

# From COVID to the Capitol:

What You Need to Know about  
Affordable Housing in 2021

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Franklin County Housing Summit  
Thursday, June 03, 2021





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### What HFV does:

We are the Commonwealth's trusted resource for affordable housing data and actionable insights.

- **Inform** public policy and housing regulations
- **Support** local and regional housing networks
- **Provide** leaders with actionable information
- **Shine a light** on racial disparities in housing
- **Build** a positive public image for affordable housing

### What I do:

Guide HFV's research and policy work across Virginia by:

- Conducting local and regional housing assessments
- Evaluating state policy and program needs
- Translating data for policymakers and advocates
- Organizing training and education opportunities

# What I'll cover:

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1. **What's going on:** trends we're watching
2. **Dispatch from Richmond:** state momentum on housing
3. **An embarrassment of housing riches:** does more money mean more problems?

# Trends we're watching

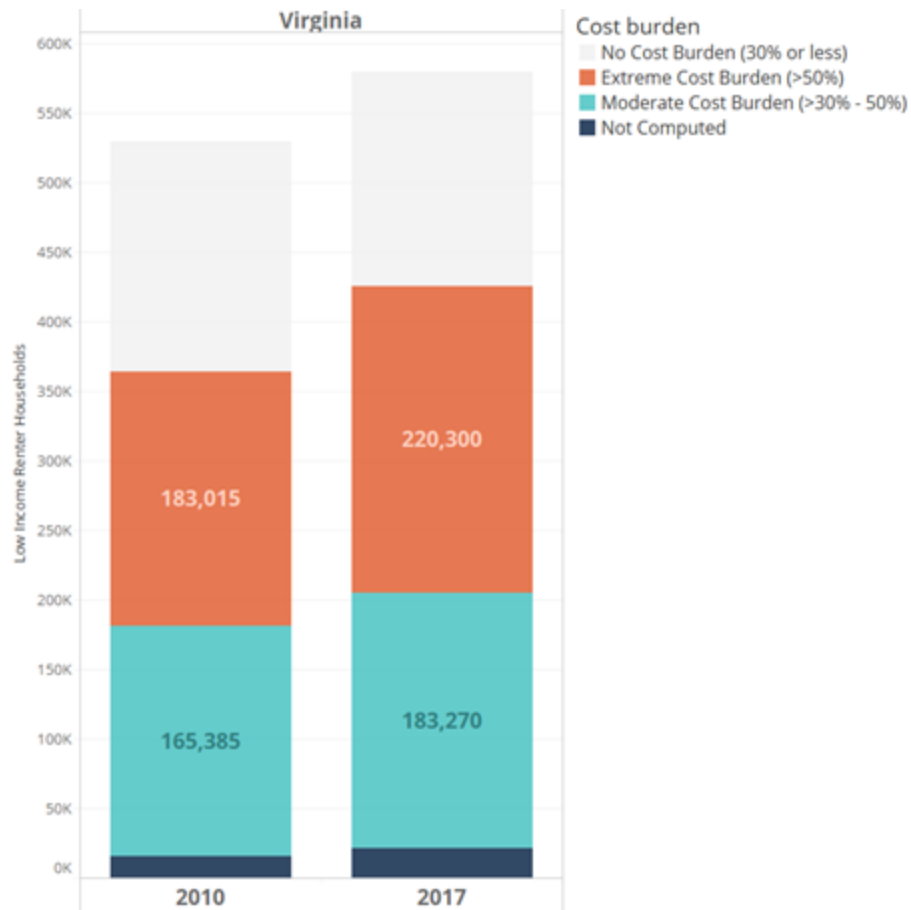
# Depending on who you ask...

