea2-5189-11e9-a3f7-78b7525a8d5f_story.html?tid=a_inl_manual&tidloc=5

²² https://www.washingtonpost.com/local/virginia-politics/northams-latest-request-for-housing-money-will-again-test-virginia-legislature/2019/03/31/d624cea2-5189-11e9-a3f7-78b7525a8d5f_story.html?tid=a_inl_manual&tidloc=5

²³ https://www.washingtonpost.com/realestate/will-amazons-effect-on-northern-virginia-housing-be-as-feared-or-hoped-for/2019/04/03/724055ae-4415-11e9-aaf8-4512a6fe3439_story.html

²⁴ <https://www.virginiamercury.com/2019/04/21/in-fight-over-affordable-housing-some-lawmakers-arent-worried-about-gentrification-i-want-to-up-the-property-values/>

²⁵ <https://apps.urban.org/features/cost-of-affordable-housing/>

²⁶ <https://www.apnews.com/6be25efelc10424d87606f987445cb66>

²⁷ <https://legiscan.com/va/bill/hb2054/2019>

²⁸ <https://legiscan.com/va/bill/hb1681/2019>

²⁹ <https://www.apnews.com/6be25efelc10424d87606f987445cb66>

³⁰ <https://justshelter.org/community-resources/>

³¹ <https://next50.urban.org/question/housing#produce-more-housing-more-cheaply>

³² <https://www.jchs.harvard.edu/state-nations-housing-2018>, p.36