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**This is the worst  
housing crisis  
we've had  
since 2008.**

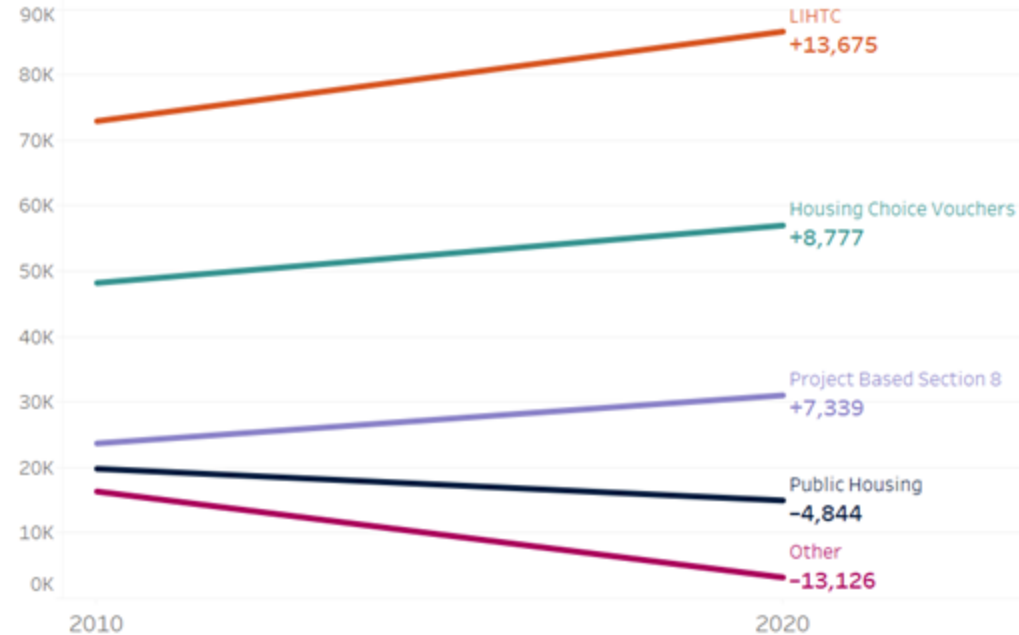
**This is the best  
housing market  
we've had  
since 2008.**

**In Virginia,**  
the number of cost  
burdened renters below  
80% AMI increased by  
**16%** from 2010 to 2017.

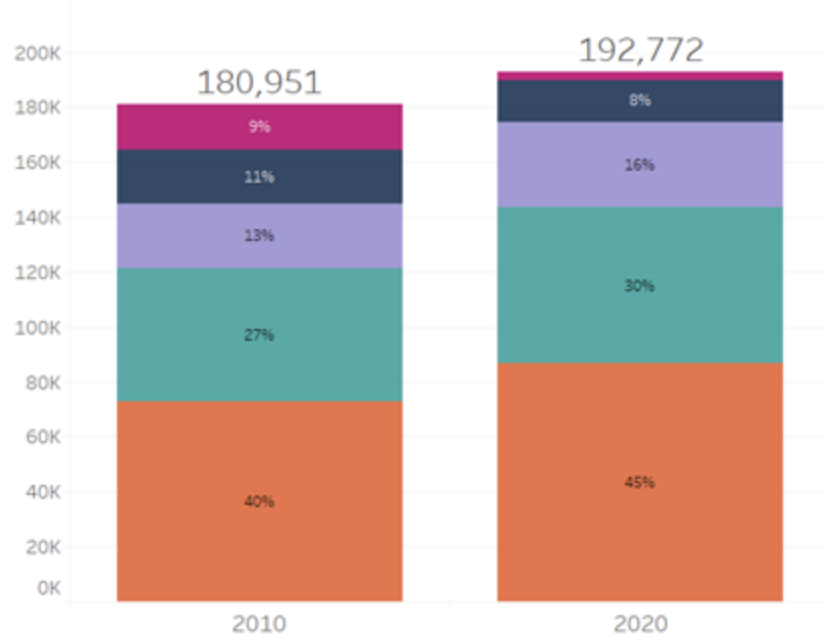


# Housing assistance levels in Virginia: 2010 to 2020

Change in housing assistance by type



Totals



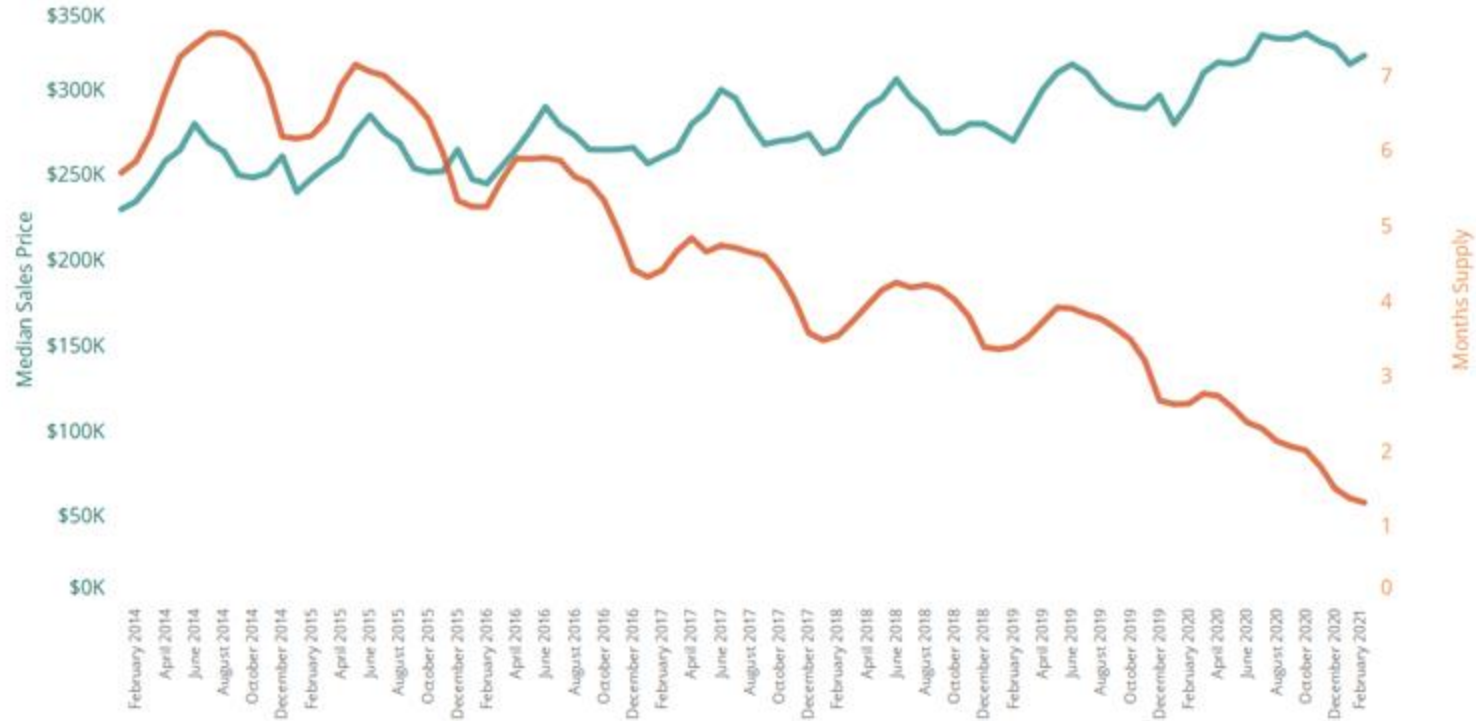
# What's the problem?

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1. Low supply of apartments—especially at affordable rents
2. Decreasing/changing federal support relative to need (BUT...)
3. Localities are behind on encouraging/permitting apartments
4. Wages among renters haven't gone up



# It's not easy to buy a home in Virginia!



# What's the problem?

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1. Very low supply compared to demand
2. Historically low interest rates
3. Localities haven't zoned for denser, less expensive homes
4. Higher-wage workers generally weathered pandemic
5. Supply chain and cost issues due to COVID, labor, etc.

# COVID-19 and its ripple effects

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## Housing instability

Confusing eviction prevention measures

Federal moratorium expiring soon

Renters hit hardest by job losses

## Scram to the suburbs?

The plural of anecdote is not data

[Zillow Research](#):

*“no disproportionate strengthening of suburban markets”*

## Rethink what a home does

Accessory dwelling units (ADUs) for:

- Quarantine
- Work from home
- Learn from home

## Industry resiliency

Nonprofits worried about long-term sustainability (capacity, staff burnout)

Material and labor costs higher than ever

# What's happening at the Capitol?

# Housing policy changes at state level

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## Back in 2020:

- **Source of income** protection for renters
  - Prohibits discrimination against Housing Choice Voucher recipients
- **Changes to 15.2-2305.1** (voluntary affordable dwelling unit ordinances)
  - Gives additional inclusionary zoning guidance/options for localities
- **HB854 statewide housing study**

# Overview of HB854

Directs DHCD and Virginia Housing to conduct a statewide housing study

# HB854 Components

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## Four specific “policy” charges:

1. Determine the **quantity and quality of affordable housing** and workforce housing across the Commonwealth
2. Conduct a **review of current programs and policies** to determine the effectiveness of current housing policy efforts
3. Develop an **informed projection of future housing needs** in the Commonwealth and determine the order of priority of those needs
4. **Make recommendations** for the improvement of housing policy in the Commonwealth

# HB854 Components

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## Evaluation of four proposed programs, plus existing efforts:

1. A Virginia **rent subsidy program** to work in conjunction with the federal Housing Choice Voucher program
2. **Utility rate reduction** for qualified, affordable housing
3. **Real property tax reduction** for affordable housing
4. **Bond financing** options for qualified, affordable housing
5. Existing programs to increase the supply of qualified, affordable housing



# HB854 Components

Two additional issues added to study:

## COVID-19 pandemic

Determine the impact of the pandemic on affordable housing and strategies to overcome these impacts.

- Where has COVID-19 revealed vulnerabilities in our housing programs and policies?
- How can we make housing more resistant to future disruptions?
- How can we create more stability for renters and homeowners during crises?
- How can we advance partnerships between health and housing sectors?

## Racial inequity in housing

Explore the status and impacts of racial inequity in affordable housing in the Commonwealth; suggest strategies for closing the racial gap in housing.

- What are the facts and trends?
- How can we develop a common understanding of the impact of systemic racism on housing?
- How can we begin to close the gaps?
- What new resources do we need?

# Scope of Work

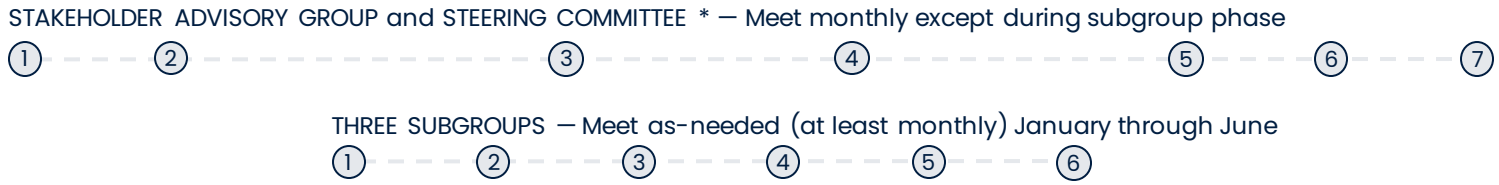
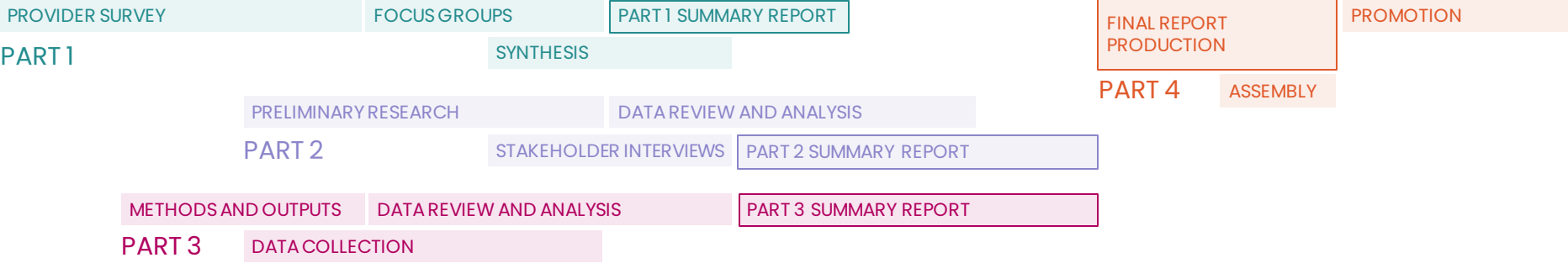
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- Part 1: **Analysis of Current Housing Programs and Policies**
- Part 2: **Analysis of Specific Policy and Program Proposals**
- Part 3: **Quantity, Quality, and Demand for Affordable Housing**
- Part 4: **Final Report Production and Dissemination**

# HB854 Timeline

November 2020 – October 2021

# HB854 Statewide Housing Study Project Timeline



\* Steering Committee may elect to meet independently of the SAG as-needed to discuss study progress.

# Framing recommendations for HB854

## What needs are being met?

- Which programs are working well?
- Why are they successful?

## What programs need changes?

- Where is more funding needed?
- How should they be changed to be more effective/targeted?
- Do any need to be fully replaced?

## Are new programs needed?

- What problems are not being addressed?
- How can new programs fill in the gaps?

## What changes are needed at the local and regional levels?

- Building capacity to use state programs
- Local/regional actions to remove barriers to effectiveness (e.g., regulatory reform, prioritization of affordable housing, etc.)

# Housing policy changes at state level

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## 2021 session:

- **HB2406: “Anti-NIMBY” bill** (Effective July 1)
  - Adds a section to the Virginia Fair Housing Law prohibiting localities from denying permits for housing developments that would be occupied by households earning 80% of AMI or below
- **HB2503: ADU study group**
  - Directs DHCD to study accessory dwelling unit ordinances

# Housing policy changes at state level

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## 2021 session:

- **SB1197: Virginia Housing Opportunity Tax Credit**
  - Establishes state housing tax credit to support affordable rental housing
  - Companion to federal LIHTC program
  - \$15 million per year... maybe (would be half of current federal allocation)
  - **This is a big deal!**

# Our cup runneth over?

## Federal COVID relief:

- **Remaining CARES cash**
- **ARP gives Virginia:**
  - \$258m - homeowner assistance
  - \$570m - rental assistance
  - \$4.3b - state aid
  - \$2.9b - local government aid
  - Billions more

## From the state's wallet:

- **Historic investments in Virginia Housing Trust Fund**
- **Virginia Housing Opportunity Tax Credit**
- **Surprise \$500m state surplus**

## Keep an eye on:

- **Proposed American Jobs Plan includes \$318b for housing:**
  - \$213b into National Housing Trust Fund, HOME, new zoning reform program, other existing funds
  - Over \$75b for LIHTC and new Neighborhood Homes Investment Act (NHIA) tax credit



# What you need to remember:

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1. Segregated opportunity in today's housing market
2. Things will get worse without interventions
3. Providers need operational, capacity, and political support
4. Take advantage of increased housing saliency and funding
5. Localities must “grease the wheel” and make housing a priority

# Thank you!

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